



# INTEGRATED REPORT 2024

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DBJ Group Integrated Report 2024

## MISSION

# Design the Future with Financial Expertise

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Continue to expand financial frontiers;  
Provide the best solutions for customers and society;  
Pursue sustainable development for Japan and the world.

As industry and infrastructure professionals skilled in handling all types of risk, we will play a unique role in the economy and society of 2030—leading new business and market creation while responding to crises and other social needs.

## Editorial Policy

Environmental Report for a Sustainable Society, published in fiscal 2003, was the DBJ Group's first report dedicated to increasing communication of non-financial information to its stakeholders.

Its Policy on Sustainability, created in fiscal 2017, states its aim of "consistently improving the process of value creation through communication with stakeholders." The Group has published its integrated report every year since then. The integrated report is intended to provide financial and non-financial information to explain the Group's business activities and initiatives in sustainable value creation to its broad spectrum of stakeholders.

The structure of the Integrated Report 2024 has been revised to focus more on the material issues that were identified as key management issues in fiscal 2023, with the intention of more clearly conveying the DBJ Group's value creation process, business strategy, and capital strategy. In addition to discussing progress made on the Fifth Medium-Term Management Plan, the report provides an update on our initiatives being undertaken based on the Transition Policy for addressing climate change and our sustainability strategy for addressing natural capital, biodiversity, and respect for human rights.

The content of the report is decided upon by the Executive Committee.

## Cover Design



The cover of this report features a photograph of seaweed growing in a seaweed bed in the Seto Inland Sea, bathed in soft layers of light pointing to the future, representing the DBJ Group's recognition that carbon neutrality and nature positivity are issues vital to the realization of a sustainability society.

## Period Covered and Scope

- Period: Fiscal 2023 (April 1, 2023–March 31, 2024)  
(Some information from outside this period is also included.)
- Scope: In principle, the report covers DBJ and its 12 main group companies.
- Date of publication: August 2024

## Guidelines and Entities Referenced

- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), which is now part of the IFRS Foundation
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation

## Disclaimer

Integrated Report 2024 contains forward-looking statements. Forward-looking statements are based on information available at the time of writing and hypotheses or judgments regarding uncertain factors. Accordingly, actual results may differ materially if conditions change.



The DBJ Group specializes in offering a range of solutions that include advisory, knowledge, and asset management, and providing integrated investment and loan services that flexibly meet the needs of its customers.



### Loans

DBJ extends medium- and long-term loans to customers in line with their various needs. In addition to senior loans, DBJ utilizes other financing methods, such as structured financing, asset financing, and syndicated loans, to satisfy its customers' diverse needs for funding.

- Medium- and long-term loans
- DBJ Sustainability Evaluation Certification Program
- DBJ Sustainability Linked Loans with Engagement Dialogue
- Transition loans
- Structured financing
- Asset financing
- Syndicated loans
- Debtor-in-possession (DIP) financing



### Advisory and Knowledge

The DBJ Group helps customers solve their problems through the provision of a range of services, such as consulting from an impartial and long-term perspective and support for M&As to further strengthen the international competitiveness and advance the growth strategies of Japanese corporations.

- M&A advisory services
- Sustainability management consulting services
- Industrial and regional surveys
- Support for startups
- Innovation creation support
- New business development support
- Public asset management



### Overseas Bases



### Research / Consulting



### Investments / Securities / Asset Management



### Real Estate Management / IT Solutions / Shared Services



### Investments

The DBJ Group supplies risk capital, including mezzanine and equity financing, in accordance with the businesses and stages of each customer by creating arrangements based on business viability analysis and risk assessments. We help customers improve their corporate value by offering flexible and agile investments from medium- and long-term perspectives.

- Mezzanine financing
  - Subordinated loans/Subordinated bonds
  - Preferred stock/Classified shares
  - Hybrid financing
- Leveraged buyout (LBO)/Management buyout (MBO)
- Equity financing
- Collaborative funds



### Asset Management

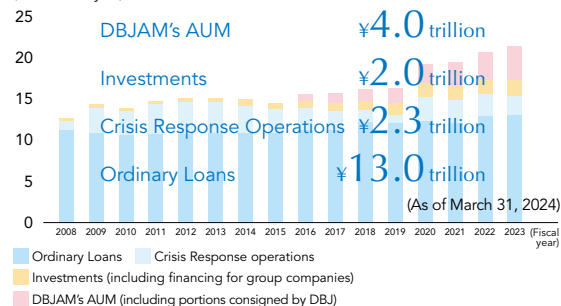
The DBJ Group specializes in alternative investments in the three fields of real estate, private equity, and infrastructure, and it is committed to precisely addressing the diverse management needs of its institutional investor customers.

- Fund management operations (Real estate, infrastructure)
- Gatekeeper services (Real estate, private equity, infrastructure)

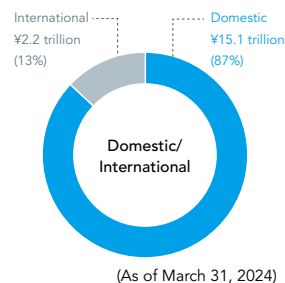


## Balance of Investments and Loans

(Trillions of yen)



## Balance of Investments and Loans



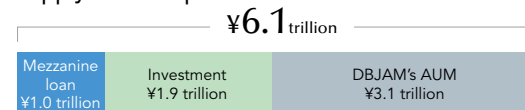
## Total GRIT Investments and Loans

¥3,301.0 billion

About 40% of total investments and loans, excluding Crisis Response Operations

(From April 1 2021, to March 31, 2024)

## Supply of risk capital

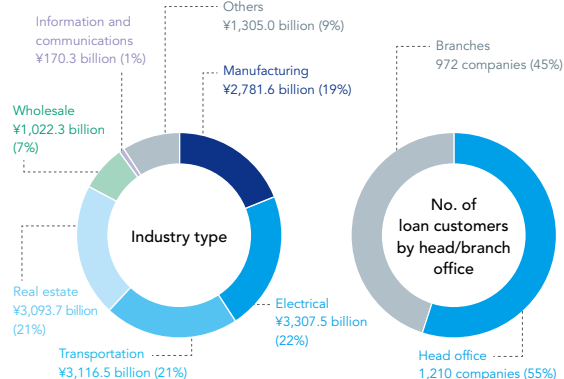


## Issuer Rating

Moody's A1 (Stable)  
R&I AA+ (Stable)  
S&P A (Stable)  
JCR AAA (Stable)

(As of June 30, 2024)

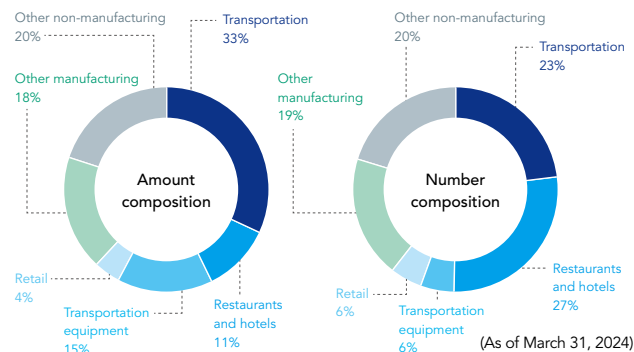
## Balance of Loans



No. of customers including investees: 2,904 companies (As of March 31, 2024)

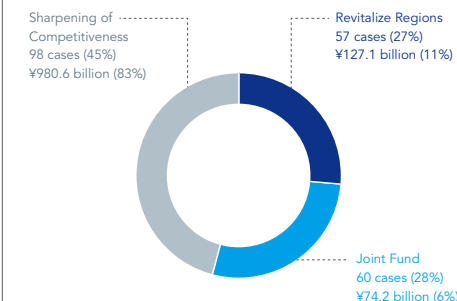
## Crisis Response Operations Related to COVID-19

524 cases ¥2,521.0 billion



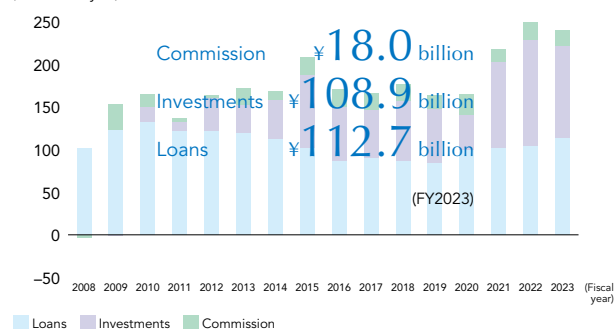
## Special Investment Operations

215 cases ¥1,182.0 billion



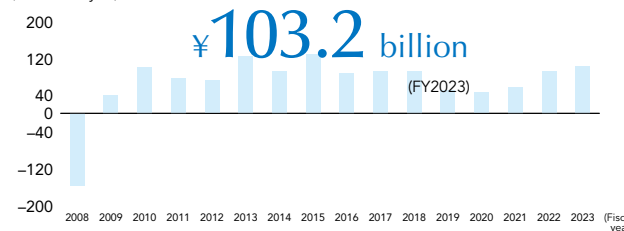
## Gross Ordinary Income (Consolidated)

(Billions of yen)



## Net Profit (Consolidated)

(Billions of yen)



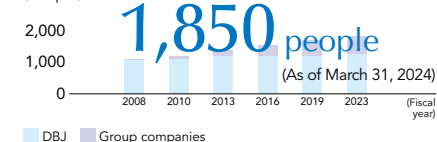
## Dividends and Corporation Tax

(From October 1, 2008, to March 31, 2024)

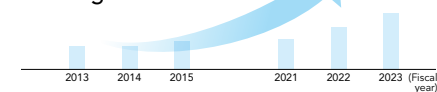
¥888.4 billion

## Number of Group Employees

(People)



## Human Resource Training Costs



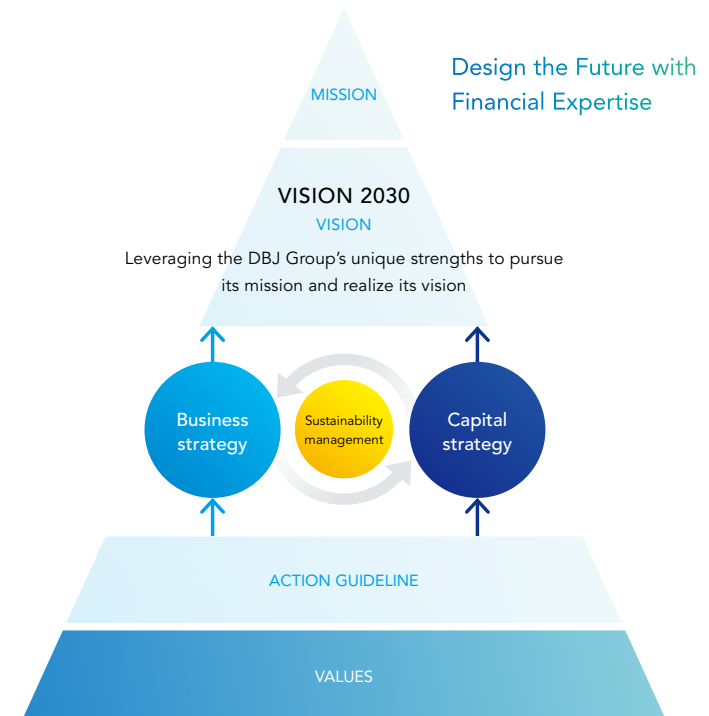
# Vision 2030

As industry and infrastructure professionals skilled in handling all types of risk, we will play a unique role in the economy and society of 2030—leading new business and market creation while responding to crises and other social needs.

Vision 2030 was created as a guide for the DBJ Group to achieve its goals for the year 2030, with due consideration paid to the core values shared by management and employees.

By accumulating experience and maintaining an upstanding reputation in Japan and abroad, the DBJ Group aims for its industrial and infrastructure professionals to be highly regarded by its customers and markets. While maintaining the ability to appropriately assess and address a variety of risks, the DBJ Group will take a leading role in creating markets and businesses for customers through a range of services. We will also meet the expectations of society through Crisis Response Operations and other means. The DBJ Group is keen to play a key role in the rapidly changing future of society.

The DBJ Group and its executives and employees are able to advance swiftly toward these goals by sharing in depth with stakeholders the Group's strategies for achieving its vision for the future.



## ACTION GUIDELINE

### Responsibility to future generations

- We fulfill our responsibility to the future by pursuing both economic and social value.

### Outstanding service

- We review and enhance our services while improving productivity.

### The customer's perspective

- We devote unequalled thought to each possibility—from the customer's point of view.

### Commitment and cooperation

- We work tirelessly to broaden frontiers and achieve best results.
- We respect diversity and work together for greater shared value.

## VALUES

### Initiative

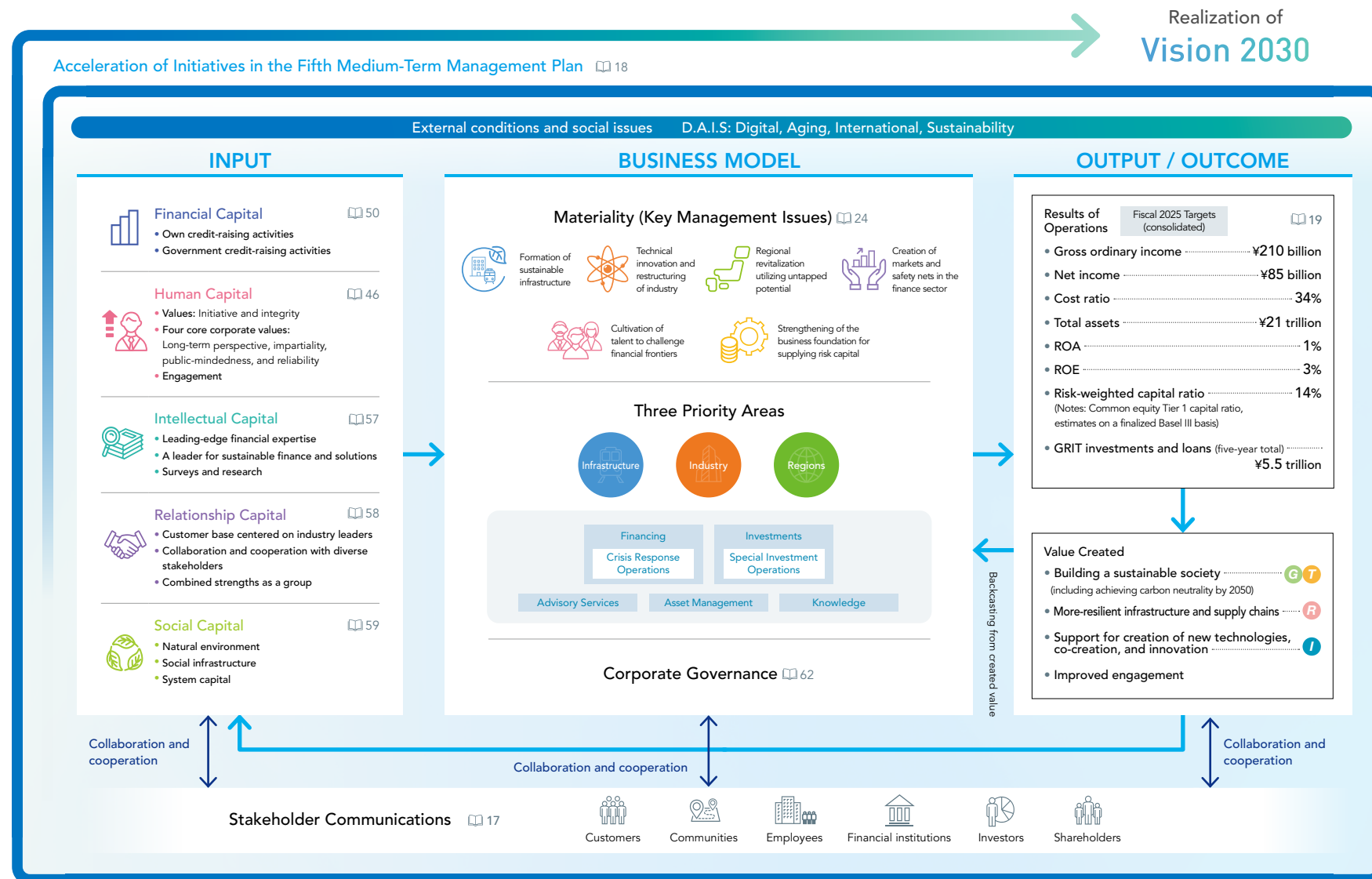
Continue to take on challenges to effect the necessary changes in society by pioneering financial frontiers, instead of passively reacting to changes in the external environment

### Integrity

Have integrity and sincerity in interactions with customers, coworkers, and with oneself

The DBJ Group engages in sustainability management with the intention of nurturing domestic and international development by helping to solve the issues faced by its customers and society.

While aiming to refine its sustainability management, DBJ strives to continuously improve the value creation process through collaboration and dialogue with its stakeholders in order to further expand value creation.





## Our Approach to Sustainability (Big Picture)

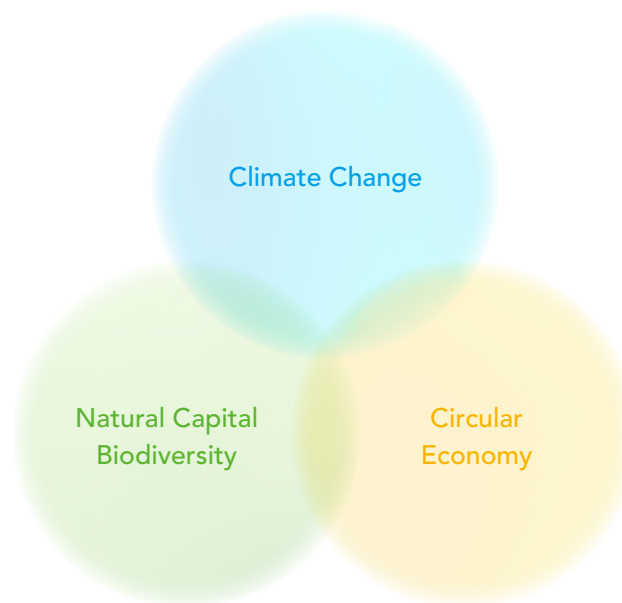
In May 2017, the DBJ Group established the Policy on Sustainability as a fundamental stance for contributing to the realization of a sustainable society while aiming to strike a balance between economic and social value. Based on this policy, we recognize climate change, natural capital and biodiversity, circular economy, and human rights as priority issues for achieving a sustainable society.

All of our business activities are premised on respect for human rights, along with the global issues of climate change and natural capital and biodiversity, which form the foundation of socio-economic activities. We also acknowledge the importance of addressing the circular economy, where economic activities are circulated to natural capital. While actively promoting our initiatives on sustainability, we will contribute to the realization of a sustainable society through solving regional and customer challenges in collaboration and cooperation with our stakeholders.

On planet earth, living organisms sustain their life activities while influencing each other across various stages. This complex and diverse ecosystem has been formed over a long period of time. The health and stability of biodiversity are understood to have a significant impact on the entirety of natural capital.

Human society and economic activities have been built upon the many benefits of this natural capital and biodiversity, making their preservation a common goal for the planet. (The Kunming-Montreal Global Biodiversity Framework was adopted in 2022.)

Since Japan enacted the Basic Act on Biodiversity in 2008 and hosted the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) in Nagoya in 2010, the government has contributed to the creation of global targets and has been actively working toward these goals.



The Intergovernmental Panel on Climate Change (IPCC) has scientifically proven that human activity has without a doubt been causing the warming of the atmosphere, oceans, and land. In order to limit the average increase in global temperatures to 1.5°C compared with pre-industrial revolution levels, it is imperative to reduce greenhouse gas (GHG) emissions, like carbon dioxide (CO<sub>2</sub>) and methane, to net zero by around 2050.

In Japan, the government declared in 2020 its goal to achieve carbon neutrality by 2050. In 2021, the government announced an ambitious goal to reduce GHG emissions by 46% by fiscal 2030 (compared with fiscal 2013), and to continue efforts to further push this reduction toward 50%.

In contrast to a linear economy, which involves mass production, consumption, and disposal, a circular economy seeks to reduce environmental impact by circulating resources through recycling, reuse, regeneration, resource conservation, and sharing.

Japan has long aimed for a circular society and economy as a government policy that began with the Basic Act on Establishing a Sound Material-Cycle Society, which came into force in 2000.

## Respect for Human Rights

Human rights issues, which are widely regarded as the state's duty to protect, have been increasingly accepted globally as rights that businesses should respect, especially after the United Nations approved the Guiding Principles on Business and Human Rights in 2011.

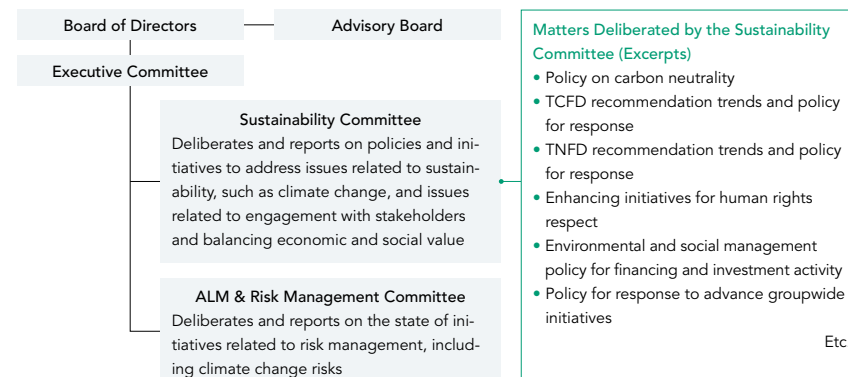
In Japan, the government formulated and published a National Action Plan on Business and Human Rights (2020–2025) in 2020, and Guidelines on Respecting Human Rights in Responsible Supply Chains in 2022, setting the standards for corporate initiatives.

## Sustainability Management

The Sustainability Committee deliberates policy responses to various sustainability-related issues, such as climate change, and monitors progress on related initiatives. As needed, matters are deliberated and decided on by the Executive Committee and reported to the Board of Directors. The Sustainability Management Office is an administrative body within the Corporate Planning & Coordination Department that acts as a hub for information inside and outside the DBJ Group, and advances measures.

At the Advisory Board, which is an advisory body to the Board of Directors consisting of outside experts and outside directors, we report on the progress of initiatives, such as the GRIT Strategy and other business plans, and the content of its deliberations is reflected in business plans and measures to enhance risk management.

### Organizational Chart



### Policy on Sustainability (formulated in FY2017)

At the DBJ Group, in accordance with its corporate philosophy, established the Policy on Sustainability to conduct business in a manner that resolves the issues of its customers and broader society, while realizing its mission for the sustainable development of Japan and the world.

While balancing economic and social value, the DBJ Group contributes to the realization of a sustainable society by striving for continuous improvement and steady execution through the value creation process, and engaging more deeply in dialogues with stakeholders.

#### Purpose

**Article 1** DBJ Group, in accordance with our corporate philosophy, establishes the Policy on Sustainability described below in order to do business in a manner which resolves the issues of our customers and the larger society and realizes the sustainable development of Japan and the world.

#### Sustainability Management

**Article 2** Sustainability management as practiced by DBJ Group is defined as management directed at creating a sustainable society: we take advantage of our unique business model that integrates investments, loans, and other business activities so as to enhance the value of managerial resources, both tangible and intangible and, to realize economic and social value, while consistently improving the process of value creation through communication with stakeholders.

#### Financial Capital and Non-financial Capital

**Article 3** We comprehensively enhance the various types of capital required to conduct business consistent with our risk appetite: human, intellectual, relationship, social, and environmental capital which affect the capacity to create long-term financial value, along with financial capital.

#### Contribution to a Sustainable Society

**Article 4 1.** We work fairly and reliably to provide solutions required to create a sustainable society by identifying material sustainability issues in our relevant fields based on trends in government policy as well as legislation and norms regarding environmental, social, and governance (ESG) criteria in Japan and throughout the

world and incorporating a recognition of the need for a sustainable society into our investing, lending, asset management, and other business activities.

2. We exercise a leadership role in building the knowledge required to create a sustainable society through ongoing surveys, research, and reporting on social issues.
3. We work to deepen our understanding of the impact of our own business activities on society and consistently improve them.
4. We are committed to meeting the legal and regulatory responsibilities for human rights and give consideration to the human rights of all people in each of our fields of business.
5. We work to consistently improve the process of value creation, placing importance on communication with the stakeholders as described in Articles 5 through 9.

#### Sustainable Growth for Customers

**Article 5** We provide creative investment and lending solutions to our customers in various industries and infrastructure sectors both in Japan and overseas, thereby increasing our customers' tangible and intangible value and contributing to their sustainable growth.

#### Self-Reliant Development of Regional Society

**Article 6** We place importance on partnerships with regional communities, contributing to self-reliant development of regional society through business activities conducted in cooperation with local authorities and financial institutions.

#### Cooperation with Employees

**Article 7 1.** We work to promote the growth of each employee through efforts to develop skills and raise motivation, while maintaining and enhancing our employees' physical and mental health.

2. We create a climate in which diverse employees, irrespective of gender, age, nationality, and physical ability, can display their ability and expertise to the fullest extent, and build an employee-friendly working environment as a necessary foundation.

#### Contribution toward a Developed and Stable Financial Market

**Article 8 1.** We play a part in vitalizing the financial markets through the supply of risk money and the expansion of financial frontiers in partnership and coordination with other financial institutions. "DBJ's Special Investment Operations" will be among the instruments used for this purpose.

2. We provide highly qualified and responsible investment opportunities and investment management services as we pursue the best outcomes for our clients in our asset management business. By doing so, we meet our clients' diverse needs for funds management and stimulate the circulation of capital.

3. We serve as a safety net and thus contribute to stable financial markets through our "Crisis Response Business."

#### Communication with Investors

**Article 9** We work to consistently raise corporate value as we enhance the transparency of disclosure and pursue constructive communication with investors.

## Response to Climate Change (Disclosure of Information Related to Climate Change Based on TCFD Recommendations)

In June 2018, DBJ endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, in 2022, declared the goal to achieve net zero GHG emissions by 2050. Recognizing the risks and opportunities associated with climate change, it is formulating strategies based on analysis while considering and promoting initiatives in appropriate information disclosure.

### Governance

At meetings of the Sustainability Committee (□ 7), which is under the Executive Committee, management discusses policy aims and the status of initiatives to address various issues related to sustainability, including efforts to achieve net zero GHG emissions by 2050. The committee also promotes related measures. We are updating the DBJ Group's overall strategy, taking into account changes in risks and opportunities related to social issues and climate change.

At the Advisory Board (□ 64), made up of external experts and external directors, we report on initiatives in business plans and reflect the content of these discussions in business plans and efforts to improve risk management.

### Risk Management

We recognize that inadequate preparation for climate change poses a significant risk to management. We carry out an impact analysis of transition risks and physical risks based on scenario analysis, formulate policies based on these risks, and continuously manage risks, including data management and advanced analysis methodologies (□ 51). We report and discuss these initiatives at meetings of the ALM & Risk Management Committee, which is under the Executive Committee.

In investments and loans, we have established the Environmental and Social Management Policy for Financing and Investment Activity for specific sectors and businesses, and we continue to monitor progress.

### Strategy (Scenario Analysis)

Based on our Vision 2030 (□ 4) and Policy on Sustainability (□ 7), we perceive climate change as a significant change in the external environment that impacts our stakeholders, and we understand that grasping related risks and opportunities is crucial in executing our business strategy.

Aiming for net zero GHG emissions by 2050, we have been analyzing scenarios where the average temperature increases by 2.0°C or more, while focusing on scenarios for a decarbonized society, to identify risks and opportunities related to climate change.

Based on the results of these analyses, we are strengthening support for our customers' decarbonization efforts by promoting investments and loans based on our GRIT Strategy (□ 18) and Transition Policy (□ 9).

### Metrics and Targets

As a part of our Fifth Medium-Term Management Plan, we promote the GRIT Strategy for realizing a sustainable society, including initiatives to address climate change, with the intention of extending ¥5.5 trillion in investments and loans over five years.

In our aim to achieve net zero GHG emissions by 2050, we measure and tally Scope1, Scope2, and Scope3 emissions, and continuously evaluate ways to improve and expand disclosure methods (□ 10).

DBJ has set and is working toward its 2030 interim reduction targets for each sector for Scope3 emissions in its portfolio of investments and loans for the electric power and oil & gas sectors, while targeting net zero Scope1 and Scope2 emissions by fiscal 2030.



## Basic Approach to Carbon Neutrality

### A Balanced Approach to a Realistic Transition: Reliable Energy Supply

Since the adoption of the Paris Agreement in 2015, various governments, industry associations, and corporations have declared their intentions to work toward a decarbonized society, and they have accelerated actions toward mitigating and adapting to climate change. The Japanese government also declared a goal of achieving carbon neutrality by 2050 in October 2020, and it is promoting various policies in support of this goal.

Against this backdrop, we believe it is important to explore realistic transitions based on actual conditions in each country and region, instead of taking a one-sided approach to becoming carbon neutral, as it is essential to preserve social stability and sustainability.

As Japan moves along the path to carbon neutrality, it will be important to facilitate a transition that balances carbon neutrality initiatives with measures to ensure a reliable supply of energy, while considering the potential for energy demand to expand in the future as digitalization advances. By promoting the development of breakthrough innovative technologies, Japan must maintain and reinforce the competitiveness of its industries while overcoming technical issues and the massive cost of becoming carbon neutral.

### DBJ Group's Approach to Initiatives

Based on its Policy on Sustainability that aims for a balance between economic and social value, the DBJ Group positions climate change, a shared challenge for the world, as one of the most important priorities for the realization of a sustainable society. The DBJ Group will contribute to the realization of a decarbonized society by solving regional and customer issues in collaboration with stakeholders, while striking a balance with ensuring a stable supply of energy.

Under the Fifth Medium-Term Management Plan, which commenced in fiscal 2021 (18), we are advancing our GRIT Strategy to realize a sustainable society and build flexible yet strong industrial foundations as well as safe and secure regions and society. We support our customers' efforts for a just transition to a decarbonized society through dialogue (engagement) with our customers.

Taking the perspective of our customers, we support their efforts to decarbonize and help solve their management issues. By doing so, the DBJ Group aims to achieve net zero GHG emissions in its investment and loan portfolio by 2050. We have formulated our Transition Policy and 2030 Interim Reduction Targets as key policies for supporting our customers' transitions to decarbonization and enhancing engagement with our customers, as we believe in the importance of both

facilitating the transition to and achieving net zero GHG emissions.

The DBJ Group will continue to promote constructive dialogue (engagement) with its customers, maintain and strengthen the competitiveness of Japanese companies, and contribute to the growth of its customers.

### Transition Policy (Formulated in FY2023)

We provide financial support for initiatives that lead to reductions in GHG emissions based on the medium- to long-term transition plans of our customers in high-emitting industries. We aim to achieve net zero GHG emissions by 2050 by promoting transitions to decarbonization, including within regions.

In an environment where uncertainties such as rising fuel prices and geopolitical risks are increasing, the DBJ Group provides financial support to high-emitting industries for investments in both decarbonization and a sustainable society, and although this may temporarily increase the GHG emissions allocated to DBJ, it is an essential step in the transition to a decarbonized society. We therefore intend to proactively provide financing that facilitates transitions by our customers. In order to address decarbonization across industries and regions, we will not only solve problems through financing but also strengthen our support in terms of proposals to stakeholders in industries and regions, as well as offer knowledge. Moreover, we will actively support our customers in terms of providing capital to startups working on innovations, such as climate tech and new technologies like nuclear fusion.

### Transition Business Promotion Office

The DBJ Group established the Transition Business Promotion Office under the Business Planning & Coordination Department as an organization tasked with promoting investments and loans to help with the transition to carbon neutrality, based on its belief in the importance of providing consistent support for a just transition to carbon neutrality while engaging in dialogue (engagement) with customers.

We will encourage the use of hydrogen and ammonia, which are new sources of energy that will be important in this transition, along with storage batteries. We will go beyond efforts to help individual companies, as we must also factor in the unique characteristics of regional areas and a diverse range of industry structures and related parties. We aim to advance cross-regional and cross-sector efforts to transition to a decarbonized society while consolidating knowledge of each sector.

## Greenhouse Gas Emissions

### Reduction Targets

The DBJ Group aims to achieve net zero GHG emissions by 2050, encompassing its own Scope1 and Scope2 emissions, as well as Scope3 emissions of companies in its investment and loan portfolio.

