

# Towards Local Decarbonisation

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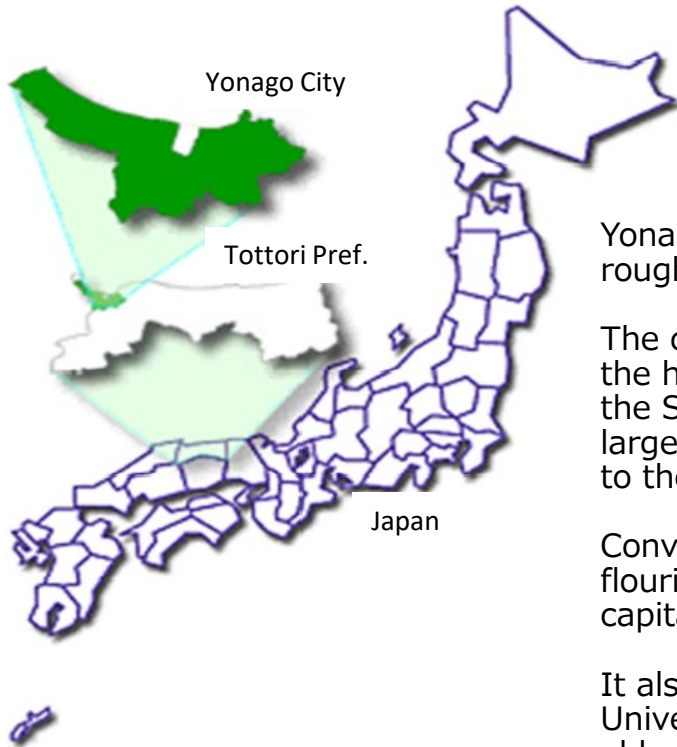
-Introduction of Yonago City and San-in Godo Bank Group initiatives

Yonago City, Tottori Prefecture  
San-in Godo Bank Ltd.  
Gogin Energy Co., Ltd.

26/1/2023

# Introduction of Yonago City

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Yonago City is located on the western edge of Tottori Prefecture, roughly in the middle of the San-in region.

The city is blessed with a rich natural environment, with Daisen, the highest mountain in the Chugoku region, to the south-east, the Sea of Japan to the north and the Nakaumi, the second largest brackish lake in Japan and a Ramsar Convention-listed site, to the west.

Conveniently located by road, rail and airport, the city has long flourished as a regional transport node and as the 'commercial capital of the San-in region', where people come and go.

It also has a wide range of medical facilities, including the Tottori University Hospital, making it a friendly environment for the elderly and families raising children.

# Solving local problems

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- **Economic revitalisation**

Creation of new energy industries and decarbonisation of existing industries

- **Use of dilapidated agricultural land (weed and pest control)**

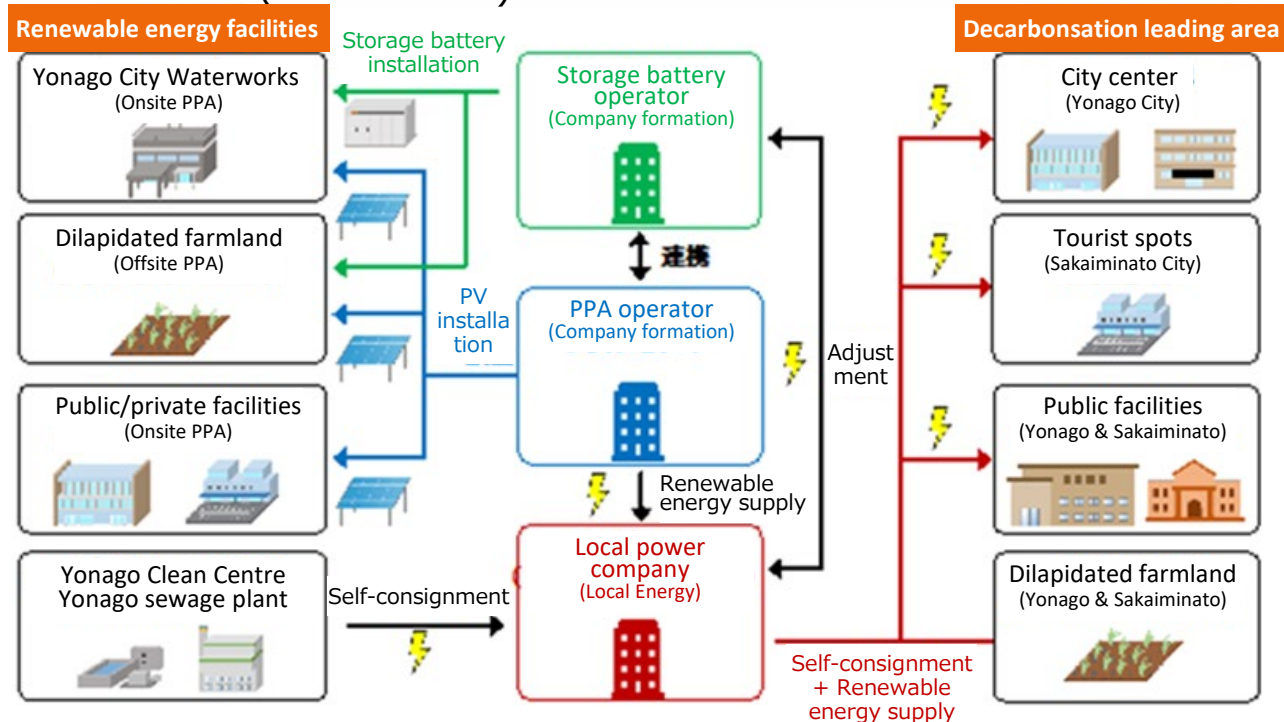
Landscape damage caused by weeds; pest damage caused by biting midge, etc.

