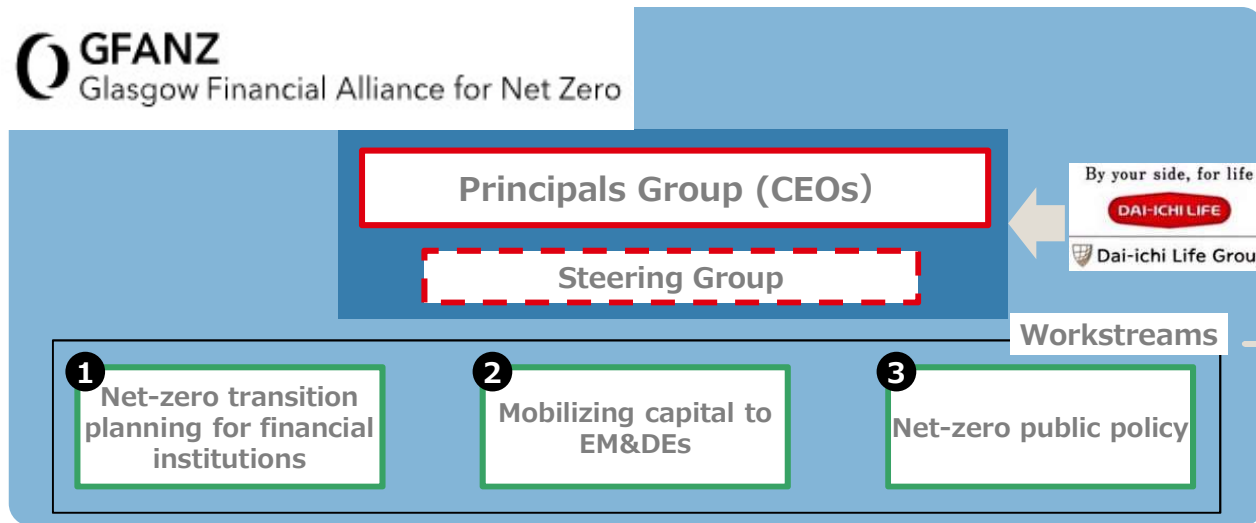


Glasgow Financial Alliance for Net Zero (GFANZ) : Structure

- ◆ Pan-financial sector initiative for the decarbonization of the world economy
- ◆ Brings together seven financial sector net-zero alliances, representing more than 550 members, into a global strategic coalition to address common challenges and elevate best practices across the sector

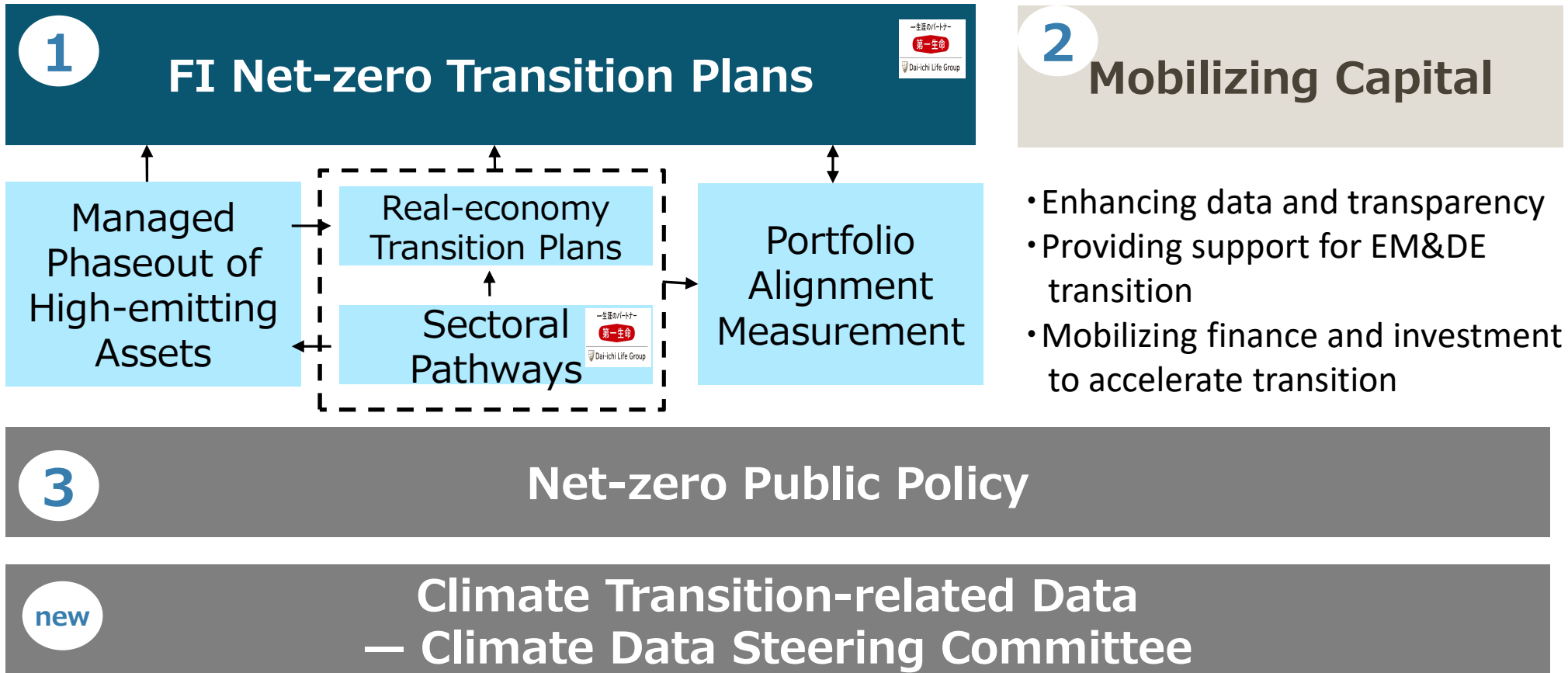


Three pillars of GFANZ work

- 1 • Support FIs develop net-zero transition plans
- 2 • Support non-financial sectors' move into sustainable business
- 3 • Mobilise capital to EM&DEs to support their decarbonisation and economic growth
- 3 • Make recommendations to policymakers and regulatory bodies