#### Scope1·2

Scope1: Direct GHG emissions from our own business activities

Scope2: Indirect GHG emissions associated with electricity, heat, and steam procured from other companies

DBJ and eight major domestic group companies (175) have set targets for achieving net zero in-house emissions by fiscal 2030. GHG emissions are measured and tallied at these companies. DBJ continues to promote efforts to reduce GHG emissions, centered on the Sustainability Management Office in the Corporate Planning & Coordination Department.

#### Scope3

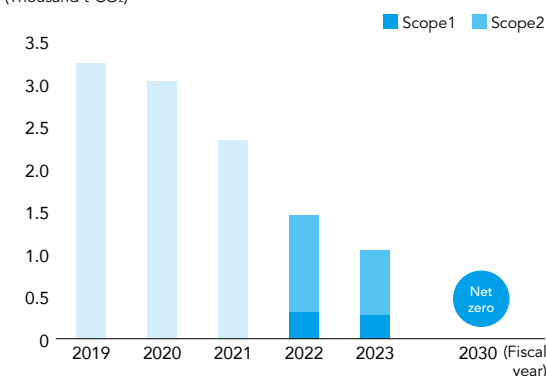
Scope3: Indirect GHG emissions outside of Scope1 and Scope2 (classified into 15 categories depending on the activity)

Based on its target of achieving net zero GHG emissions for its portfolio of investments and loans by 2050, the DBJ Group has decided to measure and tabulate the GHG emissions of the electric power and oil & gas sectors, after due consideration of the characteristics of the sector and the amount of credit extended to it. GHG emissions in its portfolio of investments and loans are measured using the PCAF\* Standard, which offers financial institutions methods for calculating emissions in each asset class within their investment and loan activities.

\* PCAF: Partnership for Carbon Accounting Financials

### Scope1 and Scope2 Emissions

(Thousand t-CO<sub>2</sub>)



## Engagement Activities

### Fundamental Stance

With the objective of achieving net zero GHG emissions in its investment and loan portfolio by 2050, the DBJ Group supplies risk capital for new technologies and climate tech, in addition to providing sustainable financing, advisory services, and consulting services, in order to support customer initiatives in decarbonization.

When providing investments and loans, advisory services, and consulting services, DBJ encourages constructive engagement with its customers, thereby deepening its understanding of issues affecting customers and industries. While bringing attention to problems and presenting hypotheses to customers, the DBJ Group is committed to helping them solve such issues.

### Recent Initiatives

The DBJ Group is sharing its 2030 interim reduction targets for the electric power and oil & gas sectors, which are subject to measuring Scope3 emissions and setting interim reduction targets for 2030. While utilizing concrete and quantitative simulations of the future, the DBJ Group is keen to constructively engage with its customers to address issues and undertake initiatives related to their decarbonization.

In other sectors that emit large amounts of GHG, we are also moving to constructively engage with entities in a similar manner.

Moreover, cross-sector and cross-regional initiatives have become necessary in new technologies and fields that support the movement toward decarbonization. DBJ is internally creating a companywide framework for smoothly sharing information, accumulating knowledge, and promoting collaboration (33).

## Electric Power Sector

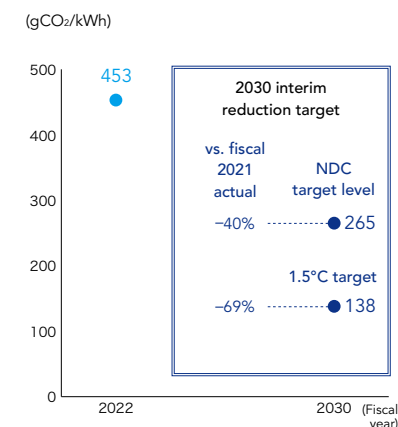
### Indicators for the Electric Power Sector

- Decarbonization in the electric power sector is crucial to the decarbonization of entire industries. In light of the amount of credit DBJ has extended to the electric power sector, the DBJ Group has set interim targets for the sector, based on the expectation that demand for electricity will continue to increase during the process of decarbonization.
- For the transition to a decarbonized society and industry, the DBJ Group has established targets for emissions intensity (GHG emissions per unit of electricity generated) with a focus on efficiency in reducing GHG emissions through the spread of clean energy and support for technological innovation and implementation.

### 2030 Interim Reduction Target for the Electric Power Sector

- DBJ has set a target of 138gCO<sub>2</sub>/kWh–265gCO<sub>2</sub>/kWh for emissions intensity as a 2030 interim reduction target for Scope3 GHG emissions from companies in its investment and loan portfolio in the electric power sector.
- Once it achieves the level (265gCO<sub>2</sub>/kWh, a 40% reduction vs. fiscal 2021) that aligns with the Strategic Energy Plan's Nationally Determined Contribution (NDC) target for 2030 while assisting and engaging with customers and considering their plans in relation to the achievement of NDC targets, the DBJ Group will pursue the level (138gCO<sub>2</sub>/kWh) in the Net Zero Emissions by 2050 Scenario (NZE) of the International Energy Agency (IEA) by supporting customers with their transitions and technological innovations.

### Scope3 Emissions (Electric Power Sector)



## Engagement Activities in the Electric Power Sector

### Case 1



### JERA's First Transition-Linked Loan

JERA Co., Inc., aims to create a foundation for supplying clean energy through a combination of renewable energy and low-carbon thermal power generation to achieve decarbonization over the medium to long term, while ensuring a reliable supply of energy.

While supporting an update of the existing transition bond framework, DBJ provided JERA with a transition-linked loan to promote decarbonization and the reduction of carbon emissions while incentivizing the implementation of its transition strategy by linking the terms and conditions of the loan to sustainability performance targets (SPTs) that align with JERA's transition strategy.

### Case 2



### Syndicated Transition-Linked Hybrid Loans for The Chugoku Electric Power Company, Inc.

With an eye on achieving carbon neutrality, the Chugoku Electric Power Group continues to make capital investments in carbon-free power sources, such as renewable energy, while maintaining and strengthening its financial foundation to ensure it has the funds for consistently investing in facilities over the medium to long term.

For The Chugoku Electric Power Company, Inc., DBJ executed a Japan-first financing syndication that combines transition-linked loans and hybrid financing for the promotion of decarbonization and low-carbon emissions through incentives to realize its transition strategy with the setting of SPTs that align with its transition strategy.



## Oil & Gas Sector

### Indicators for the Oil & Gas Sector

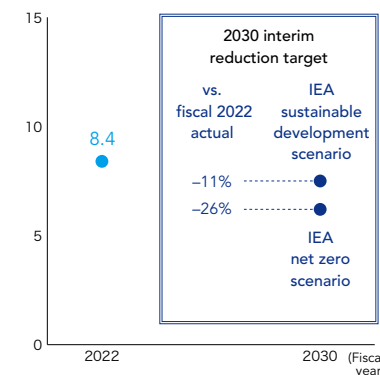
- The decarbonization of all industry will require the decarbonization of the oil & gas sector. In addition to upstream production operations having an impact on the overall value chain during the transition toward decarbonization, in light of the amount of credit it has extended to the oil & gas sector, DBJ has set interim targets for companies with upstream production businesses (including integrated companies).
- Measurement indicators encompass absolute GHG emissions, using Scope1 and 2 emissions in addition to Scope3 GHG emissions (GHG emissions when sold products are combusted) in the oil & gas sector, which make up the bulk of emissions.

### 2030 Interim Reduction Targets for the Oil & Gas Sector

- DBJ has set a 2030 interim reduction target of 11%-26% of the fiscal 2022 level for Scope3 GHG emissions in its portfolio of investments and loans to the oil & gas sector.
- Once it achieves the level that conforms to the sustainable development scenario of the IEA (11% reduction compared with fiscal 2022), it will aim to attain a higher level that matches the net zero emissions scenario (26% reduction compared with fiscal 2022).

### Scope3 Emissions (Oil & Gas Sector)

(Million t-CO<sub>2</sub>e)



## Engagement Activities in the Oil & Gas Sector

### Case 1



### Green Loans for Keiyo Gas Co., Ltd.

With contributing to a low-carbon and carbon-free society as one of its priority strategies, Keiyo Gas Co., Ltd., is developing and procuring a broad range of renewable energy power sources in accordance with its long-term objective of having carbon-free power sources.

Keiyo Gas has formulated a Green Finance Framework as a policy for raising capital for businesses that can positively impact the environment through the implementation of green financing that includes green loans. DBJ has provided Keiyo Gas with green loans to finance its investments in renewable energy operations in Ichinoseki City, Iwate Prefecture.

### Case 2



### Financing Provided to Idemitsu Kosan Co., Ltd., Based on DBJ Employees' Health Management Rated Loan Program

Since its founding, Idemitsu Kosan Co., Ltd., has contributed to the stable supply of energy in Japan based on the principle of people-centered management. While aiming to become carbon neutral in 2050, Idemitsu Kosan is proactively engaging in health management and training its human resources so that it can continue to pursue a path that strikes a balance between the reliable supply of energy and solutions to the climate change problem.

DBJ has provided financing to Idemitsu Kosan through the DBJ Employees' Health Management Rated Loan Program. Idemitsu Kosan obtained the highest rating of "Companies with highly excellent initiatives," and scored well for deepening its efforts to foster a culture of innovation as the basis for business transformation, while advancing initiatives to improve engagement.

## Scenario Analysis

### Basic Approach to Climate-Related Risks and Opportunities

When formulating its Vision 2030 (📖 4), the DBJ Group identified climate change as an area of change in the external environment that is having a major impact on its stakeholders. Properly understanding the risks and opportunities related to climate change is essential when establishing business strategies for the DBJ Group. We aim to achieve net zero GHG emissions by 2050. Based on a scenario where the world moves toward a decarbonized society (with an average rise in global temperatures below 2.0°C), we are advancing initiatives that take into account the results of our analysis of risks and opportunities related to climate change, including those in scenarios where average temperatures increase more than 2.0°C. Based on these results, in order to support our customers' efforts to decarbonize, we intend to extend ¥5.5 trillion in investments and loans over a five-year period under our GRIT Strategy.

### Analysis of Climate-Related Opportunities

In light of future uncertainties associated with climate change, financial institutions must envision a variety of scenarios for the economy and society in the future and consider changes in their portfolios and countermeasures based on these scenarios. In fiscal 2019, DBJ began to analyze scenarios for 2030–2050 from medium- and long-term standpoints.

As an initial approach, we utilized Shared Socioeconomic Pathways (SSPs), which are GHG emissions scenarios under various climate policies, to analyze and assess the impacts on businesses. Our focus was on transition opportunities in the context of government policies and regulations and technological innovation for attaining a decarbonized society within the framework of four visions for the world in the future.

#### Summary of Analysis

<b>Sectors covered</b>	Energy, transportation, urban development
<b>Scenarios</b>	Use SSPs to analyze scenarios where the average temperature increases by 1.5°C, 2.0°C, and 4.0°C
<b>Relevant technologies</b>	Carbon capture and storage (CCS), electric vehicles, biomass, hydrogen, renewable energy
<b>Period covered</b>	2030–2050

### Analysis of Climate-Related Risks

We are aware of climate-related financial risks in terms of transition risks and physical risks. Transition risks could impact the business strategy of the DBJ Group by increasing credit costs if the creditworthiness of the recipients of its investments and loans declines due to lower sales and higher costs, mainly from the introduction of a carbon tax and upgrades to low-carbon technologies. Physical risks might also impact our business strategy by increasing credit costs if the creditworthiness of the recipients of our investments and loans declines due to damages to collateral value as a result of abnormal weather or supply chain disruptions.

DBJ analyzed scenarios for the energy sector (electricity and oil & gas) and the steel sector for transition risks, and scenarios for direct damage (damages to collateral value) and indirect impacts (business suspensions) due to water disasters for physical risks. The results of these analyses indicate that even if DBJ's current balance of investments and loans were to stay the same, the financial impact would be limited to an acceptable level from a long-term perspective.

The DBJ Group is aware that the methodologies and data used to analyze financial risks related to climate change continue to evolve at a rapid pace. While monitoring trends in this field, we will adopt more advanced methods of analysis if necessary.

#### Summary of Analysis

	Transition Risk	Physical Risk
<b>Risk event</b>	Sudden change in policy toward net zero GHG emissions	Water damage (flooding)
<b>Scenario</b>	NGFS*1 Delayed Transition scenario	IPCC*2 RCP*3 8.5 (4.0°C scenario)
<b>Scope of analysis</b>	Energy and steel sector	Damage to collateral value and impact of business suspensions due to water disasters
<b>Assets covered</b>	Balance of investments and loans	Balance of investments and loans
<b>Analysis period</b>	By 2050	By 2100
<b>Analysis results (level of increase in credit costs)</b>	About ¥105.0 billion (cumulative)	About ¥20.0 billion (cumulative)

\*1 NGFS: Network for Greening the Financial System

\*2 IPCC: Intergovernmental Panel on Climate Change

\*3 RCP: Representative Concentration Pathways

## Response to Natural Capital and Biodiversity (Disclosure of Information Related to Natural Capital Based on TNFD Recommendations)

In the context of the foundation of social and economic activities, the DBJ Group recognizes that natural capital and biodiversity are global issues on par with climate change, and reorganized its material issues in 2023 to position them as priority issues for management to address. We formulate strategies based on identified risks and opportunities related to natural capital and biodiversity, and constantly examine the best way to disclose this information. DBJ registered as a TNFD Adopter in 2024 in order to broadcast this decision, and intends to strengthen in stages related initiatives, including the creation and deployment of Finance Alliance for Nature Positive Solutions (FANPS) (📖 59).

### Governance

At meetings of the Sustainability Committee, which is under the Executive Committee, management discusses initiatives and policies where the DBJ Group can contribute to achieving the Kunming-Montreal Global Biodiversity Framework, a set of goals for preserving biodiversity around the world through 2030, as well as the status of policy responses and initiatives to address various issues related to sustainability. The committee also promotes related measures.

Regarding information about recent social issues, natural capital, and biodiversity, surveys are conducted mainly by Japan Economic Research Institute Inc., and information is shared with management teams in meetings about natural capital and biodiversity that are conducted across the group. At the Advisory Board, made up of external experts and external directors, we report on initiatives in business plans and reflect the content of these discussions in business plans and efforts to enhance the sophistication of responses.

### Risk and Impact Management

In tune with the SDGs Wedding Cake Model,\* the DBJ Group is aware that a single risk can have a significant impact on operations if there is an inadequate response to preserving natural capital and biodiversity, the foundation for economic activities. The DBJ Group has positioned preserving natural capital and biodiversity as a part of sustainable infrastructure formation, a material issue, and as a key management issue with deep relevance to technical innovation, regional revitalization, and financial market creation.

Based on the Policy on Investments and Loans with Environmental and Social Considerations—our investment and loan policy on initiatives for specific sectors and businesses—we define financing to specific sectors and businesses with a high likelihood of having significant risks or negative impacts on the environment and society as financing that is prohibited or requires additional attention.

\* The Stockholm Resilience Centre's director, Mr. Johan Rockström, came up with a wedding cake model to explain the 17 SDGs.

### Strategy

Based on our Vision 2030, Materiality and Policy on Sustainability, we perceive natural capital and biodiversity as a change in the external environment that significantly impacts our stakeholders, and we understand that grasping related risks and opportunities is crucial in executing our business strategy.

Based on our GRIT Strategy, we offer investments and loans as a part of strengthening support for our customers' efforts to improve sustainability.

### Metrics and Targets

As a part of our Fifth Medium-Term Management Plan, we promote the GRIT Strategy for realizing a sustainable society, including initiatives related to natural capital and biodiversity, with the intention of extending ¥5.5 trillion in investments and loans over five years.

Climate change is a factor that impacts the state of nature. In our aim to achieve net zero GHG emissions by 2050, we are taking steps toward achieving our 2030 reduction targets for Scope1, Scope2, and Scope3 emissions.



## Response to Respect for Human Rights

### Information Disclosure Related to Respect for Human Rights Based on International Norms and Japanese Government Guidelines

The DBJ Group has put into place a relief mechanism and work processes for performing due diligence on human rights issues in investments, loans, and procurement activities, based on a basic policy on respect for human rights that is foundational to realizing sustainability in social and economic activities. In our evaluation, we have identified potential risks to human rights in the business activities of the DBJ Group, including 12 major group companies, and we have identified significant human rights issues while evaluating their importance based on severity and probability. We will continue to reassess while monitoring changes in the environment.

#### DBJ Group Human Rights Policy

<https://www.dbj.jp/en/sustainability/management/humanrights.html>

- Policies for management, employees, customers, and suppliers
- Matters concerning respect for human rights are periodically discussed by the Executive Committee and reported to the Board of Directors.
- The policy is also applicable to 12 major group companies.

#### Environmental and Social Management Policy for Financing and Investment Activity

<https://www.dbj.jp/en/sustainability/effort/resolution/investment.html>

- Rules for financing to businesses and sectors with a high likelihood of having adverse impacts on the environment and society
- Implement the same response at three group financial companies (DBJ Capital Co., Ltd., DBJ Securities Co., Ltd., and DBJ Asset Management Co., Ltd.)

#### Procurement Policy

<https://www.dbj.jp/en/sustainability/effort/foundation/procurement.html>

- Rules for procurement activities that may adversely impact the environment and society
- Applies to 12 major group companies

### Significant Human Rights Issues

Severity ↑		Customers	Forced labor, child labor (Wrongful employment of foreign technical interns at recipients of investments and loans from the DBJ Group, etc.)
			Indigenous tribes, local residents (Deprivation of land and infringement on lifestyles of people due to activities of recipients of investments and loans from the DBJ Group, etc.)
			Adverse impacts on the environment and climate change (Environmental damage caused by activities of recipients of investments and loans from the DBJ Group, etc.)
Probability →		Suppliers	Human rights in the supply chain (Human rights infringement by subcontractors of suppliers of the DBJ Group, etc.)
			Excessive and wrongful employment, occupational health and safety (Encouraged to prioritize deadlines set by the DBJ Group, etc.)
			Harassment (induced by demands to work on holidays or evenings, or to meet levels required by the DBJ Group, etc.), discrimination
Management and Employees		Management and Employees	Excessive and wrongful work hours (Ill effects on mental and physical health from working long hours, etc.)
			Gender, harassment (power harassment, sexual harassment, pregnancy discrimination, care harassment), discrimination
			Occupational health and safety (Inadequate measures to prevent infectious diseases, such as novel coronaviruses)

### Human Rights Due Diligence and Relief Mechanism



## Initiatives to Enhance the Sophistication of Sustainability Management

### Risk Management

The DBJ Group recognizes that being underprepared for climate change is a risk that could have a significant impact on management. It therefore analyzes potential impacts based on a range of scenarios and formulates policies to address this risk. The DBJ Group has determined business policies for investments and loans for specified sectors, and monitors progress.

#### Environmental and Social Management Policy for Financing and Investment Activity

<https://www.dbj.jp/en/sustainability/effort/resolution/investment.html>

In 2021, the DBJ Group set policies for investments and loans for businesses likely to entail major risks or negative impacts on the environment and society, and for finance for specific sectors. DBJ reviews these policies as necessary.

#### Operations Based on the Equator Principles

[https://www.dbj.jp/en/sustainability/collaboration/initiative/equator\\_principles.html](https://www.dbj.jp/en/sustainability/collaboration/initiative/equator_principles.html)

The DBJ Group adopted the Equator Principles in 2020 and uses them as the basis for identifying, assessing, and managing the environmental and social risks associated with large-scale projects, with guidance from the Environmental & Social Assessment Office.

#### Operations Based on the Poseidon Principles

<https://www.poseidonprinciples.org/finance/wp-content/uploads/2023/12/Poseidon-Principles-2023-Annual-Disclosure-Report.pdf>

The Poseidon Principles were created as a framework for financial institutions to deal with climate change risks in the marine transportation industry. The DBJ Group became a signatory in 2021, and every year discloses its contributions to reducing GHG emissions in the context of ship financing. We endeavor to provide investments and loans that take climate change risks into account.

### Collaboration and Cooperation with Initiatives

The DBJ Group values collaboration and cooperation with various stakeholders by participating in initiatives in Japan and around the world to increase the sophistication of sustainability management. Additionally, we help shape government policies and disseminate information in Japan and abroad through a variety of policy review meetings and study sessions led by management and employees.



### Training Human Resources to Support Sustainability Management

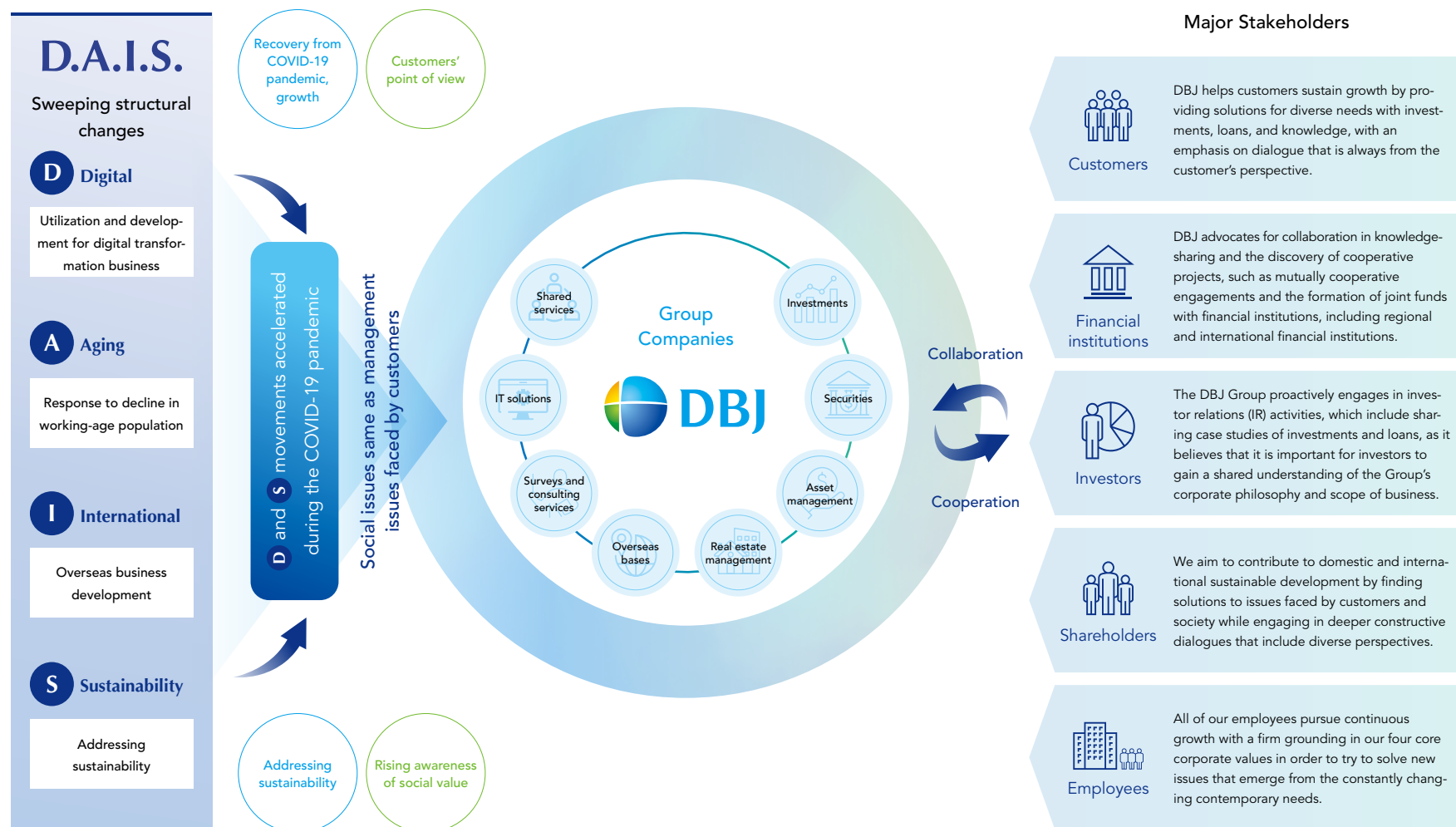
Marshaling knowledge from across the group, the DBJ Group has created the GRIT/Sustainability Portal on its intranet as a compendium of its knowledge on sustainability. The portal features and shares the latest information about rapidly changing issues related to sustainability in a timely manner.

We also make available to all managers and employees a media learning app on sustainability. Throughout the year, we hold a variety of training and briefing sessions, organize individual workshops for certain groups, and make an effort to train personnel as sustainability experts for the entire group.



## Invigoration and Stabilization of Financial Markets through Partnerships and Collaboration

The DBJ Group provides unique solutions through optimal partnerships, emphasizing cooperation and collaboration with other financial institutions, customers, and investors. At the same time, it refines its ability to properly address risks, with the aim of contributing to sustained domestic and international development by invigorating and stabilizing financial markets.



Since becoming a joint-stock company in 2008, the DBJ Group has implemented four medium-term management plans with the objectives of increasing the supply of risk capital for integrated investments and loans and advancing risk management functions. In May 2021, we formulated our Fifth Medium-Term Management Plan as a five-year action plan. While collaborating and cooperating with private financial institutions, the DBJ Group utilizes risk capital and its knowledge to help customers solve their issues and thereby contribute to sustainable growth. In May 2023, we unveiled the Strengthening and Review of the Fifth Medium-Term Management Plan, which highlights points to reinforce over the remaining three years of the medium-term plan in light of the economic recovery from the impact of the COVID-19 pandemic and major changes in the external environment.

## Fifth Medium-Term Management Plan Connect and Value Creation

2021 ————— 2022 —————

### Main Results and Initiatives in First Two Years

#### ■ Crisis Response Operations Related to the COVID-19 Pandemic

While collaborating with other financial institutions, DBJ focused on Crisis Response Operations to help customer companies recover and grow from the pandemic.

Supplied about **¥2.5 trillion** in funds as of March 31, 2023

#### ■ GRIT Strategy\*

To support the efforts of our customers to realize a sustainable society, we plan to offer a total of ¥5.5 trillion in GRIT-related investments and loans over a five-year period, and have made steady progress on this front.

About **¥2.1 trillion** in GRIT-related investments and loans as of March 2023

\* GRIT Strategy: Investment and loan strategy for realizing a sustainable society

**G** Green   **R** Resilience & Recovery  
**I** Innovation   **T** Transition / Transformation

## Strengthening and Review of the Fifth Medium-Term Management Plan

Reidentification of materialities

2023 ————— 2024 ————— 2025 —————→

### Current External Environment

Heightened risks

Change in macroeconomic conditions ..... Rising interest rates and continued yen depreciation  
Increase in geopolitical risks ..... Russia's invasion of Ukraine, rising tensions in the Middle East  
Increase in economic uncertainty ..... Discontinuation of negative interest rate policy  
Faster decline in population ..... Increasing worker shortages, labor-saving investments, productivity improvements

New trends

Acceleration in green transformation (GX) ..... Basic Policy for the Realization of GX (GX investment of ¥150 trillion toward decarbonization by 2030)  
Expectations for startups ..... Startup Development Five-year Plan (¥10 trillion by 2027)  
Stronger investments in human capital ..... Labor productivity improvement, fluidization of labor market  
Rebuilding of global supply chain ..... Strengthen ability to supply key commodities

In light of changes in the external environment, **reinforce four initiatives** while retaining main aspects of Fifth Medium-Term Management Plan

### Four Points to Strengthen and Initiatives in Fiscal 2023

- Point 1**  
Supply Risk Capital  
• Strengthen investment operations (Creation of special team for industry field, etc.)
- Point 2**  
Support New Business Creation  
• Strengthen investment in startups  
• Support new businesses at customers
- Point 3**  
Regions x Transition  
• Present vision for decarbonization of regions  
• Strengthen engagement with customers
- Point 4**  
Human Resource Development  
• Train personnel with ability to respond to change

**Continue to creatively take on challenges in tune with materialities while strengthening and deploying "connect" functionality as a unified group**

## Point to Strengthen

## Point 1 Supply Risk Capital

Target ¥1 trillion (2023-2025)

Specific Initiatives &amp; Progress

From April 1, 2023, to March 31, 2024

¥395.8 billion/¥1,000.0 billion

- Assistance for artience Co., Ltd., to reinforce its supply chain related to automotive battery materials. First round of support by Supply Chain and Infrastructure Fund to strengthen production capacity in automotive lithium-ion battery materials



## Point to Strengthen

## Point 2 Support New Business Creation

Target ¥100 billion (2023-2025)

Specific Initiatives &amp; Progress

From April 1, 2023, to March 31, 2024

¥58.1 billion/¥100.0 billion

- Investment in bioventures trying to develop\* next-generation anticancer drugs. Support funding with DBJ Capital Co., Ltd. which is the lead series A investor in Linqmed Inc. which won the 9th DBJ New Business Plan Competition for Women

\* R&D in radiopharmaceuticals and construction of plants



## Point to Strengthen

## Point 3 Regions × Transition

Accelerate initiatives toward carbon neutrality in 2050

Specific Initiatives &amp; Progress

- Disclosure of Recommendation Report on Regions × Transition and Joint Recommendations for Hydrogen, Etc.
- Strengthening of Engagement with Customers on Decarbonization. Strengthen constructive dialogues (engagement) using quantitative data while considering individual circumstances of each company, with a focus on the electric power sector
- Involvement in Carbon Neutral Committees in Each Region. Support operations of regional committees, such as the Chugoku Region Carbon Neutrality Promotion Committee



Totals for April 2021 to March 2024: ¥3.3 trillion/¥5.5 trillion  
(about 40% of total excluding Crisis Response Operations)

## Point to Strengthen

## Point 4 Human Resource Development

Diverse experiences of employees

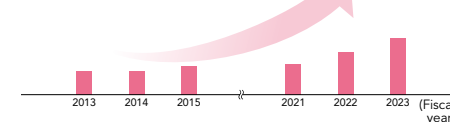
(global, regional, investments, etc.)

Specific Initiatives &amp; Progress

- Implemented measures to create an environment where employees can gain diverse experiences and take on new challenges
  - Greatly expanded opportunities to study abroad and work at overseas institutions
  - Gave young employees one month to take on challenges
  - Increased opportunities to work at operating companies, startups, and other external entities

Doubled per-employee spending on training over the past decade

2.4 times




## Financial Targets (Consolidated)

	Profitability						Financial soundness
	Gross ordinary income*1	Net income attributable to owners of the parent	Cost ratio*2	Total assets	ROA*2	ROE*2	Capital adequacy ratio*3 (based on Basel III, finalized and fully applied)
2025 Targets in Fifth Medium-Term Management Plan (after review)	¥210.0 billion	¥85.0 billion	34%	¥21.0 trillion	1%	3%	14%

\*1 Gross operating income for business administration, excluding credit costs. \*2 Cost ratio and ROA are vs gross operating income. ROE is vs current term net profit. \*3 Tier 1 ratio for common shares, etc.





We aim to leap to a new stage with  
our stakeholders and solve issues  
directly affecting Japan.



President and CEO  
Development Bank of Japan Inc.

Fifteen years after becoming a joint-stock company, a “second founding” is on the horizon for the DBJ Group.

Since becoming a joint-stock company in 2008, DBJ has pursued a unique business model that integrates both investments and loans. Now, we find ourselves at a pivotal juncture, one that I consider the beginning of a “second foundation” in response to unprecedented changes in the economy and society. If the past 15 years represent our “first foundation,” a phase focused on establishing our footing, the “second foundation” aims to strengthen our investment operations while further evolving our unique business model and maintaining our customer-needs approach to business.

Looking back to 2008, the world of loans had become highly diversified, and it was obvious that our primary focus on long-term loans alone would no longer suffice to meet our customers’ needs. Recognizing that it was meaningless to imitate what other entities were doing, DBJ decided to leverage its unique position to provide risk capital. Specifically, we embarked on initiatives entailing “investment-like” activities. At that time, the mezzanine market was not yet established, so we introduced mezzanine-like subordinated loans and classified shares, believing that these offerings would not only satisfy our customers but also serve as a new way of providing risk capital.

Currently, the balance of our “investment-like” offerings has reached ¥2 trillion. In terms of earnings, DBJ’s gross ordinary income for these past two years has been approximately ¥240 billion each year, with about half derived from loans and half from investments. This is ample evidence that our integrated investment and loan business model is financially viable and beneficial to our customers. Accordingly, we view DBJ’s “first foundation” phase as nearly complete.

