

Credit Saison's ESG Management

Basic Approach to ESG Management

Based on our "leading-edge service company" management philosophy, we contribute through the everyday operation of our businesses to resolve problems and move society forward in ways only Credit Saison can by leveraging our unique know-how, management resources and the experiences of our employees. We will create a sustainable society that is even more convenient and prosperous than today's.

Value Co-Creation with Stakeholders

To remain as a company on which society depends, we feel it is important to understand what our stakeholders demand of us and to reflect these demands in our services and business activities. Moreover, from our perspective, our stakeholders are a critical factor in raising corporate value. We thus feel that always sincerely addressing their expectations and feedback is essential to our sustained growth.

SDG Initiatives

Contributing to the SDGs for 2030 is one of the major goals of Credit Saison. Meanwhile, simultaneously creating "Social Value" and "Economic Value" is one of the obligations placed on companies engaged in global business. To fulfill these goals and obligations, we are steadily advancing ESG management. As part of our efforts to promote ESG management, we are addressing social and environmental issues from the perspective of the "Five Ps" to realize "inclusiveness," which is an aim of the SDGs.

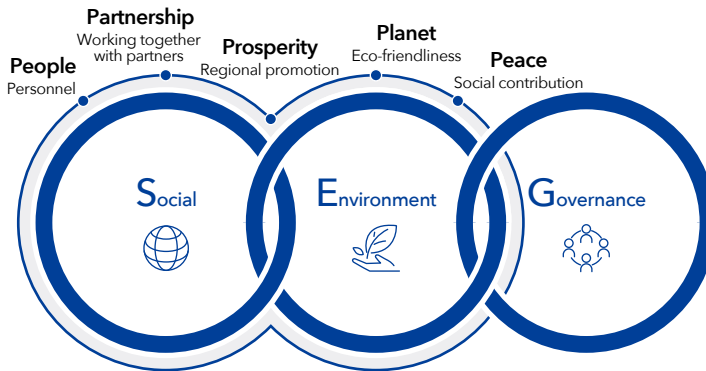
Contributing to Realizing the SDG Objectives



Becoming a finance company advancing with customers for 50 years

Implementing ESG Management

"Five Ps" to Address Social and Environmental Issues



Value Co-Creation with Stakeholders



Human Resource Strategies

Continuing to develop human resource strategies through continued engagement with all our employees

Kazue Yasumori

Executive Officer, General Manager,
Processing Business Division,
In charge of Screening Center,
Tokyo Risk Management Center,
Osaka Risk Management Center,
Strategic Human Resources Dept.



Q | What is the basic thinking regarding human resources?

Our basic strategy is focused on promoting the development of people who can perform to the best of their abilities, regardless of their academic background, gender, age or nationality. When hiring new graduates, I often tell them that with enthusiasm and drive, they can pursue any position they want. While some might be generalists, and others might be specialists, the general idea is for them to think for themselves as to how they want to live their lives based on their work at Credit Saison, and how they can achieve individual growth that will contribute not only to organizational growth but also, more important, to the betterment of society.

Q | To achieve this goal, what kinds of human resource development measures are you implementing?

One measure is the career design programs in effect for the past five years focused on personnel in their 20s, 30s, 40s and 50s. We have been working to enhance each employee's interest in the overall Company by providing opportunities for those employees to listen to experiences of senior employees while at the same time reaffirming their strengths and individual values. As each of the Company's eight divisions are highly independent of the others, we provide opportunities for employees from different areas of work to interact with each other while simultaneously incorporating the different ideas of midcareer hires and the perspectives gained by the almost 600 employees seconded to other companies. We want each employee to consider his or her own career development, and we accordingly encourage each to broaden his or her horizons while continually working to improve.

Q | What are some of the challenges you face when it comes to employee career development?

The 2017 revisions to the human resource system resulted in the creation of a new framework for specialist positions, but because the criteria for these positions

were left to each department, ambiguity regarding use of the system resulted in it being underutilized in some areas. In the second half of FY2019, we held discussions with about 80 department heads regarding their human resource policies, and many of the participants voiced concerns over how the specialist system was utilized. We learned that we needed to provide a way for employees, especially midcareer employees, to move into specialist positions. Women make up about 75% of our employees, and I believe women can do more than work in roles that are subordinate to management positions. There are many women who have a wealth of experience and knowledge and are highly committed to the Company, and I believe making good use of the specialist system can allow these women to make their voices heard and contribute to real change at the Company.

Q | Is Credit Saison ahead of its competitors in human resource-related issues such as equal pay for equal work?

The human resource officers and department heads have a strong understanding of and focus on the utilization of human resources, and I believe the design of our system is in many respects well ahead of those seen at the other sector companies. We launched equal pay for equal work this year, but in anticipation of the launch we abolished the employee classification system in 2017 and introduced a common human resource system for all employees, under which those working on an hourly basis are employed indefinitely and are considered the same as individuals contributing to the Company as regular employees. I believe this is an innovative human resource system that allows an individual to be promoted based solely on his or her efforts and abilities. We also introduced remote work on a trial basis in 2016, and we were accordingly able to shift to that format without much disruption when the government issued its declaration of a state of emergency.

As part of our effort to convince employees to stay with us for as long as possible after being hired, we have created a system that offers plenty of work-style options, including hourly leave and reduced working hours. Our goal is to increase awareness of these options within the system and to encourage the various departments to utilize them increasingly.

Q | Can you tell us about your engagement with employees, including those overseas?

To start with, we have created a system where employees once a year can take stock of their careers, including what they have achieved so far and what they want to achieve in the future. In addition, we are developing a human resource management system that visualizes human resource-related records from a variety of perspectives. In addition to sharing the details of an individual's career with the various department heads, we keep a record of the one-on-one meetings between employees and supervisors that we recommend take place at least once each month. We hope to expand these efforts to create something of a journey map for each employee to then evaluate his or her progress.

Last year, I was able to meet with the heads of each department, while also listening to the employees at 10 sales offices from Hokkaido to Kyushu. Through this experience, I realized that we need to consider the good as well as the bad things I heard as we create a human resource system and human resource development policies that are in line with the needs of our employees. Regarding the direction of the Company, I believe it is up to each of the Company's 5,000 employees to implement the ideas put forth by leadership. We accordingly believe it is important to maintain dialogue with employees as a means of maintaining engagement. While the spread of COVID-19 has made face-to-face meetings difficult, we will continue to conduct these meetings, either online or through other means.

