

## Environmental Initiatives

Hokkoku FHD has designated the “response to climate change and environmental conservation” as one of its priority issues (materiality). Accordingly, it recognizes the risks and opportunities outlined below and is advancing specific initiatives. We aim to lead regional efforts toward climate change and environmental conservation by cultivating environmental awareness in the local community and providing consultation to address climate change and other environmental issues.

Risks	Opportunities	Specific initiatives
<ul style="list-style-type: none"> <li>● Credit cost increase due to worsening corporate performance resulting from delayed responses to technological innovation for a carbon-free society and behavioral changes of investees and borrowers</li> <li>● Opportunity losses due to lack of solutions offered to investees and borrowers</li> <li>● Erosion of stakeholders' trust due to insufficient response to climate change; deterioration of corporate brand</li> </ul>	<ul style="list-style-type: none"> <li>● Cultivation of environmental awareness in the region through leadership in environmental conservation efforts</li> <li>● Provision of consulting that leads to solutions for climate change and environmental conservation</li> <li>● Corporate brand enhancement through the handling of climate-related information and promotion of disclosure</li> </ul>	<ul style="list-style-type: none"> <li>● Environmental conservation efforts through our core businesses</li> <li>● Reduction of environmental impact through corporate activities; tree planting, tree thinning, and other reforestation efforts</li> <li>● Climate change response based on the framework of TCFD recommendations</li> <li>● Support for customers' transition to a carbon-free society through consulting</li> <li>● Dialogue with municipalities and local companies toward the green transformation (GX) of the entire region</li> </ul>

### TOPICS

- To achieve regional GX, we began communicating with stakeholders in the region. (Details on p.102)
- We calculated the Scope 3 Category 15 emissions for the first time. (Details on p.101)
- We will begin a conversation to make the measurement of CO<sub>2</sub> emissions a condition for choosing contractors when we construct our buildings. (Details on p.102)
- We obtained Japan's first Nearly ZEB certification for a multistory tenanted office building with a floor space of over 20,000sqm. (Details on p.104)

## Environmental policy

The corporate philosophy of Hokkoku Financial Holdings is “trust—a bridge to a fruitful regional future. Enrich interaction and growth in the region.” We embrace this philosophy and take action for the betterment of local society and our customers in the region. Additionally, in our 20 guiding principles for corporate activities, we pledge to engage in conservation and protect the environment, which forms the foundation of our daily lives and businesses.



For details, see→

<https://www.hfhd.co.jp/sustainability/environment/environmentpolicy/> (Japanese only)



## Responses to TCFD recommendations (p.99)

Hokkoku Financial Holdings endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2022 (Group company Hokkoku Bank endorsed the recommendations in May 2021). Since the endorsement, we have been disclosing information based on the TCFD disclosure framework.

## Initiatives concerning our customers (p.103)

- Contribute to a recycling-oriented society through lease transactions
- Support customers' transition to a carbon-free society through consulting
- Spread awareness of environmental initiatives

## Environment-friendly initiatives (p.104)

- Meet ZEB requirements when building new branches
- Convert facilities at existing branches to energy-saving facilities
- Install photovoltaic systems on branch rooftops
- Reduce vehicles for business use and replace current vehicles with EVs (HVs)
- Drive initiatives contributing to the reduction of CO<sub>2</sub> emissions in society at large
- Make reforestation efforts such as tree planting and thinning

## Responses to TCFD recommendations

Since designating “response to climate change and environmental conservation” as one of our priority issues (materiality) and endorsing the TCFD recommendations, we have made disclosures in the categories of governance, strategy, risk management, and metrics and targets, as per the TCFD disclosure framework.

\*Task Force on Climate-related Financial Disclosures (TCFD): A private-sector-led task force established by the Financial Stability Board (FSB) in December 2015 to encourage companies to disclose climate-related information

### 1. Governance

#### Hokkoku FHD's governance concerning climate-related risks and opportunities

- While we do not have a committee dedicated to climate change issues, we have a system in place to identify and discuss climate change and other sustainability issues in the form of cross-departmental projects led by the Corporate Planning Department (PR & IR Section) and including the Management Administration Department and our consulting subsidiary, The CC Innovation, Ltd.
- In accordance with Hokkoku FHD Environmental Policies, the Board of Directors receives reports and maintains oversight pertaining to climate change, including related risks and opportunities.
- We have in place a management structure in which our policies and other important matters concerning climate change, including the assessment of climate-related risks and opportunities, are first discussed at the Strategic Committee meetings attended by the president and other members of the management. These matters are then resolved at our Board of Directors meetings.

