

# Environmental Conservation and Effective Resource Utilization

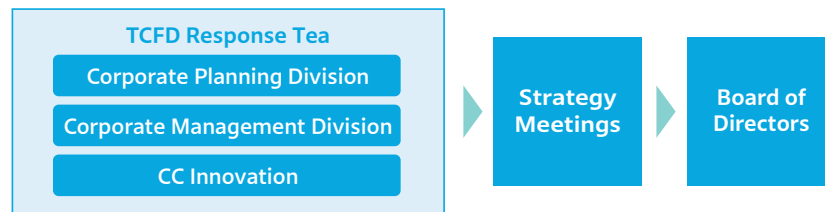
## TCFD-Based Climate Change Initiatives

Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose our activities based on the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets.

### Governance

A cross-functional project has been established, involving departments such as the Corporate Planning Division, Corporate Management Division, and the consulting subsidiary CC Innovation, to identify and discuss sustainability issues, including climate change. We have built a management system under which the Board of Directors makes decisions on climate-related policies and significant matters after discussions at strategy meetings attended by the President and other senior executives.

#### TCFD Governance Structure



### Strategy

For climate-related risks and opportunities, we have identified the following elements as “Transition Risk,” “Physical Risk,” and “Opportunity”:

#### Transition Risk (Assumed to be most significant under the 1.5–2°C scenario)

<b>Policy and regulatory risk</b>	<ul style="list-style-type: none"> <li>Decreased earnings at investees or impairment of existing assets due to cost growth incurred to limit carbon emissions</li> <li>Increased costs incurred to comply with domestic and international climate-related regulations</li> </ul>
<b>Technological risk</b>	<ul style="list-style-type: none"> <li>Decreased earnings at investees or impairment of existing assets due to changes in supply and demand for products/services</li> </ul>
<b>Market risk</b>	<ul style="list-style-type: none"> <li>Decreased earnings at investees or impairment of existing assets due to changes in supply and demand for products/services</li> </ul>
<b>Reputation risk</b>	<ul style="list-style-type: none"> <li>Deterioration of reputation and corporate brand due to delayed responses</li> <li>Lower external ratings due to insufficient information disclosure</li> <li>Reputational risk from continued business with partners insufficiently addressing climate change</li> </ul>

#### Physical Risk (Assumed to be most significant under the 4°C scenario)

<b>Acute risks</b>	<ul style="list-style-type: none"> <li>Risk of business disruption or increased costs for countermeasures and recovery due to damage to branch offices or other owned real estate</li> <li>Increased credit-related costs due to performance deterioration or collateral damage at investees caused by natural disasters</li> <li>Fluctuation in the value of owned securities due to deterioration in markets, investment environments, and credit of investees caused by climate disasters</li> </ul>
<b>Chronic risks</b>	<ul style="list-style-type: none"> <li>Increased facility and energy costs incurred to strengthen business continuity</li> </ul>

#### Opportunities

<b>Resource efficiency</b>	<ul style="list-style-type: none"> <li>Reduction of operational costs through paperless operations and improved efficiency</li> <li>Higher energy efficiency through the introduction of energy-saving equipment</li> <li>Efficient use of owned facilities</li> </ul>
<b>Energy source</b>	<ul style="list-style-type: none"> <li>Lower procurement costs through a shift in energy sources</li> </ul>
<b>Products and services</b>	<ul style="list-style-type: none"> <li>Expansion of financing and leasing opportunities alongside increased demand for investment in renewable energy and decarbonization-related equipment</li> <li>Expansion of consulting opportunities related to decarbonization</li> <li>Expansion of consulting opportunities in response to increased demand for paperless and efficient operations</li> <li>Expansion of consulting opportunities in response to increased demand for business transformation strategy formulation</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>Enhanced corporate image achieved through promotion of climate-related information disclosure</li> </ul>
<b>Resilience</b>	<ul style="list-style-type: none"> <li>Expansion of financing opportunities through infrastructure investments for disaster countermeasures</li> <li>Expansion of consulting opportunities in response to increased demand for BCP (Business Continuity Planning) countermeasures for disasters</li> </ul>

We utilize scenario analysis to understand the impact of climate-related risks and opportunities on our business, strategy, and financial planning. Referring to scenarios published by the Intergovernmental Panel on Climate Change (IPCC), and based on agreements such as the Paris Agreement and the decisions of COP26 in November 2021, we conducted two scenario analyses.

