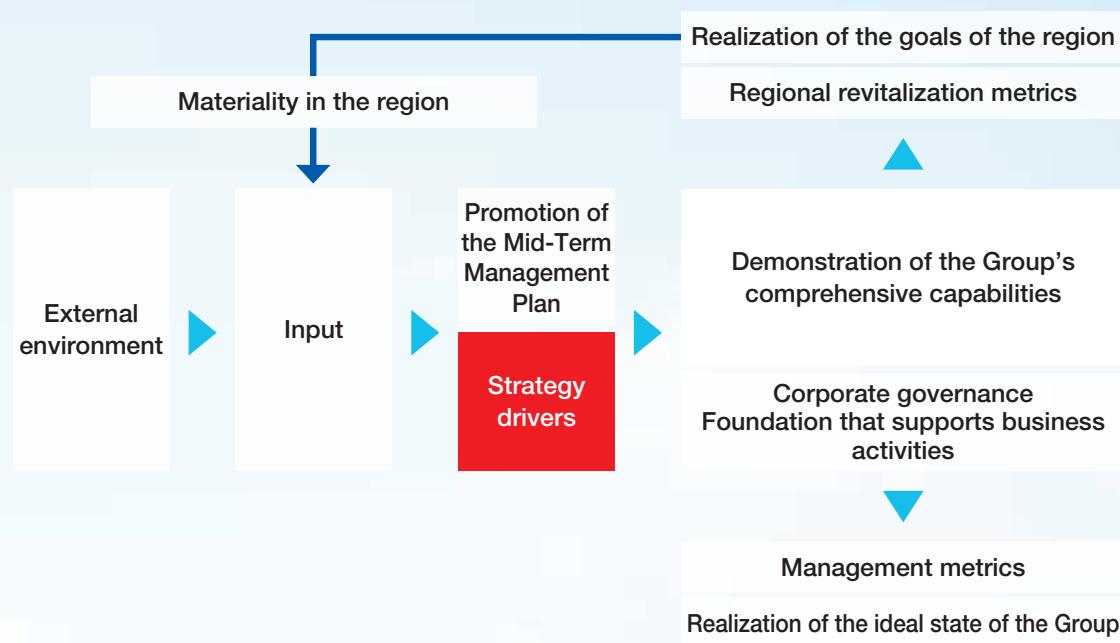


A photograph of a sailboat's mast and rigging on the left, sailing on a blue ocean. A horizontal gradient bar with colors red, yellow, and blue is positioned above the text.

What We Will Change to Realize Sustainable Growth

Positioning within the value creation story described in this section



What we want to communicate in this section

- **Approaches and strategies for SX, DX, and AX, which are strategy drivers**
- **Approaches and initiatives for human capital management**
- **Approaches and initiatives for DX strategies**
- **Structures and initiatives to promote carbon neutrality**

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Taking on challenges without fear of failure to realize a vibrant region

Minoru Fujihiro

Managing Executive Officer

Ideal state 10 years from now and current issues (through the “As is - To be” gap analysis)

The Group's ideal state 10 years from now is to contribute to the realization of a vibrant region and demonstrate an overwhelming presence in the region, and we believe that we need to contribute to solving the materiality and social issues in the region. To this end, it is essential to develop human resources who have acquired a high level of expertise to provide advanced solutions and management capabilities to maximize the power of the organization. To nurture the kind of workforce we require, we will, more than ever, expand investment in human capital and systematically support autonomous career development through the development of measures in areas related to the “five pillars to maximize human capital.”

We also recognize that it is important to contribute to the revitalization of the region beyond the boundary of the Group, and we will continue to take on challenges without fear of failure, such as providing support to develop local human resources at our training facility and delivering an HR development project across companies in the prefecture.

Human resource strategies to enhance corporate value (linkage of management strategies and human resource strategies)

Based on the belief that it is essential for sustainable enhancement of corporate value to effectively recruit, develop, and place human resources as a bearer of management strategy implementation, the Group strategically places human resources to each of its priority areas, including regional development business, corporate business areas (including equity business and shipping), wealth management, securities investment/ALM, and IT, digitalization and MEJAR-related.

Specifically, we will put approximately 240 employees (cumulative total through FY2028) into our priority areas by reviewing our sales structure and improving operational efficiency through digitalization. We are reinforcing portfolio management of specialized human resources primarily by focusing on the recruitment and development of human resources who demonstrate a high level of expertise by means of actively hiring mid-career professionals and providing employees with experiences beyond the Group boundary through, for example, trainings and traineeships in other companies.

Human resource development policy

We aspire to be an organization where all employees can demonstrate their abilities and expertise to the fullest toward a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers. We will develop human resources who can contribute to solving our customers' challenges, based on “personal integrity” that will be needed in the coming era, by continually striving for self-improvement for the future to become “a generalist with both expertise and management capabilities” or “a specialist capable of generating solutions.”

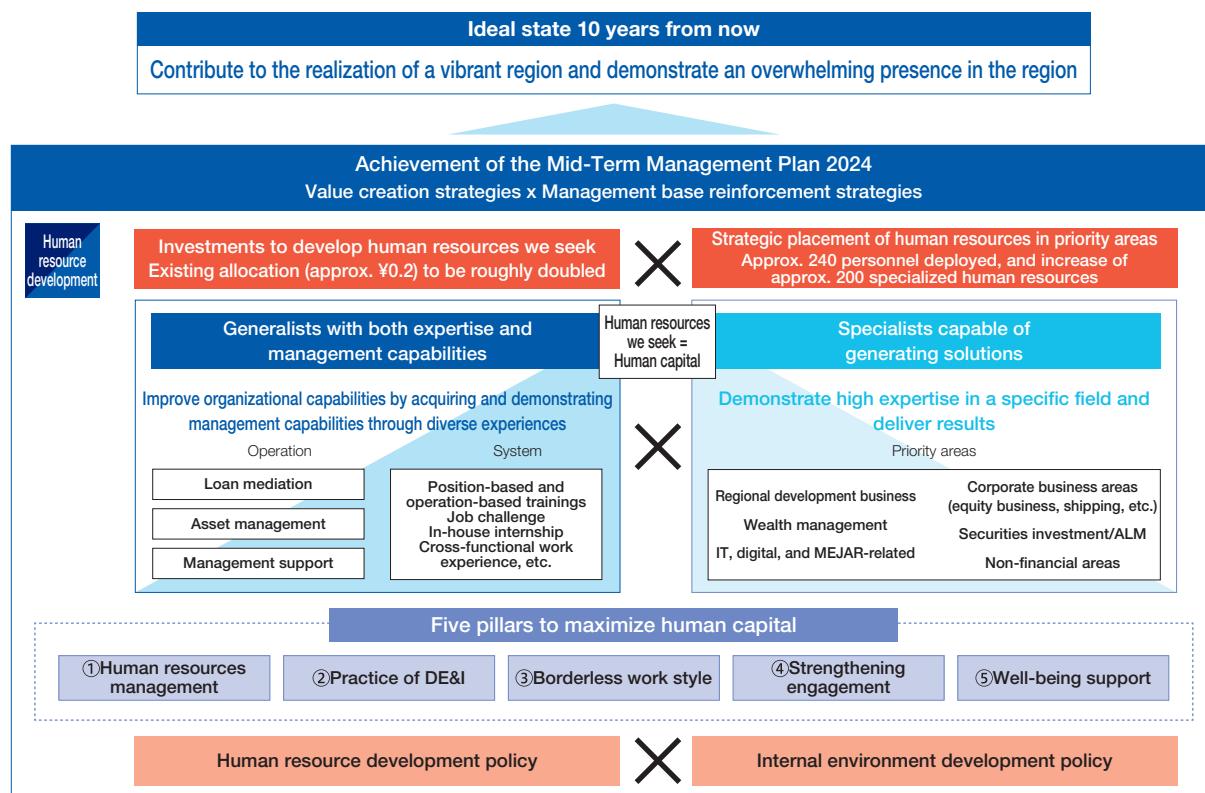
Internal environment development policy

We promote the creation of workplaces in which employees with diverse viewpoints and values can perform at their best based on their own intentions and awareness. In order for each and every employee to achieve their own ideal way of working, we are not only fostering a culture where they can develop their career paths on their own and take on new initiatives, but also developing an environment where a diverse range of career and experience can be utilized. We will also make conscious efforts to enhance the well-being of all employees with an aim to be a company where they can take pride in being part of the Hirogin Group.

Overview of Group human resource strategy

We formulated Mid-Term Management Plan 2024 by backcasting from the ideal state 10 years from now. The Plan positions the human resource strategy as one of the core strategies for strengthening the management base to support the value creation strategies for the growth and development of the community and customers, and to accomplish this strategy, we are implementing measures in each of the "five pillars to maximize human capital."

In addition, regarding the Group's human capital investments, we are working to formulate investment plans, verify their effectiveness, compare them over time and sophisticate our analysis under a framework that clarifies the scope and categories of investments and enables comprehensive and quantitative progress management. As a KPI, we have set the amount of human capital investment per employee and will strive to expand human capital through consistent investments.



The Group's human capital investment

(¥ million)	Classification	Specific example	KPIs			(Result) FY2023	(Result) FY2024	(Result) FY2025	(Plan) FY2030				
			Human capital investment per employee										
			155 thousand yen	208 thousand yen	220 thousand yen								
Investment in human capital	Development investment	• Investments to develop human resources we seek	Cost of implementing training programs Reskilling expenses such as self-development incentive fund, etc.	240	384	436							
		• Personnel costs to develop human resources we seek	Personnel costs for training participants and trainees Personnel costs for the human resource development departments, etc.	360	419	425							
			Total development investments	600	803	861							
	Investment in human resources	• Investments in wellbeing of employees and realization of DE&I, etc.	Wage increase (raising the base salary) and review of the Group's employment conditions and recruitment activities to secure diverse human resources Employee wellness program	411	1,047	1,788							
			Total	1,011	1,850	2,649							
Base-line investment		• Investments that serve as the foundation for building an attractive organization	Upgrades to training center and personnel system, cost of conducting engagement survey, etc.	2,093	437	1,686							
			Grand total	3,104	2,287	4,335							

*Human capital investment per employee = total investment in human resource development / average number of employees during the period

Investment in human capital

► For investment in development, we will continue to proactively expand training programs, including those for enhancing management skills and those for enhancing expertise.

► For investment in human resources, a key contributor will be improvements in employment conditions through revisions to the personnel system.

Base-line investment

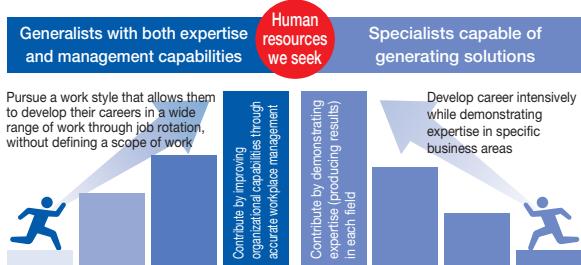
► In FY2025, we will invest in upgrading working infrastructure.

■ Human resources management

To realize our purpose, corporate philosophy, and business strategies, the Group is striving to establish a solid organizational foundation that enables continuous value creation for all stakeholders by clarifying the human resources we seek and putting a development system in place.

Human resources we seek

The Group defines human resources we seek as generalists with both expertise and management capabilities and specialists capable of generating solutions, and will systematically support their autonomous career development.



Generalists with both expertise and management capabilities

■ Efforts to improve management capabilities

Based on the belief that the improvement of organizational capabilities through accurate workplace management at manager and supervisor level will lead to fulfilling our purpose and achieving the management plan, we conduct

position-based and theme-based training programs designed to enhance the management capabilities of employees.

At Hiroshima Bank, we also provide training to all managers and supervisors.

■ Development of future executives

The Group conducts the Hirogin Management School as part of its succession plan, which is designed to foster future management candidates. The School offers the curriculums in the table on the right and also makes recommendations to the management after the training is completed.

In addition, we continuously dispatch employees to MBA programs in Japan and overseas in an effort to foster future executives at an early stage of their careers.

position-based and theme-based training programs designed to enhance the management capabilities of employees.

At Hiroshima Bank, we also provide training to all managers and supervisors.

► Number of trainees in the Hirogin Management School (FY2024)

Program	Details	Number of trainees
Hirogin Management School (Practical)	• Program to nurture a sense of mission • Organizational reform	12 persons
Hirogin Management School (Upper)	• Technovate strategies • Design thinking, leadership	19 persons
Hirogin Management School (Intermediate)	• Critical thinking • Business strategy, facilitation	37 persons

► Company-sponsored enrollment in MBA programs (cumulative total as of March 31, 2025)

Program	Number of employees enrolled
MBA programs outside Japan	24 persons
MBA programs in Japan	24 persons

covers a wide range of qualifications not limited to finance-related ones, to actively support employees in addressing all customer needs and improving their career and expertise.

► Number of major qualification holders (as of March 31, 2025)

Details	Number of holders
Number of FP 1st-grade and CFP holder* (Group)	478 persons
Senior M&A Expert (Group)	207 persons
IT Passport (Group)	2,514 persons

*Persons holding two or all of the above qualifications are counted as one.

■ Support for advancement in expertise

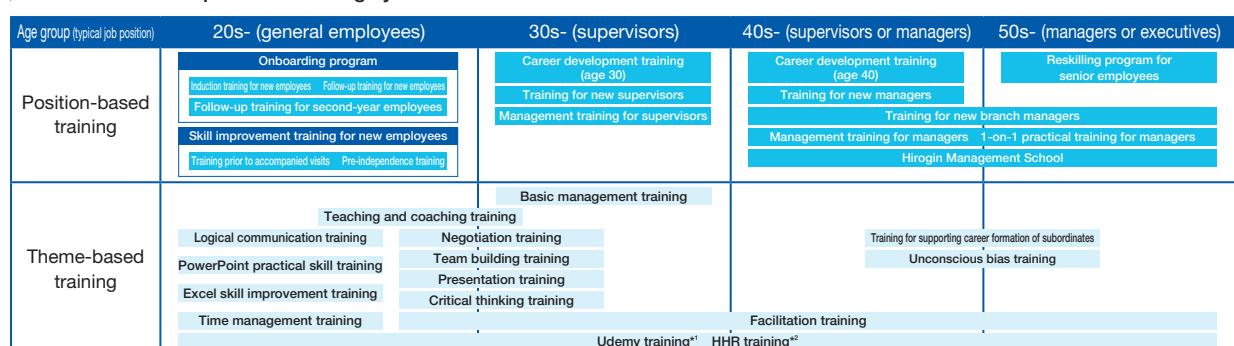
At Hiroshima Bank, we have established a Meister Certification System as a final goal of operational skills for general employees, so that they can improve their operational skills according to their careers. In addition, we have a self-development incentive fund system that

► Number of certified Meisters (FY2024)

Category of Meister	Number of certified persons	Number of newly certified persons
Consulting*	18 persons	4 persons
Corporate	67 persons	8 persons
Retail	85 persons	5 persons

*Of Corporate or Retail Meisters, a higher level of Meister recognized for those who practice consulting sales at a high level and have a certain level of skill in the other business as well.

► Illustrative career path and training system



*1 Training utilizing video content provided by Benesse Corporation

*2 With the aim of broadening perspectives through cross-functional learning, employees are sent to seminars for clients hosted by Hirogin Human Resources

Specialists capable of generating solutions

Based on the belief that the provision of accurate solutions by specialists with advanced expertise will lead to the development of the region and customers and the accomplishment of the Group's management strategies, we aim to further enhance our expertise not only through internal training but also through the expansion of exter-

nal training and the dispatch and secondment of trainees. In addition, by actively hiring mid-career human resources, we believe that knowledge and experience that cannot be obtained only within the company can be returned to the company, and this will lead to further improvement of our specialists.

