

# Human Capital Management

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. For the purpose of realizing the ideal 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 the management strategy and the well-being of our employees.

## 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. For indicators that we recognize as issues in particular, we have set targets and are working to improve them on a company-wide basis.

Strategy	Our issues	Indicators <sup>*1</sup>	FY2022 results	FY2023 results	FY2026 targets
Fostering values (Source of growth)	Encouraging employees to take ownership of the Purpose	Number of participants in My Purpose workshops	4,091	3,941	—
	Creating opportunities for diverse human resources by promoting DE&I	Mid-career hires as a percentage of new hires	17.2%	16.9%	—
		Female workers as a percentage of graduate hires <sup>*2,3</sup>	37.6%	33.8%	50%
		Female workers as a percentage of managers <sup>*3</sup>	7.9%	8.7%	20%
		Differences in wages between male and female workers <sup>*3</sup> (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%	All workers 40.2% Regular employees 46.9% Temporary employees 66.3%	— — —
		Percentage of employees taking childcare leave <sup>*3</sup>	Male: 87.6% Female: 100%	Male: 84.8% Female: 100%	Male: 100%
	Improvement of well-being	Percentage of employees taking paid leave <sup>*3</sup>	76.8%	79.6%	90%
Career support Human resource development and reskilling (Growth lever)	Self-directed career formation	Number of in-house internship applicants (cumulative) <sup>*4</sup>	160	466	—
		Number of in-house additional business system applicants (cumulative) <sup>*4</sup>	137	247	—
		Number of career challenge system applicants (cumulative) <sup>*4</sup>	52	106	—
	Autonomous skill improvement by each employee	Training cost per person	¥49,276	¥75,336	—
		Number of participants in voluntary participation training at Hito College (cumulative)	— <sup>*4</sup>	1,603	—
		Number of employees dispatched to the external exchange program for human resource development (cumulative) <sup>*5</sup>	33	112	—
Human capital output (Human capital investment results)	Promoting the acquisition of skills to support the enhancement of customers' corporate value in order to resolve material issues	Number of employees who have acquired sustainability-related qualifications (cumulative)	740	1,283	—
		Number of employees who have passed IT Passport Examination (cumulative)	915	1,119	—
		Number of employees who have passed the secondary test for Small and Medium Enterprise Management Consultants and employees who completed consulting practice (cumulative)	57	67	—
		Number of employees with an MBA (cumulative)	14	15	—
	Strengthening initiatives that contribute to the enhancement of customers' corporate value in order to resolve material issues (link with management strategies)	[S] Number of financing projects for startup companies	Approx. 280	Approx. 280	—
		[E] Number of sustainable finance projects as of end of fiscal year	51	142	—
		[T] Percentage increase in rank of support recipients	Approx. 8.9%	Approx. 13.6%	—
Human capital outcome (Human capital investment outcome)	Improving employee engagement to realize the required human resources	eNPS <sup>SM*</sup> 6	(48.8)	(42.5)	—
		Employee engagement survey item "I want to continue to work for my current employer"	77.6%	81.1%	—
		Employee engagement survey item "Degree of understanding of the Purpose"	94.4%	95.2%	—
		Employee engagement survey item "Degree of implementation of My Purpose"	69.2%	72.8%	—
	Customer evaluation of the Shoko Chukin Bank	NPS <sup>®*</sup> 7	(2.9)	(2.7)	—

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

\*2 In fiscal 2022, we tracked the percentage of female workers among total graduate career-track hires. From fiscal 2023, however, we started tracking the percentage of female workers among total new graduate hires, due to the integration of career-track and general-track positions following revisions to our personnel system.

\*3 Items to be disclosed in accordance with provisions in the Act on the Promotion of Women's Active Engagement in Professional Life

\*4 Fiscal 2022, the year the Purpose was established, is used as the starting point for the aggregation of indicators.

\*5 As the Hitozukuri College (Hito College) was opened in 2023, only results for fiscal 2023 are shown.

