

### Social Contribution through Business

#### Policy on Initiatives Related to Management Support for SMEs (Basic policy concerning promotion of regional financing)

- ▶ As its corporate principles, the Company strives to “Remain firm in self-driven sound management to develop in step with regional society by providing unwavering trust and superior comprehensive financial services.” By providing superior comprehensive financial services to regional customers, the Company will work to contribute to the revitalization and continuous growth of regional society.
- ▶ To achieve this, in addition to its role as a provider of funds marked most significantly by loans, the Company recognizes as an important issue the revitalization of regional economies through consulting that corresponds to the life stage of customers, which includes start-up and new business support, growth support, management improvement and business renovation support, and business continuity.
- ▶ The following three items have been defined as the “policy on initiatives concerning promotion of regional financing,” and the Company will work to expand its activities in these areas.

#### Making Full Use of Our Consulting Function According to the Life Stage of Our Customers

- The Company’s policy is to fully comprehend customer Companies’ management challenges on business and financial terms by evaluating their commercial viability, and also to commit to fulfilling our consulting function in coordination with outside experts.
- In “supporting start-ups/new businesses, growth support such as development of sales channels and support for overseas expansion, and business continuity support,” we are strengthening our consulting functions through unified support from the start-up consideration stage until commercialization, various business meetings, and business matching, etc.
- In “management improvement and business rehabilitation supporting,” we further enhance our supporting activities for management improvement through integration among the Company’s branches and headquarters to propose the right solutions at the right time, based on comprehension of the business content of our customers. In addition, we actively employ outside expert organizations such as REVIC and the Revitalization Support Council and various funds to provide more advanced methods of assistance in the management improvement and business rehabilitation supporting field.

#### Contributing to Regional Creation and Revitalization of Regional Economies

- By setting up a “Comprehensive Town, Person, and Work Creation Strategy Structure,” the Company actively participates in each local government from the regional comprehensive strategic planning stage.
- In the strategy execution stage as well, the Company continues to work in cooperation with local governments for regional creation via initiatives such as new business proposals and participation in business operation conferences that leverage its knowledge and networks.
- The Company collects and analyzes various forms of information from the region, and actively promotes industry-academia-government-finance cooperation. In addition, the Company is strengthening efforts to support the cultivation of growth fields and efforts to promote the region.

#### Actively Offering Information to the Regional Society and Our Customers

- The Company actively offers information about specific activities and their results with regard to efforts related to community-based financial services. We will strive to improve our services even further in order to earn the trust and support of our regional customers.

### Compliance System Overview

The Group believes that compliance means observing not only laws, regulations, and internal rules, but also meeting the expectations of local communities and customers through actions that conform to social norms.

All Group officers and employees are aware of our social responsibility and public mission as a comprehensive services group focused on finance. In order to meet the expectations of a constantly changing society in terms of revitalization of regional economies and the SDGs, we are committed to practicing proactive and autonomous compliance that goes one step beyond legal compliance to think and act independently.

Specifically, we are involved in the following compliance activities.

1. We have established a Group Compliance Committee as an organization to deliberate compliance-related matters across the Group, and we are working to improve and strengthen the Group-wide compliance framework.
- In addition, the Corporate Administration Department, which oversees compliance, receives reports on compliance-related matters from the management and Legal Compliance Supervisors at each Group company and provides guidance and advice based on a timely and accurate understanding of the situation, thereby promoting mutual cooperation within the Group.
2. We create a Group Compliance Program each fiscal year as a plan for the practical implementation of compliance, and through the steady implementation of such plans, we ensure proactive and autonomous compliance is practiced by officers and employees.

The Group Compliance Committee regularly monitors the progress of Group Compliance Program plans.