Strengthening management of specialized human resources portfolio

In order to strategically place human resources as part of our efforts to achieve the goals of the Mid-Term Management Plan 2024, we define "specialized human resources" as those who demonstrate a high level of expertise in our priority areas and continuously produce results to contribute to enhancing our corporate value, and strive to strengthen management of their portfolio by placing a particular focus on their recruitment, development, and placement. In April 2024, we assigned personnel dedicated to the management of specialized human resources at the Personnel & General Affairs

Group to work closely with the administration divisions in each priority area, with the aim of achieving integrated human resources management linked to the business model of each priority area.

At Hiroshima Bank, we also introduced a talent management system in February 2025. Scheduled to be rolled out to the entire Group, the system will help effective recruitment, development, and placement based on open and digital human resources management, which will lead to accomplishment of our management strategy.

Allocation of resources to priority areas

Priority areas		Human resources to be deployed (FY2028, compared to FY2023)	Number of specialized human resources in priority areas ¹ (FY2028, compared to FY2023)	Revenue effects (FY2028, compared to FY2023)
Developing businesses that leverage the Group's strengths	Regional development business	+ approx. 15 persons (FY2024: + 2 persons)	+ approx. 15 persons (FY2024: + 8 persons)	+ approx. ¥2 billion
	Corporate business areas ² (equity business, shipping, etc.)	+ approx. 100 persons (FY2024: + 25 persons)	+ approx. 50 persons (FY2024: + 19 persons)	+ approx. ¥11 billion
Business areas undergoing restructuring	Securities investment and ALM	+ approx. 7 persons (FY2024: + 2 persons)	+ approx. 10 persons (FY2024: + 1 person)	+ approx. ¥16 billion
	Wealth management	Raise about 25 of the current human resources to specialized human resources through development		+ approx. ¥1 billion
Investment for growth that contributes to improving profitability	IT, digital, and MEJAR-related	+ approx. 100 persons (FY2024: + 23 persons)	+ approx. 100 persons (FY2024: + 20 persons)	Create new businesses and increase efficiency by coping with MEJAR, utilizing DX, etc.

¹ The definition of requirements for "specialized human resources" in each area will be reviewed in the event of changes in strategy or other changes due to changes in the external environment.

² The corporate business areas consist of business revitalization, support for mid-term plan formulation, M&A, business succession, equity business, shipping, and global solutions. The number of specialized human resources is the total number of specialized human resources in each area (if the same person falls under more than one area, he/she is counted in duplicate).

³In addition to the above, we plan to deploy approximately +15 persons in non-financial areas such as HR and labor consulting by Hirogin Human Resources.

Example of strengthening management of specialized human resources portfolio in priority areas

To secure human resources we seek in the priority areas, we manage the human resources portfolio by setting several domains per area as in the table below. We

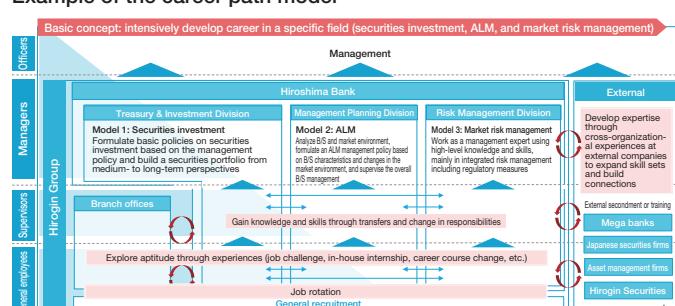
divide the level of expertise into three phases and set clear requirements and development systems for each, which we disclose together with the career path model.

Example of management of the specialized human resources portfolio

Human resources portfolio	Market trading (Results) (Plan)				Financing, general affairs and planning (Results) (Plan)				ALM (Results) (Plan)				Market risk management (Results) (Plan)			
	FY2024	...	FY2028	FY2024	...	FY2028	FY2024	...	FY2028	FY2024	...	FY2028	FY2024	...	FY2028	
Expertise demonstration phase	7	...	10	5	...	7	3	...	4	4	...	5				
Specialized human resources	12	...	12	8	...	9	0	...	1	4	...	5				
Expertise enhancement phase	11	...	14	9	...	9	3	...	3	3	...	4				
Basics learning phase	30	...	36	22	...	25	6	...	8	11	...	14				
Total for the above four areas as follows																

Human resources portfolio	FY				
	FY2024	FY2025	FY2026	FY2027	FY2028
Expertise demonstration phase	19	43	21	23	53
Expertise enhancement phase	24	23	44	47	
Basics learning phase	26	29	30	31	
FY total	69	73	77	79	83

Example of the career path model



¹ The number of specialized human resources is the total number of specialized human resources in each area (if the same person falls under more than one area, he/she is counted in duplicate).

² The career path model indicated here is simplified.

■ Diversity, equity and inclusion practices

■ Overview of promotion of diversity at the Group

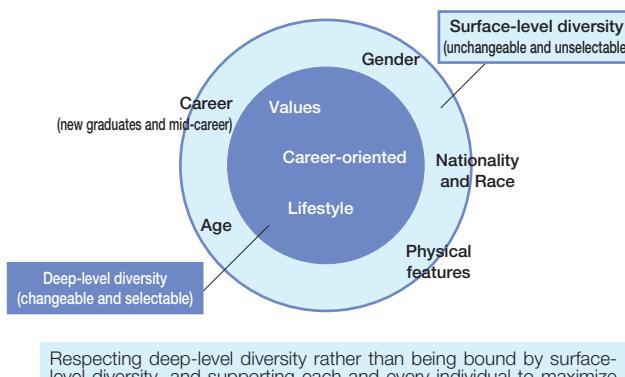
The Group believes that the purpose of diversity, equity and inclusion (DE&I) is to build an organization in which everyone can maximize their potential to take an active role, respecting deep-level diversity, rather than being bound by surface-level diversity.

Aiming to be an organization in which everyone takes an active role, we are hiring a diverse range of human resources (hiring new graduates, half male and half female; strengthening mid-career hiring; achieving the legally mandated employment ratio of people with disabilities; and introducing reemployment until the age of 70). In particular, we aim to actively employ people with disabilities, exceeding the legally mandated employment rate, and have established a special subsidiary and are

employing people with disabilities through inclusion at all Group companies.

Meanwhile, the Group has a long way to go in terms of diverse human resources playing an active part, with only about 10% of women, who account for 40% of the workforce, being promoted to managerial positions. Diversity at the decision-maker level is a key growth driver for us, and we need to increase the percentage of women in managerial and supervisory positions as soon as possible. We are striving to speed up the identification of issues and implementation of measures to achieve our goal of reaching a 30% ratio of women in managerial and supervisory positions by 2030.

► DE&I's objective: For everyone to take an active role



► Goals and current status

Indicators	FY ended March 31, 2025 Results	FY ended March 31, 2026 Goals	FY ended March 31, 2031 Goals
Ratio of women in managerial positions	11.8%	15%	Approx. 25%
Ratio of women in managerial and supervisory positions	19.3%	22%	Approx. 30%
Ratio of women in candidates for managerial and supervisory positions	36.1%	37%	Approx. 45%
Ratio of women to new employees	49.7%	Approx. 50%	
Ratio of women to all employees	41.5%	42%	Approx. 45%
Number of mid-career employees	62 persons	66 persons	Approx. 100 persons
Rate of employment of people with disabilities	2.8%	3.0%	3% or more

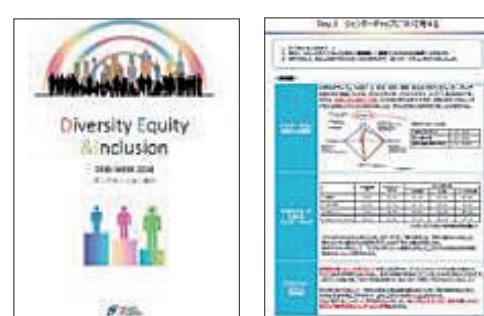
■ Holding DE&I Week

The Group has been holding the DE&I Week since FY2022 based on a proposal by employees. It aims to deepen group-wide understanding and awareness of DE&I during the Human Rights Week (December 4–10) and develop an organization where diverse human resources take active roles.

In FY2024, we held study sessions by branch and department, targeting all Group employees. We provided content with a focus on dialogue at each workplace, using original teaching materials that included a video message from the President; case studies based on the survey of employees on words or actions not bound by surface-level diversity (unchangeable attributes such as age and gender) that made them happy at their workplace (e.g. given or entrusted with a role), and initiatives of the organization where members with restrictions such as nursing care, childcare, medical care, and disabilities can play active roles and grow without being alienated from works that provide a sense of fulfillment; and a video of discussion between LGBTQ members and our officers.

As a result, 96% of approx. 3,000 Group members said in the survey that their understanding of the organi-

zational benefits of promoting DE&I "greatly deepened" or "deepened." We will continue such initiatives to truly promote DE&I.



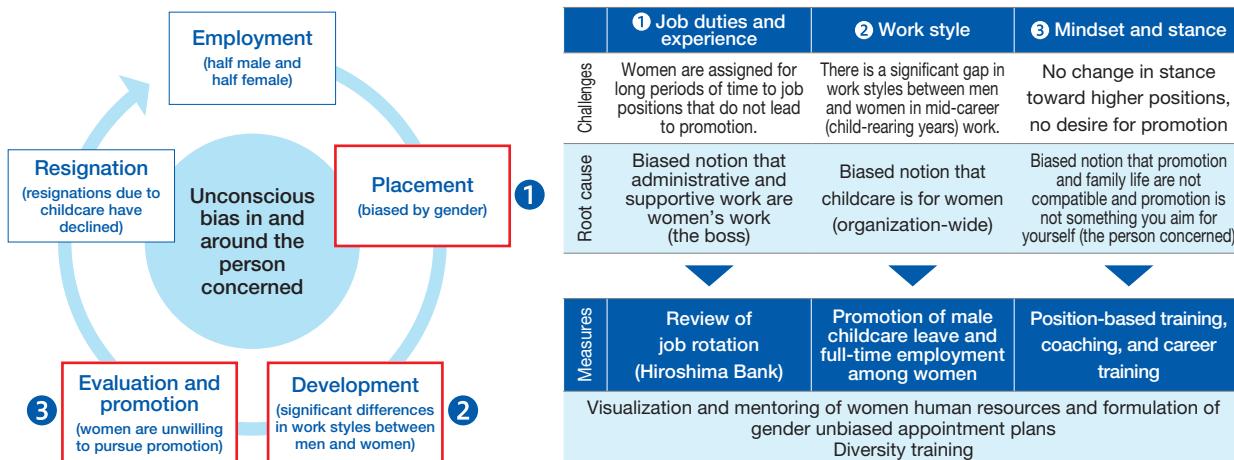
<DE&I Week programs>

Day 1	Why DE&I are necessary for an organization
Day 2	Reflecting on gender gaps
Day 3	Reflecting on working with people with disabilities
Day 4	Deepening understanding of LGBTQ
Day 5	Diverse work styles (for everyone to play an active role)

Identifying causes of gender gaps

The Group has identified three reasons why the ratio of women in managerial positions remains low compared to the ratio of male to female employees: ① gender bias in placement, ② differences in work styles between men

and women, and ③ women's attitude toward promotion, and is planning and implementing measures to resolve each issue.



1 Gender bias in placement

In the past, regarding employee placements, there has been a tendency to assign women to administrative and supportive work and men to corporate sales, planning promotion, and other work. Such a placement has led to the creation of gender disparities in subsequent development

systems, promotions, and appointments. Based on these issues, we will review job rotations and actively assign women to corporate sales and planning positions, and promote unbiased placement according to the wishes and aptitude of each individual, regardless of gender.



Example of reassigned women playing active roles

At the Itsukaichi Branch of Hiroshima Bank, a female employee who had long been in charge of loan operations was reassigned to corporate relations and discovered that local women business owners lacked peer-to-peer relationships. Right after taking the new position, she proposed and planned seminars and networking events for women business owners, with the aim of building their community. She successfully held the event shortly after, with cooperation of the branch and employees of other departments.



View of the seminar

<Seminar program>	
Part 1	Lecture "For Hiroshima to develop and grow with power of women"
Part 2	Networking event

At the seminar, which gathered women business owners and executives of about 20 local client companies, the executive officer and General Manager of the Group's Sustainability Coordination Division gave a lecture, and the participants and Hiroshima Bank employees discussed problems women face, as well as their roles as managers and leaders.

The participants gave feedback that many women succeed business unexpectedly, unlike men who are expected to be successors, and it is important to **train employees regardless of gender** on the premise that **women can also become successors**; and that **both men and women grow and become confident by breaking free from the status quo**, and we should keep this in mind when developing successors. This is a good example of a female employee promoting local diversity by successfully carrying out planning operations in a corporate relations position, to which few women have been assigned in the past.

② Differences in work styles between men and women

To truly achieve DE&I, it is necessary to realize a gender-neutral work style. In view of the current situation in which the burden of housework and childcare is disproportionately placed on women, based on the assumption

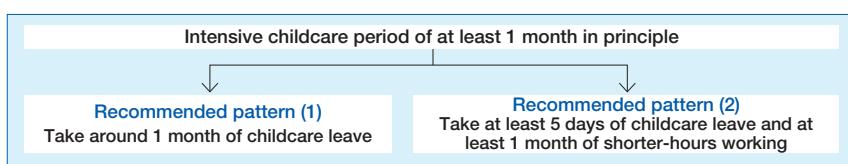
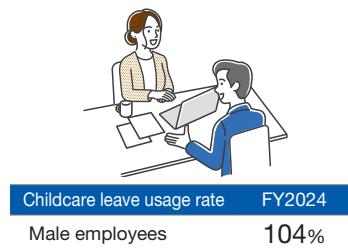
that they work long hours, we are trying to achieve a gender-neutral work style by promoting the participation of men in childcare and introducing a unique shorter-hours working system.



■ Men's participation in childcare (introduction of male childcare leave and shorter-hours working system)

Furthermore, since 2022, we have been encouraging male employees to take a period of intensive childcare of at least one month, by taking advantage of the childcare leave and shorter-hours working system, with the aim of encouraging

men to participate in the care of their children. By incorporating not only childcare leave but also shorter-hours working into the system, we aim to make it normal for men to go home early to pick up their children at nursery school, etc.



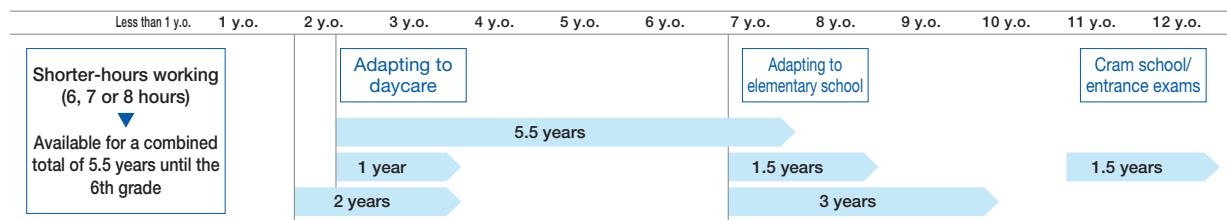
*Based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, the calculation for the period in question (April 1, 2024, to March 31, 2025) is made by dividing the number of workers who took childcare and other care leave by the number of workers who, or whose spouses, gave birth. All men workers whose spouses gave birth are to take childcare leave within two years from the childbirth in principle. As some workers take childcare leave over two fiscal years after their spouse gives birth, the childcare leave usage rate exceeded 100% in FY2024.