\*6 eNPS<sup>SM</sup>...Employee Net Promoter Score

A numerical workplace recommendation value based on the answer to the question: "How likely are you to recommend your workplace to close acquaintances and friends?" Employees 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. eNPS<sup>SM</sup> is a service trademark of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.

\*7 NPS<sup>®</sup>...Net Promoter Score

The net promoter score, measured by promoters and detractors. On an 11-point scale from 0 to 10, the percentage of promoters (9, 10) minus the percentage of detractors (0 to 6). NPS<sup>®</sup> is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

## 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 career support is provided for each staff member's aspirations and values, which serve as a source of growth. 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 form the foundation of the Shoko Chukin Bank's management, as human resources who continue to transform to enhance corporate value for our customers, which are the ideal human resources required.

### Enhancement of intellectual capital and human capital

#### Realization of the ideal human resources required

Human resources who continue to transform to enhance corporate value for our customers

Results [Assets]	Human resources balance sheet	Growth lever [Liabilities]
<b>Business skills "Knowledge" and "information"</b> <ul style="list-style-type: none"> <li>● DX skills</li> <li>● Business prospects evaluations/solution skills</li> <li>● Differentiated fields (category: S/E/T)</li> <li>● Shift in services (information, human resource, and advanced financial services)</li> </ul>		<b>NEXT PLAN, the personnel and training system to realize our Purpose</b> <ul style="list-style-type: none"> <li>● Course integration (a system in which anyone can take on challenges fairly)</li> <li>● Career support measures (career challenge system, in-house additional business system, in-house internship)</li> <li>● Evaluation system (evaluation system based on the Purpose)</li> <li>● Training system (in-house university Hitozukuri College)</li> <li>● Compensation system (job description-based role grading system)</li> </ul>
<b>Human skills "Practice" and "change"</b> <ul style="list-style-type: none"> <li>● Hospitality</li> <li>● Leadership</li> <li>● Teamwork</li> <li>● Communication</li> <li>● Integrity</li> </ul>		<b>Source of growth [Capital]</b>
		<b>Fostering values</b> <ul style="list-style-type: none"> <li>● Well-being of each and every employee</li> <li>● Engagement (passion with regard to SMEs, motivation to grow)</li> <li>● My Purpose</li> <li>● DE&amp;I</li> </ul>

**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 to realize this Purpose, each employee needs to take ownership of the Purpose and put it into practice. In the My Purpose Workshops held for all officers and employees, employees work on formulating their My Purpose and also formulate Team Missions to achieve the Purpose at all branch offices and the headquarters. We are also working to foster an awareness of DE&I, the source of each employee's actions, such as by formulating the DE&I Declaration for all officers and divisions, departments and branches and sharing it throughout the company.

FY2022

The Shoko Chukin Bank held a workshop for all officers and employees, during which 4,091 employees worked on defining their Purpose.

FY2023

Based on events in their life that have moved them, each employee verbalized their own values and revised their initial My Purpose.

FY2024 and beyond

We plan to clarify the Shoko Chukin Bank's values based on the inspiring stories collected across divisions, departments and branches, and compile them as our Values going forward.

## Growth lever [Liabilities]

### Introduction of the NEXT PLAN, the new personnel system

In April 2024, we introduced a new personnel system called the NEXT PLAN with the aim of supporting the well-being of our employees through three fulfillment initiatives (work, family and society, individual). In order to increase the corporate value of our customers, we aim to create an environment in which each and every employee can work autonomously to improve their abilities and skills, and to create a culture in which employees can continue to actively take on challenges in higher value-added work.

» More information on the NEXT PLAN is available from here. (in Japanese only)

[https://www.shokochukin.co.jp/assets/pdf/nr\\_240329\\_06.pdf](https://www.shokochukin.co.jp/assets/pdf/nr_240329_06.pdf)



### Course integration and compensation system revision

We revised the course system, which had been a systematic and psychological hurdle for employees when taking on challenges, and abolished the upper limit for promotion according to course classification by integrating career-track and general-track positions. We also shifted from a compensation system based on courses, qualifications, place of work, etc. to a role-based grading system based on job descriptions, thereby establishing a system that allows employees to take on challenges regardless of age, gender, or former course classification.

