

DBJ provides integrated investment and loan services to resolve the issues its clients face and continues to support the ongoing growth of society from a financial perspective.

At DBJ, corporate social responsibility involves not only contributing to society through investment, loan and other business, but also seriously taking into account societal needs and living up to responsibilities as a member of society.

This requires all DBJ executives and regular employees to conduct their daily activities with constant consideration of society, the environment and the economy. We believe our efforts will build DBJ into a financial institution trusted, favored and chosen by the public.

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### Editorial Policy

To expand communication with all stakeholders, in 2003, DBJ first issued *Environmental Report 2003 for a Sustainable Society*. This was followed by annual sustainability reports in 2004 and 2005. In 2006, DBJ published the *CSR Report*. Since the fiscal year ended March 31, 2008, DBJ has combined its annual report and CSR report under the concept of "disclosure from a CSR perspective." DBJ will continue publishing CSR information introducing its initiatives to help realize a sustainable society.

As in previous years, this report explains how DBJ came into being, as well as the services DBJ provides. The report aims to show that DBJ fulfills its corporate social responsibility through the careful attention it accords to each of its activities, incorporating this discussion of the status of its recent activities. Furthermore, we have employed the following guidelines in our effort to enhance the report's readability.

- We explain DBJ's stance on CSR as a way of addressing the problems society faces.
- To give the reader a clear sense of how DBJ's services relate to society, the report provides case studies of DBJ's ongoing emphasis on CSR through the investment, loan and other businesses it conducts.

DBJ considers this report an important tool for communicating with all manner of stakeholders and hopes to continue improving it. Accordingly, we welcome your comments and suggestions.

### Scope of Report

**Organizations covered:** All DBJ branches, including overseas representative offices and subsidiaries, except where noted.

Japan: Head office, 10 branch offices and eight representative offices

Overseas: One overseas representative office

**Period covered:** The fiscal year from April 1, 2015, to March 31, 2016

As this report is designed to illustrate ongoing initiatives, some of the case studies for investment, loan and other business contained herein are the same as in past issues. Furthermore, some of the information indicated herein will have been updated by the time this report is published.

### Publishing Details

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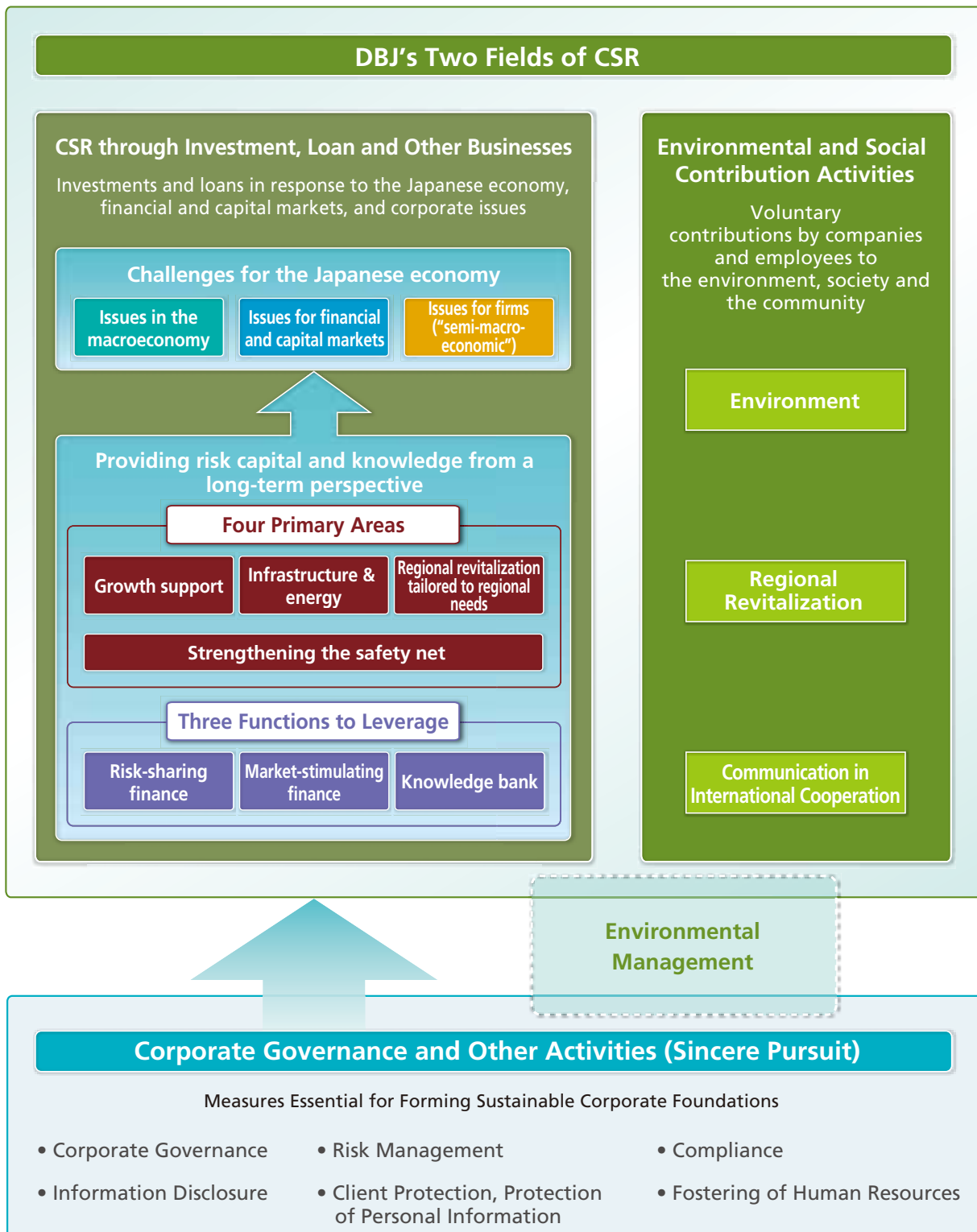
### Reference Guidelines

*The Sustainability Reporting Guidelines (Fourth Edition)*, issued by the Global Reporting Initiative (GRI), were used as reference guidelines.

## Implementing CSR Management

With corporate governance as its cornerstone, DBJ separates into two fields the scope of the CSR activities through which it addresses the problems economy and society face: (1) CSR through investment, loan and other businesses and (2) the environmental and social contribution activities it undertakes. The combination of the two fields enhances corporate value.

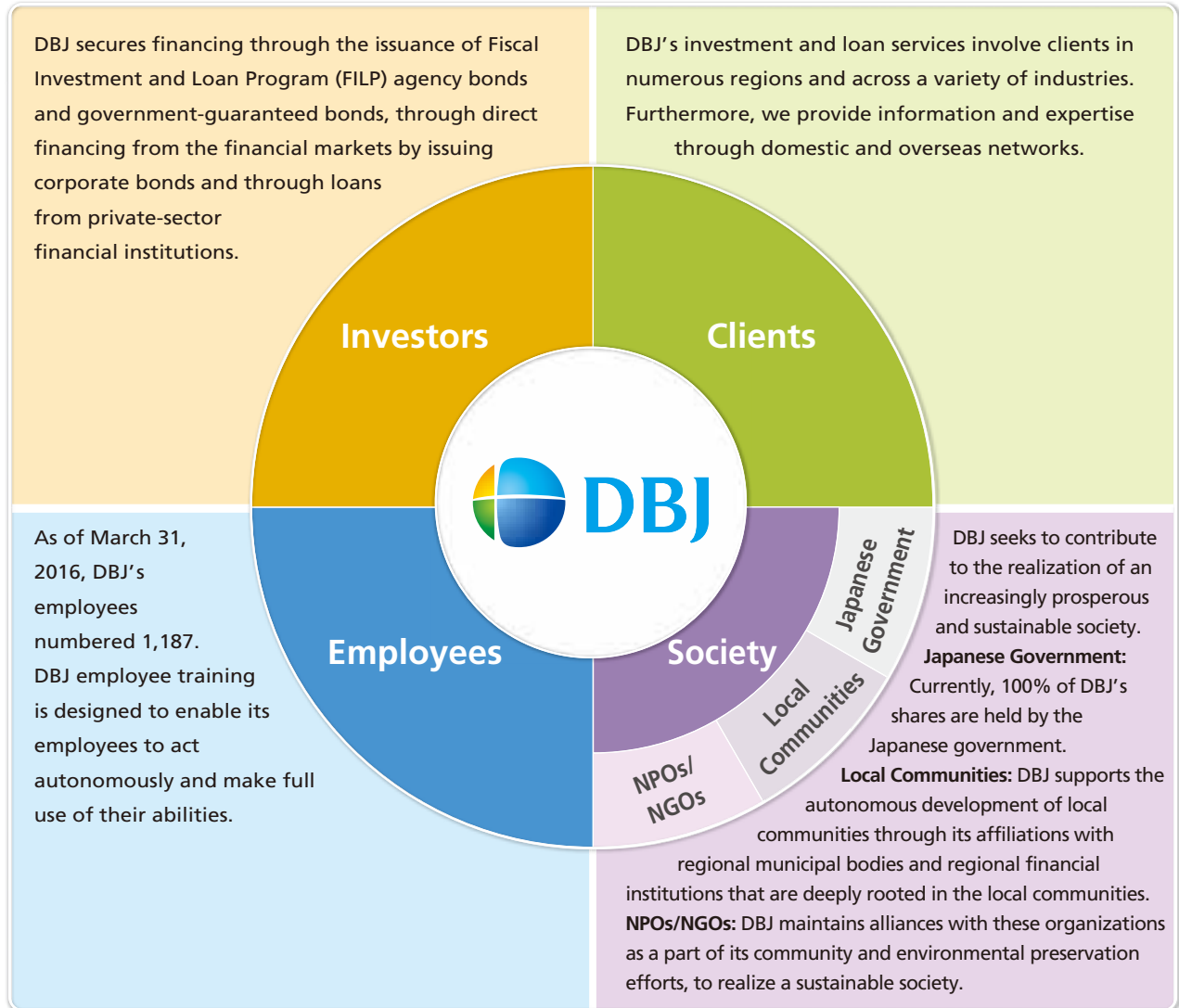
### Fields of CSR Implementation at DBJ



## DBJ and Its Stakeholders

DBJ comes into contact with a wide variety of organizations, enterprises and people in the course of its operations.

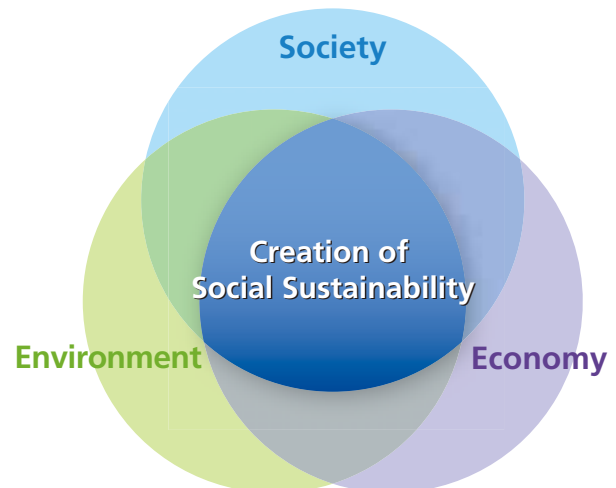
DBJ strives to increase its dialogue with stakeholders in its effort to realize a sustainable society.



## Triple Bottom Line

"Triple bottom line" refers to evaluating corporate activity from the three vital perspectives of society, the environment and the economy. It is not simply evaluating a company's financial performance, but rather assessing sustainable development by incorporating environmental, social and economic aspects.

Economic issues are tied to DBJ's investments and loans, and its considerations include region-specific and environmentally time-specific concerns, in addition to the economic issues that a company faces, thus spanning the three elements that make up triple bottom line evaluation. Accordingly, in "CSR through Investment, Loan and Other Businesses," DBJ carries out activities based on triple bottom line evaluations to help build a sustainable society.



## Social Effectiveness

During its time as a comprehensive policy-based financial institution, evaluations of DBJ's annual operations raised DBJ's business effectiveness and results, thereby improving its responses to socioeconomic changes and policy issues facing Japan. These measures were a way to evaluate CSR through Investment, Loan and Other Businesses.

Even after privatization (conversion to a joint-stock company), DBJ aims to continue contributing to building an affluent future by solving problems through creative financial activities. We determine from our own perspective those businesses that are truly useful to society and work to promote the realization of a sustainable society.

