

A Summary of FY2023 Activities and FY2024 SDGs Key Initiatives of JBA

1. A summary of FY2023 activities and the objective of revising the key initiatives

- The year 2023 saw signs of changes in the Japanese economy, which has had zero inflation for many years, such as a large hike of about 3% in prices, a high level of pay increases for the first time in 30 years, and the highest Nikkei Stock Average since the bubble economy burst. The JBA has positioned the year as "a year where we support the sustainable development of society and the economy to achieve a bright future." 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 sustainable economic development and to solve social issues (Related SDGs: 4, 5, 7, 8, 10, 12, 13, 14, and 15)

Pillar #2: Achieve a safe, stable and convenient financial infrastructure in light of technological progress in digitization (Goal 9)

Pillar #3: Improve the soundness and resiliency of financial systems (Goal 16)

- Regarding Pillar #1, "Contribute to sustainable economic development and to solve social issues," the JBA offered information about the promotion of transitions through the planning of and participation in international conferences toward the achievement of carbon neutrality in Japan (SDG 13 "Take urgent action to combat climate change and its impacts"). Regarding financial and economic education (SDG 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"), the JBA engaged in activities to improve financial literacy, such as disseminating the new NISA system, and started dispatching instructors to workplaces this year as part of its activities for promoting financial and economic education, including assistance in asset formation.
- Regarding Pillar #2, "Achieve a safe, stable and convenient financial infrastructure in light of technological progress in digitization," the JBA made efforts to improve the operation efficiency of companies and other organization by fully digitizing bills and checks, and it supported QR code-based tax payments for some local tax items, in order to realize SDG 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation."
- Regarding Pillar #3, "Improve the soundness and resiliency of financial systems," the JBA engaged in activities for SDG 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, the JBA continued to hold the "Public and Private Sectors Liaison Meeting on Advanced Measures against Money Laundering" to promote cooperation between the public and private sectors, and conducted public relations activities and the like to promote understanding of ongoing customer due diligence.

- In order to build a sustainable environment and society, it is essential to create a social environment that meets the challenge of creating new value and achieving growth. During FY2024, based on the above efforts in FY2023, the JBA, as part of the banking industry, will continue to support the creation of a new and revitalized society and economy in FY2024 by taking a bird's-eye view of the environment surrounding Japan with a high sense of urgency and mission. We will face difficult issues head-on through sincere discussions with various stakeholders with the aim of solving specific challenges to achieve the SDGs.
- With that in mind, the JBA recently revised the key SDG initiatives (formally revised on March 16, 2023), and developed a plan for FY2024 initiatives as described in "2. Key SDGs Initiatives for FY2024" below.

*17 SDGs

SUSTAINABLE DEVELOPMENT GOALS



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2. Key SDG Initiatives for FY2024

*Underlines show changes from FY2023

<div>Issues (main items)</div> <div>Issues (sub-items)</div>	FY2024 specific initiatives
1. Further promoting of member banks' SDG/ESG initiatives (Common to all Goals) Responsible body: Working Committee on the SDGs/ESG	
Further promote the SDGs/ESG initiatives implemented by member banks	<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 SDGs Report in order to disseminate and promote initiatives by member banks.
2. Fulfilling the role expected of the banking industry in achieving a sustainable society, such as a “just transition” to carbon neutrality/net zero emissions by 2050 (Goal 7, 12, 13, 14, and 15) Responsible body: Working Committee on the SDGs/ESG, Working Committee on Prudential Regulations	
(1) Fulfill the role expected of the banking industry in achieving a sustainable society, such as a “just transition” to carbon neutrality/net zero emissions by 2050	<ul style="list-style-type: none"> ➤ Support member banks' initiatives regarding engagement and hold study sessions inviting stakeholders such as relevant industrial organizations and ministries. ➤ Follow the trends in assessment guidance/ criteria regarding sustainable finance, share examples of leading initiatives, participate in relevant government councils and share the banking industry's views. ➤ Disseminate and follow up on discussions regarding the progress of sustainable finance, <u>such as trends in transition finance and impact finance</u>, and request the government to provide support measures, based on deeper cooperation with small- and medium-sized business associations. ➤ For enhancing the disclosure of sustainability and non-financial information at companies and our member banks, <u>monitor the progress of disclosure</u>, and follow up on and share views about domestic and global developments, such as the International Sustainability Standards Board (<u>ISSB</u>) of the IFRS Foundation and the Financial System Council of JFSA. ➤ Participate in domestic and international 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. ➤ Follow up on international discussions on natural capital and biodiversity, and gather information in a flexible manner utilizing the TNFD Forum, etc.