By restructuring our training system, we are working to increase the ratio of female employees in managerial positions and to close the gender wage gap by realizing the further advancement of careers and early promotion of women.

### Introduction of the home base system

In addition to minimizing transfers that involve undesired relocations, we introduced a new allowance for relocations across Japan and expanded the allowance for relocation outside Japan. By making it possible to flexibly change work location according to life events and other factors, we provide thorough support for the work-life management of employees.

### Career support, strengthening work style reform, and health and productivity management

We are strengthening our support of employees' career development. In addition to existing programs, namely the in-house additional business system, in-house internships (in-house short-term exchange program), secondments to clients and cooperating support organizations, and career challenge program that is an internal open recruitment system which enables employees to nominate themselves to a department they want to work in, we will expand the specialist system that enables employees to be compensated according to their level of expertise, etc., as well as our second career support.

We also formulated the Health and Productivity Management Declaration with the aim of achieving sustainable growth together with our customers by improving the well-being of employees and their families and the added value we create. Based on this, we relaxed or abolished the requirements for using the shorter working hour system, the three-day work week system, and the staggered work hours system, and introduced a new fully remote work system. The President will serve as the Chief Health Officer, who, together with the health and productivity management promotion personnel assigned to relevant divisions and business sites, will work to promote health and productivity management. In addition to this, we are revising the benefit system and other measures as part of efforts to improve the internal working environment, such as introducing a cafeteria plan, launching a health app, and granting incentive points.

#### Health and Productivity Management Declaration

The Shoko Chukin Bank believes that the mental and physical health of our officers and employees, our most important management capital, is key to realizing the Purpose. As such, we will work to raise the health awareness of each officer and employee, promote physical and mental health, and create a comfortable workplace. We will also contribute to the development of healthy and vibrant communities through the shared values we create together with our customers.

### Revision of the evaluation system

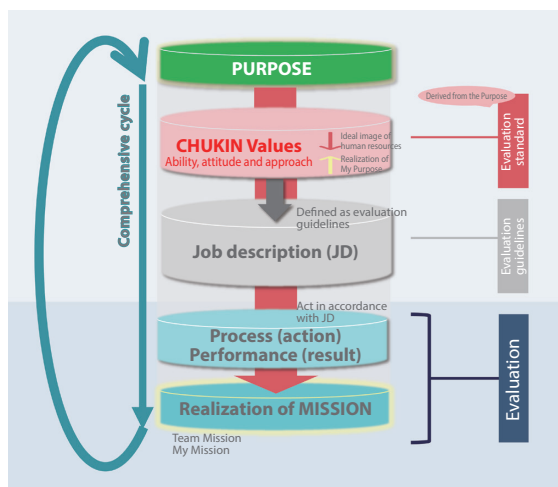
#### ► Concept of the evaluation system

The concept of the system is to appropriately evaluate human resources who continue to transform to enhance corporate value for our customers, the ideal human resources required, and to make it a starting point to support the careers and growth of each and every employee.

#### ► Framework for developing the ideal human resources required

We have taken the evaluation system and the training system, the two main cogs of the framework, and combined them with building relationships of trust in the field, which props up these systems. By doing so, we are fostering a framework in which each and every employee autonomously creates a virtuous cycle in order to realize our Purpose and Mission.





