

Sustainability

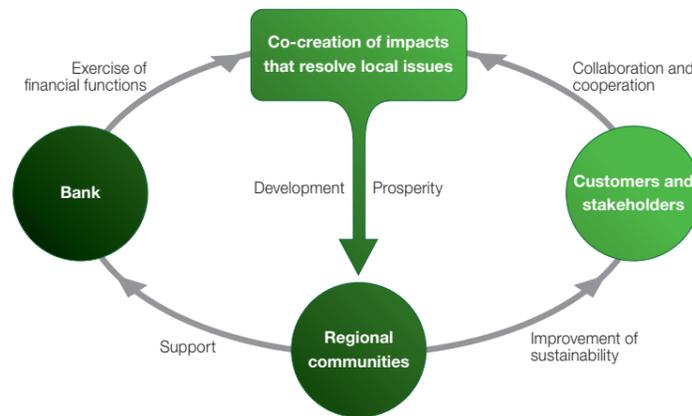
Implementing the Principles for Responsible Banking



We became the first regional bank in Japan to sign the Principles for Responsible Banking (PRB), which was drafted by the United Nations Environment Programme Finance Initiative (UNEP FI*) and launched in September 2019. Together with more than 300 other signatory financial institutions, we practice finance with sustainability at the core of business.

The PRB provide a framework for a bank to take a leading role and responsibility as a financial intermediary and voluntarily set out business strategies that are aligned with the Sustainable Development Goals (SDGs) and the Paris Agreement based on the recognition that sustainable social prosperity is key to development of the banking industry. In accordance with the six principles of the PRB, signatory banks are required to set their own strategies and targets and engage and partner with stakeholders including customers so as to increase the positive impacts as well as reduce the negative impacts of their business activities on the environment and regional communities.

*The United Nations Environment Programme Finance Initiative (UNEP FI)
UNEP FI was established in 1992 by the United Nations Environment Programme, a UN auxiliary organization that was formed in 1972. It is a partnership of more than 500 financial institutions, etc. around the world that is working to transform into financial systems integrating economic development with ESG (environmental, social, and governance) considerations.



Six principles of Principles for Responsible Banking

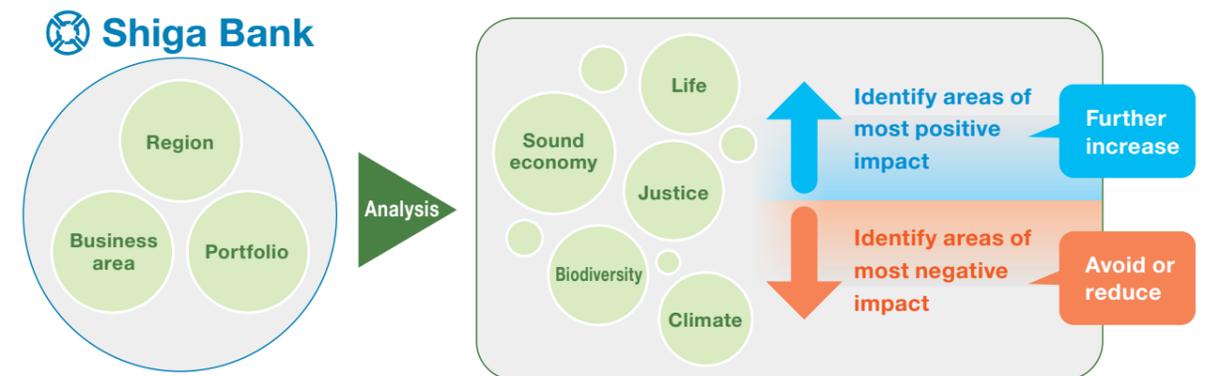
We are committed to the following principles set forth in the Principles for Responsible Banking.

- Principle 1: Alignment**
 We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Agreement, and relevant national and regional frameworks.
- Principle 2: Impact and Target Setting**
 We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.
- Principle 3: Customers (Corporate and Retail)**
 We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.
- Principle 4: Stakeholders**
 We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.
- Principle 5: Governance and Corporate Culture**
 We will implement our commitment to these Principles through effective governance and a culture of responsible banking.
- Principle 6: Transparency and Accountability**
 We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Concept of impact assessment

In accordance with the impact protocol published by UNEP FI, we take the following steps to conduct an impact assessment of the Bank's business activities. Through impact assessment, we identify the "most positive areas" and "most negative areas" that have an impact on the environment and society, and work to further increase positive areas and avoid or reduce negative areas, leading to sustainable prosperity for the region.

