

Musashino Bank Sustainable Development Goals Declaration

The Musashino Bank Group declares that all of its officers and employees will strive to contribute to achieving the objectives of the Sustainable Development Goals (SDGs).

- To contribute to the sustainable development of the regional economy, the Bank always exercises its financial intermediary functions and commitment to practicing fiduciary duty.
- To contribute to the creation of a sustainable community including industry and employment, urban development and livability, the Bank engages in partnerships with various bodies, including municipal governments, companies and NPOs.
- The Bank regards issues such as climate change and human rights as having a direct effect on it, and seeks global sustainability.

Vision for the Bank (Key Areas)

Corporate Governance as the Source of Sustainable Growth

The Bank positions corporate governance as the source of sustainable growth, and aims to conduct steadfast bank management grounded on its management philosophy, which has remained unchanged since its founding.



A Society in Which People Can Live Their Own Way for as Long as They Wish

The Bank will actively work to create a society in which all people can live in their own way, healthily and happily.



Sustainable Regional Economy

The Bank will promote innovation in local industry and local production for local consumption, as well as contribute to the development of comfortable, strong towns and work to realize sustainable economic growth.



Responding to Climate Change, Maintaining and Improving Biodiversity

The Bank will respond to global climate change and make efforts to maintain and improve the rich local biodiversity.



Sustainability Management Initiatives

Formulation of the Basic Policy on Sustainability, etc.

We formulated four policies for promoting sustainability management, which we will translate into more practical initiatives.

Name	Overview
Basic Policy on Sustainability	Under its Corporate Philosophy, “working in harmony with the local community it serves” and “maintaining a deep respect toward customers,” the Bank aims to achieve stimulation of the local economy and to provide both economic and social value from a medium- to long-term perspective.
Environmental Policy	All of our officers and employees are engaging with the issues of climate change, decarbonization, and biodiversity through business activities, adopting a global perspective while also giving consideration to the local characteristics of the Saitama region.
Investment and Financing Policy	We will avoid financing industrial and corporate sectors that have a negative impact on environmental, social, and economic sustainability.
Human Rights Policy	In all of our business activities, and provision of products and services, we will respect the human rights and diversity of all of our stakeholders.

System for Sustainability Promotion

Governance System

The Bank has a system in which the Sustainability Promotion Committee, whose chair is the president, and the Sustainability Subcommittee, which is under the control of the Sustainability Promotion Committee, carry out activities such as planning and proposal of measures and management of progress. The Board of Directors receives reports on these activities and supervises them.

Main agenda items discussed by the Sustainability Promotion Committee

- Information disclosure considering the TCFD recommendations
- Promotion of sustainable finance
- Measures to reduce greenhouse gas emissions

Management and Promotion of Cross-Departmental Initiatives

We have established the Sustainability Promotion Office as a dedicated department responsible for managing and promoting initiatives across the Musashino Bank Group. In addition, three working groups have been formed for each type of sustainability-related issue in an effort to enhance the effectiveness of initiatives.

Three working groups

- Revitalization of regional economies
- Revitalization of local communities
- Environmental and diversity initiatives

Responding to Climate Change

Initiatives to Address the TCFD Recommendations

The Bank positions climate change initiatives as an important management issue. Accordingly, we strive to establish governance and risk management systems based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and grasp the opportunities and risks created by climate change. In addition, the Bank has established and disclosed Sustainable Finance Amount Targets and Greenhouse Gas (GHG) Emission Reduction Targets.



Strategy—the Opportunities Created by Climate Change

As the Bank promotes environmental finance more than ever before, we have been actively carrying out investment and finance in projects that contribute to sustainability. Looking ahead, we will work to assess the environmental risks in our loan portfolio and encourage companies to realize decarbonization in order to achieve carbon neutrality by 2050.

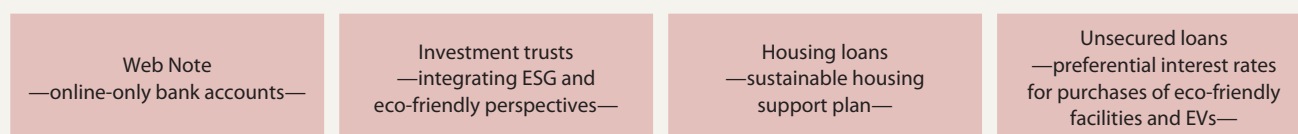
Supporting the Sustainability Management of Business Operators

The ESG Evaluation Sheet has been implemented as a dialogue tool to assist business operators in their ESG and decarbonization activities. Additionally, we have established a lineup of various financial and consulting products that facilitate processes ranging from visualizing each company's activities to conducting environmental impact assessments.



