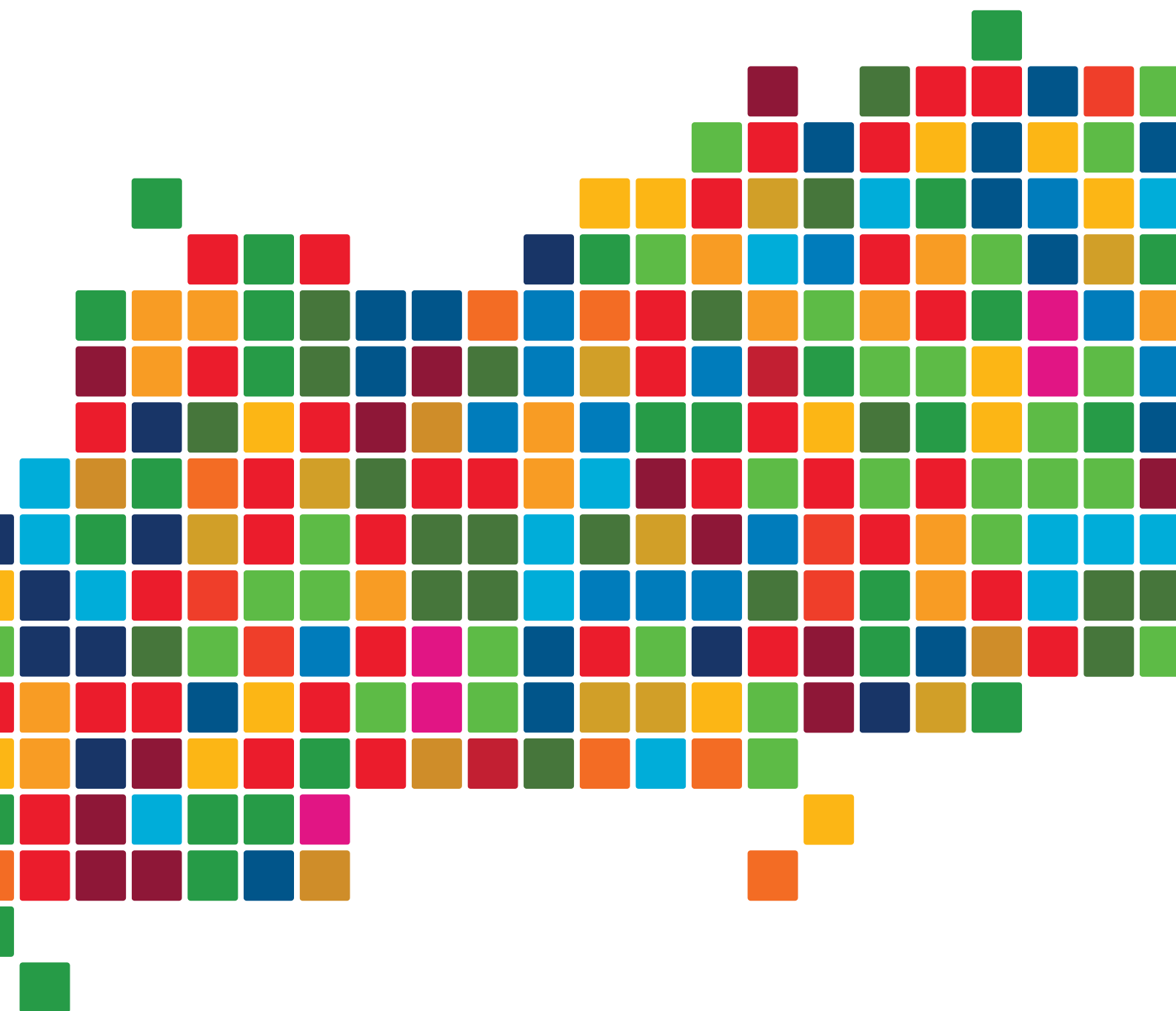


JBA SDGs REPORT 2021-2022



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Introduction

In 2021, while variants of the COVID-19 virus raged around the world, the global economy continued to recover due to the progress of vaccination in developed countries in particular, although there was some variation by country and region. While the Japanese economy also appears to be on a path toward the normalization of socio-economic activities thanks to the spread of vaccines, it is expected that uncertainty will continue, including that caused by the effects of new variants of the COVID-19 virus.

Under such conditions, the Japanese Bankers Association (the JBA) has continued to give top priority to supporting the financing of our clients, while at the same time looking ahead toward the post-COVID world, regarding fiscal 2021 as “the year in which we support Japan to overcome the current crisis and establish a new, revitalized society and economy” and conducting initiatives towards the SDGs.

Regarding our response to the urgent global issue of climate change, in December 2021 we formulated the “JBA Initiative,” a policy in the banking industry for achieving carbon neutrality, in order to provide firm support for carbon neutrality/net zero for the entire socio-economic environment from a financial aspect.

Other important issues regarding the realization of a sustainable society include improving the financial literacy of Japanese residents and addressing the problem of poverty for children and youth. In order for the banking and securities industries to jointly contribute to solving these issues, we signed the “Agreement on Measures for Financial Literacy Education and Poverty of Children and Youth” (MOU (Memorandum of Understanding)) with the Japan Securities Dealers Association on December 27, 2021.

These activities and results have been compiled as the “JBA SDGs Report 2021-2022.”

The economic and social issues facing us are broad and varied, and no one can ignore or avoid their consequences. Many of these issues are intertwined in complex ways across industries and national borders. Hence, the role of banks as financial intermediaries between a variety of industries has become even more important.

The JBA intends to adequately capture the needs of society, and to continue to do its utmost to support the efforts of its member banks. This report has been published in hopes that it will spur motivation and appreciation for the SDG initiatives of the banking community.

June 2022

Japanese Bankers Association

SUSTAINABLE DEVELOPMENT GOALS



The JBA'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, followed in December 2021 by the decision to adopt the "SDGs Action Plan 2022," among other initiatives.

The financial industry has been seeing a widening discussion surrounding ESG (Environment, Social, and Governance) finance, i.e., finance with consideration of ESG, and the disclosure of non-financial information (sustainability disclosure) based on sustainable finance and TCFD* recommendations. At the same time, expectations are rising regarding the role that financial institutions should play in responding to climate change issues.

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 a SDGs promotion framework and determine key initiatives related to the 17 SDGs, and has been promoting specific measures attended by reviews as the need arises.

*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 published its final report aimed at assessing and disclosing the financial consequences of the risks and opportunities that climate change might cause.

② The SDGs Promotion Framework

The challenges posed by the SDGs are very diverse and need to be addressed over the medium- and long-terms. In order to allow the lateral participation of all JBA working committees and to enable a well-grounded approach, the JBA has set up a "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 working committees. 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 medium- and long-term. Specifically, with reference to the PDCA (Plan/Do/Check/Action) cycle application, centered on the Working Committee on the SDGs/ESG, the framework provides for the drafting (P) of measures, the handling of general matters while enabling the delegation (D) of tasks to the project-relevant working committees, with periodic progress checks and necessary revisions (C/A).

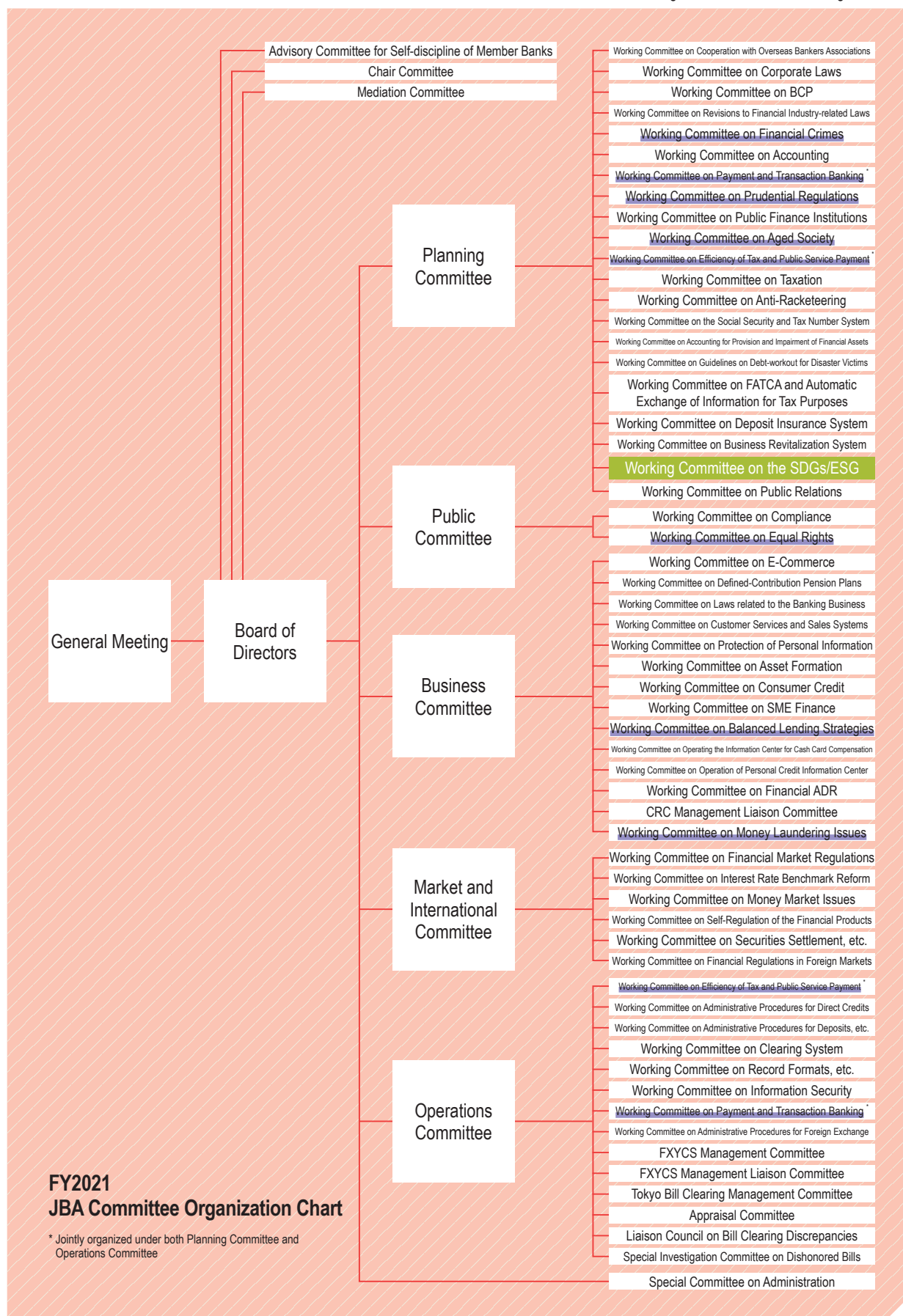
The FY2021 promotion framework is shown on page 7.

③ Key initiatives of the JBA

After deciding on key initiatives at its Board of Directors meeting in March 2018, the JBA carried out specific efforts while conducting reviews as necessary. The key initiatives for FY2021 are shown on pages 8 and 9.

JBA FY2021 SDGs Promotion Framework

* Underlining indicates the relevant working committees



Key Initiatives for FY2021

Issues (main items)	Issues (sub-items)	Specific Initiatives for FY2021
1. Assessing the progress of SDG/ ESG initiatives implemented by member banks and providing support for their initiatives (Common to all Goals) Responsible body: Working Committee on the SDGs/ESG, Working Committee on Prudential Regulations	(1) Ascertain and assess JBA's initiatives	<ul style="list-style-type: none"> Assess, share and publicize the progress of member banks' initiatives by conducting surveys on SDG/ESG considerations. Prepare and publish the JBA SDGs Report.
	(2) Review and research on investment and lending policy formulation	<ul style="list-style-type: none"> Conduct research and surveys of domestic and overseas examples of investment and lending policy formulation relating to the environment and human rights and provide relevant information to member banks.
	(3) Respond to domestic and international discussions on SDGs/ESG	<ul style="list-style-type: none"> Follow-up, and express views on, overseas discussions regarding sustainable finance and provide relevant information to member banks. Follow-up, and express views on, domestic discussions regarding sustainable finance based on the 2050 Carbon Neutrality Declaration, and provide relevant information to member banks.
 2. Promoting and expanding financial literacy education (Goal 4) Responsible body: Working Committee on the SDGs/ESG	Promote and expand financial literacy education	<ul style="list-style-type: none"> Continue with the implementation of lecturer dispatch on a nationwide basis. Designate schools for financial literacy education and research, and implement special educational activities by high school students to prevent fraud. Create and review the implementation and content of financial literacy education activities, with an eye on digital transformation in the post-COVID era. (Expand initiatives for lecturer dispatch on a nationwide basis through non-face-to-face methods, collaborate with related organizations to produce e-learning materials, etc.) Strengthen activities geared at young people with the aim of promoting well-planned household budget management and stable asset formation (conduct mass advertisement). Provide training sessions and educational materials to member banks to expand member banks' initiatives, consider initiatives that may contribute to solving child poverty. Ascertain, share and publicize updates on the progress of member banks' initiatives by conducting surveys on financial literacy education.
 3. Improving customer convenience and security through advanced payment systems and Fintech, etc. (Goal 9) Responsible body: Working Committee on Payment and Transaction Banking, Working Committee on Efficiency of Tax and Public Service Payment	(1) Transition to XML message format	<ul style="list-style-type: none"> Implement activities to increase the awareness of the Zengin EDI System (ZEDI), and promote the use of financial EDI. Study the development of seamless links between electronic invoices and ZEDI.
	(2) 24/365 operation of the Zengin System and implementation of initiatives for improving convenience of bank transfers	<ul style="list-style-type: none"> Discuss ideas and concepts for a next-generation Zengin System. Implement initiatives for improving convenience of bank transfers.
	(3) Open API promotion	<ul style="list-style-type: none"> Consider updating the outcome of the "Study Group for the promotion of Open APIs." Ascertain the actual initiatives for implementing open APIs at financial institutions and provide information to member banks, and follow up on the status of links with electronic payment service providers and provide the necessary support.
	(4) Promotion of the digitization of bills and checks functions	<ul style="list-style-type: none"> Implement monitoring activities of the progress of digitization of bills and checks, review the progress of implementing measures for promoting digitization, and prepare and publicize a report on the progress of digitization of bills and checks functions. Conduct dissemination and public relations activities related to the digitization of bills and checks. Strengthen initiatives with the ultimate goal of the total digitization of bills and checks. Formulate and promote a voluntary action plan based on the government's policy of abolishing the use of bills, with the goal of total digitization of bills by 2026. Promote the total digitization of checks by 2026 from the perspective of supporting the digital transformation of payment methods in Japan, based on the burden and environmental costs in industry and finance.
	(5) Deliberation on efficiency improvements in the collection and payment of taxes and public dues	<ul style="list-style-type: none"> Conduct dissemination and public relations activities for improving the efficiency of collection and payment of taxes and public dues. Participate in study groups on promoting the digitization of local taxes, and provide support for dealing with taxable items. Promote the utilization of QR codes. (Coordinate with related parties on the utilization of QR codes, the formulation of standards, etc.)

Promotion Framework and Key Initiatives

Issues (main items)	Issues (sub-items)	Specific Initiatives for FY2021
    <p>4. Researching on and responding to the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and other environmental issues towards realization of a decarbonized society (Goals 7, 12, 13 and 14) Responsible body: Working Committee on the SDGs/ESG</p>	<p>(1) Conduct a research on efforts relating to TCFD recommendations, etc.</p> <p>(2) Implement efforts related to environmental issues such as climate changes</p>	<ul style="list-style-type: none"> Conduct research, express opinions and provide information to member banks in light of developments related to TCFD recommendations, etc. undertaken by the Japanese and overseas financial sectors. Follow-up, and express views on, discussions based on the 2050 Carbon Neutrality Declaration, and provide relevant information to member banks. Continue to conduct, and share the results of, follow-up surveys on the banking sector's environmental initiatives in order to evaluate the progress of member banks' achievement towards the goals thereof, such as the Keidanren's "Commitment to a Low Carbon Society" and the "Voluntary Action Plan for Establishing a Sound Material-Cycle Society" (electricity consumption units, recycled paper and eco-friendly paper purchase rate, paper recycling rate, rate of introduction by member banks of products that do not require the issuance of a passbook, long-term global warming countermeasures, goals for plastic waste reduction, and conservation of biodiversity). Study and implement initiatives to enhance ESG literacy.
 <p>5. Implementing measures to prevent financial crimes and money laundering, and actions to meet FATF recommendations (Goal 16) Responsible body: Working Committee on Financial Crimes, Working Committee on Money Laundering Issues</p>	<p>(1) Efforts to prevent financial crimes</p> <p>(2) Measures relating to FATF</p>	<ul style="list-style-type: none"> Continue to conduct "Surveys on Internet Banking Security Measures." Implement special educational activities for the eradication of fraud. Consider actions to respond to the result of the FATF 4th round mutual evaluations. Support member banks to establish a framework through the AML/CFT Measure Support Division. Enhance public and private sector collaboration through the "Public and Private Sectors Liaison Meeting on Advanced Measures against Money Laundering." Implement public relations activities for customers on banks' measures to be taken for new customer due diligence.
  <p>6. Promoting human rights including gender equality (Goals 5 and 10) Responsible body: Working Committee on Equal Rights, Working Committee on the SDGs/ESG</p>	<p>Human rights measures including the promotion of gender equality</p>	<ul style="list-style-type: none"> Hold seminars on human rights, contests and awards for human rights maxims. Prepare educational materials related to human rights. Share information on best practices and efforts undertaken by individual member banks, and disseminate information related to human rights to member banks.
 <p>7. Implementing activities for regional economic revitalization and local invigoration (Goal 8) Responsible body: Working Committee on Balanced Lending Strategies</p>	<p>Promotion of efforts at local invigoration</p>	<ul style="list-style-type: none"> Conduct surveys on best practices and efforts undertaken by individual member banks and release related information. Collect information and provide necessary information to member banks through the public and private collaboration platform on the local community revitalization SDGs.
 <p>8. Promoting wider access to finance and financial services for the elderly and other users (Goal 8) Responsible body: Working Committee on Aged Society, Working Committee on the SDGs/ESG, Working Committee on Equal Rights</p>	<p>Promotion of efforts for wider access to finance and financial access services for the elderly and other users</p>	<ul style="list-style-type: none"> Conduct research on and share the result of the banking sector's initiatives taken in light of the result of discussions on the future of financial services in the aging society made by relevant ministries and agencies, and provide information to member banks. Implement dementia supporter training courses. Continue to provide financial literacy educational materials for the elderly related to the extension of asset life expectancy and the adult guardianship system, etc., and implement dissemination activities. Follow-up, and express views on, discussions on barrier-free initiatives by relevant ministries and agencies, and provide related information to member banks. Continue conducting, and publish the results of, surveys on initiatives relating to people with disabilities, etc.

Status of Activities of the JBA in FY2021

In FY2021, the JBA promoted efforts based on eight key initiatives relevant to the 17 SDGs. This report summarizes individual efforts and presents the results achieved in FY2021.

1

Assessing the Progress of SDG/ESG Initiatives Implemented by Member Banks and Providing Support for Their Initiatives



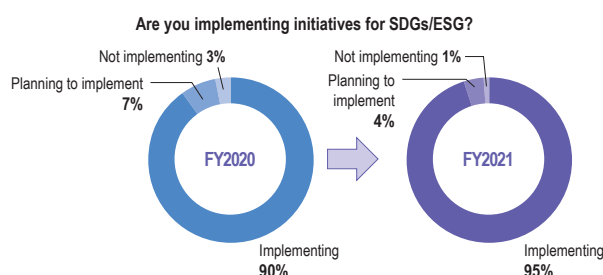
As a common approach of the banking community in order to achieve the 17 SDGs, and for the purpose of supporting the efforts of member banks, the JBA monitors the status of member banks' efforts, conducts various surveys on SDGs, sponsors lectures, and introduces case examples of member banks' endeavours.

① Surveys on SDGs and ESG

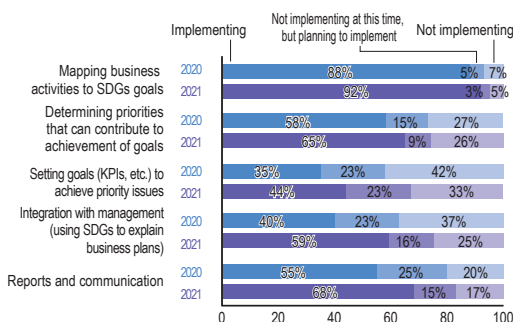
In order to understand the status of member banks' efforts and further promote their efforts, the JBA conducts surveys on the efforts of each individual member bank regarding SDGs/ESG and provides feedback on the aggregated results. The FY2021 survey (as of the end of July 2021) drew responses from 114 banks. The ratio of member banks engaged in efforts relating to SDGs and ESG increased significantly to 95% (from 90% in FY2020), indicating that efforts were being made by most member banks. The JBA will continue to conduct questionnaire surveys to further support the efforts of member banks.

