



Shizuoka Financial Group

Initiatives to Realize Sustainability Management

December 2023

Xover
— Clearing the way
to a new era

- 1. Sustainability Management Targeted by the First Medium-term Business Plan** p. 3–
- 2. Environmental Initiatives** p. 7–
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Realizing Sustainability Management (1)

Under our Corporate Philosophy —*Expand dreams and affluence with our community*—we will seek to achieve sustainable growth for both the region and the Group by striving to balance both social value creation and increased corporate value.

Vision for FY2030: Sustainable well-being for all stakeholders

Balancing sustained improvements in stakeholder well-being while strengthening Shizuoka Financial Group's corporate value by providing solutions to the issues and needs of our community and customers



Customers



Community



Future generations

- Future human resources in the community
- The future of the community itself



Creating social value



Strengthening corporate value

Shizuoka Financial Group



Executives and employees



Shareholders

Newly added to the launch of the First Medium-term Business Plan

Corporate Philosophy
(Purpose-driven mission)

Expand dreams and affluence
with our community

First Medium-term
Business Plan
(FY2023-2027)

Ten-year Vision
(2030)

Sustainability KPIs

Now

Back casting

Future

Realizing Sustainability Management (2)

Identifying seven material topics (key issues) for both Shizuoka Prefecture and the Financial Group, with an emphasis on coexistence with the community
 Impacting society through solutions to community challenges

Identifying key issues

Establishing KPIs

Identification of topics for study

Issues in Shizuoka Prefecture

Building a society that balances environmental and economic interests

Realizing a society in which all can thrive

Building a digital society

Industrial development to generate wealth

etc.

Issues for the Shizuoka Financial Group

Responding to depopulation and aging

Creating industrial development and financial innovation

Sound growth of the local community

Permeation of DE&I

etc.

Material topics

Responding to depopulation and aging

Sound growth of the local community

Creating industrial development and financial innovation

Building a digital society

Social enhancement balancing environmental and economic interests

Strengthening corporate value

Practicing human capital management

Sustainability KPIs

Social value creation

Social impact KPIs

Social rate of growth of Shizuoka Prefecture's population

Shizuoka Prefecture's real GDP

Rate of reduction in Shizuoka Prefecture's GHG emissions

Increase corporate value

Financial targets

Consolidated ordinary profit

Consolidated ROE Consolidated OHR

Consolidated CET1 ratio

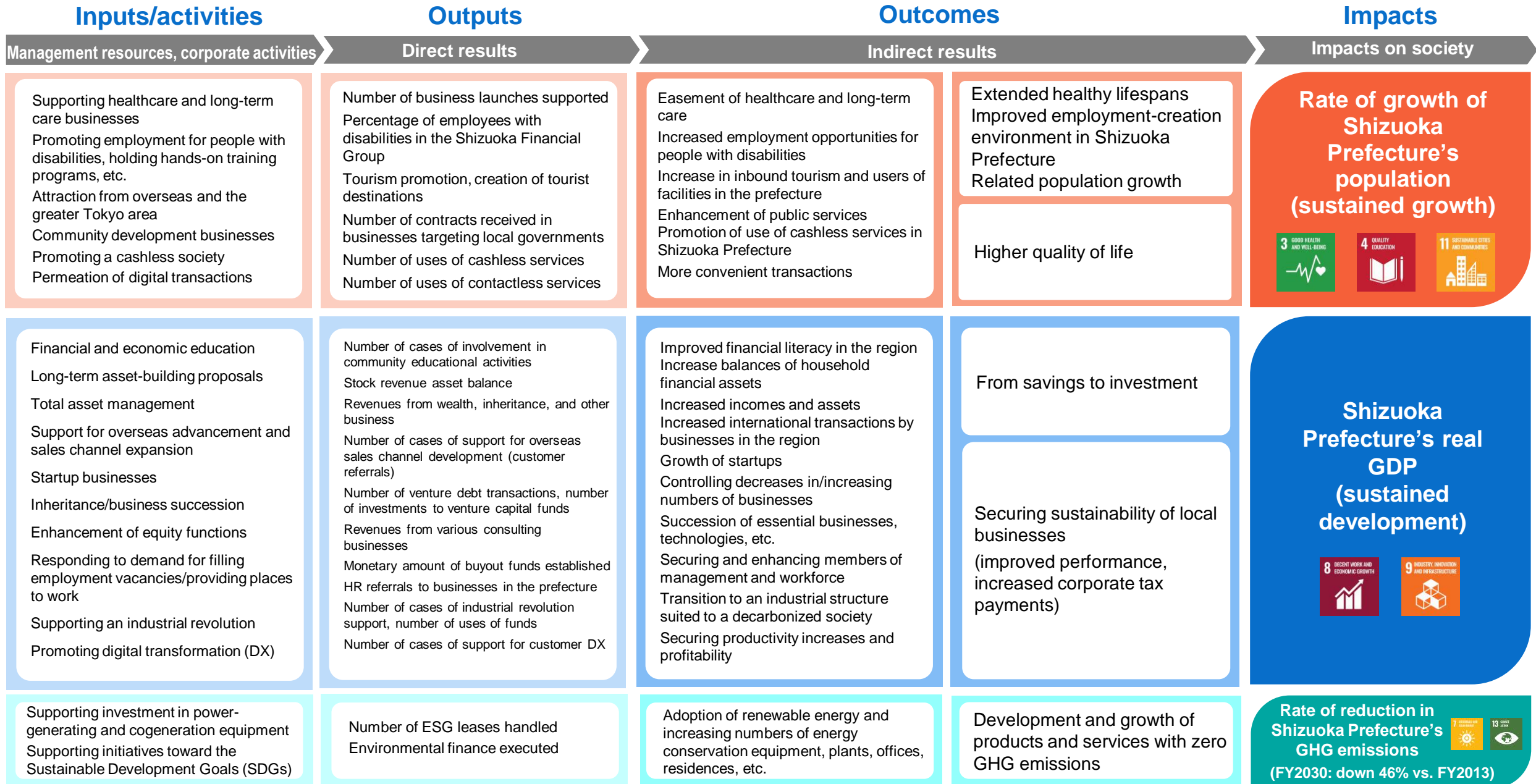
Customer satisfaction with Group transactions

Carbon neutrality (Scopes 1, 2)

Group employee engagement

Realizing Sustainability Management (3): Impact roadmap

Preparing an impact roadmap to encourage executives and employees to act with an awareness of impacts on society, the economy, and the environment



Rate of growth of Shizuoka Prefecture's population (sustained growth)



Shizuoka Prefecture's real GDP (sustained development)



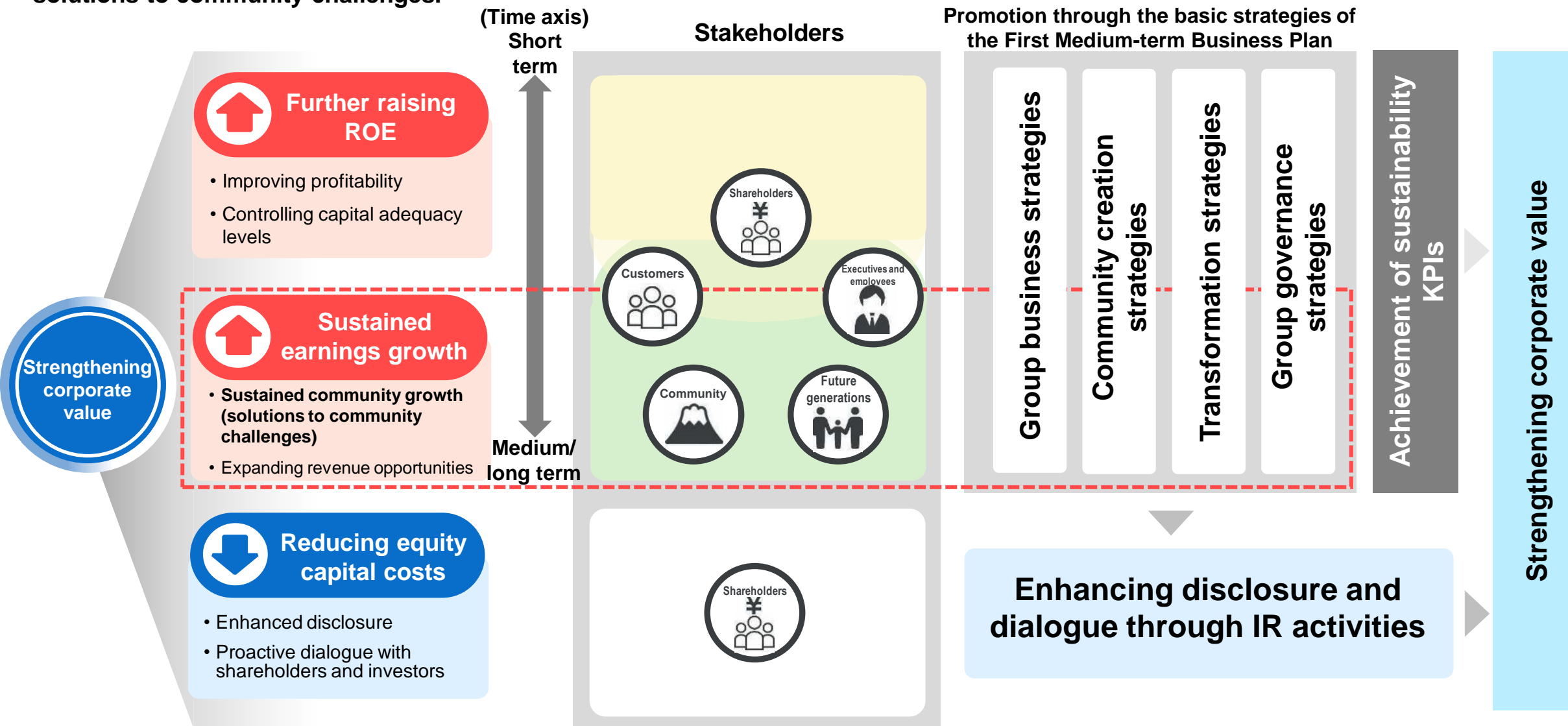
Rate of reduction in Shizuoka Prefecture's GHG emissions (FY2030: down 46% vs. FY2013)

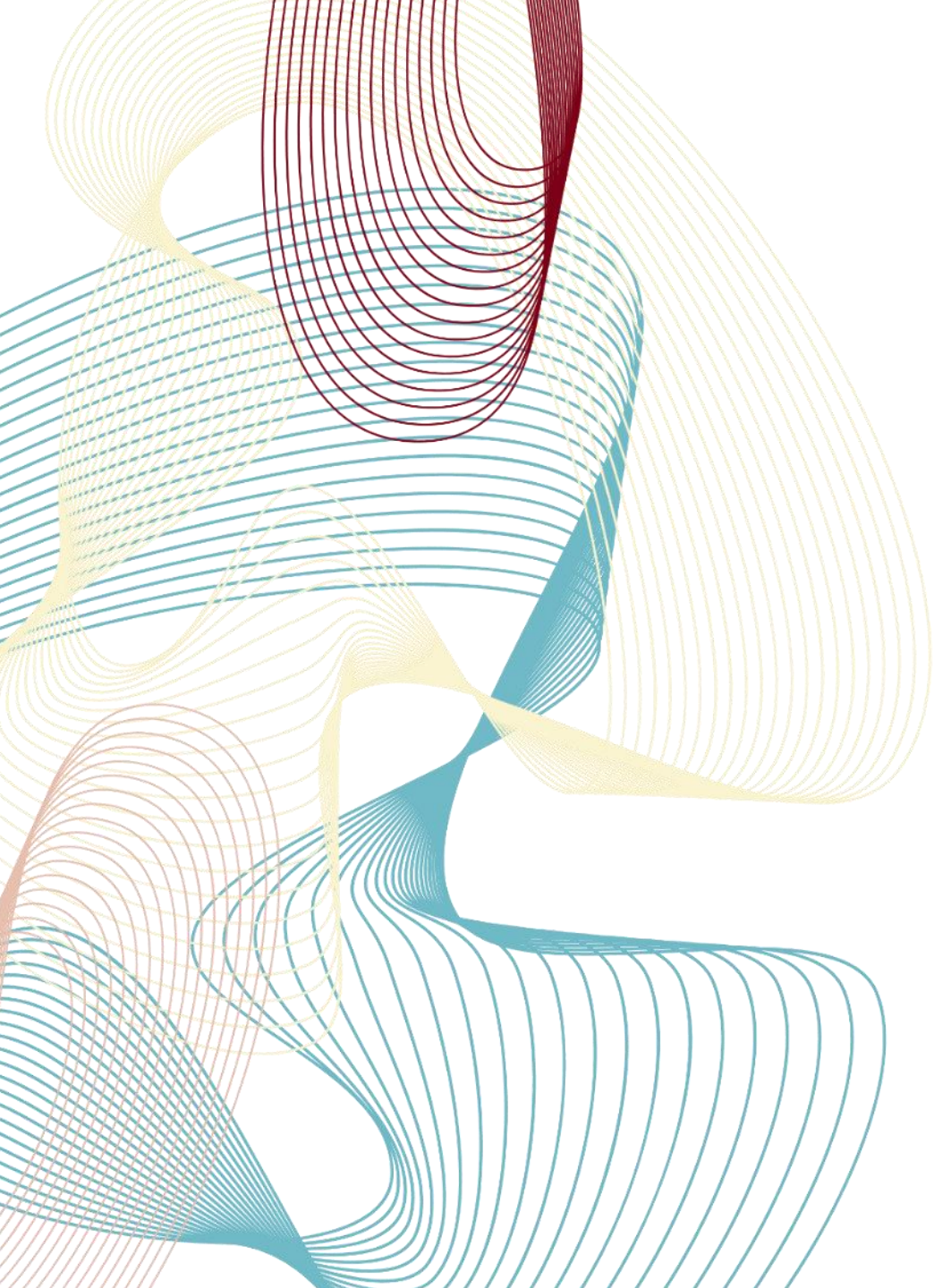


Strengthening corporate value by finding solutions to community challenges

Sustained community growth, the foundations of economic activity (solutions to community challenges), is essential to the sustained growth of a regional financial institution.

Following the basic strategies of the First Medium-term Business Plan, we will grow earnings opportunities while actively tackling solutions to community challenges.





Environmental Initiatives

The Shizuoka Financial Group's Environmental Initiatives: Background of initiatives

Realizing the sustained growth of both the community and Group through appropriate support for community topics such as decarbonization and industrial structural reforms and maintenance and enhancement of regional competitive strengths

Material topic

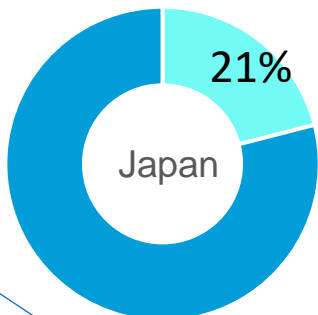
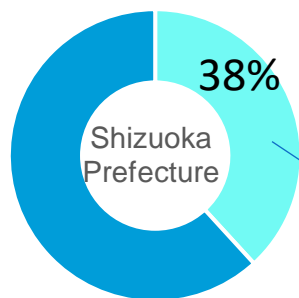
Building a society that strikes an ideal balance between environmental and economic interests

Sustainability KPIs

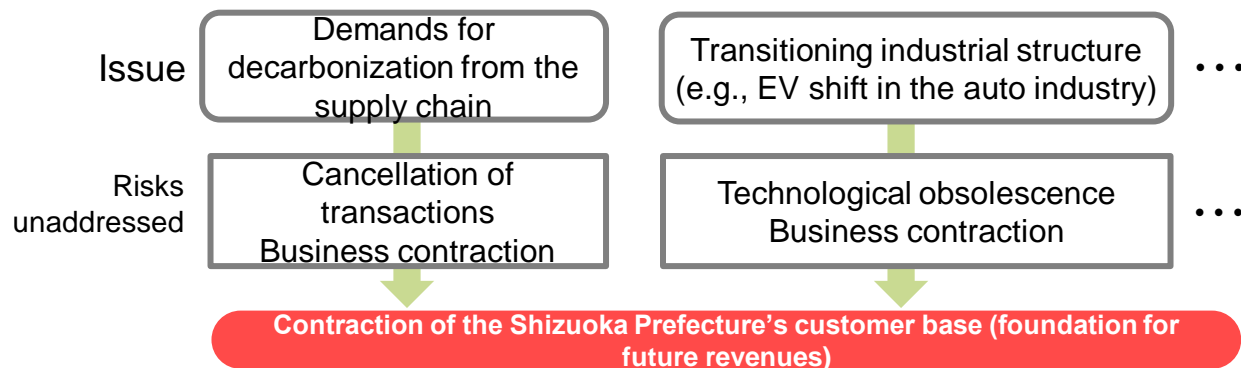
Rate of reduction in Shizuoka Prefecture's GHG emissions
Making the Shizuoka Financial Group carbon neutral

Regional industrial structure

One of the leading manufacturing prefectures in Japan: shipments of manufactured goods, etc. JPY17,290.5 bn (fourth highest in Japan)
Manufacturing as a share of total output: about double the national average



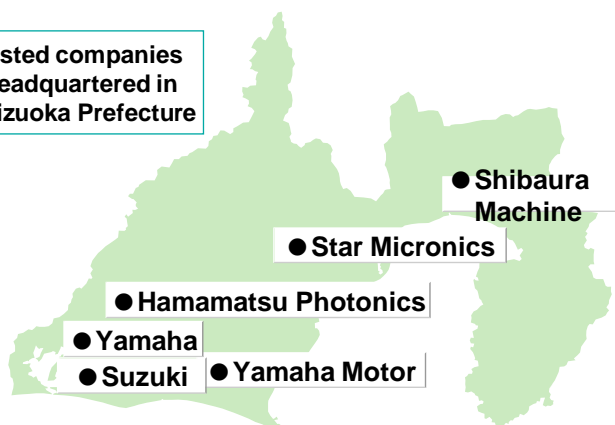
Issues faced by regional firms (ex.)



Supporting decarbonization and industrial structural transformation in the region and among customers

Realizing the sustained growth of both the community and Group

Listed companies headquartered in Shizuoka Prefecture



Shizuoka Financial Group's transactions with manufacturers

Borrowers

5,000

Loan balance

JPY 1.6 tn

Deposit balance

JPY 600 bn

TOPICS

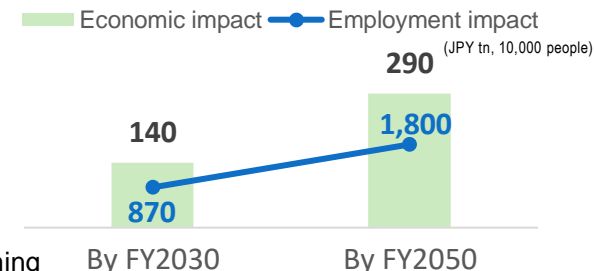
Japan's carbon neutrality strategy

Green growth strategy (October 2020)

Economic impact of capital investment, etc., in 2050:
JPY290 tn
Employment impact: 18 million people

Green transformation (GX) promotion strategy (July 2023)

GX investment of more than JPY150 tn over the coming decade

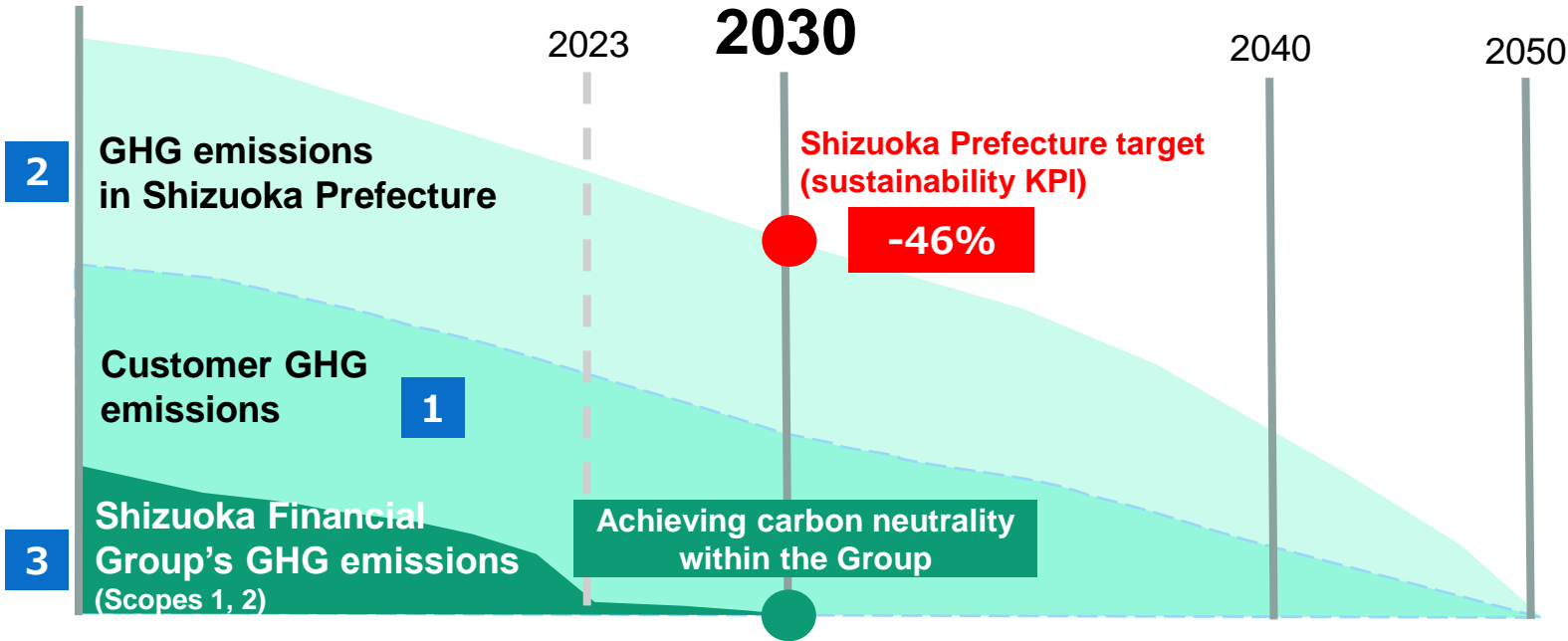


Roadmap to achieving carbon neutrality throughout the region as a whole

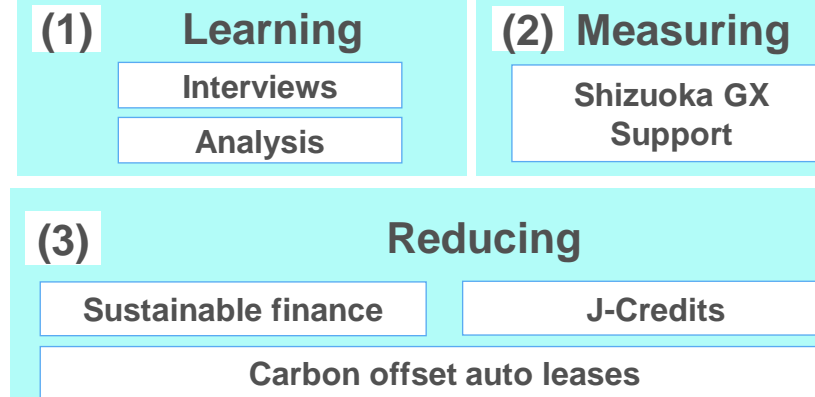
In addition to achieving carbon neutrality within the Group and supporting decarbonization by customers, broadening the basis of support to cover the entire region through cooperation with local governments

Aiming to reduce Shizuoka Prefecture's GHG emissions (a sustainability KPI) by 46% vs. FY2013

Roadmap to achievement of sustainability KPIs

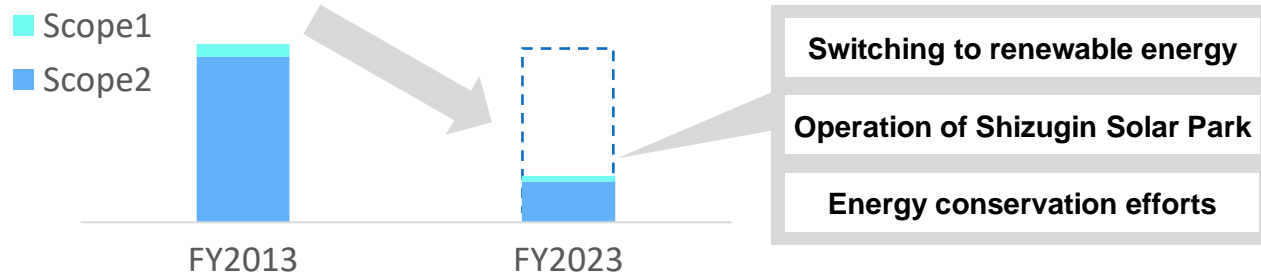


1 Supporting customer decarbonization ▶ pp. 10-11



Considering not just SFG customers but the region as a whole regarding the scope of support
Growing business opportunities while protecting the regional economy

3 Promoting efforts toward net zero GHG emissions in the Shizuoka Financial Group (Scopes 1, 2) ▶ p. 16



2 Cooperation with local governments (regional ecosystem) ▶ pp. 12-14

- Building platforms with local governments, support agencies in the region, etc.
- Deploying effective support across a broad area by expanding local initiatives

Initiatives to support customer decarbonization (1): Research, analysis

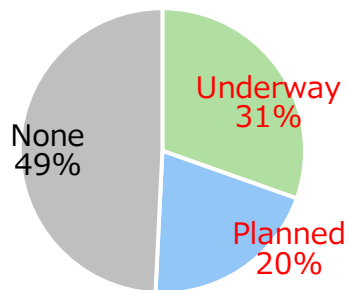
Interviewing customers on the state of their decarbonization efforts to provide support that addresses their issues (conducted annually since FY2021)
Based on the results of interviews, enhancing support options in accordance with customer issues and deploying active support

Customer interviews on decarbonization (approx. 1,700 customers)

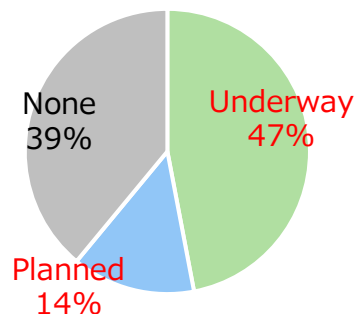
Percentage of customers implementing or planning to implement efforts has **increased to approx. 60%**.