#### ► CHUKIN Values, new evaluation standard

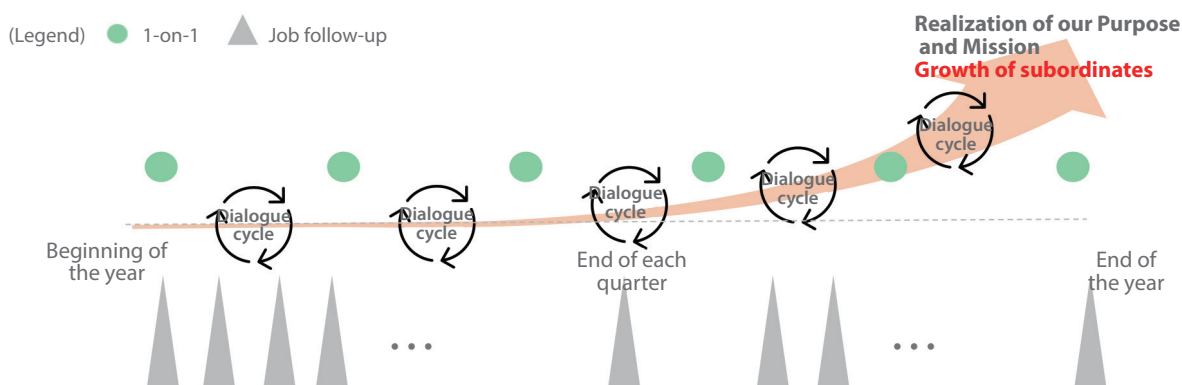
The CHUKIN Values are a new evaluation standard that articulates the human resources that embody our Purpose, and incorporates the two-way perspective of the ideal image of human resources and the state in which each and every employee has achieved their My Purpose and shines in their own way.

#### ► New evaluation guidelines (Job description)

We have clarified the expected roles and expertise in the form of job descriptions that are based on job duties and rank. By assessing the processes (actions) and performance (results) demonstrated based on the job description, we have created a highly suitable system that enables fair evaluation of role fulfillment and employees' transformation and challenges taken on to reach the next stage.

#### ► Expanded 1-on-1 interview and job follow-up system

We consider interviews as opportunities for the growth of subordinates, and have thus established a 1-on-1 interview system that supports career development from a long-term perspective, and a job follow-up system that provides a place for solving problems faced in work duties. We will support the growth of each and every employee by improving relationships of trust through daily dialogues, and by operating an appropriate evaluation system.



### INTERVIEW The thoughts behind the new personnel system

Since the establishment of the Purpose and Mission in 2022, the Shoko Chukin Bank has promoted taking ownership of the Purpose through workshops and other activities, and has produced a certain degree of results in its efforts to foster values. Furthermore, in April 2024, we drastically revised our personnel system in order to use this as a leverage to recruit and develop human resources who continue to transform to enhance corporate value for our customers.

The course system which was in use for more than 30 years was hindering employees from taking on new challenges, a necessity in the current, rapidly-changing environment. In addition to realizing course integration through this system revision, we also offered various forms of support, including support for career development such as expanding opportunities to improve skills, the introduction of more flexible work styles, ways to balance childcare and nursing care with work, and expansion of welfare benefits. By doing so, we are making firm efforts to promote the advancement of women, increase the percentage of women in managerial positions, and close the gender wage gap, which are issues we have needed to tackle.

Moreover, in order to enhance employee engagement, we have incorporated a unique element called CHUKIN Values into our evaluation system. We have also re-evaluated roles and duties in light of changes in the times, and have created a well-balanced compensation system based on new job descriptions.

We will continue to improve our intellectual and human capital by appropriately operating the new personnel system and revising it in a timely manner.

**Hiroo Tanaka,**  
General Manager, Career Development Support Division



## Initiatives on human resource development

With the aim of enhancing human capital, we are working on human resource development at the Hitozukuri College (Hito College), our in-house university. 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 employee skill development. In addition, the MIRAI Campus training facilities provide equitable learning opportunities by creating an environment that promotes mutual learning among diverse employees and conducting hybrid training in which employees can participate in real-time from all over Japan.