- **Business continuity of public facilities (BCP measures)**

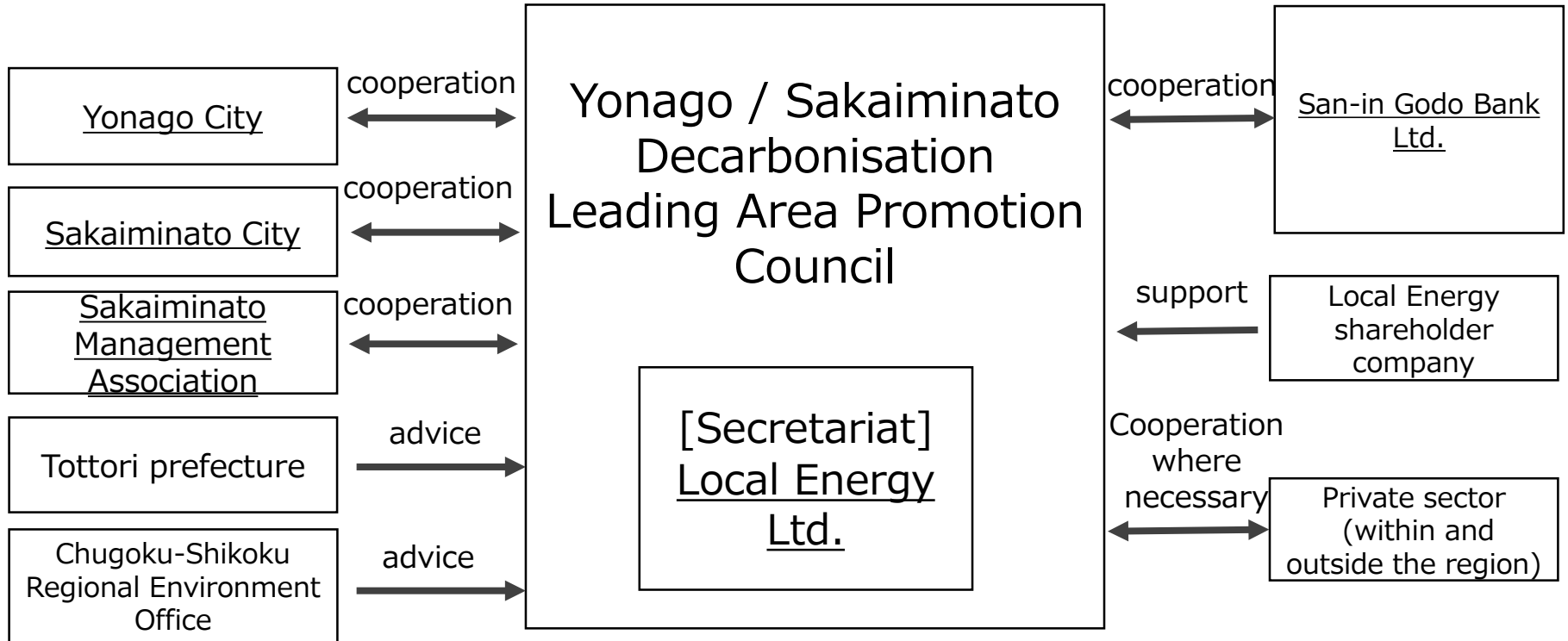
Supply of electricity to water utilities, community centres and other sheltered facilities in times of disaster

# Decarbonisation Leading Area Development Project

- (i) Energy supply business (non-FIT + self-consignment)
- (ii) Non-FIT solar power PPA projects (on-site and off-site)
- (iii) Renewable energy supply and demand adjustment storage battery projects (water supply facilities BCP, renewable energy supply and demand coordination)
- (iv) Data platform business (visualisation)



# Promotion structure of the Project



# Profile of San-in Godo Bank Ltd.

## Management Philosophy

**Creative best bank that fulfils the dreams  
of the community and its customers**

|   |                                       |
|---|---------------------------------------|
| Head office                                     | Matsue City,<br>Shimane<br>Prefecture |
| Capital stock                                   | 20.7 billion<br>yen                   |
| Deposits, etc.                                  | 5,294.6<br>billion yen                |
| Money given as loan                             | 4,111.1<br>billion yen                |
| Marketable securities                           | 1,641.7<br>billion yen                |
| Capital adequacy ratio                          | 11.17%                                |
| Number of locations<br>(National/International) | 117/3                                 |
| Number of employees                             | 1,901                                 |

