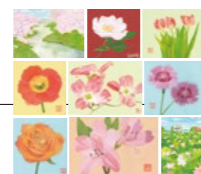




About the cover

The cover illustration was designed to express our wish for "sustainable growth and development of the local community through our business activities. The cover expresses the Bank's commitment to sustainability by interspersing photographs and paintings of the beautiful nature and landscapes of the San-in region, which we want to preserve for future generations, with photographs of our employees working together with local residents to achieve a sustainable society.



The paintings are painted by staff members of Gogin Challenged Matsue.

Gogin Challenged Matsue/Tottori

Gogin Challenged is an employment office for people with disabilities operated by San-in Godo Bank. Gogin Challenged Matsue's main business is the production of paintings, while Gogin Challenged Tottori is in charge of operations that make full use of IT skills.

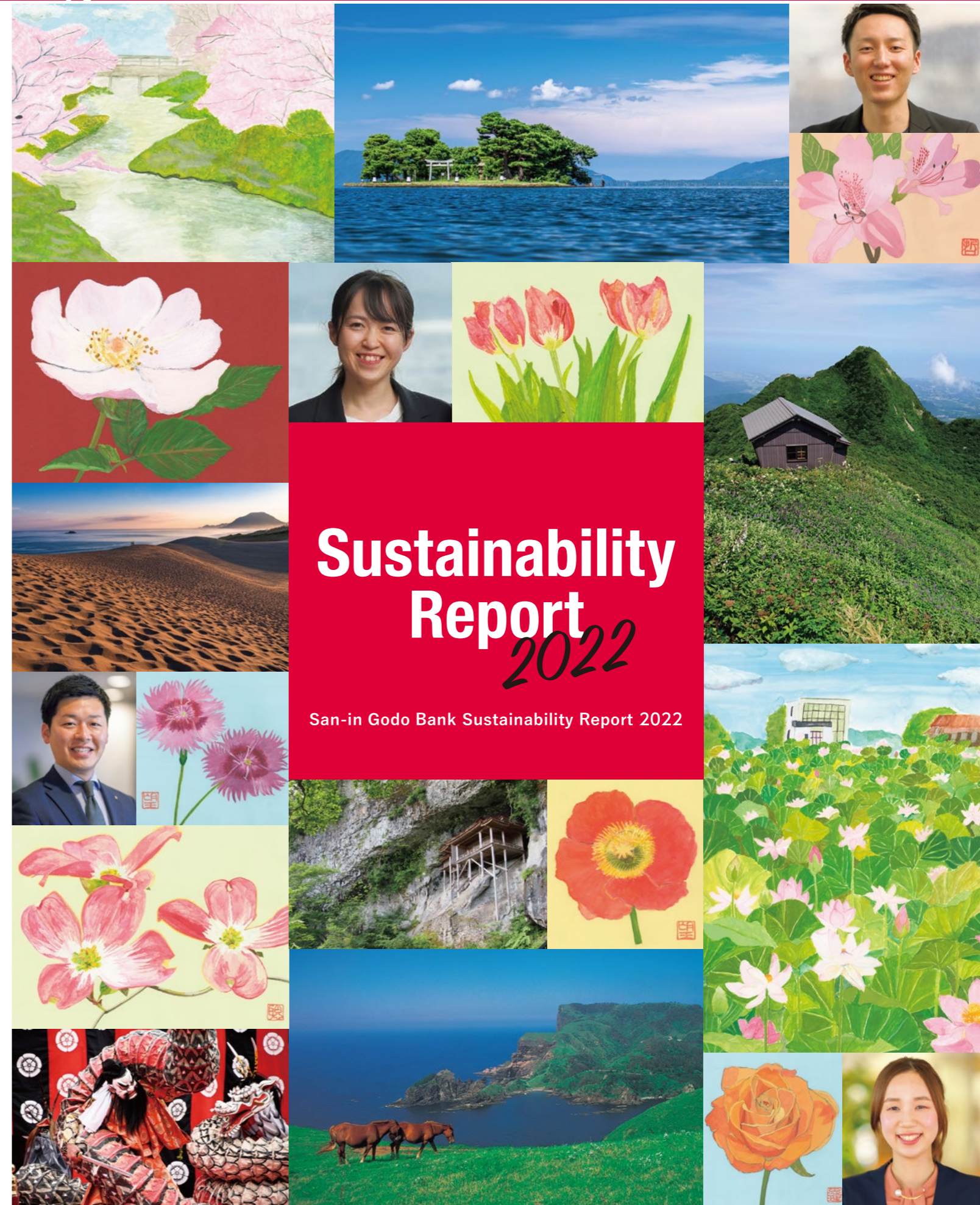
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Planning and Editing
/Corporate Planning Department



Editorial policies

Based on the belief that sustainable local communities and the sustainable growth of the Bank are one and the same, we recognize sustainability as a key management issue and are working to resolve this issue through our core business and community contribution activities. We have prepared our Sustainability Report 2022, which summarizes these efforts. This report references the "GRI Standards" and "TCFD Recommendations" and provides ESG information such as sustainability policies and systems, specific initiatives, and case studies.

Scope of Reporting

In principle, San-in Godo Bank on a non-consolidated basis.

Reporting Period

FY2021 (April 1, 2021 - March 31, 2022).
Some contents include FY2022.

Reference guidelines

GRI Standards

※GRI (Global Reporting Initiative): An international organization established in 1997 with the aim of promoting common guidelines for "sustainability reporting" worldwide.