3. We have enacted a Group Corporate Code of Conduct as the basis for conduct that conforms to social norms in the course of management and operations; the Group Behavioral Guidelines to be followed by officers and employees in the course of their duties and private lives; and a Compliance Manual that serves as a compliance handbook.
- In addition, we have put together a Compliance Card containing a summary of the rules and manuals which form the basis for practicing proactive and autonomous compliance, and we distribute the card to all officers and employees so that they can refer to it at any time.
4. Through the implementation of various compliance-related training sessions and seminars, we are working to instill compliance practices that meets society’s expectations in all officers and employees.
  5. With the objective of preventing inappropriate behavior by officers and employees and facilitating the early detection of unethical activities, we operate a Management Helpline which is an internal reporting system that enables direct reporting to top management.
  6. We take a firm stance against anti-social forces that threaten social order and safety and prevent the development of a sound economy and society. We deal with inappropriate demands by such anti-social forces as an organization and we collaborate with external specialized organizations, such as the police.

### Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism

As global threats of nuclear weapons, missiles, and terrorism continue to increase, cutting off financial sources leading to criminals and terrorists is an issue that needs to be addressed jointly by the Japanese and international communities, and measures to prevent money laundering and terrorist financing now bear greater importance.

The Financial Services Agency established and released the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism which

outlines the basic approach that financial institutions should take in implementing effective countermeasures. In such climate, the Company formulated the following policy and takes measures to prevent the flow of funds to criminal syndicates, to maintain safe and convenient financial services, and to create an environment making it difficult for criminal syndicates to engage in activities.

### **Policy on Anti-Money Laundering and Combating the Financing of Terrorism**

The Chugin Financial Group (hereinafter, the "Group") recognizes that measures for anti-money laundering and combating the financing of terrorism (hereinafter, "AML/CFT") is a priority task required not only domestically but also from the rest of the global community. Based on this recognition, the Group shall take the initiative in establishing the management system in which it shall execute agile and effective responses to ever-changing international situations and the risks facing the Group, and set forth the following policy as a basis for execution of operations.

#### **1. Management Policy**

In order to execute agile and effective responses to changes in international situations, the Group shall take proactive steps to establish and maintain the management system based on the concept of "risk-based approach," in which it shall identify and assess its money laundering and the financing of terrorism (hereinafter, "ML/FT") risks in a timely and appropriate manner and take mitigation measures that are proportionate to the risks.

#### **2. Organizational Structure and Officer**

The Group shall define AML/CFT as one of its critical management agenda and shall clarify the internal roles and responsibilities for that purpose.

The Group shall appoint the officer in charge of the Corporate Administration Department of the Chugin Financial Group as the supervisory manager for AML/CFT. A dedicated division shall be newly established within the Corporate Administration Department of the Chugin Financial Group to provide the centralized function of ensuring the execution of measures for AML/CFT.

#### **3. Measures for AML/CFT under Laws and Regulations**

The Group shall establish an internal system capable of carrying out timely and appropriate measures for AML/CFT under laws and regulations, including, but not limited to, verification at the time of transaction, retention of transaction records, confirmation of sanctions including freezing of assets, and notification of suspicious transactions.

#### **4. Administration of Customer Information and Policy for Handling Customers**

The Group shall establish an internal system for making appropriate investigations about the basic information of customers in the course of the transactions with them and for carrying out measures that are proportionate to their attributes.

Furthermore, the Group shall determine and carry out required risk mitigation measures by way of making periodic investigations and analyses on the history of transactions with customers.

#### **5. Transaction Monitoring and Screening**

The Group shall determine and carry out required risk mitigation measures by way of investigating and analyzing the status of transactions by the use of reports submitted by its branches or detection made by its computer systems for any unusual transactions or transactions subject to sanctions.

#### **6. Management of Correspondent Banks**

The Group shall endeavor to collect sufficient information about its correspondent banks, conduct an appropriate assessment on them, and carry out appropriate measures that are proportionate to the risks involved.

No relationship shall be established or maintained with any shell banks without a physical presence or operations.

#### **7. Development Training of Directors and Employees**

The Group shall continually conduct training or other programs for all of its Directors and employees to deepen their understanding and raise their awareness of AML/CFT, in an effort to develop and retain human resources having expertise and fitness for the given roles.

#### **8. Verification of Status of Compliance**

The Group shall inspect the status of compliance with regard to AML/CFT, and based on the results of such inspections, shall continually make efforts to improve its risk management system against ML/FT.