## CSR through Investment, Loan and Other Businesses

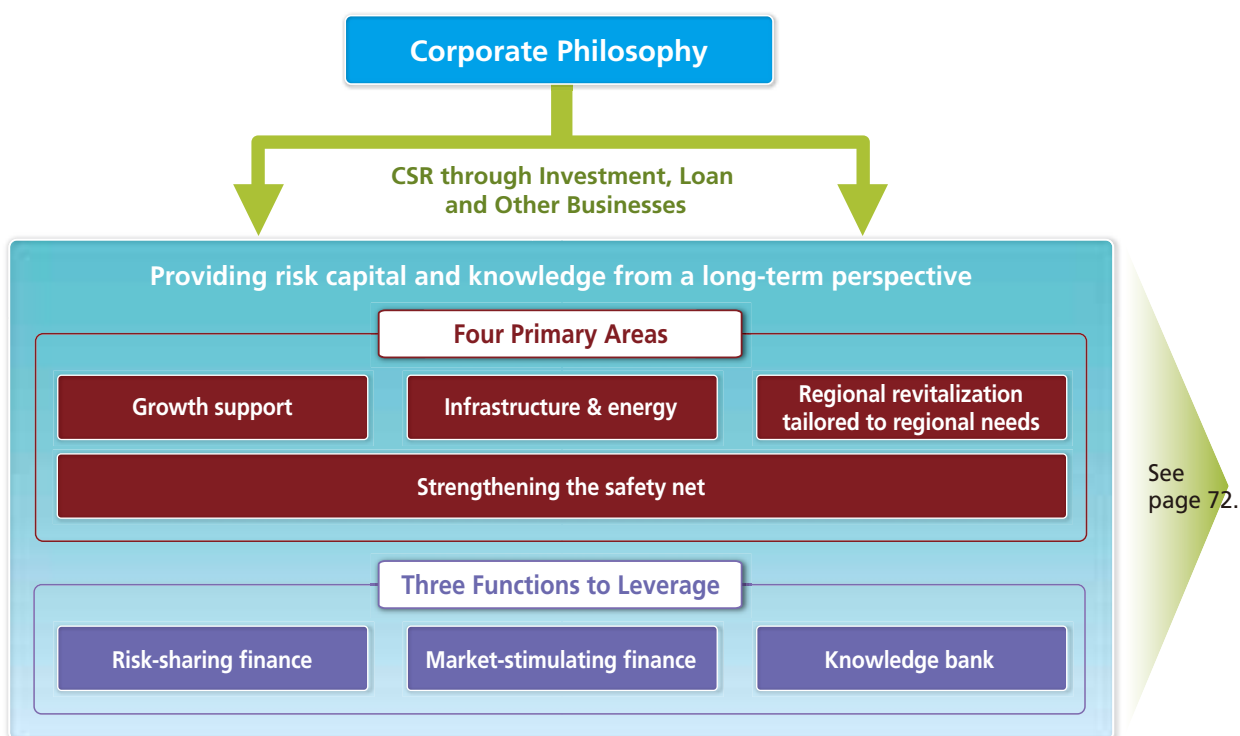
Due consideration of compliance issues is a prerequisite for the sustainable development of enterprises. Accordingly, it is important that a corporation's business activity brings new value to, contributes to problem-solving in, and gains the trust of society.

Financial institutions can play a specific role in building a harmonious society over the long term by identifying truly meaningful projects for the economy and society, conducting appropriate risk assessment and providing quality financing and other financial solutions.

We believe that DBJ can gain the trust of society with CSR through investment, loan and other businesses, such as the provision of services that lead to client satisfaction and increases in corporate value.

Accordingly, DBJ considers the application of its intellectual assets and service platforms for investments and loans to be of vital importance, as well as its business of working with clients in a variety of fields.

Specifically, DBJ will apply the distinctive features and financial services that it has realized in the past to provide to clients various solutions that address expected changes and other issues that are forecast for the economic and social environments. In this way, DBJ will proactively leverage its three functions—risk-sharing finance, market-stimulating finance and knowledge bank—to take part in four primary areas: growth support, infrastructure & energy, regional revitalization tailored to regional needs, and strengthening the safety net.



## Environmental and Social Contribution Activities

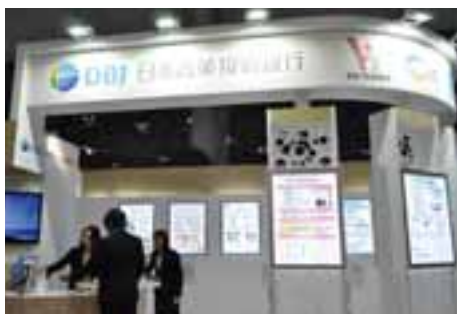
DBJ recognizes that today's social and environmental problems can best be resolved by communication and the exchange of opinions across industries. Accordingly, DBJ strives to communicate with as many people as possible through seminars, symposiums and lectures.

### Communication Focused on the Environment

Environmental problems such as global warming must be resolved, starting with individual awareness of the severity of the issues.

DBJ promotes understanding of the relationship between the environment and financial and business activities by participating in the Eco-Products Exhibition, Japan's largest environmental event, and holding seminars and symposiums in conjunction with relevant organizations.

DBJ has had a booth at the Eco-Products Exhibition every year since fiscal 2001. Through display panels, we introduce various DBJ activities, such as the DBJ Environmentally Rated Loan Program, the DBJ Enterprise Disaster Resilience Rated Loan Program, the DBJ Employees' Health Management Rated Loan Program and DBJ sustainability bonds.



Eco-Products 2015 booth



Eco-Products 2015 booth

### Communication on Regional Revitalization

DBJ considers it important to work with local citizens in building communities matched to the characteristics of the region to support independent regional development. To this end, DBJ holds and sponsors such events as seminars and symposiums in collaboration with local authorities, regional financial institutions, regional branches of the Japan Chambers of Commerce and Industry, and other economic organizations.

- Held seminars on theme of women entrepreneurs, in collaboration with local government



Hiroshima Women Entrepreneurship Seminar

- Held symposiums in collaboration with regional financial institutions



Forestry and wood materials symposium in Tohoku

- Held economic lectures in collaboration with regional chambers of commerce



16th Economic Lecture Forum "Kumamoto Mirai Society"



## Communication Through International Cooperation

In cooperation with Japan Economic Research Institute Inc., its Group think tank, DBJ offers its experience in applying policy-based financing to support the reconstruction and growth of the industrial economy of postwar Japan and its accumulated expertise in recent policy issues, such as energy conservation, environmental measures and private infrastructure development, to governmental and development financing institutions in developing countries, primarily in Asia.

The Development Finance Course has been held 39 times and has attracted 346 people from more than 30 countries, tracking back to the first training session at the DBJ headquarters in 1967. In recent years, we have responded to requests from the government of Japan and from other participating countries to engage in specific projects, including assistance to a state-run financial institution in the Philippines on a survey related to improved disaster resiliency, support for credit risk management at Vietnam Development Bank, and a development bank support project in southern Africa.

DBJ is a member of the Association of Development Financing Institutions in Asia and the Pacific. Since 1976, we have been networking with development financing institutions in China, South Korea, ASEAN member countries, India and other areas. At the annual meeting held in Samoa in 2016, on the theme of climate change and disasters, Toru Hashimoto, former DBJ president (now advisor), received the ADFIAP Distinguished Person Award. Mr. Hashimoto oversaw the privatization of DBJ but still fervently promoted support for reconstruction in the wake of the Great East Japan Earthquake. The ADFIAP award recognizes his national and international achievements in economic development, especially the area of development finance.



ADFIAP annual meeting in Samoa

## Other Communication Efforts

### • Providing Information

#### Issuing CSR Reports

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### • Participating in Activities That Contribute to Society

#### TABLE FOR TWO

DBJ began participating in the TABLE FOR TWO\* program on March 29, 2010. Under this program, one of the meals in our company cafeteria each day is designated as a “healthy menu” option. Through proactive employee participation in this program, as of the end of May 2016, DBJ’s contributions totaled ¥2,154,860—enough to provide 107,743 meals.

\*TABLE FOR TWO is a program run by the non-profit organization TABLE FOR TWO International. Under this program, each time a specific food item is purchased, a ¥20 donation (enough money to purchase one school lunch in a developing country) is donated to purchase a school lunch for one child.



A healthy menu



Campaign

### • Participating in Local Community Activities

#### Support for the Operation of the Environmentally Friendly Marunouchi Shuttle Bus

Since the fiscal year ended March 31, 2004, DBJ has co-sponsored the operation of environmentally friendly buses carrying passengers free of charge on a route in the Otemachi, Marunouchi and Yurakucho area of Tokyo’s business district. These buses help raise awareness about environmental issues. Not only do the buses reduce environmental effect and noise but also they are barrier-free with a low-floor design, ensuring easy access for disabled users.



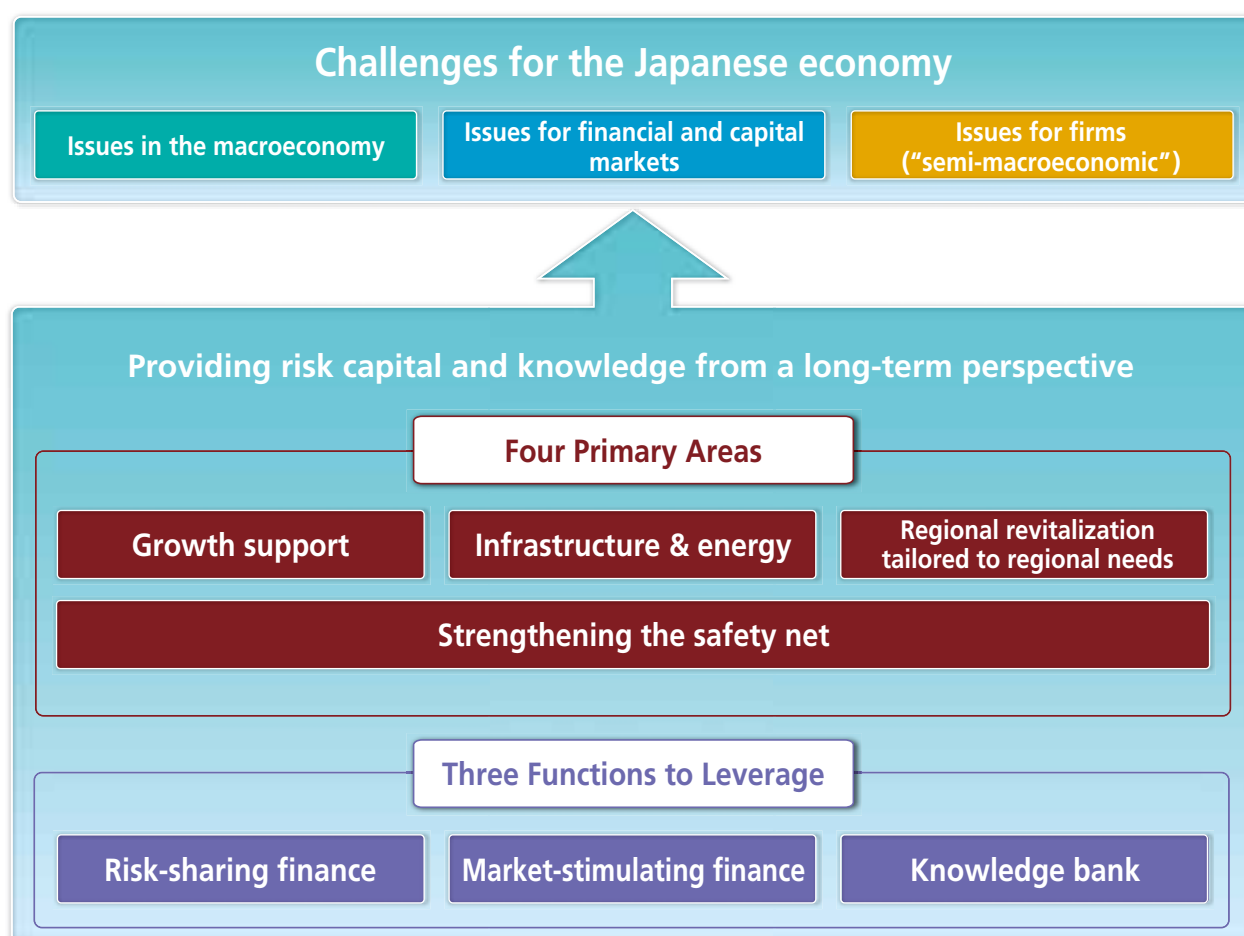
Marunouchi shuttle bus

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### CSR through Investment, Loan and Other Businesses

Investments and loans in response to the Japanese economy, financial and capital markets, and corporate issues



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## Growth Support

### Promotion of Competitiveness

**To grow, the domestic economy requires an improvement in the competitiveness of industries overall. Particularly important are efforts to maintain core competitiveness by securing human resources, supply chains, R&D site functions and other domestic production and development platforms, as well as appropriately updating capital stock, and efforts to strategically enhance competitiveness by creating new value through links between different industry sectors and promoting initiatives that span the value chain—from the upstream to the downstream ends. Access to risk capital is essential to foster such progress.**

#### Case Study Dexerials

Dexerials Corporation, headquartered in Shinagawa-ku, Tokyo, was known previously by the name Sony Chemical & Information Device Corporation. The company is active in Japan and overseas, manufacturing and selling bonding materials and optics materials for use in displays mounted into smartphones and other consumer electronics. The company also has world-caliber technological capabilities in functional materials, and is keen to expand its business activities and pursue its independence.

With the underlying intention to help Dexerials fully demonstrate its excellent capabilities in development and technology and improve corpo-

rate value, DBJ decided to support the company's efforts to realize sustainable growth and independence and acquired a stake (investment ratio of 60%) in 2012, with an initial public offering in mind. In addition, DBJ provided management resources, including human resources, to help establish

an organizational structure for independent operations and to restructure the portfolio, as well as support the expansion of operations. This culminated in Dexerials' listing on the First Section of the Tokyo Stock Exchange in July 2015.



Functional materials product group

#### Case Study Kawasaki Heavy Industries

Kawasaki Heavy Industries, Ltd., headquartered in the city of Kobe, Hyogo Prefecture, is a prominent general engineering company with operations in seven business segments: Ship & Offshore Structure, Rolling Stock, Aerospace, Gas Turbine & Machinery, Plant & Infrastructure, Motorcycle & Engine, and Precision Machinery.