About 20 employees from Japan have been assigned to overseas bases. I was able to visit Myanmar last year to see for myself the living and working environment. These employees are working with the same goals in a vastly different environment, one that, for example, involves health concerns and the need for information that is not readily available due to being outside Japan for a long period. To give employees in Japan a sense of the experiences of those individuals, we share stories on their efforts and activities, as well as those of other employees, in our Company newsletter.

Q | How are you working to further instill the Credit Saison corporate philosophy and culture?

Due to the highly independent nature of the business units, we believe it is extremely important to instill an understanding of our corporate philosophy and culture throughout the Company, including at overseas locations. We launched SWITCH SAISON, an in-house venture program last year. This system works to commercialize the ideas of employees regarding new and useful services that customers might find attractive. The concept can be traced to our corporate philosophy, which focuses on Credit Saison not only being a company providing the world with services created by others but also a leading-edge service company that proactively offers new services. Under the system, employees are asked to provide an explanation in their own words on a single

sheet of paper of the service they are considering and why it is not currently available anywhere else in the world. We received about 300 submissions over a six-month period last year and have already received about 270 this year, which goes to show the vitality and enthusiasm of our employees. After a review, about 20 are selected to move on to the presentation stage, which is then followed by discussions with mentors who are already experienced in the given field. Several proposals are then selected for presentation in front of management, where they are further reviewed for potential commercialization. Some of these ideas have already been commercialized, which I believe has contributed to other employees coming forward with their proposals.

We also began holding a companywide awards ceremony eight years ago. In the past, awards were often presented on a divisional basis, but we revised our system so that it not only recognizes achievements but also promotes the recognition of our fellow employees' work and the sharing of our corporate vision. This year, we have received about 40 candidate entries for the Legend of Credit Saison award, which is presented to employees for efforts deemed worthy of recognition. I believe this is one way we are encouraging our employees to identify the potential needs of our customers for yet unseen services that will prove useful in the world at large, and then think and act accordingly.

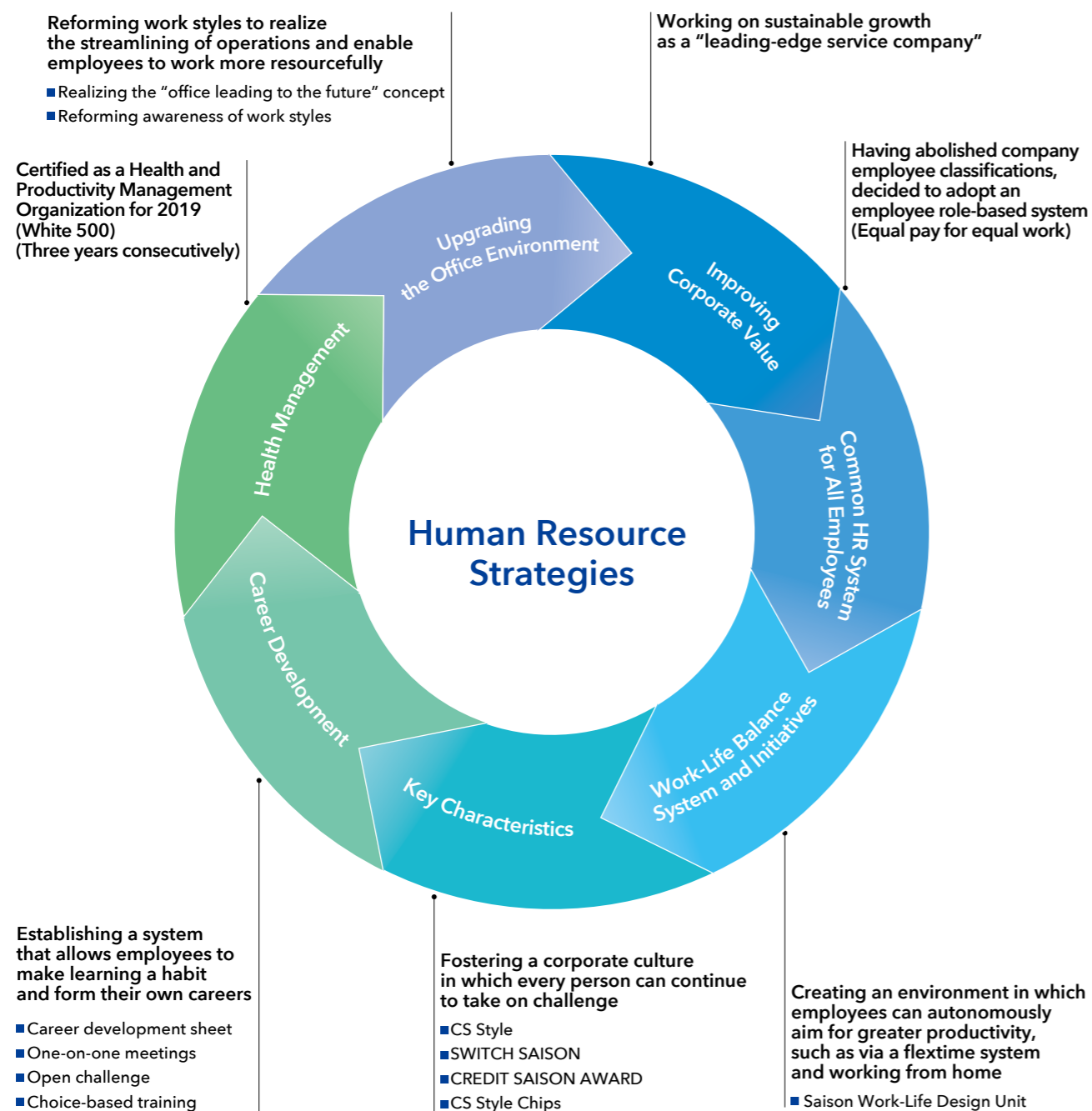
Q | Please tell us about the human resource initiatives you plan to focus on moving forward.

One area for focus is fostering a culture where women can participate more in the workplace. In Japan, life events such as giving birth and raising a child can still place a heavy burden on women. I hope we can show women that they do not have to give up their careers but can pursue them by working in ways that are more suitable to their lives and responsibilities. For example, I am the first executive officer with no experience in sales, but I believe bringing in someone like me with different experiences helps to bring about a change in the conventional wisdom that states things like "if you want to be an executive, you must have experience in sales." I am hoping that we can offer the next generation of executives career paths that allow them to gain experience not from a single business unit, but from a variety of areas, including sales, operations and corporate management.

As I noted when speaking about promoting the participation of women in the workplace, we are also focused on promoting a diverse range of work styles for employees who have joined the company as generalists, including by assisting them in obtaining qualifications in specialized fields or moving into specialist areas based on the wealth of experience they have gained. While this idea still requires some work, including relative to performance evaluations and standards for shifting to specialist work, we will continue to work toward promoting diversity by fostering a culture that rewards hard work and creating systems that are easy to work within, while simultaneously developing a workforce that is capable of offering innovative ideas in line with a changing world.

