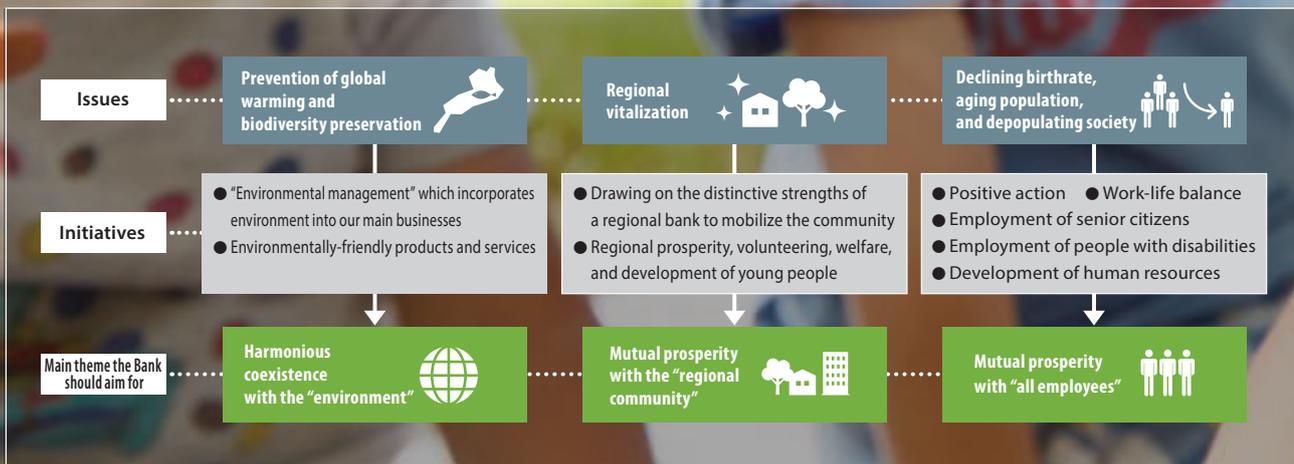


5.

Challenge to
a strategic CSR

Building a prosperous society where people and communities can grow



5. Challenge to a strategic CSR

CSR private placement bonds “Tsunagari”

Toward a society that can connect by prioritizing children's future

With “Tsunagari” CSR private placement bonds, an amount equivalent to 0.2% of total issue price is contributed by the Bank, and items that support children's learning and growth are donated to schools, to foster sound development of the next generation and build up links between regional communities and children.

This year marks approximately four years since the launch of CSR private placement bonds in 2014, a first for a regional bank in the Kinki region. With the support of a large number of companies, these private placement bonds have been issued 360 times, in a total issue amount of ¥31.2 billion. This allowed the Bank to donate goods equivalent to ¥47.62 million to 289 elementary and junior high schools and other organizations.

Structure of CSR bonds offered through private placement



Merits of introducing CSR private placement bonds for issuing companies

- Able to make contributions to society through school education
- Able to publicize the company's stance regarding CSR measures
- Leads to evidence of excellence as an enterprise and improvement of corporate image

“Shiho yoshi” with the regional community

Merchants in the Omi region had a philosophy called “Sampo yoshi” which means to bring happiness to three sides: the seller, the buyer, and society. Through CSR private placement bonds, we aim to add a fourth dimension — “good for local companies” — to our “Sampo yoshi” philosophy and so promote joint prosperity with the regional community.



- [The seller] Shiga Bank**
→ Excavation of the fund needs
- [The buyer] The issuing company**
→ Social contributions to the community, evidence of excellence as an enterprise, and improvement of corporate image
- [Public interest] Schools and children**
→ Donating items to support children's learning and growth
- [Something extra] Local companies**
→ Regional economic vitalization (purchase of donation items from local companies)

By continuing to supply a wide range of financial products, the Bank will work to realize the cherished goal of development of regional communities and a brighter future, and contribute to a better society.

Voice

Donations enabled by CSR private placement bonds

“I want to tell younger students about the significance of and thoughts on the CSR private placement bonds”

Thanks to money raised through “CSR private placement bonds,” we received a donation of 44 folding chairs. I learned that companies and Shiga Bank gave us this gift because they “wanted to support children's learning and growth,” which moved me. I imagined that companies created profits and played a useful role in society through manufacturing and other corporate activities, but with this gift, I learned that social contribution is one of the important roles of companies.

