



DBJ Group Integrated Report 2023

Mission

Design the Future with Financial Expertise

- 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.

Responsibility to future generations

The customer's perspective

Outstanding service

Commitment and cooperation

A long-term perspective / Impartiality / Public-mindedness / Reliability

Initiative & Integrity

*Green
Resilience & Recovery
Innovation
Transition / Transformation*

CONTENTS

Introduction

- 1 Contents and Editorial Policy
- 2 Corporate Philosophy
- 4 Our History of Value Creation
- 6 Materiality
- 8 At a Glance

Value Creation Story

- 10 Non-Financial Capital That Supports Value Creation
- 11 Value Creation Process
- 12 Message from the President
- 16 Fifth Medium-Term Management Plan
- 20 Stakeholder Communications

Strategy

Sustainability Strategy

- 22 Our Approach to Sustainability (Big Picture)
- 23 Basic Approach to Carbon Neutrality
- 30 Response to Climate Change (Initiatives Based on TCFD Recommendations)

Business Strategy

Sector Strategy

- 32 Energy Sector
- 33 Transportation Sector
- 34 Urban Development Sector
- 35 Industrial Sectors

Area Strategy

- 36 Regions
- 37 Overseas

Function Strategy

- 38 Syndicated Loans
- 39 M&A Advisory
- 40 Consulting Services
- 41 Asset Management
- 42 Special Investment Operations
- 44 Crisis Response Operations

Management

Foundation Strategy

- 46 Financial Capital
- 47 Human Capital
- 51 Intellectual Capital
- 52 Relationship Capital
- 53 Social Capital

Governance

Corporate Governance

- 54 Message from the Chairman
- 56 Corporate Governance System
- 57 Basic Position on Corporate Governance
- 58 Board of Directors
- 61 Executive Committee
- 61 Audits
- 62 Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers
- 64 Compliance

Risk Management

- 66 Risk Management System
- 66 Comprehensive Risk Management
- 70 Stress Tests
- 71 Business Continuity Initiatives

Data

- 72 Consolidated Financial Summary
- 73 Organizational Structure
- 74 Corporate Information
- 75 Group Company Information

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.

Integrated Report 2023 includes an introduction explaining the overall picture of the DBJ Group's past, present, and future, and an update on material issues as key management issues. With a focus on the Strengthening and Review of the Fifth Medium-Term Management Plan, the report has been restructured to methodically communicate the Group's business and foundation strategies. The report also explains the Group's most recent initiatives, including its Transition Policy for addressing climate change and the setting of quantitative targets for reducing greenhouse gas (GHG) emissions as a part of moving toward sustainable growth across society.

The design is based on the concept of light leading the way into the future representing DBJ Group's efforts to pave the way into the future amidst the challenges faced by readers of this report. The cover of report features a photograph of the Tokyo cityscape bathed in a soft light, as seen from DBJ's head office.

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

Period Covered and Scope

- **Period:** Fiscal 2022 (April 1, 2022–March 31, 2023)
(Some information from outside this period is also included.)
- **Scope:** In principle, the report covers DBJ and its 12 main subsidiaries
- **Date of publication:** October 2023

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 2023 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.

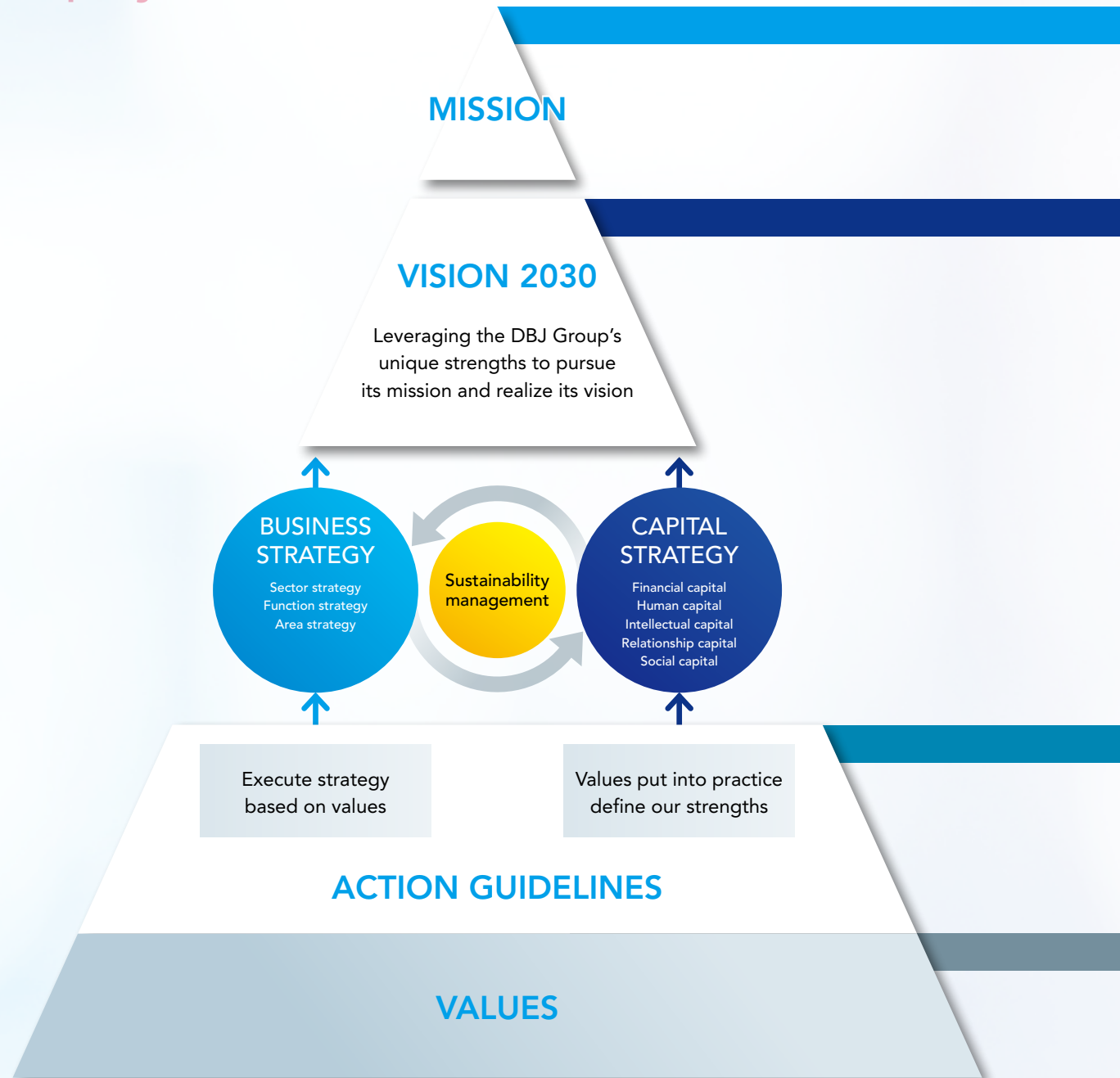


Corporate Philosophy

The DBJ Group's corporate philosophy consists of a mission that it pursues relentlessly, regardless of the times; core values that are shared by all of its executives and employees; and Vision 2030, a vision for 2030 that it follows as a guide into the future.

By sharing and pursuing its corporate philosophy, DBJ not only fosters a sense of unity within the Group but also enhances each and every employee's awareness of social responsibility and their motivation to grow intentionally and with a sense of mission.

In connection with these elements of its corporate philosophy, the DBJ Group has identified four core corporate values—a long-term perspective, impartiality, public-mindedness, and reliability—that also embody its strengths and long-term vision.



Our unwavering purpose and our unceasing determination to shape the future

Design the Future with Financial Expertise

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

Our vision for 2030, embodied in our mission and strategies

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.

Our guidelines for taking specific actions that express our values

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.

Our unwavering values shared by management and employees (base component)

Initiative

Integrity

Vision 2030

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.

Our History of Value Creation

Our predecessors the Japan Development Bank and 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, development of business in global markets



Regions

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



1950s

Nippon Yusen Kabushiki Kaisha: Liner *Sanuki Maru*

Rebuilding of economy to stage of advanced economic growth

- 1 Rebuilding Japan's merchant shipping fleet with finance 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.



1970s

Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation): Conversion of manufacturing method for caustic soda (Yamaguchi Prefecture)

Qualitative improvement in Japanese lifestyles, 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

1951 Establishment of the Japan Development Bank

1956 1957 Establishment of Hokkaido-Tohoku Development Finance Public Corporation

1960 Pollution prevention loan programs
Wastewater treatment loan program

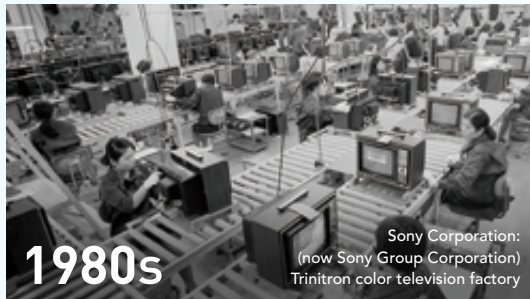
1970 Flue gas desulfurization loan program

1963 Soot prevention loan program

1975 Resource recycling and energy conservation loan programs

Transformation of the DBJ Group

Sustainability solutions provided by the DBJ Group



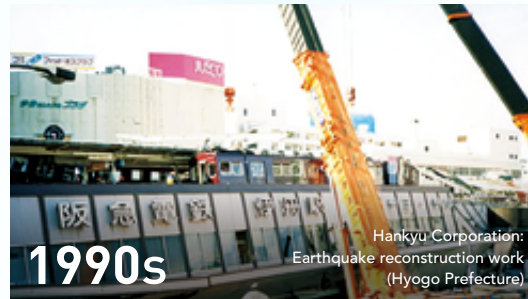
1980s

Sony Corporation:
(now Sony Group Corporation)
Trinitron color television factory

Updates to foundations of society and lifestyles, 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, development of creative technologies, and maintenance of lifestyle infrastructure.



1990s

Hankyu Corporation:
Earthquake reconstruction work
(Hyogo Prefecture)

Creation of abundance in society, 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.



2000s

Wall Street,
where the New York Stock Exchange
is located

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 and 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

5 Supply of risk capital

Renewable energy

M&A advisory services

3 Strengthening of international competitiveness

Support for locally developed technology Transformation of industrial structure

Business revitalization financing

Environmental ratings

Strengthening of response to innovation

Support for venture businesses

BCM ratings

Employees' health management ratings

Sharpening of competitiveness

Maintenance of regional social infrastructure

4 Reconstruction after Great Hanshin-Awaji Earthquake

Solutions for regional issues

Advancing PPP and PFI projects

Reconstruction after earthquakes

Regional revitalization

Special investments

1980

1990

2000

2010

2020

1999 Establishment of Development Bank of Japan

2008 Establishment of Development Bank of Japan Inc.

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

1988 Ozone layer protection loan program launched

2004 Environmentally Rated Loan Program launched

2011 BCM Rated Loan Program launched
DBJ Green Building Certification Program launched

2020 DBJ Sustainability Linked Loans with Engagement Dialogue created

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

2006 Enterprise Disaster Resilience Loan Program launched

2012 Employees' Health Management Rated Loan Program launched

Materiality

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.

Deepening Our Understanding of the Three Priority Areas



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, business development in global markets



Regions

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

In light of the roles and functions we have performed to date, realized social value, and future changes, we have designated infrastructure, industry, and regions as our priority areas.

Despite changes in the external environment, these priority areas have remained consistent over time, and we reaffirmed their importance in the materiality identification process.

Discovery of Material Issues through Dialogue with Stakeholders

We referred to government publications and other guidelines and documents to select

37 social issues.

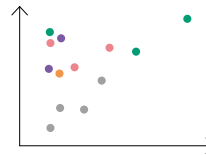
From the perspective of stakeholders and the DBJ Group's business, we narrowed down this list to

13 social issues of the highest importance.

After selecting the 37 social issues with reference to the basic policies of the Japanese government and internal DBJ Group discussions about problems faced by customers, we analyzed each issue from two perspectives—importance to stakeholders and importance to the DBJ Group's business—and narrowed the list down to 13 social issues.

Importance to Stakeholders

We conducted quantitative evaluations through surveys of each department, branch, and Group company, held staff and executive meetings on several occasions, and had discussions with experts, while referring to SASB* and other guidelines.



Importance to the DBJ Group's Business

We conducted quantitative evaluations of the importance of the issues to the DBJ Group's business in the context of different capital resources.

Three Main Issues



Decarbonization



New business creation



Population decline

Common Theme



Financial markets Risk capital

We grouped the 13 social issues under three main issues—Decarbonization, New business creation, and Population decline, and a common theme comprising Financial markets and Risk capital.

Priority Areas, Main Issues, and Common Theme



Infrastructure



Industry



Regions



Decarbonization



New business creation



Population decline



Financial markets Risk capital



Foundation

Cultivation of talent to challenge financial frontiers
Strengthening of the business foundation for supplying risk capital

We are adding foundational initiatives to support our activities in the three priority areas over the long term and to address the four main themes discovered in our dialogues with stakeholders.























Identification of material issues (key management issues)



* SASB: Sustainability Accounting Standards Board

Materiality of the DBJ Group (Key Management Issues)

The DBJ Group has identified its material issues, 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
	Formation of sustainable infrastructure	<p>Transition to decarbonization</p> <p>Build infrastructure for future generations</p>	     
	Technical innovation and restructuring of industry	<p>Strengthen competitiveness of Japanese industry through innovation</p> <p>Reorganize supply chains</p>	  
	Regional revitalization utilizing untapped potential	<p>Just transition of regions</p> <p>Response to population decline</p>	 
	Creation of markets and safety nets in the finance sector	<p>Expand frontiers of financial markets</p> <p>Exercise stabilizer function</p>	 
	Cultivation of talent to challenge financial frontiers	<p>Support the taking on of challenges and collaboration</p> <p>Improve employees’ sense of self-fulfillment</p>	 
	Strengthening of the business foundation for supplying risk capital	<p>Enhance risk responsiveness</p> <p>Reform ways of working</p>	

At a Glance

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 also utilizes other financing methods, such as structured financing, asset financing, and syndicated loans, to satisfy its customers' diverse needs for fund procurement.

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



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 by objectives (MBO)
- Equity financing
- Collaborative funds



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 female entrepreneurs
- Innovation creation support
- New business development support
- Public asset management



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.

- Asset management business (Real estate)
- Global fund investment business
(Real estate, Private equity, Infrastructure)

Balance of Investments and Loans (Non-Consolidated)

Loan balance

¥15,559.4 billion

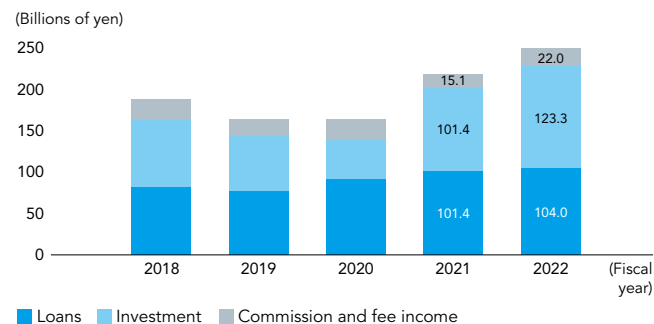
Investment balance

¥1,735.1 billion

Gross Ordinary Income (Consolidated)

Loans Investment Commission and fee income
 ¥104.0 billion ¥123.3 billion ¥22.0 billion

Past Five Years of Gross Ordinary Income (Consolidated)



Balance of Investments and Loans (Consolidated)



■ Manufacturing 19.0%
 ■ Electrical, gas, heat supply, and water 24.5%
 ■ Transportation and postal 20.9%
 ■ Real estate and leasing of goods 19.2%
 ■ Wholesale and retail 6.7%
 ■ Information and communications 1.2%
 ■ Other 8.5%

DBJ Sustainability Evaluation Certification Program

Commencement

2004

Total amount of loans
 World's first environmentally rated loan program

¥2,758.0 billion

(As of March 31, 2023)

Total GRIT Investments and Loans

¥2,136.3 billion

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

(From April 1, 2021 to March 31, 2023)

Issuer Rating

Moody's
A1
 (Stable)

R&I
AA+
 (Stable)

S&P
A
 (Stable)

JCR
AAA
 (Stable)

(As of June 30, 2023)

Common Equity Tier 1 Risk-Weighted Capital Ratio (Consolidated)

16.34%

Establishment of Former Entities

Former Japan Development Bank

1951

Former Hokkaido-Tohoku Development Finance Public Corporation

1956

Functions of Group Companies

- Overseas bases
- Investments, Securities, Asset management
- Surveys, Consulting
- Real estate management, IT services, Shared services

No. of Employees

Consolidated

1,839

Non-consolidated

1,270

(As of the fiscal year ended March 31, 2023, unless otherwise indicated)

The DBJ Group has contributed to the sustained development of Japan and the world by coming up with solutions to social issues for more than 70 years since its establishment as Japan Development Bank. This value creation has been supported by the Group's non-financial capital, including human capital, intellectual capital, and relationship capital, and, through the ongoing interaction of different kinds of non-financial capital, it advances the Group's ability to respond to growing and changing business environments and social issues.



Human Capital

Four Core Corporate Values

- Based on our mission to "Design the future with financial expertise," the source of our value creation is our four core corporate values—a long-term perspective, impartiality, public-mindedness, and reliability. Originating from the pursuit of our corporate philosophy and values of initiative and integrity, these four values have been passed down the generations.
- Embodying the strengths of the DBJ Group, these values support its unique business activities and are the basis for its non-financial capital.

Human Resource Development to Support Continued Growth

- The DBJ Group has a vision for human resource development, which can be summarized as the "cultivation of generalists who can be specialists in many fields." Our aim is to have human resources who are agile and have broad perspectives while also possessing advanced specializations, and we encourage every employee to autonomously and constantly grow without fearing change, in order to be able to discover and solve issues faced by our customers and society in tune with the constantly changing times.
- Through practical on-the-job training and abundant training opportunities, our employees obtain and advance their skills and gain a variety of experiences. The entire Group works to train human resources who can work organically toward achieving a shared goal.



Intellectual Capital

Leading-Edge Financial Expertise

- Since the days of its predecessors, Japan Development Bank and Hokkaido-Tohoku Development Finance Public Corporation, the DBJ Group has provided long-term financing for capital investments, while refining its ability to analyze and assess them.
- DBJ has gained extensive experience in leading-edge financing techniques, introducing Japan to such investment vehicles as project finance, debtor-in-possession (DIP) finance, public-private partnerships/private finance initiatives (PPPs/PFIs), and asset finance, using commitment and cooperation as action guidelines. DBJ has supplied risk capital via various methods, such as mezzanine financing and equity investments, taking a long-term perspective.

A Leader for Sustainable Finance and Solutions in Japan

- After being the first financial institution in the world to develop an environmentally rated loan program (the DBJ Environmentally Rated Loan Program) in 2004, DBJ expanded its menu of financing options that factor in the level of sustainability management at a corporation to include the DBJ BCM* Rated Loan Program and the DBJ Employees' Health Management Rated Loan Program. DBJ emphasizes dialogue with customers in the provision of these loan programs, as well as in the DBJ Sustainability Linked Loans with Engagement Dialogue and its consulting services, and it assists customers with sustainability management.
- In 2011, it created DBJ Green Building Certification, and it conducts sustainability assessments of real estate properties.