FY2021 Questionnaire Survey Results (Summary) *As of the end of July 2021

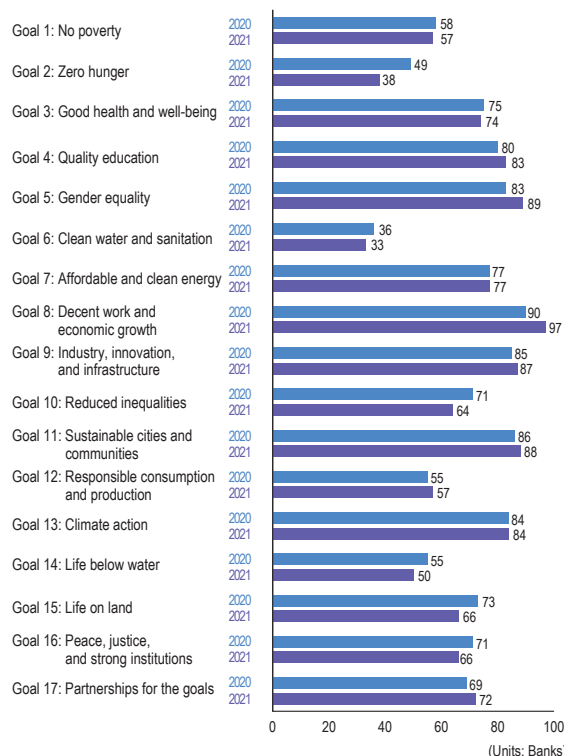
- Out of the 114 banks that responded, 108 (95%) were engaged in SDGs and ESG related efforts, and 5 (4%) said they had plans to do so.



- Status of member banks' SDGs and ESG related efforts



- Goals that member banks are working on among the 17 SDGs (Multiple responses)



② Issuance of the JBA SDGs Report

The “JBA SDGs Report” has been published since FY2018 in order to strengthen the external presentation of the banking community's efforts surrounding SDGs/ESG, enhance member banks' understanding of issues from the perspective of SDGs/ESG, and further support member banks' voluntary efforts. Moreover, in order to widely publicize the efforts of the Japanese banking community among global audiences, the JBA publishes an English version of the “JBA SDGs Report.”

In this report, in addition to the status of the main activities of the JBA in FY2021, examples of member banks' activities related to SDGs and commentary from experts on SDGs are also included.

③ Review and Research on the Formulation of Investing and Lending Policies

The banking community is expected to make investment and loan decisions that contribute to solving environmental and social issues, and to manage risks related to SDGs/ESG in investment and loan portfolios. This has prompted a widening movement in the banking community to formulate and implement policies for responsible investment and financing in specific industries and sectors. In this regard, since FY2018, the JBA has surveyed and compiled an annual report on domestic and overseas case examples of banks' policies for investment and loans.

In FY2021, the JBA followed up on the progress and disclosures made by financial institutions in Japan as a reference for member banks in formulating their policies for responsible investment and financing, and compiled a “Survey on Efforts and Investment and Lending Policy Formulation in Response to TCFD Recommendations.”

Important Issues Regarding the Formulation and Implementation of Investment and Lending Policies

○ Deep involvement by top management	<ul style="list-style-type: none"> The implementation of measures related to SDGs/ESG, including the formulation of investment and lending policies, requires a paradigm shift in timelines and values. Such measures are required not only for bottom-up measures such as the extension of existing strategies and the accumulation of achievements, but also for management to demonstrate strong leadership from the top down.
○ Formulation/disclosure and gradual expansion of investment and lending policies related to the bank's priority issues	<ul style="list-style-type: none"> Financial institutions are required to make investment and lending decisions that contribute to the sustainable development of society as a whole, making it necessary to compile investment and lending policies that are based on their own investment and lending efforts. At that time, it is important to start by formulating investment and lending policies related to issues that are of high priority to the bank, and then make the necessary additions or revisions as the bank's SDGs/ESG efforts progress.
○ Review investment and lending policies	<ul style="list-style-type: none"> Even after formulating an investment and lending policy, it is important to conduct reviews as necessary within the bank (management meeting, etc.), further strengthen efforts, and expand specific sectors based on the operational results of the policy and changes in the surrounding environment.
○ Dialogue with business partners and stakeholders	<ul style="list-style-type: none"> While disclosing the bank's investment and lending policy and communicating with a wide range of stakeholders - including business partners, local communities, and NGOs - it is important to be aware of new issues and requests to the bank that will have an effect on both the environment and society. Providing appropriate responses to requests from business partners and stakeholders will also reduce any risk of damage to the bank's reputation.
○ Build an in-house promotion framework	<ul style="list-style-type: none"> In addition to applying the investment and lending policy that has been formulated to procedures as necessary, it is important to make every effort - such as through training - to raise the awareness of employees by sharing with them the concept and background of investment and lending, and to plan for the effective implementation of investment and lending practices.
○ Set targets with deadlines	<ul style="list-style-type: none"> The government of Japan has set the goal of achieving carbon neutrality by reducing overall GHG emissions to zero by 2050. It is important to set reduction targets with deadlines, such as for GHG emissions in investment and lending portfolios and for loan balances at coal-fired power generation facilities, to start with medium- to long-term goals that the bank deems necessary in order to achieve the final goal of zero emissions, and to use backcasting to advance their efforts.
○ Create a positive impact	<ul style="list-style-type: none"> In addition to considering the negative impact of not investing in specific sectors that adversely affect the environment and society, it is desirable to consider efforts that will have a positive impact, such as actively investing in and lending to projects that have a positive impact on the environment and society.

④ Responding to Domestic and Global Discussions Related to SDGs/ESG

As part of its support for member banks' efforts regarding SDGs/ESG, the JBA has been following the discussion on sustainable finance^{*1} in Japan and overseas, which has been attracting more and more interest in recent years, and actively advocating on these issues.

Regarding the issue of climate change in particular, after reaffirming the effort to pursue the 1.5°C target of the Paris Agreement, the 10 years until 2030 were positioned as the "decisive decade" based on the Working Group I Contribution to the Sixth Assessment Report^{*2} announced by the Intergovernmental Panel on Climate Change (IPCC) at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in November 2021, and all parties are required to take further action.

In Japan, the public and private sectors are working together through a variety of efforts toward the realization of carbon neutrality, based on the 2050 Carbon Neutrality Declaration by the government of Japan in October 2020, and the ambitious goals announced in April 2021 (to reduce greenhouse gas emissions in FY2030 by 46% compared to FY2013).

Under these circumstances, it is an urgent and important issue, even in the banking community, to provide the firm support that is required for the realization of carbon neutrality/net zero for the entire socio-economic environment from a financial aspect in order to achieve the 1.5°C target, while also supporting corporate cash management as financial and social infrastructure.

In July 2021, the JBA established the Sustainability Promotion Office in its Planning Department. In addition to developing a system for measures to tackle the climate change issues that have been addressed so far, basic policies and areas of focus were established from a medium- to long-term perspective, and in December 2021 the JBA Initiative for Achieving Carbon Neutrality was formulated to further strengthen efforts in the banking community to realise carbon neutrality.

Based on this Initiative, the JBA will make every effort to fulfil the role expected of the banking community as financial and social infrastructure, while also working in collaboration with industry and government ministries and agencies to contribute to the realization of carbon neutrality/net zero by 2050 in Japan.

^{*1} Sustainable finance

Refers to financial services that contribute to the realization of a sustainable society and the achievement of the SDGs. Some Japanese banks have set specific numerical targets and are working to implement them.

^{*2} IPCC "Working Group I Contribution to the Sixth Assessment Report"

The Working Group I Contribution to the Sixth Assessment Report, announced by the IPCC in August 2021, says "it is unequivocal that human influence has warmed the atmosphere, oceans and land," and points out that global warming of 1.5°C, and then 2°C, will be exceeded in the 21st century unless we make deep cuts to CO₂ and other greenhouse gas emissions in coming decades.

● Follow-up on discussions and advocacy activities on sustainable finance overseas

With the expansion of the global sustainable finance market, there is an increasing demand to ensure its reliability and transparency.

Regarding discussions on classification criteria (taxonomy) aimed at mobilizing more funds for green projects more smoothly toward the realization of a sustainable society (such as carbon neutrality), many countries and regions are considering the introduction of this approach, such as the EU taxonomy in Europe.

In addition, regarding disclosure standards, the International Sustainability Standards Board (ISSB) was established within the International Financial Reporting Standards (IFRS) Foundation in November 2021, and consideration for the development of a baseline for internationally integrated sustainability reporting standards has begun.

Furthermore, the impact of climate change risk on the financial system is being examined by various entities (Financial Stability Board (FSB), Network of Central Banks and Supervisors for Greening the Financial System (NGFS), etc.). In November 2021, the Basel Committee on Banking Supervision (BCBS) conducted community talks to develop principles for the effective management and supervision of climate change risk.

The JBA is actively submitting its opinions to authorities both in Japan and overseas regarding these various efforts to ensure the reliability and transparency of sustainable finance on a global scale.

● Follow-up on discussions and advocacy activities on sustainable finance in Japan

In Japan as well, various efforts are being made to ensure the reliability and transparency of sustainable finance on a global scale.

The JBA is actively disseminating its opinions by following up on the response from government-related ministries and agencies, such as participating in the Financial Services Agency's "Expert Panel on Sustainable Finance" as an observer, and submitting its opinions.

In particular, the JBA actively participated in discussions and disseminated its opinions, including participating as an observer in the "Financial System Council's Working Group on Disclosure (FY2021)," which examined a wide range of ways to disclose corporate information such as sustainability information, and participating as a member in the "SSBJ^{*} Preparation Committee" in the Financial Accounting Standards Foundation (FASF) in January 2022, to disseminate its opinions to the IFRS Foundation's ISSB and to consider measures in Japan.

^{*} Sustainability Standards Board of Japan

2

Promoting and Expanding Financial Literacy Education



The JBA has been a longstanding proactive proponent of educational activities in the area of personal finance with the objective of promoting financial literacy, such as by furthering the appreciation of the roles and functions of banks and by improving the awareness and knowledge of financial transactions.

The meaning and purpose of this financial literacy education relate to “enabling each Japanese national to achieve financial independency and lead a better life; and contributing to the realization of a fair and sustainable society by encouraging financial institutions to offer financial products with good quality, and by the effective use of household financial assets, through the improvement of financial literacy” (Study Group advocated by Financial Services Agency on Financial Education Report, April 2013). Meeting these objectives will help attain Goal No. 4 of the SDGs, “Quality Education”, which targets to “ensure that all learners acquire the knowledge and skills needed to promote sustainable development.”

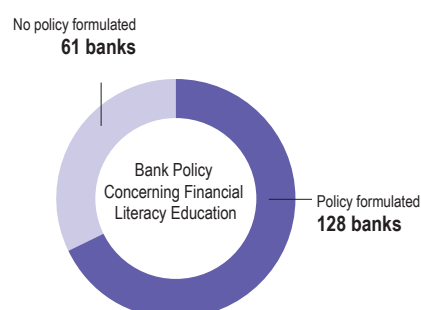
To this end, financial literacy education activities have been included in the list of key initiatives related to SDGs, which will be promoted and widened over the medium- and long-term.

① Member Bank Survey Concerning Financial Literacy Education

The JBA conducted a questionnaire survey directed at all members in order to understand the status of member banks' efforts at financial literacy education activities and to support member banks' efforts by communicating to them the aggregated survey results and case examples from the 189 respondents. The results of the questionnaire survey (statistics during FY2020) are shown in the table below.

FY2021 Questionnaire Survey Results *on FY2020 result

- 128 banks out of 189 responding (68%) (among full members, 112 banks out of 114 respondents (98%)) provided financial literacy education. (In addition, 124 out of the 128 banks (97%) that are providing financial literacy education answered that such activities were affected by the spread of COVID-19, such as the suspension of activities, self-imposed quarantine, and changing the content of activities (switching to non-face-to-face communication, such as online).)
- The breakdown of educational activities implemented in FY2020 is shown below (number of implementing banks, total number of sessions, total number of participants), resulting in activities held for around 135,000 participants (excluding duplicates).



Implementation status of various activities related to financial literacy education in FY2020

	Lecturer dispatch	Guided tours of banking premises	Donation-funded lectures	Seminars	Events	Internships	Total
Number of implementing banks	66	60	38	58	46	86	—
Total number of activities	547	439	206	3,277	324	1,187	5,980
Total number of participants	32,964	4,446	11,712	43,458	13,417	28,920	134,917

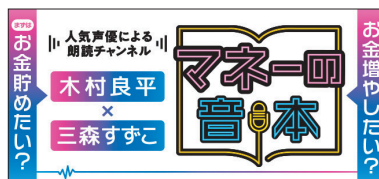
- The following responses (excerpts) were received as examples of financial literacy education activities of the member banks.
 - Implementation of financial education courses for solving poverty, for the staff of children's support groups
 - Participation in “Student City” (program for learning about economic systems, what money is, etc., and to foster social independence)
- In addition, the following responses were received as new activities and future issues due to the spread of COVID-19.
 - [New activities]
 - Implementation of online lectures and video distribution, review and modification of content in accordance with online support, etc.
 - [Future issues]
 - How to provide non-face-to-face financial literacy education, consideration of embodiment and prerequisites for implementation, expansion of web content, strengthening of channels such as online lectures, etc.

② Public Relations Activities Related to Household Budget Management and Asset Formation

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 (the individual-type defined contribution pension plan) and asset-formation type NISA (individual savings account) have been established to promote widespread steady asset formation by individual citizens. 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 working-age population. Also considering the rapid development around digitalization, a variety of media including websites and smartphones are being utilized, along with advertising strategies involving celebrities with broad public appeal.

In FY2021, public relations activities were carried out during the first three months of 2022 to inform young people of the importance of asset formation based on the management of a household budget, through audio-visual content (special websites and videos) featuring the voice actors Ryohei Kimura and Suzuko Mimori.



The JBA website



③ Public Relations Activities Regarding the Lowering of the Age of Majority

Regarding the lowering of the age of majority in April 2022, it was stipulated in "Main Measures to Prevent Consumer Damage to Younger Generations" (Ministerial Meeting held on January 7, 2022) that the government of Japan would carry out a publicity and enlightenment campaign in collaboration with related industry groups. Against this background, the JBA created a special website that explains the changes and precautions associated with the lowering of the age of majority, including a video featuring young actors, and conducted public relations activities through web advertisements. (The website was opened in March 2022.) The website includes information on how to use bank accounts, manage a household budget, build assets, etc. as an "Important Story about Money and Lowering the Age of Majority."



④ Lecturer Dispatch on a Nationwide Basis

Since 2003, the JBA has been operating lecturer dispatch services where lecturers including staff of the JBA travel nationwide in response to request from schools for classroom lectures or from event organizers of consumer seminars or instructor training sessions.

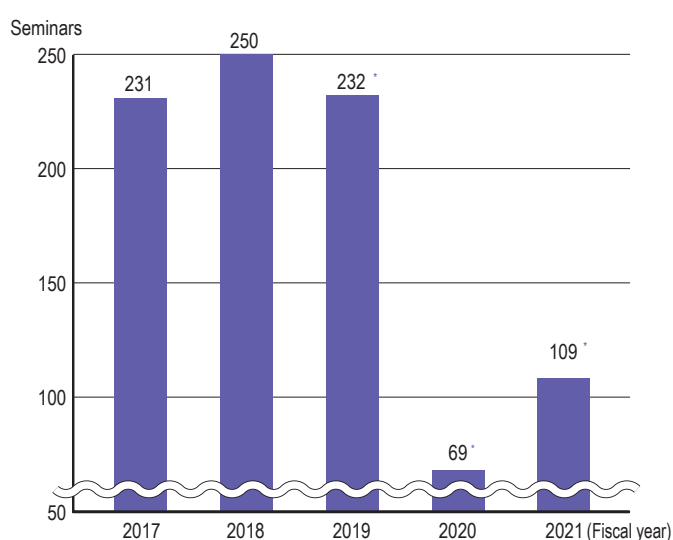
In principle, lectures were given through non-face-to-face methods (online, etc.) in FY2021, due to the COVID-19 situation. However, instructors were dispatched in situations where it was difficult to give a lecture through non-face-to-face methods, but only in regions that were not under a state of emergency and after confirming that appropriate measures for preventing the spread of infection were in place. (109 lectures, including both face-to-face and non-face-to-face, were implemented in FY2021.)

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

Type of Audience and Main Topics

Target Audience	Main Topic
Junior high school and high school students	Banks' functions
	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 crimes and self-protection
Instructors, etc.	Implementation of financial literacy education

Number of Lectures in the Last Five Years



* In FY2019 to 2021 some lectures were postponed due to the spread of COVID-19.

⑤ Designated Schools for Financial Literacy Education Research and Educational Activities by High School Students to Prevent Special Types of Fraud

"Designated schools for financial literacy education research" are selected from junior high schools and high schools that take a proactive approach to financial literacy education. This scheme started in FY2010, and constitutes an effort to support the implementation of financial literacy 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, the JBA has worked together with local boards of education to select schools to designate for financial literacy education since FY2012.

Lectures are open to nearby schools with the aim to geographically spread financial literacy education by regional units. Lecture examples are posted on the JBA website with the expectation to disseminate teaching materials for wider classroom usage.

In FY2021, Yamanashi Prefectural Kofu Higashi High School was designated as a designated research school, in cooperation with the Board of Education of Yamanashi Prefecture. In preparation for new courses of study, classes were held on subjects such as the role of investment in the market economy, the characteristics of financial products, and asset formation.



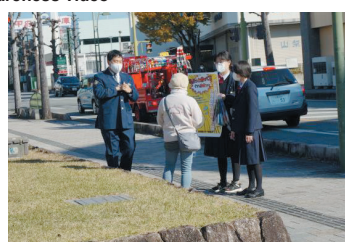
At a class of a designated school

Schools Designated for Financial Literacy 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 Sagami High School	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 Prefectural Rakusui High School, Kyoto Prefectural Toryo 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	Hyogo Prefecture Hojo Senior High School, Hyogo Prefectural Himeji Commercial High School
2019	Ibaraki Prefecture Saitama City Hiroshima City	Ibaraki Prefectural Ryugasaki Daiichi High School Saitama Municipal Urawa Junior and High Schools Hiroshima City Kabe Junior High School
2020	Gumma Prefecture Osaka City	Gumma Prefectural Isesaki High School, Ota Girls' High School Osaka City Higashi Senior High School
2021	Yamanashi Prefecture	Yamanashi Prefectural Kofu Higashi High School



Awareness video



Distributing goods and speaking to residents

"Educational Activities by High School Students to Prevent Special Types of Fraud" 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 expected that students become aware that special types of fraud are a societal issue in their everyday environment, better understand preventive measures, and implement activities to prevent special types of fraud planned by students themselves. This initiative was launched in FY2016, and it makes practical use of frameworks such as schools' home economics clubs, which are included in the high school home economics curriculum guidelines. The JBA provides actual support such as advice and information materials for activities, in addition to support for funding.

In FY2021, Yamanashi Prefectural Yamanashi High School was commissioned to produce special fraud prevention awareness videos and goods, and distributed them in cooperation with local police stations to raise awareness among local residents. These activities were covered by the local newspaper, and received the highest award at the 69th Yamanashi Prefectural High School Home Economics Club Federation Research Competition.

⑥ Educational Materials

As part of its PR activities, the JBA has been creating brochures and videos as introductions to banking operations for distribution to users such as consumer centers, schools, and individuals. Societal requirements for improved financial literacy education are growing such as issues raised by the publication of the "Financial Literacy Map,"* concerns over the lowered age of majority, new educational curriculum guidelines, and the necessity for asset formation and management aligned with hundred years of life expectancy, etc. The JBA organizes contents suitable for each target audience (junior high school students, high school students, university students, working age population, the elderly, etc.) for educational and information activities and creates teaching materials such as booklets and videos according to their needs.

* 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 FY2021, the JBA distributed the following teaching materials (main target audiences are shown in parentheses).

Main teaching materials distributed in FY2021

- Talking about Money for the First Time (Junior high school students)
- From the Perspective of Your Favourite 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 the elderly)
- Financial Preparedness for a 100-Year Lifespan (Elderly)
- For Your Peace of Mind- Information on Financial Products (Elderly)



In addition, "Introduction to Sustainable Finance: Using Financial Power to Save the Earth!," a new textbook for high school students, was published in FY2021. (See Page 27.)



