

Human Capital Roundtable Discussion

In April 2023, the Shoko Chukin Bank established an in-house university, Human Resource Development College, aiming to develop human resources who continue to transform to enhance corporate value for our customers. At the same time, our existing training facilities underwent extensive renovations and were renamed the MIRAI Campus. Hajimu Nakatani, Director & Deputy President and Executive Officer, met with staff members at the campus to discuss the future of staff and the human capital management to realize such future.



Value creation (My Purpose, etc.)

Nakatani: The Shoko Chukin Bank recently held a workshop during which all employees worked on defining their Purpose. Please introduce yourself and tell us about your Purpose.

Yamamoto: My Purpose is to grow in a “fun and positive” way by actively embracing change and diverse values. I see growing in a “fun and positive” way as one of the most important aspects of my Purpose.

Takiyanagi: My Purpose is to add value to everything I do and grow with everyone I interact with. I’ve always tried to make proposals to our customers that look one step ahead, and this has enabled me to grow together with them.

Hori: My Purpose is to embrace change and continue to grow through learning, thinking, and practicing. I was transferred to the

Accounting Division at my request using the career challenge system, and I am enjoying my daily work while taking on various challenges.

Nakatani: Thank you very much. My Purpose is to achieve well-being by respecting diversity and creativity, facing change honestly, and continuing to learn. Each own

Purpose is a compass for working at the Shoko Chukin Bank. While we should change what we can change, we should not change what we must not change. Please continue to take on challenges based on your individual Purposes.

Human resource strengths and challenges

Nakatani: What do you feel are the Shoko Chukin Bank’s strengths and challenges when it comes to our human resources?

Hori: I think our strength is our passion with regard to our customers of SMEs. On the other hand, although we are undergoing changes internally through operational reforms, I feel that the organization as a whole still retains a sense of vertically divided organization.

Yamamoto: I think the Shoko Chukin Bank’s strength is that it is possible to deploy know-how horizontally through BSAs (Business Solutions Advisors: internal qualified staff with advanced solution skills) and Management Supporters (internal qualified staff with diverse skills related to management improvements). Perhaps the challenge here is the gap in awareness of our Purpose among staff? I feel that closing this gap will lead to the realization of our Purpose as the Shoko Chukin Bank. In addition, various initiatives are being introduced such as efforts to create a comfortable workplace environment for women, and I believe that fostering these values is a challenge we need to address.

Takiyanagi: I used to work for another financial institution. I think the Shoko Chukin Bank’s strength is the quality of its young human resources. They specialize in providing solutions to corporations



Hajimu Nakatani
Director & Deputy President
and Executive Officer



Miyu Yamamoto
Human Resources
Development Department

and I believe that they have been given the chance to grow by having the opportunity to have a one-on-one dialogue with the president in their second year of employment and thanks to the meticulous support of more senior staff members under the mentor system that is one of the Bank's OJT

systems. As for challenges, I feel that we have a long way to go in terms of inclusion that recognizes diverse personalities.

Nakatani: I think you are right. The Shoko Chukin Bank will continue to strengthen our consulting function to help customers improve their corporate value and, as a result, improve the profitability. To achieve this, we need to expand empathy for our Purpose, eliminate vertically divided organization, and foster a culture that recognizes diverse personalities.

Ideal the Shoko Chukin Bank aspires to (formulation of the NEXT PLAN)

Nakatani: In a rapidly changing environment, we need human resources who can respond to change and take on challenges on their own. To this end, the Shoko Chukin Bank is promoting organizational-wide initiatives to foster a sense of values and build a human resources development system. Please talk about the concept behind our in-house university, Hito College.

Yamamoto: Hito College was established for all staff looking to further their careers by restructuring the existing training system into an in-house university. In addition to providing training related to operations, we would like to expand the training and video content related to human skills, etc., to encourage the desire to learn.