[State of decarbonization efforts]

First interviews (FY2021)



Most recent interviews (FY2023)



[Issues in decarbonization efforts]

The issues facing customers are shifting toward practical implementation issues.

Issue	FY2021	FY2023	Change
Unsure where to begin	34%	26%	-8pt
Unsure how to calculate CO2 emissions	9%	16%	+7pt
Lack the human resources to implement measures	12%	30%	+18pt
Do not understand subsidies and other support measures.	14%	21%	+7pt
Would like to formulate business simulation of capital investment	7%	12%	+5pt

Of the firms interviewed, **348 plan to make capital investments**.

We will provide appropriate support for customer decarbonization efforts while enhancing support options in accordance with customer issues

Scope 3 (Category 15 [Investments])

- We joined the PCAF in November 2022. We calculated GHG emissions of corporate borrowers based on PCAF standards.
- In the future, we will improve precision through calculation on a measured value basis using emissions calculation tools, to provide more effective support by identifying priority sectors through analysis of the results of measurement

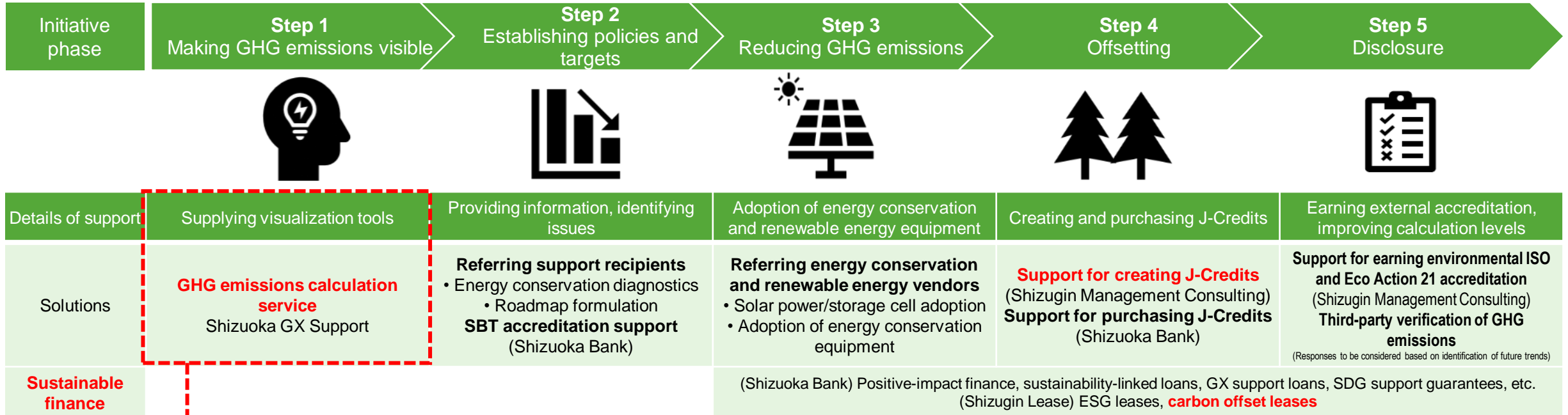
Carbon intensity: t-CO₂e/JPY mn; emissions: t-CO₂e

Industry	Carbon intensity	Emissions (Scope1, 2)	Industry	Carbon intensity	Emissions (Scope1, 2)
Beverages	0.33	2,919	Oil, gas	9.80	2,737,911
Agriculture	6.73	47,461	Coal	3.32	12,659
Packaged foods, meat	0.82	219,806	Power companies	11.99	246,061
Paper, forest products	2.28	594,780	Metals, mining	12.24	4,550,676
Air transport (cargo)	-	0	Chemicals	3.32	269,714
Air transport (passenger)	4.75	15,080	Building materials	0.11	1,017
Sea	9.81	170,359	Capital goods (buildings, etc.)	0.34	71,341
Rail transport	1.12	28,271	Real estate management and development	0.02	199,539
Trucking services	2.73	416,065	Others	0.67	2,216,874
Automobiles, auto parts	0.20	121,704	Total		11,922,235

Initiatives to support customer decarbonization (2): Support options

Using the functions of the Shizuoka Financial Group to expand earning opportunities through support initiatives suited to the phases of customer efforts and to their needs

Customer decarbonization support options



NEW

Shizuoka GX Support (launched October 2023)

- GHG emissions calculation service intended to support decarbonization management
- Conforms to GHG Protocol (international standard on emissions calculation and reporting)
- **More than 300 customers** began use in first month after service launch (provided to regional firms free of charge)

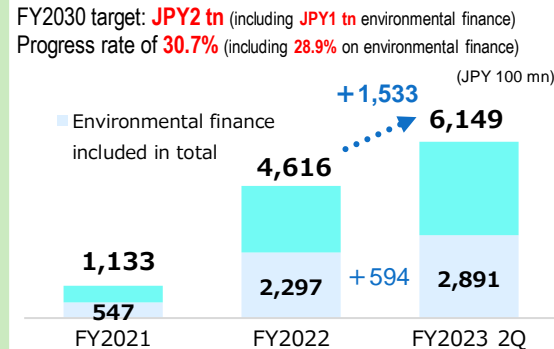
[Customers]

- Ascertaining emissions trends
- Managing reduction plans
- Ascertaining state of achievement
- Reporting to OEM clients, etc.

[Shizuoka FG]

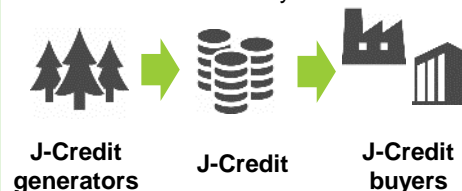
- Side-by-side solutions Improved Scope 3 data quality score
- Cooperation with local governments and energy firms

Sustainable finance



Support for generating J-Credits

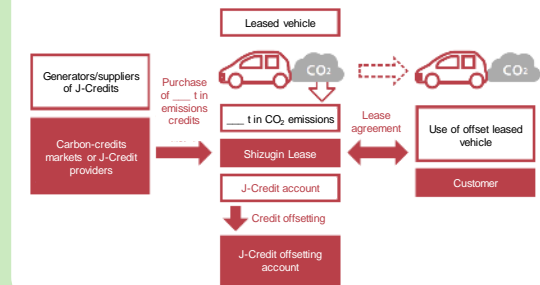
- Supporting customers in Shizuoka Prefecture in applying for recognition of J-Credits on forests they own



- First project planned for recognition during FY2023

Carbon offset auto leases

- Shizugin Lease purchases J-Credits to offset CO₂ emissions of leased vehicles



Decarbonization support initiatives in cooperation with local governments (1): Basic concept

Building platforms including support agencies and other partners to achieve solutions reflecting the properties of each community, in cooperation with local governments

Accelerating realization of a decarbonized society and increasing community sustainability by demonstrating synergies among individual strengths



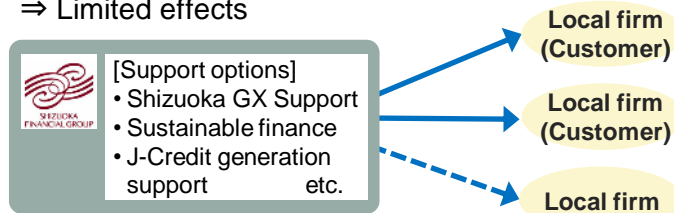
Shizuoka Financial Group



Realizing decarbonization throughout the region as a whole

Current status

- Steady expansion of support options for individual customers
- Efforts are centered on customer (local) solutions and are lacking in support reflecting the distinctive features of the region (area)
⇒ Limited effects

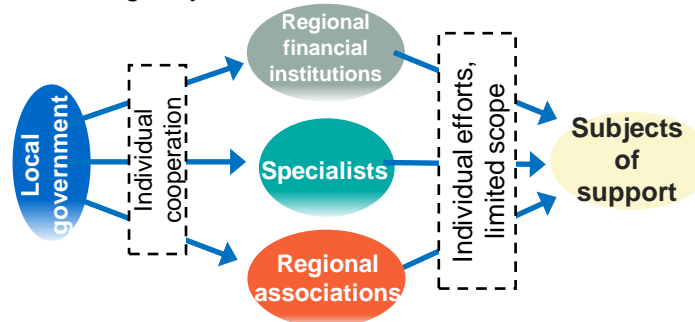


Vision

- Deploying comprehensive support for not just customer (local) solutions but also reflecting the distinctive features of the region (area)
- Achieving sustainability KPIs
- Growing customer infrastructure and new business opportunities

Current status

- Although we cooperate with individual agencies to deploy varied support options, cooperation with each agency is insufficient



Vision

- Deploying decarbonization initiatives integrated with the community, in cooperation with each agency
- Achievement of Shizuoka Prefecture's GHG reduction targets
- Realizing a sustainable community

Conclusion of cooperative agreements

Concluding cooperative agreements with four cities in the region, to achieve carbon neutrality and sustainable development in the region



Reducing GHG emissions



Cooperation with multiple financial institutions



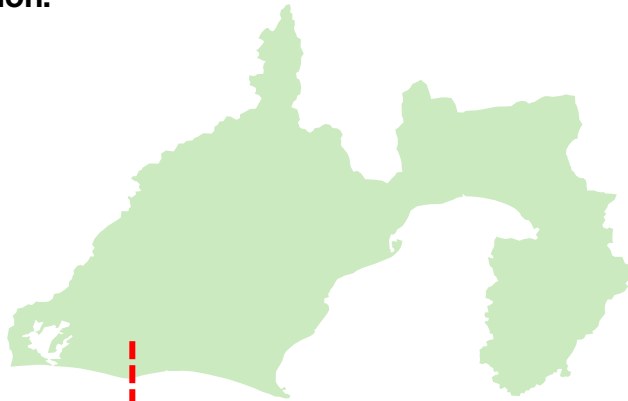
Building a virtuous cycle of community decarbonization and economic growth



Reducing GHG emissions

Decarbonization support initiatives in cooperation with local governments (2): Regional ecosystem (Hamamatsu)

The city of Hamamatsu is one of Japan's leading industrial clusters, centered on vehicles. It faces the pressing need for a smooth transition to a decarbonized society. We will deploy varied support options for community firms in cooperation with each agency, based on calculation and sharing of GHG emissions data across the region.



Community properties: Hamamatsu

Shipments of manufactured goods, etc. **JPY2 tn**

Approx. **10%** of Shizuoka Prefecture's shipments (which are **ranked fourth nationwide**)

Business sites **40,000 sites**

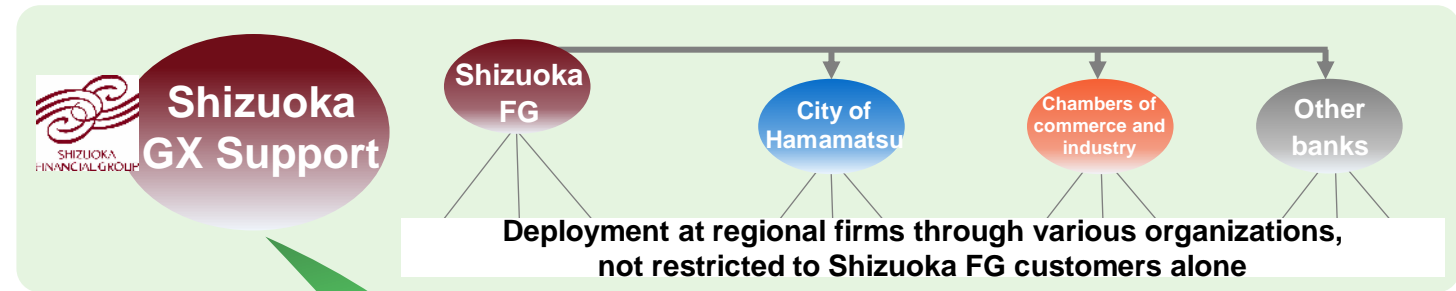
Approx. **20%** of Shizuoka Prefecture's sites (which are **ranked 10th nationwide**)

FSC certified forests **490,000 ha**

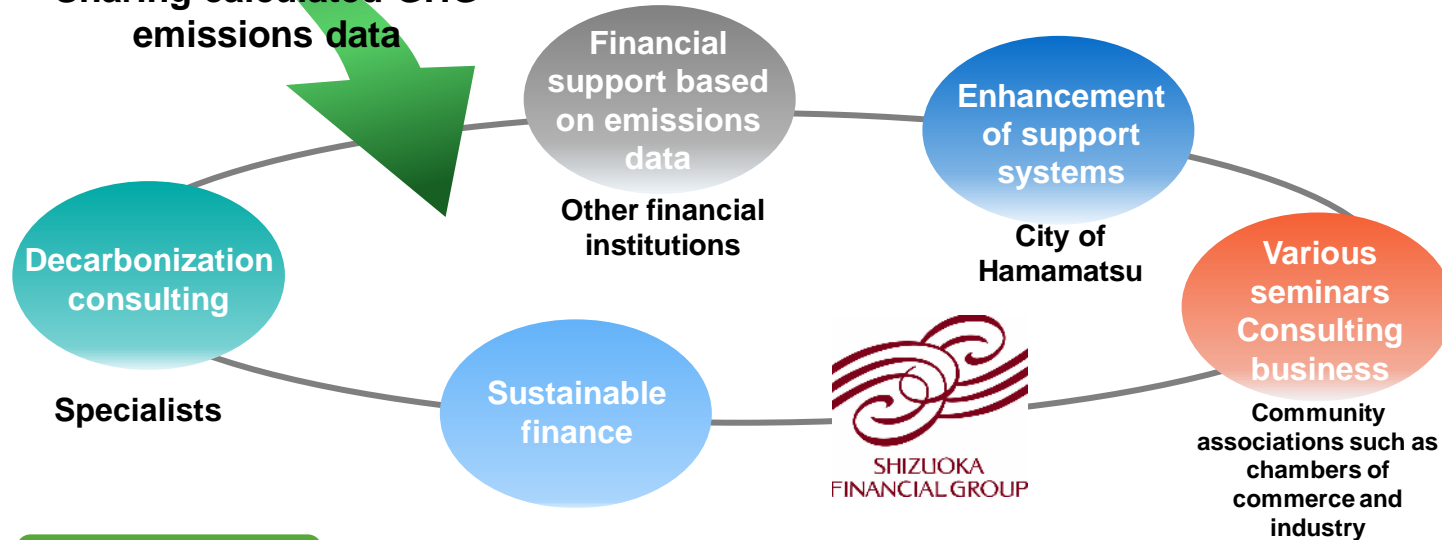
Ranked first among municipalities nationwide

Status of customers (corporate, individual)

Customers	Loan balance	Deposit balance
630,000	JPY 800 bn	JPY 1.9 tn



Sharing calculated GHG emissions data



Hamamatsu's vision

- Calculating GHG emissions for **200 firms** during FY2023
 - **Reducing** GHG emissions by **52%** by FY2030*
- * Reflects planned increase from existing reductions target of 30%

Business opportunities for the Shizuoka FG

Projected execution of environmental lending* (Cumulative through FY2030)
Approx. JPY 150.0 bn

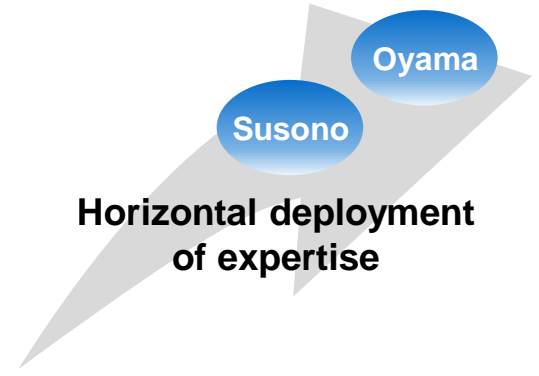
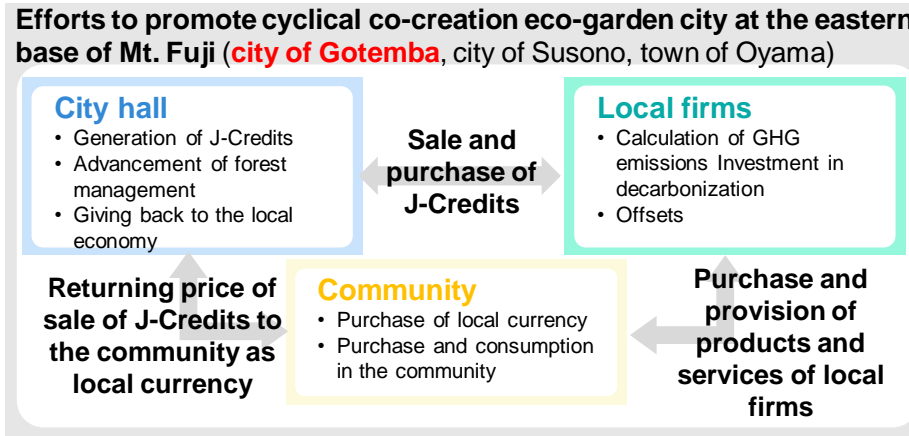
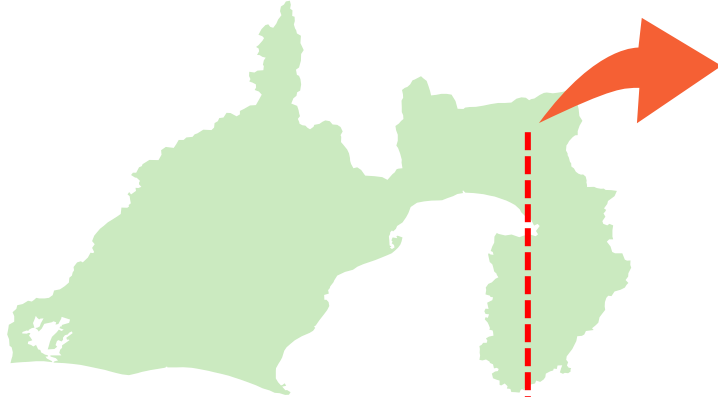
Deployment of decarbonization-related services

- Business matching (energy conservation diagnostics, energy conservation/renewable energy businesses)
- Consulting to support receipt of various subsidies and accreditation, etc.

* GX support loans, positive-impact finance, sustainability-linked loans, green loans, etc.

Decarbonization support initiatives in cooperation with local governments (3): Regional ecosystem (Gotemba)

The city of Gotemba was an early adopter of decarbonization initiatives, promoting efforts to build a virtuous-cycle model by using its wealth of forest resources as offsets for firms in the city to contribute to the local economy. We will aim both to accelerate community efforts and to grow business opportunities by using Group functions to provide support.



Community properties: Gotemba

Abundant forest resources

About **60%** of the city's land area is covered by forests

Third highest number of tourists and visitors in the prefecture

Industry centered on manufacturing

Manufacturing accounts for the largest population by industry

An early adopter of decarbonization efforts

First in the prefecture to make Zero-Carbon City Declaration in 2020

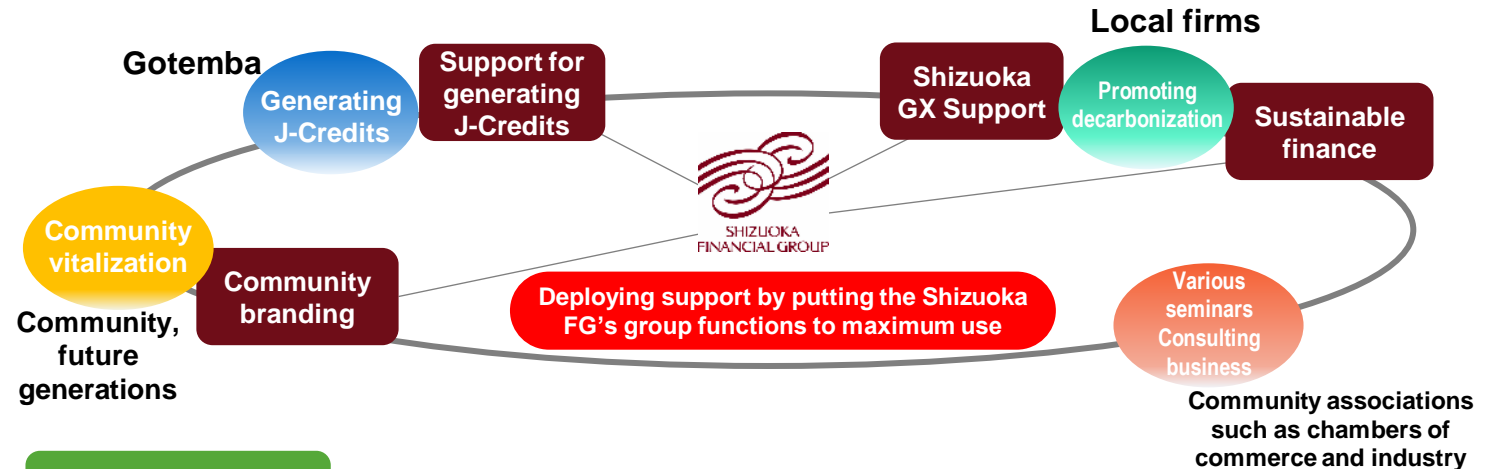
Shizuoka Bank's shares*

Loans	59.7%
Deposits	43.4%

* Based on totals of bank and credit union branches in the city of Gotemba

Status of customers (corporate, individual)

Customers	Loan balance	Deposit balance
60,000	JPY 100 bn	JPY 100 bn



Gotemba's vision

- Promoting a **virtuous-cycle model**
- **Reducing** GHG emissions **by 46%** by FY2030

Business opportunities for the Shizuoka FG

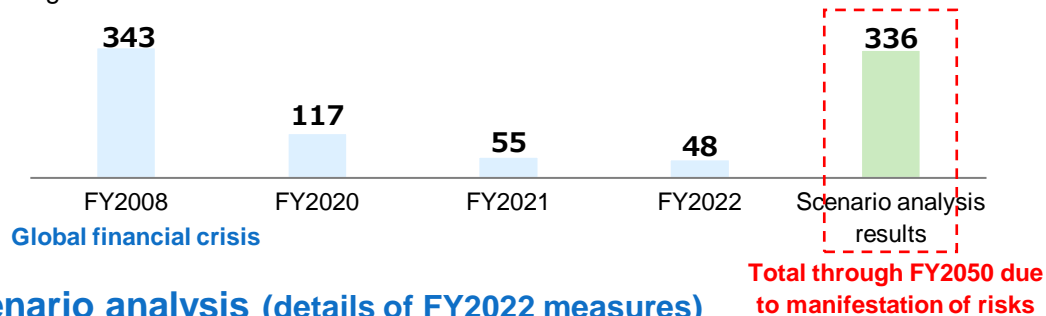
- ### Deployment of decarbonization-related services using Group functions
- **Support for J-Credit generation** (Shizugin Management Consulting)
 - **Community branding** (SFG marketing)
 - Shizuoka GX Support, sustainable finance
 - Business matching (energy conservation diagnostics, energy conservation / renewable energy businesses)
 - Consulting to support receipt of various subsidies and accreditation, etc.

