

Summary of FY2022 Activities and FY2023 SDGs Key Initiatives of JBA

1. Summary of FY2022 activities and objective of revising the key initiatives

- Looking back on FY2022, the prolonged COVID-19 crisis and supply constraints due to Russia's invasion of Ukraine and other factors all exerted higher inflationary pressures globally. The JBA has positioned FY2022 as “supporting the challenge of creation of new value, and challenges for growth to build a sustainable environment and society.” To that end, we have been continuing activities and other measures to achieve the relevant goals of the SDGs under the following three pillars.

Pillar 1: Contribute to customers and society by providing a variety of finance-driven services (Related SDGs Goals*: 4, 5, 7, 8, 10, 12, 13, 14)

Pillar 2: Achieve a stable and convenient financial infrastructure in light of digitization (Goal 9)

Pillar 3: Maintain and improve a robust financial system that ensures soundness and reliability (Goal 16)

- Pillar 1: With regard to contributing to customers and society by providing a variety of finance-driven services, the JBA developed measures to create an environment conducive to smooth engagement between customers and banks in order to achieve carbon neutrality (Goal 13 “Take urgent action to combat climate change and its impacts”). In the area of financial literacy education (Goal 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”), the JBA has been actively working to improve the financial literacy of the public in response to the public and private sectors working together to accelerate the “shift from savings to investment.”
- Pillar 2: With regard to the development of financial infrastructure that meets the needs of the digital age, in order to realize Goal 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation,” the JBA

has developed measures to promote a cashless society, such as the move toward full digitization of bills and checks, as well as the expansion of qualifications for participation of funds transfer service providers in the Zengin System.

- Pillar 3: With regard to maintain and improve a robust financial system that ensures soundness and reliability, the JBA worked to achieve Goal 16 “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.” Specifically, as in the previous fiscal year, the JBA continued to hold the “Public and Private Sectors Liaison Meeting on Advanced Measures against Money Laundering” in order to promote cooperation between the public and private sectors, as well as public relations activities and the like for promoting understanding of ongoing customer due diligence.
- In order to build a sustainable environment and society, it is essential to create a social environment that rises to the challenge of new value creation and achieving growth. During FY2023, based on the above efforts in FY2022, the JBA, as part of the banking industry, must maintain a wide-ranging perspective of the environment surrounding Japan, tackle difficult issues head-on through sincere discussions with various stakeholders, and take a leading role in the creation of a new, revitalized society and economy with a strong sense of urgency and responsibility with a view to realizing the respective challenges of the SDGs.
- With that in mind, the JBA recently revised the key initiatives for achieving the SDGs (formerly revised on March 17, 2022), and developed a plan for FY2023 initiatives as described in “2. Key Initiatives for FY2023” below.

* 17 Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS



2. Key Initiatives for FY2023

*Underlines show changes from FY2022.

Issues (main items)	FY2023 specific initiatives
Issues (sub-items)	
<p>1. Further promoting the SDG/ESG initiatives implemented by member banks (Common to all Goals)</p> <p>Responsible body: Working Committee on the SDGs/ESG</p>	
<p>Further promote the SDGs/ESG initiatives implemented by member banks</p>	<ul style="list-style-type: none"> ➤ Follow up on key initiatives for SDGs and review the requirements in light of the environment surrounding the banking industry. ➤ Continue to conduct surveys for assessing the progress of SDG initiatives implemented by member banks as well as provide information through means such as publishing the JBA SDG Report in order to disseminate and promote initiatives by member banks.
<p>2. Fulfilling the role expected of the banking industry in achieving <u>a sustainable society, such as a “just transition”</u> to carbon neutrality/net zero emissions by 2050 (Goals 7, 12, 13, 14 <u>and 15</u>)</p> <p>Responsible body: Working Committee on the SDGs/ESG, Working Committee on Prudential Regulations</p>	
<p>(1) Fulfill the role expected of the banking industry in achieving <u>a sustainable society, such as a “just transition”</u> to carbon neutrality/net zero emissions by 2050</p>	<ul style="list-style-type: none"> ➤ <u>Support member banks’ initiatives regarding engagement</u> and hold study sessions inviting stakeholders such as relevant industrial organizations and ministries. ➤ <u>Follow the trends in</u> assessment guidance/criteria regarding sustainable finance, share examples of leading initiatives, participate in relevant government councils and share the banking industry’s views. ➤ <u>Disseminate and follow up on discussions regarding the progress of sustainable finance such as trends in impact investment to create environmental and societal impact</u>, and cooperate with SME organizations and engage in public advocacy for support