⑦ Production of E-Learning Materials in Collaboration with Related Organizations

In November 2021, the Committee for the Promotion of Financial Education*, recognising that it is necessary to expand digital content and use ICT to strengthen educational activities and disseminate information, published "Money × Vitamin: Financial Information to Enrich Your Life," an e-learning course on financial literacy on a private website dedicated to free educational information, to address the issue of financial literacy education during COVID-19. (Website for this course from the Central Committee for Financial Affairs and Public Relations (FAPR Committee): <https://www.shiruporuto.jp/public/document/container/e-learning/> (Japanese only))

The course uses videos that were produced with input from experts in collaboration with government agencies and organizations involved in financial literacy education, such as the Japanese Bankers Association. University students and young members of society, who are the main targets for this course, can learn the basics of financial literacy, such as life planning, household budget management, asset formation, insurance, and borrowing.

The JBA has produced videos covering loan basics, credit cards, and mortgages based on the theme of "borrowing money." Member banks were notified about the use of this teaching material, in order to further expand financial literacy education activities at member banks.

* Committee for the Promotion of Financial Education

The Committee for the Promotion of Financial Education was established by the FAPR Committee, based on the "Study Group on Financial Education Report" compiled and published in April 2013 by the Study Group on Financial Education established at the Financial Research Centre of the Financial Services Agency, for the purpose of discussing initiatives to address the various issues to be considered in promoting the policies in this report. It is composed of the FAPR Committee, which serves as the secretariat, as well as experts, related ministries (Financial Services Agency, Consumer Affairs Agency, Ministry of Education, Culture, Sports, Science, and Technology), and financial organizations (JBA, Japan Securities Dealers Association, Investment Trusts Association, Japan Institute of Life Insurance, General Insurance Association of Japan, Japan Association for Financial Planners, Japan Exchange Group, etc.).



⑧ Memorandum of Understanding with the Japan Securities Dealers Association



In December 2021, the JBA and the Japan Securities Dealers Association (JSDA) concluded a Memorandum of Understanding (MOU) to collaborate and cooperate in the promotion of financial literacy education and initiatives on child/youth poverty issues.

In the future, the two associations plan to promote the shared use of instructors in financial literacy education, measures against child and youth poverty, and collaboration and cooperation for events and seminars.

Outline of MOU

(1) Purpose

- As Japan becomes a super-aging society, it is necessary to improve financial literacy as a life skill from a young age, so that each individual can accumulate stable savings and form assets in order to secure funds for living expenses as life plans diversify.
 - It is said that one in seven children in Japan live in relative poverty, and it is feared that neglecting the issue of poverty among children and adolescents will cause great social loss in the future.
- ⇒ The purpose of this MOU is to contribute to the solution of these social issues by making the best use of the human, physical, and intellectual resources of both associations hereto, through collaboration and cooperation with the securities and banking communities.

(2) Specific initiatives for collaboration and cooperation

① Shared use of instructors and personnel in financial literacy education	• Both associations hereto shall implement measures that allow their respective instructors and personnel to be shared and dispatched as instructors to JBA or JSDA, or to lectures, occupational seminars, school classes, etc. conducted jointly by both associations hereto.
② Collaboration and cooperation in measures to address child and youth poverty	• Improvements shall be made in the level of the initiatives in the communities of both associations hereto by sharing information regarding initiatives related to the issue of child/youth poverty among the members of both communities.
③ Collaboration and cooperation in events and seminars	• Both associations hereto shall implement the following measures when deemed appropriate in light of "(1) Purpose." <ul style="list-style-type: none"> ○ Mutual introduction or mutual use of existing programs and content at various events and seminars ○ Co-sponsorship of various events and seminars, co-creation of content, etc.
④ Other	• Not limited to ① to ③ above, both associations hereto shall continuously consider and implement collaborative and cooperative initiatives that contribute to the promotion of financial literacy education and a solution to the issue of child/youth poverty.

⑨ Seminar Regarding the Issue of Child and Youth Poverty

As part of our collaborative project (see ⑧ on Page 18), on March 3, 2022 the JBA and the JSDA jointly held an online seminar on the issue of child and youth poverty for members of both associations, with the main purpose of further boosting the momentum of initiatives by the banking and securities communities to address the issue of child and youth poverty.

The seminar included a lecture by the Cabinet Office of the Government of Japan on measures for addressing the current conditions of child and youth poverty, as well as lectures by the NPOs Bridge for Smile, Sodateage-Net, and Musubie on their activities to address the current conditions of children and young people faced with difficulties. In addition, Shizuoka Bank and Nomura Securities introduced their initiatives.



3

Improving Customer Convenience and Security
through Advanced Payment Systems and Fintech, etc.

Banks provide financial settlement services such as remittances, bills, and checks in order to settle claims and obligations between companies, individuals, and government agencies, etc. 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 the Bank of Japan ("BOJ-NET"), the JBA plays an important role by managing the Foreign Exchange Yen Clearing System (FXYCS) for yen settlements and the system of clearing houses for the settlement of bills and checks. In addition, the Japanese Banks' Payment Clearing Network ("Zengin-Net") plays an important role by managing the Domestic Funds Transfer System (Zengin System) for transfers and remittances. These systems form the foundation for efficient fund settlement services provided by banks, as public infrastructure for economic activities.

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 Goal No. 9 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 Expanding the Use of ZEDI

The Zengin EDI System (ZEDI)*, launched in December 2018, is a platform that uses the XML message format, which enables setting information items more flexibly than with conventional formats, and allows the supplementation of data with attachments of commercial transaction information, such as the invoice number and the payment notification issue date. This enables better matching up of transactions with payments and better understanding of the content of payment amounts. On the part of the recipient, this allows streamlining the collection of accounts receivables (clearing process) and on the payer side, a reduction in the workload in answering inquiries.

In FY2021, the JBA followed up on the status of discussions at the "Electronic Invoice Promotion Council," which the JBA joined as a special member in January 2021. In addition, November 2021 was designated as the "Month for Strengthening Digital Settlement and Accounting Operations," and in conjunction with the "Month for Promotion of densai" for densai.net, information dissemination to companies was enhanced by intensively promoting ZEDI and other banking services.

In addition, the JBA also participated in various meetings to promote the utilization of ZEDI, and held discussions with related ministries, agencies, and industrial groups. Specifically, in addition to participating in the "ZEDI Utilization and Promotion Working Group" established under Zengin Net's "Task Force for Next-Generation Payment Systems," at the request of the Digital Agency, the JBA also participated as an observer in the "Contract/Settlement Architecture Study Group" established by the Digital Architecture Design Centre (DADC) of the Information-technology Promotion Agency (IPA).

The JBA continues its efforts to expand the use of ZEDI.

* Background to the start of ZEDI services

In December 2015, the Financial System Council of the FSA recommended "that the current fixed-length message method (used for domestic remittance orders) should be abolished by 2020 and transitioned to the XML message method, which is superior in terms of information volume and information compatibility" in its "Report by the Working Group on Payments and Transaction Banking". Based on this recommendation, the "Review Committee on XML Messaging Transition" comprised of members from finance, industry, IT vendors, and the FSA was set up and started discussions on detailed specifications in February 2016. 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 to be provided by the banking community.

② Implementation of Activities to Advance the Zengin System and to Enhance Convenience of Bank Transfers

The Zengin System is an online system for transmitting messages of inter-bank domestic fund transfer among member financial institutions (1,161 member financial institutions as of the end of March 2022). It also calculates settlement amounts of members that arise from such transactions daily. In this way, the system fulfils a critically important role as one of the core settlement systems in Japan.

One of the strengths of the Zengin System is safety and reliability. The system has never had downtime ever since its start of operation in 1973. Another is the convenience of a nation-wide network that covers almost all financial institutions located in Japan. In addition, it is a global pioneer in that it has achieved instant payment since its inception.

In addition, with the development of information technology and the diversification of economic activities, advanced initiatives continue to be made, such as the "More Time System" (launched in October 2018), which operates weekday nights and on weekends and holidays, and the Zengin EDI System (ZEDI) (launched in December 2018), which allows information related to commercial transactions, such as invoice numbers and payment notification issuance dates, to be attached to comprehensive bank deposit data.

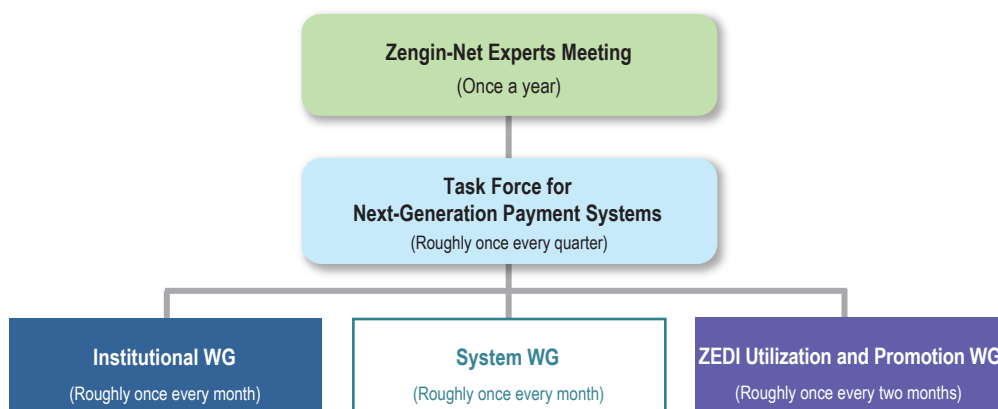
In recent years, expectations are rising more and more for ensuring interoperability of payment services and realizing highly convenient remittance services, against the backdrop of national efforts to make cashless payments.

In May 2020, Zengin-Net, an affiliate of the JBA, established the "Task Force for Next-Generation Payment Systems" as a forum for discussion among members that include banks, authorities, academics, payment-related organizations, and system-related business operators, to meet these expectations through the Zengin System. In addition, the following three working groups were established under the umbrella of this task force: the Institutional Working Group, the System Working Group, and the ZEDI Utilization and Promotion Working Group. These working groups, with members from among the stakeholders in each subject of study, are able to conduct discussions with even greater flexibility.

In FY2021, measures that contribute to the stability and improvement of people's lives are being implemented proactively, such as continuing subsidies from FY2020 for software vendors to create good practices for ZEDI utilization, and starting to apply operating expenses for the domestic exchange system, which are the expenses paid by the banks involved in a transaction, as a unified mechanism among member banks to replace interbank fees.

Zengin-Net, in consideration of customers' and society's needs for domestic exchange transactions, will continue to work to further advance the features of the Zengin System and to enhance the convenience of bank transfers, in collaboration with the JBA.

Diagram of Working Group Scheme



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 APIs, 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 resulted in the establishment of the Review Committee on Open APIs in 2016, with the JBA as secretariat and with members from the banking community, IT vendors, Fintech companies, academic specialists and practitioners, lawyers, and related authorities, etc.

In July 2017, the Open API Review Committee published its activity report of its collaborative initiative between the public and private sectors to promote the practical application of open APIs. In December 2018, the Committee also issued the "Sample Clauses for API Use Agreements pursuant to the Banking Act (First Edition)" comprised of contract provision examples for API connections between a bank and an electronic payment service provider.

In July 2019, a seminar was held with the aim of promoting cooperation and collaboration between banks and electronic payment service providers, and in December 2019, a seminar was held with the aim of strengthening the ability of banks to respond to issues related to concluding contracts with electronic payment service providers.

In addition, in July 2020, the JBA participated in the Bank API Joint Exchange Meeting organized by the Japan Association for Financial APIs and exchanged information with the authorities on the open API initiatives of banks and electronic payment service providers. At the same time, through follow-ups on the status of member banks, the JBA continues to gain an understanding on the actual situation regarding the introduction of open APIs and continues to provide information to member banks, as necessary.

The JBA will continue to follow the trends of related organizations, such as the Financial Services Agency and electronic payment service providers, regarding promotion of the utilization of open APIs, and will take measures as necessary.

④ Promotion of the Total Digitization of Bills and Checks Functions

Between December 2017 and December 2018, the "Study Group on the Promotion of the Digitization of Bills and Checks" held multiple discussions, with the JBA as secretariat, regarding nationwide transition to electronic bills and checks set out in the government's "Future Investment Strategy 2017", with an aim to enhance Japan's productivity, to reduce social costs, and to deal with labor shortages. The Study Group published a report proposing to set up a medium-term target for the transition to the digitization of about 60% of the total number of bills cleared in Japan (the aggregate total of bills, checks and other securities) within five years (i.e. from 2019 to 2023), so as to further advance toward total digitization of domestic transaction of bills and checks.

The JBA, serving as the secretariat for the Study Group on the Promotion of the Digitization of Bills and Checks established in April 2021, studied the total digitization of bills and checks within the Study Group, and thereafter formulated the "Voluntary Action Plan for the Total Digitization of Bills and Checks Functions" in July 2021. The ultimate goal of this action plan is to reduce the number of bills and checks exchanged at bill exchanges throughout Japan to zero by the end of 2026. The financial community is working closely with industry and related ministries and agencies to achieve this goal. In March 2022, the efforts of each financial institution during 2021 were examined and confirmed as part of an annual follow-up based on the action plan, and the Study Group compiled and published the results in the "Research Report on the Digitization Status of Bill and Check Functions (FY2021)."

In addition, in November 2021 and January 2022, "Seminars Regarding the Total Digitization of Bills and Checks," a series of online seminars for companies co-sponsored by densai.net, an affiliate of the JBA (with support provided by the Financial Services Agency, Ministry of Economy, Trade and Industry, the Small and Medium Enterprise Agency, the Japan Chamber of Commerce and Industry, and the Keidanren), were held a total of eight times.

In addition, densai.net, together with participating financial institutions, works to promote the transition from bills to electronically recorded monetary claims ("densai") and engages in activities to promote among corporations the usage of densai. Specifically, in addition to holding a total of eight "Raku Raku ♪ Densai Online Seminars" in May and July 2021, November 2021 was designated as the "Month for Promotion of densai" in conjunction with the JBA's "Month for Strengthening Digital Settlement and Accounting Operations." Through the participating financial institutions, the JBA distributed

leaflets for the "Full Digitization of Bill Functions" to companies that use bills and conducted public relations activities such as proposing the introduction of densai with utilization promotion tools.



"Full Digitization of Bill Functions" Leaflet

⑤ Efficiency Improvements in the Collection 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 improvements in the efficiency of this string of procedures, to eliminate the time and labor weighing on taxpayers, administrative agencies, and financial institutions.

In March 2017, the JBA set up a "Study Group on Efficiency Improvements in the Collection and Payment of Taxes and Public Dues" based on the fact that the government's "Future Investment Strategy 2017" proclaimed government-wide exhaustive cost reduction of administrative procedures. Since that time, the public and private sectors have been exchanging opinions and considering the issue, with the JBA as secretariat. In March 2019, the results of this study group were compiled and published as the "Research Report from the Study Group on Efficiency Improvements in the Collection and Payment of Taxes and Public Dues." (Research Reports were also compiled and published in 2020 and 2021.)

In FY2019, the medium- and long-term efforts compiled in the Research Report were carried on to the two thematic working groups established under the umbrella of the Study Group in June 2019: the Working Group on Efficiency Enhancement and the Working Group on Digitization.

In FY2020, in light of the COVID-19 outbreak, the JBA worked with government agencies and provided information to the general public, in addition to holding discussions with relevant parties regarding items in the FY2019 Research Report that required continued consideration and further discussion, in order to encourage the use of electronic payment methods.

In FY2021, it was decided in April that a QR code will be attached to the payment slips for four local taxes, such as automobile tax and property tax, starting FY2023. This will allow the use of smartphones for cashless payments. The JBA has formulated a standard for a unified QR code for local taxes in collaboration with the Ministry of Internal Affairs and Communications, and is discussing details with related parties toward its launch in April 2023.

Due to the prolonged effects of the COVID-19 outbreak, it has become even more important to review current payment methods, which involves face-to-face exchange of paper and cash, and to digitize these methods in order to prevent the spread of the disease. The JBA will continue its efforts to improve the efficiency and digitalization of the collection of taxes and public dues.

4

Researching and Responding to the TCFD Recommendations and Other Environmental Issues towards the Realization of a Decarbonized Society



To date, the JBA has promoted and supported the environment-related efforts of member banks, by (i) participating in and setting targets under the “Carbon Neutral Action Plan” (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) releasing policy proposal reports concerning member banks’ environment project activities and expected role of banks, and holding symposiums and seminars for members on sustainable finance and environmental issues, and (iv) preparing the “JBA eco map”, which aggregates and publicizes member banks’ environment-related efforts.

Recently, climate change issues have been going through a dramatic shift, as exemplified by the recent series of disasters caused by extreme weather, the effectuation of the Paris Agreement, and the publication of the TCFD final report and the 2050 Carbon Neutrality Declaration by Japan’s Prime Minister. Additionally, environmental pollution caused by marine plastic waste has become a global issue.

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. 7 “Affordable and Clean Energy”, Goal No. 12 “Responsible Consumption and Production”, Goal No. 13 “Climate Action”, and Goal No. 14 “Life Below Water.”

① Research on Efforts Relating to TCFD Recommendations

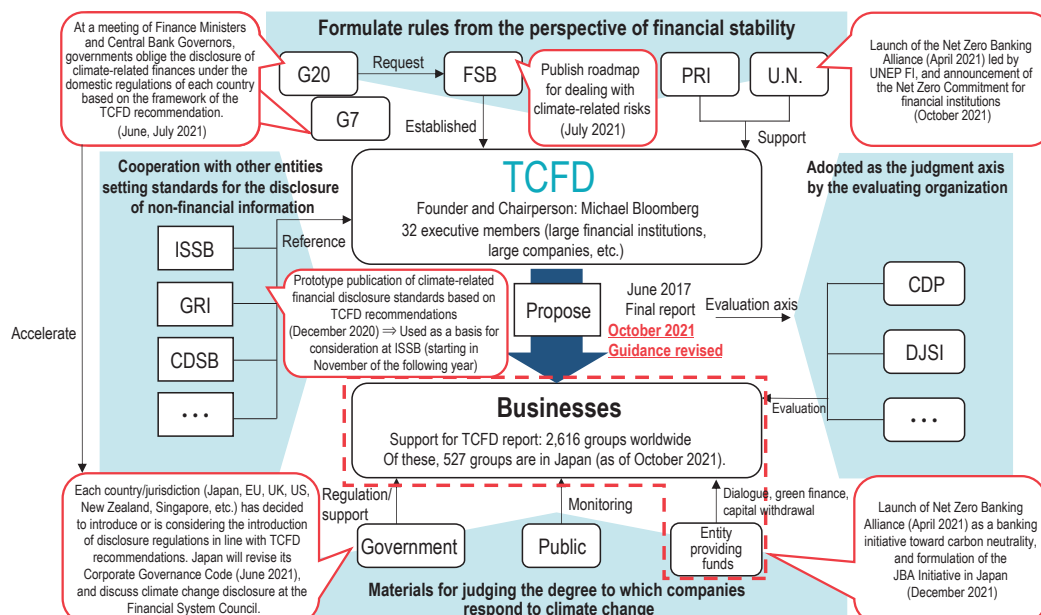
In recent years, climate change has evolved into a risk factor that banks’ risk management cannot afford to overlook, in the same way as economic fluctuations, market fluctuations, or cyber-attacks.

Since FY2018, the JBA prepared and communicated an annual report to member banks on the background of disclosure requirements based on the TCFD’s final report (TCFD recommendations) and the recent trends of regulatory authorities, etc.

The Corporate Governance Code revised in June 2021 in Japan includes sustainability disclosure based on the TCFD framework, and internationally the guidance of TCFD recommendations were revised in October 2021. In addition, the situation surrounding TCFD recommendations has changed significantly, with the establishment of ISSB in November 2021 for considering unified sustainability reporting standards based on TCFD recommendations.

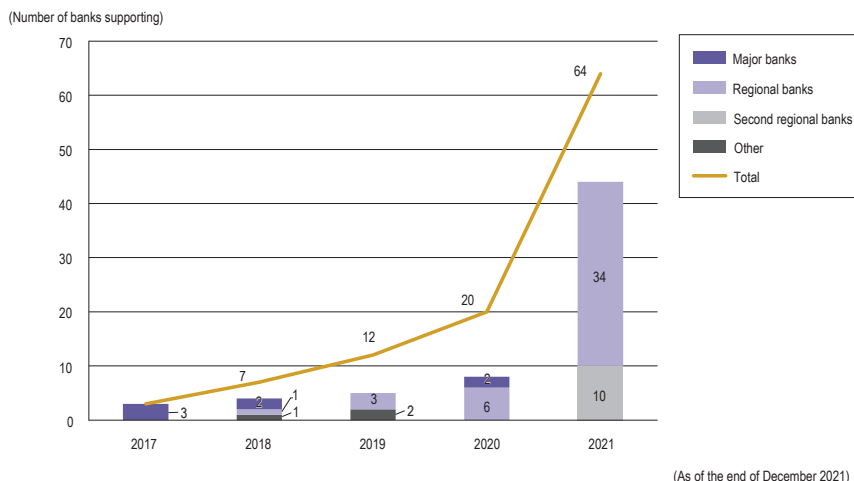
Based on these changes, the JBA has summarized the status of TCFD disclosure initiatives by banks both in Japan and overseas, and compiled examples of disclosure that will be useful for future consideration of TCFD disclosure by each bank. Significant progress was made both in the number of regional banks and second regional banks endorsing TCFD, and the contents of their disclosures in FY2021, and further developments are also expected.

