

Human Capital Management

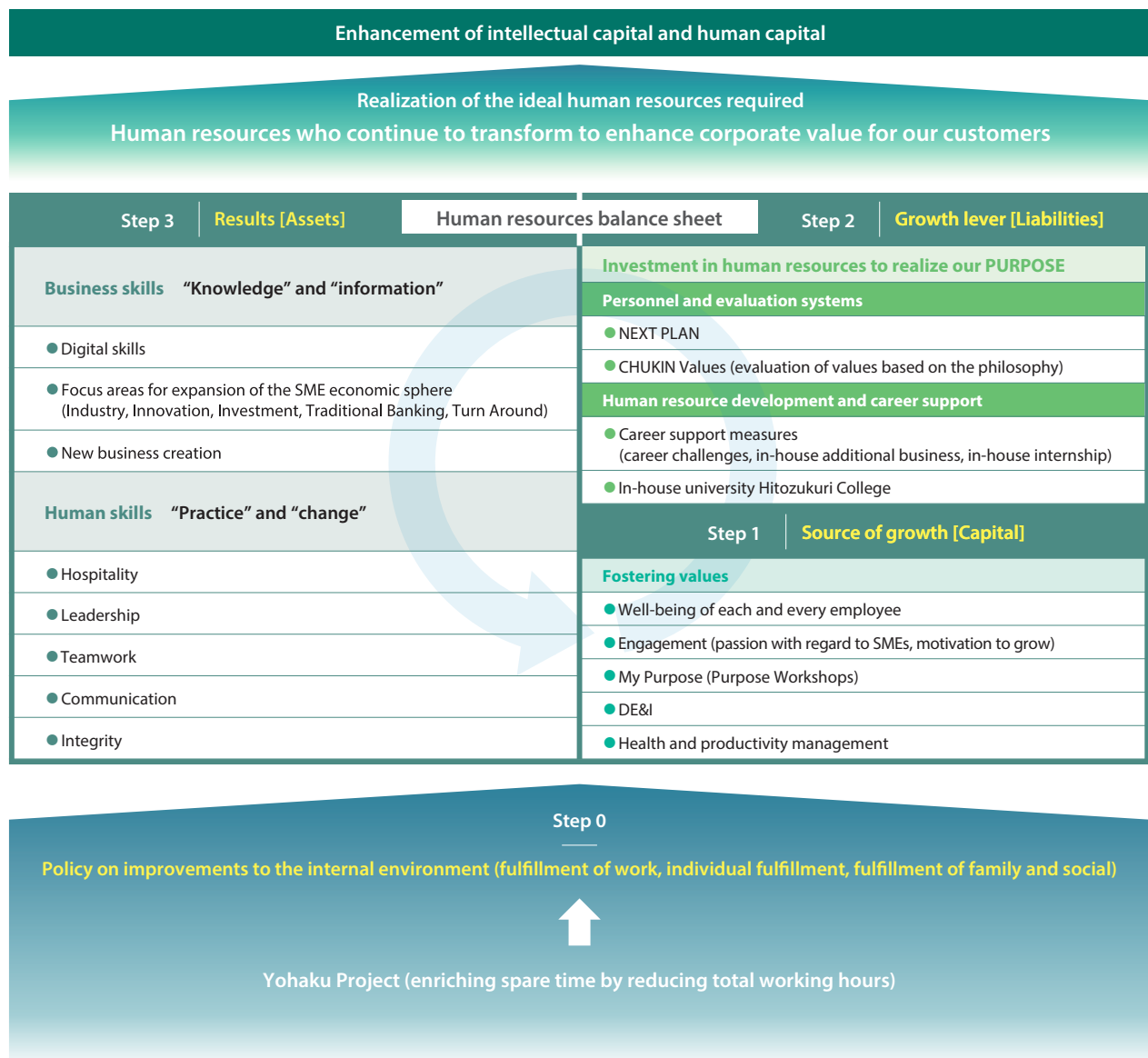
The Shoko Chukin Bank’s human capital management tackles the recruitment and development of human resources who continue to transform to enhance corporate value for our customers. For the purpose of realizing the ideal human resources required, we need to strengthen both business skills and human skills, 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.

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 for each employee in the form of a balance sheet. This is a cyclical model in which the internal environment as the foundation for a nurturing culture (Step 0) is created, each individual’s thoughts and values serve as the source of growth (Step 1), for which continuous career support (Step 2) is provided, and the skills that result from this support bear fruit (Step 3) to become a source of further growth.