**The only regional financial institution  
in Japan to be the designated  
financial institution for two  
prefectures (Tottori and Shimane)**

**Commonly known  
as 'Gongin'.**



(as at 30 September 2022)



## Sustainability Declaration


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

### Priority Issues


- ❑ Sustainable growth of the local economy
- ❑ Realisation of prosperous communities
- ❑ Achieving a sustainable local environment
- ❑ Increased employee satisfaction
- ❑ Establishing a sound and transparent management system

# ESG initiatives (1)

## Environment

|  |  |           |
|--|--|-----------|
| Endorsement of TCFD recommendations  |  TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES | Apr 2021  |
| Publication of investment and financing policy based on the Sustainability Declaration |  | Jun 2021  |
| Endorsement of the Keidanren Declaration on Biodiversity                               |  | July 2022 |

## Social

|   |  |          |
|---|--|----------|
| Member of The Valuable 500                                      |  Valuable 500 | Apr 2021 |
| Policy development on procurement activities (green purchasing) |  | Mar 2022 |

## Governance

|                                    |  |          |
|------------------------------------|--|----------|
| Change in composition of directors | Total number of directors 13 ⇒ 12<br>Outside directors 5 ⇒ 6<br>Female directors 1 ⇒ 2 | Jun 2021 |
| Change in board composition        | Female directors 2 ⇒ 3   | Jun 2022 |

## ■ First regional bank to publish a sustainability report (Nov. 2021)

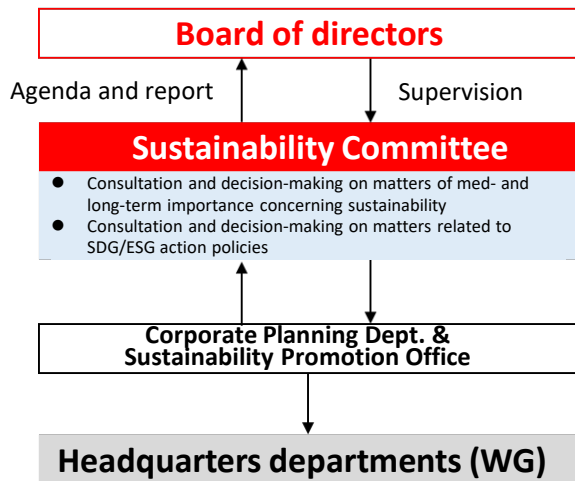




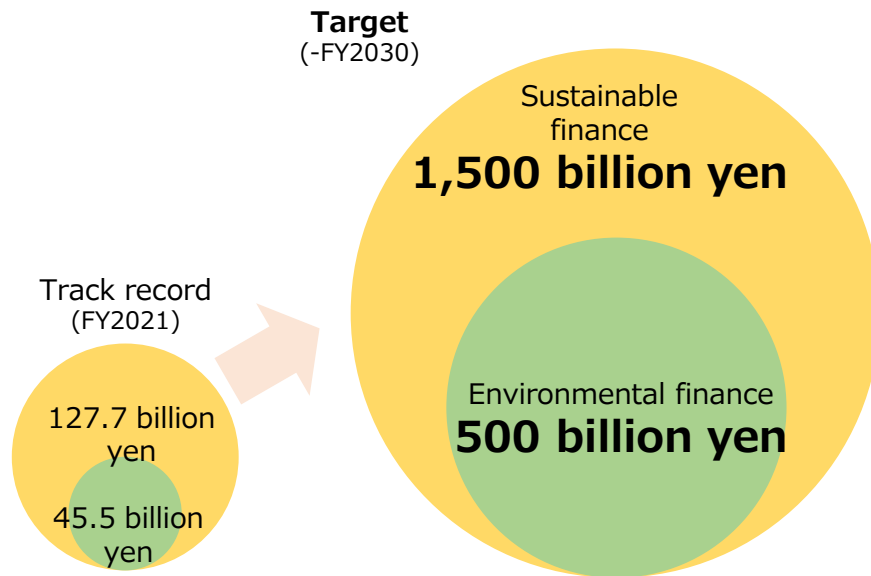
# ESG initiatives (2)

✓ Strengthen the system for promoting sustainable management and set key KPIs, etc.

## ■ Sustainability Committee (Chair: President)



## ■ Sustainable finance target setting



## ■ Setting carbon neutral targets

FY2030

**Net zero** greenhouse gas emissions (Scope 1,2)  
\*35% CO<sub>2</sub> reduction in 2021  
(compared to 2013)

FY2050

**Net zero** greenhouse gas emissions including supply chain (Scope 1, 2, 3)

# Some financial products

- ✓ It offers financial products and services to support decarbonisation management. Traditionally, it has offered eco-friendly private placement bonds, renewable energy finance and related loans.
- ✓ From October 2021, the company began offering **Sustainability Linked Loans** and **Green Loans/Social Loans** to strengthen its **support for SDG/ESG initiatives**.