■ Prevention of women's mommy track (introduction of unique shorter-hours working system)

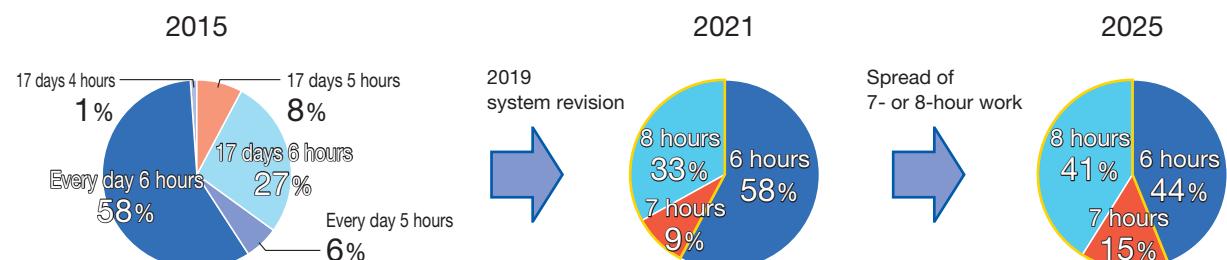
In light of the issue of women taking shorter working hours over longer periods of time being a factor in mommy track, we have revamped our shorter-hours working system at all Group companies beginning in 2019. By extending the period of time that had previously been available only until the children in employees' care were in the lower grades of elementary school, but this has been extended to the 6th grade. At the same time, by setting the total acquisition period to 5 and a half years, we encouraged fragmented acquisition when it was truly necessary. With the revision of this system, the work

hours of employees working shorter hours at Hiroshima Bank have changed significantly. The application period for shorter-hours working has been shortened and more women are reviewing their working hours in a short period of time. In addition, while many female employees caring for children had previously chosen to work 6 hours or less, more than half now have chosen to work 7 hours or more. At the same time, overtime hours are decreasing company-wide, and the gap in work hours between employees working shorter hours and those working regular hours is shrinking.

► Usage example (conceptual diagram)



► Breakdown of employees working shorter hours (as of April 1 of each year)



*The percentage of employees choosing to work 7 or 8 hours increased more than 1.3 times over 5 years, from approx. 40% to 56%.

③ Women's attitude toward promotion

In addition to gender bias in placement and differences in work styles between men and women, excessive consideration from others who feel sorry for letting women work too hard, as well as women's doubt about their own capabilities have often kept them from challenging opportunities and growth experiences compared to men.

At the same time, for women to advance in their career, they need to first take up higher positions and leave their posts to successors.

Everyone hesitates to take on first-time duties and difficult tasks.

However, only actions and experiences help develop confidence. We therefore provide position-based training that encourages women to understand the above and take a step forward on their own.

Besides gaining awareness, women may need supporters or someone to talk to about their career. To help them develop their career more effectively, we provide cross-mentoring meetings with current officers to women managers in anticipation of promotion to officer positions, professional coaching to women supervisors, and career consultation by a professional career consultant to general female employees.

Target	Measures
Women managers	Training for improving problem-solving skills + Mentoring meetings with officers
Women supervisors	Training for improving problem-solving skills + Professional coaching
Young female employees	Career support training
Young to mid-career female employees	Role model café

Measures common to issues ①-③

To address all three issues, we provide diversity training to employees. In addition, in order to ensure not only a change in attitude or mindset but also a correction of the resulting promotion disparity, we are formulating and putting in place a plan for mid- to long-term training and gender-neutral appointment of manager and supervisor-level employees.

Currently, many female employees have fixed roles and work in the same department for a long time

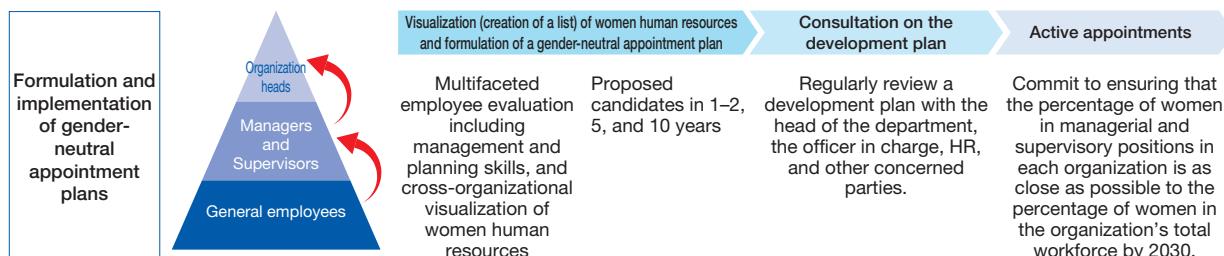
compared to men, and department managers who hold authority over human resources have few occasions to learn about female employees in other departments who have capabilities and potential fit for promotion. Therefore, we are developing a system to share their multifaceted evaluation list among the officers, department managers, and HR as reference for placement or promotion.

► Diversity management (unconscious bias) training

For managers In FY2024, diversity management training was conducted for all organization heads at Hiroshima Bank to recognize the existence of unconscious bias and realize the success of diverse human resources.

For supervisors In FY2024, diversity management training was conducted to supervisory positions at Hiroshima Bank, which are pre-managerial positions.

► Formulation of a plan for mid- to long-term development and gender-neutral appointment of manager and supervisor-level personnel

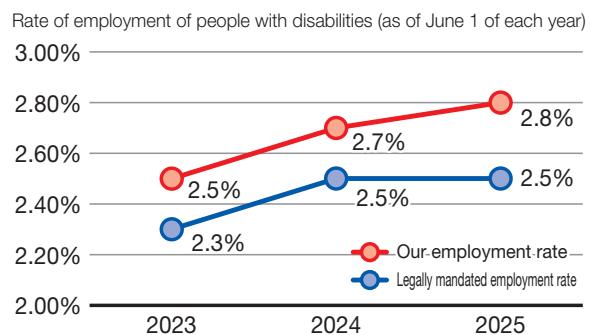


Respect of diversity and promotion of active participation of people with disabilities

The Group places value on developing a workplace where various human resources can demonstrate their capabilities and feel a sense of fulfillment in their life and work. As part of such effort, we actively employ people with disabilities.

We believe that a workplace where all people, with or without disabilities, are respected, have a role to play, and work with a sense of fulfillment is the basis of a sustainable organization, and it is an important challenge in management.

Therefore, we promote employment of right persons in right positions not only at the special subsidiary but all across the Group to truly achieve DE&I.



As support for employees with disabilities and other employees, we have a group-wide support system including mental health social workers to attentively help each person's active participation in work.

To be a role model for the regional community, we will continue to actively employ people with disabilities, contribute to realizing a society where everyone can play an active role, and aim to achieve the legally mandated employment rate of 3% as soon as possible. We will also actively give back to the community, for example by accepting workplace tours and practical training of people with disabilities and holding seminars.

Number of employees with disabilities (as of August 1 of each year)

Group company name	2024	2025	Change
Hiroshima Bank	71 persons	78 persons	+7 persons
Hirogin Business Service (special subsidiary)	35 persons	43 persons	+8 persons
Other Group companies	12 persons	15 persons	+3 persons

■ Obtainment of Monisu Certification by a special subsidiary

Hirogin Business Service, a special subsidiary of the Group, received the Monisu Certification (certification for SMEs excelling in employment of people with disabilities) from the Ministry of Health, Labour and Welfare on September 20, 2024, for its efforts in stable employment and retention of people with disabilities.

The Monisu Certification is given to businesses that not only comply with laws on employment of people with disabilities but also meet certain criteria in their comprehensive efforts such as long-term continuation of employment, consideration for the workplace environment, and development of support systems.

Centering around Hirogin Business Service, we will continue to improve comfort and satisfaction at work for employees with disabilities across the Group to develop a workplace where everyone plays an active role.



Respect of diversity and LGBTQ+

The Group actively promotes understanding of LGBTQ+ in order to develop a workplace where diverse genders are respected and everyone can be true to themselves with peace of mind.

During the Hirogin Group DE&I Week*1 in FY2024, we distributed a video of an interview with LGBTQ+ persons for employees to watch. It received positive feedback from employees, who said they felt closer to LGBTQ persons and wanted to be conscious of diversity in their speech and action.

In FY2025, we will review and develop internal systems to develop a comfortable work environment for all employees including LGBTQ+ members. Alongside efforts to become an attractive company that respects diversity, we will work on obtaining the PRIDE Index.

We also established HATAful Pride as part of the HATAful*2 local business network project, and carry out LGBTQ awareness activities in the local community.

<Initiatives planned by HATAful>



HATAful plans to be the main sponsor of the Hiroshima Pride Parade which will be held for the first time in Hiroshima Prefecture in 2025. We will continue to expand our activities in cooperation with the local community in order to create a society where all people can live their life to the fullest.

*1 DE&I Week: See page 79.

*2 HATAful: See page 90.

■ Borderless work style

The Group is promoting the acquisition of diverse values and skills and active challenges in new environments, while working to create an environment in which all em-

ployees can transcend various boundaries of time, place, organizational affiliation, career, and other factors to maximize the capabilities they possess.

Realizing flexible and efficient work styles

Through the development of various systems that enable flexible working styles regardless of time and location, many employees of the Group are utilizing flextime and remote working systems, and a hybrid working style combining office work and remote work has taken root. Furthermore, with the aim of fostering awareness of the need to reform work styles, Hiroshima Bank has designated every Wednesday as a “day for increasing productivity even more” for departments at the Head Office,

making work hours 8 hours or less. We are also promoting flexible and efficient work styles by introducing a work hour interval system (11 hours) for all employees. The average number of days of paid leave taken per employee in FY2024 was 15.3 days (down 0.4 days from the previous year).

Average number of paid leave taken per employee	15.3 days (down 0.4 days from the previous year)
Average monthly overtime hours per employee	8.2 hours (up 0.12 hours from the previous year)

Support for proactive challenge and growth

In April 2023, the Group introduced the Cross-functional Work Experience Program “Hirameki ☆ 1Day’s). The program aims to allow employees to create opportunities for new experiences on their own and foster innovative thinking, thereby invigorating the organization. Employees volunteer to take on new challenges that are not currently available in their career path, for example at outside companies. In October 2023, we introduced a system that allows side jobs related to community contribution, learning and growth. (As of June 30, 2025, 36 employees had utilized this system.) The purpose of the system is to motivate employees to contribute to the local community and to revitalize the region, and to increase the diversity and

expertise of employees by acquiring new knowledge and information and forming personal networks, which will lead to organizational revitalization and innovation.

▶ Number of users of various systems for borderless work styles (Hiroshima Bank)

Details	FY2024 results
Number of internal internship participants	306 persons
Number of transferred employees due to use of job-challenge system	40 persons (+12 persons from the previous year)
Number of applicants for Hirameki ☆ 1Day's	22 persons (including 19 applying to work at outside companies)

* Job-challenge system: 109 applicants in FY2024

Acquisition of diverse values and skills

The Group welcomed 62 mid-career hires on board in FY2024, with the goal of hiring 66 in FY2025. We will continue to actively recruit mid-career human resources with a wealth of experience from other industries than the financial circles.

In addition to the system to welcome back former employees who left for various reasons such as career change, marriage, and nursing care, Hiroshima Bank

launched an alumni network in November 2024 to build a medium-to-long-term relationship with alumni (former employees) who know the Company well and have gained experiences and knowledge elsewhere. It will strive to gain diverse human resources and improve corporate value by providing latest company information and recruiting mid-career workers.

Voices of rehired employees



Mina Dobashi
Branch office

I joined Hiroshima Bank as a new graduate and then resigned once, but I returned to the job thanks to the welcome-back system. I gave birth during my former employment and had to review my work style due to changes in my life. The shorter-hours working system and various leaves make it easy to balance work and childcare. I can respond flexibly even when my child has a sudden fever, and I feel a sense of peace working at Hiroshima Bank once again.

Voices of mid-career hires



Shuji Hirashige
Solutions Sales Department

I joined Hiroshima Bank in 2024 and propose solutions to local medical institutions and nursing care providers as a person in charge of medical business. I strive to give first-hand advice and solve local issues, leveraging my former experience in developing new businesses and improving management. Hiroshima Bank has a culture of respecting others and taking joy in each other's growth. You can propose your ideas freely and work at peace even if you are changing your career from other industries. In the future, I hope to support the medical and nursing care industry and further revitalize Hiroshima.

■ Strengthening engagement

The Group's corporate culture is based on a spirit of challenge, which is the foundation of all our efforts, and we work to increase engagement of each and every

employee by fostering an organizational culture where they take interest in others and praise each other.

Fostering a culture of praising and taking on challenges

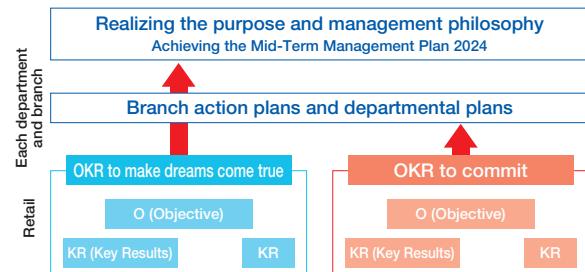
The Group is developing an environment to create an organization that is not afraid of change and where taking on challenges is just a matter of course. Specifically, we strive to foster a culture of taking on bold challenges and supporting each other's efforts and instill a culture of praise, by holding business contests open to all Group employees and promoting activities of the Future Creativity Working Group aimed at envisioning the future of the community and the Group.

In FY2023, we also introduced a new evaluation system aimed at breaking away from a top-down corporate culture. The new system focuses on goalsetting based on the intrinsic motivation of the individual employee, rather than being solely caught up in internal competition or short-term results, and evaluates efforts made toward achieving those goals.

We implemented a goal-setting framework called

OKR (objectives and key results) with the aim of aligning all employee activities with the direction of the Group's management philosophy. This is intended to enhance job satisfaction and motivation among our employees.

► Introduction of Hirogin's version of OKR



Support for retention and quick integration of employees

The Group is enhancing onboarding programs under the belief that prevention of resignation and support for retention and quick integration of employees help maximize the return on investment in their development.

We regularly revise the training for new employees based on careful surveys and analysis to provide it appropriately. As a result, the rate of employees who resign within their first three years is remaining low.

Also, at Hiroshima Bank, we newly created an original onboarding handbook in March 2025 to retain mid-career hires and help their immediate integration. Based on surveys and analysis of past mid-career hires and their departments, the handbook is highly practical for helping quick integration.

► Attrition rate for employees within their first three years (as of March 31, 2025)

<Reference>

Group company name	FY2021 Entry	FY2022 Entry	FY2023 Entry (2 years passed)	FY2024 Entry (1 year passed)
Hiroshima Bank	21.2%	13.5%	4.1%	0.0%
Hirogin Securities	25.0%	11.0%	0.0%	0.0%
Hirogin Lease	0.0%	16.7%	12.5%	0.0%
Hirogin IT Solutions	18.2%	12.5%	0.0%	4.5%

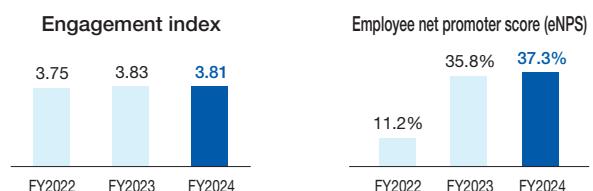
*The attrition rate for employees within their first three years (including new graduates and mid-career hires) is calculated as follows: (Number of employees who left the company within their first three years among those who joined in the applicable fiscal year) / (Total number of hires in the applicable fiscal year) × 100%.

Enhancement of employee engagement

As an indicator of the Group's sustainable growth, we conduct the employee attitude survey from the perspectives of expectations and realities, including their empathy with our purpose and corporate culture, and enthusiasm for their work. In FY2024, the engagement index was 3.81, and eNPS was 37.3%.

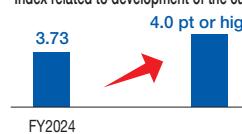
From the FY2024 survey, we also began to quantify the progress in developing our valuable corporate culture of praising each other and taking on new challenges. With the belief that we must establish and develop a culture of taking on new challenges without fearing failure in order to achieve our purpose and management policy, we will continue to build a relationship of trust with our employees and improve the workplace environment and culture to create an attractive corporate culture and workplace environment where employees can work with pride.