The results of these efforts will be human resources who continue to transform to enhance corporate value for our customers, which are the ideal human resources required, and the accumulation of a substantial human resources balance sheet of each individual will lead to the enhancement of intellectual capital and human capital which form the foundation of the Shoko Chukin Bank’s management.

* Please see page 62 for an example of human resource development through the use of the human resources balance sheet.



Steps 0 to 1: Source of growth [Capital]

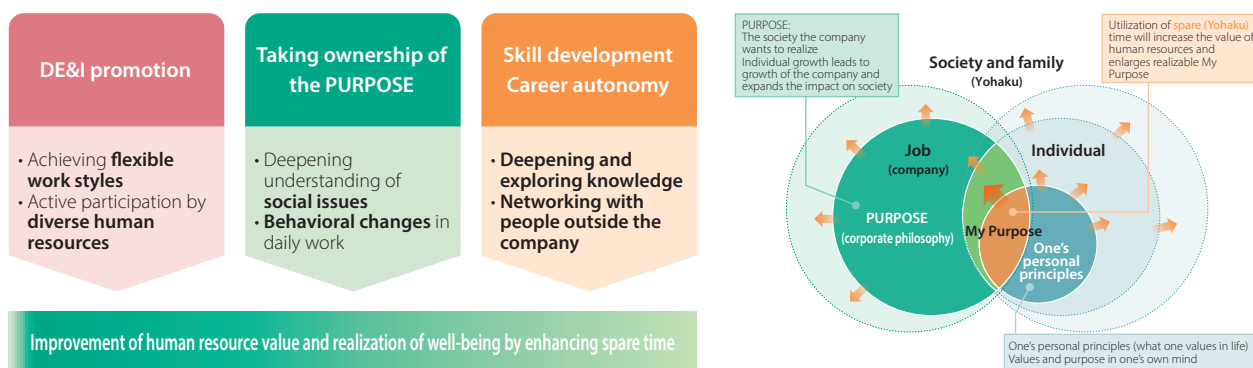
■ Initiatives to foster values

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. All officers and employees formulate My Purpose, which is the overlap between the PURPOSE and their own values, as a compass for what they want to achieve when working at the Bank, and each division, department and branch office formulates Team Missions to realize the PURPOSE. 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.

My Purpose and Yohaku Project

In order for each employee to realize My Purpose and well-being, it is essential that they thoroughly consider their own values. However, employee engagement survey results highlighted the challenge of securing time for self-growth due to busy work schedules and other factors. In response to this challenge, we started the Yohaku Project in collaboration with PERSOL TEMPSTAFF CO., LTD. to further evolve the existing work style reforms.

Over 1,000 employees participate in this project, and they are working on productivity improvements and building a mechanism to share know-how internally. This allows each employee to take ownership of My Purpose, and creates the spare (Yohaku) time necessary for skill development.



Step 2: Growth lever [Liabilities]

■ Investment in human resources to realize our PURPOSE

In April 2024, we introduced a new personnel system called the NEXT PLAN, which will serve as a lever to significantly expand our human resources balance sheet and further enhance our results [assets]. In order to increase the corporate value of our customers, we aim to promote initiatives such as creating an environment in which each and every employee can work autonomously to improve their abilities and skills, and fostering a culture in which employees can continue to actively take on challenges in higher value-added work.

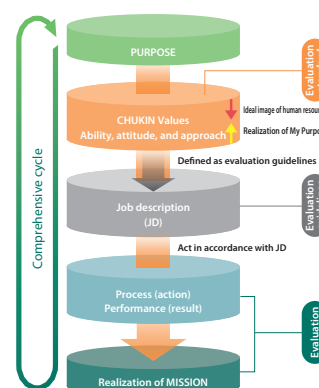
Evaluation and compensation system

We have introduced a new evaluation standard called the CHUKIN Values, which incorporates the two-way perspective of the company's ideal image of human resources and the state in which each and every employee shines in their own way.

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

At the same time, we amended the compensation system, and fully shifted from a seniority-based qualification grade system to a role grade system where treatment is determined according to the size of the role played and other factors.

By combining a highly suitable evaluation system and compensation system, we work on developing human resources who continue to transform to enhance corporate value for our customers, representing the ideal human resources required.