To Remain a Company Where Every Employee Creates Value

Credit Saison values the creation of the systems and the fostering of a corporate culture that enable its diverse human resources—which differ in terms of gender, education, nationality, background and other attributes—to make the most of each employee’s individuality and play active roles. The Company had been pioneering a focus on, for example, promoting the active participation of women and equal pay for equal work even before many other Japanese companies started to address these areas. In this section, we would like to showcase and provide an outline of the Company’s efforts and stance regarding the human resources that serve as the source of improvement for our corporate value.



Common HR system for all employees

Previously, Credit Saison had been achieving growth by creating an environment in which each individual could demonstrate his or her individuality and abilities, regardless of gender, education, nationality or background. For its sustainable growth, the Company would need to unleash the full capacity of all its people and required a venture spirit of always trying to grow. Therefore, in September 2017, we abolished the previous employee classifications, which included specialist workers and mate employees (part-timers), with the goal of “creating an environment and corporate culture that bolsters the potential of each and every employee.” With the exception of part-time employees, all employees are now designated as full-time employees who are indefinitely employed and treated according to their functional roles of responsibility (with equal pay for equal work). In addition to paying bonuses to all employees, we have unified all systems, such as defined-contribution pension plans and welfare programs, into a personnel system common to all employees.

System before reforms (up to September 2017)		
General work employees	Professional employees	
Indefinite-term employment	Indefinite-term employment	
Monthly salary	Bonus	Monthly salary
Defined contribution pension plan	Bonus	
Temporary employees	Mate employees (part-time employees)	
Fixed-term employment	Fixed-term employment	
Monthly salary	Hourly wage	
Currently (from September 16, 2017)		
Full-time employees		
Indefinite-term employment		
Monthly salary	Bonus	Defined-contribution pension plan
<ul style="list-style-type: none"> Abolished employee classifications and moved all employees to indefinite-term contracts Realized equal pay for equal work based on role Bonuses provided to all employees twice a year Unified all programs, including defined-contribution pension plans and welfare benefit programs 		

Systems and initiatives to achieve a work-life balance

For employees to continue working in a vigorous manner, it is essential to create environments in which they can balance their lives and work at the various stages in their lives, such as when providing childcare and nursing care. We have a broad range of systems in place so that employees can realize the flexible work styles best fitted to their individual situations.

- An hourly leave system that allows employees to take paid leave on an hourly basis

- A system for reduced working hours and days that enables leave to be taken not only for childcare and nursing care but also for self-development and other reasons
- A flextime system that allows employees to work efficiently without establishing a set number of working hours per day, only a set number of working hours per month. All employees are thereby better able to harmonize their work lives with their private lives
- A system for working remotely that enables employees to work regardless of their location
- An outside employment system that supports the development and growth of employees’ own skills, as well as the formation of parallel careers

When employees return to work after having taken childcare leave, we conduct career interviews based on a stocktaking of their career to date and their medium- to long-term career plans. In addition to actively reassigning such employees to positions based on the wishes and aptitudes of the individuals concerned, we support both their work and lives through seminars on the themes of “work-life balance” and “career design” geared toward working mothers.

By offering a variety of systems that help achieve a work-life balance and further promoting the understanding and instilling awareness of those systems and mechanisms, we will focus on the fostering of an organization in which every employee can choose the work style that best suits each stage of his or her life and achieve maximum results.

Support for self-reliance in career development

We support autonomous career development and mobility so that employees can comprehend the roles they are expected to fulfill and get accustomed to learning about themselves through reflection. In addition to the Career Development Sheet, by which employees independently think about their future careers once a year, we are aiming for further employee and organizational development. This we are achieving by having introduced career design programs by age group and, from 2019, as mechanisms to support individual career development, human resource development meetings, at which the development plans of every employee are systematically considered; one-on-one meetings to create an environment in which supervisors and subordinates can communicate with each other and take on challenges with peace of mind; and career development support that employees consider independently by themselves.

In addition, once a year, there is the “dream challenge” system that allows employees to directly report their desire to transfer to a different department to the Strategic Human Resources Department. There is also the “open challenge” system that allows employees to apply for positions, such as when a new business or new department is being set up, without having to go through their

superiors. Also, once a year, for employees ranked section chief and above, we prepare a “job competition” whereby they can state their desired position. All “job competition” applications are read by the president and utilized as a reference in organizational and personnel changes. Credit Saison has also prepared choice-based training, a program that allows employees to choose the learning they need for their own training and career development in line with their own goals.

Promotion of Diversity & Inclusion

With the goal of becoming a company that is adept at change, we believe it is important to have an organization that is staffed with a variety of employees who are pursuing a variety of careers, and to focus on the activities of each employee and how employees can best contribute. To that end, we are working to create an organization that can take on challenges and enables all its employees, regardless of their gender, age, educational history or personal background, to freely express their opinions and to face challenges.

In addition, female employees are active in all occupations and positions, but we are working to create a system, centered on the Strategic Human Resources Department, to foster a corporate culture based on mutual understanding in which employees from different backgrounds can work in a comfortable atmosphere and to the best of their abilities regardless of gender differences. Today, regardless of those gender differences and even while having in place a range of constraints, Credit Saison has cultivated a corporate culture that is understanding and supportive of the situations of colleagues who aim to balance work with childcare. Regarding the hiring of people with disabilities, the Company conducts recruitment activities year round.

In 2018, we opened Saison Farm Toda to grow herbs and leafy vegetables using IBUKI, an indoor farm-type employment support service for people with disabilities. In 2020, we formed the Ubiquitous Office Team to take charge of the business tasks of each department by cutting

out and consolidating the administrative tasks and light duties that are generated in business departments.