In its pursuits, the company is involved in the development and production of engines for commercial aircraft, a market with considerable growth potential in the future. While manufacturers from several countries

typically get together on these kinds of international joint development projects in the interest of sharing technologies and reducing the burden of massive development costs, Kawasaki Heavy Industries' components for commercial aircraft are mainly produced in-house or at the domestic facilities of the company's business associates.

DBJ deems that Kawasaki Heavy Industries' involvement in a project related to an international joint development of a commercial aircraft engine not only sharpens the compa-

ny's international competitiveness but also energizes regional economies, and therefore applies its Special Investment Operations\* to support activities connected to the company's participation.

\*Special Investment Operations: These operations are part of an effort to concentrate on supplying growth capital to contribute to regional economic vitalization and corporate competitiveness based on the Partial Amendment of the Development Bank of Japan Inc. Act, which was promulgated and went into effect on May 20, 2015. (See pages 50-51 for details.)

## Promotion of Competitiveness

### Case Study AeroEdge

Since its establishment in 1940, Kikuchi Gear Co., Ltd., headquartered in Ashikaga, Tochigi Prefecture, has focused mainly on precision gears for automotive, construction equipment and hydraulic machinery applications. The company marked a huge milestone in 2015 when its turbine blades, made from a difficult-to-machine titanium-aluminide alloy utilizing precision fabrication technology, were selected for use in a new type of commercial aircraft engine built by an overseas manufacturer. This led to a long-term supply agreement. Following full entry into the aerospace business, Kikuchi Gear transferred its aircraft engine components business to wholly owned subsidiary AeroEdge Co., Ltd.,

also headquartered in Ashikaga, Tochigi Prefecture. DBJ invested in AeroEdge through its Special Investment Operations\* and seeks to promote the development of this business as a collaborative effort among the three companies.

In addition to providing risk capital,

DBJ will offer advice based on insights accumulated through ongoing support for Japan's aircraft industry, and thereby contribute to the formation of an operating structure primed for the further growth of this business.

\*See page 73.



AeroEdge head office plant

### Case Study Jointly Operated Fund with Hoshino Resorts

Hoshino Resorts Inc., headquartered in the town of Karuizawa, Nagano Prefecture, operates 34 facilities, as of April 2016, mainly *onsen ryokan* (Japanese-style inns at a hot spring) and resort hotels, in Japan and overseas, and conveys the appeal of Japan's *omotenashi*—a level of customer-oriented politeness and genuine warmth that makes customers feel welcome, valued and respected—under its “Hospitality Innovator” vision. Hoshino Resorts has supported the restructuring of struggling accommodations, including ryokan, by leveraging its expertise in the operation, branding and marketing of ryokan, resort hotels and other lodging facilities. To reinforce the support structure, DBJ and Hoshino Resorts formed a jointly operated fund—Hoshino Resorts Ryokan and Hotel Operations Support Fund Limited Investment Partnership, nicknamed “Hotel and Ryokan Renewal Fund”—for lodging

facility operators in Japan.

DBJ will draw on its accumulated financial know-how and expertise in industry research to underpin solutions that address the challenges faced by lodging facility operators in Japan and thereby contribute to regional revitalization by increasing the nonresident—that is, tourist or temporary visitor—population.

DBJ supplied funds to this project under its Growth Co-creation Facility\*, an independent initiative to accelerate

the creation and expansion of markets for growth capital.

\*Growth Co-creation Facility: An approach to supply funds for initiatives that will translate into future creation and expansion of markets for growth capital, including forward-looking capital policy that business operators apply to prepare for future growth investment, as well as the formation of collaborative funds wherein interested parties, mainly financial institutions and investors, team up in advance to provide funds for future growth investment.



Hoshino Resorts' KAI Izumo

## M&amp;A

**Amid increasing globalization of the economy, a trend is rolling briskly toward heightened international competitiveness through overseas expansion, business restructuring, industry restructuring and other approaches. The number of mergers and acquisitions are rising as well.**

**M&As are considered effective and essential for proactive business restructuring and for overhauling and revitalizing underperforming businesses.**

Case Study **NYK LINE**

Nippon Yusen Kabushiki Kaisha (NYK LINE), headquartered in Chiyoda-ku, Tokyo, is one of the largest shipping companies in the industry and is primarily involved in the global logistics business as a provider of integrated logistics services. DBJ provided comprehensive advisory services to NYK LINE when the company was preparing to acquire shares in Namyong Terminal Public Company Limited (NYT), which had a terminal operation concession agreement with Laem Chabang Port in central Thailand.

Terminal operator NYT exports Thailand's largest number of automobiles. Revenue at Laem Chabang Port is

charting a stable upward path, thanks to growth in the local automobile manufacturing value chain.



Laem Chabang Port

Case Study **IZUMI**

IZUMI Co., Ltd., headquartered in the city of Hiroshima, Hiroshima Prefecture, has since its establishment in 1961 promoted the development of shopping centers and supermarkets, including the operation of "You Me Town" mall-type large-format shopping centers, primarily in the Chugoku, Kyushu and Shikoku regions. DBJ provided IZUMI with comprehensive advisory services related to share acquisition, leading to the October 2015 acquisition of shares in Yours Co., Ltd., headquartered in the district of Aki, Hiroshima Prefecture, and a buildup of IZUMI's presence, mainly through the opening of supermarkets in the same area. IZUMI then turned Yours into a consolidated sub-

sidiary.

Both companies are involved in the supermarket business, but IZUMI directs its attention toward mall-type, large-format shopping centers while Yours focuses on stores for smaller

market areas. The compound effect, therefore, should lead to streamlined operations through the integration of information systems as well as synergies for both IZUMI and Yours in their respective market areas.



Signing ceremony for basic agreement on capital and business alliance

## Overseas

**Efforts at expansion overseas have become an important factor in Japan's continued growth.**

**Emerging markets in particular, with their notable growth in middle income groups, represent a major business opportunity for Japan, because the region is running up against environmental issues, urbanization-related difficulties and other developmental constraints and growth challenges that Japan has already faced and overcome.**

### Case Study Foreign Private Equity Fund Co-investment Program

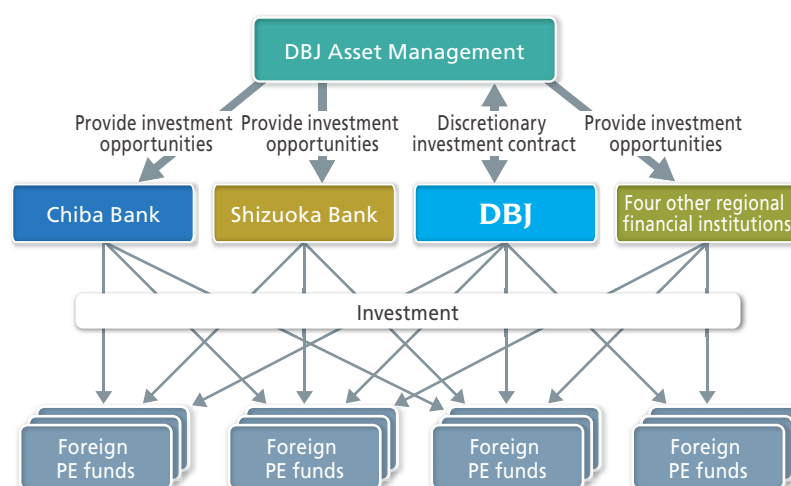
Private equity funds (PE funds) invest in the stock of unlisted companies, seeking exit returns through initial public offerings or sale to other companies after the enterprise value of the target company has been enhanced by helping it grow or restructure, and thereby achieving revenue. PE funds represent a field of investment attracting greater notice from regional financial institutions in recent years as a means of diversifying their asset portfolios and delivering effective solutions to their clients. Such solutions include alliances between clients and investee companies and support for clients' overseas expansion efforts.

Within the DBJ Group, investment in domestic and foreign PE funds has been an ongoing pursuit since 2002, and starting in 2015, DBJ Asset Management Co., Ltd., has drawn on accumulated investment expertise and

a solid network established over many years to present excellent fund management opportunities to investors in Japan. Beginning in 2016, DBJ will embark on a co-investment program with regional financial institutions, targeting foreign PE funds. Under a new framework, forged in cooperation

with The Chiba Bank, Ltd., The Shizuoka Bank, Ltd. and four other regional financial institutions, DBJ hopes to cultivate business opportunities for members of this sector of the banking industry and, by extension, underpin the sustainability of local economies and communities.

#### ● Foreign PE Fund Scheme



### Case Study Turkish Airlines

Turkish Airlines, headquartered in Istanbul, is the national flag carrier of the Republic of Turkey and boasts the world's largest network. Paralleling aviation demand, which is growing worldwide, the airline made plans to purchase additional airframes and diversify its associated fund-procurement methods.

In arranging the Enhanced Equipment Trust Certificate\* for Turkish Airlines, DBJ enhanced liquidity as a liquidity provider and also provided asset-based lending. This was the world's first-ever yen-denominat-

ed EETC issued in Japan's capital market and was sold to domestic investors through Mizuho Securities, Co., Ltd., headquartered in Chiyoda-ku, Tokyo, and DBJ Securities Co., Ltd. Turkish Airlines earmarked the proceeds from the EETC deal for purchasing three Airbus A321-200 aircraft, which were delivered between September and November 2015.

\*Enhanced Equipment Trust Certificate: A securitized product typically issued in the U.S. capital market to raise funds for airlines to purchase airframes. An EETC

allows an airline to raise funds from a wide spectrum of investors because flexible, innovative structuring, such as liquidity enhancement and multiple tranches, creates beneficiary certificates with a higher rating than the corporate rating of the airline itself.



Airbus A321-200 aircraft

## Healthcare and Welfare

Various issues characterize healthcare, including an increasing elderly population, medical system reforms, and a need to rebuild aging facilities. Offering uninterrupted healthcare services involves solving the fiscal and administrative problems that burden medical corporations, as well as improving the skills of physicians and other medical personnel and the quality of related facilities and medical equipment.

### Case Study Regional Healthcare Fund

As Japan transitions fully toward a “super-aged” society, cultivation of the healthcare and medical industries is taking on a growing importance, as is the cultivation of business foundations in these fields. In relation to this, the Japanese government is promoting a “Japan Revitalization Strategy.” As medical facilities are core components of the healthcare and medical sectors, the country faces a growing need to rebuild dilapidated hospitals and upgrade medical equipment in order to augment medical functionality. Japan will also need to undertake initiatives to build healthcare systems suited to regional environments.

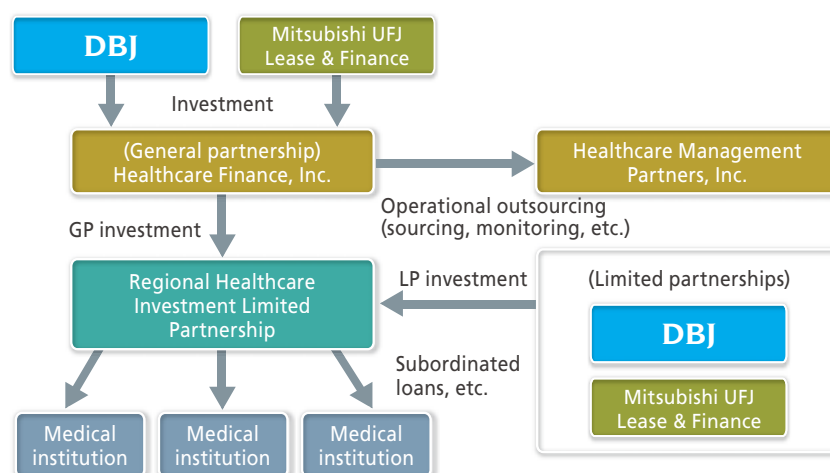
Against this backdrop, DBJ and the Mitsubishi UFJ Lease & Finance Company, Ltd., headquartered in Chiyoda-ku, Tokyo, formed the Regional Healthcare Investment Limited

Partnership (Regional Healthcare Fund), with a total investment of ¥10.0 billion, to invest in medical institutions’ subordinated loans and loan claims.

Through this cooperation with Mitsubishi UFJ Lease & Finance, DBJ aims to promote initiatives by medical

institutions and encourage collaboration with regional financial institutions. By leveraging its financial solutions and wealth of knowledge, through the Regional Healthcare Fund, DBJ is providing risk capital for subordinated loans and other investments.

#### Regional Healthcare Fund Scheme



### Case Study Musashinosha (Ageo Medical Group)

Musashinosha K.K., headquartered in Ageo, Saitama Prefecture, and a member of the Ageo Medical Group (AMG), owns and rents hospital real estate and operates as a medical products wholesaler. AMG, with the Ageo Central General Hospital at its core, operates 27 hospitals and 21 nursing home and senior care facilities in seven prefectures—Saitama, Tokyo, Chiba, Kanagawa, Ibaraki, Yamanashi and Gunma. AMG seeks to provide community-based, high-level total care—that is, health maintenance, medical care and welfare—under a groupwide philosophy emphasizing hospitals/facili-

ties that evince care about people and are, in return, appreciated by patients/residents and their families for the high-level medical care offered.