#### TCFD governance structure



### 2. Strategy

#### The actual and potential impacts of climate-related risks and opportunities on our organization's operations, strategy, and financial planning

- We have identified the following as our climate-related transition risks, physical risks, and opportunities.

Transition risks (assuming risks will become most apparent in the 1.5–2°C scenarios)	
Policy and regulatory risks	<ul style="list-style-type: none"> <li>● Earnings decline and impairment of existing assets, etc., at borrowers and investees due to an increase in costs to control carbon emissions</li> <li>● Increased costs to address climate change-related regulations in Japan and overseas</li> </ul>
Technology risks	<ul style="list-style-type: none"> <li>● Earnings decline and impairment of existing assets, etc., at borrowers and investees due to failures and delays in developing decarbonization technologies</li> </ul>
Market risks	<ul style="list-style-type: none"> <li>● Earnings decline and impairment of existing assets, etc., at borrowers and investees due to changes in the supply-demand environment of their products and services</li> </ul>
Reputational risks	<ul style="list-style-type: none"> <li>● Deteriorating reputation and corporate brand due to delayed responses</li> <li>● Worsening evaluation by outside parties due to lack of information disclosure</li> <li>● Deteriorating reputation due to continued transactions with business partners whose responses to climate change are insufficient</li> </ul>

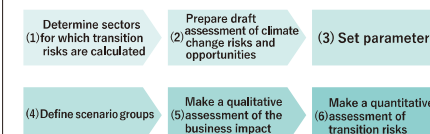
Physical risks (assuming risks will become most apparent in the 4°C scenario, etc.)	
Acute risks	<ul style="list-style-type: none"> <li>● Risk of becoming unable to continue operations due to damage to sales bases and other property holdings; risk of cost increases related to countermeasures and restoration work</li> <li>● Increased credit costs accompanying deteriorating performance and collateral impairment at borrowers and investees due to natural disasters</li> <li>● Fluctuating value of securities and other holdings due to worsening market and investment environment as well as declining credibility of investees as a result of climate-related disasters</li> </ul>
Chronic risks	<ul style="list-style-type: none"> <li>● Higher facility and energy costs accompanying efforts to strengthen business continuity</li> </ul>
Opportunities	
Resource efficiency	<ul style="list-style-type: none"> <li>● Reduced operation costs thanks to efforts to improve operational efficiency, such as going paperless</li> <li>● Achievement of highly efficient energy use owing to the introduction of energy-saving facilities</li> <li>● Efficient operation of owned facilities</li> </ul>
Energy source	<ul style="list-style-type: none"> <li>● Lower procurement costs thanks to a shift in energy sources</li> </ul>
Products and services	<ul style="list-style-type: none"> <li>● Expanded financing and leasing opportunities fueled by rising needs for capital investment in renewables and decarbonization</li> <li>● Expanded opportunities for consulting work related to decarbonization</li> <li>● Expanded consulting opportunities to address increasing needs for operational efficiencies, such as going paperless</li> <li>● Expanded consulting opportunities to address increasing needs for formulating management strategies to transform businesses</li> </ul>
Market	<ul style="list-style-type: none"> <li>● Improved corporate image through promotion of climate-related information disclosure</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>● Expanded financing opportunities fueled by infrastructure investment, etc., to ensure disaster preparedness</li> <li>● Expanded consulting opportunities to address increasing needs for business continuity planning as part of disaster preparedness</li> </ul>

- We utilize scenario analyses to assess the impacts of climate-related risks on our organization's operations, strategy, and financial planning. For scenario analyses, we referred to the scenarios released by the Intergovernmental Panel on Climate Change (IPCC) and conducted two scenario analyses, primarily based on the Paris Agreement and the agreements reached at the 26th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in November 2021.

#### Scenario analyses (transition risks, physical risks)

- In terms of the scenario analyses for transition risks, we have expanded the scope of those industries that are likely to have a substantial impact on the Company and the customers in the region to six industries. Accordingly, we calculated the transition risks based on the following flow chart.