Climate change risks: Impact on credit costs

There is a risk that credit costs may rise up to roughly JPY33.6 bn by 2050 if the transition and physical risks identified in the analyses should actually emerge. We will strive to reduce risks through proper management of risks associated with climate change and realizing a smooth migration to a decarbonized society in the region.

Trend in credit costs

Total credit costs through FY2050 anticipated based on results of scenario analysis are roughly equivalent to those during the 2008 financial crisis. We will strive to reduce them gradually by supporting customer decarbonization.



Scenario analysis (details of FY2022 measures)

- For credit risks, scenario analysis was conducted to make value at risk visible.
- For transition risks, analysis was enhanced through more thoroughly reviewing the auto industry and the addition of the electric power industry.
- For physical risks, SMEs and small businesses and home mortgage debtors in Kanagawa Prefecture and Tokyo were added to the subjects of analysis.

■ Transition risks

■ Physical risks

Subject sectors	Paper and pulp	Manufacture of motor vehicles, parts, and accessories	Electric energy
Scenarios used	<ul style="list-style-type: none"> IEA Net Zero Emissions by 2050 Scenario (NZE2050) IEA/ETP 2017 Beyond 2°C Scenario NGFS Net Zero 2050 		
Analytical method	Analysis of credit costs by forecasting changes in profit, loss, and financial standing through 2050 using data from forecasts of carbon taxes etc. based on scenarios.		
Analytical results	Increase of up to approx. JPY18.8 bn in credit costs in total by 2050		

Scope	Calculation of credit costs related to building damage and business-continuity risks to SMEs and small businesses in Shizuoka and Kanagawa Prefectures and in Tokyo	Calculation of building damage and credit costs to home loan debtors in Shizuoka and Kanagawa Prefectures and in Tokyo
Balance of loans subject to analysis	JPY2,525.0 bn	JPY2,502.5 bn
Scenario used	High-emission scenario (RCP8.5) from IPCC Sixth Assessment Report (4°C Scenario)	
Analytical results	Increase of up to approx. JPY14.8 bn in credit costs in total by 2050	

Climate change risks

- We reviewed risks due to climate change based on TCFD recommendations.
- We anticipated cases of transition and physical risks for each risk category.
- We will carry out appropriate management with consideration for the impacts of climate change in accordance with the properties of each risk type.

Transition risks

Risks associated with a changing business environment, such as changes in policies, regulations, and technological development, and risks of delays in decarbonization

Physical risks

Risks of damage from natural disasters caused by climate change, such as wind and floods

Increase in credit costs associated with worsening customer business performance

Increase in credit costs associated with worsening customer business performance and damage to security assets

Decrease in value of securities and other assets held

Decrease in value of securities and other assets held

Worsening of Group's credit rating and associated restrictions on means of raising funds from the markets

Difficulty in raising funds from the markets due to outflow of deposits as cash is needed to respond to damage and to financial market turmoil

Reputation damage

Damage to assets held and associated business interruptions

Credit risk

Market risk

Liquidity risk

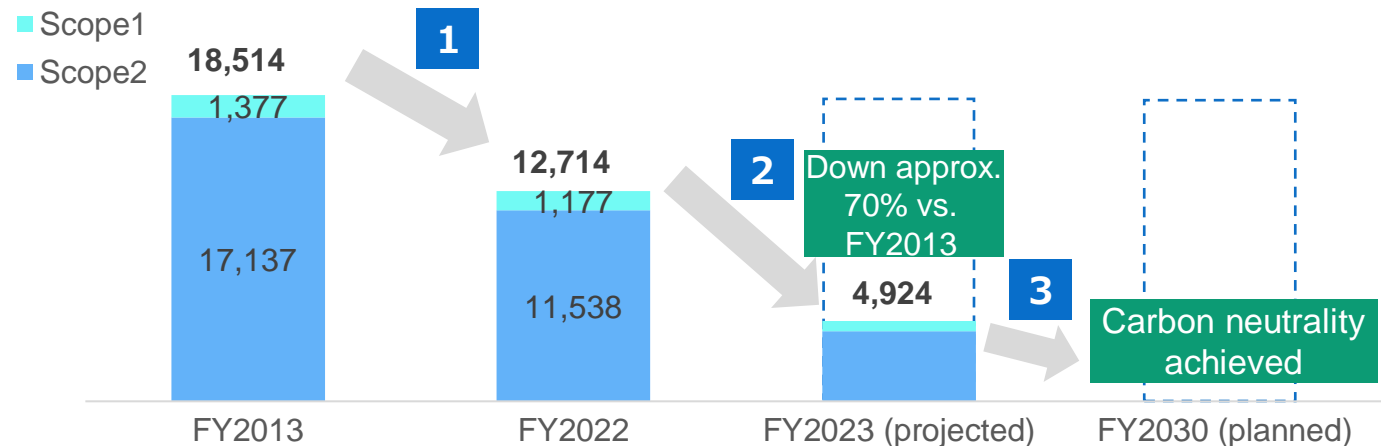
Operational risk

Promoting efforts toward net zero GHG emissions in the Shizuoka Financial Group (Scopes 1, 2)

We have set the target of achieving net zero GHG emissions (Scopes 1, 2) within the Group by FY2030. We have been a pioneer in adoption of energy conservation and renewable energy in the region.

We have attained reductions of approx. 70% by FY2023 and aim to achieve net zero through GHG emissions reductions other than from direct energy use in the future.

GHG emission (Scopes 1, 2) results and projections



* Scope of calculation expanded in FY2023 to include scope of calculation under TCFD guidance in addition to that required by the Act on Rationalizing Energy Use

1 Efforts through FY2022

[Adoption of energy conservation equipment]

- LED lighting
- High-efficiency air-conditioning
- Adoption of motion sensors etc.



- [Efforts at Shizuoka Bank's headquarters tower]
- LED lighting (adjusted automatically)
 - Powered vents

- [Energy conservation efforts]
- Reducing hours of lighting and air-conditioning use in ways linked to workstyle reforms



[Adoption of renewable energy]

- Beginning to purchase renewable energy produced in Shizuoka Prefecture (Shizuoka Green Power) in September 2021

2 FY2023 efforts

Switching to use of renewable energy (starting June 2023)

- In addition to use of Shizuoka Green Power and operation of Shizugin Solar Park, switching steadily to renewables in direct power use by the Shizuoka FG as a whole, through means including issue of non-fossil-fuel certificates

Operation of Shizugin Solar Park (starting October 2023)

- Established based on an offsite corporate PPA* agreement concluded with the Chubu Electric Power Group
- * Purchase of power from power-generation equipment installed in a remote location



3 Efforts to achieve carbon neutrality

- Advancing study of offsets and other efforts to reduce GHG emissions related to energy other than direct power use

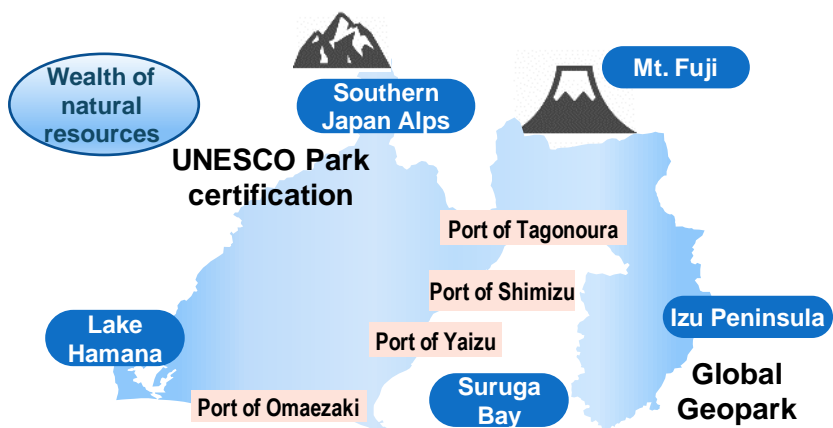
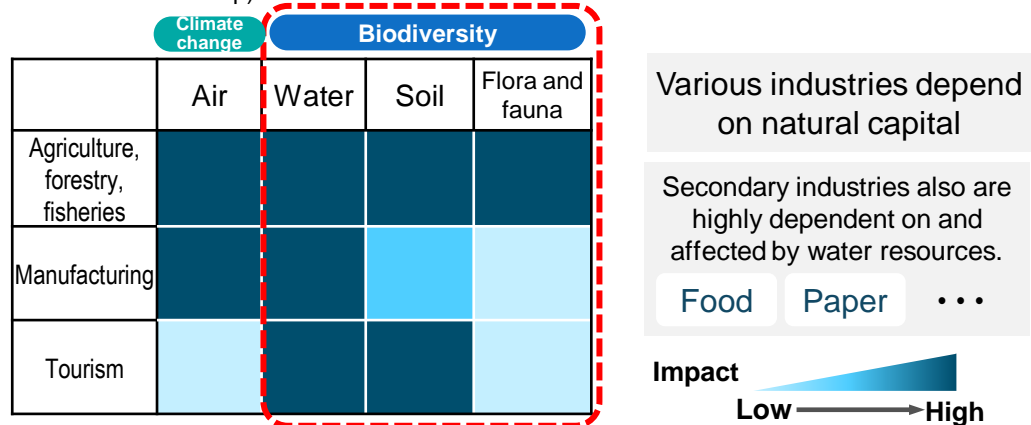
Natural capital management initiatives

In addition to making this region, which is endowed with the blessings of nature, more sustainable through efforts to conserve and restore the natural capital on which regional industry is based, leveraging such efforts to generate business opportunities to achieve the Shizuoka FG's materiality goal of social enhancement balancing environmental and economic interests

Relationship between natural capital and local industry

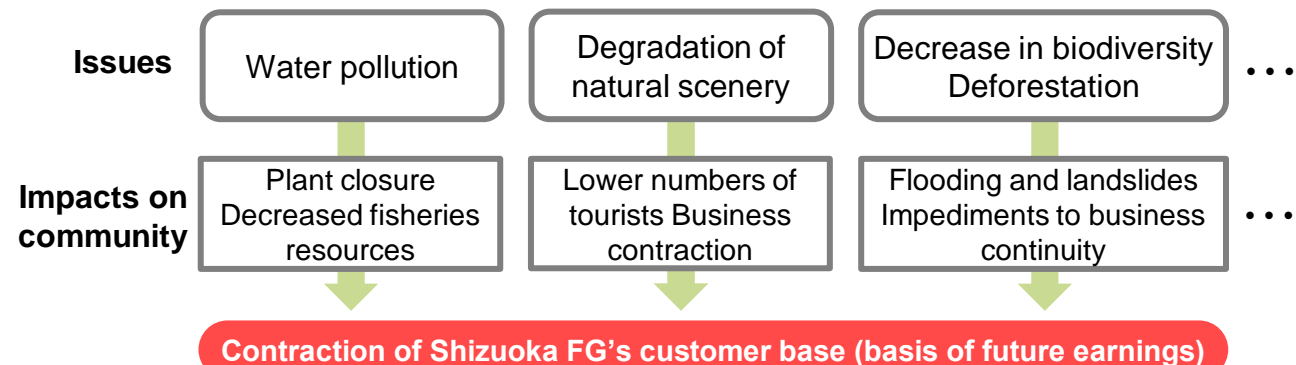
- Shizuoka Prefecture is blessed with a wealth of natural capital, on which its diverse industries are based.
- Conservation and recovery of this underlying natural capital will lead to the region's sustained growth.

(Illustration of relationship) **Promoting future initiatives**



Shizuoka FG's initiatives

Understanding of the issues



Recent initiatives

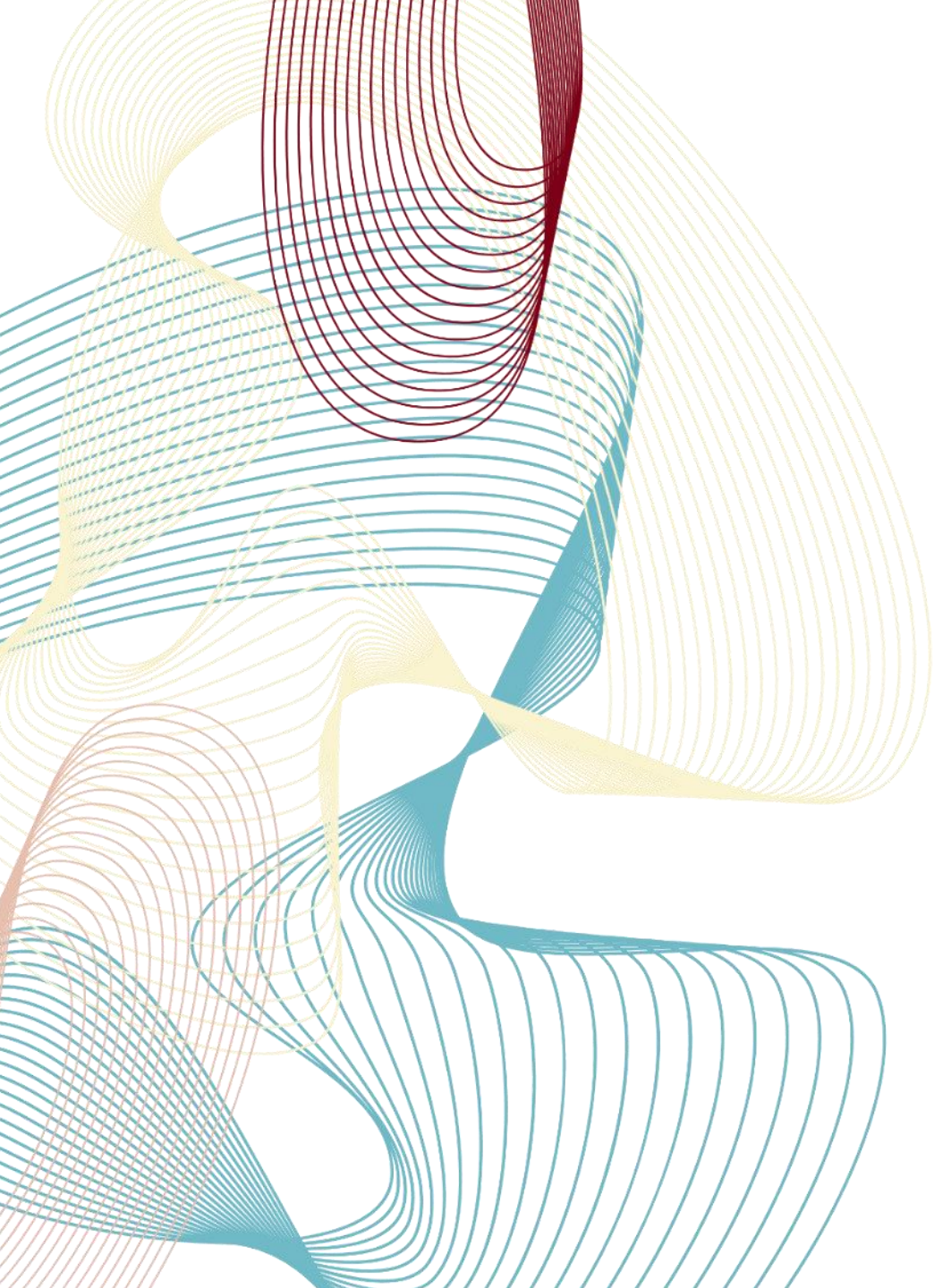
- Beginning efforts toward conservation and recovery of the natural capital on which industry is based
- Targeting disclosure in FY2024 based on TNFD recommendations

Research, analysis	✓	Beginning analysis of relationships (dependence/impacts) between customers and natural capital
Structure building	✓	Joining the Fujinokuni Biodiversity Strategy Promotion Partnership Efforts toward swift agreement to TNFD recommendations (Deliberations in the Environmental Committee, collecting information from TNFD members)

Future policies

- Disclosure of measures in accordance with the four items recommended by the TNFD (FY2024)





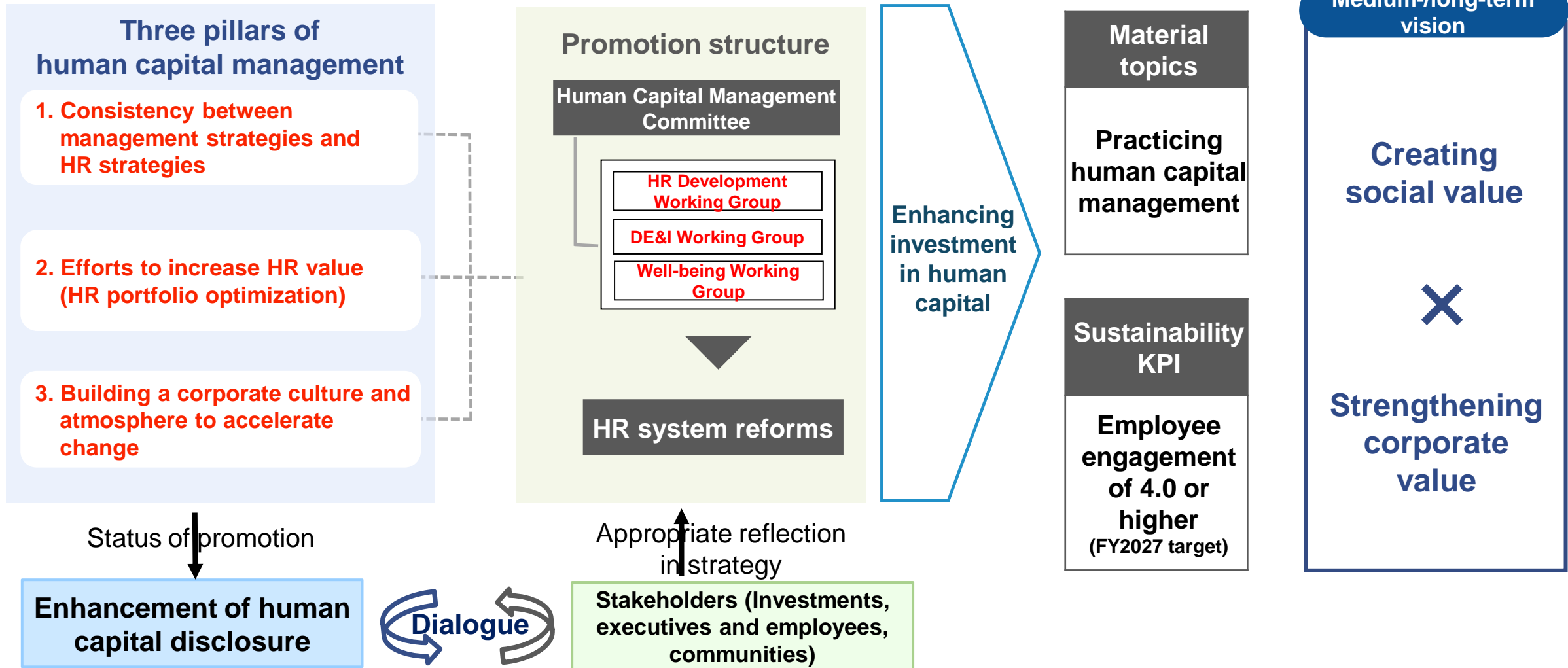
Initiatives to Maximize Human Capital

Overview of human capital management in the Shizuoka Financial Group

The Shizuoka Financial Group will strive to maximize its human capital by enhancing investment in human capital through efforts to find solutions to bridge the gaps between current and future states based on the three pillars.

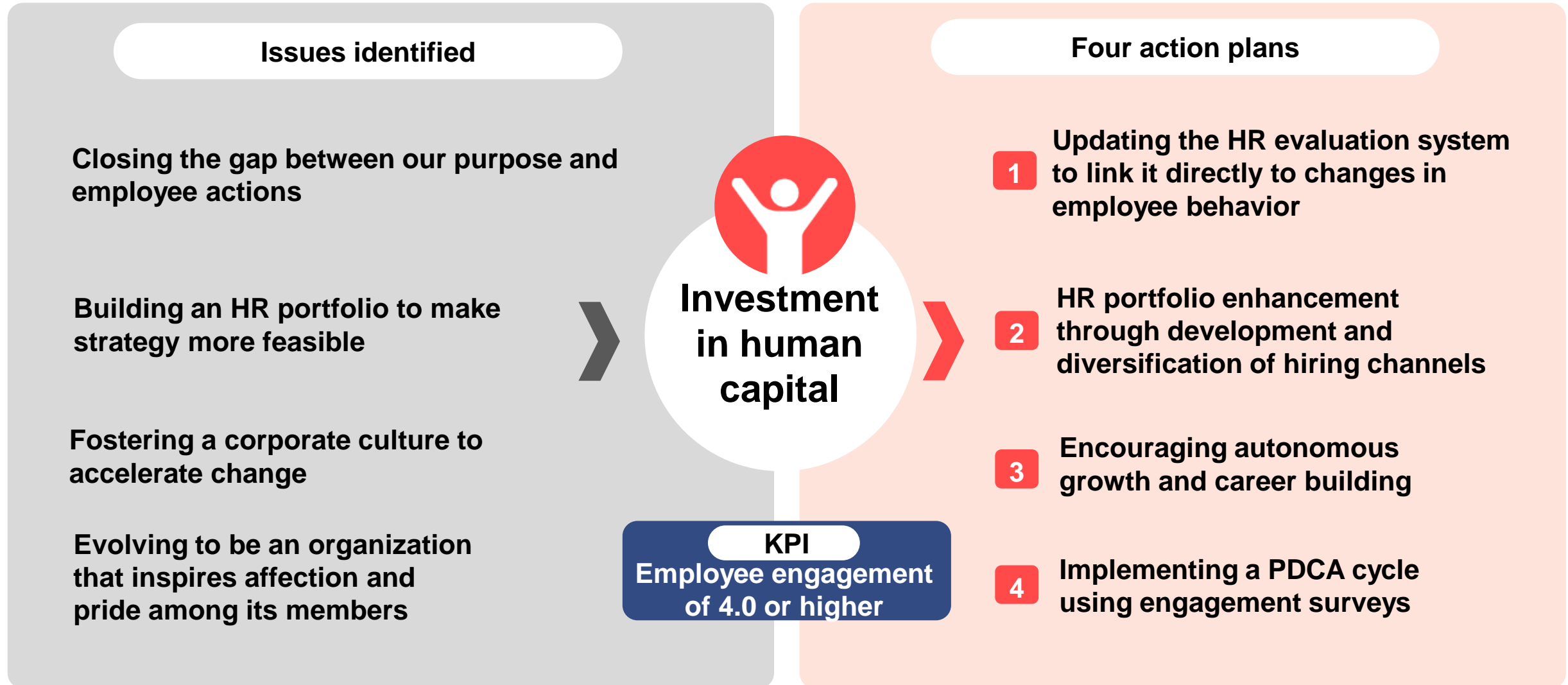
We will realize a balance between creating social value and increase corporate value by enhancing growth potential over the medium to long term through putting human capital management into practice.