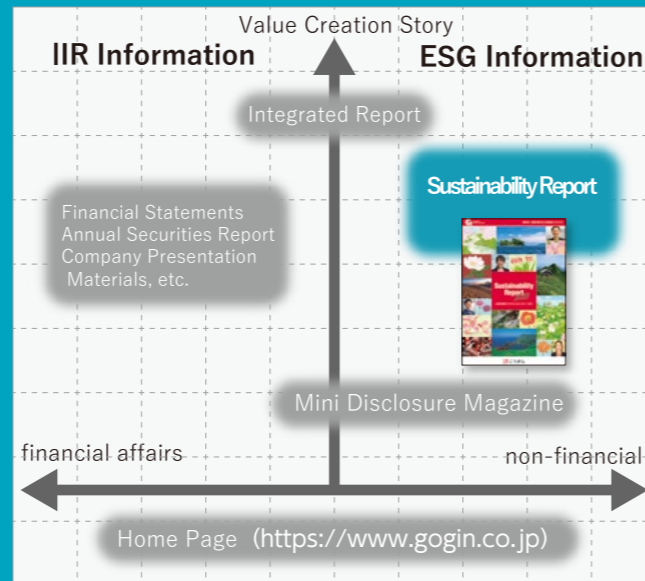
TCFD Recommendations

※Task Force on Climate-related Financial Disclosures (TCFD): A task force established in 2015 by the Financial Stability Board (FSB), which includes central banks and financial supervisory authorities from major countries, to encourage companies to disclose climate-related information.

Prospects

This report contains forward-looking statements. Please note that such forward-looking statements may differ due to changes in the business environment and other factors.

Disclosure System



Local issues are solved locally, and beyond the local community, specific initiatives and models are disseminated from the San-in region to help solve issues facing society.

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- Stakeholder Engagement
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- Human Capital for Sustainability at Gogin

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- Reduction of environmental impact in business activities
- Environmental conservation activities in cooperation with local communities
- Contribution to Sustainability as a Financial Institution

- Extensive Support for the Region through Relationship Banking Activities
- Supporting the SDGs initiatives of our business partners
- Supporting the formation of affluent lifestyles for our customers
- Developing a wide range of unique social contribution activities
- Supporting the activities of diverse human resources

Governance Initiatives

Risk Management Structure

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We will contribute to the sustainable growth of the entire community through our core business and social contribution activities.

Thank you very much for your continued support of San-in Godo Bank. We are pleased to announce the publication of the "San-in Godo Bank Sustainability Report 2022", which introduces San-in Godo Bank's efforts to realize sustainable local communities. Please take a moment to read the report, which contains information on the Bank's activities.

Local issues are solved locally

The San'in region, which is the Bank's main base of operations, has been the first in Japan to experience an aging and declining population. The San'in region, which is the Bank's main base of operations, was the first in Japan to face the problems of aging and declining population, and we have been dealing with these issues from early on. Even though the population is declining and depopulation is progressing in mountainous areas and remote islands, local customers still need the same financial services as those in urban areas. Even as the local economic environment changes, it remains our responsibility to continue to provide quality financial infrastructure to our local customers. However, it is not easy to continue to improve our services while ensuring profitability in this environment. For this reason, we have been making various innovations and changes, such as cost reductions, to thoroughly improve productivity and refine our operations in accordance with our business areas. The know-how and human resources gained through this experience are one of the Bank's strengths, and we believe they will be instrumental in responding to future changes in the environment.

It is precisely because of this difficult business environment that the Bank takes the sustainability of the region seriously, protects local industries and employment, and has a strong sense of care for each and every business partner and each and every customer.

This desire leads us to relationship banking, where we get to know our customers well and carefully monitor their cash flow while providing solid support for their business growth. In order for the entire region to become a sustainable society that can also adapt to environmental changes, we must also face the challenges of each of our business partners. We have a spirit of "solving local issues first in the community," which has been cultivated over many years of experience. This is a source of pride and one of the Bank's strengths.

In our social contribution activities, we also strive to develop and improve local communities while maintaining deep ties with them. The "Forest Conservation Activity," in which executives and employees go directly into the mountains to work, has been in place since 2006 and is evolving to become a more long-term activity. In addition, as social contribution activities that are unique in Japan and were initiated by considering local issues on our own, we have been consistently engaged in the "Gogin Challenged," a work facility that supports the independence of people with disabilities throughout the community, and the "Shofukan," a private school that trains future leaders of the community.

The urgent issue of Responding to Climate Change

Climate change countermeasures have long been recognized as a common global challenge, but in recent years the importance and breadth of its impact has been confirmed and it has become an urgent issue to be addressed. To this end, we have set medium- and long-term reduction targets for greenhouse gas emissions, demonstrating its commitment to take the lead in decarbonization in the region. In July 2022, we began a new challenge to decarbonize the region by establishing a wholly owned renewable energy generation company, Gogin Energy Co.,Ltd.



September 2022
President and Representative Director



Centered on this new company, we will collaborate with local governments and businesses in the region to promote decarbonization through increased use of renewable energy in the region as a whole. We expect that these activities will lead to the enhancement of clean energy infrastructure in the region in the future.

For local customers, the Bank will enhance its business and financial support systems to help them adapt their management structures to a decarbonized society. By providing solutions to environmental and social issues to our customers and promoting the decarbonization of the community and our business partners, we will strive to realize an environmentally friendly and sustainable society.

Contribute to solving local and customer issues Human Resource Development

In recent years, local communities and business environments have changed dramatically, individual values have diversified, and the needs and service levels that customers expect from banks have become increasingly sophisticated.

In order to meet the expectations of such local customers, the Bank is committed to developing highly specialized and passionate professionals. Human resources are of utmost importance for the Bank to provide quality services to the community and to continue to grow together with the community. To this end, we have revised our personnel system for the first time in 21 years and our career development system for the first time in 13 years, creating an environment where employees are motivated to grow autonomously and can fully demonstrate their abilities. We have also introduced systems to enhance work-life balance with the aim of realizing a comfortable and rewarding work environment.

We will continue to develop human resources capable of providing high value-added services that transcend conventional frameworks and contribute to the sustainable growth of the entire region.

We sincerely appreciate your continued support and patronage.