* BCM: Business continuity management



Relationship Capital

Customer Base Centered on Industry Leaders

- Since the reconstruction period after the end of World War II, DBJ has supported several customers, including leading companies in their respective industries, with the aim of spurring growth in Japan through policy-based financing. The findings of DBJ's annual Survey on Planned Capital Spending, which has been conducted for more than 60 years, informs corporations' top management discussions, thereby strengthening DBJ's relationship capital.
- Having grown alongside Japan for decades, the DBJ Group will continue to work closely with its customers from a long-term perspective while nurturing the relationship capital it has accumulated.

Collaboration and Cooperation with Diverse Stakeholders

- Since the days of its predecessors, Japan Development Bank and Hokkaido-Tohoku Development Finance Public Corporation, the DBJ Group has built strong collaborative and cooperative relationships with various stakeholders from the standpoint of public-mindedness and impartiality.
- DBJ forms funds with regional financial institutions to supply risk capital to address regional issues. In times of crisis, such as a major natural disaster or turmoil in financial markets, DBJ, designated by the government as a financial institution to engage in Crisis Response Operations, does so expeditiously and appropriately. The DBJ Group will continue to deepen collaboration with diverse stakeholders.

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.



Acceleration of Initiatives in the Fifth Medium-Term Management Plan Pages 16–19

External conditions and social issues D.A.I.S: Digital, Aging, International, Sustainability

INPUT

Financial Capital Page 46

- Own credit-raising activities
- Government credit-raising activities

Human Capital Pages 47–50

- Values: initiative and integrity
- Four core corporate values: a long-term perspective, impartiality, public-mindedness, and reliability
- Engagement

Intellectual Capital Page 51

- Leading-edge financial expertise
- A leader for sustainable finance and solutions
- Surveys and research

Relationship Capital Page 52

- Customer base centered on industry leaders
- Collaboration and cooperation with diverse stakeholders
- Combined strengths as a Group

Social Capital Page 53

- Natural environment
- Social infrastructure
- System capital

BUSINESS MODEL

Three Priority Areas

- Infrastructure (Pages 32–34)
- Industry (Page 35)
- Regions (Pages 36–37)

Financing Crisis Response Operations (Pages 44–45)

Investments Special Investment Operations (Pages 42–43)

Advisory Services (Page 39)

Asset Management (Page 41)

Knowledge (Page 51)

Materiality (Key Management Issues) Pages 6–7

- Formation of sustainable infrastructure
- Technical innovation and restructuring of industry
- Regional revitalization utilizing untapped potential
- Creation of markets and safety nets in the finance sector
- Cultivation of talent to challenge financial frontiers
- Strengthening of the business foundation for supplying risk capital

Corporate Governance Pages 54–65 / **Risk Management** Pages 66–71

OUTPUT / OUTCOME

Results of Operations Fiscal 2025 Targets (consolidated) Pages 16–19

- Gross ordinary income ¥210 billion
- Net income ¥85 billion
- Cost ratio 34%
- Total assets ¥21 trillion
- ROA 1%
- ROE 3%
- Risk-weighted capital ratio 14% (Notes: Common equity Tier 1 capital ratio, estimates on a finalized Basel III basis.)
- GRIT investments and loans (five-year total) ¥5.5 trillion

Value Created

- Building a sustainable society (including achieving carbon neutrality by 2050) **G T**
- More-resilient infrastructure and supply chains **R**
- Support for creation of new technologies, co-creation and innovation **I**
- Improved engagement

Collaboration and cooperation

Collaboration and cooperation

Collaboration and cooperation

Stakeholder Communications Pages 20–21



Backcasting from created value

Aiming for the sustainable growth of Japan, we continue to boldly take on new challenges as a front-runner in sustainability management.



Seiji Jiige
President and CEO
Development Bank of Japan Inc.



Becoming an Institution That Can Meet Evolving Needs Accurately

My name is Seiji Jige and I have been president of DBJ since June 2022. Since taking on this role, I have had the opportunity to meet with many leaders in the business community and municipal governments. Two things have struck me during these encounters. First, many executives have expressed their concerns about major global and societal changes. The intensifying conflict between the United States and China and the war in Ukraine, among other events, have begun to shake the foundations of the free trade system centered on the World Trade Organization (WTO). This has disrupted global supply chains and made the optimal distribution of resources impractical.

Second, it is painfully clear that population decline is an increasingly severe problem in Japan. After the COVID-19 pandemic subsided, I had the opportunity to visit regional areas where I noticed an increase in new apartment buildings, despite statistical data indicating a net outflow of population from the regions. This paradox suggests an influx of people into regional cities from the surrounding areas, accelerating the overall population decline in outlying regional peripheries.

Moreover, in discussions about the rapid pace of digitalization and efforts to decarbonize—key issues that I had identified for future generations—it has become evident that any missteps in these areas could lead to rapid declines in industries and regions. These conversations have reinforced my belief that the DBJ Group must evolve as an

institution to more accurately meet changing global and societal needs.

Shifting from an “Entry-Focused” to an “Exit-Focused” Culture

Since becoming a joint-stock company in 2008, DBJ has pursued a unique business model that integrates loans and investment. I believe we have largely achieved success in this regard, as our financial figures indicate. In fiscal 2022, gross ordinary income was ¥249.4 billion, approximately half of which was made up of profits on investment of ¥123.3 billion, while profits on loans amounted to ¥104.0 billion. To continue meeting needs around the world, I believe we must also acknowledge that there are areas where we need to evolve.

For instance, consider our financial culture. We originally started out as an institution that provides long-term loans, and then evolved into a business model that integrates investments and loans for the supply of risk capital. This culture of extending long-term loans remains firmly rooted today. As their name suggests, long-term loans involve very long repayment periods and inherent risks associated with future changes in economic and social conditions. Essentially, decisions at the “entry point” (i.e., when extending a loan) are extremely important.

On the other hand, with investments, we remain actively involved after making an investment, adding value to the investment itself. The success or failure of an individual investment is determined at its “exit point,” which could be an IPO or an

M&A, when it becomes clear if our intended objectives have been achieved. In this sense, it is crucial that we transition our financial culture from one that is “entry-focused” to one that is “exit-focused.” While having a long-term perspective is crucial, in a world where economic and social conditions are changing rapidly, it is impossible to avoid short-term fluctuations. I believe we need to strengthen our mechanisms for responding promptly to such changes.

Aiming for Sustainability Management that Balances Economic and Social Value

Lately, many companies have become advocates for sustainability management. At DBJ, the word sustainability has been in frequent use since the era of our predecessor organization, the Japan Development Bank (JDB). Notably, in 1993, JDB established the Research Center on Global Warming within its Research Institute of Capital Formation, initiating pioneering research on global environmental issues.

One of the most memorable concepts from that era is the idea of “social common capital,” which was conceived by Professor Hirofumi Uzawa, an economist and advisor at the research institute. This idea posits that finance has value as a social common capital. This was particularly true for JDB, a government-affiliated financial institution that was expected to maintain long-term and impartial perspectives while sustainably balancing profitability and the public interest. This idea resonates with today’s concept of sustainability management.

When we formulated our long-term Vision 2030 for the DBJ Group in 2017 (☞ Page 3), we redefined “balancing profitability and public interest” as “balancing economic and social value,” thereby establishing this as the core of the DBJ Group’s unique approach to sustainability management.

As sustainability management becomes increasingly mainstream, I believe we must burnish our unique characteristics even further. For instance, one aspect of social value we consider is how to approach the resolution of external diseconomies. When I joined the bank in 1986, our loans were mostly utilized for pollution prevention and energy conservation projects. Pollution is a prime example of an external diseconomy. Preventing it requires spending, but there is a social need to address pollution. While striving for a sustainable balance between profitability and the public interest, JDB’s role was to support companies in their efforts to prevent pollution and ensure their economic survival. There are many parallels between such efforts then and today’s endeavors at decarbonization. Further expanding on our historic role, I believe that balancing economic and social value is what defines the DBJ Group’s sustainability management.

Transitioning from a “Plan-Driven” to a “Results-Driven” Focus in Our Medium-Term Management Plan

The corporate mission of the DBJ Group is to design the future with financial expertise. That is to say, we aim to help solve the challenges faced

by our customers and society by working ceaselessly to pioneer new financial frontiers, thereby contributing to the sustainable development of Japan and the world. To realize this mission, in 2017 we formulated Vision 2030, which defines the role we should play until 2030.

In fiscal 2021, we launched the Fifth Medium-Term Management Plan, aimed at realizing Vision 2030. In response to changes in the social environment since then, we reviewed and updated the plan in May 2023 while also reassessing our materiality. When we formulated Vision 2030, the concept of materiality was not clearly defined, so for the time being, we first identified infrastructure,

industry, and regions as the three priority areas of societal need that we intended to address.

In our most recent update to the management plan, we determined our materiality by assessing three issues that are important to our stakeholders and that we believe the DBJ Group should address—decarbonization, new business creation, and population decline—across our three existing priority areas. We have also included a fourth priority area, financial markets and risk capital markets. As a result of this process, we identified material societal issues to be addressed in four businesses and two material issues in our own management.



Why did we review the management plan at this juncture? Our four previous management plans had been created once every three years. Before the Fourth Medium-Term Management Plan came to an end, we thought that the basic outline of our integrated investments and loans business model had taken shape, so we decided to transition to five-year plans beginning with the Fifth Medium-Term Management Plan. To respond to changes during this period, however, we decided that it was necessary to review the plan in its third year.

Furthermore, we are at a stage where we need to reconsider the way we approach our medium-term plans. I believe that it is our job to not only achieve the plan but also consider how our stakeholders will view the results we deliver. Therefore, I would like to gradually shift from a “plan-driven” approach to a “results-driven” one. Additionally, while materiality often involves setting key performance indicators (KPIs), I believe we should focus primarily on producing outcomes that contribute to solutions for the changing needs of society, while constantly facing challenges head on.

Further Strengthening a Culture That Values a Head-on Approach to Challenges

In reviewing the Medium-Term Management Plan, we promoted the slogan “Connect, create and carve out new possibilities.” The DBJ Group is fully equipped with the ability to connect, create and carve out new possibilities, and it goes without saying that I, as the president, must lead the DBJ Group forward with this challenge.

On a personal note, I have felt, from the time when I was young and in charge of customers, that the culture here values the taking on of new challenges. This is because even then the organization aimed to balance profitability and public interest, and there was an unspoken agreement among all executives and employees that the answers could not be found without trial and error.

In the wake of the Great East Japan Earthquake in 2011, DBJ was tasked with thinking about measures to address severe power shortages. As the head of the Corporate Planning & Coordination Department and a special missions team, my responsibility at that time was to think about the future of DBJ three years into the future. Although energy problems were not within my purview, I personally felt that I had to try to tackle the power shortage problem, and visited electric power companies and the Agency for Natural Resources and Energy to share ideas with them. Not once was I discouraged by executives or colleagues from taking such actions. The attitude was more like “if you want to do it, go ahead.”

Whenever there is a plan, people tend to stick to it and avoid doing anything outside of it. Nevertheless, even if an idea has not been included in the plan, it is important to discuss what it might require together, and if there is a rationale for it, then we should take on the challenge. I intend to further strengthen our culture of valuing a positive attitude to challenges, and I would like to convey to everyone in the Group that management’s main purpose is to encourage and support our employees to take on new challenges and increase their experience—so please take on more challenges!

Relentlessly Pursuing Challenges While Passing Our Core Corporate Values on to the Next Generation

During my term as president, I hope that our stakeholders will say that the DBJ Group has been instrumental in supporting their efforts. I also hope that they will seek out DBJ for a second opinion, such as our perspective on a proposal they have received, for example. Our core corporate values of a long-term perspective, impartiality, public-mindedness, and reliability are our unique strengths. While passing these core corporate values on to the next generation, I am committed to taking an unwavering stance on pursuing challenges and proud that DBJ is contributing to the sustainable growth of Japan as a front-runner in sustainability management.



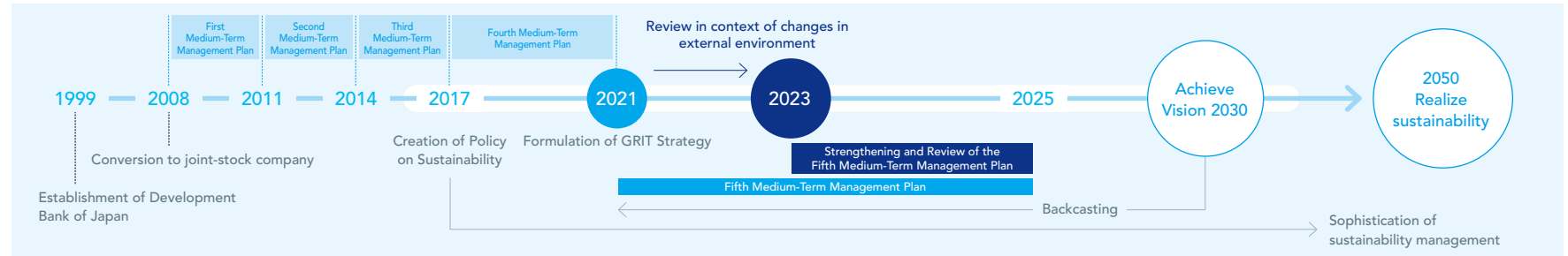
Seiji Jiige
President and CEO
Development Bank of Japan Inc.
October 2023

Background to Strengthening and Review of the Fifth Medium-Term Management Plan

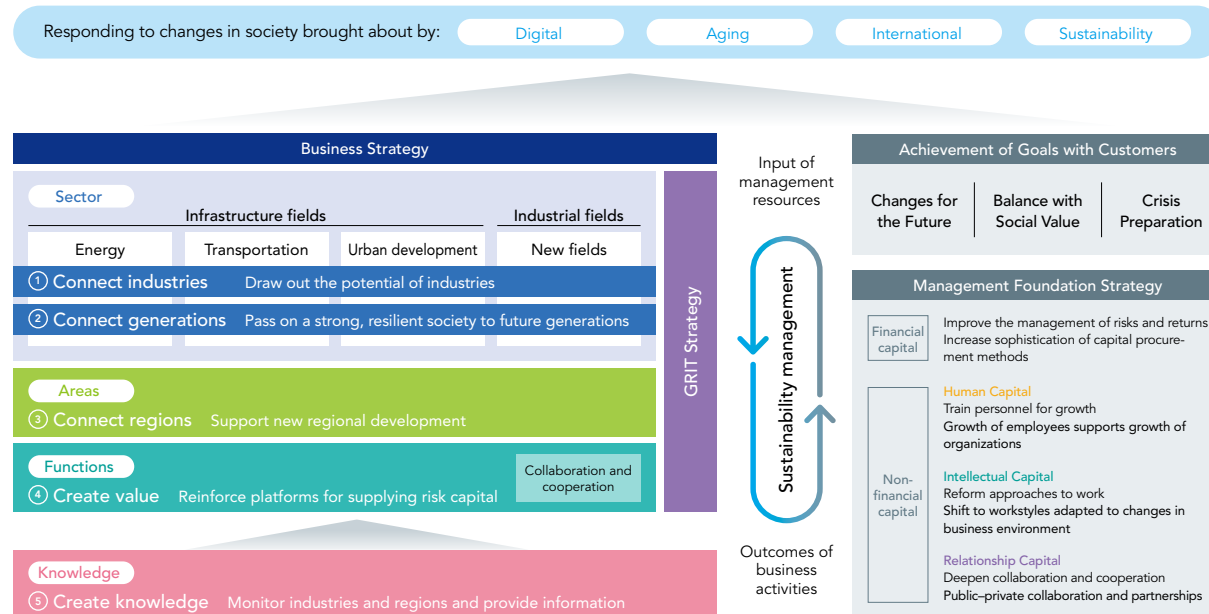
Since becoming a joint-stock company in 2008, the DBJ Group has implemented four medium-term management plans with the objectives of increasing the supply of risk capital for integrated investments and loans and of advancing risk management functions. In May 2021, we formulated our Fifth Medium-Term 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 Strengthening and Review of the Fifth Medium-Term Management Plan, and 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.



Basic Concept of Fifth Medium-Term Management Plan Connect and Value Creation –Innovation for Sustainability–



GRIT Strategy

With the aim of contributing to the realization of a sustainable society in 2050, the DBJ Group has set forth the GRIT Strategy as a way for deploying its “connect” functionality with an eye on 2030 and it is strengthening these strategic initiatives.

- G Green**
Initiatives to become carbon neutral with established technologies
- R Resilience & Recovery**
Building of flexible yet strong industrial foundations as well as safe and secure regions and society
- I Innovation**
Initiatives for innovations that are commercially feasible from a long-term perspective
- T Transition / Transformation**
Strategic initiatives to steadily lead transition toward carbon neutrality and other goals, based on current business foundation

Review of First Two Years of Fifth Medium-Term Management Plan

The DBJ Group provided investments and loans under its GRIT Strategy at a level equivalent to roughly 40% of total investments and loans (excluding crisis countermeasure loans) in its aim to implement initiatives to “connect” industries and generations, including investments and loans for next-generation energy such as hydrogen and ammonia, and the arrangement of transition loans. By participating in and supporting regional conferences, we have helped regional initiatives work toward decarbonization by “connecting” stakeholders with each other.

We supplied approximately ¥2.5 trillion in funds as a part of Crisis Response Operations to support our customers during the prolonged COVID-19 pandemic.

In particular, we activated Special Investment Operations to support our customers in sectors such as food and accommodation services that have severely impacted by the pandemic. We played the role of a safety net during their recovery from the pandemic.