■ **Fostering career ownership**

The new personnel system NEXT PLAN has the concept of each employee autonomously engaging in their career development, and the company encourages this by providing a variety of support measures and growth opportunities.

Career support measures

Knowing your career	Roundtable discussions with senior employees	Participate in roundtable discussions with senior employees in desired departments within career plan training
	In-house internship	Experience work in desired department for a certain period (from about three days to one week)
	In-house additional business	Up to 20% of employee time each half year can be spent on work or projects in a different division, department and branch than their own
Taking on career challenges	Career challenges	Employees are transferred to their desired department through an internal open recruitment and selection process
	In-house short-term exchange program	Employees are transferred to their desired department for short period (about 0.5 to 1.5 years) to improve their skills for medium- to long-term career development
	External secondment and dispatch	Secondment to clients or cooperating support organizations for specialized skill improvements
Refining your career	Specialist system	Registration and renewal system to develop a medium- to long-term career in specific desired work according to factors such as expertise level and market value

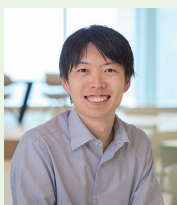
* Please see page 63 for the number of users of the in-house internship, in-house additional business, and career challenge systems.

A user of the career challenge system

I was attracted to planning work because of the experience of proposing new products to customers and pleasing them when I was working at a branch office, so I took advantage of the career challenge system to transfer to this position. I am currently involved in responding to new legislation, considering revitalization financing, and business transformation planning.

I have many opportunities to collaborate with other departments to resolve issues, and I feel my interpersonal communication skills are improving. Going forward, I would like to engage in the resolution of larger challenges while involving internal and external stakeholders.

Keisuke Ehara, Business Planning Division



Career advancement to a management position

Since joining the company, I have experienced a wide variety of duties including expenses, budgets, and benefits, and I have been involved in management and human resource development as a manager since fiscal 2024.

When appointed as manager, I was anxious and felt under pressure since I had only experienced one department. While my team members have different personalities and values, I always consider how to move toward organizational goals, and try to work sincerely with them.

Going forward, I will further focus on operational improvements and human resource development while leveraging such experiences.

Junko Ajiki, Administrative Services Division



INTERVIEW

Vision for human resources strategies to realize long-term strategy

In April 2024, we drastically revised our personnel system in order to recruit and develop human resources who continue to transform to enhance corporate value for our customers.

Approximately one year has passed since the revision of the personnel system, and considerable results have been achieved in enriching career support measures, work-life balance with childcare and nursing care, and the expansion of welfare benefits. On the other hand, we recognize that there are issues in promoting the taking on of challenges and fostering career ownership, which is why we are revamping the system in an agile manner.

Currently, the Shoko Chukin Bank is formulating a long-term strategy, and we plan to build a new human resource strategy from a long-term perspective in line with this strategy. As various changes and uncertainties in the external environment are expected to increase in the future, each employee needs to adapt to changes to provide value to customers.

We will support our employees so that they can realize their careers by helping them to look beyond the boundaries of the Shoko Chukin Bank to various areas inside and outside the company, while also building a human resource portfolio necessary for management strategy execution and realizing flexible resource allocation with appropriate personnel in appropriate places.



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

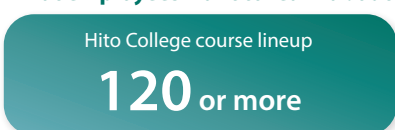


■ Initiatives on human resource development

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 provide a wide range of training courses for officers and employees aimed at acquiring advanced business skills and improving 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 skill development for all officers and employees. 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 officers and employees can participate in real-time from all over Japan.

A wide variety of courses offering what employees want to learn about



A culture of autonomous learning



Aggressive investment in human resource development



* All of the results are for FY2024

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 ● Pre-Sales Counter Training ● Sales Counter Start Training ● Sales Counter Step I to III Training ● Sales Counter career program 	<ul style="list-style-type: none"> ● Brother-Sister training ● Advanced training ● Mid-level challenge training ● Challenge College for each position ● Middle Manager training 	<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 ● 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 ● Training for newly appointed Executive Officer 	
	Voluntary participation training	Business skills	Business prospects evaluation Derivatives	Management improvement Loan management	International operations Business diagnosis seminar	Solutions operations 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 (finance field)		DX Academy	
		“Hito-Kare” Corporate University	Future-Building (business contests, cross-border learning, etc.) Accounting Management strategies Data utilization Art thinking			
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, in-house short-term exchange program, career meetings				
Training at outside institutions	Elective in-classroom training (taking a course in a single subject at a business school, etc.) MBA (domestic/overseas), SME Training Institutes, Japan Productivity Center, etc. Academy of Management Development J-Win (women’s advancement) Hitotsubashi Financial Leadership Program			Next-generation management development training		
e-learning	Liberal arts	Training archive	Skill development support content	Self-learning! Administrative Department Work 101		