Image of initiatives based on impact assessment



Steps towards implementation (disclosure)

The PRB require signatory financial institutions to implement initiatives and disclose their progress in accordance with the following steps. Specifically, signatories are required to disclose the first report and self-assessment regarding the principles within 18 months of signing, and annually thereafter, and to conduct an impact analysis, set and implement targets, and achieve accountability within four years.

The Bank made its first disclosure in fiscal year 2021 and has provided disclosure annually thereafter in line with the PRB.



The Bank discloses reports on its website. Scan here for more details.

<https://www.shigagin.com/csr/report/>



Initiatives for Co-existence and Co-prosperity with the Global Environment

Achievement of Shiga Bank Group's SX based on CSR

Many companies are starting to work toward Sustainability Transformation (SX), which means management and business transformation to synchronize corporate sustainability with social sustainability.

With "regional communities," "all employees," and "environment" as the three pillars of CSR, the Bank has developed various initiatives ranging from various regional contribution activities and environmental volunteer activities to the provision of social problem-solution type products and services.

From global issues such as climate change and biodiversity to issues specific to regions, we will strive to improve our ability to generate long-term sustainable sources of growth (earning power) by achieving SX through an approach unique to a regional financial institution.



Lake Biwa is an asset we hold in trust for the future

In Shiga Prefecture, where the Bank is headquartered, Lake Biwa is an integral part of our lives and is considered to be an asset we hold in trust for the future. Lake Biwa is home to over 1,700 species of aquatic plants and animals, around 60 of which are unique to the lake, and supports the lives of 14.5 million people living nearby. It is one of the world's oldest lakes with a history of approximately four million years. We recognize that it is our mission in the modern world to "bring it back to the future" in its natural state.

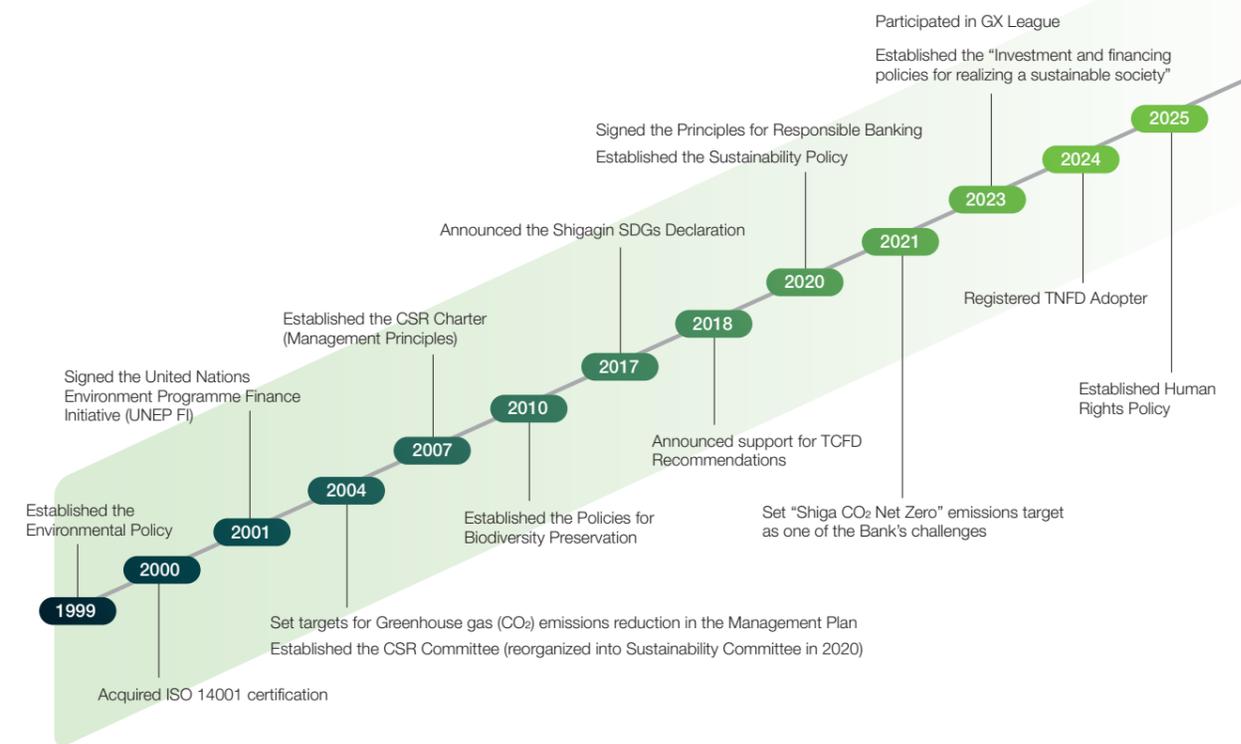
As a financial institution carrying on the "Sampo yoshi" philosophy of the Omi Merchants, the Bank has been practicing environmental management since the 1990s, incorporating environmental considerations into corporate management, and has been working to solve environmental issues by offering a wide range of environmental finance products and services. Amid growing concern about climate change and biodiversity, we have developed ESG finance by leveraging the advantage gained through experience to contribute to society, thereby balancing environmental conservation with the enhancement of corporate value.

