



Sustainability Report 2025

The Shoko Chukin Bank, Ltd.



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Message from the President

We will realize a society resilient to change and grow together with SMEs

I would like to express my sincere appreciation for your continued support of the Shoko Chukin Bank.

Changes in the industrial structure, caused in part by climate change and the declining population, are having a considerable impact on the business environment of SMEs.

The Shoko Chukin Bank is working to contribute to the medium/long-term transformation and growth of SMEs, establishing in April 2024 the Industry Strategy Division for tackling issues surrounding industrial restructuring and environmental and social sustainability.

For the Shoko Chukin Bank, a financial institution by SMEs for SMEs, customers' growth is our growth.

We will respond to the rapidly changing times together, and work with SMEs to achieve sustainable development.

Masahiro Sekine

President (Representative Director)

Key Updates for FY2024

Governance

- Top risks and sustainability discussed by the Board of Directors (roughly 10 times in FY2024)
- Transitioned to a company with an Audit & Supervisory Committee in June 2024
- Ratio of female directors 30%

Strategy

- Revised the Corporate Philosophy Structure, formulated CHUKIN Way, the starting point for action (P.7)
- Established Industry Strategy Division (P.19)
- Published Sustainability Report* * Added initiatives for natural capital, human rights to TCFD Report

Climate change

- Started handling SLL (sustainability linked loans) P.28)
- Started handling J-Credit deposits (P.33)
- Dialogue with industrial sector in light of transition risk calculations

Natural capital

- Participation in TNFD Forum
- 
- Analyzed dependency/impact on natural capital in business activities (P.21)

Respect for human rights

- Formulation of the “Shoko Chukin Bank Group Human Rights Policy” (P.41)
- Conducted human rights due diligence (P.41)

Risk Management

Top risk management (“Responses against climate change risk,” “Changes in industrial structure” reflected in strategy)

Metrics and Targets

- CO2 emissions (Scope 1 and 2) FY2023 result: 9,270t (39% reduction from FY2013)
FY2024 forecast: Approx. 45% reduction from FY2013
- The Tokyo Financial Award 2024 Sustainability Category Winner

01 | Our Approach to Sustainability



Corporate Philosophy

PURPOSE

***Supporting the future of companies.
Making Japan more resilient to change.***

MISSION

We will continue to think together, create together, and change together, as a partner in creating security and prosperity.

Statement

The Shoko Chukin Bank will continue to deepen and develop its DNA as a financial institution specializing in SMEs and support the future by resolving issues faced by many companies.

In an ever-changing world, we will create a society where people can take on challenges without hesitation and boldly change themselves. A society where people can calmly look at the current situation and take the right step forward, even when security and safety are undermined.

A society in which people in every region can demonstrate their unique strengths and feel affluent and fulfilled.

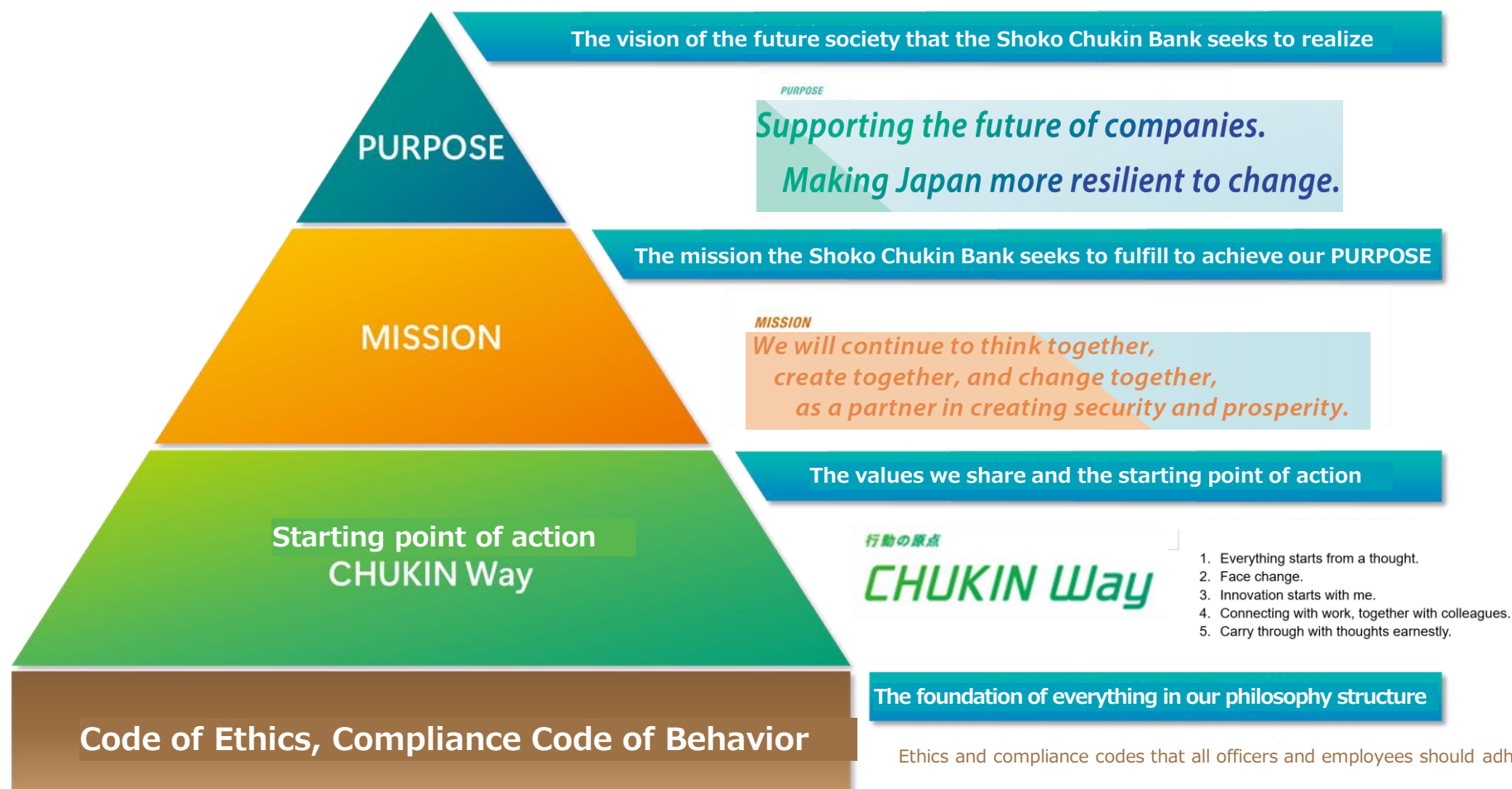
At the Shoko Chukin Bank, we are your partners in taking on the challenges of change, aiming for the hope that lies ahead.

Starting Point of Action (CHUKIN Way)

In order to achieve our PURPOSE of “Supporting the future of companies. Making Japan more resilient to change,” we have revised our corporate philosophy structure as well as established “Chukin Way,” which is the starting point of action and is the set of values shared with all officers and employees.

Revised Corporate Philosophy Structure






Compliance based on our Code of Ethics and Compliance Code of Behavior is at the foundation of all that we do. We seek to realize our PURPOSE by pursuing our MISSION based on CHUKIN Way, the starting point of action



Basic Policy

- We aim to contribute to the achievement of a sustainable society through our duties with an awareness that various environmental and social issues are issues for each and every employee.
- We strive to engage in constructive dialogue and promote mutual understanding with all stakeholders, including SME customers, starting from the perspective of SPEED.
- We will not be uniformly reluctant to support SMEs in a manner that is inconsistent with the facilitation of the financing of SMEs.

Perspective of SPEED~Shoko Chukin Bank's unique basic perspective on the sustainability efforts of our organization and employees

	Sustainability	Productivity	Empathy	Ecology	Digital
Perspective of SPEED	 <p>Enrich the present without compromising the future</p>	 <p>Produce more with less</p>	 <p>Gain the empathy of stakeholders and build a fan base</p>	 <p>Do not harm others including non-stakeholders, or take measures to prevent harm</p>	 <p>Create added value by using more information</p>
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

Sustainability Basic Guidelines

1. Environmental Consideration

Actively work to reduce environmental impact including the climate, while taking into consideration the stability of the global environment, which is the foundation of all our activities

Environmental Policy

Policy on environmentally friendly activities in light of the recognition that conserving and protecting the global environment is a common responsibility to be shared by all humankind

① Compliance with laws and regulations

Comply with all laws and regulations related to the environment as well as other requirements to which the Shoko Chukin Bank agrees

② Environmental conservation through financial services

Actively support business and other activities of SME cooperatives and SMEs that engage in environmental conservation and protection through the provision of financial products and services, and other business activities while making the most of the Shoko Chukin Bank's nationwide network as well as coordinating with policies of the national government and measures of the local government, to work to reduce risks related to the environment of the entire society

③ Reduction of environmental impact in the Shoko Chukin Bank's own business activities

Recognize the environmental impact of the Shoko Chukin Bank's business activities in terms of resource consumption and waste emissions, and work to conserve the environment through resource circulation initiatives and effective use of energy and resources

④ Awareness-raising among officers and employees

Promote environmental awareness-raising so that each and every officer and employee can deepen their correct understanding and awareness of environmental issues

2. Respect for Human Rights

Respect human rights, which is the basis of a fair social order, and engage in fair and appropriate business with all stakeholders

Human Rights Policy

Policy on engaging in socially-conscious activities, given that respect for human rights is an important management issue that should be actively addressed in fulfilling the Shoko Chukin Bank's social responsibilities

① Respect for international norms

Respect international norms, including the Universal Declaration of Human Rights and the United Nations Global Compact

② Elimination of discrimination

The Shoko Chukin Bank will not discriminate or violate human rights on the grounds of race, nationality, gender, sexual orientation, gender identity, origin, social status, creed, religion, disability, physical characteristics, etc. Furthermore, the Shoko Chukin Bank strives not to be complicit, even indirectly, in discrimination or human rights violations.

③ Fair and appropriate business with stakeholders

As a member of financial institutions, social public institutions that are required to be transparent, as well as a member of the local community, always be aware of the social responsibilities of the Shoko Chukin Bank, and strive to engage in fair and appropriate business with stakeholders

④ Consideration for employee health and working environment

Respect the human rights and diversity of all people, and strive to establish an open work environment that is free from harassment and discrimination

⑤ Conduct human rights due diligence and remedies

Conduct human rights due diligence to prevent and mitigate negative human rights impacts on an ongoing basis, and strive to remedy any human rights violations that become apparent

⑥ Awareness-raising among officers and employees

Promote human rights awareness training so that each and every officer and employee can deepen their correct understanding and awareness of human rights issues

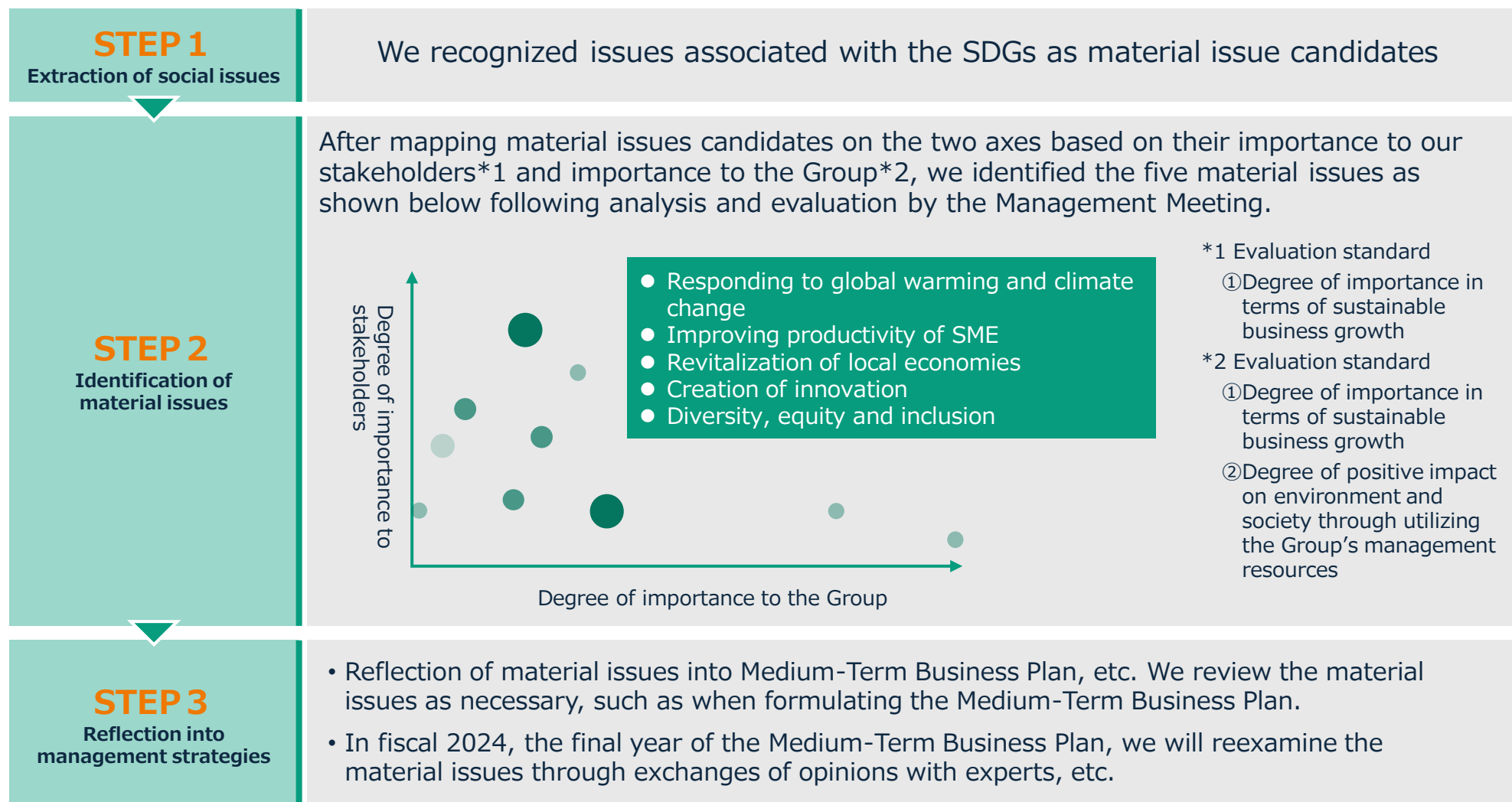
3. Improving Governance for SMEs

Contribute to improving governance of SMEs through investments and loans, with business prospects evaluations as a starting point, and customer support including the dispatch of human resources

Materiality

- We have extracted and identified material issues (materiality) for us to address with a priority, based on analysis of environmental and social issues
- We seek to realize our **PURPOSE** by developing a business model for resolving material issues

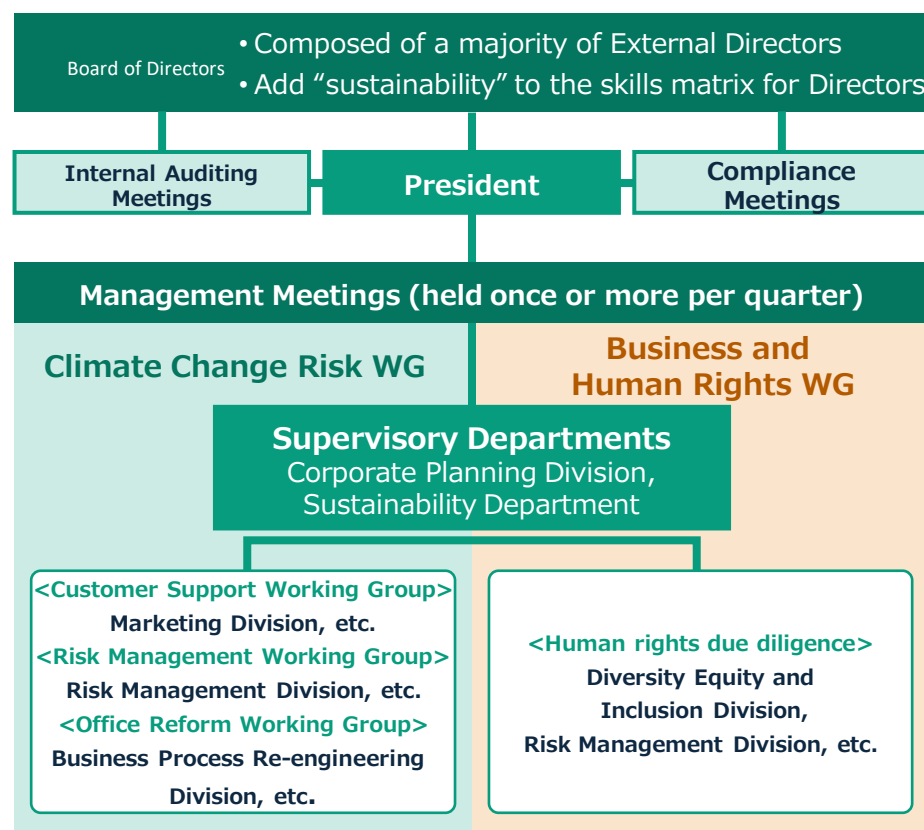
Process to identify material issues



Governance Structure

- As a key initiative for resolving material issues, at Management Meetings, chaired by the president (representative director), sustainability-related opportunities and risks are identified and matters for evaluation and management are discussed about six times per year, and then reported to the Board of Directors. The Board of Directors deliberates and decides on important matters pertaining to the Bank's activities and supervises the duties of directors and executive officers, ensuring that overall operations function in an appropriate and efficient manner.
- Related initiatives are continuously considered by the Climate Change Risks Working Group (established in June 2021), Human Capital Management Working Group (established in October 2022) and the Business and Human Rights Working Group (established in September 2023).