► Results of the FY2024 Hirogin Holdings employee attitude survey



*The engagement index is a metric that represents the enthusiasm, motivation, and depth of trust employees have in the company. It is the average value of the 5-point scale evaluation (with 5 being the highest).

Index related to development of the culture of praising each other and taking on new challenges



*Average value of the 5-point scale evaluation (with 5 being the highest), calculated based on answers to questions related to development of the culture of praising each other and taking on new challenges.

Well-being support

The Group strives to achieve well-being at workplace so that employees, who put our purpose into practice, can perform their best. To be specific, we support their physical and mental health (physical well-being), financial

enrichment (financial well-being), spontaneous career development (career well-being), and attachment and commitment to their community and organization (social well-being).

Physical well-being initiatives

We consider the physical and mental health of employees as a top priority and promote health and productivity management group-wide in line with the Hirogin Group Health Management Declaration.

The Group and Hiroshima Bank received the White 500 certification as one of top Outstanding Organizations of KENKO Investment for Health 2025 (large enterprise category), while Hirogin Lease and Hirogin Human Resources were certified as Outstanding Organizations of KENKO Investment for Health (SME category).

The Group and Hiroshima Bank were also selected as the Sports Yell Company 2025 for supporting and promoting sports activities to improve health of employees.

▶ Outstanding Organizations of KENKO Investment for Health 2025 White 500



Outstanding Organizations of KENKO Investment for Health 2025 (large enterprise category) White 500 certification logo

▶ Sports Yell Company 2025



Sports Yell Company 2025 certification logo

▶ Outstanding Organizations of KENKO Investment for Health 2025 (SME category)



Outstanding Organizations of KENKO Investment for Health 2025 (SME category) certification logo

Financial well-being initiatives

We promote financial well-being under the belief that it is important for our employees to not only feel satisfied at work but also enjoy their personal life when it comes to leading a holistically fulfilling life. For that, it is essential to enrich compensation which is the foundation of their lives.

As employees are increasingly burdened due to recent price hikes, we are continuously improving the level of compensation. Under the Mid-Term Management Plan 2024, we focus on improving profitability and revising systems at each company to standardize the level of compensation that currently varies by group company.

Company name	FY2023		FY2024		FY2025
	Base salary increase		Base salary increase		HR system revision
Hiroshima Bank					
Hirogin Securities					
Hirogin Lease		2%		3%	
Hirogin IT Solutions					Approx. 10% (Annual salary increase rate including bonuses)

*Level for university graduates open to any work location

*See page 88 for revision of the HR system

To help employees build their wealth, we have organized the Hirogin Holdings Employee Stock Ownership Plan, whereby we subsidize 10% of the contribution amount as an incentive. In FY2023, we increased the incentive amount and introduced the ESOP trust, and the employee participation rate in the stock ownership plan is high, at approximately 80%.

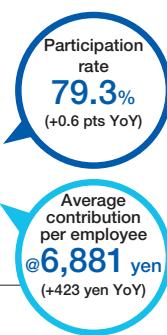
▶ Status of the Employee Stock Ownership Plan

Encouragement of participation in the Employee Stock Ownership Plan

— Percentage of shares held by the Employee Stock Ownership Plan to the number of shares issued (excluding treasury shares)



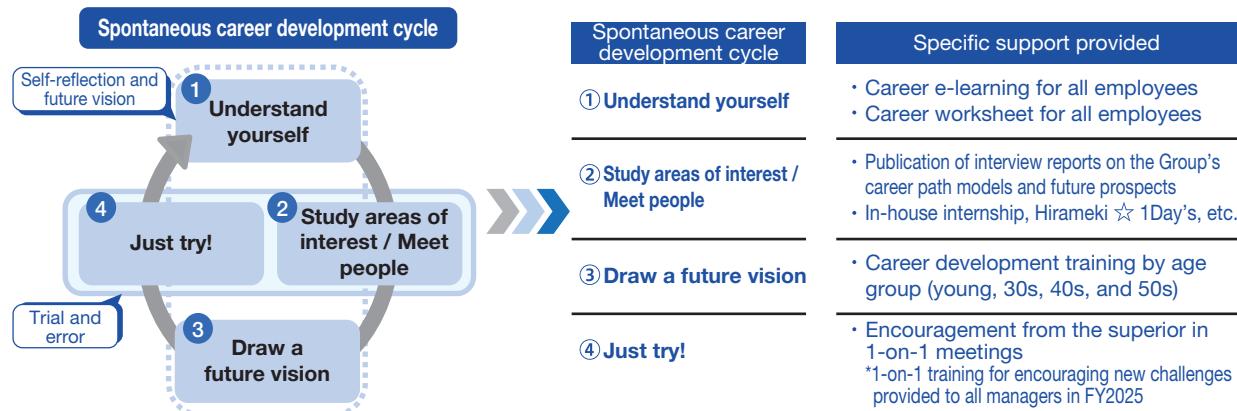
March 31, 2021 March 31, 2022 March 31, 2023 March 31, 2024 March 31, 2025



Career well-being initiatives

We believe that a sense of satisfaction and fulfillment related to work and career is an important factor that affects the employees in terms of both their work performance and the quality of their personal life. To achieve career well-being of all employees, we provide organizational support for them to break away from company-led, passive career development and pioneer their career on their own.

Specifically, we set a four-step spontaneous career development cycle and provide a variety of group-wide support so that employees can reflect on, examine, and select their career in each step.



Social well-being initiatives

We believe that social well-being is achieved by employees having affection for their community and organization and taking spontaneous actions for such community and organization.

Using the in-house social media platform called TUNAG, we promote active communication between employees of different ages, positions, and group companies, to nurture a culture where each employee takes on challenges as practitioners. Also, to respond to the outflow of population from Hiroshima Prefecture, we worked with other Hiroshima-based companies to establish HATAful, a network aimed at further developing attractive workplaces where anyone can be true to themselves in Hiroshima. We are striving to make it an employee-centered, cross-organizational platform that unites companies in Hiroshima and brings forth change. By helping employees become attached to their community and organization through these initiatives, we will increase well-being in the entire region and contribute to sustainable development.

► Examples of posts on in-house social media TUNAG Share your stories of failure! ★ Failure story relay

To eliminate negative perceptions of failure and encourage new challenges without fearing failure, employees are taking turns in sharing their stories of failure that helped them become who they are today.

The story relay began with the idea of a branch office employee, and 11 officers have taken the baton so far to share their experiences of failure.

Young employees say they enjoy the stories so much that they even bookmark them to read again and again. It is spreading a message that positive failures are full of lessons and hints for growth.



■ Drastic revision of the human resources system

As part of efforts to achieve the high ideas and goals set in the Mid-Term Management Plan 2024, the Group

drastically reviewed the human resources system to strengthen the five pillars for maximizing human capital.

Concept behind revision of the human resources system

We recognize that, in order to achieve the high ideas and goals set in the Mid-Term Management Plan 2024 launched last fiscal year, we need to improve the effectiveness of the system (human capital strategies) in which the Group's human resources, who implement our value creation strategies, can demonstrate their capabilities to the maximum. We therefore decided to drastically review the traditional human resources system in line with the human capital strategies.

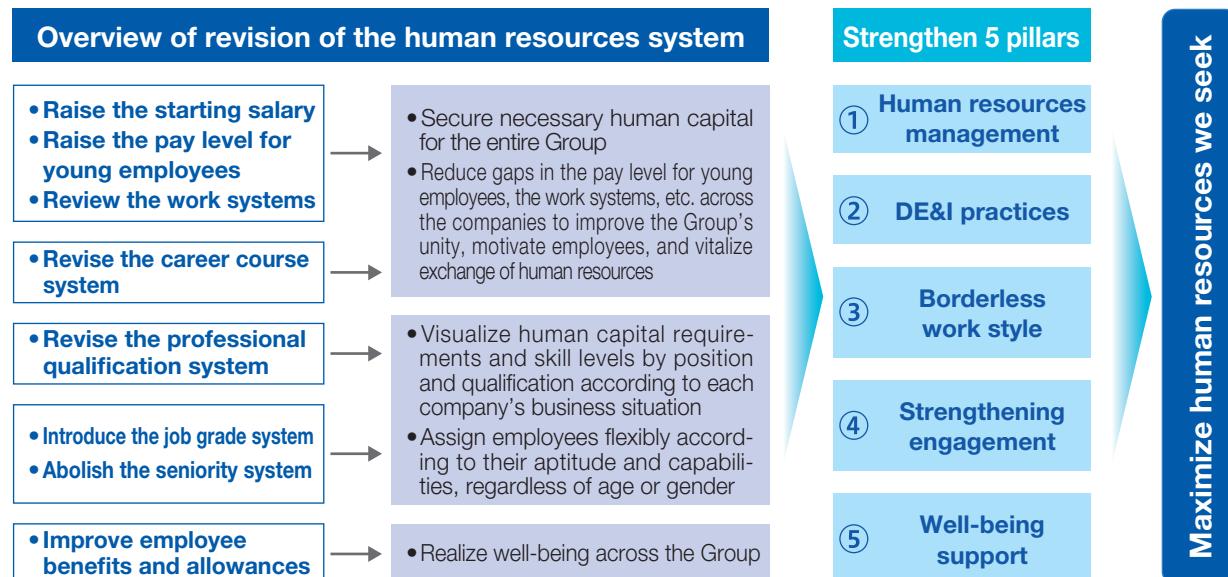
In FY2024, we repeatedly discussed and examined how the system should be to achieve our ideals, and consequently decided to significantly revise the human resources system at four Group companies (Hiroshima Bank, Hirogin Securities, Hirogin Lease, and Hirogin IT Solutions).

The revision will allow us to maximize (secure,

develop, promote active participation of, and retain) the human capital and enhance the organizational capacity while considering various work-related needs of employees, in order to establish human capital strategies as a sustainable system and improve the well-being of employees in a highly balanced manner.

The four companies subject to the revision will also standardize the pay level for young employees and vitalize exchange of human resources to further nurture the Group's unity and build an organization where diverse human resources can work according to their aptitude.

The Group's investment in human capital through the revision is expected to be around 2.5 billion yen, and the annual wage raise rate including bonuses will be approximately 10%.



Is Hiroshima Bank a Great Place to Work?

Reviewing Human Capital Management in Light of Comments on an Employer-Review Site

We conducted a text analysis on the comments about Hiroshima Bank on OpenWork (openwork.jp), an employer-review website operated by OpenWork Inc.*1 For this analysis, we adopted an analytical approach developed by Credit Pricing Corporation. Under this approach, we used AI to quantify Hiroshima Bank's organizational culture by two measures: employee friendliness and job satisfaction. The purpose was to obtain insights about how well human capital has been managed at Hiroshima Bank and what issues need to be addressed.

Employee-friendliness score

Becoming One of the Most Employee-Friendly Regional Banks through HR Management Initiatives

Hiroshima Bank supports flexible and efficient workstyles as part of its longstanding commitment to workstyle reform. It also supports gender-neutral workstyles as part of its commitment to diversity, equity, and inclusion. Over the past 10 years, we have seen a significant increase in the bank's employee-friendliness score on OpenWork.

An analysis of the most frequently occurring phrases revealed, encouragingly, many positive phrases such as **“great workplace for women”** and **“bosses and colleagues are supportive.”** Also prominent, however, were phrases such as **“women are treated protectively.”** We consider this problematic in light of the lessons we learned about how a desire to care for women led to gender bias in job assignments (a tendency to spare women from tough assignments). We are now working to eliminate gender bias in reassessments (see page 80) so that more employees will feel confident to say that **“work is assigned without gender distinction.”**

► Word cloud of phrases related to employee friendliness (July 2007 to March 2025)



December 2014	March 2025
Employee-friendliness score ^a	Employee-friendliness score ^a
98.93	109.96

► Word cloud of phrases related to employee friendliness (last year)



Job- satisfaction score

Better Employee Management for Even Greater Job Satisfaction

Hiroshima Bank has a longstanding commitment to talent development. In order for each and every employee to achieve their own ideal way of working, the bank fosters a culture where they can develop their career path on their own and take on new initiatives and develops an environment where a diverse range of career and experience can be utilized.

An analysis of the most frequently occurring phrases revealed a rise in phrases highlighting growth and empowerment such as “**empowers growth**” and “**empowers me to satisfy the needs of the customer at hand**” and phrases highlighting career autonomy such as “**young employees can easily take the initiative**” and “**I can do the work I want to do**.”

On the other hand, we also noted comments such as **“depends on the branch.”** To ensure that all the workplaces are empowering and that they contribute continually to every employee’s growth, we are organizing employee-management training for all managers and supervisors (see page 77) and taking other steps to create an empowering workplace for all.

► Word cloud of phrases related to job satisfaction (July 2007 to March 2025)



December 2014	March 2025		
Job-satisfaction score ^{**}	Job-satisfaction score ^{**}	Rank among regional banks ^{*3}	Rank among 10 biggest regional banks by market cap ^{*4}
101.04	110.62	8th out of 47 banks	3rd out of 10 banks

► Word cloud of phrases related to job satisfaction (last year)



*1: The analysis covers review data for Hiroshima Bank collected from July 14, 2007 to March 31, 2025, comprising a total of 546 accumulated reviews.

*1: The analysis covers review data for FirstShantui Bank collected from July 14, 2007 to March 01, 2020, comprising a total of 340 accumulated reviews.
 *2: The employee-friendliness and job-satisfaction scores are shown as relative values, with 100 representing the average score of companies listed on the TSE Prime or Standard market.
 *3: The industry classifications used in this ranking (ranking among regional banks) were independently determined by Credit Rating Corporation based on disclosed information and

*3: The industry classifications used in this ranking (ranking among regional banks) were independently determined by Credit Pricing Corporation based on disclosed information and other sources. However, some companies were excluded from the comparative analysis, such as those with fewer than 50 cumulative reviewers in each category.

4. The companies used for comparison in this ranking (rank among 10 biggest regional banks by market cap) are the top 10 companies by market capitalization as of August 4, 2025, within the industry category (regional banks) described in Note 3. For listed bank holding companies, the comparison is made using the largest subsidiary bank in terms of employee count.

Feature 3

Making Hiroshima Bank an Even Greater Place to Work in the Region

Promoting Diversity, Equity, and Inclusion in the Region

Hiroshima Prefecture has been experiencing a serious and ongoing net outflow of residents, particularly among young people and women. We believe that creating a community where younger and child-rearing generations can work regardless of age or gender will help curb the net outflow of residents and increase the number of people who want to work in Hiroshima Prefecture. On this belief, we have launched initiatives in which we engage with residents to make the prefecture a place that embraces diversity and offers empowering jobs for all.

HATAful: A Network of Local Stakeholders Concerned about the Net Outflow

HATAful

The first such initiative was launched in May 2024. Determined to create more attractive jobs in the prefecture, we launched the HATAful project, which involves a network of companies that create colorful and attractive ways of working. The network brings together The Chugoku Electric Power Co., Inc., Mazda Motor Corporation, and the Hiroshima Prefectural Government with the determination that the net outflow of residents is not just a matter for the public sector but something we all have an interest in addressing. In September 2024, we invited the leaders of the organizations to attend a HATAful event. At the event, future plans for HATAful were announced and the attendees pledged their full commitment. Multiple HATAful projects are now in the pipeline or underway. Each project involves collaboration beyond organizational boundaries. The idea is that, through such boundary-transcending exchanges, the employees of each organization will gain an appreciation of the value and benefits of working for a local employer and then spread this positive attitude to others, creating a snowball effect.



September 2024: Leaders of the HATAful organizations pledge their commitment

HATAful initiatives



Hiroshima Career Passport

Hiroshima offers plenty of opportunities to transcend organizational boundaries and excel.