Since the beginning, we have endeavored to offer “investment-like” products to our long-standing customers. Partly because these customers had ample cash on hand and internal reserves, the outcome was not everything that we had anticipated. Instead, new customers were more eager to utilize these offerings. Over the past few years, we have seen a definite increase in investment needs from our traditional customers. For instance, there has been stronger demand for investment capital in anticipation of change in the movement towards decarbonization, such as for manufacturing battery materials. This indicates that the goals we set during our “first foundation” phase are finally being realized. Consequently, we believe that we must redouble our efforts to truly contribute to industrial development through our offerings, which is why we refer to this next phase as our “second foundation.”

As we approach the final fiscal year of our current Fifth Medium-Term Management Plan in 2025, we will begin drawing up the Sixth Medium-Term Management Plan. This will be an opportune moment to gather insights from group employees and stakeholders on how to address mounting challenges and various customer needs. We must soon embark on a comprehensive restructuring of our organization, operations, risk management,

and administrative functions in order to effectively meet these challenges.

### Aiming to Resolve Social Issues through Materiality Initiatives

In 2023, the DBJ Group reorganized its materiality issues, identifying the following four themes as social issues to be addressed through its business activities: “formation of sustainable infrastructure,” “technical innovation and restructuring of industry,” “regional revitalization utilizing untapped potential,” and “creation of markets and safety nets in the finance sector.”

In determining these four themes, DBJ examined the issues in need of addressing within its traditional priority areas of infrastructure, industry, and regions. Through dialogue with stakeholders and discussions among group employees, we identified three key issues: decarbonization, new business creation, and population decline. Additionally, recognizing the role of financial institutions in pioneering new fields in financial markets and providing backup and safety net functions during turmoil in financial markets, such as the recent COVID-19 pandemic, we identified financial markets and risk capital as a fourth issue. These considerations led to the identification of four materialities as an intersection of our traditional priority areas with the identified issues.

The first theme, “formation of sustainable infrastructure,” involves investments and loans aimed at balancing the transition to decarbonization in the energy field while ensuring a reliable supply of energy, as well as public-private partnerships for maintaining and upgrading public infrastructure. In the long term, population decline is likely to

reduce utilization rates in infrastructure industries, such as energy and transportation. As properly securing financing under these circumstances can be challenging, DBJ intends to proactively facilitate the transition to a decarbonized society while anticipating future needs.

The second theme, “technical innovation and restructuring of industry,” acknowledges that the transition to a decarbonized society will inevitably be accompanied by an increase in energy and manufacturing costs. To offset these rising costs, it will be essential to enhance productivity through nurturing innovation and startups, in addition to industry reorganization. DBJ therefore aims to facilitate the smooth supply of risk capital necessary for these priorities.

The third theme is “regional revitalization utilizing untapped potential.” Left alone, regional areas are likely to degrade further as their population shrinks. These regions often have a concentration of manufacturing bases, such as steel and petrochemical complexes, which are sources of significant CO<sub>2</sub> emissions. The challenge is to find a way so that these regions are not left behind amid population decline and decarbonization. To this end, DBJ aims to utilize the untapped potential of these regions, stimulating tourism to increase the flow of people as the long-term resident population decreases, and exploring areas such as agriculture and fisheries, where the DBJ Group has not given much weight in the past.

The final theme is “creation of markets and safety nets in the finance sector.” There has been much debate about the best way to provide capital to companies. While the DBJ Group’s investments alone cannot address all needs, DBJ invests not only directly in ventures and companies, but also in venture funds and private equity funds,

thereby increasing the depth of the capital market. Additionally, we need to address the challenge of creating liquidity in capital markets without relying solely on stock listings, especially given the current situation where private equity holds still and does not circulate. The key aspects of this fourth theme are expanding the frontiers of the financial market, as well as providing safety nets and stabilizer functions during turmoil in financial markets or when responding to crises, such as large-scale disasters.

DBJ has been operating within an implicit framework of the perspectives outlined in these four materiality themes. While our newly defined materiality may not be surprising to our current employees, we believe it will serve as a clear guidepost for new hires.

### Multifaceted and Comprehensive Efforts to Achieve Decarbonization

In light of the need to step up efforts at decarbonization, the DBJ Group is advancing unique initiatives. For example, we interview our customers about their decarbonization initiatives. In addition to regular surveys on planned capital spending, our management team, including myself and department heads, talk directly with customers. These discussions have revealed that while companies have set goals for achieving decarbonization and net zero emissions by 2050, most companies have made little to no progress on investing in decarbonization initiatives lately, except for low-hanging fruit such as replacing incandescent light bulbs with LEDs and other efforts to conserve electricity and energy. Efforts to reduce CO<sub>2</sub> emissions from core business activities are still significantly lacking, especially in regions, compared with the Tokyo metropolitan area.

DBJ is taking two approaches to address this issue. First, DBJ provides regions with reports highlighting the potential damage of not decarbonizing, along with suggestions on how to approach decarbonization. Raising these issues is an important step in starting discussions and making investments, which might otherwise be postponed indefinitely.

Second, DBJ offers concrete support for decarbonization projects, focusing on sectors with high CO<sub>2</sub> emissions, especially the energy sector, based on the belief that this is the most effective way. DBJ is supporting decarbonization projects both in Japan and internationally, prioritizing the electric power sector.

Moreover, we believe it would be a waste to let the information we gathered from our partners go unused. We therefore share anonymized data with the government and industry in the hope that this information will be of some use. Our primary effort, however, is to facilitate a solid start at decarbonization in the energy sector, and providing transition financing with the avoidance of energy shortages during the transition will be essential. Since transition financing is geared for investments in the range of hundreds of billions of yen, this undertaking requires efforts above and beyond traditional programs. DBJ is looking into the feasibility of putting together blended financing through a combination of public funds and market funds, potentially working with entities such as the government's GX Acceleration Agency, and serving as an arranger of the financing.

Furthermore, achieving decarbonization will require not only renewable energy but also innovation, the structural transformation of industry, industry reorganization, and changes in social systems. The DBJ Group is proactively and comprehensively addressing these challenges.

### Strengthening the Supply of Risk Capital through Special Investment Operations

A key aspect of the DBJ Group's distinct approach to supplying risk capital lies in its Special Investment Operations. To date, DBJ has launched two funds focused on nurturing startups and innovation as well as promoting green investment. In February 2024, we established a new fund for enhancing supply chain resilience and infrastructure sophistication.





During the COVID-19 pandemic and now the Ukraine crisis, supply chain disruptions have resulted in the inability at some companies to manufacture products due to semiconductor shortages. Moreover, the supply of a variety of other parts and materials was also disrupted. Our customers have frequently faced situations where they could not produce all the items listed in their product catalogs. These experiences have made our customers acutely aware of the need to strengthen their supply chains.

Additionally, geopolitical risks have highlighted needs for risk capital to mend fractured global supply chains. For instance, products that use Chinese-made components might be prohibited from sale in the United States, and vice versa. Similarly, selling products in China often requires the sourcing of components inside China. Logistics as infrastructure, and business continuity planning (BCP), exemplified by the response to the Noto Peninsula Earthquake of 2024, must also be considered in this broader context. Events such as the pandemic, global unrest, and geopolitical risks can be viewed as a part of BCP, further emphasizing the need for advanced infrastructure in anticipation of such events.

For these reasons, DBJ created this new fund for enhancing supply chain resilience and infrastructure sophistication. DBJ aims to provide at least ¥400 billion in risk capital through these three funds by fiscal 2025.

### **“Integrity” Is the Value Supporting Our Four Core Corporate Values**

In the context of human resources, the DBJ Group places great importance on two core values, which

are “initiative” and “integrity.” We uphold our traditional values through the lens of our four core corporate values: “a long-term perspective,” “impartiality,” “public-mindedness,” and, as an outcome of these, “reliability.” Of these, I believe the resulting “reliability” is the most crucial. To maintain the trust of our customers and society, we must act with absolute fairness. For example, in the spirit of fairness, not monopolizing profits is derived from our unwavering value of “integrity.”

Personally, these values are constantly at the top of my mind. In a competition for a wind power project with many teams participating, for example, nearly all of the companies in the competition are our customers, and they often seek our advice. While we exercise the utmost caution in handling information, it is vital that our customers trust us so that they can confide in us without reservation. Otherwise, the sustainability of the DBJ Group’s operations would be in doubt. This concept of “integrity” is not merely words on paper, but a self-evident value that we uphold. In fact, it could well be the DBJ Group’s greatest source of pride. A long-term perspective, impartiality, and public-mindedness all underpin reliability, and ultimately, our four core corporate values unite with our unwavering value of “integrity.”

### **Embracing Our “Second Foundation” as a Catalyst for Solving Social Issues**

In these uncertain times, we must tackle the formidable challenge of decarbonization. Furthermore, economic growth is essential as global peace wanes and the pursuit of a global rationality becomes impractical. Japan in particular is dealing with a striking decline in its population, and

already has severe labor shortages. Facing significant issues such as this, we must figure out what we can do now and follow through. In our “second foundation,” we aim to enhance our organizational capabilities, human resources, and experience, building on the lessons we learned from the “first foundation” phase. Furthermore, we intend to further integrate the DBJ Group, raising the quality of our services to a level so we are the preferred choice of our customers as a result of unified group efforts.

I sincerely hope that the DBJ Group’s future initiatives will lead to solutions for the various challenges that Japan faces. However, this is not something we can achieve alone. Acting as a catalyst, we aspire to move in lockstep with our stakeholders toward these goals, and are therefore embracing the challenge of our “second foundation.”

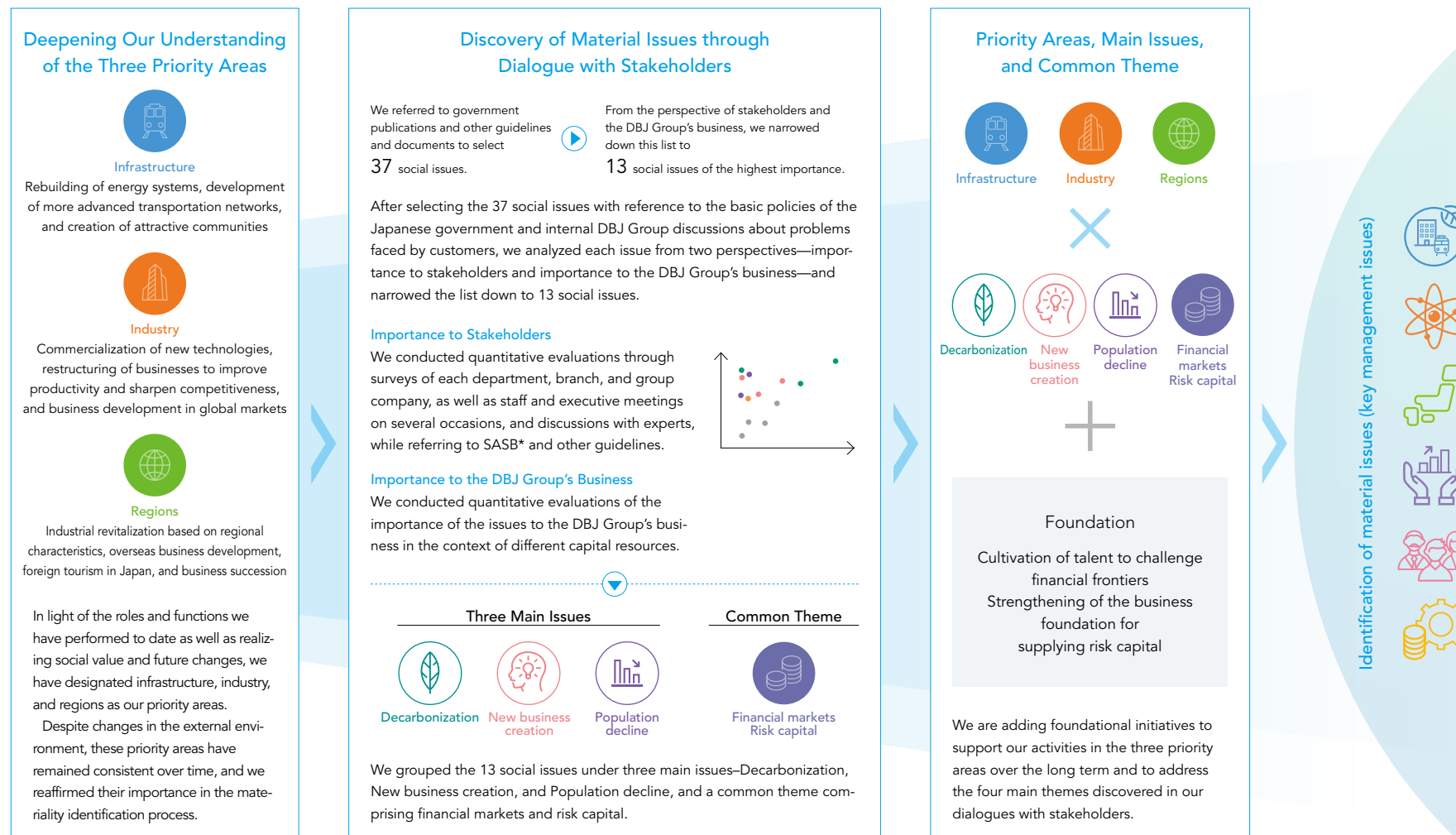
August 2024



Seiji Jige  
President and CEO  
Development Bank of Japan Inc.

## Materiality Identification Process

The DBJ Group has identified its material issues not only by drawing upon international guidelines but also by placing an emphasis on dialogue with its various stakeholders. We have deepened our understanding of three priority areas of focus for the realization of a sustainable society while providing solutions in tune with the times, and these three priority areas have been narrowed down and crystallized as material issues. Looking ahead, we plan to review our material issues periodically from the perspective of balancing economic and social value while maintaining dialogue with our stakeholders.

























\* SASB: Sustainability Accounting Standards Board



## Materiality of the DBJ Group (Key Management Issues)

The DBJ Group has identified its material issues, or the key management issues for realizing the future laid out in Vision 2030, with reference to the concept of balancing economic and social value, which runs deep in the DBJ Group's sustainability management, and the objective prescribed in The Development Bank of Japan Inc. Act, which is to contribute to the smooth supply of funds to those needing long-term business funds, as well as to the sophistication of financial functions.

Materiality (Key Management Issues)		Specific Measures	SDGs
 <b>Formation of sustainable infrastructure</b>	Transition to <b>decarbonization</b>	<ul style="list-style-type: none"> <li>Investments and loans to effect <b>transitions</b> while maintaining <b>stable supply</b> in the energy sector</li> <li>Social acceptance of <b>next-generation mobility</b> and proliferation of <b>clean energy</b> using hydrogen and ammonia</li> <li>Promotion of public-private partnerships in maintaining and upgrading <b>public infrastructure</b></li> <li>Initiatives focused on <b>natural capital, biodiversity, and a circular economy</b> that support economic and social activities</li> </ul>	     
	Build infrastructure for <b>future generations</b>		
 <b>Technical innovation and restructuring of industry</b>	Strengthen <b>competitiveness</b> of Japanese <b>industry</b> through <b>innovation</b>	<ul style="list-style-type: none"> <li>Support for <b>new business, business restructuring, and digital transformation</b>; provision of guidance for entering <b>global markets</b></li> <li>Investments for <b>startups</b> in the climate and deep technology (deep tech) sectors, and growth-stage startups</li> <li>Management support through investments in <b>Society 5.0</b> and other areas</li> <li><b>Supply chain</b> reconstruction with eye on <b>post-pandemic recovery, decarbonization, circular economy</b>, etc.</li> </ul>	  
	Reorganize <b>supply chains</b>		
 <b>Regional revitalization utilizing untapped potential</b>	<b>Just transition</b> of regions	<ul style="list-style-type: none"> <li>Creation of <b>visions for regions</b> through <b>collaboration and cooperation</b> with stakeholders</li> <li>Recommendations and support for a <b>just transition to a decarbonized society</b> from both industry and regional perspectives</li> <li>Support for increasing <b>population flows</b>, for example, via <b>tourism</b>, especially foreign tourism</li> <li><b>Supply of risk capital and knowledge</b> for uncovering unique <b>regional resources</b></li> </ul>	 
	Response to <b>population decline</b>		
 <b>Creation of markets and safety nets in the finance sector</b>	Expand <b>frontiers</b> of financial markets	<ul style="list-style-type: none"> <li>Expansion of <b>sustainable finance markets</b> (investments and loans, asset management, bond issuance)</li> <li>Expansion of <b>investments</b> in venture capital and secondary funds</li> <li>Provision of diverse investment and loan opportunities through <b>cooperation with private financial institutions</b></li> <li>Deployment of <b>safety net functions</b>, such as Crisis Response Operations</li> </ul>	 
	Exercise <b>stabilizer</b> function		
 <b>Cultivation of talent to challenge financial frontiers</b>	Support the taking on of <b>challenges and collaboration</b>	<ul style="list-style-type: none"> <li>Implementation of human resource systems that encourage <b>employees and teams</b> to take on new <b>challenges</b></li> <li><b>Cultivation</b> of human resources through practical <b>on-the-job training (OJT)</b> and ample <b>training opportunities</b></li> <li>Creation of an <b>environment</b> that respects <b>diversity</b> and facilitates the <b>independence and proactive behavior</b> of employees</li> </ul>	 
	Improve employees' sense of <b>self-fulfillment</b>		
 <b>Strengthening of the business foundation for supplying risk capital</b>	Enhance <b>risk responsiveness</b>	<ul style="list-style-type: none"> <li>Preparation of <b>systems</b> in response to strengthening of <b>investment</b> operations and increased sophistication of <b>investment management</b> with consideration to risks and returns</li> <li>Continuous review of operations; advancement of operations through <b>digitalization</b></li> <li>Strengthening of <b>integrated group management</b></li> </ul>	
	<b>Reform ways</b> of working		



Materiality 1

## Formation of Sustainable Infrastructure

### Transition to decarbonization

### Build infrastructure for future generations

## Investments and loans to effect transitions while maintaining stable supply in the energy sector

Since the Japanese government declared in October 2020 its goal of achieving carbon neutrality by 2050, there has been increasing momentum for innovation and transitions to decarbonization, as evident in the government's roadmap for promoting transition financing across industries and revisions to related laws for realizing GX (green transformation) in 2022. On the other hand, it is essential to confront challenges, like maintaining a stable energy supply and dealing with rising fuel costs, while taking into account nuclear power plant restarts and the conflict in Ukraine. Complex issues also exist in the decarbonization of regions due to the involvement of many stakeholders. The DBJ Group will collaborate with customers dealing with these challenges, to help solve such issues together, while valuing the relationships we have cultivated with our customers. Through engagement and the sharing of knowledge, we will focus on the smooth provision of funding, including transition financing.

### ▶ Understanding Customer Challenges and Needs through Engagement

Knowledge

#### Objectives

- Deepen our understanding of customers' awareness of their issues and pursue ways to support problem-solving through **two-way dialogue**
- Vigorously address capital needs with the ultimate aim of **supporting customers' business transformations**



- As a long-term goal, start the process of working to identify issues by engaging in dialogue with customers
- Gather information on customer needs and engage in dialogues on numerous occasions with regard to the formation of transition loans and DBJ Sustainability Linked Loans with Engagement Dialogue, the DBJ Sustainability Evaluation Certification Program, and sustainability management consulting services (□ 38)

### ▶ Dialogue with Electric Power Sector to Balance Reliable Supply and Decarbonization

Loans

In the electric power sector, most companies have set targets for achieving carbon neutrality by 2050 and interim goals for 2030, and are hard at work developing renewable energy, operating nuclear power plants, and transitioning their thermal power plants to less carbon emitting fuels.

Through financing, the DBJ Group helps the electric power sector achieve its carbon neutrality goals while promoting constructive dialogue (engagement) with its customers. In these engagements, the DBJ Group utilizes simulations of the future to deepen its understanding of the challenges faced by its customers and the sector. We help identify issues faced by our customers and propose solutions, seeking ways to support problem-solving.

Looking ahead, through engagement, we will continue to value the relationships we have built with our customers, and focus on smoothly providing financing, including transition financing and risk capital.



Provided by JERA Co., Inc.

## Social acceptance of next-generation mobility and proliferation of clean energy using hydrogen and ammonia

### ▶ Accelerating the Realization of a Hydrogen Society by Facilitating Innovation and Infrastructure Development

Investment

Hydrogen is expected to play a central role in decarbonization, but technological development and infrastructure development are crucial to actualize a Hydrogen Society.

DBJ has provided investments and loans related to hydrogen projects, such as investments in hydrogen station upgrade projects in Japan with the intention of nurturing industry and expanding markets related to hydrogen as a growth industry, in addition to participating in discussions with the Japanese government through appointments on government councils. In recent years, DBJ has launched partnerships with leading overseas funds with the aim of adopting knowledge to Japan for the realization of a hydrogen society.

Hy24's managed Clean H2 Infra Fund S.L.P. was established to accelerate the deployment of a value chain in the hydrogen market by investing in hydrogen-related infrastructure around the world. Since its inception, the fund has primarily invested in projects in Europe, such as hydrogen production, hydrogen stations, and green steel. Through an investment in this fund, DBJ pursues contribute to Japan's carbon neutrality by learning and adopting the advanced know-how.

Established in 2018, AP Ventures LLP (APV) is a venture capital firm in the United Kingdom that specializes in hydrogen-related technologies. By investing in startups, mainly in Europe and the United States, APV has established a position as a front-runner in the industry. The third fund created by APV in which DBJ has invested targets startups with disruptive hydrogen technologies, such as innovative electrolyzers, mid-stream technologies, and sustainable aviation fuels that will be needed to expand the global hydrogen market and produce low-carbon molecules.

DBJ will continue to contribute to carbon neutrality and accelerating the development of a hydrogen society through the discovery of hydrogen-related startups and the supply of risk capital, including investments in ammonia-related startups, to spur innovations in Japan.

### ▶ Translating Adoption of Hydrogen into Growth in Japan's Infrastructure, Industry, and Regions

Knowledge

As countries worldwide move toward carbon neutrality, hydrogen is positioned as a key element for decarbonizing a wide range of sectors, including power generation, transportation, and industry.

Despite extensive R&D and pilot projects around the world, hydrogen has not been widely adopted yet. Challenges to its widespread adoption include creating demand for hydrogen, reducing costs through technological innovation, and providing financial support to companies.

The DBJ Group views the greater use of hydrogen as a growth opportunity. In the Economic & Industrial Research Department's report "Strengthening the Competitiveness of Japanese Companies in Water Electrolysis Equipment," we proposed strategies for Japanese companies to expand their share of this global market. We also support the initiatives of Japanese companies, on both the offense and defense sides, to develop domestic hydrogen supply infrastructure, build imported hydrogen supply chains, and invest in startups. Similarly, Mizuho Financial Group has positioned hydrogen as a promising area for achieving decarbonization in many sectors, and is advancing initiatives to promote the uptake of hydrogen in society. Since fiscal 2022, the DBJ Group and Mizuho Financial Group have held study sessions and exchanges of opinions, which culminated in the publication of "Joint Recommendations on Hydrogen\*" in October 2023.

Leveraging the momentum built from these joint recommendations, the DBJ Group intends to collaborate with Mizuho Financial Group in not only finance but also research and assistance for regional transitions. By utilizing all of our strengths and unique functions, we will take on the challenge of green transformation (GX) through the uptake of hydrogen in society, contributing to the growth of Japan's infrastructure, industry, and regions.



#### Overview of "Joint Recommendations on Hydrogen" with Mizuho Financial Group

The DBJ Group and Mizuho Financial Group aim to collaborate on and implement the following initiatives:

- ① Collecting and disseminating information for building a hydrogen supply chain
- ② Supporting Japanese companies to succeed in the hydrogen business
- ③ Guiding efforts to unite regions in using hydrogen
- ④ Promoting early adoption of hydrogen in society through support for efforts to "create," "succeed," and "connect" as a financial institution

\* Official Title: "Joint Recommendations for Promoting the Adoption of Hydrogen in Society, Strengthening Japan's Industrial Competitiveness, and Revitalizing Regional Economies"

## Promotion of public-private partnerships in maintaining and upgrading public infrastructure

### Transportation

In the transportation sector, including land, sea, and air, while responding flexibly to changes in the external environment and society, we will pursue optimal financing solutions for projects and assets while monitoring their medium- and long-term value, and supply risk capital to Japanese companies for sharpening their international competitiveness.

We will focus on providing a range of products based on transition financing and investment. Additionally, we will provide financing opportunities in the global market to Japanese regional banks and other financial institutions and investors.

#### ► Policy Engagement for Achieving Sustainability in Shipping Industry

Loans

To support the decarbonization goals of the International Maritime Organization (IMO) from a financial perspective, the DBJ Group became a signatory to the Poseidon Principles framework in 2021. Since then, we have annually disclosed our contributions to reducing GHG emissions in our portfolio of investments and loans for ships. In July 2023, the IMO adopted a revised strategy, including the goal of achieving net zero GHG emissions by or around 2050. Starting in fiscal 2023, along with Sumitomo Mitsui Trust Bank, DBJ has participated in meetings of the Poseidon Principles Steering Committee as the representative for Asia, leading international discussions based on the IMO's new strategy.

In the shipping industry, environmental regulations are being tightened. To support Japanese companies' transition to decarbonization on the financial and investor relations (IR) fronts, DBJ, in collaboration with Nippon Kaiji Kyokai (ClassNK), has been jointly managing the Zero-Emission Accelerating Ship Finance program since fiscal 2022. This program assigns an overall score that evaluates ships based on their "decarbonization," "innovativeness," and "environmentally friendly performance." Utilizing this program, DBJ provided financing for the ammonia carrier GAS INNOVATOR (IMO No. 9958688), which is owned by Iino Kaiun Kaisha, Ltd., and was constructed to obtain basic certification as an ammonia-fueled vessel.



### Urban Development

The urban development and real estate sectors need to adapt to global climate change and the changes in Japan's social structure caused by the decline in its working-age population. The DBJ Group has supported solutions for social issues and the expansion of customers' businesses through the provision of risk capital for urban development projects. To realize a carbon-free society in the future, we will leverage our relationship capital with government agencies, relevant organizations, private companies, and financial investors, as well as the functions of the real estate financing market, to provide solutions based on urban policy and real estate value assessments, with the aim of contributing to the sustainable development of the urban development and real estate sectors.

#### ► Launch of "Zenove" Project to Achieve Both Enhanced Environmental Performance and Economic Viability in Real Estate

Knowledge

Achieving net zero emissions in the real estate industry requires improving the environmental performance of existing office buildings, which constitute the majority of commercial real estate. Given the rising costs of construction and the environmental impact of redevelopment, environmentally conscious retrofitting of real estate is becoming increasingly important.

Since fiscal 2022, Nikken Sekkei Ltd., DBJ, and DBJ Asset Management Co., Ltd., have been collaborating on ways to address these issues. As part of this effort, they have launched the Zero Energy Renovation Project, or "Zenove," aimed at creating an environmental retrofitting model that achieves improvements in both environmental performance and economic viability that is suitable for the real estate investment market.

As the first initiative of the "Zenove" project, the three companies have established a private investment fund to carry out the environmental retrofitting of Nikken Building No. 1 in Osaka, owned by Nikken Sekkei, with the aim of obtaining Zero Energy Building (ZEB) Ready status. Moving forward, we will expand and deepen our collaboration, foster partnerships to extend the reach of "Zenove," and contribute to solving decarbonization challenges for our customers while promoting the sustainable development of the real estate sector and investment market.



## Initiatives focused on natural capital, biodiversity, and a circular economy that support economic and social activities

Along with the global issues of climate change and natural capital and biodiversity, which form the foundation of socio-economic activities, we also acknowledge the importance of addressing the circular economy, where economic activities are connected to natural capital. While actively promoting our initiatives on sustainability, we will contribute to the realization of a sustainable society through solving regional and customer challenges in collaboration with our stakeholders.

### ▶ Aiming for a Sustainable Society Where Natural Environments and Human Activities Enhance Each Other

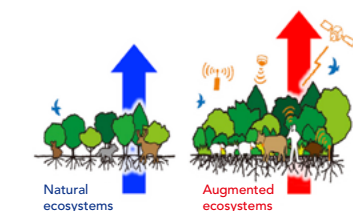
Investment

SynecO, Inc., was established in April 2021 as a startup funded 100% by Sony Group's Sony Innovation Fund: Environment (SIF:E). Through its DBJ Startups and Innovation Fund as part of its Special Investment Operations, DBJ has invested in SynecO which aims to contribute to Japan's sustainable development which aligns with the realization of political targets (impacts) in DBJ's Special Investment Operations. This investment supports the realization of a sustainable society where the natural environment and human activities mutually enhance each other through the proliferation of augmented ecosystems in society.

An augmented ecosystem is one where the biodiversity is more abundant than under natural conditions, enhancing the functions of the ecosystem. Synecoculture™ is a method of farming that produces useful plants while making multifaceted and comprehensive use of the self-organizing ability of the earth's ecosystems. To promote the spontaneous growth of plants, Synecoculture™ is open-field agriculture that does not rely on any plowing, fertilizers, or agricultural chemicals.

Through the participation of people in activities to optimize ecosystems, we not only protect and preserve such ecosystems but also create more abundant ecosystems, contributing to nature positivity. SynecO aims to solve social issues by providing solutions that utilize augmented ecosystems for diverse fields, such as food production, education, urban areas, and regions, through a combination of Sony Group's technology and complex systems science approaches.

Augmented ecosystems were scientifically formalized and proposed by Dr. Masatoshi Funabashi, a



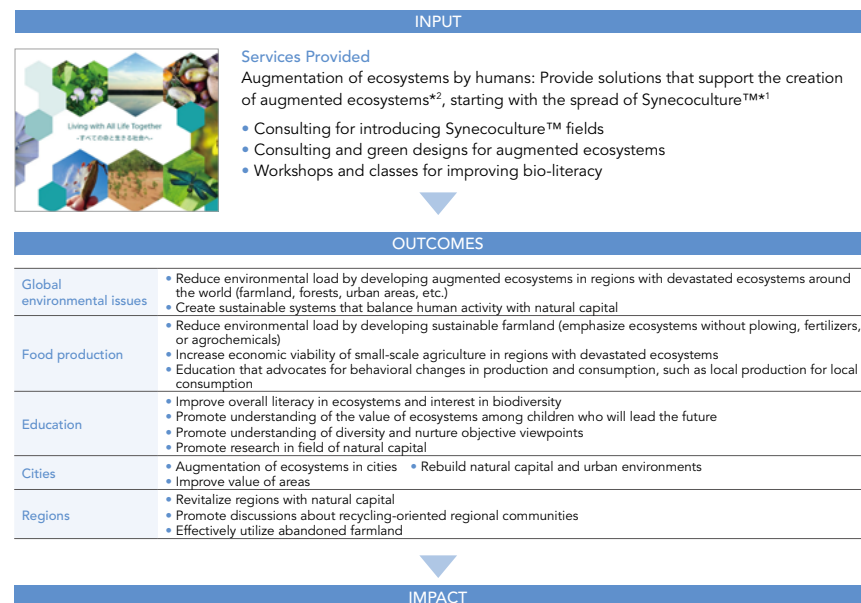
Source: Sony Computer Science Laboratories, Inc.



Demonstration test at Burkina Faso  
Source: Sony Computer Science Laboratories, Inc.  
Left: Area without Synecoculture™ (control area)  
Right: Area with Synecoculture™ after 18 months  
(in Burkina Faso)

researcher at Sony Computer Science Laboratories, Inc. DBJ, which considers the "formation of sustainable infrastructure" a key management issue, signed a collaboration agreement with Sony Computer Science Laboratories in 2017, and has since supported SynecO, which was established to commercialize this research on augmented ecosystems/Synecoculture™. As global environmental issues, such as climate change and loss of biodiversity, become more severe due to socio-economic activities, natural capital and biodiversity have gained more attention alongside climate change and carbon neutrality. DBJ is committed to supporting SynecO's activities and tackling the challenge of realizing a sustainable society where socio-economic activities and natural capital coexist in balance.

### ▶ Example of Impact Measurement (SynecO)



\*1 Synecoculture™ is a trademark of Sony Group Corporation.

\*2 Augmented ecosystems are ecosystems with enhanced biofunctions, notably more biodiverse than its natural state.