Overview of human capital management

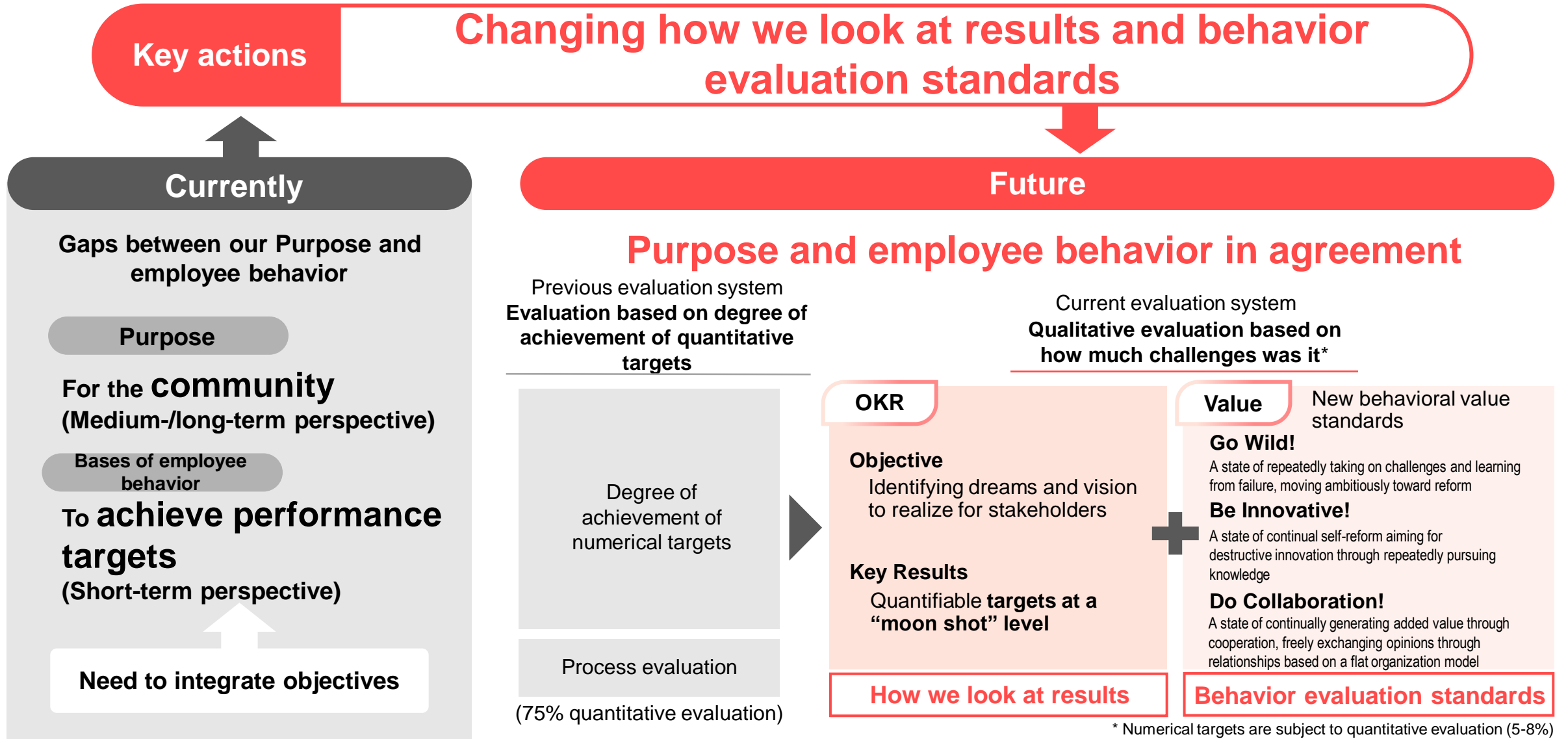


Human capital management action plans

Aiming to maximize HR value and make the Shizuoka Financial Group more sustainable by putting into place four action plans to realize human capital management



Eliminating gaps between our Purpose and employee behavior by adopting OKR and Value systems intended to reform how we look at results and behavior evaluation standards



Behavioral changes through updating the HR evaluation system

Increasing behavior linked to medium- to long-term profit, by establishing a unique OKR system based on the dreams and visions of individual organizations (departments and branches) and personnel

Communicating information on value-based behavior through internal social media, to foster a culture of mutual recognition and increased psychological stability in the organization

Examples of changes from adoption of the OKR system

Case of Branch A

O Making the ___ region Japan's most financially literate region

KR Holding study meetings for customer firms and administrators at least ___ times a year and making survey average results at least ___ points



Holding NISA seminars for employees of customer firms



Helps not just to increase financial literacy but also to secure NISA accounts at the branch

Case of Branch B

O Becoming a collection of professionals where all employees find finance interesting and are glad to be working in a bank

KR Targeting annual skills challenge points of ___ points through all employees taking on self-improvement challenges

Holding an in-house contest in which employees compete for highest interest rate on virtual 1 million yen in investment trusts handled by the bank



Improved ability to propose investment instruments by fostering customer's point of view, chiefly among new employees

Growing these activities through communication from the field concerning strategy-linked behavior that leads to medium- to long-term profits

Examples of changes from adoption of the value system

Communicating information on value-based behavior through internal social media (Unipos), to build an environment of mutual recognition among employees

From a branch manager to head office staff

Thank you for cooperating in #GoWild! efforts for our large-scale project. This is a project that could not have been achieved without the help of ___ and ___ over about two months leading up to the loan execution. The experience of working together with these two people on this project, which above all has greatly satisfied our customer, is something I will never forget. Let's take on new challenges together again in the future.

A message of gratitude from a branch manager to head office employees who worked on a successful large-scale project (syndicated loan)

#DoCollaboration!
#NICE teamwork
#Ikukyu Branch General Manager

From a sales office employee to an employee of Shizugin Management Consulting

Thank you for consistently providing understandable customer support! I am grateful for the way we were able to carry out interviews smoothly thanks to your thorough preparations through advance meetings and other means. Thanks to your attentive follow-up over an extended period, we have been finally able to complete a proposal to the heirs. We also have finally been able to bring the estate settlement process to the final stages. We would appreciate your continued support through completion.

A message of gratitude from a sales office employee to an employee of Shizugin Management Consulting who worked on a successful inheritance project

#GoWild!
#BeInnovative!
#DoCollaboration!
#Shizuoka FG collaboration

Sharing successful value-based case studies to foster a culture of mutual recognition and increased psychological stability in the organization

HR portfolio enhancement (1): Overview

Aiming to enhance the HR portfolio through individual HR development and hiring, redefining human resources as the leaders in First Medium-term Business Plan strategies

Key actions

Redefining human resources as strategic leaders

Currently

HR patterns have not advanced from previous operation categories and are not consistent with all strategies

Previous HR patterns

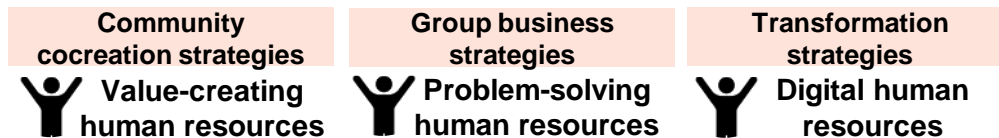
Corporate Middle/back office Group company staff Individual Head office staff

Need to change to HR patterns related to strategy instead of operation categories

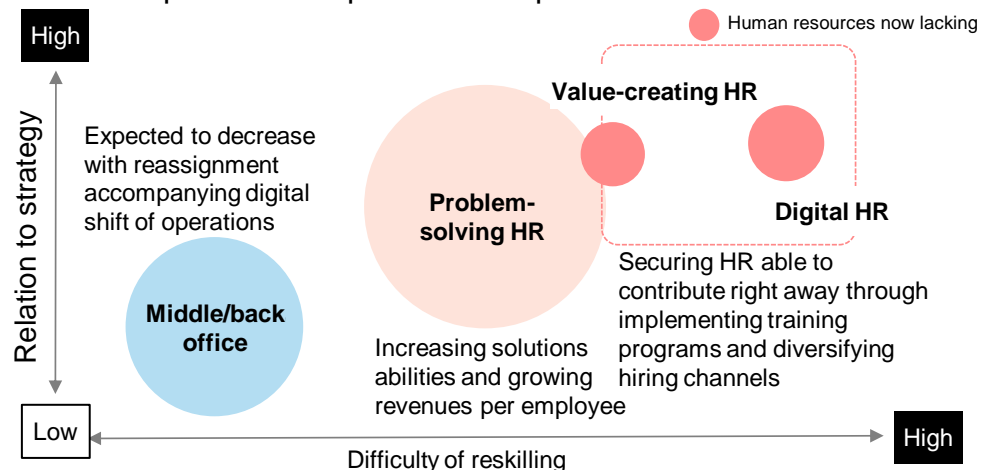
Future

Enhancement of HR portfolio linked directly to realizing strategies

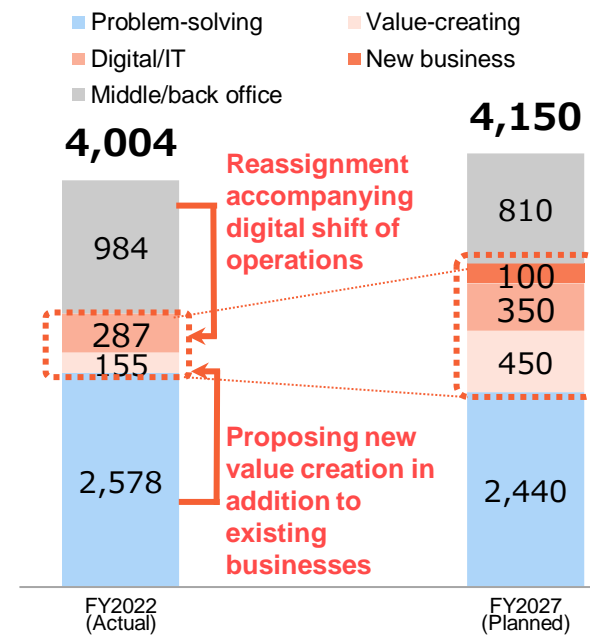
Main leaders in strategy



Status of HR portfolio and procurement policies



HR portfolio



HR portfolio enhancement (2): Development policies

Adding the definition of value-creation human resources to existing problem-solving human resources, broadening training domains and areas to match strategies and material topics

Developing the three types of HR who will be responsible for the strategy by assessing their skills from various perspectives through a certification system tailored to their fields of activity to be helpful in resolving materiality issues

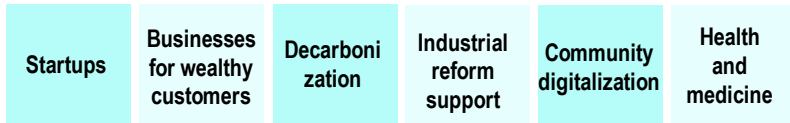
(Strategy)

Community cocreation

Value-creating HR FY2027 KPI: 450 persons

HR capable of creating new value not present in traditional core businesses

(Examples of activity themes)



Group businesses

Problem-solving HR FY2027 KPI: 800 persons

HR capable of solving challenges centered on traditional core businesses

(Examples of activity themes)



Transformation

Digital HR FY2027 KPI: 100 persons

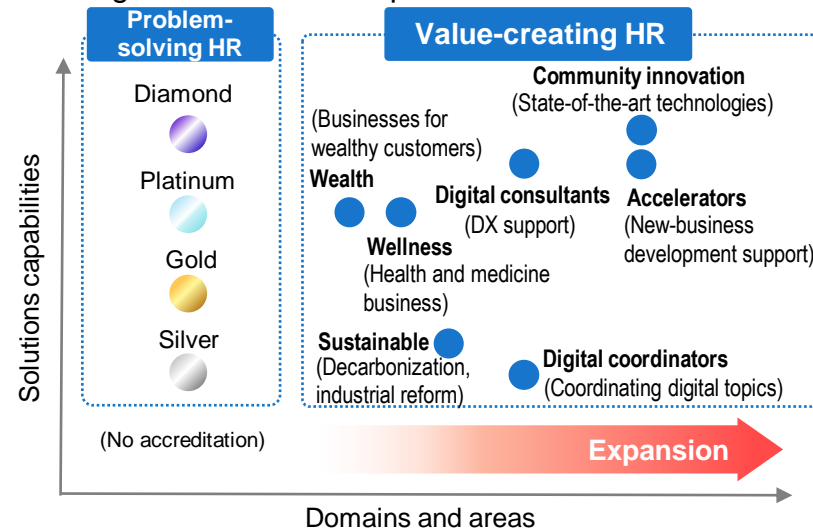
HR capable of using technology to transform business models and deliver new customer value

(Examples of activity themes)



Domains of value-creating HR and problem-solving HR

Broadening training domains and areas to match strategies and material topics



Accreditation schemes

Multifaceted appraisal of actual abilities by including business skills and practice in accreditation requirements

	Problem-solving	Value-creating
Duties, fields	Corporate consulting Individual consulting	New domains and areas
Accreditation requirements	Official qualifications Business skills Business results	Official qualifications Training completed Practical experience in related sections
Accreditation ranks	Four ranks	—

Accreditation of problem-solving and value-creating HR

Illustration of accreditation scheme and activities

Accreditation requirements

- Mastering basic skills
- Completion of training by outside instructors
- Earning official qualifications
- Practical project participation etc.

Digital HR accreditation

Digital specialists

Business model design
Design



Data specialists

Proposing data strategies
Designing businesses using data and AI

Developing two types of human resources based on area of activities

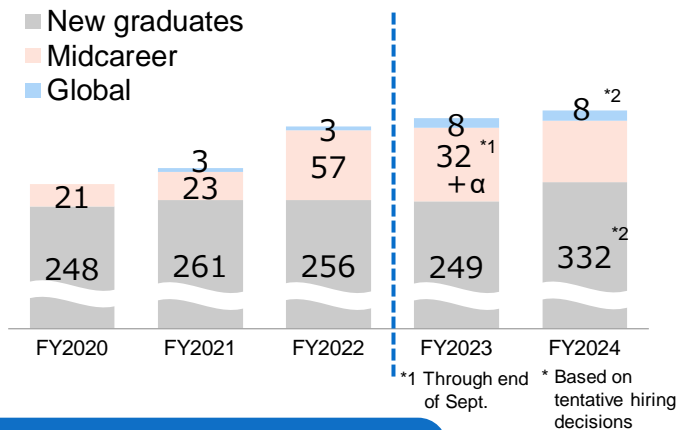
HR portfolio enhancement (3): Diversification of hiring channels

Maintaining and diversifying the HR portfolio over the medium to long term through not just enhancing mid-career hiring of strategic professionals but also promoting diversity in hiring

Hiring strategies to secure specialized human resources

There is an increasing trend in mid-career hires thanks to increasing HR staff and adoption of new hiring methods.

Trends in forms of hiring



New mid-career hiring methods

Direct recruiting by individual head office sections

Referral hiring of specialized HR

Use of alumni communities

Now under trial operation

Leveraging mid-career hires

The first mid-career hire named president of a Shizuoka FG Group company



President Takahiro Watanabe, SFG Real Estate Investment Advisors

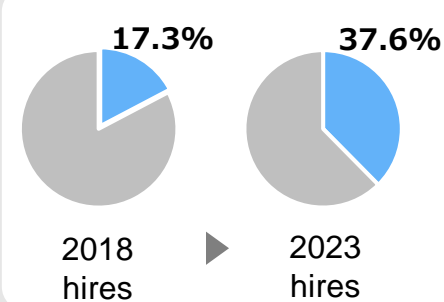
I joined the company as a mid-career hire in 2007, to put my knowledge and experience in the real estate business from my previous positions (with a trust bank and other organizations) to use in contributing to the progress of my hometown of Shizuoka. After that, I worked mostly in growing the real-estate finance business. When I proposed entering the business of real estate asset management so that the Shizuoka FG could contribute to community solutions in areas such as regional vitalization, not just was my proposal accepted—I was named president of the new business.

I feel that the move to a holding-company structure has further expanded our corporate culture in which the diverse individuality of each and every employee has contributed to your competitive strengths.

Hiring strategies to secure competitive strengths over the medium to long term

Making the HR portfolio more diverse through means such as increasing the percentage of new graduates hired from outside the prefecture and expanding diversity initiatives in hiring

Change in percentage of new graduates hired from outside the prefecture



Enhancing the lineup of diversity initiatives in hiring

Sports/Arts hiring

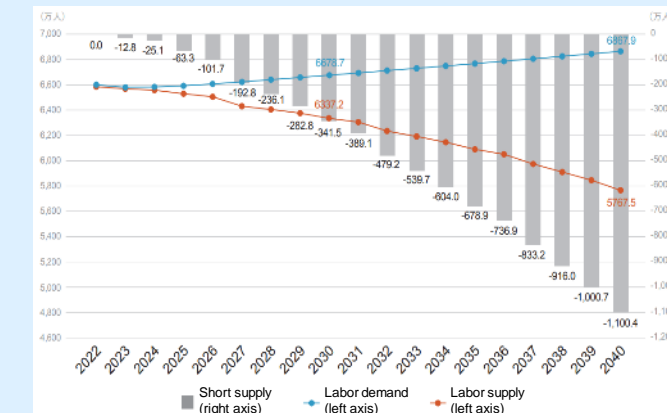
High-school and trade-school graduate hiring

Global hiring

Side jobs/second businesses

- Encouraging high-school graduates hired to attend Shizuoka University (evening program)
- Shizuoka Bank** covers testing costs, enrollment fees, and four years' tuition

TOPICS Hiring strategies based on labor demand-supply simulation



Understanding of issues

- A labor shortage is intensifying nationwide due to depopulation
- Securing new personnel is essential** to sustained corporate growth

Hiring of diverse human resources (enhancement of hiring capabilities) with an eye on changing population trends is connected directly to medium- to long-term competitive strength

Source: Future Forecasts 2040: A Society of Restricted Labor Supply, March 2023, RECRUIT Works Institute

Fostering a corporate culture to accelerate change

Aiming to be an enterprise that generates innovation by establishing new systems to support autonomous employees growth and career-building

Key actions

Establishing systems to encourage the pursuit of challenges and autonomous career-building

Currently

A conservative corporate culture intolerant of failure is unable to generate employees who take on new challenges

Understanding of issues in the corporate culture

Overcoming the top-down system

Getting rid of sectionalism

Fostering a corporate culture of mutual recognition

Eradicating multi-level decision-making

There is a need for continuous efforts to lead to reforms to the corporate culture

Future

Becoming an organization that generates innovation by backing employees as they take on challenges

In-house startup program

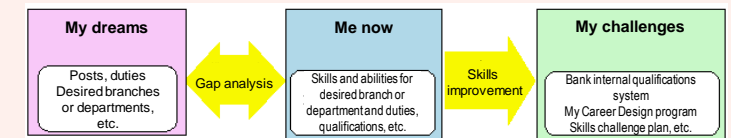
Seeking ideas from all employees on internal innovation and external startups, to encourage them to take on challenges and link them to action



Toward an enterprise that generates change by encouraging people to take on challenges

My Career Design program

Establishing a new voluntary program that enables diverse career choices such as secondment outside the organization and challenging posts in other sections, in order to support employees in autonomous career-building and realizing their dreams



Maximizing HR value by encouraging expansion of capabilities

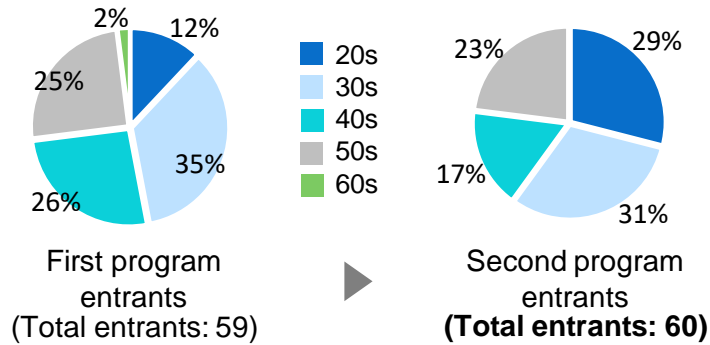
Changes resulting from the establishment of the new in-house startup and My Career Design programs

Growing the Shizuoka Financial Group's business portfolio and boosting profitability by changing the corporate culture to stimulate individual initiative

In-house startup program

With entrants in their 20s and 30s accounting for a growing proportion of our workforce, a corporate culture characterized by the spirit of seeking out challenges is spreading, chiefly among younger employees.

Those in their 20s and 30s account for about 60% of entrants.



Winning themes in the first program

Digital securitization of whiskey casks using digital tokens

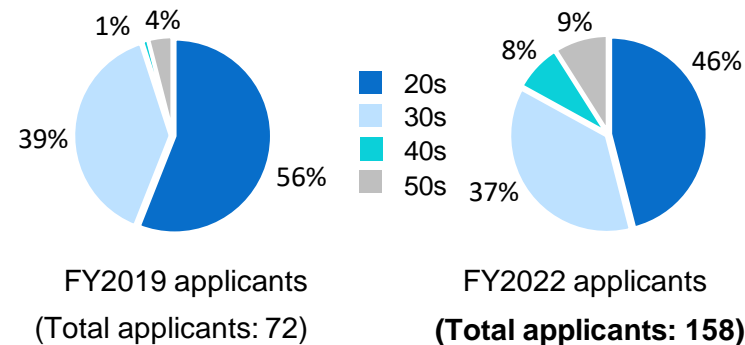
Financial services for foreign workers

Providing whistleblowing programs for outside firms under contract

My Career Design program

As the age range of applicants grows, people across a wide range of generations are actively choosing their own career paths.

Stimulating initiative among those in their 40s and 50s as well



Diverse career choices

- External dispatch
- In-house trainee
- Tackling the challenge of a posting to a requested section
- Transfer between Group companies
- Dispatch to a local firm
- Working concurrently in another section

Cumulative total users:

269

* From FY2019 to the end of Sept. 2023

10% of all employees have used the program.

A winner takes on the challenge of starting up a new company



Kosuke Wada, Business Strategy/ALM Group, Corporate Planning Dept.

Theme: **Providing whistleblowing programs for outside firms under contract**

Since joining the Bank, I've worked exclusively in corporate sales. I entered the in-house startup program because I wanted to be involved directly in solutions to social challenges through entrepreneurship.

I want to embody the Shizuoka Financial Group's corporate culture of intuitiveness while leveraging my experience of management thinking in tackling new challenges on the frontlines of sales.

