

The Shareholder Proposal

(The following “Details of the proposal” and “Reasons for the proposal” are an English translation of the original text described in a form submitted by the shareholders.)

Proposal 1

Partial amendment to the Articles of Incorporation (Director competencies for the effective management of climate-related business risks and opportunities)

1. Details of the proposal

The following clause shall be added to the Articles of Incorporation:

Chapter V: “Directors and Board of Directors”

Clause : Director Nomination (Director competencies for the effective management of climate-related business risks and opportunities)

To promote the long-term success of the Company, given the risks and opportunities associated with climate change, the Company shall establish and disclose policies and processes for nominating directors and evaluating the board’s effectiveness that ensure the management of climate-related business risks and opportunities is embedded in the Company’s core management strategy, noting the appropriate balance and diversity of knowledge, experience and skills of the board as a whole.

2. Reasons for the proposal

This proposal requests that the Company disclose necessary information in order for shareholders to ensure the Company’s board has the competence required to properly oversee climate-related risks and opportunities.

The Company is exposed to substantial climate-related financial risk, given its significant involvement in carbon-intensive sectors such as fossil fuels. However, shareholders are currently unable to assess if the board is capable of fulfilling its duty to mitigate the aforesaid risks. To adequately manage climate-related risks and opportunities, the board of directors requires expertise in areas including climate science, low carbon transition, and public policy

This proposal is aligned with what is expected by the Japanese Corporate Governance Code, and by investors through investor initiatives (e.g. Transition Pathway Initiative) and the International Sustainability Standard Board (ISSB).

Approval of this proposal will provide investors with critical information required to understand the security of their capital. It will also place the Company in a better position to manage transition risks and opportunities, and to maintain long-term corporate value as the Company navigates the shift toward a decarbonized economy.

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Proposal 2

Partial amendment to the Articles of Incorporation (Assessment of customers’ climate change transition plans)

1. Details of the proposal

The following clause shall be added to the Articles of Incorporation:

Chapter : “Climate-related risk management”

Clause : Transition Plan (Assessment of clients’ climate change transition plans)

Noting the Company’s climate change commitments and climate risk management strategies, the Company shall disclose:

- i. How the Company will assess fossil fuel sector clients’ climate change transition plans for credible alignment with the 1.5°C goal of the Paris Agreement and
- ii. The consequences of clients not producing credible Paris-aligned transition plans, including the restriction of new finance.

2. Reasons for the proposal

The proposal requests disclosure of information necessary for shareholders to ensure that the Company appropriately manages climate-related risks by supporting clients' genuine decarbonisation transitions.

The Company has committed to the “unwavering goal of pursuing the 1.5°C target of the Paris Agreement and achieving net zero by 2050” and recognises climate change as a “top risk”. The Company claims to verify clients in carbon-related sectors have valid targets and appropriate transition strategies “in line with international standards”.

However, the Company continues to provide significant financial support to fossil fuel clients that do not have transition plans credibly aligned with the Paris Agreement’s 1.5°C target.

The disclosures requested in this proposal are required to ensure the Company adequately enacts its stated risk control measures, and aligns with its commitment to reduce finance portfolio emissions to net zero by 2050.

These disclosures are in line with investor expectations (e.g. Transition Pathway Initiative), and will help maintain and enhance the Company’s long-term corporate value.