Offering Environmental Products to Individual Customers

We offer a wide range of environmental products, such as online-only bank accounts that do not issue passbooks, and housing loans that support the purchase of sustainable housing, such as Net Zero Energy Houses (ZEHs).



Risk Management—the Announcement of an Investment and Financing Policy That Takes Climate Change Risk into Consideration, Among Other Measures

In its investment and financing policy, the Bank has clearly documented its approach to credit management, which includes tightening credit for coal-fired thermal power plants that directly impact global warming.

Indicators and Targets—Sustainable Finance and CO₂ Emissions

The Bank has set target amounts for the execution of sustainable finance transactions that contribute to the decarbonization of local communities and the reduction of CO₂ emissions (Scope 1 + Scope 2). Additionally, for estimates of CO₂ emissions (Scope 3), the Bank has expanded the range of amounts that it can calculate.

Sustainable Finance Targets

Sustainable finance is finance in which the funds are used for resolving environmental or social issues, and includes finance to support customers' ESG or SDGs initiatives.

In terms of the Bank's target for the execution amount, the Bank aims to execute a cumulative total of ¥1 trillion in sustainable finance transactions over the 10 years from fiscal 2021 to fiscal 2030. The Bank had executed **¥395.0 billion** in sustainable finance transactions through fiscal 2023.

Furthermore, in February 2024, the Bank invested in GX Economy Transition Bonds, which facilitate decarbonization investments, thereby helping to strengthen Japan's industrial competitiveness and contributing to sustainable growth.

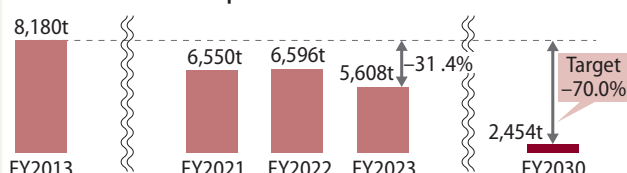
Trend in CO₂ Emissions (Scope 1 + Scope 2)

The Group's overall CO₂ emissions for fiscal 2023 (Scope 1 + Scope 2) were down 31.4% from fiscal 2013.

In fiscal 2023, although it was impacted by extreme heat in the summer, the Bank adopted LEDs at branches, converted to energy-efficient air conditioning, introduced three EVs and worked to reduce electricity consumption. As a result, CO₂ emissions decreased.

The Bank will continue working to reduce electricity consumption and convert to energy-efficient facilities. We will endeavor to achieve our CO₂ emissions target for fiscal 2030, which is a reduction of 70% from fiscal 2013 levels.

Musashino Bank Group CO₂ emissions



Emissions by scope for past years

(t-CO₂)

	FY2013	FY2021	FY2022	FY2023
Scope 1	1,049	773	806	684
Scope 2	7,131	5,777	5,790	4,924
Total CO ₂ emissions	8,180	6,550	6,596	5,608

Efforts to Reduce CO₂ Emissions

Converting Electricity Used at the Head Office and Administrative Center to Renewable Energy

From May 2024, the Bank has converted all of the electricity used at the Head Office and Administrative Center to electricity effectively sourced from renewable energy with Non-Fossil Fuel Certificates designated for renewable energy. As a result, the Bank expects to reduce 2,311 tons of CO₂ emissions annually.



Use of Eco-Friendly Vehicles

Since November 2023, the Bank has introduced the Nissan Sakura EV to its sales vehicle fleet as part of its efforts to realize a decarbonized society. It has been successively replacing vehicles in its fleet with this EV.

In addition, the Bank has been enhancing the convenience of EVs in Saitama Prefecture by increasing the number of charging station locations.



Estimates of CO₂ Emissions (Scope 3)

Estimates of Categories 6 and 7: Business travel and commuting

The Bank has estimated emissions from employees' business travel and commuting.