Business Strategy and GRIT Strategy (Connect and Value Creation)

Main Initiatives in First Two Years

① Connect industries	Executed investments in innovation, such as hydrogen funds and ammonia-related startups
② Connect generations	Gained experience in sustainability financing, such as transition loans
③ Connect regions	Participated in regional councils aimed at realizing a decarbonized society Led discussions among the related parties and formulated decarbonization road map
④ Create value	Grew assets under management (AUM) at DBJ Asset Management Co., Ltd. from ¥1.6 trillion → ¥2.6 trillion
⑤ Knowledge	Held dialogues with top management at companies, hydrogen, DX, tourism, etc. Published reports from perspective of “industry × regions”

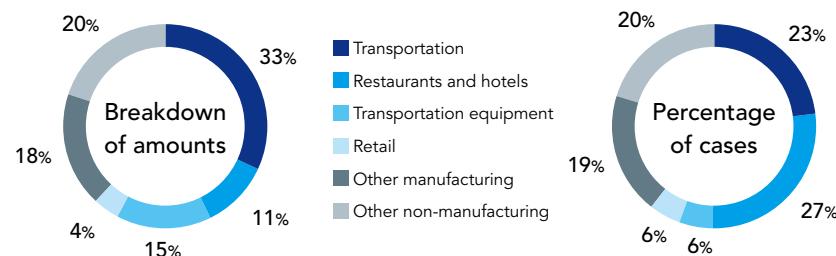
Purpose of Investments and Loans in GRIT Strategy (Five-Year Total) **¥5.5 trillion** (¥13 trillion total investments and loans)

GRIT Total GRIT investments and loans **¥2,136.3 billion**
(About 40% of total investments and loans, excluding crisis countermeasure loans)

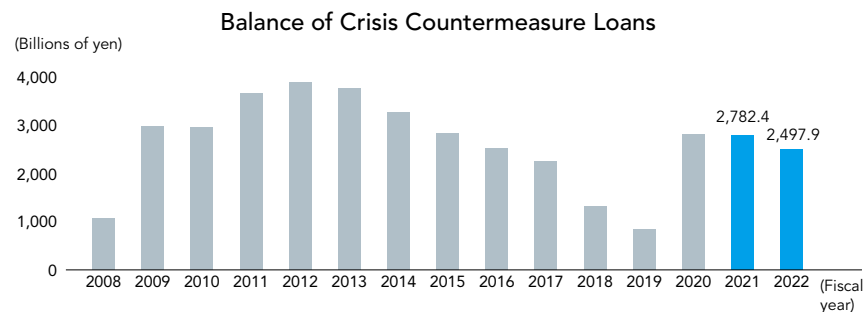
Crisis Response Operations Related to the COVID-19 Pandemic

Supplied about **¥2.5 trillion** in funds as of March 31, 2023, while collaborating with other financial institutions

Results of crisis countermeasure loans related to the COVID-19 pandemic



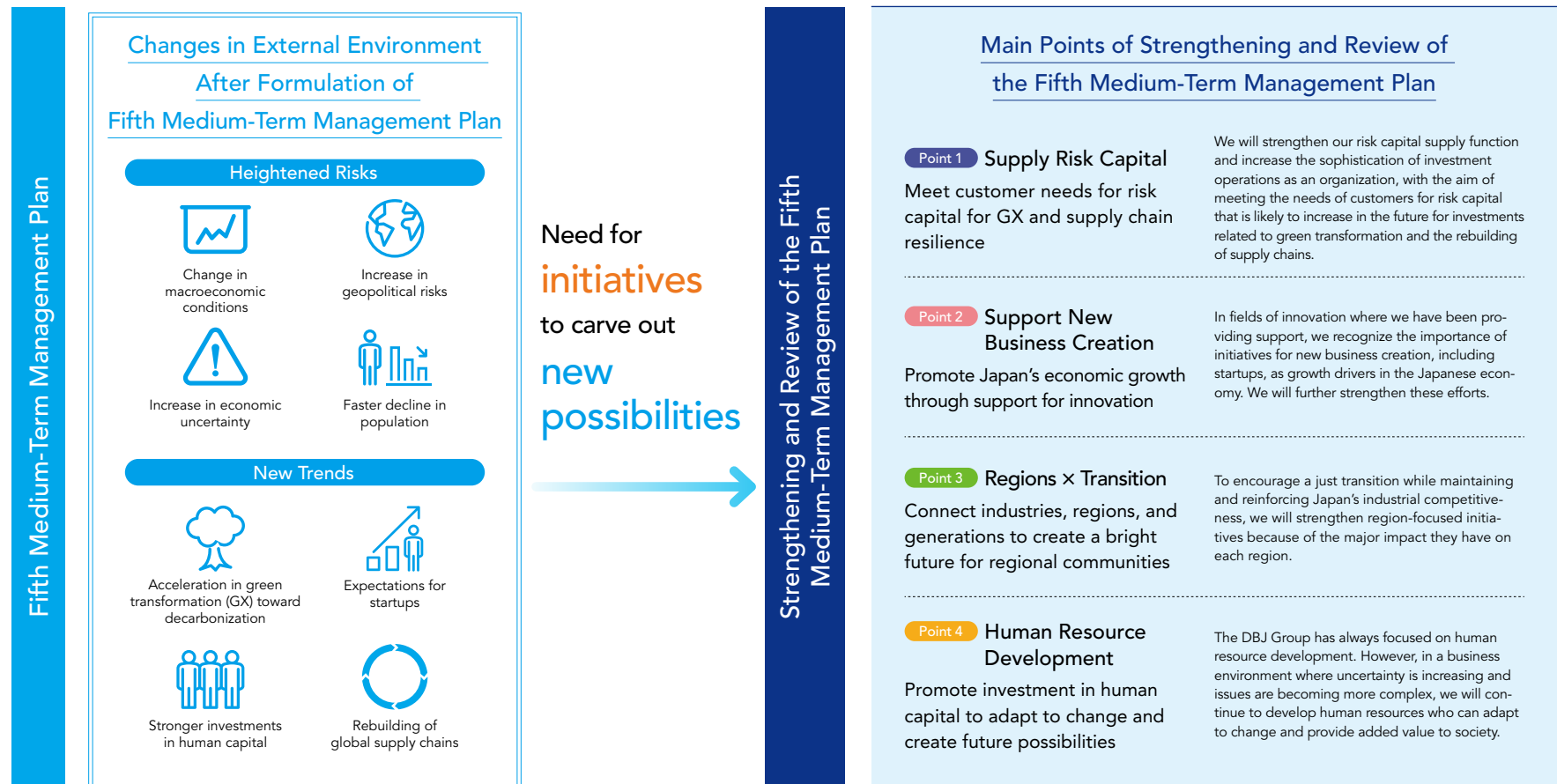
DBJ Food & Beverage/Hotel Support Fund Investment Limited Partnership
Total preferred share underwriting: **¥57.5 billion** / 11 cases (As of March 31, 2023)



Strengthening and Review of the Fifth Medium-Term Management Plan

Amid increasing uncertainty in the business environment due to changes in macroeconomic conditions, such as rising interest rates and inflation, and escalating geopolitical risks, the global trend towards a decarbonized society is accelerating while the restructuring of supply chains and other movements are advancing. Although the future is uncertain, with this business environment as a backdrop, DBJ disclosed the Strengthening and Review of the Fifth Medium-Term Management Plan in May 2023 to highlight the areas that the DBJ Group is keen to strengthen over the remaining three years of the Fifth Medium-Term Management Plan.

Through initiatives that are particularly important in this strengthening and review of the management plan, we continue to challenge ourselves to pioneer the future together with our customers.



Example of Initiatives in Strengthening and Review of Fifth Medium-Term Management Plan

Point 1

Supply Risk Capital

Meet customer needs for risk capital for GX and supply chain resilience

Stronger focus on individual sectors

- Create dedicated investment teams

Help increase resilience of supply chains
(As a designated financial institution, DBJ performs Supply Security Operation separately.)

Increase sophistication of investment evaluation capability

- Create Investment Evaluation Office teams

Supply of risk capital (fiscal 2023–fiscal 2025)

Loan target **¥1 trillion**

▲

Point 2

Support New Business Creation

Promote Japan's economic growth through support for innovation

Increase investments in new businesses and startups (Special Investment Operations)

- New businesses of customers
- Deep tech, growth stage
- Venture capital, secondary funds

Support for new business creation (fiscal 2023–fiscal 2025)

Target **¥100 billion**

▲

Point 3

Regions × Transition

Connect industries, regions, and generations to create a bright future for regional communities

Support for just transition in each region while advancing GX

- Initiatives capitalizing on regional strengths (Renewable energy, hydrogen, ammonia, carbon capture, usage, and storage (CCUS))
- Published a proposal for “Regions × Transition” featuring several case studies

Support for tourism to boost social interaction

Accelerate initiatives toward carbon neutrality in 2050

▲

Point 4

Human Resource Development

Develop a talented workforce to implement points 1 to 3
Invest in human capital needed to build a bright future while enhancing diversity and adapting to change

Diversity of experience (risk capital)

- Strategic personnel rotations to investment divisions
- Placement at external partners

Joint programs with external entities (new business creation)

- New R&D program for practical implementation of innovations

Diversity of experience (regions)

- Personnel rotations that prioritize regional experience
- Placement with regional economic organizations and other groups

Frontier Initiative Program

- Support for employee initiative in carving out new possibilities
- Granting of time to generate nonsequential growth for the organization

Diversity of experience (global)

- Expansion of opportunities for study abroad or placement with overseas organizations
- Human resource development programs with overseas universities

Building of fundamental knowledge

- Expansion of training and practice in digital and sustainability fields
- Strengthening of management and leadership abilities

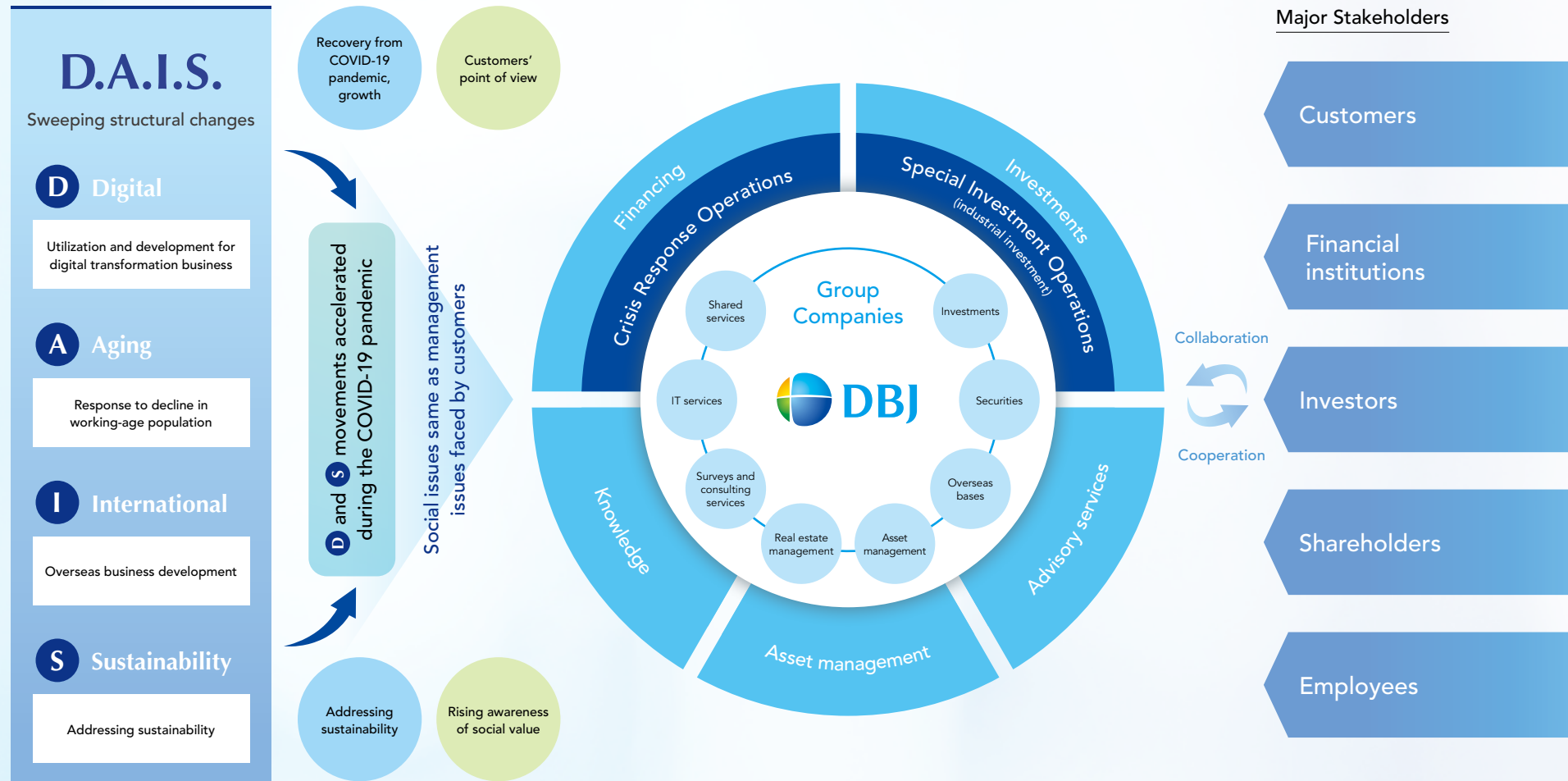
Financial Targets (Consolidated)

	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 <small>(based on Basel III, finalized and fully applied)</small>
Average during Fourth Medium-Term Management Plan (fiscal 2017–fiscal 2019)	¥168.8 billion	¥78.1 billion	31.9%	¥17.6 trillion <small>(end of fiscal 2019)</small>	1.0%	2.5%	18.7% <small>(end of fiscal 2019)</small>
2025 Targets in Fifth Medium-Term Management Plan (before review)	¥200.0 billion	¥85.0 billion	32%	¥21.0 trillion	1%	3%	14%
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.

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.





DBJ helps customers sustain growth by providing solutions for diverse needs with investments, loans, and knowledge, with an emphasis on dialogue that is always from the customers' perspective.



DBJ advocates for collaboration in knowledge-sharing and the discovery of cooperative projects, such as mutually cooperative engagements and the formation of joint funds with financial institutions, including regional and international financial institutions.



The DBJ Group proactively engages in investor relations (IR) activities, which include sharing case studies of investments and loans, as it believes that it is important for investors to gain a shared understanding of the Group's corporate philosophy and scope of business.



We aim to contribute to domestic and international sustainable development by finding solutions to issues faced by customers and society while engaging in deeper constructive dialogues that include diverse perspectives.



All of our employees pursue continuous growth with a firm grounding in our four core corporate values in order to try to solve new issues that emerge from the constantly changing contemporary needs.

Procurement and Management of Funds

DBJ receives funding in various ways, including the procurement and management of funds from institutional investors and financial institutions in Japan and abroad. We use these funds to supply risk capital to domestic and overseas customers in the industrial and infrastructure fields.

Provision of Knowledge

Backed by its experience and knowhow in industrial and infrastructure fields as well as in risk analysis and structuring, the DBJ Group creates added value through the provision of knowledge in the form of surveys and analyses.

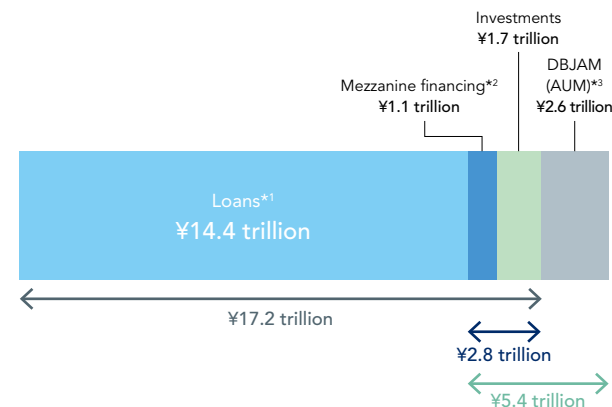
Crisis Response Operations and Special Investment Operations

Mandated by The Development Bank of Japan Inc. Act, these operations are undertaken properly and backed by the unique strengths of the DBJ Group, which acts as a stabilizer during phases of instability in economic and social markets.

Supply of Risk Capital by the DBJ Group

DBJ's financing operations address capital needs. Its balance of investments and loans (about ¥17.2 trillion) includes loan and investment operations, such as crisis response loans for emergencies (Pages 44–45) and risk-tailored project financing (¥14.4 trillion balance), and Special Investment Operations (Pages 42–43), such as operations to supply risk capital, like investments and mezzanine financing (about ¥2.8 trillion).

DBJ Asset Management Co., Ltd. (DBJAM) has ¥2.6 trillion in capital entrusted by investors, regional financial institutions, and other clients desiring expert fund management. DBJAM's work in asset management focuses on assets that allow the DBJ Group to maximize its strengths. Combined with the entrusted assets at DBJAM, the entire DBJ Group handles approximately ¥5.4 trillion in risk capital. We will continue to enhance the supply of risk capital to better meet the diverse needs of our customers.



*1 This includes crisis response projects, structured financing projects, and asset financing projects.

*2 Overlapping portions for crisis response projects, structured financing projects, and asset financing projects are eliminated from mezzanine financing.

*3 Assets entrusted by DBJ are excluded from DBJAM's assets under management (AUM).

(As of March 31, 2023)

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.

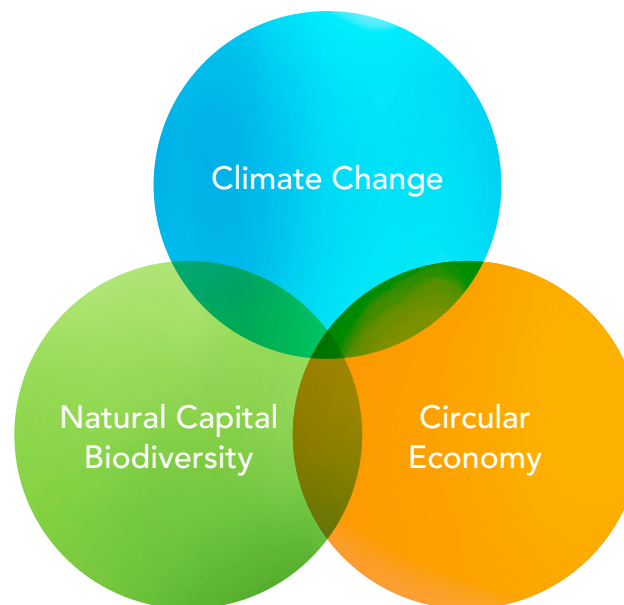
All of our business activities are premised on respect for human rights, along with the global issues of climate change and natural capital and biodiversity,

which form the foundation of socio-economic activities. We also acknowledge the importance of addressing the circular economy, where economic activities are 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.

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.

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 towards 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 to pre-industrial revolution levels, it is imperative to reduce greenhouse gas emissions (GHG), like carbon dioxide (CO₂) 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 to fiscal 2013), and to continue efforts to further push this reduction towards 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.

Basic Approach to Carbon Neutrality

Since the adoption of the Paris Agreement in 2015, various governments, industry associations, and corporations have declared their intentions to work towards 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.

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 (📖 Page 16), 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

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 support investments that facilitate transitions by our customers, keeping in mind our interim reduction target. 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 offering 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.

Engagement Activities

In order to support its customers' efforts to decarbonize, the DBJ Group offers sustainable finance and advisory services (📖 Page 39), and the entire Group, including DBJ Capital Co., Ltd., is working to supply risk capital for climate tech and new technologies.

We will continue to enhance our understanding and shared awareness of issues through constructive dialogue (engagement) with our customers, strive to understand in depth each customer's challenges and needs, and present solutions. By doing so, we will encourage customers to make use of the DBJ Group's strengths in investments and loans and advisory services.

Greenhouse Gas Emissions

Reduction Targets

The DBJ Group aims to achieve net zero emissions of greenhouse gases (GHG) by 2050, encompassing its own Scope 1 and Scope 2 emissions, as well as Scope 3 emissions of companies in its investment and loan portfolio.

