






Efforts to Achieve a Sustainable Society

Basic approach: perspective of SPEED

We will contribute to the creation of a sustainable society by providing support to SMEs and by implementing our own efforts, with a view to resolving material issues. We have set economic value, social value, and happiness of workers as three types of common value to be created in collaboration with our customers, and are working toward value creation to this end.

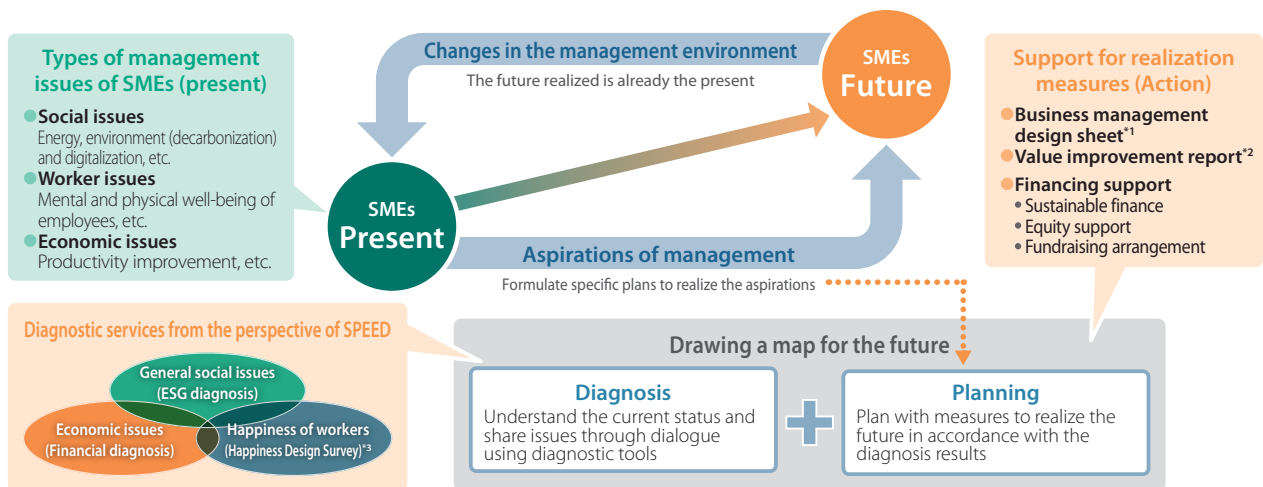
In March 2022, we established the Sustainability Basic Guidelines, our basic approach and policy on the environment and human rights. The guidelines set the perspective of SPEED as the basic viewpoint for the organization and employees of the Shoko Chukin Bank, and define specific objectives and actions.

	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 an 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.



TCFD disclosure

Among sustainability issues, 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. Based on the recommendations of the TCFD^{*1} and the importance of disclosing information on efforts to address climate change, the Shoko Chukin Bank 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, and they have been approved by the Board of Directors.
- We have identified material issues for society (materiality) to which we will make a focused and effective contribution through our business activities.

Strategy

- We analyze qualitative and quantitative scenarios^{*2} regarding the opportunities and risks that climate change poses to management of the Shoko Chukin Bank.
- 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 (transition risks and physical 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, and achieve carbon neutrality by fiscal 2050 (Scope 1 and 2 to be covered).
- The Shoko Chukin Bank's CO₂ emissions in fiscal 2021 calculated based on the amount gas, electricity and other utilities used at its offices in Japan totaled 9,176 tons, down 40% from the fiscal 2013 level.
- Carbon-related assets account for 0.4% of the Shoko Chukin Bank's loans (as of March 31, 2023). The carbon-related assets in the TCFD recommendations include loans to the energy sector and utility sector (excluding water business).

*1 TCFD: Task Force on Climate-related Financial Disclosures

*2 Please refer to page 42 for climate change risk scenario analyses.

TOPIC Impact deposits

For the future, for a connected society

We have set a framework for allocating impact deposits to investments and loans that meet the eligibility requirements for positive impact financing. By using the impact deposits entrusted to us by customers as a source of funds, we are engaging in positive impact finance for SMEs with the aim of creating a virtuous circle in society through the creation of social value.

Our positive impact finance (PIF) framework tied to PIF and funded by impact deposits, including this initiative, has been selected as a model project for the Ministry of the Environment's Green Finance Model Creation Project for fiscal 2022.