Basic policy on sustainability

We formulated our "Environmental Policy" in 1999 and "Policies for Biodiversity Preservation" in 2010 to promote initiatives for climate change and biodiversity preservation as important management issues. In addition, we established the "Sustainability Policy" in October 2020, the "Investment and financing policies for realizing a sustainable society" in January 2023, and the "Human Rights Policy" in March 2025, and are promoting efforts to increase positive impact and avoid or reduce negative impact toward "co-existence and co-prosperity" with the global environment and regional communities.



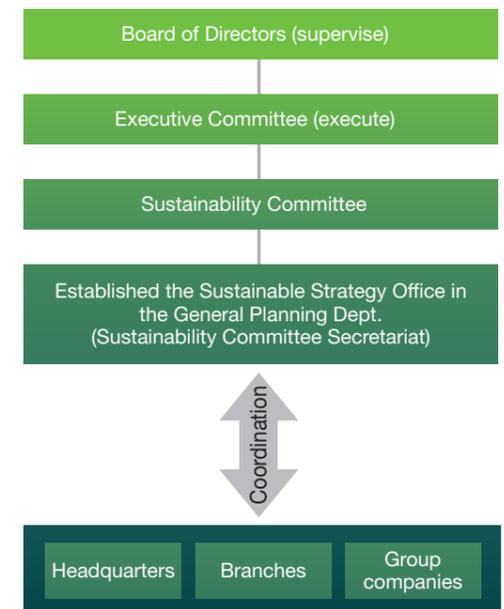
Timeline



Governance on sustainability

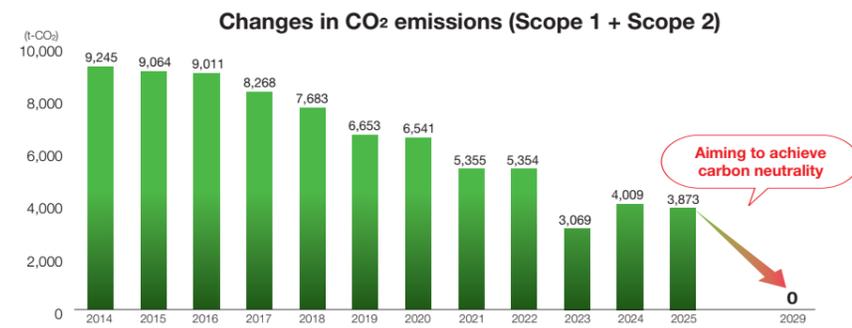
Recognizing sustainability as a core theme of our business activities, we discuss these matters at the meetings of the Board of Directors and reflect the outcome in our management strategy and risk management. Specific measures and initiatives are discussed at the Sustainability Committee chaired by the President, the content of which are reported to the Board of Directors at least once a year. The Board of Directors is fully prepared to execute appropriate supervision on matters reported.

