

Note

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Corporate Governance Report

CORPORATE GOVERNANCE

Last Update: December 23, 2024
Shizuoka Financial Group, Inc.
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Securities code: 5831
<https://www.shizuoka-fg.co.jp/english/>

The corporate governance of the Shizuoka Financial Group, Inc. (“Company” hereinafter) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The guiding principles of all Shizuoka Financial Group activities are based on the Corporate Vision, which in turn rests on the twin pillars of the Group’s Corporate Philosophy—Expand dreams and affluence with our community—and its Action Guidelines. Having positioned sound corporate ethics as a matter of the utmost importance in management, the Group strives ceaselessly to enhance its corporate governance systems and approach to compliance while balancing the obligation to create social value with the responsibility to strengthen corporate value. Efforts to do so include the establishment of an Ethical Charter.

Based on the ideas above, the Group has established the following Corporate Governance Policies in compliance with the meaning and spirit of the Corporate Governance Code (“Code” hereinafter). (These policies correspond to Principle 3.1 of the Code.)

- (1) The Company establishes a suitable date to hold general meetings of shareholders and publishes notices of these meetings (including English translations) on the Company’s website. By continually implementing initiatives such as these aimed at more vigorous general meetings of shareholders and the smooth exercise of shareholders’ voting rights, we will secure the rights and equality of shareholders.
- (2) To ensure that the Group can continue to be a financial institution trusted and chosen by all stakeholders, including shareholders, regions, customers, and employees, we will strive for balance in corporate management by addressing diverse viewpoints, including economic, social, and environmental perspectives, and work towards enhancing sustainability.
- (3) The Company will engage in appropriate disclosures based on the Banking Act, Financial Instruments and Exchange Act and other laws and regulations, as well as the securities listing regulations of the Tokyo Stock Exchange, Inc. (“Stock Exchange” hereinafter). In addition, we will strive to disclose information voluntarily, including non-financial information, to ensure the soundness and transparency of our management.
- (4) In accordance with the Basic Policy Regarding the Design of Internal Control Systems resolved by the Board of Directors based on the Companies Act, we will design a system to ensure that the execution of duties by directors complies with laws, regulations, and the Articles of Incorporation, and other systems to ensure the propriety of our operations and those of our group companies. In addition to incorporating the supervision and advice from an independent perspective by outside directors on the Board of Directors, etc., into corporate governance, we will improve the management supervisory functions of the entire group and seek to improve corporate value on a sustainable basis by leveraging the functions of the Audit and Supervisory Committee and the Nomination and Remuneration Committee.
- (5) The Company engages in constructive dialogue with shareholders through proactive investor relations activities, in order to contribute to sustained growth and enhanced corporate value over the medium to long term.

【Reasons for Non-compliance with the Principles of the Corporate Governance Code】

The Company respects the meaning and spirit of the Corporate Governance Code and complies with all Principles of the Code.

【Disclosure Based on each Principle of the Corporate Governance Code】Update

【Principle 1.4】

■ Policy on strategic shareholdings and verification of their significance of holding and economic rationality

Based on the basic policy of reducing strategic shareholdings, we hold shareholdings if we recognize it to be meaningful to continue to do so from the perspectives of business investments, strengthening transaction relationships, and community contributions.

Under the oversight of the Board of Directors, the business plan for each fiscal year reflects consideration of matters such as

the appropriateness of the purpose of strategic shareholdings, gains from our strategic shareholdings, and their profitability in terms of capital, based on profitability, share price, and other considerations. We then determine policies regarding strategic shareholdings and verify the significance and economic rationality based on indicators that reflect capital costs and other matters.

When a holder of strategic shareholdings indicates their intent to engage in the sale of the Company's stock or other such actions, we strive to accommodate such requests.

■ Standards on exercise of voting rights

We establish internal voting standards intended to ensure the appropriate exercise of voting rights as an asset owner of shareholdings held for investment purposes. We exercise such rights after checking the following matters:

- ① That management of the counterparty firm acts based on management policies to contribute to increasing corporate value and sustained growth over the medium to long term
- ② That management policies are in place under which the shareholdings would contribute to medium- to long-term economic benefits and growth in the corporate value of the Shizuoka Financial Group

Regarding the following and other such matters that may have significant impacts from these perspectives, we engage in dialogue with counterparty companies as necessary and determine how voting rights should be exercised based on a comprehensive consideration of the purposes and reasons for the proposals and their qualitative and quantitative effects on the counterparty company:

- Reorganization of the counterparty company
- Defensive measures against takeovers, etc.

We also establish internal voting standards for shares held as pure investments (including those transferred from strategic shareholdings) and exercise such standards based on dialogue with the counterparty companies as necessary.

【Principle 1.7】

■ Related Party Transactions

The Board of Directors' Regulations and Operation Standards thereof identify transactions between the Company and its directors as subject to resolutions by the Board to ensure the sound management of transactions.

The Group Company Management Regulations call for compliance with the arms-length rule under the Banking Act with regard to transactions between the Company or other Group companies and its banking subsidiary. Group Company Business Management Rules identify specific procedures for doing so. Another aspect of efforts to ensure the sound management of related party transactions is routine reporting to the Group-wide Compliance Committee.

【Supplementary Principle 2.4.1】

■ Ensuring diversity is promoted to core human resources

(Thinking on ensuring promotion of diversity to core human resources)

Amid the dramatically changing environment surrounding our local communities and customers, we recognize further promotion of diversity, equity, and inclusion (DE&I) to generate new ideas and sensibilities through mutual recognition and interaction of employees' and officers' diverse experiences, careers, and values to be vital to the progress of our community and the Shizuoka Financial Group's sustained growth and increases in corporate value.

Even before migrating to the holding company structure, we sought to ensure diversity in various ways, including promoting the advancement of women, mid-career hiring and recruiting international students from abroad. We consider securing greater diversity in future management to be essential to realization of the 10-year Vision, "A corporate group committing itself to the future of the region and producing growth in it," and the Medium-term Business Plan Vision, "A problem-solving corporate group creating new value for the future."

Accordingly, we have set goals for promoting women, foreign nationals, and midcareer hires to managerial positions and are advancing human resource development and internal environmental improvements to ensure diversity in areas including promotion to core human resources.

Note: The numbers of women, foreign nationals, and midcareer hires assigned to managerial positions, etc. presented below refer to the Shizuoka Bank, the Company's core subsidiary. (The figures include those in concurrent posts with the Company.)

(Goals and status of promotion of women to managerial positions)

In promoting DE&I, which is essential to creating new value and meeting a broad range of customer needs, we recognize expanding career opportunities for women to be a matter of the utmost importance. In addition to broadening the base of female employees and achieving an ideal gender balance, we are expanding programs to train next-generation leaders and promote women to managerial positions.

Item	Status	Goal	Target date
① Women as a percentage of managerial positions	18.6%	27% or more	End of March 2027
② Women as a percentage of employees	36.0%	37% or more	End of March 2027

(Status under ① and ② above is current as of end of March 2024.)

In FY2024, women made up 156 (47.4%) of the 329 new graduates hired by the Group.

The previous targets (for end of March 2024) were ① 22% or more and ② 35% or more. Current results are as shown above.

The Group is making progress on various measures intended to achieve the revised goals for the end of March 2027.

(Goals and status of promotion of foreign nationals to managerial positions)

Given ongoing globalization and the movement of Shizuoka Prefecture companies into international markets, chiefly Asian, the Group continues to recruit international students from abroad. At present, 25 employees were hired as international students.

In order to provide support for customers seeking to move into international markets, chiefly Asian, as well as to adapt to economic globalization, such as keeping up with the latest innovations and other trends in Europe and the Americas, we will aim to expand our hiring of international students regardless of the region in which their universities are located, develop human resources with true problem-solving capabilities (both domestic and overseas), and promote personnel to managerial positions in line with management strategies.

Item	Status	Goal	Target date
③ Percentage of managerial positions with regard to human resources hired as international students from abroad*	5.9%	Approx. 10%	End of March 2027
④ Annual number of foreign nationals hired	9	Multiple	Every fiscal year

(Status under ③ above is current as of end of March 2024; status under ④ is for FY2023.)

* Percentage of managerial positions with regard to human resources hired as international students from abroad: Number of international hires assigned to managerial positions / number of international hires currently employed

The percentage of foreign nationals (local hires) assigned to managerial positions at overseas facilities is 16.0% (as of April 1, 2024; of 25 foreign nationals hired, four held managerial positions).

The previous targets (for end of March 2024 or every fiscal year) were ③ approx. 10% and ④ multiple persons. Current results are as shown above. The Group is making progress on various measures intended to achieve the revised goal for the end of March 2027 and the goal for every fiscal year.

(Goals and status of promotion of midcareer hires to managerial positions)

The Group began midcareer hiring in FY2001. The number of midcareer hires currently employed is 135 persons, of whom 86 are assigned to managerial positions. We recognize securing of diverse human resources with experience and knowledge in diverse fields—not just finance—to be essential to finding solutions for the increasingly advanced and complex needs of our community and customers. We plan to broaden the base of midcareer hiring and to take an energetic approach to promoting midcareer hires to managerial positions with the goal of securing a wider and deeper base of knowledge and experience, one above and beyond existing business domains.

Item	Status	Goal	Target date
⑤ Percentage of managerial positions with regard to midcareer hires *1	63.7%	70% or more	End of March 2027
⑥ Annual number of midcareer hires	35	50 or more *2	Every fiscal year

(Status under ⑤ above is current as of end of March 2024; status under ⑥ is for FY2023.)

*1 Percentage of managerial positions with regard to midcareer hires: Number of midcareer hires assigned to managerial positions / number of midcareer hires currently employed

*2 Systematic hiring of midcareer hires with non-financial backgrounds, in line with management strategies

The previous targets (for end of March 2024 or every fiscal year) were ⑤ 70% or more and ⑥ 15 or more. Current results are as shown above. The Group is making progress on various measures intended to achieve the revised goal for the end of March 2027 and the goal for every fiscal year.

(Policies for human resource development and internal environment development)

We are implementing the following measures to ensure the broader penetration of DE&I principles throughout the organization and to embody the principles. We will continue to develop human resources to support DE&I through further promoting use of these systems in the future as well.

● Human Capital Management Committee

In connection with migration to the holding company structure, we have established the Human Capital Management Committee to ensure diversity in the Shizuoka Financial Group from a medium- to long-term perspective. In this way we hope to enhance the understanding and awareness of our officers and employees and to formulate and propose measures to address organization-wide issues.

The subcommittees established based on three themes important to the Shizuoka Financial Group (the HR Development Working Group, the DE&I Working Group, and the Wellbeing Working Group) implement measures intended to realize human capital management that reflects the voices of those in the workplace.

Specifically, the DE&I Working Group implements the following initiatives seeking to realize DE&I across the Group:

- ① Establishing allies responsible for promoting diversity within each section of the Shizuoka Financial Group
- ② Holding seminars and roundtable discussions on specific themes, including women's careers, male participation in childcare,

diversity, and human rights

- ③ Holding e-learning, tiered training, and other learning programs to promote understanding of DE&I
- ④ Continual awareness-raising activities to foster a culture of DE&I using chat and other means

●LGBTQ measures

Measures falling under this rubric include training for all officers and employees, the adoption of a partnership program, production of a handbook, distribution of ‘ally’ badges, placement of pamphlets in branches, installation of all-gender restroom signage on multipurpose restrooms in branches, establishment of internal and external hotlines, and sponsorship of external events.

