

# Sustainability

## For Colorful Life.

### 自分の色が輝く社会に

The AIFUL Group aims to achieve both a sustainable society and the growth of the Group while supporting SDGs (Sustainable Development Goals) in order to create a future where all individuals can be themselves, based on our management philosophy of "Earn the trust of society through corporate activity based in integrity" and the vision of "For Colorful Life (For realizing a society where each person can play an active role)."

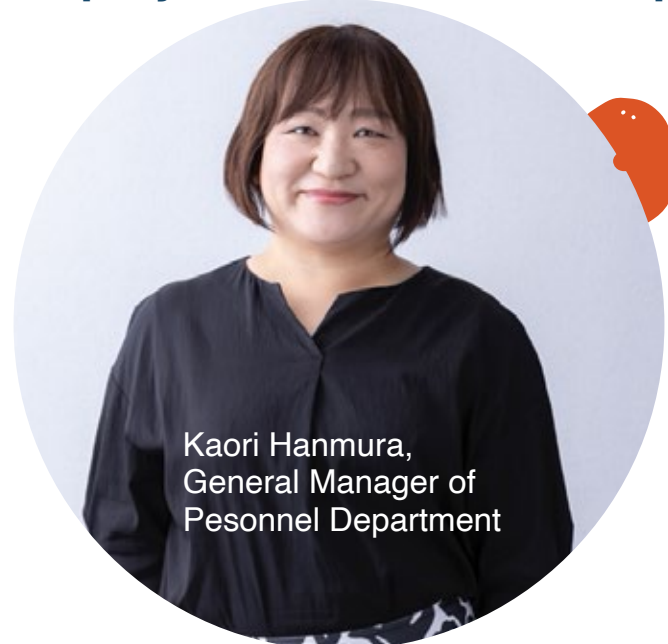


## SUSTAINABLE DEVELOPMENT GOALS



## Voices in HR:

Realizing a society where not only customers but also employees themselves can play an active role



Kaori Hanmura,  
General Manager of  
Personnel Department

### Q What specific initiatives is the Group undertaking regarding diversification?

The AIFUL Group produced and announced an action plan, and are recruiting women and promoting female employees to managerial positions actively to empower women. In 2023, we introduced a new initiative of the Director Mentoring Program, in which a director fosters a female manager individually as a mentor to develop female managers and help women play an active role.

The Group also started recruiting overseas students of Thailand and India in Japan in February 2023. We have recruited 16 IT personnel (including engineers) from outside Japan, including those who already joined the company and those who received a job offer. They are graduates of Chulalongkorn University in Thailand, Indian Institutes of Technology, etc.

### Q Please tell us about the AIFUL Group's personnel affairs strategy.

The AIFUL Group established a new VMV statement of "For Colorful Life" in 2021. We are working to realize a society where each person, not only customers but also employees, can play an active role.

The Group has the principle of "Personnel are the ultimate assets," and strives to realize "a workplace in which employees can experience a purpose in life" and "stabilize and improve the daily lives of employees," as in our policy for "For Colorful Life." Since 2021, we have been working "to reform HR and educational systems while looking ahead to the future" and "to develop an environment for improving employees' engagement."

We actively promote female employees, young employees, and mid-career workers to managerial positions, recruit new graduates and talented non-Japanese personnel, and promote the involvement of senior employees with experience and knowledge in our business, as diversity is required. Various employees are actively engaging in the business to realize a society where each person can play an active role.

### Q You mentioned that AIFUL is actively recruiting IT personnel while aiming to become an IT company.

The AIFUL Group defines IT personnel as engineers and other personnel with expertise in the IT field. We are actively recruiting mid-career engineers to promote DX and reduce system development costs. We also assign talented employees to IT-related sections and educate them about programming, etc. to enhance the level of IT personnel.