Activities for a program participant



Hideaki Takato, Venture Business Support Department, Tokyo Sales Division

I have long been interested in the venture-capital business, and given the opportunity I decided to apply for dispatch to an external VC firm through this program.

At the company where I was dispatched, I was able to gain the expertise needed to invest in startups and build a new network in the business.

I plan to use this experience in promoting the venture business after returning to the Group, to contribute to growing Group profits while giving back what I have learned to the organization.

Expected medium-/long-term results

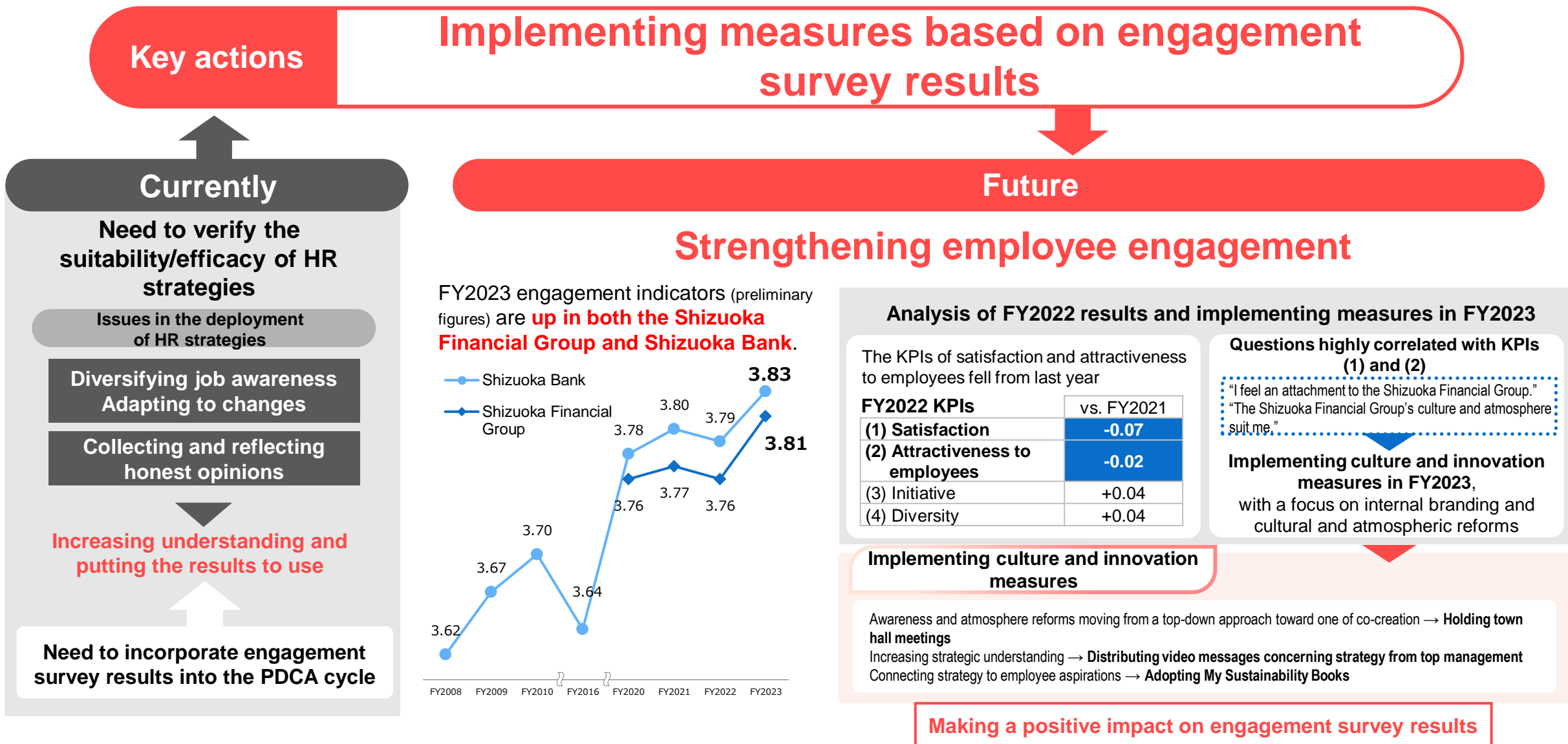
Individual initiative contributing to the growth of the Shizuoka Financial Group's business portfolio

Expected medium-/long-term results

Autonomous career choices impacting growth in the Shizuoka Financial Group's profits

Implementing a PDCA cycle using engagement surveys

Increasing understanding of HR strategies and employee engagement through a plan-do-check-act (PDCA) cycle using engagement survey results



Implementing culture and innovation measures

Implementing measures intended to reform our culture and atmosphere and to connect employee aspirations to management strategy, based on engagement survey results

Holding town hall meetings

Awareness and atmosphere reforms moving from a top-down approach toward one of co-creation



Aiming to raise awareness of co-creation and encourage reforms to the internal atmosphere by deepening understanding of the corporate philosophy and management strategy through opportunities for direct dialogue between management and employees

I was able to **reaffirm my status as a member of the Shizuoka Financial Group** by listening directly to management's views (Shizugin TM Securities employee)

Discussion of how the growth of local firms leads directly to Company profits **gave me a chance to reconsider my own views.** (Shizuoka Bank employee)



Adopting My Sustainability Books

Connecting management strategy to employee aspirations



We adopted My Sustainability Books and distributed to employees to connect management strategy to the aspirations of individual employees.

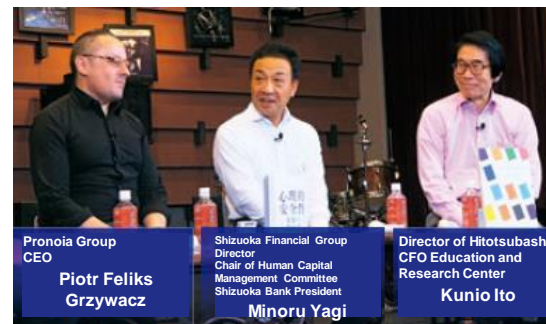
These books, which are about 250 pages long, will be completed over the five years of the Medium-term Business Plan in communication with superiors, using them as tools for one-on-one meetings in particular.

Communicating messages from management

Increasing understanding of strategy

We are communicating messages from management to all employees on the themes of human capital management and the Medium-term Business Plan, to increase understanding of strategy.

Theme (1) Why is human capital management necessary?

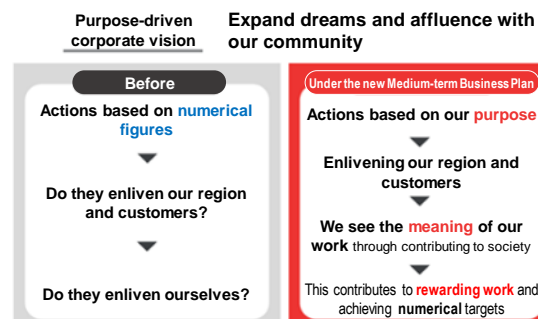


President Yagi spoke with Kunio Ito, a leader in human capital management, and Piotr Feliks Grzywacz, who provided support for adopting one-on-one meetings and OKR, on the theme of human capital management.

They explained purpose-driven management and SX management based on the thinking of the Medium-term Business Plan.

Theme (2) Why do we need to achieve the goals of the First Medium-term Business Plan?

Basing our actions on our **purpose**, instead of **numbers**



This message explained the background of formulating the First Medium-term Business Plan, which differs greatly from the previous Medium-term Business Plan due to consideration of subjects such as purpose-driven management and balancing corporate and social value.

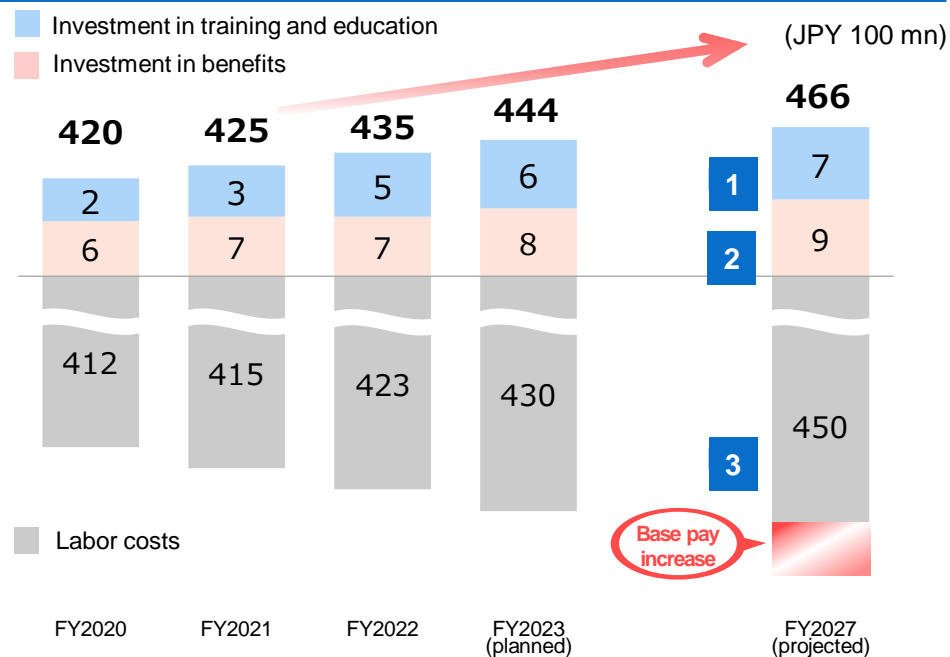
Management communicated its views on how to transform our behavior from that based on numerical figures to that based on our purpose and how to balance short-term and long-term profits.

Courses of action in human-capital management

The management of human capital is a significant aspect of overall management strategy. Our goal is to boost investments to maximize our human capital, including investment in employee benefits and training and education.

We will take measures to improve compensation, including base pay, which affects our hiring capabilities, while also acting to reflect the changing social environment.

Trends in human capital investments



[Gross operating profit and investment in training and education per employee (Shizuoka Bank)]

(JPY thousand)	FY2020	FY2021	FY2022	FY2023 (planned)	FY2027 (planned)
Gross operating profit	51,775	50,111	54,126	56,343	62,727
Investment in training and education	79	89	165	168	203

(Reference) Training costs per employee

	FY2020	FY2021	FY2022	FY2023 (planned)	FY2027 (planned)
Training and education costs	25	30	32	—	—

* "Fact-finding Survey on Training and Education Costs," SANRO Research Institute, Inc.

Courses of action in human capital management

1 Investment in education etc. (training and hiring costs etc.)

- Developing human resources to implement the basic strategies of the Medium-term Business Plan
 - (1) 450 value-creating human resources
 - (2) 800 problem-solving human resources
 - (3) 100 digital human resources
- Hiring an additional 290 mid-career hires and others able to contribute immediately through proactive employment activities
- Enhancing Group earning capabilities through reskilling and other efforts by increasing investment in training and education per employee
 - Gross operating profit per employee: up JPY8,601 thousand (Increase over five years of the Medium-term Business Plan)

2 Investment in benefits (e.g., sanitary management, employee stock ownership plan costs)

- Maximizing organization and HR outputs by providing benefits intended to make work more rewarding for Group executives and employees, realizing flexible work styles, and promoting DE&I, among other goals
 - Implementing measures related to the employee stock ownership plan

3 Labor costs (salaries, bonuses)

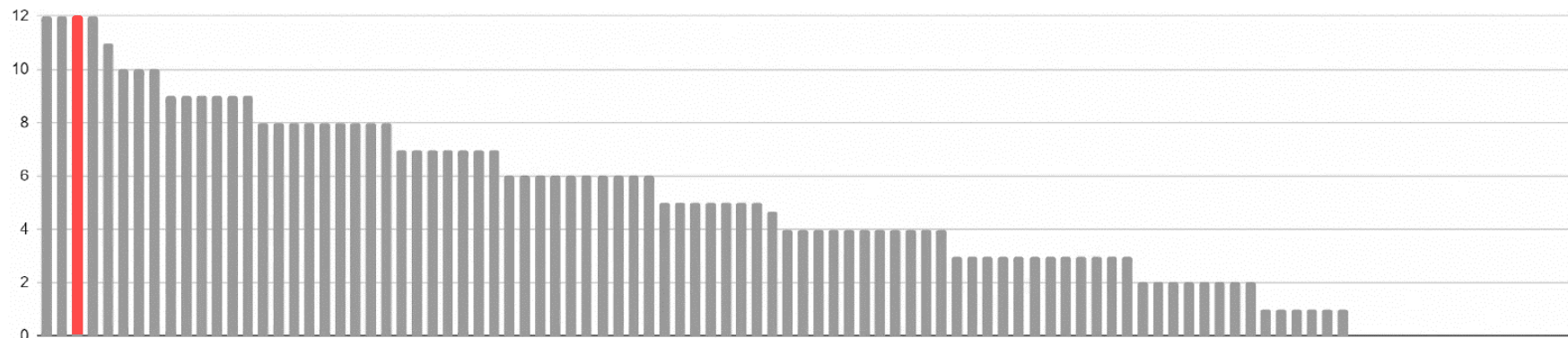
- Maximizing human capital through means such as improving compensation and hiring new strategic personnel
- While reflecting the changing social environment, increasing base pay, which affects hiring capabilities, appropriately using funding made available through means such as revision of the valuation of fixed assets

Maximizing human capital to support sustained growth

Status of human capital disclosure: External evaluation

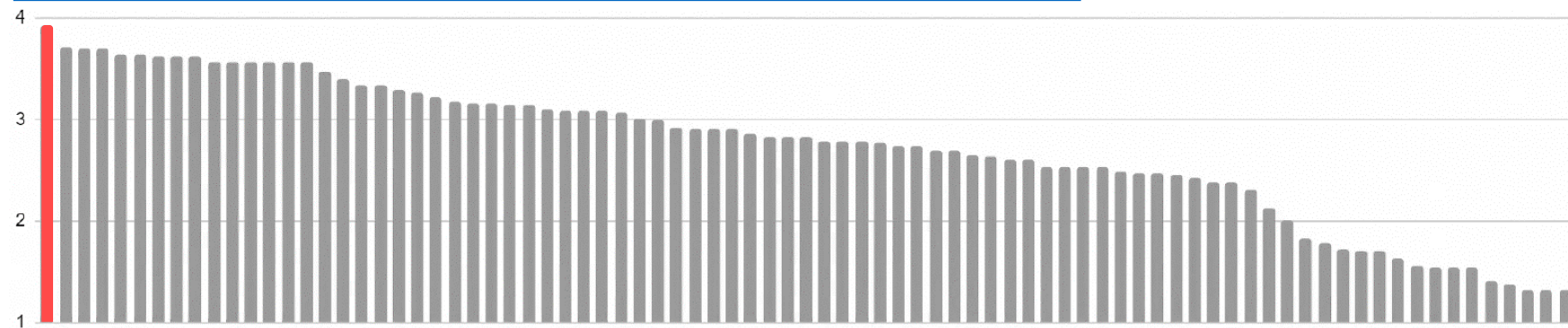
The nature and completeness of the disclosures in our Integrated Report ranked first among regional banks in training for HR officers organized by the Regional Banks Association of Japan (subjects: 99 first- and second-tier regional banks).

Disclosure content compared to other banks



Source: RAF Laboratory Co., Ltd. survey results

Total disclosure points compared to other banks



Source: RAF Laboratory Co., Ltd. survey results

15 disclosure items

(■ : Items assessed not disclosed by us)

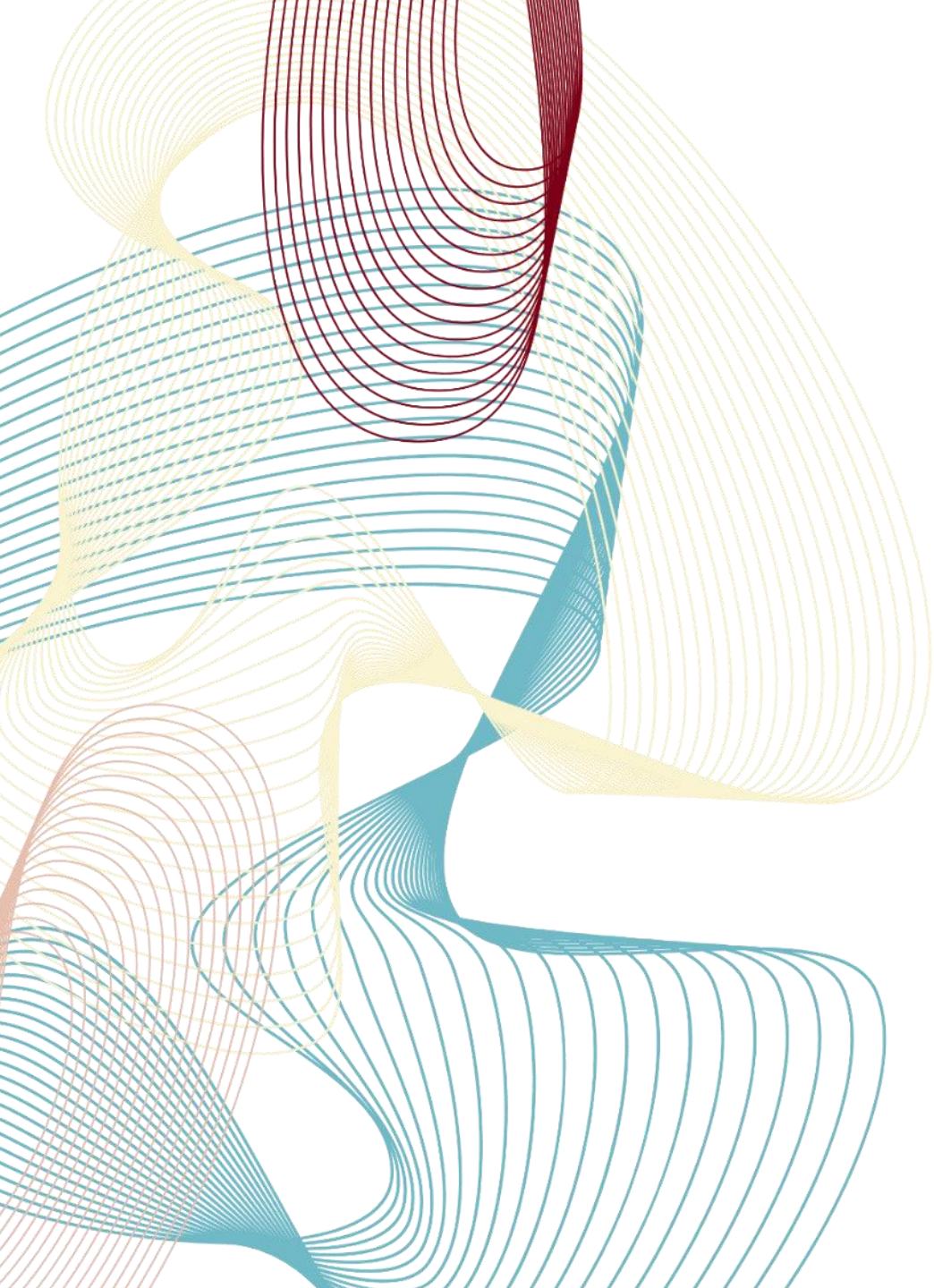
Staff composition by type (current, target)	Training time, costs, etc.
Mid-career hires	Number of staff holding qualifications
Male-female wage differential	Percentage of women managers
Percentage of paid leave received	Percentage taking childcare leave
Health indicators	Engagement indicator
Staff composition by age	On-the-job injuries
Incentives (excluding average bonuses)	Separation rate

- On average, 4.7 of the total of 15 items were disclosed.
- **We** and three other banks ranked in the leading position by disclosing 12 items.

Evaluation items

Information on HR strategies, etc.	
Linkage to management strategies	Portfolio optimization
Advancement, reskilling	Hiring
Diversity, workplace environment	Engagement
Incentives (e.g., HR systems, remuneration, salaries)	
Indicators	
Responding to stakeholder expectations	
Investors	Authorities, society
Employees	

- Average score of top banks: 2.46 points
- **We** held the highest score.

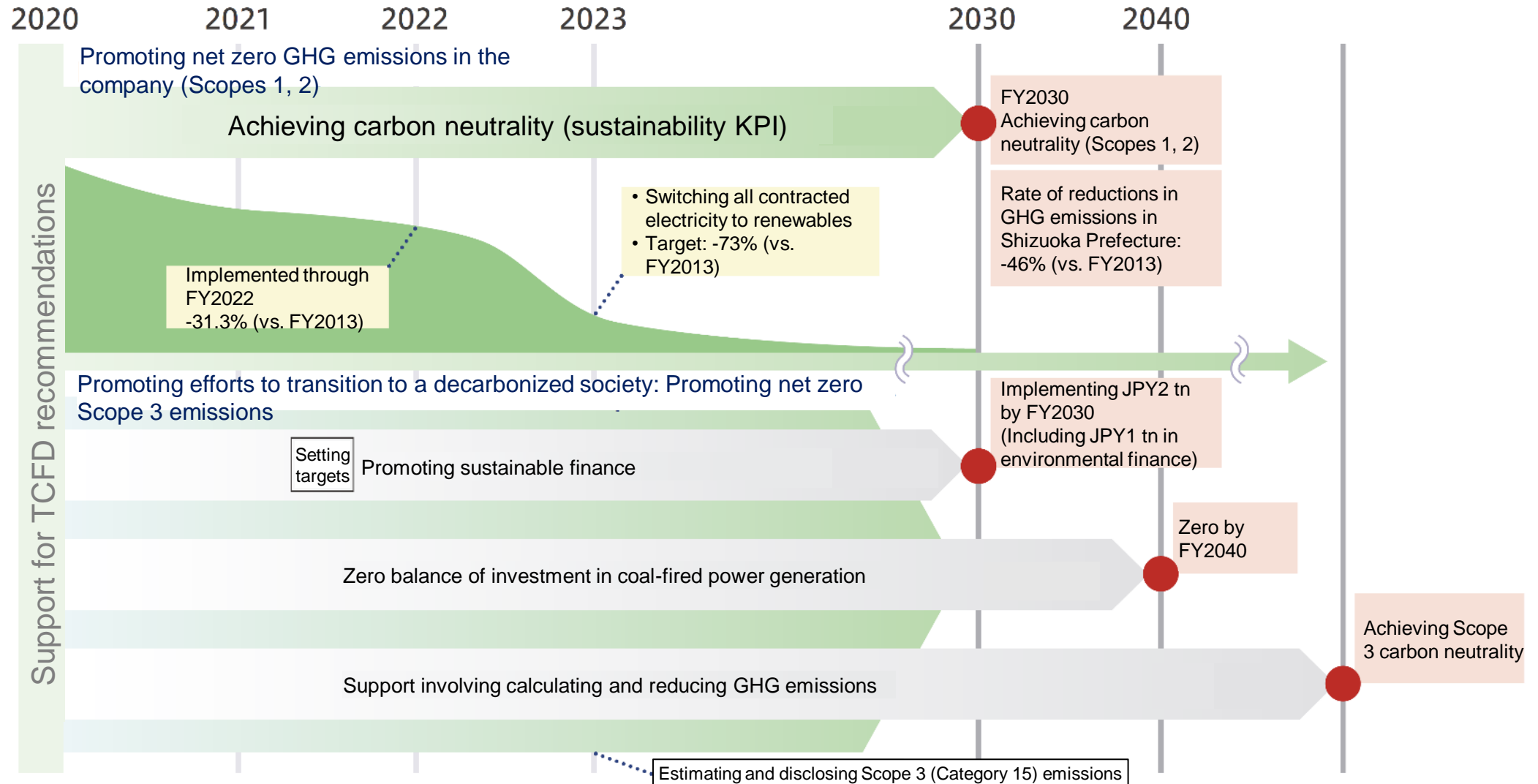


Reference Materials

Extracted from the Shizuoka Financial Group
Integrated Report 2023

Formulating plans for transitioning to carbon neutrality

The Shizuoka Financial Group has formulated a transition plan for achieving carbon neutrality. As we work to achieve carbon neutrality, we will also seek to help achieve decarbonization within the community (social value creation) by supporting customers through Groupwide efforts and joint efforts with local governments.