## 取組事例

### Gogin Sustainability Linked Loans (First case in San-in region)

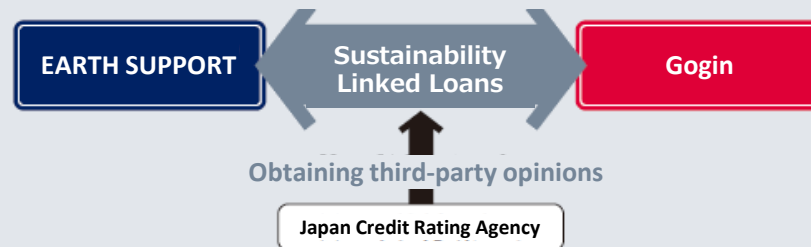
#### Contract signed with EARTH SUPPORT (external evaluation type) (March 2022)

EARTH SUPPORT (Matsue City, Shimane Prefecture; industrial waste disposal business) is a company with a high level of ESG awareness, having produced an environmental report (currently the Sustainability Report) since 2000 and publicly announced its waste recycling rate.

Sustainable finance was proposed as the company can further enhance its corporate value as an ESG-advanced company, which is already well established, by setting and announcing specific numerical targets for the future.

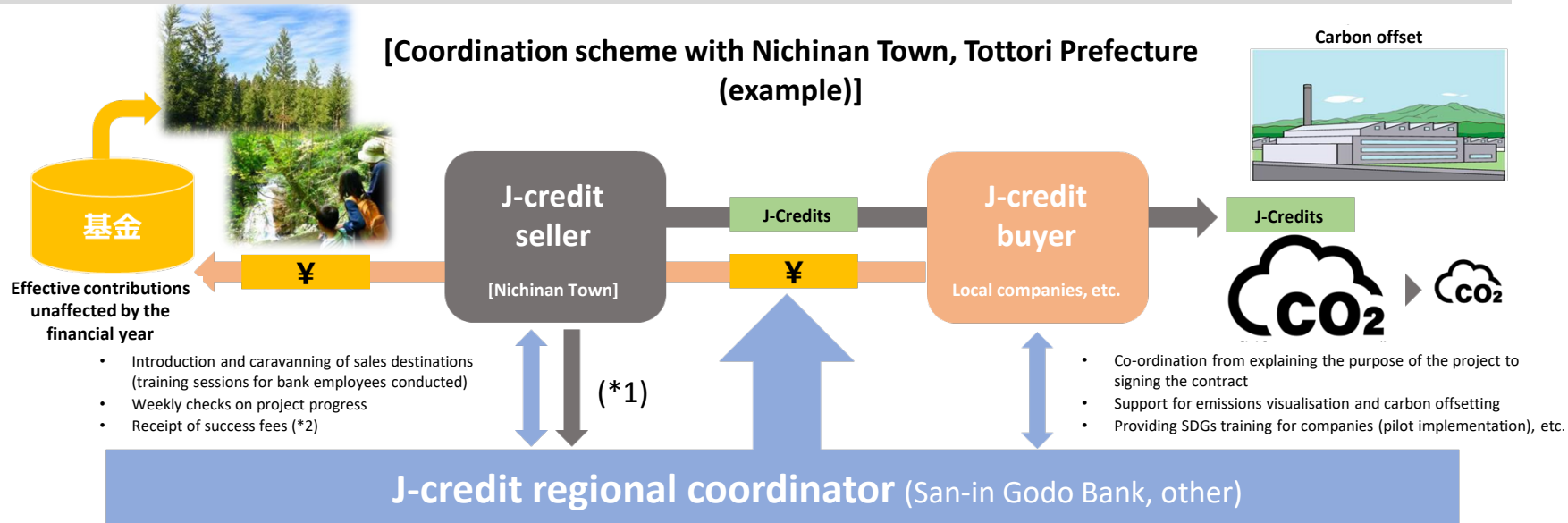
#### Sustainability targets set by EARTH SUPPORT

- Increased sales of vacant house demolition business (support for solving the problem of vacant houses)
- Increase in the recycling rate of waste collected
- Increase in the average length of service of all employees (increased job satisfaction)



# Support for carbon offsetting through J-Credits

- ✓ Since 2010, the company has been coordinating carbon credits. To date, a **cumulative total of 246 projects amounting to 8,427 t-CO<sub>2</sub>** have been mediated.
- ✓ Carbon offsetting is proposed as a first step in fostering environmental awareness and initiatives by business partners and others.



(\*1) Signing 'regional co-ordinator agreements' with J-credit sellers (local gov., etc.) in advance and receiving appointments [public-private co-operation & effectiveness]

(\*2) Provision to receive part of the sales price as a contingency fee only if the contract is concluded [Uniqueness & sustainability]

# Gogin Forest of Hope (2006-)

- ✓ Forest conservation activities are being carried out by the Bank's staff at six locations\* in the San-in prefectures. \*Activity has been completed at one location and an alternative site is currently being selected. As of end-September 2022, a total of 105 activities had been conducted, with 10,027 people participating and 17,660 trees planted.
- ✓ This year, the bank's forest conservation activities received **an award of excellence (Forestry Agency Director General's Award)** in the 'Forest x Decarbon Challenge 2022', established by the Forestry Agency.



TM

FY2022.