The Sustainability Committee meets four times a year with Management Meeting members, General Managers of each department and office, and presidents of consolidated subsidiaries as Committee members. Under the theme of medium- to long-term management issues such as regional decarbonization, the Committee utilizes the results of impact analysis as defined by the Principles for Responsible Banking and analysis recommended by the Task Force on Climate-related Financial Disclosures (TCFD) or the TNFD (Taskforce on Nature-related Financial Disclosures), and reports on important matters to the Management Meeting (Executive Committee) and the Board of Directors.



Shiga Bank Group's own initiatives to decarbonize

We have set a target in the Business Plan to achieve net zero greenhouse gas emissions (Scope 1 + Scope 2) by the fiscal year ending March 31, 2029, and have been promoting decarbonization initiatives.



| Main measures being implemented to decarbonize | |
|--|--|
| Improving business efficiency | Integration of locations, provision of Internet-completed housing loans, etc. |
| Further promotion of energy conservation | Switching to LED lighting, updating to high-efficiency air conditioning equipment |
| Reduction of fossil fuel consumption | Phased switching to HVs, EVs, FCVs, etc. |
| Utilization of renewable energy | Installation of solar power generation equipment in newly built or reconstructed offices and branches Switching to a plan with virtually zero CO ₂ emissions for electricity used on the headquarters premises (from 2022) |

Initiatives to decarbonize the portfolio

We have set the achievement of a carbon neutral society by 2050 as an achievement image of the long-term strategy, and are working to reduce greenhouse gas (GHG) emissions throughout its supply chain. In particular, as a financial institution, we recognize the importance of reducing emissions from investment and financing (financed emissions) and are focusing on decarbonization initiatives through engagement with regional customers.

GHG emissions

The table below shows GHG emissions taking into account carbon offsets and other factors.

| Classification | Energy use/ non-energy GHG | Emissions (tCO ₂ e) | |
|------------------------|-------------------------------|---------------------------------|------------|
| Scope 1 | City gas | 27,119 m ³ | 56 |
| | LP gas | 81 m ³ | 1 |
| | Gasoline | 198,379 L | 454 |
| | Fuel oil | 0 L | 0 |
| | Diesel oil | 3,930 L | 10 |
| | HFC | 96 kg | 156 |
| Subtotal | | 670 | |
| Scope 2 | Electricity | Market-based | 3,203 |
| | | Location-based | 5,556 |
| Scope 3 | Category 1 | Purchased products and services | 10,845 |
| | Category 2 | Capital goods | 1,162 |
| | Category 3 | Other fuel energy | 1,039 |
| | Category 4 | Transportation (upstream) | 482 |
| | Category 5 | Wastes | 62 |
| | Category 6 | Business travel | 149 |
| | Category 7 | Commuting | 1,107 |
| | Category 15 | Investment and financing | 18,048,819 |
| Subtotal | | 18,063,664 | |
| Scope 1-3 total | | 18,067,538 | |
| | | Market-based | 18,069,890 |
| | | Location-based | 18,069,890 |

*We implemented 6 tons of carbon offsets from Scope 1.
*The weighted average DQ is the weighted average of the DQs for the individual investments.
*The numbers in the total column for carbon intensity and weighted average DQ are the carbon intensity and the weighted average DQ for the total emissions of the relevant portfolio.

Scope 3 Category 15
Details of business loans & unlisted shares and listed shares & corporate bonds
Emissions by industry (carbon-related sectors based on TCFD recommendations)

| Industry | All | | |
|---------------------------------------|--------------------------------|---|--------------------------------------|
| | Emissions (tCO ₂ e) | Carbon intensity (tCO ₂ e/million yen) | Weighted average DQ (value-weighted) |
| Energy | 1,888,730 | 12.1 | 2.1 |
| Transportation | 5,803,617 | 21.3 | 2.1 |
| Materials and Building | 6,231,217 | 6.0 | 3.0 |
| Agriculture, Food and Forest Products | 1,330,951 | 12.7 | 2.8 |
| Other | 2,467,414 | 1.8 | 3.4 |
| Total | 17,721,930 | 6.0 | 3.0 |