Hiroshima En-Job

Hiroshima is a great place to work and a great place to live. A joint workation in a uniquely Hiroshima setting



HATAful

On the HATAful logo, the green represents the abundant natural resources, the blue represents the Seto Inland Sea, and the yellow represents Hiroshima's famous lemons. The final color, red, evokes Hiroshima more than any other color does.

DE&I for Setouchi

Working with Chugin Financial Group to Promote DE&I for Setouchi

In March 2025, we entered a partnership with Chugin Financial Group, Inc. titled Partnership Agreement for Promoting Sustainability in the Sanyo Region. The purpose of the agreement is to contribute to local economic development and sustainability in the Sanyo region, where the two organizations primarily operate. Under this agreement, the two corporate groups actively commit to promoting diversity, equity, and inclusion in the region.

Jointly hosting a seminar on women as future business leaders (held on July 3 and 29, 2025)



We organized a seminar for business leaders struggling with the challenges of leadership succession and empowering women. The seminar was titled, Creating a DE&I Movement for Setouchi: Women as Future Business Leaders. Against a backdrop in which leadership successors are typically men, the seminar presented cases where leadership was passed to a daughter. The seminar also featured a panel discussion among DE&I managers and female employees from the two corporate groups.

Participant feedback

I heard about how an organization can transition from a model centered on the chairman's strong leadership to one in which the company president allows more teamwork. I gained a strong understanding of how this allows women to play to their strengths.

Seminar program

Part 1	Presentations and panel discussion
	(1) Using the power of diversity to navigate an age of shrinking population Making the company and the region an attractive choice for jobseekers (2) When a father hands the baton to his daughter The realities of business succession (3) The moment I switched into full gear What a female employee who doesn't want to be a manager really thinks—and how she's grown
Part 2	Networking and information exchange meeting
	Networking session with women leaders and candidates for leadership

Presenting at the Expo 2025 Osaka, Kansai (held on July 10, 2025)



In collaboration with Chugin Financial Group and Toget-HER, a network of women leaders in Japan, we held a special event at the Expo 2025 Osaka, Kansai on empowering women and addressing social issues. At the event, speakers from our Group and the Chugin Group delivered presentations about the shared problem of Hiroshima and Okayama's net population outflow. The event as a whole sent out the message that eliminating gender bias can stimulate the regional economy and that solidarity is the key to solving the challenges.

Seminar program (excerpt)

Theme 1	Thinking together with the wider world
	Thinking with a Setouchi model ● Panel discussion 1 How can we stop the outflow? Solidarity will change the local communities
Theme 2	● Panel discussion 2 Who will change local communities? (1) The future for a regional area: Talent from other regions hold the key ● Panel discussion 3 Who will change the region? (2) The future for a regional area: Women will lead the way
Theme 3	Thinking together with members of the public sector, private sector, and media

SX, DX, and AX (Three Transformations)



DX

Kazuyuki Ishihara

Executive Officer; General Manager,
DX Administration Division

Throughout the Hirogin Group, we embrace digital transformation to help communities thrive and our clients grow. Under the Mid-Term Management Plan 2024, which started in the previous fiscal year, we have positioned DX as one of the strategy drivers and are strengthening our company-wide transformation efforts while expanding the scope of our initiatives to customers and local communities. We aim to support the growth of our customers and contribute to the development of the region by providing the know-how and resources we have cultivated to date to promote DX.

We are working on company-wide optimization of internal DX, reiterating that DX needs to be promoted company-wide, not just in specific divisions/departments.

The DX Administration Division promotes and supports DX initiatives in each of the Group's divisions/departments, and is itself responsible for leading cross-organizational transformation initiatives.



The Group obtained DX Certification, established by the Ministry of Economy, Trade and Industry, in October 2022. This certification signifies that the Group has been recognized as a DX Certified Company by the government, indicating its readiness exceeds a certain level for promoting DX transformation. We regard this certification as evidence of our commitment to DX for our customers and shareholders. Simultaneously, we will utilize this as an opportunity for all Group employees to collaborate together on DX initiatives, going forward.

* Hirogin Holdings, Inc. obtained the certification following an evaluation of the entire Hirogin Group.

Strategy drivers

DX

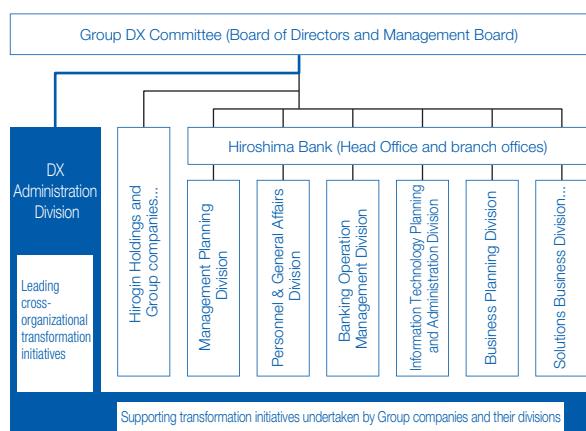
Digital transformation

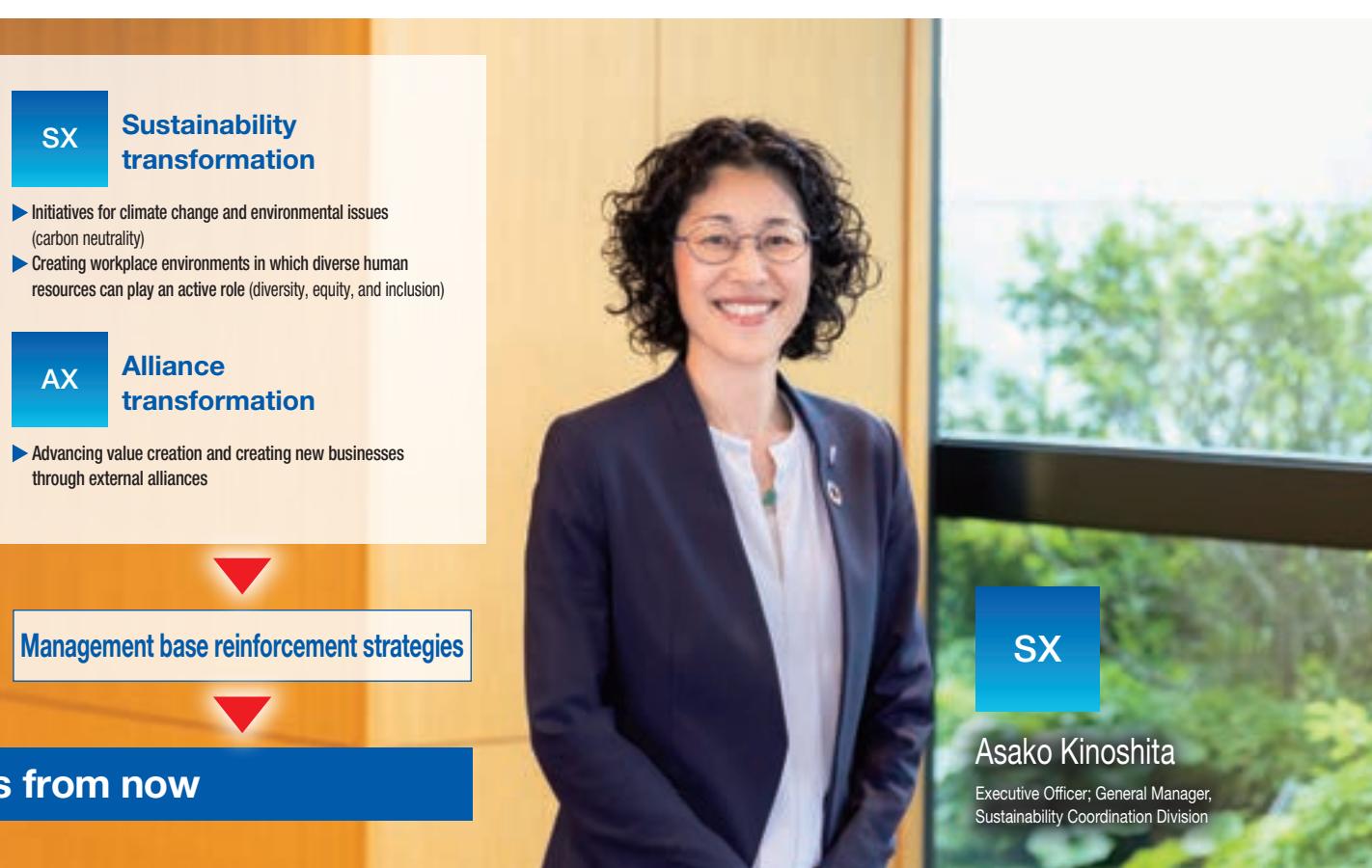
- ▶ Providing new value with DX as the basis for all measures
- ▶ Foster a transformation in awareness of all employees, including management, in the Group, and promote proactive DX initiatives

Value creation strategies

Achieving our goals

Without being bound by preconceptions or stereotypes, we are all committed to achieving our vision of delivering new value to the region, customers, and employees with DX as the basis for all measures.





The world today faces the crisis of climate change along with a host of other socio-environmental issues that require action across national and organizational boundaries. Yet, the world is also growing increasingly divided and polarized. In Japan, communities are dwindling with the double impact of a declining birthrate and population concentration in large cities, creating a series of challenges for regional companies. The sheer scale and complexities of the problems can make us feel powerless, but the borderless nature of the problems creates an impetus for solidarity. As a Regional Comprehensive Services Group, we have an opportunity to stand as the hub of this solidarity effort. This is the time to show what we are made of.

Believing that solidarity can be socially transformative, we are creating new structures to transcend organizational barriers in communities and regional barriers in Japan.

We launched a local business network, HATAful, to co-create amazing job opportunities in Hiroshima Prefecture. The partners in this boundary-transcending include Mazda Motor Corporation, The Chugoku Electric Power Co., Inc., the Hiroshima Prefectural Government, and local enterprises. Alongside this, we have an event where people can interact and build networks across organizational boundaries and an LGBTQ support project to create an employee-friendly workplace culture. In just a few months, we have developed and launched initiatives, reaching more than 300 allies and helping communities thrive.

In March 2025, we signed a partnership with Chugin Financial Group, Inc., and committed to a sustainability transformation right across the Setouchi region. This commitment includes conserving the Seto Inland Sea's ecosystem as a shared natural resource and promoting diversity, equity, and inclusion in the region. In this and other ways, we have pledged to be a leader in the sustainable transition.

As part of our commitment to protecting natural capital, we are doing more to support local carbon transition. For example, we are building a local network for public-pr

vate partnership and organizing client seminars and other educational content for communities and enterprises.

As for diversity, equity, and inclusion, we jointly organized seminars for senior managers to highlight how diversity can be a great asset in a time of labor shortages. The seminars were held in July 2025 in Hiroshima, Okayama, and at the Expo 2025 Osaka, Kansai. Attendees considered how the difficulties in securing leadership succession can be exacerbated by an unconscious bias—the notion that the successor should be the leader's son or son-in-law. They then discussed client businesses that transferred leadership to the leader's daughter and considered whether, in some cases, expectations may have been set lower or the successor may not have been nurtured for leadership adequately. Also discussed was the question of what should be done now to ensure that all employees feel empowered to perform to their full ability. The seminars made an impact considering the positive feedback we received from the attendees, who said that they realized how potentially beneficial diversity, equity, and inclusion can be.

The ultimate purpose of these acts of solidarity is to build up a band of allies. Many people are unhappy with their organization or community but feel they are unable to change things on their own. We want to encourage more people to commit to building "paradise" around them, even if it just in a 5-meter radius. We want to spark in people the aspiration to stop blaming the older generation and to instead take responsibility, as the present generation, and ensure that the next generation will inherit an organization or community to be proud of. This campaign requires something impactful, even if on a small scale. A regional city, as a microcosm of the broader society, is an ideal field for taking on this challenge. We will continue to use the power of solidarity to drive social change in a way that a single organization could never do on its own. In this way, we will make Setouchi a beacon of hope for Japan as it confronts the problems it faces.

■ Our Goals 10 Years from Now

In the Mid-Term Management Plan 2024, launched in the previous fiscal year, the Group clarified the promotion of DX as a key materiality in the region. Positioning DX as a strategic driver toward the goals 10 years from now of creating a vibrant region, we are advancing DX initiatives across all Group companies and employees. Additionally, for the growth and development of our customers, the

Group leverages its accumulated expertise and resources to advance DX initiatives for our customers and the region. We will continue to strengthen our efforts to create an environment in which DX engagement is embedded in the daily practices of all Group employees, contributing to the transformation of our customers and the region.

■ DX in the Hirogin Group

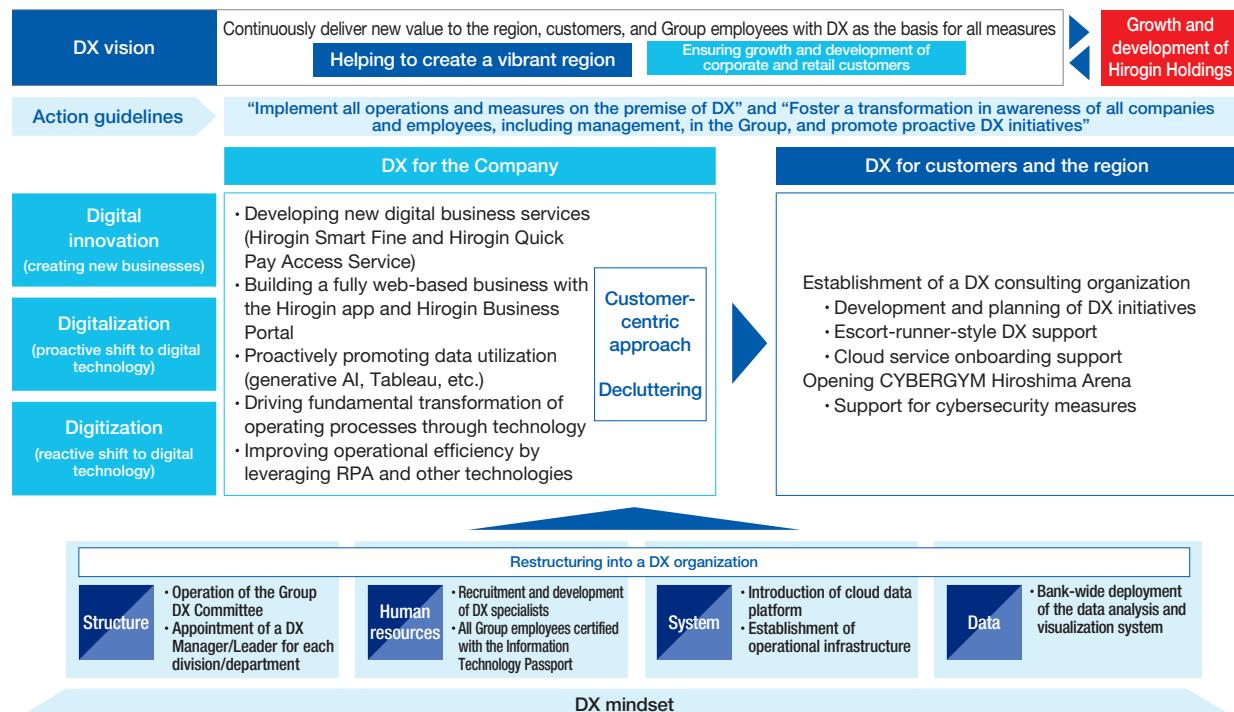
The Group has implemented DX strategies in alignment with the Mid-Term Management Plan 2024. Building on our DX efforts within the Group, we will now apply the insights gained to drive the growth and development of our customers and the region.

In addition to the tool implementation support and system development efforts, we will strengthen our DX consulting initiatives to assist customers in enhancing competitiveness through digitalization.

For the regional community, we will advance collaborative initiatives with organizations, including local governments, while fostering next-generation digital human resources in coordination with educational institutions and other entities.