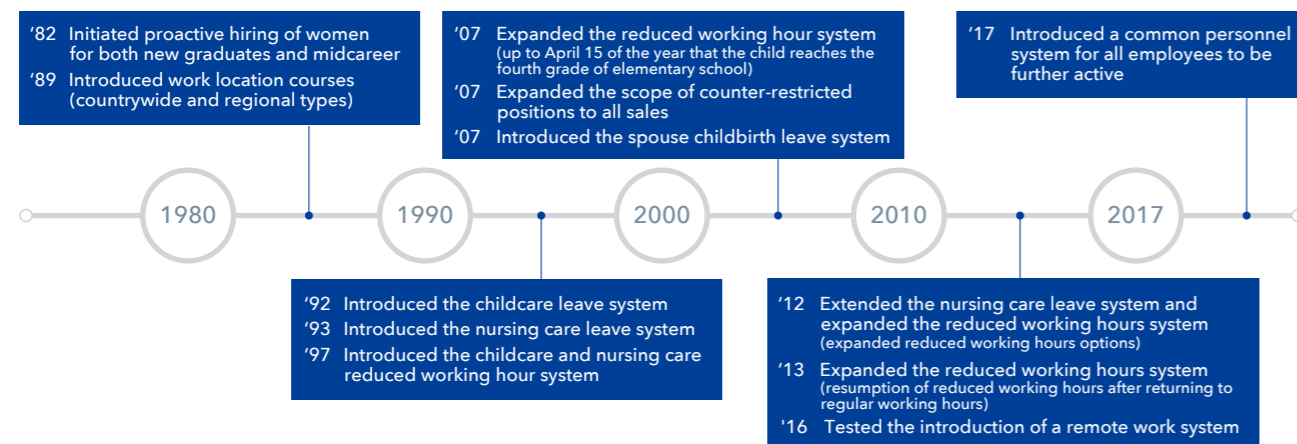
By striving to improve the work environment so that everyone can play an active role, such as by tailoring work and job roles to best suit those employees with disabilities; creating a follow-up system; and establishing flexible work-style options, Credit Saison is creating new employment opportunities and promoting their success. We are also working to create an environment conducive to the job stabilization of people with disabilities by, for example, holding seminars for workplaces and introducing tools to support their employment.

History of promoting the careers of women

Since the 1980s, long before the concepts of “empowering women” and “diversity” became mainstream, Credit Saison has been actively hiring women employees to realize their greater participation in society. Active in a variety of roles, women have been playing their part in the Company’s growth. To realize the participation of women in a broad range of roles and positions, we have continued to listen to the opinions of our employees and enhanced our personnel systems to mitigate the number of female employees who quit work or abandon their careers due to major life events, such as marriage or childbirth.

Health management

As a company complying with its obligations regarding mandatory safety considerations, Credit Saison provides occupational health and safety education to supervisors and managers as well as employees. At the same time, it is the Company’s health management policy for employees to take steps on their own to maintain and improve their health. Working together with industrial physicians and public health nurses, the health promotion team within the Strategic Human Resources Department plays a central role in promoting activities for maintaining and

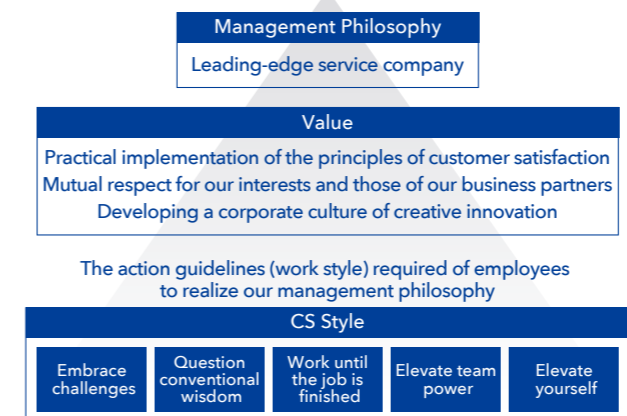


improving employees’ health so that employees can work enthusiastically and maximize their performance. Through health and safety promoters assigned to each branch office nationwide, Companywide activities and activities in response to the issues at each office are carried out. In addition to maintaining a regular health checkup participation rate of 100% for all employees, we are promoting measures to improve the workplace environment, such as by the conducting of stress checks. The Company is recommending self-investment in health using cafeteria points and the taking of wellness leave every five years. Having been evaluated by external organizations, these activities have been recognized under the 2019 Certified Health & Productivity Management Outstanding Organizations (White 500) Program jointly selected by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

CS Style

For every employee to embody the uniqueness of Credit Saison, the Company formulated five employee conduct policies—embrace challenges, question conventional wisdom, work until the job is finished, elevate team power and elevate yourself—called “CS Style,” that are common to all employees. As action guidelines that lead to the realization of the Company’s “leading-edge service company” management philosophy, every employee is working to put CS Style into practice daily.

CS Style Outline



SWITCH SAISON in-house venture program

For the dual purpose of fostering a culture at Credit Saison in which employees can generate ideas and creating new services that respond to changes in social needs and markets, the Company holds its SWITCH SAISON in-house venture program twice a year to quickly make employees’ ideas part of the business. All employees are eligible to take part in this program,

which produces ideas from across different age groups. At the same time as providing support through a mentor program to lead to commercialization and the budgeting of the business development costs, for those projects that have been adopted we have also realized flexible personnel changes for their creators.

Recognizing achievements: CREDIT SAISON AWARDS ceremony

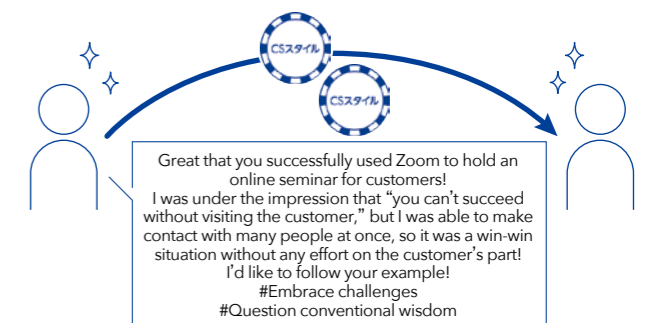
Held since 2012, the CREDIT SAISON AWARDS serve as a forum that enables the entire Company to come together as one and form a strong organization. By sharing the corporate vision and by praising each other for day-to-day results in a way that crosses between departments, these AWARDS encourage a corporate culture in which both employees and the Company contribute to each other. A separate award ceremony had been held specifically for the marketing department prior to 2012, but following changes in the surrounding environment this was changed to the CREDIT SAISON AWARDS in 2012. This change served to create opportunities for changing awareness and behavior with the support of the entire Company, encouraging a corporate culture that is unique to Credit Saison and strengthening the organization.



Peer-to-peer bonus system (CS Style Chips)

Credit Saison is introducing a new version of its peer-to-peer bonus system that allows employees to send incentives to each other for the results and contributions of those jobs that are not easily recognized on a day-to-day basis. The giving of chips with words of gratitude and praise among employees for actions and initiatives aligned with CS Style is leading to the stimulation of communication that crosses between locations and departments, improvement of motivation and promotion of CS Style practices.