SDG GOALS 13 15 17 18 19 20 21 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

Publicity poster

# The bank's first 'ZEB branch'

- ✓ New ZEB branch has been built to meet decarbonisation as a way of creating environmentally friendly branches.
- ✓ 101% reduction in primary energy consumption (-16 MJ/[m<sup>2</sup> year]) used in the branch, including lighting and air conditioning, through energy saving and energy creation. (Third-party certification in accordance with the Notification of the Ministry of Land, Infrastructure, Transport and Tourism).



**Energy  
conservation**

**Highly insulated construction and  
LED lighting**

**Generating  
energy**

**Solar panels on the roof top  
(68.2 kW)**

# Tottori Ecolife 'Platinum Partner'

- ✓ The **first** company or organisation to be **registered as a 'Tottori Ecolife Platinum Partner'** that implements the Tottori Ecolife Concept promoted by Tottori Prefecture and promotes awareness of the concept amongst its business partners and others.

## Theme (1) Living and working in an environmentally and healthily friendly manner

- 鳥取・島根県産木材を利用した住宅やNE-ST適合住宅（とっとり健康省エネ住宅）の購入及び新築に対する住宅ローン金利優遇
- エコ型銀行保証付私募債やサステナビリティ・リンク・ローンなど、環境配慮型商品の提供

ご自宅のご購入をお考えのお客様へ  
一歩進んだ住まいの実現をござんエナジーがサポートします！

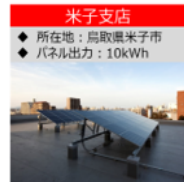
県産材使用住宅の金利引き下げ制度



ござんエナジーサステナビリティ・リンク・ローン  
アズビエート㈱（鳥取市）と第1号契約を締結

## Theme (2) Local production of renewable energy for local consumption

- 一部の店舗屋根における太陽光発電設備の導入
- 地域に根ざした再生エネルギー会社「ござんエナジー㈱」を設立



米子支店  
◆ 所在地：鳥取県米子市  
◆ パネル出力：10kWh



## Theme (3) Living with Smart Move

- 行用車にハイブリッド車、電気自動車を導入し、営業活動に活用

【導入状況】

ハイブリッド車：28台  
電気自動車：5台



## Theme (4) Forest development and use of forest resources

- 「ござん希望の森」の活動（鳥取県内：鳥取砂丘、三朝、大山）
- J-クレジットの販売仲介支援（鳥取県J-クレジット地域コーディネーター）



とっとりエコライフ!

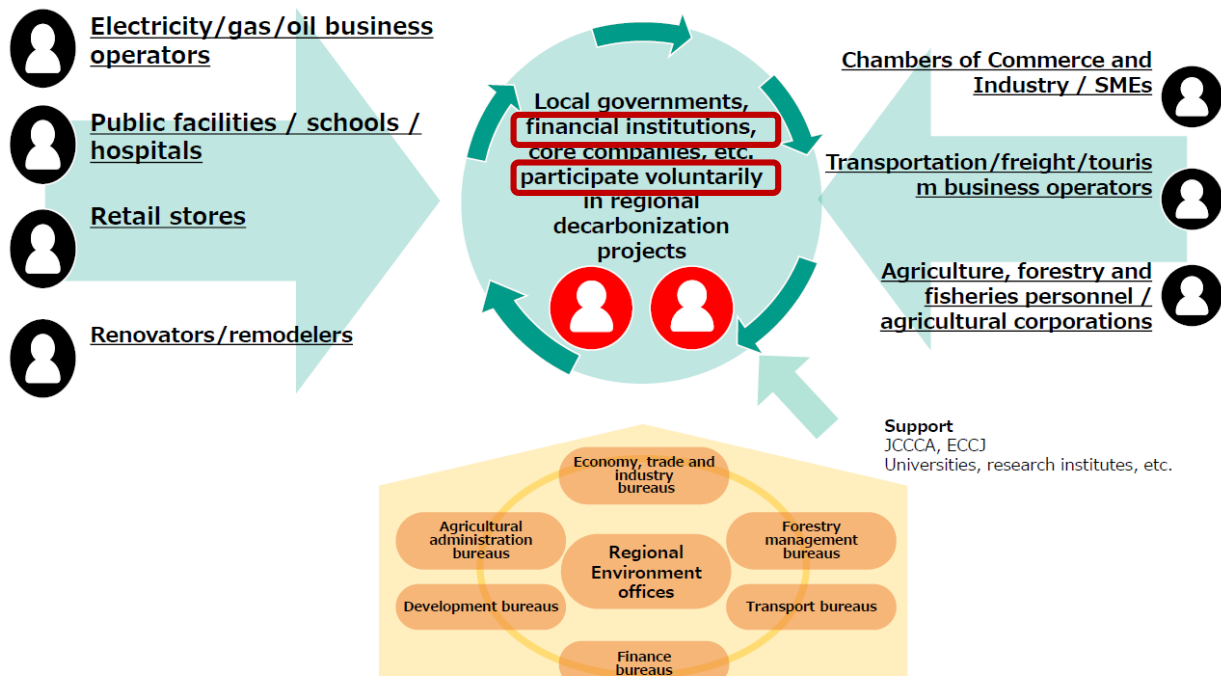


## The Tottori Ecolife Initiative (nicknamed Tottori Reborn!) - What is it?

A concept proposed by Tottori Prefecture to achieve a decarbonised society, aiming to shift to a lifestyle that protects the environment and health while living comfortably and wisely, and to revitalise the local economy through local production of renewable energy for local consumption and the development of new technologies.