Nakatani: I believe that by acquiring human skills in addition to business skills, staff will be able to acquire the skills needed to get closer to the dreams and aspirations of business owners, and to envision and build their future together. I would like us to pour our energy into this project, without skimping on investing in the building of a framework and establishment of a system to train staff to achieve this goal. To encourage such employees, we are currently in the process



Hiroaki Hori
Accounting Division

of developing a new personnel system, which we are calling the NEXT PLAN. What are your thoughts on the NEXT PLAN?

Yamamoto: This is an entirely new initiative and a good step up. However, some staff members seem dissatisfied and confused as they feel that the existing system was working well, and are questioning the need for a new system.

Hori: Personnel systems and work styles are changing in all industries. The Shoko Chukin Bank is no exception. This is precisely why we need to engage in discussions to gradually overcome these dissatisfactions and sense of confusion and create a good system.

Takiyanagi: I feel that this is a major overhaul of the previous system. I see this as a strong message that encourages individual career design and life planning as well as encouraging staff to grow by taking on challenges.

Nakatani: With the NEXT PLAN, I would like to see us go beyond the current framework to offer a variety of work styles that suit the life stages of staff and ensure their well-being. I would also like to support the self-directed growth of staff by creating a framework that supports the challenges taken on by each and every member of staff, as exemplified by the Hito College program.

The future of the Shoko Chukin Bank

Nakatani: Finally, could you each say a few words on the future of the Shoko Chukin Bank?

Takiyanagi: I would like to further develop Hito College as a learning platform. I feel that the Shoko Chukin Bank has a number of strengths and potentials. If we combine each staff member's growth, I believe we will be able to provide even more assistance to our customers.

Hori: Embracing change, which is also part of my Purpose, is a chance for me to change. I believe that by growing, I can contribute to both our customers and the organization.

Yamamoto: The concepts of Hito College such as voluntary and self-directed learning have not yet taken root, and I would like to realize the concepts and make it a catalyst for growth so we can move to the next step.

Nakatani: Thank you very much. The needs of SMEs are diversifying and becoming more sophisticated, requiring greater specialization. I would like to realize the Shoko Chukin Bank's Purpose by supporting and developing human resources to take on challenges while respecting diversity, and by contributing to improving our customers' corporate value.



Yudai Takiyanagi
Diversity and Inclusion
Division

Human Capital Management

Human Capital Management to Realize the Purpose and Mission

The Shoko Chukin Bank, together with our customers, aims to pave the way toward a society resilient to change while also pursuing management that is capable of sustainable growth. In order to think together, create together, and change together, as a partner in creating security and prosperity for customers, the Shoko Chukin Bank's human capital management tackles the recruitment and development of human resources who continue to transform to enhance corporate value for our customers based on the following policy. For the purpose of realizing the image of the human resources required, we need to strengthen both business skills and human skills, and we are working to further enhance our human capital investment for this purpose. The result of this investment will be the realization of the Shoko Chukin Bank's Purpose and Mission by realizing both strategic fields and well-being.

Policy on Ensuring Diversity/Policy on Human Resource Development and Improvements to the Internal Environment

Policy on Ensuring Diversity

●First statement on diversity

The Shoko Chukin Bank promotes diversity and inclusion in order to create an organization in which all officers and employees, our most important management resource, working for Shoko Chukin Bank are physically and mentally healthy and can work energetically and with a sense of fulfillment.

Our aims as an organization through D&I promotion

1. We respect the individuality and diversity of each of our officers and employees, and create workplaces where they can demonstrate their abilities to the full. In this context, we support the promotion of women's advancement in the workplace in particular and are increasing the number of women appointed to management positions.
2. We are working to improve openness between and within all organizations at headquarters and branches, and foster a climate in which everyone can grow together while freely and openly expressing their opinions with confidence, helping each other, and cooperating with each other.