Sustainability-related governance chart



Main discussion topics

In fiscal 2024, the main topics of discussion in Board of Directors meetings and Management Meetings were as follows. Matters related to climate change risks were discussed in Management Meetings once per quarter or more and reported sequentially to the Board of Directors.

Meeting body

Main discussion topics

Supervision	Board of Directors	
Execution	Management Meetings	<ul style="list-style-type: none"> • Status of initiatives related to climate change risks (roughly four times per year) • Reports on DE&I promotion, human rights awareness activities, human capital management (approx. twice a year) • Top risks in fiscal 2024 (roughly six times per year) • Publication of sustainability report
		<ul style="list-style-type: none"> • Status of initiatives related to climate change risks (roughly four times per year) • Reports on DE&I promotion, human rights awareness activities, human capital management (approx. twice a year) • Top risks in fiscal 2024 (roughly six times per year) • Publication of sustainability report • Start of solicitation of impact deposits • India expansion survey for auto parts industry

(Reference) ESG Information

External Recognition



Acquired the “Platinum Kurumin” certification



Tokyo Financial Award 2024
Sustainability Category Winner



Recognized as a 2025 Outstanding Organization of KENKO Investment for Health
Large enterprise category



J-Win Diversity Award 2025
Received Semi-Grand Award, Basic Category



Selected as an organization with particularly outstanding employee welfare initiatives under Hataraku Yell 2024



Received the Special Award in the Indirect Financing Category at the 5th ESG Finance Awards Japan



Received award of excellence with mayor's commendation as a Leading Company with Actively Participating Women in Osaka City



Our Happiness Design Survey received the Gold Award in the Products and Services category at the Wellbeing Awards 2024

Participation in Initiatives

TCFD: Task Force on Climate-Related Financial Disclosures



TNFD: Taskforce on Nature-Related Financial Disclosures



02 | Initiatives for Climate Change and Natural Capital



Overview

Initiatives based on TCFD and TNFD (Overview)

Considering the stability of the global environment, which is fundamental to all our business activities, we actively work towards reducing our impact on the environment, including the climate.

Climate Change

Natural Capital

Governance	<ul style="list-style-type: none"> Any matters that relate to the identification, evaluation, and management of climate change- and natural capital-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 as materiality, to which we will make a focused and effective contribution through our business activities.
Strategy	<ul style="list-style-type: none"> We recognize demand for funds and opportunities for providing solution proposals concerning customers' transitions to decarbonization and technology development as well as conservation and preservation of natural capital. We will contribute to the realization of a sustainable society by engaging in dialogue with our customers and supporting the implementation of necessary measures, starting from a business prospects evaluation from the perspective of SPEED (see P.8). <div> <div data-bbox="434 959 1261 1158"> <ul style="list-style-type: none"> We analyze qualitative and quantitative scenarios regarding the opportunities and risks that climate change poses to management of the Shoko Chukin Bank. Specifically, we analyze physical and transition risks for the financing portfolio. </div> <div data-bbox="1272 959 2101 1158"> <ul style="list-style-type: none"> We analyze the opportunities and risks climate change risk poses to the management of the Shoko Chukin Bank. Specifically, we analyze the dependency and impact risks for each sector in our financing portfolio. </div> </div>
Risk Management	<ul style="list-style-type: none"> We recognize addressing climate change risk and changes in the industrial structure as top management risks. Transactions with businesses that are likely to have a negative impact on the environment and society will be handled in accordance with the Environmental and Social Considerations Policy (see P.37). We appropriately recognize risks caused by climate change and natural capital, and are striving to build a risk management approach.
Metrics and Targets	<ul style="list-style-type: none"> CO2 emissions (Scope 1 and 2) Targets: 50% reduction in fiscal 2030*, Carbon neutrality by fiscal 2050 Results: 36% reduction in fiscal 2022* (FY2024 forecast: approx. 45% reduction※) *from fiscal 2013

Strategy Risk — Climate Change Risk

Climate change risks (transition risks, physical risks) impact many customers, and we recognize the subsequent risk of rising credit costs for the Shoko Chukin Bank. Together with customers, the Shoko Chukin Bank will overcome climate change risks and contribute to realize a sustainable society.

Risk identification

We identify risks based on our assumptions of future social and environmental changes brought about by climate change. The following is an overview of the climate change risks assumed by the Shoko Chukin Bank.

Transition risks

Risks that arise in the process of transitioning to a low-carbon society

- ⚠ **Strengthening of policies and regulations**
 - Introduction of carbon tax
 - Strengthened regulations related to greenhouse gas emission targets
- ⚠ **Market and technology changes**
 - Development, selection, and spread of new technologies such as renewable energy and EVs
 - Obsolescence of existing products, changes in supply and demand

Risk of increased credit costs for the Shoko Chukin Bank due to impact on customers' business models and business performance

- ⚠ **Growing social demands**
 - Growing public interest in climate change issues
 - Demands for corporate initiatives and disclosures

Risk of reputational damage and difficulty in obtaining financing if the Shoko Chukin Bank's climate change initiatives and disclosures are deemed insufficient

Physical risks

Risks that arise from increasingly severe natural disasters and climate change

- ⚠ **Acute risks**
 - Occurrence of typhoons, torrential rains, floods, or other wind or water disasters

Risk of customers' business performance being affected and credit costs increasing if a customer is affected by a disaster
Risk that business continuity may be difficult, or costs for countermeasures and recovery increasing if the Shoko Chukin Bank is affected by a disaster

- ⚠ **Chronic risks**
 - Gradual increase in average temperature and sea level

Risk of increase in heat strokes and infectious diseases, ecological changes, etc., resulting in macroeconomic deterioration and an increase in the Shoko Chukin Bank's credit costs

In particular, we consider credit risk*1 and reputational risk*2 to be important risks with significant management impact. We will seek to reduce these risks by providing customer support through engagement with customers and other means, and strengthening risk management through scenario analysis, etc.

*1 Risk of an increase in the Shoko Chukin Bank's credit costs due to the negative impact on customers' business models and businesses caused by the transition to a low-carbon society or climate change

*2 Risk of damage to the Shoko Chukin Bank's reputation due to efforts and disclosures on climate change issues being deemed insufficient

Strategy Risk — Climate Change Risk

In an effort to identify climate change risks, the Shoko Chukin Bank has defined the industries that were identified as being significantly impacted by climate change as carbon-related sectors (*1), and monitored them.

Carbon-related assets

Four sectors were selected for analysis (P.18): automobiles and components, land transport, metals and mining, and marine transport, based on the climate change impact (transition risks) of each sector and the balance of the Shoko Chukin Bank's investments, loans and other factors.

Sector		Transition risk	Percentage of outstanding loans (%) ^{※2}
Energy	Oil and gas	High	1.6
	Electricity	High	0.4
	(Subtotal)	—	2.0
Transport	Land transport P.19	Medium	8.2
	Automobiles and components P.19	High	2.9
	Marine transport	Medium	2.1
	Air transport	中	0.1
	(Subtotal)	—	13.3
Materials and buildings	Construction materials and capital goods	Low	8.6
	Property management services and development	Low	6.3
	Metals and mining	High	4.7
	Chemicals	Medium	3.1
	(Subtotal)	—	22.7
Agriculture, foodstuffs, and forestry	Food and beverage	Medium	4.1
	Papermaking and forestry	Low	2.0
	Agriculture	Low	0.3
	(Subtotal)	—	6.5
Total		—	44.5

(Topic) Ship Financing

- We established the Ship Financing Promotion Team within the Marketing Division in April 2024.
- By accumulating ship-specific expertise, we are enhancing our support structure for ocean-going shipping businesses, which face rising vessel prices amid tightening environmental regulations.
- We aim to provide smooth financing for new ship building for the marine transport sector, including by forging collaborate support with other financial institutions, and contribute to reducing climate change risk.



※1 Applicable industries in the non-financial sector identified based on GICS codes. The methods used to categorize these sectors are subject to review in the future.

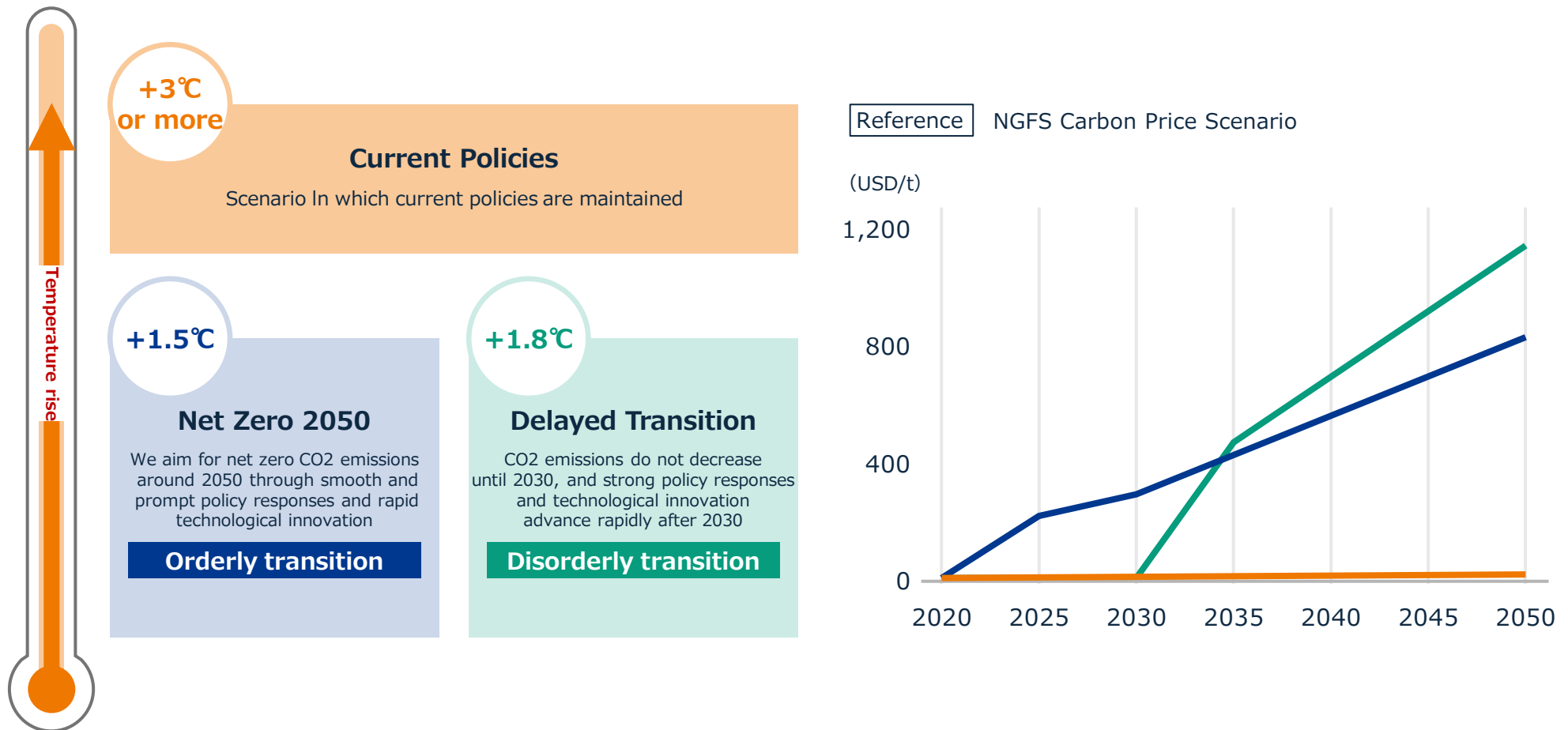
※2 As of March 31, 2024.

Strategy Risk — Climate Change Risk

With a view to enhancing the organization's resilience to climate change, we use scenarios (hypotheses) to analyze how the business environment will change and how management will be affected if transition risks and physical risks materialize.

Conducting scenario analysis ① Scenarios used

Three scenarios (net zero 2050, delayed transition, and current policies) formulated by NGFS (Network for Greening the Financial System) are used in the scenario analyses of transition risks and physical risks. The worldview of each scenario is as shown in the figure.



Strategy Risk — Climate Change Risk

Conducting scenario analysis ② Transition risks

The increase in credit-related expenses associated with transition risk is estimated by sectors selected in consideration of climate change impact and the size of exposure in the portfolio. The following four sectors were selected for transition risk analysis based on the climate change impact (transition risks) of each sector and the balance of investments, loans and other factors.

Qualitative assessment of sectors in scope of analysis

Sector	Main transition risks	
Automobiles and components	Introduction of carbon tax Carbon tax on CO2 emissions, etc. in the production and transportation process	Downsizing of engine parts, etc. associated with conversion to electric vehicles
Metals and mining		The metals and mining sector also includes any automobile-related companies, such as casting and manufacture of stamped press metal products, and abovementioned impact is taken into consideration
Land transportation		Modal shift toward low-carbon conversion, etc. Conversion to electric trucks (higher vehicle prices)
Marine transportation		Decrease in haulage due to a decrease in fossil fuels in main haulage Conversion to vessels compatible to stricter environmental regulations (higher ship prices)

Results of transition risk analysis

Based on the transition scenario for each sector, we estimate the financial condition of each loan recipient covered by the sector analyzed, and the increase in credit-related expenses is calculated based on changes in the borrower category. We take into consideration transition risks associated with the conversion of loan recipients' main products (internal combustion engines, drives, etc.) to electric vehicles (EVs) for automobiles and components and metals and mining.

