

Summary of FY2024 Activities and FY2025 SDGs Key Initiatives of JBA

1. Summary of FY2024 activities and the objective of revising the key initiatives

➤ In FY2024, the Japanese economy marked steady progress for a virtuous economic cycle to take hold, overcoming the challenges posed by the COVID-19 crisis. The Bank of Japan made a pivotal decision to raise interest rates for the first time in 17 years, signaling a return to a “world with interest rates.” This marked a significant milestone for the banking industry. The Japanese Bankers Association (JBA) has positioned this as “a year for contributing to establishing a virtuous cycle in the Japanese economy amidst the progress of the paradigm shift,” and it has continued its activities, etc. toward the realization of the relevant goals of the SDGs under the following three pillars.

Pillar #1: Encourage a paradigm shift toward Japan's regrowth (related SDGs Goals* 4, 5, 7, 8, 10, 12, 13, 14, and 15)

Pillar #2: Pursue a future-oriented financial infrastructure that is safe, secure, and convenient (Goal 9)

Pillar #3: Develop a globally sound and resilient financial system (Goal 16)

➤ Pillar #1: With regard to encouraging paradigm shift toward Japan's regrowth, the JBA submitted its views on the realization of carbon neutrality in Japan (SDGs Goal 13 “Take urgent action to combat climate change and its impacts”) and other issues to domestic and international public consultations, and it proactively shared information based on its initiative to achieve carbon neutrality.

➤ Pillar #2: With regard to the pursuit of a future-oriented financial infrastructure that is safe, secure, and convenient, efforts continued toward achieving SDGs Goal 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation” through initiatives such as the digitization of bills and checks and the promotion of QR code-based payments for local taxes.

➤ Pillar #3: With regard to the development of a globally sound and resilient financial system, efforts were made to address the growing problem of financial crime to achieve SDGs 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.”

- The SDGs, which began in 2016, have reached the halfway point, and it is now necessary to take even more proactive steps toward achieving them by 2030. The JBA will continue to closely monitor the environment surrounding Japan with a high sense of urgency and responsibility, engage in sincere discussions with various stakeholders, and do its utmost to support the efforts of its member banks in addressing and achieving the specific challenges of the SDGs.
- Based on this, the JBA has recently conducted a necessary review of its key SDGs initiatives (revised on March 14, 2024), and it has set its initiatives for FY2025, as described in “2.” below.

* 17 Sustainable Development Goals



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2. Key SDGs Initiatives for FY2025

*Underlines show changes from FY2024.

Issues (main items)		FY2025 specific initiatives
Issues (sub-items)		
1. Further promoting the SDG/ESG initiatives implemented by member banks (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 SDGs initiatives (<u>including financial and economic education</u>) implemented by member banks as well as provide information through means such as publishing the JBA SDGs Report to disseminate and promote initiatives by member banks.➤ <u>Conduct necessary activities that are based on the MOU with the Japan Securities Dealers Association to contribute to resolving the problem of poverty affecting children and the youth.</u>	
2. Fulfilling the role expected of the banking industry in <u>solving sustainability challenges</u> , such as <u>the realization of a “just transition” to carbon neutrality/net zero emissions by 2050</u> (Goals 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 solving sustainability challenges, such as the realization of a “just transition” to carbon neutrality/net zero emissions by 2050	<ul style="list-style-type: none">➤ <u>Update support tools and materials to facilitate engagement between member banks and their clients</u>, and hold study sessions inviting <u>stakeholders, such as relevant industrial organizations and ministries</u>.➤ <u>Share leading practices aimed at expanding the scope of sustainable finance</u>, such as transition finance and impact finance. <u>Participate in government councils of relevant ministries and agencies</u>, and share the <u>banking industry's views</u>.➤ <u>Follow up on member banks’ efforts on sustainability disclosures and share leading practices to enhance disclosures</u> by companies and member banks. Follow up on developments <u>in sustainability and non-financial disclosure frameworks both in Japan and abroad, including the IFRS Foundation’s International Sustainability Standards Board and the JFSA's Financial System Council</u>, and share the banking industry's views.➤ Participate in <u>international discussions on the management of sustainability-related financial risks, including climate-related and nature-related risks</u>. Follow up on deliberations by relevant government ministries, and share the banking industry's views.➤ <u>Participate in international discussions on increasingly diverse sustainability issues, such as integrated approach to carbon neutrality, nature positivity, and a circular economy, and responses to social challenges</u>. Follow up on discussions by relevant bodies, and share the <u>banking industry's views accordingly</u>.	