●Enhancing measures to foster a culture of DE&I and raising awareness of unconscious biases, etc.

Enhancing DE&I awareness through open college activities, distributing posters on unconscious biases, adopting curricula in tiered training, holding study meetings on harassment, and encouraging the participation of female employees in training for managerial and leadership positions

●Enhancing systems to realize more flexible workstyles

- Adapting to the amended Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members: Establishing additional support funds for fathers taking childcare leave
- Extending the period of eligibility for use of system of employment measures, such as for care leave or shortened working hours, in special cases
- Establishing new leave programs for special family situations (for example, caring for parents or support for children who do not attend school)
- Adoption of measures to support women’s health issues (femtech)

●Revisions to human resource systems to realize diversity and health management

Introduction of a lifestyle select system to allow choice of workstyles, such as whether employees are eligible for transfer or limiting their assigned duties, expansion of the Ikusapo (child care) Program to encourage male participation in childcare and reduce childcare workloads for women, and so forth.

【Principle 2.6】

■Roles of Corporate Pension Funds as Asset Owners

Through the Shizuoka Bank Corporate Pension Fund, we manage corporate pension assets based on an asset portfolio reflecting ALM analysis by expert institutions (trust banks) and other factors, to ensure that pension beneficiaries can continue to receive pension benefits in the future.

The Pension Asset Management Committee, whose members have specialized knowledge of asset management and related matters, meets regularly to consider matters such as quantitative and qualitative assessment of the asset management by the management company and review of the asset portfolio, by monitoring the status of asset management.

【Principle 3.1】

■Corporate vision, management vision, Medium-term Business Plan

Corporate vision, management vision, and Medium-term Business Plan are decided on by the Board of Directors and described in the Integrated Report, Securities Report, and other documents. IR information is posted to the website and disclosed in other ways.

(Corporate vision: <https://www.shizuoka-fg.co.jp/english/company/corporate-vision.html>)

(Management vision, Medium-term Business Plan: URLs provided under III. 2. Status of IR-related Activities: “Online Disclosure of IR Information” below.)

■Basic views and policies on corporate governance

Described above under “Basic Views.”

■Remuneration decision-making policies and procedures

Described below under “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” under “Director Remuneration.”

■Policies and procedures for appointment and dismissal of Directors, etc.

The information below concerns mainly the Company and its core subsidiary, the Shizuoka Bank.

(1) Policies

- A. Individuals who meet the descriptions below in appointment standards established by the Board of Directors are chosen based on a full consideration for the Companies Act, as well as “the knowledge and experience needed for appropriate, fair, and efficient business administration” stated in the Banking Act and supervisory guidelines, in addition to possessing familiarity with financial operations.
 - (a) Character and knowledge required for Directors and Executive Officers
 - (b) Clear management vision and outstanding business acuity

- (c) Well-respected and thorough compliance outlook
- (d) Health in both mind and body
- (e) For outside experts (including outside directors), a wealth of business experience or specialized knowledge and being able to maintain independence as an outside expert
- B. For Outside Directors, in addition to the independence criteria established by the Stock Exchange, independence is judged as described in the Company’s own criteria for appointment of Independent Directors (described under “Other Matters Concerning Independent Directors” under “Matters Concerning Independent Directors” below), established by the Board of Directors to further clarify the independence criteria.
- C. To demonstrate management oversight functions toward contribution to sustained increases in corporate value, the composition of the Company Board of Directors seeks to ensure a balance of knowledge, experience, and other factors, including those of Outside Directors.
- D. If a Director no longer meets the qualities of a Director—for example, a serious violation of laws, regulations, or the articles of incorporation—the Board of Directors will deliberate and decide on the question of dismissal or recommendation of resignation of the Director, depending on circumstances, or submit a proposal on resignation to an extraordinary general meeting of shareholders.

(2) Procedures

- A. The following are recommended by Directors:
 - (a) Candidates for Directors and Executive Officers
 - (b) Candidates for promotion to the posts of Director and Executive Officer
 - (c) Candidates for representatives of other Group companies
- B. Candidates for appointment and promotion are chosen through consultation among Representative Directors.
- C. Reasons for appointment are submitted to the Nomination and Remuneration Committee, which reports to the Board of Directors on proposed appointments, prior to deliberations by Representative Directors and resolutions of the Board of Directors.
- D. The Board of Directors deliberates on and make decisions concerning the appointment of candidates and details of appointment proposals to the general meeting of shareholders. In doing so, it describes in or attaches to related documents the candidate standards, reasons for appointment, brief career histories, criteria for appointment of Independent Directors, and proposed notification of Independent Directors.
- E. Names, duties, etc. of directors subject to change are announced publicly following a decision by the Board of Directors.
- F. For Company general meetings of shareholders, the details (names of candidates, reasons for appointment, brief career histories, etc.) of the reference documents for the general meeting of shareholders are disclosed on the website for general investors, not just Company shareholders.
- G. Decisions concerning dismissal or request to resign for a Director under (1) D above are made in accordance with laws, regulations, and rules based on referrals to and recommendations of the Nomination and Remuneration Committee.

(3) Other matters

Matters related to the roles, etc. of the Nomination and Remuneration Committee with regard to nomination, remuneration, etc. of core management are described under “【Supplementary Principle 4.10.1】 Independent Nomination and Remuneration Committee.”

■ Reasons for appointment of Directors, etc.

The Company discloses proposals to appoint directors in reference documents to the general meeting of shareholders. These documents are available on the website.

(<https://www.shizuoka-fg.co.jp/english/ir/shareholders-meeting.html>)

【Supplementary Principle 3.1.3】

■ Initiatives on sustainability, etc.

The Shizuoka Financial Group promotes sustainability initiatives that strike an ideal balance between social and corporate value. Reviewed below are major matters of these initiatives. Details are disclosed in the Company’s Integrated Report (at the following URL).

(<https://www.shizuoka-fg.co.jp/english/ir/annual-report.html>)

- A. The title of the First Medium-term Business Plan since our migration to the holding company structure, “Xover: Clearing the Way to a New Era,” embodies our determination to blaze a clear trail to the future in an era of uncertainty, while concurrently co-creating new value with all stakeholders—including the new category of future generations—by transcending the distinctions between various fields and categories. In addition to carrying forward the 10-year vision of the previous Medium-term Business Plan, the new Medium-term Business Plan Vision calls for us to function as a problem-solving corporate group creating new value for the future from the aspects of improving our capacity as a comprehensive financial group after migrating to the holding company and creating new value through solutions to the issues facing our community and customers. The ideal state the Shizuoka Financial Group will strive to achieve in 2030 is a state in which it both improves the

wellbeing of stakeholders and strengthens its own corporate value by delivering solutions to the issues facing our communities and customers. Toward this end, we will aim to achieve the vision of the Medium-term Business Plan, which is based on back-casting from the ideal state, while flexibly shifting course in response to the changing business environment.

- B. The First Medium-term Business Plan's KPIs (sustainability KPIs*) for the sustained growth of the region and the Group and our ideal state in 2030 include social impact KPIs that track our impact on creating social value as a regional financial institution, and engagement KPIs and financial KPIs intended to increase corporate value.

As Shizuoka Financial Group materiality topics, we have selected community social issues that significantly affect both the creation of social and corporate value. We will strive to achieve the targeted sustainability KPIs through efforts to find solutions to these topics based on the four fundamental strategies of Regional Co-Creation Strategies, Group Business Strategy, Transformation Strategy, and Group Governance Strategy.

* The following are sustainability KPIs:

【Social impact KPIs】

Rate of change in population by transferee (not natural increase) in Shizuoka Prefecture, real GDP in Shizuoka Prefecture, rate of decrease in GHGs in Shizuoka Prefecture

【Engagement KPIs】

Customer satisfaction with Group transactions, Group officer and employee engagement, carbon neutrality (Scopes 1, 2) in FY2030

【Financial KPIs】

Consolidated ordinary profit, consolidated ROE (net asset basis and shareholder equity basis), consolidated OHR, consolidated CET1 ratio

- C. Having positioned human capital management as its strategic core, the First Medium-term Business Plan calls for deploying the four fundamental strategies described under B above. To continue to pursue our vision amid the ever-changing environment surrounding our local communities and customers we're striving to enhance human capital based on the three pillars of human capital management: the dreams and actions of individual officers and employees are aligned with the corporate vision and management strategy; eliminating the gap between 'as is' and 'to be' by increasing human resource value; and realizing both individual and organizational growth by increasing engagement.

- D. From various perspectives, including investments in intellectual property, we are striving to leverage resources for business development that cannot be secured in full from within the Shizuoka Financial Group alone. Examples of such efforts, centered on the Shizuoka Bank, the core subsidiary, include capital and business alliances with companies in other industries, the application of investment funds, and VC debt initiatives, in which we work together and build a network with startups and dispatch employees to those startups. Other efforts include the TECH BEAT Shizuoka open innovation program, which is intended to utilize the networks we have built up with startups to provide regional businesses with state-of-the-art technologies.

The Shizuoka Financial Group has also established a section to manage the names, trademarks, etc. of its businesses and products and services used therein to effectively manage our brand image through trademark registration and other necessary means.

- E. The Shizuoka Financial Group has established the Shizuoka Financial Group Environmental Policy and recognizes climate change as posing a management risk to the Group. This Policy calls for the Group to help establish a sustainable society through its main businesses, centered on its role as a regional financial institution. The Group is making progress on efforts based on the perspectives of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations with regard to governance, strategy, risk management, and metrics and goals. An overview of the status of such efforts in FY2023 is provided under "Environmental Preservation Activities" under "3. Status of Measures to Ensure Due Respect for Stakeholders" in "III. Implementation of Measures for Shareholders and Other Stakeholders," below. The Board of Directors, the Sustainability Committee (Executive Committee), and other bodies periodically review policies related to important managerial themes and their status.

【Supplementary Principle 4.1.1】

■ Scope of matters delegated to management

- (1) In accordance with Article 399-13 of the Companies Act, the Board of Directors makes decisions concerning Company business execution. The Board of Directors' Regulations specify matters exclusively subject to decisions by the Board (e.g., matters related to convocation of general meetings of shareholders and resolutions therein and the Basic Policy Regarding the Design of Internal Control Systems).
- (2) In accordance with Article 399-13, Paragraph 6 of the Companies Act, the Articles of Incorporation provide for delegating all or part of decisions of important business execution (excluding those enumerated in Paragraph 5 of that Article) to Directors based on the resolutions of the Board of Directors.
- (3) Decisions concerning business execution not exclusively subject to decision by the Board of Directors under the Board of Directors' Regulations and Operation Standards thereof are made by bodies established as decision-making bodies for individual areas through the delegation of authority by the Board of Directors (the Sustainability Committee [Executive Committee], the Group-wide Committee for Integrated Risk and Budget Management, and the Group-wide

Compliance Committee), in accordance with regulations established by the Board of Directors.

- (4) Authority is delegated to officers, department general managers, or general managers in charge of the corresponding businesses on investments and other expenditures of less than specified amounts and that do not qualify as disposal or receipt of important assets, in accordance with their importance, amounts, and other considerations, and through clear indication thereof in Delegation of authority Regulations established by the Board of Directors.
- (5) Through the above means, we have established a structure for appropriately and dynamically adapting to changing business conditions based on clear indications of authority and responsibility.