#### [Transition Risk]

Scenario analysis for transition risks was expanded to ten industries with the greatest potential impact on our company and regional customers, following the flowchart below.

#### [Physical Risk]

The analysis for physical risks was conducted using the 4°C and 2°C scenarios, focusing on the three Hokuriku prefectures as target areas.

## Environmental Conservation and Effective Resource Utilization

Results of Analysis	Transition Risks
<b>Risk Events Analyzed</b>	Potential deterioration of the financial conditions of clients due to decreased sales and increased costs accompanying the transition to a decarbonized society
<b>Target Sectors</b>	Metals and mining, food, land transportation/railways + air freight/logistics, machinery, apparel/textiles & luxury, construction/civil engineering, electric power, electrical equipment, automotive, chemicals
<b>Scenario</b>	Assumed to become most apparent under the 1.5°C–2°C scenario.
<b>Methodology</b>	Based on transition scenarios, forecasted the future business performance of the top 10 credit recipients in each sector (totaling 100 companies) and analyzed impacts on ratings and credit costs.
<b>Results</b>	Estimated increase in credit costs by FY2050: approximately 2.6 billion yen.
Results of Analysis	Physical Risks
<b>Risk Events Analyzed</b>	Deterioration in client business conditions and damage to owned properties/collateral, as well as company-owned properties in the three Hokuriku prefectures, in the event of a large-scale flood (on the order of once every 100 years) caused by climate change.
<b>Target Sectors</b>	Company branches and business-credit client buildings in the three Hokuriku prefectures, in areas where flood depth is estimated to exceed 0.5m.
<b>Scenario</b>	Analysis conducted using both 4°C and 2°C scenarios from the IPCC.
<b>Methodology</b>	For the above risk events, estimated the increases in credit-related costs and damages to company-owned assets from potential flooding through 2050 for each scenario, factoring in flood probabilities
<b>Results</b>	<ul style="list-style-type: none"> <li>Estimated impact on company-owned properties (up to 500 million yen under the 4°C scenario, up to 200 million yen under the 2°C scenario)</li> <li>Estimated increase in credit costs (up to 3.8 billion yen under the 4°C scenario, up to 1.3 billion yen under the 2°C scenario)</li> </ul>

### Risk Management

We have formulated “Integrated Risk Management Regulations,” which establish fundamental risk management priorities, including sustainability-related risks, and we identify risks to be managed based on their scale and characteristics. For the risks identified, we implement scenario analysis and establish investment/lending policies and sector policies for evaluation and management.

#### Investment and Lending Policies

<b>Businesses Actively Supported</b>	Initiatives implemented by clients relating to environment, society, and governance, as well relevant business activities
<b>Prohibited Businesses</b>	Businesses and organizations associated with anti-social forces, child labor and forced labor, and companies involved in the development or manufacturing of weapons of mass destruction (such as nuclear and chemical weapons), or inhumane weapons such as cluster munitions.
<b>Key Sectors</b>	Coal-fired power generation, cluster munitions manufacturing, forestry, palm oil plantation development

#### Sector Policies

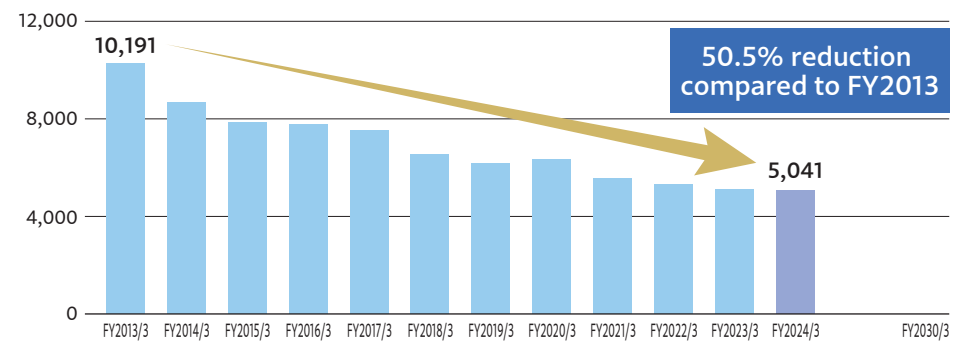
<b>Coal-Fired Power Generation</b>	In consideration of climate change risk response, environmental protection, and efforts toward sustainable energy, investment and lending for coal-fired power generation projects are examined carefully on a case-by-case basis.
<b>Cluster Munitions Manufacturing</b>	Given the inhumane nature of cluster munitions, investment and lending to companies engaged in their manufacturing are strictly prohibited.
<b>Forestry</b>	For large-scale forest clearing projects, we carefully consider investment and lending decisions based on the client’s environmental and social initiatives and the potential impacts on local environments and communities.
<b>Palm Oil Plantation Development</b>	To preserve forest resources, biodiversity, and human rights, investment and lending for palm oil plantation development are prohibited.

