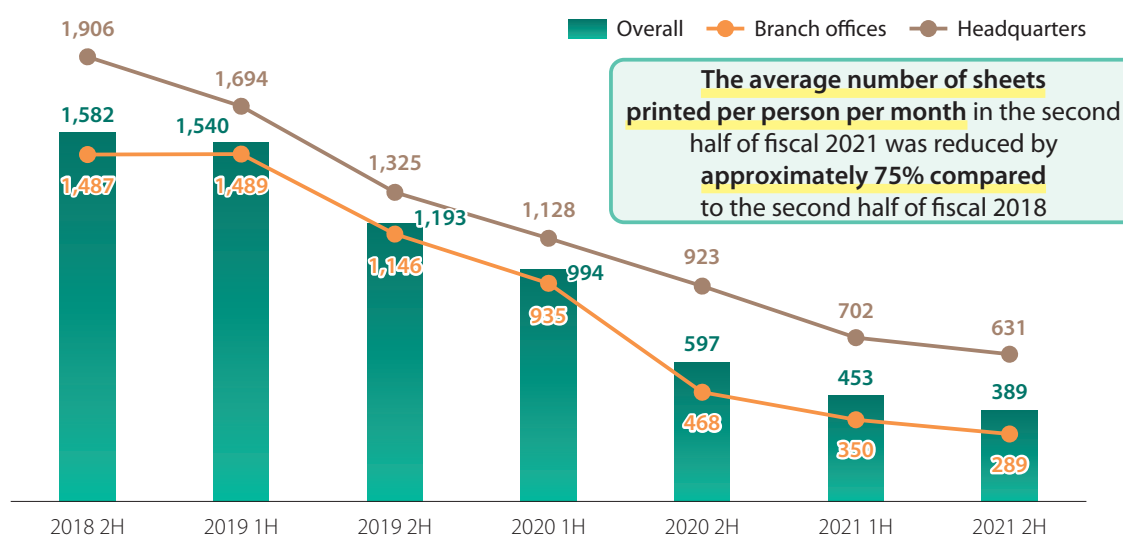


Special feature

Realization of location-free work styles and organizations resilient to change

The Shoko Chukin Bank is implementing organizational reform to become an organization that is resilient to change. From the perspective of realizing a sustainable society and a location-free work style for employees, we are promoting paperless operations, and have achieved a reduction in paper use of approximately 75% from the second half of fiscal 2018 to the second half of fiscal 2021, as shown below. This is the result of the introduction of systems, review of paper-intensive tasks, and changes in awareness among employees. Going forward, we will further promote the use of electronic contracting systems and other measures to reduce new occurrence of the necessity of use of paper and turn documents kept in paper form into electronic form.

Changes in paperless office paper use — Average monthly number of sheets of paper printed per employee



● List of operational reform initiatives - Reduction of a total of 300,000 hours* of work

*Time reductions are based on the Bank's assumptions compared to the Bank's existing operations.






In addition to the above, we are also working on the automation and efficiency improvement of headquarters operations by establishing an RPA development framework.

Project name	Overview	Launch	Target department	
			Sales	Administration
Centralization of contract administration	Loan contract administration at branches is centralized at the headquarters.	August 2019		○
Establishment of thin client infrastructure	Replaced business PCs with thin client terminals and made them wireless. Utilized them for productivity improvement in liaison, as well as telecommuting.	December 2019	○	○
Branch integration through the branch-in-branch method	Implemented branch integration with minimal impact on customers and systems.	Until FY2020	○	○
Renewal of manual system	Renewed the manual system to reduce search time. Eliminated paper manuals and integrated them into digital manuals.	April 2020	○	○
Introduction of a business flow visualization system	Visualized the business flow of customers throughout the company to enhance business understanding capabilities.	April 2020	○	
Introduction of smartphones	Significantly reduced the number of fixed-line phones and switched to smartphones. Improved operational efficiency and customer satisfaction by reducing the number of call handlers.	July 2020	○	○
Introduction of business card management application	Digitized customer business cards with smartphones for organizational management. Shared information throughout the company.	October 2020	○	
Introduction of camera application	Eliminated the use of digital cameras for business use and switched to smartphone cameras. Reduced paperwork for storing cameras and photos.	October 2020	○	
Self-organization of over-the-counter operations	Customers' documents filled out on tablets in over-the-counter operations. This has reduced the burden of document preparation and improved the efficiency of subsequent paperwork.	December 2020		○
Renewal of collateral system	Collateral management paperwork is now paperless and centralized at the headquarters.	January 2021	○	
Electronic receipt administration	Digitized management of items received from customers. This reduces the management burden and streamlines subsequent administrative work.	February 2021	○	○
Introduction of a paperless system	Digitized all approval workflows. Introduced electronic storage and automatic management of evidence.	May 2021	○	○
Introduction of expense settlement system	Digitized expense settlement paperwork to reduce the administrative workload. Streamlined trail management by complying with the Act on Special Provisions concerning Preservation Methods for Books and Documents Related to National Tax Prepared by Means of Computers	June 2021	○	○