【Principle 4.9】

■ Independence Standards and Qualification for Independent Directors

As described under (1) B in “Policies and procedures for appointment and dismissal of Directors, etc.” above.

【Supplementary Principle 4.10.1】

■ Independent Nomination and Remuneration Committee

The Company has established a voluntary Nomination and Remuneration Committee to enhance oversight functions for nomination and remuneration of Directors and others. With a majority of its membership consisting of independent Outside Directors, this Committee maintains its independence from management.

In addition to advising on issues submitted to it regarding nomination of Directors, Executive Officers, and others, the Nomination and Remuneration Committee discusses matters related to the development of core management from a succession-planning perspective. It accepts questions regarding systems related to the remuneration of Directors and others and, as a voluntary body to which remuneration decisions are delegated by the Board of Directors, makes decision concerning allocation of fixed monetary compensation and performance-linked compensation.

【Supplementary Principle 4.11.1】

■ Outlook on the balance of knowledge, experience, and skills on the Board of Directors as a whole, on Board diversity and size, etc.

Under a flexible, robust governance system that serves as the basis of sustained growth, the Company will strive to strengthen Group management, provide sound financial intermediary functions for the region, and develop new businesses that contribute to the region’s growth.

The mission of the Board of Directors is to contribute to the sustained growth of stakeholders and the Group based on the oversight of business execution as well as the diverse specialties of the Group as a whole. Keeping in mind the vision described above, each Director plays a role based on a comprehensive perspective backed by individual career histories from the perspectives of management, society, economics, and business. This ensures the appropriate size and balance of the Board of Directors as a whole. (See the Table “Fields in which members of the Board of Directors are expected to demonstrate their roles in particular” at the end of this Report.)

The Company’s business execution sections and Group companies strive to promote the diversity of core human resources and other personnel in response to changing social conditions through means such as activities that help women and midcareer hires adapt to duties that increasingly require specialization and diversification.

Based on the selection criteria described under “Policies and procedures for appointment and dismissal of Directors, etc.” above, we strive ceaselessly to ensure that the composition of the Board of Directors reflects appropriate diversity in light of the Shizuoka Financial Group’s vision, including the balance of knowledge, experience, and skills.

Current Outside Directors (all of whom are designated Independent Directors) include a director with a wealth of business experience including as an entrepreneur; a director with a wealth of experience as a manager of a publicly traded financial group; a university professor with deep expertise in the global economy; a director with a wealth of experience as a manager of a publicly traded enterprise; and a university professor with deep expertise in human resource management and promotion of women.

【Supplementary Principle 4.11.2】

■ Concurrent posting of Directors

Under the Board of Directors’ Regulations, the Company reviews Director appointments as officers or employees of other organizations (excluding companies within the Group; i.e., concurrent postings) after considering whether the concurrent posting would hinder their duty of good faith to the Group. Concurrent postings as of June 17, 2024, are reviewed below.

	(Number of Directors)	(Companies within the Shizuoka Financial Group)	(Companies outside the Shizuoka Financial Group)	(Other organizations, etc.)
Representative Directors	2	1	5	14
Directors (excluding those who are Audit and Supervisory Committee members) <Of whom, Outside Directors>	4 <2>	3 <0>	5 <4>	16 <7>
Directors who are Audit and Supervisory Committee members <Of whom, Outside Directors>	4 <3>	11 <0>	7 <7>	1 <1>

【Supplementary Principle 4.11.3】

■ Analysis and evaluation of the effectiveness of the Board of Directors as a whole

The Company Board of Directors analyzes and evaluates its own effectiveness through means such as solicitation of regular reviews and reporting on the following matters:

- The status of maintenance and operations of internal controls systems under the Companies Act
- The status of maintenance and operations of internal controls related to financial reporting under the Financial Instruments and Exchange Act and corresponding annual evaluation plans
- Evaluation of the previous period's Medium-term Business Plan and business plans as well as formulation of the next period's plans.

The Company evaluated the effectiveness of the Board of Directors as a whole in FY2023. The findings of this evaluation are summarized below.

Meetings were held to report to the Board of Directors on the results of analyses based on surveys of each Director, share issues identified, and discuss improvements. In FY2023, while adopting a new operation style including the Board of Directors lodging together and meeting in Tokyo, efforts were made to manage the Board while devoting sufficient time to deliberation on important management themes and other topics. Efforts were also made to maintain an environment for the demonstration of oversight functions, including opportunities for Outside Directors to tour subsidiaries. In addition, the Board sought to cultivate a shared understanding among Directors of the Board's oversight functions in various ways, including clear documentation of guidelines for the management of the Board of Directors, based on multiple discussions in the Board of Directors. These efforts led to improvements in Board operational and oversight functions, including functions related to opportunities to provide interactions between Outside Directors and Chief Officers and other Executive Officers and to promote understanding among Outside Directors of the distinctive features of the businesses of subsidiaries and other Group members, issues identified as issues in the previous evaluation. While this evaluation found the Board of Directors to be effective in FY2023, ceaseless efforts to achieve improvements will continue in various aspects, including the demonstration of oversight functions based on communication with Chief Officers, subsidiary presidents, and other officers, both within and beyond the Board of Directors.

【Supplementary Principle 4.14.2】

■ Training policy for Directors

Preceding even the establishment of the Company through its migration to a single stock issue, the core subsidiary, the Shizuoka Bank, provided opportunities for newly-appointed Directors to acquire the knowledge required to fulfill their duties, including opportunities for newly-appointed Directors to undergo external training. The Shizuoka Bank also provided opportunities for the new Directors to continue updating their knowledge after their appointment, through means such as participation in study meetings and internal seminars for Directors by outside lecturers and external seminars. In addition to the surveys described above under Supplementary Principle 4.11.3, materials summarizing the results of annual training opportunities were distributed for Directors, thereby allowing them to check mutually on the appropriateness of the states of provision, recommendation, etc. of training opportunities by the Company. In such ways, the Company provides equivalent training for all its Directors.

【Principle 5.1】

■ Policy regarding the Establishment of a System and Initiatives to Promote Constructive Dialogue with Shareholders

- (1) To enhance management soundness and transparency, the Company discloses information in a timely and appropriate manner in accordance with the Banking Act, Financial Instruments and Exchange Act, and other laws and regulations, as well as the securities listing regulations of the Stock Exchange.
- (2) It also seeks to gain the understanding of shareholders, investors, and others regarding its management policies by posting clear explanations thereof to the website or through other communication channels while striving to ensure fair disclosure.
- (3) Under the Information Disclosure Regulations established by the Board of Directors, the Company engages in IR activities, including Company briefings and autonomous disclosure of various Company information, centered on the President and CEO as the representative director and the Chief Financial Officer (CFO) representing the Corporate Planning Department.
- (4) Views and topics of interest to shareholders, investors, and others identified through IR activities are reported as appropriate by the CEO and CFO to the Board of Directors for oversight, to achieve further improvements to the content and quality of IR activities, and to reflect the findings in management.
- (5) The Division of Duties Regulations established by the Board of Directors create a structure whereby the Corporate Planning Department oversees IR activities. The CFO, who oversees the Corporate Planning Department, coordinates the management of IR activities and strives to achieve constructive dialogue.

■ Management based on a keen awareness of capital costs and share price (English version available) (Last Update: December 23, 2024)

- (1) Following multiple discussions in the Board of Directors, the Company formulated its First Medium-term Business Plan: "Xover (Crossover): Clearing the way to a new era"; this plan covers the period from FY2023 through FY2027

and promotes management strategies to balance creation of social value with efforts to strengthen corporate value.

- (2) Seeking to strengthen returns on capital to improve PBR, the First Medium-term Business Plan reflects current capital costs and sets the financial targets for its final fiscal year (FY2027) of a consolidated ROE of approximately 6.5% (on a net asset basis) and approximately 7.5% (on a shareholder equity basis). It also calls for increasing PER by raising the expected rate of growth based on dialogue with markets concerning the status of progress on the plan and other matters.

<Basic outlook on the capital policies of the First Medium-term Business Plan, “Xover (Crossover): Clearing the way to a new era”>

Growth potential: Balancing growth potential and stability in management foundations through means such as enhancing the customer base by stimulating the regional economy, ensuring stable levels of deposits, and creating local shareholders

Profitability: Increasing risk-weighted assets based on a keen awareness of profitability through capital allocation optimized from a groupwide perspective based on RAF

Investment: Investing aggressively in reform (computer systems, human capital, new businesses, etc.)

Soundness: Maintaining the financial soundness required for a comprehensive financial group supporting its region

Returns to shareholders: Steadily increasing dividends to a dividend payout ratio of 50% or better by the final year of the Medium-term Business Plan (FY2027), while dynamically purchasing treasury shares

* Refer to the Company website in “The 1st Medium-term Business Plan “Xover” (FY2023-FY2027)” under “IR Presentation” (<https://www.shizuoka-fg.co.jp/english/ir/ir-presentation.html>) for more details.

- (3) The Shizuoka Financial Group will promote its businesses through annual business plans based on the First Medium-term Business Plan. It will seek to strengthen communication with shareholders and investors concerning its adaptation to changes in the business environment, the progress of work on various strategies, and progress toward various management goals, including financial targets through briefings on financial results and other IR activities. In addition, it will share information with the Board of Directors on topics of interest related to these efforts, reflecting them in its implementation of management strategies as appropriate, thereby improving market assessments of the Group’s strategies to achieve sustained growth.
- (4) Dialogue with shareholders, investors and others in IR activities is disclosed as appropriate in “Main Q&A” under “IR Presentation” on the Company website (<https://www.shizuoka-fg.co.jp/english/ir/ir-presentation.html>). The Group will continue to enhance dialogue with the markets under the oversight of the Board of Directors, to facilitate execution of the Shizuoka Financial Group’s growth strategies.
- (5) Other details of policies to improve PBR are provided on the Company website in “Initiatives to enhance corporate value” under “The 1st Medium-term Business Plan “Xover” (FY2023-FY2027)” under “IR Presentation” (<https://www.shizuoka-fg.co.jp/english/ir/ir-presentation.html>) and “Presentation Material (Efforts to Increase Corporate Value/Capital Policies)” under “Interim Financial Results for FY 2024” under “IR Presentation” (<https://www.shizuoka-fg.co.jp/english/ir/ir-presentation.html>).

■ Status of dialogue with shareholders, etc.

Under General Principle 5 of the Corporate Governance Code—to continually strengthen dialogue with shareholders and other stakeholders outside general shareholder meetings—the Company holds briefings on financial results and meetings on specific themes (including the Medium-term Business Plan, capital policies, and sustainability management) for investors, analysts, and others and undertakes IR activities overseas. Progress on the implementation of IR activities is described below under III “2. Status of IR-related Activities.” The status of dialogue is disclosed in “Main Q&A” under “IR Presentation” on the Company website (<https://www.shizuoka-fg.co.jp/english/ir/ir-presentation.html>).

Topics of interest and insights from the above dialogue are reported as appropriate to the Board of Directors by the CEO and the CFO through Group Management Execution Reports and other means and used to promote management strategies under the oversight of the Board of Directors.