In July 2015, DBJ provided Musashinosha with financing for a new building in the city of Saitama, Saitama Prefecture, where the former Higashi Omiya General Hospital, one of the medical facilities under the AMG umbrella, was relocated and renamed Sainokuni Higashiomiya Medical Center. With 337 beds, this facility seeks to provide excellent medical care services as a core hospital in Saitama, fulfilling two functions—emergency

medical care and regional medical care—under a basic concept highlighting extended capabilities, a richer learning environment and a higher level of emergency medical care capabilities as a designated cancer care hospital.



Sainokuni Higashiomiya Medical Center



## DBJ Environmentally Rated Loan Program

**Environmental issues are a perpetual matter of concern for the whole world, and enterprises are required now more than ever before to conduct business in an environmentally responsible manner. Financial institutions are no exception, being tasked with the mission of contributing to a sustainable society by encouraging enterprises to embrace initiatives through environmentally considerate investment and financing activities.**

### Case Study Daiwa House Industry

As a general homebuilder, Daiwa House Industry Co., Ltd., headquartered in the city of Osaka, seeks to contribute to the realization of a society where people live with a sense of enrichment in harmony with their environment. The company works toward this end by promoting environmental management from several approaches, including “ECO Process,” which targets reduced environmental impact through efficient business processes, and “ECO Products,” which emphasize the development and widespread acceptance of homes and buildings with environment-conscious features.

DBJ has given Daiwa House Industry its highest rating under the DBJ Environmentally Rated Loan Program, and provided financing to the company based on this rating program.

In the evaluation process, Daiwa

House Industry was awarded high marks for (1) formulating an environmental action plan that meshes with business strategies, based on the 2020 Medium- to Long-Term Environmental Vision, while also promoting the realization of systems to create, save and store energy and encouraging widespread use of “Smart & Eco Products” as part of energy-management system installations, to bring the environmental impact generated through the lifecycle of homes and buildings down to zero; (2) working to expand the stock-type home business, which includes activities to lengthen the useful life of buildings and to resell pre-owned homes, as well as businesses that contribute to a better environment, such as greening activities that consider biodiversity in urban landscapes; (3) drafting comprehensive CSR procurement guidelines along with the

establishment of independent guidelines on wood procurement and the control of chemical substances and executing subsequent assessments, and endeavoring to build a supply chain that takes the environment and CSR into account; and (4) identifying key issues in 2011 from a spectrum of CSR issues at shareholder meetings and reviewing self-assessed CSR indicators, along with continuous disclosure of targets and results according to established KPIs (eight themes/18 issues/40 indicators).



DREAM Solar, in Wakayama

### Case Study Aleph

Aleph Inc., headquartered in the city of Sapporo, Hokkaido, was established in 1976. The company operates a growing network of restaurants throughout Japan, including the Bikkuri Donkey hamburger steak restaurant chain. Guided by a corporate mission highlighting three goals—“Develop a business that preserves and creates health and safety”; “Create a business that improves the welfare of the people”; and “Develop a business that cares for nature”—the company seeks to deliver high added value through its business activities and contribute to the realization of a sustainable society.

DBJ provided financing to Aleph under the DBJ Environmentally Rated Loan Program. In the evaluation pro-

cess, Aleph received high marks for (1) setting in-house standards that exceed legal requirements through such approaches as restricting the use of agrochemicals, and conducting ecosystem surveys, which not only ensure the safety and quality of ingredients but also underpin procurement of ingredients with due consideration to the environment and biodiversity; (2) achieving a high recycling rate through, for example, the formation of a food recycling loop that starts with the installation of Zero Wonder—a processing machine that pulverizes and dries food waste, to promote composting of leftover food at each restaurant—and circles around to the delivery of agricultural products, which have been grown with fertilizer

made from this compost, to restaurants for use in the preparation of restaurant dishes; and (3) actively engaging in consumer environmental awareness campaigns on the reapplication of used cooking oil collected from households as a resource for fuel and environment-themed educational programs such as special learning opportunities for children at Ecorin Village, which highlights environmental issues and food safety.



Reduced-agrochemical rice supplied to all Bikkuri Donkey restaurants



## DBJ Employees' Health Management Rated Loan Program

**The promotion of employees' health management is linked to improved employee satisfaction and corporate productivity, the retention of talented human resources and the financial betterment of health insurance organizations. As the critical issue of a declining population of future workers becomes a more critical problem, the strategic implementation of employee's health management from a managerial perspective is an important issue for the realization of a sustainable society.**

### Case Study Morinaga Milk Industry

To shape a corporate culture in which employees approach work with energy and vitality, Morinaga Milk Industry Co., Ltd., headquartered in Minato-ku, Tokyo, looks first to the health of employees, in line with a corporate philosophy "to create a new food culture based on the excellent power of milk, making a difference in people's health and society in general" as a maker of milk and dairy products. The company is engaged in various efforts to achieve this goal, including the establishment of in-house structures.

DBJ provided financing to Morinaga Milk Industry under the DBJ Employees' Health Management Rated Loan Program and also accorded the company the highest ranking in this program.

In the evaluation process, we gave the company high marks for (1) the

Morinaga Milk Industry Health Declaration, hammered out by the president himself, as basic policy for health management, and diligent efforts to achieve the medium- to long-term objectives of Health Morinaga 21 and a data health plan\* through a PDCA cycle, guided by the Health Promotion Committee, which hinges on Morinaga Milk Industry and the corporate health insurance society; (2) the pursuit of multifaceted analysis (not only entailing the scope of medical costs from several perspectives but also engaging industry peers in the discussion to pinpoint health topics of concern); and (3) the introduction of quite a number of original initiatives, such as promoting choices for better lifestyles and taking mental health and hours worked into account at regularly held meetings, as

concrete measures to resolve issues, and also the company's farsightedness with regard to a good work/life balance for employees through such opportunities as childcare support programs utilizing accumulated annual leave.

\*Data health plan: Business plan to maintain and improve the health of corporate health insurance society members, based on an analysis of data, such as health insurance claims.



Certification presentation ceremony

### Case Study EBARA

EBARA CORPORATION, headquartered in Ota-ku, Tokyo, is a global manufacturer of industrial machinery involved in the production of fluid machinery and systems such as pumps and compressors, the construction and operation of solid waste incineration facilities, and the production of semiconductor manufacturing equipment. The company's CSR policy emphasizes the commitment "We sustain a safe workplace and strive for a stimulating work environment," and the company maintains a corporate health management system that hinges on its Central Safety and Health Committee.

DBJ provided financing to EBARA based on the DBJ Employees' Health

Management Rated Loan Program.

EBARA received a high rating for three reasons: (1) The company has positioned its Central Safety and Health Committee as a lateral structure cutting across the organization and, through its sophisticated Occupational Health and Safety Management System, which includes regular and continuous risk assessment, strives to stop accidents and disasters from happening and endeavors to prevent reoccurrence should such situations arise; (2) The company conducts multifaceted analysis of not only medical check data but also the results of stress checks and employee satisfaction surveys to ascertain in-house health issues; and (3) The

company recognizes, through this analysis, that lifestyle-related diseases are serious health issues and has implemented health directives and lifestyle improvement programs run by industrial physicians and industrial healthcare staff and has also introduced various measures in cooperation with its health insurance society to encourage employees to take better care of themselves.



Certification presentation ceremony

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## Infrastructure & Energy

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### Energy

**Varied energy usage is essential to ensure the long-term, stable supply of energy. Also, global interest in using solar power, wind power, biomass and other forms of renewable energy is mounting amid ongoing concerns about global warming. Utilization of renewable energy is essential for curbing greenhouse gas emissions and realizing a low-carbon society.**

#### Case Study Aoyama-kogen Wind Farm

Aoyama-kogen Wind Farm Co., Ltd, headquartered in Tsu, Mie Prefecture, is a third-sector company jointly funded by the cities of Tsu and Iga and C-TECH CORPORATION, a subsidiary of Chubu Electric Power Co., Inc. The company is engaged in the wind power generation business and supplies electricity in the Aoyama Plateau, a highland area that stretches from the western quarter of Tsu to the eastern quarter of Iga. DBJ arranged syndicated loans totaling ¥18.0 billion, in collaboration with five regional financial institutions, for a project to expand wind power generation facilities operated by Aoyama-kogen Wind Farm.

The project plans to construct 40 wind power generators, each boasting 2,000kW output, for maximum output of 80,000kW, and associated facilities. In combination with the 20 existing generators, delivering maximum output of 15,000kW, the project is poised to become the largest wind farm in Japan. As of March 2016, the company had already put 18 of the 40 new genera-

tors into operation.

This project is expected to contribute to efforts aimed at preventing global warming through wider access to renewable energy, and will also present employment opportunities in the community for construction, maintenance and management and revitalize the regional economy, including local tourism, through an increase in visitors.



Wind power generation facility expansion project

#### Case Study Yokkaichi Kasumi Power

Yokkaichi Kasumi Power Co., Ltd., headquartered in Minato-ku, Tokyo, is a power generation company jointly established by Cosmo Energy Holdings Co., Ltd., headquartered in Minato-ku, Tokyo, and DBJ. By taking over the Yokkaichi Kasumi Power Plant from Cosmo Oil Co., Ltd. and modifying and operating it, Yokkaichi Kasumi Power will ensure greater stability and efficiency in the supply of energy, making use of both power generation know-how acquired by the Cosmo Energy Group in independent power producer business and in-house resources, such as petroleum coke produced at Cosmo Oil's Sakai Refinery.

DBJ will draw on insights accumulated through financing power generation businesses, including support for project finance origination, to contribute to the creation of new financing opportu-

nities. The investment in Yokkaichi Kasumi Power makes use of Special Investment Operations\*.

\*See page 73.



Yokkaichi Kasumi Power Plant

## Transportation

**Transportation infrastructure supports economic activity and is the foundation of a rich and abundant lifestyle. The promotion of investment is necessary for the maintenance and renovation of transportation infrastructure in accordance with degradation due to aging and the requirements of increased transport capacity and efficiency, as well as in response to an aging population and environmental issues. As transportation infrastructure involves large investment amounts and long investment periods, the procurement of long-term funding is increasingly important.**

### Case Study Tobu Railway

Tobu Railway Co., Ltd., headquartered in Sumida-ku, Tokyo, operates the Tobu Iseki Line (between Asakusa and Iseki stations), the Tobu Tojo Line (between Ikebukuro and Yorii stations) and other lines, particularly across the company's established territory—the Kanto region. These lines form part of the largest rail network of any private railway operator. Tobu Railway is involved in real estate leasing and housing subdivision development as well as hotel and leisure businesses, especially in areas along its railway lines. The company is also engaged in the Tokyo Skytree Town® project, which opened in May 2012.

Against this backdrop, Tobu Railway was impacted by the torrential rains that hit the Kanto and Tohoku areas in September 2015, as water washed out embankments, brought down power lines and utility poles and swept away bridge girders, among other damage. The company was, however, quick to rebuild damaged installations and get trains rolling again.

When a large-scale disaster occurs, and normal financing platforms will not work, DBJ actively extends emergency financing. As a designated financial institution for Crisis Response Operations\*, DBJ provided Tobu Railway with restoration funds, which

were applied primarily toward repairing damaged railway bridge girders, performing ground fortification and re-installing downed power lines.

\*See page 52.



SPACIA for Nikko Moude (SPACIA for Pilgrimage to Nikko) and Tokyo Skytree®

### Case Study Kanto Railway

Kanto Railway Co., Ltd., headquartered in Tsuchiura, Ibaraki Prefecture, is a private railway operator providing bus and real estate services along with the running of two train lines—the Joso Line (between Toride and Shimodate stations) and the Ryugasaki Line (between Sanuki and Ryugasaki stations)—covering the area from central Ibaraki Prefecture through the southwestern section of the prefecture.

Events, notably, Tropical Storm Etau, which caused the Kinu River to burst its embankments in September 2015, damaged the company's civil engineering equipment and facilities and the electric power transmission system for trains. But the company was quick to

get operations quite literally back on track, guided by a business philosophy of "contributing to the region through safe transportation and high-quality services."

DBJ actively supported affected enterprises' efforts to get operations rolling again following damage from

Tropical Storm Etau and associated events as part of its Crisis Response Operations\* and extended funds to Kanto Railway to rebuild its electric power transmission system.

\*See page 52.



Railway damaged by Tropical Storm Etau (2015) and associated events

## Urban Development

**Efforts to develop and upgrade urban infrastructure and functions and the creation of new urban culture and a comfortable environment for the lifestyles of working people through urban development are the driving forces behind the revitalization of economies and communities at the regional and national levels. In addition, the development and reemergence of cities conscious of environmental issues and prepared for possible disasters is essential to the realization of a sustainable society. Recent years have seen progress in the initiatives of real estate providers to highlight to stakeholders surrounding the real estate industry, properties imbued with a sense of the environment and society.**

### Case Study Tachihi Holdings

Tachihi Holdings Co., Ltd., headquartered in the city of Tachikawa, Tokyo, owns Mitsui Shopping Park LaLaPort Tachikawa Tachihi, a multi-purpose shopping complex jointly developed with Mitsui Fudosan Co., Ltd., headquartered in Chuo-ku, Tokyo, as part of a development plan using company-owned property in the vicinity of Tachihi Station on the Tama Monorail, which runs north-to-south and connects at Tachikawa with the JR Chuo Line, which runs east-to-west through Tokyo.