## Materiality 2

## Technical Innovation and Restructuring of Industry

Strengthen **competitiveness** of Japanese **industry** through **innovation**

Reorganize **supply chains**

## Support for **new business, business restructuring, and digital transformation**; provision of guidance for entering **global markets**

### Industrial Sectors

Backed by our deep specialist knowledge of industrial sectors and individual customers, we fully leverage our unique network rooted in various financing functions, knowledge, public-mindedness, and impartiality to support our customers and resolve issues in diverse fields. Our support for customers encompasses assisting with growth, sharpening competitiveness, rebuilding business portfolios, developing new businesses, generating business overseas, collaborating with other companies and sectors, optimizing capital policies, and cooperating with government industrial policy. As an incubator, DBJ contributes to the reinforcement of Japan's industrial competitiveness.

#### ▶ Supporting Global Expansion of Japan's Food Industry

Investment

Zensho Holdings Co., Ltd., is dedicated to its mission of making safe and delicious food available at affordable prices to people around the world. As a restaurant company, Zensho Holdings plans, designs, and manages the entire business, from ingredient procurement, production, and processing to logistics and restaurant operations such as Sukiya and Hama-Sushi.

The Japanese government has come up with a strategy to promote Japanese food and food culture overseas, aiming to further popularize Japanese cuisine globally. Exports of Japanese food have increased, and the number of Japanese restaurants abroad have grown in recent years. The Japanese restaurant industry was severely impacted during the pandemic as customer footfall dropped, but the easing and eventual lifting of restrictions on people's movement has resulted in Japanese restaurants seeing people flow through their doors again, leading to a recovery in demand and a renewed focus on accelerating international strategies.

Through acquisitions of sushi takeout businesses primarily based in Europe and the United States, Zensho Holdings has integrated a network of approximately 4,000 outlets into its group. The company aims to expand business further by leveraging group synergies in menu development, food procurement, and restaurant operations. DBJ has supported these acquisitions by investing in Zensho Holdings

as a part of encouraging Japanese companies to expand globally and sharpen Japan's industrial competitiveness.

#### ▶ Supporting Development of Medical Devices for Innovative Treatments of Severe Diseases

Investment

Acute respiratory distress syndrome (ARDS) is severe respiratory failure triggered by an illness such as pneumonia or sepsis. Currently, there are no direct treatments for ARDS, and the mortality rate remains high, highlighting the need to develop effective new therapies.

It is hypothesized that the simultaneous removal of cytokines (proteins) and activated white blood cells (cells involved in inflammation) that cause severe inflammatory reactions would be beneficial to the treatment of ARDS. Toray Industries, Inc., has successfully manufactured absorbents using fibers developed with its proprietary and innovative spinning technology, and enhanced with functions imbued through chemical reactions under tightly controlled conditions. Nonclinical trials have confirmed that these absorbents can selectively remove cytokines and activated white blood cells. Toray Industries is advancing the development of a medical device that treats ARDS by circulating blood through columns filled with these absorbents.

DBJ has supported Toray Industries' efforts through the DBJ Startups and Innovation Fund, recognizing that this endeavor not only strengthens Toray

Industries' competitive edge, but also sharpens the industrial competitiveness of Japan's life sciences sector by creating an effective and innovative treatment for patients with unmet medical needs around the world.



## Investments for **startups** in the climate and deep technology (deep tech) sectors, and growth-stage startups



### DBJ Capital Co., Ltd.

DBJ Capital Co., Ltd., is a wholly owned venture capital firm of DBJ. Its mission statement is "To make a significant impact on the world, DBJ Capital continues striving to seek innovative technologies and businesses and take on challenges with entrepreneurs by providing long-term support and financing for startups." DBJ Capital helps seed/early-stage startups by providing equity investments and growth assistance.



Website <https://www.dbj-cap.jp/en/>

DBJ Capital supports startups by leveraging the unique strengths of the DBJ Group in the following ways.

#### Characteristics and Initiatives

##### Providing long-term financing for startups at any growth stage

Our initial investments are primarily in seed to early-stage startups, but we support the growth of startups from a long-term perspective by providing additional capital in mid to later stages.

##### Business support based on various networks

We accelerate the business growth of startups by leveraging the DBJ Group's deep knowledge and broad network in each industry sector, as well as its extensive partner relationships in Japan and abroad.

##### Solid credibility of the DBJ Group

DBJ Capital, a venture capital arm of the DBJ Group that aims to balance profitability and public interest, complements the credibility of startup companies.

#### Portfolio Examples



A startup that came out of Kyoto University, specializing in the development of key equipment and engineering plants in the field of nuclear fusion energy. This startup aims to establish a nuclear fusion industry and create a circular society with perpetual energy sources.



A company that develops and provides SimpleCheck, which automates the corporate verification process, and SimpleMonitor, which monitors significant changes in risk information. Through innovations in the field of screening, this company aims to create a world where "all legal entities are fairly connected."



A biotech company that utilizes its proprietary PepMetrics® technology, a low-molecular peptide mimetic technology, to create new drug discovery fields for targets that have been a challenge in the drug discovery field. This company listed on the Tokyo Stock Exchange Growth Market in July 2024.



List of portfolios <https://www.dbj-cap.jp/en/portfolio/>

#### Comprehensive Support for Long-Term Growth of Startups by Entire DBJ Group

Investment

DBJ Capital, in collaboration with PeptiDream Inc., a partner of DBJ, made a joint investment in Linqmed Inc., a recipient of the DBJ Women Entrepreneurs Excellence Award at the 9th DBJ New Business Plan Competition for Women. This investment marked a significant approach for the DBJ Group in providing multifaceted support for the growth of both Linqmed and PeptiDream.

Linqmed is a biotech venture developing next-generation cancer treatments using radiopharmaceuticals based on <sup>64</sup>Cu. In December 2022, DBJ awarded Linqmed the DBJ Women Entrepreneurs Excellence Award.

PeptiDream is an established biotech company listed on the Stock Exchange that develops pharmaceuticals with its proprietary Peptide Discovery Platform System (PDPS) Technology. By acquiring PDRadiopharma Inc., PeptiDream has ventured into the radiopharmaceuticals business. In March 2022, DBJ provided PeptiDream with the funds for this acquisition.

With these relationships, DBJ Capital acted as the lead investor in Linqmed's Series A round, collaborating with PeptiDream and others to invest in Linqmed. This event marked the first case of financing by the DBJ Group offered to recipients and finalists of the DBJ New Business Plan Competition for Women. Along with this investment, as a partner venture capitalist, DBJ Capital helped Linqmed secure a grant from NEDO. Post-investment, DBJ Capital has dispatched an outside director to Linqmed, introduced investors and lead underwriters, and provided impartial advice on vital management issues, including the strategic partnership agreement between Linqmed and PDRadiopharma.



Linqmed Inc. <https://linqmed.net/>

PeptiDream Inc. <https://www.peptidream.com/en/>



DBJ Women Entrepreneurs Excellence Award



Linqmed Inc.



Strategic capital partnership in development of radiopharmaceuticals

Joint investment



Funds for acquiring PDRadiopharma Inc.



## Management support through investments in Society 5.0 and other areas

DBJ established the Society 5.0 Challenge Investment Program as a new framework to invest in activities aimed at solving Japan's social issues and creating new industries with innovative values, while contributing to the development of a sustainable and better society.

\* Society 5.0 refers to a human-centered society that balances economic advancement with solutions for social issues through a highly integrated system that combines cyberspace (virtual space) and physical space (real space).

### ▶ Support for Mass Production Demonstration at Large-Scale Development Base for Next-Generation Batteries

Investment

TeraWatt Technology Inc. is a startup developing high-energy, high-power-density, and high-safety next-generation lithium-ion batteries, in addition to large-scale manufacturing technologies. With these next-generation lithium-ion batteries, this company aims to extend the driving range of electric vehicles, while ensuring high levels of safety, increase payload capacity and flight time for drone deliveries, and apply these batteries to new uses such as eVTOL (electric vertical take-off and landing) vehicles.

Demand for storage batteries is increasing amid the global trend toward carbon neutrality. However, Japanese companies' market share has declined over the past few years, even though batteries and related materials are crucial for economic security. Against this backdrop, TeraWatt Technology has assembled a team of veteran engineers who have been involved in the commercialization and mass production of lithium-ion batteries since the 1990s, as well as sharp young engineers and researchers. This team has been focusing on the development of mass production technology for next-generation batteries. Having made significant progress in basic development, this company has set up a large-scale development base for demonstrating mass production technologies with the intention of quickly commercializing the batteries. DBJ invested in TeraWatt Technology as a way to contribute to the strengthening of the competitiveness of Japan's storage battery industry.



### ▶ Aiming for a World Where Everyone Can Help Each Other Anytime, Anywhere, through Avatar Robots

Investment

As a part of its Society 5.0 Challenge Investment Program, DBJ has invested in avatarin Inc., a startup originating from ANA Holdings Inc., that develops avatar robots

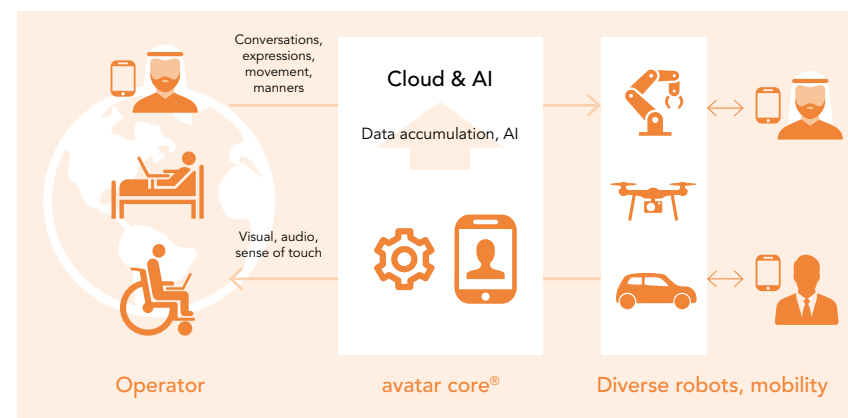
and an avatar service platform. This investment supports the development and proliferation of Japan's first avatar robot platform.

Avatarin envisions creating a world where people can help each other anytime, anywhere, by connecting people to people and people to the incredible abilities of humanity beyond distance and physical limitations. This company is developing avatar core®, a platform featuring a proprietary platform/OS, cloud communications protocols, and AI, along with remote-controlled AI-driven robots for customer support that combine this platform with robotics technology. In the future, avatarin intends to collect on-site data from various robots and mobility solutions equipped with avatar core®, and use this data to train AI systems. This will enable the creation of a library of diverse professional skills that can be platformed, allowing anyone to augment their abilities.

DBJ believes avatarin's avatars, a comprehensive collection of technologies in robotics, communications, and AI, is well-suited for Society 5.0, a society where real and virtual worlds are tightly integrated. We think that this Japan-first platform will not only contribute to the realization of a more resilient society capable of providing remote and contactless services, but also help stimulate the revitalization of domestic industry.

### Example projects

Investees	Project outline
Astroscale Holdings Inc.	Removal of space debris
Albatross Technology Inc.	New offshore wind turbines
SynecO, Inc. (📖 29)	Augmented ecosystems



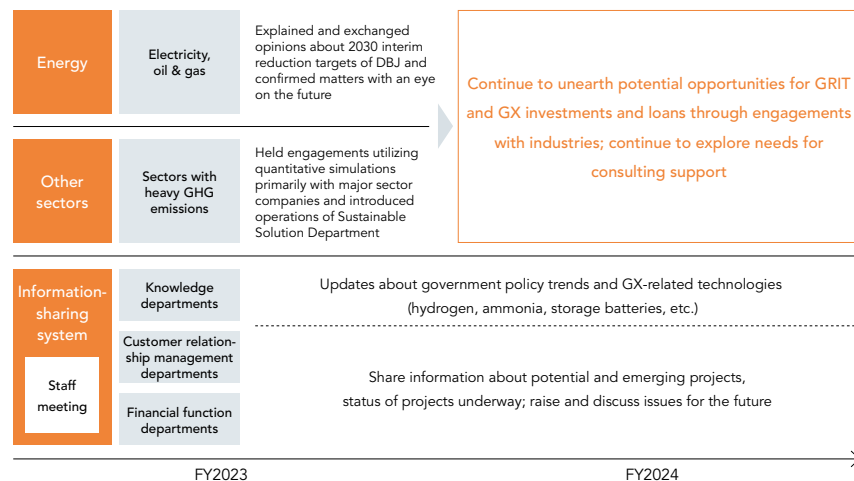
## Supply chain reconstruction with eye on post-pandemic recovery, decarbonization, circular economy, etc.

### ▶ Establishing a Framework to Accumulate and Share Cross-Industry Knowledge on Green Transformation (GX) Knowledge

DBJ engages in constructive dialogues with its customers in energy-related industries (electric power and oil & gas), while also progressively engaging with other industries. We will continue to pursue such engagements with the following points in mind to support the decarbonization initiatives of our customers.

- Deepening our understanding of industry and customer awareness of issues, while also raising issues and hypotheses for our customers. The aim of this two-way dialogue is to explore the best ways to support problem-solving.
- Tirelessly working to address customers' funding needs (= create projects) in the process of ultimately aiming to support their transition and overall business transformation (projects).

Now that decarbonization initiatives are underway across industries and regions, DBJ understands it is essential to seamlessly share information and collaborate across departments to effectively support its customers. To this end, we regularly hold staff meetings and have created a system for accumulating and sharing cross-industry knowledge on GX-related matters (📖 9, Transition Business Promotion Office).



### ▶ Supporting Capital Investment to Expand Production Capacity for Automotive Lithium-Ion Battery Materials Investment

The carbon nanotube (CNT) dispersions for automotive lithium-ion battery cathode materials produced by artience Co., Ltd. are a key material for achieving higher capacity and faster recharging times in lithium-ion batteries for automobiles, thereby extending the driving range of electric vehicles.

The cathode material in lithium-ion batteries mainly comprises active materials, binders, and conductive materials. Leveraging its expertise in dispersion technology developed through years of ink manufacturing, artience began selling carbon black (CB) dispersions as a conductive material for lithium-ion battery cathodes in 2015. Since then, artience has significantly enhanced the dispersibility and conductivity of CNTs by using its unique additives and dispersion methods. This success led to a significant reduction in resistance in the lithium-ion battery cathode, as a result of using less material. Compared with CB dispersions, CNT dispersions not only make higher capacities possible in lithium-ion batteries, but are also likely to contribute to longer driving ranges and faster recharging times in electric vehicles. artience's CNT dispersions have been adopted by an increasing number of major battery makers, as artience is the only CNT dispersion manufacturer with a reliable supply structure of five production bases in North America, Europe, China, and Japan, the four largest automobile markets, in addition to its advanced technologies.

Amid the global trend toward carbon neutrality, demand for automotive lithium-ion batteries is increasing, making such batteries and their components a vital factor to consider in terms of economic security. With this in mind, artience has decided to make capital investments to expand production capacity across its five global bases in anticipation of significant growth in demand for its CNT dispersions.

DBJ believes that artience's initiatives will strengthen its competitiveness and enhance Japan's supply capacity for such vital materials. Accordingly, DBJ has supported artience's initiatives through its Supply Chain and Infrastructure Fund, which was established as a new priority investment area under its Special Investment Operations.



CNT dispersion for lithium-ion battery cathode materials  
LIOACCUM™





## Materiality 3

## Regional Revitalization Utilizing Untapped Potential

## Just transition of regions

## Response to population decline

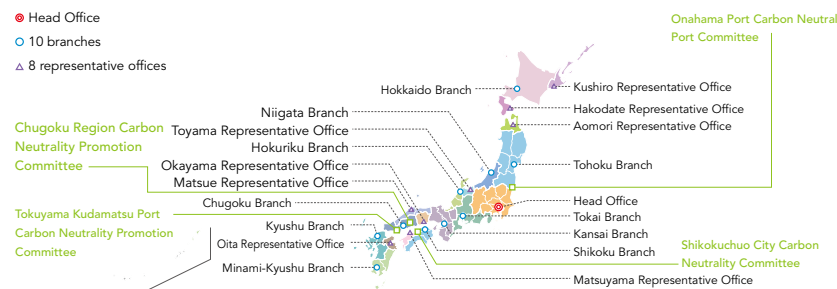
## Creation of visions for regions through collaboration and cooperation with stakeholders

## ▶ Regional Revitalization Utilizing Untapped Potential

DBJ has established 10 branches and eight representative offices, mainly in government-designated cities, stretching from Hokkaido to Kagoshima, to support local initiatives while collaborating with regional financial institutions. Through the publication of reports tailored specifically to a region, as well as loans and investments for local companies, DBJ endeavors to provide solutions for local issues in terms of both loans and investments and knowledge. From the standpoint of forming connections among customers between regions and Tokyo, regions and regions, and regions and the world, DBJ will forge ahead while leveraging its DNA, or the impartiality and reliability that it has cultivated so far.

In recent years, we have been advancing initiatives, even at our branch offices, to realize a carbon-neutral society. In June 2023, we advised regions on their transitions to realize green transformation. In order to contribute to solutions for issues faced by local companies, branches collaborated closely with each industry control department at headquarters to better understand the issues of customers from both industry specific and regional perspectives. We will continue to engage with customers and proactively propose ideas.

## DBJ's Head Office, Branch Offices, and Participating Committees (Excerpt)



## ▶ Recommendation Report on Regional Transition

In sectors and regions where discussions about and investments in decarbonization have progressed, DBJ has been actively supporting the transition through loans and investments, while emphasizing engagement with customers and collaboration with other financial institutions. On the other hand, transitioning regions to a viable decarbonized society is challenging to accomplish with only financing, such as loans and investments, and the independent efforts of individual organizations. Believing that knowledge-based support is also important, the DBJ Group plays the important role of “connecting” these various entities as a practical guide for the transition. Accordingly, Regions x Transition has been positioned as one of the main points in our Strengthening and Review of the Fifth Medium-Term Management Plan while advancing these initiatives.

From the perspectives of renewable energy, hydrogen and ammonia, and CCUS,\*<sup>1</sup> which are key to realizing carbon neutrality, the recommendation report Regions x Transition: Wide-Area Strategies Centered on Energy and Related Industries discusses three model areas (Kitakyushu, Tomakomai-Muroran, and Niigata). Leveraging the DBJ Group's insights and incorporating the opinions of external experts, the report highlights the importance of initiatives in wide-area collaboration using each region's unique characteristics and the strengths derived from existing industries, in a format that can be replicated by other regions.

This endeavor was recognized at the ADFIAP\*<sup>2</sup> Awards 2024 as outstanding work in the category of Local Economic Technology Development at the ADFIAP General Meeting held in May 2024.

\*1 CCUS: Carbon dioxide Capture, Utilization, and Storage

\*2 Association of Development Financing Institutions in Asia and the Pacific

## Knowledge



## Recommendations and support for a just transition to a decarbonized society from both industry and regional perspectives

Surveys and consulting services

### Japan Economic Research Institute Inc.

Japan Economic Research Institute is the main think tank of the DBJ Group, focusing on research and consulting. Leveraging synergies in the three fields of services for public entities, business entities, and international businesses, Japan Economic Research Institute comprehensively meets the needs of customers. Its strength is in the provision of services from a long-term perspective in a fair and impartial manner.



Website <https://www.jeri.co.jp/en/>

Japan Economic Research Institute concentrates on three service fields under a three business unit structure, as shown below. The institute provides research and consulting services that leverage these synergies.



#### Services for Public Sector

Japan Economic Research Institute investigates and researches the problems of national and local governments from various angles, and helps guide these governments toward solutions by coming up with ideas and concepts, while helping to draft government policies and measures.



#### Services for Private Enterprises

Japan Economic Research Institute provides support for diverse customers, from small- to medium-sized companies, as well as mid-tier to large corporations, through a wide range of services, including proposals for corporate strategies, support for strengthening internal management, entering overseas markets, M&A, and starting new businesses.



#### Services for International Businesses

Japan Economic Research Institute meets the needs of customers in Japan and abroad with its insight and networks accumulated in each field, as well as through international cooperation, support for entering overseas markets, and overseas research.

#### Public Service Design Division

Regional Management Department  
Regional Development Department  
PPP Promotion Department  
Infrastructure Department

#### Industrial Strategy Division

Industrial Research and Planning Department  
Overseas Research Department  
Sustainability Management Consulting Department

#### Corporate Advisory Division

Financial Consulting Department  
Advisory Service Department



Around 100 specialist researchers <https://www.jeri.co.jp/about/introduce/>

Research and consulting details <https://www.jeri.co.jp/about/overview>

### ▶ Promoting Regional Carbon Neutrality Together with Local Communities

Knowledge

Supporting the transition to a decarbonized society in non-urban areas is essential for enhancing Japan's overall sustainability. The DBJ Group has been working with regional financial institutions to share this recognition and conducting surveys to help local governments develop Green Transformation (GX) and Carbon Neutrality (CN) strategies.

In Oita Prefecture, CO<sub>2</sub>-intensive industries are concentrated around industrial complexes, and energy consumption and CO<sub>2</sub> emissions per gross prefectural product are among the highest in Japan.

In this prefecture, a joint survey was conducted by Japan Economic Research Institute and The Oita Bank, Ltd.'s think tank, Daigin Economic and Management Institute, identifying specific issues and challenges to establishing a hydrogen supply base at Oita Port, with due consideration paid to local companies and technological trends. Additionally, measures were proposed for achieving carbon neutrality with a focus on supply chain relationships between large corporations outside the prefecture and regional mid-tier companies and small- and medium-sized enterprises. Support was also provided with presentations



Oita Port Waterfront (Beppu Port and Airport Development Office, Kyushu Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism)

of specific issues and challenges for realizing methanation.



In Kagoshima Prefecture, Japan Economic Research Institute and Kyushu Economic Research Institute, the think tank of The Kagoshima Bank, Ltd., were jointly commissioned to conduct a research project that examines methods of GX that can

enhance industrial competitiveness and achieve decarbonization simultaneously, as outlined in the prefecture's long-term vision. By understanding the actual conditions of businesses and industries in the prefecture and researching related technological trends, areas were identified where GX should be promoted. These findings were summarized into specific initiatives for major areas.

The DBJ Group will continue to strengthen its research structure and strive to assist more local governments in their efforts.



Search outcomes by field and category <https://www.jeri.co.jp/results/>

## Support for increasing population flows, for example, via tourism, especially foreign tourism

### ▶ Supporting Sustainable Development of Regions through Promotion of Area Tourism with Opening of a Luxury Hotel

Investment

DBJ has invested in Shikoku Machizukuri & Omotenashi Planning GK (SMOP), a company established through joint investments by Shikoku Electric Power Co., Inc., and regional banks and business companies in the Setouchi region.

Through the creation of new businesses and services, the Shikoku Electric Power Group aims to solve regional issues in Shikoku. In response to the declining population of permanent residents in the Shikoku region, the Shikoku Electric Power Group has been considering the development of the hotel business in collaboration with global hotel brand operators. This initiative aims to showcase the unique attractions of the region both domestically and internationally, boost local spending and generate excitement by increasing the flow of people in the region, and contribute to the sustainable development of the region.

This endeavor involves a partnership with the Mandarin Oriental Hotel Group to open Mandarin Oriental Setouchi Takamatsu and Mandarin Oriental Setouchi Naoshima in the summer of 2027. SMOP will own and manage these hotels, which will be respectively located in Takamatsu City and Naoshima Town, in Kagawa Prefecture. The hotels will feature facilities and operational strategies that highlight the unique characteristics of each region to promote tour-type tourism in the area, where people experience the wonders of Shikoku and Setouchi. This concept for area tour-type tourism, which is rare even overseas, is a first for luxury hotels in Japan.

In collaboration with DBJ Digital Solutions Co., Ltd., DBJ has utilized big data to research and analyze the behavior of foreign visitors in Naoshima, issued reports about how to invigorate broad-area tour-type tourism for inbound tourists, and provided advice on tourism measures for the Shikoku region. This initiative is aimed at supporting the sustainable development of regions and solving issues such as regional population decline and industrial stagnation. DBJ has utilized Special Investment Operations to assist SMOP carry out these initiatives to help stimulate the regional economy by expanding local spending with the attraction of tourists from outside the region, and creating jobs at the newly built hotels. DBJ has also supported this endeavor by providing its accumulated knowledge of tourism. Moving forward, DBJ will continue to engage with customers, address regional issues, and hold dialogues with stakeholders inside and outside the region, thus contributing to the sustainable development of the Shikoku and Setouchi regions.



### ▶ Supporting Growth in Tourism and Movement of People through Organization and Management of Joint Funds

Investment

Hoshino Resorts and DBJ have been collaborating to support growth in tourism and the movement of people by managing joint investment funds aimed at providing risk capital for the development of new lodging facilities in Japan that bolster tourism industries in regions.

Combining the operational, branding, and marketing expertise of Hoshino Resorts in the tourism and hospitality industry with DBJ's accumulated financial know-how, the two entities established their first investment fund, Hoshino Resorts Ryokan and Hotel Management Support Investment LPS. This fund has been a driving force behind support for the tourism industry in various regions.

In 2017, with the participation of external investors, Hoshino Resorts and DBJ created a second, larger investment fund to continue to actively support the revitalization of the tourism industry. This included projects such as KAI Nagato, which entailed the comprehensive revitalization of a local hot spring town.

Building on the success of their first and second investment funds, Hoshino Resorts and DBJ formed a third, even larger fund in 2023 to further contribute to the revitalization of the tourism industry and regional economies. This new investment fund focuses on projects expected to stimulate overall regional activity through collaboration with regions such as the KAI Nagato project, and new development projects where Hoshino Resorts generates buzz about locations other than already well-known tourist sites and hot springs. The first resort project of this third investment fund is called RISONARE Shimonoseki, which plans to open in 2025 as part of the RISONARE resort hotel brand, which operates seven facilities worldwide. This project is expected to collaboratively enhance the attractiveness of the Kanmon Straits area

in Shimonoseki City, Yamaguchi Prefecture, and contribute to the revitalization of the region and tourism industries.

Hoshino Resorts and DBJ remain committed to contributing to regional revitalization through growth in tourism and the movement of people by managing these joint investment funds.



## Supply of risk capital and knowledge for uncovering unique regional resources

### ▶ Promoting Dairy Farming DX to Address Labor Shortages

Investment

DBJ has invested in Farmnote Holdings, Inc., a startup that promotes new models for operating dairy farms with DX services, such as using wearable devices to keep track of individual cows, genetic testing, and the sale of embryos for breed improvement. By operating its own farms as a testing ground for its services, Farmnote Holdings develops and offers producer-focused services that support highly reproducible dairy farming operations, independent of experience-based methods and labor-intensive practices.

In Hokkaido, the pace of population decline is approximately 10 years ahead of the national average, and labor shortages are a common problem for all industries there. Its population, which was 5,225,000 in 2020, is projected to decrease to 3,820,000 by 2050.\*1 Dairy farming, which accounts for more than half of the nation's raw milk output,\*2 has been identified as having significant potential for productivity improvements compared with other industries due to its labor-intensive nature. However, traditional methods, such as paper-based cow management and regular physical inspections, have strong roots, delaying the adoption of digital technologies.

Through Special Investment Operations, DBJ has proactively supported the building and development of startup ecosystems, revitalization of regional economies, and strengthening of their competitiveness. In this case, DBJ's provision of risk capital facilitated a smooth fundraising effort by Farmnote Holdings. Moving forward, DBJ intends to leverage its customer base to provide business matching and knowledge-sharing to help Farmnote Holdings achieve its vision for a new dairy farm management model, while addressing the regional issue of labor shortages.



\*1 Estimates by the National Institute of Population and Social Security Research

\*2 Ministry of Agriculture, Forestry and Fisheries' Statistics of Agricultural Income Produced (2022)

### ▶ Visualizing the Social Impact of Audience-Drawing Entertainment in Sports, Music, and Cultural Arts

Knowledge

DBJ, in collaboration with PIA Corporation, which has a wide array of businesses in the entertainment domain, has presented a logic model that illustrates the social value of events that stimulate the movement of people (audience-drawing entertainment), such as sports, music, and cultural arts. This joint effort involves analyzing the flow of people caused by holding these events, modeling estimates of the economic ripple effects, conducting surveys to understand and analyze the awareness of residents, exploring indicators to measure and visualize the impact on physical and mental well-being, and conducting case studies to investigate new ways of contributing to local communities through these events in the post-COVID-19 era.

In fiscal 2023, Shizuoka City, in Shizuoka Prefecture, was selected as a test field. A collaboration agreement was signed by six entities: PIA Corporation, DBJ, S-PULSE CO.,LTD, Suruga Marketing and Tourism Bureau, PDC Co., LTD., and TOKAI Cable Network Corporation. Their aim is to visualize the social impact from behavioral changes within fan communities attending sports events.

At an official J.LEAGUE match for SHIMIZU S-PULSE held at IAI Stadium Nihondaira (Shizuoka City), an analysis was carried out using UNITABI, which offers soccer match tickets and local information, the PULCLE bike-sharing service (usage data), and audience surveys. The results of this analysis identified several positive behavioral changes, such as higher spending on merchandise and restaurants, greater use of public transportation and bicycles, more walking, and the creation of opportunities for people to interact. These findings demonstrate that the audience-drawing entertainment industry can have a number of impacts on society, including (1) sustainable economic growth in the region, (2) contributions to regional decarbonization, (3) improved health literacy among local residents, and (4) a fostering of pride and affection for the region, along with enriched community interactions.

Looking ahead, DBJ aims to deepen area management in light of the social impact of the audience-drawing entertainment industry on the region. By leveraging digital technologies to extend these benefits across the entire region, DBJ will contribute to solutions for regional challenges, sustainable development, and the creation of new value.



UNITABI (design based on survey at that time)





## Creation of Markets and Safety Nets in the Finance Sector

Materiality 4

Expand **frontiers** of financial markets

Exercise **stabilizer** function

## Expansion of **sustainable finance markets** (investments and loans, asset management, and bond issuance)

### ▶ DBJ Sustainability Evaluation Certification Program

DBJ offers a menu of financing options based on the non-financial information of companies screened with DBJ's proprietary systems. Having launched the world's first Environmentally Rated Loan Program in 2004, DBJ introduced the BCM Rated Loan Program in 2006 and the Employees' Health Management Rated Loan Program in 2012.

The most important feature of these programs is the evaluation process, which emphasizes direct dialogue with customers. We engage in conversations with clients about their initiatives to fill in gaps around publicly available information. Once the evaluations are complete, DBJ provides clients with feedback on the results, using this as an opportunity to point out issues that need to be addressed and help management step up their practices.



Actual (As of March 31, 2024)	No. of Loans		Amount of Loans
	Fiscal 2023	Cumulative total	Cumulative total
Environmentally Rated Loan Program	30 cases	816 cases	¥1,884.1 billion
BCM Rated Loan Program	20 cases	460 cases	¥604.0 billion
Employees' Health Management Rated Loan Program	22 cases	304 cases	¥446.0 billion
<b>Total</b>	<b>72 cases</b>	<b>1,580 cases</b>	<b>¥2,934.1 billion</b>

### ▶ Sustainability Management Consulting Services

DBJ offers consulting services to customers who aim to create sustainable value for updating and advancing their foundations for sustainability management, through support tailored to various needs. DBJ leverages its know-how in dialogue and evaluation related to sustainability management that DBJ has built up since the early 2000s.

For example, DBJ helps its customers formulate long-term visions, identify material issues (key management issues), set KPIs related to these material issues, and develop medium-term plans for sustainability. DBJ also helps its customers respond to TCFD recommendations and offers business development consulting aimed at transitioning business portfolios in response to specific themes, such as climate change.

Additionally, DBJ provides services that help customers enhance their information disclosures, such as in integrated reports, and services to visualize their strengths and weaknesses, based on an analysis of customers' initiatives to disclose information about sustainability management. We continuously strive to deepen and expand our service offerings to back our customers' efforts to solve social issues and create sustainable value.

### ▶ DBJ Green Building Certification

Established in 2011, DBJ Green Building Certification is a certification system designed to encourage the formation of a real estate market that gives exceptional consideration to society and the environment. In addition to the environmental performance of the properties, DBJ assesses and certifies real estate as needed by society and the economy from a long-term perspective, including disaster preparedness, community considerations, and the well-being of its users.

In 2014, DBJ and Japan Real Estate Institute (JREI) deepened their relationship and created a system for jointly operating and promoting DBJ Green Building Certification. Thanks to efforts to spread this certification further and ensure transparency in the assessment process, this certification is currently in use by a wide range of companies for more than 2,100 properties.