#### Flow chart for calculating transition risks



Results of analyses	Transition risks
<b>Risk event analyzed</b>	Financial deterioration of borrowers due to a decrease in sales and an increase in costs associated with the transition to a carbon-free society
<b>Target sectors</b>	Metals and mining; food products; land transportation, railway, air cargo, and logistics services; machinery; textiles; apparel, and luxury goods; construction and civil engineering
<b>Scenario</b>	Risk events likely to become most apparent under the 1.5°C to 2°C scenario
<b>Analysis method</b>	For each target sector's top 10 companies by the amount of credit granted (a total of 60 companies), we forecast future performance changes based on the transition scenario and analyzed the impact on their ratings and credit costs
<b>Results</b>	A roughly ¥4.0 billion increase in credit costs through 2050

- Regarding the scenario analyses for physical risks, we expanded the target region to the three Hokuriku prefectures and calculated the risks based on IPCC's 4°C and 2°C scenarios.

Results of analyses	Physical risks
<b>Risk event analyzed</b>	Deterioration of customers' business conditions, and the impairment of offices, collaterals, and Company-owned properties in the three Hokuriku prefectures, should a once-in-a-century wind and flood disaster occur due to climate change
<b>Target sectors</b>	Debtors and business locations within the three Hokuriku prefectures, in areas susceptible to flooding depths of 0.5 meters or more
<b>Scenario</b>	The IPCC 4°C and 2°C scenarios
<b>Analysis method</b>	In the above risk event and upon considering the probability of flooding under each scenario, we estimated the increase in credit-related costs and the amount of damage to Company-owned properties anticipated in the event a flood disaster occurs in the period through 2050
<b>Results</b>	<ul style="list-style-type: none"> <li>Monetary impact on Company-owned properties (¥500 million at most under the 4°C scenario and ¥200 million at most under the 2°C scenario)</li> <li>Expected increase in credit costs (¥5.5 billion at most under the 4°C scenario and ¥1.8 billion at most under the 2°C scenario)</li> </ul>

### 3. Risk management

#### On how the organization identifies, assesses, and manages climate-related risks

#### (1) Sustainability-related risks under our integrated risk management

The basic matters concerning risk management are outlined in the Company's Integrated Risk Management Rules. The administrative departments of our Group companies engage in risk management, while the Management Administration Department of the holding company serves as the supervising department, managing overall risks in an integrated manner. More specifically, we regularly identify sustainability-related and various other risks our Group companies face. Upon evaluating the scale and characteristics of the risks identified, we determine those risks that should be included in our scope of risk management.

The specific processes of identifying, assessing, and managing sustainability-related risks and opportunities are shown below.

#### (2) The process of identifying and assessing sustainability-related risks and opportunities

Hokkoku FHD identifies and evaluates sustainability-related risks by forming cross-departmental projects led by the Corporate Planning Department and the Management

Administration Department and including the Group's consulting subsidiary, The CC Innovation, Ltd. We then proceed to identify and evaluate opportunities against these risks.

#### (3) The process of managing sustainability-related risks and opportunities

The risks and opportunities identified and evaluated in (2) are managed within the frameworks of the aforementioned projects, and we hold discussions on our responses as necessary. The matters are regularly deliberated during the Group's Strategic Committee meetings and reported to the Board of Directors.

The main methods for managing sustainability-related risks and opportunities are as follows.

#### • Scenario analyses

We seek to analyze and understand in advance the impact of crises on the Group through the use of stress tests, so that we can formulate and implement forward-looking business strategies.

For sustainability-related risks, we anticipate and assess their financial impact on the Company by conducting scenario analyses of transition and physical risks using the stress test methodology.

#### • Risk control by sector

Hokkoku FHD sets forth an investment and loan policy and sector policy in accordance with its sustainability policy and materiality. Through this, we seek to reduce and avoid investments and loans that are highly likely to have an adverse environmental and social impact.