Outline of CS Style Chips



Special Feature | Examples of Instilling CS Style

We asked two employees how Credit Saison's CS Style action guidelines* are demonstrated in their daily work: Kaoru Ikuno, the manager in charge of business management in the Chubu/Kinki Management Dept., who initiated and proposed a new service for singles under the second phase of the SWITCH SAISON in-house venture program, and Eri Fukumoto, shop master of the Kansai Branch Office at the Marine Pia Kobe Mitsui Outlet Park, who received a CREDIT SAISON AWARD 2019 under the in-house award system and whose operations, such as sales performance and business management, were comprehensively evaluated.

* To realize its management philosophy, the Company has summarized the action guidelines (work style) required of employees into five phrases: "embrace challenges, question conventional wisdom, work until the job is finished, elevate team power and elevate yourself."

“ Embrace challenges ”



Kaoru Ikuno
Manager in charge of business management Chubu/Kinki Management Dept.

“ Elevate team power ”



Eri Fukumoto
Shop master of the Kansai Branch Office at the Marine Pia Kobe Mitsui Outlet Park

Q1 Is there anything you value in your daily work tasks regarding CS Style and its values?

Ikuno: When I was hospitalized and feeling anxious about the future, I did some research and found that there are many people in society who are feeling that same anxiety. As Credit Saison aims to be a "finance company advancing with customers for 50 years," I gave some thought to a new service for singles and proposed my idea through the in-house venture program.

Fukumoto: As the person responsible for the card counter, I value "thinking and acting on our own initiative." We believe that we can take on the challenges of providing better customer service by means of "operational improvements" and "elevating team power" for the very reason that we come face to face with customers daily.

Q2 What hurdles were there in solving the problems besetting customers and overcoming the challenges you faced in the course of your work?

Ikuno: Even if I thought it was a service that would be of benefit to the customer, I did not know how to formulate the idea, and thus there were several hurdles to overcome in the steps leading up to the proposal being put into practice.

Fukumoto: For me to work in a team to solve problems, the hurdle was not knowing what I should do to change the mindset of members who were not confident in themselves or who were afraid of failure and unable to take on challenges.

Q3 Please tell us how you overcame those hurdles.

Ikuno: Even if I did not understand, the cooperation of those around me and advice from other departments stimulated me and became the driving force in thinking

about how to give form to my idea. I think No. 1 is Credit Saison's "strength as a person."

Fukumoto: We had thorough discussions about the issues among the team members. In that process, I think that the members coming to mutually respect each other and having their own responsibilities as well as self-confidence led to me elevating myself and elevating the team's power. As a result, last year we were able to start new initiatives, such as reducing the workload and improving services to customers by utilizing OJT to quickly enable members to set to work immediately.

Q4 Please tell us how you think your own efforts have led to you to contribute to the Company.

Ikuno: The number of proposals for SWITCH SAISON is increasing each time. I would be delighted if, having seen what I did, more people—even those who are unfamiliar with making proposals—would propose their own ideas to the Company. In addition, I think I have created an opportunity for the Company to turn its attention to the "one person" issues that society is facing.

Fukumoto: The system has been strengthened by everyone on the team having gained confidence. As a team, we can make positive proposals and forward-looking actions while focusing on pursuing customer satisfaction.

Q5 Please tell us about your view of the future.

Ikuno: I will continue to work to provide our customers with "peace of mind" value.

Fukumoto: To "think and act on our own initiative" in any environment. We aim to be an ever-evolving team that looks forward to new challenges, gains a sense of accomplishment and fulfillment, and generates a positive cycle that elevates team power!

Special Feature | Example of a SWITCH SAISON idea becoming part of the Company's business

"School Visit: SAISON TEACHER" Education for the Next Generation and Financial Education

Amid the expanding use of prepaid cards and electronic money and the rapid advance of the cashless society, there are concerns about the impact on our sense of how to use money and our sense of morality, such as the increase in children in financial straits. Due to the lowering of the age of adulthood in April 2022, there is an urgent need for children to acquire financial literacy from an earlier stage.

Therefore, in anticipation of the lowering of the age of adulthood, Credit Saison is offering its "School Visit: SAISON TEACHER" financial education program for the children who will lead the next generation to acquire financial knowledge. Credit Saison employees will be the instructors of an original program through which children can interact and learn through role-play work about recent trends in cashless payments and the proper usage of credit services.



Scenes from SAISON TEACHER lectures



Interview with an employee

Realized financial education activities as SWITCH SAISON's first batch participant

Q1 Why did you think that you would try to make a proposal?

"School Visit: SAISON TEACHER" is a project that was proposed and realized by the SWITCH SAISON in-house venture program. From my experience working at Saison Counters, I felt the necessity of financial education for young people. Having also thought that a new challenge could give shape to my thoughts and feelings and lead to my own further development, I submitted a proposal.

Q2 Is there anything that you feel or are aware of concerning CS Style in your daily life?

As Credit Saison has a culture that encourages rising up to challenges and the support systems for doing so, I feel that an environment that facilitates the taking on of challenges is in place. While being conscious of actively incorporating new initiatives without being satisfied with the status quo daily, I am able to take advantage of the spirit of undertaking challenges, of trying first without fear of failure.

Q3 What challenges would you like to take on in the future?

As Japan is planning to lower the age of adulthood by a revision of its Civil Code in April 2022, I want as many children as possible to acquire good financial knowledge. We will continue to make efforts so that children's futures will be secure and prosperous by the acquisition of good financial knowledge.



Shiori Abe
CS Planning Department

Joined Credit Saison in 2012. After Saison Counters work at the Kansai and Tokai branch offices, became involved in employee training at the Tokyo Branch Office. Having held her current position since 2019, Ms. Abe promotes financial education activities.

Facing the Challenges in Creating New Financial Services by Open Innovation

Credit Saison is changing its existing business model by means of open innovation that combines our strengths and corporate assets with the technologies, ideas and services of other companies. At the same time, we are working to develop new financial services and business collaborations with each company.

Open innovation

Having, for example, established the first corporate venture capital company in the domestic credit card industry in June 2015, Credit Saison is promoting an open innovation strategy while utilizing the retail finance know-how and customer base that the Company has cultivated up to now. Our open innovation strategy is being achieved through investments in and the financing of venture companies that possess advanced and innovative technologies in a wide range of fields, such as FinTech, IoT and AI.