Sustainability of Gogin

Management Policy

Management Philosophy

Be a creative bank that best fulfills the dreams of the region and customers it serves

Long-term vision

Regional bank with sustainable growth through No. 1 problem-solving capabilities

Values/Action Guidelines

Sustainability Declaration

The San-in Godo Bank Group endorses the aims of the Sustainable Development Goals (SDGs) set forth by the United Nations, and aims to realize sustainable local communities by working to resolve local issues.

CS Declaration

We are helpful to our customers.
We are grateful to our customers.
We welcome our customers with a smile.

The value we have provided

Provide local solutions to local issues by developing relationship banking and community contribution activities
Provide financial services as a leading regional bank, no different from those provided in urban areas

~ 2000

Strengthened management foundation and increased presence as a leading bank in the region

2000s ~ 2010s

Relationship Banking and Unique Community Contribution Activities

2020 ~

Clarify our attitude toward regional sustainability

Continuing to work together with the community and our customers

In order for the San-in region, which has a weak economic base, to sustain itself, it is necessary for the entire region to grow by addressing local issues on an all-San-in basis. The Bank values its relationship with the local community, and its activities are based on the idea that local issues should be solved by the local community.

At all times, our fundamental desire to "serve the community and our customers" will never change, and our attitude of remaining deeply rooted in the community and facing the sustainability of the region will remain unchanged.

Strong Management Base

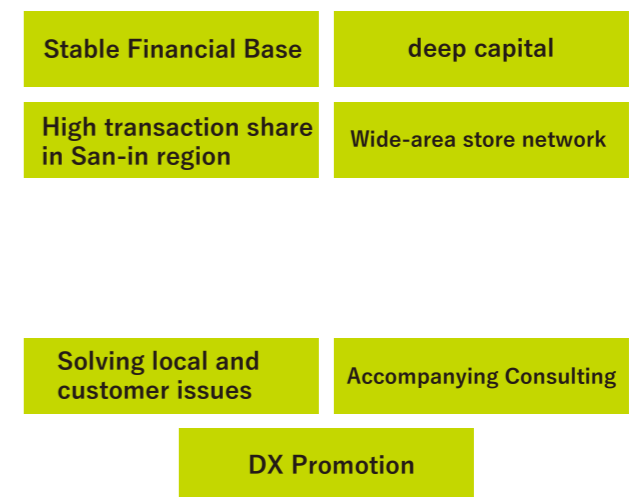
In order to respond to changes in the surrounding environment and customer needs, and to meet expectations as a leading regional bank, we are constantly strengthening our management base, maintaining soundness by enhancing profitability, and continuing to provide cutting-edge financial services and expertise.

Sustainable growth to support the community

We contribute to regional development and the revitalization of local economies through our core business of solving regional and customer issues. In order to continue to support the community through our core business, we aim to help the community and our customers and grow together by acquiring additional problem-solving skills.

Developing Relationships with the Community

Based on the idea that "ESG management is relationship banking itself," we have positioned relationship banking as a universal business model and are developing it thoroughly. In our community contribution activities, we also continue to work to enhance the sustainability of local communities in all aspects of our operations, while maintaining deep ties with them.



Policy on Sustainability Initiatives

Under the Sustainability Declaration, the San-in Godo Bank Group is committed to resolving issues to realize sustainable local communities in all areas of its business activities.

Sustainability Declaration

The San-in Godo Bank Group endorses the aims of the Sustainable Development Goals (SDGs) set forth by the United Nations and aims to realize sustainable local communities by working to solve local issues.

Sustainability Declaration <https://www.gogin.co.jp/about/csr/sustainability/>



Sustainability Policy

Environmental Policy <https://www.gogin.co.jp/about/csr/environment/>

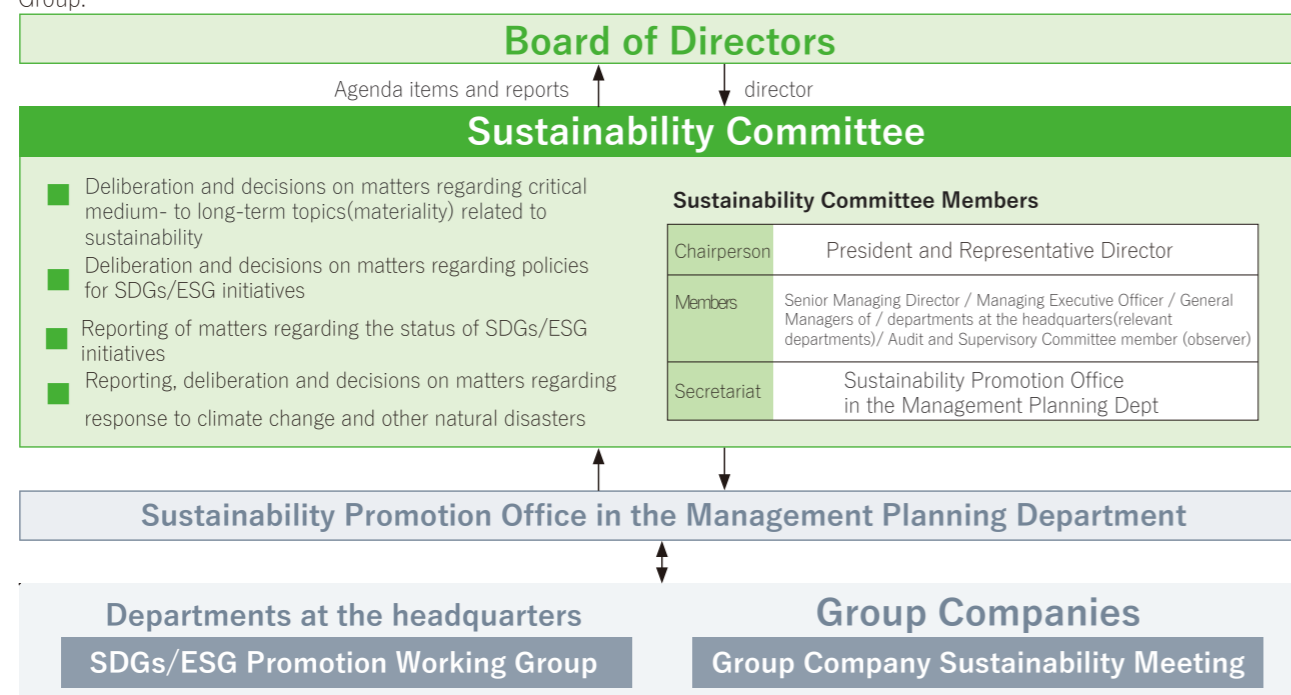
Human Rights Policy <https://www.gogin.co.jp/about/policy/humanrights/>