2. Capital Structure

Foreign Shareholding Ratio

20% or more but less than 30%

【Status of Major Shareholders】

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	81,712,400	14.85
Nippon Life Insurance Company	29,745,736	5.40
Meiji Yasuda Life Insurance Company	29,117,819	5.29
Custody Bank of Japan, Ltd. (trust account)	26,740,900	4.86
STATE STREET BANK WEST CLIENT-TREATY 505234	13,092,560	2.38
SUMITOMO LIFE INSURANCE COMPANY	13,070,000	2.37
MUFG Bank, Ltd.	9,094,563	1.65
The Dai-ichi Life Insurance Company, Limited	7,505,300	1.36
Suzuki Motor Corporation	7,000,800	1.27
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,965,400	1.26

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Banks
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which May have a Potential Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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【Directors】

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding those concurrently serving as President)
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationships with the Company (1)

Name	Attributes	Relationship with the Company *										
		a	b	c	d	e	f	g	h	i	j	k
Kumi Fujisawa	From another company								○			
Kazutoshi Inano	From another company								○			
Motoshige Itoh	Academic											
Kazuto Tsubouchi	From another company								○			
Naomi Ushio	Academic								○			

* Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business for the Company or its subsidiary
- b. Person who executes business for or a non-executive director of the Company's parent company
- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationships with the Company (2)

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kumi Fujisawa		○	<p>The Shizuoka Bank, the Company's consolidated subsidiary, pays membership fees, securities company representative registration fees, and other fees to the Japan Securities Dealers Association, for which Ms. Fujisawa is a Public Governor. The Shizuoka Bank also interacts with her on a regular basis as a general depositor. Since these transactions are deemed to present no concerns regarding independence in consideration of their scale and nature, they are omitted from the summary. Ms. Fujisawa is a member of the Company's Advisory Board.</p>	<p>In addition to founding and serving as Representative Director for Japan's first investment trust evaluation firm, Ms. Fujisawa took part in the founding of SophiaBank Limited and served as its Representative Director. She has also served in numerous public offices, including service as a member of the Financial System Council of the Financial Services Agency. She served as an Outside Director for the Shizuoka Bank, Ltd. from June 2013 through October 2022 and has been an Outside Director for the Company since October 2022. Based on her wide-ranging experience and insights, she plays appropriate roles in areas including ensuring the transparency and fairness of decision-making within the Company Board of Directors and enhancing its oversight functions, from a perspective independent of management. She has been appointed Independent Director based on the Company's judgment that the appointment poses no conflicts of interest with ordinary shareholders, in accordance with the Tokyo Stock Exchange, Inc.'s ("Stock Exchange" hereinafter) independence criteria for Independent Directors and the criteria for appointment of Independent Directors established by the Company.</p>

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kazutoshi Inano		○	<p>The Shizuoka Bank, the Company's consolidated subsidiary, engages in financial and other transactions, including credit transactions, with Mr. Inano's former employer (Nomura Holdings, Inc. and its Group companies). It also pays membership fees, securities company representative registration fees, etc. to the Japan Securities Dealers Association, of which Mr. Inano was Chairperson until 2017. The Shizuoka Bank engages with him on a regular basis as a general depositor. Since these transactions are deemed to present no concerns regarding independence in consideration of their scale and nature, they are omitted from the summary. As of June 2024, eleven years had passed since Mr. Inano resigned as an executive of the Nomura Holdings Group. Mr. Inano is a member of the Company's Advisory Board.</p>	<p>Mr. Inano has served as a Director and Executive Vice President for Nomura Holdings, Inc. and in various key posts with companies within the Nomura Group. He has also served in numerous public offices, including Chairperson of the Investment Trusts Association, Japan, Chairperson of the Securities Analysts Association of Japan, Chairperson of Japan Securities Dealers Association, and Chairperson of the Japan Foundation For Regional Vitalization. He served as an Outside Director for the Shizuoka Bank, Ltd. from June 2021 through October 2022 and has been an Outside Director for the Company since October 2022. Based on his wide-ranging experience and insights, he plays appropriate roles in areas including ensuring the transparency and fairness of decision-making within the Company Board of Directors and enhancing its oversight functions, from a perspective independent of management. He has been appointed Independent Director based on the Company's judgment that the appointment poses no conflicts of interest with ordinary shareholders, in accordance with the Stock Exchange's independence criteria for Independent Directors and the criteria for appointment of Independent Directors established by the Company.</p>

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Motoshige Itoh	○	○	—	<p>In addition to pursuing research on economics as a university professor, Mr. Itoh is active as a commentator and an Outside Director for other listed companies. He is intimately familiar with business administration within the global economy. He has also served in numerous public offices, including membership on the Council on Economy and Fiscal Policy, The Tax Commission, and the Expert Panel on Climate Change of the government. He served as an Outside Director for the Shizuoka Bank, Ltd. from June 2018 through October 2022 and has been an Outside Director for the Company since October 2022. Based on his wide-ranging experience and insights, he plays appropriate roles in areas including ensuring the transparency and fairness of decision-making within the Company Board of Directors and enhancing its oversight functions, from a perspective independent of management.</p> <p>He has been appointed Independent Director based on the Company's judgment that the appointment poses no conflicts of interest with ordinary shareholders, in accordance with the Stock Exchange's independence criteria for Independent Directors and the criteria for appointment of Independent Directors established by the Company.</p>

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kazuto Tsubouchi	○	○	<p>The Shizuoka Bank, the Company's consolidated subsidiary, deals with Mr. Tsubouchi and his former employer (NTT DOCOMO, INC.) on a regular basis as general depositors and deals with NTT DOCOMO, INC. on a regular basis in transactions related to mobile phone and other telecommunications services. Since these transactions are deemed to present no concerns regarding independence in consideration of their scale and nature, they are omitted from the summary.</p>	<p>Mr. Tsubouchi has served as a Senior Vice President of NTT DOCOMO, INC., President of the Foundation for MultiMedia Communications, and Chairperson of the Information & Telecommunication Equipment Constructor's Association. He served as an Outside Director for the Shizuoka Bank, Ltd. from June 2020 through October 2022 and has been an Outside Director for the Company since October 2022. Based on his wide-ranging experience and insights, he plays appropriate roles in areas including ensuring the transparency and fairness of decision-making within the Company Board of Directors and enhancing its oversight functions, from a perspective independent of management.</p> <p>He has been appointed Independent Director based on the Company's judgment that the appointment poses no conflicts of interest with ordinary shareholders, in accordance with the Stock Exchange's independence criteria for Independent Directors and the criteria for appointment of Independent Directors established by the Company.</p>

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Naomi Ushio	○	○	The Shizuoka Bank, the Company's consolidated subsidiary, deals with Ms. Ushio on a regular basis as a general depositor. Since these transactions are deemed to present no concerns regarding independence in consideration of their scale and nature, they are omitted from the summary.	As a university professor and specialist in business administration and human resource management, Ms. Ushio has sought to address issues related to working women's ability to demonstrate their skills. She has served as an outside director or outside audit and supervisory committee member at other publicly traded companies and other organizations and in public offices including as an Expert Member of the Cabinet Office Liaison Conference for the Promotion of Gender Equality. She served as an Outside Audit and Supervisory Board member for the Shizuoka Bank, Ltd. from June 2019 through October 2022 and has been an Outside Director for the Company since October 2022. Based on her wide-ranging experience and insights, she plays appropriate roles in areas including ensuring the transparency and fairness of decision-making within the Company Board of Directors and enhancing its oversight functions, from a perspective independent of management. She has been appointed Independent Director based on the Company's judgment that the appointment poses no conflicts of interest with ordinary shareholders, in accordance with the Stock Exchange's independence criteria for Independent Directors and the criteria for appointment of Independent Directors established by the Company.

【Audit and Supervisory Committee】

Attributes of Members Constituting the Committee and the Committee Chairperson

	All Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	1	3	Outside Director

Directors and employees assisting in the duties of the Audit and Supervisory Committee	Yes
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Matters related to independence of such Directors and employees from Directors involved in business execution

The Company's Basic Policy Regarding the Design of Internal Control Systems stipulates the following provisions intended to ensure the independence of employees assisting the Audit and Supervisory Committee from Directors (other than

Directors who are Audit and Supervisory Committee members) and the efficacy of instructions from the Audit and Supervisory Committee to such assisting employees:

- (1) The Audit and Supervisory Committee Office shall be established as an organization to assist the Audit and Supervisory Committee. The necessary staff shall be assigned to this Office. The Division of Duties Regulations shall identify the Audit and Supervisory Committee Office as an organization independent from the business execution side and establish a structure under which such staff are under the exclusive command and control of the Audit and Supervisory Committee, to ensure their independence from Directors other than Audit and Supervisory Committee members and from business execution sections.
- (2) Company Directors shall obtain the consent of the Audit and Supervisory Committee regarding any personnel decisions related to the Audit and Supervisory Committee Office.

Cooperation among Audit and Supervisory Committee Members, Accounting Auditors, and Internal Audit Departments

The Audit and Supervisory Committee ensures the efficacy of auditing through close cooperation, including regular exchange of information with the Company’s accounting auditors, internal auditing sections, and other related parties. A structure is in place under which the Audit and Supervisory Committee or Audit and Supervisory Committee members designated by that Committee may receive reports from internal auditing sections and other related parties concerning the results of internal audits and issues concerning internal controls or other matters and may issue instructions to internal auditing sections regularly or as necessary regarding the formulation of internal audit plans and other matters.

[Voluntary Committees]

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	7	0	2	5	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	7	0	2	5	0	0	Inside Director

Supplementary Explanation

A. Summary of the Nomination and Remuneration Committee

Composition: Seven members in total (five males, two females; no full-time committee members; two Inside Directors, five Outside Directors)

Members: Chairperson (Katsunori Nakanishi), President (Hisashi Shibata), Outside Directors (Kumi Fujisawa, Kazutoshi Inano, Motoshige Itoh, Kazuto Tsubouchi, Naomi Ushio)

Appointment method: Under the Nomination and Remuneration Committee Regulations established by the Board of Directors, members are chosen by the Board of Directors from among the Directors and Outside

Directors (with Outside Directors accounting for a majority). The Committee is chaired by the Chairperson of the Board of Directors (Chairperson Katsunori Nakanishi as of June 17, 2024).

Roles: In addition to advising on matters such as the appointment of officers, deliberates on matters related to executive remuneration and, as a voluntary remuneration decision-making body delegated authority by the Board of Directors, makes decisions concerning allocation of fixed monetary compensation and performance-linked compensation.

Key topics considered: Matters related to appointment, remuneration, etc. of directors and officers (Detailed information for FY2023)

- Advising on appointment of officers of the Company, the Shizuoka Bank, and other Group companies
- Deciding on allocation of Directors' fixed monetary compensation and performance-linked compensation

Frequency of meetings: As appropriate (met six times in total during FY2023)

Member attendance: Attendance rate for Inside Directors: 100%; attendance rate for Outside Directors: 96% (both FY2023)

Secretariat: Secretarial Office, Corporate Administration Department Personnel and Human Resources Development Office

B. The Company's other voluntary committees are the Advisory Board, which advises the President, and the Committee of Administrative Supervision, whose activities include monitoring the status of business execution of executive sections.