Efforts to Achieve a Sustainable Society

Perspective of SPEED

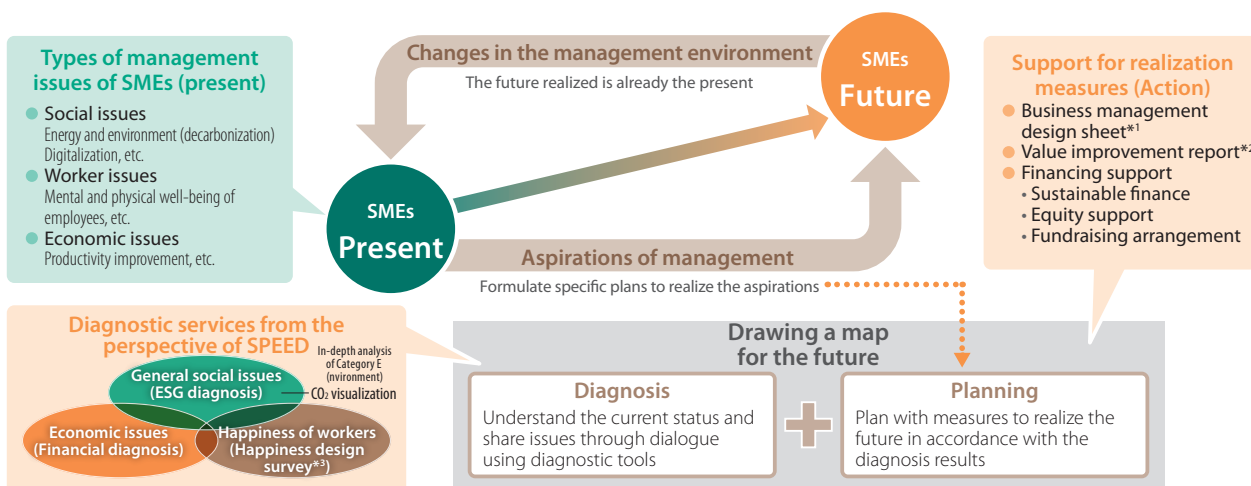
In addition to supporting the efforts of SMEs and SME cooperatives to realize a sustainable society, the Shoko Chukin Bank will also implement its own initiatives. In March 2022, we established the Sustainability Basic Guidelines, our basic approach and policy on the environment and human rights. The guidelines set the perspective of SPEED as the basic viewpoint for the organization and employees of the Shoko Chukin Bank, and define specific objectives and actions.