### Metrics and Targets

We have set a target of 100% reduction in our company’s GHG emissions (Scope 1 and 2) by fiscal year 2030 compared to fiscal year 2013. In line with the GHG Protocol, we are working to accurately measure emissions while actively implementing initiatives aimed at reduction.

#### Scope 1 and 2

In FY2024, we achieved a reduction of 5,041 t-CO<sub>2</sub>, amounting to a 50.5% decrease compared to FY2013.



#### Scope 3

CO<sub>2</sub> emissions from Category 15 (investments and loans) are regarded as a key reduction target among financial institutions. As in the previous year, Hokkoku Bank calculated these emissions based on its business loan clients.

※Calculation method: Scope 3 Category 15 (financed emissions) calculated in line with PCAF methodologies

#### CO<sub>2</sub> Emissions (Unit: t-CO<sub>2</sub>)

<b>Total for all industries</b>	<b>2,580,435</b>	
<b>top three industries</b>	<b>general machinery</b>	<b>337,775</b>
	<b>metal products</b>	<b>316,684</b>
	<b>construction work</b>	<b>247,984</b>

#### Initiatives Toward Reduction

To reach Scope 1 and 2 reduction targets, we are implementing “Nearly ZEB” standards for new branch construction and transitioning to EV (HV) vehicles. (▶ P65)

or Scope 3, we gather both qualitative and quantitative information on supplier initiatives and promote reduction efforts through consulting and advisory services in collaboration with municipalities and other financial institutions. (▶ P66)

## Environmental Conservation and Effective Resource Utilization

### Corporate Activities to Reduce Environmental Impact

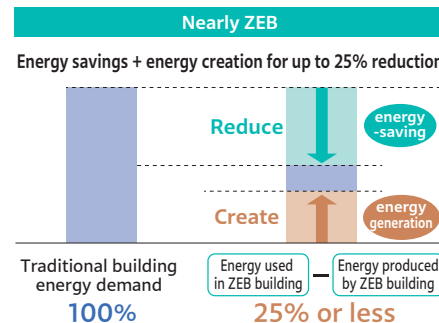
#### Implementation of ZEB Standards for New Branch Construction

In 2021, we established a policy to ensure all newly constructed branches comply with ZEB standards. Large-scale branches are built to “Nearly ZEB” standards, while smaller branches meet “ZEB Ready” criteria. All eight locations completed since 2022 have obtained either “Nearly ZEB” or “ZEB Ready” certification.



Hokkoku Bank Toyama Branch Newly Opened in July 2025

The rooftop features 108 solar panels. Designed with energy efficiency in mind, the branch has received the highest rating in the “BELS” environmental certification and achieved “Nearly ZEB” status.



#### Innovative Initiatives for Environmental Consideration

LEED is a globally recognized environmental performance evaluation system originating in the United States. It promotes cost and resource reduction, positively impacts health, and encourages the use of renewable, clean energy. At the “Hirooka Terrace” currently under construction next to the headquarters building, we are undertaking innovative measures to reduce energy consumption, decrease water usage, and select environmentally friendly building materials. (“Hirooka Terrace” is being submitted for “LEED GOLD” certification.)



#### Reduction of Company Vehicles and Transition to EV/HV

We are actively switching from gasoline vehicles, which have a large environmental impact due to exhaust emissions, to HV/EV vehicles, while also striving to reduce the total number of company vehicles.

● Number of business-use vehicles

	FY2023/3	FY2024/3	FY2025/3
Gasoline vehicles	408	359	338
HV/EV vehicles	52	85	88
Total	460	444	426

#### Initiatives for Forest Regeneration Using Tree Planting and Thinned Wood

Since 2010, Hokkoku Bank has been engaged in forest creation activities (“Hokkoku Forest”) on 0.7 hectares within Ishikawa Forest Park as part of its environmental conservation efforts. Additionally, since February 2023, we have deployed ATMs developed in-house using Ishikawa-grown wood (Noto cypress) at select branches.