DBJ has conferred its DBJ Green Building Certification to Mitsui Shopping Park LaLaPort Tachikawa

Tachihi under the category of best-in-class domestic properties for environmental and social awareness. Top marks were given for (1) provision of various places to gain first-hand experience through the establishment both of hands-on cultural facilities and of an excellent perspective on diversity, including toilets designed for specific

users, such as children and the disabled; (2) excellent community considerations, such as a spacious, open-type garden with a huge, glass-walled terrarium built around a symbolic tree; and (3) robust efforts to reduce environmental impact through such approaches as the installation of LED lighting in designated areas.



Mitsui Shopping Park LaLaPort Tachikawa Tachihi

### Case Study Hankyu Corporation/Hankyu REIT

Hankyu Corporation, headquartered in Osaka, is a core company under the Hankyu Hanshin Holdings Group umbrella and is engaged in urban transportation, real estate, and entertainment and communication businesses. The company pursues real estate development, mainly along its railway tracks in Osaka, Kobe, Takarazuka and Kyoto. The company jointly owns HANKYU NISHINOMIYA GARDENS, a commercial facility near the Hankyu Nishinomiya-Kitaguchi Station, with Hankyu REIT, Inc., also headquartered in Osaka. This facility contributes to revitalization of the area along the tracks.

DBJ awarded DBJ Green Building Certification to HANKYU NISHINOMIYA GARDENS, given to

best-in-class properties for environmental and social awareness. High marks were given for (1) environmental consciousness exemplified through energy-saving initiatives put into place throughout the facility, such as the installation of LED lighting in common areas, and also for taking a robust approach toward the creation of energy utilizing photovoltaic and wind-generated power; (2) establishment of a rooftop garden—Sky Garden—and engagement in large-scale greening activities

with the surrounding ecosystem in mind to create spaces for recreation and relaxation where events such as fruit harvests and concerts can be held, which contribute to the community; and (3) utilization of the Hankyu Nishinomiya Gallery to highlight local history and culture by providing information on the Hankyu Nishinomiya Stadium, which once stood on this site, and the installation of a diorama model of the stadium and the station area along with a home plate monument.



HANKYU NISHINOMIYA GARDENS (Sky Garden)

## Public-Private Partnerships/Private Finance Initiatives

**Public-private partnerships (PPPs) describe a variety of schemes for the provision of public services through partnerships between government and private-sector companies. They involve harnessing private capital and expertise for use in the delivery of public facilities traditionally provided by the Japanese government or regional municipal bodies, with private finance initiatives (PFIs) being representative of such schemes for the provision or management, supervision and support of public facilities. At a time when Japanese government and regional municipal bodies are in difficult financial straits, the use of PPPs, and particularly PFIs, in restoring aging public infrastructure and similar projects represents a promising field.**

### Case Study Kansai Airports

Kansai Airports, headquartered in the city of Osaka, was established in December 2015 by a consortium of 32 companies, including ORIX Corporation, France's VINCI Airports S.A.S., and prominent businesses in the Kansai region. Currently, the company operates Japan's largest airport concession project—"Qualified Project Etc. for Airport Operation of Kansai International Airport and Osaka International Airport" (integrated operation of both airports)—based on an agreement with New Kansai International Airport Company, Ltd., that grants it the right to operate public facilities.

DBJ saw this project as setting a precedent for the anticipated increase in airport privatization initiatives and felt the project would refresh and enhance the function of these airports as international hubs in the Kansai region and, by extension, contribute to revitalization of the Kansai economy.

Therefore, DBJ worked alongside 12 other financial institutions to arrange syndicated loans for this project. This arrangement marked a first, as project financing for a concession in Japan, and also broke previous records in terms of amount, as the highest ever executed in Japan.



Kansai International Airport Photo courtesy of Kansai Airports

### Case Study Various Initiatives to Encourage Greater Utilization of PPP/PFI

In June 2013, DBJ set up PPP/PFI Promotion Centers in the Regional Planning Department of its head office, branches and offices to implement broad-ranging initiatives from the upstream stages. We aim to resolve such issues as rebuilding public infrastructure under the current environment of fiscal constraints and a dwindling population and to encourage greater PPP/PFI utilization.

A fine example of our PPP/PFI efforts is our PPP/PFI Promotion Seminar, which in collaboration with regional financial institutions, the Japanese Cabinet Office and the Private Finance Initiative Promotion Corporation of Japan (PFIPCJ) and other bodies, has

been held 51 times, as of the end of fiscal 2015, in various areas, and we are working to organize a regional platform for PPP/PFI appropriate to each region. Also, since October 2014, we have created opportunities for PPP/PFI Academy, which utilizes the videoconferencing and other systems at our head office to facilitate participation. PPP/PFI Academy is aimed primarily at members of regional municipal bodies and regional financial institutions. The program is available across the country and has attracted participation from a total of about 900 people.

Going forward, DBJ will continue to promote studies and access to information and advice as well as efforts to cul-

tivate and support the formation of diverse PPP/PFI projects, provide risk capital and actively engage in regional revitalization through greater PPP/PFI utilization on our good relations with the Japanese government, PFIPCJ, local governments, enterprises, regional financial institutions and other organizations.



PPP/PFI Academy in progress



## Regional Revitalization Tailored to Regional Needs

### Regional Revitalization

Problems associated with a shrinking labor force and the graying of society are starting to appear in regional areas of Japan, and a pressing question is how to deal with this situation. Regional revitalization initiatives are beginning to appear, through efforts not only in manufacturing sectors but also in non-manufacturing sectors to improve productivity and by turning destinations into appealing brands through efforts to revitalize tourism, drawing inbound visitors and otherwise strengthening tourist-oriented services. This movement requires a more extensive approach—horizontally and vertically—in collaborative efforts among industry, government, academia and financial institutions.

#### Case Study

#### Initiatives Coinciding with Opening of Hokkaido Shinkansen Route: South Hokkaido Railway/Noguchi Kanko/Tsuruga Kanko Kaihatsu (Tsuruga Group) —

Various initiatives are being undertaken in Hokkaido to revitalize the regional economy, taking advantage of the opportunities afforded by the March 2016 opening of a *shinkansen* (bullet train) route to Hokkaido, Japan's northern island.

Coinciding with the opening of the Hokkaido Shinkansen route, South Hokkaido Railway Company, headquartered in the city of Hakodate, Hokkaido, took over the JR Esashi

Line, an existing parallel railway, and commenced operations.

High-quality accommodations are opening, as well.

In April 2016, Noguchi Kanko Co., Ltd., headquartered in the city of Noboribetsu, Hokkaido, renovated the east annex of the Yumoto Takubokutei hotel at Yunokawa Onsen, Hakodate, and reopened the facility under the name Hakodate Umi no Kaze.

And Tsuruga Kanko Kaihatsu Co.,

Ltd., headquartered in the city of Kushiro, Hokkaido, has an early August 2016 opening of the Onuma Tsuruga Auberge EPUY hotel in front of JR Onuma Koen Station on its calendar.

DBJ sees these initiatives enhancing the quality of the sightseeing experience in Hokkaido, and has provided financing to the respective companies for their projects.



South Hokkaido Railway  
Nagamare, presenting locally inspired design  
and services



Hakodate Umi no Kaze exterior



Conceptual drawing of Onuma Tsuruga  
Auberge EPUY hotel

#### Case Study

#### Niigata Airport Building

Niigata Airport Building Corporation, headquartered in the city of Niigata, Niigata Prefecture, is a prefecture-driven, third-sector company operating and managing the terminal building at Niigata Airport, a regional hub airport on the Sea of Japan coast. This terminal building opened 20 years ago, and upgrades to facilities and equipment as well as the raising the necessary

capital to fund this work were pressing issues for the company.

Regular domestic flights operate between Niigata and six cities with seven airports. International charter flights and regular flights connect Niigata to five cities. It is a key infrastructure facility with annual capacity for a million travelers. DBJ was keen to help Niigata Airport Building strength-

en its financial base and worked closely with regional financial institutions to arrange syndicated loans.



Niigata Airport Terminal Building exterior



## Regional Revitalization

## Case Study Shelter

Shelter Co., Ltd., headquartered in the city of Yamagata, Yamagata Prefecture, fabricates and sells wooden structural materials and also designs and constructs medium- and large-scale wooden buildings and custom-built houses. The company has earned high marks for earthquake-resistance and fire-proof features developed first in Japan, including the KES® System, a joint system for wooden structures using metal connectors, and COOL WOOD®, wood materials that can withstand fire for two hours. Such cutting-edge wooden structure technologies present new possibilities for construction of large-

scale facilities and high-rise buildings made of wood rather than steel-reinforced concrete. Shelter also utilizes knowledge and technologies integrating various aspects of its building expertise, from material development to design and construction, and contributes to regional revitalization, notably the use of locally sourced materials and support for sixth-sector industrialization of forestry in collaboration with forestry-related business operators.

DBJ has provided financing via the Regional Areas *Genki* Program for initiatives undertaken by Shelter that contribute to the region through the utili-

zation of human resources and natural resources based on high technological capabilities in wooden buildings and a distinctive network.



Nanyo City Cultural Hall (certified by Guinness World Records as world's largest wooden concert hall)

## Case Study Nakabayashi

Nakabayashi Co., Ltd., headquartered in Osaka, was established in 1923 as a bookbinding business and has since become a major manufacturer with a leading share of the domestic stationery market, underpinned by hit products such as refillable albums, as well as notebooks and journals. Not limiting itself to paper products, the company has expanded its lineup to include security-related items such as shredders and key cabinets.

Management formulated a medi-

um-term business plan carrying the catchphrase "Always onto the next thing" in 2015 and has been working to provide products and services geared to the changing times and market needs. The company seeks to create jobs and contribute to local industry through new business pursuits, including cultivation of vegetables at its factory sites and power generation using woody biomass, and is vigorously addressing social issues, such as concerns about energy and

food supply.

DBJ ascertained that Nakabayashi qualifies under its support program for leading-edge manufacturing industries and extended loans through its Regional Areas *Genki* Program.



Product lineup

## Case Study CTB Media

CTB Media Inc., headquartered in the city of Beppu, Oita Prefecture, is a community-focused cable TV provider offering triple-play services—TV, broadband Internet and landline phone—over a service area covering the city of Beppu and the town of Hiji, also in Oita Prefecture. The company maintains a high share of the market in its coverage area, thanks to the success of a marketing strategy firmly

rooted in the community. This includes programs highlighting local content that the company produces on its own for broadcast as well as fine-tuned follow-up services.

To enable CTB Media to procure funds for a fiber-to-the-home (FTTH) project requiring a considerable investment, DBJ arranged a syndicated loan in collaboration with regional financial institutions. The FTTH infrastructure

will enable CTB Media to provide high-level services, such as high-speed Internet access and 4K/8K broadcasts to customers in its service area.



Exterior view of head office

## Regional Revitalization

### Case Study NOUSAKU

NOUSAKU CORPORATION headquartered in the city of Takaoka, Toyama Prefecture, is a metal casting manufacturer, which is well known for its copperware. Making the best use of techniques and materials (e.g., pure tin, which is malleable and bendable), NOUSAKU makes and sells stylishly designed items, combining a traditional casting technique passed down in this area for hundreds of years with an innovative technique, developed in collaboration with a government-sponsored industrial support organization, which enables the production of items with intricate designs and detail. The company simultaneously collaborates with designers in product planning and development and with local foundries and studios to jointly meet growing demand, and this has made NOUSAKU representative of the Takaoka copperware industry. NOUSAKU is using its advanced tech-

niques to enter fields such as the medical industry and create new markets and has been making great efforts in industrial tourism. In 2016, as it marks its 100th anniversary, the company is planning a future relocation to a newly built head office and foundry that will not only increase its production capacity but will also enable it to fulfill a role in industrial tourism: offering foundry tours and workshops to visitors.

DBJ provided financing to NOUSAKU under its Regional Areas *Genki* Program, reflecting the fact the

company's business, which lends a quality of vitality to area-based industry through cast-metal production and development, showcases *monozukuri* (craftsmanship) manufacturing techniques, and the company's approaches—for example, establishing a venue that functions both as a tourist information center/community space where local citizens and members of traditional trades can gather and as a key site taking on a hub role for industrial tourism—epitomize *omotenashi* (hospitality).



Green-sand casting



The KAGO unique bendable series

### Case Study Juntendo

Juntendo Co., Ltd., headquartered in Masuda, Shimane Prefecture, was established in 1894 as a pharmaceuticals sales business. Today, the company develops chain stores in four business formats: drugstores, stores catering to car drivers, book centers and home centers—the core business—in the Chugoku and Kinki regions. The company is guided in these activities by a management philosophy “to be a part of an infrastructure indispensable to rural cities and mountain areas as well as remote islands” and adheres to a concept that sees home centers as stores specializing in agricultural-use products, gardening items, building

materials, home hardware, tools and workwear. In addition, Juntendo contributes to local communities from an emergency perspective by signing emergency agreements with local governments in areas where it operates stores and providing support, such as supplying goods, in the event of a disaster, and extends necessary services, such as the sale of infrastructure materials and emergency supplies.

DBJ sees the services that Juntendo provides and its connection to local government as contributing to the region and by extension to stronger emergency capabilities for the entire Chugoku area, and therefore provided

financing to Juntendo through its Regional Areas *Genki* Program primarily to finance construction of the Juntendo Oba Store, which opened in July 2015 in Matsue, Shimane Prefecture.