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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 banking industry's environmental initiatives, including the JBA's goals, to evaluate the progress of member banks' achievements for the initiatives, such as the "Carbon Neutrality Action Plan," the "Voluntary Action Plan for Establishing a Sound Material-Cycle Society," and the "<u>Initiative for Biodiversity Conservation</u>" published by <i>Keidanren</i>. 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 <u>the Headquarters for Creating New Regional Economies and Living Environments</u> and the relevant ministries and agencies, municipalities, etc., and implement measures, such as responding as necessary to requests for survey cooperation or dissemination. ➤ Conduct surveys on example initiatives <u>regarding</u> local invigoration implemented by member banks, <u>and</u> release information externally, <u>as necessary</u>. ➤ 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. Promoting wider access to 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 financial services for the elderly and other users	<ul style="list-style-type: none"> ➤ 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, <u>including the enforcement of the Basic Act on Dementia to Promote an Inclusive Society and the Guideline of Measures for Ageing Society</u>. Provide relevant information to member banks, <u>and facilitate exchanges of views among them</u>, as necessary. Also, research and implement measures for <u>the necessity of</u> 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. ➤ Continue to conduct surveys for assessing the progress of barrier-free initiatives implemented by member banks. Follow up on discussions with relevant ministries and agencies, communicate opinions during hearings and other opportunities, and share information with member banks.

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<div>Issues (main items)</div> <div>Issues (sub-items)</div>	FY2025 specific initiatives
<p><u>5. Realizing secure and user-friendly next-generation financial infrastructure</u> (Goal 9); 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) by encouraging it at relevant ministries and agencies and relevant industrial organizations, <u>and conduct awareness activities targeting businesses, etc.</u></p>	<p>➤ Continue engagement with relevant ministries and agencies as well as relevant industrial organizations, <u>and conduct awareness activities targeting businesses to promote the use of accounting software compatible with ZEDI.</u></p>
<p>(2) Promote initiatives for the full digitization of bills and checks</p>	<p>➤ Follow up on the progress of initiatives in the banking industry to achieve the final target (reducing the number of bills and checks exchanges at the electronic clearing house to zero by the end of FY2026) based on the “Voluntary Action Plan for the Full Digitization of Bills and Checks,” which was formulated in the financial industry, and <u>implement measures based on the policies regarding the future of the electronic clearing house, as considered in light of the interim evaluation results.</u></p> <p>➤ 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 toward full digitization of bills and checks.</p> <p>➤ Conduct dissemination and public relations activities related to the digitization of bills and checks in collaboration with densai.net.</p> <p>➤ Collaborate with the relevant institutions, ministries, and agencies, <u>and implement initiatives to minimize the number of exchanged securities other than bills and checks (other types of securities), based on the policies concerning the future of the electronic clearing house, as considered in light of the interim evaluation results.</u></p>

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(3) Promote efficiency improvements in the collection of taxes and public dues (digitize tax notices, and promote the use of the unified QR code system for local taxes in the context of tax and public dues collection)	<ul style="list-style-type: none"> ➤ <u>Consider and implement measures to initiate the use of QR codes for payments of local public dues</u>, and monitor government initiatives <u>with the aim of expanding their application</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 the electronic payment of taxes and public dues. ➤ Research and implement effective measures for promoting the spread of electronic payment of taxes and public dues (<u>initiatives to digitize payment confirmation notices in local tax payment services</u>, new electronic payment schemes for national public dues, and the digitization of local tax notices, etc.)
6. 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 crime trends, such as telephone fraud, <u>investment fraud</u>, and <u>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 activities.
(2) Create a more sophisticated AML/CFT response	<ul style="list-style-type: none"> ➤ Provide information, and consider measures regarding FATF-related issues. ➤ 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.

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7. Expanding initiatives in light of trends regarding human rights and diversity (Goals 5 and 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">➤ <u>Promote collaboration with the government to accelerate initiatives for women's empowerment and gender equality within member banks, and monitor the banking sector's action plan to eliminate the gender wage gap.</u>➤ 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 capital	<ul style="list-style-type: none">➤ Provide support to member banks to promote understanding and initiatives related to human capital.	

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