Summary of the Advisory Board

Composition: Nine members in total (six males, three females; no full-time committee members; two Inside Directors, two Outside Directors, five outside experts)

Members: Chairperson (Katsunori Nakanishi), President (Hisashi Shibata), Outside Directors (Kumi Fujisawa, Kazutoshi Inano), outside experts (Takahiro Anno, Akie Iriyama, Fumiko Kato, Mio Takaoka, Takuya Nakata)

Appointment method: Members are chosen by the Board of Directors from among outside experts (including outside directors). The Committee is chaired by the Chairperson of the Board of Directors (Chairperson Katsunori Nakanishi as of June 17, 2024).

Roles: Under the Advisory Board Regulations established by the Board of Directors, reviews the validity and appropriateness of matters submitted by the President with regard to important matters of corporate governance, business strategies and other management topics, responding to policy demands, and other issues related to Group management.

Frequency of meetings: At least once every three months (met four times in total in FY2023)

Key topics considered: Corporate governance, business strategy, etc. (Detailed information for FY2023)

- Overview of financial results (FY2022, FY 2023 1Q, FY2023 1H, and FY2023 3Q)
- Courses of action of strategies to increase regional population by transferee (not natural increase)
- Human capital management initiatives
- Future business approaches in light of trends in deposits, etc.

Member attendance: Attendance rate for Inside Directors: 100%; attendance rate for other members: 81% (both FY2023)

Secretariat: Corporate Planning Department Corporate Planning Office

Summary of the Committee of Administrative Supervision

Composition: Eight members in total (six males, two females; no full-time committee members; two Inside Directors, five Outside Directors, one Executive Officer in charge of internal auditing section)
* Standing corporate auditors and outside corporate auditors of the Shizuoka Bank, the Company's core subsidiary, also participate as non-voting observers.

Members: Outside Directors (Kumi Fujisawa, Kazutoshi Inano, and Audit and Supervisory Committee members Motoshige Itoh, Kazuto Tsubouchi, and Naomi Ushio), Directors (Chairperson Katsunori Nakanishi and standing Audit and Supervisory Committee member Koichi Kiyokawa), Group Chief Internal Audit Officer (CIAO) Toru Atsumi

Appointment method: Committee members include the Group Chief Internal Audit Officer (CIAO). Members are chosen by the Board of Directors from among the Chairperson and Directors not involved in business execution (including part-time Directors) (to include all Outside Directors and Audit and Supervisory Committee members).

	As of June 17, 2024, Group Chief Internal Audit Officer (CIAO) Toru Atsumi served as Committee Chairperson.
Roles:	Serves to reinforce the monitoring functions of the Board of Directors over business execution. Activities include requesting that personnel from business execution sections attend and report to Committee meetings, pursuant to the Regulations for Committee of Administrative Supervision established by the Board of Directors.
Frequency of meetings:	Once every six months (met twice in total during FY2023)
Key topics considered:	Monitoring of the status of business execution by business execution sections (Detailed information for FY2023) <ul style="list-style-type: none"> • Regional co-creation strategy initiatives • Cashless payment initiatives
Member attendance:	Attendance rate for Inside Directors: 75%; attendance rate for Outside Directors: 90% (both FY2023)
Secretariat:	Audit Department Audit Planning Office

【Matters Concerning Independent Directors】

Number of Independent Directors

5

Other Matters Concerning Independent Directors

The Company Board of Directors has established regulations governing the appointment of Independent Directors based on the independence criteria established by the Stock Exchange and strives to clarify these regulations from both quantitative and qualitative aspects. We designate Independent Directors based thereon. The Company designates as Independent Directors all Outside Directors who are qualified to be Independent Directors.

<Reference> Criteria for appointment of Independent Directors

Only Outside Directors under the Companies Act who do not meet any of the descriptions under ① to ⑤ below may be designated as Independent Directors:

- ① Parties for whom the Company or Company's core subsidiary *1 is a major customer *2 or parties involved in the business execution thereof (referring hereinafter to executive directors [the directors enumerated under Article 363, Paragraph 1, of the Companies Act and other directors involved in business execution], executive officers, and other officers or employees executing the business of the corporation), or major customers of the Company or of the Company's core subsidiary *3 or parties involved in the business execution thereof
- ② Attorneys, certified public accountants, tax accountants, various consultants, or other providers of specialized services receiving payments in cash or other assets valued at more than 10 million yen per year, other than executive remuneration, from the Company or the Company's core subsidiary (or members of a corporation, association, etc. that receives such assets)
- ③ Major shareholders in the Company (those holding 10% or more of voting rights), or parties involved in the business execution thereof
- ④ Those who have met any of the descriptions under ① to ③ above within the five-year period prior to appointment as Outside Directors
- ⑤ Spouses or family members within two degrees of consanguinity of the following parties (excluding immaterial cases *4)
 - A. The parties listed under ① to ④ above
 - B. Parties involved in the business execution of the Company or of its subsidiaries
 - C. Parties who have recently met the description under B

*1: Core subsidiary: The Shizuoka Bank

*2: Parties for whom the Company or Company's core subsidiary is a major customer: Parties receiving 2% or more of their consolidated net sales from sales arising from transactions with the Company or Company's core subsidiary or in other transaction relationships with the Company or Company's core subsidiary considered to be subject to impacts similar to those of parent companies and subsidiaries or affiliated companies, in light of the actual status of transactions with the Company or Company's core subsidiary

*3: Major customers of the Company or of the Company's core subsidiary: Customers whose transactions account for 2% or more of the Company's consolidated gross operating profit

*4: Immaterial cases: Employees who do not qualify as managers or key employees (referring to managers or other key

employees under Article 362, Paragraph 4, Item 3 of the Companies Act, equivalent in rank to department general manager or above); or those who do not qualify as key employees as described above in corporate or association providers of specialized services (including individual attorneys, certified public accountants, or tax accountants affiliated with such associations if they are law offices, certified public accountancy offices, or tax accountancy offices)

In certain cases, even those who do not formally meet the descriptions of the above criteria may not be designated as Independent Directors if the Company determines that their attributes or other conditions, considered comprehensively, may lead to doubts about their independence. In addition, even those who do formally meet the descriptions of the above criteria may be designated as Independent Directors if they satisfy the independence criteria (independence requirements) of the Tokyo Stock Exchange and may reasonably be considered independent based on comprehensive considerations of their attributes or other specifics, after describing in the Notice of Independent Directors the justification for such judgment.

[Incentives]

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme, Other

Supplementary Explanation for Applicable Items

(1) Performance-linked compensation

Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) are paid performance-linked compensation in cash, using as an indicator net income attributable to owners of the parent, which represents the final results of the business year. This indicator has been chosen to motivate and inspire Directors to improve consolidated business results and to reflect in remuneration the results of the Shizuoka Financial Group. The amount paid to each Director is based on a payment rate for each rank and the Director's degree of contribution to results.

<Performance-linked compensation limits>

Category of net income attributable to owners of the parent	Remuneration limit
20 billion yen or less	0
More than 20 billion yen but not more than 35 billion yen	20 million yen
More than 35 billion yen but not more than 40 billion yen	40 million yen
More than 40 billion yen but not more than 45 billion yen	60 million yen
More than 45 billion yen but not more than 50 billion yen	80 million yen
More than 50 billion yen but not more than 60 billion yen	100 million yen
More than 60 billion yen but not more than 70 billion yen	120 million yen
More than 70 billion yen	140 million yen

(2) Officer compensation based on points system linked to share price

We have introduced compensation for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) based on a points system linked to share price, with the goal of further strengthening incentives for Directors to increase corporate value and further deepen shareholder-oriented management during their terms of office. Under this system, eligible Directors are allotted a specific number of points each year and receive a cash amount equivalent to their accumulated points multiplied by the average closing share price of the Company's stock during the six-month period immediately before retirement. Eligible Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) are allotted up to 50,000 points as a group per year, with each point equivalent to one share of stock.

(3) Restricted share-based compensation

We have introduced restricted share-based compensation aimed at enhancing awareness of the duty to enhance corporate value and shareholder-oriented management among Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members). Under this system, eligible Directors are granted shares of Company common stock the transfer of which is restricted until a prespecified period of time has elapsed since they cease to serve as both Directors and Executive Officers who do not concurrently serve as Directors of the Company or leave the Company. Annual remuneration under this system is limited to no more than 50 million yen and 50,000 shares.

Persons eligible to be issued stock options

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Supplementary Explanation for Applicable Items

[Director Remuneration]

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items

The Securities Report discloses total amounts of Directors' remuneration and other compensation, pursuant to the Cabinet Office Ordinance on the Disclosure of Corporate Affairs.

The Securities Report also discloses individual remuneration amounts for those whose total consolidated remuneration is 100 million yen or more. In FY2023, the following Directors received consolidated remuneration of 100 million yen or more.

(1) Director Katsunori Nakanishi	Total consolidated remuneration:	109 million yen
(Breakdown) Company category: the Company		
Fixed monetary compensation:		43 million yen
Performance-linked compensation:		29 million yen
Officer compensation based on points system linked to share price:		10 million yen
Restricted share-based compensation:		5 million yen
(Breakdown) Company category: The Shizuoka Bank, Ltd.		
Fixed monetary compensation:		16 million yen
Performance-linked compensation:		1 million yen
Officer compensation based on points system linked to share price:		—
Restricted share-based compensation:		2 million yen
(2) Director Hisashi Shibata	Total consolidated remuneration:	109 million yen
(Breakdown) Company category: the Company		
Fixed monetary compensation:		48 million yen
Performance-linked compensation:		25 million yen
Officer compensation based on points system linked to share price:		8 million yen
Restricted share-based compensation:		4 million yen
(Breakdown) Company category: The Shizuoka Bank, Ltd.		
Fixed monetary compensation:		12 million yen
Performance-linked compensation:		6 million yen
Officer compensation based on points system linked to share price:		2 million yen
Restricted share-based compensation:		3 million yen

- Notes: 1. Only those whose total consolidated remuneration is 100 million yen or more are shown.
 2. Remuneration under officer compensation based on a points system linked to share price reflect numbers of points awarded during the applicable business year.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

- (1) Basic policy
- A. The framework of compensation for Directors shall be appropriately established to function as a sound incentive based on our aim to be a sustainable corporate group that can maximize value for all the Group's stakeholders.
 - B. Directors' compensation shall reflect the roles and responsibilities that each Director must fulfill, as well as their results, to maintain and enhance the sound management of the Group based on Directors' duty to accurately engage in Group-wide management.
 - C. The fairness and objectiveness in the process for determining compensation, etc. shall be ensured, under appropriate supervision from the Board of Directors, including the involvement and advice of the Nomination and Remuneration Committee, while respecting the resolutions of the General Meeting of Shareholders.
- (2) Compensation overview
- A. Composition
 - (a) In addition to fixed monetary compensation, compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) is composed of performance-linked compensation, officer compensation based on a points system linked to share price, and restricted share-based compensation. Under a resolution of the First Annual General Meeting of Shareholders held June 16, 2023, the maximum amount of each type of compensation is 210 million yen for fixed monetary compensation for Directors (excluding directors who are Audit and Supervisory Committee members) and 90 million yen for fixed monetary compensation for Directors who are Audit and Supervisory Committee members, 140 million yen (reflecting the category of net income attributable to owners of the parent) in performance-linked compensation,

50,000 points per year awarded under officer compensation based on a points system linked to share price (one point is equal to one share), and 50 million yen and 50,000 shares per year under restricted share-based compensation.

(b) Compensation for Outside Directors and Directors who are Audit and Supervisory Committee members consists of fixed monetary compensation only. This is to ensure their neutrality and independence.