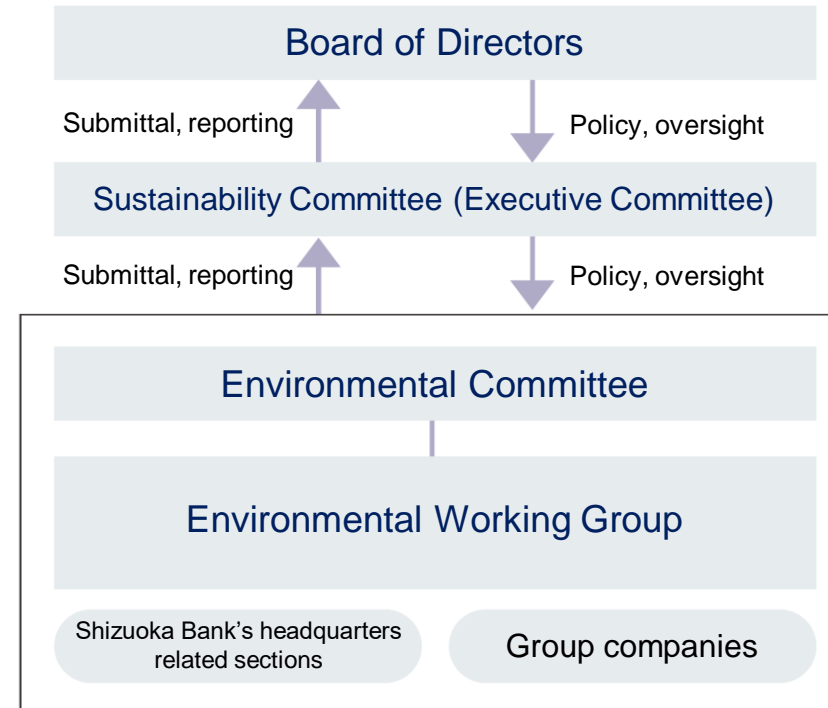


Specific initiatives (1): Governance structure

Building a Group governance structure to advance sustainability management; establishing the Shizuoka Financial Group Environmental Policy to help realize sustainable society on a Groupwide basis

Enhancing the governance structure

- Establishing the Environmental Committee and the subsidiary Environmental Working Group to realize Group sustainability management
- Alongside cross-functional discussions of policies and measures related to environmental management, including responding to climate change, and securing governance to realize a decarbonized society by reviewing these policies and measures in the Board of Directors meetings after discussion in the Sustainability Committee (Executive Committee), with the goal of promoting measures to dynamically improve efficacy



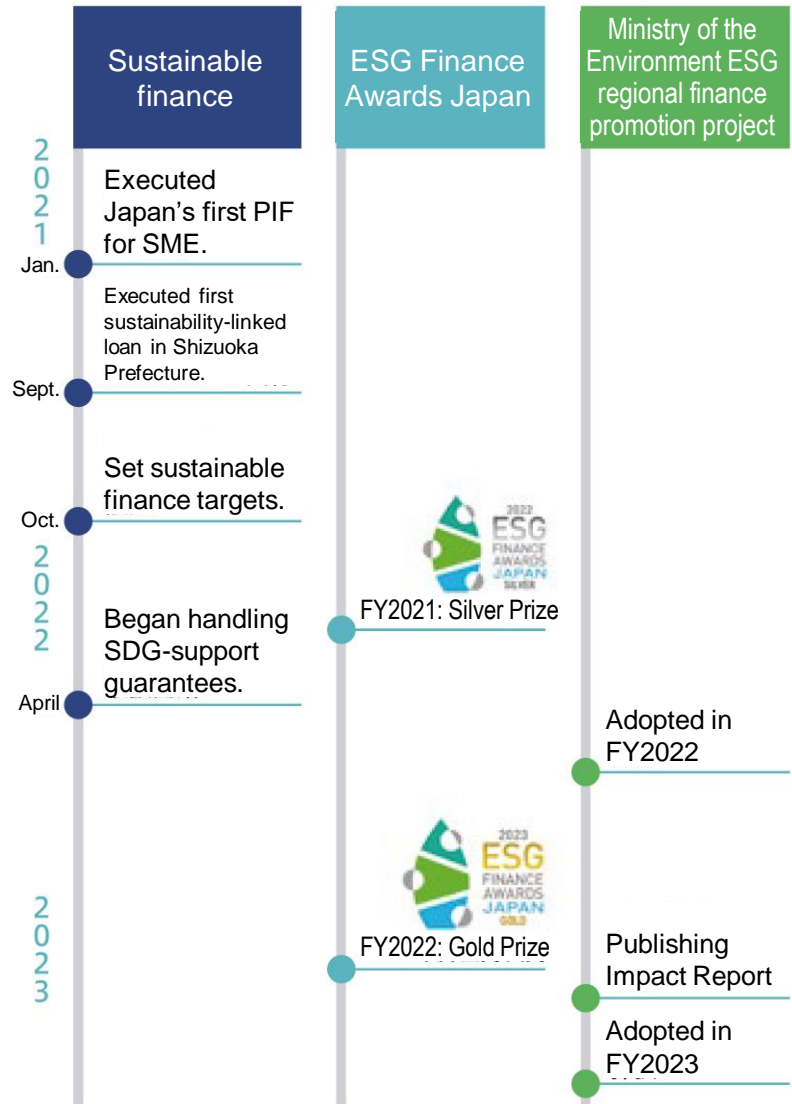
Establishing the Shizuoka Financial Group Environmental Policy

- Establishing the Shizuoka Financial Group Environmental Policy to recognize the management risks posed by climate change and to clearly delineate policies for helping to build a sustainable society through our major businesses
- Clearly identifying and reducing GHG emissions at Group companies while striving to build a sustainable society through service provision by each company

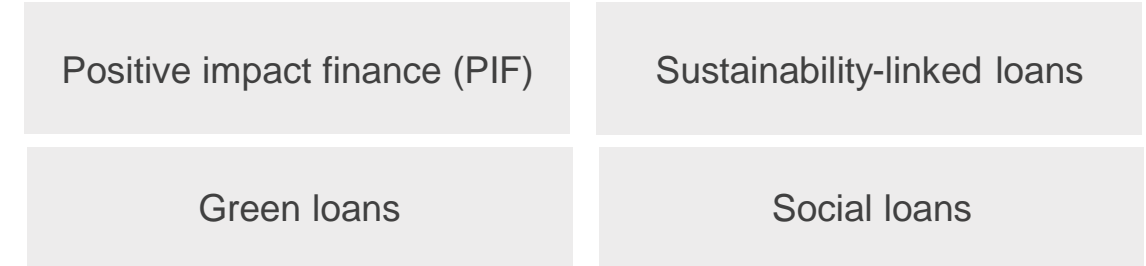
Specific initiatives (2): Strategy (promoting sustainable finance)

Establishing a sustainable finance target (JPY2 tn by FY2030) and promoting decarbonization within the community by providing funding support for customer ESG initiatives

History of sustainable finance promotion measures



Main sustainable finance efforts



TOPICs: SDG-support guarantees

- Co-developed by Shizuoka Bank and Shizuoka Credit Guarantee Association
- Encouraging SDG/ESG management initiatives and implementing partnership support through simplified valuations based on dialogue with customers

Results, evaluation

Adopted in two consecutive years

Ministry of the Environment ESG regional finance promotion project

Won for two consecutive years

ESG Finance Awards Japan Indirect Financing Category
 FY2021: Silver Prize
 FY2022: Gold Prize

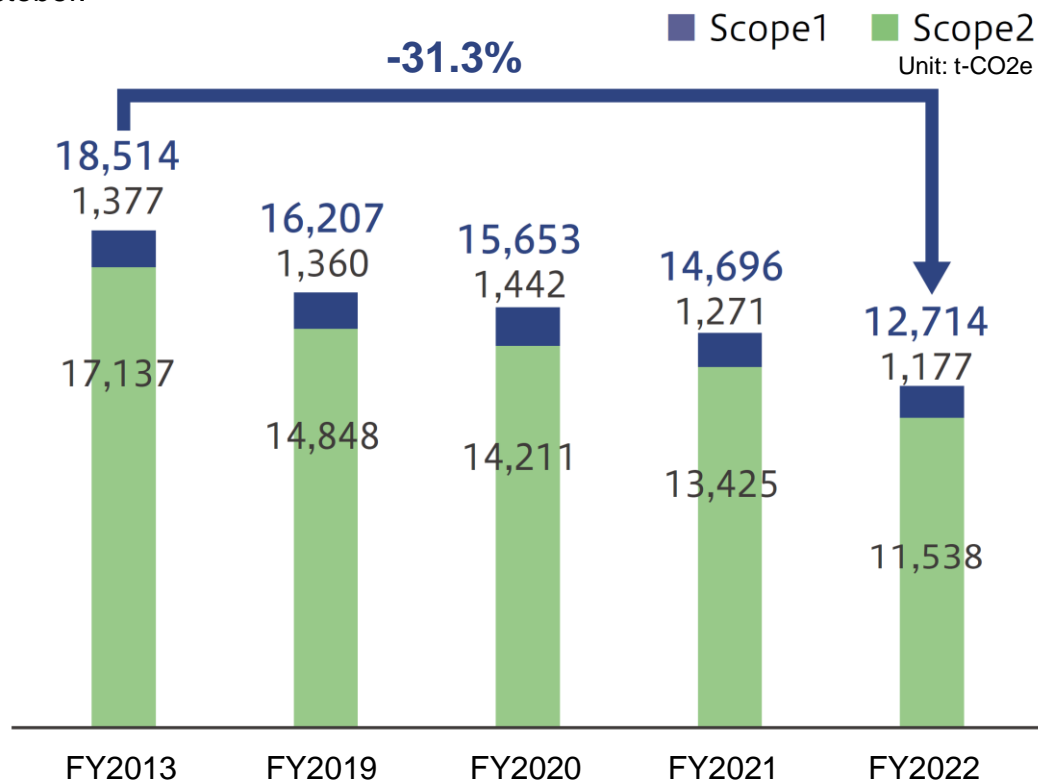
Specific initiatives (3): Indicators and targets (our GHG emissions)

Establishing solar power facilities and promoting a switch in contracted power to renewable energy to achieve carbon neutrality (Scopes 1, 2) by FY2030; calculating emissions in each Scope 3 category

Achieving carbon neutrality (Scopes 1, 2) by FY2030

The Shizuoka Financial Group has established the target of achieving carbon neutrality (Scopes 1, 2) by FY2030.

We estimated a GHG emissions **reduction** of 73% in FY2023 compared to FY2013 by switching our contracted power to renewable energy, in addition to the renewable energy obtained from Shizugin Solar Park, which began operating in October.



* Scope of calculations expanded in FY2023 to include aspects specified in the TCFD guidance in addition to those required by the Act on Rationalizing Energy Use

Scope 3 (Categories 1-14)

Unit: t-CO2e

Measurement	FY2022 emissions	
Category 1	Purchased goods and services	30,426
Category 2	Capital goods	23,022
Category 3	Fuel- and energy-related activities	2,031
Category 4	Upstream transportation and distribution	Included in Category 1
Category 5	Waste generated in operations	99
Category 6	Business travel	560
Category 7	Employee commuting	1,469
Category 8	Upstream leased assets	Excluded *1
Category 9	Downstream transportation and distribution	
Category 10	Processing of sold products	
Category 11	Use of sold products	
Category 12	End-of-life treatment of sold products	0 *2
Category 13	Downstream leased assets	
Category 14	Franchises	Excluded *1

Scope of calculation: Shizuoka Financial Group as a whole (excluding resident offices and subsidiaries overseas)

*1 Categories 8-12 and 14 not applicable for business reasons

*2 Shizugin Lease not subject to calculations on Category 13

Specific initiatives (4): Indicators and targets (e.g., sustainable finance promotions)

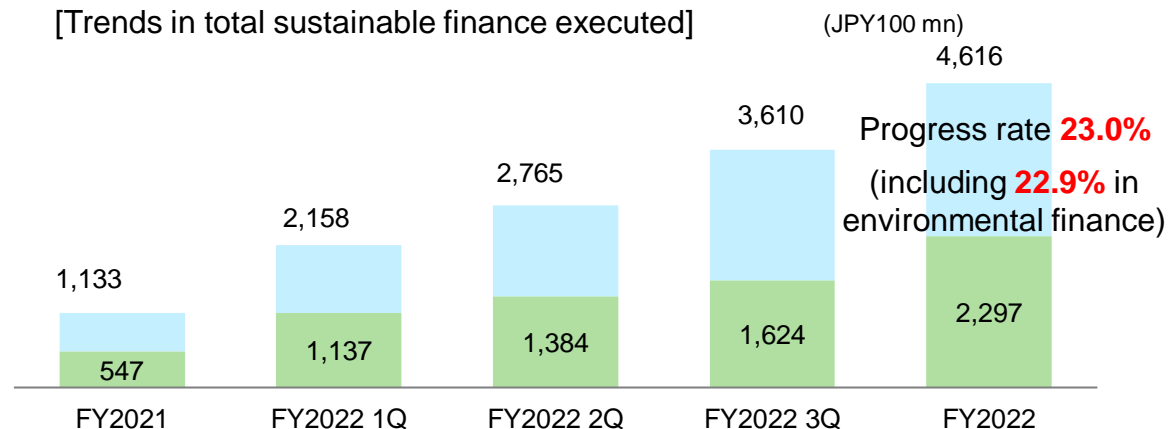
We have set targets for sustainable finance and the balance of investments and financing for coal-fired power generation, and are also promoting efforts to transition to a decarbonized society.

Further, we have ascertained lending balances to carbon-related industries as part of efforts to quantify climate change risks.

Sustainable finance

Target: **JPY2 tn** by FY2030 (including **JPY1 tn** in environmental finance)

[Trends in total sustainable finance executed]



Balance of investments and financing for coal-fired power generation

Zero investments and financing by FY2040

Balance of investments and financing for coal-fired power generation at the end of March 2023
JPY15.9 bn
(0.12% of loan balance)

Carbon-related industries

Shown below are Shizuoka Bank's balance of loans to carbon-related industries and their share of total lending at the end of March 2023.

Subject sector	Energy	Transport	Materials, structures	Agriculture, foods, forestry	Total
Share	2.33%	8.05%	14.09%	4.30%	28.77%
Loan balance (JPY100 mn)	2,342	8,100	14,178	4,330	28,950

Note: Energy: oil and gas, coal, electricity; Transport: air cargo, air passenger, sea transport, rail transport, trucking services, autos and parts

Materials, structures: metals and mining, chemicals, building materials, capital goods (e.g., buildings), real estate management and development

Agriculture, foods, forestry: beverages, agriculture, packaged foods and meat, paper and forest products

TOPICS: Carbon Disclosure Project climate change survey assessment

The Carbon Disclosure Project, an international NGO that evaluates and accredits corporate environmental strategies and initiatives, has given us a grade of **B-** in its climate change survey.

Linking management strategies to HR strategies

Our management strategies seek to develop a future-oriented vision of the Group's purpose; in our human capital strategies, we seek to maximize the human capital needed to realize this vision.

By linking these two strategies, we seek to increase the feasibility of management strategies and enhance the quality of our human resources.



Initiatives to achieve our vision

1. HR systems to establish firmly autonomy, initiative, and diversity
2. Optimal HR assignment and development
3. DE&I^{*1} enhancement to maximize HR value
4. Culture and Well-being Innovation^{*2}

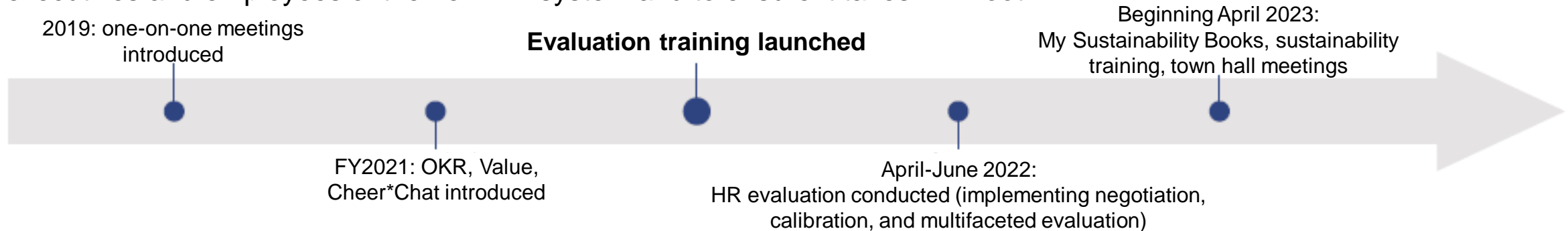
*1 Diversity, equity, and inclusion

*2 Initiatives to foster an internal corporate culture to realize the vision aimed of the First Medium-term Business Plan

System revisions to firmly establish autonomy, initiative, and diversity (1)

Adopting, firmly establishing, and operating a new evaluation system

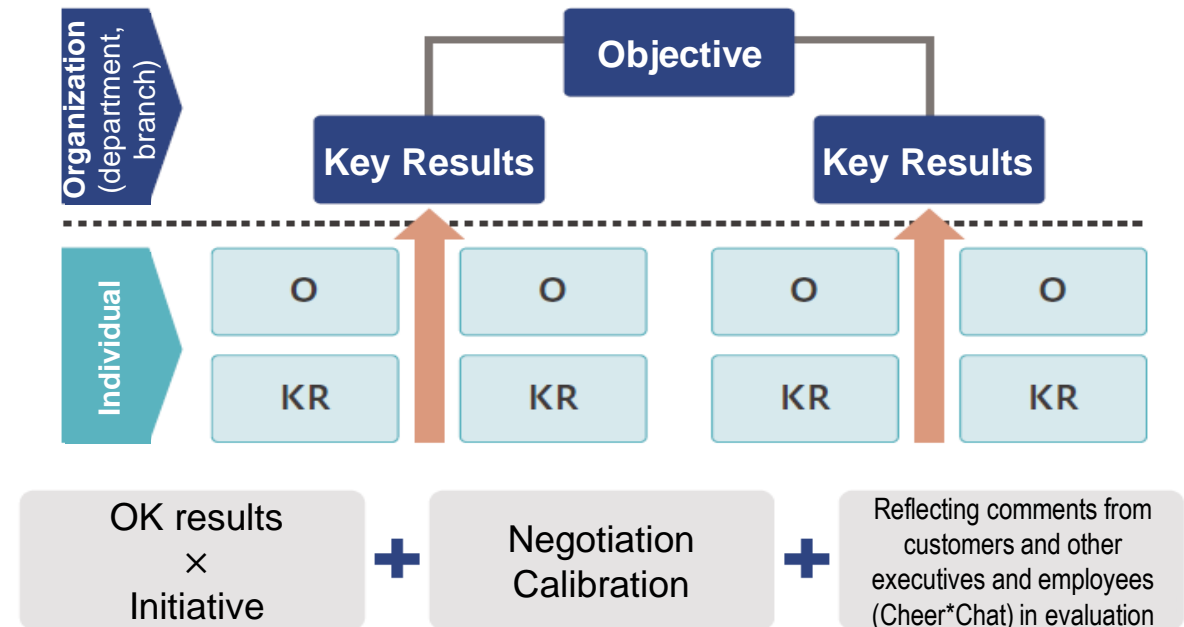
We're adopting various new systems in stages to achieve **thoroughgoing reforms of the HR evaluation system into one consisting of OKR and Values**. We hold continuous annual evaluation training sessions to deepen understanding among executives and employees of the new HR system and to ensure it takes firm root.



OKR

We introduced OKR to align the goals of the organization and individuals through opportunities to exchange viewpoints in departments and branches based on a flat organization model.

We reflect multifaceted opinions in the HR evaluation process. Details are comprehensively shared to encourage changes in behavior among individual executives and employees.



System revisions to firmly establish autonomy, initiative, and diversity (2)

Three Values

To realize our corporate philosophy and group vision, we have established three Value keywords as value standards to be embodied in our daily actions, and we communicate these among executives and employees to ensure that our actions agree with these values.

Go Wild!

A mindset that seeks to tackle challenges repeatedly and to learn from failure while moving ambitiously toward reform

Be Innovative!

A culture characterized by constant self-reform to achieve creative destruction and through the relentless pursuit of knowledge

Do Collaboration!

An outlook that continually seeks to generate added value through joint efforts and the open exchange of perspectives through relationships based on a flat organization model

One-on-one meetings

We're deploying one-on-one meetings to foster a culture that promotes human capital development by stimulating communication within the workplace and between superiors and subordinates. We're seeking to deepen trust between supervisors and subordinates and to create an organization of autonomous thought and action by encouraging subordinates to lead one-on-one meetings. In FY2022, we introduced the Naname and Yoko-Shita one-on-one meetings to create opportunities for dialogues that transcend affiliations and positions.

Using the Cheer*Chat internal social media platform

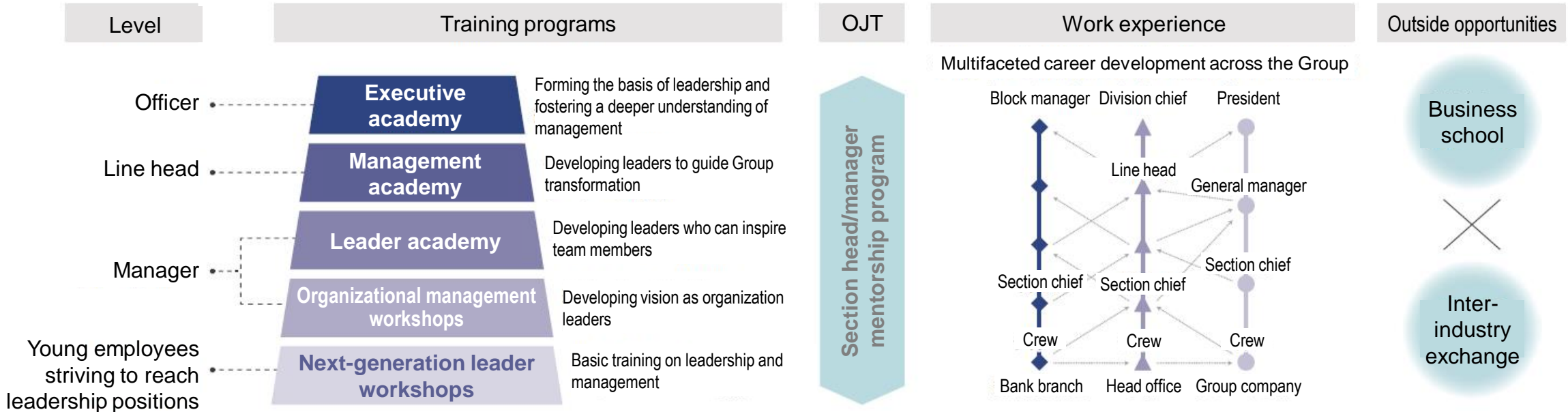
To foster a culture of mutual recognition, we have introduced Cheer*Chat, an internal social media platform for executives and employees to exchange words of appreciation and praise on a daily basis. Users can use hashtags to spread awareness of the Value action standards and to manage subordinates.



Optimal human resource assignment and development (1)

Developing visionary leaders (establishing a succession planning structure)

We are developing human resources for the future through a structure that combines leader training programs such as training programs, on-the-job training (OJT), work experience, and outside opportunities.