Toward creating "the future of finance"

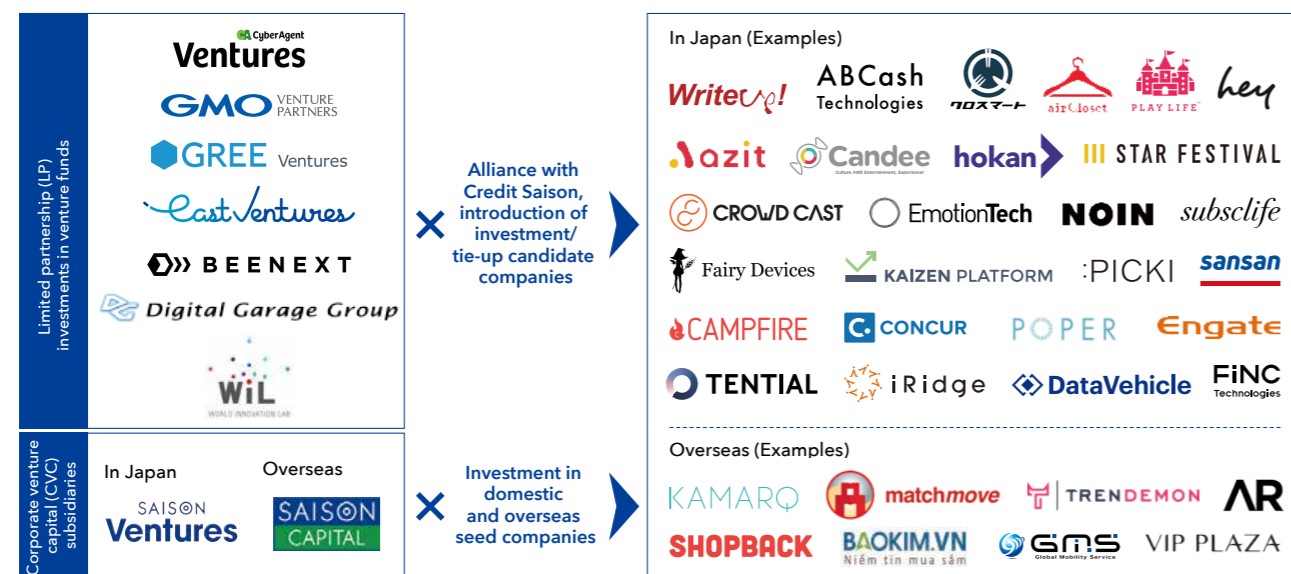
With the aim of creating "the future of finance," Credit Saison entered into a capital and business alliance with Daiwa Securities Group Inc. in September 2019. In February 2020, Credit Saison executed a capital participation in Fintertech Co. Ltd., a subsidiary of Daiwa Securities Group. Utilizing cutting-edge technologies, such as investment crowdfunding and blockchain, Fintertech is promoting the "creation of next-generation financial services" for the digital native generation. In collaboration with Daiwa Securities Group, Fintertech is working to develop and provide next-generation comprehensive

financial services capable of meeting diversifying market needs through the mutual utilization of customer networks and the promotion of open innovation.

To contribute to solving social issues through finance

In February 2020, Credit Saison provided business funds to Gojo & Company, Inc., a domestic start-up company engaged in the microfinance business in emerging countries. Through its seven group companies based in four countries—Cambodia, Myanmar, Sri Lanka and India—Gojo is developing microfinance (microcredits) for the poor in emerging countries and contributing to the realization of financial inclusion, which is one of the top global issues. Positioning its global business as a pillar of its future earnings base, Credit Saison feels a high affinity with the mission that Gojo has adopted and is deepening its cooperation with a view to future collaboration.

With Saison Capital, which invests and lends overseas mainly in the early stages, Credit Saison has started an investment business targeting promising start-ups in the world, not only in Asia but also in Africa and South America. We are working to collaborate with businesses in countries where we have already entered the market and on the early implementation of innovative business models.



Contributing to regional economic development and problem solving in Japan and overseas through financial services while creating a convenient and plentiful society

While working on regional economic development and problem solving in ways only Credit Saison can, we will continue to take on the challenges of realizing a society that is even more convenient and prosperous than it is today.

Toward the realization of a safe, secure and convenient cashless society

With the goal of realizing a cashless society, we are addressing the building of a variety of payment platforms that contribute to enhanced convenience for our customers. In addition to issuing plastic cards, including credit cards and prepaid cards, our efforts have been focused on next-generation payment systems, including smartphone-based payment systems and QR code systems in cooperation with affiliated apps.

In our management of personal information, we remain in compliance, including with laws and regulations, guidelines and industry rules, and have in place internal corporate rules. Through internal training and compliance-related education, we are working to raise and instill awareness of information management, including the use of the "personal information manager" qualification established by the Japan Consumer Credit Association, a qualification that is essentially compulsory for employees who handle personal information at Credit Saison. In handling personal information, we are focusing on providing safe and secure payment environments while strengthening security. For example, in addition to protecting our customers' personal information by having adopted TLS/SSL (transport layer security/secure socket

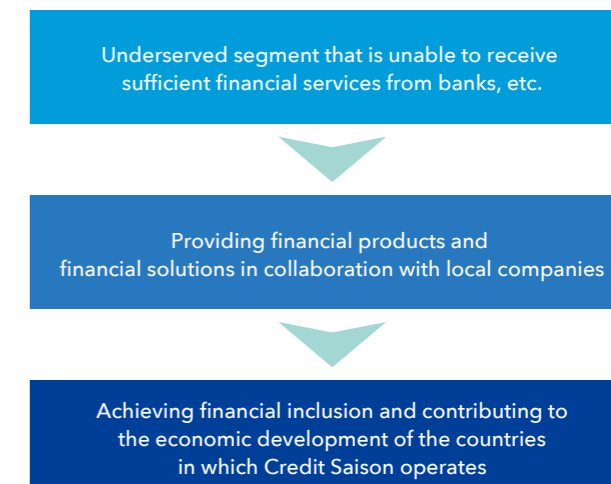


layer) cryptographic communications technology in the parts of the Web system that store important customer information, such as card applications and Net Answers, we are utilizing the latest technologies in our efforts to improve the accuracy of our fraud detection systems. We are also striving to prevent the occurrence of "multiple debtors" due to overuse on the part of customers through the careful granting of credit and appropriate follow-up after credit has been given.

Providing financial services in Asia

In the rapidly growing Asian region, Credit Saison is developing retail financial businesses tailored to each country and aiming to realize financial inclusion for their emerging middle classes. To contribute to the expansion of the finance business and the development of the regional economy, we are promoting the foundation of medium- to long-term overseas strategies and business development along two axes: business alliances with strategic partners in each country and investment in and the financing of promising companies.

- In Vietnam, in addition to launching a new credit card business, by developing the individual installment business for motorcycles and home appliances
- In Indonesia, by developing the digital lending business
- In Thailand, by providing BtoB financial services
- In India, by developing the digital lending business



Contributing to Society through the Management of the Akagi Nature Park

Preserving a Lush Forest for the Children of the Future

Credit Saison began managing the Akagi Nature Park in 2010, since which time the Park has received more than 500,000 visitors. Based on the idea of "Preserving a Lush Forest for the Children of the Future," which also serves as the management philosophy of the Akagi Nature Park, we are engaged in solving the challenges faced by society in working to achieve the SDGs.