Through its efforts to foster a transformation in awareness of all companies and employees, including management, in the Group and promote proactive DX initiatives utilizing data and digital technology, the Group remains committed to continuously delivering new value.

► Overall picture of DX strategies



► KPIs (during the Mid-Term Management Plan period)

	Numerical targets	As of March 31, 2025
Development of DX human resources	More than 60 DX specialists	27 persons
Improvement of IT literacy across Group companies	Information Technology Passport acquisition rate for Group employees: 80%	66%
DX-related investment	¥10.0 billion (including ¥7.5 billion allocated for DX-focused system investment)	¥2.1 billion

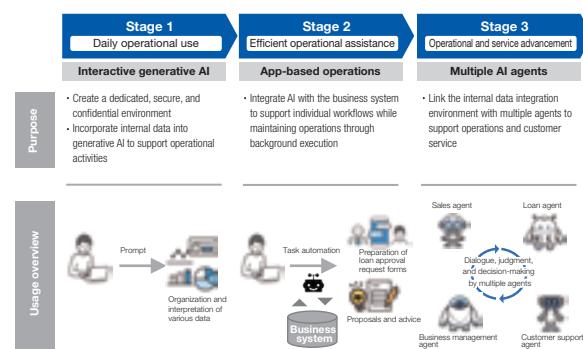
■ Major initiatives for DX and future directions

Use of generative AI

The Group advances the use of generative AI through two approaches: general-purpose utilization (democratization) and integration into individual operations. For general-purpose utilization (democratization), we collect internal and external use cases and share them across the Group. We also launched a prompt site (for instructions provided to generative AI) to enhance usability.

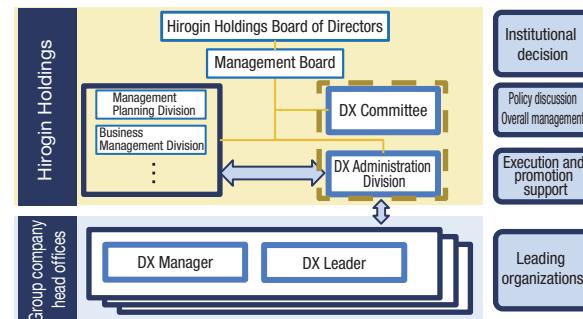
Additionally, for integration into individual operations, we aim to establish workflows that incorporate generative AI executing in the background, independent of user literacy. Generative AI will first be applied to the preparation of loan approval request forms starting in the second half of FY2025, with potential rollout to other operations under consideration. We aim to maximize operational efficiency and value creation within the Group by reforming operating processes in alignment with other

measures and increasing the number of projects integrated into individual operations, while advancing discussions on fundamental operational reviews using AI agents.



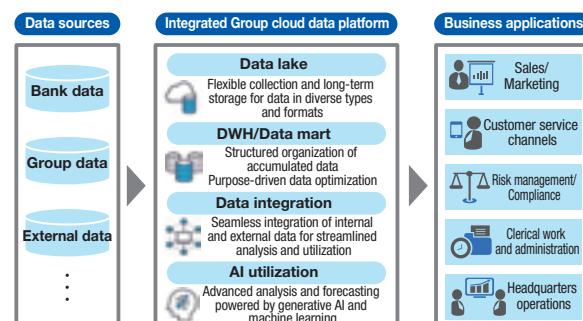
DX promotion and governance management structure

The Group deploys a DX Manager and DX Leader for each operating division/department of the Group companies to build a structure for promoting DX centered on each operating division/department. We have established the Group DX Committee, which deliberates on policies and strategic directions for DX projects to strengthen governance management, while enabling proactive DX investments independent of conventional IT investment decision-making processes.



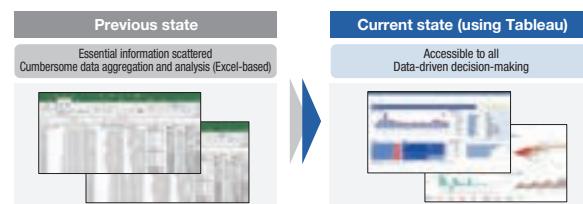
DX system infrastructures

Currently, the Group operates a cloud data platform for specific business areas. We are now considering the introduction of an integrated Group cloud data platform with flexible connectivity and high scalability to further enhance AI utilization and democratize data access moving forward. This platform, once implemented, will accelerate the advancement of data utilization across the Group and foster an environment that supports business transformation, enabling the pursuit of greater corporate competitiveness and the creation of new value.



Data utilization

In June 2024, as part of our initiatives to achieve advanced data utilization, we introduced the data analysis and visualization system "Tableau," which was made immediately available for all employees at Hiroshima Bank. Building on this approach, we are working to "promote the Group-wide data utilization and strengthen the data utilization in decision-making."



■ Ideal state 10 years from now and current challenges

The region of Hiroshima and other three prefectures (Okayama, Yamaguchi, and Ehime), which is the Group's main sales base, has a large amount of greenhouse gas emissions per population due to the region with the thriving manufacturing industry. In particular, the region's leading industries, the automobile and vessel sectors are expected to consider and respond to transitions (smooth transition to a decarbonized society) at the business model level, such as the shift to EVs and next-generation fuel ships.

However, momentum towards carbon neutrality among local SMEs is lacking in breadth, and there is no clear pathway towards a region-wide decarbonized society.

In these circumstances, the Hirogin Group, which is building coexistence and co-prosperity relations with the region, recognizes the urgent need to accelerate its efforts to achieve carbon neutrality in the region, not only from the perspective of the sustainability of the natural environment but also from the perspective of the sustainability of the local industry.

Based on the above recognition, the Mid-Term Management Plan 2024, which started in April 2024, defines the response to carbon neutrality as one of the materiality and positions Sustainability Transformation (SX) as

► CO₂ emissions per population by prefecture (FY2022)

Rank	Prefecture	Emission/population (t-CO ₂ /person)
1	Oita	24.0
2	Okayama	21.0
3	Yamaguchi	20.4
4	Hiroshima	13.8
5	Wakayama	13.3
6	Ibaraki	12.8
7	Mie	11.7
8	Ehime	10.8
9	Chiba	9.8
10	Fukui	9.4
Nationwide average		7.6

Source: Estimated by the Company based on the Ministry of the Environment "Estimation of Current Status of CO₂ Emissions by Field" and the Ministry of Internal Affairs and Communications "Population Estimates"

the strategy driver to realize our ideal state 10 years from now; "helping to create a vibrant region" and "increasing corporate value." As a Regional Comprehensive Services Group, we will accelerate our efforts through our core business to achieve a smooth transition to a region-wide decarbonized society by promoting and supporting carbon neutrality within the Group and among our business partners.

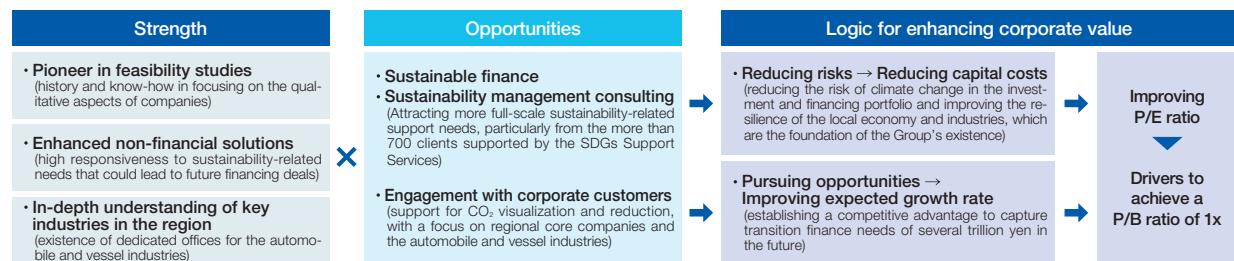
■ Carbon-Neutrality Strategies to Increase Corporate Value

We see the movement toward carbon neutrality as a challenge for our business partners and the region and an opportunity for the Group to demonstrate its significance as a Regional Comprehensive Services Group by utilizing the strengths we have built up over the years.

The Group has cultivated a decades-long history of feasibility studies against the backdrop of the vital need to combine not only financial information but also non-financial information (qualitative aspects) of business partners from the perspective of industry clusters to deepen corporate understanding, due to the regional characteristics of manufacturing, particularly in the automobile industry. This history and know-how of focusing on the qualitative aspects of companies has given the Group an excellent position to face the non-financial issues of our business partners, coupled with the expansion of non-financial

solutions accelerated after the transition to a holding company structure in October 2020 and the existence of a dedicated offices for the automobile and vessel sectors.

We will further strengthen sustainability management consulting and engagement initiatives with business partners, leveraging these historical strengths. We will also accelerate initiatives to achieve a P/B ratio of 1x through improving our P/E ratio by raising investors' expectations for the medium- to long-term sustainable growth of the Group from the perspectives of both reducing risks (reducing the risk of climate change in the investment and financing portfolio and improving the resilience of the local economy and industries, which are the foundation of the Group's existence) and pursuing opportunities (establishing a competitive advantage to capture transition finance needs of several trillion yen in the future).



Overall picture of carbon neutrality strategies

Until now, our efforts have focused on responding to social demands (must-oriented) based on the Paris Agreement and the TCFD Recommendations. However, in the Mid-Term Management Plan 2024, we aim to respond to the “Helping to create a vibrant region” and “Increasing corporate value (will-oriented), and we will promote carbon neutrality (CN) of the Group, our corporate

customers, and regions. We are working to create value in a way that all stakeholders can feel, with the aim of realizing our ideal state 10 years from now: becoming “a leader in the creation of advanced sustainability regions,” “a future creation partner that is closer to companies than anyone else in ten years,” and “a focus for carbon neutral strategies in the regional bank sector.”



	Areas	Response Policy	Specific measures (example for consideration)	Stakeholders
CN measures	(1) Carbon neutrality of the Group	① Sophisticated climate change response based on TCFD recommendations ② Systematic implementation of Scope 1 and 2 reductions	• Develop a transition plan for investment and financial portfolio • Enhance ESG dialogue with investors	Shareholders/ Investors
	(2) Carbon neutrality of corporate customers	③ Identifying the actual state and providing support to achieve reductions through engagement for Scope 3 Category 15	• Collaborative engagement with regional core companies • Promote in-house production of solutions as a core element of engagement • Develop generalists with CN expertise	Natural environment
	(3) Carbon neutrality of the region	④ Expansion of financial and non-financial solutions to support the decarbonization of business partners ⑤ Area-wide initiatives for decarbonization in collaboration with external stakeholders (regional core companies and government)	• Sophistication of feasibility studies • Promote transition finance • Develop human resources specialized in CN area and upgrade alliance strategies • Organize renewable energy and carbon credit projects • Establish a finance framework for collaboration with governments	Employees Customers Regional community

Key KPIs

	Areas	KPIs (target year)	FY2024 results
CN targets and results	(1) Carbon neutrality of the Group	• Scope 1 & 2 CN achievement (2030)	• Scope 1+2: 5,252.1 t-CO ₂ (Reduction of 71.1% from FY2013)
	(2) Carbon neutrality of corporate customers	• 1,000 people qualified as advisor for decarbonization under the Ministry of Environment's certification program (2026) • Scope 1, 2, & 3 CN achievement (2050)	• 923 people qualified as advisor for decarbonization Achievement: 92.3%
	(3) Carbon neutrality of the region	• Cumulative amount of executed sustainable finance transactions: ¥2 trillion (2021 to 2030) • Of which, the cumulative amount of executed environmental finance transactions: ¥1 trillion (2021 to 2030)	• Sustainable finance transactions: ¥788.0 billion (total) Achievement: 39.4% (4 years/10 years) • Environmental finance transactions: ¥559.0 billion (total) Achievement: 55.9% (4 years/10 years)
		• Of which, the cumulative amount of executed environmental finance transactions in Hiroshima: ¥430.0 billion (2021 to 2028)	• Environmental finance transactions in Hiroshima: ¥186.1 billion (total) Achievement: 43.3% (4 years/8 years)

Carbon neutrality of the Group

The Group has established a mid- and long-term target of “aiming at achievement of carbon neutrality of the Group’s greenhouse gas emissions (Scope 1 and 2) by FY2030” in order to reduce greenhouse gas emissions of the Group.

As for progress towards Scope 1 and 2 reduction targets, we completed the switch to renewable energy for the electricity used at our three main facilities (the Head Office building, the Genesis Building (Data Center), and the Chuo Building (Administration Center)), which account for nearly half of our Scope 2 emissions by FY2023. We also reduced greenhouse gas emissions by approximately 71% in FY2024 compared to FY2013.

The Group considers that it is important to have dialogues with the awareness and attitude of “working together” when encouraging business partners to reduce greenhouse gas emissions. We will steadily continue to carry out initiatives to reduce greenhouse gas emissions of the Group.

■ Further promotion of energy saving (reduction in Scope 1 and 2)

We consider “energy saving” to be the basis for Scope 1 and 2 reductions, also from the perspective of economic rationality. In addition to promoting our traditional eco-friendly office activities, we actively invest in energy savings in our buildings.

For example, in May 2021, we rebuilt our new Head Office building with high environmental performance, working to improve energy efficiency.

Furthermore, in November 2023, we reopened the Tokaichi Branch of the Hiroshima Bank and the Miyoshi Branch of Hirogin Securities as sustainable buildings. We are also actively working to switch our buildings to net zero energy buildings (ZEB), for example by obtaining registration as a “ZEB Leading Owner” under the Ministry of the Environment’s “FY2023 ZEB Demonstration Project” at Hiroshima Bank.

■ Purchasing agriculture-derived J-Credit

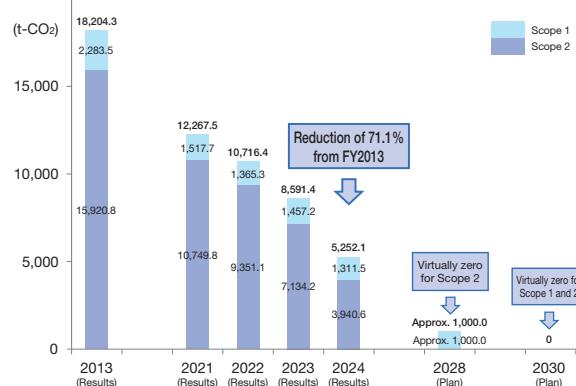
Hiroshima Bank purchased agriculture-derived J-Credits, equivalent to 100 t-CO₂, certified by Rev0 Inc. in February 2025. This initiative involves generating J-Credits by suppressing and reducing methane gas emissions through the extension of the midsummer drainage period in wet-rice cultivation. This is the first project of its kind in Hiroshima, and our bank is the first company to purchase these credits.

We will advance initiatives to preserve the rich natural environment of our region, including both mountainous and rural areas, while enhancing the profitability of agricultural enterprises and supporting the sustainability of local agriculture, with the aim of passing these assets on to future generations in an improved state.

Mid- and long-term target for the reduction of greenhouse gas emissions (Scope 1 and 2)

Aiming at achieving carbon neutrality of greenhouse gas emissions (Scope 1 and 2) of the Group by FY2030

► Results of greenhouse gas emissions (Scope 1 and 2)



Four types of ZEB		ZEB-certified buildings
ZEB ^{*1}	3 buildings	Tokaichi Branch, Yasu Branch, and Fukuyama South Branch
Nearly ZEB ^{*2}	4 buildings	Hiro Branch, Fukuyama North Branch, Mukainada Branch, and Gion Branch
ZEB Ready ^{*3}	9 buildings	Hirogin Career Co-creation Center, Kaita Branch, Midorii Branch, Onomichi Kurihara Branch, Hiroshima Personal Loan Center, Furuichi Branch, Okayama Branch, Kojima Branch, and Kasaoka Chuo Branch
ZEB Oriented ^{*4}	0 buildings	—

*1: Buildings that achieve a primary energy consumption reduction of 100% or more through energy saving and energy creation

*2: Buildings that achieve a primary energy consumption reduction of 75% or more through energy saving and energy creation

*3: Buildings that achieve a primary energy consumption reduction of 50% or more through energy-saving

*4: Buildings with a total floor area of 10,000 m² or more that achieve a reduction in primary energy consumption stipulated for each use through energy saving



► Certification Ceremony



Carbon neutrality of corporate customers

To reduce greenhouse gas emissions at corporate customers, the Group established a mid- and long-term target of “aiming at the achievement of the carbon neutrality of the entire supply chain’s greenhouse gas emissions including the investment and financing portfolio (Scope 1, 2, and 3) by FY2050.”