Investment and Loan Policy <https://www.gogin.co.jp/about/csr/investmentandloan/>

Purchasing Policy <https://www.gogin.co.jp/about/csr/sustainabilitypolicy/purchase/>

Sustainability Promotion System

To promote SDG/ESG initiatives, we have established a Sustainability Committee to strengthen governance. The Sustainability Promotion Office is exclusively responsible for planning and overall management related to sustainability, while the SDG/ESG Promotion Working Group, which is comprised of each division of the headquarters, implements cross-organizational initiatives. The Bank holds Group company sustainability Meetings among its Group companies to share the policies and initiatives of the Group.



Sustainability Committee Performance

(Since the publication of the Sustainability Report 2021 in November 2021)

| Date of the event | theme | Contents | Major issues and items to be addressed in the future |
|---------------------------------|---|--|---|
| FY2021 4th December 20, 2021 | Working Toward Carbon Neutrality | Discussion on the establishment of the Group's medium- and long-term goals for achieving carbon neutrality and initiatives to reduce greenhouse gas emissions <ul style="list-style-type: none"> Targets are set as follows "Target for FY2030: Net zero for Scope 1 and 2." "Target for FY2050: Net zero for Scope 1, 2, and 3." | <ul style="list-style-type: none"> Energy-saving measures Introduction of renewable energy Scope 3 measurement |
| FY2021 5th February 10, 2022 | Establish policy on purchasing activities | Discussion on the development of a policy on purchasing activities in order to implement sustainability initiatives through purchasing of goods, etc. <ul style="list-style-type: none"> Establish policy on purchasing activities Request for cooperation from major suppliers Green Purchasing Practices | <ul style="list-style-type: none"> Group-wide efforts Foster awareness of the SDGs in the region |
| FY2021 6th March 11, 2022 | Status of ESG-related initiatives and future policy | Discussion on the status of ESG-related measures in the business plan and future policy <ul style="list-style-type: none"> SDG/ESG dissemination efforts in the region Strengthen support for business partners' decarbonization management Promote sustainable finance Advanced disclosure based on TCFD recommendations | <ul style="list-style-type: none"> Strengthening partnerships with local communities to promote decarbonization Support triggered by "SDGs Management Support Service" Establishment of new institutional financing Conduct climate change risk scenario analysis |
| FY2021 7th March 18, 2022 | Progress in considering entry into the electric power business | Progress report on the entry into the electric power business being considered to decarbonize the region <ul style="list-style-type: none"> Renewable energy generation status in the San-in Region Challenges to entry Income and Expenditure Plan | <ul style="list-style-type: none"> How to collaborate and cooperate with local governments and local businesses Brush up on business plan |
| FY2022 1st May 23, 2022 | Future Responses in Light of the FSA Discussion Paper | Discussion on future measures to be taken by the Bank based on the "Draft Basic Approach to Addressing Climate Change at Financial Institutions" released by the Financial Services Agency <ul style="list-style-type: none"> Discussion Paper Abstracts Specific initiatives | <ul style="list-style-type: none"> Formulate and implement concrete action plans to support the decarbonization of business partners Contribute to regional decarbonization by supplying renewable energy to the region with "Gogin Energy" at the core. Disclosure and sophistication of disclosure content based on TCFD recommendations |
| | Actions related to biodiversity conservation | Report on the state of the art on biodiversity conservation and discuss participation in the initiative <ul style="list-style-type: none"> National and international trends in biodiversity conservation TNFD (Task Force on Nature-Related Financial Disclosures) Participation in the Keidanren Biodiversity Declaration Initiative | <ul style="list-style-type: none"> Endorsement of TNFD and disclosure of information Identification of affected sectors and business partners and engagement activities Inclusion in Investment and Loan Policies |
| FY2022 2nd June 17, 2022 | Scenario analysis based on TCFD recommendations | Discussed outline of scenario analysis to be conducted based on TCFD recommendations to measure the impact of risks associated with physical damage due to climate change (physical risks) and risks associated with increased regulation and transition to a decarbonized society (transition risks) | <ul style="list-style-type: none"> Ongoing efforts to advance analytical methods |