We shall take care of this gift and not forget our gratitude, and I intend to properly tell younger students about the significance of and thoughts on the CSR private placement bonds.

Ryo Yoshimoto, President of Student Council, Seta Industrial High School



Challenge to a strategic CSR

— NEXT STAGE —

Realizing a sustainable society

Main theme the Bank should aim for

Creation of shared values

Resolution of social issues (social value)

Enhancing corporate competitiveness (economic value)

Measures and results

Measure 1 

- New Business Support Loan
- Newly established "SDGs Plan"
- CSR private placement bonds "Tsunagari"
- CSR medical institution bonds "Hagukumi"
- Support for GAP accreditation
- ESG investment
- Crowdfunding:
- Business alliance with Shiga University

Measure 2 

- Renewal of ISO 14001 certification
- Energy usage reduction by repairing the administrative center
- Carbon-neutral branch
- Measures to reduce paper resources
- Environmental cost management and environmental accounting
- Replacement of lighting with LEDs

Measure 3 

- Empowering female employees
- Creation of a better workplace
- Measures for compliance
- Environmental volunteering
- Raising awareness of human rights
- BCP measures
- Shigagin Welfare Fund

Strategy

Strategy 1 **Resolution of social issues through our main business**

- Deepening of environmental finance
- Resolution of social issues (declining birthrate and aging population, depopulation, etc.)
- Support for the discovery of local resources (tourism, specialty products and culture)
- Strengthening networks and relationships (industry, government, academy and NPO)

Strategy 2 **Resolution of environmental issues in our operations**

"Eco-office creation"

- Reduction in greenhouse gas emissions
- Environment-conscious branches and facilities, resource saving
- Improvement of business efficiency, risk reduction (ISO 14001)

Strategy 3 **Strengthening the CSR foundations that support our main business**

- Legal compliance, BCP, supply chain
- Human resources development, empowering female employees and work-life balance
- Environmental volunteering and dialogue with the community

ISO 26000 (7 core issues)



CSR Charter (Management Principles)

Three mutual prosperities

- Mutual prosperity with the regional community
- Mutual prosperity with all employees
- Harmonious coexistence with the environment

Issues

Social issues



Biodiversity



Declining birthrate and aging population



Regional vitalization



Diversity



Climate Change

CSR basic information

CSR promotional stance

We established a CSR Committee headed by the President of the Bank for cross-organizational discussion of longer-term planning, and annual initiatives in CSR.

Organization Chart of Environmental Management



Environmental policy (established in October 1999 and revised in April 2010)

As a regional bank in Shiga Prefecture, home to Lake Biwa, an “asset to be held in custody for future generations,” the Shiga Bank has reaffirmed its mission of contributing to a sustainable society by further expanding applications for “environmental finance” and taking measures to ensure “prevention of global warming” and “biodiversity preservation” in the spirit of “protecting the global environment through the circulation of money.”

- 1) Conservation of resources and energy usage
- 2) Environmental protection through financial services
- 3) Complying with environmental laws and regulations, etc.
- 4) Participation of, and awareness-raising among, all employees
- 5) Disclosure of environmental policy

Policies for biodiversity preservation (established in August 2010)

The social mission of the Shiga Bank, whose headquarters is located next the Lake Biwa, one of the world’s great ancient lakes and home to a wide range of wildlife, is “environmental management.” We are committed to protection of the “blessings of the earth” in all their biodiversity and to building a sustainable society in partnership with local communities.

- 1) Activities for protection of biodiversity launched by employees of all grades
- 2) Creating networks in partnership with all stakeholders across the region
- 3) Enhancement of environmentally-responsive financial products and services

External communication

Certified as Eco-First Enterprise

In July 2008, the Bank submitted its “Eco-First Commitments” to the Minister of the Environment, the first in the financial industry in Japan and was certified as “Eco-First Enterprise.” As an environmental front-runner, we will set challenging targets, and commit ourselves to fulfillment of pledges.

In addition, we are working in collaboration with staff members in charge of CSR/environment from the ten “Eco-First Enterprises” headquartered in Kansai as “Eco First in Kansai.”



“Eco First in Kansai” volunteer program for eliminating fishes of foreign origin and fishing



Signed the UNEP FI Statement

In 2001, we became the first commercial bank in Japan to sign the “UNEP Statement of Commitment by Financial Institutions (FI) on Sustainable Development.”