Scope of analysis	Loan recipients in the automobiles and components, metals and mining, land transportation, and marine transportation sectors, with the most recent borrower category
Scenarios used	Net zero 2050 of the NGFS scenarios
Period of analysis	By 2050
Analysis results	Credit-related expenses: cumulative amount of approximately ¥60.0 billion

(Topic) Establishment of Industrial Strategy Division

- In order to expand our support to SMEs facing sharp changes in the business environment, we newly established the Industrial Strategy Division to address issues regarding industrial restructuring as well as environmental and social sustainability.
- For SMEs facing changes in the industrial structure, we will provide innovative financial support and hands-on support for initiatives, such as promoting DX and GX, tailoring our approach to industry-specific challenges.

Key support areas

Main initiatives in FY2024

Automotive parts



Support for automotive suppliers adapting to major environmental changes, such as EV adoption

Logistics



Support for transportation companies adapting to structural challenges, such as labor shortages and regulatory compliance

Industry DX



Various DX support for enhancing productivity and responding to changes in the business environment

GX



Support for decarbonization management to help enhance corporate value through reduced CO₂ emissions

See P.31 for GX details

Automotive parts manufacturers

- We provide strategic advice to customers in the automotive parts industry on business structure transformation, consolidation, and overseas expansion.
- The Automobile Industry Support Team (Finance Division) has built a database comprising over 600 customers from the automotive parts industry. The gathered information is also utilized in analyzing transition risks (P.18).
- In March 2025, we held a seminar on expansion into the Indian market.

Logistics × Industry DX



ロジックシュブ

- We provide LogiPush, a cloud-based vehicle and profitability control service, as a solution to promote improved terms of trade and wage hikes in the transportation industry (launched early in some regions).

Strategy Risk — Climate Change Risk

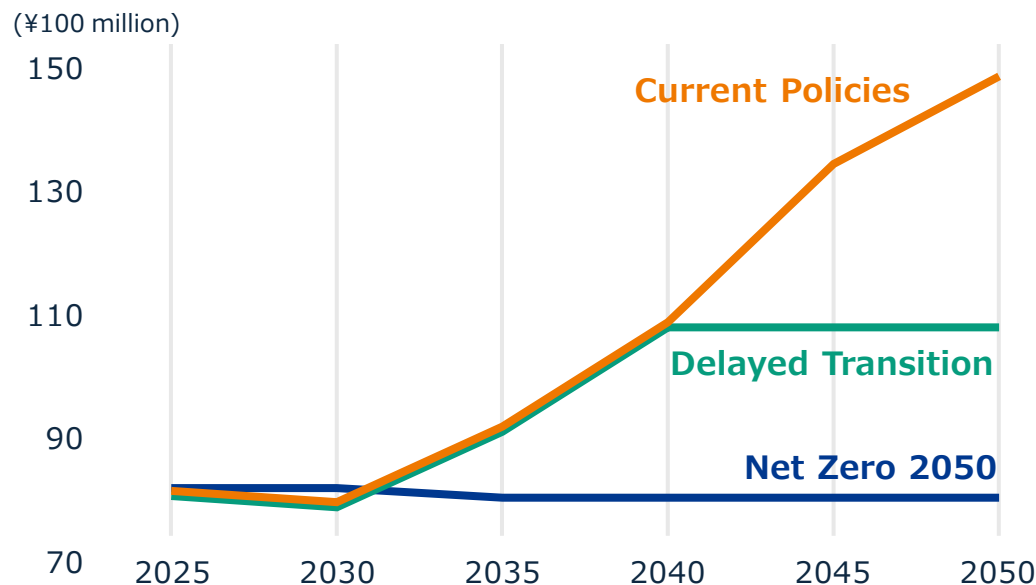
Scenario Analysis ③Physical risks

We identify potential inundation points due to water-related disasters caused by typhoons, etc., based on location information for all loan recipients. For each loan recipient that could be flooded, financial condition is estimated based on the probability of a water related disaster, and the increase in credit-related expenses is calculated based on changes in borrower category and the impact of building collateral damage amount .

Scope of analysis	Loan recipients among those who could be flooded and who have collateral pledged on buildings, with the most recent category
Scenarios used	Current policies of the NGFS scenarios
Period of analysis	By 2050
Analysis results	Credit-related expenses: cumulative amount of approximately ¥70.0 billion

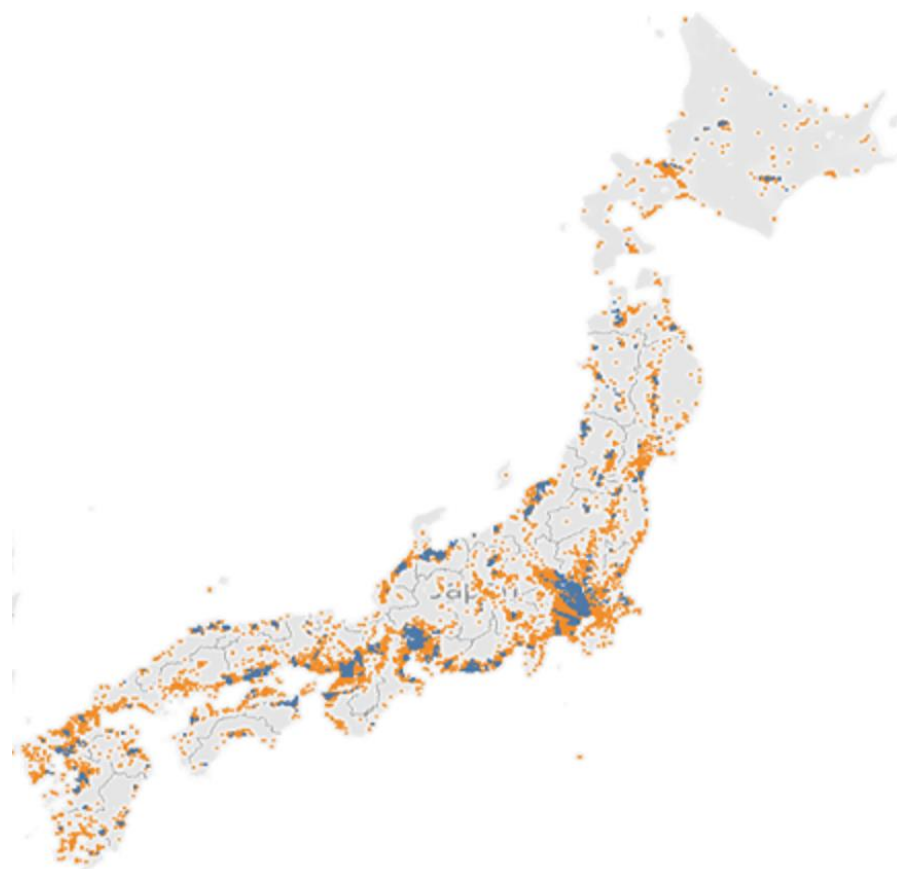
Reference

Results of collateral damage amount estimation



Reference

Distribution of loan recipients that could be affected by flood damage

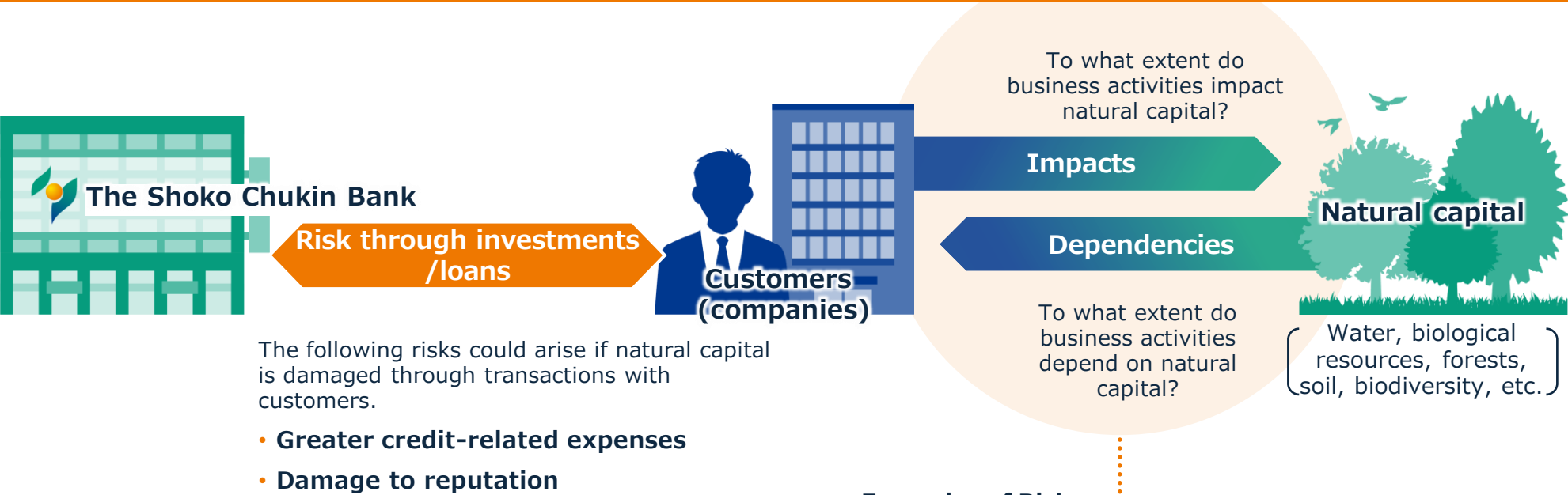


Strategy Risk — Approach to Natural Capital

The Shoko Chukin Bank recognizes that in addition to our dependency and impact on natural capital through our business activities, our customers, in which we invest and provide financing to, also have a dependency and impact on natural capital, and as such, recognize we have the risk of rising credit-related expenses for the Shoko Chukin Bank.

Risk identification

We recognize both the risk from dependency on natural capital and the risk of impact on natural capital. The following is an overview of natural capital-related risks envisioned by the Shoko Chukin Bank.



The following risks could arise if natural capital is damaged through transactions with customers.

- Greater credit-related expenses
- Damage to reputation

Examples of Risks

Dependency risk	<div>If natural capital is lost, business continuity risk heightens the larger the dependency on natural capital</div> <div>Examples of dependency Dependency on provisioning services, including water supply and biological resources Dependency on regulating and maintenance services, including flood mitigation and soil retention</div>
Impact risk	<div>If the negative impact on natural capital is considerable, transition risk for mitigating negative impacts increases</div> <div>Examples of impact GHG emissions, emissions of air pollutants, emissions of pollutants to water and soil Use of terrestrial ecosystems, use of fresh water ecosystems</div>

Strategy Risk — Approach to Natural Capital

- Leveraging nature-related risk analysis tool ENCORE, we analyzed natural capital-related dependency/impact risks for each sector. For dependency, the results showed high dependency on water resources overall. Among sectors with high dependency risk, loan balances are considerable for the food and beverage, restaurants and lodging, and construction sectors. For impact, the results show an impact across broad sectors.
- Among sectors with high impact risks, loan balances are considerable for chemical, metals and mining, construction, and marine transport sectors.

Dependency Heat Map

	Sector	Loan balance ※	Specific subject industries	Provisioning services		Regulating and maintenance services					
				Bioresource supply	Water supply	Water purification	Water flow regulation	Rainfall pattern regulation	Global climate regulation	Water damage mitigation	Soil retention
Manufacturing Industries	Food and beverage	Large	Overall food production		H	VH	H				
	Printing		Overall printing-related		H		H				
	Chemicals		Mainly pharmaceutical production, medical device/equipment manufacturing		H	VH	H				
	Metals and mining		Steel rolling, re-rolled steel, cold-drawn bars production		H		H				
	Construction	Large	Overall construction					VH			H
	Marine transport	large	Overall marine transport							H	
	Restaurants and lodging	Large	Overall restaurant and lodging			VH					
	Hospitals and nursing care		Overall hospitals and nursing care			VH					
	Agriculture, forestry, fishery		Overall agriculture, forestry, and fishery	VH	H	VH	H	VH	H		VH
	Mining and quarrying		Mainly mining and quarrying of stone and gravel		H	VH	H	VH	H	H	H
Non-manufacturing Industries	Electricity		Mainly solar power, biomass, hydropower, wind power						VH	H	

Impact Heat Map

	Sector	Loan balance ※	Specific subject industries	GHG emissions	Non-GHG air pollutants	Toxic pollutants emitted in water/soil	Nutrient pollutants emitted in water/soil	Solid waste disposal and generation	Disturbances (noise, light pollution, etc.)	Use of terrestrial ecosystems	Water use
Manufacturing Industries	Food and beverage		Meat, dairy, seafood, soft drink manufacturing				VH				
	Wood and paper		Overall timber and wood products manufacturing (mostly paper related)		H			H	H		
	Chemicals	Large	Mainly plastic products, other chemical products			VH			VH		
	Ceramics		Ready-mixed concrete, cement manufacturing, etc.	H	H	VH					
	Metals and mining	Large	Mostly fabricated steel products and steel making			VH			H		
	Electrical machinery	Large	Production of electrical machinery/equipment/supplies, etc.			H					
	Construction	Large	Overall construction			H			VH		
	Marine transport	Large	Overall marine transport	H	H				VH		
	Agriculture, forestry, fishery		Overall agriculture, forestry and fishery	H	H	H	H	H		H	H
	Mining and quarrying		Mainly mining and quarrying of stone and gravel	H	H	H			H		
Non-manufacturing Industries	Electricity		Mainly solar power, biomass, hydropower, wind power						H	H	
	Waste disposal		Waste disposal industry	H		H	H		H		

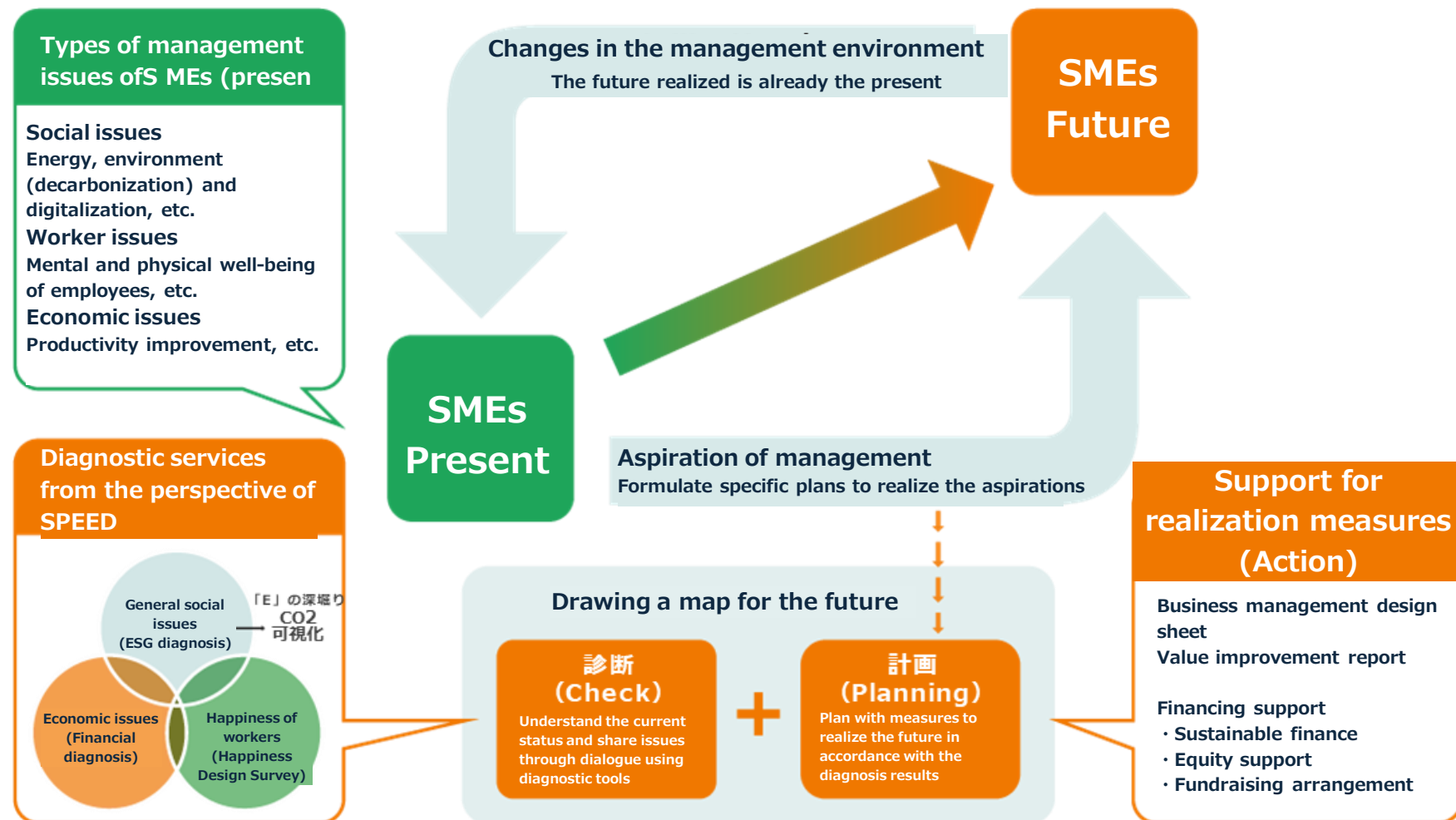
※As risk assessment focuses on industries with “VH” and “H” risks, there are cases of differing loan balance assessments for “dependency” and “impact” within the same sector.