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	<p>programs.</p> <ul style="list-style-type: none"> ➤ For enhancing disclosure <u>of sustainability and non-financial information</u> at companies and our member banks, monitor the progress of TCFD disclosure by our member banks as well as follow up on and share views about the domestic and global development, such as the International Sustainability Standards Board of the IFRS Foundation and the Financial System Council of JFSA. ➤ Participate in <u>domestic and international</u> discussions on climate-related financial risks as well as follow up on and share views about the progress of consideration at the relevant ministries and agencies. ➤ <u>Follow up on international discussions on natural capital and biodiversity, and gather information in a flexible manner utilizing the TNFD Forum, etc.</u>
<p>(2) Conduct research on the progress of initiatives implemented by member banks for carbon neutrality by 2050</p>	<ul style="list-style-type: none"> ➤ Continue to conduct follow-up surveys on the banking industry’s environmental initiatives, <u>including JBA’s new goals</u>, in order to evaluate the progress of member banks’ achievements towards the goals thereof, such as the “Carbon Neutrality Action Plan” and the “Voluntary Action Plan for Establishing a Sound Material-Cycle Society” published by Keidanren. Survey items include <u>CO2 emissions</u>, recycled paper and eco-friendly paper purchase rate, paper recycling rate, the ratio of member banks launching “passbook-less products,” long-term global warming countermeasures, goals for plastic waste reduction and conservation of biodiversity.
<p>3. Implementing activities for regional economic revitalization and local invigoration (Goal 8)</p> <p>Responsible body: Working Committee on Balanced Lending Strategies</p>	

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<p>Implement activities for regional economic revitalization and local invigoration</p>	<ul style="list-style-type: none"> ➤ Follow up on measures for local invigoration by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan and the relevant ministries and agencies, municipalities, etc., as well as implement measures such as responding as necessary to requests for survey cooperation or dissemination. ➤ Conduct surveys on example initiatives for local invigoration implemented by member banks and release information externally. ➤ Collect information related to local invigoration through the “SDGs for Regional Revitalization Public-Private Partnership Platform” etc., as well as support initiatives by individual banks for local invigoration, such as by sharing information with member banks as necessary.
<p>4. Improving the financial literacy of Japanese residents by promoting financial literacy education activities (Goal 4) Responsible body: Working Committee on the SDGs/ESG, <u>Working Committee on Customer-Oriented Business Conduct</u></p>	
<p>Expand activities for financial literacy education by JBA and member banks as well as improve cooperation with related financial organizations, etc., in order to promote said activities to be more for the public good</p>	<p><u>(Response to establishment of the Organization for Financial and Economic Education (tentative name))</u></p> <ul style="list-style-type: none"> ➤ <u>Take necessary actions in response to the “Doubling Asset-based Income Plan” decided in November 2022 and the interim report from the Financial System Council’s “Task Force on Customer-Oriented Business Conduct” released in December 2022, which stated a new Organization for Financial and Economic Education (tentative name) will be established in 2024, seeking that “along with the Japanese government and the Bank of Japan, cooperation will be obtained from private organizations, such as the Japanese Bankers Association and Japan Securities Dealers Association, in developing and establishing an operational structure, and securing operating expenses.”</u>

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	<ul style="list-style-type: none"> ➤ <u>Research the JBA’s financial literacy education activities and cooperative measures with other financial related organizations, taking into account the status of preparations for the establishment of the above-mentioned new organization.</u> <p>(Measures common to all levels)</p> <ul style="list-style-type: none"> ➤ <u>Research and</u> implement lecturer dispatching as well as creation, reviews and provision of <u>various</u> learning materials in light of the environment surrounding financial literacy education, taking account of <u>the government's deliberations on a system for promoting financial literacy, the promotion of stable asset formation for households</u>, the ongoing COVID-19 pandemic, and the development of ICT. <p>(Measures for students)</p> <ul style="list-style-type: none"> ➤ <u>Research and</u> implement cooperation with boards of education in order to expand financial literacy education in school education in light of the lowered age of majority and new government curriculum guidelines through the “Designating Financial Literacy Education Schools” framework, as well as support for activities to increase awareness for preventing emerging types of fraud conducted by high school students. <p>(Measures for universities, young working individuals)</p> <ul style="list-style-type: none"> ➤ <u>Research and</u> implement public relations activities for financial literacy education geared at young working individuals with the aim of promoting planned household management and stable asset formation. <p>(Cooperation measures with member banks, other financial organizations and the like)</p> <ul style="list-style-type: none"> ➤ Conduct surveys in order to assess and promote initiatives

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	<p>implemented by member banks for financial literacy education activities as well as share the results thereof, including positive examples.</p> <p>➤ <u>Implement</u> collaboration and cooperative measures with the Japan Securities Dealers Association aimed at helping improve the financial literacy of Japanese residents and solve the problem of poverty for children and youth (measures include joint use of lecturer human resources, promoting use of bank retirees/securities dealer retirees as lecturers, co-hosting events and seminars, etc.), as well as research and implement initiatives for discovering needs for financial literacy education.</p>
<p>5. Promoting wider access to finance and financial services for the elderly and other users (Goal 8)</p> <p>Responsible body: Working Committee on Aged Society, Working Committee on the SDGs/ESG, Working Committee on Equal Rights</p>	
<p>Promote efforts for wider access to finance and financial access services for the elderly and other users</p>	<p>➤ Follow up on the trends at the government and related organizations as well as the progress of initiatives implemented by member banks regarding financial transactions with elderly customers and provide relevant information to member banks as necessary. Also, research and implement measures for updating the concept and creating new concepts regarding carrying out financial transactions by substitutes and improved collaboration between banks and regional public organizations, social welfare agencies, etc.</p> <p>➤ Continue to conduct surveys for assessing the progress of barrier-free initiatives implemented by member banks, express opinions during follow-up hearings for discussions with relevant ministries and agencies, and share information with member banks.</p>