## Topics

### Director Mentoring Program

In fiscal 2023, AIFUL introduced the Director Mentoring Program, in which a director serves as a mentor to foster a female manager individually for the following purposes:

- To train female employees and promote them to the higher position for the development of future female directors and managers.
- To offer advice on challenges and concerns female managers have in their current positions.
- To understand the need for empowerment of women by having all the directors participate in the program, leading to the identification of internal issues and promotion of measures.

Voices of female workers who became mentees in the Director Mentoring Program



All the advice from the director's perspective is eye-opening for me. I began to think about what I should be and act accordingly.

Manager, Credit Management Department, LIFE CARD



The director introduced a book which is suitable for my current challenges, and gave me advice based on his experience. I always look forward to our next meeting.

Section Chief, Contact Center Department I, AIFUL

### Start of Recruitment of Talented Overseas Personnel

The AIFUL Group started recruiting staff overseas in order to address the shortage of IT engineers in Japan, recruit talented engineers, and enhance diversity. The recruitment started in February 2023, and the Group has recruited 16 IT

personnel (including engineers) from outside Japan, including those who already joined the company and those who received a job offer. They are graduates of Chulalongkorn University in Thailand, Indian Institutes of Technology in Republic of India, etc.





# Investment in human capital



In the Guidelines for Personnel Affairs, the Group follows the principles: “Personnel are the ultimate assets” and “The Company respects the personality and individuality of each employee, provides jobs, treatment, and a working environment according to the abilities and aptitudes of employees, and strives to realize ‘a workplace in which employees can experience a purpose in life’ and ‘stabilize and improve the daily lives of employees.’” Since April 2021, we have engaged in the priority measures: “to reform HR and educational systems while looking ahead to the future” and “to develop an environment for improving employees’ engagement” in addition to the previous initiatives.

Based on the above principles and priority measures, the Group defines managerial positions, who are core personnel, as "personnel whose abilities, aptitudes, and personality are deemed to be models of other employees and who are deemed to have leadership and driving power," and promotes personnel who meet the definition to such positions. In addition to the managerial positions, we define IT personnel (engineers and other personnel with expertise in the IT field) and young employees as personnel to whom we actively provide training, and senior employees as personnel who we expect to play an active role.

## Promotion of female employees to managerial positions

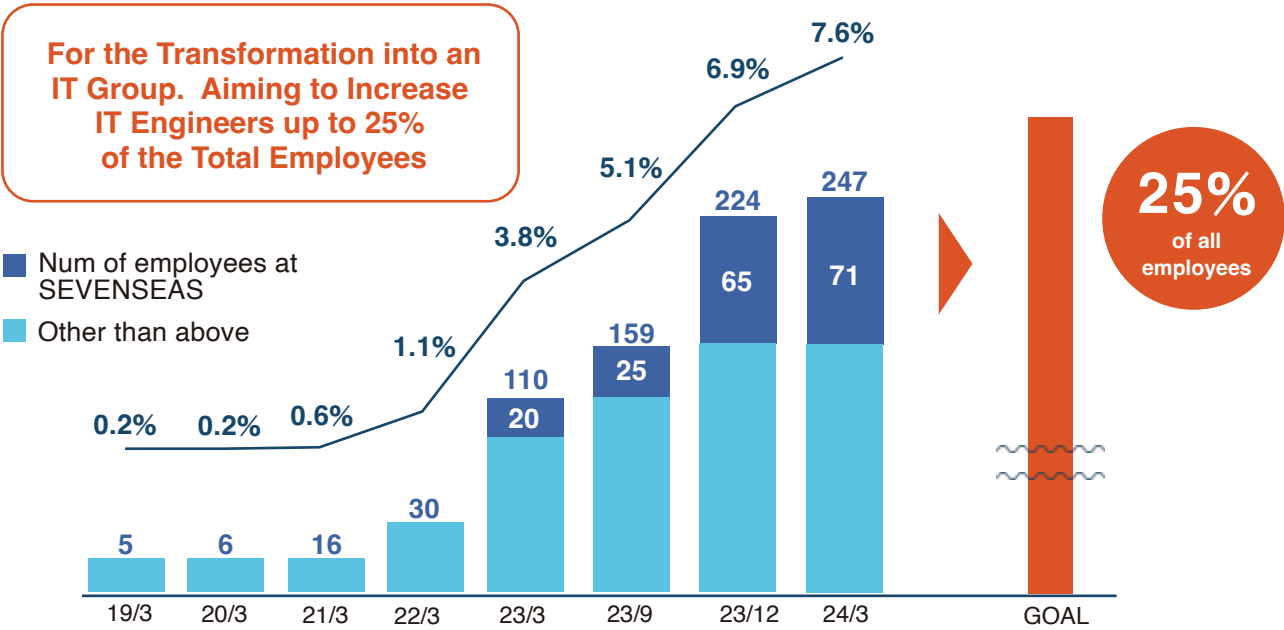
We produced and announced an action plan (period: April 1, 2022 to March 31, 2025), and are recruiting women and promoting female employees to executive posts actively, in order to empower women.