Image of the Situation Surrounding TCFD Recommendations



Source: Based on published materials

Trends in the Number of Banks Supporting TCFD Recommendations by Business Type (Group Basis)



Source: Based on material disclosed by banks and the TCFD website

② Participation in the TCFD Consortium

With regard to the "TCFD Consortium," founded in May 2019 with the Chairman of the JBA as one of the founders, the JBA continues to participate as a member.

In FY2021, the JBA followed the discussion regarding compliance with the "Guidance on Climate-Related Measurement Standards, Targets, and Transition Plans (Draft)," a public consultation document published by TCFD in June 2021, and the "Climate-Related Information Utilization Guidance 2.0 for Promotion of Green Investment" (Green Investment Guidance 2.0) published in October 2021.

③ Determination of Targets Under the “Carbon Neutral Action Plan,” and Implementation of Follow-up Surveys

Since FY2001, the JBA has participated in setting goals for the Keidanren's “Carbon Neutral Action Plan” for reducing carbon dioxide emissions and “Voluntary Action Plan for Establishing a Sound Material-Cycle Society” for recycling, and conducted follow-up research on full members in order to understand the status of their efforts at environmental issues.

[Transition of JBA Goals for the Carbon Neutral Action Plan and the Voluntary Action Plan for Establishing a Sound Material-Cycle Society]

Plan	Goal	FY2021 Survey Results (on FY2020 results) * Survey period from April 2020 to March 2021, targeting 114 full member banks
Carbon Neutral Action Plan * Renamed from “Commitment to a Low Carbon Society” in June 2021 (previously the “Action Plan on the Environment (Section on Global Warming Measures)”)	Phase I goal	Reduce power consumption units in FY2020 by 10.5% compared to FY2009 (power consumption / total floor area) Note: Ended in FY2020, continued with Phase II goal
	Phase II goal	Reduce power consumption units in FY2030 by 19% compared to FY2009 (power consumption / total floor area)
	FY2050 goal	Promote initiatives for mitigation of global warming consistent with national goals throughout the banking community, in order to contribute to the realization of a sustainable society.
Voluntary Action Plan for Establishing a Sound Material-Cycle Society * Previously “Action Plan on the Environment (Section on the Formation of a Recycling Society)”	Goals related to paper recycling rate, recycled paper purchase rate, etc.	• Paper recycling rate of 90% or more in FY2025 Note: Based on the continuation of Keidanren's plan, the existing goal for FY2020 has been extended to FY2025.
		• Purchase rate of recycled paper and eco-friendly paper in FY2025 of 75% or more Note: Based on the continuation of Keidanren's plan, the existing goal for FY2020 has been extended to FY2025.
		• 80% or more of member banks handling deposit products without the issuance of passbooks in FY2025 Note: A new goal was set in January 2021, based on the continuation of Keidanren's plan.
	Plastic-related goals	To attain a 100% ratio of member banks practicing garbage separation of used PET bottles. (Target year: FY2030)
		To attain a 100% ratio of member banks implementing measures to reduce marine plastic waste, such as cleaning activities. (Target year: FY2030)
		To practice efficient use of resources and to reduce waste throughout the banking community.
		To actively support, throughout the banking community, companies that engage in activities to reduce plastic wastes that are in line with the government policy.

● The power consumption of full members totalled 2,017,402,304 kWh. With a total building floor area of 16,085,509 m², power consumption units resulted in 125.4.

● The result amounted to a 30.2% reduction compared to the target base year of FY2009, and a 1.4 point reduction in comparison with the previous year's results.

● The Phase I goal for power consumption units was achieved and at present exceeds the Phase II goal.

● 20 banks, 18% of the total, answered that they have set a goal to mitigate global warming for 2050.

● Paper recycling rate of 88.6% (numerical goal not reached in FY2020)

● Purchase rate of recycled paper and eco-friendly paper of 76.4% (numerical goal reached in FY2020)

● 96 banks, 84.2% of the total, handle deposit products without the issuance of passbooks.

● 112 banks, 98.2% of the total, say they are “Implementing” the separation of used PET bottles.

● 88 banks, 77.2% of the total, say they are “Implementing” measures to reduce marine plastic waste.

[Case examples]

- Cleanup activities at beaches, etc.
- Ending the use of plastic bags at in-company stores, ending the use of plastic tableware in cafeterias
- Separating garbage such as plastic containers and packaging, etc.

● 16 banks, 14% of the total, actively support companies that engage in activities to reduce plastic wastes that are in line with the government policy.

[Case examples]

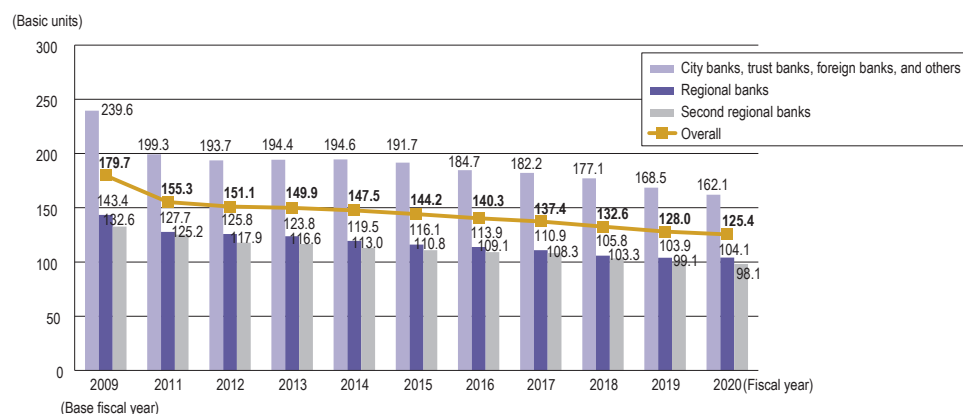
- Set up interviews between companies involved in the removal of plastics at business matching forums, etc.
- Provide active support by creating syndicated loans, etc. for companies that take measures against the use of plastics, etc.

The results of the follow-up survey in FY2021 (actual results for FY2020) are shown in this table. The main reason why the paper recycling rate, which is one of the goals of the "Voluntary Action Plan for Establishing a Sound Material-Cycle Society," did not reach the numerical target is probably because the amount of recycled paper used (the numerator) that can be recycled has decreased while the amount of paper used (the denominator, which is the basis for calculating the coefficient) has also decreased. In addition, we can see that the introduction of deposit products without the issuance of passbooks, which is one of the new targets for FY2025, is making great progress in light of the COVID-19.

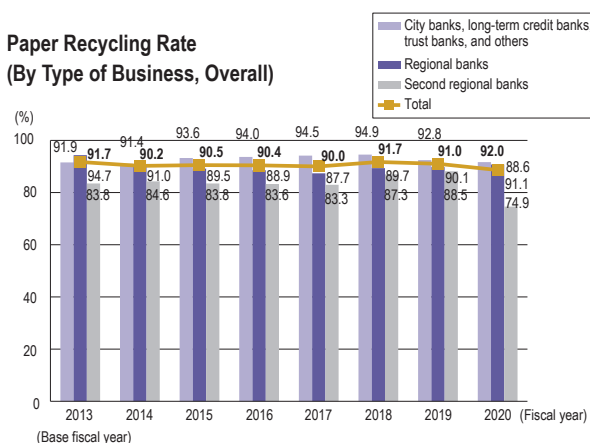
Effective initiatives reported by member banks following the FY2020 survey included examples such as updating office centers with highly efficient air-cooled refrigeration units and switching to LED lighting at sales offices. In the FY2021 survey, examples included the promotion of working from home/standing by at home and closing offices during the COVID-19 outbreak. Additionally, the survey found that many banks were using renewable energy sources, that is, photovoltaic and wind power. With respect to action regarding global environmental issues, more than 70% of banks responded that they consider these issues in their lending decision, the same as the FY2020 survey.

The JBA will continue to conduct follow-up surveys and monitor and promote the efforts of member banks.

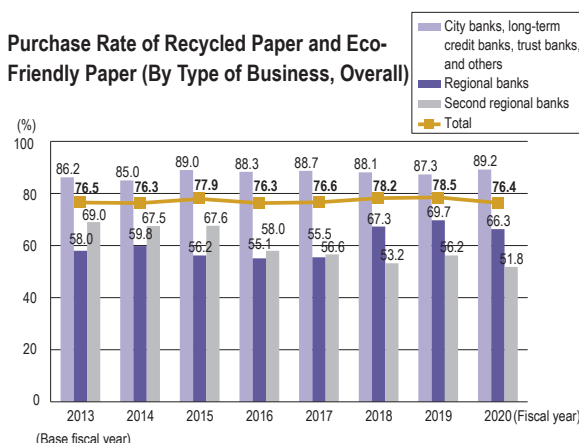
Power Consumption Units (By Type of Business, Overall)



Paper Recycling Rate (By Type of Business, Overall)



Purchase Rate of Recycled Paper and Eco-Friendly Paper (By Type of Business, Overall)



④ Production and Distribution of Teaching Materials on ESG Financial Literacy

In recent years, while the Japanese government and companies are placing greater emphasis on ESG and climate change issues, initiatives to increase ESG financial literacy are also required in the banking community in order to achieve the SDGs and the goals of the Paris Agreement.

To that end, in March 2022 the JBA published "Introduction to Sustainable Finance: Using Financial Power to Save the Earth!," a new textbook for high school students. This textbook explains the efforts made by individuals, companies, governments, and the international community, as well as the initiatives in the banking community through their core business (indirect finance) (ESG finance, sustainable finance), with a focus on climate change issues.



5

Implementing 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 phone scams involving calls from individuals posing as relatives in distress 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, Goal No. 16 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 the SDGs and promotes relevant activities over the medium-and long-terms.

① Promoting 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 FY2011 conducted questionnaire surveys among full members, a number of associate members, and special members. The aim of the survey is to understand the status of internet banking security measures at member banks to encourage member banks' efforts by communicating the survey results.

In FY2021, the JBA received responses from 126 banks, and the aggregated results and examples were communicated to the member banks.

Given its importance, the 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 FY2021 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 Financial Crime Prevention Activities Concerning Special Types of Fraud

The JBA has been actively involved in the activities to promote the eradication of special types of fraud since FY2008. However, losses from special types of fraud continue to stay at a high level according to the statistics issued by police authorities. In light of this situation, there are expectations for the JBA to engage in further information activities to raise awareness and to prevent loss before it happens.

In FY2021, the JBA created an awareness-raising leaflet and video with the JBA's dog character "Banken-kun" as the key visual feature. The video was broadcast on YouTube, on commercial catch-up distribution services (distribution services on the websites of various broadcasters, TVer, etc.), on informational displays at medical facilities throughout Japan, and at events sponsored by external organizations, to raise awareness of refund fraud, special types of fraud targeting cash cards, and phishing, which have been occurring frequently.



Leaflet



Video

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

Measures to prevent money laundering and terrorist financing at financial institutions ("Anti-Money Laundering/Countering the Financing of Terrorism" or, for short, "AML/CFT") 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 underwent the 4th round of mutual evaluations in October and November 2019. The examination results were announced in August 2021, and Japan was evaluated as a "Country Requiring Enhanced Follow-Up." A follow-up survey will be conducted by FATF over the next five years on matters that require improvement as indicated in the examination results, and Japan is required to further enhance its AML/CFT system.

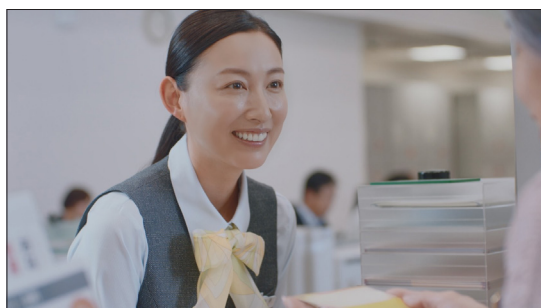
In order to promote cooperation between the public and private sectors, the JBA held the "Public and Private Sectors Liaison Meeting on Advanced Measures against Money Laundering" in April 2018, and exchanged information with relevant authorities on AML/CFT. In addition, in order to further support and promote the efforts of member banks throughout the banking industry, the "AML/CFT Measure Support Division," which was established within the JBA, provides member banks with translations of important overseas documents on money laundering.

Moreover, based on the FSA's "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" (published 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 customers. With the purpose of making such additional verification requirements known to customers, the JBA has been implementing awareness activities since FY2018.

In FY2021, the JBA continued its public relations activities from October 2021 to March 2022, using a variety of media, including broadcasting commercials on TV and at events hosted by external organizations, and placing newspaper advertisements and web advertisements.

* 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 37 countries and regions, including the G7, and two international organizations.



TV commercial



Newspaper advertisement

6

Promoting Human Rights Including
Gender Equality

With a view to member banks' human rights education activities, the JBA has long been engaged in sponsoring seminars 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 gender equality and human rights-related efforts as one of its key initiatives, which will be promoted over the medium and long terms.

① Seminars on Human Rights and the Issues of Discrimination against Social Minorities Based on Descent

For the purposes of member banks' human rights education activities, since 1981 the JBA has sponsored seminars 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, various 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.

Since the Act on the Elimination of Discrimination against Persons with Disabilities was revised in May 2021 and businesses are now obligated to provide "reasonable accommodation," a lecture in October 2021 was held in the form of a web seminar with the theme "Reasonable Accommodation in Financial Institutions Based on the Revised Act on the Elimination of Discrimination against Persons with Disabilities."

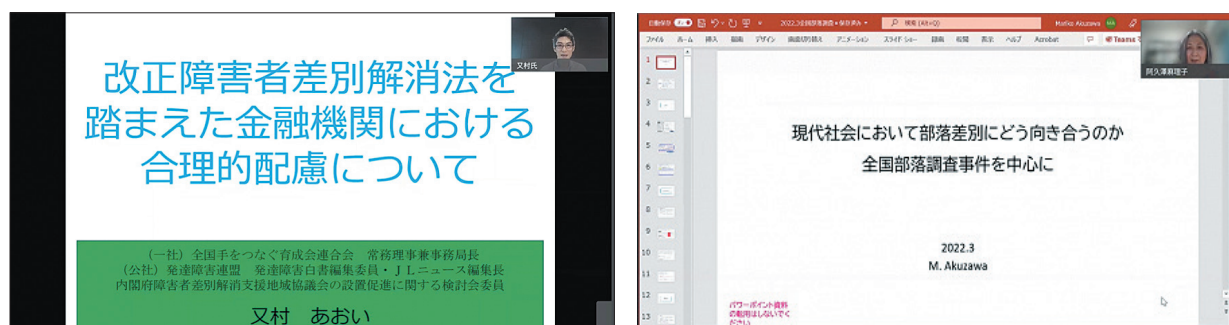
[Lecturer]

Aoi Matamura, Managing Director, New Inclusion Japan Association, Inc.

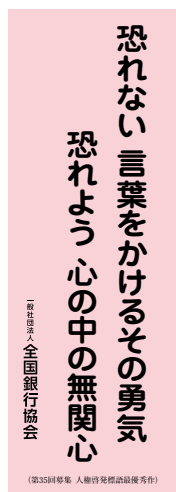
In addition, a lecture in March 2022 was also held in the form of a web seminar with the theme "How to Deal with Buraku Discrimination in Modern Society, with a Focus on the Directory of Buraku Communities in Japan." It included an explanation and evaluation of the injunction issued by the Tokyo District Court in September 2021 against the reprinting of a "Directory of Buraku Communities in Japan," as well as a discussion regarding how we should deal in the real world with discrimination that is spreading every day on the Internet.

[Lecturer]

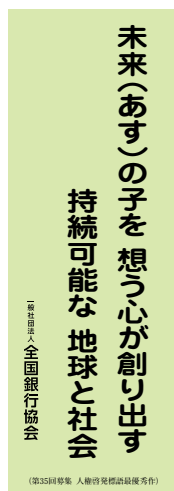
Mariko Akuzawa, Professor, Research Centre for Human Rights, Osaka City University



On-demand streaming page



Mizuho Bank
Mr. Yuji Nakajima



Mitsubishi UFJ Trust and Banking
Mr. Taro Yamauchi

② Human Rights Maxims Contest

In order to raise the human rights awareness of member banks' employees, since 1987 the JBA has been inviting member banks' employees to submit maxims relating to human rights.

In FY2021, the 35th round of solicitation for human rights maxims brought 72,794 proposals. Out of this number, 40 entries were selected for awards (two grand prizes, eight awards of excellence, and 30 high-quality awards).

③ Issuance of the "Human Rights News"

The "Human Rights News" has been published periodically since FY2018 to provide information on human rights on a regular basis and to support member banks' human rights education activities.

In FY2021, the 6th issue was published in August and the 7th issue was published in March with the following content.

	Contents
6th Issue (published in August 2021)	<ul style="list-style-type: none"> Winning entries of the 34th round of solicitation for human rights maxims Introduction of member banks' efforts (First Bank of Toyama provides a comfortable working environment by preventing harassment and raising employee awareness.) Human rights topics (Yurika Gima, Representative, Take it! Rainbow: "Striving for a Society that is Comfortable with Sexual Diversity") Is this harassment? Q&A Human rights-related laws and regulations
7th Issue (published in March 2022)	<ul style="list-style-type: none"> Introduction of member banks' efforts (Sumitomo Mitsui Banking Corporation, "Business and Human Rights": Initiatives to Address Risks to Human Rights) Seminar on Human Rights and the Issues of Discrimination against Social Minorities Based on Descent (1) (Makoto Saito, Attorney at Law; Representative Member, Saito Law Office Legal Profession Corp.: "Action Plan for Business and Human Rights & Corporate Issues") Seminar on Human Rights and the Issues of Discrimination against Social Minorities Based on Descent (2) (Aoi Matamura, Managing Director, New Inclusion Japan Association, Inc.: "Reasonable Accommodation in Financial Institutions Based on the Revised Act on the Elimination of Discrimination against Persons with Disabilities") Is this harassment? Q&A Human rights-related laws and regulations





Human rights education booklet

④ Publication of Human Rights Education Booklet

For the proactive advancement of human rights education 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" with an editorial supervision by Centre for Human Rights Education and Training, as material to be used for training. The booklet takes up a wide range of newly emerging topics and issues related to corporate activity and human rights.

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 foreign nationals, 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.).

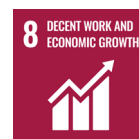
In FY2021, the JBA redesigned the booklet in order to improve readability, added illustrations and figures to the text, made the revisions listed below, and then published the updated version in December.

- Added case studies on harassment
- Added descriptions of domestic violence and human rights for children to "V. Striving for a Society without Discrimination"
- Made other revisions based on revisions to laws and regulations and changes in the social environment, added columns, and updated figures and tables

In addition, the JBA conducted a needs survey regarding human rights educational materials for member banks. Based on the results, the JBA created a new Comprehension Test for the JBA "For the Protection of Everyone's Human Rights, FY2021 Edition."

7

Implementing Activities for 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 the SDGs and will over the medium- and long-terms engage in measures to promote member banks’ proactive efforts at regional revitalization.

Since FY2018, as part of these endeavors, the JBA conducted an annual 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.

Case examples of local invigoration by member banks are also presented in this report so that member banks can further promote these efforts.