Internally Developed ATM “Hokku Touch”

A total of 59 units installed at Hokkoku Bank branches

# Contributing to a Regional Carbon Neutral Society

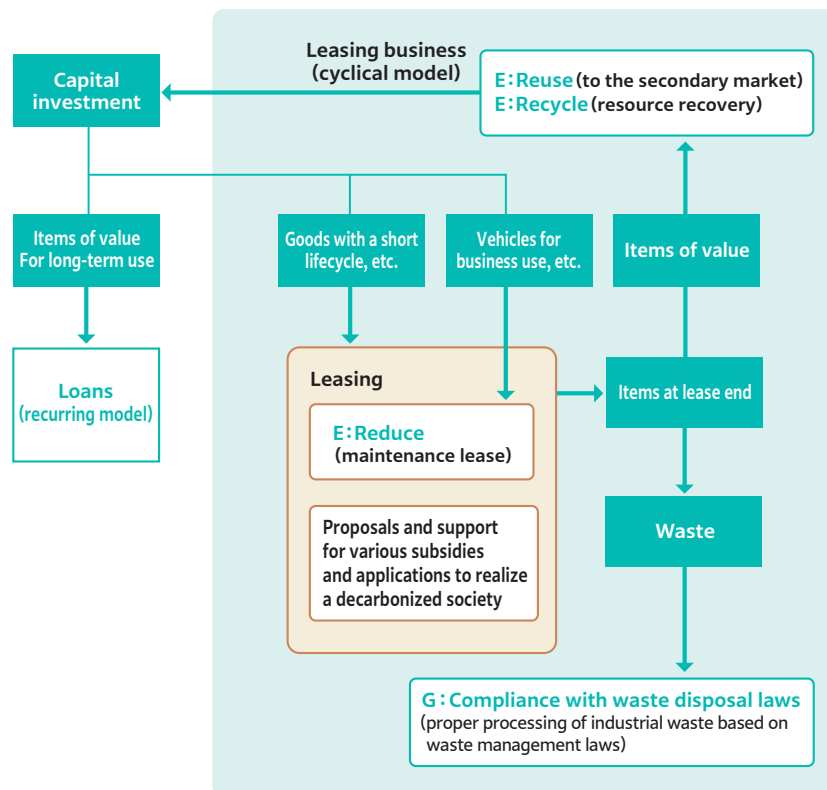
## Contribution to a Circular Economy Through Loans and Leasing

To help reduce Scope 3 CO<sub>2</sub> emissions, we conduct educational activities based on an understanding of business characteristics and provide appropriate support, such as information on subsidies and equipment financing, to meet customer needs.

Last year, we launched Positive Impact Finance. We support the creation of a sustainable society and economy by generating positive impacts across the “environment,” “society,” and “economy.” Through our group’s leasing business, we are promoting the 3Rs (Reduce, Reuse, Recycle), advancing our contribution toward a circular economy.

	FY2024 actual	FY2025	FY2026	FY2027
Number of companies positively engaged in thinking about ESG/SDGs through understanding of business characteristics	2,691	3,000	4,000	5,000
Number of hearings regarding calculation and recording status of greenhouse gas emissions	117	1,450	3,150	4,800
Number of sustainable finance deals handled (leases, loans)	119	150	220	300

● Visualizing the 3Rs (Reduce, Reuse, Recycle) through Leasing Business



## Consulting Functions and Provision of Appropriate Solutions

Our Consulting & Advisory business offers a menu of “ESG/SDGs Consulting” to support customers in sustainable management.

Addressing climate change is an urgent and important issue for companies, and we view GX (green transformation), like DX, as an essential part of fulfilling our customers’ visions. Through our understanding of each client’s business, we share their challenges and support their transformation.

## Dialogue with Local Governments and Regional Companies Toward a Community-Wide GX Vision

Achieving carbon neutrality requires not only our group, but also collaboration with local governments and regional businesses to expand efforts across the region. Since last year, we have launched dialogues with a variety of stakeholders and will continue to engage proactively.



November 19, 2024 “Hokuriku Region Decarbonization Seminar”

A panel discussion aimed at providing business hints for regional companies to enhance corporate value through decarbonized management, co-hosted by Hokkoku Bank and six other financial institutions.