| Industry | Business loans & unlisted shares | | |
|---------------------------------------|----------------------------------|---|--------------------------------------|
| | Emissions (tCO ₂ e) | Carbon intensity (tCO ₂ e/million yen) | Weighted average DQ (value-weighted) |
| Energy | 1,666,147 | 11.9 | 2.1 |
| Transportation | 2,641,914 | 13.0 | 2.4 |
| Materials and Building | 4,947,925 | 5.5 | 3.2 |
| Agriculture, Food and Forest Products | 1,298,615 | 14.7 | 3.1 |
| Other | 2,016,997 | 1.9 | 3.6 |
| Total | 12,571,598 | 5.3 | 3.2 |

| Industry | Listed shares & corporate bonds | | |
|---------------------------------------|---------------------------------|---|--------------------------------------|
| | Emissions (tCO ₂ e) | Carbon intensity (tCO ₂ e/million yen) | Weighted average DQ (value-weighted) |
| Energy | 222,583 | 14.2 | 1.8 |
| Transportation | 3,161,704 | 46.1 | 1.1 |
| Materials and Building | 1,283,292 | 9.3 | 1.6 |
| Agriculture, Food and Forest Products | 32,336 | 1.9 | 1.5 |
| Other | 450,417 | 1.4 | 2.7 |
| Total | 5,150,332 | 9.0 | 2.2 |

The Bank has obtained third-party assurance from Socotec Certification Japan regarding the reliability, accuracy, and transparency of the above figures for energy consumption and greenhouse gas emissions for fiscal year 2024.

Climate initiatives (Response based on TCFD recommendations)

Recognition of risks, opportunities and impacts

The Bank assesses risks and opportunities associated with climate change for the time frames of short-term (5 years), medium-term (10 years), and long-term (30 years).

With regard to the risks and opportunities that have been recognized, we are making efforts related to CO₂ emissions reduction and also considering reflecting the findings in our investment and financing strategy.

| Type of risk/opportunity | Impact on business | Timing of manifestation | |
|--------------------------|--|--|---------------------------------------|
| Transition risks | Policy and legal Market Technology | Impact on the Bank's credit costs arising from actions that the Bank takes in response to decarbonization policies and regulations in order to achieve the 1.5°C scenario, or from changes in market orientation towards low-carbon via the impact of such changes on the business and performance of investment and financing targets | Medium term or long term |
| | Policies | Establishment of, or amendments to, regulations following the global trend toward increased actions against climate change | Short term |
| | Reputation | Negative rumors resulting from lack of efforts against climate change or insufficient disclosure of information | Short term |
| Physical risks | Acute risks | Impacts on the Bank's credit costs arising from the impacts of increased natural disasters such as floods on the business and performance of investment and financing targets | Short term, medium term, or long term |
| | Chronic risks | Risk of damage to the Bank's assets from natural disasters such as floods | Short term, medium term, or long term |
| Opportunities | Products/ services | Increased capital needs of companies related to the development of low-carbon products and services | Short term, medium term, or long term |
| | Resource efficiency, energy source | Reduced costs of companies as a result of efforts for the transition to a decarbonized society; increased capital needs related to such transition | Short term, medium term, or long term |
| | Reputation | Increased business opportunities resulting from our higher social reputation as a financial institution that contributes to decarbonization of regional communities | Medium term or long term |

Financial impact (Scenario analysis)

We simulate financial impacts related to climate change by referencing multiple future scenarios published by public organizations, etc. and conducting scenario analysis. Transition risks refer to the risks associated with the tightening of regulations and other factors that arise in the process of transitioning to a decarbonized society. Physical risks refer to the risks of direct loss due to severe natural disasters, etc.