Materiality Identification

Materiality Identification Process

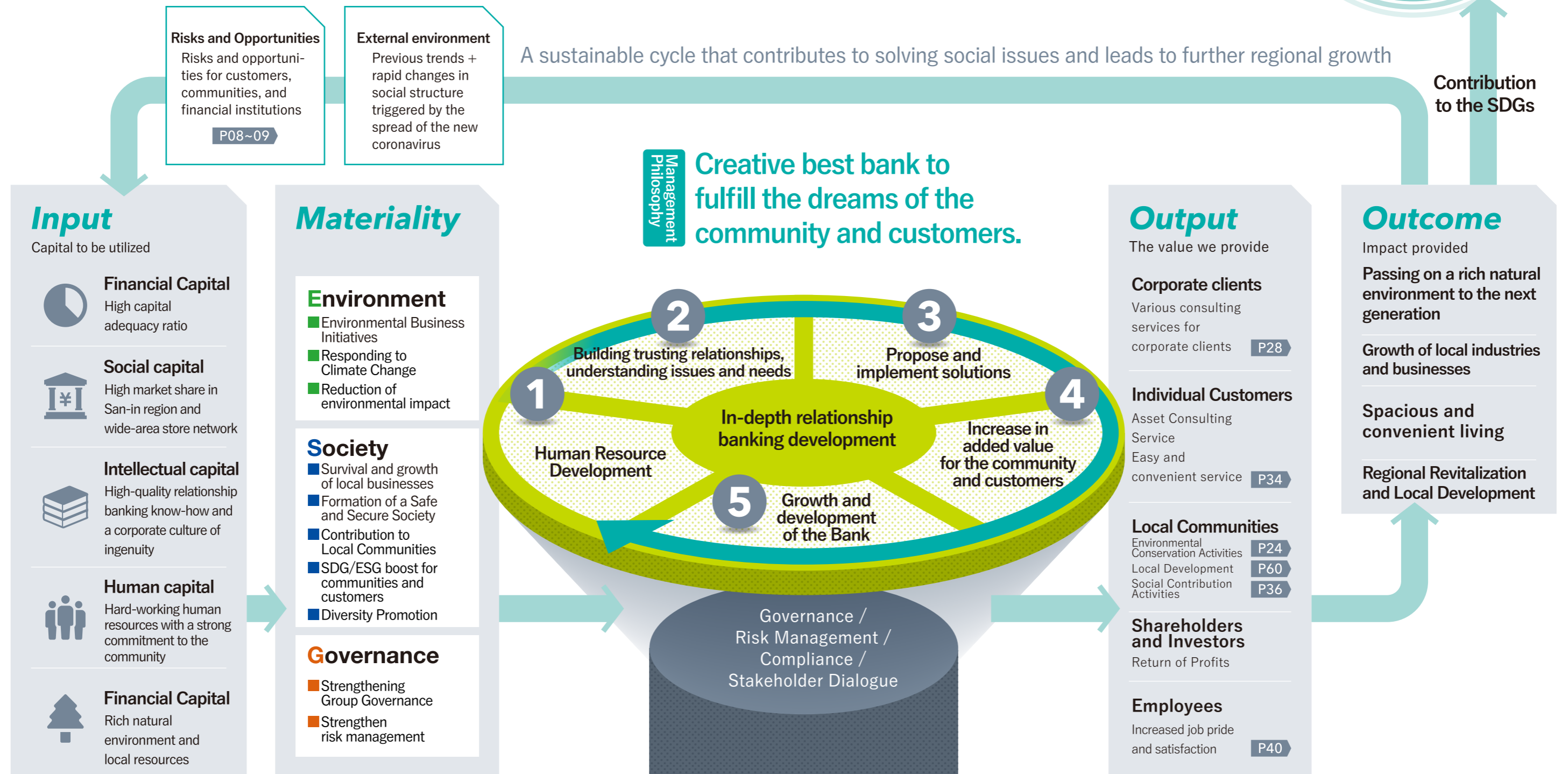


| | materiality | (a) reason(s) for identification | Risks/Issues | opportunity |
|------------------------|--|--|---|---|
| Environment | Environmental Business Initiatives | Climate change poses a serious threat to society, including the intensification of natural disasters caused by global warming. For a better future, we recognize that addressing climate change is an important issue that must be addressed promptly not only by the Bank but also by the entire region. | <ul style="list-style-type: none"> ● Policy changes based on the transition to a decarbonized society ● Damage due to severe natural disasters | <ul style="list-style-type: none"> ● Support for adaptation to social needs such as decarbonization ● Improvement of competitiveness ● Improvement of corporate image |
| | Responding to Climate Change | | | |
| | Reduction of environmental impact | | | |
| Society | Survival and growth of local businesses | The San-in region, which has a weak economic base, has long faced diverse regional issues. The Bank aims to solve local issues locally and contribute to the revitalization of the region through relationship banking activities. | <ul style="list-style-type: none"> ● Responding to changes in the business environment ● Lack of successors ● Labor shortage ● Decrease in number of establishments | <ul style="list-style-type: none"> ● Business Support ● Business succession and M&A support ● Development of placement and recruiting services ● Ongoing support for startups ● Creation of a local population of related and interacting citizens ● Support for administrative and fiscal reform |
| | Formation of a Safe and Secure Society | We provide stable financial infrastructure and quality services to local customers in an aging and digitalized society. | <ul style="list-style-type: none"> ● Formation of a prosperous life ● Population decline ● Aging | <ul style="list-style-type: none"> ● Assistance in asset building ● Financial support according to life cycle ● Improved convenience when shopping ● Simplification of procedures through the use of digital technology |
| | Contribution to Local Communities | Based on the idea of "serving the community and our customers," we strive to fulfill our responsibility to the local community and have been engaged in unique social contribution activities for many years. | <ul style="list-style-type: none"> ● Decline in community vitality ● Damage to corporate image | <ul style="list-style-type: none"> ● Environmental Conservation ● Fostering human resources who will lead the future ● Diverse human resources |
| | SDG/ESG boost for communities and customers | We recognize that addressing climate change and other SDGs/ESGs is an important issue for the sustainability of the region. As a leading regional bank, we support our clients' efforts with our extensive knowledge and expertise. | <ul style="list-style-type: none"> ● Future regulatory tightening ● Alienation from the supply chain ● Damage to corporate image | <ul style="list-style-type: none"> ● Support for adaptation to social needs such as decarbonization ● Improvement of competitiveness ● Improvement of corporate image |
| | Diversity Promotion | In order to continue to support the community in a challenging environment, we develop human resources capable of taking action to solve local issues. We respect the diverse personalities and values of our employees and work to create an organization in which each individual can play an active role. | <ul style="list-style-type: none"> ● Develop human resources capable of providing high-quality financial services | <ul style="list-style-type: none"> ● Utilization of diverse human resources ● Activation of the organization |
| | Strengthening Group Governance | To meet stakeholder expectations and achieve sustainable corporate value enhancement, we will pursue the maximization of group synergies under the leadership of the bank. | <ul style="list-style-type: none"> ● Business continuity risk associated with dysfunctional governance and internal controls | <ul style="list-style-type: none"> ● Improved transparency of decision-making ● Establish a foundation for stable growth |
| Governance | Strengthen risk management | We recognize risk management as the most important issue for maintaining business stability and soundness. | <ul style="list-style-type: none"> ● Damage to corporate value | |