Our aim is to increase the visibility of our customers' sustainability initiatives for real estate while encouraging dialogue and cooperation among business owners, investors, and financial institutions. Over the long term, we aim to create and nurture an environment for investing in real estate that adapts to change in the economy and society. Reflecting in real estate value the environmental and social initiatives that had not been fully recognized will lead to the creation of high-quality urban infrastructure in tune with the needs of the times.







## DBJ Asset Management Co., Ltd.

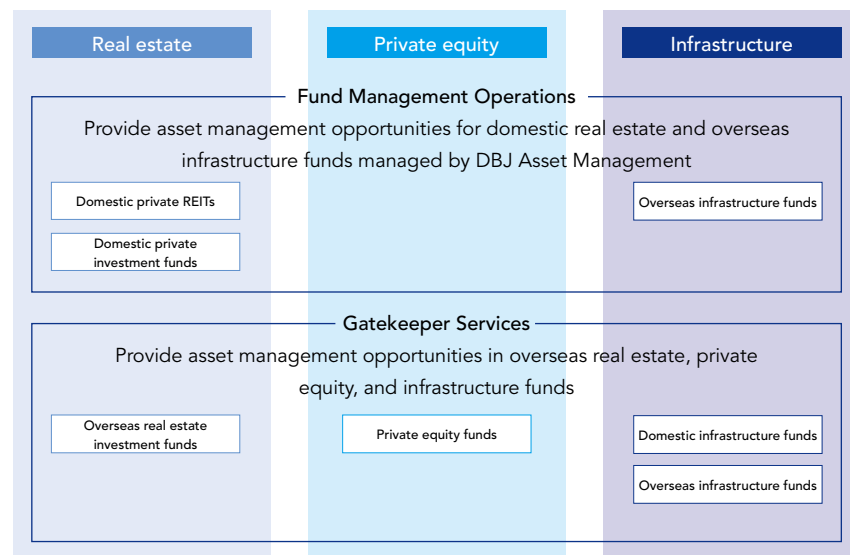
A wholly owned subsidiary of DBJ, DBJ Asset Management Co., Ltd., is an asset management company that specializes in alternative investments in the real estate, private equity, and infrastructure sectors. The company aims to contribute to the healthy and long-term development of the alternative investment market by providing high-quality investment opportunities and asset management services to its investors, enhancing the sophistication of asset management and expanding long-term investment returns.



Website <https://www.dbj-am.jp/en/>

DBJ Asset Management engages in the following business areas.

- Management of private investment funds and private REITs in the domestic real estate field
- Management of overseas infrastructure funds in the infrastructure field
- Gatekeeping services for investments in global private equity funds, infrastructure funds, and overseas real estate investment funds



## ▶ Leading the Further Development of Japan's Alternative Investment Market

Investment

DBJ Asset Management advocates for responsible investment by reducing sustainability-related risks and maximizing opportunities as part of its stewardship responsibilities, aiming to deliver long-term, stable returns to investors.

In the real estate field, DBJ Private REIT Inc. (DBPR) was established to invest in properties that have been recognized as sustainable for the future with superior environmental and social considerations. DBPR has set a long-term goal of achieving net zero GHG emissions across its entire portfolio and has obtained certification from the Science Based Targets initiative (SBTi). Environmental initiatives include ESG training for property management companies responsible for real estate management and an energy-saving award system for tenants. At some residential rental properties, DBPR has introduced initiatives that include used clothing reuse and recycling programs and car-sharing services. On the social front, DBPR has focused on enhancing the health and comfort of tenants and users, as well as further advancing disaster prevention and business continuity management (BCM) measures. These efforts in property management aim to create a positive impact from both environmental and social perspectives, contributing to the development of a sustainable society.

In addition to DBPR's initiatives, DBJ Asset Management promotes company-wide ESG integration. In the infrastructure sector, DBJ Asset Management actively holds dialogues with and inspires investment candidates and related stakeholders to strengthen engagement. As a result of these initiatives, DBJ Asset Management has achieved the highest five-star rating in several modules of the 2023 annual evaluation by the UN Principles for Responsible Investment (UN PRI). Additionally, in the 2023 GRESB Real Estate Assessment, DBPR and two of its private investment funds received the highest five-star rating. Green Asset Investment TMK was also named the sector leader in the office category for the Asia region. Looking ahead, DBJ Asset Management will continue to build high-quality portfolios with long-term, stable competitiveness, striving for the development of a sustainable society.



DBJ Private REIT Inc. <https://dbj-pr.jp/>

## Expansion of investments in venture capital and secondary funds



### DBJ Securities Co., Ltd.

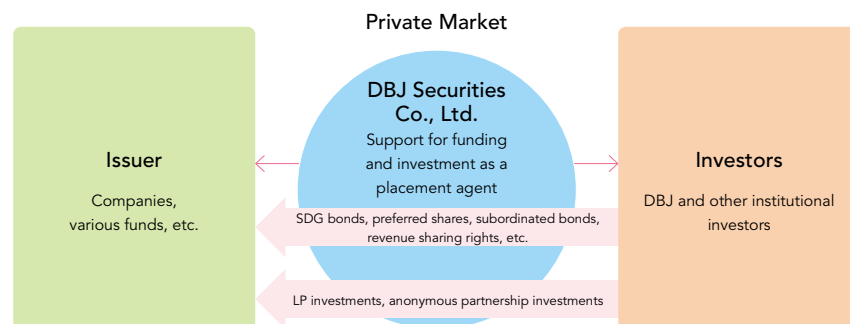
DBJ Securities Co., Ltd., is a securities firm and a wholly owned subsidiary of DBJ. Focused primarily on alternative products in private markets, DBJ Securities acts as a placement agent (handling private placements) to support funding and provide investment opportunities. The company flexibly addresses the diverse needs of both issuers and investors.



Website <https://www.dbj-sec.jp/en/>

DBJ Securities supports the funding needs of issuers through the formation of funds and issuance of private bonds, while also providing appropriate investment opportunities to investors seeking to manage assets in private markets. By creating a smooth flow of risk capital to meet demand, DBJ Securities contributes to balancing the creation of both economic and social value.

With growing awareness of ESG issues around the world lately, there has been an increase in the issuance of transition funds, green bonds, and social bonds, where proceeds are used for specific purposes. Additionally, the trend of impact investing is strengthening, where funding and investment itself serve as messages from issuers and investors. DBJ Securities aims to gain insights from investments in ESG fields overseas, and to meet these new demands flexibly and sincerely. By doing so, DBJ Securities strives to fully support both funding and asset management.



### DBJ Group Aims to Solve Business Succession Problems for Small- and Medium-Sized Enterprises

Advisory

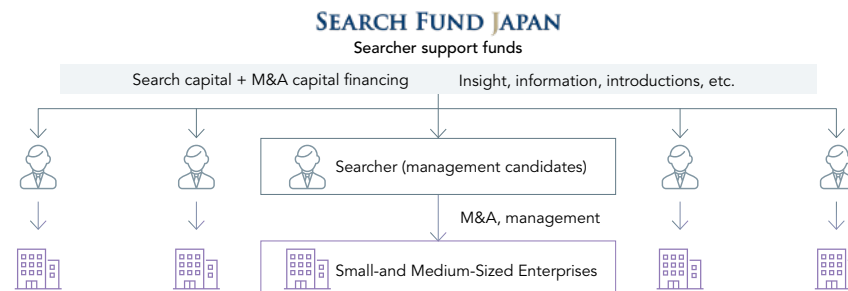
Aiming to contribute to a sustainable society, DBJ Securities, in collaboration with DBJ, DBJ Asset Management, and DBJ Capital, has taken on the role of inviting investors to participate in various projects that have been relatively unfamiliar in Japan, such as infrastructure funds, renewable energy funds, buyout funds, and venture capital funds, including those with novel themes that are the first of their kind in Japan.

The DBJ Group uses a search fund framework that involves individuals who are interested in becoming managers to lead M&As and the business succession of companies while receiving support from investors, ultimately taking on management roles themselves. To support the growth of managers and small- and medium-sized enterprises, the DBJ Group, together with Nihon M&A Center Inc., Career Incubation Inc., and other companies, established the investment company Search Fund Japan, Inc. For the formation of a second fund called Search Fund Japan No. 2 Investment Limited Partnership, DBJ Securities acted as the private placement agent, gathering investments from various investors.

DBJ Securities emphasizes a multifaceted approach to promote the supply of capital from a wide range of investors. This approach not only includes explaining the development potential, future prospects, and reproducibility of investment funds, but also focuses on providing added value. For instance, the company diligently supports investment considerations that align with investment themes such as promoting a decarbonized society, and with an emphasis on synergy effects and knowledge acquisition related to business activities, addressing both pure investment and strategic investment aspects of the process.



Search Fund Japan, Inc. <https://www.searchfund.co.jp/>



## Provision of diverse investment and loan opportunities through cooperation with private financial institutions

### ▶ Working with Setouchi Area Financial Institutions to Create a Regional Tourism Industry

Investment

DBJ, along with regional financial institutions in the Setouchi area (The Awa Bank, Ltd., The Iyo Bank, Ltd., The Chugoku Bank, Ltd., The Hyakujushi Bank, Ltd., The Hiroshima Bank, Ltd., The Minato Bank, Ltd., The Momiji Bank, Ltd., and The Yamaguchi Bank, Ltd.), have invested in the Setouchi Tourism Sustainable Fund. As the first project of this fund, in November 2023, mezzanine financing was provided to Shodoshima Yasuda Project LLC.

The Setouchi Tourism Sustainable Fund aims to financially support tourism-related businesses in the Setouchi region. As the second fund following on the heels of the Setouchi Tourism Stimulation Fund, we are collaborating with Setouchi DMO, a regional Destination Marketing/Management Organization (DMO) to actively supply risk capital, such as mezzanine financing and equity, to create a sustainable tourism industry.



Setouchi DMO consists of the Inland Sea, Setouchi Tourism Authority, which formulates and implements marketing and promotion strategies, and Setouchi Brand Corporation, which supports product development. While maximizing the use of the extensive tourism resources of the Setouchi area, which has been selected by the Japan Tourism Agency as a regional model for high-value-added inbound tourism destinations, Setouchi DMO engages in information dissemination, promotions, effective marketing, and strategy formulation with various stakeholders to promote tourism development led by the local community.

This fund's initiatives should lead to an increase in lodging capacity, enhance tourism appeal, and create jobs in the Setouchi area. These initiatives are expected to boost the number of travelers to the region and generate ripple effects in the local economy, contributing to the region's autonomous development. Utilizing its Special Investment Operations, DBJ will continue to work with regional financial institutions to support the creation of a tourism industry that contributes to regional revitalization.



SETOUCHI  
BRAND  
CORPORATION

### ▶ Demonstration of Safety Net Functions and Provision of Diverse Investment and Loan Opportunities Through Collaboration with Regional Banks

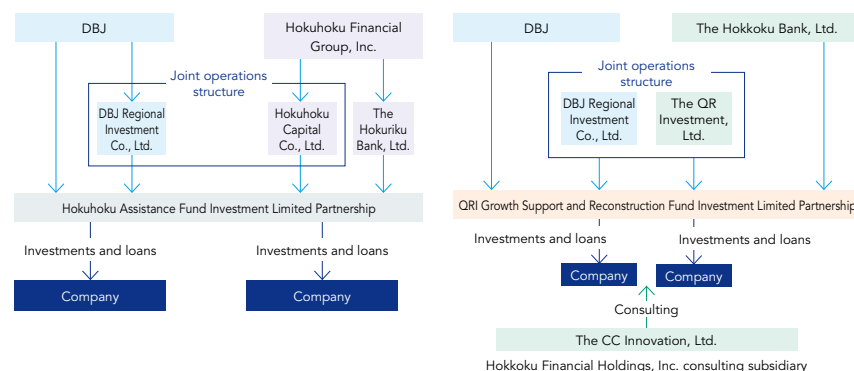
Investment

DBJ, in collaboration with The Hokuriku Bank, Ltd., and The Hokkoku Bank, Ltd., both of which have extensive customer bases in areas affected by the 2024 Noto Peninsula Earthquake, provided financial and capital support to companies impacted and damaged by the earthquake. We put into place a system for quickly supplying risk capital (within one month of the earthquake) through senior loans and subordinated loans to companies affected by the disaster, by adding companies working to recover and reconstruct after being directly and indirectly damaged by the earthquake to the list of candidates for investments and loans of the jointly operated Hokuhoku Assistance Fund and QRI Growth Support Fund.



In addition to support through funds jointly operated with regional banks, DBJ applied the Regional Emergency Response Program, its own disaster response program, to provide prompt and agile recovery assistance to businesses impacted by the earthquake. This was achieved through emergency coordinated financing with regional financial institutions, fulfilling DBJ's role as a safety net.

DBJ aims to meet the diverse financial needs of regional companies by offering a variety of investment and loan opportunities through funds jointly operated with regional financial institutions. In collaboration with regional financial institutions, DBJ also backs up the functionality of safety nets for businesses affected by large-scale disasters.



## Special Investment Operations

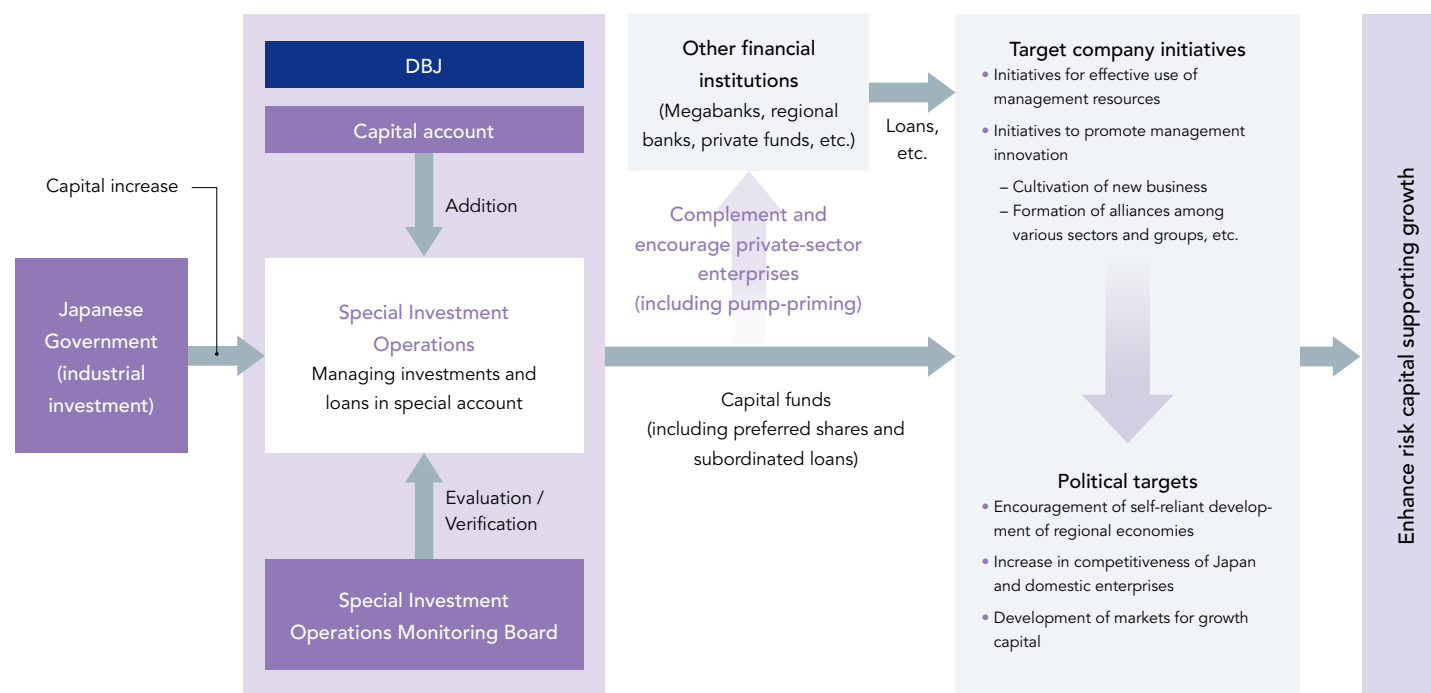
The DBJ Group will provide optimal financing solutions tailored to customer needs, from loans to mezzanine financing and investments, while reinforcing its ability to adequately evaluate various risks.

### ▶ DBJ's Initiatives to Supply Risk Capital

Special Investment Operations, established in June 2015 as an intensive but temporary scheme to supply growth capital to promote the competitiveness of Japanese enterprises along with regional revitalization, draws only a portion of the investment (industrial investment) from the Japanese government— enough to encourage the private sector to supply growth capital. DBJ supplies risk capital to businesses that aim to improve their productivity and profitability through business innovations (new business development, tie-ups with different sectors, etc.) and the

effective use of management resources to encourage companies in the private sector to supply growth capital on their own, sharpen the competitiveness of Japanese companies, and stimulate regional economies. Since launching the aforementioned operations in June 2015, DBJ has made ¥1,182.0 billion (as of March 31, 2024) in investments and loans (215 projects in total), the first ¥1,124.6 billion of which has spurred ¥6,970.1 billion in private-sector investments and loans (roughly 6.2 times this amount).

### Structure of Special Investment Operations Scheme



The Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding expects DBJ and other institutions to stimulate new money flows directed by the private sector by nurturing new sources of financing, markets, and investors, with DBJ acting as a primer for private-sector funds.

Based on the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 29 of 2020), which was approved and enacted in May 2020, the investment decision term and government financing term for Special Investment Operations was extended to March 31, 2026, and the deadline for ending operations was extended to March 31, 2031.

## ► Overview of Special Investment Operations

The following three priority areas have been established to clarify the priority targets for support.

### ○ DBJ Startups and Innovation Fund

In November 2022, the DBJ Innovation and Life Sciences Fund, which was created in March 2021, was renamed the DBJ Startups and Innovation Fund to help create and develop startups and promote open innovation. This change intends to clarify the fund's mission to accelerate the creation and development of startups in light of the Cabinet's approval of Comprehensive Economic Measures for Overcoming Price Increases and Revitalizing the Economy on October 28, 2022.

### ○ Green Investment Fund

This fund was created in February 2021 to support businesses that aim to improve the sustainability of natural resources and the environment, such as renewable energy businesses, in consideration of the Cabinet's approval of Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope on December 8, 2020.

### ○ Supply Chain and Infrastructure Fund

In February 2024, the Supply Chain and Infrastructure Fund was established to support efforts to strengthen supply chains and national resilience, in line with the Cabinet's approval of Comprehensive Economic Measures to Break Completely Away from Deflation on November 2, 2023.

#### Special Investment Operations

Supports company initiatives to create new businesses and form cross-sector alliances to both revitalize regions and enhance the competitiveness of Japanese companies

##### DBJ Startups and Innovation Fund

Initial funding framework  
(2019-)

**¥100 billion + alpha**

This fund supports initiatives to promote innovation in Japanese industry and create and develop startups.

##### Green Investment Fund

Expected investment amount  
(through fiscal 2025)

**¥150 billion + alpha**

This fund invests in renewable energy projects toward the realization of carbon neutrality by 2050.

##### Supply Chain and Infrastructure Fund

Expected investment amount  
(through fiscal 2025)

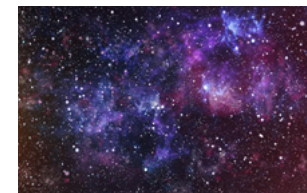
**¥150 billion + alpha**

This fund supports initiatives to strengthen supply capacity for key goods, and reinforce and enhance infrastructure.

## ► Contributing to Augmentation of Japan's Aerospace Ecosystem with Investments in Space-Focused Funds

Investment

The global space industry is gaining importance alongside advances in national security and an information society, with private companies driving growth against a backdrop of technological progress and support from government policy. The space market is projected to expand to ¥100-¥160 trillion by the 2040s. Japan's Basic Plan on Space Policy, which was revised in 2023, sets a goal to double the domestic space market by the early 2030s compared with 2020. To achieve this goal, the Japanese government has been updating public funding systems, such as expanding grants for startups and launching the Space Strategy Fund, while emphasizing the need to increase private-sector funding in order to sustain growth in the domestic space industry.



In 2017, DBJ established the Aerospace Office and began supporting early-stage domestic space startups. To accelerate the discovery and support of next-generation space startups and projects, DBJ has explored investing in space-focused funds. The Space Frontiers Second Investment Limited Partnership is a space-focused fund established by SPARX Group Co., Ltd., which engages in investment advisory and asset management while discovering, nurturing, and investing in promising startups around the world, not just in Japan.

This fund primarily invests in startups and projects in space-related fields, aiming to facilitate the adoption of superior technologies and business models in society, and to create synergies between space and non-space sectors, and between startups and large companies, in the promotion of open innovation. The fund was formed mainly by private-sector financial institutions and companies. By investing in this fund through Special Investment Operations, DBJ aims to enhance the competitiveness of companies in which the fund has invested through innovation in management that utilizes the fund's expertise and network. Through joint investments and collaborations with the fund, DBJ's aim is to contribute to the expansion of Japan's space industry ecosystem.

DBJ will continue to work closely with the fund and stakeholders to further invigorate Japan's space industry.



## Crisis Response Operations

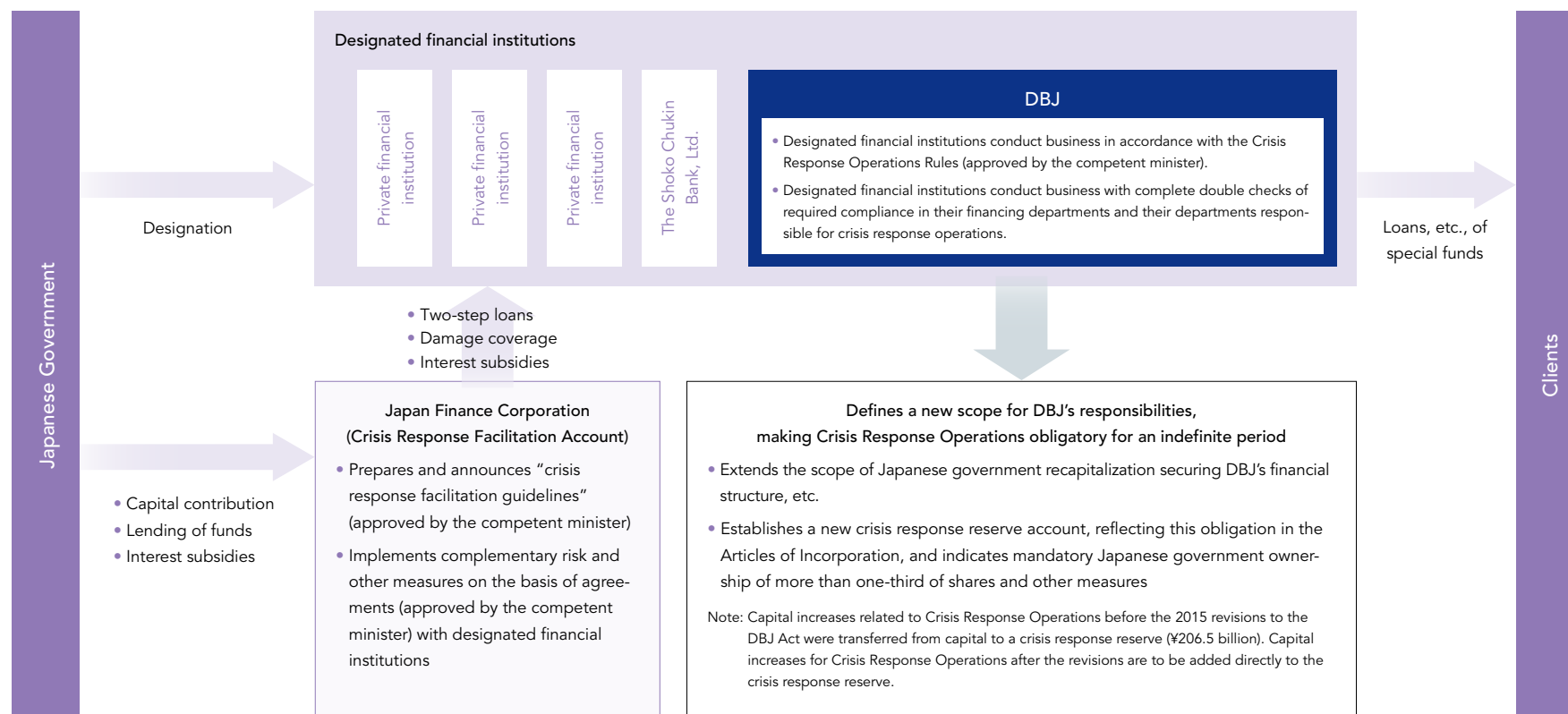
As a designated financial institution, DBJ swiftly and reliably supplies risk capital while collaborating and coordinating with private financial institutions.

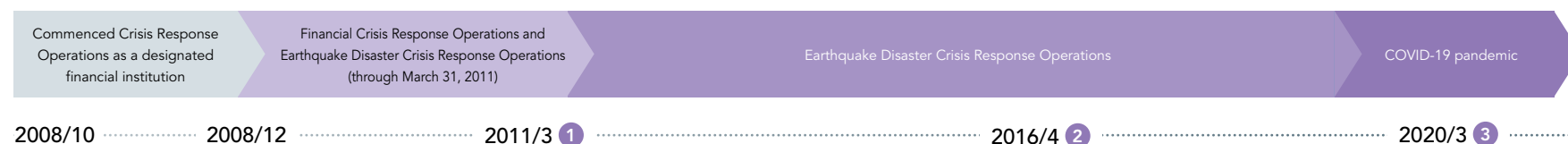
### ► Initiatives as a Designated Financial Institution

Based on the Finance Corporation Act (Act No. 57 of 2007, including later revisions), DBJ's Crisis Response Operations are obligated to provide necessary funds during crises such as disruptions in domestic or overseas financial markets or large-scale disasters. In response to crisis-related damage, Japan Finance Corporation provides two-step loans as a complementary risk measure, among other measures, to government-designated financial institutions that supply necessary funds to address such damage.

In March 2020, the COVID-19 pandemic was designated a crisis (☞ 45). As a designated financial institution, DBJ collaborated and coordinated with private-sector financial institutions to rapidly and effectively implement Crisis Response Operations.

### Crisis Response Operations Scheme





## ① Great East Japan Earthquake in 2011

In the fiscal 2011 supplementary budget passed in the wake of the Great East Japan Earthquake, ¥2.5 trillion was earmarked for Japan Finance Corporation for Crisis Response Operations targeting medium- and large-sized enterprises. DBJ proactively provided assistance for clients affected both directly and indirectly by the disaster.

Along with financial institutions in the disaster area, DBJ arranged the Great East Japan Earthquake Reconstruction Fund.

In December 2014, in response to the shift of the stage of earthquake reconstruction from the restoration of production facilities (the “restoration stage”) to efforts to open up a new enterprise-based market that resumed production, to promote collaboration among multiple enterprises to boost industry competitiveness, to build infrastructure, and to reinforce functions (the “reconstruction and growth stage”), we established a reconstruction and growth support fund in collaboration with the Regional Economy Vitalization Corporation of Japan.

In fiscal 2018, with demand for reconstruction seeming to settle, we established a new fund for medium- to long-term capital funds and other forms of money with shared risk, aimed at supporting the sustainable economic development of the affected areas.

Going forward, we will continue to work with regional financial institutions while promoting efforts to help stricken areas according to their particular stage of recovery.

## ② Kumamoto Earthquake in 2016

To help in the aftermath of the Kumamoto Earthquake, DBJ established the Kumamoto Earthquake Reconstruction Support Office at its Kyushu Branch with the aim of providing useful insights and financial expertise for reconstruction efforts.

In July 2016, DBJ formed the Kumamoto Reconstruction Support Fund in collaboration with The Higo Bank, Ltd., and The Kagoshima Bank, Ltd., both financial institutions in the area affected by the earthquake. This fund supplied risk capital to businesses affected by the earthquake in the form of senior loans (unsecured, unguaranteed loans with lump-sum repayment at maturity) and subordinated loans.

We also provided valuable information for restoration and reconstruction through our cross-organizational system, and carried out survey and planning operations in coordination with local governments, national institutions and economic groups, as well as regional financial institutions.



## ③ Initiatives Related to the COVID-19 Pandemic

The DBJ Group opened consulting service counters at the end of January 2020 and moved forward with its unique Regional Emergency Response Program from February 2020 onwards. As a designated financial institution, DBJ has concentrated on Crisis Response Operations since March 2020, after the Japanese government declared the COVID-19 pandemic a crisis.

Led by the Coronavirus Response Headquarters, which is chaired by President and CEO, DBJ has moved to rapidly and reliably implement Crisis Response Operations as a designated financial institution. Through enhancing collaboration with regional financial institutions and readying its unique capital supply systems, including the Regional Emergency Response Program, DBJ has continued to collaborate and coordinate with private financial institutions to meet the needs of businesses that have been adversely affected by the pandemic, while considering the efficacy of Crisis Response Operations in terms of securing jobs and maintaining credit.

The business environment has become even more difficult for companies operating restaurants and hotels, which have previously been major employers. At their request, the government stepped in to provide further assistance to these companies in March 2021. Under the direction of the Coronavirus Response Headquarters, DBJ set up the Crisis Response Operating Office and the Restaurants and Hotels Team therein in order to speed up the screening of companies operating restaurants and hotels.

Since March 29, 2021, DBJ has reduced the interest rate burdens of subordinated capital loans provided to large enterprises in the restaurants and hotels sector and to mid-tier companies as an intensive but temporary scheme. Other measures DBJ has taken include the creation of a preferred stock underwriting fund targeting mid-tier and large companies operating restaurants and hotels, which is the DBJ Restaurant and Hotel Support Fund Investment Limited Partnership.

### Crisis Response Operations (As of March 31, 2024)

Total funds raised by the government in Crisis Response Operations	Total loans for Crisis Response Operations		Total Crisis Response Operations related to the COVID-19 pandemic
	Loans	Commercial paper acquisitions	
¥206.529 billion	¥8,740.5 billion (1,684 projects)	¥361.0 billion (68 projects)	¥2,521.0 billion (524 projects)



## Cultivation of Talent to Challenge Financial Frontiers

Support the taking on of **challenges and collaboration**

Improve employees' sense of **self-fulfillment**



Human  
Capital

## Generalists who can be specialists in many fields

### Basic Policy

Acquiring and training skilled employees is key to our unique business model and the pursuit of the DBJ Group's four core corporate values (a long-term perspective, impartiality, public-mindedness, and reliability), so that we can execute the DBJ Group's value creation process and balance and enhance economic and social value.

To this end, we believe it is important to create a framework that motivates our experienced employees to work with enthusiasm. We are advancing various

measures to improve the value of our human capital, one of our foremost priorities.

Our employees are the wellspring of the value provided by the DBJ Group. We intend to improve our human resource and organizational capabilities with the aim of implementing our constantly changing business model, and our mission, Vision 2030, and values.

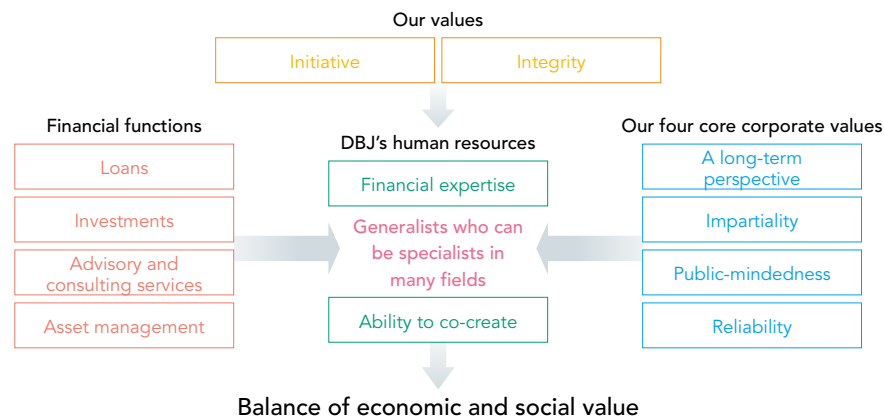
### Our Values

Our value creation would not be possible without the executives and employees who share our values of initiative and integrity and who display our four core corporate values handed down from DBJ's earliest days: a long-term perspective, impartiality, public-mindedness, and reliability.

Having provided long-term funding since the postwar reconstruction period, the DBJ Group has carried on the tradition of serving its customers, industry, and society from a long-term perspective. The DBJ Group is also unique in terms of impartiality by always working toward what is best for Japan's economy and society, without being affiliated with any specific corporate group. Our public-mindedness is what motivates our employees to engage in work for the creation of both economic and social value. The combination of these traits has earned us a reputation for reliability from customers and society.