● Examples of Hito College programs

Cross-border learning and business management game

This program enables participants to acquire critical thinking for the next generation of leaders and to support companies in both strategy and finance through corporate management simulation. Through joint training with other companies, we foster the ability to overcome difficulties with diverse human resources.



Art thinking at “Hito Kare” Corporate University

In order to develop human resources capable of transforming organizational culture, this is a program for appreciating contemporary art and creating works by stepping away from daily operations and logical thinking, with an aim to create business plans based on innovative concepts. This program cultivates the ability to flexibly create new value by facing questions with no right answers.



Step 3: 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 refer to knowledge and information that can be applied to banking operations at the Shoko Chukin Bank. In addition to base skills such as digital skills and business prospects evaluations, participants acquire knowledge and skills linked to management strategies such as business revitalization support, industry problem solving, equity operations and advanced finance, and startup support.

Acquisition of human skills (soft skills)

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.

PICK UP

Practical examples based on Human Resources Value Creation Model—New business creation

Some examples of human resource development through new business creation initiatives are introduced below.

Results of Human Resources Value Creation Model / New business creation (service details ▶▶ p.40)

Step 3	Results [Assets]	Human resources balance sheet	Step 2	Growth lever [Liabilities]
	Business skills “Knowledge” and “information” <ul style="list-style-type: none"> ■ Traditional banking <ul style="list-style-type: none"> • During their time at a branch office, the employee honed their ability to provide loans, evaluate business prospects, and propose solutions, and acquired the ability to contribute to the enhancement of corporate value of SMEs through the power of finance. ■ Ability to create new businesses and digital skills <ul style="list-style-type: none"> • After focusing on new business development, the employee was faced with a lack of knowledge in passenger transport field, took stock of their own skills, and built up marketing, business planning, project management, and digital skills one by one, in addition to support capabilities they had developed in the branch office. 			Personnel system, human resources development, and career support <ul style="list-style-type: none"> ■ Career support system <ul style="list-style-type: none"> • The employee participated in an in-house business contest, where teams came up with new business ideas that would help solve issues faced by SMEs. • After discussing commercialization under the in-house additional business system, the employee was transferred to the new business development department. Business development is fully underway. ■ In-house university Hitozukuri College <ul style="list-style-type: none"> • The employee acquired the knowledge and skills necessary for new business development by utilizing GLOBIS Unlimited, a Hito College course. • The employee participated in cross-border learning training, and improved self-transformation capabilities by reflecting objectively on their self and the Shoko Chukin Bank through interaction with human resources from other companies.
	Human skills “Practice” and “change” <ul style="list-style-type: none"> ■ Relationship building capabilities <ul style="list-style-type: none"> • By putting into practice what they learned in the Hito College course, which trains logical thinking skills, in operations and accumulating practice, proposal capabilities and communication skills with internal and external stakeholders improved dramatically. ■ Execution and completion capabilities <ul style="list-style-type: none"> • To advance the project, the employee enhanced leadership abilities to elicit empathy and involvement of all parties involved, gained cooperation through repeated dialogues with stakeholders, and maximized teamwork to achieve the outcome of commercialization. 		Step 1	Source of growth [Capital]
			Fostering values <ul style="list-style-type: none"> ■ Engagement (passion with regard to SMEs, motivation to grow) <ul style="list-style-type: none"> • In the sales field, the employee witnessed managers struggling to secure human resources and developed a strong desire to help SMEs. • Motivation for further growth was heightened based on the feeling that it was important to utilize one’s ideas, abilities, and actions to contribute to SMEs. ■ My Purpose of a service developer <ul style="list-style-type: none"> • “I aim to maximize life experience through uninhibited adventure.” 	