We view the sustainability of the region and our own survival as synonymous, and have long been engaged in activities that contribute to the sustainable growth of the entire region. In formulating our medium-term management plan starting from fiscal 2021, we have identified risks and opportunities in view of the rapid changes in the social structure, in addition to the existing trends in the external environment, and have identified the key issues that need to be addressed, while balancing social and economic rationality in the region. We have identified key issues (materialities) that must be addressed while striking a balance between social and economic rationality in regions with advanced issues. These materialities will be reviewed as necessary through discussions by the Sustainability Committee and the Board of Directors in light of the rapidly changing external environment.

Value Creation Process

We view relationship banking as a universal business model, and aim to realize sustainable communities where both the community and ourselves grow together by proactively solving social issues through the use of the capital it has cultivated over the years. By developing thorough relationship banking based on consulting and digital technology, we will deepen our ties with communities and customers more than ever, and thoroughly support communities and customers.



Gogin's Initiatives and Goals

| | materiality | Specific Efforts | Past Initiatives | Goals and Objectives |
|-------------|---|--|--|--|
| Environment | Environmental Business Initiatives | Environmental Finance and Investment | <ul style="list-style-type: none"> Set a long-term target for the amount of sustainable finance to be executed. for more P26 Sustainable finance in FY2021: 127.7 billion yen (including 45.5 billion yen in the environmental sector) for more P26 Established wholly-owned subsidiary Gogin Energy and entered renewable energy power generation business for more P21 J-Credit sales support results Cumulative total of 214 cases by the end of August 2022/8,065t-CO₂ for more P27 | <ul style="list-style-type: none"> Cumulative amount of sustainable finance target by FY2030: 1.5 trillion yen (including 500 billion yen in the environmental sector) Supply of renewable energy power in the region in cooperation with local governments and business partners |
| | Responding to Climate Change | Disclosure in line with TCFD recommendations | <ul style="list-style-type: none"> Scenario analysis to assess the impact of climate change-related risks on the Bank's finances for more P53 Joined PCAF (Partnership for Carbon Accounting Financials) for more P78 | <ul style="list-style-type: none"> Expanding the scope of climate change risk analysis and upgrading the impact calculation method Measurement and disclosure of GHG emissions of investee companies |
| | Reduction of environmental impact | Reduction of greenhouse gas emissions | <ul style="list-style-type: none"> Set medium- and long-term targets to become carbon neutral for more P20 Greenhouse gas reduction rate (non-consolidated) 36.3% in FY2021 (compared to FY13) for more P23 We have established a "Policy on Purchasing Activities," and have been working on the environmental and social aspects of purchasing goods, services and other items. for more P57 Work with suppliers on responsible purchasing activities for more P57 | <ul style="list-style-type: none"> Achieve carbon neutrality FY2030 Net zero for Scope 1 and 2 FY2050 Net zero for Scope 1, 2, and 3 GHG gas emissions target 50% reduction in FY2023 (compared to FY2013) Net Zero Energy Building (ZEB) for new stores Energy conservation through facility upgrades and increased use of renewable energy |
| Society | Survival and growth of local businesses | Thorough community support through relationship banking activities | <ul style="list-style-type: none"> Expand and upgrade the solution menu to meet the diversifying needs of suppliers for more P28 Practice of companionable consulting | <ul style="list-style-type: none"> Expansion of solution menu All consulting services are provided by all employees, who dig deep into customers' issues and support growth strategies along the way |
| | Formation of a Safe and Secure Society | Providing a stable financial infrastructure | <ul style="list-style-type: none"> Supporting asset formation in collaboration with Nomura Securities Co. for more P34 Expansion of non-face-to-face channels Regional revitalization using regional cards (Gogin Duo Card) for more P64 | <ul style="list-style-type: none"> Providing advanced consulting services in collaboration with Nomura Securities Co. Improve customer convenience by enhancing non-personal transactions Revitalization of local communities through the penetration of cashless transactions |
| | Contribution to Local Communities | Development of a wide range of social contribution activities | <ul style="list-style-type: none"> Forest conservation activities that have been ongoing since 2006 for more P24 Tottori Sand Dunes and Mt.Sanbe were added to the "Gogin Kibo no Mori" Operation of "Shofukan," a private school for fostering human resources for more P36 who will lead the region in the future | <ul style="list-style-type: none"> Continue forest conservation activities Continued operation of Shofukan |
| | SDG/ESG boosting by communities and customers | Development of new services | <ul style="list-style-type: none"> Proposal of support and solutions through Gogin SDGs Management Support Service for more P32 Supporting our business partners' efforts to reduce greenhouse gas emissions | <ul style="list-style-type: none"> Support for awareness-raising and initiatives through the provision of the Bank's SDG Management Support Service Expansion of support system to help business partners reduce greenhouse gas emissions |
| | Diversity Promotion | Supporting the activities of a diverse workforce | <ul style="list-style-type: none"> Revision of personnel system and career development system for more P40 Ratio of female managers: 23.3% (as of March 31, 2022) for more P42 Employment rate of persons with disabilities: 2.57% (as of March 31, 2022) Supporting the independence of people with disabilities (Gogin Challenged) for more P44 | <ul style="list-style-type: none"> Professional development Expansion of support to promote autonomous career development Ratio of female managers: Target 25% or more by the end of FY2023 |
| Governance | Strengthening Group Governance | Strengthening Group Collaboration | <ul style="list-style-type: none"> Female directors: 3 (25.0%) (June 2022) for more P47 Independent outside directors: 6 (50.0%) (June 2022) | <ul style="list-style-type: none"> Ensure continued diversity on the Board of Directors |
| | Strengthen risk management | Enhancement of various risk management systems | <ul style="list-style-type: none"> Establishment of risk management system for more P48 | <ul style="list-style-type: none"> Maintaining the safety and soundness of management |

Stakeholder Engagement

~We will contribute to the resolution of social issues and the formation of a sustainable society through dialogue with all stakeholders involved in our business activities~

We believe it is important to engage in a broad dialogue with our stakeholders through various means of communication and to build a relationship of mutual trust. We communicate the ideas and initiatives of our Group, take seriously the opinions and evaluations we receive, and apply them to our corporate activities.