The results of the analysis are as follows. The financial impact arising from an increase in credit costs is expected to be limited, as cost reduction can be achieved by way of medium- to long-term efforts.

| Transition risks | Details |
|-----------------------|---|
| Scenarios used | Three of the Network for Greening the Financial System (NGFS) scenarios are used. (1) Net Zero 2050 (immediately start working toward 2050 Net Zero) (2) Delayed transition (status quo until 2030, starting work on 2050 Net Zero from 2030) (3) Current Policies (no additional measures are taken and global warming continues at the status quo) |
| Sector to be analyzed | The following sectors were selected from two perspectives, the impact of climate change risk and the Bank's exposure. (1) Electricity sector (2) Oil, coal and gas (3) Transportation sector (land transportation) |
| Analysis period | Up to 2050, with March 31, 2024, as a base |
| Metrics | Credit-related expenses (credit costs) *Credit costs based on borrower classification |
| Results of analysis | A total of 3.0 billion to 15.5 billion yen increase in credit costs |

| Physical risks | Details |
|---------------------------------|---|
| Scenarios used | IPCC's "RCP8.5 Scenario" (4°C Scenario) *Assuming a 1-in-100 year flood event |
| Area of analysis | The whole areas of Shiga and Kyoto Prefectures Japan |
| Subject entities to be analyzed | Borrowers of business loan (excluding large corporations) Offices and Branches of the Bank |
| Metrics | Credit-related expenses (credit costs) due to flood damage (1) Deterioration in the classification of borrowers due to a decrease in sales caused by the suspension of business of credit counterparties (2) Decrease in coverage ratio due to damage to real estate collateral |
| Results of analysis | Increase of approximately 2.7 billion yen in credit costs 38 locations (35.8%) flooded |

Initiatives for Nature Positive (natural revitalization) (response based on TNFD recommendations)

Shiga Prefecture, where the Bank is headquartered, is home to Lake Biwa, one of the world's oldest lakes with a history of more than four million years, and has long benefited from its natural resources. These benefits are deeply rooted into the history, industry, food culture, and lifestyle of Shiga Prefecture. On the other hand, biodiversity and ecosystem services have been deteriorating due to global warming, and the effects of specific alien species and land development. Therefore, initiatives for the conservation and restoration of natural capital have become an urgent issue in the sustainability of the regional economy.

Based on this understanding, in 2010, the Bank established the "Policies for Biodiversity Preservation" as a fundamental management policy. Furthermore, in January 2024, we endorsed the disclosure recommendations made by the Taskforce on Nature-related Financial Disclosures (TNFD) and registered as an TNFD Adopter. We will assess our portfolio's dependence on and impact on natural capital, and understand the risks and opportunities for the natural environment, with the aim of achieving "Nature Positive" (natural revitalization). We will work with our stakeholders to move forward with our initiatives in stages and disclose our progress.

<Analysis of the relationship between each sector and natural capital>

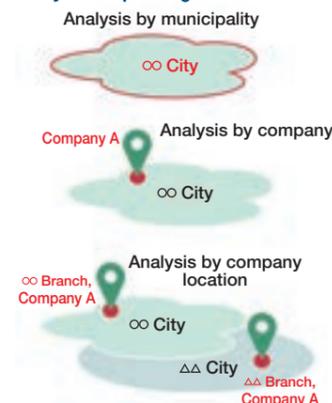
To identify nature-related dependencies and impacts, we used the LEAP approach*1 outlined in the TNFD framework and analyzed the dependencies and impacts on nature of our lending transactions by business sector using ENCORE*2. The analysis results are summarized in the following heat map.

| Sectors where interaction with nature is potentially important | Dependency | | | | Impact | | | |
|--|------------|-------|-----|------|---------|-------|-----|------|
| | Species | Water | Air | Soil | Species | Water | Air | Soil |
| Energy | | | | | | | | |
| Material | | | | | | | | |
| Transportation | | | | | | | | |
| Automobiles and automotive parts | | | | | | | | |
| Durable goods and apparel | | | | | | | | |
| Restaurants, food retailers, etc. | | | | | | | | |
| Food and beverage | | | | | | | | |
| Household goods and personal items | | | | | | | | |
| Pharmaceuticals and biotechnology | | | | | | | | |
| Semiconductors and semiconductor manufacturing equipment | | | | | | | | |
| Utilities, etc. | | | | | | | | |
| Real estate management and development, etc. | | | | | | | | |

Some dependency and impact
 High dependency and impact
 Very high dependency and impact

As a result, we have identified the "Food and beverage" sector as a priority sector for analysis within our overall loan portfolio. "Food and beverage" showed high overall dependency and impact, with particularly high dependency on "Water," "Air," and "Soil," and high impact on "Water" and "Air."