INTERVIEW

I want to help all SMEs in need

With this desire as a starting point, I faced challenges I felt at branch offices head-on, and continued learning and taking on challenges myself. As a result, I reached commercialization with the support of many people involved. Going forward, not limited to the bus industry, I will work on the expansion of service offerings to facilitate resource sharing in other industries as well. I would like to continue growing the service and myself going forward, toward realizing the Shoko Chukin Bank’s PURPOSE.



Rikuto Shido,
Future Design Department



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. Currently, we have set targets regarding DE&I that we recognize as challenges, and we plan to review indicators and targets going forward in line with the human resource strategy formulated toward long-term strategy realization.

Strategy	Our issues	Indicators* ¹	Mar. 31/'23 results	Mar. 31/'24 results	Mar. 31/'25 results	Mar. 31/'27 targets
Fostering values (Source of growth)	Encouraging employees to take ownership of the PURPOSE	Number of participants in Purpose Workshops* ²	4,091人(96.0%)	3,941人(92.0%)	3,784人(87.8%)	—
		Mid-career hires as a percentage of new hires	17.2%	16.9%	30.6%	—
	Creating opportunities for diverse human resources by promoting DE&I	Female workers as a percentage of graduate hires	42.6%	33.8%	46.1%	50.0%
		Female workers as a percentage of managers* ³	7.9%	8.7%	13.2%	20.0%
		Differences in wages between male and female workers (Average wages of female workers as a percentage of the average wages of male workers)* ³	All workers 41.0%	All workers 40.2%	All workers 42.0%	—
			Regular employees 47.4%	Regular employees 46.9%	Regular employees 49.2%	—
		Temporary employees 68.8%	Temporary employees 66.3%	Temporary employees 64.0%	—	
Percentage of employees taking childcare leave* ³	Male: 87.6%	Male: 84.8%	Male: 87.4%	—		
Female: 100%	Female: 100%	Female: 121.2%	Male: 100%			
Improvement of well-being	Percentage of employees taking paid leave* ³	76.8%	79.6%	76.9%	90.0%	
Career support Human resource development and reskilling (Growth lever)	Self-directed career formation	Number of in-house internship applicants (cumulative)* ⁴	160人	466人	790人	—
		Number of in-house additional business applicants (cumulative)* ⁴	137人	247人	331人	—
		Number of career challenge system applicants (cumulative)* ⁴	52人	106人	157人	—
	Autonomous skill improvement by each employee	Training expenses per person	¥49,276	¥75,336	¥84,323	—
		Number of participants in voluntary participation training at Hito College (cumulative)	—	1,603人	4,309人	—
		Number of employees dispatched to the external exchange program for human resource development (cumulative) (completed only)* ⁴	33人	112人	201人	—
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人	1,283人	1,648人	—
		Number of employees who have passed IT Passport Examination (cumulative)	915人	1,119人	2,055人	—
		Number of employees who have passed the secondary test for Small and Medium Enterprise Management Consultants and employees who completed consulting practice (cumulative)	57人	67人	88人	—
		Number of employees with an MBA (cumulative)	14人	15人	22人	—
	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	Approx. 330	—
		[E] Number of sustainable finance projects	51	142	Approx. 150	—
		[T] Percentage increase in rank of support recipients	Approx. 8.9%	Approx. 13.6%	Approx. 11%	—
Human capital outcome (Human capital investment outcome)	Improving employee engagement to realize the required human resources	eNPS SM * ⁵	(48.8)	(42.5)	(43.3)	—
		Employee engagement survey "I want to continue to work for my current employer"	77.6%	81.1%	79.2%	—
		Employee engagement survey "Degree of understanding of the PURPOSE"	94.4%	95.2%	92.0%	—
		Employee engagement survey "Degree of implementation of My Purpose"	69.2%	72.8%	65.1%	—
	Improving customer evaluation of the Shoko Chukin Bank	NSP* ⁶	(2.9)	(2.7)	(7.0)	—

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

*2 All officers and employees are eligible to participate, beginning in fiscal 2022, the year the PURPOSE was established.

The number of participants varies by fiscal year. In fiscal 2023, approximately 270 Purpose Workshop Facilitators who served as moderators at each business site were not counted as participants. In fiscal 2024, in addition to approximately 230 such facilitators not being counted as participants, the participation of temporary employees was made optional considering actual operational conditions, which also affected the participant numbers.

*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 eNPSSM: 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 is a service trademark of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.

*6 NPS[®]: 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[®] is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