The JBA website

“Efforts at local invigoration” <https://www.zenginkyo.or.jp/abstract/efforts/contribution/sousei/> (Japanese only)

Case examples by member banks* (Results of the FY2021 questionnaire survey)

- Creating attractive communities where people can gather and live with peace of mind
 - Mizuho Bank: Support for Issuance of “E-Tickets for Regional Promotion” as a Service for Local Governments
 - Sumitomo Mitsui Banking Corporation: New Harbor Jetty West District Redevelopment Project on the Kobe Waterfront
 - Saitama Resona Bank: Housing Complex Revitalization Project Utilizing the Revised Regional Revitalization Act (Examination of Utilization of School Site in Higashi-Ogawa Housing Complex)
- Building connections with the region and creating a new flow of people into the region
 - MUFG Bank: Support for Regional Revitalization Projects through the “National Fund for ALL-JAPAN Tourism”
- Creating a community where people can earn money and work with peace of mind
 - Sumitomo Mitsui Banking Corporation: “GREEN×GLOBE Partners” - Banshu-Redesign-Scramble Sponsorship
- Empowering the new era
 - Sumitomo Mitsui Banking Corporation: “Mirai Kyoso Farm Akita” - Establishing a Model for the Management of Sustainable Regional Agriculture and Passing it on to the Next Generation
 - Sumitomo Mitsui Trust Bank: Conclusion of a Partnership Agreement with the Hokkaido Regional Environment Office to Promote ESG Regional Finance and Solve Regional Issues
 - Sumitomo Mitsui Trust Bank: Conclusion of a Partnership Agreement with Odawara City, Bank of Yokohama, and Hamagin Research Institute for an Impact Evaluation on Local Production of Energy for Local Consumption
- Other
 - Resona Bank: Gathering of Kansai’s Most Advanced Traditional Industry Operators

* 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

“Regional revitalization cases” https://www.chiginkyo.or.jp/regional_banks/initiative/creation/ (Japanese only)

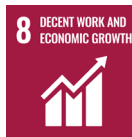
The Second Association of Regional Banks website

“Regional revitalization” https://www.dainichiginkyo.or.jp/membership/region_activate.html (Japanese only)

Additionally, the JBA participates in the “SDGs Public and Private Sectors Partnership Platform for Local Invigoration” established in August 2018 by the Cabinet Office, Office for the Promotion of Overcoming Population Decline and Vitalizing Local Economy in Japan, and provides information to member banks received through this platform.

8

Promoting 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.

The JBA identified "Wider access to finance and financial services for the elderly and other users" as one of its key initiatives in relation to the SDGs. The JBA will continue to promote and expand these activities as the importance of this goal will keep growing in the future.

① Establishing a System at Member Banks

In order to assist member banks in conducting financial transactions with elderly customers (especially those with impaired cognitive judgment) and their representatives, and in cooperating with social welfare organizations, in FY2020 the JBA compiled "Views on Financial Transaction Representation" and "Strengthening Cooperation Between Banks and Local Governments and Social Welfare Organizations."

Many banks have begun to offer products and services aimed at people who suffer from (or are expected to suffer from) impaired cognitive judgement. The JBA conducted a follow-up survey in FY2021 in order to assess the overall picture of system development and initiatives at member banks. Specifically, in addition to the scope of allowing proxy transactions, customer feedback regarding proxy transactions, and the status of cooperation with local governments and social welfare organizations, the JBA is examining the unique initiatives of each member bank and working to raise the level of such initiatives throughout the entire banking community.

② 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 for member banks, etc., each year since FY2007 with the cooperation of the National Caravan-Mate Coordinating Committee. "Dementia supporters" refers 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" held in July 2017 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 from 8 million at the end of FY2017 up to 12 million by the end of FY2020. In June 2019, this New Orange Plan was expanded further, to include the "Charter to Promote Relief Measures for Dementia Sufferers," which aims to promote measures against dementia from two perspectives: "coexistence" and "prevention."

Based on this background, the JBA held a dementia supporter training course on December 13, 2021. On the day of the event, participants learned about the symptoms of dementia and deepened their understanding through concrete examples of how to assist people suffering from dementia at ATMs and banks.



Training Course

③ Production and Distribution of Financial Literacy Teaching Materials for Seniors

The JBA has been implementing financial literacy measures for the elderly, with the aim of preventing damage from financial crime and grievances arising in connection with financial product sales, and in order to inform the elderly on appropriate asset management and investment.

Continuing from FY2020, the JBA distributed educational materials on the topics of a 100-year lifespan targeting the elderly, as well as on the topics of financial crime prevention and an explanation of the types, characteristics and risks of financial products and services.

- Financial Preparedness for a 100-Year Lifespan
- Introduction to Financial Knowledge Series (An Introduction to Inheritance - A Guidebook)
- Financial Crime Safety Check
- For Your Peace of Mind- Information on Financial Products



④ 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.

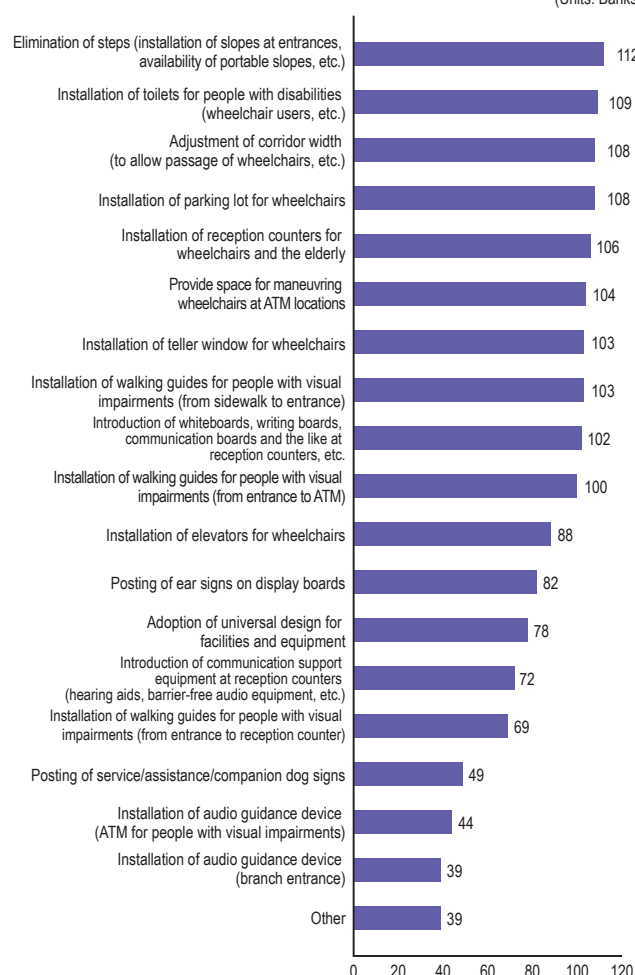
In FY2021, the JBA conducted a questionnaire survey on full members (114 banks) about the status of their efforts as of the end of March 2021.

Since the survey started in FY2004, member banks' efforts have steadily progressed. For example, the number of installed ATMs equipped for customers with visual impairment has reached 95.0% of the total, reflecting an increase of 78.8 points compared with FY2004. In addition, the number of banking premises with ATMs equipped for customers with visual impairment has risen to 93.2% of the total, marking a gain of 30.4 points from FY2010, the year when this item was first added to the survey.

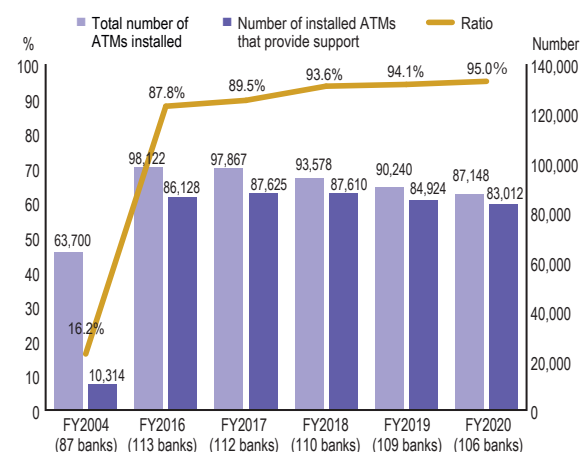
The JBA will continue to conduct questionnaire surveys to support further efforts of member banks.

Status of Efforts Towards Barrier-Free Facilities and Equipment

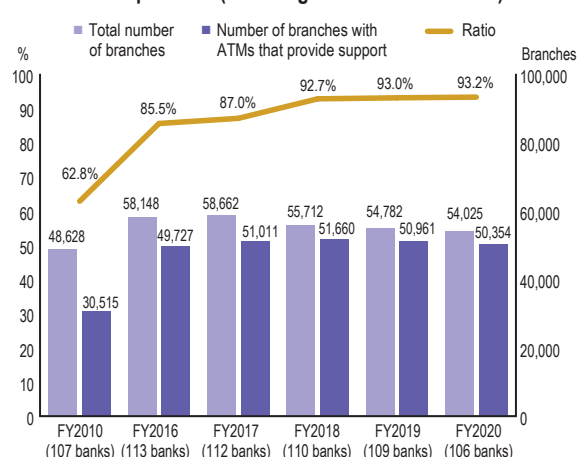
(As of the end of March 2021)
(Units: Banks)



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



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



* Surveys of relevant item started in FY2010.

⑤ Follow-Up Discussions Regarding Barrier-Free Initiatives by Relevant Ministries and Agencies

The JBA participates in exchanges of opinion at meetings with organizations for disabled persons that are sponsored by the relevant authorities. The JBA implements initiatives such as providing special services for people with disabilities, and shares opinions and requests received from related organizations with member banks.

In FY2021, the JBA (1) held a briefing session on telephone relay services as public infrastructure, and compiled the results of the QA session for the purpose of improving systems at member banks that provide such services, (2) participated in the "Follow-up Meeting on Building Design Standards to Facilitate the Mobility of the Elderly and Persons with Disabilities" held by the Ministry of Land, Infrastructure, Transport and Tourism, (3) held a human rights lecture on the Revised Act on the Elimination of Discrimination against Persons with Disabilities, and (4) implemented activities such as participating in hearings at the "Committee on Policies for Persons with Disabilities" in the Cabinet Office of the Government of Japan. In addition, the JBA cultivated awareness by sharing requests from organizations for disabled persons with member banks.

Efforts of Member Banks

1 Financial and Economic Education Initiatives



Kansai Mirai Financial Group

 Kansai Mirai Financial Group

Mirai Children's Challenge (Money Quiz)

Summary of the Initiative

In August 2020, Kansai Mirai Financial Group held the "Mirai Children's Challenge" (Money Quiz), a financial and economic education program for children, as a special summer project.

The Group has established a "Commitment to Achieve SDGs in 2030 (Kansai Mirai Sustainability Challenge 2030)," with support for the next generation positioned as one of its core activities. This quiz initiative was carried out as a financial and economic educational project for children that can be conducted at home, in consideration of the impact of the COVID-19 pandemic. The quiz sheet can be downloaded from the Group's website. This program helps children to improve their financial knowledge, by encouraging them to have fun learning about the importance of money and the role of banks together with their parents. In addition, the answer sheet for the quiz is posted in the lobbies of branch offices, allowing children to get to know their local bank when they visit to check their answers.

Background of this Initiative

The "Kids Money Academy," where classes are held face-to-face with local children with employees from each sales office serving as teachers, is held every year. However, in FY2020 it was decided to cancel the event due to the COVID-19 pandemic. Because of this situation in particular, the Group decided it was important to implement this initiative in order to give children an opportunity to learn.

Results of the Initiative

According to participants surveyed, 87% of the children answered that they would like to take on the challenge again, and 82% of the parents answered that their children's interest in financial matters increased.

Issues and Objectives for the Future

The Group will continue to engage in various activities to support the development of the next generation from the perspective of SDGs.

Contribution to SDGs

<https://www.kmfg.co.jp/sustainability/sdgs/index.html> (Japanese only)



Checking the Answer Sheet



Poster (Minato Bank)



Poster (Kansai Mirai Bank)

2 Environmental Initiatives



The Akita Bank, Ltd.



The Akita Bank, Ltd.

Effort to Revitalize the Local Economy by Investing in a Wind Power Generation Business

Summary of the Initiative

In May 2013, Akita Bank established “A-WIND ENERGY,” a wind power generation company, as a joint investment with a local company in an effort to popularise renewable energy. Since the company was first established, the Bank has dispatched employees to lead the development of the business, and in September 2018 it organized a total of 15.5 billion yen in project finance. The business started commercial operation in January 2020.

Background of this Initiative

In order for Akita Prefecture to expand the introduction of renewable energy and promote industry in the prefecture, public solicitation was conducted to select a wind power generation company in the prefectural forest reserve in the coastal area of Katagami. A-WIND ENERGY was selected for this project to install 17 wind turbines with 2,350 kW capacity in the specified area (to supply power equal to that consumed annually by approximately 25,000 households).

By utilizing wind resources, an asset of Akita Prefecture, the Bank has been deeply involved in business development from the stage of establishing the company, with the aim of revitalizing the local economy through the establishment of industries related to wind power generation and the creation of new jobs.

Results of the Initiative

By participating in investment from the stage of establishing the business and being involved in the business development, the Bank has gained know-how for wind power generation at the business level.

In addition, in business management, the Bank gave precedence to the use of local companies. All investors were companies located in Akita Prefecture, and construction work was performed by companies in the prefecture as much as possible. As a result, more than 50% of work orders were placed with companies within the prefecture. This contributed to the accumulation of construction and operational know-how related to the wind power business among companies throughout the prefecture.

Issues and Objectives for the Future

In addition to onshore wind power generation, there are also plans for the construction of large-scale offshore wind power generation facilities in Akita Prefecture, further enhancing its presence as Japan's largest wind power generation base.

The Bank will continue to cooperate with renewable energy power generation companies and related parties in the prefecture to maximize the economic ripple effect throughout the region.

For further information

<https://www.akita-bank.co.jp/aboutus/csr/report/> (Japanese only)



A-WIND ENERGY Wind Farm

Source: A-WIND ENERGY



Computer Image of Completed Akita Offshore Wind Farm

Source: Akita Offshore Wind Corporation



Sumitomo Mitsui Banking Corporation SUMITOMO MITSUI BANKING CORPORATION

Providing a Variety of Solutions that Contribute to the Transition to and Realization of a Decarbonized Society

Summary of the Initiative

Sumitomo Mitsui Banking Corporation is working diligently to reduce the Group's greenhouse gas ("GHG") emissions in line with the goals of the Paris Agreement, while actively supporting the efforts of our customers to contribute to the transition to and realization of a decarbonized society. Specifically, the Group is developing the following services and initiatives to meet diversifying needs.

(1) Green deposits

In April 2021, SMBC became the first Japanese financial institution to provide a green deposit service. This product is based on a framework established with a leading independent ESG and corporate governance research, ratings and analytics firm. By allocating deposits from customers to environmentally friendly projects such as renewable energy, they provide customers with opportunities to contribute to ESG/SDGs.

(2) "Sustana" GHG visualization tool

In November 2021, the Group developed the "Sustana" cloud service, which visualizes corporate GHG emissions. The Group started a preliminary trial with multiple customers, with an aim to launch the service in FY2022. This service provides support for the assessment of GHG emissions in companies and supply chains through the efficient collection of emission source data (such as electricity and gas) in corporate activities and establishing a business flow for calculating GHG emissions within each company.

(3) Utilization of hydrogen

Hydrogen is regarded as an important next-generation energy source for decarbonization. Therefore, since December 2020, the Group has been involved in the establishment of the Japan Hydrogen Association to promote global cooperation and the formation of a supply chain for hydrogen. The Group is working with many companies and organizations to create a roadmap and make policy recommendations for the realization of a hydrogen-based society. In July 2021, the Hydrogen Utilization Study Group in Chubu - established in March of the same year - was commissioned by the government to conduct a feasibility study of the hydrogen adoption and logistics. It is considering the possibility of the large-scale use of hydrogen in the Chubu region.

Background of this Initiative

In order to meet the diversifying and sophisticated needs of customers regarding decarbonization and other sustainability-related matters, the Group will develop and provide sustainability-related services and accumulate such know-how under the "SMBC Group GREEN Innovator." "Sustana" in particular is a service created from this concept.

Results of the Initiative

Regarding green deposits, customers both in Japan and overseas make such deposits. As of the end of November 2021, 210 companies and 64 organizations (including local governments and universities) are members of the Japan Hydrogen Association.

Issues and Objectives for the Future

Diversifying needs and required know-how extend beyond the financial sector and into non-financial areas such as energy and other areas related to decarbonization. The Group will strengthen its capabilities to develop groupwide and global services collaborating with other industries, and become a solutions provider in the sustainability field to promote customer's efforts that contribute to the transition to and realization of a decarbonized society.

Green deposits

https://www.smbc.co.jp/news_e/e600608_01.html

Sustana

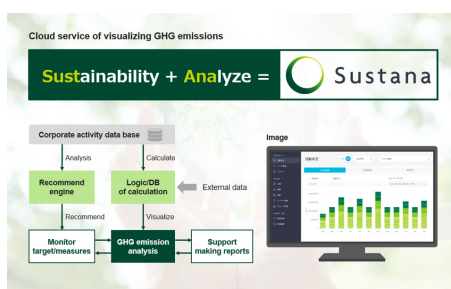
https://www.smbc.co.jp/news/j602435_01.html (Japanese only)

Utilization of hydrogen

<https://www.japanh2association.jp/> (Japanese only)

SMBC Group GREEN Innovator

https://www.smfg.co.jp/news_e/e110174_01.html



Sustana Concept



Event Recognizing the Establishment of the Japan Hydrogen Association, December 2020



Mitsubishi UFJ Financial Group, Inc. (MUFG)



MUFG the First Bank in Japan to Announce Carbon Neutrality Declaration

Summary of the Initiative

In May 2021, MUFG announced the "MUFG Carbon Neutrality Declaration" and became the first bank in Japan to announce its commitment to achieving a net zero status in terms of GHG emissions from its financed portfolio. Guided by our Purpose, "Committed to empowering a brighter future." MUFG has also formulated detailed action plans and is determined to support a smooth transition to a decarbonized society through our business operations and help realize the goals of the Paris Agreement. In these ways, MUFG will remain an active contributor to a virtuous cycle of environmental and economic improvement, which should ultimately result in a sustainable society.

MUFG will strive to achieve net zero in terms of GHG emissions from its investment and financing portfolio by the end of 2050 and in its own operations by the end of 2030. Moreover, MUFG will continue the timely and appropriate disclosure of information regarding progress in our initiatives to achieve these targets.

Background of this Initiative

In line with the Medium-Term Business Plan (MTBP) launched in fiscal 2021, MUFG considers "Corporate Transformation" a strategic pillar requiring the foremost priority. Along with digital transformation (DX), practicing sustainability management by, for example, robustly tackling climate change, is key to driving this transformation. To this end, MUFG must enhance corporate governance while strengthening our focus on addressing ESG issues through corporate activities. These endeavors will, in turn, enable us to help create a sustainable society, empower customers to achieve growth and, of course, enjoy sustainable growth ourselves.

In the course of formulating the MTBP, MUFG identified 10 priority issues encompassing environmental and social issues that must be addressed via MUFG's business operations. Among our priority issues, we have defined "climate change

measures & environmental protection" as a matter of the utmost importance. To date, MUFG has been proactively tackling climate change problems by, for example, participating in global initiatives in addition to formulating and updating the MUFG Environmental Policy Statement and the MUFG Environmental and Social Policy Framework. At the same time, the Japanese government announced its carbon neutral declaration, and the global trend toward the creation of a decarbonized society is gaining significant momentum. Against this background, MUFG announced this Declaration.

Results of the Initiative

After making this Declaration, MUFG enhanced our organization to achieve carbon neutrality on a group and global basis in order to promote this initiative.

In April 2022, MUFG set interim 2030 targets for the power and oil & gas sector, to achieve net zero GHG emissions for MUFG's financed portfolio by 2050. The progress of these efforts for carbon neutrality is detailed in the Progress Report.

Issues and Objectives for the Future

MUFG became the first Japanese bank to join the Net-Zero Banking Alliance established by UNEP-FI, and has been contributing as an Asian representative in the Steering Group and would like to lead the efforts of the financial industry.

In the area of asset management, Mitsubishi UFJ Trust and Banking is a member of the Net Zero Asset Managers initiative and plans to set an interim target for 2030 by October 2022.

MUFG cannot achieve this Declaration on its own. MUFG aims to realize a decarbonized society together with its customers through dialogue and engagement activities, as well as the provision of products, services, and information.

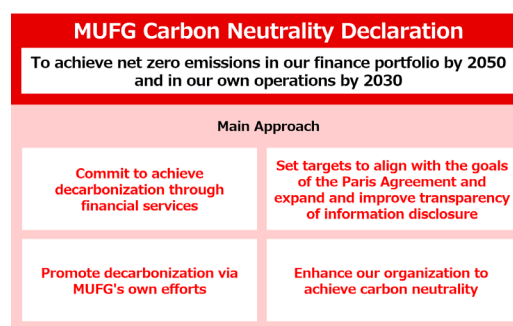
For further information

<https://www.mufg.jp/english/csr/environment/cnd/>

<https://www.mufg.jp/english/csr/report/progress/>



10 Priority Issues Addressed by MUFG



Outline of MUFG Carbon Neutrality Declaration



Hokuto Bank, Ltd.

THE HOKUTO BANK, LTD.

Participation in "Renewable Energy 100 Declaration-RE Action" - Making Power Consumption 100% Renewable Energy -

Summary of the Initiative

In January 2021, aiming to become a driving force toward the realization of a carbon-free society in Akita Prefecture, Hokuto Bank was the first regional bank and company in Akita Prefecture to participate in Renewable Energy 100 Declaration RE Action. The Bank set a goal of using 100% renewable energy by 2050.

To achieve 100% renewable energy, the Bank is actively utilizing local renewable energy and is working on the local production of energy for local consumption.