We value dialogue with our clients in our daily sales activities and strive to provide high-quality consulting and further improve our products and services.

- Consulting through strengthening points of contact with customers and dialogue
- Solving issues of business partners by building relationships of trust and evaluating business feasibility
- Sophisticated consulting by strengthening points of contact and face-to-face channels, starting with non-face-to-face transactions
- Collecting customer opinions and conducting customer Questionnaire survey



Customers

Together with our business partners, we are working to solve local and customer issues to achieve a sustainable society.

- In order to provide optimal solutions to our clients' management issues, we collaborate with a number of outside experts and institutions.
- Business alliance with Nomura Securities Co., Ltd., aiming to establish a regional securities business model



Business Partners

We strive to strengthen two-way communication between management and employees so that our employees can work with vigor and vitality.

- Exchange of opinions with the President
- Efforts to share management philosophy
- Improvement of career plan support and feedback
- Employee awareness survey and internal reporting system



Employee



Regional society

As a member of the regional society, we are committed to fulfilling our responsibility to the regional society.

- Collaboration with local and public entities, local development, participation in platforms
- Unique local contribution activities, involvement in the local community
- Participation in initiatives



Environment

In order to pass on a rich natural environment to future generations, we are engaged in environmental protection activities in collaboration with the region and customers.

- Response to climate change
- Environmental protection activities
- Reduction in environmental impact
- Support for clients' environmental management through financial products



Shareholders and Investors

We are increasing management transparency through appropriate information disclosure and communication opportunities.

- Proactive information disclosure
- Annual general meeting of shareholders
- Company presentations

Gogin

Human Capital for Gogin's Sustainability



Special Conversation

Chairman Outside Director

Chairman
(Representative Director)

**Fumio
Ishimaru**

Director, Audit and Supervisory Committee Member
(Outside Director, Independent)

**Tamaki
Adachi**

Human resources are increasingly incorporated into corporate management as capital, and maximizing their value to enhance corporate value over the medium to long term. This time, under the theme of "Human Capital Supporting Gogin's Sustainability," a discussion was held between Tamaki Adachi, an outside director of Gogin who is practicing law in Yonago City, Tottori Prefecture, and Fumio Ishimaru, former president and chairman of the board of Gogin.

Special Conversation
Chairman Outside Director

What kind of human resources do you think are needed in our bank today? Please also tell us your opinion on the abilities required of our employees.

Ishimaru: Banking operations are extremely diverse, and more than ever before, a wide variety of human resources are required. For example, taking our consulting business as an example, which is one of our main areas of focus, I believe that there are two main types of abilities that are required by the community and customers. One is the ability to properly listen to and understand the voices of the community and clients, and the other is the extremely specialized knowledge and know-how to deal with increasingly diverse and complex issues, as good as that of professional consultants. We are still working under the slogan "All consultants are consultants," but it is important to first listen to the voices of the community and customers, understand the issues, and then properly develop human resources who can take action to solve them. I believe that the ability to listen carefully to the voices of the community and customers, or "listening," and to understand the true needs of the community and customers is the starting point for a regional financial institution to contribute to problem solving. At the same time, I believe that it is very important for the community and customers to develop high-level professional human resources. It is not easy to develop human resources at the level of professional consultants, but advanced knowledge and know-how are indispensable to listen to the voices of local communities and customers and solve their problems. Ideally, the closest consultants for our customers should be employees with advanced knowledge, and they are all working hard to achieve a higher level of expertise.

Adachi: Yes, that's right. I also believe that in order for the bank to support the sustainable growth of the community, it is necessary to have personnel who, through dialogue, listen carefully to the issues faced by the community and customers, and solve them with enthusiasm. To this end, it is important to have the ability to understand the needs of others, as the Chairman has said. In addition, I believe that the bank needs people who can utilize its various internal and external networks, which is one of the bank's strengths, and who can lead the way to solutions while coordinating. I am aware that Gogin's human resource development focuses on these very points, and that

the bank is investing in training and enhancing its programs.

Ishimaru: In addition, I believe another important element is creativity. As the new term "EX" (experience value that employees experience at a company) has recently emerged, it is important to consider how to enhance the value of the experience that each and every employee gains at our bank. The importance of this is becoming more and more important. The creative aspect of work is what increases employee satisfaction and revitalizes the organization. As our management philosophy states, "The Creative Best Bank", in order for the bank to be creative, each and every employee must be creative. To this end, I believe that we must create an environment in which all employees can be involved in creative work.

This year, the personnel system and career development system have undergone major revisions.

Ishimaru: This is the first major revision of the personnel system in 21 years and the first major revision of the career development system in 13 years. When considering management and human resource strategies, it is very important to have a clear image of what the bank "should be" or "wants to be" in 10 or 20 years, and to make preparations to move toward that image. The concept of backcasting is very important. The bank's long-term vision shows what the bank should aim for, and if all executives and employees share this vision and work toward it, the direction of the bank will naturally be determined. The revision of the personnel system and career development system is based on the Bank's management strategy and long-term vision, and I believe it is an extremely important step in moving in that direction.