Scope 1 and Scope 2

Scope 1: Direct GHG emissions from our own business activities
 Scope 2: Indirect GHG emissions associated with electricity, heat, and steam procured from other companies

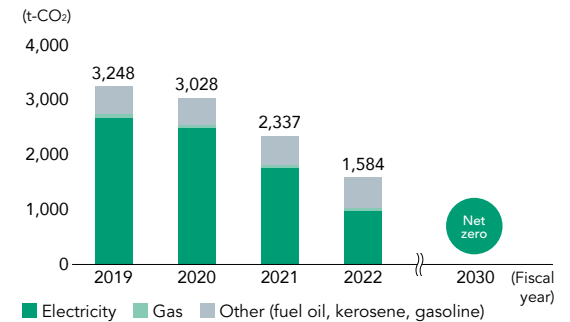
DBJ and eight major domestic Group companies (Page 75) have set targets for achieving net zero in-house emissions by fiscal 2030. GHG emissions are measured and tallied at these companies. DBJ has created an environmental management system overseen by the managing executive officer in charge of the Corporate Planning & Coordination Department and it promotes ongoing initiatives based on plans and concrete measures to reduce emissions.

Scope 3

Scope 3: Indirect GHG emissions outside of Scope 1 and Scope 2 (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 sector, after due consideration of the characteristics of the sector and the amount of credit extended to it. The DBJ Group is committed to measuring and disclosing its GHG emissions in the energy sector and elsewhere.

Scope 1 and Scope 2 Emissions



PCAF Methodology

The DBJ Group validates and estimates GHG emissions from companies in its investment and loan portfolio using the Partnership for Carbon Accounting Financials (PCAF) standard, a methodology for calculating emissions by asset class.

Future Policies

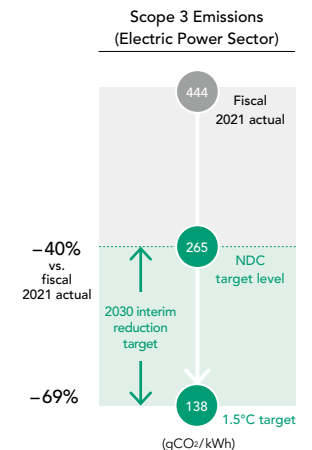
- (1) We will also measure the emissions of the energy sector (oil and gas) as a sector that emits large quantities of GHGs.
- (2) We will continue to examine the best indicators to disclose (emissions intensity, absolute emissions, etc.).
- (3) We will aim to improve the quality of emissions data gathering by updating data gathering methods in stages, with reference to ongoing dialogue with customers.

Indicators for 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 Electric Power Sector

- DBJ has set a target of 138gCO₂/kWh–265gCO₂/kWh for emissions intensity as a 2030 interim reduction target for Scope 3 GHG emissions from companies in its investment and loan portfolio in the electric power sector.
- Once it achieves the level (265gCO₂/kWh, 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 (138gCO₂/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.



Constructive Dialogue (Engagement) with Customers

Based on our corporate philosophy and Policy on Sustainability, we are committed to realizing the sustainable development of Japan and the world by solving issues faced by customers and society. Drawing on our expertise in engaging in dialogue and backed by our accumulated financial, survey, and knowledge capabilities, we use constructive dialogue (engagement) with our customers to share awareness of issues and build understanding of their management issues and needs. While leveraging the overall strengths of the DBJ Group, we offer assistance through investments and loans and advisory services.



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 updating 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.



Japanese Cement Industry's First Transition Financing

The Taiheiyo Cement Group has drawn up and disclosed its Carbon Neutral Strategy 2050 and a road map for technological development. It is undertaking activities to become carbon neutral throughout its supply chain in Japan and overseas by 2050.

Having assessed Taiheiyo Cement's strategy positively, DBJ extended a transition-linked loan to the company—the first ever transition financing in the Japanese cement industry—to support its efforts to develop groundbreaking technologies and fully leverage existing technologies. This loan was selected by the Ministry of Economy, Trade and Industry (METI) as a Climate Innovation Finance Promotion Project.



Supporting Japanese Companies with Developing Renewable Energy-Related Businesses Overseas through M&A Advisory Services

As the global movement toward carbon neutrality gains momentum, Japanese companies increasingly require investments and M&As in renewable energy projects, including those overseas.

DBJ's overseas subsidiary DBJ Singapore Limited has an investment banking team, comprising international staff from Asia, that excels at gathering information related to investments and M&A deals in the region. This team collaborates with DBJ's Business Development Department, Relationship Management Department, and subsidiary Japan Economic Research Institute Inc. to constantly introduce potential projects to customers and understand the latest needs of customers through multiple discussions. These efforts occasionally result in customer requests for advisory services.



Investments to Support Commercialization of On-site Ammonia Supply System

Tsubame BHB Co., Ltd. has developed catalysts that synthesize ammonia under low temperature and low pressure conditions and commercialized the world's first compact on-site ammonia supply system.

If this system is widely adopted, it will be possible to locally produce ammonia, which is used for energy and fertilizer, for local consumption, and help solve environmental and hunger problems around the world. For this reason, DBJ supports this business by providing investments through its Green Investment Fund, a funding framework in Special Investment Operations.

Constructive Dialogue (Engagement) with Customers



Investment in SPC for the Development of Wooden Office Building

To realize a sustainable society, expectations are mounting in the real estate sector for companies to reduce CO₂ emissions throughout the life cycle of a building, including construction, usage, and the manufacture and disposal of materials. Using wood for building construction has less impact on the environment than fabricated materials, and the carbon storage effect of wood itself is a promising way to reduce CO₂ levels. The forestry industry, however, also needs support with improving its supply chain.

In conjunction with regional financial institutions, the DBJ Group invested in a special purpose company (SPC) created to develop an environmentally friendly office building with a mixed wood and steel structure in Sendai City. The SPC was set up to advance innovative efforts by concentrating the management resources of project participants. In addition to sharpening competitiveness, this project aims to strengthen supply chains by improving systems for supplying wood materials and to help revitalize regional economies. The DBJ Group assists this project through its Green Investment Fund, a funding framework in the Special Investment Operations scheme.



Investments in Environmentally Conscious Agricultural Funds, Forest Funds, and Food and Agriculture Funds

Rising demand for food around the world and the limitations of resources amid climate change have become issues for society. The pivot to corporate agriculture and the spread of environmentally friendly farming has caught on mainly in Europe, the United States, and Australia. Environmentally friendly farming, which has high production efficiency, enables the recycling and reuse of water resources within the environment, and cultivation environments are not influenced by the location of the farm. Environmentally friendly farming looks likely to gain traction in Japan, other parts of Asia, and other countries around the world.

DBJ invests in a variety of funds related to forestry, farmland, dairy farming, livestock, and aquaculture. DBJ's first investment of this kind was in a fund that invests in environmentally friendly greenhouses in North America, and DBJ was the first investor from Asia in this fund. Through these investments, DBJ aims to gain insights into global trends in the food sector, gain advanced knowledge from overseas, and use these to help Japan's food industry to grow.



Syndicated DBJ Sustainability Linked Loans with Engagement Dialogue

Fuyo General Lease Co., Ltd. is keen to contribute to the realization of a circular economy as one of its main priorities (materiality), which it defined by backcasting from its vision for 2030. It has positioned the circular economy as a growth driver in its medium-term management plan.

A syndicated DBJ Sustainability Linked Loan with Engagement Dialogue was extended to Fuyo General Lease. DBJ Sustainability Linked Loans with Engagement Dialogue are on DBJ's menu of investments and loans aimed at setting appropriate key performance indicators (KPIs) and Sustainability Performance Targets (SPTs) to help customers advance their sustainability management through dialogue with DBJ. For this loan, DBJ chose the material and chemical recycling rate of waste plastic from returned properties as a KPI for monitoring the company's progress and set an SPT.



Advocacy for Creating Sustainable Tourist Attractions

In Hokkaido, the tourism industry is positioned as a strategic growth field but climate change threatens to diminish the attractiveness of its tourism resources and tourism pollution negatively affects the region. There is a high risk of tourism sites becoming unsustainable, so it is essential to make strides toward the Sustainable Development Goals (SDGs) and carbon neutrality to sustain growth and sharpen Hokkaido's international competitiveness.

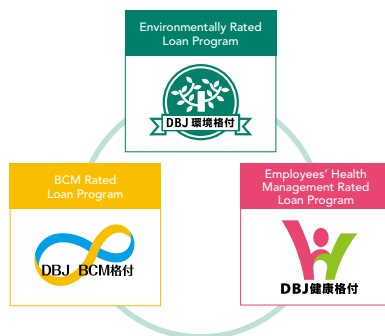
A research report published by DBJ titled *Current State of Sustainable Tourism and Future Direction of Hokkaido: Creating Sustainable Tourism Sites* discusses Hokkaido's tourism strategy in the context of sustainable tourism as a travel concept while reflecting on dialogues with ordinary companies, government agencies, destination management organizations (DMOs), and academic research institutions.

Constructive Dialogue (Engagement) with Customers

Solution 1 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, 2023)	Amount of Investments and Loans	No. of Investments and Loans	
	Cumulative total	Cumulative total	Fiscal 2022
Environmentally Rated Loan Program	¥1,802.2 billion	786 cases	38 cases
BCM Rated Loan Program	¥576.3 billion	440 cases	19 cases
Employees' Health Management Rated Loan Program	¥379.5 billion	282 cases	30 cases
Total	¥2,758.0 billion	1,508 cases	87 cases

Solution 2 Sustainability Management Consulting Services

DBJ provides its customers with tailor-made consulting services in addition to a diagnosis of their overall sustainability management. Through these services, we help our customers maintain and update the foundations of their sustainability management, from formulating long-term visions and identifying materiality, to adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), support for patent analysis, and a menu of other accompanying support options.

Solution 3 DBJ Green Building Certification

Established in 2011, DBJ Green Building Certification is a certification system designed to recognize real estate that gives exceptional consideration to society and the environment. In addition to the environmental performance of the properties, DBJ conducts a comprehensive evaluation of disaster preparedness and community considerations that involve engagement with various stakeholders as the basis for assessing and certifying real estate as needed by society and the economy.



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. Moreover, they are working to reflect real estate value in the certification system.

Through the spread of DBJ Green Building Certification, the initiatives of our customers can reach a broader audience, and at the same time, we aim to advance cooperation and dialogue with companies, investors, and financial institutions. Over the long term, we aim to design the future of cities and buildings with the objective of upgrading and nurturing environments for investing in real estate that is of benefit to the economy and society, while reflecting in real estate values any considerations given to the environment and society, which have not been adequately reflected in value in the past.

Solution 4 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 with customers (engagement).

We will encourage the use of hydrogen and ammonia, 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, while we believe that it is important to collaborate and move forward with them, we must also factor in the unique characteristics of regional areas and a diverse range of industry structures and related parties. The Transition Business Promotion Office aims to advance cross-regional and cross-sector efforts to transition to a decarbonized society while consolidating knowledge of each sector.

Sustainability Management

The Sustainability Committee deliberates and reports on policy responses to various sustainability-related issues, such as climate change, and monitors progress on related initiatives. The Sustainability Management Office has been created as an administrative body within the Corporate Planning & Coordination Department to act as a hub for information inside and outside the DBJ Group, report the outcome of deliberations to the Board of Directors, and advance various measures based on these reports.

The Advisory Board, an advisory body to the Board of Directors consisting of outside experts and outside directors, reports on the progress of initiatives, such as the GRIT Strategy (Page 16) and other business plans, and the content of its deliberations is reflected in business plans and measures to enhance risk management.

Policy on Sustainability

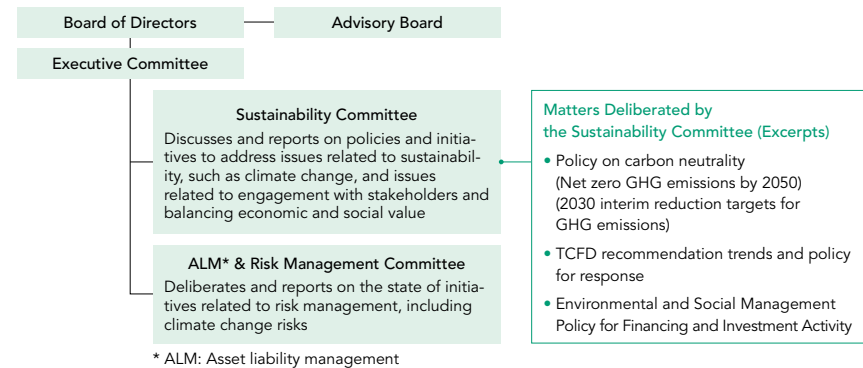
The DBJ Group, in accordance with its corporate philosophy, established the Policy on Sustainability to conduct business in a manner that resolves the issues of its customers and broader society, while realizing its mission for the sustainable development of Japan and the world.

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

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 initiatives and policies to address this risk. The DBJ Group has determined business policies for investments and loans and specified sectors, and monitors progress.

Organizational Chart



Policy on Human Rights

DBJ admires the Guiding Principles on Business and Human Rights and understands that human rights are the most basic of rights as explained in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The DBJ Group Policy on Human Rights was created out of respect for these principles. Moreover, DBJ encourages its executives, employees, customers, and suppliers to pursue initiatives that respect human rights.

This policy applies to all DBJ Group companies, and all executives and employees refer to this policy while endeavoring to respect human rights.

Environmental and Social Management Policy for Financing and Investment Activity

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

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

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.

Initiatives to Enhance the Sophistication of Sustainability Management

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 focus efforts on training human resources who will lead sustainability management, and we are strengthening the foundation for advancing such initiatives.



Human Rights

United Nations Global Compact



DBJ is a participant in the United Nations Global Compact, a sustainability initiative influenced by the International Bill of Human Rights. The DBJ Group endorses the 10 Principles of the compact related to human rights, labor, the environment, and preventing corruption, and constantly strives to reflect these principles in its business strategies, corporate culture, and daily work activities.

Natural Capital

Japan Business Initiative for Biodiversity



DBJ has joined the Japan Business Initiative for Biodiversity (JBIB), which was established in 2008 to contribute to the preservation of biodiversity in Japan and around the world and advance initiatives in nature-positive businesses. Through information exchanges with companies, this organization is enhancing nature-positive initiatives.

Human Capital

Human Capital Management Consortium



DBJ is a member of the Human Capital Management Consortium, a framework for examining more effective ways to disclose information and discuss companies' efforts to manage human capital, with the aim of enhancing related initiatives and disclosures. While referring to pioneering case studies and exchanging information with member companies, we proactively advance practical initiatives to improve the value of human capital.

Human Capital

Training Human Resources to Support Sustainability Management

Marshalling knowledge from across the Group, the DBJ Group has created textbooks about GRIT and sustainability as a compendium of its knowledge about sustainability. The GRIT/Sustainability Portal on DBJ's intranet features the latest information about rapidly changing issues related to sustainability and shares information about the DBJ Group's initiatives in a timely manner. Throughout the year, we hold a variety of training and briefing sessions and make an effort to train personnel as sustainability experts for the entire Group.

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, which reports to 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 (□ Page 28). We are updating the DBJ Group's overall strategy, taking into account changes in risks and opportunities related to social issues and climate change.

The Advisory Board, made up of external experts and external directors, reports on initiatives in business plans and reflects the content of these discussions in business plans and efforts to improve risk management (□ Page 60).

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 (□ Page 66). 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 (□ Page 3) and Policy on Sustainability (□ Page 28), we perceive climate change as a significant change in the external environmental 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 have set our GRIT Strategy (□ Page 16) in motion with a budget of ¥5.5 trillion for investments and loans over five years, strengthening support for our customers' decarbonization efforts.

Indicators 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 Scope 1, Scope 2, and Scope 3 emissions, and continuously evaluate ways to improve and expand disclosure methods (□ Page 24).

DBJ has set and is working toward the interim reduction target of 138gCO₂/kWh–265gCO₂/kWh in 2030 for Scope 3 emissions in its portfolio of electric power sector investments and loans, while targeting net zero Scope 1 and Scope 2 emissions by fiscal 2030.

Scenario Analysis

Basic Approach to Climate-Related Risks and Opportunities

When formulating its Vision 2030 (☞ Page 3), 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 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

Sectors covered	Energy, transportation, urban development
Scenario	Use SSP scenarios to analyze scenarios where the average temperature increases by 1.5°C, 2°C, and 4°C
Relevant technologies	Carbon capture, utilization, and storage (CCUS), electric vehicles, biomass, hydrogen, renewable energy
Period covered	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 costs 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.

In fiscal 2022, DBJ analyzed scenarios for the energy sector (electricity, oil, and gas) for transition risks, and scenarios for direct damage (damage to collateral value) and indirect impacts (business suspensions) due to water disasters for physical risks. DBJ expanded the scope of analysis for physical risks from the balance of loans to the total balance of investments and loans and changed the period of time for analysis from 2050 to 2100. 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
Risk event	Sudden change in policy toward net zero GHG emissions	Water damage (flooding)
Scenario	NGFS*1 Delayed Transition scenario	IPCC*2 RCP*3 8.5 (4°C scenario)
Scope of analysis	Energy sector	Damage to collateral value and business suspensions due to water disasters
Assets covered	Balance of investments and loans	Balance of investments and loans
Analysis period	By 2050	By 2100
Analysis results (level of increase in credit costs)	About ¥70.0 billion (cumulative)	About ¥30.0 billion (cumulative)

*1 NGFS: Network for Greening the Financial System

*2 IPCC: Intergovernmental Panel on Climate Change

*3 RCP: Representative Concentration Pathways

Sector Strategy

Energy Sector

To achieve a balance between the stable supply of energy and the realization of a decarbonized society, we are contributing financially to fields involving innovation and transitions to decarbonization.

Main Business Field

The DBJ Group provides financing and advisory services to companies and projects in the following sectors.

- Electricity
- Gas
- Oil

Balance of Loans in the Electricity, Gas, Oil Refinery, Heat, and Water Sectors

As of March 31, 2023

¥3.9 trillion

Related Material Issues



Formation of sustainable infrastructure



Technical innovation and restructuring of industry

Risks and Opportunities

- Tighter energy supply/demand and higher prices due to geopolitical risks and various policy and legislative changes
- Changes in industrial and energy supply/demand structures due to accelerated decarbonization
- Strengthen competitiveness of energy industry and foster innovation through responses to these issues

Strategy

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 green transformation in 2022. On the other hand, it is essential to confront challenges, like maintaining 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 pathways due to the involvement of many stakeholders.

The DBJ Group will collaborate with customers dealing with these challenges, through engagement and the sharing of knowledge, to help solve such issues together. While valuing the relationships we have cultivated with our customers, we will focus on the smooth provision of funding, including transition financing and risk capital.

Additionally, we will offer loans and investments for fields of innovation, such as renewable energy, storage batteries, and hydrogen and ammonia, as well as strive to provide sustainable investment opportunities for institutional investors through asset management operations.

Project Spotlight

Support through Transition Financing to Realize Carbon Neutrality at Electric Power Companies

Since the Japanese government declared in October 2020 its goal of achieving carbon neutrality by 2050, electric power companies have also been called upon to execute transition strategies to achieve carbon neutrality. In fiscal 2022, soaring fuel prices threatened the stable supply of electricity and it became evident that it will be a challenge to balance transition strategies with stable electricity supplies.