#### Investment and loan policy

<b>Businesses we support actively</b>	Customers' environmental, social, and governance-related initiatives and businesses
<b>Businesses for which we prohibit investments and loans</b>	<ul style="list-style-type: none"> <li>Antisocial forces and businesses</li> <li>Businesses that engage in child labor and/or forced labor</li> <li>Businesses that develop and/or manufacture nuclear, chemical, or other weapons of mass destruction, or inhumane weapons such as cluster munitions</li> </ul>
<b>Specified sectors (determined based on our sector policy)</b>	Coal-fired power generation sector, cluster munitions manufacturing sector, forestry sector, and palm oil plantation development sector

#### Sector policy

<b>Coal-fired power generation business</b>	In light of our efforts concerning climate change risks, environmental protection, and renewable energy, we carefully consider investments and loans to coal-fired power generation businesses on a project-by-project basis.
<b>Cluster munitions manufacturing-related business</b>	In light of the inhumane nature of cluster munitions, we prohibit investments and loans to companies that manufacture cluster munitions.
<b>Deforestation business</b>	Regarding investments and loans to large-scale deforestation businesses, we carefully consider our approach, factoring in the status of customers' consideration of the environment and local community and the actual impact on the environment and community.
<b>Palm oil plantation development business</b>	We prohibit investments and loans in palm oil plantation development projects to preserve forest resources and biodiversity and protect human rights.

### 4. Metrics and targets

#### The metrics and targets used to assess and manage climate-related risks and opportunities

To assess and manage climate-related risks and opportunities and to raise regional awareness of climate change, we utilize metrics such as greenhouse gas (GHG) emissions and the results of interviews with business partners about their approaches toward ESG and SDGs.

#### ● Our approach toward GHG emissions

We target achieving a 100% reduction in GHG emissions (Scopes 1 and 2) in FY03/31 compared to our results in FY03/14. To this end, we are making efforts to capture precise emission volumes at the Company and the bases of its consolidated subsidiaries in Japan and overseas in line with the GHG Protocol and to implement reduction measures.

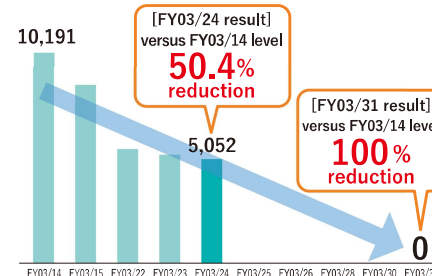
#### ● Scopes 1 and 2

Our CO<sub>2</sub> emissions reduction volume stood at 5,052 tons in FY03/24, down 50.4% from FY03/14.

#### Target

FY03/31 CO<sub>2</sub> emissions reduction target of -100% from FY03/14

#### Results (tons of CO<sub>2</sub>)



#### Action plan

Adopt the ZEB\* concept when building new offices  
Convert existing office facilities to energy-saving facilities

\*ZEB: Short for net zero energy building; environmentally friendly offices

Convert existing office facilities to energy-saving facilities and install photovoltaic systems on office rooftops

Reduce vehicles for business use and replace current vehicles with EVs (HVs)

Switch to carbon-neutral electricity\*

\*Carbon-neutral electricity: Electricity that achieves net zero CO<sub>2</sub> emissions through the use of renewable energy and certificates of environmental value (non-fossil fuel certificates)

We are working on the action plan shown above to accomplish our CO<sub>2</sub> emissions reduction target for Scopes 1 and 2. (We plan to tackle the switch to carbon-neutral electricity as our final action after advancing our other efforts toward CO<sub>2</sub> emissions reduction to the extent possible.)

The results of our initiatives during FY03/24 were as follows.

- Securing Nearly ZEB or ZEB Ready certifications when building new branches (FY03/24 result: Five branches)
- Installation of photovoltaic systems on branch rooftops (FY03/24 result: Two branches)
- Reduction of vehicles for business use (FY03/24 result: Reduction of 16 vehicles)
- Replacement of current vehicles with EVs (HVs) (FY03/24 result: 33 vehicles replaced)

\*Details on p. 104

#### ● Scope 3

For financial institutions, Scope 3 Category 15 emissions (financed emissions) are an important target for reducing CO<sub>2</sub> emissions. This fiscal year, we began estimating the Scope 3 Category 15 emissions of the companies to which Hokkoku Bank extends business loans. The table below shows the results of our estimates.