With these four core corporate values as a starting point, the DBJ Group tackles with integrity the management issues faced by its customers and the issues faced by society as a whole, taking a long-term perspective and tirelessly pursuing measures to resolve these issues. This is our unique mission. It is what sets us apart from

other financial institutions, and it is why the DBJ Group exists. Accordingly, the DBJ Group's employees must always be willing to take on new issues and boldly redefine themselves with an eye to the future.



## Implementation of human resource systems that encourage employees and teams to take on new challenges

### Vision for Human Resource Development

The DBJ Group encourages autonomous and pioneering behavior among its employees as financial professionals in keeping with its vision for human resource development, which can be summarized as “cultivation of generalists who can be specialists in many fields.”

While it is important to acquire specialist knowledge, responding to society's constantly changing needs also requires broad experience, deep knowledge, and the ability to see the big picture.

The DBJ Group has created a variety of personnel systems and human resource training programs with the intention of nurturing employees not only with advanced specializations but also with broad perspectives and flexibility, who are able to grow of their own accord without fearing change and contribute to the discovery and resolution of issues faced by customers and society.

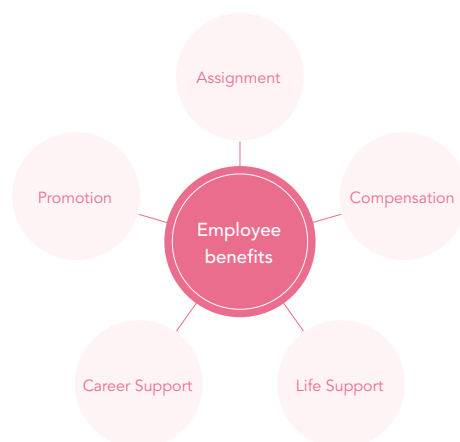
	OJT	Rank-Based Training	In-House Training (Required/Optional)		Dispatch Outside DBJ		Self-Study	
					Global	Domestic		
Managers	Strategic human resource development through job rotation and on-the-job training	Top management training	Compliance training/information security training	Financial skills-related training  • Proposal and screening capabilities • Financial modeling • Financial products • Sustainability, etc.	Study at foreign graduate schools / overseas trainee	Global leadership program for managers	Secondments to external institutions (national government agencies, group companies, etc.)	Foreign languages, finance, law, financial skills, etc.
Mid-level employees		Pre-management training				Global human resources training program for young employees	Short-term study on external programs	
Young employees		Career development program						
New employees		Career development program						

### Basic Policy on Human Resource Measures

DBJ has created and provides the DBJ HR Package as its compendium of human resource measures aimed at creating a work environment that allows employees to take on new challenges. This package encompasses the five categories of assignments, promotions, compensation, career support, and life support.

DBJ will continue to update its various human resource measures in alignment with its dual aims of “supporting growth and securing talent to cultivate individuals capable of adapting to social change and transforming business” (organizational perspective) and “enhancing work motivation and work-life balance for careers within the DBJ Group” (individual perspective).

#### Outline of DBJ's HR Package



Category	Types of Employee Benefits
Assignment	Help employees gain diverse hands-on work experience, broad perspectives, and specialist knowledge through strategic job rotations
Promotion	Expand scope of discretionary decision-making through promotions
Compensation	Offer fair compensation for active contributions above and beyond regular work duties through challenges and collaborations
Career Support	Provide practical on-the-job training and plenty of opportunities in training and external experiences
Life Support	Update systems that facilitate work and maintain motivation throughout careers

## Cultivation of human resources through practical on-the-job training (OJT) and ample training opportunities

### Human Resource Training and Improvement of Engagement

People are the source of the DBJ Group's competitiveness. Every employee must continue to grow in order for the DBJ Group to constantly take on new challenges and meet the changing needs of the times. Through practical OJT training and abundant opportunities for training and external experiences, our employees grow while acquiring various experiences and skills. The entire group is committed to training employees who are able to combine experiences and skills organically on solving issues.

#### Distinctive Initiatives

Making strategic personnel rotations	Employees are rotated strategically so that they steadily develop highly specialized skills by gaining practical and diverse experience and broad perspectives in multiple departments and outside institutions (national government agencies, group companies around the world, companies that have received investments, and startups).
Developing global human resources	Opportunities to study abroad at overseas universities and overseas trainee systems have been established. DBJ also operates its own leadership training program (entirely in English) for young employees and management-level employees in collaboration with top overseas universities.
Reinforcement of management capabilities	DBJ offers training and puts in place human resource programs that support employees in the acquisition and development of management and leadership skills at each stage of their careers, cultivating these essential skills in management candidates from the start.
Supporting the growth of new employees	DBJ provides full support for the growth of new employees, offering a range of training programs throughout the year, including its own three-month accounting and financial analysis courses. DBJ has put in place a system that assigns employees in their first and second years to experienced veteran employees, who guide them in their OJT training, and the entire team, led by these veteran employees, supports the training of younger employees.
Interviewing employees	All willing employees are interviewed by staff in the Human Resources Management Department about their future career paths.
Improving engagement	Every fiscal year, DBJ conducts engagement surveys of personnel, evaluates the results of these surveys, and creates action plans that enable each department to increase employee motivation through improvement activities.

### Global Human Resource Training Program

Designed to foster a management mindset and leadership among DBJ's young management-track employees and managers, this customizable training program is based on group projects and facilitated by a team of instructors from an international business school, with one week of the program taking place on-site at the school.

#### Purpose of Program

- Train global management personnel to solve diverse management issues faced by customers around the world
- Encourage trainees to consider their own careers and the vision for the DBJ Group by understanding DBJ's work and organization from a top-down perspective. Also, encourage young employees to take advantage of opportunities to present their ideas for DBJ Group management measures aimed at creating new value in society (for young employees)
- Learn the ways of leadership, mindsets, and strategic thinking necessary for creating change in organizations and businesses amid rapid changes in the external environment (for managers)
- Opportunities to take English classes for newcomers and assistance for learning English are offered to encourage uptake of these programs.

	IMD-Orchestrating Winning Performance (OWP)	Oxford-Global Strategic Alignment Leadership Programme (GSALP)	Columbia-Senior Leadership Programme
No. of applicants	Up to 30 people	Up to 30 people	Up to 25 people
Dates	End of May to end of August (Lausanne for one week in late June)	August to end of January (Oxford for one week in mid-October)	Mid-January to end of January (New York for one week in mid-January)
Partner	International Institute for Management Development (IMD), Lausanne, Switzerland	Saïd Business School, University of Oxford, Oxford, United Kingdom	Columbia Business School New York, United States
Instructors	Professor Salvatore Cantale and others	Professor Jonathan Trevor and others	Professor Murray Low and others





## Creation of an environment that respects diversity and facilitates the independence and proactive behavior of employees

### Diversity, Equity, and Inclusion, and Productivity Enhancement

In order to create workplaces where employees feel motivated by their work, DBJ takes steps to foster mutual understanding and improve the productivity of each employee.

- DBJ is improving productivity and resilience with systems that allow for flexible workstyles, such as working from home, and flexible hours with core work times.
- DBJ holds seminars with specialists as guest speakers on topics that include finding daycare, childcare, and nursing care, with the aim of improving its employment and vacation systems, such as maternity leave, shortened work hours, time off for childcare, and other programs for raising children and caring for elderly family members. DBJ has created a pregnancy support system that entails assistance for balancing infertility treatments with careers.
- DBJ encourages employees to build relationships based on mutual trust and cooperation through various seminars, including on building an understanding of people with disabilities, and through the creation and distribution of a guide about balancing work with childcare and nursing care.
- DBJ continues to hold training and networking events on career development aimed at empowering women in the workplace.
- In addition to periodic health checkups, DBJ supports the physical and mental health of all its executives and employees by providing them with personal resilience training and maintaining a counseling system staffed by external specialists.

Outline of Our Human Capital	
Number of employees (consolidated)	1,850
Number of employees (non-consolidated)	1,261
Number of new hires (parent) (New graduate hires in April 2024)	80
Ratio of women in management positions	12.8% (Reference: 15% target by March 31, 2026)
Ratio of employees taking childcare leave and childcare-related time off by women/men (Employees who took childcare leave* in fiscal 2023 / employees who gave birth in fiscal 2023 * Figures in parentheses include special time off for childcare)	Women 87.9% Men 60.6% (90.9% when including special time off for childcare)
Rehiring system registrants	28
Employees who use reduced working hours for childcare and nursing care	53
Seminars for finding childcare facilities (cumulative total)	251
Global human resource training program participants (cumulative total)	187

(Timeframe: Unless otherwise indicated, figures are as of March 31, 2024. Scope: Parent basis unless otherwise indicated)



## Materiality 6

## Strengthening of the Business Foundation for Supplying Risk Capital

Enhance **risk responsiveness**

Reform **ways of working**

Preparation of **systems** in response to strengthening of **investment** operations and increased sophistication of **investment management** with consideration to risks and returns



We aim for sustainable growth by maintaining and strengthening a solid financial foundation that supports distinctive business activities, such as integrated investments and loans, while also building a well-balanced risk-return portfolio.

### Basic Concept

Financial capital is one element of our essential business foundation in the implementation of our business strategies. A robust financial foundation of funds and capital is necessary to execute our GRIT Strategy, supply risk capital, and engage in Crisis Response Operations. We aim to maintain and strengthen our financial capital by managing it within the context of a risk appetite framework based on a sophisticated analysis of risks and returns, with due consideration paid to regulatory capital (management focused on shareholders' equity ratios) and economic capital (management of capital using stress tests).

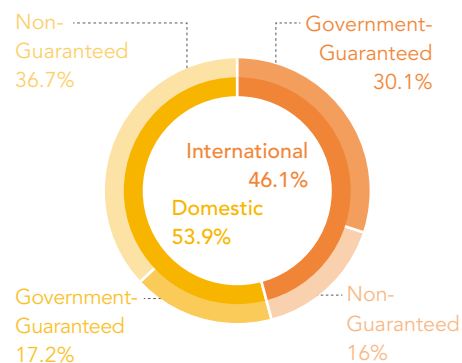
In terms of funding, DBJ is strengthening its base of investors and diversifying funding sources, including the issuance of foreign currency-denominated bonds.

### DBJ Sustainability Bonds

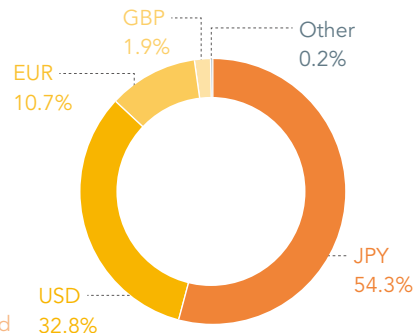
In fiscal 2014, DBJ became the first bond issuer in Japan to issue a green bond. Furthermore, DBJ has issued a DBJ Sustainability Bond each year since fiscal 2015. Since fiscal 2021, DBJ has issued domestic bonds in addition to international bonds. As of fiscal 2023, DBJ is the only Japanese issuer to have issued sustainability bonds for 10 consecutive years.

Toward the creation of a sustainable society, the net proceeds are allocated to finance or refinance projects or businesses that meet the following Eligibility Criteria: the Green Eligible Categories; such as real estate properties eligible for DBJ Green Building Certification, the Environmentally Rated Loan Program, and renewable energy projects, and the Social Eligible Categories; such as the BCM Rated Loan Program, and the Regional Emergency Response Program. Additionally, our policy on the management and allocation of funds is evaluated by third parties to increase transparency.

Outstanding Bonds by Type

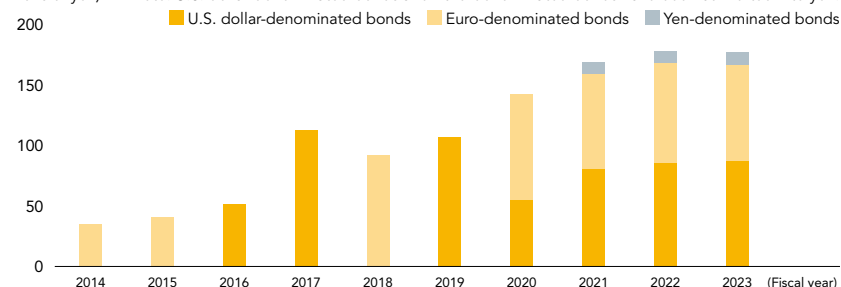


Outstanding Bonds by Currency



### Sustainability Bond Issuance

(Billions of yen) Note: U.S. dollar-denominated bonds and Euro-denominated bonds have been converted into yen.

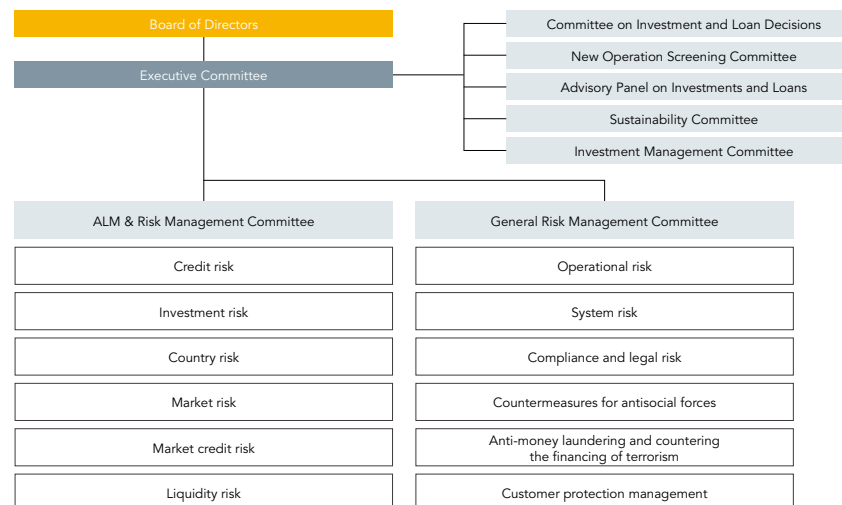


## Risk Management System

DBJ has a risk management system in place designed to handle a variety of specific risks, with the aim of maintaining the soundness and creditability of management as it pursues business based on management plans. Specifically, risks are identified, evaluated, monitored, and controlled in each risk category and in comprehensive risk areas, and are managed within the scope of our management capabilities from a comprehensive understanding of each risk.

The Board of Directors sets out basic policies for integrated risk management, receives reports about risk management conditions, and ensures the effectiveness of risk management functions. The Executive Committee creates related rules based on these basic policies and makes decisions on matters of importance that directly relate to management policies. In line with these basic policies and rules, the ALM & Risk Management Committee deliberates and makes decisions on matters essential to the risk management system for financial risk, such as credit risk, while the General Risk Management Committee deliberates and makes decisions on non-financial risk, such as administrative risk. Both committees meet regularly and, whenever necessary, conduct risk monitoring.

### Overview of Risk Management System



## Integrated Risk Management

We measure the amount of each type of risk using uniform and logical methodologies to the greatest extent possible, while considering the uniqueness of each risk category. As the sum total of this risk, integrated risk is managed within the context of our risk guidelines. These risk guidelines are determined by the Executive Committee and reflect risk conditions in the existing portfolio and latest business plans within the framework for capital allocation based on the amount of our own capital.

### ► Credit Risk

Credit risk refers to the risk of sustaining losses as a result of a decline in or loss of the value of assets due to deterioration in the financial condition of the borrower. DBJ provides corporate loans and non-recourse loans, making credit risk a significant risk category, and DBJ conducts credit management of individual projects as well as Bank-wide portfolio management accordingly.

### ○ Credit Management of Individual Projects

When making an investment or loan, DBJ examines the entity's project viability and the project's profitability from a fair and impartial standpoint, operating the borrower rating system. Based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions (Act No. 132 of 1998), DBJ carries out independent asset assessments in an effort to properly grasp credit risk in a timely fashion. The results of self-assessments are subject to an audit by an auditing corporation, reported to management, and are used in the monitoring of debtors. The sales and

credit analysis departments hold separate roles in the screening and administering of credit for individual projects, and each department keeps the operations of the other in check. The Committee on Investment and Loan Decisions meets as needed to deliberate important issues concerning the management and operation of individual projects. These mutual checking functions serve to ensure the appropriateness of the finance operation and management system.

### ○ Borrower Rating System

DBJ's borrower rating system measures creditworthiness by combining an evaluation point rating and a borrower category rating, with the results quantifying a potential client's credit circumstances.

The evaluation point rating selects indicator and evaluation categories that are common across all industries, scoring the creditworthiness of the potential borrower

quantitatively and qualitatively. On the other hand, the borrower category rating measures repayment capacity of borrowers who meet specific criteria, looking at the borrower's realistic financial condition, cash flows, and debt repayment history, generating a comprehensive assessment.

### Borrower Rating Classifications

Borrower category	Borrower rating	Definition	Claims classified under the Financial Revitalization Act
Normal borrowers	1–8	These are borrowers with favorable business conditions who have been confirmed to have no particular problematic financial circumstances.	Normal claims
Borrowers requiring caution	9–11	Borrowers in this category are experiencing weak or unstable business conditions, or are having issues with their finances. These borrowers need to be managed with caution.	
Substandard borrowers	12	Either some or all of the debt of these borrowers requiring caution is under management.	Substandard claims
Borrowers in danger of bankruptcy	13	Borrowers in this category are having financial difficulties but are not bankrupt. Management improvement plans and the like are progressing poorly, and these borrowers are highly likely to fall into bankruptcy.	Doubtful claims
Effectively bankrupt borrowers	14	Although not legally or formally in bankruptcy, these borrowers are experiencing severe financial difficulties and are realistically falling into bankruptcy as their lack of potential for restructuring has been confirmed.	Claims in bankruptcy, reorganization claims, bankrupt and similar claims
Bankrupt and similar claims borrowers	15	These borrowers are in bankruptcy, legally and formally. Specifically, these borrowers are in bankruptcy or liquidation, under corporate reorganization, bankruptcy proceedings or civil rehabilitation, or have had transactions suspended by a bill clearinghouse.	

### ○ Asset Self-Assessment System

Asset self-assessments are used to define asset classifications according to the degree of recoverability risk or risk of value loss based on the borrower rating, the corresponding borrower category, and the collateral or guarantee status. Such assessments help DBJ establish timely and appropriate amortization schedules and reserve levels.

### ○ Portfolio Management

DBJ performs a statistical analysis of data based on borrower ratings and calculates the loan portfolio's overall exposure to credit risk. Credit risk exposure is classified as unexpected loss (UL), the maximum loss that could be incurred at a certain rate of probability, minus the expected loss (EL), the average loss expected during a specific loan period.

Large borrowers are identified based on standardized balances defined by the borrower's rating and monitored as required in accordance with credit management policies.

## ▶ Investment Risk

Investment risk refers to the risk of sustaining losses as a result of a decline in or loss of the economic value of assets due to worsening financial conditions for entities receiving funds and to changing market environments.

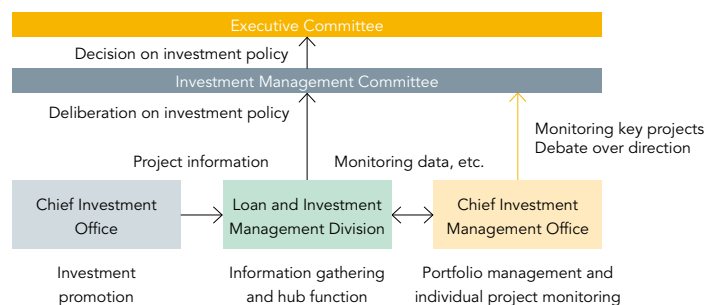
DBJ invests in corporations as well as infrastructure and real estate assets with the aim of earning both income gains and capital gains. As a source of profits, investment risk represents one of DBJ's most significant risk categories, as with credit risk. DBJ makes investment decisions and manages individual investments as well as its Bank-wide portfolio accordingly.

Type	Major risks	Returns
Corporate mezzanine financing	Credit risk, etc.	Dividends, etc.
Corporate investment (including listed shares)	Business risk Market risk	Capital gains
Real estate and infrastructure, etc.	Risk of change in asset value Operating risk at operating entities	Income gains

## ○ Investment Policy

The Executive Committee determines our investment policy following deliberations each fiscal year by the Investment Management Committee, based on our corporate philosophy of striking a balance between economic and social value. This policy takes into consideration the balance in risks and returns in the overall portfolio, while also reflecting the external business environment, including changes in market conditions and industrial structure, and a performance analysis of the existing portfolio.

### Overview of Investment Management System



## ○ Credit Management of Individual Projects

Investment decisions for individual projects are made after exit strategies are determined in case a downside scenario materializes, and targets are set for

returns based on the type of investment, which is also examined following credit risk management.

In project management, DBJ periodically monitors every project and has established the Chief Investment Management Office to enhance monitoring of key projects and improve the management of investment risks in the overall portfolio.

## ○ Portfolio Management

The bulk of assets in our investment portfolio consists of unlisted shares and mezzanine financing. We quantify our risk exposure to these assets with a focus on risk characteristics in each asset category and differences in methods for recouping investments.

Specifically, DBJ assesses credit risk for asset types where investments are likely to be recovered mainly through business cash flow. We also take into account market risk for asset types where investments are likely to be recovered when the asset is sold to a third party or the market. In these ways, DBJ quantifies risks by applying methods to estimate credit risk and market risk.

## ▶ Market Risk

DBJ classifies market risk as risk pertaining to investment and loan activities. The main risks it manages are interest rate risk and foreign exchange risk. DBJ does not have any trading-related risk (specified transactions).

## ○ Interest Rate Risk

Interest rate risk is the risk of reduced profits or the risk of losses, created by interest rate fluctuations under mismatches on rates of interest on assets and liabilities or on interest periods.

Based on monitoring through multifaceted indices, such as value at risk (VaR) and interest rate sensitivity analyses (duration and basis point value), as well as asset liability management (ALM) policies established by the ALM & Risk Management Committee, DBJ conducts comprehensive management of current assets and liabilities to optimize net interest expenses and economic value by adequately controlling interest rate risk.

## ○ Foreign Exchange Risk

Foreign exchange risk is the risk of loss due to volatility in exchange rates, and this risk affects entities holding a net excess of assets or liabilities denominated in foreign currencies. Foreign exchange risk derives from financing in foreign currencies and issuing foreign currency bonds. However, DBJ uses foreign exchange swaps and other instruments to limit this risk.



### ▶ Market Credit Risk

DBJ aims to reduce counterparty risk in derivatives transactions. Financial institution transactions are managed within the limits of the creditworthiness of the counterparty, reducing counterparty risk through margin transfers by means of a centralized exchange and mutual credit support annex. Transactions with operating companies and other customers are managed within the framework of integrated risk management for fluctuation risks and measurements of credit valuation adjustment (CVA) are based on accounting standards.

### ▶ Liquidity Risk

Liquidity risk is the risk of a mismatch occurring in the periods when funds are used and raised or of an unexpected outflow of funds, creating situations making securing funds difficult and situations in which interest rates on borrowed funds are substantially higher than usual rates (cash liquidity risk). At other times, because of disruption in markets, entities in these circumstances may become unable to conduct transactions in markets, compelling them to conduct transactions under substantially less favorable terms than would otherwise be the case. The risk of losses for these reasons is known as market liquidity risk.

As its main methods of funding, rather than carrying out short-term funding by issuing commercial paper, DBJ relies on the stable long-term funding from the Japanese government's Fiscal Investment and Loan Program and government-guaranteed bonds while issuing bonds and taking out long-term loans.

To prepare for unforeseen cash flow crunches caused by shocks to financial markets, DBJ manages funds to ensure sufficient cash on hand to cover planned capital outflows under envisioned stress conditions. DBJ has created different categories for fund operation modes based on the degree of constriction in cash flows, and it has formulated countermeasures based on contingency plans in the event they become necessary depending on the mode classification.

### ▶ Operational Risk

DBJ defines operational risk as the risk of loss arising from internal processes, people, or systems that are inappropriate or nonfunctioning, or from external events. DBJ works to establish a risk management system to minimize risk and prevent potential risk from materializing. The General Risk Management Committee has been established to deliberate topics concerning operational risk management.

Within operational risk management, DBJ conducts administrative risk management and system risk management as described below.

### ○ Administrative Risk Management

Administrative risk refers to the risk of sustaining losses resulting from employees neglecting to perform their duties correctly or from accidents, fraud, and so on. To reduce or prevent administrative risk, DBJ prepares manuals, performs checks on administrative procedures, provides education and training, and uses systems to reduce the burden of administrative duties.

### ○ System Risk Management

System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer use. The System Risk Management Division is responsible for managing DBJ's system risk centrally, based on its system risk management regulations. By determining security standards from a variety of viewpoints—from information system planning and development to operation and use—the division extends the risk management system bank-wide and addresses appropriate system risk management operations.

Over the past few years, cyberattacks have rapidly become more advanced and cunning, and the DBJ Group is aware of the increasing risk of being damaged by a cyberattack. Given these circumstances, the DBJ Group has set up the Cyber Security Office which is dedicated to cybersecurity under the Information Resources Department, and the DBJ Computer Security Incident Response Team (DBJ-CSIRT) as a team dedicated to responding to cybersecurity incidents across related divisions, centered on the Cyber Security Office and the Corporate Planning & Coordination Department. DBJ-CSIRT is in charge of responding to cybersecurity incidents within the DBJ Group as well as maintaining and updating the necessary response systems.

## Stress Tests

In addition to managing integrated risks based on risk exposure, DBJ performs stress tests on its own capital adequacy in order to ensure uninterrupted financial functions, including Crisis Response Operations, while maintaining the soundness of management under stressful conditions. These stress tests are also used in evaluating the degree of impact on our own capital from the creation of and changes to medium-term management plans and business plans, as well as in examining possible responses to various management issues.

In these stress tests, DBJ sets scenarios assuming challenging conditions such as

a major economic recession or strong market stressors, comprehensively taking into account external conditions such as the latest forecasts for economic conditions and the international situation, as well as DBJ's financial position and other factors. We evaluate whether financial functions can be executed smoothly and adequate financial health maintained under stressful conditions, by factoring in various scenarios for how risk exposure and risk-weighted assets increase as a result of erosion of our own capital and of changes in our portfolio of loans and investments. We also verify the adequacy of our cash liquidity.

## Business Continuity Initiatives

DBJ has prepared a business continuity plan (BCP) to protect the interests of its stakeholders, including its clients, its shareholders, and its executives and 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), novel influenza and other pandemics, system failures, and power outages.

The BCP describes in an easy-to-understand format the role of the Disaster Response Committee, work priorities, and specific actions and procedures to be taken in the event of emergencies. When drawing up policies for business continuity and restoration, DBJ envisions specific incidents, such as an earthquake underneath the Tokyo metropolis or a novel virus outbreak, and methodically decides how to respond to anticipated damage in each emergency scenario.

### ▶ Measures to Ensure Business Continuity

We have prepared a variety of measures to ensure business continuity.

#### ○ Enhanced System Robustness

We have 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.

#### ○ Multilayered Communication Procedures

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

#### ○ Chain of Command and Delegation of Authority

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

#### ○ Clarification of Initial Response and Procedures for Continuing or Recovering Core Operations

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

### ▶ Initiatives to Maintain or Improve BCP Viability

DBJ conducts various types of training and exercises of executives and employees to maintain or improve the viability of its BCP. Furthermore, employing a plan-do-check-act cycle, we consider a revision of the BCP regularly and as necessary to reflect exercise results and recent information.

## Continuous review of operations, and advancement of operations through digitalization



### DBJ Digital Solutions Co., Ltd.

DBJ Digital Solutions Co., Ltd., is a one-stop systems integrator that engineers, builds, operates, and maintains systems based on strategic solution planning with ICT to alleviate its customers' concerns and support their future plans. As an ICT partner for its customers, DBJ Digital Solutions familiarizes itself with their businesses to provide optimal solutions and contribute to their sustainable development.



Website <https://www.dbj-digital.jp/>

DBJ Digital Solutions provides solutions with a focus on the following six fields.



### ▶ DBJ Digital Strategy Office

The DBJ Group recognizes the importance of adapting to digitalization in order to continue meeting customer needs. In 2020, the Digital Strategy Office was established to promote digital strategies across the DBJ Group in collaboration with DBJ Digital Solutions. The Digital Strategy Office took the lead in formulating the DBJ-DX Vision, which sets the support of customers' digital transformation (DX) as the ultimate goal. To achieve this, the DBJ Group is implementing advanced IT tools, introducing educational content to enhance the digital literacy of employees, and collaborating with startup companies. Additionally, we are advancing efforts to create markets for financial solutions that use digital technologies, such as for acquiring security tokens, which are digitized marketable securities based on blockchain technology.

### ▶ Reinforcing Security as a Foundation for Entire Group

In light of the increasing threat of cyber-attacks in recent years, DBJ has established the DBJ Computer Security Incident Response Team (DBJ-CSIRT) as a groupwide cybersecurity incident response team, and as part of its activities, carries out groupwide CSIRT activities.

In routine activities, the team conducts surveys on the status of information system updates, manages vulnerabilities, provides security training, and conducts targeted email attack drills. In emergency situations, the team provides support for responding to security incidents within the group.

In particular, the DBJ Group has improved vulnerability management, which was set up to begin in fiscal 2023, to swiftly address critical vulnerabilities by announcing high-priority vulnerabilities identified in daily updates to new vulnerability data that are applicable to the information assets of each company.

Additionally, through surveys of the status of information system updates, which is positioned as a risk assessment activity, the DBJ Group not only assesses the security status of each company but also provides feedback aimed at improving security further. To help group companies respond to new security demands, the DBJ Group is writing up common rule proposals and promoting cross-organizational examinations to improve efficiency.

Through these efforts, the DBJ Group is committed to maintaining and strengthening the cybersecurity incident response posture of the DBJ Group, thus striving for the stability of the IT strategy foundation of the entire DBJ Group.



## Strengthening of integrated group management



### Intellectual Capital

The DBJ Group has positioned surveys and research on industries and regions as core operations essential to differentiating its business model, and it endeavors to increase the sophistication of these operations with unified group efforts.

### ▶ Basic Concept

DBJ has established the Chief Research Office to support investment and loan activities while analyzing and disseminating information on global economic and industrial trends. This research covers macroeconomic trends, major industry trends, new technologies, and intellectual property.

Our proprietary Survey on Planned Capital Spending has examined trends in capital investments at domestic companies, overseas capital investments, R&D, M&As, and investments in human resources since 1956. Insights drawn from dialogues with senior managers based on the findings of this research are published in reports.

The Research Institute of Capital Formation (RICF) was established in 1964 with Dr. Osamu Shimomura as its first president. The institute serves as a venue for creating intellectual capital through cooperation and collaboration with external experts. Its research includes a focus on building a sustainable economy and society, from an academic and liberal standpoint.



### Value Management Institute, Inc.

### ▶ Overview and Specific Initiatives

Value Management Institute, Inc., is a comprehensive think tank that excels in analysis, prediction, and evaluation using proprietary simulation models that balance advanced technical knowledge and big data with a theoretical foundation in economics, the environment, urban development, transportation, and other fields. The company offers tailored solutions for a wide range of policy issues, helping to create value in various aspects of individual life, business, markets, corporate value, and social systems.

Assisting administrative bodies (central and local government entities) in policy-making, Value Management Institute offers research and consulting services in industrial and economic policy, national and urban policy, regional revitalization policy, housing policy, transportation policy, energy and environmental policy, and policy evaluation. The operations of the Japanese government cover a broad spectrum, from individual lives to nation-building, and Value Management Institute has spared no effort in providing full support for this wide range of areas.



### ▶ Supporting the Ministry of the Environment Formulate Policy

Knowledge

When helping the Ministry of the Environment draft policies, Value Management Institute employs quantitative and scientific analysis and forecasting techniques. Here, we introduce one notable project, Commissioned Work for Examining Decarbonization Measures and Policies in the Transportation Sector and Business Fields.

This commissioned work revolves around four major themes aimed at achieving carbon neutrality by 2050. First, we examine measures and policies in the transport sector and estimate their potential for reducing CO<sub>2</sub> emissions by 2050. Second, we investigate future trends in industries that emit high levels of CO<sub>2</sub>, with a focus on material production industries. Third, we conduct studies on just transitions to a decarbonized society in Japan's outlying regions, and participate as part of Japan's delegation in the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change. Fourth, we conduct quantitative analysis, prediction, and evaluation related to the integrated improvement of environmental, economic, and social factors. Based on these studies, we analyze the current status and future prospects of decarbonization in each sector, including transportation and high GHG-emitting businesses. We also examine climate change countermeasures aimed at 2030 and beyond.