The Akagi Nature Park serves to strengthen our partnership with Gunma Prefecture and Shibukawa City, and contributes to regional revitalization. For example, the Park was adopted for a series of five posters as part of this year's Gunma Destination Campaign. In cooperation with Shibukawa City, during April 2020 we began operating buses on weekdays when the Park is open in addition to those previously operated only on Saturdays, Sundays and holidays. Using the facilities of the Akagi Nature Park, we will continue to engage in various activities, including initiatives that help support future generations, such as environmental conservation, educational and training programs, as well as activities that contribute to the region.

TOPICS

Business Partner Cases

Conclusion of a cooperation agreement with Shibukawa City (April 2019)

Under this agreement, Credit Saison engages in various initiatives that include organizing environmental study programs for children and parents, using the Akagi Nature Park as a forest therapy site for the purpose of promoting health and revitalizing the regional economy by attracting tourists.

The Mayor of Shibukawa City provided the following statement about the Akagi Nature Park initiative.

Since concluding the cooperation agreement between Shibukawa City and the Akagi Nature Park on April 5, 2019, Shibukawa City and Credit Saison have deepened their cooperation for the purpose of developing the regional community. Among these efforts, Credit Saison has provided significant support for the City's health promotion projects and has created opportunities for many of our citizens to visit the Akagi Nature Park, for example, by organizing nature observation tours and environmental study groups. Although the COVID-19 pandemic that we now face has clouded the future, our citizens can rely on the Akagi Nature Park as a place to experience nature throughout the four seasons of spring, summer, fall and winter while avoiding crowds. I also feel that the Park will increasingly serve as a place of healing in this time of a new normal. We will continue to communicate the appeal of the Akagi Nature Park to our citizens, and I would be pleased to further deepen our mutual cooperation while effectively utilizing the resources held by both the Park and the City. To realize our shared hopes of health, I hope to see the Akagi Nature Park continue creating new value.

November 20, 2020, Tsutomu Takagi, Shibukawa City Mayor



Tsutomu Takagi,
Shibukawa City Mayor

Examples of initiatives with Shibukawa City

Health promotion

Use of the Akagi Nature Park as a venue for walking competitions and other events intended to promote health among citizens. The Mizorogi Neighborhood Association "Health Walk" event held on Sunday, October 11, 2020, attracted 107 participants.



Environmental study groups for parents and children

As part of its efforts to transform into "a city that protects, nurtures and passes on abundant natural environments and diverse climates to the future," Shibukawa City held a hands-on Asagimadara (chestnut tiger butterfly) marking event as a means of helping children gain interest in environmental issues through relatable forms of nature. A total of 10 groups of parents and children (29 people) from Shibukawa City participated.



Tourism revitalization

The partnership established "Shibukawa City Micro-tourism" as a means of revitalizing the tourism industry through the rediscovery and refinement of the City's tourism resources. The City scheduled 35 bus tours as part of 15 courses from October 2020 to March 2021. Of these, 14 tours over 11 courses will visit the Akagi Nature Park.

Contributing to the Environment and Society through Business Activities

Utilizing the Company's Management Resources to Fulfill Corporate Social Responsibility

Credit Saison is working to reduce our environmental footprint through the "digitalization of business activities." We also continue to engage in social contribution through "point donation activities" and "support for sporting and cultural activities."

Digitalizing business activities

Credit Saison is working to reduce paper consumption and CO₂ emissions by promoting the use of online card statements and applications.

Reducing paper consumption will connect to lower CO₂ emissions, while digitalization is expected to reduce CO₂ emissions by 500 g per card statement envelope. Through the expansion of digitalization, we will continue to both improve customer convenience while promoting initiatives to manage environmental issues.

During the first half of FY2020, we introduced digital counters at some shops and promoted the transition to paperless procedures and labor-saving operations at Saison Counters. Although we previously offered in-person "immediate/instant card issuance and use" services at Saison Counters, we built a remote card application system for which there is a strong need amid the COVID-19 pandemic. This was accomplished by introducing the "Saison Cardless Payment" smartphone payment service, as well as by transitioning to self-service card sign-up using QR codes.

Contributing to society through point use

We contribute to local communities through research donations and the promotion of disaster recovery assistance through points exchanges and donations by card. We are also developing investment simulation services, such as the points management service, as well as support in life design and financial education, including by providing investment opportunities.

Since 2016, for example, we have endorsed the goal of Kanagawa Prefecture to "realize a society in which people and animals can live together in peace." We have also helped prevent animal cruelty in Kanagawa Prefecture in part through donations of more than ¥17 million to the Kanagawa Prefectural Animal Conservation Center Construction Fund. In January 2020, we entered a new Cooperative and Collaboration Agreement with Kanagawa Prefecture that includes initiatives to protect the lives of pets, support for future para-athletes, regional revitalization activities in Kanagawa Prefecture and solutions for society's challenges. In addition, we will continue to engage in this

initiative as a means of cooperating in activities with high social value and those that support recovery efforts from natural disasters, including reconstruction of Shuri Castle and COVID-19 countermeasure activity support.

Support for sporting and cultural activities

With the desire to continue to grow alongside Japan's national soccer team, we have been a supporting company to the team since 2001 and through a sponsorship agreement with the Asian Football Confederation (AFC) have supported the soccer community in Asia since 2014. We are also committed to supporting the dreams of children by providing valuable opportunities that fall outside the realm of normal daily activities for those who will lead the next generation, including as part of our "High Touch Kids" program, which is held under our philosophy of having children visit sports stadiums to see Japan's representatives strive toward victory in person.

Credit Saison has also been a sponsor of performances in Japan by José Carreras of Spain, one of the members of the world-renowned The Three Tenors, since 1999, and welcomed the 20th anniversary of our recital sponsorship in 2019. We support José Carreras' activities in a variety of ways, including through the donation of funds obtained from commemorative goods prepared for his annual recitals to the International José Carreras Leukaemia Foundation, which was founded after his successful battle with leukemia.

Through these efforts and donations in support of sporting and cultural activities, we will continue to engage in corporate social responsibility initiatives geared toward disaster recovery and research.