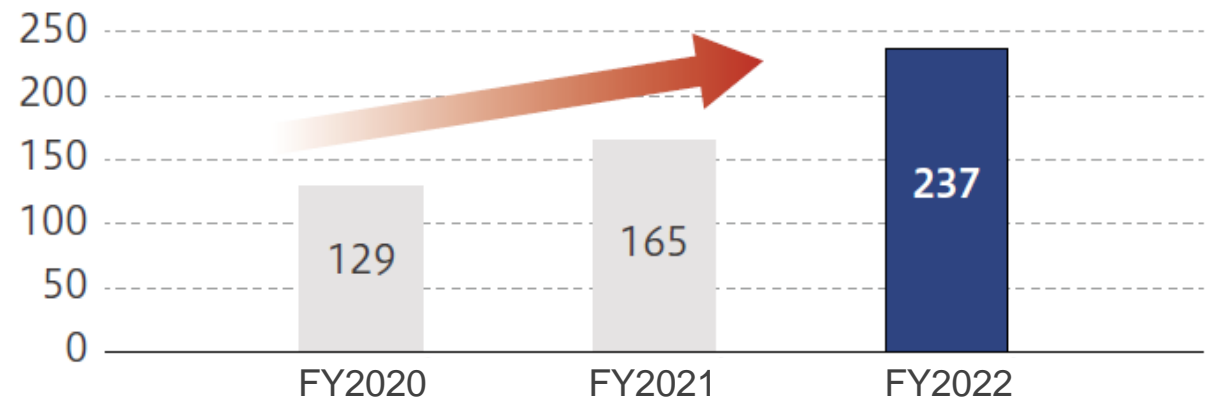
Active assignment to outside opportunities (opportunities for external exchange)

Through means such as business school and inter-industry exchange, we provide opportunities for exchange with human resources from outside the Group to encourage autonomy and initiative, help employees broaden their networks, and improve employee knowledge and perspectives.

[Main curriculum]

- Nikkei Executive Governance Program
- Waseda University Top Management Training, Senior Management Lectures
- Nomura Management School (Management Strategy Course for Women Leaders, Digital Strategy Courses for Managers), and numerous others

Training program participants

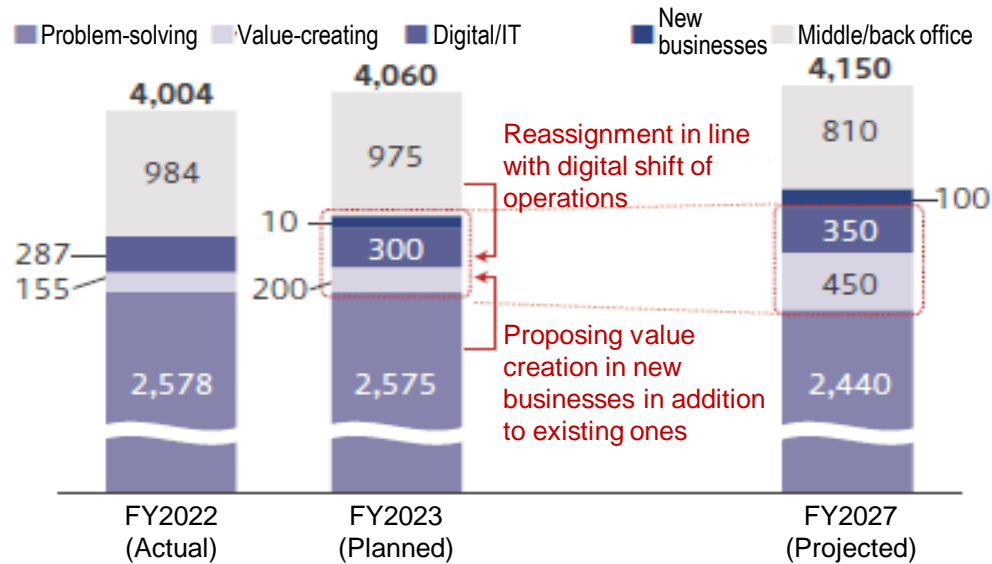


Optimal human resource assignment and development (2)

Developing value-creating personnel, further improving solutions capabilities, and expanding the scope of learning

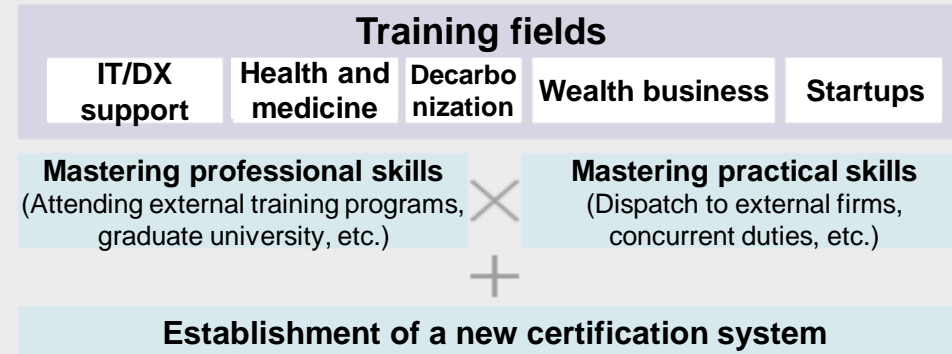
By working to increase the value of each and every employee and to optimize the assignment of our human resources, we seek to realize the First Medium-Term Business Plan's vision: Become a problem-solving corporate group that creates new values for the future.

Human resource portfolio vision



Value-creating human resources

Human resources capable of creating community value drawing on their expertise and personal networks



Digital human resources

Human resources capable of using state-of-the-art technologies in operational enhancements and business development

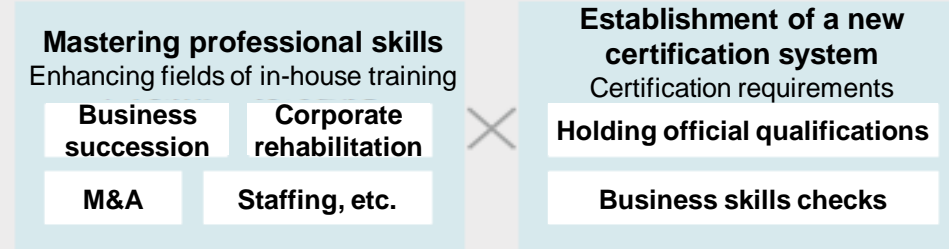


Improving IT literacy Groupwide

IT Passport holders as of the end of March 2023: 1,207 persons

Problem-solving human resources

Human Resources who deliver solutions through deeper awareness of customer issues



Optimal human resource assignment and development (3)

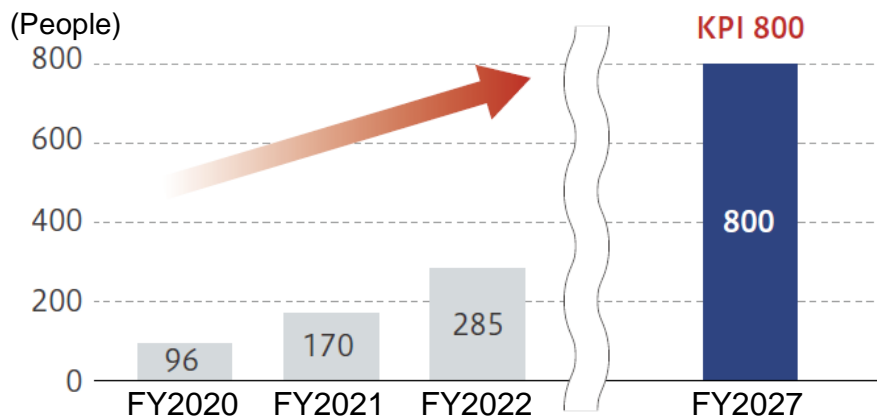
Internal qualifications program

This program clarifies the qualifications and skills required of consultants who deliver solutions to customer challenges, thereby supporting the career development goals of each individual.

The number of certified personnel under this program continues to grow from year to year. In FY2022, two employees earned the highest-level Diamond certification.

Certification rank	Silver	Gold	Platinum	Diamond
Official qualifications, etc.	Second grade of FP, Legal Affairs Level 3 Qualification Examination, IT Passport, Financial Services Certification Level 3	In addition to those at left: First grade of FP and Financial Services Certification Level 2	In addition to those at left: Senior M&A Expert, Senior Private Banker, or Fundamental Information Technology Engineer	In addition to those at left, one or more of the following: Small and Medium Enterprise Management Consultant, Labor and Social Security Attorney, Certified Tax Accountant/Lawyer, Certified Public Accountant, Real Estate Appraiser, Administrative Scrivener, Judicial Scrivener
Business skills checks	C	B	A	S

Number of certified personnel (Silver and above)



Trends in numbers of holders of major qualifications

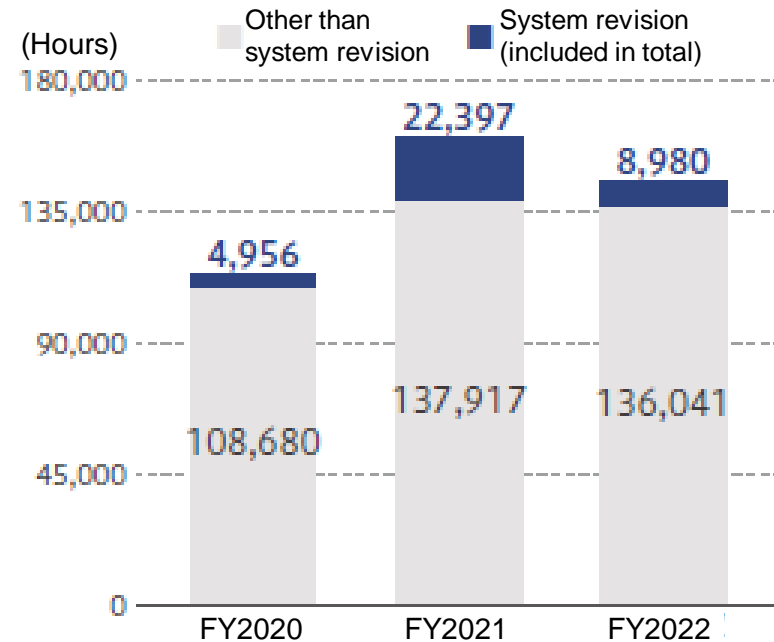
Qualification	FY2020	FY2021	FY2022
MBA	13	13	13
Small and Medium Enterprise Management Consultant	68	70	72
First grade of FP/CFP	313	351	358
IT Passport	396	748	1,207
Fundamental Information Technology Engineer	135	180	199

Optimal human resource assignment and development (4)

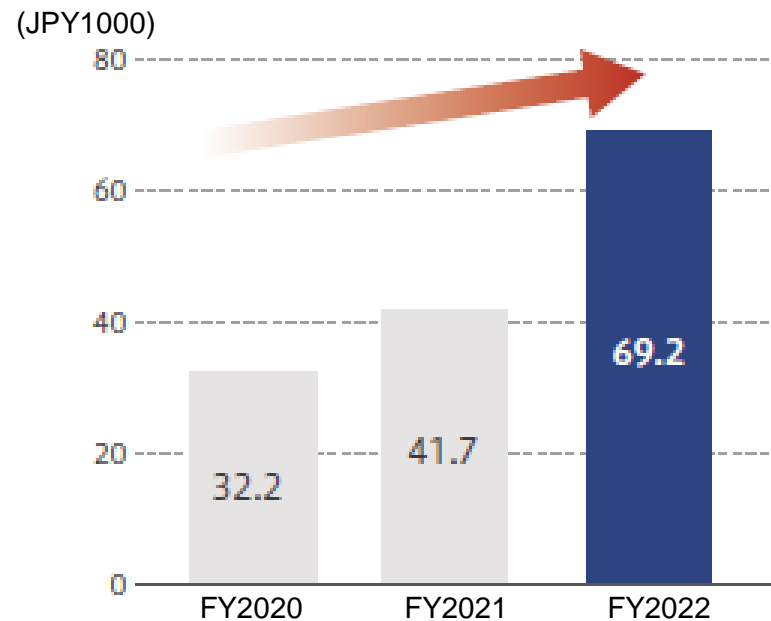
Development and environment to enable autonomous career building

We're developing an environment to enable autonomous career building by each executive and employee. To provide recurrent education and reskilling opportunities, we're boosting training expenses per staff member. (In FY2021, alongside revisions to the HR system, training hours increased sharply to promote awareness and use of the system among personnel.)

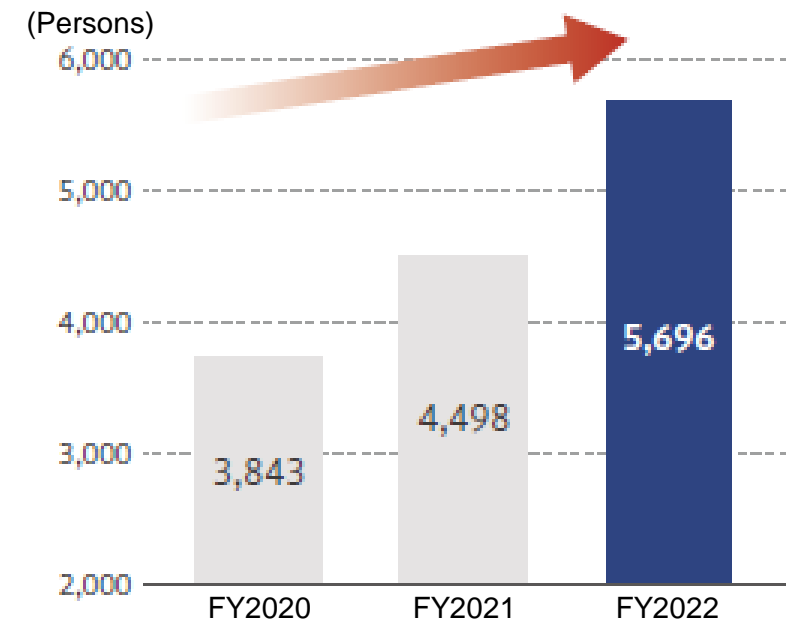
Trends in training hours



Trends in training costs per staff member



Trends in Open College participants



Shizuoka Financial Group Open College (Liberal Arts)

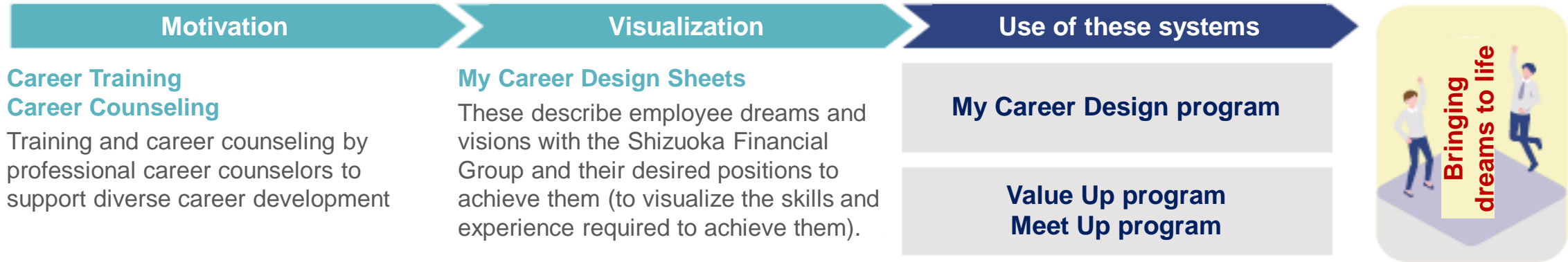
We provide executives and employees with opportunities to learn about new topics through means such as seminars on liberal arts, IT/DX, the environment, and DE&I in courses offered on weekends and weeknights.

	FY2020	FY2021	FY2022
Open College participants (persons)	3,843	4,498	5,696

Optimal human resource assignment and development (5)

Developing systems to support autonomous career development

We are enhancing systems to support autonomous career design by each executive and employee to realize his or her dreams with the Shizuoka Financial Group.



Supporting career autonomy for younger workers

We have introduced a mentorship program and an anchor program to enhance follow-up and career development support for younger employee job retention.

	Mentorship	Anchor
Subject employees	Employees in their first or second years	Employees in their third or fourth year
Roles	Employees with less professional experience can consult with familiar senior colleagues on topics such as mastering their jobs and social life to foster a professional mindset and help them settle into their jobs.	Senior colleagues serve as career development role models for younger employees with limited experience, providing practical guidance and career development counseling to help foster a growth mindset.

Career counseling by the Human Resources Counseling Office

Once a year, HR consultants qualified as career consultants visit all divisions and branches to address the challenges facing each organization and the career development issues encountered by executives and employees. They help resolve such issues by providing information on various training programs and systems to maintain staff motivation and encourage proactive career development.

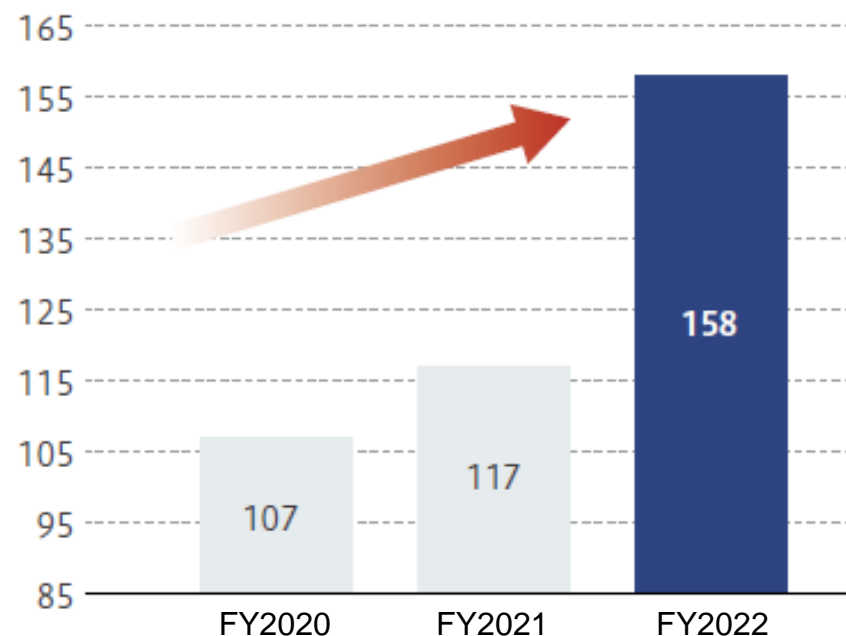
Optimal human resource assignment and development (6)

My Career Design program

Systems to support the autonomous career design and diverse career development of each and every employee and executive are expanding each year.

System	Details
Dispatch to Regional Companies	By providing precise solutions to the management issues facing regional companies and in other ways, employees themselves grow by contributing to the growth and development of businesses within the community.
External Dispatch/Internal Trainees	Employees are dispatched to outside companies or provided traineeships in specialized sections to acquire specialized expertise in business succession, financial markets, digital technologies, and other fields.
Post Challenge/Intra-company side jobs	The Post Challenge system allows employees to work in the sections of their choice. The intra-company side job system allows them to work one day a week in sections of their choice while maintaining current affiliations in their present sections.
IT/DX Programs	This specialized program combines the intra-company side job system with interval training by external consultants to develop digital human resources.
System for Transfer between Group Companies	Under this program, employees can choose to transfer between Group companies in accordance with their own career visions, regardless of form of employment.
Side jobs/Second businesses	These systems proactively support secondary posts and voluntary dispatch to other companies for concurrent posts, so that executives and employees can realize self-fulfillment, acquire broad expertise, and grow their interpersonal networks.

■ Trends in number of applicants



Value Up program

This program provides financial support for skills development initiatives planned by the individual employees themselves.

[Examples of past support]

Business schools (e.g., Globis, Waseda University), programming schools, qualification schools (e.g., for tax accountants and real-estate appraisers), language schools, etc.

Meet Up program

This program provides support for part of the cost of participating in various events, including community events, study meetings, and inter-industry exchange meetings organized by government or local firms.

[Main examples of past support]

Participation in inter-industry exchange meetings, seminars on recent wine trends, events for learning about local history, fishing classes (community vitalization), etc.

DE&I enhancements to maximize human resource value (1)

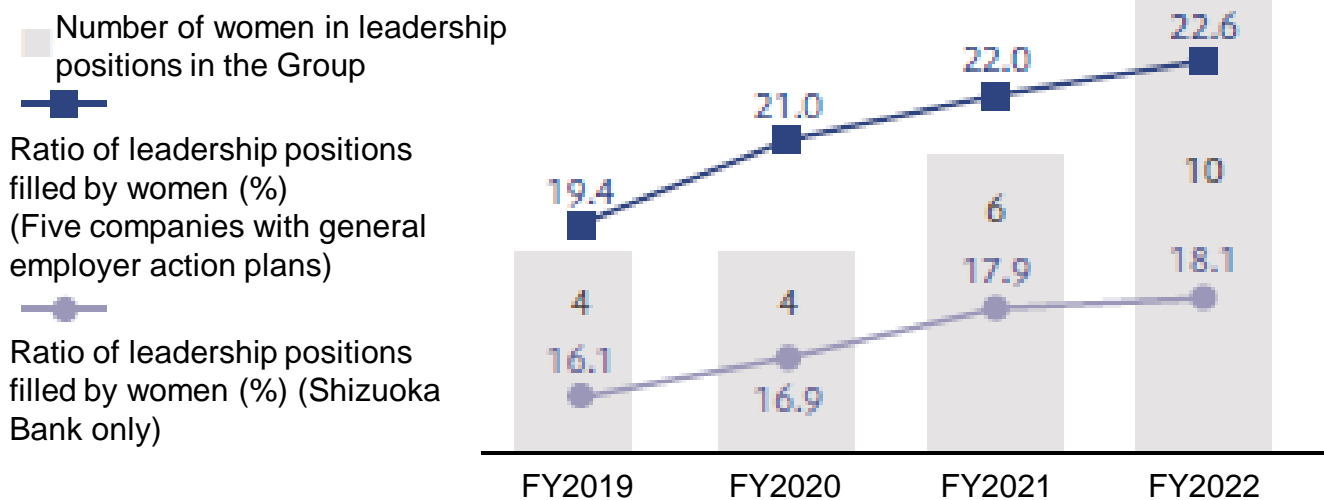
Initiatives to empower women

We seek to achieve a ratio of at least 22% of leadership positions (at the section manager level and above) being women by the end of March 2024 and at least 40% by the end of March 2031, as we actively assign and appoint women to these positions while supporting women's career development and development women managers.

General employer action plan initiatives

Five Group companies—Shizuoka Bank, Shizugin TM Securities, Shizugin IT Solution, Shizugin Mortgage Service, and Shizugin Business Create—have formulated general employer action plans, as we strive to advance the roles of women Groupwide with the aim of strengthening our DE&I initiatives.

KPI Ratio of leadership positions filled by women (Shizuoka Bank)
22% or more by the end of March 2024 and 40% or more by the end of March 2031



Supporting women's careers

- Holding training for women executives and employees to make work more rewarding and to help them tackle the challenges of career development
- Raising awareness of women's health issues
- Holding seminars to promote better understanding among colleagues

TOPICs: Support for the “Challenge to 30% by 2030” program

We support the program promoted by the Japan Business Federation. As of April 2023, ten female executives, including the president of a Group company, play active management roles within the Group.