# Regional Decarbonisation Roadmap (Council for National and Local Decarbonization, 9 June 2021).

- ✓ Policy development and implementation of regional decarbonisation realisation through proactive public-private participation and partnership structures in the region.
- ✓ Based on this foundational framework, the Decarbonisation Leading Areas will invest policy resources intensively in initiatives (plans) to **realise solutions to issues specific to the characteristics of the region, using decarbonisation as one method.**



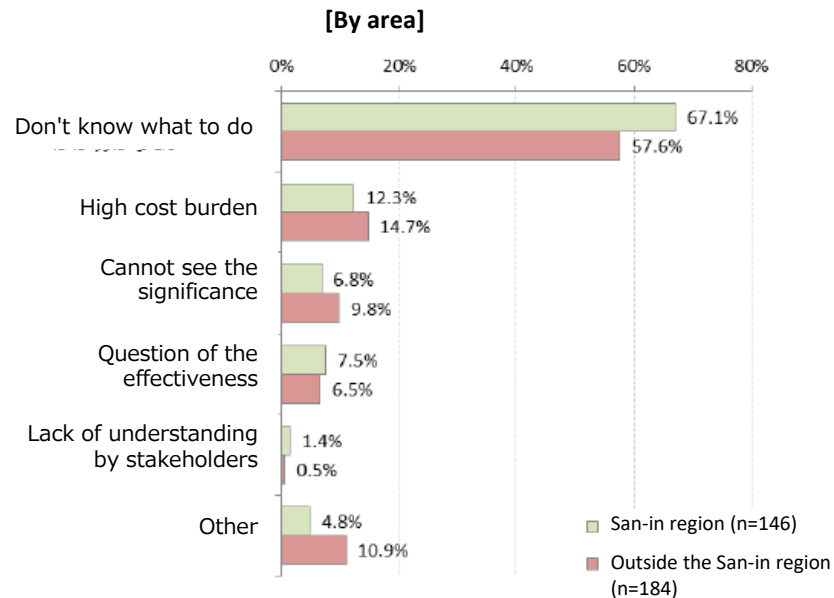
Source: Prepared and excerpted based on the 'Regional Decarbonisation Roadmap (Council for National and Local Decarbonization)' (<https://www.env.go.jp/policy/roadmapcontents/>)

# Questionnaire survey of suppliers (published in January 2022)

- ✓ More than 30% of all respondents are "already working on" or "considering working on" decarbonisation.  
**(In case of San-in region alone, this figure is less than 30%, at around 27%.)**
- ✓ The most common response to the initiative was '**don't know what to do**', while the top challenges in promoting the initiative included '**lack of know-how**' and '**cost burden**'.

## [Survey overview]

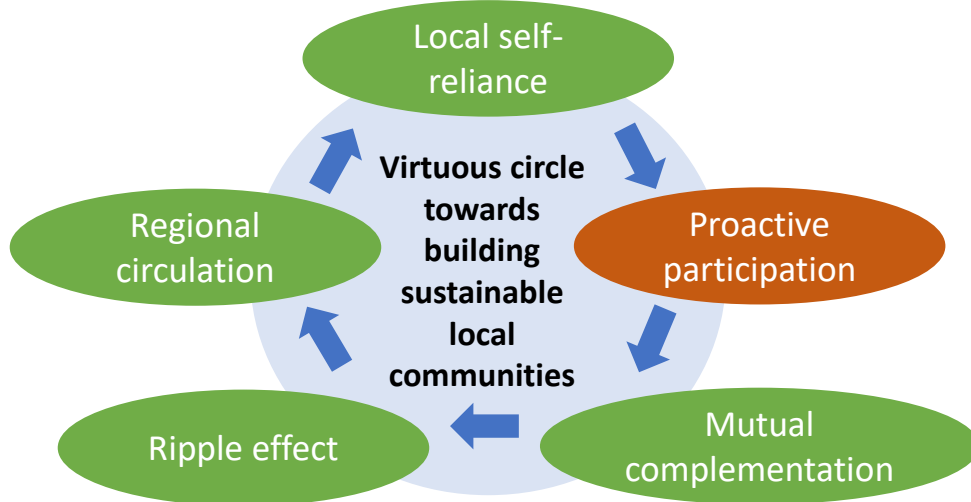
1. Period: 1-18 November 2021
2. Target group: Corporate clients selected according to certain criteria
3. Survey method: Request forms were distributed by post and answered via the web
4. Number of responses: 694 valid responses (broken down by area: 275 in the San-in region, 419 outside the San-in region) Response rate: 21.4%.