Our expectations in staff through D&I promotion

1. Staff should not set themselves limits but believe in their own abilities, work hard at self-improvement, and take on challenges.
2. Staff should approach their work with a flexible mindset, without being bound by precedent.
3. Staff should offer positive opinions without being limited by their position or experience, and should listen to the opinions of others.
4. Staff should treat the colleagues they work with every day with consideration and respect.

In order to encourage staff to actively take on challenges and to make our organization a rewarding place to work, the management team actively listens to staff and does everything in its power to support their growth.

Policy on Human Resource Development and Improvements to the Internal Environment

●Basic concept behind our human resources strategy

We recruit and develop human resources who continue to transform to enhance corporate value for our customers, and we assign human resources based on our management strategy to realize our Purpose.

●Policy on human resource development

We develop an environment that respects the diversity and independence of the employees and allows them to learn efficiently and effectively, in order to nurture self-directed professionals capable of thinking and learning on their own.

●Policy on improvements to the internal environment

The Shoko Chukin Bank promise to our staff

We support the well-being of each and every staff member through three fulfillment initiatives (work, individual, family and society).

1. Fulfillment of work: We are transitioning to a personnel system that recognizes the role staff play in taking on challenges and producing results to increase value for our customers.
2. Individual fulfillment: We respect each individual's independent career choices and support self-directed growth towards becoming financial professionals.
3. Fulfillment of family and society: We provide a variety of options and flexible work styles according to life stages to support the balance between work and home life.

[Our expectations in our staff]

We expect staff to respond flexibly and speedily to changes in the environment, and to continue to reform autonomously to improve value for our customers.



Indicators and Targets

The indicators and targets for visualizing the state of human capital management practices are described below. These indicators and targets are quantified based on a Human Resources Value Creation Model, which comprehensively indicates the process leading to value creation.

▶▶ P.48 Human Resources Value Creation Model

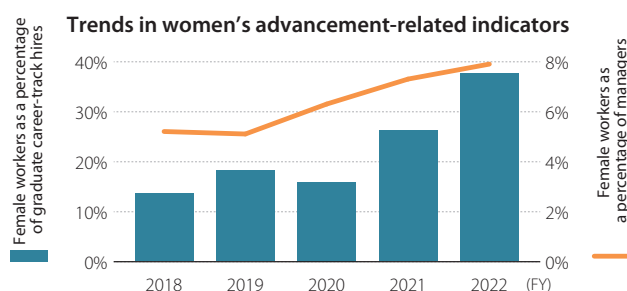
Strategy	Indicators ^{*1}	FY2022 results	FY2023 targets
Fostering values (Source of growth)	Number of participants in My Purpose workshops	4,091	
	Mid-career hires as a percentage of new hires	17.2%	33.3%
	Female workers as a percentage of graduate career-track hires	37.6%	50.0%
	Female workers as a percentage of managers	7.9%	8.5%
	Percentage of employees taking paid leave	76.8%	80.0%
	Percentage of employees taking childcare leave	Male: 87.6% Female: 100%	Male: 100%
	Differences in wages between male and female workers (Average wages of female workers as a percentage (%) of the average wages of male workers)	All workers 41.0% Regular employees 47.4% Temporary employees 68.8%	
Career support Human resource development and reskilling (Growth lever)	Number of career challenge system applicants	52	
	Number of in-house internship applicants	160	
	Number of in-house additional business system applicants	137	
	Training cost per person	¥49,276	
Human capital output (Human capital investment results)	Number of employees who have passed Sustainable Management Test 1st to 3rd grades (cumulative)	46	
	Number of employees who have passed IT Passport Examination (cumulative)	915	
	Number of employees who have passed the secondary test for Small and Medium Enterprise Management Consultants and employees who completed consulting practice (cumulative)	57	
	Number of employees with an MBA (cumulative)	14	
Human capital outcome (Human capital investment outcome)	eNPS ^{SM*2}	(48.8)%	
	Employee engagement survey items "I want to continue to work for my current employer"	77.6%	

*1 All indicators are calculated on a non-consolidated basis for Shoko Chukin Bank

*2 eNPSSM: Employee Net Promoter Score, which is a workplace recommendation numerical value based on the answer to the question: "How likely are you to recommend your workplace to close acquaintances and friends?" Staff rate and respond to workplace recommendations on a scale of 0 to 10, and the percentage of detractors giving 0 to 6 scores is deducted from the percentage of promoters giving 9 to 10 scores. eNPSSM is a service trademark of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.