Background of this Initiative

In Akita Prefecture, the biggest challenge is to break away from the long-term trend of regional economic contraction caused by the declining population and a drop in the number of business establishments.

The Bank believes that it is necessary to create new industries in order to solve these problems, and is therefore about 10 years ago started its efforts that focused on renewable energy (especially wind power), which is a local resource. Specifically, the Bank has supported the introduction of renewable energy in the prefecture by driving the establishment of a wind power generation company and project finance methods, and has taken steps toward the industrialization of renewable energy.

Thanks to the 2050 Carbon Neutrality Declaration by then Prime Minister Suga in October 2020, the Bank has formulated Hokuto Green Action, an action guideline for the realization of a carbon-free society in Akita Prefecture, centered on the introduction and utilization of renewable energy. As the first step, the Bank made a declaration for the use of 100% renewable energy.

Results of the Initiative

In February 2021, through the utilization of "Akita Ene! Choose 100% Hydroelectric," for the supply of power at the prefectural hydropower plant in Akita Prefecture provided by Tohoku Electric Power, the Bank achieved 100% renewable energy consumption at its Honjo Higashi branch.

In March of the same year, the Bank utilized the ENEC RE100 Plan of Minna Denryoku Co., Ltd., which supplies electricity from the Akita Katagami Wind Farm (a project that the Bank financed), to achieve 100% use of renewable energy at its Tsuchizaki Branch.

Issues and Objectives for the Future

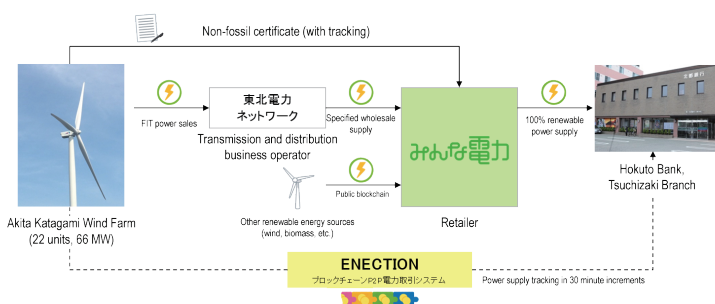
Going forward, the Bank will continue to work toward 100% renewable energy by utilizing local renewable energy at one or two additional branches each year.

In addition, the Bank will actively make proposals to local governments and companies in the prefecture for the utilization of local renewable energy, while also carrying out activities to expand the efforts of the Renewable Energy 100 Declaration throughout the prefecture.

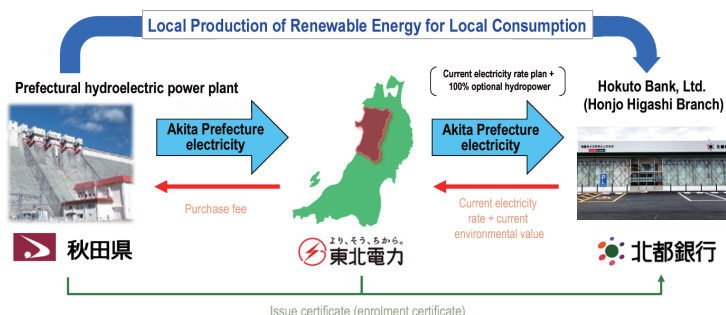
In addition, by providing continuous support for renewable energy and utilizing the Ministry of the Environment's regional ESG loan interest subsidy program, the Bank will work as a leader toward the realization of regional decarbonization through its Hokuto Green Action plan, including support for introducing equipment for conversion to decarbonization and the expansion of solution options for achieving decarbonization.

For further information

<https://www.hokutobank.co.jp/news/pdf/20210104-1.pdf> (Japanese only)



Scheme Diagram for Tsuchizaki Branch



Scheme Diagram for Honjo Higashi Branch



The Toho Bank, Ltd.



すべてを地域のために

東邦銀行

Initiatives for TCFD Recommendations

Summary of the Initiative

Toho Bank has positioned environmental conservation measures, such as climate change measures, as one of its management priorities. In addition to formulating the ESG Initiatives Policy in 2019 and the Toho SDGs Declaration in 2020, in February 2020 it was the first regional bank in the Tohoku region to support TCFD recommendations to disclose information related to governance, strategy, risk management, indicators, and goals.

In terms of specific indicators, in July 2021 the Bank raised its CO₂ emission reduction target for FY2030 (compared to FY2013) from 30% to 50%.

In October 2021 the Bank set goals for sustainable finance in the environmental field, and is actively promoting the transition to a carbon-free society through investment and financing in the field of renewable energy.

Overview of Sustainable Finance Goals

Item	Details
Target amount	1 trillion yen
Period	10 years (FY2021 to FY2030)
Target investment and financing	Investment and financing for businesses that contribute to environmental conservation and climate change measures, such as renewable energy businesses and environmental conservation-related businesses
Disclosure of achievements	The Bank's sustainable finance will disclose the previous year's results every year from 2022 onward.



Fukushima Prefecture Koriyama Nunobiki Kogen Wind Farm

Background of this Initiative

Efforts in the environmental field are becoming more and more important, as exemplified by the enormous damage caused by abnormal weather and natural disasters in recent years.

In Fukushima Prefecture in particular, which experienced the Great East Japan Earthquake and the nuclear power plant disaster, the Bank is working to foster and agglomerate industries centered on renewable energy, which the Bank recognizes as extremely important for the reconstruction and regeneration of the local economy in the future.

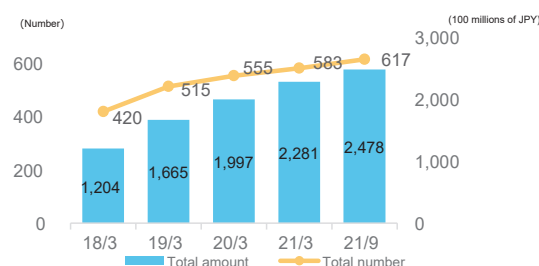
Going forward, the Bank will continue to work toward the realization of a sustainable society through finance, by contributing to the sustainable development of its base, Fukushima Prefecture, through the promotion of the transition to a decarbonized society and the transition to a new industrial and social structure.

Results of the Initiative

Changes in CO₂ Emission Reduction Results over the Last Three Years (Compared to FY2013)

FY2018	FY2019	FY2020
▲ 22.1%	▲ 23.4%	▲ 25.2%

Cumulative Results of Renewable Energy Related Loans (as of the End of September 2021)



Issues and Objectives for the Future

Currently, the Bank is working on enhancing disclosure in line with TCFD recommendations, and will work on climate change scenario analysis in the future.

The Bank will continue to accumulate knowledge on climate change risk and enhance the quality and quantity of disclosure.

For further information

<https://www.tohobank.co.jp/assets/pdf/company/esg/tcfd.pdf> (Japanese only)



The Juroku Bank, Ltd. JUROKU Financial Group

Engagement for the Purpose of Education and Dissemination of SDGs

Summary of the Initiative

From May to August 2021, Juroku Bank held the “Regional Revitalization SDGs Challenge with Juroku” to share with people throughout the region examples of SDGs efforts made by local companies.

• SDGs Terrace

The Bank set up an SDGs Terrace in the lobby of its Head Office to exhibit panels that introduce 28 local companies and their efforts toward SDGs, as well as those made by local governments in Gifu Prefecture and the city of Gifu. In addition, the Bank changed the illuminated signboard for ATMs to meet SDGs specifications.

• SDGs Online Seminar

The Bank held an online seminar on SDGs. A lecturer from the United Nations Centre for Regional Development gave a lecture regarding basic knowledge of SDGs. In addition, the owners of local companies working toward SDGs gave lectures on how to utilise them for corporate management.

Background of this Initiative

Many local companies have a strong interest in the SDGs, but have not been able to put them into practice. This initiative was implemented to introduce to the community the kinds of activities that companies are already carrying out for specific goals and to familiarise people with efforts towards SDGs through a variety of examples.

Results of the Initiative

There were many visitors to the SDGs Terrace every day. Many said that they wanted to use the information as a reference in the future, and that it helped to deepen their understanding of the issues. After the exhibition, the panels were presented to each company for use in in-house educational activities. The content of each company's panel can also be seen on the Juroku Financial Group website, and is being shared with as many people as possible.

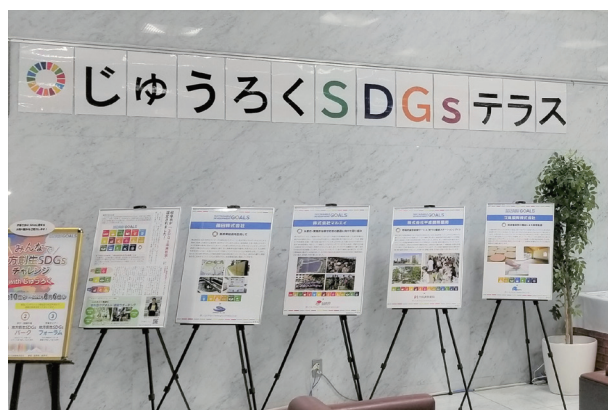
About 280 people viewed the SDGs Online Seminar. The Bank believes that the lectures given by business owners who represent the region will lead to future activities for SDGs and help to foster momentum.

Issues and Objectives for the Future

The Bank believes that this initiative will serve as a model that can be implemented on a continual basis for a variety of regions and destinations. The Bank will support sustainable growth by providing optimal solutions for local companies that want to take more concrete measures.

For further information

<https://www.16fg.co.jp/sdgs/torikumi/hub/index2.html> (Japanese only)



Head Office Lobby



Head Office ATMs



Aozora Bank, Ltd.



Efforts to Reduce Energy Consumption and Achieve Carbon Neutrality

Summary of the Initiative

As a business entity, Aozora Bank is implementing a variety of measures toward the realization of carbon neutrality in 2050.

Sophia Tower at Sophia University, where the Bank's Yotsuya head office is located, has been using electricity derived 100% from renewable energy since June 2020, and is contributing to energy reduction with the following actions.

[Reduction of electricity usage]

- Adoption of LED lighting equipment and automatic dimming control systems
- Operation of facilities such as automatic turn-off/dimming lights after-hours and air-conditioning shutdown in EVs

[Reduced use of air conditioning]

- Adoption of thermal insulation glass
- Installation of fins on outer PC curtain wall (reduction of solar heat load)
- Introduction of natural ventilation system

[Other energy reduction measures]

- Installation of rainwater storage tanks, used for watering plants with rainwater

The Bank is actively promoting the shift to use of renewable energy, not only at the Yotsuya head office but also at some branch offices when they are relocated.

At the Fuchu Annex where the data center is located, the Bank is working to reduce the environmental burden by switching to energy-saving instruments when updating equipment such as heat sources, air conditioning, lighting, and servers.

In other efforts, the Bank switched to FSC-certified paper for the office printers, and switched to non-plastic products for items such as containers, chopsticks, and straws in the employee cafeteria.

In addition, the Bank has been promoting the replacement of company cars used at its head office and branch locations to eco-friendly vehicles since 2013, which accounted for 93% of our fleet as of now.

Background of this Initiative

The Bank announced its Aozora Sustainability Targets in September 2021. These include the goals of reducing CO₂ emissions (Scope 1, 2) by 50% of FY2020 levels no later than FY2030, and virtually zero by FY2050 (or sooner if possible). This initiative is a measure that is designed to achieve these goals.

Results of the Initiative

For the head office, the Bank has reduced energy emissions by approximately 18% compared to existing buildings of the same size.

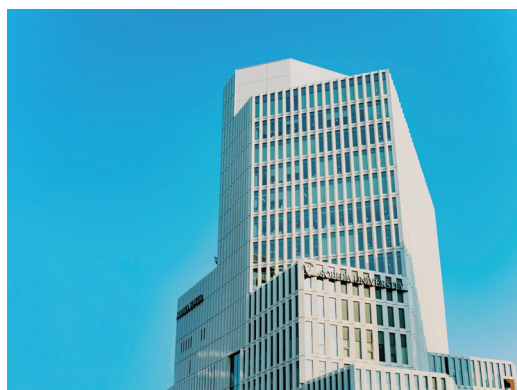
The Fuchu Annex achieved a 15% reduction in CO₂ emissions in FY2020 compared to FY2010.

Issues and Objectives for the Future

The Bank plans to formulate and implement Bank-wide carbon-neutrality measures to achieve its Aozora Sustainability Targets.

For further information

<https://www.aozorabank.co.jp/english/sustainability/>



Aozora Bank Head Office (Sophia Tower)



Non-plastic Products such as "Environmentally Friendly Plastic Cups"

3 Diversity Promotion Initiatives



Mizuho Financial Group



Mizuho Financial Group

Diversity & Inclusion

Summary of the Initiative

Mizuho is promoting diversity and inclusion (D&I) globally as part of its measures for sustainability. Under the three priority strategies of “accepting and playing an active role in diverse human resources,” “promoting diverse and flexible working styles,” and “changing awareness and behavior,” the Bank is strengthening its efforts to combine the expansion of company-led systems and measures with bottom-up activities introduced at each site and by employees.

Background of this Initiative

In light of recent changes in the environment, the Bank is able to respond to diverse customer needs and continuously improve corporate value. This has led them to recognize that the incorporation of diverse perspectives and values is indispensable for daily business promotion and decision-making efforts. The Bank also believes that management that accepts employee diversity and makes the most of individuality will lead to improved employee engagement.

Results of the Initiative

(1) Promotion of the empowerment of women

The active participation of women, who make up half of all employees, is essential for demonstrating diversity. The Bank has been actively promoting career development programs for women based on rank. As a result, there are now many female managers (24% of the total) playing an active role, mainly as section chiefs or in equivalent positions.

In addition, the Bank is strengthening its efforts for balancing work with life events, such as providing support systems for childcare and long-term elderly care (more than 7,000 users), while expanding training and promoting dialogue with superiors.

(2) Efforts for LGBT and other sexual minorities

In 2016, the Bank began treating same-sex partners as

equivalent to spouses in the personnel and welfare systems, and set up consultation desks inside and outside the company. After promoting understanding through ongoing in-house training, in 2017 the Bank implemented a revision (which had been proposed by an employee) to include same-sex partners in the definition of spouse in housing loans. In addition, LGBT+ employees themselves are developing activities to promote understanding, and the Bank is promoting the creation of organizations and a society in which everyone can be themselves without feeling any disadvantages.

(3) Creating an inclusive workplace

The Bank is further promoting diverse and flexible working styles by expanding a variety of frameworks and improving the efficiency of business processes. The Bank is working to raise awareness throughout all workplaces by promoting 100% childcare leave for all male employees and conducting unconscious bias training for all group managers (over 6,000 employees). Since 2020, the Bank has established a cross-group D&I Promotion Committee to promote D&I that is aligned with the business and characteristics of each department.

Issues and Objectives for the Future

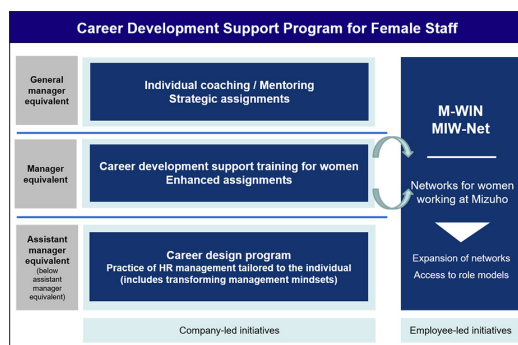
The ratio and absolute number of women in department managerial positions and above are still too low. Following its membership in the 30% Club Japan in June 2021, the Bank is implementing related organizational initiatives. With a new goal of a 10% female ratio in managerial positions, the Bank has created a training policy for individual candidates. Career development is being strengthened through a variety of programs, such as suitable and stretch assignments, and coaching and mentoring.

Integrated Report 2021 (pp. 67, 68)

<https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/investors/financial-information/annual/2021-integrated-report/17.pdf>

Website

<https://www.mizuhogroup.com/sustainability/employees/di/diversity>



Overview of Career Development Programs for Female Staff



M-LAN (Mizuho LGBT+ & Ally Network) Activity

4 Initiatives Regarding People with Disabilities and the Elderly



The Ehime Bank, Ltd. THE EHIME BANK, LTD.

Training to Support the Hearing Impaired

Summary of the Initiative

In accordance with the purpose of the Act on the Elimination of Discrimination against Persons with Disabilities that came into effect in April 2016, Ehime Bank is carrying out employee training to provide support for the hearing impaired, so that appropriate measures can be implemented at reception counters.

The trainees are employees who have many opportunities to come into direct contact with customers at branches, such as tellers and internal affairs chiefs. They use "deafness experience equipment" to create conditions in which they cannot hear, in order to experience how difficult it can be for people with hearing impairments to communicate. The instructor, who was invited from the Matsuyama City Council of Social Welfare, actually had a hearing impairment and was able to share their actual experiences. Such specific activities allow bank employees to learn about the importance of caring for other people.

Background of this Initiative

Ehime Bank strives to promote smooth communication with all customers, in response to the diversification of society. Although there has been a steady increase in convenient non-face-to-face communication through digitalization, many customers such as the elderly and people with disabilities prefer face-to-face communication.

While the Bank continues to work on important measures such as strengthening ATM functions and enhancing tools such as writing boards and other facilities for people with disabilities, they believe that in order for everyone to use the Bank with peace of mind it is important to not only acquire knowledge and skills through training, but also to understand the perspective of people with disabilities and to develop a feeling of compassion for others.

Results of the Initiative

In order for customers with hearing impairments to use branches with peace of mind, the Bank installed display boards and writing boards for the hearing impaired at all branch offices in September 2015, and is currently working to establish a system that allows bank employees to smoothly listen to and understand the requests of their customers.

The employees who participated in this training program were able to share their skills in using the writing board - which they learned through the hardships experienced by the instructor, who is hearing-impaired, and through their own simulated experiences - with their colleagues at the branch. Therefore, this is not merely knowledge obtained, but actual skills that can be put to use.

In addition, they gained an awareness of the value of diversity, and have become more conscious of being kind to all customers, not just those with hearing impairments.

Issues and Objectives for the Future

Since training to provide support for the hearing impaired includes simulated experiences, contact with others, and close proximity, the Bank is currently refraining from implementing this training during the COVID-19 pandemic.

In the future, the Bank will expand this training program for a wide range of employees, not only tellers. In addition to broadening understanding within the Bank, they would like to expand the scope to address issues such as dementia and regional cooperation, in response to the aging society.

For further information

<https://www.himegin.co.jp/sustainability/> (Japanese only)



Training to Support the Hearing Impaired

5 Initiatives to Reduce Poverty



Saitama Resona Bank, Limited Saitama Resona Bank

Efforts for Child Support

Summary of the Initiative

In August 2020, Saitama Resona Bank signed an “Agreement on Collaboration to Support a Children’s Cafeteria and Other Facilities for Children” with Saitama Prefecture and the Saitama Prefecture Social Welfare Council, and started the “Saitama Resona SDGs Testamentary Trust” and “Saitama Resona SDGs My Trust.”

These products address the desire of customers to make bequests to children, by designating the “Children’s Cafeteria Support Fund” operated by the Saitama Prefecture Social Welfare Council as the recipient of the customer’s bequest. The Bank will also donate a portion of the commission fee to the fund, and aim to achieve SDGs together with its customers.

In addition, these products have led to the development of activities by employees to contribute to the community.

At the Kisai Branch (Kazo City), the creation and exhibition of in-store displays for these products allowed the branch to make contact with people in the community who support children. Employees who were aware of children currently in difficult circumstances conducted a food drive, asking people to donate excess food products that they had at home. This activity brought joy to children and people working in the community.

Since then, food drives have been conducted in other areas as well, leading to a movement throughout various regions to donate to organizations that support children in need.

In addition, the Bank has prepared a “Children’s Cafeteria Support Menu” at its Head Office and at the cafeteria in the Urawa Chuo Building to continually provide donations to the “Children’s Cafeteria Support Fund,” and continues to provide donations for a portion of meal fees.

Background of this Initiative

The Bank, which aims to continually earn the trust of the people of Saitama Prefecture by working with them to develop the local community, has established “Contributing to the creation of a sustainable society (Region × SDGs)” as one of the three pillars of its medium-term management plan for FY2020-2022. By demonstrating the hub function of financial institutions, the Bank will create an autonomous virtuous cycle in the region, with the aim of achieving both the creation of a sustainable community and sustainable growth for the company.

The Bank believes that one of the important themes of “Region × SDGs” is the effort to provide support for children. Currently, it is said that one in seven children in Japan lives in relative poverty.

Even in Saitama, where the Bank is located, there is a strong movement among the people to provide support for children. Their driving force is their desire to help children together with the local community.