Industry	CO <sub>2</sub> emissions (tons of CO <sub>2</sub> )
General machinery	308,222
Metal products	302,124
Construction	264,747
Wholesale	232,830
Retail	179,252
Foods	162,283
Iron and steel	156,288
Nonferrous metals	156,280
Other manufacturing	135,998
Other services	116,388
Restaurants	89,718
Electric machinery	83,643
Transportation	78,716
Chemical	78,066
Textiles	62,155
Oil refining, ceramics, soil and stone	54,357
Medical care and health services	50,711
Electric power, gas, heat supply, and water	48,663
Pulp and paper	42,794
Publishing and printing	30,753
Transportation machinery	25,016
Real estate	24,234
Entertainment films	20,695
Information advertising and broadcasting	15,955
Agriculture, forestry, fishery, and mining	11,388
Banks, securities, insurance, and government-affiliated financial institutions	1,273
Telecommunications	1,004
Money lending; non-deposit financial institutions, including investment business	597
<b>Total</b>	<b>2,734,150</b>

\*Calculation method: Scope 3 Category 15 emissions (financed emissions) are calculated in accordance with the calculation method of PCAF, etc.

## ● Initiatives to raise regional awareness of climate change

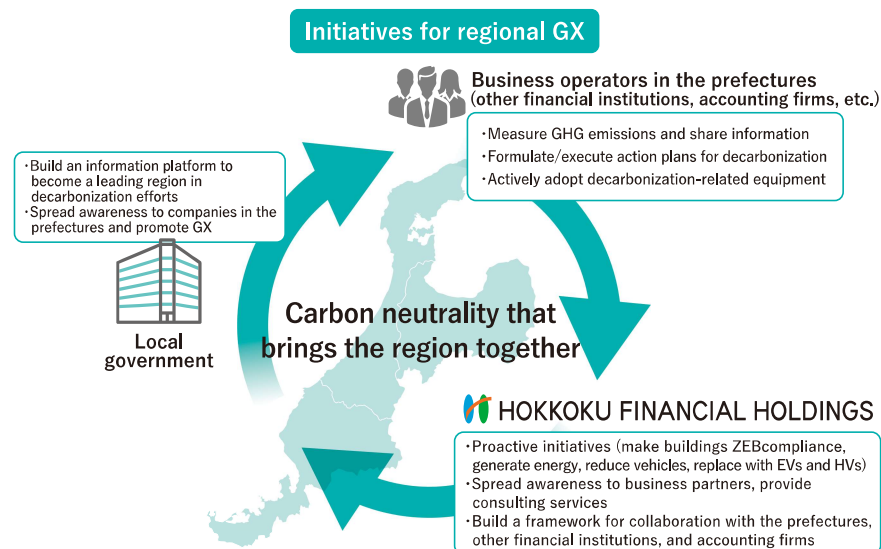
Based on the results of our calculations for Scope 3 Category 15, we reaffirmed the need to reduce CO<sub>2</sub> emissions across the region as a whole to reduce emissions in this category. As such, we have set the following metrics and targets to raise regional awareness of climate change.

	FY03/24 results	FY03/25	FY03/26	FY03/27
Number of customers who gave affirmative responses on approaches to ESG and SDGs during our efforts to understand their business prospects	2,439	4,000	7,000	10,000
Number of interviews made with customers whose GHG emissions were measured and recorded in line with our efforts to understand their business prospects	56	500	10,000	30,000
Number of approaches made regarding ESG and supply chain consulting	7	35	70	100
Number of sustainability-related consulting handled (including matching)	28	30	2,000	4,000
Number of sustainability-related financing handled (leases and loans)	119	200	1,100	2,000

● To reduce Scope 3 Category 15 emissions (financed emissions), Hokkoku FHD has set forth the "measurement of CO<sub>2</sub> emissions through the understanding of customers' business prospects, the recording status of such data, and the number of interviews with the companies in such records" as KPIs. We will step up our initiatives on this front collectively as a group. We will keep track of the qualitative and quantitative progress of our business partners and provide consulting and advisory services in collaboration with municipalities and other financial institutions. Through these efforts, we will seek to achieve regional GX and realize GX 5.0.