TOPIC Women's advancement

The Shoko Chukin Bank actively recruits women for career-track positions and promotes women to management positions.



Human Resources Value Creation Model

The Shoko Chukin Bank's Human Resources Value Creation Model indicates our initiatives that aim to enhance intellectual capital and human capital, and represents the steps in human resource development in the form of a balance sheet. The model is cyclical in that ongoing support is provided to the source of growth, such as the values and aspirations of each staff member, and the skills that result from this support bear fruit to become a source of further growth.

These results will lead to the enhancement of intellectual capital and human capital, which are the foundation of the Shoko Chukin Bank's management, as human resources who continue to transform to enhance corporate value for our customers, which is the image of human resources that we are seeking. ▶▶ PP.8-9 Value Creation Model

Enhancement of intellectual capital and human capital

Realization of required human resources Human resources who continue to transform to enhance corporate value for our customers

Results [Assets]	Human Resources Balance Sheet	Growth Lever [Liabilities]
Business skills "Knowledge" and "information"		Human resource development and reskilling
● DX skills		● In-house university "Hitozukuri College"
● Business prospects evaluations/solution skills		● OJT and mentor system
● Differentiated fields (category: S/E/T)		● Self-development support and e-learning
● Shift in services (information, human resource, and advanced financial services)		Career support
● In-house certification - BSA, Management Supporters		● In-house additional business system
Human skills "Practice" and "change"		● In-house internships
● Communication		● Secondment to cooperating support organizations, etc.
● Teamwork		● Career challenge system
● Leadership		Source of Growth [Capital]
● Hospitality		Fostering values
● Integrity		● Well-being of each and every employee
		● Engagement (passion with regard to SMEs, motivation to grow)
		● My Purpose
		● D&I Declaration

Policy on improvements to the internal environment (fulfillment of work, individual fulfillment, fulfillment of family and social)

Source of Growth [Capital]

Initiatives to foster values

The Shoko Chukin Bank is working to foster a sense of values based on our Purpose in order to improve the well-being and engagement of each and every employee, our source of growth. In order for employees to take ownership of their Purpose, we held My Purpose Workshops for employees to formulate their Purpose.

We are also actively working to promote the women's advancement, the employment of experienced workers, and the employment of people with disabilities, while striving to ensure diversity in our human resources and striving to foster D&I awareness by formulating a D&I Declaration for each officer and all divisions, departments and branches to be shared throughout the company.

Growth Lever [Liabilities]

Human resource development and reskilling initiatives

In April 2023 we restructured our existing training programs and established the Hitozukuri College as an in-house university in order to support the skill development of each employee. **▶▶ P.50 Opening of Hitozukuri College**

Employees and their supervisors work together to establish an OJT skill development plan. We provide extensive training support through daily guidance, customer visits, and interviews, etc., based on the PDCA management cycle. In addition, we have established a mentor system as a mechanism to help young employees grow, in which a senior staff member is appointed as a partner for young employees during their first two years of employment to provide guidance and advice.

We have created an environment to support for self-development in which employees can continue to learn autonomously by greatly increasing the number of correspondence courses and qualification programs that are eligible for incentives, and expanding various e-learning content, including human skills.