## Training system: program overview

Group training	Example of level-specific training		Acquire management and professional skills through basic and practical training						
			● New employee training ● Sales Counter Start Training ● Sales Counter Step I to III ● Sales Counter TRY! I to IV		● Brother-Sister training ● Mid-level challenge training ● Advanced training ● Challenge College for each position ● Training for newly appointed Middle Manager		● 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		● 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		
			Derivatives	Loan management	Business diagnosis seminar		Business succession and M&As		
		Human skills	Business skills: logical thinking, task management, coaching, etc.						
			Hands-on learning: field trips to disaster-affected areas, field trips to Awaji Island, adventure work, etc.						
		Academy	FS Academy						
			DX 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 (Next Leader Program, Management Supporters)						
			In-house additional business, in-house internships, career meetings						
Training at outside institutions		Elective in-classroom courses (taking a course in a single subject at a business school, etc.)				Next-generation 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 Hito College programs

#### Field trips to Awaji Island

The program aims to deepen employees' interest in changes in society and the economy, and helps them acquire the ability to take action on their own by experiencing the necessity of the SDGs through nature and agriculture and by re-questioning the status quo.



#### Camp Fire Work

There are facilities for camp fire on the MIRAI Campus, and we have included camp fire work in which employees undergoing training can discuss their dreams and Purposes with each other while watching the flickering flames. This helps strengthen the bonds between participants and fosters a culture of learning together.





## 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 Next Leader Program, an in-house certification, and the Management Supporters system.

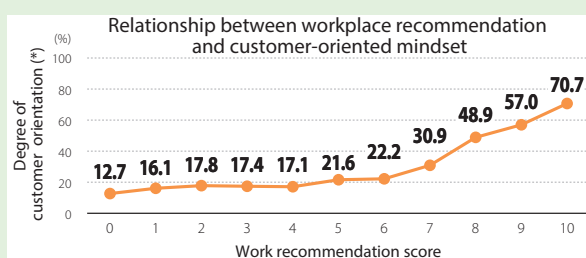
### Acquisition of human skills (soft skills)

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.

### Measuring the outcome of human capital investment through engagement surveys

The Shoko Chukin Bank conducts an employee engagement survey every year. We know that the more employees recommend the workplace, the more customer-oriented they are and the more they understand the needs of customers. Accordingly, we are focusing on improving employee engagement. To this end, we aim to heighten employees’ intention to continue working, the degree of understanding of the Purpose, the degree of implementation of My Purpose, and diversity satisfaction, all of which have a correlation with employee engagement.

Item	FY2022	FY2023	Difference
eNPS <sup>SM</sup>	(48.8)	(42.5)	+6.3pt
I want to continue to work for my current employer	77.6%	81.1%	+3.5pt
Degree of understanding of the Purpose	94.4%	95.2%	+0.8pt
Degree of implementation of My Purpose	69.2%	72.8%	+3.6pt
Diversity satisfaction	48.4%	56.0%	+7.6pt



\*The percentage of employees who answered the question “Is your organization able to work in a customer-oriented manner?” with “Always.”

### In-house instructor system Hito College Instructors

We have established an in-house instructor system in which employees who have demonstrated results based on the skills they have acquired teach their areas of expertise as instructors. In February 2024, we held Hito College Week, where 19 Hito College Instructors, including officers and new employees who participated as volunteers, served as instructors, and a total of 448 employees from all over Japan took part. Through efforts such as these, we are expanding learning opportunities for employees to think together and create together.



## INTERVIEW

### A participant in the field trip to Awaji Island

I took part in the field trip to Awaji Island because I wanted to contribute to the realization of a sustainable society as best I can. Through this training, we learned about the necessity of the SDGs, and how to positively perceive changes and take action despite high uncertainties by thinking outside the box.

In my job as a Senior Manager, I am utilizing what I learned by making decisions even amid high uncertainty, increasing the engagement of my subordinates, and achieving results as a team.



Takumi Yanagawa, Business Division, Head Office

### A Hito College Instructor

I was in charge of a lecture titled “Thinking about ESG and SDG initiatives.” It was designed to help employees explain the Shoko Chukin Bank’s sustainable management support menu to customers in an easy-to-understand and effective manner. I adapted a lecture that I usually give to customers, and focused on getting the participants interested first and foremost. To prevent the lecture from being one-sided, I made sure there was two-way communication, such as issuing quizzes and answering questions received in the chat.



Naomi Yamamoto, Marketing Division