Strategy Opportunity — Sustainable Management Support

The Shoko Chukin Bank recognizes the “realization of a sustainable society” as a key management issue, and is contributing to the realization of a sustainable society by providing funds with a consideration to the environment and society as well as by supporting customers.

Sustainable management support

We provide support to respond to changes in the external environment and management issues facing customers, and to enhance the sustainability of operations.



Strategy Opportunity — Diagnostic Services

We are engaging in dialogue with customers to enhance corporate value by providing diagnosis tools unique to the Shoko Chukin Bank.

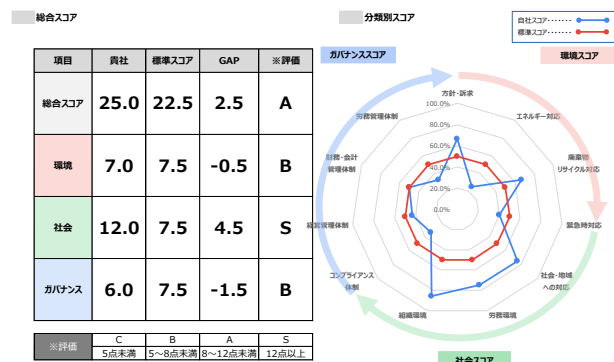
Diagnosis services provided*

Approx. 3,600 cases (from FY2022 through 1H FY2024)

*Total ESG diagnosis, DX and IT surveys, Happiness Design Surveys

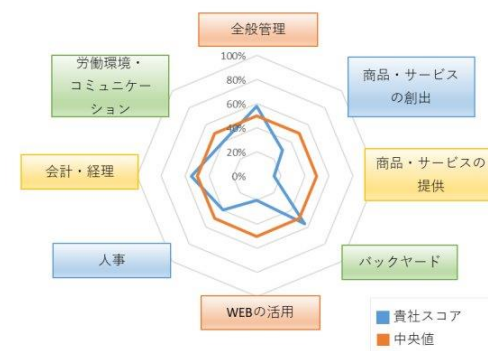
ESG Diagnosis

Free diagnosis tool to visualize the status of ESG initiatives and extract issues



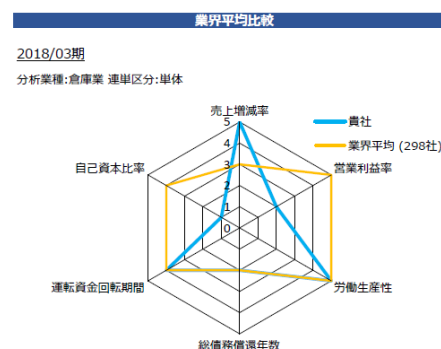
DX・IT Surveys

Free diagnosis tools for clarifying the status of DX and the IT shift and for engaging in dialogue for resolutions



Financial Diagnosis Service

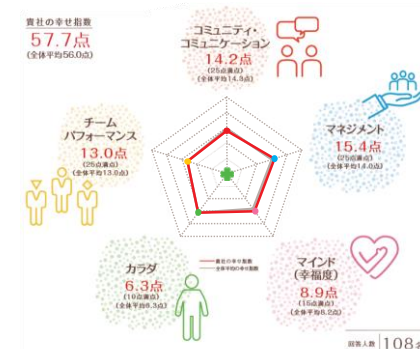
Free diagnosis tool to understand features and issues with finances



Happiness Design Surveys

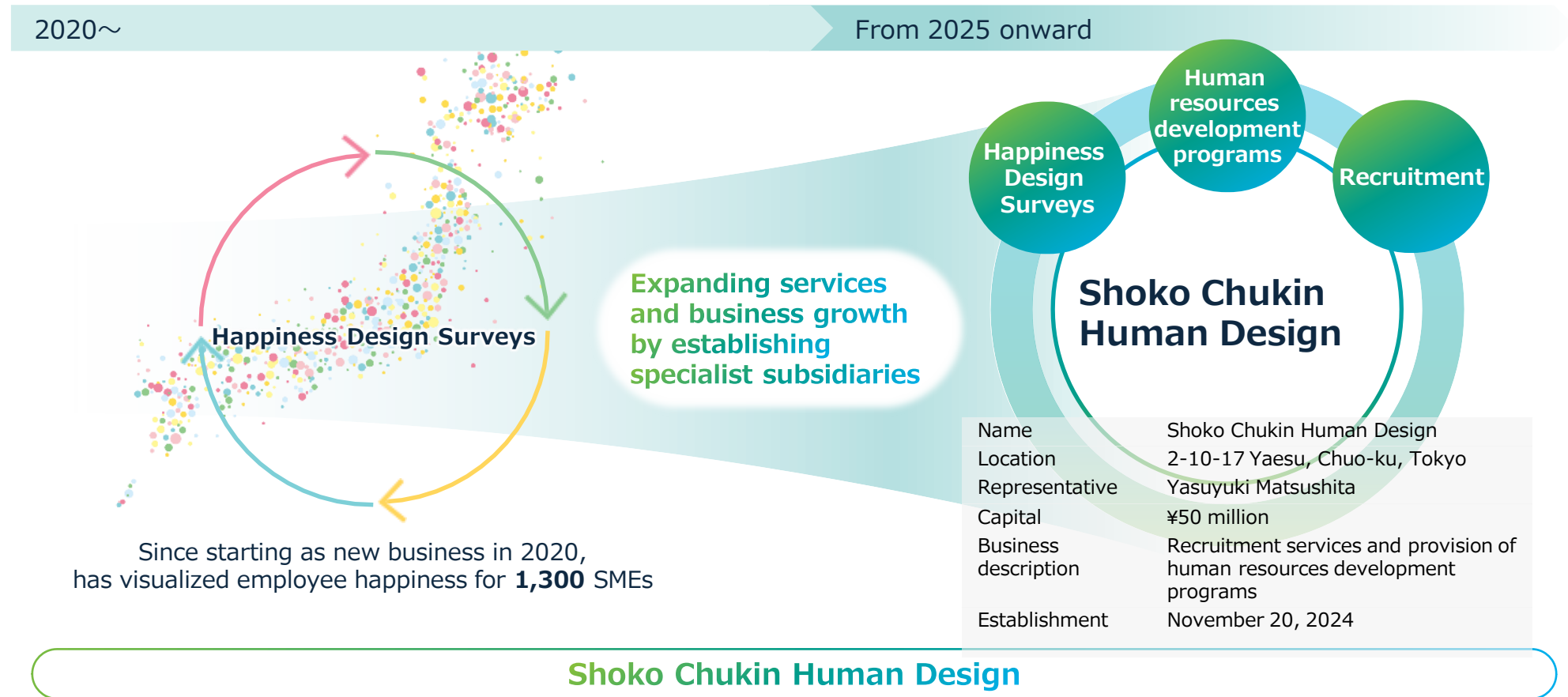
A fee-based survey enabling visualization of the ties between employees and the organization, as the overall happiness of the company

Provide various support, including formation of post-survey action plans and follow-up workshops



(Topic) Establishment of Shoko Chukin Human Design

The Shoko Chukin Bank has established wholly owned subsidiary, Shoko Chukin Human Design.



- Born out of our first business contest, pioneer Shoko Chukin Human Design uses Happiness Design Survey services to visualize the happiness of employees
- Provides one-stop services nationwide, from identifying issues with dialogue priorities through offering solutions, such as recruitment and human resources development

①

Happiness Design Surveys

Visualization of employee happiness

②

Human Resources Development Programs

- Formulate bottom-up action plans seeking transformation of corporate culture
- Establish “My Purpose” plans for employees to think and act on their own

③

Recruitment

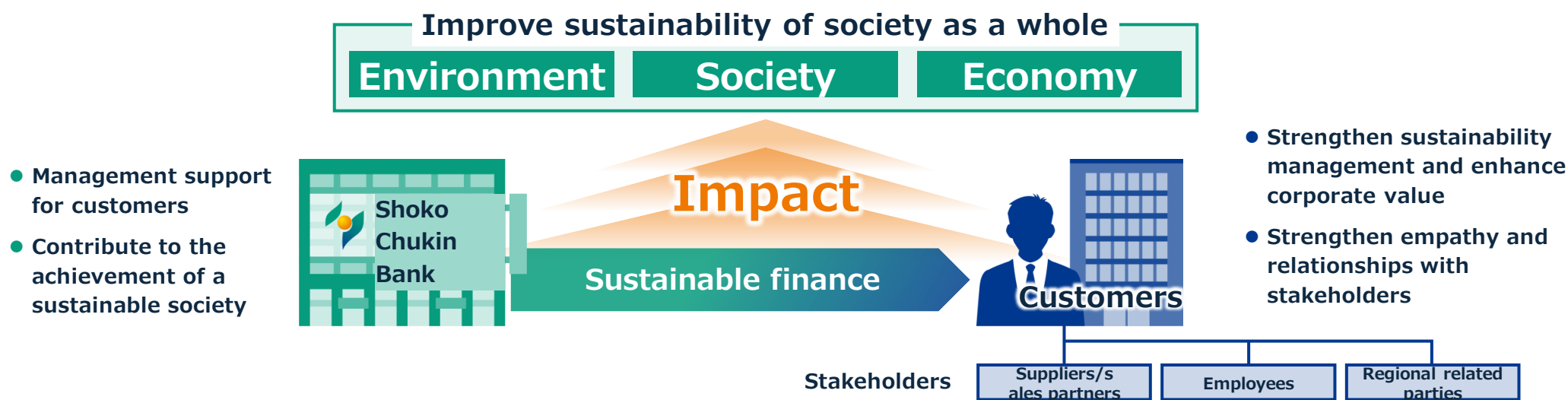
Recruits managers and specialists for aiding company growth and resolution of managerial issues

Strategy Opportunity — Sustainable Finance ①

We provide hands-on support from the perspective of sustainability, and support our customers' sustainable efforts.

Sustainable finance results
(Number of Projects, balance)

Approximately 270 projects, ¥72.8 billion (from FY2022 through 1H FY2024)



Types of Sustainable Finance

	Positive impact financing (*1)	Green loan/Social loan/Sustainability loan (*2)
Use of funds	Working capital or facility capital	Capital needed for businesses or projects expected to have effects on improving the environment or resolving social issues, as recognized by the Shoko Chukin Bank
Loan amount	In principle, ¥100 million or more	
Interest rate	Interest rate prescribed by the Shoko Chukin Bank	
Commission	Commission fees prescribed by the Shoko Chukin Bank (Fees for scheme structuring and monitoring)	
Other	An impact assessment prepared by the Shoko Chukin Bank and THE SHOKO CHUKIN BANK INSTITUTE of COMMERCE, INDUSTRY & ECONOMICS, LTD., and a third-party opinion report prepared by Japan Credit Rating Agency, Ltd. will be announced	A green loan assessment report/social loan assessment report/sustainability loan assessment report prepared by the Shoko Chukin Bank will be announced

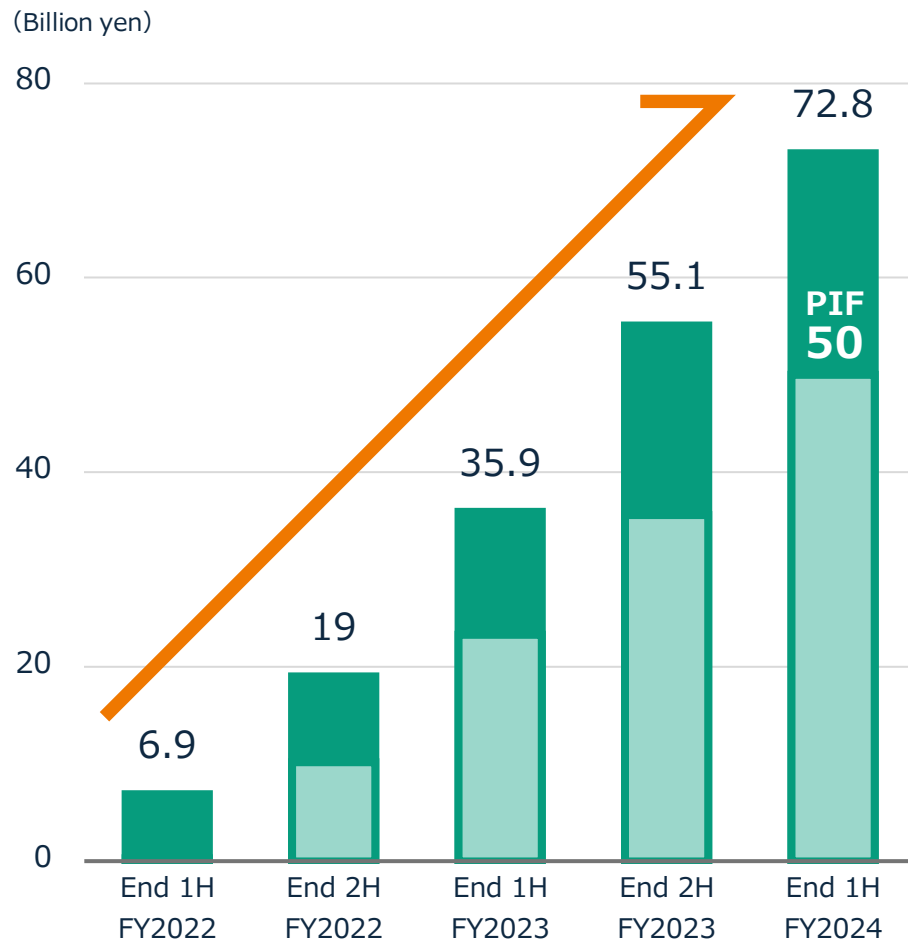
※1 A hands-on support type of financing designed to enhance the “economic value,” “social value,” and the “happiness of workers” of companies in a comprehensive and sustainable manner, through comprehensive analysis and evaluation of the impact (positive and negative) of corporate activities on the environment, society, and the economy, sustainability goal setting and monitoring, and financing.

※2 A loan that supports customers' green or social projects (businesses or capital investments that have a clear effect on improving the environment or resolving social issues).

Strategy Opportunity — Sustainable Finance ②

We provide hands-on support from the perspective of sustainability, and support our customers' sustainable efforts.