As the Group indirectly bears the climate change risks of its corporate customers through the financing operations of its main subsidiary, Hiroshima Bank, etc., the

Group recognizes that climate change risks via its investment and financial portfolio constitute a significant portion of the Group’s climate change risks. Under such circumstances, given the lack of momentum toward carbon neutrality among local SMEs, we are prioritizing efforts to calculate and reduce greenhouse gas emissions (financed emissions, FE) in business loans from the perspective that we, as a regional financial institution, should focus on engagement with local SMEs.

Mid- and long-term target for the reduction of greenhouse gas emissions (Scope 3)

Aiming at the achievement of carbon neutrality of greenhouse gas emissions (Scope 1, 2, and 3) of the entire supply chain including the investment and financing portfolio by FY2050

► Results of greenhouse gas emissions (Scope 3 Category 15)

Unit: Million t-CO₂

	Energy		Transportation						Materials and buildings					Agriculture, food, and forest products				Others	Total
	Electric power	Oil and gas	Air cargo transportation	Air passenger transportation	Marine transportation	Railroad transportation	Truck services	Automobiles and parts	Metals and mining	Chemical goods	Building materials	Capital goods (buildings, etc.)	Real estate management and development	Beverages	Agriculture	Packaged foods and meat	Paper, forest products		
Total of FE (vs. previous FY)	2.51 (0.08)	1.73 (-0.02)	0.00 (0.00)	0.33 (0.04)	4.84 (-0.09)	0.08 (0.02)	0.44 (0.03)	1.94 (0.71)	1.01 (0.18)	0.78 (0.02)	0.04 (0.00)	6.37 (-1.90)	0.26 (0.09)	0.05 (0.02)	0.12 (-0.01)	2.49 (-0.09)	0.39 (0.02)	3.96 (0.17)	27.35 (-0.74)
Scope 1 & 2	1.63	0.98	0.00	0.25	2.22	0.05	0.28	0.08	0.61	0.30	0.00	0.44	0.01	0.00	0.08	1.80	0.16	0.65	9.56
Scope 3	0.88	0.74	0.00	0.08	2.61	0.03	0.16	1.86	0.40	0.48	0.04	5.93	0.25	0.05	0.04	0.68	0.24	3.31	17.78
Total of the destinations in local areas and the main and semi-main destinations	0.27	0.95	0.00	0.04	2.27	0.04	0.29	0.31	0.35	0.34	0.03	1.89	0.04	0.01	0.09	1.61	0.16	2.81	11.49
Scope 1 & 2	0.24	0.68	0.00	0.03	1.04	0.03	0.19	0.03	0.21	0.13	0.00	0.27	0.00	0.00	0.07	1.19	0.04	0.46	4.60
Scope 3	0.03	0.27	0.00	0.01	1.24	0.01	0.10	0.28	0.13	0.21	0.03	1.62	0.04	0.01	0.03	0.43	0.12	2.35	6.88

*Scope 3 Category 15 emissions

• Scope of calculation: Corporate loans and project finance as of the end of FY2024 are included, classified with reference to the sectors recommended for disclosure in the TCFD recommendations. Please note that sectors lacking the necessary data for calculation are excluded.

• Calculation method: Calculations are performed based on the Partnership for Carbon Accounting Financials (PCAF) Standard, utilizing corporate disclosure data and other sources. When data is not available, estimates are made using emission factors and other values cited from the PCAF database. The PCAF database does not include Scope 3 downstream emission factors.

• Financed Emissions = Greenhouse gas (GHG) emissions by investment and financing recipients x attribution factors (attribution factors: investment and financing costs/(debt + equity for each client and project))

• Due to factors such as the expansion of customer GHG emission disclosures, changes in the PCAF calculation standards, and revisions to industrial classifications, the calculation results may change significantly in the future.

• Data quality score: Scope 1 3.42, Scope 2 3.43, Scope 3 3.45

Topics

Received a Special Selection Committee Chairman’s Prize in the ESG Finance Award Japan

In February 2025, we received a Special Award at the ESG Finance Award Japan, hosted by the Ministry of the Environment to promote and expand ESG finance and enhance its quality.

Reason for the Award

- Our Group has established a framework that thoroughly evaluates the viability of regional industries while actively incorporating non-financial insights, such as each industry’s characteristics and expertise, into our banking operations. We are taking deep-dive approaches to address challenges, especially for industries where transition is essential, such as shipping and automobiles.
- Our efforts to reduce CO₂ emissions by utilizing biomass fuels—such as those derived from discarded oyster rafts—in the casting process of automobile manufacturing are tied to addressing carbon neutrality challenges. We achieve this through the commercialization of circular economy initiatives and the development of value chains, and expect to show promising growth in the future.



■ Engagement with the automobile sector

Hiroshima Bank focuses on engagement in the automobile sector, a key industry in the region, to achieve carbon neutrality throughout the parts supply network (supply chain) of parts manufacturers centered on Mazda Motor Corporation.

In FY2023, we began to study and support the carbon-neutralization of the casting process for the production

of automobile parts (establishing a supply chain for the fuel conversion from coal coke to biomass).

We established a carbon-neutral consulting service for automobile suppliers in FY2024. Going forward, we will expand our solution menu in line with our efforts in the three pillars of Mazda's carbon-neutral initiatives: energy conservation, renewable energies, and carbon neutral fuels.

FY2021	FY2022	FY2023	FY2024
<ul style="list-style-type: none"> Conduct scenario analysis on transition risks in the automobile sector*1 Consider support for automobile suppliers to create new businesses in consideration of ESG factors*2 	<ul style="list-style-type: none"> Analyze the composition of CO₂ emissions in the automobile sector on a sub-sectoral basis*3 Provide support for four automobile-related manufacturing companies to visualize CO₂ emissions and formulate reduction plans*4 	<ul style="list-style-type: none"> Consider support for assisting carbon neutrality of casting processes in the manufacture of automobile parts*5 Sign a memorandum of understanding for sophisticated support for the automobile industry with six regional banks that are focusing on supporting the automobile industry 	<ul style="list-style-type: none"> Establishment of a carbon-neutral consulting service for automobile suppliers

*1: Initiatives through the adoption of and participation in the TCFD Climate Risk/Opportunity Scenario Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*2: Initiatives through the adoption of and participation in the FY2021 Community ESG Finance Promotion Project, a publicly solicited project of the Ministry of the Environment

*3: Initiatives through the adoption of and participation in the Financial Institutions Portfolio Carbon Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*4: Initiatives in the commissioning of the Manufacturing Industry Support Project for Carbon Neutrality, a project by Hiroshima Prefecture

*5: Initiatives through the adoption of and participation in the FY2023 Community ESG Finance Promotion Project, a publicly solicited project of the Ministry of the Environment

■ Engagement with the vessel sector

Hiroshima Bank focuses on engagement with the vessel sector, a key industry in the region, focusing on the international vessel/ship rental/leasing business (ship owners), which accounts for a large proportion of its financing portfolio.

Based on the Poseidon Principles*4, which the Hiroshima Bank signed in FY2023, the bank calculated and disclosed its Portfolio Climate Alignment score for its

ship-financing portfolio against climate change targets for FY2024.

Based on the knowledge gained through this initiative and future trends in environmental regulations, we continue to promote dialogue with our corporate customers to ensure their sustainable growth.

**The Bank's Portfolio Climate Alignment
(as of December 31, 2023): +7.7%*5**

FY2021	FY2022	FY2023	FY2024
<ul style="list-style-type: none"> Conduct scenario analysis on transition risks in the vessel sector*1 	<ul style="list-style-type: none"> Analyze the composition of CO₂ emissions in the vessel sector on a sub-sectoral basis*2 Provide support for four shipbuilding-related manufacturing companies to visualize CO₂ emissions and formulate reduction plans*3 	<ul style="list-style-type: none"> Sign up to the Poseidon Principles*4 	<ul style="list-style-type: none"> Disclosure of the Portfolio Climate Alignment*5 score for our ship-financing portfolio against climate change targets

*1: Initiatives through the adoption of and participation in the TCFD Climate Risk/Opportunity Scenario Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*2: Initiatives through the adoption of and participation in the Financial Institutions Portfolio Carbon Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*3: Initiatives in the commissioning of the Manufacturing Industry Support Project for Carbon Neutrality, a project by Hiroshima Prefecture

*4: Established to contribute financially to the greenhouse gas emission reduction targets for international shipping adopted by the International Maritime Organization (IMO).

*5: Calculated the deviation between the actual GHG emissions of financed vessels and the benchmark values set by the Poseidon Principles, using a weighted average based on the outstanding loan balance. This indicator shows the degree of alignment with the IMO targets, where 0% indicates full alignment (a negative score indicates reductions exceeding the target pace, while a positive score indicates reductions below the target pace).

Carbon neutrality of the region

The Group recognizes the need for engagement at the regional level in collaboration with regional core enterprises, local governments, and other entities.

In December 2021, we concluded a collaboration agreement with The Chugoku Electric Power Co., Inc. to help regional companies respond to carbon neutrality. In addition to working together on solutions, we regularly hold decarbonization seminars for local companies.

In September 2024, we submitted a joint proposal with Higashihiroshima City for the Ministry of the Environment's 5th Decarbonization Leading Areas initiative, and were selected as a Decarbonization Leading Area—the first such designation in Hiroshima.

We will continue to work closely with regional core companies and governments to build momentum for carbon neutrality in the region.

► Major collaboration agreements concluded with regional core companies and local governments

Date of conclusion	Counterparty	Name of the agreement
December 2021	The Chugoku Electric Power Co., Inc.	Collaboration agreement to help regional companies respond to carbon neutrality
March 2023	Hiroshima Gas Co., Ltd.	Business alliance agreement to support companies in Hiroshima in their efforts for carbon neutrality
February 2024	Kure City, Sojitz Corporation, NEC Networks & System Integration Corporation	Comprehensive collaboration agreement for realizing a decarbonized society
March 2025	Chugin Financial Group, Inc.	Partnership Agreement for Promoting Sustainability in the Sanyo Region

Response to TCFD Recommendations

The Company and its subsidiary, Hiroshima Bank, announced their agreement to the Task Force on Climate-related Financial Disclosures (TCFD), and have enhanced the quality and quantity of disclosure of information on the impact of risks and revenue opportunities related to climate change on the Group's business activities, revenue, etc. according to the TCFD framework.

TCFD Report

For more information on the Group's response to climate change based on the TCFD recommendations, please refer to the TCFD Report, which is disclosed on the Company's website.



<https://www.hirogin-hd.co.jp/csr/environmental-initiative/index.html>

Governance (Four Pillars of the TCFD Recommendations (1))

The Board of Directors of the Company recognizes that response to climate change and other issues surrounding sustainability is an important management issue, and

has built a structure of governance for response to climate change that is led by the Board of Directors.

■ Governance for response to climate change of the Board of Directors

The Board of Directors of the Company performs a decision-making function for a more sophisticated response to climate change by formulating the Group's management plan and integrated risk management policy based on the deliberations and examinations on climate change response in the Group Sustainability Promotion Committee and Group Comprehensive Risk Management Committee.

The Board of Directors of the Company also performs a supervision function related to business execution for climate change response by receiving reports on the implementation status of the above management plan and integrated risk management regularly or as necessary.

Details of the Board of Directors deliberations on climate change (FY2024)	
① Progress of mid- and long-term targets to realize carbon neutrality in the region	<ul style="list-style-type: none"> Progress of mid- and long-term targets for the reduction of greenhouse gas emissions (Scopes 1, 2, and 3) Progress of mid- and long-term targets for sustainable finance
② Future action plans for achieving carbon neutrality strategies in the Mid-Term Management Plan 2024	<ul style="list-style-type: none"> Enhance disclosure and dialogue for corporate value enhancement Strengthen engagement with corporate customers Strengthening collaboration with local governments and regional core companies to achieve regional decarbonization
③ Management of climate change risks as a top risk	<ul style="list-style-type: none"> Status of implementation of responses based on a climate change response policy in our Risk Appetite Statement
④ Response to TCFD Recommendations	<ul style="list-style-type: none"> Status of responses to enhance sophistication and disclosure of climate change responses based on TCFD recommendations
⑤ Officer compensation system	<ul style="list-style-type: none"> Incorporating sustainability and ESG metrics, including climate change response, into performance-based monetary compensation
⑥ Results of internal audits	<ul style="list-style-type: none"> Group-wide progress on Sustainability Transformation (Carbon Neutrality) (SX) initiatives

■ Business execution structure related to climate change response

The Company established the Group Sustainability Promotion Committee (chaired by the Representative Director and President) as a consultation organization of the Company's President. The Committee deliberates and considers response to climate change and other issues surrounding sustainability, and reports the status regularly (every six months) or as necessary to the Board of Directors.

The Company also established the Sustainability Coordination Office in the Sustainability Coordination Division for the purpose of strengthening coordinating functions related to response to climate change and other issues surrounding sustainability.

Strategy (Four Pillars of the TCFD Recommendations (2))

The entire Hirogin Group will strengthen its responses, including the further enhancement and strengthening of solutions, by putting all functions and alliances of the Group to effective use to provide solutions, including in

■ Perceived climate change risks and opportunities

The Group perceives physical risks resulting from changes in the natural environment in connection with rising temperature and other factors, as well as transition risks resulting from changes in the social and economic environment in connection with the transition to a carbon-free society, as climate change risks. The Group

Perceived risks
<ul style="list-style-type: none"> Physical risks <ul style="list-style-type: none"> Increase in credit costs and risk assets due to deterioration in local customers' management caused by extreme weather conditions (damage to equipment or disruption of the supply chain) Deterioration of asset value due to damage to held assets Transition risks <ul style="list-style-type: none"> Increase in credit costs and risk assets due to deterioration in local customers' management caused by increases in the costs of responding to the transition to a carbon-free society, etc. Decline in public trust caused by delays in responding to social demands, etc.

non-financial areas, for the realization of carbon neutrality not only in the Group but also in the region and among corporate customers.

also recognizes as climate change opportunities the provision of products and services that appropriately cater to the adaptation to and mitigation of changes in the social and economic environment and climate change accompanying the transition to a carbon-free society.

Perceived opportunities
<ul style="list-style-type: none"> Opportunities <ul style="list-style-type: none"> Increase in capital investment needs by business partners Creation of innovation through development of related technologies Increase in consulting opportunities for business conversions <p>Further enhancement and strengthening of solutions, including in non-financial areas, that put all functions and alliances within the Group to effective use</p> <p>Opportunity to demonstrate the Group's significance as a Regional Comprehensive Services Group</p>

■ Degree of concentration of credit exposure of carbon-related assets

Based on the TCFD Recommendations, Hiroshima Bank, the Group's major subsidiary, has recognized the balance of credit extended to important sectors as "carbon-related assets" for the purposes of internal climate change risk management, and has measured the degree of concentration of credit exposure in those sectors (as of March 31, 2025).

Target sector	Percentage of credit balance
Energy*	2.9%
Transportation	14.3%
Materials and buildings	10.1%
Agriculture, food, and forest products	2.2%
Total	29.4%

*Excluding renewable energy power generation businesses

■ Scenario analysis

The Group conducts scenario analysis of physical and transition risks at its major subsidiary, Hiroshima Bank. As a result of the current scenario analysis, we assess that the impact on our credit portfolio is limited. Howev-

er, by further promoting and supporting corporate customers' carbon neutrality action, we will strive to improve not only the Group's resilience but also that of our corporate customers.