To address these issues, we have provided not only business and capital funding to stabilize the supply of electricity but also assistance through various types of transition financing. This includes Japan's first transition-linked hybrid loan for The Chugoku Electric Power Co., Inc., transition-linked loans for JERA Co., Inc., and other financing for Kyushu Electric Power Co., Inc., Hokkaido Electric Power, and Tohoku Electric Power Co., Inc.

Looking ahead, demand for financing looks likely to increase amid expanding adoption of renewable energy. The DBJ Group is fully committed to addressing its customers' challenges while making progress on stable electricity supplies, carbon neutrality, and growth strategies.



Sector Strategy

Transportation Sector



The DBJ Group aims to provide financial leadership for the growth of the transportation sector and advancement of transportation networks. DBJ will connect Japan's financial market to global transportation financing.

Main Business Field

The DBJ Group provides financing to companies and projects in the transportation sector.

- Land transportation
- Marine transportation
- Air transportation

Balance of Loans in the Transportation Infrastructure (Transportation Industry) Sector

As of March 31, 2023

¥3.2 trillion

Related Material Issues



Formation of sustainable infrastructure



Regional revitalization utilizing untapped potential

Risks and Opportunities

- Advancement of transportation networks amid global population growth and stronger logistics demand
- Sustained growth in overall markets, including decarbonization initiatives

Strategy

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

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

Proactively contributing to frameworks for decarbonization will be essential to facilitating the borderless movement of people and goods. In the marine transportation sector, for example, the DBJ Group became a signatory to the Poseidon Principles to contribute financial resources for addressing climate change, which will be key to achieving the International Maritime Organization's targets for reducing GHG emissions over the medium and long term. The DBJ Group will continue efforts to improve sustainability in similar ways.

* This lists the estimated volume and location of hazardous materials on a ship, which became mandatory with the Convention for the Safe and Environmentally Sound Recycling of Ships, which was adopted in May 2009.

Project Spotlight

Evaluation Certification Programs for Fukuoka Shipbuilding Based on Zero-Emission Accelerating Ship Finance

Fukuoka Shipbuilding Co., Ltd. is a shipbuilding company highly regarded for its technological capabilities, especially in the construction of chemical tankers. DBJ has provided financing to Fukuoka Shipbuilding based on Zero-Emission Accelerating Ship Finance, which it jointly operates with Nippon Kaiji Kyokai (ClassNK).

This program uses a comprehensive scoring model that supports shipping companies in their transition to decarbonization from both an investor relations (IR) and a financial perspective. Evaluations are conducted by ClassNK based on criteria related to decarbonization, environmental performance, and advancement and DBJ provides the loans and investments.

Japan's first LNG-fueled chemical tanker, the *FAIRCHEM PIONEER*, was co-developed by Fukuoka Shipbuilding and Fairfield Chemical Carriers Group (FCC Group) and built by Fukuoka Shipbuilding. It is scheduled to be chartered by Fairfield Japan Ltd., the Japanese entity of FCC Group. *FAIRCHEM PIONEER* has received an "A" score in this program, recognizing its significant reduction in CO₂ emissions due to LNG fueling and environmental considerations at the time of decommissioning, with plans to stay on the Ship Recycling Inventory* list.





Sector Strategy

Urban Development Sector

Identifying and taking social issues into account, the DBJ Group contributes to both the development of the real estate finance market and the development of sustainable urban functions.

Main Business Field

The DBJ Group provides financing for urban development projects undertaken by developers, special-purpose companies for owning real estate, and real estate investment trusts (REITs), operates certification systems and offers research services.

- Urban development business
- Real estate financing
- DBJ Green Building Certification

Balance of Loans in the Real Estate Sector As of March 31, 2023

¥2.9 trillion

Related Material Issues



Formation of sustainable infrastructure



Creation of markets and safety nets in the finance sector

Risks and Opportunities

- Respond to redefinitions of the purpose and value of real estate amid shifts in social values in a post-pandemic world and workstyle reforms with the declining working population and increased awareness of the environment and the well-being of tenants
- Contribute to sustainable urban development and extend the lifespan of existing assets in light of rising commodity prices and environmental considerations
- Adapt to new businesses created as a result of accelerating decarbonization, environmental, social, and governance (ESG), and digitalization initiatives in the real estate sector.

Strategy

DBJ will promote urban development through the supply of risk capital, such as loans and investments for developers, REITs, and development projects. Currently, society at large—including urban development—is facing issues such as declining birthrates, an aging population, a shrinking workforce, and the changing climate. Our customers' business models might also be forced to undergo rapid changes. Even in these uncertain conditions, we aim to preempt social issues and changes by enhancing our research capabilities and acquiring knowledge through loans and investments in leading projects overseas. We strive to provide concrete solutions for our customers.

In the field of ESG, we created DBJ Green Building Certification in 2011 as a system to certify real estate that has been designed with environmental and social considerations. Moreover, in 2021, we founded Arc Japan to provide services that visualize the environmental impact of real estate and support decarbonization efforts. We are undertaking initiatives like researching office needs in light of increased awareness of the environment and well-being, participating in pilot projects for the environmental renovation of older buildings, and moving to help improve the sustainability of real estate and aid the transition to a decarbonized society.

Project Spotlight

Formation of Office Inventory that Satisfies Modern Needs

With social demand increasing to address the impact of the COVID-19 pandemic while taking the environment and well-being into consideration, the needs and requirements for office buildings occupied by corporate tenants are likely to further evolve.

In collaboration with the Value Management Institute, we conducted a survey of office building needs, requirements, and issues for tenants, real estate owners, and other stakeholders. Based on this survey, we contemplated the future direction of office buildings.

In response to changing needs for office buildings, at office buildings in which the DBJ Group has invested, DBJ has been visualizing energy usage, promoting energy-saving measures like LED light bulbs, and carrying out renovations and upgrades in common areas and underground rooms. Through such investments, we aim to improve the level of contribution to and satisfaction with environmental and well-being considerations, even in office buildings that were built many years ago.



Sector Strategy

Industrial Sectors

In industrial fields with accelerating initiatives across existing sector boundaries, the DBJ Group helps strengthen Japan's industrial competitiveness as an incubator that creates new businesses and markets.

Main Business Field

The DBJ Group provides financing and advisory services for companies and projects in industrial sectors.

- Manufacturing
- Retail and foods
- Communications, broadcasting, media
- Healthcare
- Hotels, Japanese-style inns, tourism

Related Material Issues



Technical innovation and restructuring of industry



Regional revitalization utilizing untapped potential

Risks and Opportunities

- Support for growth investments to strengthen business foundations through industry restructuring, and to realize green transformation
- Support for spurring innovation aimed at establishing new industries and assistance for venture companies

Strategy

Backed by our deep specialist knowledge of the industrial sectors we cover and of individual customers, we fully leverage our unique network rooted in various financing functions, knowledge, utility, and neutrality 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.

In 2020, DBJ established the Chief Industry Strategy Office to oversee the Corporate Finance Department, Division 1, and Corporate Finance Department, Division 2, with the aim of creating new industries across sector boundaries. In 2023, DBJ created teams within the Chief Industry Strategy Office to take charge of investments, and increased the supply of risk capital.

Through initiatives to realize green transformation and advance digital transformation, this office will tackle issues that are common among industries in order to connect disparate industries across existing boundaries related to innovation, sustainability, and transition.

Project Spotlight

Support for Digital Transformation at Venture Firms through Investments in AI-Related Funds

DBJ invested in PKSHA Algorithm No. 2 Fund, an investment limited partnership formed by PKSHA Technology Inc. and Matsuo Institute, Inc. This fund targets venture capital companies likely to grow by utilizing AI, and intends to create added value through technical guidance, including how to implement AI, for companies in which it invests. The DBJ Group has published a report on how to promote digital transformation co-authored by Matsuo Lab at the University of Tokyo, a leading authority in AI research. Our participation in this fund came to fruition through collaboration with PKSHA Technology, which was founded by alumni from the same research lab. The fund's initiatives aim to strengthen corporate competitiveness and invigorate the startup ecosystem in Japan, by encouraging venture companies in which it has invested to adopt AI technologies and promoting investments in scientific technologies and innovation. To this end, DBJ utilized the DBJ Startups and Innovation Fund as part of Special Investment Operations.

Going forward, DBJ will continue to support customer initiatives through the provision of risk capital needed for the development and implementation of AI technologies.



Area Strategy

Regions

The DBJ Group provides solutions for regional issues, connecting regions throughout Japan to Tokyo, domestic regions to those overseas, and regions the world over to each other.

Main Business Field

The DBJ Group provides services tailored to the characteristics of the respective regions in Japan from 10 branches and eight representative offices across the country.

- Investments and loans
- Consulting services
- Planning and research services

Total No. of Business Alliances with Financial Institutions

As of March 31, 2023

111

Related Material Issues

- Regional revitalization utilizing untapped potential
- Creation of markets and safety nets in the finance sector

Risks and Opportunities

- Support for initiatives aimed at achieving a carbon-neutral society in collaboration with regional financial institutions
- Support for industries that rely on the movement of people and that have been adversely affected by long-term population decline and the COVID-19 pandemic
- Growth strategies, including overseas business development, of regional companies

Strategy

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, i.e., 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 (Page 51). In order to contribute to solutions for issues faced by local companies, branch managers 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.

Project Spotlight

Support for Stimulating Regional Tourism through Joint Fund Formation with Regional Financial Institutions

DBJ invested in the Setouchi Tourism Sustainable Fund 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 Yamaguchi Bank, Ltd., and others).

This fund aims to financially support tourism-related businesses in the Setouchi region, coordinating with the activities of Setouchi DMO, which was founded by the Setouchi Tourism Authority and Setouchi Brand Corporation to sustain the development of the tourism industry in the Setouchi region. Following on from the Setouchi Tourism Stimulation Fund, this second fund focuses on supplying risk capital for the formation of a sustainable tourism industry.

The fund's initiatives promote a swift and robust recovery from the COVID-19 pandemic and the growth of tourism-related businesses, and contribute to the autonomous development of regional economies. To this end, DBJ utilized the Growth Fund for Coronavirus Revival as a part of Special Investment Operations.



Area Strategy

Overseas

The DBJ Group has positioned overseas operations across its Area, Sector, and Function strategies, and it engages in global operations with a focus on sectors that provide high added value.

Outline

The DBJ Group's subsidiaries in New York, London, Singapore, and Beijing coordinate with its domestic bases.

Related Material Issues



Formation of sustainable infrastructure



Technical innovation and restructuring of industry

Risks and Opportunities

- Concerns over economic recession due to global inflation and rising interest rates
- Escalating geopolitical risks due to the Russia-Ukraine war, need to restructure global supply chains as a result
- Expansion of demand for sustainable finance in fields such as energy, industry, and infrastructure toward achieving carbon neutrality

Strategy

While assessing the impact of global inflation, rising interest rates, and geopolitical risks, the DBJ Group, including its overseas bases, will carry out overseas business and base strategies centered on sector strategies and functional strategies, in line with its GRIT Strategy set out in the Fifth Medium-Term Management Plan, and in light of global trends in sustainable finance. We will transfer the insights we gain overseas back to Japan.

For loans and investments in industrial fields such as energy, transportation, and other infrastructure, as well as agriculture, DBJ will coordinate efforts across sector-specific departments, financial function departments, such as investments and structured financing, and overseas locations.

To address the needs of customers expanding overseas, we will leverage our research and advisory functions, investment capabilities, and overseas locations to support customers with problem-solving in their expansion efforts.

Group companies will also advance the asset management business for investing in infrastructure assets and corporate fund investments.

Project Spotlight

DBJ Group's Strategy in Southeast Asia

The DBJ Group collaborates closely with DBJ Singapore Limited, which oversees the Asia-Pacific region, including Southeast Asia. We are building strong relationships with leading local partners and providing loans and investments as well as M&A advisory services to support the business expansion of our Japanese customers in the region.

In terms of loans and investments, DBJ is strengthening relations and expanding business through loans and investments in collaboration with leading partners, such as local conglomerates and government funds. In the private equity investment field, we are gaining knowledge and uncovering additional investment opportunities through the launch of joint investment funds, among other initiatives. In the infrastructure field, DBJ gains expertise while contributing to the sustainable development of local infrastructure, and by allocating funds, including investments in funds aimed at strategically meaningful fields.

Furthermore, our research and M&A advisory division offers Japanese customers an introduction to M&A opportunities and provides them with advice on negotiations, thereby contributing to their business expansion in Southeast Asia.



Function Strategy

Syndicated Loans

DBJ provides financial and non-financial help to customers working on solutions to their issues, while seeking to revitalize financial markets through collaboration and cooperation with stakeholders.

Outline

We provide syndicated loans, negotiations, and mediations as a lead financial institution (arranger).

Related Material Issues



Creation of markets and safety nets in the finance sector

Risks and Opportunities

- Respond to changes in risk assessment and asset management policies, including for non-financial risks, at financial institutions (investors)
- Match supply to new demand by designing syndicated loan products that fulfill the needs of both companies and financial institutions amid advances in sustainability management

Strategy

In recent years, the business environment for companies has constantly changed amid international instability and the enactment of new international frameworks, laws, and regulations. For this reason, companies' needs for capital procurement have also diversified. Among participants in the financial markets, investors are likely to reassess their risk management and asset management policies in light of changes in macroeconomic trends—such as shifts in monetary policies at major central banks—and advances in the field of sustainability, including decarbonization.

In this environment, arrangers, who serve as the nexus for market-based indirect financing, will probably be increasingly expected to design syndicated loans tailored to customer issues while also maintaining close communication with financial institutions. We aim to facilitate the formation of syndicated loans by serving as a bridge between both parties, striving to understand their needs through dialogue with market participants. We also aim to support solutions to customer issues through the use of unique financial products, such as the DBJ Sustainability Evaluation Certification Program, as well as subordinated loans, structured financing, and sustainability-linked loans.

Project Spotlight

Syndicated Loan Formation Aligned with Our GRIT Strategy

As an arranger of syndicated loans, DBJ has put together several syndicated loans that align with its GRIT Strategy.

Specific examples include project finance-type syndicated loans to Hibiki Wind Energy Co., Ltd., one of the largest offshore wind energy operators in Japan; DBJ Sustainability Linked Loans with Engagement Dialogue in a syndication format for Fuyo General Lease Co., Ltd.; syndicated loans through regional financial institutions for Kobe Electric Railway Co., Ltd. utilizing the DBJ BCM Rated Loan Program; syndicated transition-linked hybrid loans for Chugoku Electric Power Company, Inc.; and syndicated DBJ Sustainability Linked Loans with Engagement Dialogue for Fukuoka REIT Corporation. We are committed to addressing both the financial and non-financial needs of our customers through collaboration with private financial institutions on financing arrangements.

Going forward, DBJ will continue to provide know-how and network access to domestic and international companies while focusing on solving customer issues and revitalizing financial markets.



Function Strategy

M&A Advisory

From an impartial position, DBJ offers advisory services that leverage its wide-ranging networks of companies and private equity funds inside and outside Japan.

Outline

We provide advisory services that encompass overseas expansion, management integration, and alliances. These services strengthen core businesses while divesting non-core operations, facilitate business succession, and advance capital policies.

Service Providers

DBJ, DBJ Singapore Limited, Japan Economic Research Institute

Related Material Issues



Technical innovation and restructuring of industry



Regional revitalization utilizing untapped potential

Risks and Opportunities

- Increasing complexity of social issues and accompanying acceleration of changes in society
- Existence of corporate needs for bold business structure transformations and entry into new business fields in order to respond to changes in social issues and circumstances
- M&As as a useful means to execute important management strategies, such as overseas expansion, management integration and alliances, and the strengthening of core businesses while divesting non-core operations

Strategy

Japanese companies have historically utilized M&As to secure competitiveness both domestically and internationally, and as part of their selective concentration strategies. Recent years have seen accelerated changes in the business environment for companies, driven by the movement toward carbon neutrality and digital transformation aimed at dramatically improving productivity. Accordingly, companies need to enter into new business fields and swiftly transform their business structures. In this context, M&As, sometimes undertaken in the interest of buying time, are gaining importance as a strategy for companies to address various challenges.

The DBJ Group's M&A advisory services are unique in that they offer advice with a long-term perspective and focus on creating social value, an organizational structure capable of promoting overseas projects, particularly in Asia but also extending to Europe and the United States, and access to the DBJ Group's comprehensive financial services, including industry analysis, market research, and M&A financing. By offering a range of M&A solutions that align with the business strategies of our customers, we help them solve the issues that they face.

Project Spotlight

Group Support for a Customer's Expansion in Asia

For cross-border M&A deals, especially in Asia, DBJ's Business Development Department, our overseas subsidiary DBJ Singapore Limited (DBJS), and Group company Japan Economic Research Institute collaborate to provide M&A advisory services to our customers.

DBJS boasts an investment banking team composed of staff with various Asian nationalities, and excels at gathering information about investment and M&A projects in the region. This team collaborates with DBJ's Business Development Department in Japan and Japan Economic Research Institute to continuously propose and discuss projects with customers, while always striving to understand their latest needs. As a result, there are cases where customers return to request our advisory services for other projects they are considering in the region.

DBJ will continue to support its customers' expansion in Asia through its M&A advisory services.



Function Strategy

Consulting Services

DBJ helps its customers solve their problems by accurately grasping their issues and providing its knowledge and expertise based on a deep understanding of economic and industrial trends.

Outline

We provide consulting services based on an understanding of customers' management challenges and analysis of economic and industrial trends.

Service Providers

DBJ, Japan Economic Research Institute, Value Management Institute

Related Material Issues



Formation of sustainable infrastructure



Regional revitalization utilizing untapped potential

Risks and Opportunities

- Dramatic changes in increasingly complex business environments and social issues, leading to greater importance and expectations of problem-solving
- Significant shifts in economic and industrial structures, stronger focus on sustainability
- Needs for more specialized expertise to overcome these challenges, shortage of personnel acquisition and development

Strategy

In addition to providing financial support for its customers, DBJ offers consulting services aimed at solving their issues by leveraging its intellectual capital, which includes an understanding of customers' management challenges and in-depth analysis of economic and industrial trends gained through surveys and research.

In the field of sustainability, we are a front runner with our offer of the DBJ Sustainability Evaluation Certification Program. For example, we provide consulting services that utilize our extensive experience in and knowledge of supporting customers' initiatives that aim for sustainable growth in harmony with society.

Japan Economic Research Institute is a comprehensive think tank that conducts research in the public, solutions, and international fields. In the PPP/PFI fields, it has a top-class track record in Japan backed by unparalleled experience and know-how.

Value Management Institute, Inc., another comprehensive think tank, excels in analysis using proprietary economic models and insight into cutting-edge technologies. Its highly specialized knowledge encompasses a broad range of policy fields, including the formulation of integrated strategies for local governments across Japan.

Project Spotlight

Support for Sustainability Management

DBJ offers consulting services to support customers in updating and advancing their foundations for sustainability management, with the aim of creating sustainable value through support tailored to various needs. It leverages its know-how in dialogue and evaluation related to sustainability management 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 priority issues, and develop medium-term plans for sustainability. It also offers business development consulting aimed at transitioning business portfolios in response to specific themes like climate change, as well as support for TCFD recommendations.

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.



Function Strategy

Asset Management

In the field of alternative investments, DBJ contributes to the development of financial and capital markets by providing high-quality investment opportunities and asset management services, primarily to institutional investors.