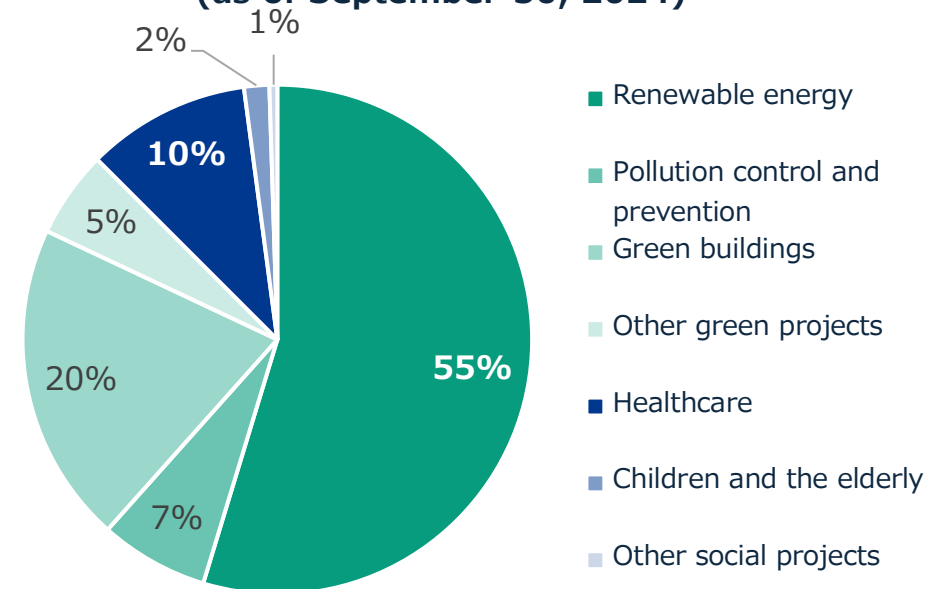
Sustainable Finance* Results (Balance)



※ Inclusive term for positive impact finance, green loans, social loans, blue loans and sustainability-linked loans.

Green Loans and Social Loans by Use

Breakdown of financing to date (as of September 30, 2024)

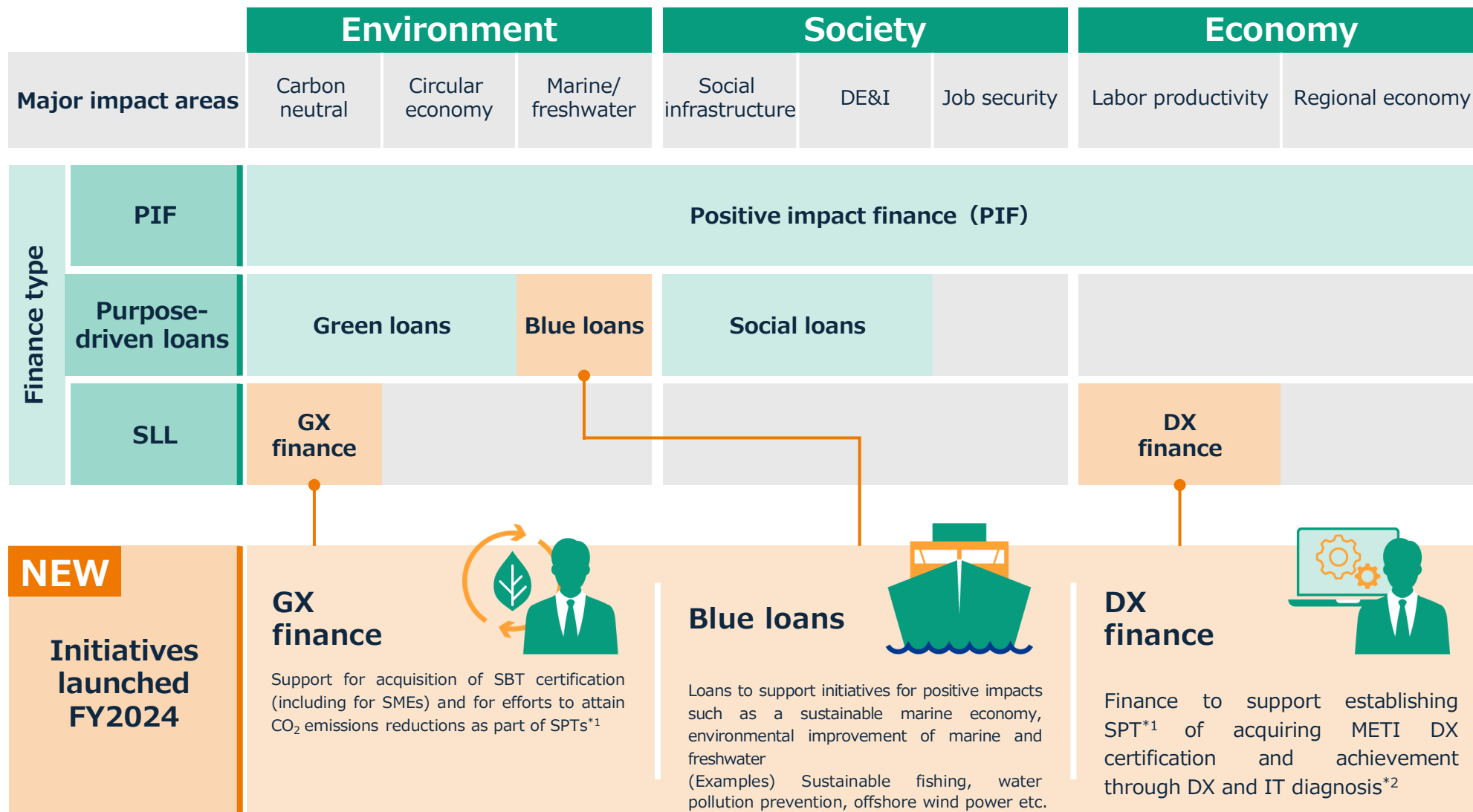


- By project, renewable energy accounts for the largest proportion of green loans.
- Healthcare projects account for the largest proportion of social loans.

※ For project details, please refer to the Shoko Chukin Bank website.

Strategy Opportunity — Sustainable Finance ③

We are expanding sustainable finance in order to respond to the various themes being addressed by SMEs.



※1 SPTs: Sustainability Performance Targets. Meaningful and ambitious targets in line with customers' sustainability strategies. Financing terms for SLL vary depending on achievement status of SPTs.









※2 DX and IT diagnosis: Consulting service undertaken with BIPROGY Inc. for customers' DX promotion support.










Strategy Opportunity — Sustainable Finance ④

By working with our customers to achieve the KPIs set by PIF, we are working to create an impact on the environment and society throughout Japan.

KPIs established through PIF

255 companies, more than 2,800 KPIs (as of December 31, 2024)

	Number of KPIs established	Examples of KPIs establishment
	1	Global fairtrade initiatives
	56	Expand warehouse for food storage, increase sales at new sites for food transportation
	156	Zero occupational accidents, acquire Certified KENKO Investment for Health Outstanding Organizations Recognition, increase the number of paid leaves taken, increase the number of group home sites
	130	Make employees multi-skilled, expand qualification acquisition support system, increase the number of qualified employees
	121	Increase the ratio of female managers, increase the ratio of female employees, increase employment of people with disabilities, accept foreign trainees
	30	Cleaning and management of fish tank (aquaculture), proper management of regulating reservoirs and implementation of water quality test
	174	Introduce solar power generation equipment, increase LED usage ratio, increase the ratio of battery forklift truck
	963	Happiness design survey, increase sales in new sites/new businesses, create local employment, reduce annual overtime work, etc.

	Number of KPIs established	Examples of KPIs establishment
	257	Improve yield rate, new entry into the semiconductor precision processing business and increase sales, entry into biogas power generation business
	311	Increase the ratio of female employees, obtain public certification such as P (privacy) mark, hold study sessions on human rights DD (due diligence)
	131	Develop new products for housing equipment, increase orders for EV and automated driving-related parts
	286	Reduce waste generation, increase sales of eco-friendly products, reuse food residues, increase the volume of waste accepted (recycling companies), etc.
	213	Visualize and reduce CO2 emissions, formulate BCP (Business Continuity Plan), obtain ISO14001
	18	Change the floating materials (prevent marine pollution – aquaculture)
	19	Increase sales of printed materials using FSC (Forest Stewardship Council) certified paper
	8	Global fairtrade initiatives, public access to information, data privacy
	17	Research and development of measures against marine plastic litter through public-private partnerships

(as of December 31, 2024)



KPIs related to Happiness Design Surveys
Over 100



KPIs for CO₂ emissions
Over 55

Strategy — Opportunity — Network of Regional Financial Institutions

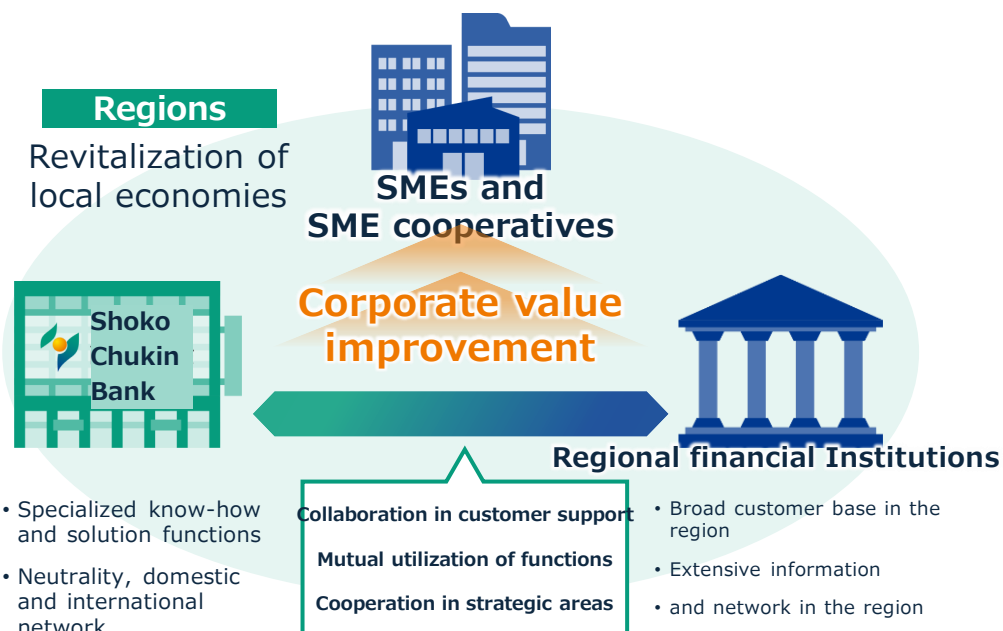
We collaborate and partner with regional financial institutions in our sustainable financing operations.

Cooperation and collaboration for sustainable finance

We have concluded partnership agreements with 13 financial institutions nationwide (as of December 31, 2024).

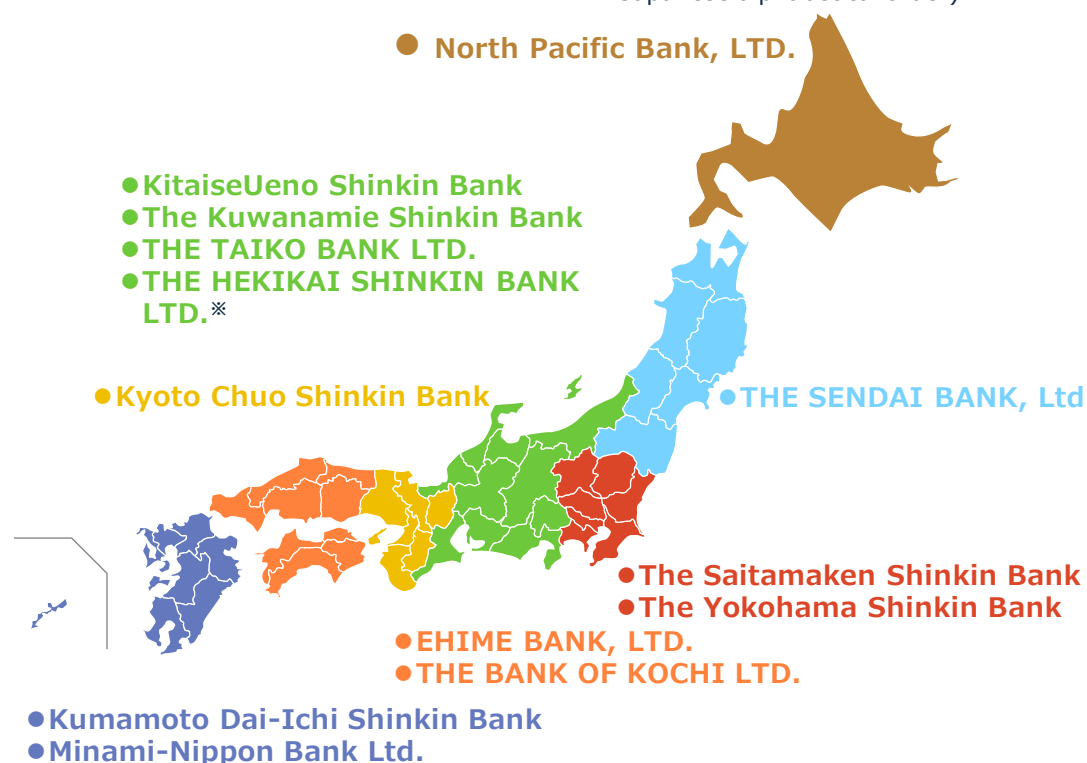
Vision for Cooperation

We will leverage the synergies of our respective functions and characteristics to meet the financial needs of SMEs in the region, thereby contributing to the improvement of the value of SMEs.



Partner Financial Institutions

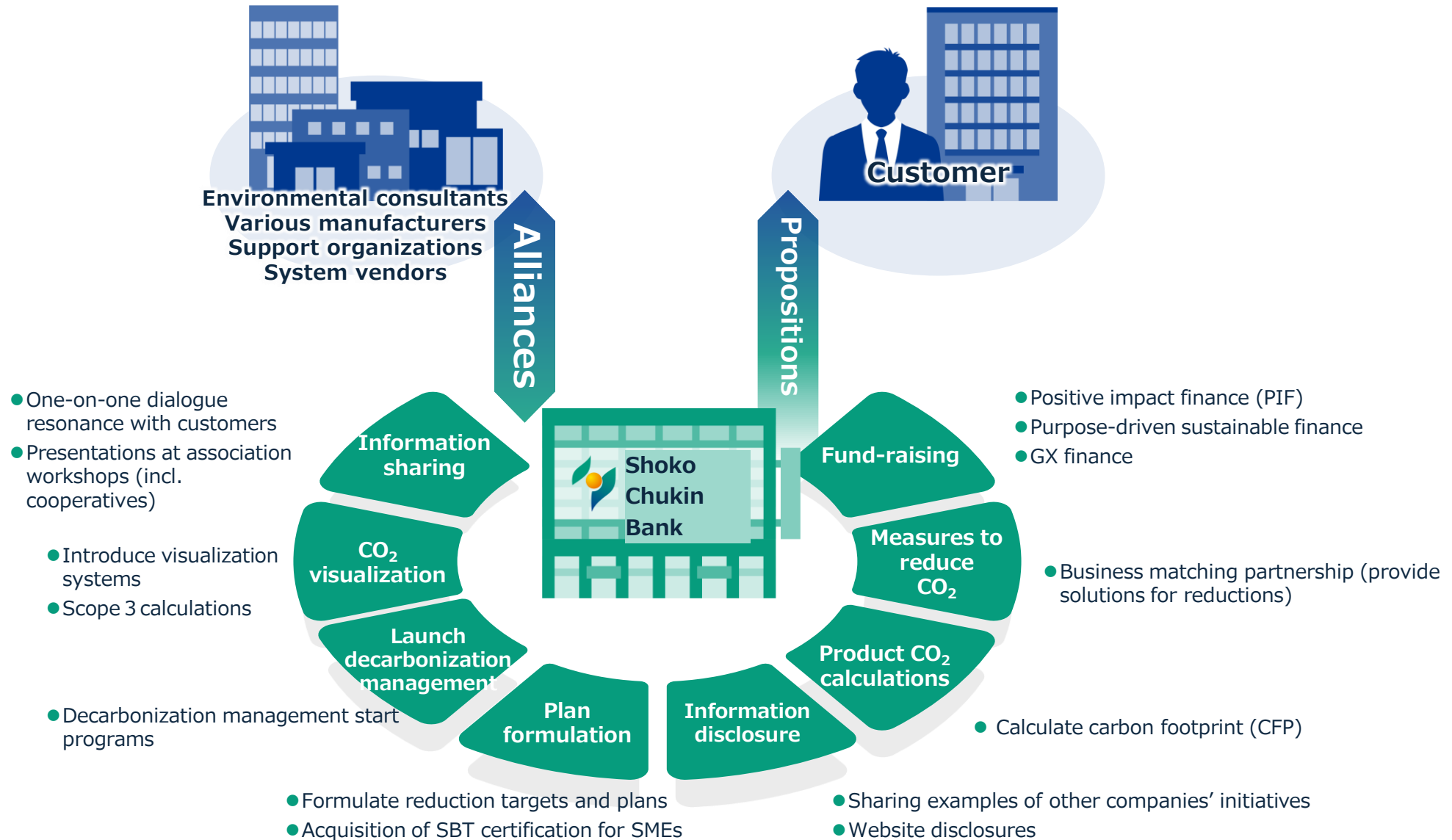
(as of December 31, 2024;
Japanese alphabetical order)



※Agreement for cooperation and collaboration for PIF.