<b>GX 1.0</b>	<b>Information gathering and understanding</b> <ul style="list-style-type: none"> <li>Gather information to understand the current state and impact of climate change</li> <li>Identify the specific issues faced by municipalities and business operators</li> </ul>
<b>GX 2.0</b>	<b>Understanding the current situation, setting goals, and formulating an action plan</b> <ul style="list-style-type: none"> <li>Measure GHG emissions and set emission reduction targets</li> <li>Toward the achievement of goals, formulate a concrete action plan, including actions such as improving energy efficiency, introducing renewable energy, and reducing waste</li> </ul>
<b>GX 3.0</b>	<b>Execution and evaluation</b> <ul style="list-style-type: none"> <li>Execute the action plan and periodically evaluate the results</li> <li>Review the action plan based on the evaluation results; consider and implement improvement measures</li> </ul>
<b>GX 4.0</b>	<b>Expanding efforts to the supply chain and the entire region</b> <ul style="list-style-type: none"> <li>Expand Company initiatives to the supply chain</li> <li>Make our efforts visible and establish case studies that can be shared in the local community</li> </ul>
<b>GX 5.0</b>	<b>Create a GX infrastructure for the entire region and achieve carbon neutrality</b> <ul style="list-style-type: none"> <li>Build an infrastructure where GX efforts can spread across the region and the resulting benefits can also be shared by the entire region</li> <li>Achieve carbon neutrality for the entire region as a result</li> </ul>

● To reduce Scope 3 Category 15 emissions (financed emissions), we will begin approaching businesses in the construction industry, which is responsible for a large portion of CO<sub>2</sub> emissions. With large contractors, we will make the measurement of CO<sub>2</sub> emissions a condition for placing orders to build our new properties. With small and medium-sized contractors, we will begin dialogues, indicating that the measurement of CO<sub>2</sub> emissions will become a condition for our orders in the future. Moving forward, we will consider whether we can make similar approaches to business associates in other sectors, such as our system development partners.



## Initiatives concerning our customers

### Contribution to a recycling-oriented society through lease transactions

#### ● Leasing

Through the use of leases, the customers' cost of installing environment- and decarbonization-friendly equipment can be leveled out, making it easier to invest in such equipment. Various subsidies, for instance, under the ESG Lease Promotion Program and the Energy-Saving Investment Promotion Support Program, are also available for leasing applicable equipment.

#### ● During lease period

By entering into a maintenance lease—a leasing agreement that includes maintenance fees—from the time of equipment installation, the equipment's lifespan can be extended.

Even during a re-leasing period, the use of a maintenance lease leads to "reduction."

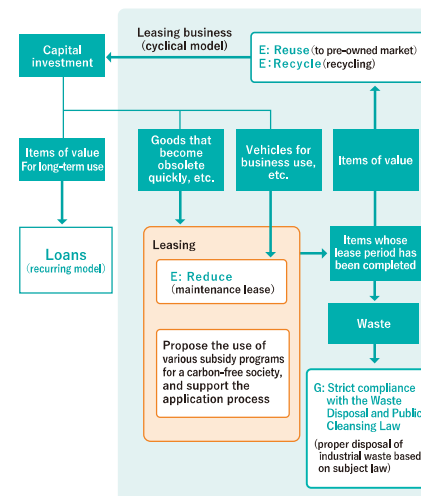
#### ● After lease maturity

We promote the "reuse" of reusable items through second-hand dealers and the pre-owned market.

We promote the effective use of resources through "recycling" by selling recyclable items to the appropriate recyclers we select.

Items that need to be disposed of undergo appropriate disposal as industrial waste in accordance with our "governance" policy.

### Schematic illustration of the 3Rs (reduce, reuse, recycle) initiatives through the leasing business



For details, see→  
<https://www.hksl.co.jp/about/sustainability.html>  
 (Japanese only)



## Supporting customers' transition to a carbon-free society through consulting

To support customers' sustainability-oriented management, we have included ESG and SDGs consulting in our lineup of offerings in our consulting and advisory business, one of our priority businesses.

Dealing with climate change is an important and pressing issue for companies. Much like digital transformation (DX), we believe green transformation (GX) is a component that enables customers to achieve their visions.

We are committed to supporting customers' transformation by gaining a shared notion of their issues through our efforts to understand their business prospects.



For details, see→  
<https://www.ccinovation.co.jp/menu/esg-sdgs/>  
 (Japanese only)



## Rising awareness of environmental initiatives

We are working to enhance awareness of climate change responses among our customers through our efforts to understand their business prospects. We are certainly addressing customers' decarbonization-related financing needs, including loans and leases. Additionally, we have created a dedicated section within Hokkoku Bank's website and built a system allowing us to work better together with customers on climate change responses and other ESG-related challenges.