Initiatives for ISO 14001

The Bank has operated an environmental management system over the 19 years since obtaining ISO 14001 certification in 2000. In fiscal 2016, we completed the transition to the fiscal 2015 version and will take further steps to streamline our main business through integration of EMS into business processes.



Signed the Principles for Financial Action for the 21st Century

The Bank has signed the “Principles for Finance Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)” which was established in October 2011.



As a member of Shiga Green Purchasing Network

We participate in Shiga Green Purchasing Network, which aims at “creating green economy from Shiga.”



As a member of “Small Kindness Movement”

As the Shiga Headquarter of the Small Kindness Movement, we will contribute to the regional community through local environmental protection activities and donations of wheelchairs.

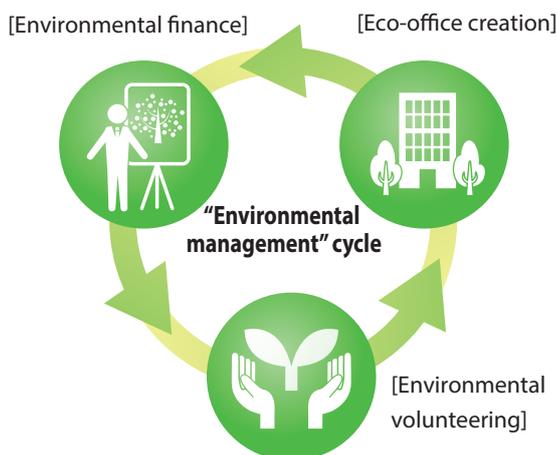


Harmonious coexistence with the environment — environmental management—

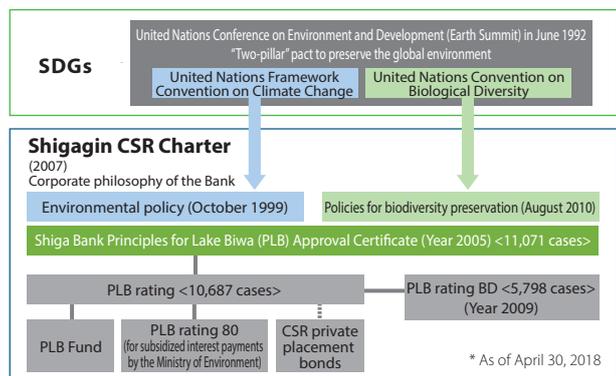
The social mission of our company, which is headquartered by Lake Biwa, is to pursue CSR based around “environmental management” which incorporates the environment in management. We are also committed to prevention of global warming and biodiversity preservation as well as building of a sustainable society.

Example of “environmental management” cycle

The Bank operates “environmental management” as a cycle in story-telling.



“Environmental finance”

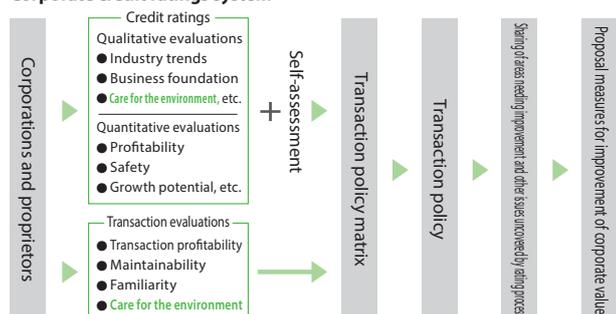


We are helping create a sustainable society through our role as a financial institution, such as development and provision of environmentally-responsive financial products and services.

Corporate credit ratings that take account of customer environmental awareness

Environmental awareness has been established as a “screening criterion” in the Bank’s “corporate credit ratings.” Customers’ environmental protection measures are reflected in these ratings.

Corporate credit ratings system



The Bank’s original environmental rating (PLB)

The Bank has established its own unique “Shiga Bank Principles for Lake Biwa (PLB)” to protect Lake Biwa and the global environment, and is enlisting support for these principles.

In addition, the Bank rates customers who have agreed with the principles of the PLB, using the “environmental rating (PLB rating)” based on the Bank’s unique evaluation standards. This is used as a tool for raising awareness of environmental management.

Customers who develop products or services that are practically useful in preserving the environment or introduce energy-saving facilities, etc. are eligible for funding under the “Principles for Lake Biwa support fund (PLB Fund).” The Bank offers a discount of up to 0.5% on annual interest rates on loans depending on degree of environmental commitment shown in the rating.