Strategy Opportunity — Initiatives to Support Decarbonization Management ①

To increase our customers' corporate value over the medium to long term and help bring about a sustainable society, we actively support SMEs in their efforts to promote carbon neutrality.



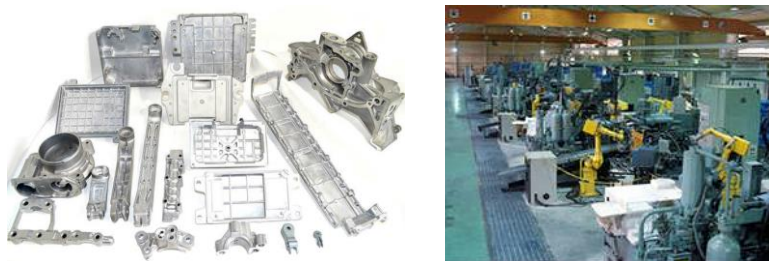
Strategy Opportunity — Initiatives to Support Decarbonization Management ②

We actively support SMEs in their efforts to promote carbon neutrality.

Examples

Progress Inc. (Omori branch)

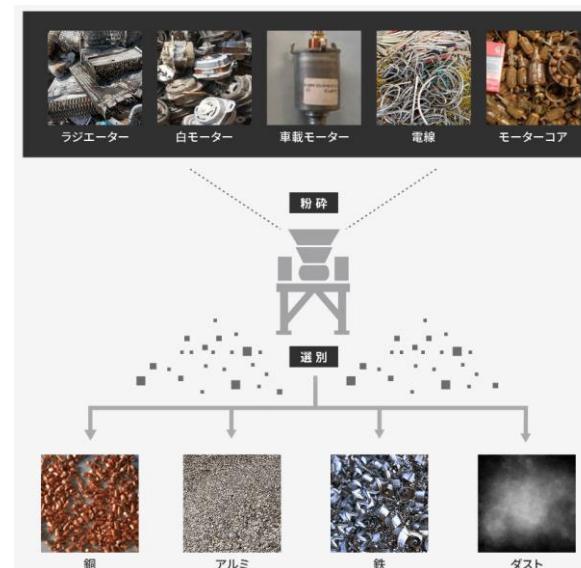
- Progress Inc., which manufactures aluminum die casts, recognized the necessity for decarbonization management based on information from its clients and commenced collecting information.
- The Shoko Chukin Bank supported the formulation of plans to reduce emissions based on SBT (GHG reduction targets in alignment with the Paris Agreement) and provided consulting support for calculating carbon footprint (CFP).
- Progress Inc.'s CFP calculation is an initiative not just for CO₂ reductions but also for lowering energy costs through the visualization of data and is attracting attention as leading the industry.
- While this initiative has clarified Progress Inc.'s direction, it also acknowledges that carbon neutrality will prove challenging on its own and that industry-wide undertakings are necessary. Measures have commenced, including Progress Inc. and the Shoko Chukin Bank sharing details of initiatives and challenges at workshops held by industry associations, at which the company's president serves as an officer.



Please view the following video for more details.
(Japanese only)
<https://youtu.be/u8IE5OUZWUE?si=kZMsWC9pCqO9hzXY>

Nozue Shouten (Hamamatsu Branch)

- Nozue Shouten, which recycles nonferrous metals and steelmaking raw materials, planned to establish a sustainability promotion team, comprising mainly young employees, to further advance environmental initiatives.
- The Shoko Chukin Bank held a total three workshops for the team members, with carbon neutrality trends and examples at peers studied. Nozue Shouten's corporate philosophy, values and environmental initiatives were also discussed.
- Prompted by these workshops, Nozue Shouten established a new division for sustainability efforts and compliance. The division is centered on participants of the workshops and has begun considering further increases in environmental value.



Strategy Opportunity — Creating impact through deposits ①

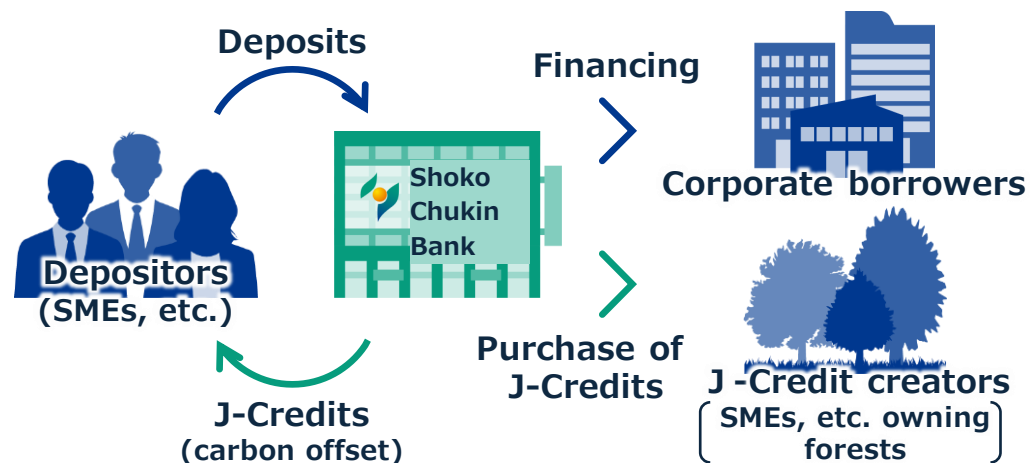
We seek to improve the sustainability of society as a whole through financing.

Impact deposits,
J-Credit deposits

Applications: Cumulative total of over ¥40 billion (as of February 28, 2025)

Japan's first J-Credit Deposits

- Time deposits for corporations awarded carbon offsets*² through the J-Credit scheme (forest-derived credits)*¹ in accordance with the principal at maturity.
- Depositors are able to indirectly contribute to domestic forestry management through deposits.
- Through these deposits, we aim to contribute to the spread of J-Credits and maintenance of Japan's forests.



※ 1 Forest-derived credits

- A system where CO₂ absorption from proper forest management, such as thinning, is certified by the government as a "credit."
- While continuous proper forestry management results in an economic burden, the purchase and use of forest-derived credits can support proper management of forests.

※ 2 Carbon Offsets

- Carbon offsets can be used for CO₂ and other GHG emissions that are unavoidable in the course of daily lives and economic activity. Efforts must be made to reduce emissions as far as possible but for GHG that are emitted, entities can invest in activities to reduce GHG in line with emissions volumes, thereby offsetting GHG emissions.

(Note) For the latest on offerings, please check the Shoko Chukin Bank website.

Strategy

Opportunity

Creating Impact through Deposits ②

Impact Deposits

- Time deposits for businesses for allocation to PIF (positive impact finance).
- By allocating the impact deposits to PIF (positive impact financing), we will provide the appropriate financing to business operators throughout Japan that engage in sustainable management, aiming to improve the sustainability of society as a whole.



Depositors



Corporate borrowers

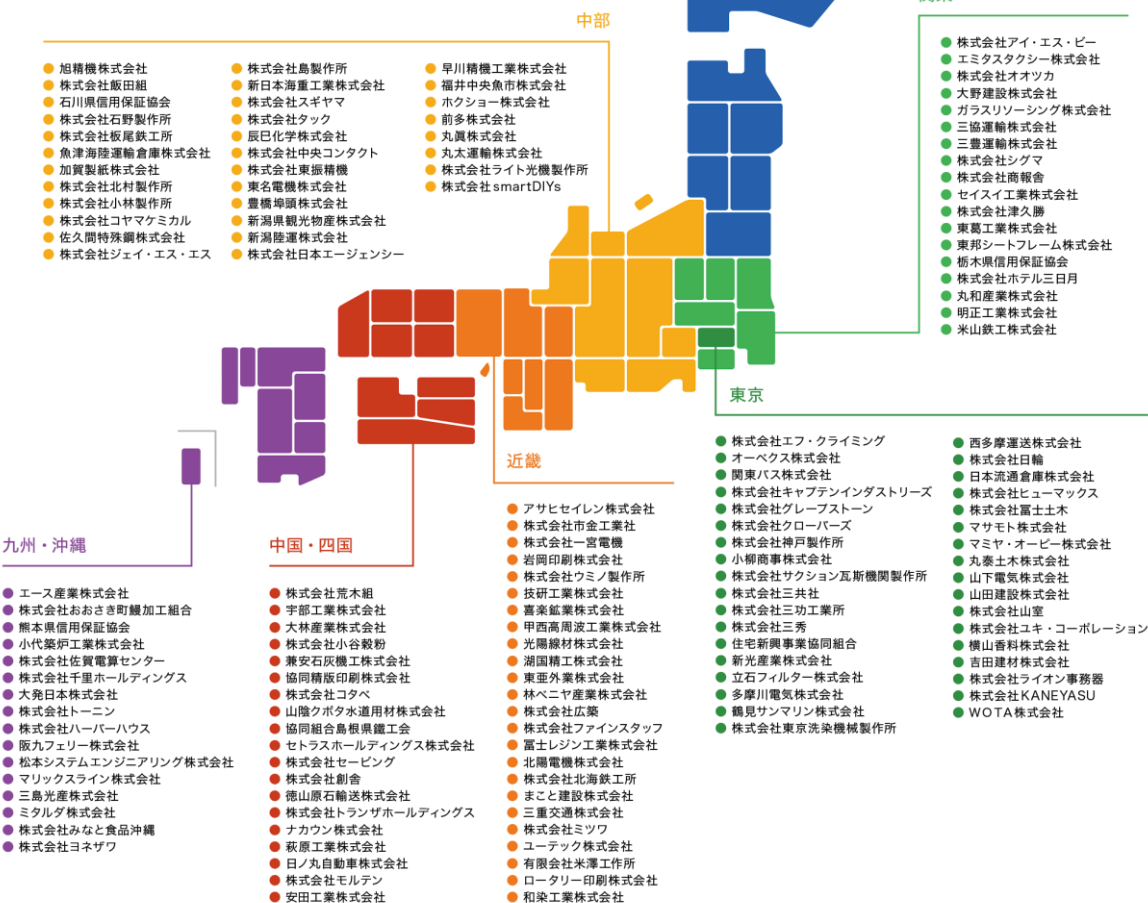
Customers deposited funds to impact deposits (2024 offering)

For the 2024 offering, a total of ¥22.05 billion has been deposited by 167 companies.

- The Shoko Chukin Bank will use impact deposits as a source to further support the sustainability efforts of SMEs and work to create environment and society impacts.
- Please check the Shoko Chukin Bank website for the latest on impact deposits.

● お預け入れいただいたお客さま

※掲載にご同意いただいたお客さまのみ掲載しております(五十音順)



(Topic) Initiatives Aimed at Future Leaders

We provide educational assistance to students, who will become leaders of the future, with the aim of creating a sustainable world.

Regional Revitalization through Students x SMEs

- Since September 2023, the Shoko Chukin Bank has partnered with "Another Japan,"*1 a joint project by MITSUBISHI ESTATE CO., LTD. and Nakagawa Masashichi Shoten Co., Ltd.
- Under this initiative, students and Shoko Chukin Bank customers jointly develop regional products, with these sold in turns at the "Another Japan" store from April 2024.

New Products Jointly Developed under Another Japan Stage 2 (regional companies x regional students)



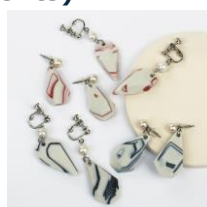
Ishitomo
New product:
Fujisan
(Incense ring)



Fuji Seiki Co., Ltd.
New product:
FUJI MASU
(stainless steel measure)



Tono Toki
New product:
BENTO
(cutlery rest)



Uwakai Pearl
New product:
Hitotsubuto
(accessories)

Opinions of participating students

- I thought I knew the greatness of SMEs making products tied to the region but I am truly glad of being able to visit the factory in person and witness production of the highest quality products without compromise.
- While I was blown away at the beauty of seeing the actual products, I was able to experience for myself for the first time by visiting the region, just how much thought goes into producing a product and the ties to the local community.

※1 "Another Japan" opened in TOKYO TORCH, in front of Tokyo Station, in August 2022 as a specialty store where university students can seriously learn and practice business through sale of a selection of local products from all 47 prefectures across the country. Together with Nakagawa Masashichi Shoten Co., Ltd., we have been developing a new educational model in which students from across Japan not only visit local areas to purchase goods but also independently engage in various aspects of store management, including income and expenditure management, store development, and customer service.

Financing and SDG Education

- We participate in "SDGs Mirai Kaigi Channel,"*2 introducing efforts to achieve the SDGs through our business.



Introducing the functions of the Shoko Chukin Bank as a financial institution



Employees give presentations, explaining about efforts to achieve the SDGs

※2 "SDGs Mirai Kaigi Channel" is a project led by SENDENKAIGI for the purpose of a broad spectrum of people understanding the significance and purpose of the major goal of achieving SDGs, and to prompt each person to take action.