For details, see→  
<https://www.hokkokubank.co.jp/corporation/sustainability/>  
 (Japanese only)





## Environment-friendly initiatives

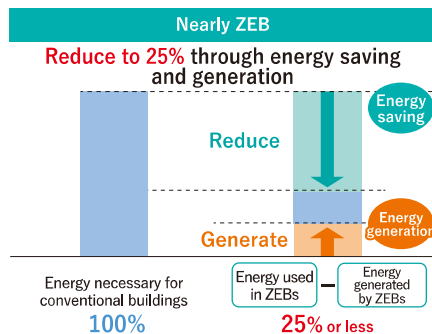
### Meeting ZEB\* requirements when building new branches Installation of photovoltaic systems on branch rooftops

In line with the consolidation of our branches, in 2021, we set forth a policy of having all new branches being built henceforth to meet the ZEB\* requirements in principle. Of ZEB's three categories, we decided to have the large offices (those housing the sales departments) meet the Nearly ZEB requirements. The energy consumption of these offices is high because business functions have been consolidated in these locations under our transition to a holding company structure. Smaller branches with low energy consumption are expected to meet the ZEB Ready requirements. Based on this policy, all six branches built since 2022 have obtained either a Nearly ZEB or a ZEB Ready certification. (See table below.)

\*ZEB: Short for Net Zero-Energy Building

New buildings constructed since August 2022	Floor space	Type of ZEB certification	Opening date
Komatsu Sales Department	1,571.06sqm	Nearly ZEB	Aug. 2022
Fukui Hokubu Branch	481.45sqm	ZEB Ready	Apr. 2023
Okuwabashi Branch	430.25sqm	ZEB Ready	May 2023
Cross Garden Kaga (housed the Kaga Sales Dept.)	2,878.44sqm	Nearly ZEB	May 2023
Kahoku Sales Department	857.70sqm	Nearly ZEB	Sep. 2023
Nishi Kanazawa Branch	464.00sqm	ZEB Ready	Oct. 2023
Hirooka Terrace	21,446.68sqm	Nearly ZEB	Jul. 2025 (plan)

At Nearly ZEB-certified locations, energy consumption is first reduced to 50% or less of the conventional volume. By additionally installing photovoltaic systems on the rooftops of these buildings, we both save and generate energy, reducing overall energy consumption to 25% or less of the conventional volume in total. At ZEB Ready-certified locations, energy consumption is reduced to 50% or less of the conventional volume through energy saving. Furthermore, we are working to minimize our environmental impact by adopting wooden-frame structures that are known to emit less CO<sub>2</sub> in the manufacturing and processing stages than iron and produce less waste during disposal in the future.



### Obtained Japan's first Nearly ZEB certification for a multistory tenanted office building with a floor space of over 20,000sqm



Architectural designs of  
Hokkoku Bank head office  
(left) and Hirooka Terrace  
(right; upon completion)

Generally speaking, the larger the building, the more difficult it is to achieve ZEB compliance. Nonetheless, Hirooka Terrace (scheduled to open in July 2025), currently under construction next to our head office in Hirooka, Kanazawa City, has received the highest rating (five stars) under the Building-Housing Energy-efficiency Labeling System (BELS)—a third-party certification system based on the Building Energy Conservation Act. Hirooka Terrace also obtained Japan's first Nearly ZEB certification for a multistory tenanted office building with a floor space of over 20,000sqm.

Cutting-edge environmental technologies were assembled to create Hirooka Terrace. The building is designed to reduce the overall environmental load by blocking sunlight and using natural ventilation, among other means. It also utilizes the abundant groundwater to generate geothermal heat.

We have taken rigorous energy-saving measures for Hirooka Terrace, incorporating high-efficiency systems and other facilities. We are also generating energy there through the photovoltaic systems thoroughly installed on the building's rooftop. As a result of these measures, we have successfully obtained a Nearly ZEB certification for the entire building.

### [LEED GOLD]

LEED is a US-originated environmental performance rating system, the most widely used in the world today. It is a certification designed to encourage cost reduction and resource conservation, positively impact people's physical wellness, and promote renewable, clean energy use.