Main Business Fields

- Real estate
- Private equity
- Infrastructure

Service Providers

DBJ Asset Management Co., Ltd.

Assets Under Management

As of March 31, 2023

¥3.4 trillion

Related Material Issues



Formation of sustainable infrastructure



Creation of markets and safety nets in the finance sector

Risks and Opportunities

- Creation of investment opportunities that contribute to the realization of a sustainable society through appropriate responses to climate change and sustainability, including the promotion of sustainable investments and maintenance and updating of social infrastructure
- Through the promotion of flexible and diverse workstyles, secure professional staff and train them

Strategy

DBJ Asset Management Co., Ltd. (DBJAM) aims to expand long-term earnings on the assets it manages while properly fulfilling its fiduciary duty and stewardship responsibility as an investment management firm. To this end, DBJAM engages in and advances sustainability management principles and responsible investment. More specifically, the Responsible Investment Committee, which is chaired by the president and consists of directors involved in business execution, decides policies and performs ESG integration, imbuing ESG elements into operational processes in the three fields of real estate, private equity, and infrastructure.

DBJAM is also stepping up engagement with investors and relevant stakeholders through proactive dialogue and activities. By further strengthening and improving these initiatives, DBJAM aims to optimize risks and returns on investments in a broader range of fields and over longer periods of time, while advancing its investment services and securing the best returns for investors.

Project Spotlight

DPBR Obtains Validation of Science Based Targets

DBJ Private Reit Co., Ltd. (DBPR), managed by DBJAM, is taking steps to reduce GHG emissions from its entire portfolio with the aim of contributing to a decarbonized society. Compared with fiscal 2019 as the base year, DBPR has set medium- and long-term targets for reducing GHG emissions by 46% by fiscal 2023 and achieving net zero emissions by fiscal 2050. DBPR has obtained validation of these targets from the Science Based Targets Initiative (SBTi), an international partnership.

DBPR has worked to reduce GHG emissions by introducing energy-conserving technologies and renewable energy in the buildings it owns, as part of its basic policy of investing in properties recognized as sustainable facilities for their excellent consideration of the environment and society. DBPR will continue these initiatives with the intention of building a high-quality portfolio that is reliably competitive over the longer term in a decarbonized society.



Function Strategy

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.

Outline

We supply growth capital to invigorate regional economies and reinforce the competitiveness of Japanese companies while encouraging the private sector to supply growth capital.

Related Material Issues

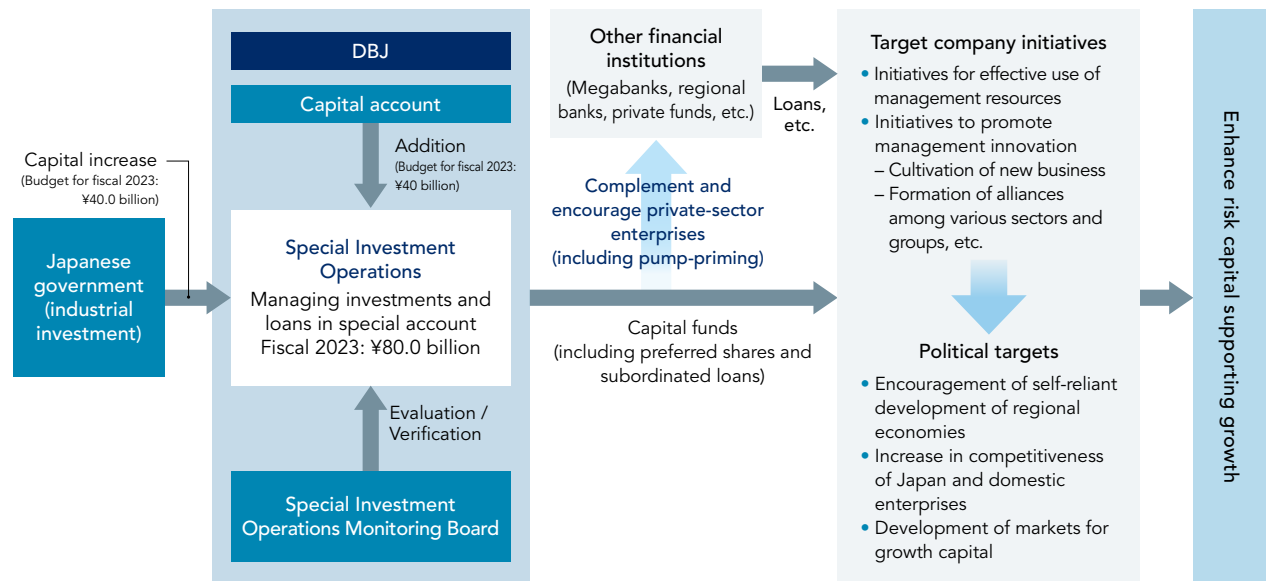


DBJ's Initiatives to Supply Risk Capital

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 ¥1,115.1 billion (as of March 31, 2023) in investments and loans (177 projects in total), the first ¥1,075.6 billion of which has spurred ¥6,652.1 billion in private-sector investments and loans.

Structure of Special Investment Operations



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 2022, 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 funding frameworks 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.

Growth Fund for Coronavirus Revival

In May 2020, this fund was established to help businesses affected by the COVID-19 pandemic rapidly and steadily recover and grow, in reflection of the Cabinet's approval of Emergency Economic Measures to Cope with COVID-19, on April 7, 2020.

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.

Special Investment Operations

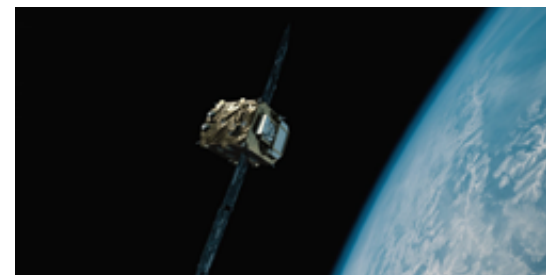
Supports company initiatives to create new businesses and form cross-sector alliances to both revitalize regions and enhance the competitiveness of Japanese companies

<p>DBJ Startups and Innovation Fund</p> <p>Initial funding framework (2019-) ¥200.0 billion</p> <p>This fund supports initiatives to promote innovation in Japanese industry and create and develop startups.</p>	<p>Growth Fund for Coronavirus Revival</p> <p>Initial funding framework (2020-) ¥400.0 billion</p> <p>This fund helps companies impacted by the COVID-19 pandemic recover and grow.</p>	<p>Green Investment Fund</p> <p>Initial funding framework (2020-) ¥40.0 billion</p> <p>This fund invests in renewable energy projects toward the realization of carbon neutrality by 2050.</p>
---	---	--

Project Spotlight

Investment in Startup that Contributes to a Sustainable Environment in Space

Astroscale Holdings Inc. is a startup company focused on orbital services including the removal of space debris. Satellite data has already become an indispensable part of global social infrastructure for services such as communication, positioning, and observation. However, the absence of a value chain for inspection, maintenance, and disposal of satellites after their operational lifespan ends has resulted in a rapid increase in space debris. Measures are urgently needed to ensure that humanity can continue to safely access outer space. Astroscale aims to establish a long-term, safe, and sustainable environment in space through technological development, business model formation, and collaborations with multiple private-sector companies, organizations, and government agencies to draw up space policies and best practices. Considering that these innovative initiatives contribute to the development of Japan's space industry, DBJ has made an investment in Astroscale through Special Investment Operations. The DBJ Group will closely collaborate with the company and stakeholders to promote the construction of foundations and infrastructure that will enable the sustainable use of outer space through the development of such orbital services.



Function Strategy

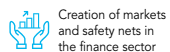
Crisis Response Operations

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

Outline

As a financial institution designated by the Japanese government, DBJ will supply capital needed during crises such as disruptions in domestic or overseas financial markets, large-scale natural disasters, and infectious disease outbreaks.

Related Material Issues



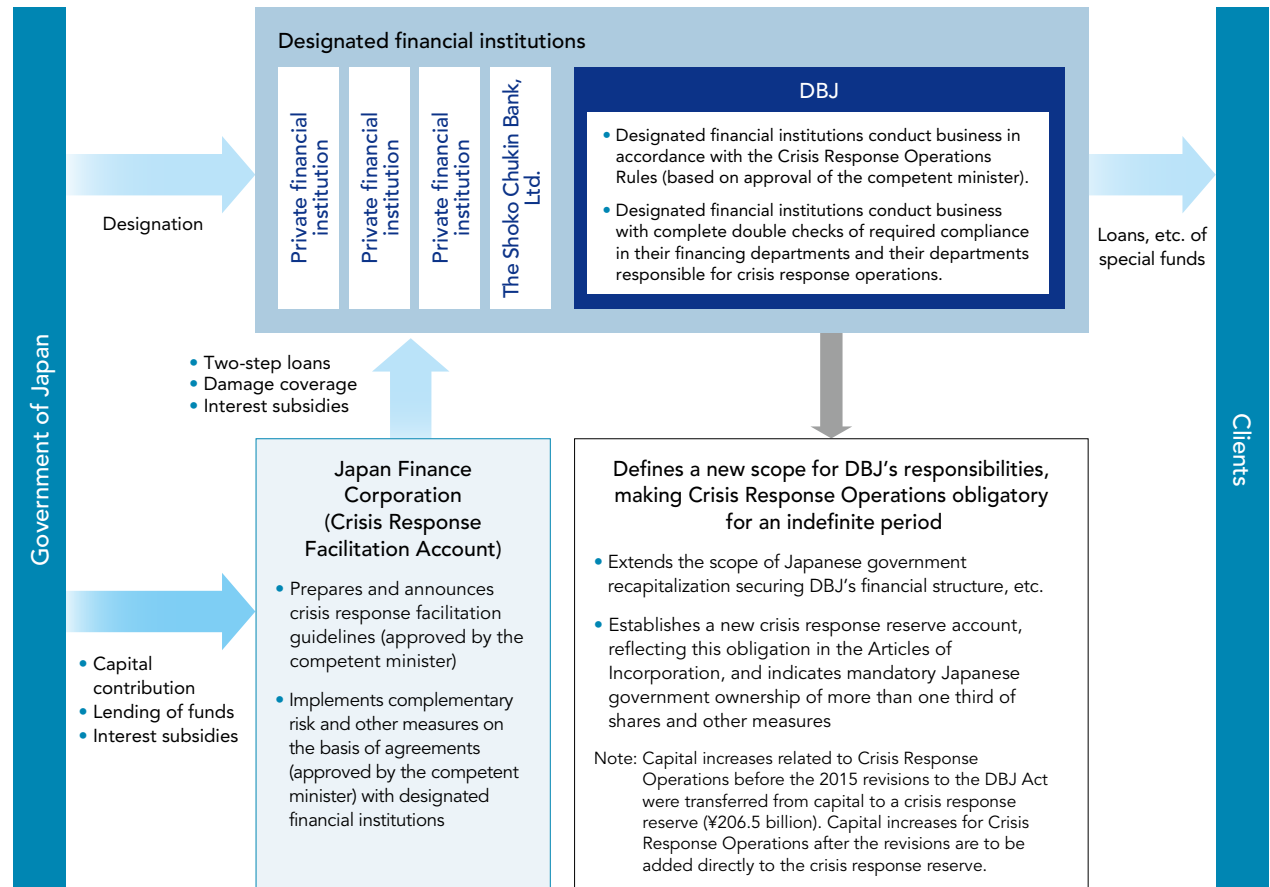
Initiatives as a Designated Financial Institution

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 (Page 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



Project Spotlight



2008/10 2008/12 2011/3 **1** 2016/4 **2** 2020/3 **3**

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 designated 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, promoted collaboration among multiple enterprises to boost industry competitiveness, built infrastructure, and reinforced 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 economic development of the affected areas.

Going forward, we will continue to work with local 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 2016 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 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 the representative director and president, DBJ has moved to rapidly and reliably implement Crisis Response Operations. DBJ will continue to collaborate and coordinate with private financial institutions to meet the needs of businesses that have been adversely affected by the pandemic. DBJ will enhance collaboration with regional financial institutions and ready its unique capital supply systems, including the Regional Emergency Response Program, 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 Operations Special Response 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, the DBJ Food & Beverage/Hotel Support Fund Investment Limited Partnership.

Crisis Response Operations (As of March 31, 2023)

<p>Total funds raised by the government in Crisis Response Operations</p> <p>¥206.529 billion</p>	<p>Crisis countermeasure loans</p> <p>Total loan amount</p> <p>¥8,740.5 billion (1,684 projects)</p>	<p>Total CP purchases</p> <p>¥361.0 billion (68 projects)</p>	<p>Total crisis countermeasure loans extended in response to the COVID-19 pandemic</p> <p>¥2,521.0 billion (524 projects)</p>
--	---	--	--

Financial Capital

We target sustainable growth by constructing an optimal risk-return portfolio while maintaining and strengthening a robust financial base that supports our unique business activities, including integrated investment and loan services.

Related Material Issues



Strengthening of the business foundation for supplying risk capital

Basic Policy

Financial capital is one element of our business foundation in the implementation of advanced business strategies centered on our Sector Strategy (Pages 32–35), Area Strategy (Pages 36–37) and our Function Strategy (Pages 38–45). A robust financial foundation of funds and capital is necessary to execute our sector strategy, supply risk capital, and engage in Crisis Response Operations.

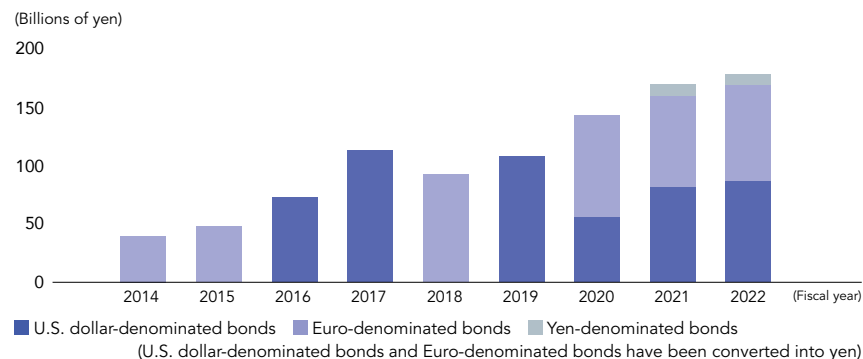
We aim to maintain and strengthen our financial capital by managing it within the context of a risk appetite framework based on sophisticated analysis of risks and returns, with due consideration paid to regulatory capital (management focused on shareholders' equity ratios) and economic capital (management of capital using stress tests).

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 2015. Since fiscal 2021, DBJ has issued domestic bonds in addition to foreign bonds. As of fiscal 2022, DBJ is the only Japanese issuer to have issued sustainability bonds for nine consecutive years.

The funds raised are allocated toward the creation of a sustainable society via financing for real estate properties eligible for DBJ Green Building Certification, the Environmentally Rated Loan Program, financing for renewable energy projects, financing for green innovation and industries, the BCM Rated Loan Program, and the Regional Emergency Response Program. Information on the management and allocation of funds is evaluated by third parties to increase transparency. In January 2017, DBJ became an issuer member of the Green Bond Principles.* The first Japanese firm to attain such a status, it participates on a committee created by the Ministry of the Environment to revise the Green Bond Guidelines, thereby contributing to the development of a sustainable finance market around the world.

Sustainability Bond Issuance



* Green Bond Principles: The Green Bond Principles are compiled by the International Capital Market Association (ICMA), investors, issuers, and securities companies. These parties are responsible for updating annually the Green Bond Principles, which are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for the issuance of a green bond. These parties also constitute a platform for sharing the latest information about green bonds and disclosing relevant information to the public.

Human Capital

Generalists Who Can Be Specialists in Many Fields

We aim to be an organization that helps its diverse employees develop their skills and that increases their motivation.

Shingo Kobayashi
Executive Officer,
Head of Human Resources
Management Department



Related Material Issues

Cultivation of talent to challenge financial frontiers

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) (Page 2), 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 created 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.

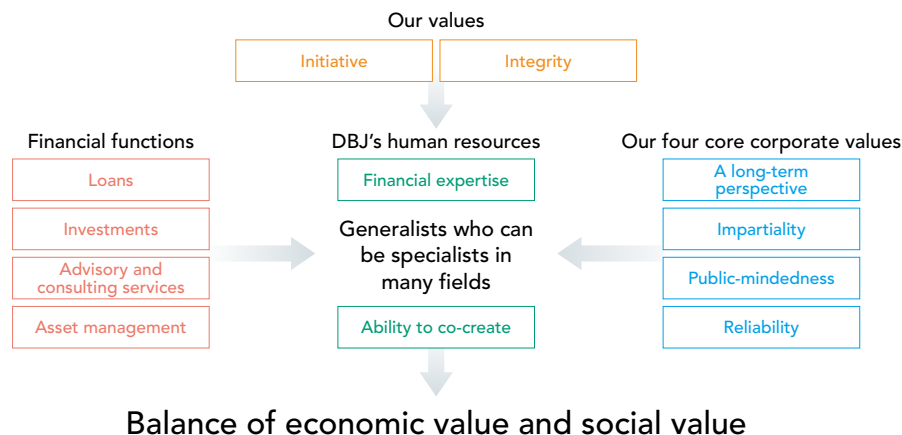
Our Values

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 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, DBJ Group's people must always be willing to take on new issues and boldly redefine themselves with an eye to the future.

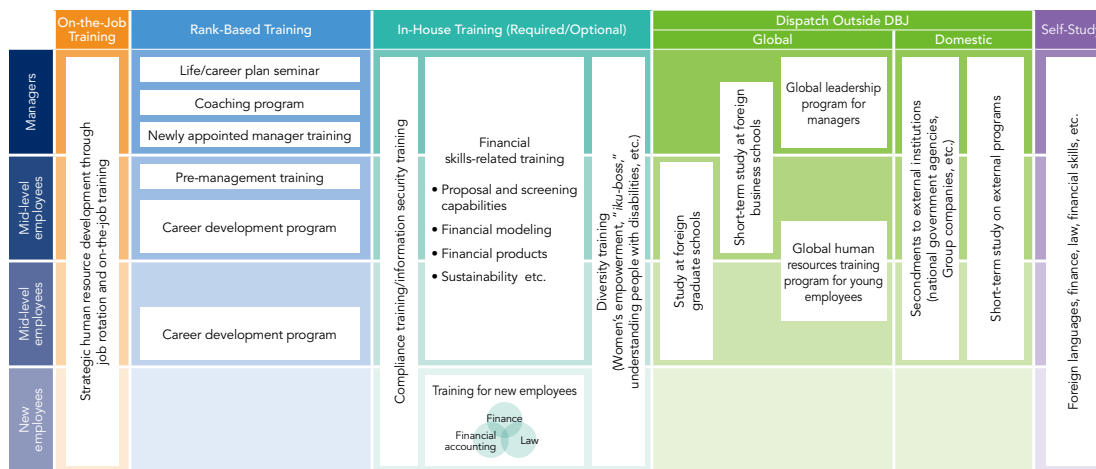


Vision for Human Resource Development

The DBJ Group encourages autonomous and pioneering behavior in 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 broad perspectives, 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.