Responses to Risks/Opportunities

The Credit Saison Group's businesses carry with them several risks, including risks related to the external environment as well as financial and business aspects. In this context, in addition to continuing to strengthen our response to the risks common to the industry that we have been dealing with so far, there remains the necessity to evaluate any risks that have emerged due to changes in the external environment from a medium- to long-term perspective and to take countermeasures. Some of the risks that could significantly influence investor decisions are listed below. The forward-looking statements contained herein are based on the Credit Saison Group's judgment as of the date of submission of its Securities Report (June 18, 2020).

Risks common to the industry

Risk	Details	Responses
Economic Conditions	Decrease in transaction volumes of credit cards, loans, credit guarantees and real estate mortgage loans provided by the Group, and decline in the loan collection rate due to deterioration of the domestic and overseas economic environment (employment environment, household disposable income, personal consumption, etc., due to recession)	Calculation by risk capital management (RCM) of the risk capital required by business to maintain ratings and maximization of returns within the scope of the risk capital surplus
Fund Procurement	Among fund procurement methods, such as borrowing from financial institutions and the issuing of corporate bonds and commercial paper (CP), liquidity risk due to the considerable amount of funding with a procurement period of less than one year	In fund procurement, maintaining a certain percentage of long-term and fixed financing; the setting of liquidity enhancement limits, such as commitment lines; reduction of liquidity risk by promoting diversification by executing direct procurement, such as corporate bonds and liquidation of receivables
Market Risk	<ul style="list-style-type: none"> Risk of falling prices of investment assets, such as stocks of listed and unlisted companies, venture investment funds, bonds, real estate and real estate funds Rise in funding interest rates when interest rates rise 	Appropriate management of market risk by introduction and utilization of RCM and asset and liability management (ALM)
Impairment of Financial Instruments (Allowance for Doubtful Accounts)	Risk of non-repayment of receivables by large numbers of customers due to changes in the domestic and overseas economic environment (employment environment, household disposable income, personal consumption, etc., due to recession)	Ongoing soundness of claims and appropriate allowance for doubtful accounts by strengthening credit management systems, such as establishment and operation of credit management systems relating to credit limits, credit information management and internal ratings, as well as monitoring of credit status
Various Regulatory and Legal System Changes	<ul style="list-style-type: none"> Risk of increase in the amount of reimbursement claims from customers with regard to the portion of interest that was higher than the interest rate ceiling set by the Interest Rate Restriction Act, interest that within the Group in Japan was repaid before the revision of the Act Risk of having to cease certain services due to regulatory changes, etc. 	<ul style="list-style-type: none"> The amount of allowance required at the present time is recorded in consideration of the reimbursement record and trends in interest reimbursement claims While complying with laws and regulations, prompt responses to service developments in accordance with new regulations

Risks and opportunities that need to be addressed over the medium to long term

Risk	Details	Responses
Competitive Environment	Risks Intensifying competition due to new entrants into the payment industry from other industries brought about by deregulation and technological advances	<ul style="list-style-type: none"> Expansion of customer base by expanding various payment methods, not only credit card payments but also contactless and QR/bar code payments Setting Credit Saison apart from its competitors as a "general non-bank" that provides services that give close consideration to customers' life cycles <p>▶ Page 51 Partnerships</p>
	Opportunities Development of new business fields and new products/services through collaborations with other industries	
Relationships with Major Partners	Risks Deterioration of business performance of business alliances that form important strategies and business partners with whom we have a capital relationship, changes of business alliance conditions and cancellation of alliances with partners	<ul style="list-style-type: none"> Strengthening of relationships with existing partners Building of a business model that does not depend on a specific partner by promoting new alliances with partners in various companies and industries
	Opportunities Business development utilizing the acquisition of memberships through alliances with partner companies and organizations, expansion and diversification of services, product sales channels and customer bases of both parties	
Overseas Business Development	Risks Market trends in the countries in which the Company develops its business, the presence of competitors, politics, economy, law, culture, religion, customs, foreign exchange rates and various other country risks	Dispersion of country risk by expanding into multiple countries/regions, risk mitigation through regular risk analyses and monitoring of countries in which the Company maintains a presence ▶ Page 29 Global Business
	Opportunities Development of existing and new services in countries/regions where there are many people who do not possess a bank account and are unable to receive financial services	
Occurrences of Large-Scale Disasters and Pandemics	Risks Collateral damage to owned assets and physical injury to employees due to the occurrence of large-scale natural disasters such as earthquakes	<ul style="list-style-type: none"> Formulation of a BCP plan and regular confirmation of its effectiveness, implementation of BCP education and training Improvement of the credit card usage environment by decentralization of authorization systems to the Kanto and Kansai regions Thorough measures to prevent COVID-19 infections, expansion of payment methods to reduce infection risk, such as contactless payment and QR/bar code payments
	Opportunities Initiated business structure transformation based on changes in customer psychology and behavior caused by the COVID-19 pandemic	
System Risk and Cyberattack Risk	Risks <ul style="list-style-type: none"> System malfunction due to malfunction of in-house developed core systems, communication line failure, etc. Decreased trust due to leakage or unauthorized use of, for example, personal information (membership information) and confidential information due to cyberattack, etc. 	<ul style="list-style-type: none"> Development of contingency plans, such as ensuring the backup of important systems Development of measures to counter cyberattacks, such as the strengthening of firewalls, raising employee information security awareness and minimizing damage after infection by a computer virus Appropriate protection measures and system development of personal information, as stipulated under the Personal Information Protection Law, acquisition of Privacy Mark <p>▶ Page 19 Payment Business</p> <p>▶ Page 37 Special Feature Value Co-Creation through Business/Payment Business</p>
	Opportunities <ul style="list-style-type: none"> External sales of core systems in which the Company has been accumulating know-how for many years In collaboration with external partners, external sales of secure payment systems in which use is made of fraud prevention technology 	
Actualization of Administrative Risks	Risks Risk of negligence and inappropriate handling of administrative tasks due to a large amount of manual paperwork	<ul style="list-style-type: none"> Creation of an administrative work manual, regular inspection of administrative work status, prevention of employee errors and fraud, development and operation of a whistleblowing system for early detection of any illegal activity Promote automation of administrative work by the systematization and introduction of robotic process automation (RPA) <p>▶ Page 19 Payment Business</p>
	Opportunities Expanding demand for administrative process agencies at affiliated cards and partners	
Development and Securing of Human Resources	Risks Risk of being unable to secure diverse, talented human resources to provide high-level services to customers and develop advanced products and services	Provision of equal opportunities by developing work systems and common employment patterns that meet employees' needs, the securing of excellent human resources by adopting personnel systems that can utilize the abilities and characteristics of employees, such as the executive officer and specialist/expert systems ▶ Page 43 Human Resource Strategies
	Opportunities New service/product development by securing talent with expertise in digital technology	