	Sustainability	Productivity	Empathy	Ecology	Digital
Perspective of SPEED	 Enrich the present without compromising the future	 Produce more with less	 Gain the empathy of stakeholders and build a fan base	 Do not harm others including non-stakeholders, or take measures to prevent harm	 Create added value by using more information.
Objectives	Contribute to the revitalization of the local economy through employment stability	Sustainably increase the results of business activities within limited resources	Pursue social responsibility as a company that is a member of society	Contribute to the stability of the global environment, including weather, oceans, and forests, which are the foundation of all socio-economic activities	Provide services that meet the needs of consumers with diverse backgrounds without material constraints or consumption of environmental resources
Action	Continuously secure management resources necessary for business activities Improve business activities in response to changes in the external environment	Accumulate and utilize know-how related to business activities Reduce resources consumed by production facilities	Act in ethically correct manner, including respect for human rights, such as the health and appropriate treatment of employees and fair dealings with business partners	Actively engage in environmentally friendly activities Implement risk management for natural disasters, etc.	Utilize digital technologies Create added value through data

Sustainable management support (customer support policy)

Based on the perspective of SPEED, we empathize with our customers' aspirations through dialogue, draw a map for the future together, and support the creation of a sustainable future based on this map.

Specifically, the Shoko Chukin Bank provides diagnostic services from the perspective of SPEED. Based on the diagnosis results, we will work to understand the current situation and share issues, then further deepen dialogue with customers and work together with them to realize their plans through support for plan formulation and sustainable finance.



*1 Business management design sheet: A thinking aid and communication tool released by the Cabinet Office for designing the value creation mechanism that will be the backbone of future management and for shifting to the desired state.

*2 Value improvement report: A report that evaluates businesses from macro and micro perspectives based on industry trends surveyed by the Shoko Chukin Bank, and summarizes future management strategies.

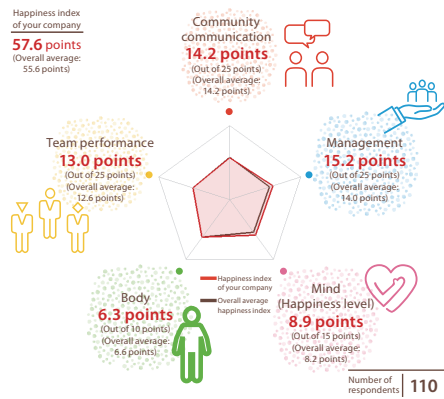
*3 Happiness design survey: the Shoko Chukin Bank's unique service to support sustainable corporate growth by visualizing organizational happiness through a questionnaire survey of client employees.

Diagnostic services from the perspective of SPEED

Happiness Design Survey

The happiness design survey is a service in which employees are asked to fill out a questionnaire to provide an easy-to-understand report on the relationship between the company and its employees under the theme of happiness. The concept of the survey is to provide various support for improvement to address issues that have been visualized, thereby aiming for happy management that enables employees to feel happier at work.

The Shoko Chukin Bank was one of the first financial institutions to focus on corporate happiness and launched this service in August 2020, providing the service to a total of 505 companies as of March 31, 2022. We will continue to support the sustainable growth of SMEs by providing a more enhanced service based on the various data we have obtained and our improvement know-how.



Report

Image of the report

Company happiness is expressed in terms of five elements: community communication, team performance, and management as an organization, as well as the body and mind (happiness) of individual employees.

Roll out of CO₂ emissions visualization service in collaboration with external institutions

In January 2022, boost technologies, Inc. (hereinafter, "boost") and the Shoko Chukin Bank concluded a business matching service agreement regarding CO₂ emissions visualization, forming a business alliance to promote carbon neutrality among SMEs and middle-market enterprises.

boost is a climate tech company that aims to realize a carbon-free future through the use of technology.

The company offers ENERGY X GREEN, a cloud-based decarbonization platform that enables automatic calculation (visualization) of CO₂ emissions, plan/results management of decarbonization plans, CO₂ emissions reduction (management of energy creation, energy saving, etc.), automatic carbon offsetting, and reporting in accordance with various laws and regulations. The Shoko Chukin Bank will introduce boost's ENERGY X GREEN as part of its support for sustainable management starting from business prospects evaluation, and will support efforts to decarbonize the entire supply chain.

boost technologies ENERGY X GREEN

- Provision of the ENERGY X GREEN decarbonization platform
- One-stop support from service introduction to operation
- Enhancement of functions and higher specifications of the decarbonization platform (in the future)



SHOKO CHUKIN BANK

- Introduction and awareness-raising for customers nationwide
- Support for increasing corporate value through decarbonization

ENERGY X GREEN

Decarbonization cloud to accelerate organizational carbon neutrality

1. Automatic calculation (visualization) of CO₂ emissions
2. Carbon neutrality planning and management
3. Carbon offset
4. Reports on RE100, SBTi, Act on Promotion of Global Warming Countermeasures, etc.