Improvement of Human Resource Training and 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 on-the-job training and abundant opportunities for training, our employees grow while acquiring various experiences and skills. The entire Group is committed to training employees who are able to work together organically on solving issues.

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 training 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 on-the-job 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 among DBJ’s young management-track employees, this three- to four-month 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
- Impart trainees with the ability to handle overseas assignments independently by sharpening self-analysis with diverse, cutting-edge knowledge
- Encourage trainees to consider their own careers and the vision for DBJ by understanding their work and the organization from a top-down perspective
- Use as an opportunity for young employees to advocate for management policy so that the DBJ Group creates more value for society
- 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)
No. of applicants	Up to 30 people	Up to 30 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)
Partner	International Institute for Management Development (IMD), Lausanne, Switzerland	Saïd Business School, University of Oxford, Oxford, United Kingdom
Instructors	Professor Salvatore Cantale and others	Professor Jonathan Trevor and others



Assistance for Office Career Growth

This DBJ original two-month program for office positions aims to develop human resources who can lead organizations. The program invites outside lecturers from Waseda University’s Graduate School of Business and Finance and other universities to lead seminars on career development based on participants’ own strengths. Participants learn soft skills for leadership and management positions, and gain an understanding global macro trends as well as organizational and strategic theory.

Purpose of Program

- Provide a space for participants to think about their future in light of changes in the business environment and a staged analysis of the current situation in the context of society, DBJ, their affiliated departments and their roles
- Provide a space for participants to think more about their career paths in terms of personal development and contributions to the organization

Waseda Business School-Affiliated Program: Leadership Education and Ability Development (LEAD)			
No. of applicants	Dates	Partner	Instructors
About 15 people	November to December	Waseda Business School and other institutions	Professor Jusuke Ikegami, Professor Masakazu Sugiura, and others



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. During the COVID-19 pandemic, employees worked flexibly from home and staggered their office work hours as we prioritized the health and safety of our executives and employees while ensuring that our work could be carried out.
- 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 encourages employees to build relationships based on mutual trust and cooperation through various seminars, including on building 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

No. of employees (consolidated)	1,839
No. of employees (non-consolidated)	1,270
Number of new hires (parent) (College graduate hires in April 2023)	62
Ratio of women in management positions	9.3% (Reference: 15% target by March 31, 2026)
Ratio of employees taking childcare leave and childcare-related time off by women/men (Employees with newborn children during fiscal 2022)	Women 96.4% Men 48.6% (97.1% when including special time off for childcare)
Rehiring system registrants	31
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)	70
Women's empowerment and leadership program participants (Cumulative total)	32

(Timeframe: Unless indicated otherwise, figures are as of March 31, 2023.
Scope: Parent basis unless otherwise indicated)



Intellectual Capital

DBJ 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.



Related Material Issues

- Regional revitalization utilizing untapped potential
- Strengthening of the business foundation for supplying risk capital

Basic Policy

DBJ has established the Chief Research Office, under which the Regional Research & Planning Department and the Economic & Industrial Research Department 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, which has been conducted every year for more than 60 years since 1956, examines trends in capital investments at domestic companies, overseas capital investments, R&D,

M&As, and investments in human resources. The findings of this research are summarized and published in reports about the challenges and issues faced by Japanese companies, drawing insights from dialogues with senior managers.

The Research Institute of Capital Formation (RICF) was established in 1964 with Dr. Osamu Shimomura as its first executive officer. 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.

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. The DBJ Group therefore plays the important role of “connecting” these various entities. 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 (Page 18) as a practical guide for the transition while advancing these initiatives. We also believe that knowledge-based support is vital.

In June 2023, DBJ published the recommendation report *Regions x Transition: Wide-Area Strategies Centered on Energy and Related Industries*. From the perspectives of renewable energy, hydrogen and ammonia, and CCUS*, which are key to realizing carbon neutrality, the report 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 the strengths derived from each region’s unique characteristics and existing industries, in a format that can be replicated by other regions.

* CCUS: Carbon capture, utilization, and storage

Relationship Capital

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

Related Material Issues



Creation of markets and safety nets in the finance sector



Strengthening of the business foundation for supplying risk capital

Basic Policy

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 capital procurement 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 public-private partnership/private finance initiative universities and seminars for local governments and regional financial institutions, as well as platforms for industry-government-academia-finance collaboration with the

national government. In the push towards decarbonization, we actively participate in regional councils, serving in unique roles, such as acting as the secretariat.

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, we have the DBJ Financial Academy for both DBJ staff and external trainees as a part of our initiative to cultivate personnel capable of undertaking advanced financial operations.

We organize unique events, such as hosting a business plan competition for women to develop 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.

New Initiatives for Embedding the Outcomes of Academic Research in Society

In 2022, in collaboration with the Okinawa Institute of Science and Technology (OIST), DBJ signed a business cooperation agreement aimed at embedding the outcomes of OIST's advanced technological research in society. DBJ also invested in the OIST-Lifetime Ventures Seed Fund.

The DBJ Group recognizes that there is a lack of risk capital to connect support for research expenditure in the public sector (subsidies) and the provision of growth capital in the private sector, given challenges like the shortage of management talent and difficulties in determining timelines to commercialization, for embedding the outcomes of academic research in society. We have collaborated with various institutions on this front.

OIST is a leading-edge research institution with up-to-date research facilities and multi-year research funding allocations for researchers. OIST has been promoting an environment geared towards industry-academia collaboration since its establishment in 2011. By combining academic collaboration and fund investment and leveraging the commercialization expertise of Lifetime Ventures, which acts as the GP, we believe we can contribute to comprehensive solutions including the commercialization of research outcomes and subsequent financial support. That is why DBJ supports these efforts.



Basic Policy

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 (Pages 32–35), as well as legally mandated Special Investment Operations (Pages 42–43) and Crisis Response Operations (Pages 44–45), we also advance unique initiatives such as the DBJ Sustainability Evaluation Certification Program and DBJ Green Building Certification (Page 27), as well as Sustainability Bond issuance (Page 46).

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 industrial projects, 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

Launch of Financial Institution Alliance for Promoting and Supporting Transition to Nature Positivity

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.

Quickly grasping this global trend, DBJ launched the Finance Alliance for Nature Positive Solutions (FANPS) in February 2023 in order to support initiatives focused on nature positivity and to build momentum within Japan. In collaboration with Sumitomo Mitsui Financial Group, Inc., MS&AD Insurance Group Holdings, Inc., and The Norinchukin Bank, their respective research

institutions—Japan Economic Research Institute, Japan Research Institute, MS&AD InterRisk Research & Consulting, and Norinchukin Research Institute—also became members of FANPS.

FANPS aims to create frameworks for providing assistance to corporations. 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. FANPS catalogs effective solutions for nature positivity that can be applied to entire supply chains. 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.



Working tirelessly to strengthen governance in order to carry out the unique role of the DBJ Group, we strive to contribute to the realization of a sustainable society.

Toward Unique Sustainability Management and Business Model Development

The DBJ Group practices sustainability management and has a business model that integrates loans and investments in accordance with the Development Bank of Japan Inc. Act, balancing economic and social value to build a sustainable society. 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 earthquakes, 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 based on the "connect" aspect of its GRIT Strategy (□ Page 16), which sets out the Group's priorities for realizing a sustainable society 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 Internal 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. 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 (□ Page 60) as an advisory body to the Board of Directors. The board meets twice a year to discuss and evaluate the status of the Bank'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, an advisory body to the Board of Directors (□ Page 60).

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

While improving its institutional framework, from a public standpoint, the DBJ Group must consider its accountability to society as a whole. That means according the same importance to all of society, 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.

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 Group has continued to create innovative business models, centered on the supply of risk capital, in 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 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.



Seiji Jige
President and CEO
October 2023

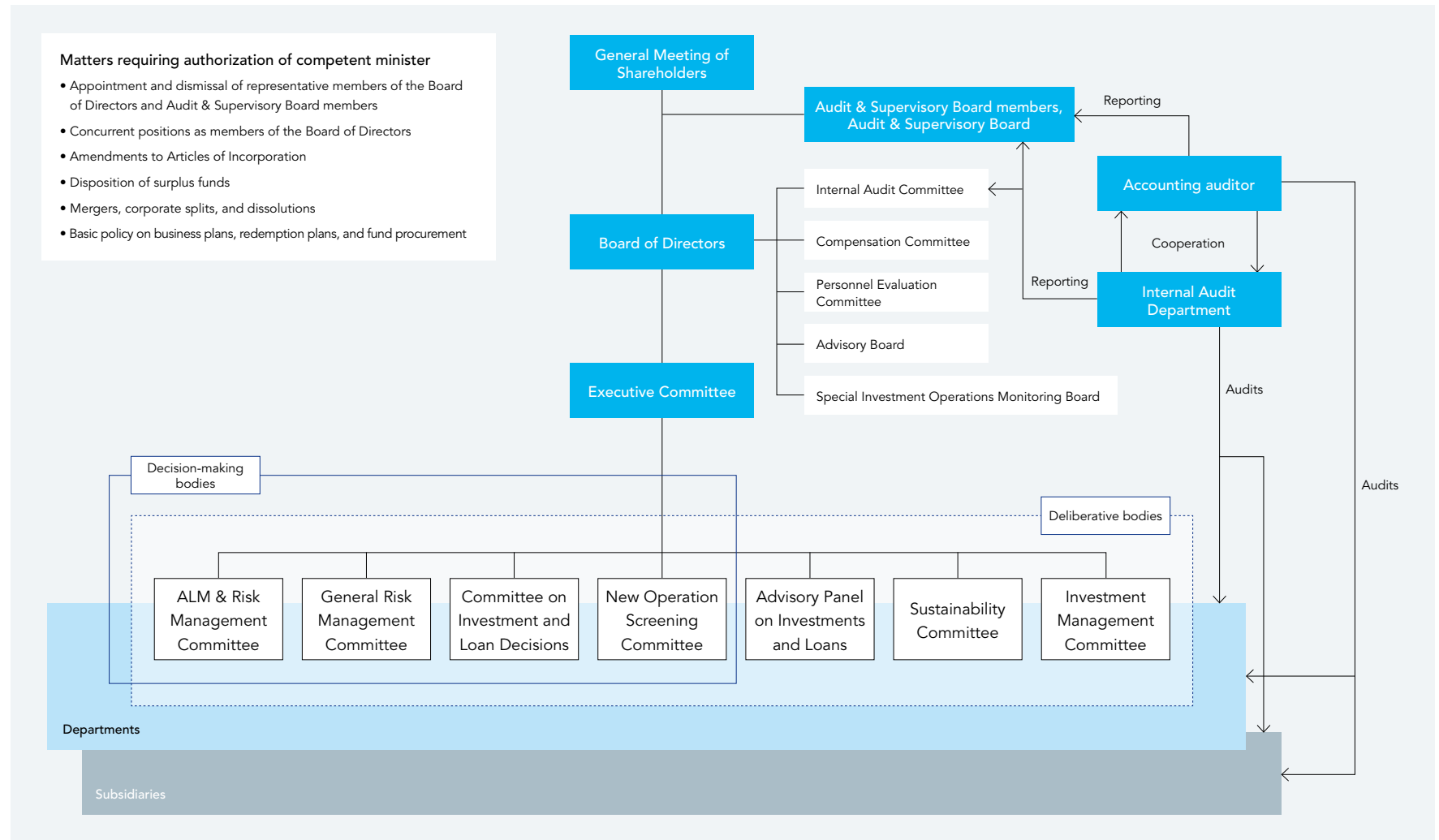
Related Material Issues



Strengthening of the business foundation for supplying risk capital

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 (*kaishiki-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), through a business model built upon features such as integrated investments and loans and proper execution of the preceding objective, 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.

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 regularly 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 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.

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 2022	14
Number of Audit & Supervisory Board members	5
Of whom, outside members	3
Number of Audit & Supervisory Board meetings in fiscal 2022	16
Adoption of executive officer system	Yes
Accounting auditor	Deloitte Touche Tohmatsu LLC

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

In fiscal 2022, the Board held meetings on 14 occasions to discuss and report on the following items.

Matters to be resolved	44 items: <ul style="list-style-type: none"> • Strengthening and Review of the Fifth Medium-Term Management Plan • Decisions regarding fiscal 2023 business plans and overall budgets • Revisions to important internal rules, etc.
Matters to be reported	44 items: <ul style="list-style-type: none"> • Investments and loans executed • Integrated risks • Investment policies for fiscal 2023, etc.

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.

Internal Audit Committee

The Board of Directors has established the Internal Audit Committee, delegating to this body the authority to deliberate important matters related to internal audits. This committee met twice during the fiscal year ended March 31, 2023.

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.

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 (¥59,098 million in the fiscal year ended March 31, 2022) 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 after deliberation 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 29, 2017, passed a resolution that sets ¥270.0 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 29, 2022, 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. Retirement bonuses for directors are disbursed upon approval by resolution of the General Meeting of Shareholders. The Company's first General Meeting of Shareholders, held on September 22, 2008, passed a resolution that sets ¥80 million as the maximum annual amount for total compensation paid to 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 and a majority of members of the Compensation Committee comprises outside executives. This composition allows independent outside executives to be involved and give relevant advice.

Number of meetings held in fiscal 2022	2
Compensation Committee Members in Fiscal 2022	
Yasushi Kinoshita	Representative Director
Hajime Watanabe* ¹	Representative Director
Akio Mimura	Outside member of the Board of Directors
Kazuo Ueda* ²	Outside member of the Board of Directors
Toshio Yamasaki* ³	Outside Audit & Supervisory Board member

*1 Hajime Watanabe retired on June 29, 2022.

*2 Kazuo Ueda resigned on March 31, 2023.

*3 Toshio Yamasaki resigned on June 29, 2022.

Fiscal 2022 Director 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	227
Audit & Supervisory Board members (Excluding outside Audit & Supervisory Board members)	2	41
Outside executives	6	63
Total	18	332

*1 Numbers of persons paid and compensation amounts include two members of the Board of Directors who retired and one member of the Board of Directors who resigned, in addition to one member of the Audit & Supervisory Board who resigned during fiscal 2022.

*2 Compensation amounts include provisions to reserves for executive retirement benefits.

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 2022	1
Personnel Evaluation Committee Members in Fiscal 2022	
Reiko Akiike	Co-Chairperson, The Boston Consulting Group K.K.
Masayuki Oku* ¹	Honorary Advisor, Sumitomo Mitsui Financial Group, Inc.
Kazuaki Kama	Senior Advisor, IHI Corporation
Hidetoshi Sakuma	Chairman (Representative Director) The Chiba Bank, Ltd.
Yoshizumi Nezu	Chairman, Tobu Railway Co., Ltd.
Akio Mimura	Outside Director
Kazuo Ueda* ²	Outside Director

*1 Masayuki Oku retired on June 29, 2022.

*2 Kazuo Ueda resigned on March 31, 2023.

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 manufacturing, infrastructure, regional communities, and finance.

The Advisory Board convened twice during fiscal 2022, discussing the outcome of measures set in motion under the Fifth Medium-Term Management Plan based on the business plan for fiscal 2022, 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 coordinating with private financial institutions and advancing initiatives while heeding appropriate competitive relationships.

Outside Experts (As of June 30, 2023)

Reiko Akiike	Co-Chairperson, The Boston Consulting Group K.K.
Kazuaki Kama	Senior Advisor, IHI Corporation
Takeshi Kunibe	Chairman, Sumitomo Mitsui Financial Group, Inc.
Hidetoshi Sakuma	Chairman (Representative Director), The Chiba Bank, Ltd.
Yoshizumi Nezu	Chairman, Tobu Railway Co., Ltd.

Outside Members of the Board of Directors (As of June 30, 2023)

Naoko Saiki	Special Advisor to the Minister for Foreign Affairs
Kosei Shindo	Representative Director and Chairman of Nippon Steel Corporation

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 projects and evaluating their 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 2022. 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, 2023)

Nobuhiro Endo	Special Advisor, NEC Corporation
Takeshi Kunibe	Chairman, Sumitomo Mitsui Financial Group, Inc.
Hidetoshi Sakuma	Chairman (Representative Director), The Chiba Bank, Ltd.
Keiko Tashiro	Deputy President, Member of the Board, Daiwa Securities Group, Inc.
Tsuji Matsuo	Vice Chairman & Senior Executive Director, Japanese Bankers Association
Sadatoshi Tsumagari	Representative Director and President, Nippon 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 32 times during the fiscal year ended March 31, 2023. Moreover, a number of subcommittees have been established as advisory bodies to the Executive Committee, and they have been 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, 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 discussing planned proposals for investment policies.

Audits

Audit & Supervisory Board, 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 policy and 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 branches and subsidiaries.

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 Internal 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 28, 2023, 20 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.

(As of the end of June 2023)

Members of the Board of Directors



President and CEO
Seiji Jige

1986: Joined 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
Mitsuru Ota

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



Deputy President
Norifumi Sugimoto

1988: Joined 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
Shoichiro Kubota

In charge of Strategic Finance Department, Growth & Cross Border Investment Department, Regional Investment Department, Business Development Department

1990: Joined Japan Development Bank
2014: Head of Real Estate Finance Department
2018: Executive Officer, Head of Growth & Cross Border Investment Department
2020: Member of the Board of Directors, Managing Executive Officer of DBJ



Member of the Board of Directors,
Managing Executive Officer
Takeshi Harada

In charge of Treasury Department, Syndication & Credit Trading Department, Financial Institutions Department

1988: Joined the Ministry of Finance
2017: Councillor of the Cabinet Secretariat, Deputy Director of the Office for the Promotion of Privatization of Postal Services, Cabinet Secretariat
2019: Director-General, Tohoku Local Finance Bureau
2021: Member of the Board of Directors, Managing Executive Officer of DBJ



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

In charge of Corporate Planning & Coordination Department, Information Resources Department, General Affairs Department

1988: Joined 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
Katsushi Kitajo

In charge of Business Planning & Coordination Department

1990: Joined Japan Development Bank
2017: Head of Business Development Department of DBJ
2019: Executive Officer, Head of Human Resources Management Department of DBJ
2021: Managing Executive Officer of DBJ
2022: Member of the Board of Directors, Managing Executive Officer of DBJ



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

In charge of Risk Management Department, Accounting Department, Credit Analysis Department, Legal Affairs & Compliance Department

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



Outside Member of the Board of Directors
Kosei Shindo
Representative Director and Chairman of Nippon Steel Corporation

1973: Joined Nippon Steel Corporation
2009: Representative Director, Vice President of Nippon Steel Corporation
2014: Representative Director, President of Nippon Steel & Sumitomo Metal Corporation (now Nippon Steel Corporation)
2019: Representative Director and Chairman of Nippon Steel Corporation (current position)
2023: Outside Member of the Board of Directors of DBJ (current position)



Outside Member of the Board of Directors
Naoko Saiki
Special Advisor to the Minister for Foreign Affairs

1982: Joined Ministry of Foreign Affairs
2017: Director-General, Foreign Service Training Institute, Ministry of Foreign Affairs
2020: Visiting Professor, University of Tokyo, Graduate School of Public Policy
2020: Outside Director, Sojitz Corporation (current position)
2020: Outside Audit & Supervisory Board Member of DBJ
2023: Special Advisor to the Minister for Foreign Affairs (current position)
2023: Outside Member of the Board of Directors of DBJ (current position)

- 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 chairman 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 no special-interest relationship with any other of its outside members of the Board of Directors or outside Audit & Supervisory Board members.
- 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 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 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

1984: Associate Professor, The University of Tokyo
1996: Professor, Graduate Schools for Law and Politics, Faculty of Law, The University of Tokyo
2004: Visiting Professor, Waseda Law School, Waseda University
2005: Professor, Waseda Law School, Waseda University, (current position)
2011: Senior Counsel, Nagashima Ohno & Tsunematsu
2016: Professor Emeritus, The University of Tokyo
2020: Outside Audit & Supervisory Board Member of DBJ (current position)
2021: Senior Counsel, T&K Partners (current position)



Outside Audit & Supervisory Board Member
Hiroko Kaneko

1980: Joined The Sapporo Television Broadcasting Co., Ltd.
1989: Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
2018: Professor, Graduate School of Accountancy, Waseda University
2018: Outside Auditor, The Shoko Chukin Bank, Ltd.
2019: Outside Director, Kanagawa Chuo Kotsu Co., Ltd. (current position)
2020: Outside Auditor, Mitsubishi UFJ Lease & Finance Co., Ltd.
2021: Outside Director, Mitsubishi HC Capital Inc. (current position)
2022: Outside Director, The Yokohama Rubber Co., Ltd. (current position)
2023: Outside Audit & Supervisory Board Member of DBJ (current position)

- Auditors Hitoshi Sato, Masato Dogauchi, and Hiroko Kaneko are outside members of the Auditor & Supervisory Board in accordance with Article 2, Paragraph 16, of the Companies Act.
- Outside member of the Auditor & Supervisory Board Hiroko Kaneko is an outside director of Kanagawa Chuo Kotsu Co., Ltd., an outside director of Mitsubishi HC Capital Inc., and an outside director of The Yokohama Rubber Co., Ltd. DBJ has no special relationship with Ms. Kaneko, and its business with Kanagawa Chuo Kotsu Co., Ltd., Mitsubishi HC Capital Inc., and The Yokohama Rubber Co., Ltd. is conducted normally.