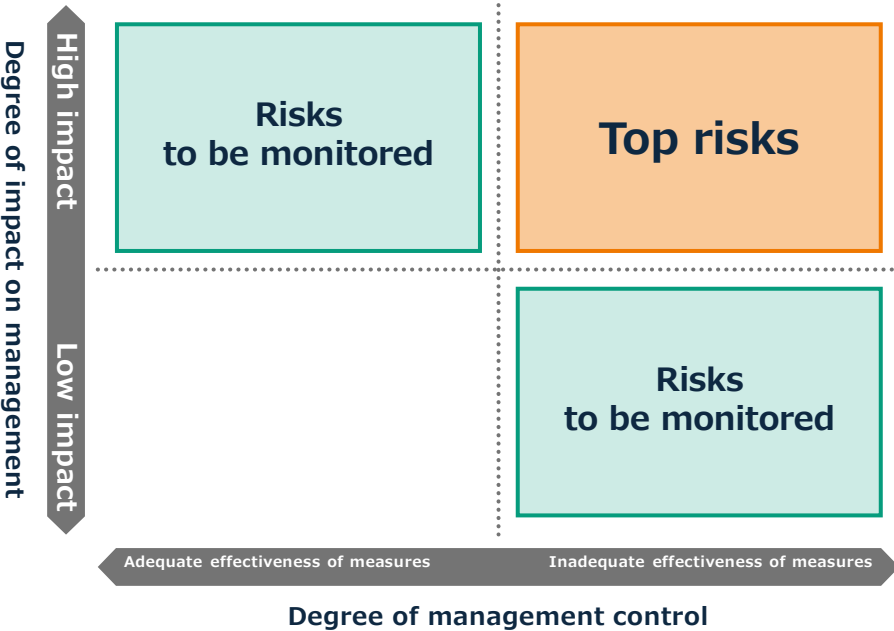
Risk Management

Top Risk Management

- The Bank has adopted “Top risk management,” which, based on the discussions of senior management, recognizes risk events thought to have a particularly significant impact on management as top risks. For the top risks determined, risk management is conducted that allows for flexible responses in preparing for the materialization of risks, by determining the management policy and monitoring the risks, among others.
- The Bank has identified “responses against climate change risks” and “changes in industrial structure” as top risks and is taking efforts.

Determining Top Risks

Every half-year period, the Board of Directors selects risk events surrounding the Bank and determines top risks by utilizing a risk map, which takes into account the degree of impact of such risks on management and the adequacy of the countermeasures.



Top Risks

Risks related to the Shoko Chukin Bank Group’s business strategies
System failure
Changes in industrial structure
Responses against climate change risks
Occurrence of large-scale natural disasters
Risks related to cyber attacks
Securing and developing human resources
Inadequate measures against money laundering and terrorist financing
Risks related to DX

(as of December 31, 2024)

Reference] Risks to be monitored
Fostering a healthy corporate culture; deteriorating corporate governance; deteriorating fund-raising environment; downgrades in credit ratings; increase in corporate bankruptcies; deteriorating financial and economic environments in Japan and overseas; risks related to the Bank of Japan’s monetary policy; information leaks/poor information management; deteriorating financial performance of major borrowers; geopolitical/economic security; addressing human rights issues;

Risk Management

Basic Approach to Investments and Loans

The Shoko Chukin Bank has established a policy for businesses that are likely to have a negative impact on the environment (including climate change, natural capital, biodiversity) and society (including respect for human rights).

Environmental and social considerations policy

- The Shoko Chukin Bank has established a policy for transactions with businesses that are likely to have a negative impact on the environment and society as a result of our verification, and will take action in accordance with the policy.
- Specifically, we will not engage in transactions with the businesses ① to ③ listed on the right that are likely to have a material negative impact on the environment and society.
- Regarding “coal-fired power generation business,” “deforestation business,” and “palm oil plantation development business” that have a negative impact on the environment and society, we will fully verify the details of the business, and engage in dialogue and approach, based on which we will consider our responses.

Businesses in which the Shoko Chukin Bank will not engage in investments and loans or other transactions

① Businesses that produce inhumane weapons

Cluster munitions are recognized as inhumane weapons by the international community. In addition, we recognize that nuclear weapons, biological and chemical weapons, and antipersonnel landmines present as great a humanitarian problem as cluster munitions. Based on such recognition, we will not make any investments and loans or conduct other transactions in the manufacture of these inhumane weapons.

② Businesses that engage in child labor, forced labor, or human trafficking

The Shoko Chukin Bank respects the Universal Declaration of Human Rights and other international norms. From the perspective of promoting responsible corporate activities and contributing to the protection of human rights throughout society including the international community, we recognize that we should not be complicit particularly in exploitative labor practices. Based on such recognition, we will not make any investments and loans or conduct other transactions in businesses that engage in child labor, forced labor, or human trafficking.

③ Businesses that are problematic from the perspective of maintaining ecosystem and protecting World Heritage, etc.

We are blessed with food, water, climate stability, and other benefits as a result of complex and diverse ecosystems supporting each other. The Shoko Chukin Bank recognizes that it is important to work to maintain and conserve the natural environment, etc. while taking into consideration the biodiversity that supports ecosystems. Based on such recognition, we will not make any investments and loans or conduct other transactions in businesses that fall under the following.

- Businesses that have a negative impact on Ramsar Convention-designated wetlands
- Businesses that have a negative impact on UNESCO-designated World Heritage (*1)
- Businesses that violate the Convention on International Trade in Endangered Species of Wild Fauna and Flora (or the Act on Conservation of Endangered Species of Wild Fauna and Flora of Japan) (*2)

(*1) Except where prior consent is obtained from the government of the country concerned and UNESCO.

(*2) Matters reserved for each country are taken into consideration.

Metrics and Targets

CO₂ Emissions

We have established CO₂ reduction targets and are working to reduce our environmental impact.

**CO₂ emissions
reduction target
for Scope 1 and 2**

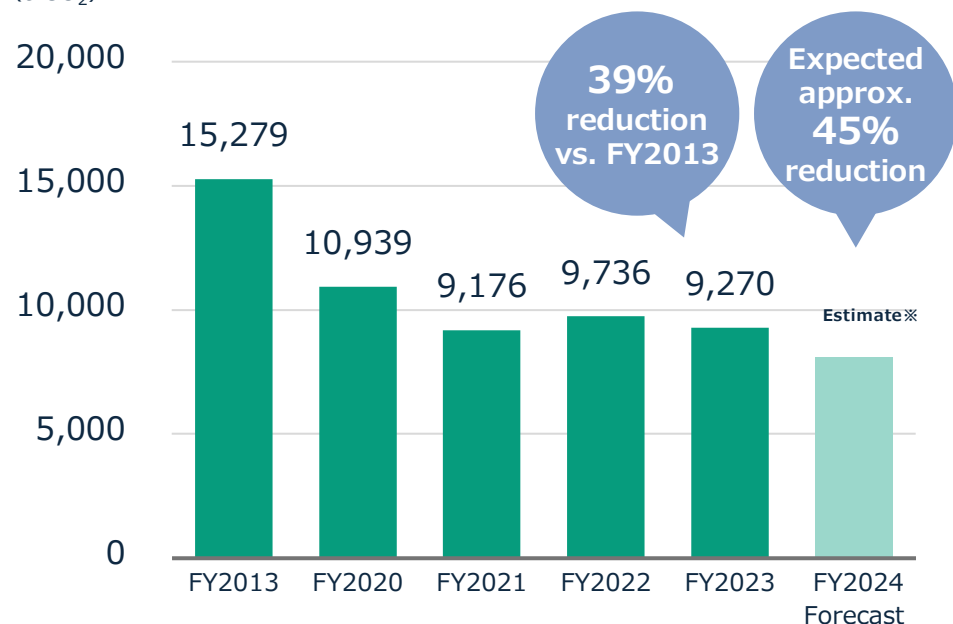
**50% reduction in FY2030※
Carbon neutral by FY2050**

※Compared
with FY2013

CO₂ emissions (Scope 1, 2)

- We have curbed purchases of electricity through branch consolidation and relocations and switches to LED lighting.
- We will continue to work toward achieving our target, including switching to renewable energy and environmentally friendly branches.

(t-CO₂)

Estimation of CO₂ emissions (Scope 3)

- We will continue to work to expand and refine the scope of calculation.
- As the discussion over international standards progresses, the current calculation method may change in the future. (1,00t-CO₂)

Cat1	Purchased goods and services	Approx. 24
Cat2	Capital goods	Approx. 8.6
Cat3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	Approx. 1.5
Cat6	Business travel	Approx. 0.6
Cat7	Employee commuting	Approx. 1.1
Cat15	Investments	Approx. 6,800

- For cat1, 2, 3, 6, and 7, we estimated CO₂ emissions based on the activity volume in fiscal 2023, in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.4 (Ministry of the Environment and Ministry of Economy, Trade and Industry).
- For Cat15, calculation was made for business loans, in accordance with the Global GHG Accounting & Reporting Standard of PCAF (Partnership for Carbon Accounting Financials). The numerator of the equity ratio is the loan balance as of March 31, 2024 and the denominator is calculated using financial information, etc. held by the Shoko Chukin Bank.
- For the business loan recipients subject to the Ministry of Environment's publication system based on the Act on Promotion of Global Warming Countermeasures (approximately 11%*), estimation was made using data published under the system.
- For the business loan recipients other than the above (approximately 78%*), estimation was made by estimating emissions per sale by industry based on publicly available data and information held by the Shoko Chukin Bank, and setting emission intensity, and multiplying by the equity ratio of the Shoko Chukin Bank. * Balance as a percentage of total investments and loans

03 | Initiatives for Respect for Human Rights



Initiatives for Respecting Human Rights (Overview)

We respect human rights, which are the basis of a fair social order, and engage in fair and appropriate business with all stakeholders.

Initiatives for Respecting Human Rights (Overview)

Our Views and Commitment to Respecting Human Rights (P. 41)

The Shoko Chukin Bank Group has established the Group Human Rights Policy (P.42) to prevent and mitigate the negative impact of our business activities on human rights, and strives to conduct appropriate human rights due diligence.



Our Approach to Human Rights

Among initiatives for human rights due diligence, we take the following actions as part of our response to and monitoring of specific negative impacts.

Respect for human rights of officers and employees (P.43)	Respect of customers’ human rights and cooperation (P.45)	Cooperation with suppliers (vendors, contractors) (P.46)
<ul style="list-style-type: none">● DE&I promotion● Compliance, harassment prevention● Periodic awareness-training for human rights (strengthen awareness among employees for reasonable accommodations for people with disabilities)	<ul style="list-style-type: none">● Initiatives through financial services● Initiatives to protect personal information● Response based on environmental and social considerations policy (P.37)	<ul style="list-style-type: none">● Fair and appropriate business● Understanding and cooperation for respecting human rights● Screening utilizing external data



Establish Redress Mechanism (P.47)

Provide consultation services, take action

Our Approach and Commitment to Respecting Human Rights

The Shoko Chukin Bank Group recognizes that respect for human rights is an important management issue that should be actively addressed in engaging in socially conscious activities, and promises to fulfill its responsibility to respect human rights in all our business activities.

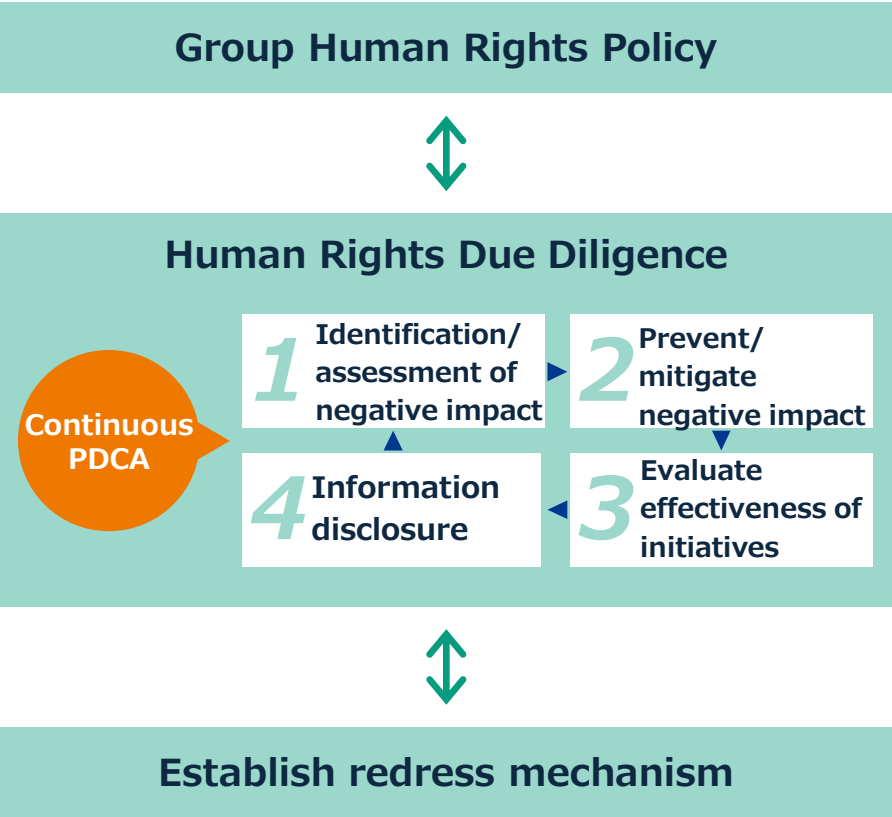
Establishment of Group Human Rights Policy

- In April 2024, we established the “Shoko Chukin Bank Group Human Rights Policy,” in alignment with international norms. It was decided after reviews by outside experts and deliberation by the Management Meeting and Board of Directors.

Respect for human rights	<ul style="list-style-type: none">• Respect international norms on human rights, including the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights.• We respect the laws and regulations of the countries and regions in which we operate, and in cases where there is conflict between internationally recognized human rights principles and the laws and regulations of that country or region, we will seek ways to honor the international principles.
Scope of application	<ul style="list-style-type: none">• This Policy applies to all officers and employees of the Shoko Chukin Bank Group. This Policy is shared with our stakeholders, including our customers and suppliers, and we work to ensure an understanding of the spirit of the Policy.
Governance	<ul style="list-style-type: none">• Initiatives for respecting human rights are periodically determined at Management Meetings, then reported to the Board of Directors for oversight.• In light of changes in the internal and external environment, revisions are made as necessary.

Human Rights Due Diligence Process

- We strive to conduct appropriate human rights due diligence to prevent and mitigate negative impacts on human rights from our business activities.
- We take appropriate initiatives to prevent and mitigate the negative impacts that are identified and assessed.



Group Human Rights Policy (Full Text)

The Shoko Chukin Bank Group recognizes that respect for human rights is an important management issue that should be actively addressed in engaging in socially conscious activities, and promises to fulfill its responsibility to respect human rights in all our business activities.

1. Policy

The Shoko Chukin Bank Group respects international norms on human rights, including the the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights. We respect the laws and regulations of the countries and regions in which we operate, and in cases where there is conflict between internationally recognized human rights principles and the laws and regulations of that country or region, we will seek ways to honor the international principles.

2. Scope of application

This Policy applies to all officers and employees of the Shoko Chukin Bank Group. This Policy is shared with our stakeholders, including our customers and suppliers, and we work to ensure an understanding of the spirit of this Policy.

3. Respect for human rights of all officers and employees

The Shoko Chukin Bank Group respects the diverse values of each individual and works to build equal relationships of mutual trust and free expression of opinions, and create rewarding workplaces and foster a comfortable organizational culture. Furthermore, it does not tolerate any discrimination or harassment that harms human dignity based on race, ethnicity, religion, nationality, origin, creed, age, disability, gender, sexual orientation, gender identity, or the like in its business activities.

The Shoko Chukin Bank Group strives to remove and eliminate all forms of discrimination in employment and work, and respects freedom of association and rights to collective bargaining. In addition, it works to curb excessive workloads and create workplaces where all officers and employees can work safely and in good health, in accordance with the Labor Standards Act.

4. Cooperation with customers

The Shoko Chukin Bank Group respects the human rights of all customers and we provide fair and responsible services.

The Shoko Chukin Bank Group is constantly aware of its role to facilitate smooth financing for SMEs as a financial institution. We strive to confirm negative impacts on human rights and encourage action to reduce such impacts, based on constructive dialogue with customers and mutual understanding.

The Group will not be uniformly reluctant to support SMEs in a manner that is inconsistent with the facilitation of the financing of SMEs and will provide solutions appropriate to customers' managerial resources, business specifics as well as changes in the business environment they face.