Results of the Initiative

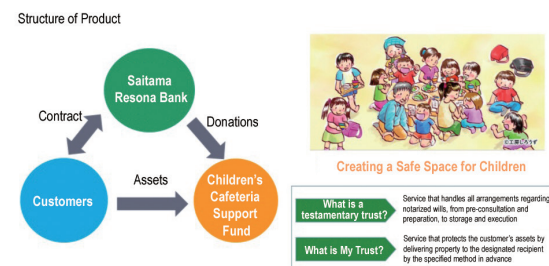
- The Bank has donated a total of 1,147,000 yen to the “Children’s Cafeteria Support Fund” (April 2020 to the end of March 2022)
* Other mechanisms for donations from customers when bequests occur
- Food drives are conducted at a variety of locations (2 locations in Kazo, 9 locations in Koshigaya, Soka, and Misato, 3 locations in Kasukabe, 4 locations in Kuki, 4 locations in Fujimino, Fujimi, and Miyoshi-machi)

Issues and Objectives for the Future

The Bank hopes that the participation of various groups and individuals who sympathize with these activities will create an autonomous, virtuous cycle throughout the region. The Bank wants to continue to be a familiar and reliable partner that addresses issues in the region.

For further information

https://www.resona-gr.co.jp/holdings/news/hd_c/detail/20200803_1324.html (Japanese only)



Mechanism of the SDGs Testamentary Trust / My Trust Products



Food Drive Presentation Ceremony



Agreement Signing Ceremony



The Keiyo Bank, Ltd.

The Keiyo Bank, Ltd.

Agricultural Experience Program: Chiba University × Keiyo Bank Eco Project

Summary of the Initiative

Keiyo Bank, in collaboration with the Student Committee for Environmental Management Systems at Chiba University, has been conducting environmental awareness activities as part of an eco project since 2017, to contribute to reducing environmental load and raising environmental awareness in the region. As part of this effort, the Bank planned a two-week agricultural experience program for students.

For this program, the Bank searches for farms and processing plants that wish to recruit students and makes the necessary adjustments to working conditions, while the Student Committee searches for students who are looking for part-time work. The Bank then matches the companies with students.

For the first project in September 2021, the Bank dispatched students to Shibayama Farm to experience the harvesting, sorting, and boxing of sweet potatoes.

Background of this Initiative

In recent years, the decline in the agricultural population and the COVID-19 pandemic have led to a serious labor shortage in the agricultural field, which has made it difficult to accept trainees coming to Japan for technical training. In addition, many students are experiencing financial difficulty because part-time jobs are no longer available due to businesses shutting down. This project aims to solve these problems by

dispatching students to farms for part-time jobs. By creating opportunities for students to engage in agriculture while receiving compensation for employment, the Bank aims to broaden students' interest in agriculture and contribute to the development of agriculture.

Results of the Initiative

A student who participated in the agricultural experience described their experience: "Seeing and hearing about agricultural efforts that contribute to SDGs was a fresh and valuable experience that allowed me to think about SDGs not only from a student's point of view, but also from the producer's point of view." One of the participating companies said, "This initiative provides benefits for both companies and students, so we hope it will continue."

Issues and Objectives for the Future

In the future, the Bank will work to increase the number of participating companies while devising ways to make the program more meaningful to both parties by enhancing the content beyond just work experience, such as providing opportunities for students to discuss SDGs and related initiatives with the employees and presidents of the participating companies.

For further information

https://www.keiyo-bank.co.jp/ir/eco_project/ (Japanese only)



Students Working



Students Sorting

6 ESG Loans and Regional Revitalization Initiatives



The 77 Bank, Ltd.



2nd 77 Regional Revitalization Matching Event

Summary of the Initiative

77 Bank utilizes its network to solve the regional issues faced by local governments. The 2nd 77 Regional Revitalization Matching Event was held from January 28 to February 3, 2021 for the purpose of promoting cooperation with private businesses that can provide solutions that contribute to solving regional issues.

In addition, explanations of issues by local governments, explanations of proposals by the private sector, and individual consultations between local governments and the private sector were held in person from May 11 to 12, and online from May 21 to June 11.

For this event, the Bank devised ways to prevent the spread of COVID-19, such as holding activities separately by subject and utilizing a hybrid mixture of in-person participation at the Head Office and online participation from branch offices, which allowed the participation of a large number of individuals from local government and the private sector. In addition, the branch managers, who are in charge of regional revitalization, attended the individual consultation meetings to provide support for matching.

Background of this Initiative

In order to strengthen efforts for regional revitalization through public-private partnerships, the Bank concluded an agreement on comprehensive cooperation for regional revitalization with Miyagi Prefecture, all municipalities in Miyagi Prefecture, and two municipalities in Fukushima Prefecture. As part of these efforts, the Bank has formed the Miyagi-wide Area PPP Platform

(MAPP) as a place for sharing information and promoting dialogue between the public and private sectors, toward the utilization of private funds and private know-how.

This event was held as part of the efforts for MAPP. In FY2021, "Study Sessions by Subject: Putting Local Residents First" were also held in July and November for managers and personnel in local government.

Results of the Initiative

Approximately 150 people from 84 local governments, and approximately 130 people from 43 private companies participated in this event, which included explanations of issues (84), proposals (43), and individual consultation meetings (77). The additional event included participation by 104 people from 36 local governments and 117 people from 29 private companies in individual consultation meetings (58) in total for both the in-person and online components.

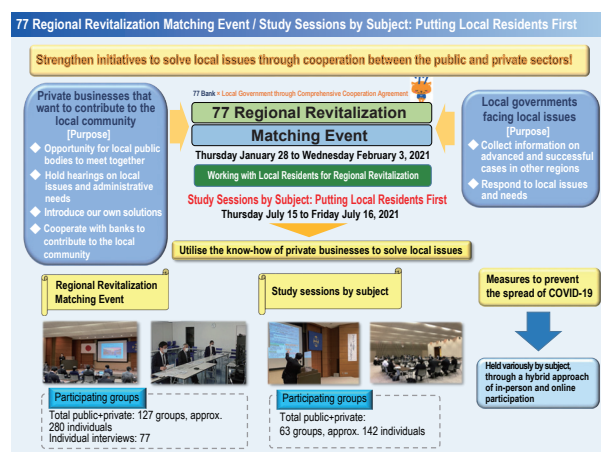
Issues and Objectives for the Future

The Bank will continue to hold the 77 Regional Revitalization Matching Event to further promote public-private partnerships.

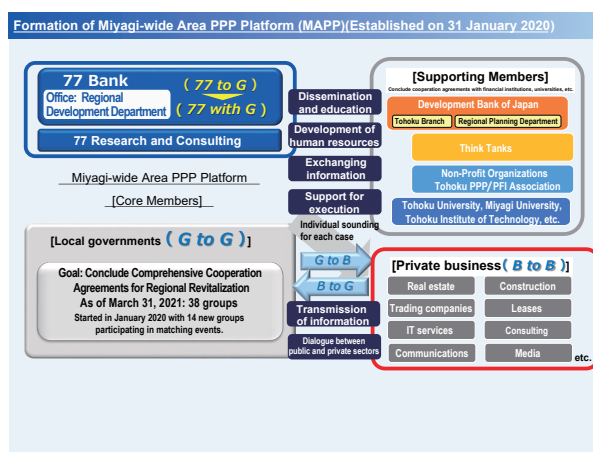
For further information

https://www.77bank.co.jp/pdf/newsrelease/2100901_matchingevent.pdf (Japanese only)

https://www.77bank.co.jp/pdf/newsrelease/21060902_matchingevent.pdf (Japanese only)



77 Regional Revitalization Matching Event



Miyagi-wide Area PPP Platform (MAPP)



The Bank of Yokohama, Ltd.



SDGs Friends Loan

Summary of the Initiative

The Bank of Yokohama signed the "Agreement on Cooperation and Collaboration for Promotion of SDGs" with Kanagawa Prefecture on December 19, 2018. Through the introduction of donation-type private placement bonds and by holding seminars, the Bank has been working to disseminate and enlighten customers such as small and medium-size companies. Then, in October 2019, the Bank introduced "SDGs Friends Loan" in order to provide information regarding SDGs to a wider range of customers.

For the SDGs Friends Loan, the Bank created an "SDGs Check Sheet" through dialogue with management in order to link and visualize customers' businesses and business activities, actions that contribute to the achievement of SDGs, and the impact on society, to better organize issues and future management policies for the practice of SDGs management.

In the context of customer financing, the primary purpose is for the Bank to provide the necessary funds through the SDGs Friends Loan, while also using it as an opportunity to raise awareness regarding SDGs, recognize related issues, review management policies, and provide support for solving issues.

Background of this Initiative

In recent years, a variety of natural disasters and social issues have occurred all over the world. In corporate management, it is becoming more and more important to conserve nature, solve social issues, and achieve sustainable growth.

The Bank believes that a response to these issues is required not only from large corporations, such as those listed on the stock market, but also from small and medium-sized enterprises. The Bank expects that small and medium-sized enterprises throughout the region will be required to carry out corporate activities that are more conscious of the SDGs than ever before.

Through the provision of financial services and solutions, the Bank will promote the sharing of information regarding customers' SDGs initiatives and provide support to further expand such efforts, in order to support sustainable business and increase the corporate value of its customers.

Results of the Initiative

During the two and a half years from October 2019 to March 2022, about 5,700 customers used the SDGs Friends Loan, and the Bank provided support to share and enhance SDG initiatives.

In March 2020, the Bank donated 5 million yen to the Kanagawa Coastal Environmental Foundation to commemorate the achievement of 1,200 donations equaling a total of 150 billion yen. These donations are used to raise awareness of the importance of cleaning beaches, in an effort to solve the issue of the microplastics.

Issues and Objectives for the Future

In addition to expanding and implementing measures for the sharing of information about SDGs, the Bank recognizes that the challenge is to elevate its efforts to the next stage, such as enhancing solutions for their customers' efforts toward SDGs.

The Bank will provide support for the sustainable business and increased corporate value of its customers, and will make further efforts to provide financial services to achieve sustainable growth in local communities and resolve issues.

For further information

<https://www.concordia-fg.jp/en/csr/ecofriendly/ecofriendly/index.html>





Daishi Hokuetsu Financial Group, Inc.
(Daishi Hokuetsu Bank, Ltd.)



Efforts for Regional Revitalization through the “Bridge Niigata” Regional Trading Company

Summary of the Initiative

At the “Bridge Niigata” regional trading company established by Daishi Hokuetsu Financial Group in April 2019, the Group's vast network is used for three areas of business: (1) development of sales channels primarily outside Niigata Prefecture and overseas, (2) promotion of tourism for revitalizing consumption in the prefecture, and (3) improvement of productivity for companies in the prefecture that use digital technology.

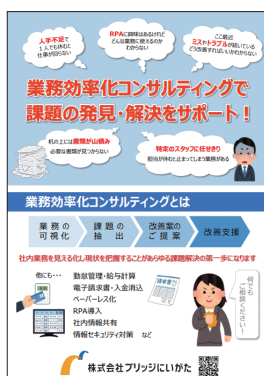
In October 2019, the Group opened a permanent “Bridge Niigata” shop to promote regional products in Nihonbashi, Chuo-ku, Tokyo, where they handle everything from planning and procurement to sales in-house. A person in charge of developing sales channels with corporations in the Tokyo metropolitan area is also assigned to this shop. The Group actively disseminates information regarding the attractiveness of local products and the technological capabilities of companies in the prefecture, while providing companies in the prefecture with market information regarding the assessment of demand for their products in the metropolitan area. This leads to an increase in the added value of products from the prefecture.

Specific Efforts in 3 Areas

Business	Primary Details
Developing sales channels	<ul style="list-style-type: none"> Operation of shop to promote regional products (Nihonbashi, Tokyo) Holding exhibitions of Niigata products (Niigata Marché) at the head offices of major companies in the Tokyo metropolitan area Holding online business meetings Operation of EC sites (sales of prefectural products), etc.
Promoting tourism	<ul style="list-style-type: none"> Support for the introduction of apps to transmit tourism information Support for introducing multilingual translation services, etc.
Improving productivity	<ul style="list-style-type: none"> Support for paperless operations by introducing RPA, etc. Support for introducing an attendance management system, etc.

Background of this Initiative

Niigata Prefecture offers the best transportation hub along the Sea of Japan and provides a wealth of regional resources that include an abundant natural environment and distinctive local industries. However, these strengths are not fully utilised. Furthermore, in anticipation of the shrinking market size within the prefecture due to the declining population and aging society, an increasing number of companies in the prefecture are interested in expanding sales channels beyond the prefecture and overseas, and improving productivity.



Leaflet Regarding Improvements in Productivity

Against the background of these issues and customer needs, the Group has established the “Bridge Niigata” regional trading company as one important measure to contribute to the region.

Results of the Initiative

Even though traffic to and from the Tokyo metropolitan area has been restricted during the COVID-19 pandemic, the Group has held multiple online business meetings with major buyers in the Tokyo metropolitan area in an effort to support the development of sales channels for companies in the prefecture. The online shop, which started full-scale operation in FY2021, lists about 200 products from the prefecture and holds sales events that are linked to measures to promote tourism.

To improve productivity, the Group has achieved a lot of success through business improvement consultation. Further, in June 2021 the Group was entrusted with the “Business for Supporting DX Promotion Awareness and Reform” conducted by Niigata Prefecture for the purpose of training DX promotion managers at companies throughout the prefecture.

In March 2021, the Group was recognized for its “Characteristic Example of Efforts by Financial Institutions that Contribute to Regional Revitalization” by the Headquarters for Overcoming Population Decline and Vitalising Local Economy in Japan, Cabinet Secretariat of Japan, and presented with an award from the Minister of State for Special Missions, Cabinet Office.

Issues and Objectives for the Future

The Group will continue to make use of the abundant information and vast network of the Daishi Hokuetsu Financial Group in order to contribute to the revitalization of the local economy in the three areas of developing sales channels, promoting tourism, and improving productivity.

Website for the “Bridge Niigata” Regional Trading Company
<https://www.bridge-niigata.co.jp/> (Japanese only)

Presentation of award for “Characteristic Example of Efforts by Financial Institutions that Contribute to Regional Revitalization” by the Minister of State for Special Missions, Cabinet Office
https://www.dhfg.co.jp/news/pdf/210330_001.pdf (Japanese only)



Products at Shop to Promote Regional Products

Expert Column

Domestic and International Trends Regarding SDGs / ESG in 2021

The Japan Research Institute, Limited
Counsellor

Eiichiro Adachi



Graduated from Hitotsubashi University, Faculty of Economics in 1986. Joined the Japan Research Institute in 1990. Appointed counsellor 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 Chairperson of the national committee for ISO/TC322.



Note: This article was prepared based on information as of the end of December 2021.

Continued Pandemic and SDGs

The global COVID-19 pandemic that started at the beginning of 2020 did not end in 2021. In 2020, a total of about 84 million people around the world were infected, and the death toll was about 1.88 million. By December 15, 2021, the total number of infections was about 188 million, and the deaths had risen to about 3.45 million (according to <https://ourworldindata.org/>). In many parts of the world, the human mobility restriction has been placing constraints on economic activity. According to the IMF World Economic Outlook, the world real GDP growth rate (year-on-year) for 2020 was -3.2%. The forecast for 2021 has also been revised downward from +6.0% as of July to +5.9% as of October, because the "rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome."

In Japan, a total of about 240,000 people were infected in 2020, with a death toll of 3,492. By December 15, 2021, the total number of infections reached about 1.49 million, and deaths had risen to 14,880. Due to these circumstances, Japanese banks continued in 2021 to be engaged in various efforts to support businesses, organizations, and individuals who have been affected in their economic activities or personal lives by the escalating COVID-19 pandemic. Information on the measures taken by each bank in connection with the escalating COVID-19 pandemic is available on the websites of the Japanese Bankers Association, the Regional Banks Association of Japan, and the Second Association of Regional Banks¹.

The United Nations' Sustainable Development Goals (SDGs) Report 2021, released on July 6, 2021, highlights that the pandemic has resulted in an unprecedented sacrifice on the part of many people around the world.

To overcome this stagnation in SDGs, UN Secretary-General António Guterres announced on September 10, 2021 "Our Common Agenda," an action agenda conceived to accelerate the implementation of existing agreements, including SDGs. One of the 12 commitments proposed in this agenda is "ensure sustainable financing."

Main Details of the Sustainable Development Goals Report 2021

- In 2020, 119-124 million additional people were pushed back into extreme poverty.
- Equivalent of 255 million people lost full-time employment, and the number of people going hungry, which had already risen before the pandemic, increased by 83-132 million.
- The global extreme poverty rate increased for the first time since 1998, from 8.4% in 2019 to 9.5% in 2020.
- The impact of the pandemic on school education is a generational catastrophe, with 101 million additional children and adolescents falling below the minimum reading proficiency threshold. This wipes out the progress achieved in education over past 20 years.
- The impacts of the pandemic have adversely affected progress towards gender equality. Violence against women and girls have intensified: child marriage is expected to increase, and women have suffered a disproportionate share of job losses and increased care work at home.

Source: United Nations Information Centers

Expectations for Sustainable Finance

(1) Decarbonization and finance/COP26

As the difficulty of achieving SDGs has increased, in 2021 the attention of the world was focused on the current state of the climate crisis.

Immediately after taking office on January 20, 2021, US President Joe Biden decided to rejoin the Paris Agreement, a global framework for climate change mitigation, and the United States was officially readmitted on February 19. On 22-23 April, President Biden convened the Leaders Summit on Climate with 40 leaders from countries and regions around the world, including Japan, China, and the EU, where the United States announced a new goal of reducing greenhouse gases (GHG) by 50-52% from 2005 levels by 2030. Japan raised its target of 26% reduction in GHG from FY2013 levels to 46% reduction by FY2030, and Canada raised its target of 30% reduction in GHG from 2005 levels to 40-45% reduction by 2030. The UK announced a goal of 78% reduction by 2035.

At the same time as these announcements of goals for carbon neutrality in each country, another major feature of 2021 was that expectations were once again raised for the role of finance to support such efforts.

The communique that was published following the G7 Climate and Environment Ministers' Meeting held on 20-21 May underlined "the urgent need to scale up efforts to mobilize the private sector if we are to achieve a global green recovery and net zero emissions by 2050."

On 7 July, the Financial Stability Board (FSB) published the "FSB

Roadmap for Addressing Climate-related Financial Risks," "The availability of data with which to monitor and assess climate-related risks to financial stability," and the "Report on promoting climate-related disclosures."

The communique that was published following the G7 Summit (Cornwall, UK) held on 11-13 June stated a commitment to "establishing the necessary market infrastructure for private finance to support and incentivize the net zero transition. Developing the global green finance market will help mobilize private sector finance, and reinforce government policy to meet our net zero commitments."

Further, at the G20 Rome Summit held on 30-31 October, the G20 Rome Leaders' Declaration stated that "Sustainable finance is crucial for promoting orderly and just transitions towards green and more sustainable economies and inclusive societies, in line with the 2030 Agenda for Sustainable Development and the Paris Agreement. We welcome the establishment of the G20 Sustainable Finance Working Group (SFWG) and we endorse the G20 Sustainable Finance Roadmap and the Synthesis Report."

With this momentum, the 26th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) was held from 31 October to 13 November in Glasgow, UK. While the Glasgow Climate Pact, which calls on countries to strengthen reductions to keep the average rise in global temperature below 1.5°C, was adopted and the rulebook for the Paris Agreement was completed, a last-minute change in the wording of the Pact - specifying a "phasedown" of coal fired power rather than a "phase-out" - made it clear that the stress on developing countries still remained.

In the context of sustainable finance, COP26 has become a symbolic event in following three ways.

First, the International Financial Reporting Standards (IFRS) Foundation has officially launched the International Sustainability Standards Board (ISSB) to develop global sustainability reporting standards. On the same day, the working group that was in charge of preparations for establishment also announced a prototype for disclosure requirements. It has been stated that public consultation regarding these standards is scheduled to start by March 2022, and a draft is expected to be completed by June of the same year.

Second, the Network for Greening the Financial System (NGFS), which brings together about 100 financial supervisors and central banks from countries and regions around the world, has announced its Glasgow Declaration. This Declaration states that the NGFS will "further enhance and enrich its climate scenarios" and "facilitate uplift in supervisory capabilities and the global consistency of supervisory practices."

Third, the Glasgow Financial Alliance for Net Zero (GFANZ), a global coalition of financial institutions whose GHG emissions from investment and loan portfolios will be net zero by 2050, has been officially launched as a movement of private financial institutions. Approximately 450 institutions such as banks, insurance companies, and asset management firms have joined this alliance. 18 institutions in Japan, including three mega banks, have also joined. The assets of these supporting institutions total \$130 trillion. They say that these commitments can deliver the estimated \$100 trillion of finance needed for net zero over the next three decades.

(2) Movement of policy response in Japan

It can be said that 2021 was the first year in which sustainable finance was positioned as a major policy also in Japan.