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

Managing Executive Officer
Toshiyasu Takazawa

In charge of Structured Finance Department, Economic & Industrial Research Department, Regional Research & Planning Department

Managing Executive Officer
Seiji Tomosada

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

Managing Executive Officer
Tomoya Sato

In charge of Corporate Finance Department, Division 5

Managing Executive Officer
Takao Isozaki

In charge of Corporate Finance Department, Divisions 1 and 6

Managing Executive Officer
Masao Masuda

In charge of Corporate Finance Department, Division 2, Sustainable Solution Department

Managing Executive Officer
Fumiyo Harada

In charge of GX-related divisions (Chief Sustainability Officer), overseeing of Corporate Finance Department, Divisions 4 and 5, Research Institute of Capital Formation, Minami-Kyusyu Branch

Managing Executive Officer
Michiyo Machida

In charge of Corporate Finance Department, Division 4

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

Executive Officer
Isao Nishio

In charge of Financial Institution

Executive Officer
Shingo Kobayashi

Head of Human Resources Management Department

Executive Officer
Yuichiro Mori

Head of Business Planning & Coordination Department

Executive Officer
Shinji Ohno

In charge of Internal Audit

Executive Officer
Wataru Miyanaga

Head of Economic & Industrial Research Department

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

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.



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 which 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

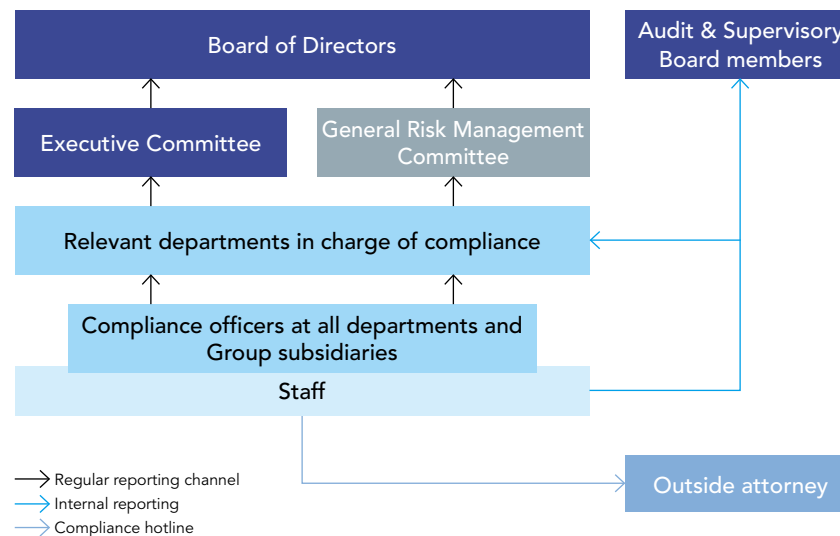
The DBJ Group has determined basic policies and rules for compliance, creates and distributes compliance manuals for employees and executives to follow, and conducts training and explanatory sessions to spread awareness of compliance. Each fiscal year, all DBJ Group companies design compliance programs 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 when 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 Anti-Social Forces

The DBJ Group has a basic policy of not having any relationships with anti-social 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 anti-social 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 Combating 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 in 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.

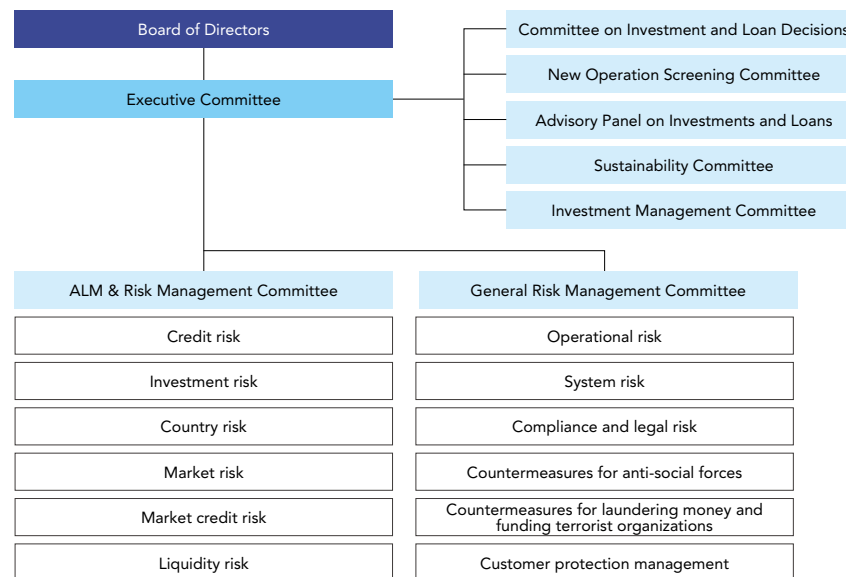


Risk Management System

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 comprehensive 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 deliberates on matters of importance that directly relate to management policies. In line with these basic policies and rules, the ALM & Risk Management Committee discusses 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 on non-financial risk, such as administrative risk. Both committees meet regularly, and whenever necessary, conduct risk monitoring.

Overview of Risk Management System



Comprehensive 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, comprehensive 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 Administration of Individual Loans

When making an investment or loan, DBJ examines the entity's project viability and the project's profitability from a fair and impartial standpoint. Based on the Banking Act and the Act on Emergency Measures for the Revitalization of 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, are reported to management, and 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 specific items related to the borrower, looking at the borrower's realistic financial condition, cash flows, and debt repayment history, generating a comprehensive assessment of a borrower's repayment capacity.

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, and similar claims
Bankrupt 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 that will offset recoverability risk or the degree of 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 loan 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.

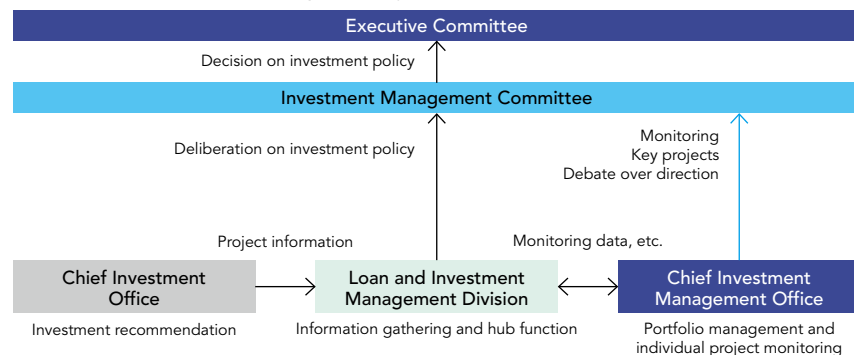
DBJ invests in corporations as well as infrastructure and real estate assets with the aim of earning both income gains and capital gains. As a source of profits, investments represent one of DBJ’s most significant risk categories, as with credit risk. DBJ makes investment decisions and manages individual 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

Overview of Investment Management System



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.

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 in order to manage credit risk.

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 loans. 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 based on asset type with the aim of recovering the investment, 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 fluctuations can create mismatches on rates of interest on assets and liabilities or on interest periods, creating the risk of reduced profits or the risk of losses. Interest rate risk can reduce the economic value of DBJ's assets or interest income.

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 through margin transfers by means of a centralized exchange and mutual credit support annex. Financial institution transactions are managed within the limits of the creditworthiness of the counterparty. Transactions with operating companies and other customers are managed within the framework of comprehensive 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, causing differences in the flow of funds (cash liquidity risk). Such situations make securing funds difficult and create situations in which interest rates on borrowed funds are substantially higher than usual rates. At other times, because of market complexities, entities in these circumstances may become unable to participate in market transactions, 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 acquiring funds, rather than carrying out short-term funding by issuing commercial paper, DBJ relies on the stable procurement of long-term funds 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 formulated countermeasures based on contingency plans in the event they become necessary depending on the mode classification, and it has created different categories for fund operation modes based on the degree of constriction in cash flows.

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.

Stress Tests

In addition to managing comprehensive 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.

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. DBJ has implemented the following internal processes to optimize system risk management and properly manage risk with regard to system risk. 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 department 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 Group has set up the Cyber Security Office 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.

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 a disaster. When drawing up policies for business continuity and restoration, the Company 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 disaster 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 in the event that it becomes necessary to execute the plans of the Disaster Response Committee, we have put in place a chain of command and an alternative hierarchy through which authority can be delegated.

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

For individual business units, we have established in advance the 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 instruction and training of executives and employees to maintain or improve the viability of its BCP. Furthermore, employing a plan–do–check–act cycle, we revise the BCP to reflect training results and recent information, and the Executive Committee reviews it regularly and amends it as necessary.

 Securities filing for 15th fiscal year

(Billions of yen)	Fiscal 2011 (April 1, 2011 to March 31, 2012)	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)
Consolidated												
Total income	318.7	340.0	361.6	339.0	358.6	285.4	291.7	301.2	289.1	269.4	310.3	374.5
Income before income taxes	99.2	115.6	165.7	153.0	185.1	122.5	127.1	128.1	78.9	73.0	86.1	135.3
Extraordinary profit/loss	10.9	0.6	0.2	0.6	1.5	(0.0)	2.2	(1.3)	4.0	0.7	2.3	0.5
Income before income taxes and minority interests	110.2	116.2	166.0	153.6	186.7	122.4	129.4	126.7	83.0	73.8	88.5	135.9
Total income taxes	(31.9)	(44.5)	(40.8)	(58.9)	(57.6)	(34.6)	(35.0)	(33.5)	(31.5)	(26.9)	(29.4)	(40.5)
Net income attributable to owners of the parent	77.3	71.3	124.3	92.7	128.9	87.6	91.9	91.9	50.4	45.2	57.6	92.7
Total dividend amount	37.3	35.2	30.8	22.5	29.2	19.7	22.1	21.0	9.9	8.1	15.6	18.2
Total assets	15,579.8	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
Loans	13,645.4	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
Securities	1,176.6	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
Total liabilities	13,118.8	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
Borrowed money	9,170.5	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
Debentures and corporate bonds	3,671.8	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
Total equity	2,461.0	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
Common stock	1,187.7	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
Capital adequacy ratio (Basel II, BIS standard)	18.56%	—	—	—	—	—	—	—	—	—	—	—
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%
Non-performing loan ratio*	1.47%	1.23%	0.99%	0.77%	0.64%	0.54%	0.47%	0.40%	0.46%	0.76%	0.70%	0.90%
Return on assets (ROA)	0.51%	0.45%	0.76%	0.57%	0.80%	0.54%	0.55%	0.54%	0.29%	0.23%	0.27%	0.43%
Return on equity (ROE)	3.18%	2.86%	4.83%	3.47%	4.60%	2.99%	3.03%	2.88%	1.51%	1.27%	1.54%	2.39%
Number of employees	1,270	1,315	1,391	1,407	1,435	1,546	1,631	1,650	1,703	1,781	1,809	1,839
* Based on the Banking Act and the Civil Rehabilitation Act, 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.												
Investment and fund-raising flow (non-consolidated)												
Loans and investments (flow)	2,927.0	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
Loans	2,849.0	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
Investments	78.0	127.8	138.2	281.4	166.3	206.7	179.7	300.4	550.3	302.5	227.9	191.5
Funds raised (flow)	2,927.0	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
Of which, recovered, etc.	691.7	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

First Medium-Term Management Plan

CHALLENGE 2010

Second Medium-Term Management Plan

Endeavor 2013

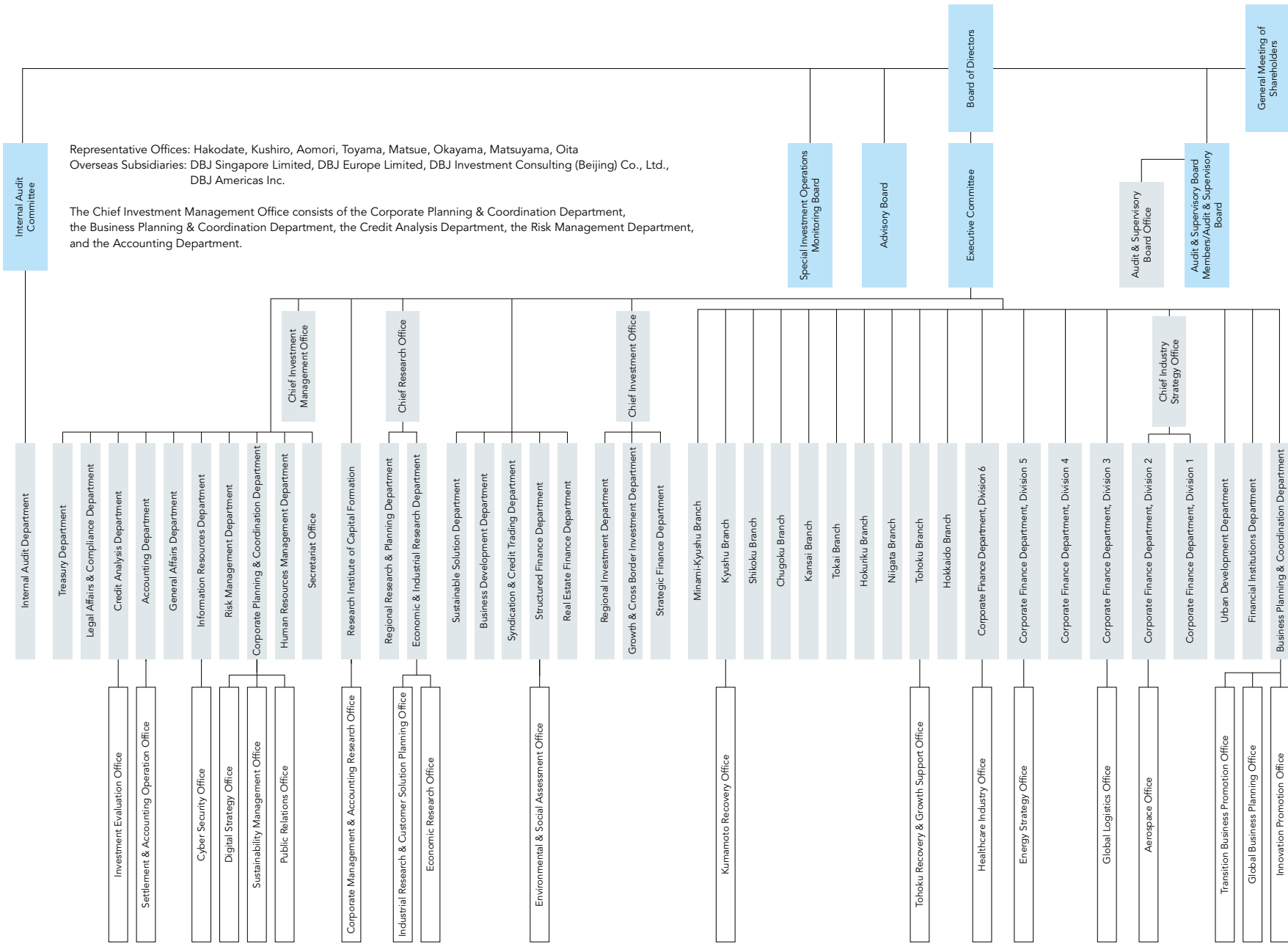
Third Medium-Term Management Plan

Supporting Japan's Sustained Growth as a Global Innovator

Fourth Medium-Term Management Plan

Initiate Change, Create the Future

Fifth Medium-Term Management Plan
Crisis Response Operations during the COVID-19 pandemic
Connect and Value Creation—Innovation for Sustainability—



Corporate Information

(As of March 31, 2023)


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 (All capital is funded by the Government of Japan.)
Number of employees	1,839 (non-consolidated 1,270)

Shareholder Information

(As of March 31, 2023)

Name	Address	Number of Shares Held (Thousands of Shares)	Percentage of Total Equity (%)
Finance Minister	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 its 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.

As part of this structural revision, deliberations by the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding covered such topics as DBJ's proper implementation of Crisis Response Operations, the importance of initiatives for providing growth capital (equity and mezzanine financing) to address shortages in Japanese financial and capital markets, and an evaluation of DBJ's initiatives following its conversion to a joint-stock company.

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 investments and loans 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 based in Beijing. It mainly offers 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, U.S.A. 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キャピタル株式会社 日本政策投資銀行グループ
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 capital procurement, centered on alternative product fields, provides asset management opportunities, and flexibly fulfills diverse needs.	 DBJ証券株式会社 日本政策投資銀行グループ
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アセットマネジメント 日本政策投資銀行グループ

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.	 株式会社 日本経済研究所 Japan Economic Research Institute Inc.
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.	 株式会社 価値総合研究所 日本政策投資銀行グループ

Real Estate Management / IT Services / 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リアルエステート株式会社 日本政策投資銀行グループ
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デジタルソリューションズ 日本政策投資銀行グループ
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 ビジネスサポート株式会社 日本政策投資銀行グループ



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



In consideration of the environment, this report is printed on FSC®-certified paper using non-VOC ink.
Printed in Japan