Juntendo Oba Store

## Regional Revitalization

## Case Study Shikoku Kakoki

Shikoku Kakoki Co., Ltd., headquartered in the district of Itano, Tokushima Prefecture, was established in 1961 as a manufacturer of tanks for the chemical and food industries, but transitioned into a manufacturer of filling equipment for liquid food products in 1967. Currently, the company is a top local niche business with system management demonstrating synergies derived through the integration of three businesses—filling equipment and related machines for liquid food products, such as milk; packaging materials for food products; and processed soybean products, such as tofu and *aburaage* (deep-fried tofu).

DBJ provided financing to Shikoku Kakoki under the DBJ Employees' Health Management Rated Loan

Program. In the evaluation process, top marks were given for (1) promoting high-level health and safety management and ensuring thorough labor management, including efforts to strictly regulate overtime and requiring anyone who works excessive hours to undergo a medical check; (2) conducting stress checks on all employees and analyzing mental health status in each division based on the results, and also promoting measures to support employee mental health from a prevention standpoint while inviting external specialists to run regular seminars on such topics as care overseen by line managers and self-care programs; and (3) breaking health check data down according to division and career position attributes to pinpoint

health status and emerging health trends among employees. Shikoku Kakoki holds the domestic market's top share in filling equipment for liquid food products, and DBJ also provided financing to the company through its Regional Areas *Genki* Program to help the company maintain and further reinforce its corporate foundation.



Product lineup

## Case Study Be Smile Project

Be Smile Project (BSP), headquartered in Kagoshima, Kagoshima Prefecture, was recently established by Kinkoh Farm Co., Ltd., a company under the group umbrella of KAMICHIKU Co., Ltd., headquartered in the city of Minamisatsuma, also in Kagoshima Prefecture. DBJ, along with Kinkoh Farm and other operating companies, including Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE), headquartered in Chiyoda-ku, Tokyo; Itochu Feed Mills Co., Ltd., headquartered in Koto-ku, Tokyo; and Kanematsu Corporation, headquartered in Minato-ku, Tokyo, as well as with four other financial institutions, provided funding to BSP.

BSP will pursue a range of businesses, including the restaurant business, to provide *kuroge wagyu* (Japanese-black category of beef) through an integrated structure that starts with feed production and runs to breeding and raising, and will strive to improve the value-added quality of local products in Minami-Kyushu while promoting enhanced competitiveness in the livestock industry.

To support revitalization of the livestock industry through restaurant and other BSP operations that highlight local products, DBJ joined others, notably, A-FIVE, a feedstock producer; food-related companies, including a trading company; and regional financial institutions, and provided risk capital

under its Special Investment Operations\*. Going forward, DBJ will utilize its network and strengths in information-gathering to support the initiatives of BSP on the underlying theme of sixth-order industrialization of the livestock industry in Minami-Kyushu.

\*See page 73.



Grazing cattle

## Strengthening the Safety Net

### Reconstruction Response

Earthquake, tsunami, nuclear power plant crisis—the Great East Japan Earthquake unleashed unprecedented damage, a major compound disaster the likes of which the world had never seen and one that seriously impacted the economy of Japan. Five years has passed since that massive earthquake quite literally rocked the nation. As disaster recovery shifts from the restoration stage to the reconstruction and growth stage, a different set of issues has beset each area devastated by destruction, and it is against this backdrop that fine-tuned responses are needed to address the situation in each area.

And then, in April 2016, Kumamoto was hit by several large-magnitude quakes, causing major damage to the manufacturing supply chain, to tourism and to many businesses and industries. Here, too, a quick response to restoration and reconstruction is needed.

#### Case Study Funding to Support Reconstruction and Growth Following the Great East Japan Earthquake

Since the Great East Japan Earthquake, DBJ has supported the restoration and reconstruction of enterprises affected by the disaster by providing risk capital through collaboration with The Bank of Iwate, Ltd., The 77 Bank, Ltd., and The Toho Bank, Ltd., to structure each of the Great East Japan Earthquake Reconstruction Funds. As of December 2014, the region was moving from the restoration stage of disaster recovery—recovering production facilities—to the reconstruction and growth stage. This

stage is where enterprises that have restarted their production cultivate sales routes, collaborate with other enterprises to reinforce industrial competitiveness, build infrastructure and reinforce their functions. In response to this situation, DBJ, the three above-mentioned banks and the Regional Economy Vitalization Corporation of Japan (REVIC), set up new reconstruction and growth support funds. Initially, the total value of the three new funds was set at ¥15.0 billion. However, as investment

and loan activities progress, this amount may be increased to as much as ¥30.0 billion.

The new funds target enterprises conducting business that contributes to the reconstruction and growth of the affected region (including enterprises entering the area from other regions and newly established enterprises). The fund supplies risk capital using such measures as subordinated loans and preferred shares, advancing a nationwide model that supports regional growth and invigoration.

#### ● Overview of the Funding to Support Reconstruction and Growth Following the Great East Japan Earthquake

Name	Iwate Reconstruction Growth Support Investment L.P.	Miyagi Reconstruction Regional Vitalization Support Investment L.P.	Fukushima Reconstruction Growth Support Fund Investment L.P.
Established	December 8, 2014		
Scale of fund	Each fund has ¥5.0 billion (which can be increased to ¥10.0 billion with agreement by the fund's members).		
General partnership (GP)	Tohoku Fukko Partners Co., Ltd.		
Limited partnerships (LPs)	DBJ, The Bank of Iwate and REVIC	DBJ, The 77 Bank and REVIC	DBJ, The Toho Bank and REVIC
Period	Investment period of five years, duration of seven years and four months (If necessary, however, it is possible to extend the investment period by up to two years and the duration by up to one year.)		

#### Case Study Kumamoto Reconstruction Support Fund

Working with The Higo Bank, Ltd., and The Kagoshima Bank, Ltd., DBJ arranged the Kumamoto Reconstruction Support Fund to supply risk capital through such schemes as lump-sum loans for repayment and subordinated loans to businesses involved in disaster restoration and reconstruction efforts following the 2016 Kumamoto earthquakes and to support quick restoration, reconstruction and revitalization in the affected

area. DBJ, which provides integrated investments and loans, is working alongside regional financial institutions which have extensive networks and customer bases in the disaster-stricken

area and are well-acquainted with the local state of affairs to execute viable and effective support measures. The scale of this fund started out at ¥10 billion.

#### ● Overview of the Kumamoto Reconstruction Support Fund

Name	Kumamoto Reconstruction Support Investment L.P.
Scale of fund	¥10.0 billion
General partnership (GP)	HSK&D Partners Co., Ltd., Higin Capital Co., Ltd.
Limited partnerships (LPs)	DBJ, The Higo Bank, The Kagoshima Bank
Period	Investment period of three years, duration of 10 years



## Reconstruction Response

### Case Study Micro Top

Micro Top Co., Ltd., headquartered in the city of Hachimantai, Iwate Prefecture, was established in 1993 as a manufacturer of precision molds, with those for mobile phones, digital cameras and hard disk drives being the company's mainstay products. Micro Top's highly accurate fabrication technology has earned the company a stellar reputation from business partners not only at home but also abroad, and the company has reinforced its overseas presence, mainly through the opening of local representative offices in the Philippines and Thailand. In addition, the company is working to expand its fields of business and reinforce its revenue base in the rapidly changing electronic component industry by utilizing mold fabrication technology and resin molding technology

to manufacture and sell products other than molds, such as parts for information equipment-related manufacturing equipment and resin components, in Japan and overseas.

Iwate Reconstruction Growth Support Investment L.P., a fund jointly capitalized by DBJ, The Bank of Iwate, Ltd., and the Regional Economy

Vitalization Corporation of Japan (REVIC) to support reconstruction and growth following the Great East Japan Earthquake, provided financing to Micro Top because the company will be better able to contribute to regional development with support to promote new business growth and enhanced operating profitability.



Precision mold components

### Case Study Ishinomaki Foods

Ishinomaki Foods Co., Ltd., headquartered in the city of Ishinomaki, Miyagi Prefecture, was established in July 2012. As a wholly owned subsidiary of CELUX Holdings, Inc., headquartered in Minato-ku, Tokyo, which is building a business group comprising several restaurant chains, including Red Lobster and Kurayamizaka Miyashita, mainly in the Kanto region but complemented by a presence in Okinawa; Kyushu; the Kansai region, which centers on Osaka; and the Chubu region, which centers on Nagoya, Ishinomaki Foods commenced joint acquisition of restaurants. In December 2015, Ishinomaki Foods welcomed the completion of a food processing plant in Ishinomaki and began producing Sanriku Fresh Fried Oysters. In this and other pursuits, the company makes the most of the network and product development capabilities of parent company CELUX Holdings while striving to process, man-

ufacture and sell seafood caught off the Sanriku coast.

Recently, the Miyagi Reconstruction Regional Vitalization Support Investment L.P., a fund jointly capitalized by DBJ, The 77 Bank, Ltd. and the Regional Economy Vitalization Corporation of Japan (REVIC) to support reconstruction and growth following the Great East Japan Earthquake, provided financing to Ishinomaki Foods

to support the company's efforts to set up a new plant that would factor into reconstruction and revitalization in the affected area through local job creation, first and foremost, but also through the processing and sale of seafood caught off the Sanriku coast. This was the first instance of financing being provided to a company whose out-of-area parent had purposely entered the disaster-stricken region.



External view of head office factory

## Reconstruction Response

### Case Study Ouchi Shinko Chemical Industrial

Since initiating domestic production of rubber additives back in 1931, Ouchi Shinko Chemical Industrial Co., Ltd., headquartered in Chuo-ku, Tokyo, has secured a top position in Japan as a pioneer in the field of organic rubber chemicals. The company pursues activities in a wide range of business fields, including organic sulfur chemicals, pharmaceutical chemicals and environmental chemicals, based on technological expertise accumulated during 85 years of corporate activity.

Although the company sustained major damage at two plants—the Sukagawa Plant and the Haramachi Plant, in Sukagawa and Minamisoma, respectively—in Fukushima Prefecture due to the devastation that unfolded with the Great East Japan Earthquake, both plants quickly resumed operations,

and the company has worked to coexist with the region while emphasizing *monozukuri* (craftsmanship) manufacturing with value.

DBJ provided financing to Ouchi Shinko Chemical Industrial under the Interest Rate Subsidy System for Special Zones for Reconstruction\* to expand production facilities for pharmaceutical chemicals at the Sukagawa Plant.

The medical-related industry has been tapped as a key strategic sector in Fukushima Prefecture, and this project has been certified as “a business related to improvement of technological standards for medical care and provision of high-level medical care, such as R&D on new approaches to treat disease and disability and the evolution of successful results into viable companies.”

\*Interest Rate Subsidy System for Special Zones for Reconstruction: Under the business facilitation and support system, the Japanese government provides an interest rate subsidy on financing required by businesses central to the advancement of reconstruction promotion plans created by regional municipal bodies and certified by the Japanese government to reconstruct the areas affected by the Great East Japan Earthquake.



External view of new annex at Sukagawa Plant



## DBJ Enterprise Disaster Resilience Rated Loan Program

**Such recent disasters as the Great Hanshin-Awaji Earthquake, the Chuetsu Offshore Earthquake, the Iwate-Miyagi Inland Earthquake and the 2011 Great East Japan Earthquake caused tremendous damage to the economy, with many organizations forced to suspend operations for extended periods. In addition to measures for protecting personnel and property, enterprises face the need to draft business continuity plans to protect themselves against lost revenue and retain their clients in the event of disaster, thereby reinforcing their managerial foundation.**

### Case Study Micronics Japan

Since its establishment in 1970, Micronics Japan Co., Ltd., headquartered in the city of Musashino, Tokyo, has developed and provided equipment, machines and systems that support the quality, performance and reliability of ever-evolving IT devices, such as semiconductor testing units and semiconductor/LCD testing systems. Of note, the company has captured the top share worldwide for probe cards, which are used to check the electrical properties of wafers during the mass production of semiconductors.

DBJ provided financing to Micronics Japan under the DBJ Enterprise Disaster Resilience Rated Loan Program (DBJ BCM Ratings). In the evaluation process, the company earned high marks for (1) establishing an enhanced disaster prevention system through regular disaster drills and safety confirmation drills; (2) forming a corporate risk management committee under a matrix structure comprising business divisions and working groups, and vigorously implementing measures to address various business risks; and (3) evaluating

upstream providers in the supply chain from multiple perspectives, including possible substitutes, and drafting risk-reducing measures, such as decentralization of suppliers.



External view of the Aomori Plant

### Case Study Japan Motor Terminal

Japan Motor Terminal Co., Ltd., headquartered in Chiyoda-ku, Tokyo, constructed and operates public truck terminals in four locations adjacent to expressway networks in the Tokyo metropolitan area. These terminals help to streamline logistics and improve urban functions as bases of transport between cities and freight collection and delivery inside Tokyo, and also as transit points for national logistics activity.

DBJ, based on its business continuity management ratings (DBJ BCM Ratings), provided financing to Japan Motor Terminal under the DBJ Enterprise Disaster Resilience Rated Loan Program. In the evaluation process, the company earned high marks for (1) introducing an earthquake early

warning system at each terminal as part of a facility preparedness initiative, thereby enabling swifter initial responses by users, and reinforcing overall facility safety through such approaches as the construction of integrated logistics facilities with seismically isolated structures and the installation of emergency-use, in-house generators; (2) considering the recovery priority of operations in an emergency situation and the number of employees needed to execute these recovery works based on the targeted recovery schedule, and conducting assembly drills for employees as well as terminal recovery drills in cooperation with associated facility providers to verify the effectiveness of recovery plans; and (3) establishing a chain of

mutual command with the Bureau of Social Welfare and Public Health and the Tokyo Route Truck Conference Association, which are members of a disaster response team for regional transport bases set up in the event of an emergency, and predetermining the division of roles among the parties, as well as associated administrative duties, and also constantly conducting drills on emergency supply transport operations.