B. Each type of compensation as a percentage of the total

(a) Base compensation (cash compensation)

Fixed monetary compensation: 60%

(b) Performance-linked compensation, etc. (cash compensation)

Performance-linked compensation: 20%; officer compensation based on a points system linked to share price: 10%

(c) Nonmonetary compensation, etc. (share-based compensation)

Restricted share-based compensation: 10%

<Assumptions used in calculating percentages>

- Officer compensation based on a points system linked to share price and restricted share-based compensation were calculated with reference to past share price levels and other information.
- Percentages may vary with amounts paid of performance-linked compensation (see “Incentives: (1) Performance-linked compensation,” above) and share price.

C. Decision-making process

(a) Decisions concerning the allocation of each form of compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) were delegated to the Board of Directors by the First Annual General Meeting of Shareholders held June 16, 2023. The Nomination and Remuneration Committee is entrusted to allocate fixed monetary compensation and performance-linked compensation by a resolution of the Board of Directors.

(b) The allocation of compensation (fixed monetary compensation only) for Directors who are Audit and Supervisory Committee members is determined through discussion among such directors.

D. Grounds for return of compensation, etc. and policy on related decisions

(a) Grounds are specified for nonpayment of officer compensation based on a points system linked to share price.

(b) For restricted share-based compensation, the agreement on the allocation of restricted shares concluded between the Company and the payee officers on each allocation provides grounds for gratis acquisition by the Company of allotted shares.

【Support System for Outside Directors】

To support the performance of duties of Outside Directors, the Corporate Planning Department, the Audit and Supervisory Committee Office, and other organizations provide prior explanations, various types of information, and other materials concerning Board of Directors resolutions and reports.

For Outside Directors who are Audit and Supervisory Committee members, standing Audit and Supervisory Committee members share important information regarding various matters, including the results of audit activities, and dedicated personnel are assigned to the Audit and Supervisory Committee Office to support their activities.

In addition, through their participation as members of the Nomination and Remuneration Committee and Committee of Administrative Supervision, Outside Directors are presented opportunities to share information with management and business execution sections. Regular meetings for the exchange of opinions among Independent Directors are also held to enhance communication opportunities among Outside Directors.

【Status of Persons who have Retired as Representative Director and President, etc.】

Information on Persons Holding Advisory Positions (Sodanyaku, Komon, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment	Date when former role as president/CEO ended	Term
Yasuo Matsuura	Councilor, The Shizuoka Bank, Ltd.	Participation in social contribution activities, etc. (no participation in management)	Part time, with remuneration	June 28, 2005	1 year
Katsunori Nakanishi	Special Councilor, The	Participation in social contribution activities, etc.	Part time, with remuneration	June 16, 2023	1 year

	Shizuoka Bank, Ltd.	(no participation in management)		
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Number of Persons Holding Advisory Positions (Sodanyaku, Komon, etc.) After Retiring as Representative Director and President, etc.

2

Other Related Matters

- The Company does not have an advisory (Sodanyaku or Komon) system.
- In addition to those named above, the Shizuoka Bank, Ltd. employs the following individual as a part-time councilor: Hirotooshi Sugimoto (former Director/Managing Executive Officer): Economic association activities, etc. (no participation in management)

2. Matters Concerning Functions of Business Execution, Audits and Supervision, Nomination, and Remuneration Decisions

As a bank holding company, the Company manages and oversees the management and operations of Group companies. As a company with an Audit and Supervisory Committee, the Company strives to strengthen and enhance its corporate governance systems in various ways, including enhancing the oversight functions of the Board of Directors and the audit functions of the Audit and Supervisory Committee.

The Board of Directors consists of six Directors (excluding those who are Audit and Supervisory Committee members; two of whom are Outside Directors) and four Directors who are Audit and Supervisory Committee members (three of whom are Outside Directors). In addition to deliberating on Group Medium-term Business Plans and other management strategies, basic policies and systems for compliance and risk management and internal audits, and other important subjects of management, the Board also oversees business execution.

The Board of Directors meets at least once every two months in principle.

During the fiscal year under review, the Company Board of Directors met 11 times. The attendance of individual Directors is shown below.

Attendance of Directors (Inside)		Attendance of Outside Directors	
Katsunori Nakanishi	Attended 11 of 11 meetings	Kumi Fujisawa	Attended 10 of 11 meetings
Hisashi Shibata	Attended 11 of 11 meetings	Kazutoshi Inano	Attended 11 of 11 meetings
Minoru Yagi	Attended 11 of 11 meetings	Motoshige Itoh	Attended 11 of 11 meetings
Yutaka Fukushima	Attended 11 of 11 meetings	Kazuto Tsubouchi	Attended 11 of 11 meetings
Koichi Kiyokawa	Attended 11 of 11 meetings	Naomi Ushio	Attended 10 of 11 meetings

* Key matters discussed in (submitted/reported to) the Board during the fiscal year under review included settlement of accounts, execution plans (business plans, internal audit plans, compliance program), establishment of new subsidiaries to develop new business, management of the Board of Directors to strengthen oversight functions, management conscious of capital costs and share price, TCFD initiative status and policies, and reporting on business execution by each CxO.

Under a basic policy resolved by the Board of Directors, committees have been established to address individual fields as delegated by the Board of Directors (the Sustainability Committee [Executive Committee], Group-wide Compliance Committee, and Group-wide Committee for Integrated Risk and Budget Management). These committees engage in deliberations and make decisions on important matters related to Groupwide business execution. Their authority and responsibilities are clearly specified; this structure enables appropriate and dynamic adaptation to the changing business environment. Under appropriate oversight by the Board of Directors, these committees engage in deliberations based on the principle of sustainable management. The Human Capital Management Committee and the Environmental Committee also have been established to stimulate discussion on specialized topics, to promote sustainable management and the sustained growth of the Shizuoka Financial Group and its stakeholders.

Furthermore, the Nomination and Remuneration Committee has been established to strengthen the oversight functions of the Board of Directors. It strives to improve the objectivity and transparency of executive nomination and remuneration through advising on matters such as executive nomination and remuneration systems, formulating remuneration standards, and

deliberating on the allocation of compensation such as fixed monetary compensation. In addition, the Advisory Board has been established as a voluntary board of outside experts to advise the President and reflect outside opinions to ensure progressive management, and the Committee of Administrative Supervision, made up chiefly of Outside Directors, has been established to strengthen the functions for monitoring of the state of business execution by the Board of Directors. Based on this structure, the Company seeks to ensure appropriate oversight of Group management and timely business execution, while further enhancing its corporate governance system.

(Contracts limiting liability)

The Company's Articles of Incorporation allow it to conclude contracts with its Outside Directors limiting their liability for compensation for damages to the minimum level required under laws and regulations. The Company has concluded contracts with its five Outside Directors limiting their liability for compensation for damages under Article 423, Paragraph 1, of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1, of that Act ("contracts limiting liability" hereinafter). The limit on liability for compensation for damages under these contracts limiting liability is the minimum liability amount under Article 425, Paragraph 1, of the Act.

3. Reasons for Adoption of Current Corporate Governance System

To enhance deliberation on Group management from a broad perspective reflecting changes in society while also securing the objectivity and transparency of the Board of Directors' management oversight function, the Company appoints qualified Outside Directors (as of June 17, 2024, five of the Company's 10 Directors were Outside Directors) and delegates authority for institutional decision-making to promote dynamic business execution based on separation of supervision and execution functions. In addition, by appointing an Audit and Supervisory Committee that includes a standing Audit and Supervisory Committee member and on which three of the four members are Outside Directors, the Company seeks to achieve a structure to achieve regular audits of business execution and maintain the objectivity and independence of audits. As described under "2. Matters Concerning Functions of Business Execution, Audits and Supervision, Nomination, and Remuneration Decisions" above, voluntary committees are established to reinforce the management oversight functions of the Board of Directors.

The corporate governance system described above is intended to serve as a foundation for management to increase the Group's corporate value on an on-going basis.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	To ensure that all shareholders have sufficient time to consider resolutions and other matters, materials for the general meeting of shareholders are provided electronically. Such materials are posted to the Company website and disclosed on the Tokyo Stock Exchange website, prior to the legal deadline.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	General meetings of shareholders are scheduled to avoid dates during the busiest times of the year.
Electronic Exercise of Voting Rights	Shareholders may exercise voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company employs the platform for electronic exercise of voting rights operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Some of the materials for the general meeting of shareholders are posted on the Company's English website and provided in other forms so that shareholders whose native language is not Japanese can understand proposals and other matters.
Other	Materials for the general meeting of shareholders and explanatory slides for the general meeting of shareholders are prepared with consideration for ensuring that they are understandable to shareholders.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	In our disclosure policies, we have established provisions for not only disclosing information stipulated by laws and regulations, but also actively disclosing information that we deem useful in order to deepen stakeholders' understanding of our group's management policies and business activities. Disclosure policies are posted on the website (currently available only in Japanese). (https://www.shizuoka-fg.co.jp/info-disclosure-policy/index.html)	
Regular Investor Briefings held for Individual Investors	IR meetings are held for individual investors, to describe matters such as management strategies and finances. (In FY2023, two such IR meetings were held, attended by about 200 persons in total.)	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	Following the announcement of financial results (each half-year), IR meetings are held for analysts, investors, and securities firms, to describe matters such as management strategies and finances. (In FY2023, two such IR meetings were held, attended by about 200 persons in total.) Furthermore, briefings are held on specific themes such as the Medium-term Business Plan, capital policies, and sustainability management, and the Company participates in IR conferences held by securities firms. It also actively holds individual meetings with analysts and investors.	Held
Regular Investor Briefings held for Overseas Investors	The CEO and CFO, among others, participate in overseas IR activities to present their perspectives on matters such as management strategies and finances. (In FY2023, two such IR activities were held.) May-June 2023: Met with 19 firms in Europe and North America November 2023: Met with nine firms in Asia	Held
Online Disclosure of IR Information	IR materials are posted on the website. (https://www.shizuoka-fg.co.jp/english/ir/)	
Establishment of Department and/or Placement of a Manager in Charge of IR	Officer in charge: Executive Officer in charge of Corporate Planning Department (CFO) Department in charge: Corporate Planning Department Corporate Planning Office	
Other	<Internal cooperation for shareholder dialogue> Management and related sections cooperate in activities such as preparation of IR presentation materials for disclosure to shareholders, investors, and others. Through these means, such materials reflect the multifaced perspectives of individual sections. <Control of insider information> Principles of fair disclosure and other principles are conformed to in cases such as responding to inquiries to the Company and participating in meetings or conferences held or attended by the Company, to control insider information appropriately through means such as restricting information provided to information already made public or generally known facts.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Recognizing the trust of stakeholders, including communities, customers, shareholders, officers, and employees to be essential to its sound progress and continued growth, the Company considers its Corporate Vision, which in turn rests on the twin pillars of its Corporate Philosophy—Expand dreams and affluence with our community—and its Action Guidelines, to be guidelines for all of its activities. The Ethical Charter, as its basic policy on compliance, calls for building a robust compliance structure through active communication and mutual cooperation with stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Shizuoka Financial Group's fundamental policy is to implement the Corporate Philosophy—Expand dreams and affluence with our community—through its business activities. Accordingly, the First Medium-term Business Plan, which took effect beginning in FY2023, identifies materiality topics for realizing a sustainable community from the perspectives of both creating social value and increasing corporate value. The Group is implementing various initiatives toward solutions to these topics. The Group Environmental Policy addresses environmental initiatives that will help realize a decarbonized