Emissions from employees' business travel and commuting (t-CO₂)

Category 6	Business travel	247
Category 7	Employee commuting	559

[Method for calculating emissions]

Category 6: Emissions = number of employees × emissions intensity per employee

Category 7: Emissions = number of work days × emissions intensity per work day by employment type and urban classification

Estimates of Category 15: Emissions from business finance and lending

The amount of indirect greenhouse gas emissions through investees and borrowers accounts for a large proportion of the Scope 3 emissions (CO₂ emissions in the supply chain) of financial institutions. For this reason, the Bank has estimated the emissions from its loans to domestic business corporations, referring to the FY2021 PCAF Standard* measurement methodology. The estimated amounts are presented below.

* The Partnership for Carbon Accounting Financials (PCAF) is an international initiative to develop methodologies for measuring and disclosing greenhouse gas emissions associated with the investment and finance portfolios of financial institutions.

Estimated emissions by industry based on classification of the Bank's borrowers into the TCFD's 14 industries

Industries	Emissions (t-CO ₂)	Industries	Emissions (t-CO ₂)
Construction materials and capital goods	350,355	Automobiles	100,341
Metals and mining	448,618	Electricity	166,460
Chemicals	323,541	Oil and gas	75,974
Real estate management and development	248,701	Beverage and food	235,490
Ground transportation	246,134	Paper and forest products	180,888
Maritime	19,106	Agriculture	23,952
Air transportation	6,447	Others	3,687,682
		Total	6,113,689

[Methodology for calculating emissions]

Borrower's net sales × emissions per ¥1 million of net sales (by industry) × contribution of the Bank's loan

[Time]

Loan balance: as of the end of March 2024

Financial indicators such as borrower's net sales: from the latest financial information for each borrower obtained by the Bank as of the end of March 2024, when the estimates were determined

Biodiversity Initiatives

The Bank has long focused on maintaining and improving regional biodiversity through such means as the utilization of a public trust scheme. Social demands related to addressing biodiversity are set to increase going forward, and the Bank aims to enhance its initiatives in this area further.

Subsidies Provided by Musashino Bank Green Fund Public Trust

The Musashino Bank Green Fund public trust was established in July 1992 with the goal of contributing to the creation of beautiful and comfortable living environments by subsidizing activity funds for organizations that aid the preservation and creation of natural environments within Saitama Prefecture.

In April 2024, we provided a total of ¥2.96 million in subsidies to 18 organizations. As a result, we have provided approximately ¥82.36 million in subsidies to a total of 364 organizations over the 32 years since the founding of the Musashino Bank Green Fund public trust.

Activities Eligible for Subsidies

1. Activities that contribute to the preservation or creation of natural environments
2. Activities related to the spread of awareness considered necessary for the preservation and creation of natural environments
3. Investigative research necessary for promoting natural environment preservation and creation activities

Alliance with Ecosystem Conservation Society—Saitama

In May 2024, the Bank signed a comprehensive alliance agreement on biodiversity preservation with Ecosystem Conservation Society—Saitama. Under this agreement, we will preserve and nurture Saitama's rich natural environment through such measures as encouraging client companies and local governments to pursue biodiversity preservation efforts.

Main Alliance Activities

- Referring experts and other specialists to client companies as well as organizing seminars and information exchange meetings
- Advisory and business proposals to local governments that contribute to achieving 30by30 and other goals
- Support for enhancing the health of the Bank's employees by leveraging the benefits of the natural environment

Developing Environmentally Friendly Offices and Branches

The Bank has been continuously working to develop environmentally friendly offices and branches, with efforts including planting greenery in support of biodiversity.



Musashino Forest

The planted garden in front of the Head Office building features native tree species unique to the Musashino region and natural stone from the Chichibu region.

JHEP Certification

The Bank became the first head office of a financial institution to acquire certification from the Japan Habitat Evaluation and Certification Program (JHEP). Operated by the Ecosystem Conservation Society—Japan, JHEP recognizes businesses committed to enhancing biodiversity.

Environmental Education for Employees

Through Ecology College, an original course offered by the Bank in collaboration with the Ecosystem Conservation Society—Saitama, we provide a program in which trainees can learn about the natural environment and biodiversity from various perspectives, including corporate activities and neighborhood creation.

Furthermore, we conduct activities to remove invasive plant species along the Arakawa River as part of sustainability training for new employees.



Ecology College



Sustainability training for new employees