Keihin Truck Terminal

DBJ aims to realize a more prosperous sustainable society by achieving harmony through the triple bottom line of society, the environment and the economy. We recognize the resolution of environmental problems as an issue that is common to all humankind. For this reason, DBJ has contributed to the formation of an environmentally friendly economic society.

In June 2001, DBJ became the first Japanese bank to sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development, promising to strive for harmony between economic development and environmental conservation and to cooperate in resolving

environmental problems. In addition, in November 2002, we acquired ISO 14001 certification, and in November 2011, we signed the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century). Such efforts indicate our organizational commitment to environmental preservation and the realization of a sustainable society.

In line with the Basic Environmental Policy formulated in October 2008, DBJ is promoting efforts in the regions where its branches and offices are located.

## DBJ's Basic Environmental Policy

Promulgated and Put into Effect October 1, 2008

### Purpose

Article 1. DBJ aims to realize a more prosperous sustainable society by achieving harmony through the triple bottom line of society, the environment and the economy. We recognize the resolution of environmental problems as an issue that is common to all humankind. For this reason, DBJ has established a policy that aims to contribute to the formation of an environmentally friendly economic society.

### Promotion of Environmental Measures through Investment and Loan Activities

#### Article 2.

1. Through its investment and loan activities, DBJ supports global warming prevention measures and the promotion of a recycling-oriented society. In addition, by supporting environmentally sustainable corporate management by its clients, DBJ contributes to their creation of environmental measures and to the realization of a sustainable society.
2. DBJ contributes to clients' environmental measures through the risk evaluations of investment and loan activities from an environmental perspective.

### Promotion of Environmental Awareness through Environmental Communication

#### Article 3.

1. Through continuing research and advisory activities relating to

environmental issues, DBJ seeks to help resolve environmental issues through enhanced awareness, thereby contributing to the realization of a sustainable society.

2. DBJ seeks to promote environmental awareness through international cooperation, including the distribution of information about environmental initiatives by Japan.
3. DBJ endeavors to improve its initiatives by sharing information on its environmental activities and through communication with society.

### Promotion of Environmental Awareness Activities in Offices

Article 4. DBJ complies with environmental laws and regulations, and promotes activities to reduce the environmental effect of its operations. To these ends, DBJ seeks to contribute to the creation of environmentally friendly office environments through the activities indicated below.

- (1) Promotion of resource and energy conservation and recycling activities
- (2) Promotion of environmentally friendly sourcing of supplies
- (3) Prevention of environmental pollution

### Promotion of Environmental Awareness Activities in Communities

Article 5. By cooperating with community environmental improvement initiatives, such as measures to prevent heat islands, DBJ works to contribute to the creation of environmentally friendly regional societies.

## Putting into Practice DBJ's Basic Environmental Policy

### Promotion of Environmental Measures through Investment and Loan Activities

DBJ's investment and loan activities support projects designed to prevent global warming and create a recycling-based society. Furthermore, we promote clients' efforts toward environmentally conscious management. By contributing to clients' environmental measures, we help to achieve a sustainable society.

- DBJ Environmentally Rated Loan Program (See pages 41 and 78.)
- DBJ Green Building Certification (See pages 43 and 82.)

### Promotion of Environmental Awareness through Environmental Communication

DBJ addresses environmental problems by conducting ongoing environmental studies and proposals. These efforts help to enhance environmental awareness, support involvement in environmental issues and contribute to the realization of a sustainable society.

- Communication Focused on the Environment (See page 70.)
- Communication on Regional Revitalization (See page 70.)
- Communication Through International Cooperation (See page 71.)

## Promotion of Environmental Awareness Activities in Offices

DBJ works to reduce the environmental effect of its operations beyond what is required by environmental regulations. As such, we promote the measures described below in an effort to make our offices environment-friendly.

- Promotion of recycling and resource and energy conservation

### • Resource- and Energy-Saving Efforts

	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2016
Copy and printing paper usage (kg)	60,139	60,393	<b>59,286</b>
Waste emissions (kg)	33,976	33,366	<b>31,735</b>
Energy consumption (kWh)	4.05 million	4.02 million	<b>4.02 million</b>
Water usage (m³)	10,083	9,633	<b>10,094</b>

Note: Head office building only

- Promotion of environmentally friendly sourcing of supplies

In line with the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Law on Promoting Green Purchasing), which went into effect in April 2001, DBJ implemented initiatives to purchase products and services with lower environmental effects. We have continued to practice green purchasing following our privatization.

### • Achievements of the Green Procurement Program for Typical Items

	Year Ended March 31, 2016
Paper	100%
Stationery	100%
Equipment	100%
Office equipment	100%
Lighting	100%

Note: Excludes printing paper, media cases, labels, and other items that were purchased on the market that do not comply with the prescriptions of the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities but that were purchased nevertheless on the basis of certain characteristics or functional requirements.

- Prevention of environmental pollution

DBJ complies with environmental laws and regulations.

## Promotion of Environmental Awareness Activities in Communities

By cooperating in community environmental improvement initiatives, such as measures to prevent heat islands, DBJ works to contribute to the creation of environment-friendly regional societies.

### • Head Office

#### Uchimizu Project 2015

DBJ participated in the Uchimizu Project 2015, a campaign hosted by the Uchimizu Project District Executive Committee (the Council for Area Development and Management of Otemachi, Marunouchi, Yurakucho/the Ecozeria Association/the OMY Area Management Association/ Yuraku-cho Shuhen Machizukuri Kyo-gikai, Ministry of the Environment, Tokyo Metropolitan Government and Chiyoda City). DBJ has been participating in the Uchimizu Project since 2008.



### • Hokuriku Branch

#### Kanazawa Eco Suishin Jigyousya Network

Since fiscal 2004, the branch has participated in the Kanazawa Eco Suishin Jigyousya Network, undertaking initiatives to (1) reduce waste, (2) conserve energy and (3) promote green purchasing.

### • Kansai Branch

#### Kansai Eco Office Declaration

Registered since 2008, the "Eco Office Declaration" calls for (1) a summer "eco style," (2) enforcing energy saving, (3) promoting green purchasing, (4) curbing automobile use and (5) engaging in waste recycling.

## • Shikoku Branch

### Earth-Friendly Office

In fiscal 2009, we registered with the “Earth-Friendly Office” program created by the city of Takamatsu’s environmental department. We continued these activities in fiscal 2015, and made efforts to (1) curb paper consumption, (2) promote the use of recycled products, (3) raise employee awareness of waste reduction and recycling activities, (4) save energy and water and (5) regulate office air at an appropriate temperature.



## • Kyushu Branch

### Cleanup/beautification activity—Tenjin Clean Day

We participated in the Tenjin Clean Day activity sponsored by the We Love Tenjin conference and helped to clean up the area.



## • Other Branches

We implement initiatives such as collecting used postage stamps. We also have employees bring their own chopsticks and cups to work to reduce waste.

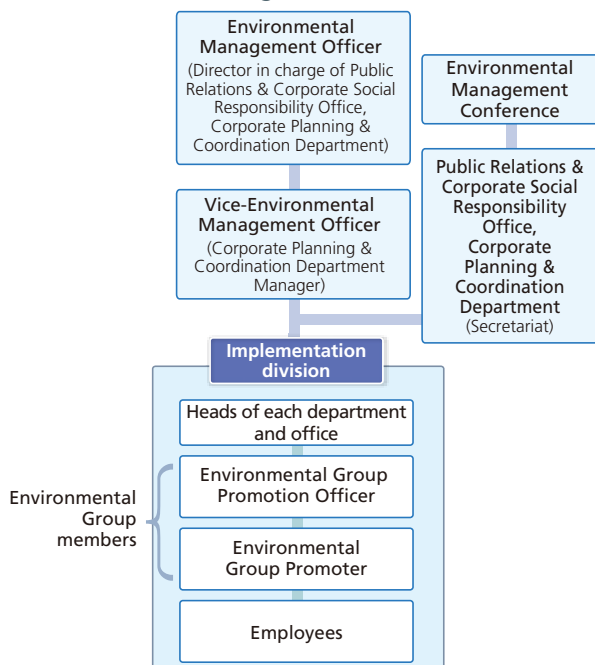
## Environmental Management Structure

DBJ has set up the Public Relations & Corporate Social Responsibility Office within the Corporate Planning & Coordination Department. This office spearheads environmental management activities attended by all executives and employees.

### Environmental Management Officer

The Environmental Management Officer is assigned to the Public Relations & Corporate Social Responsibility Office in DBJ’s Corporate Planning & Coordination Department. The officer confirms environmental education and training and authorizes annual environmental targets.

### ● Environmental Management Structure



### Environmental Management Conference

The Environmental Management Conference deliberates annual environmental targets and environmental management reviews.

### Public Relations & Corporate Social Responsibility Office, Corporate Planning & Coordination Department

In charge of DBJ’s environmental management activities is the Public Relations & Corporate Social Responsibility Office, Corporate Planning & Coordination Department. In addition to setting environmental targets for each fiscal year and confirming the degree to which established targets have been achieved, this office manages compliance with relevant laws and regulations.

### Environmental Group Promotion Officer

To promote environmental management activities, an Environmental Group Promotion Officer and Environmental Group Promoter are designated in each branch and department. The Environmental Group Promotion Officer appoints an Environmental Group Promoter and manages the level of achievement of annual environmental targets.

### Employees

Employees are responsible for putting environmental management activities into action.

## DBJ's Primary Achievements in the Environmental Sector since Its Establishment

1999	October	Designation of sustainable development as an objective by the Development Bank of Japan Act (Act No. 73 of 1999)
2001	April	Start of green procurement and environmental training
	June	First Japanese bank to sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development
	October	Hosting of discussions between UNEP and Wa no Kuni Financial Institutions on Environmental Considerations for Financial Institutions
2002	March	UNEP 2002 Global Roundtable in Rio de Janeiro, Brazil: keynote speech
	July	Launch of the Development Bank of Japan Environmental Policy (partially modified in April 2005)
	November	ISO 14001 certification
2003	October	Publishing of <i>Environmental Report 2003 for a Sustainable Society</i> (first annual edition)
	October	Joint sponsorship of UNEP FI 2003 Global Roundtable in Tokyo, an international conference on finance and the environment
2004	April	Start of DBJ Environmentally Rated Loan Program
	September	Second annual <i>Sustainability Report</i>
	November	Japan Carbon Finance, Ltd. (JCF) established
	December	Japan Greenhouse Gas Reduction Fund (JGRF) established
2005	January	Assumption of chair of the UNEP FI Asia Pacific Task Force
	September	Third annual <i>Sustainability Report</i>
	October	UNEP FI 2003 Global Roundtable
	November	Renewal of ISO 14001 certification
2006	May	Press conference to announce DBJ status as a signatory institution to the Principles for Responsible Investment
	August	<i>CSR Report 2006</i> (fourth annual <i>Sustainability Report</i> )
2007	July	<i>Annual Report &amp; CSR Report</i> (integrated annual report and CSR report)
2008	October	First Board of Directors and Executive Committee meetings of Development Bank of Japan Inc.; formulation of Basic Environmental Policy and Environmental Management Regulations
2009	March	First Environmental Club Syndicated Loan <i>ECONOWA</i>
	April	Commendation for DBJ Environmentally Rated Loan Program: Environmental Development Award by ADFIAP
	September	Start of cooperation with regional financial institutions to prepare a system to implement Financing Employing Environmental Ratings
2010	January	Basic cooperative agreement with the International Finance Corporation (World Bank Group financial institution conducting the world's largest international investment and loan activities for developing countries)
	April	Business cooperation agreement to promote environmental measures with a non-life insurance company
	December	Selected as a designated financial institution under the Bill on the Promotion of Businesses to Develop and Manufacture Energy and Environmentally Friendly Products ("Low Carbon Investment Promotion Act")
2011	April	Established the DBJ Green Building Certification
	November	Signed the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)
2013	October	"Environment/Reconstruction Support Syndicated Loans" win the Grand Prize and Minister of the Environment Prize in the Green Purchasing Awards
2015	May	Commendation for DBJ Green Bond: ADFIAP Awards 2015
	October	Issuance of DBJ sustainability bonds

# Business Continuity Plan (BCP)

DBJ is preparing a business continuity plan (BCP) to protect the interests of its stakeholders, including its clients, its shareholder, and its executives and regular employees, as well as to fulfill its social mission. The BCP aims to ensure the continuity and rapid recovery of core operations in the event of emergencies, such as natural disasters (in particular, large-scale earthquakes), influenza and other pandemics, system failures and power outages.

In addition to addressing the continuity of core operations and maintaining a plan to recover from disaster, the BCP specifies the initial actions that executives and regular employees should take in emergencies. The plan

spells out necessary disaster responses in an easy-to-understand manner.

When formulating policies to ensure the continuity and recovery of core operations, we took the approach of considering responses to cases in which important management resources were damaged due to a large-scale disaster, affecting head office (1) buildings and facilities, (2) executives and regular employees, and (3) systems, instead of considering responses to individual events such as earthquakes and fires.