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<p>6. Promoting digitization and providing safe, secure and highly-convenient financial services (Goal 9)</p> <p>Responsible body: Working Committee on Payment and Transaction Banking, Working Committee on Efficiency of Tax and Public Service Payment</p>	
<p>(1) Promote the usage of the Zengin EDI System (ZEDI) through encouragement at relevant ministries and agencies and relevant industrial organizations as well as seamless linkage with electronic invoices</p>	<ul style="list-style-type: none"> ➤ <u>Enhance activities to inform business operators of the launch of the invoice system in October 2023, including improvements to business efficiency through seamless linkage of e-invoicing and financial EDI (if ZEDI is to be renewed).</u> ➤ <u>Collaborate on defining requirements and performing basic design for the renewal of ZEDI by Zengin-Net.</u> ➤ <u>Participate in the “Future Vision of Business-to-Business Transactions Study Group” in the Digital Architecture Design Center of the Information-technology Promotion Agency, follow up on the status of the discussions, and collaborate with related parties as necessary.</u> ➤ Continue to encourage the relevant ministries and agencies as well as relevant industrial organizations to promote the usage of ZEDI.
<p>(2) Promote initiatives for the full digitization of bills and checks</p>	<ul style="list-style-type: none"> ➤ Follow up on the progress of initiatives in the banking industry to achieve the final target (completely eliminating exchanges by the end of FY2026) based on the “Voluntary Action Plan for the Full Digitization of Bills and Checks” that was formulated in the financial industry, <u>and review the necessity of new initiatives and policies based on the results of the user survey targeted at the bank’s corporate clients.</u> ➤ Collaborate with the relevant ministries and agencies such as the Financial Services Agency and the Small and Medium Enterprise Agency and then encourage the industrial sector towards the full digitization of bills and checks.

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	<ul style="list-style-type: none"> ➤ Conduct dissemination and public relations activities related to the digitization of bills and checks in collaboration with densai.net. ➤ Collaborate with the relevant institutions as well as relevant ministries and agencies to implement initiatives to minimize the number of exchanged securities excluding bills and checks (other types of products).
(3) Promote efficiency improvements in the collection of taxes and public dues (begin using a unified QR code system to facilitate local tax payments from FY2023)	<ul style="list-style-type: none"> ➤ Implement the support necessary for using a QR code system in local tax payments <u>based on the current situation</u> as well as implement the support necessary for expanding the usage scope of QR code systems beyond local tax payments. ➤ Assess issues regarding the electronic payment of taxes and public dues through hearings and the like with member banks as well as implement activities for requesting that related parties promote electronic payment of taxes and public dues. ➤ Research and implement effective measures for promoting the spread of electronic payment of taxes and public dues.
<p>7. Implementing measures to prevent financial crimes and money laundering, and actions to meet FATF recommendations (Goal 16)</p> <p>Responsible body: Working Committee on Financial Crimes, Working Committee on Money Laundering Issues</p>	
(1) Prevent damages from financial crimes	<ul style="list-style-type: none"> ➤ Expand initiatives in light of crime trends such as emerging types of fraud <u>and phishing</u> (implement awareness activities for preventing financial crime, etc.). ➤ Research and implement measures such as providing information or warnings to member banks about the current criminal tactics such as unauthorized internet banking withdrawals, as well as carrying out public relations activities for customers on said

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	activities.
(2) Create a more sophisticated AML/CFT response	<ul style="list-style-type: none"> ➤ Provide information and consider measures <u>regarding FATF-related issues</u>. ➤ Collect information on AML/CFT trends and provide information such as leading initiatives and translations of important documents. ➤ <u>Implement</u> dissemination and public relations activities for customers related to the implementation of Ongoing Customer Due Diligence and the like. ➤ Improve collaboration with the relevant authorities and other industries (including cooperative financial institutions) through the Public and Private Sectors Liaison Meeting on Advanced Measures against Money Laundering.
<p>8. Expanding initiatives in light of trends regarding human rights and diversity (Goals 5 and 10)</p> <p>Responsible body: Working Committee on Equal Rights, Working Committee on the SDGs/ESG</p>	
Expand initiatives in light of trends regarding human rights and diversity	<ul style="list-style-type: none"> ➤ Provide relevant information (hold lectures on human rights, issue a human rights newsletter, etc.). ➤ Implement support for human rights awareness activities (create human rights texts, hold applications/awards for human rights awareness mottos, etc.).
<u>Provide support to promote understanding and initiatives related to human capital</u>	<ul style="list-style-type: none"> ➤ <u>Provide support to member banks to promote understanding and initiatives related to human capital.</u>

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