Analysis scope image *Red: Analysis scope



<Relationships between natural capital and each location>

In order to analyze the geographical impact of dependency and influence, we conducted analyses by municipality, individual company, and business location. As a result, we identified regional variations in natural capital scores and water-related scores. In addition, analysis by each individual company and location showed a general tendency toward high dependence on water purification. This demonstrates that efforts to improve water quality around Lake Biwa are also important for our customers' business activities.

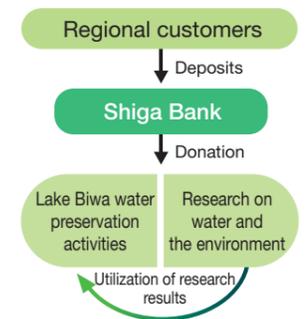
Going forward, we will look at further in-depth studies and expansion of the sectors analyzed, and will continue to promote initiatives aimed at achieving nature positivity.

*1 A comprehensive approach developed by TNFD for assessing nature-related issues, consisting of "discovery," "diagnosis," "evaluation," and "preparation"
 *2 A tool for identifying the degree of dependence on and impact of natural capital based on sectors and geographic information

Launch of "Lake Biwa Blue Deposit" to preserve the living creatures of Lake Biwa for future generations

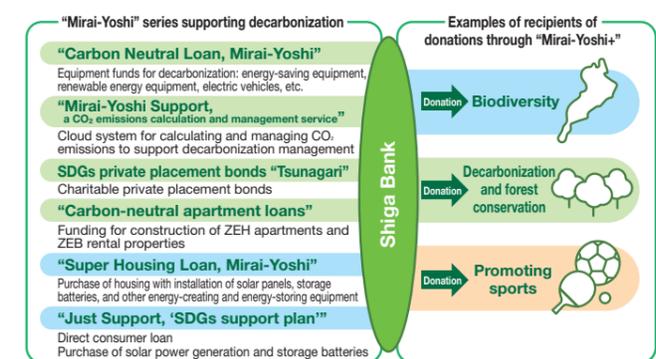
On July 1, 2025, Shiga Prefecture residents will observe "Lake Biwa Day," a day dedicated to thinking about the environment. On this day, the "Lake Biwa Blue Deposit" program will be launched to protect the biodiversity and water quality of Lake Biwa and safeguard its future. The bank will contribute an amount equivalent to 0.005% of the balance of the deposits, which will be donated to organizations engaged in research and activities related to water and the environment. This will enable customers to do their part to help preserve Lake Biwa through their deposits. This initiative contributes to addressing one of the Shiga Bank Group's materiality (P.25), "Water preservation in Lake Biwa."

The donations will be used for analysis and research necessary to assess and improve the biodiversity and water quality of Lake Biwa, with the aim of creating a system in which stakeholders surrounding Lake Biwa work together to move toward a nature-positive future.



"Mirai-Yoshi+," the donation scheme to promote SDGs in the region

This is a unique scheme whereby the Bank contributes funds based on the actual use of decarbonization-related loan products and donates to activities that promote the SDGs in the region. The funds will be used to donate to projects to release endangered species in Lake Biwa, such as the nigorobuna fish, and to purchase "Lake Biwa Carbon Credits" that will support forest conservation projects.



The Bank has utilized the "Lake Biwa Carbon Credits" purchased through "Mirai-Yoshi+" to hold carbon offset in the regional events to help raise awareness for the realization of a decarbonized society.



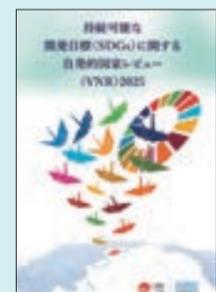
Regional events that we helped with carbon offsets in fiscal year 2024

- Inazuma Rock Fes 2024 (30 tons)
- Shiga Lakes 2024-25 season home games (30 tons)
- BIWAKO MARATHON 2025 (40 tons)
- LAKE BIWA TRIATHLON 2024 (5 tons)
- Biwako Floating School (Uminoko) (30 tons)

TOPICS Our activities were featured in the national review on SDGs.