Career support initiatives

We have established various programs to support our employees' self-directed career development, including an in-house additional business system (in-house side business), in-house internships (in-house short-term exchange program), secondments to clients and cooperating support organizations, and a career challenge program that is an internal open recruitment system which enables employees to nominate themselves to a department they want to work in. In addition, from the perspective of supporting the work-life management of employees, we are working to improve the internal environment by, for example, encouraging remote work.

Results [Assets]

Acquisition of business skills (hard skills)

The well-being of each employee and his or her passion with regard to SMEs, and his or her motivation to grow are outputted as business skills and human skills through our human resource development and career support initiatives. Business skills here refers to knowledge and information that can be applied to banking operations at the Shoko Chukin Bank. In addition to base skills such as DX skills and business prospects evaluations, employees acquire knowledge and skills linked to management strategies, such as establishing differentiated fields and shifting services as stated in the Medium-Term Business Plan. We also share knowledge and skills through BSA, an in-house certification, and the Management Supporter system.

Acquisition of human skills (soft skills)

We are working to strengthen human skills to put acquired business skills into practice, aiming for human resources who continue to transform to enhance corporate value for our customers. Based on a self-directed learning stance rooted in the "My Purpose" concept, we aim to improve human skills that employees can apply throughout their life, including in a second career, by improving their sense of hospitality and sincerity towards customers and integrity that leads to an awareness that comes only through knowledge and practice, in addition to their communication, teamwork, and leadership skills.

INTERVIEW

BSA (Business Solutions Advisor)

BSAs are employees certified in-house with advanced solution skills. In order to provide the best solutions to our customers as a BSA, I organize study meetings with people in charge using financial statements and visit customers together to confirm their needs.

I would like to make this branch office a place where we can offer lots of value-added proposals to our customers based on dialogue with them and a deeper understanding of their business than anyone else.

Nobuhito Seike, Oshiage Office



INTERVIEW

Management Supporter

As a Management Supporter, I lead training on effective case studies and group work aimed at enhancing management improvement skills at this branch office. The bank's work does not end when we provide a loan.

I find it rewarding and an honor to correctly understand a customer's situation, analyze issues, and provide accompanying support for customers to make improvements.

Yuko Sato, Ikebukuro Office



Special feature Opening of Hitozukuri College (Hito College)

In April 2023, the Shoko Chukin Bank opened an in-house university, Hitozukuri College (nicknamed Hito College), aiming to enhance human capital. The Hito College program is based on the concept of “Think together, Create together. From ‘I got it’ to ‘I did it!’ ” and we have prepared a total of more than 100 courses to enable all employees to acquire advanced business skills and improve their human skills. The program focuses on offering interactive content such as group work and seminars, and exchanges and a range of hands-on programs that take place outside the Shoko Chukin Bank have also been incorporated to encourage voluntary active participation, while building a system that can support practical and multifaceted staff skill development. Through the Hito College program, we will develop a corporate culture in which each and every employee can work energetically and with a sense of fulfillment.

Training System: Program Overview

		Acquire management and professional skills through basic and practical training				
Group training	Example of level-specific training	<ul style="list-style-type: none"> ● New Employee Training ● Sales Counter Start Training ● Sales Counter Step I to III ● Sales Counter TRY I to IV 	<ul style="list-style-type: none"> ● Mentor Training ● Mid-level Challenge Training ● Advanced Training ● Challenge Collage for Each Position 	<ul style="list-style-type: none"> ● Training for Newly Appointed Section Chief and Deputy General Manager ● Management Skills Training for Section Chief and Deputy General Manager ● Core Business Support Skills Training for Section Chief and Deputy General Manager ● Step-up Training for Section Chief and Deputy General Manager 	<ul style="list-style-type: none"> ● Training for Newly Appointed General Manager for Branch Office ● Executive Training 	
	Voluntary participation training	Business skills	Business prospects evaluation	Management improvement	International operations	Solutions operations
		Human skills	Business skills: logical thinking, task management, coaching, etc.			
		Academy	Future-Building (business contests, cross-border learning, etc.)			
	Career training	Career roundtable discussions	Career I	Career II	Career III	Career IV
OJT	Mentor system	Internal qualification training (Business Solutions Advisor, Management Supporter)			In-house additional business, in-house internships, career meetings	
Training at outside institutions	Elective in-classroom (taking a course in a single subject at a business school, etc.)			Management development training		
	MBA (domestic/overseas), SME Training Institutes, Japan Productivity Center, etc.					
	Academy of Management Development	J-Win (women's advancement)	Finance Transformation Manager Practical Course			
e-learning	Liberal arts	Training archive	Skill development support content	Self-learning! Administrative Department Work 101		