At Hirooka Terrace, we are taking on the challenge of implementing innovative environmental initiatives, reducing energy consumption and water usage, and selecting better building materials, among other efforts.

(For Hirooka Terrace, we are in the process of applying for LEED GOLD certification, which is the second-highest certification of LEED's four levels.)

### Reduction of business-use vehicles and replacement of current vehicles with EVs (HVs)

We have actively switched from gasoline-powered vehicles, whose exhaust emissions have a significant environmental impact, to hybrid and electric vehicles, and have also worked to reduce the overall number of business-use vehicles. As a result, the number of gasoline-powered vehicles was down 49 versus the

previous fiscal year, hybrid and electric vehicles increased by 33, and the overall number of business-use vehicles decreased by 16.

	FY03/23	FY03/24	Difference
Gasoline-powered vehicles	408	359	-49
HVs and EVs	52	85	+33
Total vehicles	460	444	-16

### Initiatives contributing to the reduction of CO<sub>2</sub> emissions in society at large

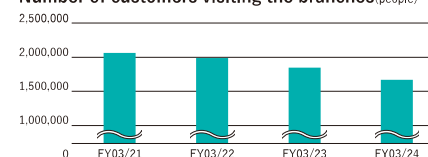
#### ● Promoting cashless payment

We will increase our efforts in areas such as debit cards, devices for card-affiliated merchants, and deposit-type stablecoin (Tochika), aiming to accomplish a cashless payment ratio of 100% in the region. Through these efforts, we will help reduce CO<sub>2</sub> emissions in the region while improving the productivity of the local community.

#### ● Promoting digitalization for bank transactions and tax payments

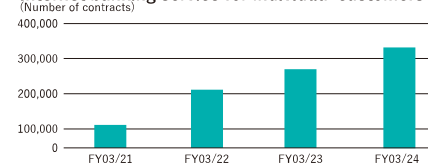
We are promoting digitalization through our internet banking services for individual and corporate customers, as well as in areas such as electronic tax payments and settlements using electronically recorded monetary claims. By doing so, we plan to reduce the frequency of customers' visits to our branches and thereby reduce the CO<sub>2</sub> emissions associated with the transportation to and from our branches.

#### Number of customers visiting the branches (people)

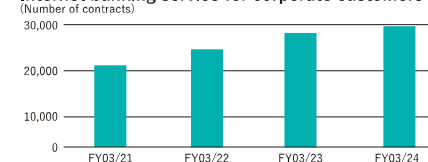


The number of contracts and users of our internet banking services is rising. As of the end of June 2024, the number of individual customers using our internet banking service had surpassed 300,000, while that of corporate customers had exceeded 30,000.

#### Internet banking service for individual customers



#### Internet banking service for corporate customers

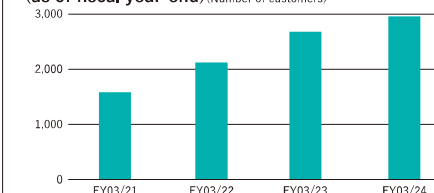


Additionally, we have been holding internet banking and electronic tax payment classes at all of our branches. In FY03/24, we hosted over 8,400 classes. As a result of such efforts, in May 2024, we received commendation from the commissioner of the National Tax Agency for our outstanding record in promoting cashless tax payments. In the second half of FY2023, we were also ranked first among financial institutions in terms of the number of electronically recorded monetary claims issued. In such ways, our endeavors in regional digitalization are being recognized.

### Electronic tax payments handled (sum of e-TAX and eLTAX) (Number of transactions)



### Customers using electronically recorded monetary claims (as of fiscal year-end) (Number of customers)



### Reforestation initiatives such as tree planting and thinning

As part of its environmental conservation activities, Hokkoku Bank, our Group Company, has been renting 0.7 hectares of land in Ishikawa Forest Park to carry out a reforestation project named the Hokkoku Forest.

Additionally, since February 2023, we have been installing in-house-developed ATMs at some of our branches that feature lumber from Ishikawa Prefecture (Noto Hiba cypress). As a result of this initiative, along with the construction of wooden-frame branch buildings, we have been selected as a business that promotes the "Kanazawa, a City of Wood Culture" project led by Kanazawa City.



Certificate of CO<sub>2</sub> Absorption through Reforestation Activities, issued annually by Ishikawa Prefecture



### Endorsement of international initiatives