Our carbon offset initiatives were featured in the Voluntary National Review (VNR) report on the SDGs issued by the government in June 2025 and announced at the United Nations Headquarters in July. The VNR report is a periodic report produced by UN member states outlining their progress toward achieving the SDGs, and this is Japan's third report in four years. The report features an article on the Biwako Floating School, in which fifth-grade elementary school students from Shiga Prefecture boarded the environmental education ship, "Uminoko," to participate in environment educational activities. The article highlights the Bank's initiative to provide Lake Biwa Carbon Credits to offset a portion of the greenhouse gas emissions generated during the operation of the "Uminoko."

For more details, please visit the Ministry of Foreign Affairs' "JAPAN SDGs Action Platform." <https://www.mofa.go.jp/mofaj/gaiko/oda/sdgs/effort/index.html>



Toward Attractive Regional Communities where Everyone can be Happy

Enhancing the attractiveness of the region is one of our ultimate missions as a regional financial institution. If a region loses its attractiveness, it will lead to population decline and the collapse of the community. On the other hand, if a region becomes more attractive, it will lead to an increase in the number of people interacting with the region and the creation of jobs, leading to sustainable prosperity. In order to create an attractive local community where everyone can live happily, the Shiga Bank Group is developing a variety of initiatives that go beyond the boundaries of business.

Providing opportunities to experience various types of culture —Shigagin Economic & Cultural Center—

We carry out a wide range of events and cultural projects mainly through the Shigagin Economic & Cultural Center Co., Ltd., one of the Group companies, providing opportunities for locals to participate and interconnect. The regular “Concert of the Ninth Symphony” is attended by a large number of people every year.



Aiming to improve welfare even further —Shigagin Welfare Fund—

The Shigagin Welfare Fund provides unique aid only to welfare projects within Shiga Prefecture. Inheriting the founder’s wish to repay everyone in the community who supports the Bank, we have provided a cumulative total of 547 grants totaling 426.84 million yen.



Keeping children healthy and happy worldwide —UNICEF’s Change for Good—

Every year from July to September, all Shiga Bank branches carry out UNICEF’s Change for Good program. The foreign coins we collect with the cooperation of locals help UNICEF activities. We started in 2013 and so far we have donated a total of 223.4 kg in coins to UNICEF.



Helping children grow healthily

Sponsoring the Shigagin Cup

We are sponsors of the Shigagin Cup (SFA under-12 football tournament), the biggest football match in Shiga Prefecture for elementary school students, to raise healthy children who are the bearers of our future and for community empathy. Since 2023, we have also been sponsoring a basketball tournament for elementary school students.



Athletes coaching local children

Basketball class for elementary school students

The Bank’s women’s basketball club, Lake Venus, teach special basketball classes at elementary schools. The special classes broaden children’s interests and foster their desire to learn.



Regional volunteer projects promoted to express our gratitude to the regional communities

We implemented various “SDGs Mirai-Yoshi activities” to express our gratitude to customers and regional communities that have supported the Bank. Looking ahead to the 100th anniversary and beyond, we will continue sustainable initiatives.

—SDGs activities section—

“Ikimonogatari” activities to protect Lake Biwa’s ecosystem through story-based environmental volunteering

In cooperation with local environmental protection groups, we are developing story-based environmental volunteering activities aimed at protecting Lake Biwa’s ecosystem. In addition to “invasive fish eradication and fishing” in the spring, “forestation support activities” in the summer, “reed seedling planting” in the fall, and “reed cutting” in the winter, we also participate in various activities carried out in the community. Local companies are also involved in the activities, which are helping to develop environmentally conscious human resources by involving stakeholders.



—Education section—

We provide financial education through classes targeting elementary school students to university students, as well as asset formation seminars and events for customers.

In fiscal year 2024, approximately 3,300 people participated. We will continue to promote financial literacy in the region through our unique educational activities.



As part of the 50th anniversary celebrations of the KENCHO Branch, we provided financial education to children who use the children’s cafeteria in Otsu City.



Employees of the Bank visit schools to conduct classes on SDGs and financial education.



We hold seminars on a wide range of topics, including NISA, investment trusts, insurance, and public pension systems.