An overview of DBJ's BCP is provided below.

## 1. Principles of Action for Executives and Regular Employees

The BCP defines three key goals regarding the fundamental stance that executives and regular employees are to take in the event of a large-scale disaster or other emergency. They are to (1) ensure personal safety, (2) grasp the situation accurately and (3) remain calm and collected. Specifically,

they must give first priority to the lives and safety of our clients and our executives and regular employees, paying attention to television and radio broadcasts, evacuating calmly (without panic) and determining the safety of others.

## 2. Core DBJ Operations

In the event of a large-scale disaster, DBJ has identified the following six items as essential to the continuity of its core operations from the standpoint of (1) items that are fundamental and prerequisite to business continuity (such as facilities, personnel and systems), (2) DBJ's social mission and the public nature of its financing (such as investment and loan activity) and (3) responsibility to financial markets (continuity of market settlements).

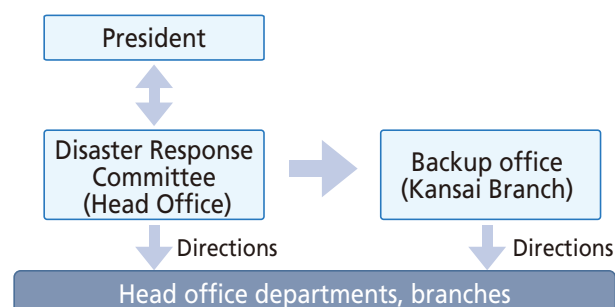
- 1) Confirmation and assurance of the safety of executives, regular employees and visitors
- 2) Uninterrupted continuation of settlement-related business
- 3) Reliable formation of the Disaster Response Committee
- 4) Restoration and maintenance of IT systems
- 5) Confirmation of the status of clients in afflicted areas
- 6) Rapid commencement of Crisis Response Operations

DBJ has formulated a BCP that prioritizes continuity of the core operations described above.

## 3. BCP Operational Structure

When responding to an emergency situation, such as in the event of a large-scale disaster, in principle, the Disaster Response Committee will be established at head office and chaired by the head of the Corporate Planning & Coordination Department, who reports to the president. This committee gives directions to DBJ's head office and branches regarding the continuation of core operations. If maintaining operations at head office proves problematic, the Kansai Branch shall serve as the alternative location.

### ● BCP Operational Structure Outline





## 4. Measures to Ensure Business Continuity

We have prepared a variety of measures to ensure business continuity. The primary measures are introduced below.

### (1) Enhanced System Robustness

Ensured advanced security levels at the main center, and created a backup center to operate in the event that the main center ceases to operate.

### (2) Multilayered Communication Procedures

Introduced a safety-confirmation system to quickly determine the whereabouts and status of executives and regular employees even at night and on holidays. In addition, distributed satellite telephones to key locations and personnel to ensure multilayered communication procedures.

### (3) Chain of Command and Delegation of Authority

To assure that decision-making concerning the continuity of core operations is prompt and certain, in the event that the Disaster Response Committee is established, we have put in place a chain of command and an alternative hierarchy by which authority can be delegated.

### (4) Clarification of Initial Response and Procedures for Continuing or Restoring Core Operations

For individual business units, we have established in advance the procedures for the initial response and the continuation or restoration of core operations so that relevant divisions can respond quickly and with certainty on core operations even when in a state of confusion.

## 5. Initiatives to Maintain or Improve BCP Viability

DBJ conducts various types of instruction and training of executives and regular employees to maintain or improve the viability of its BCP.

Furthermore, the BCP is revised to reflect training results and recent information, and is reviewed by the Executive Committee regularly and additionally as necessary, employing a Plan-Do-Check-Act (PDCA) cycle.

## Fostering Human Resources and Creating a Comfortable Work Environment

DBJ considers its human resources to be its most valuable assets and thus endeavors to develop its employees' capabilities. DBJ actively works to build a systematic human resource development system and a comfortable work

environment to bring out the best in every employee. The superior employee performance resulting from such efforts is what drives DBJ ahead on a daily basis and keeps it an innovator, blazing the trails that Japan needs to follow.

### Human Resource Development Vision

DBJ has evolved significantly and developed its independence and creativity in line with the needs of the times in order to maintain its leadership position.

To develop its human resources, DBJ promotes autonomous and pioneering behavior in its employees as financial professionals through the vision of generalists who can be

specialists in many fields. Responding to society's constantly changing demands requires broad experience, deep knowledge and the ability to see the big picture, as well as gaining specialist knowledge. DBJ has therefore created a human resource development system that incorporates job rotation, performance evaluation, formal education and training.

### Deploying the Target Management System

DBJ has introduced a Target Management System to encourage employees to work autonomously and proactively to develop their abilities and accurately evaluate such initiatives. DBJ is working to enrich this system by having subordinates meet individually with superiors to set goals and receive feedback, autonomously running through the

Plan-Do-Check-Act (PDCA) cycle. Particularly regarding goal-setting, DBJ encourages its employees to work hard. DBJ does so by offering bonuses and other benefits based on operating performance, with an emphasis on each of them enhancing their medium- and long-term value both inside and outside the company.

### Creating a Comfortable Work Environment and Promoting Opportunities for Women

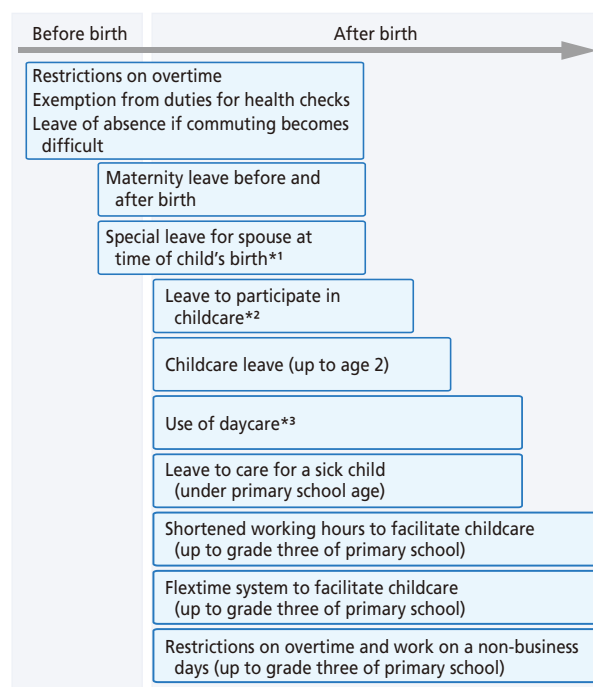
DBJ actively strives to cultivate a comfortable work environment.

To maintain an environment in which all employees can feel secure, DBJ has made all employees aware of its policy to prevent sexual and power harassment and has set up a hotline to deal with such issues. Furthermore, to support mental and physical health, DBJ provides its employees and their families with regular medical examinations and care options. These systems include treatment by external specialists and access to counselors.

DBJ also has in place leave programs to give motivated employees better opportunities for long-term employment. We have enhanced our working and leave systems related to childcare and nursing care, through the introduction of flextime and a system of leave for participating in childcare, as well as a program under which employees who have left DBJ are eligible for re-employment and a system for continued employment options after retiring from full-time work.

Also, in our general business owner action plan, based on the Act to Advance Women's Success in Their Working Life, we set a target to increase the percentage of female manager by around 50% by the end of fiscal 2018, compared with the level at the start of fiscal 2014. We aim to achieve this goal by running career training sessions designed to develop managers and management training sessions especially for women in management positions and by taking steps to deepen awareness of the work-life balance support system.

#### ● Summary of Key Childbirth and Childcare Systems

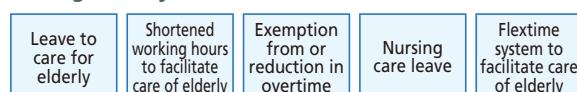


\*1 Spouse may take two days of leave just before or just after the birth of a child.

\*2 Employee whose wife has given birth may take up to five days of leave, when necessary, to care for a child under one year of age.

\*3 A daycare facility is available nearby in the Yomiuri Shimbun Building.

#### ● Nursing Care Systems



## A Solid Human Resource Development System

DBJ's financial professionals are supported by a well-developed education and training system. Mandatory training by level, combined with a host of elective training courses according to skills and needs and designed to respond to financial innovations and advancement, enables each employee to plan his or her career.

For young employees, we established the DBJ Financial Academy, which is designed to help employees acquire and maintain basic competencies and deepen their understanding of finance, assuming they will become involved in advanced financial operations. We are expanding the academy, focusing on courses such as Corporate Finance, the Financial Instruments and Exchange Act, and M&A.

Regardless of age, employees undergo on-the-job training that provides hands-on exposure to work involving various levels of responsibility. After experiencing employment in

multiple departments, employees are strategically assigned to a certain department to acquire highly specialized abilities according to their skills and backgrounds. This system of strategic job rotation not only enables employees to gain broad-based practical experience that gives clarity to their medium- to long-term career goals but also provides an environment for quickly and firmly acquiring and improving their highly specialized skills.

In step with globalization, DBJ cultivates its employees able to perform in a variety of fields in domestic and overseas. To achieve this, DBJ enhances its studying-abroad program to overseas graduate schools, as well as actively assigns employees to domestic and overseas Group companies and related government agencies, thereby supporting skill development and network extension.

### DBJ's Human Resource Development System

Training by Level		Business-Related Training				Business-Related (Self-Training)		External Assignments, etc.	
Position ↑		Top management training					Distance learning, night courses, acquiring public qualifications, external seminars, lectures, etc.	Domestic and overseas exchange students, trainees, etc.	
	Life plan training		•Training in middle- and back-office operations involving investments and loans •Training in debt management •Etc.	•Compliance training •Training in financial act •Etc.	•Accounting •Basics of Tax •Etc.	•Valuation •Financial Modeling •M&A •Real Estate Finance •Corporate Reorganization •Environmental Rating Seminars •BCM Rating Seminars •DBJ Financial Academy (Elective courses and special courses) •Etc.			Common skill areas •Problem solving and communication •Logical thinking •English conversation •Business comportment •Etc.
	Career development plan training	Management training							
		Manager training							
	Secondary training after joining DBJ					DBJ Financial Academy •IFRS Accounting: Foundations and Practice •International Finance •Financial Policy •Basic Corporate Finance •Financial Instruments and Exchange Act •M&A                      •Etc.			
	Introductory training for new employees		Rating and asset assessment training  Systems related to investments and loans	Documentation  Basic Legal	Financial analysis training •Bookkeeping and Accounting •Company Analysis •Case Studies  Basic finance training •Interest Rate Basics •Basic Derivatives				
Autonomous career track	Cultivation of management and leadership skills	Mastery of DBJ procedures and basic processes	Mastery of finance and law	Acquisition of financial accounting knowledge	Strategic and focus areas, such as financial skills	Mastery of basic business execution skills	Acquisition and cultivation of business-related knowledge	Mastery of wide range of view and knowledge	
Planned and continuous HR development		Mastery of knowledge and skills needed for work			Addressing strategic and focus areas	Mastery of knowledge and skills needed for work			

## Seeking Higher Ethical Standards

For half a century, DBJ has led Japan's economy as a comprehensive policy-based financial institution. As DBJ transforms into a private-sector financial institution that still values the long-term perspective, neutrality, public-mindedness and reliability it has cultivated, each employee is being held to a higher ethical standard.

DBJ has long required its employee to take training courses that address issues of human rights in addition to ensuring legal compliance and maintaining information security through training to prevent fraudulent access and information leaks.

DBJ will henceforth devote even more resources toward such efforts.

## DBJ Financial Academy

Since May 2008, the DBJ Financial Academy typically has held several courses that meet two or three times a week with the medium- to long-term objective of raising the level of financial expertise of primarily young second-year employees throughout the organization by strengthening their knowledge and understanding of advanced corporate financial business essential to DBJ's business model. During fiscal 2015, courses numbered 24 and covered Introduction to Modern Finance, Corporate Finance, the Financial Instruments and Exchange Act, and IFRS Accounting: Foundations and Practice.

Through the DBJ Financial Academy, each employee can seek to elevate his or her abilities in finance. In

addition to basic knowledge, such as fundamental corporate finance topics and corporate valuation methods that can be applied, the academy provides a broad range of core training on finance from an academic and scientific perspective. Students from outside DBJ, such as employees of regional financial institutions, regional municipal bodies and business partners, have also participated. Through these courses, we look forward to opportunities for mutual exchange and the creation of networks.

### ● DBJ Financial Academy Curriculum

**2015 Courses** (run from May 2015 through March 2016)

#### Core courses (I)

- Introduction to Modern Finance
- Financial Instruments and Exchange Act
- Business Statistics
- Basic Corporate Finance
- M&A
- Corporate Finance Practice

#### Core courses (II)

- Insolvency and Corporate Reorganization
- IFRS Accounting: Foundations and Practice
- Financial System Theory
- Financial Policy
- Financial Expertise Follow-up Practice
- International Finance

#### Elective courses

- Behavioral Finance
- Real Estate Finance
- Macroeconomics and the Modern Japanese Economy
- Real Options
- Introduction to Integrated Reporting
- Investment
- Risk Management
- Issues and Expectations for Japanese Public Finance

#### Special courses

- Securitization
- Hedge Fund Industry and Financial Regulation
- Family Business
- Special Program for Regional Financial Institutions