Three principles in Shigagin Principles for Lake Biwa (PLB)

- 1) We compile standards for production, marketing and services that are useful for environmental protection.
- 2) We aim to ensure environmentally-friendly corporate conduct without missing business opportunities.
- 3) We reduce environmental risk and realize a sustainable regional society.

ESG investment

As part of the “challenge to a strategic CSR” in the 6th Medium-Term Business Plan, we have purchased social contribution bonds (social bonds), which take into account ESG (environment, society and governance) considerations and fund investing in Japanese companies that proactively focus on reducing greenhouse gases, in order to resolve social issues through our core businesses and further enhance our level of social contribution and ability to spread information.

Looking ahead, we shall continue to engage in investment and financing that takes into account ESG considerations and SDGs (Sustainable Development Goals) while striving to enhance the profitability of assets under management, based on appropriate risk management.

Investment examples

- JICA (Japan International Cooperation Agency) bonds
- Low Carbon Japanese Equity Fund

Utilization of interest subsidies

The Bank was selected as a financial institution that offers the “Environmentally-Friendly Loan Interest Subsidy and Grant Program” which is implemented by the Ministry of Environment.

Eco-office creation

The Bank is actively promoting resource and energy usage reduction in accordance with the "Shigagin environmental policy."

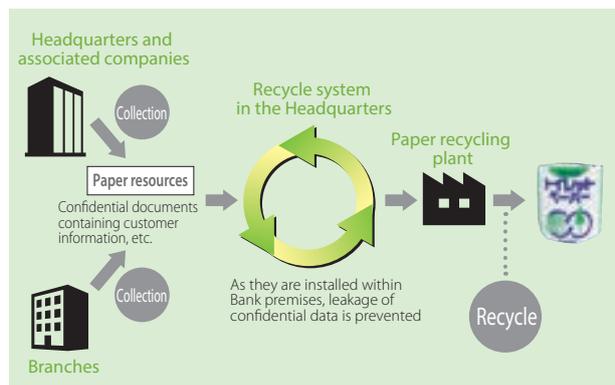
Power-saving measures

The "Shigagin Eco Style" summer campaign between May and October and winter campaign between December and March are implemented, while lighting is reduced and overtime is discouraged.

In fiscal 2016, we conducted repair works of the Headquarter administrative center installing the latest energy-saving facility and realized significant power usage reduction.

Recycle system in the Bank

We have established recycling systems within Bank premises and are taking measures to promote paper recycling and prevent data leakage.



Recommending eco-commuting and One Coin Eco Pass system

In 2011, the Bank was certified for excellence in eco-commuting. The Bank aims to raise awareness of eco-commuting in every employee, and encourages them to shift to commutation modes of low environmental impact such as trains, buses, bicycles, and walking.

We are recommending to our employees the "One Coin Eco Pass," an initiative led by the Shiga Bus Association, and are urging a shift from commuting in private cars to using public transport for environmental protection.

Development of environment-conscious branches

We are committed to environmental protection and reduction of greenhouse-gas emission volumes through inclusion at new branches of "solar panels," "solar street-lights," "LED lighting," "rainwater-harvesting equipment," "rooftop-greening" and other measures.

Ritto Branch was opened in 2015 as a "carbon-neutral store," which realize practically zero CO₂ emissions. We aim to raise environmental awareness among employees at our branches and the customers who use them.

* Image of a carbon-neutral system in Ritto Branch
Reducing CO₂ emissions by 34% using the energy-saving equipment, and the remaining 66% is covered by solar power generation.

Environmental volunteering

We are committed to protection of the environment and biodiversity so as to pass on to future generations the bountiful blessings that the global environment brings to us.

"Ikimonogatari" (Tales of Life) activities with a story

The Bank's "Ikimonogatari" activities, unique to Shiga Prefecture, are all about protecting the quality of water in Lake Biwa and protecting and developing spawning grounds and reed beds to protect, nurture and release Nigorobuna fish (*carassius auratus grandoculis*) and Wataka fish (*ischikauia*), endangered species unique to the Lake, and to eliminate invading alien fish species.

Initiatives rooted in the community

We are proactively involved in regional activities to improve the environmental awareness of employees, promote exchange among different areas and strengthen our links with the community.

Mutual prosperity with the regional community

Regional contribution through financing

Supporting athletes related to Shiga prefecture through time deposits

An amount equivalent to 0.005% of customer time deposit balances is donated to the "Lakes Sports Fund," which supports amateur sports.