● Examples of Human Skill Improvement Programs

Field trips to disaster-affected areas

Field trips to disaster areas aim to develop human resources able to create value from nothing and human resources capable of thinking about issues for which there is no right answer with an eye to the future, and to promote self-improvement by learning from people who led earthquake disaster reconstruction programs.



Adventure work

Adventure work is a hands-on learning program that incorporates the philosophy and methods of adventure education. Through a range of experiences, participants learn the concept of mutual respect, which is important in team building, and develop their own spirit of challenge.



MIRAI Campus

In conjunction with the opening of Hito College, we have renovated our existing training center and renamed it MIRAI Campus in an effort to realize its concept. In order to encourage self-directed learning among employees, we have created a bright and comfortable space, and added a number of facilities and devices to promote learning among staff, such as a multi-purpose Japanese-style room (WA! Room) and camp fire facilities. Online streaming facilities have also been installed to enable us to provide hybrid training programs in which staff from all over Japan can participate in real time.

MIRAI Campus will not only be used as a place for learning, but also as a place for a diverse range of employees from different branch offices, divisions and departments to gather, as well as a place to support the diverse work styles of employees such as using it for remote work and as a satellite office, and as a communication space for group work and discussion.



Communication Space

Various spaces are provided to encourage interaction among participants in training courses, such as for spaces to communicate and relax between sessions. The bar counter is equipped with a coffee machine and mini-convenience store, and was designed with an eye to it being used for group work and seminars using monitors.



Garden (camp fire)

The garden has chairs and tables to create communication opportunities during training and remote work. There are also facilities for a camp fire that can be used after dusk, and we have included a camp fire program in which employees can discuss their dreams and Purposes with each other while watching the flickering flames.



Wa! Room

The Wa! Room, furnished with Ryukyu tatami mats and sunken hearth tables offers a relaxed atmosphere for employees to talk, engage in group work and get to know each other better. We have added different color floor cushions to express the spirit of D&I.



Charge Room/Papa Mama Room

This room is fitted with cushioned flooring and a carpet to provide a place for focused discussion. Users remove their shoes when using this room. The room can also be used as a childcare room for employees attending training sessions thereby ensuring that employees raising children have access to learning opportunities.



Online Streaming Facilities

Movable desks, chairs and communication boards (electronic blackboards), etc. have been installed to enable training centered on interactive group work. The addition of online streaming facilities enables hybrid face-to-face and web-based training.

Example of Group Work

We arrange for sign language interpreters, large screens for those who are hard of hearing, and apps such as UD Talk at job offer ceremonies, training for new employees, and My Purpose workshops so that all employees can participate, regardless of any disability.



INTERVIEW

At Hitozukuri College, we have introduced new programs aimed at improving human skills, such as field trips to disaster-affected areas and hands-on learning programs such as adventure work. Many employees applied to enroll in our programs when we opened up registration.

I have been able to witness the smiling faces of employees in the newly introduced camp fire facilities and communication space at the renovated MIRAI Campus and this impressed on me the importance of meeting face-to-face. I will continue to learn together with employees and further develop Hitozukuri College to fulfill my mission, which is to support the self-directed challenges and growth of employees so that they can fulfill their potential to the fullest.

Yu Maeda, Human Resources Development Department