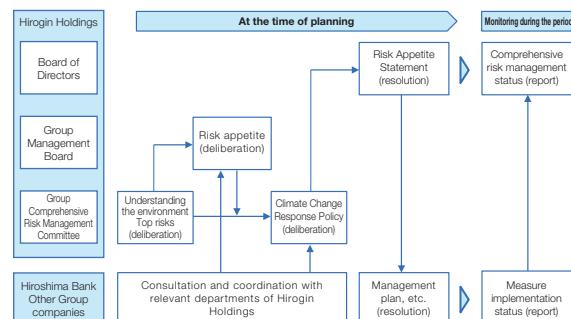
	Physical risks	Transition risks
Risk events analyzed	<ul style="list-style-type: none"> Business suspensions at credit recipients due to flood or landslide disasters, financial deterioration resulting from direct damage to business facilities, and damage to collateral assets 	<ul style="list-style-type: none"> Deterioration in the financial condition of credit recipients due to the introduction of carbon taxes accompanying the transition to a decarbonized society, increased energy costs, fluctuations in demand, additional capital expenditures, and R&D expenses.
Target portfolio	<ul style="list-style-type: none"> Business loans and housing loans in Japan 	<ul style="list-style-type: none"> Four sectors selected for analysis are "Energy," "Automotive and parts," "Maritime transport," and "Land transport" among those defined as "carbon-related assets" in the TCFD recommendations.
Scenarios	<ul style="list-style-type: none"> RCP8.5 (4°C Scenario) and RCP2.6 (2°C Scenario) of the Intergovernmental Panel on Climate Change (IPCC) 	<ul style="list-style-type: none"> The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Scenarios (Phase V): Net Zero 2050 Scenario and Current Policies Scenario
Analysis method	<ul style="list-style-type: none"> Estimated degree of impact on borrower's collateral properties in light of the location, structure, etc. of business facilities 	<ul style="list-style-type: none"> Impact estimates are calculated by combining a company-specific methodology for projecting financial performance through 2050 based on transition scenarios with a sector-level expansion methodology.
Analysis result	<ul style="list-style-type: none"> Credit expenses likely by 2050: ¥5.8 to 6.7 billion cumulative 	<ul style="list-style-type: none"> Credit expenses likely by 2050: ¥25.8 billion cumulative

Risk management (Four Pillars of the TCFD Recommendations (3))

In our comprehensive risk management process based on the risk appetite framework, the Group has built a climate change risk management structure within the comprehensive risk management framework. This includes the recognition, assessment, and management of climate change risks as “top risks.”

Specifically, the Group defined the Climate Change Response Policy in its Risk Appetite Statement and established a semi-annual monitoring system to monitor the implementation status of our subsidiaries’ responses based on the Climate Change Response Policy.

► Diagram of the management cycle related to climate change risks



Investment and financing policy

The Group has established an “Policy on Investment and Financing for Environmental and Social Solutions (the investment and financing policy),” (investment and financing policy) which incorporates initiatives to be considered in our operations. This policy includes measures such as aiming to reduce the outstanding balance of project fi-

nance loans for coal-fired power plant construction projects—which are considered to have a high environmental impact—to zero by 2035, based on an assessment of the materiality of risks and impacts on the environment and society.

Businesses for which investments and financing are prohibited

- ① Businesses that develop and manufacture inhumane weapons such as nuclear weapons and cluster bombs
- ② Businesses involved in human rights abuses such as human trafficking or forced labor

Businesses that require careful consideration when making such investments and loans

① Coal-fired power generation business

In principle, we will not invest in or finance new construction projects because coal-fired power plants are said to have higher greenhouse emissions than other power generation methods and involve the risk of increasing concerns about climate change and air pollution.

However, careful consideration may be given to initiatives on an exceptional basis, accounting for matters such as the background and distinguishing features of each project, based on each country's energy policies and circumstances and international guidelines, such as the OECD Arrangement on Officially Supported Export Credits. This prohibition also does not apply in unavoidable cases—for example, to respond to disasters or other emergencies. In addition, support is provided for advanced eco-friendly technologies such as carbon capture and storage as initiatives to help reduce greenhouse gas emissions.

In light of the above, the Group aims to achieve a zero balance by 2035 for project finance for the construction of coal-fired power plants.

② Coal mining business

Coal mining, if not properly managed, may cause industrial accidents due to coal mine accidents and impact the ecosystem due to hazardous waste. After checking our customers' implementation status of environmental and social considerations, we will make careful decisions on new businesses.

We will not invest in or finance new businesses that use the Mountain Top Removal (MTR) method, which has a significant impact on the environment.

③ Oil and gas mining business

Oil and gas mining may cause pollution of oceans and rivers due to accidental spills and have a negative impact on residents and society. Therefore, we will carefully decide on new businesses after checking our customers' implementation status of environmental and social considerations.

④ Palm oil plantation development business

While palm oil is an essential raw material for daily life, it may have negative impacts on climate change and residents, such as child labor, human rights abuses, and the cutting and burning of natural forests in development. Therefore, we will require the acquisition of certifications such as RSPO*1 and the disclosure of respect for policies such as NDPE*2 and carefully decide on new businesses after checking our customers' implementation status of environmental and social considerations.

*1: Roundtable on Sustainable Palm Oil (RSPO) certification: An international certification indicating that products are made from sustainable palm oil-derived raw materials or contribute to their production

*2: NDPE: A policy that stipulates environmental and human rights considerations of No Deforestation, No Peat and No Exploitation

⑤ Large-scale forest logging business

Large-scale forest logging may have negative impacts on climate change and ecosystems. Therefore, we will carefully decide on new businesses after checking the status of acquiring certification, such as FSC*3 and PEFC*4, and our customers' implementation status of environmental and social considerations.

*3: Forest Stewardship Council (FSC) certification: An international certification indicating that products are produced from properly managed forests

*4: Programme for the Endorsement of Forest Certification Schemes (PEFC) certification: An international certification for maintaining sustainable forests

Indicators and Targets (Four Pillars of the TCFD Recommendations (4))

The Group has set targets for reducing greenhouse gas emissions and promoting sustainable finance and is taking steps to achieve carbon neutrality for itself and its business partners. In addition, we are strengthening measures to realize carbon neutrality in the region, in-

cluding establishing a target for reducing greenhouse gas emissions in Hiroshima as “regional revitalization metrics” under the Mid-Term Management Plan 2024 from April 2024.

■ Reduction of greenhouse gas emission

Target setting items	Details of targets	Target fiscal year
Greenhouse gas emissions (Scope 1 and 2)	Realization of carbon neutrality	FY2030
Greenhouse gas emissions (Scope 1, 2, and 3)	Realization of carbon neutrality	FY2050

Unit: t-CO ₂						
Calculated items	Scope of calculation	FY2013	FY2021	FY2022	FY2023	FY2024
Scope 1 (Fuel combustion)	Consolidated	2,283.5	1,517.7	1,365.3	1,457.2	★ 1,311.5 Reduced by 42.6%
Scope 2 (Purchased electricity)		15,920.8	10,749.8	9,351.1	7,134.2	★ 3,940.6 Reduced by 75.2%
Scope 1 & 2 Total		18,204.3	12,267.5	10,716.4	8,591.4	★ 5,252.1 Reduced by 71.1%
Scope 3 Category 1 (Purchased goods and services)	Hiroshima Bank (Non-consolidated)	13,261.7	14,815.7	12,112.3	9,050.9	11,777.5 Reduced by 11.2%
Scope 3 Category 3 (Energy-related activities)		1,236.6	1,601.0	1,508.4	1,426.7	1,433.0 Increased by 15.9%
Scope 3 Category 4 (Upstream transportation and distribution)		1,674.7	1,799.7	1,712.0	1,626.7	1,654.6 Reduced by 1.2%
Scope 3 Category 6 (Business travel)		392.2	398.2	433.0	580.6	579.6 Increased by 47.8%
Scope 3 Category 7 (Employee commuting)		725.8	760.9	801.2	1,074.3	1,072.6 Increased by 47.8%
Scope 3 Category 15 (Investments and financing)		Please see page 98 for the calculation of financed emissions.				

*Scope 1 and 2 emissions

• Scope of calculation: The Company and its consolidated subsidiaries are covered.

• Emission factor: The emission factor for electricity for the current fiscal year (market-based) is the basic emission factor from the List of Emission Factors by Electric Utility (for submission in 2025). The emissions based on basic emission factors take into account the CO₂ reduction effect of renewable electricity, off-site PPAs, and non-fossil certificate introduced at some sites, such as the Head Office building. The CO₂ emission factors for other than electricity are based on the List of Calculation Methods and Emission Coefficients in the Calculation, Reporting, and Publication System (Updated on December 12, 2023 (partially revised on July 11, 2024)) (Ministry of the Environment and Ministry of Economy, Trade and Industry).

• Calculation method: The Group's greenhouse gas emissions are calculated by our calculation standards, which were developed with reference to the GHG Protocol. Quantification of greenhouse gas emissions is subject to uncertainties in the measurement of activity data, the determination of emission factors, and the scientific uncertainties associated with the determination of global warming potentials.

• Third-party assurance: Third-party assurance (limited assurance) by KPMG AZSA Sustainability Co., Ltd. has been obtained for indicators marked with ★.

■ Sustainable finance

The Group has set the amount of environmental finance implemented in Hiroshima as a target for sustainable finance. To accelerate decarbonization support for our client companies in Hiroshima, we have increased upward our target for environmental finance implemented in Hiroshima. (Amount executed for FY2021 to FY2028: +¥130 billion; for FY2024 to FY2028: +¥120 billion)

Target setting items	FY2021	FY2022	FY2023	FY2024	(Cumulative for four years)	Cumulative progress rate
Amount executed in sustainable finance (¥2 trillion/FY2021 to FY2030)	¥122.0 billion	¥211.9 billion	¥220.0 billion	¥234.1 billion	¥788.0 billion	39.4% (4 years/10 years)
Of which, the amount executed in environmental finance (¥1 trillion/FY2021 to FY2030)	¥85.0 billion	¥150.3 billion	¥158.7 billion	¥165.0 billion	¥559.0 billion	55.9% (4 years/10 years)
Of which, the amount executed in environmental finance in Hiroshima (¥430.0 billion/FY2021 to FY2028)	¥26.8 billion	¥51.0 billion	¥52.2 billion	¥56.1 billion	¥186.1 billion	43.3% (4 years/8 years)

*Scope of calculation of sustainable finance

• Investments, loans, and leases that contribute to solving environmental issues: renewable energy, vehicles, ships, and other equipment that reduce environmental impacts, etc.

• Investments, loans, and leases that contribute to solving social issues: SDGs-related, medical/welfare/education-related equipment, initial funding for startups, business succession, BCP, public infrastructure, etc.

*Scope of calculation of environmental finance

• Of the above scope of calculation of sustainable finance, those that fall within the scope of investments and financing, and leases that contribute to solving environmental issues

Response to TNFD Recommendations

The loss of biodiversity is considered a serious threat, just like climate change. Biodiversity is a vital element that maintains healthy ecosystems and supports the natural resources essential to our lives, such as food, water, and air. Activities conducted by businesses can have adverse effects on biodiversity. For example, deforestation, land development, and overexploitation of biological resources can be cited. Therefore, businesses are strongly urged to avoid biodiversity loss, utilize natural resources in a sustainable manner, and conduct operations accordingly.

Analysis of the relationship between each sector and natural resources

The Hiroshima Bank analyzed the exposure and impacts on natural resources by sector in its corporate lending portfolio using the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), a tool for analyzing natural resource dependencies, impacts, and risks recommended for use in the TNFD framework, to identify nature-related risks and opportunities.

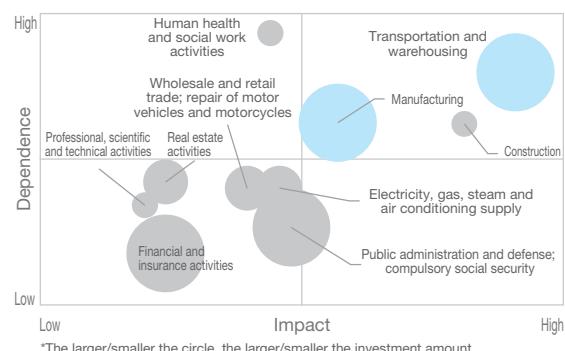
Identification of important sectors

Based on analyses using ENCORE, we identified key sectors by multiplying the Dependency and Impact scores for the top 10 sectors in portfolio exposure.

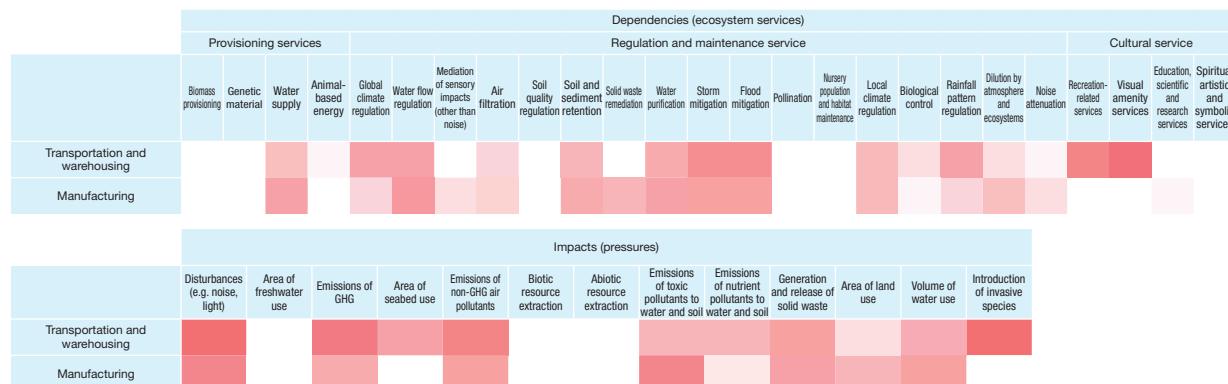
Analyses have identified “Transportation and Warehousing (including the shipping sector)” and “Manufacturing (including the automobile sector)” as sectors with significant dependence and impact.

Going forward, we will explore enhancing our analyses beyond ENCORE results, including identifying sectors requiring priority action and pinpointing natural resources.

The Group believes that under our Environmental Policy, we have a responsibility to protect the rich natural environment of our local communities, including the Seto Inland Sea, and to pass it on to future generations in an improved state. To actively and continuously advance initiatives addressing nature-related issues in our environmental conservation activities, we are analyzing various risks and opportunities related to natural resources. Through these initiatives, the Group will advance our commitment to nature positivity and contribute to achieving a sustainable society for the future.



The identified ENCORE results of “Transportation and warehousing” and “Manufacturing”



*Items in darker colors indicate significant dependencies or impacts.

Case Studies on Initiatives for the Conservation of Natural Resources and Biodiversity (Nature Positive)

Participation in the Setouchi Nagisa Forum

As part of our efforts to strengthen initiatives for the conservation of regional biodiversity and natural resources, the Company joined the Setouchi Nagisa Forum in September 2024. This forum was established through collaboration with participating companies and organizations, primarily in the Seto Inland Sea region.

In light of the current decline of seaweed beds in the Seto Inland Sea, the Setouchi Nagisa Forum aims to bring together diverse stakeholders—including businesses, academia, and local governments—to collaboratively

implement the following initiatives for the conservation and restoration of the seaweed beds and tidal flats in the Seto Inland Sea:

- ① Field survey of seaweed beds (seaweed beds and soil)
- ② Identifying the cultivation conditions for seaweed (algae)
- ③ Education and community contribution project
- ④ Research on seaweed bed conservation utilizing corporate assets
- ⑤ Seaweed (algae) breeding
- ⑥ Development utilizing seaweed (algae)