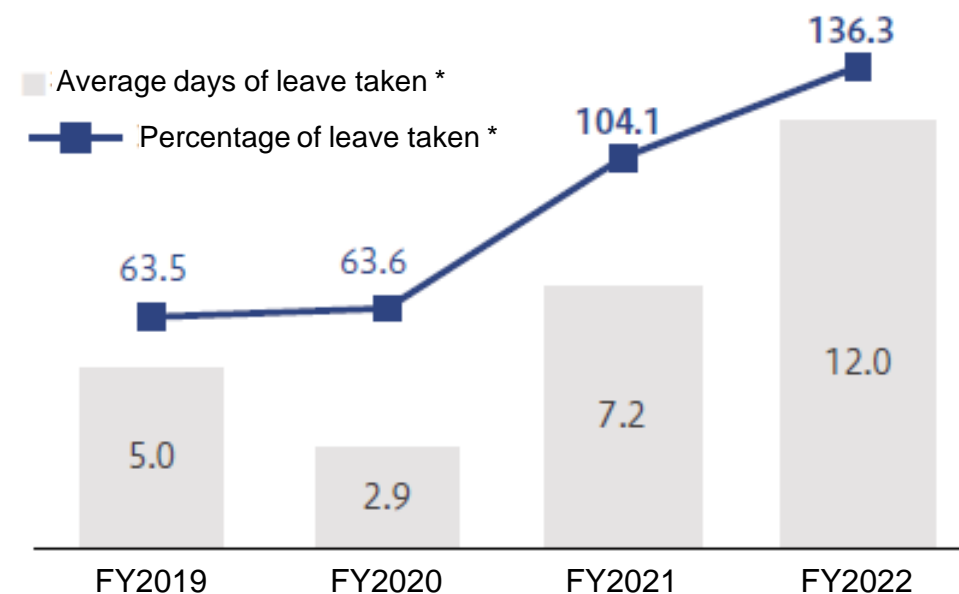
DE&I enhancements to maximize human resource value (2)

Maintaining a percentage of 100% of eligible male employees taking childcare leave*

In line with amendment of the Child Care and Family Care Leave Act in April and October 2022, in April of that year we expanded our “Ikusapo” childcare support program. Alongside establishing a system to promote gender-neutral participation in childcare, we seek to overcome resistance to men taking childcare leave and rectify unconscious biases concerning balancing family and work.

* At five companies with general employer action plans

Percentage of 100% of eligible male employees taking childcare leave (%) = number of male employees who took (began) childcare leave in the fiscal year/number of male employees whose spouses gave birth in the fiscal year * 100



Rectifying male-female wage differentials

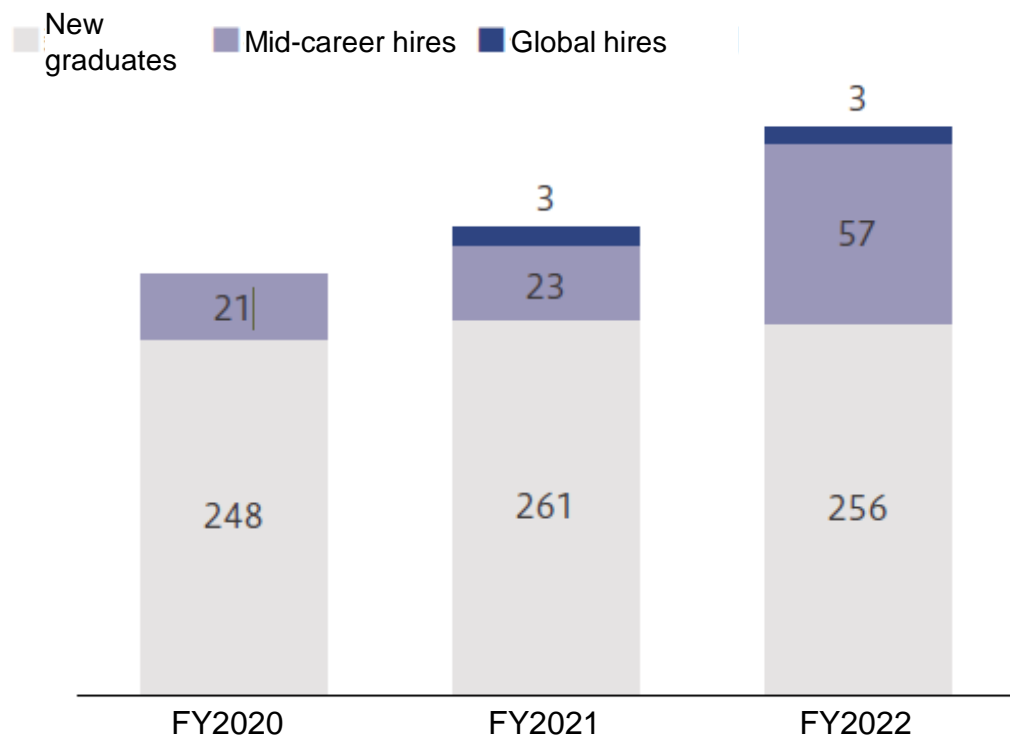
The wage differential between males and females in permanent, full-time employment is due mainly to the lower percentage of management positions filled by women. We will strive to minimize this differential by empowering women through career development, training, and active assignment and promotion.

Job classification (Shizuoka Bank, as of end of FY2022)	Total		Posts subject to transfer involving relocation (included at left)		Posts not subject to transfer involving relocation (included at left)	
	Wage differential	(Women percentage)	Wage differential	(Women percentage)	Wage differential	(Women percentage)
Managerial (permanent, full time)	81.7	(18.1)	89.4	(4.8)	96.1	(43.6)
Non-managerial (permanent, full time)	89.1	(47.3)	87.4	(33.0)	90.5	(80.1)
Other	77.7	(71.7)	—	—	—	—
Total	65.7	(33.8)	59.9	(19.7)	76.4	(62.4)

DE&I enhancements to maximize human resource value (3)

Diversity

In addition to longstanding efforts to promote women's empowerment, expand employment of people with disabilities, mid-career hiring, and hiring global human resources (non-Japanese nationals and international students), we also proactively accept human capital with diverse knowledge and experience through means including permitting second jobs and athletic hiring.



TOPICs: Ensuring diversity in areas such as core human resources

We have set targets for women, non-Japanese nationals, and mid-career hires as percentages of those in managerial positions and are striving to develop human resources and create an environment to ensure diversity.

Category (Shizuoka Bank)	FY2022	KPI
Global hires in managerial positions	0%	10% (through end of March 2024)
Annual global hires	3 (8 hired in FY2023)	A few
Mid-career hires in managerial positions	67.2%	70% (through end of March 2024)
Annual mid-career hires	33	15

Global hiring

FY2023
7 new graduates
1 mid-career

Sports/arts hiring

10 current employees

Mid-career hiring

FY2022
57 hires

Acceptance of side jobs

Cumulative total of 7

High-school and technical college graduates

19 hires through FY2023

Para-athlete hire

Wheelchair rugby player Hidefumi Wakayama hired

Establishment of the Human Rights Policy

We have established the Shizuoka Financial Group Human Rights Policy in accordance with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and other international standards. We will contribute to realizing a society that respects the human rights of all.

[Major initiatives]

- Establishment of Human Rights Policy
- Enhancement of education on human rights awareness (expansion of tiered training)
- Holding seminars on human rights awareness in the Open College
- Establishment of human rights hotlines at Group companies
- Identification of themes related to human rights in harassment workshops

LGBTQ initiatives

Alongside efforts to prevent harassment due to discrimination and other violations of the human rights of sexual minorities, we implement LGBTQ-related measures to foster a corporate culture that respects diversity.

[Major initiatives]

- Introduction of same-sex partnership program, LGBTQ awareness training for all officers and employees
- Express warnings to prevent SOGI harassment (added to harassment guidelines)
- Distribution of LGBTQ ally badges (upon request)
- Creating handbooks (containing information on matters such as customer service)
- Establishment of internal and external hotlines
- Efforts at branches and other facilities (e.g., modifying multipurpose restrooms to all-gender restrooms, pamphlet distribution)



Handbook



LGBTQ Ally Badge

DE&I enhancements to maximize human resource value (5)

Empowering people with disabilities

We established Shizugin Heartful in October 2019 as a company to create a work environment where people with disabilities can work with peace of mind while feeling rewarded and fulfilled, and actively support their participation in society.

(As of April 2023, 2.35% of employees were people with disabilities, exceeding the legally mandated rate of 2.3%.)



New initiative

In May 2023, we accepted massage trainees from a special-needs school at the Shizugin Headquarters Tower in a trial effort to provide health keeper services.



Joining the Valuable 500

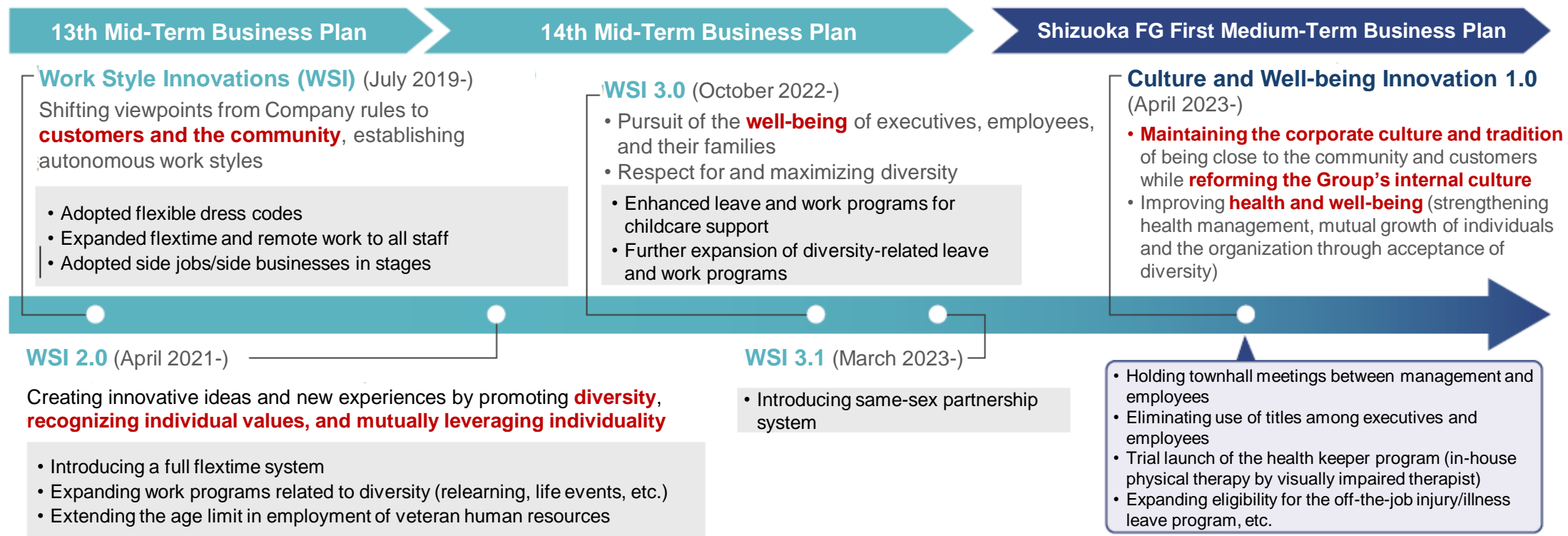
We support the goals of the Valuable 500, an international initiative to empower people with disabilities. We were the first Japanese regional bank to join the Valuable 500 (March 2021).



Culture and Well-being Innovation (1)

Promoting autonomous, flexible work styles

To promote flexible work styles for all executives and employees, since July 2019 we have promoted work-style innovation and introduced and expanded various related systems. Since April 2023, we have expanded this initiative into the Culture and Well-being Innovation program, consisting of measures to improve the engagement and well-being of every employee.



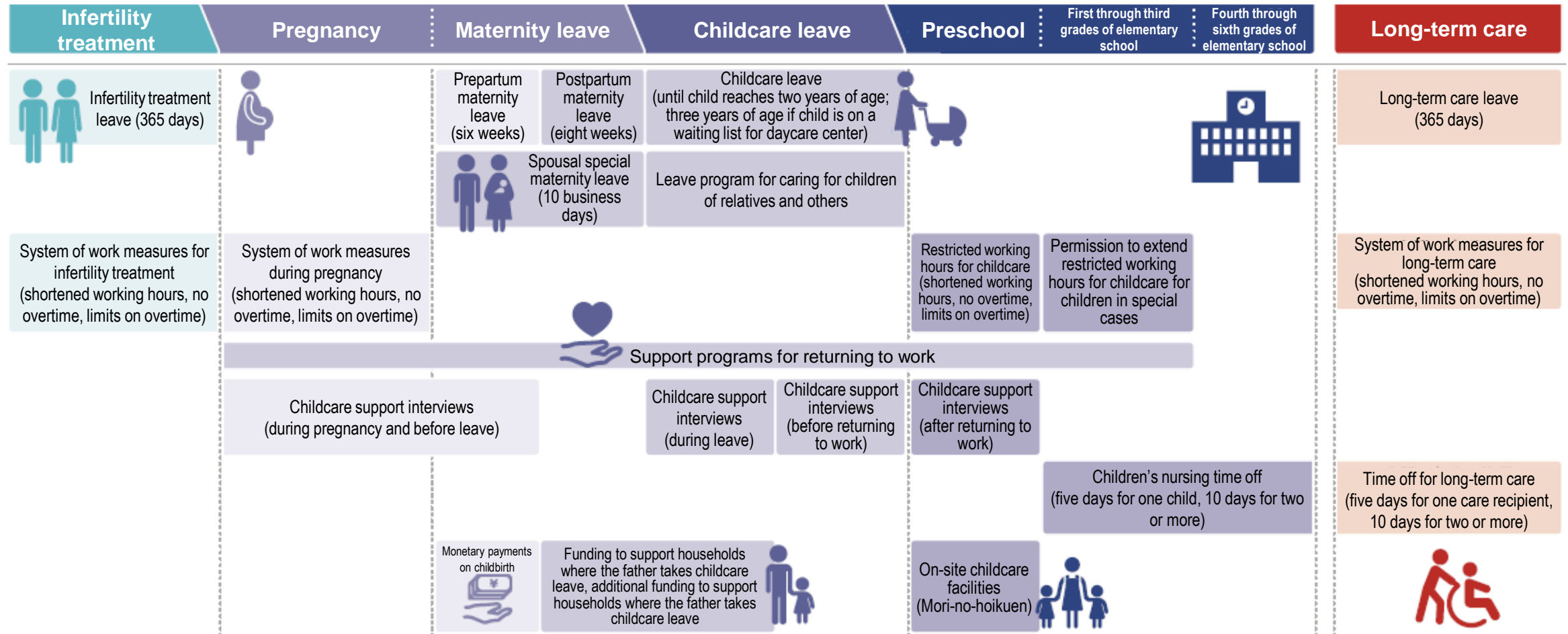
[Main initiatives]

- Adapting to the amended Child Care and Family Care Leave Act
- New funding to support men who take long-term leave, women returning to work early (additional funding to support households where the father takes childcare leave), and other measures
- Extension of the periods of childcare leave, shortened working hours, and other childcare programs under special circumstances, and establishment of new leave programs

Culture and Well-being Innovation (2)

Support for balancing work and personal life

To enable each and every executive and employee to maximize performance in his or her own environment, we are developing and expanding systems to promote a work-life balance. These measures promote autonomous work styles that match the working and personal lives of executives and employees facing constraints on their working hours, thereby contributing to their skills development and making their work more rewarding.



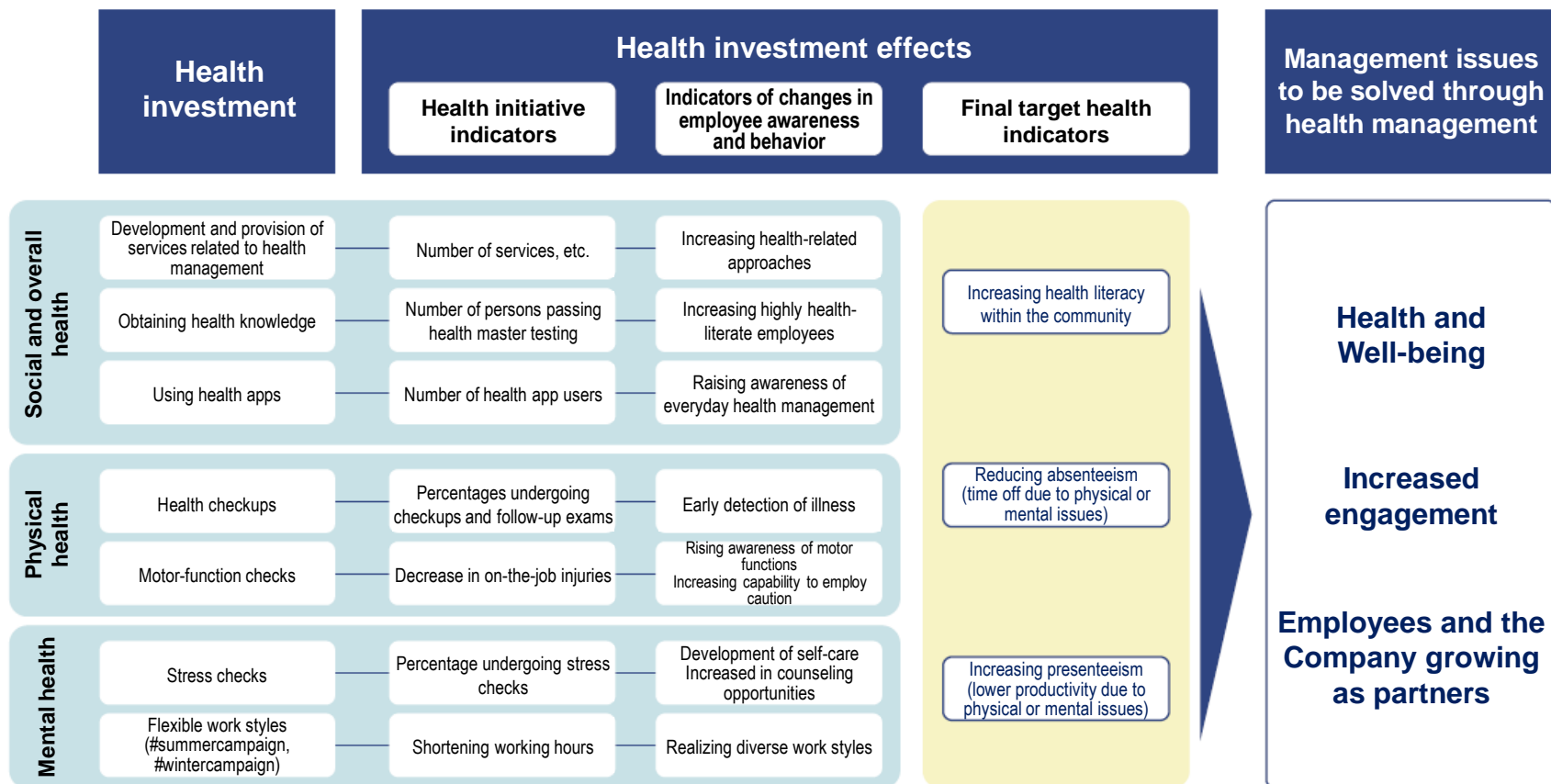
Diversity leave program in special family circumstances, etc.

Culture and Well-being Innovation (3)

Promoting health management

Having established the Health and Productivity Management Declaration as a basic policy, we strive to create comfortable working environments and to support the health of our executives and employees. In addition, we have formulated a strategic map based on the Guidelines for Administrative Accounting of Investment in Health and Productivity Management established by the Ministry of Economy, Trade and Industry (METI) and invest in health in various ways as solutions to management issues.

Strategic map



Certificated Health and Productivity Management Organization 2023

We were named a Certified Health and Productivity Management Organization 2023 in recognition of our health-management efforts.

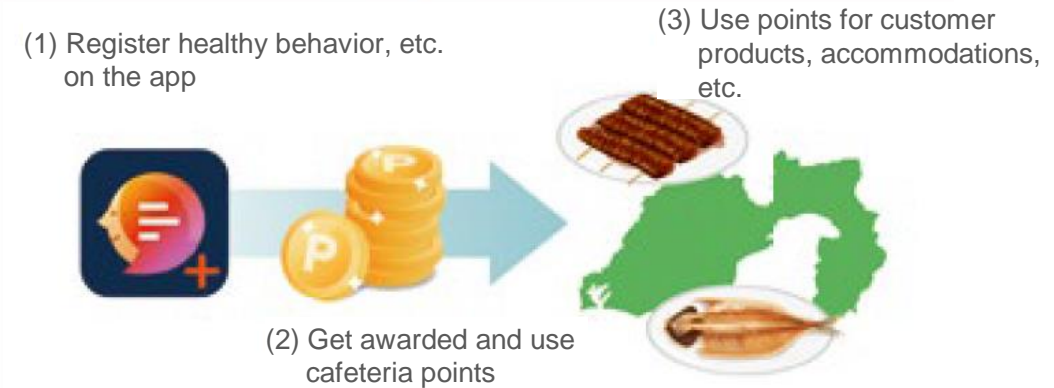


Culture and Well-being Innovation (4)

Cafeteria plan linked to health promotion

We encourage independent and sustained health improvement efforts among our executives and employees by awarding points that can be used for the cafeteria plan, which offers a wide range of benefit options, to those who sign up on the health management app and take action in various aspects, including health management and exercise, smoking cessation, and gaining health-related qualifications. These points can be used to purchase customer products, lodging, and other benefits.

Cafeteria point illustration



Various benefit programs

We offer the following benefit programs as part of our efforts to maintain and promote the health of all executives, employees, and their families.

Vaccinations

- COVID-19 vaccination at six locations in and outside of Shizuoka Prefecture
- Influenza vaccination subsidies

Various leave programs

A full range of leave programs including:

- Leave for comprehensive physical examinations
- Volunteer leave to support social and community contribution activities among executives and employees

Various welfare facilities

- We have concluded contracts with various athletic facilities, art museums, resorts, and other facilities.

Length-of-service awards ceremony

- Special service leave for employees with 25 years of continuous service
- Length-of-service awards ceremony held in person in FY2022 for first time in three years

Eco-Bicycle Support Program

Offering subsidies for costs of purchasing bicycles for commuting

- Encouraging employees to switch from commuting by car or bus to bicycling to and from work

Culture and Well-being Innovation (5)

Financial wellness initiatives

The Shizuoka Financial Group offers a wealth of asset-building, illness/injury benefits, and other programs to help executives and employees, who are responsible for creating value within the Group, realize their own financial wellness.*

*A sense of security regarding one's financial future and ability to make choices to enjoy life

Employee Stock Ownership Plan (ESOP)

Subsidy increased from 80 to 100 yen per contribution of 1,000 yen for ESOP unit

With the transition to a holding company structure, we have increased this subsidy to promote asset-building by Group executives and employees and to strengthen awareness, through equity sharing, of our roles as individuals in contributing to the community and to the Group's corporate value.

Student-loan Repayment Support Program

We established the Student-loan Repayment Support Program in April 2020

This program aims for a solution to social issues related to the burden of repayment of student loans and make employee work more rewarding, by helping younger employees repay their loans based on their years of employment.

Other specific measures

- Providing 30,000 yen per month for five years after marriage for those who live in rented homes
- Providing investment training in tiered training sessions
- Special salary and additional benefits provided by the health insurance society to cover 80% of base salary for a certain period after the expiration of injury/illness allowance (under health insurance) for a leave of absence due to a non-occupational injury or illness, etc.



This document contains forward-looking statements.

Such statements include risks and uncertainty and provide no guarantees regarding future performance.

Note that future performance may differ from targets due to changing economic conditions and other factors.

* In principle, monetary amounts and other figures in this document are rounded to the nearest unit. Year-on-year changes indicated in graphs are calculated from the figures shown in the corresponding tables.

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