Adachi: I recently had the opportunity to discuss human capital at an exchange of views between Audit Committee members and the executive side. Regarding the revision of the personnel system, the abolition of the course-based personnel system, the introduction of an evaluation system that emphasizes human resource development and a system that proactively evaluates active human resources, etc., seemed to me to be a system that leads to greater job satisfaction for all bank employees. During the exchange of opinions, there was also discussion on the need for careful and meticulous follow-up for bank employees who are anxious about the changes in their job requirements due to the system revisions. The



executive side commented, "In order to ensure that indicators for disclosure purposes do not become the sole focus of discussions, we should continue to hold dialogues with employees to gain their understanding of the issue, and then consider what kind of indicators and KPIs should be set for human capital. We would like to consider what kind of indicators and KPIs should be set for human capital. I am sure that there are many issues to be addressed, such as what kind of indicators and KPIs should be set to reach Gogin's goals and to communicate its efforts to the outside world, but I hope that firm and continuous discussions will take place. I hope that these discussions will continue. For example, in the area of male parental leave, simply setting KPIs and encouraging male employees to take the leave will not solve the fundamental problem. I believe that a company's attitude will be reflected in its follow-up system during the leave, how the employees are treated after returning to work, and what kind of benefits are provided to them.

Ishimaru: That's right. If a company does not do what it needs to do as a corporation, not only in terms of the establishment of a system, but also in terms of operational follow-up, it will not be sustainable, and employee satisfaction will not improve. It may not be something that can be done all at once, but I think we need to prioritize our efforts.

How do you feel about Gogin's corporate culture and the characteristics of its employees?

Adachi: I have the impression that the employees of the bank work very diligently, with a sense of pride in working for the leading bank in the region and a sense of attachment to the community. From my perspective as a lawyer working in the community, I feel that the bank employees are very trusted and expected by local residents. I hope that you will continue to value this

attitude and lead the community.

Ishimaru: In terms of our corporate culture, we have always been conscious of the fact that we are not afraid of change. During my tenure as President, I have been conveying the keyword "discontinuity" within the Bank. Since assuming his current position, President Yamazaki has also been conveying the message of "evolution through change" to the Bank's employees. We do not know what will happen in the next five years, so it is important for us to change according to circumstances, rather than sticking to what we have decided once.

Adachi: I also have the impression that Gogin has a very challenging corporate culture and is taking on a variety of groundbreaking challenges in a difficult environment for banks, such as continuing low interest rates. Since I took office, Gogin has been taking pioneering initiatives among regional banks, such as the alliance with Nomura Securities and the recent establishment of Gogin Energy Corporation, a wholly owned subsidiary that is the first bank to be engaged in renewable energy power generation business. I feel that our open and open organization is one of the major factors behind our success in these efforts.

Ishimaru: This may be a form of flattery, but I have been told by Nomura Securities, our business partner, that there is much to be learned from the hard work and dedication of our employees. However, I feel that there are many cases where the employees themselves do not realize how good they are. I believe that management needs to make more of an effort to communicate in detail with these employees about what the bank is trying to do and the contributions that each of them is making. I also feel that it will become increasingly necessary to increase employee engagement by giving them a sense of satisfaction with what they are doing and a sense of happiness that they are happy to be a member of the bank.

What are your thoughts on the promotion of women's activities?

Ishimaru: We have many highly capable female employees at our bank. This past June, we had our first female executive officer. I believe that there is no difference between men and women in terms of ability among those who are currently working at the front line. However, it may not be the case that all of them are able to do their jobs as well as they would like. There are many people who are constrained by issues within society, such as childcare and nursing care. And



it is also true that women are more susceptible to these situations. We are always thinking about what we can do to improve this.

Adachi: It is still quite unprecedented for a regional financial institution to have a female director who has come from within the company. It is attracting attention from outside as well. I hope that this trend will continue in the future. People often talk about the wage gap between men and women, but my personal opinion is that it is not right to compare them if they choose to work the way they do, and it is also not right to force them to change the way they work. We, as lawyers, can choose where we work and how we work wherever we choose. Judges and prosecutors are also relocatable, but many women are also active in this field. What is important is that both men and women can choose how to work according to their own lifestyles with a variety of options. I also hope that Gogin will proactively adopt such flexible approaches in order to lead the efforts of companies in the San-in region.

Ishimaru: In the past, there was a time in our bank when many women left the bank upon marriage, and I think it will still take some years to recover from that negative accumulation. In recent years, we have been flexible in our personnel practices, such as allowing employees to marry each other and transfer to the same area when one of them transfers to another. As a company, we are doing what we can to offer employees the option of not having to relocate as part of their career plans, but we must continue to focus our efforts on providing opportunities for diverse human resources, not only women, to play an active role, while promoting DX and other measures. We must continue to focus our efforts on DX and other measures to provide opportunities for a diverse workforce, not only women.

Finally, what do you expect from the employees of Gogin?

Adachi: That's right. Again, Gogin employees are expected by the local community to be leaders in their communities. As the world changes at a dizzying pace and the issues facing the community and our customers change, we must respond with greater flexibility. In order to continue to respond to these changes, I hope that all of our employees will proactively engage in reskilling and relearning to meet the expectations of the community.

Ishimaru: The way banks work is definitely changing. Traditional banking jobs will decrease with the advancement of DX. A good example is "Gogin Energy" established in July this year. I think it will become increasingly necessary to look beyond conventional thinking and ask "what can we do beyond finance" to solve local issues. It is also said that the concentration of business in Tokyo will collapse and the competition for survival will become more competitive among regions. The mission of regional financial institutions will remain unchanged: to help local industries develop and people lead affluent lives. To this end, I believe there are things we can do not only as a financial institution but also as a comprehensive service provider. Fortunately, our bank has a wealth of human resources. I look forward to seeing them demonstrate their abilities in order to preserve and nurture the region, and I hope that our employees will have the same spirit in their work.