5. Cooperation with suppliers (vendors, contractors, etc.)

The Shoko Chukin Bank Group's business activities are supported through the cooperation of suppliers.

The Shoko Chukin Bank Group respects the human rights of all suppliers and strives for fair and appropriate transactions. It shares this Policy with key suppliers and seeks understanding and cooperation with respect of human rights. If human rights are violated, or there is risk of violation, through dealings with suppliers, the Group seeks to respond appropriately, based on constructive dialogue and mutual understanding as well as cooperation.

6. Human rights due diligence

The Shoko Chukin Bank Group strives to conduct appropriate human rights due diligence to prevent and mitigate negative impacts on human rights from our business activities.

7. Redress mechanisms

If it comes to light that officers and employees, or the products and services provided have caused a negative impact on human rights or have contributed to a negative impact, the Shoko Chukin Bank Group will take appropriate responses and work to provide remedies.

Furthermore, if a negative impact on human rights is directly related to the Shoko Chukin Bank Group's businesses and services, we will work to prevent and mitigate the negative impact by taking appropriate actions based on constructive dialogue with customers and suppliers and mutual understanding.

We receive consultation from customers and other stakeholders by such means as at branches, by phone and online, and from employees through internal and external consultation services, and strive to take the appropriate response.

8. Governance

At the Shoko Chukin Bank Group, initiatives for respecting human rights are periodically determined at Management Meetings, then reported to the Board of Directors for oversight.

9. Dialogue with stakeholders

For initiatives based on this Policy, the Shoko Chukin Bank Group strives to enhance and improve efforts for the respect of human rights through dialogue and cooperation with related stakeholders.

10. Awareness-raising

The Shoko Chukin Bank Group engages in human rights awareness training so that each and every officer and employee can deepen their correct understanding and awareness of human rights issues.

11. Periodic reviews

In light of internal and external changes in the environment for the Group, and in order to strengthen initiatives for the respect of human rights, the necessity of changes to this Policy is studied periodically, and revisions are made as necessary.

Respect for Human Rights of Officers and Employees

The Shoko Chukin Bank respects the human rights of all executives and employees, and strives to foster a rewarding and comfortable organizational culture.

Harassment Prevention

- The Shoko Chukin Bank does not tolerate any discrimination or harassment that haems human dignity based on race, ethnicity, religion, nationality, origin, creed, age, disability, gender, sexual orientation, gender identity, or the like in its business activity .
- We have established a harassment consultation service within the Shoko Chukin Bank and take the appropriate responses.

Training to Raise Awareness of Human Rights

- The Shoko Chukin Bank Group engages in human rights awareness training so that each and every officer and employee can deepen their correct understanding and awareness of human rights issues.

Training content	<ul style="list-style-type: none">• We conduct various types of training, including the need to respect human rights in corporate activities, human rights issues, consideration for LGBTQ+ and other training required in the workplace.• In FY2024, we strengthened awareness about reasonable accommodations for people with disabilities.
Track record	<ul style="list-style-type: none">• Once a year for all employees• Twice a year for officers and branch managers• Twice a year for newly appointed branch managers and newly appointed managers at each level• Once a year for new employees

Promotion of DE&I

- We recognize Diversity, Equity & Inclusion (DE&I) as a materiality and are actively engaged on this front.
- We strive to provide an environment where all employees, with diverse perspectives, capabilities and values, can be active though fair and equal opportunities, regardless of background, and can demonstrate their capabilities, as well as to improve their happiness.

Active participation of women

	Result	FY2026 (Target)
Ratio of women as new college recruits	33.8% (FY2023)	50%
Ratio of women in managerial positions (as of Apr. 1, 2024)	12.3%	20%

The active participation of women is recognized as a managerial issue, and we are actively working on this front.

Employees with disabilities

We support activities at each place of work by continuously engaging in dialogue with employees with disabilities and creating workplaces where they can work comfortably and demonstrate their capabilities.

2.73% of Employees with Disabilities (as of Jun. 1, 2024)

Disability employment-related index

Number of employees with disabilities as new college recruits

Number of assignments

40

45

48

3

16

13

April 2022

April 2023

April 2024

DE&I Top Statement

The Shoko Chukin Bank promotes Diversity Equity & Inclusion in order to be an organization where all officers and employees, our most important managerial resource, are healthy in both mind and body and work with enthusiasm and a sense of purpose.

The organization we aspire to through the promotion of DE&I

1. Officers and employees will respect each individual's characteristics and diversity (including race, ethnicity, religion, nationality, origin, creed, age, disability, gender, sexual orientation, gender identity, career, work style, and mindset), strive to provide equal and fair opportunities, regardless of background, and create a workplace where employees can maximize their capabilities
Among such initiatives, we seek the active participation of women, and in particular, seek to expand appointments to managerial roles
2. We will foster an openness within and between headquarters and all branches and an organizational culture where everyone is comfortable voicing their opinions freely, helps each other and collaborates to grow together

Our expectations of all Shoko Chukin Bank employees through the promotion of DE&I

1. Believe in your own abilities, work for self-improvement and take on challenges without setting limits for yourself
2. Have a flexible mindset to work without being bound by precedent
3. Proactively express opinions, regardless of title or experience, and listen to those of others'
4. Treat those you work with everyday with consideration and respect
5. Actively engage with stakeholders internally and externally, and expose yourself to diverse values

We encourage all employees to proactively take on challenges, and in order to create a rewarding organization, management actively listens to everyone's opinion and with all its efforts, supports the growth of all.



**Diversity
Equity
&Inclusion**

- In order to create a workplace where all officers and employees can demonstrate their capabilities, the Shoko Chukin Bank has formulated a DE&I Statement as our policy for ensuring diversity.
- Based on the DE&I Statement, a DE&I pledge is established for all employees and locations. The details of the pledge are published internally and personnel appointed to be in charge of DE&I promotion at each location, as we work for corporate transformation through company-wide integrated DE&I promotion.

DE&I Logo

We have formulated the logo for the penetration of the philosophy of our statement. It is an expression of an open organization where opinions can be expressed, with the diverse colours and shapes, an embodiment of each individual's characteristics and thinking.

Respect for Customers' Human Rights and Cooperation

We respect the human rights of all customers and provide fair and responsible services.

We are constantly aware of our role to facilitate smooth financing for SMEs as a financial institution. We strive to confirm negative impacts on human rights and encourage action to reduce such impacts, based on constructive dialogue with customers and a mutual understanding.

Initiatives through Financial Services

- In providing reasonable accommodations when serving customers with disabilities, we are strengthening training and awareness for employees and continuously seek to ensure that all employees are receiving the necessary workplace training.

【Example】

- When serving customers with impaired hearing, we utilize the UD Talk business smartphone app, which uses voice recognition and speech transcription, to achieve smooth communication.



Initiatives for Personal Information Protection

- In keeping with the purpose of the Act on the Protection of Personal Information, we announced our declaration regarding initiatives, etc. toward the personal information protection (Personal Information Protection Declaration" on our website and other materials and we are striving to protect personal information under a rigorous safety management system and make continuous improvements. In addition, at the personal information protection contact, we offer consultation regarding personal information protection, provide information on disclosure requests and other procedures, and accept various requests.

Dialogue with Customers

- The Shoko Chukin Bank is constantly aware of our role as a financial institution whose purpose is to provide smooth financing to SMEs. We strive to confirm negative impacts on human rights and encourage action to reduce such impacts, based on constructive dialogue with customers and mutual understanding.
- We have an established policy and take action in the event of businesses and transactions likely to have a negative impact on the environment and society (P.37).

(Topic) Surveys using external data

**Using external data,
conduct surveys of
borrower clients (approx. 70,000 companies)**



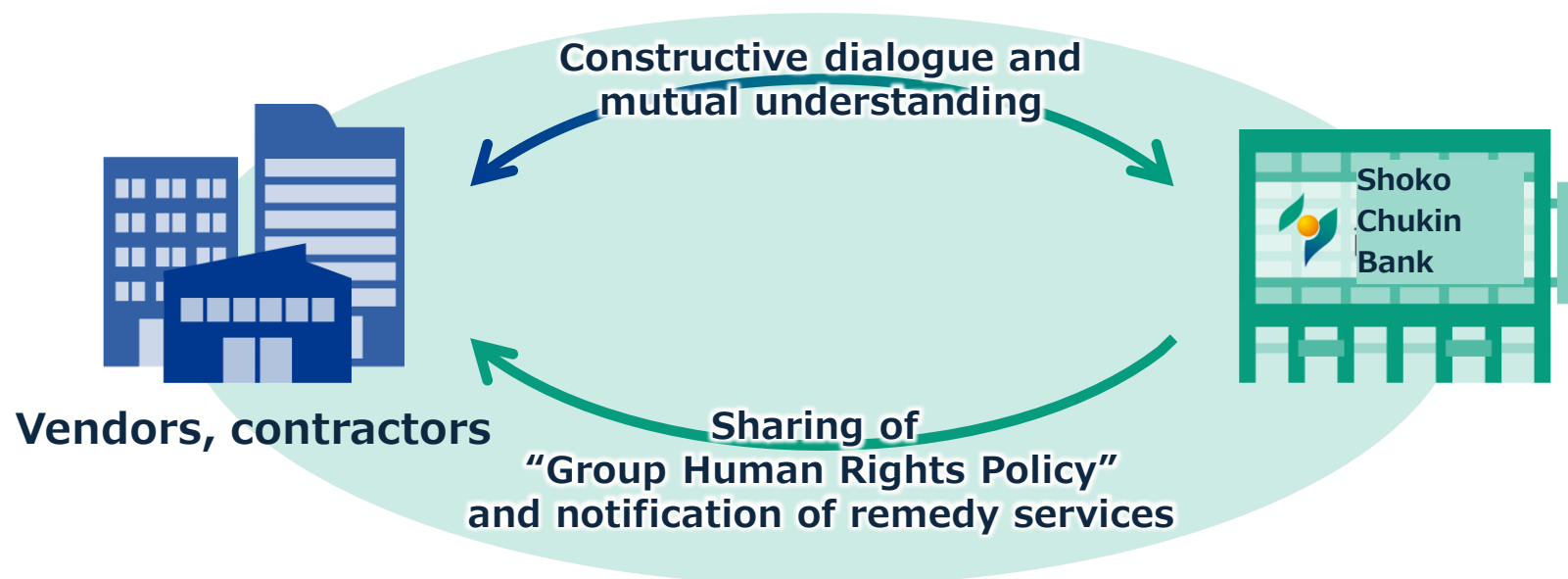
**Recognize customers' managerial risks
related to employment and labor**

Cooperation with Suppliers (Vendors, Contractors)

The business activities of the Shoko Chukin Bank Group are supported through the cooperation of suppliers. We respect the human rights of all suppliers and strive for fair and appropriate transactions.

Cooperation with Suppliers

- We share the Group Human Rights Policy with our key suppliers and seek their understanding and cooperation with respect of human rights.
- If human rights are violated, or there is risk of violation, through dealings with suppliers, the Group seeks to respond appropriately, based on constructive dialogue and mutual understanding as well as cooperation.



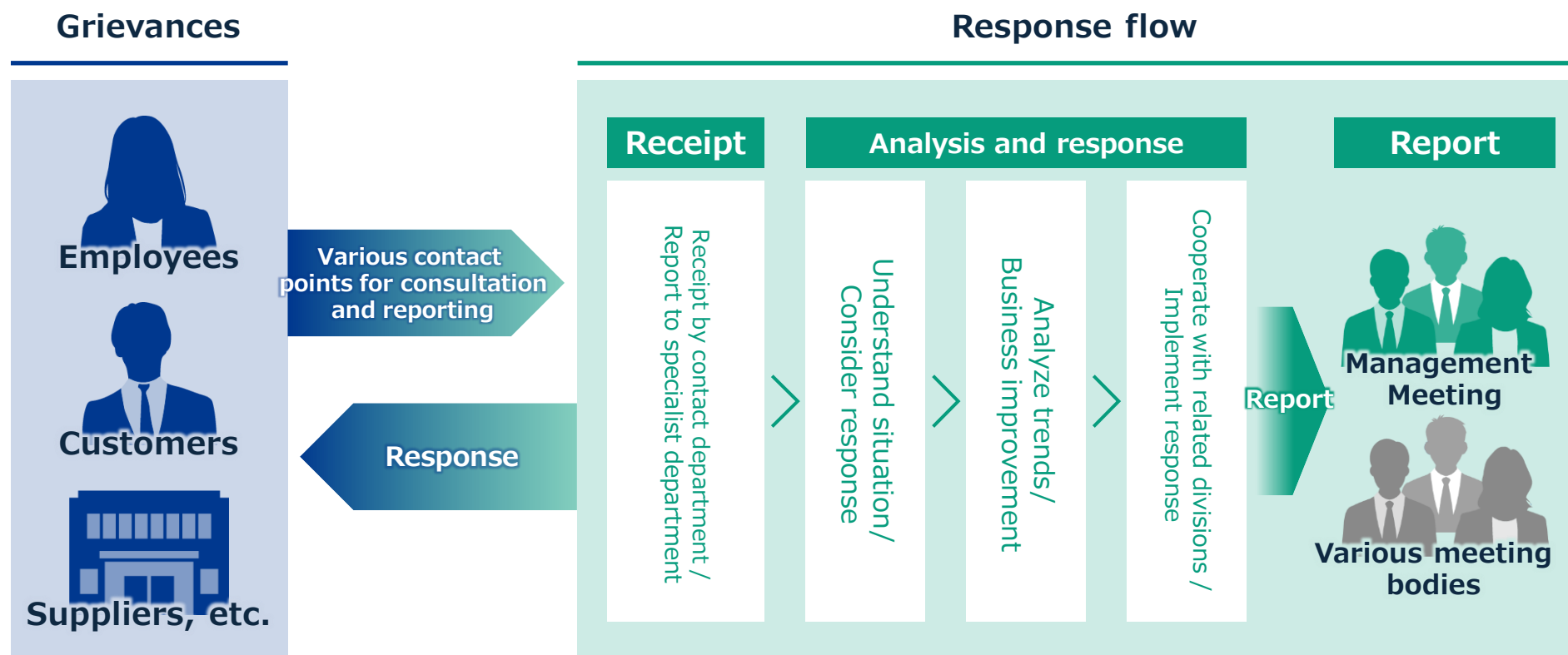
Specific initiatives

- We share the "Group Human Rights Policy" with **around 200** core suppliers and notify about remedy services.
- We have conducted screening surveys of **more than 300** of our suppliers.

Redress Mechanism

If it comes to light that officers and employees, or the products and services provided have caused a negative impact on human rights or have contributed to a negative impact, the Shoko Chukin Bank Group will take appropriate responses and work to provide remedies.

Consultation System



※When falling under the scope of the Whistleblower Protection Act, response is in line with the law.

(Topic) LGBTQ+ initiatives

The Shoko Chukin Bank respects the human rights of sexual minorities, including LGBTQ+. The Group's human rights policy states that discrimination based on sexual orientation or gender identity in any business activity will not be tolerated, and we have established consultation services related to sexual orientation and gender identity for members of the LGBTQ+ community and other sexual minorities for themselves and others.

Inquiries

- This material has been prepared for information purposes only, and the opinions and forecasts contained herein are not designed to solicit offering, sales, or trading of stocks or bonds.
- This material contains forward-looking statements. The forward-looking statements present matters only as of the date they are made (or as of the date separately stated), and use premises, plans, expectations, judgments, and assumptions based on information available at that time. In addition, they are based on the content and interpretation of laws and regulations or guidelines at that time.
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- This material was prepared in Japanese and translated into English. The Japanese version is the original and the English version is for reference only. If there is any discrepancy between the two versions, the Japanese version shall prevail

*Supporting the future of companies.
Making Japan more resilient to change.*

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