In September 2017, the Bank donated ¥1,750 thousand. With an eye to the 2020 Tokyo Olympics and Paralympics and the National Sports Festival in 2024 in Shiga Prefecture, the Bank seeks to support sports within the prefecture and revitalize the region.



Aiming to improve customer satisfaction

Ensuring worry-free services for as many customers as possible

From the perspective of CSR, the Bank organizes "training courses for dementia support personnel" (as of April 30, 2018, enrolment totaled 510), "classes simulating the experience of the aged," "AED training" and other measures for all employees to improve employee skills in service provision. We are also making branch facilities barrier-free.



Services for the hard of hearing, writing boards and illustrated guidance panels



AED (Automated external defibrillator)



Convex glasses and magnifying glasses

Social contributions rooted in the community

We are taking measures to support welfare activities and development of young people's talents.

Grants for innovative and pioneering regional welfare activities

The "Shigagin Welfare Fund," a social welfare corporation, was established in 1984 to commemorate the 50th anniversary of the foundation of the Bank. It is a unique fund in Japan, making a wide range of grants for experimental and pioneering welfare initiatives being developed within the prefecture. Grants are limited to Shiga Prefecture.

In fiscal 2018, the 34th round of grants was paid out, with a total of ¥6.62 million approved for eight projects. A total of 481 projects have been approved to date, and cumulative grants totaled ¥360.17 million.



Financial education for the next generation

The Bank arranges financial education including study of the mechanisms of banking and the roles of money to foster self-reliance in children and help them interact with society.

In addition to arranging visiting lecturers and "challenge week" work-experience sessions for junior high school students, the Bank in fiscal 2016 held Shigagin Junior Learning Team financial classes for children of employees.



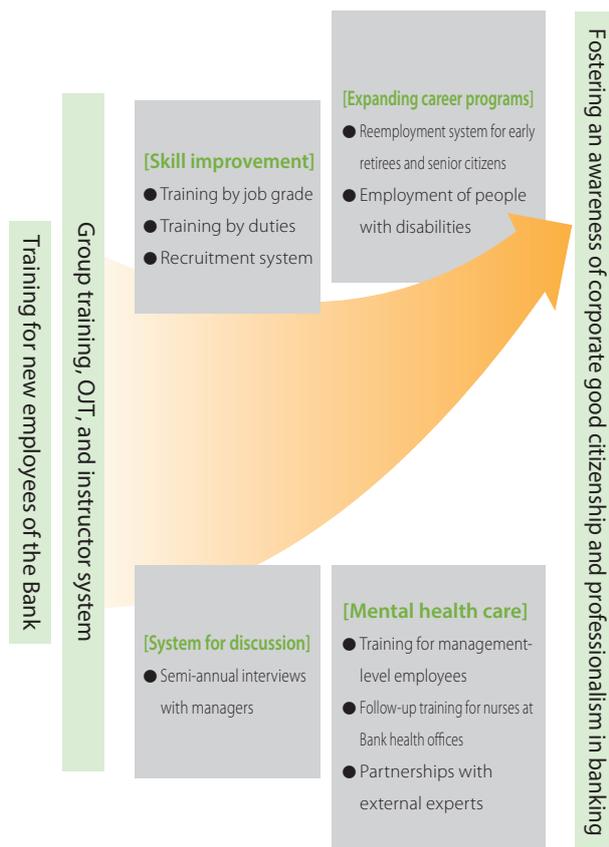
Mutual prosperity with all employees

Respecting the human rights and individuality of each and every executive and regular employee, we are working to build a satisfying workplace.

Developing “human resources”

We arrange “human resource” training based on learning daily communication skills, so as to further develop all employees and equip them with the skills to optimally serve the customer.

Personnel development policy for fiscal 2018 is geared to “fostering an awareness of corporate good citizenship and professionalism in banking.”



Creating a “healthy” working environment for mind and body

We believe that the mental and physical “health” of our employees is essential for our sustainable development. We are creating an environment where each employee can work in a lively, healthy manner.

Raising awareness of human rights

To cultivate human rights sensitivity, the Bank organizes employee training sessions to deepen understanding of sexual harassment, power harassment, Dowa discrimination and other human rights issues.

In fiscal 2018, the Bank organized a range of training courses with the theme of “Understanding the basic principles of human rights and raising awareness of human rights.” We make efforts for human rights enlightenment through other initiatives, such as displays of various kinds of posters and asking a wide range of employees to come up with slogans.