- ✓ CDP
- ✓ RE100
- ✓ SBT
- ✓ TCFD
- ✓ Act on Promotion of Global Warming Countermeasures

[Overview of boost technologies, Inc.]
Representative: Hirokazu Aoi, Representative Director
Established: April 15, 2015
Capital: ¥1,430.65 million (including legal capital surplus)
Location: Sanno Park Tower, 2-11-1, Nagatacho, Chiyoda-ku, Tokyo

TCFD Disclosure

Among sustainability issues, addressing climate change risk is a particularly important issue that affects many SMEs and is recognized as one of the top management risks at the Shoko Chukin Bank. The Shoko Chukin Bank supports the recommendations of the TCFD^(*), and based on the importance of disclosing information on efforts to address climate change, we will continue to work on expanding disclosure of information (governance, strategies, risk management, indicators and targets) in the form recommended by the TCFD.

Governance

- Any matters that relate to the identification, evaluation, and management of climate-related opportunities and risks are regularly discussed at our Management Meeting, which is attended by the President and Executive Officer. We also submit reports on climate-related developments to the Board of Directors in order.
- We have formulated our Sustainability Basic Guidelines in order to play an active role in resolving material issues for society, including climate change, and to help realize a sustainable society.
- We have identified material issues for society (materiality) to which we will make a focused and effective contribution through our business activities.

Strategy

- We remain committed to promoting initiatives to help solve climate change and other social issues.
- We analyze qualitative and quantitative scenarios regarding the opportunities and risks that climate change poses to management of the Shoko Chukin Bank. More specifically, we strive to analyze the impact of physical risks in the wake of recent natural disasters caused by climate change, and the impact of transition risks and opportunities created by the development of climate change policies and technological innovations associated with the transition to a low-carbon economy.
- We will contribute to the realization of a sustainable society by engaging in dialogue with our customers to overcome climate change risks together and supporting the implementation of necessary measures, starting from a business prospects evaluation from the perspective of SPEED^(*).

Risk Management

- We recognize addressing climate change risk as one of our top management risks.
- As a financial institution dedicated to facilitating the financing of SMEs, we will strive to engage in constructive dialogue and mutual understanding with our customers from the perspective of SPEED^(*), and will continue to understand and provide information. Transactions with businesses that are likely to have a negative impact on the environment and society, as identified in the process, will be handled in accordance with the Environmental and Social Considerations Policy.
- We commit to appropriately recognizing risks (physical risks and transition risks) that arise as a result of climate change, and striving to build a risk management approach that incorporates these risks.

Metrics and Targets

- We aim to reduce CO₂ emissions at our offices in Japan by 50% by fiscal 2030 from the fiscal 2013 level.
- The Shoko Chukin Bank's CO₂ emissions in fiscal 2020 calculated based on the amount gas, electricity and other utilities used at its offices in Japan totaled 10,939 tons, down 28% from the fiscal 2013 level.
- Carbon-related assets account for 0.3% of the Shoko Chukin Bank's loans. (As of March 31, 2022)

(*) TCFD: Task Force on Climate-related Financial Disclosures
 (**) See page 33 for details.

INTERVIEW

Each and every one of us contributes to the sustainability of society as a whole through our duties

The social environment is undergoing dramatic changes. Against this backdrop, as sustainability of society as a whole is being questioned, as in the case of climate change risk, our approach to the future is not a one-size-fits-all approach and requires a flexible response. Of course, in some cases, we may need to take a big step or two to meet a major challenge.

To this end, we believe it is of utmost importance for each and every one of us to respect the perspective of SPEED and empathize with the wishes of SME customers and stakeholders.

We believe it is important to expand the circle of empathy not only with the people in front of us, but also beyond them using this as a starting point to create a deeper empathy.

Hisayoshi Yamazaki, Manager, Sustainability Department