	<p>society and states clearly that the Group will strive actively toward solutions to various environmental issues through its core business activities as a comprehensive financial group.</p> <p>The Company supports the TCFD recommendations, and together with migrating to a holding-company structure, it established an Environmental Committee that includes members from Company subsidiaries, as it strives toward decarbonization on a Groupwide basis. It has set goals including carbon neutral in FY2030 (Scope 1 and 2 emissions) and sustainable finance goals for FY2030 (cumulative total investment and finance of 2 trillion yen, of which 1 trillion yen will consist of environmental finance), and it is striving to advance its scenario analysis of climate-change risks (transitional and physical risks).</p> <p>In addition, to provide appropriate disclosure of the Shizuoka Financial Group's decarbonization efforts and to make ongoing improvements in line with international standards, it has obtained evaluation by the CDP, an international environmental organization, of its climate change initiatives and calculates and discloses Scope 3 GHG emissions from investment and lending based on Partnership for Carbon Accounting Financials (PCAF) standards.</p> <p>The Shizuoka Bank, the Company's core subsidiary, has established policies on investment and finance in specific sectors and clarified its policy on investment and finance in fields such as coal-fired power generation, etc.</p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>Under the Information Disclosure Regulations established by the Board of Directors, the Company has adopted a basic policy of active disclosure of timely and appropriate information to shareholders, investors, customers, and communities. The Group engages in appropriate disclosure based on the Banking Act, the Financial Instruments and Exchange Act, and other laws and regulations, as well as the securities listing regulations of the Stock Exchange. It also holds Company briefings and strives to disclose various types of Company information voluntarily to ensure the transparency and fairness of disclosure.</p>
<p>Other</p>	<p>The Group's main efforts to promote diversity, equity, and inclusion are described below.</p> <p>Based on the Act on the Promotion of Women's Active Engagement in Professional Life, the Shizuoka Bank, the Company's core subsidiary, has reformulated its action plans targeting the following numerical targets: women making up a percentage of 27% or more leadership positions, 100% of eligible men taking childcare leave, with an average leave period of 30 days or longer, and 100% of eligible women taking childcare leave, with an average leave period of one year or longer (plan period: from April 2024 to March 31, 2027). It also has announced its support for KEIDANREN (Japan Business Federation)'s "Challenge to 30% by 2030" and the Work-Life Balance Co., Ltd. declaration of support for 100% of eligible men taking childcare leave.</p> <p>To achieve these goals, in addition to actively promoting women in the workplace, the Company holds training to improve career development and management abilities and expand its diversity-promotion measures, to enable employees with diverse careers and values to take on challenges and succeed.</p> <ul style="list-style-type: none"> • As of the end of March 2024, the Shizuoka Bank, the Company's core subsidiary, had 219 women in managerial positions (18.6%). • This includes 23 branch general managers (15.9% of all branch general managers) • The Shizuoka Bank has been accredited by the Minister of Health, Labour and Welfare as a company making outstanding efforts to promote women's careers. • The Company was chosen by the Tokyo Stock Exchange in FY2023 to the Next Nadeshiko: Companies Supporting Dual-career and Co-parenting list of companies that support the careers of both men and women. • In FY2023, the Company was selected to the KENKO Investment for Health Stock Selection list, a list of companies that actively support employee health improvement and implement outstanding health management, by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. <p>The Company and the Shizuoka Bank are also striving to enhance programs to support career development so that employees can work with peace of mind.</p> <ul style="list-style-type: none"> • It has introduced a 'lifestyle select system' under which employees can choose their own work styles (e.g., limiting their assigned duties or eligibility for transfers involving relocation). • In addition to the 45 Style Program under which employees can request assignments within 45 minutes' commute from base locations, the Pair Style Program employs consideration to enable both spouses working for the Shizuoka Bank to live together even after job transfers. • The Company and the Shizuoka Bank are enhancing the Ikusapo (childcare) Program to encourage men to participate in childcare and lessen the childcare burden on women. • In addition to the childcare leave program (for children until age two, or age three if on a waiting list for childcare) and shortened working hours, the Company and the Shizuoka Bank offer programs including restriction of working hours to standard working hours only, or other choices of working hours (for preschool children or, in special circumstances, through the third grade) as well as a flextime system for people using restricted working hours for childcare of long-term care and Morinohokuen onsite childcare facilities. • The Company and the Shizuoka Bank have adopted programs including work restrictions for fertility treatment and maternal care and a leave program for fertility treatment. • In addition to raising the mandatory retirement age to 70 years, the Company and the Shizuoka Bank have established new job types to offer a greater range of duties and responsibilities to seniors aged 60-65. • The Company and the Shizuoka Bank have established a General Employer Action Plan under the Act on Advancement of Measures to Support Raising Next-Generation Children and has been accredited by the Minister of Health, Labour and Welfare as a company that supports employees caring for children.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

(1) Basic Policy Regarding the Design of Internal Control Systems

The Company Board of Directors has approved the following basic policy on systems maintenance to ensure that the performance of the duties of Directors meets the requirements of laws, regulations, and the Articles of Incorporation and other operations of the Company and operations of the group consisting of the Company and its subsidiaries (“Shizuoka Financial Group” hereinafter) are conducted appropriately (“internal control system” hereinafter).

(2) Status of maintenance of the internal control system

A. Basic outlook on maintenance of the internal control system

Recognizing compliance with corporate ethics as a matter of the utmost concern to management, the Shizuoka Financial Group implements measures regarding the following matters continuously while maintaining appropriate ties with stakeholders, with the aim of building a more sustainable society. Through maintenance and enhancement of its corporate governance structure and compliance systems, it strives to maintain the internal control system and operate it properly.

B. Maintenance of the compliance structure

- (a) The Ethical Charter serves as the basic policy on compliance. All officers and employees of the Shizuoka Financial Group comply with it.
- (b) The Shizuoka Financial Group recognizes compliance as a matter of the utmost importance to management and strives to maintain and enhance its compliance structure as a prerequisite for all risk management. It also strives to block off any relations to antisocial and similar forces and to strictly prevent money laundering and funding of terrorism as important compliance topics.
- (c) The Group-wide Compliance Committee decides on annual compliance programs (implementation plans), coordinates practical measures, and reviews important subjects, reporting on the important matters, etc. thereof to the Board of Directors.
- (d) The Company establishes in the Group Risk Management Basic Regulations matters such as organizations, roles, and procedures related to compliance and risk management within the Shizuoka Financial Group. The Company’s section in charge of compliance (“section in charge of compliance” hereinafter), established under those Regulations, oversees maintenance and enhancement of compliance systems within the Shizuoka Financial Group.
- (e) An internal whistleblowing system is established and operated appropriately to ensure that all officers and employees of the Shizuoka Financial Group can report any acts in violation of the law or similar matters occurring within the Shizuoka Financial Group to the section in charge of compliance, a law office, or other appropriate parties in a specified manner.

C. Maintenance of information management system

Management of information assets related to the performance of the duties of Directors is conducted properly in accordance with laws, regulations, etc. and under in-house rules.

D. Maintenance of the risk management structure

- (a) The Shizuoka Financial Group recognizes enhancement of its risk management structure to be a matter of the utmost importance to management. It strives toward more stable returns while maintaining soundness.
- (b) The Company’s Sustainability Committee (Executive Committee) decides on a risk management policy for each period’s business plan and reports the important matters, etc. thereof to the Board of Directors. The Group-wide Committee for Integrated Risk and Budget Management makes decisions on responding to risks and reports the important matters, etc. thereof to the Board of Directors.
- (c) The Company’s section in charge of overseeing risk management, established based on the Group Risk Management Basic Regulations, oversees the maintenance and enhancement of the risk-management structure within the Shizuoka Financial Group.
- (d) The Company strives to minimize the damage caused by various risk manifestations, through risk responses, preparations, etc. as described in the emergency response guidelines, and to maintain and enhance its business continuity systems.

E. Maintenance of the Group governance structure

- (a) The Company has adopted a Group Chief Officer (CxO) Program under which Group Chief Officers are assigned to individual areas to enable management across the entire Group, under the overall coordination of the Group CEO.
- (b) Business management of Company subsidiaries (“Shizuoka Financial Group companies” hereinafter) is connected based on Group Company Management Regulations and other rules and regulations. As necessary, a standing Audit

and Supervisory Committee member of the Company may be appointed a non-standing corporate auditor of a Shizuoka Financial Group company, to ensure appropriate business operations within the Shizuoka Financial Group.

- (c) The Company Board of Directors receives regular reports on business results of Shizuoka Financial Group companies. Subsidiaries of the subsidiary, the Shizuoka Bank (“Bank” hereinafter; the Shizuoka Bank’s subsidiaries are referred to as “Bank Group companies” hereinafter), report to the Bank on their business results. The Company’s Sustainability Committee (Executive Committee) receives reports on the status of business execution and other matters from Shizuoka Financial Group companies and works toward solutions to management issues faced by the Shizuoka Financial Group.
- (d) The Company’s sections in charge of Group companies plan and coordinate business operations and other activities across multiple Shizuoka Financial Group companies. Bank Group companies cooperate with the Bank’s sections in charge of Group companies.
- (e) The Group Company Management Regulations and other rules establish sections in charge of operations at Shizuoka Financial Group companies that require coordination by the Company across Shizuoka Financial Group companies. Through means such as requesting reports as necessary from Shizuoka Financial Group companies, the propriety and efficiency of such operations is secured. In addition, such rules also establish sections in charge of Bank Group companies and of Bank Group companies’ operations requiring such coordination. The Bank ensures the propriety and efficiency of such operations through means such as requesting reports as necessary from the group companies. In addition, the Company ensures the propriety and efficiency of the Shizuoka Financial Group’s operations through means such as requesting reports as necessary from the Bank and Bank Group companies.
- (f) The Company and Shizuoka Financial Group companies comply with the arms-length rule under the Banking Act to prevent damage to the soundness of banking management through conflicts of interest between the Bank and the Company or other Group companies. In addition, Shizuoka Financial Group companies establish their own compliance programs and maintain appropriate compliance systems and risk management systems based on the Group Risk Management Basic Regulations established by the Company Board of Directors.
- (g) Persons in charge of compliance, risk management, internal audits, etc. are appointed in accordance with the scale, business, etc. of Shizuoka Financial Group companies.
- (h) The Company’s internal auditing section conducts audits, etc. of the state of business operations of Shizuoka Financial Group companies, based on Group internal audits policies. Material issues identified in internal audits are reported without delay to Company Representative Directors and the Board of Directors, as well as the Audit and Supervisory Committee or Audit and Supervisory Committee members appointed by that Committee. Systems are maintained for appropriately ascertaining information on various matters, including the status of improvements by Shizuoka Financial Group companies in response to such matters pointed out in internal audits. In addition, efforts are made through the execution of audit operations by the Company’s Audit and Supervisory Committee members and Shizuoka Financial Group companies’ corporate auditors to maintain the internal control system in a proper state and improve the audit environment within the Shizuoka Financial Group.
- (i) The Company has established policies and plans on internal controls related to financial reporting based on the internal control regulations for financial reporting and operates these appropriately to ensure the reliability of Shizuoka Financial Group financial reports.