# Hypothesised bottlenecks in the virtuous circle

- [Local self-reliance]** Regional development of local production of renewable energy for local consumption towards local decarbonisation and carbon neutrality.
- [Proactive participation]** Play **a leading role** as a member of the local power generation business players (priming the entry of local operators).
- [Mutual complementation]** Increase in the rate of local production for local consumption through the supply of renewable energy sources by new regional power companies.
- [Ripple effect]** Support for other players in the region to enter the renewable energy business by acquiring business know-how.
- [Regional circulation]** The regional economy is stimulated by preventing the outflow of income from within the prefecture to outside the region.



**A body that takes business risks**  
**in order to increase local renewable**  
**energy sources, while also cooperating**  
**with the relevant institutions and local**  
**businesses, is necessary to create a**  
**virtuous circle.**

# Company for advanced banking, other



[Summary]

(As of 31 December 2022)

|                              |  |
|------------------------------|--|
| <b>Name</b>                  | Gogin Energy Co., Ltd.   |
| <b>Representative</b>        | Tetsuya Anjiki, President and CEO  |
| <b>Location</b>              | 10, Uomachi, Matsue, Shimane Pref.<br>(In the San-in Godo Bank head office)                    |
| <b>Date of establishment</b> | 1 July 2022  |
| <b>Capital*</b>              | 100 million yen<br>(100% owned by San-in Godo Bank)  |
| <b>Businesses**</b>          | (i) Power generation projects<br>(ii) Retail electricity business<br>(iii) Consulting business |
| <b>Personnel structure</b>   | 5 persons, including the President and CEO   |



The initiative to establish the subsidiary concerned won the 'Regional Finance Award' at the '8th Sustainable Finance Awards' organised by the Research Institute for Environmental Finance (RIEF).

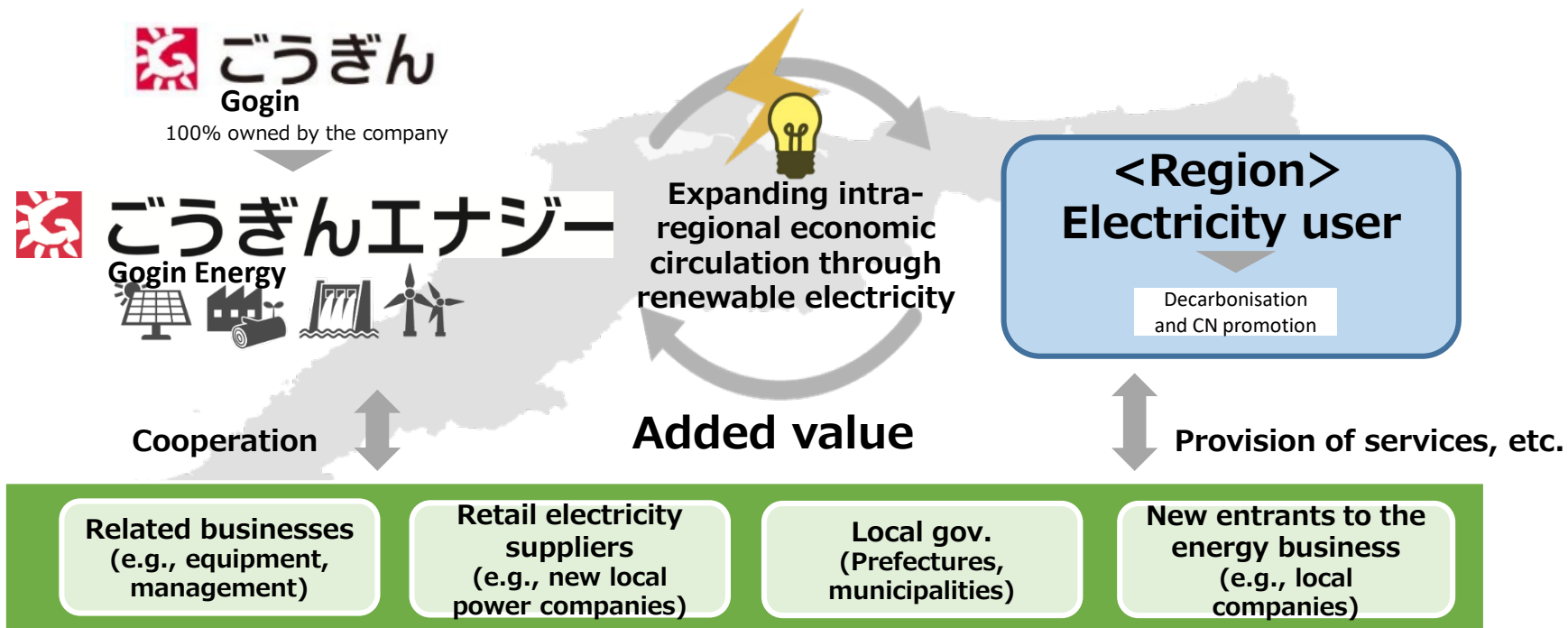
\* Established as a 'Company for Advanced Development of Banking Business in Other Businesses' under Article 16-2(4) of the Banking Act, having obtained licences from the Financial Services Agency and the Fair Trade Commission.