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(2) Conduct research on the progress of initiatives implemented by member banks for carbon neutrality by 2050		<ul style="list-style-type: none">➤ Continue to conduct follow-up surveys on the progress of the banking industry’s environmental initiatives, including JBA’s new goals, which are related to <i>Keidanren</i> plans such as “Carbon Neutrality Action Plan” and the “Voluntary Action Plan for Establishing a Sound Material-Cycle Society”. Survey items include CO2 emissions, recycled paper and eco-friendly paper purchase rates, paper recycling rates, the ratio of member banks launching “passbook-less products,” long-term global warming countermeasures, goals for plastic waste reduction, and conservation of biodiversity.
3. Implementing activities for regional economic revitalization and local invigoration (Goal 8) Responsible body: Working Committee on Balanced Lending Strategies		
Implement activities for regional economic revitalization and local invigoration		<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.
4. Improving the financial literacy of the Japanese people by promoting financial literacy education activities (Goal 4) Responsible body: Working Committee on the SDGs/ESG, Working Committee on Customer-Oriented Business Conduct		
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>(Responses to the establishment of Japan Financial Literacy and Education Corporation (J-FLEC) <u>and other activities</u>)</p> <ul style="list-style-type: none">➤ <u>Appropriately engage in activities for establishing and operating J-FLEC.</u>➤ <u>Appropriately collaborate with other financial related organizations in line with the establishment of J-FLEC.</u> <p>(Fundamental review of the JBA's activities)</p> <ul style="list-style-type: none">➤ <u>Considering the increasing demand and interest in financial and economic education, engage in financial and economic educational activities in line with the establishment of J-FLEC, and appropriately hand them over to the J-FLEC.</u> <p>(Cooperation measures with other financial organizations and the like)</p>

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		<p>➤ <u>In line with the establishment of J-FLEC, engage in necessary activities, based on the MOU with the Japan Securities Dealers Association, in order to contribute to improving the financial literacy of the Japanese people and solving the problem of poverty for children and the youth.</u></p>
5. 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		
Promote efforts for wider access to finance and financial access services for the elderly and other users		<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>
6. Promoting digitization and providing safe, secure and highly-convenient financial services (Goal 9) Responsible body: Working Committee on Payment and Transaction Banking, Working Committee on Efficiency of Tax and Public Service Payment		
(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>➤ <u>Follow up on the progress of ZEDI development shared by Zengin-Net.</u></p> <p>➤ 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>➤ Follow up on the progress of initiatives in the banking industry to achieve the final target (reducing the number of bills and checks exchanged at the electronic clearing house to zero by the end of FY2026), based on the</p>

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		<p>“Voluntary Action Plan for the Full Digitization of Bills and Checks” that was formulated in the financial industry, <u>as well as perform intermediate assessment of the initiatives, and consider how to manage the electronic clearing house in the future.</u></p> <ul style="list-style-type: none">➤ Collaborate with the relevant ministries and agencies, such as the Financial Services Agency and the Small and Medium Enterprise Agency to encourage the industrial sector toward the full digitization of bills and checks.➤ Conduct dissemination and public relations activities related to the digitization of bills and checks in collaboration with densai.net.➤ Collaborate with the relevant institutions, ministries, and agencies to implement initiatives to minimize the number of exchanged securities, excluding bills and checks (other types of securities).
	(3) Promote efficiency improvements in the collection of taxes and public dues (<u>digitize tax notices and other documents, and promote the use of unified QR codes for local taxes and public dues</u>)	<ul style="list-style-type: none">➤ <u>Monitor the progress of increasing in targeting local tax items for adding the eL-QR code and the trends in government activities for expanding the use of the eL-QR code for local public dues.</u>➤ Assess issues regarding the electronic payment of taxes and public dues through hearings and the like with member banks, and implement activities for requesting that related parties promote electronic payment of taxes and public dues. <u>Regarding the electronic payment of tuition, follow future trends, based on discussions in the Regulatory Reform Promotion Council.</u>➤ Research and implement effective measures for promoting the spread of electronic payment of taxes and public dues, <u>including new electronic payment schemes for special collection of local taxes, treasury money, etc. and the digitization of local tax notices and other documents.</u>
7. 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		
	(1) Prevent damages from financial crimes	<ul style="list-style-type: none">➤ Expand initiatives in light of trends in crime, such as emerging types of fraud and phishing (implement awareness activities for preventing financial crimes, etc.).➤ Research and implement measures such as providing information or giving warnings to member banks as well as dissemination and public relations activities for customers in light of current criminal tactics, such as unauthorized withdrawals for internet banking and the like.
	(2) Create a more	<ul style="list-style-type: none">➤ Provide information and consider measures regarding FATF-related issues.

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	sophisticated AML/CFT response	<ul style="list-style-type: none"> ➤ Collect information on AML/CFT trends and provide information such as leading initiatives and translations of important documents. ➤ Implement dissemination and public relations activities for customers. ➤ 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.
8. Expanding initiatives in light of trends regarding human rights and diversity (Goals 5, 10) Responsible body: Working Committee on Equal Rights, Working Committee on the SDGs/ESG		
	(1) 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 and the like (create human rights texts, hold applications/awards for human rights awareness mottos, etc.).
	(2) Provide support to promote understanding and initiatives related to human resources	<ul style="list-style-type: none"> ➤ Provide support to member banks to promote understanding and initiatives related to human resources.

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