Website <https://www.vmi.co.jp/eng/>

Researchers <https://www.vmi.co.jp/jpn/researcher/>



By leveraging the networks we have built through collaboration and cooperation with diverse stakeholders, we aim to harness the collective strengths of the group.

### ► Basic Concept

The DBJ Group has built diverse networks with customers, financial institutions, investors, and national and local government agencies for exchanging information and avoiding conflicts of interest. The DBJ Group utilizes its unique networks to identify issues affecting the economy and society and to conduct investment and loan operations.

As part of its own credit-raising efforts, DBJ began borrowing from regional financial institutions in fiscal 2007. Today, we are deepening and diversifying our relationships and networks beyond funding relationships by introducing investment products (such as syndicated loans), generating M&A opportunities, and establishing cooperative funds. These activities help promote new money flows. DBJ plans and operates seminars about public-private partnership/private finance initiatives for local governments and regional financial institutions, as well as platforms for industry-government-academia-finance collaboration with the national government. In the push toward decarbonization, we actively participate in regional councils, serving in unique roles, such as acting as the secretariat.

We organize special events, such as hosting the DBJ Startup Acceleration Award, aimed at developing growth businesses from fresh perspectives that can bring transformative change to society and the economy, advancing iHub (Innovation Hub) activities to support innovation using our impartial position and broad networks, and DBJ Connect, which offers a collaboration platform between startups and large and medium-sized enterprises.

We have a broad academic network both domestically and internationally, centered on the social sciences, which we leverage for research activities and human resource development. In addition to planning and operating seminars and conferences, the DBJ Financial Academy for both DBJ Group staff and external trainees serves as a part of our initiative to cultivate personnel capable of undertaking advanced financial operations.

### ► Collaboration with a University on a Nature Positive Society with Blue Carbon: Aiming to Restore the Seto Inland Sea

Knowledge

In 2024, DBJ signed a collaboration agreement with Kagawa University, a national university, aimed at achieving a carbon-neutral and nature-positive society through the restoration of the Seto Inland Sea using blue carbon.

At the Seto Inland Sea, the loss of seaweed beds and rocky shore bleaching have caused problems, impacting biodiversity, as shown in a decrease in the amount of fish caught. Seaweed beds play a crucial role in absorbing and fixing CO<sub>2</sub> as blue carbon, thus improving water quality and protecting young fish and contributing to a nature-positive environment. For over 10 years, in close collaboration with local fishing cooperatives, Kagawa University has been conducting research and field experiments on seaweed bed creation and blue carbon, prompted by local fishermen's concerns about declining fish catches due to rocky shore bleaching.

The DBJ Group views carbon neutrality and nature positivity as two sides of the same coin. The DBJ Group recognizes the importance of restoring the Seto Inland Sea through industry-academia collaboration on seaweed bed creation and blue carbon technologies, in order to achieve both carbon-neutral and nature-positive societies.

Under the collaboration agreement, the DBJ Group will quantitatively evaluate the impact of Kagawa University's seaweed bed creation technology on the various non-economic values of biodiversity and other natural capital. This initiative aims to supply risk capital and create new businesses with academia for the purpose of facilitating investment in natural capital among listed companies that are accelerating nature-positive initiatives in their TNFD disclosures.

In a unified effort, the DBJ Group will support collaborative projects with academia along with Japan Economic Research Institute, which has consulting functions, for developing human resources aware of carbon neutrality and nature positivity in regions based on market research and recurring courses as well as support and process organization for commercialization evaluation stages with Kagawa University.







## Social Capital

The DBJ Group contributes to the sustainable development of social capital.

### ► Basic Concept

The DBJ Group defines social capital as a resource shared across society that underpins the foundations of market economics. Increasing the value of social capital is a basic tenet for realizing a sustainable society. In addition to contributing to a sustainable society through loans and investments focused on infrastructure and industry, as well as legally mandated Special Investment Operations (42) and Crisis Response Operations (44), we advance unique initiatives such as the DBJ Sustainability Evaluation Certification Program and DBJ Green Building Certification (38), as well as DBJ Sustainability Bond issuance (50).

Social Capital	Details	Examples of Initiatives
(1) Natural environment	Forests, mountains, rivers, lakes, soil, air	Environmentally Rated Loan Program, DBJ Green Building Certification
(2) Social infrastructure	Energy, transportation, urban infrastructure, industrial value chains	Loans and investments for infrastructure and industry, BCM Rated Loan Program
(3) System capital	Stabilization of the financial system, development and invigoration of financial markets	Crisis Response Operations, supply of risk capital, sustainability bond issuance

### ► Journey Toward Achieving Nature-Positive Outcomes Together

Knowledge

In addition to addressing climate change, there is a movement toward nature positivity, which includes mitigating the impacts of excessive dependence on nature, and restoring ecosystems.

Interactions with nature in business activities vary by location and type of operation, so there is no one-size-fits-all solution. Additionally, there is a diverse range of techniques for analyzing, evaluating, and responding to nature-related risks.

The Finance Alliance for Nature Positive Solutions (FANPS) was launched in

February 2023 in order to grasp this global trend quickly and support initiatives focused on nature positivity and build momentum within Japan. With the awareness that there are limits to tackling these issues alone and the need to collaborate with various stakeholders, DBJ, Sumitomo Mitsui Financial Group, Inc., MS&AD Insurance Group Holdings, Inc., and The Norinchukin Bank and their respective research institutions—Japan Economic Research Institute Inc., The Japan Research Institute, Limited, MS&AD InterRisk Research & Consulting, Inc., and Norinchukin Research Institute Co., Ltd.—became members of FANPS.



Solution Catalogue  
Toward Nature Positive  
(ver.1.01)

FANPS aims to create frameworks for providing more assistance to corporations that have nature-positive initiatives. It examines financing methods for supporting and advancing transitions to business activities that contribute to nature positivity. It also conducts research centered on surveys and summaries of new technologies and services that help solve issues. In addition to a simple diagnosis tool that can associate corporate initiatives with TNFD recommendations, FANPS provides for free a catalog of effective solutions for restoring nature and reducing negative impacts and reliance on nature that can be applied to entire supply chains. FANPS focuses efforts on building momentum in Japan by explaining these outcomes in seminars and other venues.

It also conceives of business models that reduce negative impacts on natural capital, as well as financing methods that support the embedding of technologies that regenerate and restore natural capital.



FANPS Website <https://www.fanps.jp/>



The DBJ Group contributes to the realization of a sustainable society through ceaseless efforts to strengthen governance in order to continue fulfilling its unique role and responsibilities.

# Message from the Chairman

## Toward Unique Sustainability Management and Business Model Development

The DBJ Group practices sustainability management balancing economic and social value to build a sustainable society, and has a business model that integrates loans and investments in accordance with the Development Bank of Japan Inc. Act.

We supply risk capital to forward-looking initiatives through our Special Investment Operations program and collaborate and cooperate with private financial institutions to stimulate new flows of risk capital in Japan. DBJ's investments and loans in new fields help strengthen Japan's economic competitiveness. We also address local issues through risk capital supplied through joint funds created with regional financial institutions.

Furthermore, DBJ functions as an emergency supplier of capital for responses to natural disasters and other crises. Following the Great East Japan Earthquake, the Kumamoto Earthquake, and other events calling for rapid influxes of capital, DBJ has been there to provide relief. In recent years, DBJ has also addressed the impacts of the COVID-19 pandemic.

Centered on these operations, the DBJ Group will continue to originate investments and loans from customers' perspectives for realizing a sustainable society based on its GRIT Strategy, which is a way for deploying its "connect" functionality under the Fifth Medium-Term Management Plan.

### Enhancing the Effectiveness of Governance Suited to Our Unique Role

To continue playing this unique role, DBJ must have robust corporate governance, ensure transparency in management, and consider the opinions of outside experts. To realize this aim, we have created the Operations Audit Committee, the Compensation Committee, and the Personnel Evaluation Committee as advisory bodies to the Board of Directors. Listening to the views of our stakeholders is imperative to strengthening this framework.

It is essential that DBJ collaborate and cooperate with, rather than compete with, private financial institutions (city banks, regional banks, and second-tier regional banks). We hold regular events for this purpose, usually twice a year, involving discussions with representatives of such institutions. We have also created the Special Investment Operations Monitoring Board as an advisory body to the Board of Directors. The board meets twice a year to discuss and evaluate the status of DBJ's business performance, as well as its complementing and encouraging of private business and maintenance of non-competitive relationships. The opinions we obtain through

these discussions are reported to and debated by the Advisory Board, which is an advisory body to the Board of Directors.

In my view, a distinct aspect of corporate governance at the DBJ Group is its continuous reassessment of its unique value creation process, which is informed by dialogue with its diverse stakeholders.

While improving its institutional framework, the DBJ Group from a public standpoint must consider its accountability to society as a whole. That means according the same importance to all of society and citizens of Japan, beyond our existing stakeholders, as we do to shareholders and investors. We therefore believe it is important to always be aware of the ongoing expectation for us to provide thoughtful explanations and information disclosures to society and citizens. At the same time, we will listen to the diverse opinions of the mass media, national government, local governments, customers, and financial institutions, and reflect these opinions in the various frameworks of our corporate governance.

### A Value Creation Process That Balances Economic and Social Value

To realize a sustainable society while balancing economic and social value, the DBJ Group offers solutions to issues faced by society and by our customers. The DBJ Group has made an effort to advance sustainability management and maintain a balanced value creation process. As the social significance of balancing economic and social value increases, we have continued to create

innovative business models, centered on the supply of risk capital, and we will continue making every effort to engage in dialogue with our diverse stakeholders and ensure robust and effective corporate governance, based on the notion that nothing is more important than embodying best practices that will continue to earn us the trust of our customers and society.

August 2024

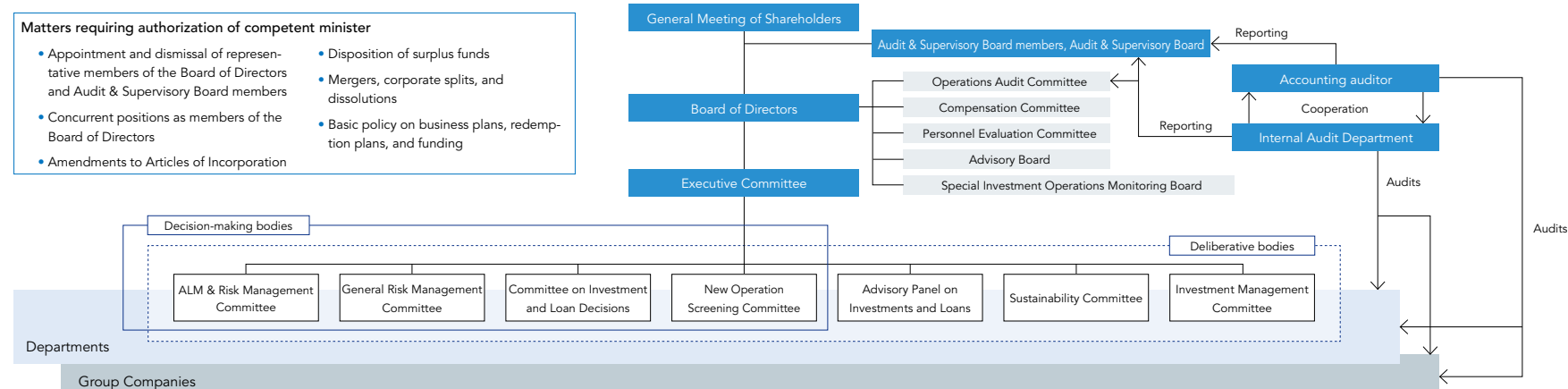


Mitsuru Ota  
Chairman

## Governance

The DBJ Group has special governance functions that support its unique business model.

### Corporate Governance System



### Basic Position on Corporate Governance

DBJ is governed by the Development Bank of Japan Inc. Act (the DBJ Act) in accordance with the following objective.

#### Article 1 of the DBJ Act

Development Bank of Japan Inc. (hereinafter referred to as the "Corporation") shall be a joint-stock company (*kabushiki-kaisha*) whose objective is to contribute to the smooth supply of funds to those needing long-term business funds, as well as to the sophistication of financial functions.

DBJ is working to enhance its unique governance system in addition to its usual management supervision as a Company with a Board of Directors and Company Auditors (Audit & Supervisory Board), in order to raise the value of tangible and intangible management resources to be invested and to realize sustainable management that aims for both economic and social value through a business model built upon features such as integrated investments and loans and proper execution of the preceding objective.

The 2015 revisions to the DBJ Act established Special Investment Operations and obligatory measures to be considered, requiring that DBJ conduct its operations in a manner that does not obstruct appropriate competitive relations with other entities, in particular, applying these requirements to the Advisory Board, made up of outside experts and outside members of the Board of Directors, and the Special Investment Operations Monitoring Board, composed of outside experts, which function as advisory bodies to the Board of Directors. These bodies provide advice on DBJ's overall management

and deliberate and evaluate business results, including consistency with the policy objectives of Special Investment Operations, ensuring that appropriate competitive relations are maintained with private financial institutions.

In accordance with the corporate philosophy of the DBJ Group, we take a unified approach to group business management, defining basic matters related to group business management in our affiliated company management rules to ensure appropriate operations and sound management, while effectively and efficiently engaging in business. At major subsidiaries, business management is based in principle on basic policies and rules prepared by DBJ, which offers any necessary guidance and advice for maintaining internal controls. DBJ receives notifications about important matters related to business operations through prior consultation or reports. The Board of Directors periodically and as necessary receives reports about conditions at major subsidiaries, such as their compliance with laws and regulations, risk management, and customer protections, as well as the outcomes

of internal audits of major subsidiaries conducted by DBJ's Internal Audit Department. Business management of subsidiaries and other entities is conducted in ways that do not infringe on laws and regulations. Any conflicts of interest that arise within the DBJ Group are properly addressed based on its rules for managing conflicts of interest so that the interests of customers are not unfairly harmed.

Board of Directors

The Board of Directors consists of 10 members, including two outside directors to ensure transparency in management.

The Board of Directors makes decisions on management strategies such as management plans, business plans and budgets, corporate philosophy, and basic policies that relate to sustainability, and investments and loans. The Board also provides oversight of the state of business execution, receiving reports on investments and loans executed and integrated risk conditions.

In fiscal 2023, the Board held meetings on 14 occasions to discuss and report on the following items.

Matters to be resolved	37 items	<ul style="list-style-type: none"><li>• Decisions regarding fiscal 2024 business plans and overall budgets</li><li>• Revisions to important internal rules, etc.</li></ul>
Matters to be reported	38 items	<ul style="list-style-type: none"><li>• Investments and loans executed</li><li>• Integrated risks</li><li>• Investment policies for fiscal 2024, etc.</li></ul>

Advisory Bodies to the Board of Directors

The following advisory bodies to the Board of Directors have been established to maintain transparency and objectivity in management.

Operations Audit Committee

The Board of Directors has established the Operations Audit Committee, delegating to this body the authority to deliberate and make decisions on important matters related to internal audits. This committee met twice during the fiscal year ended March 31, 2024.

Compensation Committee

DBJ's Compensation Committee is an advisory body to the Board of Directors. It deliberates on the compensation structure for members of the Board of Directors and evaluates the propriety of the compensation structure for the Company. The majority of its members are outside executives.

DBJ takes the following basic approach to executive compensation.

- Compensation should reflect social trends in regard to executive pay.
- Compensation should provide motivation for initiatives aimed at realizing economic and social value during each fiscal year and in the medium to long term.

DBJ's Corporate Governance System

Institutional design configuration	A Company with a Board of Directors and Company Auditors (Audit & Supervisory Board)
Number of members of the Board of Directors	10
Of whom, outside members	2
Number of Board of Directors' meetings in fiscal 2023	14

Number of Audit & Supervisory Board members	5
Of whom, outside members	3
Number of Audit & Supervisory Board meetings in fiscal 2023	15
Adoption of executive officer system	Yes
Accounting auditor	Deloitte Touche Tohmatsu LLC

In accordance with this approach, DBJ provides compensation to its executives in three forms: fixed compensation, executive bonuses, and executive retirement benefits.

(1) Fixed compensation is paid monthly in an amount based on the executive's position.

(2) Executive bonuses are distributed after taking into consideration the performance of each member of the Board of Directors in carrying out their duties during the fiscal year. Bonuses start with a standard amount based on the position of the member of the Board of Directors. Bonuses also include a quantitative assessment portion determined based on a preset distribution percentage that reflects the achievement of the consolidated net income target, as well as a qualitative assessment portion determined based on a preset distribution percentage that comprehensively considers each executive's achievement of performance targets in their business division. Consolidated net income is used as the performance indicator because it most accurately reflects DBJ's performance.

(3) Executive retirement benefits are paid out upon retirement in an amount reflecting successful service over the longer term.

Below is a description of the compensation structure for members of the Board of Directors.

Compensation for full-time members of the Board of Directors consists of fixed compensation, executive bonuses, and executive retirement benefits. To maintain their independence, part-time members of the Board of Directors receive fixed compensation only.

Compensation for full-time Audit & Supervisory Board members comprises fixed compensation and executive retirement benefits. Compensation for part-time Audit & Supervisory Board members consists solely of fixed compensation.

The amount of compensation paid to members of the Board of Directors is determined by the Board, within the maximum amount approved at the General Meeting of Shareholders following discussions by the Compensation Committee. Compensation amounts are based on the position and responsibilities of each member of the Board of Directors, with due consideration given to social trends, DBJ's financial performance, and other standards balanced against employee salaries. The General Meeting of Shareholders held on June 26, 2024, passed a resolution that sets ¥460.0 million as the maximum annual amount for total compensation paid to members of the Board of Directors. The Articles of Incorporation limit the number of directors to 13 or less. The Board of Directors has entrusted decisions about the compensation of each director to the representative directors (chairman, president, and deputy president) pursuant to a resolution passed by the Board of Directors on June 28, 2023, and the rules governing director compensation created on October 1, 2008, and



subsequently updated on June 29, 2010. These decisions are made based on the advice of the Compensation Committee, which was established as an advisory body to the Board of Directors in order to ensure transparency and impartiality, and guidance that decisions about the compensation of each director must be based on multiple criteria, such as consolidated net income. Executive retirement benefits are disbursed upon approval by resolution of the General Meeting of Shareholders. The General Meeting of Shareholders, held on June 26, 2024, passed a resolution that sets ¥130 million as the maximum annual amount for total compensation paid to Audit & Supervisory Board members. Within this range, total compensation is determined based on discussions by Audit & Supervisory Board members. The Articles of Incorporation set the number of Audit & Supervisory Board members to five or fewer.

The Compensation Committee was established in 2008 to ensure transparency and objectivity in the process for determining compensation. A majority of members of the Compensation Committee comprises outside executives, and this composition allows independent outside executives to be involved and give relevant advice.

Number of meetings held in fiscal 2023	2
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#### Compensation Committee Members (As of June 30, 2024)

Mitsuru Ota	Representative Director
Seiji Jige	Representative Director
Kosei Shindo	Outside Member of the Board of Directors
Naoko Saiki	Outside Member of the Board of Directors
Hitoshi Sato	Outside Audit & Supervisory Board Member

#### Fiscal 2023 Compensation\*1

Category	Number of people	Compensation, etc.*2 (Millions of yen)
Members of the Board of Directors (Excluding outside members of the Board of Directors)	10	237
Audit & Supervisory Board members (Excluding outside Audit & Supervisory Board members)	4	41
Outside executives	7	61
<b>Total</b>	<b>21</b>	<b>340</b>

\*1 The amount of executive retirement benefits includes provisions to reserves for executive retirement benefits.

\*2 Numbers of persons paid and compensation amounts include one member of the Board of Directors who retired and two members of the Board of Directors who resigned, in addition to three members of the Audit & Supervisory Board who resigned during fiscal 2023.

#### Personnel Evaluation Committee

The Personnel Evaluation Committee, composed of outside members of the Board of Directors and other outside experts, evaluates personnel proposals on the selection of members of the Board of Directors and Audit & Supervisory Board members.

Number of meetings held in fiscal 2023	1
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#### Personnel Evaluation Committee Members (As of June 30, 2024)

Reiko Akiike	Co-Chairperson, The Boston Consulting Group K.K.
Tetsuya Akino	President (Representative Director), The Joyo Bank, Ltd.
Hiroshi Ide	Representative Director and President; Chief Executive Officer, IHI Corporation
Takeshi Kunibe	Chairman of the Board, Sumitomo Mitsui Financial Group, Inc.
Naoko Saiki	Outside Member of the Board of Directors
Kosei Shindo	Outside Member of the Board of Directors
Kazuyuki Harada	Chairperson of the Board, Representative Director, Keikyu Corporation

#### Advisory Board

Since DBJ's establishment as a joint-stock company in October 2008, the Advisory Board has been in place as an advisory body to the Executive Committee, providing advice on overall management. Revisions to the DBJ Act in 2015 stipulate for an indefinite period obligatory measures to be

considered—in particular, requiring that DBJ conduct its operations in a manner that would not obstruct appropriate competitive relations with other entities. Accordingly, this board is positioned as an advisory body to the Board of Directors. As one of its roles, even more than before, the Advisory Board is tasked with deliberating and evaluating important matters related to ensuring that appropriate competitive relations are maintained with private financial institutions. The Advisory Board is composed of the following outside members of the Board of Directors and outside experts in fields including industry, infrastructure, regions, and finance.

The Advisory Board convened twice during fiscal 2023, discussing the outcome of measures set in motion under the Fifth Medium-Term Management Plan based on the business plan for fiscal 2023, as well as expectations for ongoing efforts to expand the scope of recipients of risk capital.

With these discussions, we will continue to proactively offer know-how about providing risk capital, in addition to cooperating further with private financial institutions. While leveraging the functions of the DBJ Group, we will tackle the issues faced by customers.

Through events to exchange opinions and proper monitoring, we are advancing initiatives while coordinating with private financial institutions and heeding appropriate competitive relationships.

#### Outside Experts (As of June 30, 2024)

Reiko Akiike	Co-Chairperson, The Boston Consulting Group K.K.
Tetsuya Akino	President (Representative Director), The Joyo Bank, Ltd.
Hiroshi Ide	Representative Director and President; Chief Executive Officer, IHI Corporation
Takeshi Kunibe	Chairman of the Board, Sumitomo Mitsui Financial Group, Inc.
Kazuyuki Harada	Chairperson of the Board, Representative Director, Keikyu Corporation

#### Outside Members of the Board of Directors (As of June 30, 2024)

Kosei Shindo	Senior Advisor of Nippon Steel Corporation
Naoko Saiki	Special Advisor to the Minister for Foreign Affairs

#### Special Investment Operations Monitoring Board

One of the measures of the 2015 revisions to the DBJ Act was in regard to Special Investment Operations. The act stipulates the establishment of a Special Investment Operations Monitoring Board as an advisory body to the Board of Directors. This monitoring board is tasked with deliberating and evaluating projects' performance in terms of appropriateness against policy objectives and with emboldening private sector enterprises and complementing their operations while maintaining appropriate competitive relations. This board's members include outside experts from private sector financial institutions and capital markets.

Moreover, in order to examine whether appropriate competitive relations with other entities are being maintained, roundtable discussions are held regularly with the Japanese Bankers Association, the Regional Banks Association of Japan, and the Second Association of Regional Banks, including these entities' private financial institution members.

This board convened twice during fiscal 2023. Regarding Special Investment Operations, smooth progress in operations included decisions for investments and loans totaling more than ¥1.0 trillion, which have had a steady impact on priming the private sector. The board also gave a positive assessment of DBJ's supply of risk capital during the COVID-19 pandemic and said it would like to see private financial institutions put more effort into supplying risk capital, citing case studies about collaboration with regional financial institutions, support for startup companies, and progress toward achieving carbon neutrality.

In light of these findings, through projects supported through joint funds with regional financial institutions, DBJ will continue to provide expertise about the supply of risk capital, train personnel with specialized knowledge, and cross-develop model projects across regions. DBJ will work to expand the supply of risk capital by cooperating with private financial institutions through risk sharing techniques and proper business viability assessments in industrial fields where DBJ has knowledge.

DBJ is engaging in Special Investment Operations for initiatives in projects to create and nurture startup companies, advance open innovation, and realize a green society. While paying attention to collaboration with private financial institutions, DBJ will reinforce the supply of risk capital.

### Outside Experts (As of June 30, 2024)

Tetsuya Akino	President (Representative Director), The Joyo Bank, Ltd.
Nobuhiro Endo	Executive Advisor, NEC Corporation
Takeshi Kunibe	Chairman of the Board, Sumitomo Mitsui Financial Group, Inc.
Keiko Tashiro	Deputy President, Member of the Board, Daiwa Securities Group Inc.
Matsuo Tsuji	Vice Chairperson & Senior Executive Director, The Japanese Bankers Association
Sadatoshi Tsumagari	Representative Director and President, Nihon Gas Co., Ltd.

## Executive Committee

The Board of Directors has vested in the Executive Committee decision-making authority regarding the execution of business. Accordingly, the Executive Committee makes important management decisions, and deliberates agenda items prior to meetings of the Board of Directors in order to facilitate the Board's decision-making. The committee met 25 times during the fiscal year ended March 31, 2024. Moreover, a number of subcommittees have been established as advisory bodies to the Executive Committee, or bodies delegated the authority to make decisions on certain matters.

### Committees under the Executive Committee

Name	Role
ALM & Risk Management Committee	This committee deliberates and makes decisions pertaining to portfolio risk management and asset/liability management.
General Risk Management Committee	This committee deliberates and makes decisions on important items related to operational risk management, system risk management, legal compliance, responses to antisocial forces, anti-money laundering and countering the financing of terrorism, client protection management, and other important items.
Committee on Investment and Loan Decisions	This committee handles, deliberates, and makes decisions related to investments and loans, overseas business strategy, and operations and management conditions.
New Operation Screening Committee	This committee deliberates and makes decisions on the commencement of initiatives involving new businesses.
Advisory Panel on Investments and Loans	This panel handles the advance deliberation on and monitoring of investments and loans as well as deliberations on overseas business strategy and operations and management conditions.
Sustainability Committee	This committee deliberates on items related to both economic and social value as well as dialogue with stakeholders.
Investment Management Committee	This committee monitors investment projects and enhances the monitoring system, as well as discusses planned proposals for investment policies.

## Audits

### Audit & Supervisory Board and Audit & Supervisory Board Members

The Audit & Supervisory Board comprises five members. The Companies Act prescribes that a majority of Audit & Supervisory Board members be outside members. In DBJ's case, three of the five are outside members. DBJ offices contribute three members (two members proper to DBJ and one an outside member). The Audit & Supervisory Board and Audit & Supervisory Board members audit the execution of duties by members of the Board of Directors, based on their audit plans.

Audit & Supervisory Board members attend Board of Directors' and other important meetings and may query the execution of business by members of the Board of Directors, peruse documents, and conduct audits at the head office, branches, and group companies.

Specialist staff have been assigned to the Audit & Supervisory Board Office, which was created under the supervision of the Audit & Supervisory Board, to assist the Audit & Supervisory Board members, including outside members, in performing their duties.

### Internal Audits

DBJ has established the Internal Audit Department under the direct supervision of the president and CEO of DBJ and independent of other operating departments. The department conducts inspections to ensure the appropriateness and effectiveness of internal controls, including overall operational compliance and risk management, and performs evaluations and recommends improvements. The Operations Audit Committee deliberates and decides audit plans, audit reports, and other important matters related to internal audits, and this information is reported to the Board of Directors. As of June 26, 2024, 21 people belonged to the Internal Audit Department.

### Accounting Audits

DBJ has in place an agreement whereby Deloitte Touche Tohmatsu LLC conducts accounting audits as the Company's accounting auditor in accordance with Article 396, Paragraph 1 of the Companies Act and Article 193, Paragraph 2 (i) of the Financial Instruments and Exchange Act.

### Three-Pronged Auditing Approach

DBJ's Audit & Supervisory Board members, the Internal Audit Department, and the accounting auditor periodically and as necessary exchange opinions and information, and communicate in an effort to ensure effective and appropriate audits.

## Compliance

### Basic Stance on Compliance

DBJ believes that compliance is both at the heart of our corporate management and that it complements our business model and strategy, like two sides of the same coin. In addition, compliance risk must be properly managed in our organization's overall governance and control structure in implementing our corporate philosophy. We feel that compliance is achieved when every employee and executive actively engages in their work with compliance foremost in their minds.

#### Business Conduct and Compliance

The DBJ Group is a unique financial group that provides financing, investment, advisory and consulting services, asset management, and various other financial services. While reinforcing collaboration within the group, DBJ creates proactive and advanced business and core strategies. As a financial institution, DBJ's first duty is to address the expectations of its customers. While communicating closely with customers, DBJ adheres to customer-oriented business conduct while being sensitive to the demands placed on it by society and complying with laws and regulations. DBJ conducts operations through appropriate functions to mitigate conduct risk under the Three Lines of Defense model (operations, management, and internal audits). To achieve our corporate philosophy, all employees and executives engage in work while pursuing both economic and social value in accordance with our Code of Conduct (Action Guidelines), the basis for decisions and behavior by group employees and executives.

#### Compliance Framework

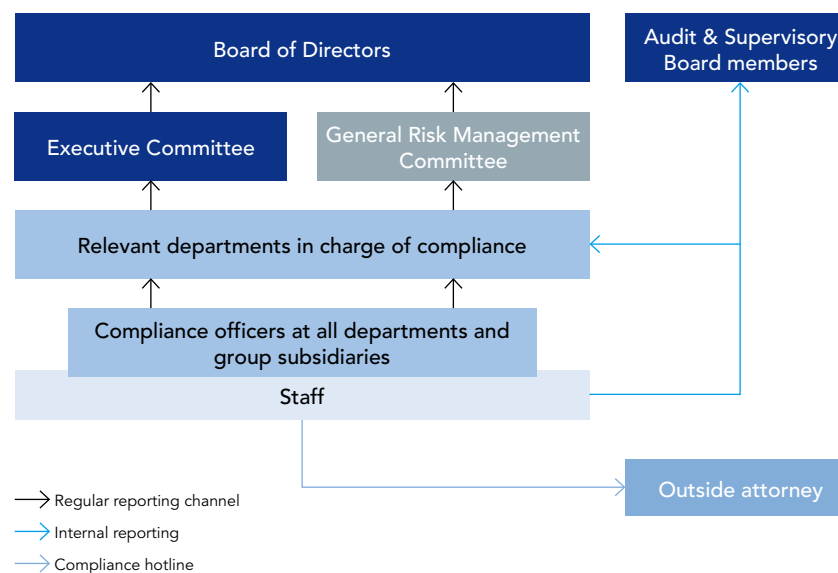
The DBJ Group has determined basic policies and rules for compliance, creates and distributes compliance manuals for employees and executives to follow, and conducts training and explanatory sessions to spread awareness of compliance. Each fiscal year, all DBJ Group companies design compliance programs and evaluate and implement concrete compliance action plans tailored to their particular business characteristics.

DBJ has established relevant departments that report on the status of compliance with laws and regulations to the Executive Committee and Board of Directors. Compliance officers have been assigned to each department to ensure compliance by employees and executives at each department. Compliance officers are in charge of internal management as internal managers and function as contact points for reporting compliance matters while centralizing such matters within their departments. Through compliance officers, relevant departments in charge of compliance provide advice and guidance to each department as necessary, with the aim of ensuring compliance. In order to

quickly discover and resolve any compliance-related issues, DBJ has set up an internal reporting channel to relevant departments and Audit & Supervisory Board members, which circumvents the normal reporting channels in the organizational structure. DBJ has also created an external reporting channel through a law office.

In light of revisions to the Whistleblower Protection Act, DBJ is updating its protections for whistleblowers. DBJ aims to improve the credibility of its whistleblowing system, and is encouraging group companies to adopt whistleblowing systems based on DBJ's system.

#### Internal Reporting System



### Compliance Practices

The DBJ Group believes compliance with laws and regulations is essential for maintaining the customer's trust and ensuring the soundness and fitness of its business operations. We recognize compliance as one of our most important management priorities. Employees and executives are keenly aware of DBJ's public mission and social responsibilities, as well as initiatives to mitigate conduct risk. We engage in our business fairly, in good faith, and in compliance with not only all laws, regulations, and rules but also social norms for supplying risk capital or pioneering initiatives.