F. System for reporting to Audit and Supervisory Committee members

- (a) Company Directors and employees submit reports on business execution promptly to the Audit and Supervisory Committee or Audit and Supervisory Committee members appointed by the Committee when so requested by the Committee or by such Committee members and at other times, as necessary. This enables reporting of information on matters with the potential to materially impact Company management without delay.
- (b) Shizuoka Financial Group companies’ Directors and employees submit reports on business execution promptly to the Audit and Supervisory Committee or Audit and Supervisory Committee members appointed by the Committee when so requested by the Committee or by such Committee members and at other times, through the Company’s sections in charge of Group companies, etc., as necessary. This enables reporting of information on matters with the potential to materially impact management of their companies without delay.
- (c) Company Audit and Supervisory Committee members report to the Audit and Supervisory Committee on any reports they have received from Directors or others.

G. Policies on expenses and other costs arising from execution of the duties of Audit and Supervisory Committee members

- (a) When a demand for prepayment of expenses under the Companies Act, or a similar demand, has been received from an Audit and Supervisory Committee member, such expenses or debts are processed swiftly, unless they are recognized not to be necessary for performance of the duties of the Audit and Supervisory Committee member.
- (b) Budgeting as necessary for the execution of the duties of Audit and Supervisory Committee members is secured as requested by the Audit and Supervisory Committee Office in appropriate accounts under standard practices to repay expenses and other costs arising from execution of the duties of Audit and Supervisory Committee members.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

- (1) Basic view on elimination of antisocial forces

The Ethical Charter, which serves as the Shizuoka Financial Group’s basic policy on compliance, calls for breaking off any and all relations to antisocial forces, resolutely refusing any improper demands from antisocial organizations and organizations violating public order and decency, and eliminating any and all ties to such forces.

(2) Status of development of efforts to eliminate antisocial forces

In addition to the Ethical Charter, the Basic Policy Regarding the Design of Internal Control Systems also clearly calls for breaking off any and all relations to antisocial forces. Action guidelines for doing so are prescribed in the Compliance Manuals of Shizuoka Financial Group companies and elsewhere.

The Group has established in various regulations practical measures to cut off relations to antisocial forces and sections and persons in charge of information collection and management and of coordinating response. It engages in employee education and awareness-raising activities, including regular compliance training, and the deposit transaction regulations and lending transaction contracts and other documents used by the core subsidiary, the Shizuoka Bank, include provisions on elimination of antisocial forces. The Group maintains its approach toward eliminating antisocial forces through these and other such measures.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

While the Company has not formulated a basic policy under Article 118, Item 3 of the Regulations for Enforcement of the Companies Act, it carries out management based on the following principles to ensure that Company stock cannot become subject to any large-scale takeover bids intended to control decision-making on Company finances and business policies.

(1) Increasing shareholder value

The Company seeks to strengthen its shareholder value by increasing earnings and through appropriate dividend and other capital policies.

(2) Enhancing corporate governance

The Company pays attention to the design and operation of the Board of Directors and other bodies to maintain and enhance systems for appropriate corporate governance.

(3) Maintenance of positive ties with stakeholders

In addition to seeking to improve name recognition and evaluation in the markets through IR activities and other means, the Company strives to maintain appropriate communication and positive ties with stakeholders including shareholders, customers, communities, officers, and employees.

2. Other Matters Concerning the Corporate Governance System

(1) Overview of timely disclosure systems

A. Basic approach to disclosure

Described above under “Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information”: “1. Basic Views: (3),” under “Disclosure Based on each Principle of the Corporate Governance Code: Principle 5.1,” and under “Formulation of Policies, etc. on Provision of Information to Stakeholders.”

B. Internal systems related to timely disclosure of corporate information

Under the Information Disclosure Regulations established by the Board of Directors, the Company has designated the Corporate Planning Department to oversee timely disclosures. Timely disclosure is undertaken through corporate governance systems centered on the Board of Directors.

The Corporate Planning Department carries out centralized management of information and other data produced by individual sections and determines whether the information qualifies for timely disclosure. If so, it discloses the information promptly after obtaining approval as described in the Information Disclosure Regulations.

Efforts are made to ensure the timeliness, propriety, and comprehensiveness of disclosure through means such as consultation with the compliance section, the risk management section, the audit firm, and others as necessary regarding content of information and whether it qualifies for timely disclosure.

(2) Matters related to Group management, etc.

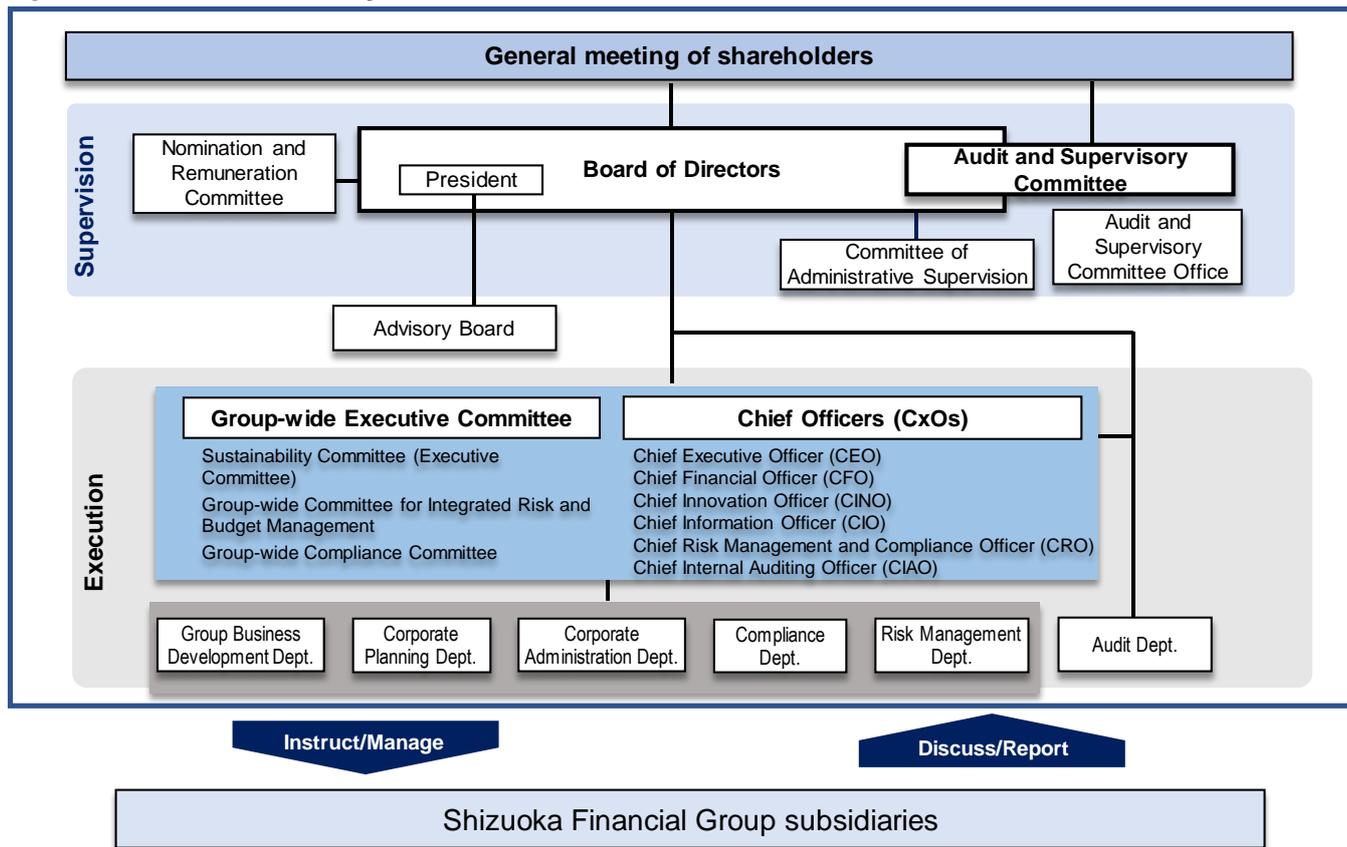
The Group Company Management Regulations established by the Company Board of Directors call for consultations with the Company or the core subsidiary, the Shizuoka Bank, regarding the execution of certain operations by Group companies. Management of Group companies is also controlled through means such as the management strategies included in the Medium-term Business Plan, compliance and risk management, internal audits, and other internal

controls.

The Company equity method affiliate Monex Group, Inc. is not a Group company subject to the Group Company Management Regulations and has not been assigned officers from the Shizuoka Financial Group. Under the business and capital alliance involving the Shizuoka Financial Group and Monex Group, the companies cooperate in asset building, wealth management, and other areas.

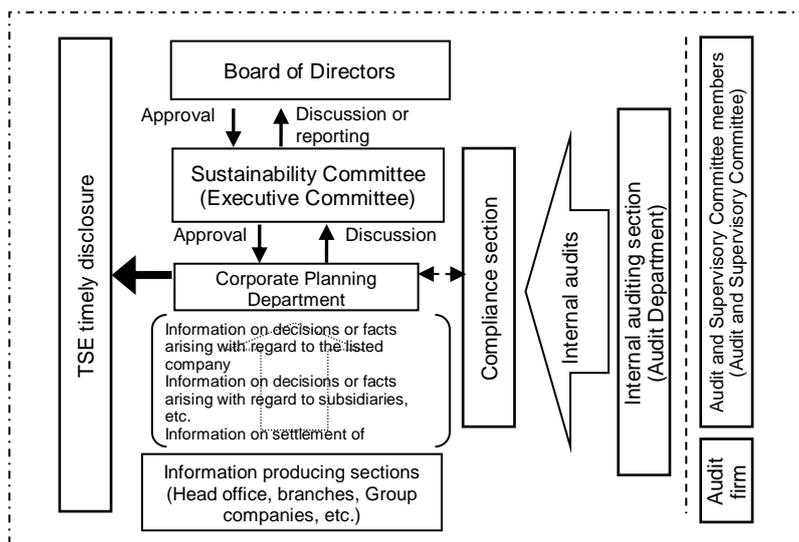
[Reference materials: Schematics]

Corporate Governance System Chart



(As of June 17, 2024)

System for timely disclosure of corporate information



(As of June 17, 2024)

Fields in which members of the Board of Directors are expected to demonstrate their roles in particular

	Management		Society, Economy		Business	
	Supervision of management as a listed company	Steering of a comprehensive financial group	Vision for local communities and economies	Response to social changes	Financial intermediation functions	New businesses (business development, and business mix)
Katsunori Nakanishi Representative Director (Chairman)	●	●	●		●	●
Hisashi Shibata Representative Director (President)		●	●		●	
Minoru Yagi Director (Executive Officer)		●	●		●	
Yutaka Fukushima Director (Executive Officer)			●		●	
Koichi Kiyokawa Director (Audit and Supervisory Committee Member)			●		●	
Kumi Fujisawa Outside Director	●		●	● Innovation		●
Kazutoshi Inano Outside Director	●	●	●		●	●
Motoshige Itoh Outside Director (Audit and Supervisory Committee Member)	●			● Environment		
Kazuto Tsubouchi Outside Director (Audit and Supervisory Committee Member)	●			● IT		●
Naomi Ushio Outside Director (Audit and Supervisory Committee Member)	●			● Diversity		