Work-life balance

To promote a better work-life balance, we have enhanced our various leave systems. In fiscal 2018, we established a new “work-life balance leave,” in order to further enhance work-life balance.

- Half-day annual paid leave system
- Spouse maternity special leave system
- Work-life balance leave system
- Refresh leave system
- Anniversary leave system

For health in mind and body

- Mental health care
 - Check stress levels
 - Training for managers by occupational physicians
- Regular health checkups and complete physical examinations

Positive action

In 2006, the Bank established its “Committee for Advancing Women’s Success” as part of measures to ensure meaningful equality of opportunity and build a society in which men and women participate together. We promote the empowerment of women of ambition and ability.

Expanding systems to support childcare

As a company that supports good parenting based on the Act on Advancement of Measures to Support Raising Next-Generation Children, the Bank was awarded “Platinum Kurumin certification,” the first for a regional bank in the Kinki area, on April 20, 2016.

We have introduced systems for maternity and childcare, and created a parent-friendly workplace with easy-to-use systems. We also provided mental health care follow-up and career development support. In the fourth period (April 2014 to March 2016), the Bank took further measures for promotion of men’s participation in childcare.

Looking ahead, we will continue to expand our support for childcare and to create a better workplace environment.



Empowering female employees

The Bank’s action plan in response to the Act on Promotion of Women’s Participation and Advancement in the Workplace

Period of the plan: April 1, 2016 to March 31, 2020

- Proportion of women in management (general manager level or higher): more than 5%
- Proportion of women in management (senior staff level or higher): more than 25%
- Percentage of women involved in corporate PR: more than 20%

We support women’s advancement in the workplace through seminars and other events. We will take further measures to develop the roles of women in the workplace.

CSR initiatives –evaluation from society–

Awarded “Supporting Sponsor Prize” at the 2nd Green Ocean Award 2018

At the 2nd Green Ocean Grand Award (hosted by alterna Co., Ltd., etc.), the Bank was awarded the Supporting Sponsor Prize “Furutta Furutta Prize.”

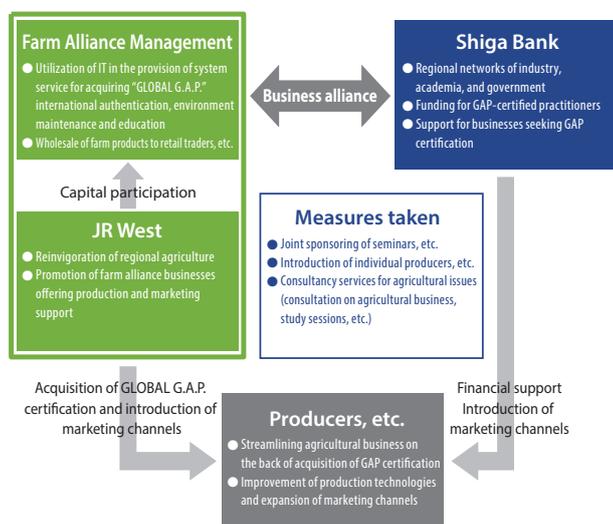
The “Green Ocean Grand Award” is awarded to outstanding examples of an “outside-in” approach (creating businesses based on social issues), as advocated by the SDGs.

The Bank was praised for measures to support acquisition of GAP certification including the “GAP* accreditation support plan,” a main-business support loan.



*GAP: Continuous improvement activities through accurate implementation, record-keeping, inspection, and evaluation of each process in agricultural production, in accordance with each inspection item pursuant to applicable laws and regulations required for agricultural production activities.

Measures to support acquisition of GAP certification



The Bank regards it as its mission as a regional financial institution to support the revitalization of sustainable agriculture through regional revitalization and CSR activities.

GAP is a measure aimed at improving food, environmental and workplace safety and strengthening the international competitiveness. The Bank aims to realize “sustainable agriculture,” foster young farmers, and encourage companies to enter the agriculture sector by supporting acquisition of GAP certification.