The "Expert Panel on Sustainable Finance," which was established in the Financial Services Agency in January, compiled a report in June after holding eight discussion meetings. This epoch-making report stated clearly that "taking into account ESG factors can be positioned as a desirable measure in fulfilling fiduciary duty, even in Japan."

In May, the "Basic Guidelines for Climate Transition Finance" were issued jointly by the Financial Services Agency, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment. The stated aim is to "establish our position as a means of financing transitions - in hard to abate sectors in particular - by ensuring the reliability of financing under the name of Transition Finance, and to introduce more funds."

Moreover, in "Japan's Long-term Strategy under the Paris Agreement" approved by the Cabinet on October 22, "Promotion of Green Finance"

was set up as an individual item. The following statement was also included, along with specific measures: "Toward net zero by 2050, the Government will draw in private investment using governmental funds as priming water. The International Energy Agency (IEA) estimates that up to 8,000 trillion yen will be needed worldwide to achieve the Paris Agreement goals. In addition to renewable energy (green), financing is needed for the transition to decarbonization (transition) through steady low-carbon efforts such as energy conservation, and for innovative technology (innovation) for decarbonization."

The Bank of Japan also announced "The Bank of Japan's Strategy on Climate Change" on 16 July, and on 23 December started a new funding system (climate change response operation) that back-finances investments and loans that have been implemented as part of such efforts for financial institutions that have made certain disclosures about efforts to contribute to responses to climate change.

In the Cabinet Office, since FY2018 more private funds have been allocated to businesses that contribute to the promotion of regional SDGs for regional revitalization. In addition, "Regional Revitalization SDGs / ESG Financial Surveys/Study Groups" were established to form an autonomous, virtuous cycle in each region, and measures such as compiling "basic ideas for promoting SDGs finance for regional revitalization" are being developed. In FY 2021, a questionnaire survey was conducted (Targets: 1,788, Responses: 1,418) to assess the trends in SDGs efforts among local governments nationwide. It was reported that 61 organizations responded "Yes" and 166 organizations responded "Planning to" in response to the question "Are you promoting initiatives related to financing for regional revitalization SDGs?"

(3) Movement in Japan

In the 2021 "SDGs / ESG Questionnaire Survey" (with 114 responses) which the JBA conducted among its member banks, 95% of respondents answered in the affirmative to the question "Are efforts conducted with particular awareness of contributing to the attainment of SDGs and to accommodating ESG investment?" Since this result marks an increase from the 90% observed in the 2020 survey, it can be said that the stance of the Japanese banking community toward SDGs / ESG efforts did not decline even during the year that did not see an end to the COVID-19 pandemic.

The survey asks about initiatives that support environment, human rights, and diversity initiatives. In the responses (multiple answers allowed/undisclosed), it is noteworthy that the number of banks that support the Task Force on Climate-related Financial Disclosures (TCFD) and the number of banks that responded that they are disclosing information based on the TCFD recommendations had

more than doubled compared to the 2020 survey. In addition, the number of banks that answered "Yes" to the question of whether there is an investment/loan policy (including a sector policy) that is aware of SDGs / ESG has increased significantly from last year.

In response to these movements in the banking community, JBA Chairman Makoto Takashima (President & CEO, Sumitomo Mitsui Banking Corporation) said the following at "TCFD Summit 2021" held on 21 October: "The Japanese banking industry will work with customers to achieve the transition to a decarbonized society by engaging with them, rather than by simply divesting. Customer disclosures in line with the TCFD recommendations form the foundation of engagement. In addition, information on customers' transition strategies and greenhouse gas emissions data is particularly important for banks to provide support to customers."

Another feature of 2021 was that there were multiple cases in which financial institutions collaborated voluntarily in order to proceed with their efforts. On 12 November, six member institutions of the international initiative Partnership for Carbon Accounting Financials (PCAF) in Japan launched the PCAF Japan Coalition. As PCAF is an initiative to develop methods for measuring GHG emissions through financial institutions' portfolios, the PCAF Japan Coalition - with support from the PCAF Global Secretariat - plans to promote sharing and collaboration regarding experience, knowledge, and challenges among participating institutions and the financial sector, and to promote efforts to widely disseminate the discipline of financed GHG emission measurements and disclosure to Japanese financial institutions.

On 29 November, 21 financial institutions such as banks and insurance companies announced the signing of the Japan Impact-driven Financing Initiative. The initiative presupposes that private financial institutions have the (impact-driven) idea of solving environmental and social issues by grasping the environmental and social changes ("impacts") created by investees as the purpose of their organizations, and therefore the signatories will work together to promote investment and loan decisions after measuring and managing the impacts that are created ("Impact Measurement and Management (IMM)").

Business and Human Rights

Following the endorsement of the Guiding Principles on Business and Human Rights (Guiding Principles) in a related resolution of the United Nations Human Rights Council in 2011, various policies have been taken in each country to promote respect for human rights at

companies. In particular, companies involved in the global supply chain are being evaluated for their actions in light of international standards. Companies will be required by their business partners and investors to implement human rights due diligence (human rights DD), and financial institutions are no exception. The Organization for Economic Co-operation and Development (OECD) has also formulated due diligence guidance and industry-specific guidance. For financial institutions, the guidance is summarized under the title "Due Diligence for Responsible Corporate Lending and Securities Underwriting."

The Japanese government also formulated a National Action Plan (NAP) on "business and human rights" in October 2020 based on the Guiding Principles. The Japanese government has also promoted business and human rights efforts by companies, and stated that it expects businesses to introduce human rights DD. In November 2021, the Ministry of Foreign Affairs and the Ministry of Economy, Trade and Industry jointly published the results from a "questionnaire survey on the status of human rights efforts in the supply chain at Japanese companies" (Targets: 2,786 companies listed on the First and Second Sections of the Tokyo Stock Exchange as of the end of August 2021, Responses: 760 companies). According to the results, 103 companies were implementing all of the basic items, including the formulation of a human rights policy, implementation status of human rights DD, involvement of external stakeholders, organizational structure, information disclosure status, relief/reporting system, implementation status of training, and sustainable procurement standards. Nine of these companies were in the financial and insurance industries. On the other hand, it is reported that there are 160 companies that have not formulated human rights policies and have not implemented human rights DD, of which 24 are in the financial and insurance industries. Although it is difficult to say that this survey represents the whole, there is a concern that business and human rights initiatives, including the introduction of human rights DD, are not sufficiently widespread in the financial and insurance sector in Japan.

In 2021, global concern remained regarding human rights violations by several national governments. If a financial institution invests in or lends to a company that is closely related to such a government, it might be regarded as an involuntary accomplice in human rights violations. In addition, there is a steady expansion of regulations that impose on businesses reporting obligations and implementation obligations regarding human rights DDs in supply chains.

The EU aims to put a Directive on Corporate Due Diligence and Corporate Accountability into effect. Japanese banks must also have an appropriate understanding of efforts related to business and human rights, and establish the systems needed to address these issues.

Major Regulations Related to Human Rights Due Diligence

UK	Modern Slavery Act
France	Duty of Care Law
Netherlands	Child Labor Due Diligence Law
Germany	Supply Chain Due Diligence Act
Norway	Transparency Act
Australia	Modern Slavery Act
Canada	Fighting Against Forced Labor and Child Labor in Supply Chains Act (under consideration in Parliament)
United States	California Transparency in Supply Chains Act

Source: Based on "7th Summary of Legislation around the World Related to Human Rights Due Diligence," WATANABE Junko, 23 June 2021 (<https://www.businesslawyers.jp/articles/949> (Japanese only))

Progress in Movements Related to Biodiversity and Natural Capital

At the same time, it can be said that 2021 was a year in which the movements related to biodiversity and natural capital made great progress.

In February 2021, HM Treasury published the Dasgupta Review, which summarises the results of an analysis of the relationship between biodiversity and the economy by Professor Dasgupta of the University of Cambridge, UK. According to this review, the natural capital per capita of the world's population decreased by 40% between 1992 and 2014. It also recommended that the value of natural capital should be incorporated when reviewing production and consumption, and when making financial decisions.

In March, the EU Business @ Biodiversity Platform published its "Assessment of Biodiversity Measurement Approaches for Businesses and Financial Institutions: Update Report 3."

In June, a joint workshop of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the Intergovernmental Panel on Climate Change (IPCC) published a report titled "IPBES-IPCC Co-Sponsored Workshop Report on Biodiversity and Climate Change." This report warns that climate change will lead to biodiversity loss, which will in turn reduce carbon dioxide absorption and further promote climate change, and emphasises the importance of integrated efforts to address both biodiversity and climate change.

Also in June, the Task Force for Nature-Related Financial Disclosure (TNFD) was officially launched. Over the next two years, a framework will be created to assess and disclose to what extent companies depend on and impact nature through business activities. Statements such as "We also look forward to the establishment of the Taskforce on Nature-related Financial Disclosures and its recommendations" and "We acknowledge our responsibility to support the world in reversing the trajectory of the loss of biodiversity and the natural environments that support it, alongside ensuring that the impact on nature is fully taken into account in our policy decision making" were included in the G7 Summit Communique. The 2030 Nature Compact, in which G7 countries work together to tackle issues such as biodiversity loss and climate change, was adopted in related documents. The Biodiversity Working Group of the UN Principles for Responsible Banking (PRB) also published the "Guidance on Biodiversity Target-setting" for PRB signatories in June.

From 11-15 October, the first phase of the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) was held in Kunming, China, using both online and face-to-face methods. On 31 October, the G20 Rome Leaders' Declaration included the phrase "we recognise the importance of work on nature-related financial disclosure."

In other countries around the globe, the view that biodiversity and natural capital are the next important subjects that financial institutions should address, after climate change, is gaining strength. A certain level of sensitivity to these trends will be necessary in Japan as well.

“Greenflation” and Sound Policies

In 2021, prices rose significantly worldwide from the first half of the year. While it has been pointed out that this was caused by a labor shortage from the uneven distribution of labor supply due to COVID-19 and the expansion of demand due to “revenge spending,” the continuing high price of crude oil was also a factor. It has also become clear that this situation is closely linked to the global trend toward decarbonization. Use of the new term “greenflation,” which refers to both the trend toward decarbonization (green) and a continuing rise in prices (inflation), is another sign of the times for 2021.

While net zero is assumed for oil-producing countries, they are still driven by the idea of increasing their total income cumulatively. In fact, the start of vigorous capital investment for decarbonization is increasing the demand for metal resources, especially for rare metals. Furthermore, it is expected that government regulations will be enforced and strengthened in the future, such as the introduction of carbon taxes and carbon adjustment mechanisms and prohibitions on the sale of gasoline vehicles. The market views this situation as “rising prices are unavoidable in order to achieve decarbonization.”

Inflation is likely to lead to higher interest rates. In addition, it is expected that funding for decarbonization will surpass anything we have imagined. The prevailing view is that the world might make significant changes from the normalisation of ultra-low interest rates and excess liquidity, for the first time since the global financial crisis of 2008. On the other hand, a rapid rise in interest rates can bring potential threats to a stable financial system, such as (1) inviting the bursting of bubbles in capital markets and real estate markets in each country, causing a simultaneous global recession, (2) rapid deterioration of business performance in existing carbon-dependent industries, high interest rates, and multiple bankruptcies due to the greenflation, and (3) political changes that give up on decarbonization, leading to the bursting of the green bubble and great turmoil.

In 2021, the US Federal Reserve Board established the Supervision Climate Committee (SCC), to promote sound policies for

individual financial institutions from the perspective of climate change, and the Financial Stability Climate Committee (FSCC), to promote sound policies for the entire financial system from the perspective of climate change. In bank management throughout the world, it can be said that it will be difficult to chart a course in the future regarding how to proceed with risk management while balancing decarbonization with conventional investment and lending.

Announcement of the JBA Initiative for Achieving Carbon Neutrality

On 16 December 2021, the JBA announced the JBA Initiative for Achieving Carbon Neutrality^{*2}. While the public and private sectors work together in Japan on a variety of efforts to realize carbon neutrality and the banking community works to reduce its own GHG emissions, this initiative recognizes the importance and urgency of providing solid financial support for “Just Transition” of the entire socio-economic structure to carbon neutrality / net zero, in order to achieve the 1.5°C target. In addition, as financial institutions are increasingly required to manage climate change risk, including the physical risk and transition risk that customers face, this initiative will aim to achieve a deeper and shared understanding of these risks through engagement (dialogue) with customers, and support efforts toward carbon neutrality / net zero depending on each customer's situation.

As we look around the world, it is rare to find industry groups - with affiliated banks - that have established clear basic policies and areas of priority regarding the climate crisis. We should focus on clarifying that “the banking community, as financial and social infrastructure, has a social mission to financially support the just transition of socio-economics while supporting cash flow” while “on the other hand, we need to manage climate change risks, including for our investments, maintain the soundness of our own business, and meet the expectations of our stakeholders.”

It can be said that the social responsibility and the public nature that is required of banks is even greater from the perspective of SDGs / ESG.

^{*1} Japanese Bankers Association: <https://www.zenginkyo.or.jp/topic/covid19-jbamembers/> (Japanese only)

Regional Banks Association of Japan: https://www.chiginkyo.or.jp/customer/coronavirus_support/#3 (Japanese only)

Second Association of Regional Banks: https://www.dainichiginkyo.or.jp/dcms_media/other/20200310.pdf (Japanese only)

^{*2} JBA Initiative for Achieving Carbon Neutrality: <https://www.zenginkyo.or.jp/news/2021/n121601/> (Japanese only)

JBA's 2021 SDG-related Publications

1. Assessing the Progress of SDG/ESG Initiatives Implemented by Member Banks and Providing Support for Their Initiatives (Japanese only)

Publication of JBA SDGs REPORT 2020-2021	https://www.zenginkyo.or.jp/news/2021/n061701/
Review of Key Initiatives regarding SDGs by the Japanese Bankers Association, and publication of JBA SDGs REPORT 2021-2022 (preliminary version)	https://www.zenginkyo.or.jp/news/2022/n031701/
Formulation of the JBA Initiative for Achieving Carbon Neutrality	https://www.zenginkyo.or.jp/news/2021/n121601/

2. Promoting and Expanding Financial Literacy Education (Japanese only)

Publication of "Reading Channel by Popular Voice Actors! Money Audio Book," an easy-to-understand website for learning about household budget management and asset formation	https://www.zenginkyo.or.jp/news/2022/n010501/
Publication of "Important Story about Money and Lowering the Age of Adulthood" website	https://www.zenginkyo.or.jp/news/2022/n040801/
Publication of report on "Schools Designated for Financial Literacy Education Research" in FY2021	https://www.zenginkyo.or.jp/education/support/support01/r3/kofuhigashi-h/
Commissioning of "Educational Activities to Prevent Special Types of Fraud" at Yamanashi Prefectural Yamanashi High School in FY2021	https://www.zenginkyo.or.jp/news/2021/n050701/
"Educational Activities to Prevent Special Types of Fraud" at Yamanashi Prefectural Yamanashi High School	https://www.zenginkyo.or.jp/news/2022/n033002/
Revision of Financial Crime Safety Check List pamphlet	https://www.zenginkyo.or.jp/education/free-publication/pamph/pamph-15/
Start of "Money × Vitamin: Financial Information to Enrich Your Life," an e-learning course on financial literacy	https://www.zenginkyo.or.jp/education/news/2021/n20211029/
Publication of "Introduction to Sustainable Finance: Using Financial Power to Save the Earth!," a new textbook for high school students	https://www.zenginkyo.or.jp/education/material/sustainable-finance/
Conclusion of the Agreement on Measures for Financial Literacy Education and Poverty of Children and Youth (MOU (Memorandum of Understanding))	https://www.zenginkyo.or.jp/news/2021/n122701/
Updated "JBA Financial Education Activities Map"	https://www.zenginkyo.or.jp/news/2022/n033102/

3. Improving Customer Convenience and Security through Advanced Payment Systems and Fintech, etc. (Japanese only)

Setting and implementing a Month for Strengthening Digital Settlement and Accounting Operations	https://www.zenginkyo.or.jp/news/2021/n102001/
Summary of agendas (Zengin Net Experts Meeting, Task Force for Next-Generation Payment Systems, ZEDI Utilization and Promotion Working Group), and Zengin-Net Research Report	https://www.zengin-net.jp/company/epm_tf/

Starting to apply operating expenses for the domestic exchange system	https://www.zengin-net.jp/announcement/pdf/announcement_20211001.pdf
Subsidies for promoting the use of the Zengin EDI System	https://www.zengin-net.jp/announcement/pdf/220117_zedi_zyosei.pdf
Densai Seminars (online seminars, Seminars Regarding the Total Digitization of Bills and Checks)	https://www.densai.net/support/seminar/
Formulation of Voluntary Action Plan for Total Digitization of Bills and Checks	https://www.zenginkyo.or.jp/news/2021/n071901/
Research Report on the Digitization Status of Bill and Check Functions (FY2021)	https://www.zenginkyo.or.jp/news/2022/n033101/
Promotion of electronic payment of taxes and public dues	https://www.zenginkyo.or.jp/news/opinion/2021/111501/
Report from the study group on QR code standards for local taxes	https://www.zenginkyo.or.jp/fileadmin/res/abstract/council/qrcode/qrcode_report2021_02.pdf
Interim report from the study group on the utilization of unified QR codes for local taxes	https://www.zenginkyo.or.jp/fileadmin/res/abstract/council/qrcode/qrcode2_report2022_01.pdf
4. Researching and Responding to the TCFD Recommendations and Other Environmental Issues towards Realization of a Decarbonized Society	
Opinion on the “review of the listing system for partial revision of Corporate Governance Codes based on recommendations from the follow-up meeting”	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330507.pdf (Japanese only)
Comments on the European Banking Authority's (EBA) public consultation document “Draft Implementing Standards on prudential disclosures on ESG risks”	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330528.pdf
Comments on the European Commission's (EC) draft delegated regulation for EU Taxonomy Article 8 Delegated Act	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330602.pdf
Comments on the US Securities and Exchange Commission's (SEC) public consultation on climate change disclosures	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330611.pdf
Comments on the Task Force on Climate-related Financial Disclosures' (TCFD) public consultation documents “Proposed Climate-related Metrics, Targets, and Transition Plan Guidance” and “Measuring Portfolio Alignment: Technical Supplement”	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330708.pdf
Opinion on the FSB public consultation document “Targets for Addressing the Four Challenges of Cross-Border Payments” (Japanese)	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330716.pdf (Japanese only)
Comments on the IFRS Foundation's “Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards”	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330726.pdf
Opinion on “Social Bond Guidelines (Draft)”	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330810.pdf (Japanese only)

Comments on the draft report on social taxonomy by the European Platform on Sustainable Finance (PSF)	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330830.pdf
Comments on the draft report on extended taxonomy by the European Platform on Sustainable Finance (PSF)	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330840.pdf
Comments on the International Organization of Securities Commissions' (IOSCO) public consultation document on ESG ratings and data products provider recommendations	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330936.pdf
Comments on preliminary recommendations for technical screening criteria regarding EU taxonomy by the European Platform on Sustainable Finance (PSF)	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion330924.pdf
Opinion on the outline of revisions to the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities and other related ministerial ordinances	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion331208.pdf (Japanese only)
Comments on the US Office of the Comptroller of the Currency's (OCC) public consultation document "Principles of Climate-related Financial Risk Management for Large Banks"	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion340234.pdf
Comments on the Basel Committee on Banking Supervision's (BCBS) public consultation document "Principles for the effective management and supervision of climate-related financial risks"	https://www.zenginkyo.or.jp/fileadmin/res/abstract/opinion/opinion340216.pdf
Updated "JBA eco map"	https://www.zenginkyo.or.jp/news/2021/n100401/ (Japanese only)
Status of the setting of environmental goals at JBA	https://www.zenginkyo.or.jp/abstract/efforts/contribution/csr/environment/environment02/ (Japanese only)
5. Implementing Measures to Prevent Financial Crime and Money Laundering, and Actions to Meet FATF Recommendations (Japanese only)	
Preparation of educational leaflets and videos for the prevention of damage caused by special types of fraud, such as refund fraud	https://www.zenginkyo.or.jp/news/2022/n032201/
Public relations activities related to measures against money laundering and terrorist financing	https://www.zenginkyo.or.jp/news/2021/n112501/
6. Promoting Human Rights, Including Gender Equality (Japanese only)	
Efforts to protect human rights (human rights maxims, lectures on human rights and the issues of discrimination against social minorities based on descent)	https://www.zenginkyo.or.jp/abstract/efforts/contribution/human-rights/#
7. Implementing Activities for Regional Economic Revitalization and Local Invigoration (Japanese only)	
Regional revitalization initiatives (questionnaires)	https://www.zenginkyo.or.jp/abstract/efforts/contribution/sousei/
8. Promoting Wider Access to Finance and Financial Services for the Elderly and Other Users	
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