### Measures to Prevent Insider Trading

In the provision of various financial services including investments and loans, the DBJ Group believes that complying with insider trading regulations is essential to maintaining trust. For example, we have created rules for employees and executives to follow when trading in securities. Moreover, DBJ has established systems for preventing insider trading, as demonstrated by our formulation of strict procedures for confirming and executing transactions in our investment operations. In research operations, we manage and handle corporate information carefully.

### Elimination of Antisocial Forces

The DBJ Group has a basic policy of not having any relationships with antisocial forces, and resolutely coping with them in cooperation with the police and other external institutions. Our rules and training programs have thus been carefully crafted to prevent relationships with antisocial forces. DBJ thoroughly assesses and manages this risk for each project and takes appropriate measures when necessary while communicating with special external institutions.

### Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Measures

As it develops business worldwide, DBJ understands the importance of taking measures to prevent money laundering and the financing of terrorism. It has been reinforcing these measures based on guidance from the Financial Action Task Force (FATF) and the supervisory authorities. Although DBJ does not engage in foreign currency transactions or accept deposits, DBJ implements risk assessments as if it did, and takes steps based on the risks that would be involved. DBJ has systems in place to ensure that proper procedures are taken, periodically conducts risk management operations, and provides thorough training on these for its employees and executives. We also strive to continuously improve this structure by evaluating a variety of measures.

### Initiatives to Prevent Bribery and Corruption

Due to the public nature of DBJ, the DBJ Act stipulates that executives and employees must not receive improper compensation, and internal rules define matters that warrant caution when executives and employees come into contact with clients and other parties. In addition to preventing bribery and corruption at DBJ, we take steps to prevent involvement in the bribery and corruption of third parties and other entities, including recipients of investments and loans.

### Customer Protection Management

The DBJ Group has identified "the customer's perspective" as a key element of its Code of Conduct (Action Guidelines). By taking the customer's perspective, we endeavor to improve customer protections and convenience. Furthermore, we have created basic policies for customer protections from the standpoint of ensuring the soundness and fitness of our operations. Accordingly, we have taken a management posture for ensuring customer protections. Employees and executives provide support to customers by explaining and providing appropriate and adequate information to them.

### Management of Conflicts of Interest

When providing customers with financing, investment, consulting and advisory services, asset management, and other financial services, the DBJ Group has systems in place for identifying and managing transactions in order to prevent conflicts of interest and act fully in the interests of customers, based on the transaction type and degree of risk. When obtaining consent from customers for a transaction, we provide them with accurate and appropriate information.

### Management of Customer Information

In addition to following legal requirements and rules about sharing customer information among group companies, preventing insider trading, and managing conflicts of interest, the DBJ Group has created management structures and systems for handling customer information, with particular attention paid to minutiae in order to maintain the customer's trust.

## Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers (As of the end of June 2024)

### Members of the Board of Directors



Chairman  
**Mitsuru Ota**

1983: Joined the Ministry of Finance  
2020: Vice-Minister of Finance  
2023: Deputy President of DBJ  
2024: Chairman of DBJ



President and CEO  
**Seiji Jige**

1986: Joined The Japan Development Bank  
2011: Executive Officer in Charge of Special Missions  
2013: Executive Officer, Head of Corporate Planning & Coordination Department  
2015: Managing Executive Officer of DBJ  
2018: Member of the Board of Directors, Managing Executive Officer of DBJ  
2020: Deputy President of DBJ  
2022: President and CEO of DBJ



Deputy President  
**Norifumi Sugimoto**

1988: Joined The Japan Development Bank  
2013: General Manager, Secretariat Office  
2015: Executive Officer, Head of Corporate Planning & Coordination Department  
2018: Managing Executive Officer of DBJ  
2020: Member of the Board of Directors, Managing Executive Officer of DBJ  
2022: Deputy President of DBJ



Member of the Board of Directors,  
Managing Executive Officer  
**Tsutomu Murakami**

1988: Joined The Japan Development Bank  
2012: General Manager, Structured Finance Group  
2015: General Manager, Secretariat Office  
2017: Executive Officer, Head of Human Resources Management Department  
2019: Managing Executive Officer of DBJ  
2021: Member of the Board of Directors, Managing Executive Officer of DBJ



Member of the Board of Directors,  
Managing Executive Officer  
**Hiroshi Shimizu**

1988: Joined The Japan Development Bank  
2013: General Manager, Syndication Group  
2015: General Manager, Regional Planning Department  
2016: Executive Officer, Head of Business Planning & Coordination Department  
2018: Managing Executive Officer, Head of Kansai Branch of DBJ  
2021: Managing Executive Officer of DBJ  
2023: Member of the Board of Directors, Managing Executive Officer of DBJ



Member of the Board of Directors,  
Managing Executive Officer  
**Toshiyasu Takazawa**

1990: Joined The Japan Development Bank  
2015: General Manager, Head of Corporate Finance Department, Division 4  
2017: General Manager, Secretariat Office  
2018: Executive Officer, Head of Corporate Planning & Coordination Department  
2021: Managing Executive Officer, Head of Kansai Branch of DBJ  
2023: Managing Executive Officer of DBJ  
2024: Member of the Board of Directors, Managing Executive Officer of DBJ



Member of the Board of Directors,  
Managing Executive Officer  
**Yasumasa Tahara**

1990: Joined the Ministry of Finance  
2023: Director-General, Tohoku Local Finance Bureau, Ministry of Finance  
2024: Member of the Board of Directors, Managing Executive Officer of DBJ



Member of the Board of Directors,  
Managing Executive Officer  
**Shingo Kobayashi**

1993: Joined The Japan Development Bank  
2017: General Manager, Corporate Planning & Coordination Department  
2018: General Manager, Secretariat Office  
2021: Executive Officer, Head of Human Resources Management Department  
2024: Member of the Board of Directors, Managing Executive Officer of DBJ



Outside Member of the Board of Directors  
**Kosei Shindo**

2023: Outside Member of the Board of Directors of DBJ



Outside Member of the Board of Directors  
**Naoko Saiki**

2020: Outside Audit & Supervisory Board Member of DBJ  
2023: Outside Member of the Board of Directors of DBJ

\* The Board comprises 13 men and two women (13.3% ratio of women on the Board of Directors and Audit & Supervisory Board).

\* Standards and policies related to independence in the selection of outside members of the Board of Directors and outside Audit & Supervisory Board members are not applicable.

\* Directors Kosei Shindo and Naoko Saiki are outside members of the Board of Directors in accordance with Article 2, Paragraph 15 of the Companies Act.

\* Kosei Shindo, representative director and advisor of Nippon Steel Corporation, is an outside member of the Board of Directors of DBJ. DBJ has no special relationship with Mr. Shindo, and its business with Nippon Steel Corporation is conducted normally. Outside director Naoko Saiki is also an outside director of Sojitz Corporation. DBJ has no conflicts of interest with Sojitz Corporation, and its business is conducted normally with the Company.

\* DBJ has signed liability limitation agreements with its outside members of the Board of Directors and the Audit & Supervisory Board, based on Article 427, Paragraph 1, of the Companies Act.



## Audit & Supervisory Board Members



Audit & Supervisory Board Member  
**Kazushige Ikeda**

1991: Joined The Japan Development Bank  
2015: General Manager, General Affairs Department  
2017: President and CEO of DBJ Real Estate Co., Ltd.  
2018: General Manager, Human Resources Management Department  
2020: Executive Officer, In charge of Internal Audit  
2021: President and CEO of DBJ Digital Solutions Co., Ltd. (formerly Consist, Inc.)  
2023: Audit & Supervisory Board Member of DBJ



Audit & Supervisory Board Member  
**Koyo Nakamura**

1992: Joined The Japan Development Bank  
2016: General Manager, Minami-Kyushu Branch  
2019: General Manager, Accounting Department  
2021: Head of Kyushu Branch  
2023: Audit & Supervisory Board Member of DBJ



Outside Audit & Supervisory Board Member  
**Hitoshi Sato**

1984: Joined The Sumitomo Trust and Banking Co., Ltd.  
2015: Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited  
2021: Director, Senior Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited  
2022: Audit & Supervisory Board Member of DBJ



Outside Audit & Supervisory Board Member  
**Masato Dogauchi**

2020: Outside Audit & Supervisory Board Member of DBJ



Outside Audit & Supervisory Board Member  
**Hiroko Kaneko**

2023: Outside Audit & Supervisory Board Member of DBJ

\* Auditors Hitoshi Sato, Masato Dogauchi, and Hiroko Kaneko are outside members of the Audit & Supervisory Board in accordance with Article 2, Paragraph 16, of the Companies Act.

\* Outside member of the Audit & Supervisory Board Hiroko Kaneko is an outside director of Kanagawa Chuo Kotsu Co., Ltd., and an outside director of Mitsubishi HC Capital Inc. DBJ has no special relationship with Ms. Kaneko, and its business with Kanagawa Chuo Kotsu Co., Ltd., and Mitsubishi HC Capital Inc. is conducted normally. DBJ has no special-interest relationship with any other of its outside Audit & Supervisory Board members.

## Executive Officers (Excluding Those Who Are Concurrently Members of the Board of Directors)

Managing Executive Officer

**Masao Masuda**

In charge of Corporate Finance Department, Division 2, Research Institute of Capital Formation

Managing Executive Officer

**Fumiyo Harada**

In charge of GX-related divisions (Chief Sustainability Officer), overseeing of Corporate Finance Department, Divisions 4 and 5, Minami-Kyushu Branch, Economic & Industrial Research Department, Regional Research & Planning Department

Managing Executive Officer

**Yoshiyuki Takada**

In charge of Urban Development Department, Real Estate Finance Department, Tohoku Branch, Hokuriku Branch

Managing Executive Officer

**Hirofumi Maki**

In charge of Kansai Branch, Chugoku Branch, Shikoku Branch, Kyushu Branch

Managing Executive Officer

**Shinji Ohno**

In charge of Corporate Finance Department, Division 6, Tokai Branch

Managing Executive Officer

**Yuichiro Mori**

In charge of Corporate Finance Department, Division 5, Structured Finance Department, Syndication & Credit Trading Department

Managing Executive Officer

**Tetsuya Matsuura**

In charge of Corporate Finance Department, Division 1

Managing Executive Officer

**Rui Minowa**

In charge of Corporate Finance Department, Division 3, Hokkaido Branch, Niigata Branch

Managing Executive Officer

**Kazuhiko Kanazashi**

In charge of Corporate Finance Department, Division 4

Executive Officer

**Isao Nishio**

In charge of Financial Institution

Executive Officer

**Wataru Miyanaga**

Deputy President of the Research Institute of Capital Formation

Executive Officer

**Masakazu Naruse**

Head of Corporate Planning & Coordination Department

Executive Officer

**Tsuyoshi Kajimura**

Head of Credit Analysis Department

Executive Officer

**Tetsuji Ito**

Head of Corporate Finance Department, Division 5

Executive Officer

**Mototsugu Matsuoka**

In charge of Internal Audit

Executive Officer

**Yoshiyuki Kasuga**

Head of Business Planning & Coordination Department

Executive Officer

**Kensuke Yabata**

Head of Information Resources Department

Executive Officer

**Masaaki Mikayama**

Head of Human Resources Management Department

## Messages from Outside Members of the Board of Directors

Outside Director

**Kosei Shindo**


I became an outside director of DBJ in 2023. I have commented on the appropriateness of the DBJ Group's business execution at the Special Investment Operations Monitoring Board. Amid wide-ranging social issues in these times of increasing uncertainty, I will do my best to provide advice about governance from multiple perspectives in the context of the DBJ Group's organizational management as it seeks to help solve these social issues.

Outside Director

**Naoko Saiki**

I was appointed an outside director in 2023, and I feel the heavy responsibility of this position. In light of the increasingly challenging international situation and diversifying risks, I will leverage my knowledge and proactively fulfill my duties to reinforce governance based on a medium- and long-term perspective. With the DBJ Group's pursuit of balancing economic and social value, I intend to provide appropriate advice and oversight of initiatives for solving global issues, including carbon neutrality, and collaboration based on dialogue with diverse stakeholders.

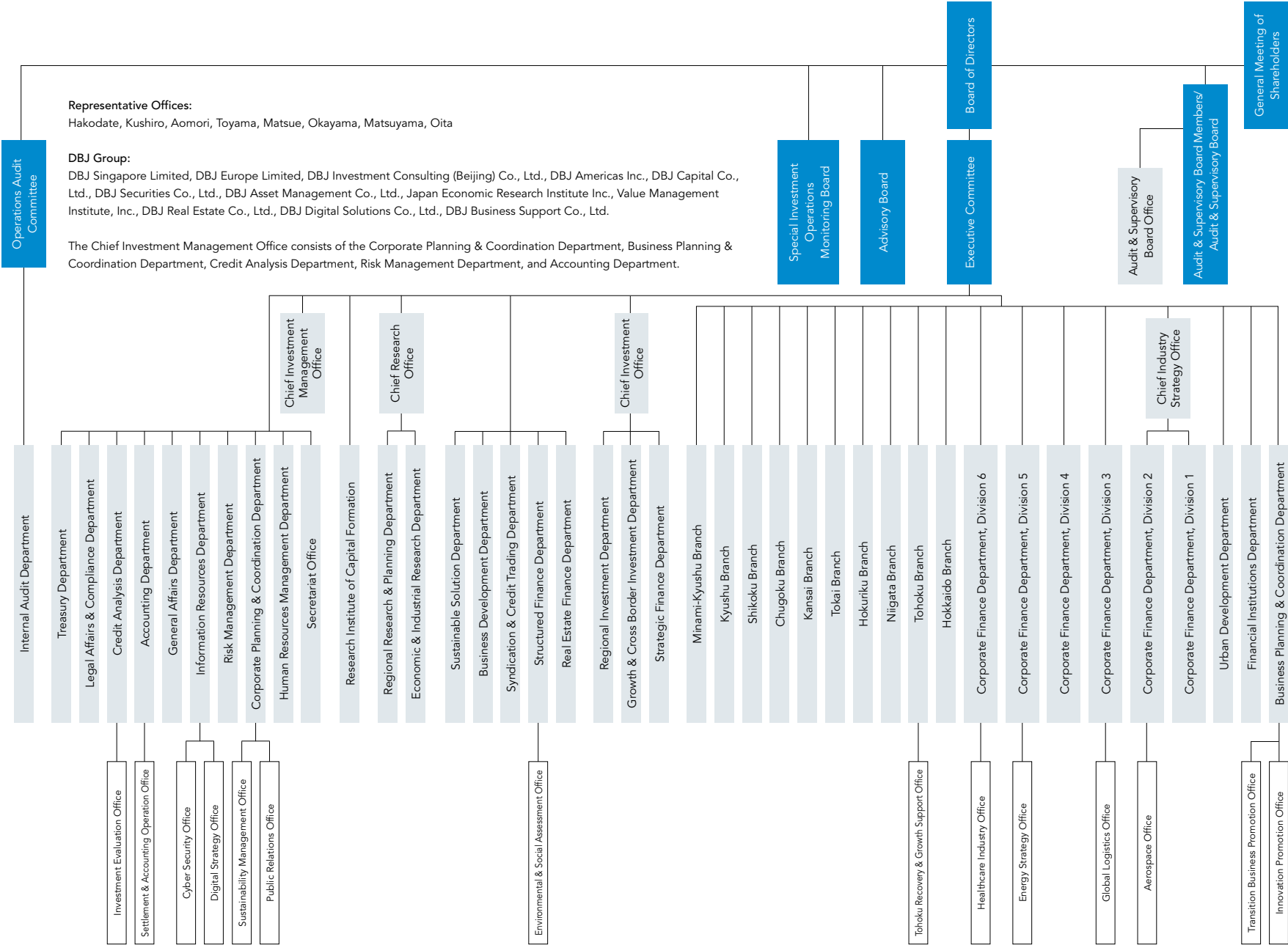
(Billions of yen)

 Securities filing for 16th fiscal year

	Fiscal 2012 (April 1, 2012 to March 31, 2013)	Fiscal 2013 (April 1, 2013 to March 31, 2014)	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)	Fiscal 2018 (April 1, 2018 to March 31, 2019)	Fiscal 2019 (April 1, 2019 to March 31, 2020)	Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)	Fiscal 2022 (April 1, 2022 to March 31, 2023)	Fiscal 2023 (April 1, 2023 to March 31, 2024)
<b>Consolidated</b>												
Total income	340.0	361.6	339.0	358.6	285.4	291.7	301.2	289.1	269.4	310.3	374.5	410.8
Ordinary income	115.6	165.7	153.0	185.1	122.5	127.1	128.1	78.9	73.0	86.1	135.3	147.8
Extraordinary profit/loss	0.6	0.2	0.6	1.5	(0.0)	2.2	(1.3)	4.0	0.7	2.3	0.5	2.7
Income before income taxes and minority interests	116.2	166.0	153.6	186.7	122.4	129.4	126.7	83.0	73.8	88.5	135.9	150.6
Total income taxes	(44.5)	(40.8)	(58.9)	(57.6)	(34.6)	(35.0)	(33.5)	(31.5)	(26.9)	(29.4)	(40.5)	(46.8)
Net income attributable to owners of the parent	71.3	124.3	92.7	128.9	87.6	91.9	91.9	50.4	45.2	57.6	92.7	103.2
Total dividend amount	35.2	30.8	22.5	29.2	19.7	22.1	21.0	9.9	8.1	15.6	18.2	21.3
<b>Total assets</b>	16,248.7	16,310.7	16,360.6	15,907.1	16,570.4	16,952.2	17,079.5	17,693.6	21,221.8	21,508.5	21,482.4	21,698.6
Loans	13,918.2	13,838.4	13,261.3	12,952.5	13,039.5	12,725.2	12,923.9	12,415.9	14,757.1	14,346.1	15,058.2	14,829.9
Securities	1,357.0	1,637.5	1,887.9	1,803.0	1,750.3	1,866.4	1,961.0	2,374.2	2,535.8	3,034.4	2,911.4	3,239.4
Total liabilities	13,710.1	13,682.9	13,613.3	13,022.9	13,584.2	13,842.1	13,783.2	14,259.6	17,518.4	17,676.5	17,518.6	17,589.7
Borrowed money	9,448.3	9,182.6	8,598.2	7,892.1	8,472.3	8,574.1	7,987.8	8,070.9	10,664.5	10,573.6	10,084.5	9,822.5
Debentures and corporate bonds	3,924.5	4,237.4	4,569.3	4,727.9	4,711.8	4,932.9	5,296.9	5,696.8	6,223.4	6,392.3	6,436.0	6,724.7
Total equity	2,538.5	2,627.7	2,747.2	2,884.2	2,986.2	3,110.1	3,296.3	3,434.0	3,703.4	3,832.0	3,963.7	4,108.8
Common stock	1,206.9	1,206.9	1,206.9	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4
Common equity Tier 1 capital ratio (Basel III, BIS standard)	14.93%	15.30%	16.22%	17.54%	17.22%	16.81%	16.65%	17.26%	16.65%	16.97%	16.34%	17.33%
Non-performing loan ratio*	1.23%	0.99%	0.77%	0.64%	0.54%	0.47%	0.40%	0.46%	0.76%	0.70%	0.90%	0.92%
Return on assets (ROA)	0.45%	0.76%	0.57%	0.80%	0.54%	0.55%	0.54%	0.29%	0.23%	0.27%	0.43%	0.48%
Return on equity (ROE)	2.86%	4.83%	3.47%	4.60%	2.99%	3.03%	2.88%	1.51%	1.27%	1.54%	2.39%	2.57%
Number of employees	1,315	1,391	1,407	1,435	1,546	1,631	1,650	1,703	1,781	1,809	1,839	1,850
<b>Investment and fund-raising flow (non-consolidated)</b>												
Loans and investments (flow)	2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	3,790.8	3,951.8	5,786.7	3,222.6	4,021.9	3,820.0
Loans	2,524.5	2,805.1	2,262.7	2,861.3	3,805.8	2,973.6	3,490.4	3,401.5	5,484.2	2,994.6	3,830.3	3,455.0
Investments	127.8	138.2	281.4	166.3	206.7	179.7	300.4	550.3	302.5	227.9	191.5	364.9
Funds raised (flow)	2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	3,790.8	3,951.8	5,786.7	3,222.6	4,021.9	3,820.0
Of which, recovered, etc.	502.2	1,307.5	1,129.9	1,639.7	1,526.1	1,005.0	2,051.4	1,546.1	1,191.4	1,078.0	2,588.6	2,176.4

\* Based on the Banking Act and the Civil Rehabilitation Act, the non-performing loan ratio is defined as the balance of accounts receivable excluding performing loans ÷ balance of accounts receivable. Under the previous standard before fiscal 2020, the formula for calculating this ratio was balance of risk-managed assets ÷ loan balance.





Our predecessors, the Japan Development Bank and the Hokkaido-Tohoku Development Finance Public Corporation, were established to rebuild Japan's economy and society after World War II.

Japan's economic environment and social issues have evolved significantly since then, but the DBJ Group, evolving itself, has continued to contribute to the sustainable development of society by providing solutions in step with the times, while always taking pride in its values of initiative and integrity.

### Three Priority Areas for the DBJ Group

In light of long-term changes in the external environment, financial professionals at the DBJ Group have contributed to the realization of a sustainable society by providing creative solutions for addressing issues directly faced by customers in the context of infrastructure, industry, and regions.



Infrastructure

Rebuilding of energy systems, development of more advanced transportation networks, and creation of attractive communities



Industry

Commercialization of new technologies, restructuring of businesses to improve productivity and sharpen competitiveness, and business development in global markets



Regions

Industrial revitalization based on regional characteristics, overseas business development, foreign tourism in Japan, and business succession



### Rebuilding of economy to stage of high economic growth

- 1 Rebuilding Japan's merchant shipping fleet with financing under the government's shipbuilding program

The Japan Development Bank, our predecessor, was founded in 1951, six years after the end of World War II. It began to supply financing for rationalizing, modernizing, and fostering key industries, such as coal, steel, and marine transportation, as well as for developing power sources that became the foundation for the development of Japan's economy and industry.



### Qualitative improvement in Japanese lifestyles and a stable supply of energy

- 2 Promotion of conversion to non-polluting manufacturing methods for chemical industry

Having experienced the oil shock, we provided investments and loans for introducing alternative energy, promoting energy efficiency, and developing large-scale industrial land. In addition to industrial development, we concentrated on measures to prevent pollution and develop regions and cities.

Enhancement of energy

Reinforcement of transportation capacity

Redevelopment of major cities

Modernization of distribution

Stable supply of energy

- 1 Rebuilding of vital industry

Nurturing of new industry

Support for capital investment

Industrialization of new technologies

Regional development

Regional equalization

- 2 Prevention of pollution

1950

1960

1970

### Transformation of the DBJ Group

1951 Establishment of the Japan Development Bank

1956 1957 Establishment of the Hokkaido-Tohoku Development Finance Public Corporation

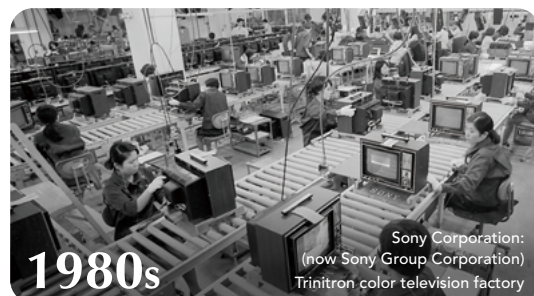
### Sustainable solutions provided by the DBJ Group

1960 Pollution prevention loan programs  
Wastewater treatment loan program

1970 Flue gas desulfurization loan program

1963 Soot prevention loan program

1975 Resource recycling and  
energy conservation  
loan programs



### Updates to foundations of society and lifestyles, and transformation of industrial structure

#### ③ Promotion of homegrown technologies through the commercial application of new technologies

We focused on expanding domestic demand, ensuring a smooth transformation of the country's industrial structure, and strengthening international competitiveness, while concentrating on supporting updates to social capital, the development of creative technologies, and maintenance of lifestyle infrastructure.



### Creation of abundance in society and sustainable development

#### ④ Recovery work on traffic infrastructure damaged by the Great Hanshin-Awaji Earthquake

We concentrated on providing support for the priority domains of social capital, environmental measures, and venture businesses. We also acted as a safety net, putting in place measures to stabilize the financial system and helping with reconstruction after the Great Hanshin-Awaji Earthquake.



### Crisis response

#### ⑤ Rapid response to companies with deteriorating cash flow

In 2008, DBJ transitioned to a joint-stock company as a special public corporation. DBJ worked to solve the issues of its customers through financial functions of integrated investment and loan services, such as long-term loans and risk capital, as a neutral source of industrial finance.

Upgrading of railway network

Updating of information and communications infrastructure

Restoration of infrastructure

Project financing

Renewable energy

⑤ Supply of risk capital

M&A advisory services

③ Strengthening of international competitiveness

Transformation of industrial structure

Support for homegrown technologies

Business revitalization financing

Support for venture businesses

Environmental ratings

BCM ratings

Strengthening of response to innovation

Employees' health management ratings

Sharpening of competitiveness

Maintenance of regional social infrastructure

④ Reconstruction after the Great Hanshin-Awaji Earthquake

Solutions for regional issues

Advancing PPP and PFI projects

Reconstruction after earthquakes

Regional revitalization

Special Investment Operations

1980

1990

2000

2010

2020

1999 Establishment of the Development Bank of Japan

2008 Establishment of the Development Bank of Japan Inc.

2015 2020 Revisions to The Development Bank of Japan Inc. Act

1988 Ozone layer protection loan program

1993 Comprehensive loan programs for environmental measures  
Establishment of the Research Center on Global Warming

2004 Environmentally Rated Loan Program

2006 Enterprise Disaster Resilience  
Rated Loan Program

2011 BCM Rated Loan Program  
DBJ Green Building Certification Program

2012 Employees' Health Management Rated  
Loan Program

2020 DBJ Sustainability Linked Loans with  
Engagement Dialogue



## Corporate Information

(As of March 31, 2024)

Name	Development Bank of Japan Inc.
Established	October 1, 2008
Head Office	Otemachi Financial City South Tower, 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, Japan Tel: +81-3-3270-3211
Capital	¥1,000,424 million
Number of Employees	1,850 (non-consolidated 1,261)

## Shareholder Information

(As of March 31, 2024)

Name	Address	Number of Shares Held (Thousands of Shares)	Percentage of Total Equity (%)
Minister of Finance	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	43,632	100.00
Total	—	43,632	100.00

## Summary of Changes to the DBJ Act after Conversion to a Joint-Stock Company

 The Development Bank of Japan Inc. Act

On October 1, 2008, DBJ transitioned from a special public corporation to a joint-stock company. In preparation for full-scale privatization following the disposal of all Japanese government-owned shares, DBJ has continued working to enhance its corporate value through integrated investment and loan services. These activities include providing long-term loans; equity, mezzanine financing, and other types of risk capital; and M&A advisory services.

On the other hand, shortly after DBJ's conversion to a joint-stock company, the global financial crisis and the Great East Japan Earthquake occurred. The Japanese government called on DBJ to steadily mount large-scale Crisis Response Operations. Due to these crises, the Development Bank of Japan Inc. Act (Act No. 85 of 2007) was amended twice, with DBJ accepting an additional increase in Japanese government capital. Also, by the end of fiscal 2014, the Japanese government was committed to reviewing DBJ's organization, including the Japanese government's shareholdings, as stipulated by the revision.

Based on the deliberations by the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding, the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 23 of 2015), which was enacted on May 20, 2015, maintains the direction toward full-scale privatization. At the same time, in order to fully ensure the provision of funding in response to large-scale disasters and economic crises, the amended act makes DBJ's Crisis Response Operations obligatory for an indefinite period. From the perspective of promoting the provision of growth capital to revitalize regional economies and increase the competitiveness of enterprises, the amended act calls for

DBJ to accept a certain amount of capital from the Japanese government (industrial investment). This investment is to be used for a new scheme, Special Investment Operations, to strengthen and develop the Fund for Japanese Industrial Competitiveness. In addition, with regard to the application of DBJ's investment and loan functions toward crisis response and the provision of growth capital, measures were introduced obliging the Japanese government to hold at least a certain percentage of DBJ's shares.

This structural revision is based on deliberations by the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding, which we think evaluated DBJ's initiatives following its conversion to a joint-stock company, including DBJ's proper implementation of Crisis Response Operations and initiatives for providing growth capital (equity and mezzanine financing) to address shortages in Japanese financial and capital markets.

In light of discussions in 2019 by the Japanese government's Study Panel Concerning the Future Vision of Special Investment Operations at Development Bank of Japan Inc., under the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 29 of 2020), which was enacted on May 22, 2020, Special Investment Operations shall take the following required measures:


- (1) Extend the investment decision term and government financing term from March 31, 2021, until March 31, 2026, and
- (2) Extend the deadline for ending operations from March 31, 2026, until March 31, 2031.

The DBJ Group provides diverse services that satisfy the needs of its customers.



## Overseas Bases

DBJ Singapore Limited	DBJ Singapore Limited is a Singapore-based subsidiary. It mainly provides support for investment and loan services as well as advisory services in the Asia-Pacific region and also collects and disseminates information locally.
DBJ Europe Limited	DBJ Europe Limited is a London-based subsidiary. It mainly provides support for investment and loan services in Europe and also collects and disseminates information locally.
DBJ Investment Consulting (Beijing) Co., Ltd.	DBJ Investment Consulting (Beijing) Co., Ltd., is a Beijing-based subsidiary. It mainly provides support for investment and loan services in China and also collects and disseminates information locally.
DBJ Americas Inc.	DBJ Americas Inc. is a local subsidiary based in New York, United States. It mainly provides support for investment and loan services in the Americas and also collects and disseminates information locally.




## Investments / Securities / Asset Management

DBJ Capital Co., Ltd.	DBJ Capital Co., Ltd., is the venture capital arm of the DBJ Group. It mainly makes early-stage equity investments in venture firms and supports their growth through hands-on management.	 DBJ DBJキャピタル株式会社 <small>日本政策投資銀行グループ</small>
DBJ Securities Co., Ltd.	DBJ Securities Co., Ltd., is a securities subsidiary that assists the DBJ Group with investment and loan services. It supports optimal funding, provides asset management opportunities, centered on alternative product fields, and flexibly fulfills diverse needs.	 DBJ DBJ証券株式会社 <small>日本政策投資銀行グループ</small>
DBJ Asset Management Co., Ltd.	DBJ Asset Management Co., Ltd., is an asset management company focused on real estate, private equity, and infrastructure investments. It provides quality investment opportunities to investors with the comprehensive financial backing of the DBJ Group.	 DBJ DBJアセットマネジメント <small>日本政策投資銀行グループ</small>

## Research / Consulting

Japan Economic Research Institute Inc.	Japan Economic Research Institute Inc., is a comprehensive think tank that primarily conducts surveys and consulting. It meets customer needs from a comprehensive viewpoint, leveraging synergies in its three survey fields: public, solutions, and international.	 DBJ 株式会社日本経済研究所 <small>日本政策投資銀行グループ</small>
Value Management Institute, Inc.	Value Management Institute, Inc. is a comprehensive think tank with strengths derived from its insight into advanced technologies and analysis using proprietary economic models. It provides tailor-made solutions to a broad range of government policy issues.	 DBJ 株式会社価値総合研究所 <small>日本政策投資銀行グループ</small>

## Real Estate Management / IT Solutions / Shared Services

DBJ Real Estate Co., Ltd.	DBJ Real Estate Co., Ltd., handles administrative functions for the DBJ Group for office building leasing, rental conference rooms, and business libraries.	 DBJ DBJリアルエステート株式会社 <small>日本政策投資銀行グループ</small>
DBJ Digital Solutions Co., Ltd.	DBJ Digital Solutions Co., Ltd., provides one-stop consulting services for developing, maintaining, and operating IT, using technology to help solve social issues.	 DBJ DBJデジタルソリューションズ <small>日本政策投資銀行グループ</small>
DBJ Business Support Co., Ltd.	DBJ Business Support Co., Ltd., is a shared services company of the DBJ Group. It supports DBJ Group companies' business by consolidating their administrative operations and also streamlining processes with its operational expertise.	 DBJ DBJビジネスサポート株式会社 <small>日本政策投資銀行グループ</small>



<https://www.dbj.jp/en>



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