\*\*These are the business sectors covered in the application for approval from the financial authorities, and the timing of the start of each business depends on the circumstances of the consideration of each individual case.

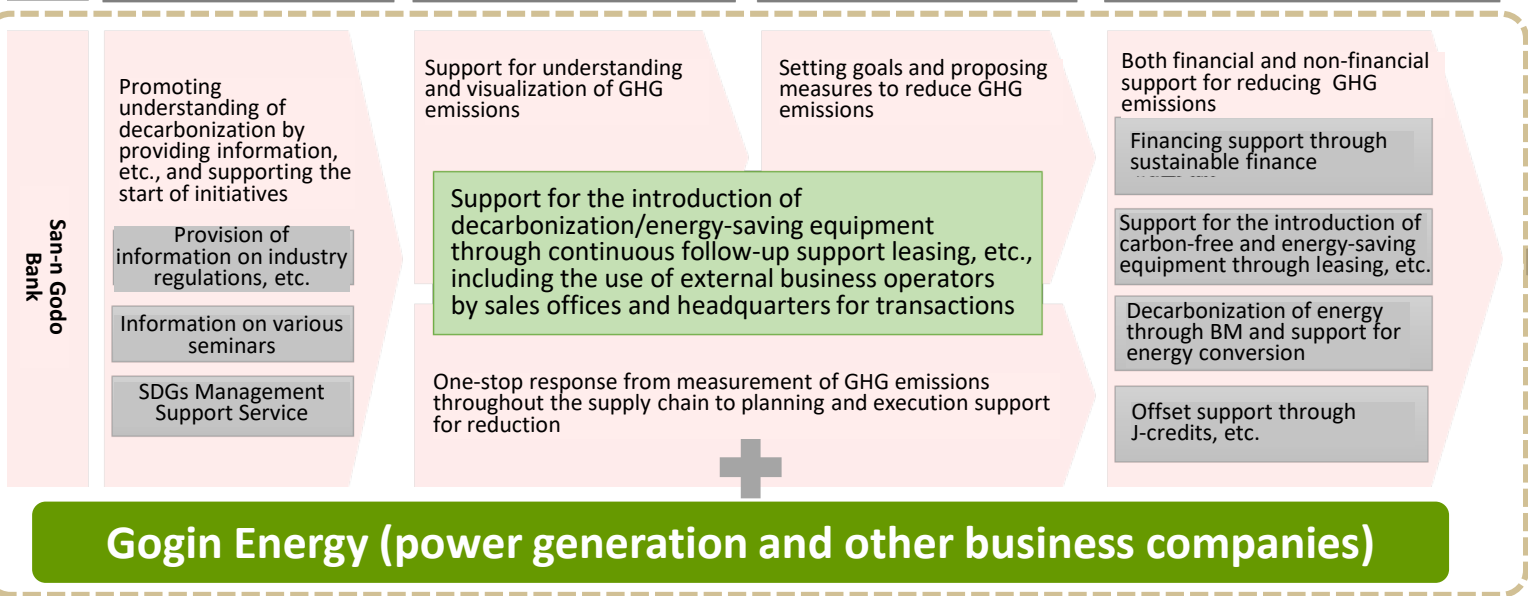
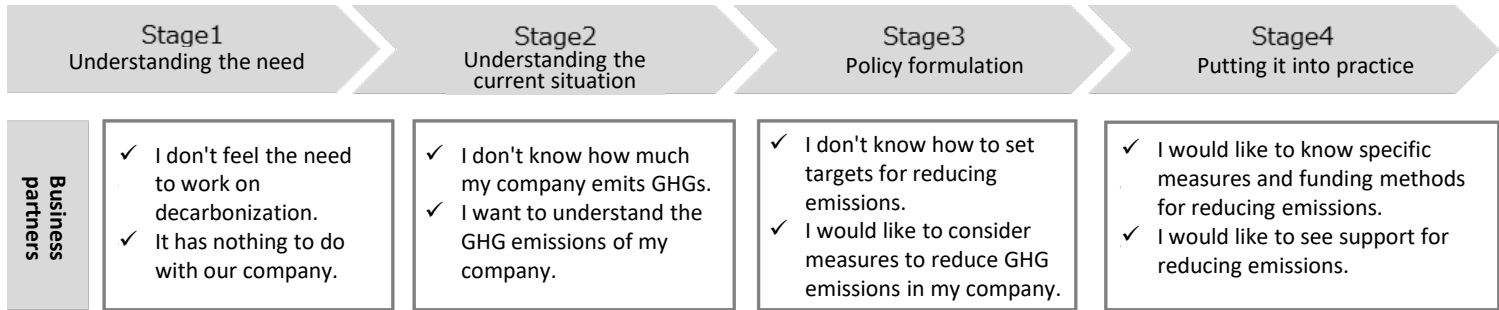
# Basic ideas and thoughts

## Achieving local decarbonisation and carbon neutrality

-Expanding intra-regional economic circulation and solving regional problems through locally produced renewable energy-



# Status-based decarbonisation support system



As a regional financial group, we support the realisation of decarbonisation and carbon neutrality from both financial and business support, from upstream to downstream.

# All for our Presentation

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