- '03 ● Awarded the Environmental Management Pearl Prize at the “1st Japan Environmental Management Award”
- '04 ● Awarded the Financial Institution Category Prize at the “2nd Integrity Award”
 - Awarded the Fujisankei Communications Group Prize at the “13th Global Environment Award”
 - Awarded the Shiga Labor Bureau’s Award
 - Certified as “FTSE4Good Global Index”
- '07 ● Awarded the “Manager of the Year Award” of ZAIKAI for fiscal 2006
 - Awarded Minister of the Environment Prize at the “9th Green Purchasing Award”
- '08 ● Awarded the Chairman’s Prize from the New Energy Foundation at the “12th New Energy Award”
 - Awarded the Grand Prize at the “5th Corporate Philanthropy Award”
 - Registered as a “Work-Life Balance Promotion Company”
 - Awarded the Grand Prize at the “BCAO Awards 2007”
 - Certified as a company that proactively works to support childcare based on the “Act on Advancement of Measures to Support Raising Next-Generation Children”
 - Certified as “Eco-First Enterprise” by the Ministry of the Environment
 - Awarded the “Kansai Eco Office Prize” for fiscal 2007
 - Awarded the “Minister of the Environment’s Commendation for Global Warming Prevention Activity” for fiscal 2008
- '09 ● Awarded the Prize for Encouragement at the “12th Environmental Communication Award”
- '10 ● Awarded the Special Excellence Award in the Environmental Report Category at the “13th Environmental Communication Award”
 - Awarded the Environmental Management Pearl Prize at the “8th Japan Environmental Management Award”
 - Ranked first in the nonmanufacturing sector/financial institutions category in the “14th Environmental Management Survey” by Nikkei Inc.
- '11 ● Awarded the judges’ special award at the “Stop Global Warming Award –Low Carbon Cup 2011–”
 - Awarded the Prize for Excellence in the Environmental Television Commercial Category at the “14th Environmental Communication Award”
 - Certified for the second time as a company that proactively works to support childcare based on the “Act on Advancement of Measures to Support Raising Next-Generation Children”
 - Awarded the Minister of Agriculture, Forestry and Fisheries Prize at the “2nd Contest for Corporate Activities on Biodiversity”
- '12 ● “Ikimonogatari activities” were included in the 2012 “Environmental White Paper”
 - Certified as Good Practice in the “Principles for Finance Action towards a Sustainable Society”
- '13 ● Awarded Grand Prize at the “15th Green Purchasing Award”
- '14 ● CSR activities of the Bank were included in the Contemporary Ethics textbook for high schools published by Shimizu Shoin
 - Earned double commendations at the “17th Environmental Communication Award”
 - Environmental Report Grand Prize in the Environmental Report Category (Minister of the Environment Prize)
 - Prize for Excellence in the Environmental Television Commercial Category (President of Global Environmental Forum Prize)
 - Certified again as “Eco-First Enterprise” by the Ministry of the Environment
 - Certified for a third time as a company that proactively works to support childcare based on the “Act on Advancement of Measures to Support Raising Next-Generation Children”
 - Awarded the Minister of Health, Labour and Welfare Prize at the “50th National Convention of the Blood Donation Drive”
 - Awarded the Prize for Encouragement at the 2nd “Miyako Environmentally Friendly Building” Reward System (Kyoto Branch)
- '15 ● Awarded the Prize for Excellence at the “1st Kaueco GRAND PRIX”
 - Awarded the Prize for Excellence in the Environmental Report Category at the “18th Environmental Communication Award”
 - Won the Outstanding Performance Award at the first “Low Carbon Towns and Buildings’ Contest” (Ritto Branch)
 - Won the Outstanding Performance Award at the “Integrity Award 2015”
 - Awarded the first prize at the “Kankyo Hito-zukuri Kigyo Taisho 2014”
 - Awarded the Shiga Labor Bureau Director’s award for promotion of equality and a better work-life balance for fiscal 2015 in the family-friendly corporate category
 - Awarded the first prize in the “2015 UCDA Award”
- '16 ● Certified as Good Practice at the 4th “Principles for Finance Action towards a Sustainable Society”
 - Adopted “Ikuboss declaration” (239 persons)
 - Awarded “Platinum Kurumin certification” based on the “Act on Advancement of Measures to Support Raising Next-Generation Children”
 - Commended as a business operator that excels in environmental protection at the Shiga Prefecture’s “Environment Protection Chairman’s Prize”
- '18 ● Awarded the “Supporting Sponsor Prize” at the 2nd Green Ocean Grand Award 2018
 - Awarded the “Bank of the Year,” the top award, and the “Community Contribution Grand Prize” at the “6th M&A Bank of the Year” hosted by Nihon M&A Center Inc.