Financial Sector Alliances





Each box above represents a workstream. The arrow indicates that one is a reference for or input into the other.

June-July



*Consultation on
Recommendations and Guidance on Financial
Institution Net-zero Transition Plans*



Final report published on 1 Nov



*Guidance on Use of Sectoral Pathways for
Financial Institutions*

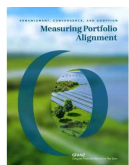


*Incorporating the
Managed Phaseout of High-Emitting Assets*



*Private Sector Statement: The potential for
country platforms to mobilize capital for net-
zero transition in emerging markets and
developing economies*

August



*Measuring Portfolio Alignment:
Enhancement, Convergence, and
Adoption*



Final report published on 1 Nov

September



*Expectations for Real-economy
Transition Plans*

October

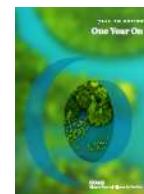


2022 Progress Report

November

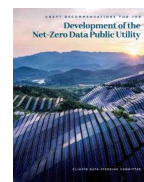


*Actions to Mobilize Capital to
Emerging Markets and Developing
Economies*



Call to Action : One year on

Related publication



*Recommendations for the Development
of the Net-Zero Data Public Utility*
(<https://www.gfanzero.com/net-zero-data-public-utility/>)

Our Policy on Transition Finance

- ◆ For the decarbonisation of the real economy, it is imperative to steadily advance a long-term transition strategy centered in high GHG emitting industries.
- ◆ In order to achieve net-zero portfolio by 2050 and contribute to the decarbonisation, we recently established a policy on Transition Finance to better support the financing of companies that pursue such strategies.

Prioritizing achieving long-term carbon neutrality for society as a whole

- Investment to Transition Finance could lead to temporal increases in GHG emissions allocated to our company and negatively impact our interim GHG reduction targets.
- However, considering that decarbonization of GHG-intensive industries is essential to achieve carbon neutrality, the realization of Transition will be prioritized than our interim target.

When making investment decisions, we examine the feasibility of a transition strategy in light of its alignment with major guidelines on transition finance and from the perspective of investment returns.

- As net-zero pathways vary depending on their business models, locations and other factors, we take into account these company-specific characteristics in examinations.

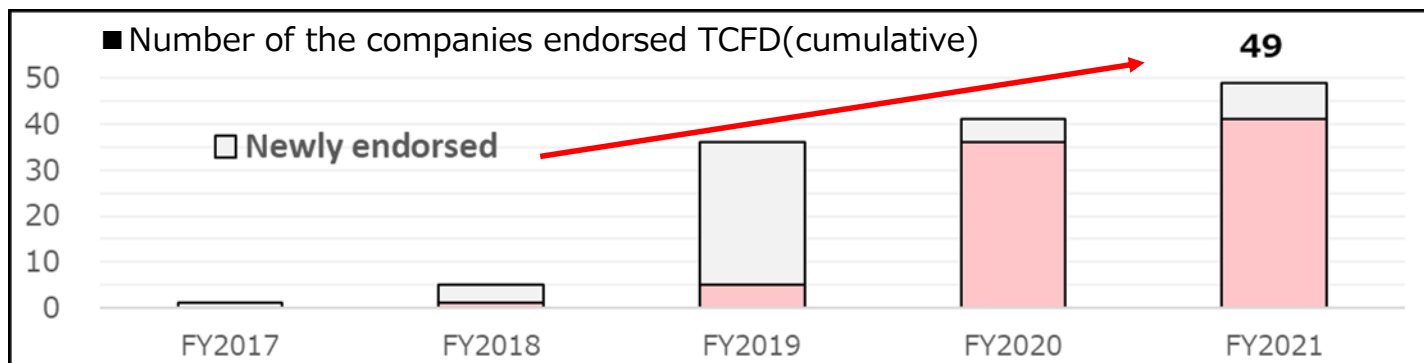
Continuously review the criteria for examining transition strategies in light of the external surrounding the transition finance, situations of technological innovations and other elements.



Based on the insights obtained in the examination process of transition finance, we conduct engagements with investee companies and encourage them to improve their transition strategies or effectiveness of their initiatives.

Reduction efforts by top 50 large emitters in our portfolio

- ◆ We have continued to conduct dialogue with investee companies on climate change issues, and from FY2021, we focused engagement with the top 50 GHG emitting companies in our investment portfolio.
- ◆ Among these 50 companies, those who endorsed TCFD and set goals toward carbon neutrality have remarkably increased. However, only limited number of companies conduct quantitative scenario analysis, and formulated a concrete roadmap toward carbon neutrality.
- ◆ We will continue to encourage their initiatives for GHG reduction through dialogue.



Disclosure of Roadmap for Carbon Neutrality