Regarding personnel development, we provide the Director Mentoring Program to female employees, in which a director fosters a female manager individually as a mentor to develop female managers and identify issues in women's active participation in the Group's business.

Numerical goals	Results	Reporting period
1. (FY2024) Increase the ratio of female full-time employees to 40% or higher.	43%	April 1, 2023 to March 31, 2024
2. (FY2024) Increase the number of female employees in executive positions to 140% of the FY2021 level].	167%	As of March 31, 2024
Increase the number of female employees in managerial positions to 140% of the FY2021 level].	157%	As of March 31, 2024
Increase the number of female section chiefs to 140% of the FY2021 level].	169%	As of March 31, 2024

## Increase of IT personnel

For the purposes of promoting DX and reducing system development costs, we assign talented employees to IT-related sections and educate them about programming, etc. In addition, we aim to increase the ratio of engineers to 25% of the total employees through recruitment and training. We incorporated Seven Seas Co., Ltd. and Liblock Inc., which engage in the SES business, in fiscal 2023, and Salop Inc. in fiscal 2024 into the AIFUL Group to diversify revenue base and promote in-house production in the digital field in the future.



## Active promotion of young employees

We train young employees as candidates for executives and personnel with expertise by promoting them to managerial positions and assigning them to administrative sections actively.

## Promotion of non-Japanese employees to managerial positions

The AIFUL Group is recruiting employees at Chulalongkorn University in Thailand and Indian Institutes of Technology in India to recruit talented engineers and enhance diversity.

We promote eligible non-Japanese employees to managerial positions according to their abilities although the number of such employees is small due to our business models and domains.

## Promotion of involvement of senior employees in business

We have established a satisfactory system for determining the treatment of employees who have reached the retirement age according to their expertise and skills while expecting that they will utilize their plentiful experience and knowledge for our business, if they want to be rehired as a fixed-term employee.

## Promotion of mid-career workers to managerial positions

We promote employees to managerial positions according to their abilities, no matter whether they are new graduates or mid-career workers. Mid-career workers accounted for about 38% of managers as of March 31, 2024. We will keep recruiting mid-career workers who possess expertise, and promote eligible ones to managerial positions.

# Voices of Change:

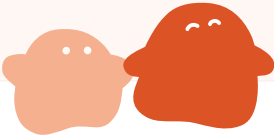
## AIFUL as told by mid-career employees



### Q Why did you join AIFUL?

- Shimo:** I decided to change my job because I felt that it was difficult to promote DX in a silo organization and I **wanted to engage in DX promotion by changing an organization from within** instead of from outside. During the job interview at AIFUL, I listened to the interviewers and the president, and decided to join the company as I felt that I would be able to do what I want here.
- Fukunaga:** In my previous Sier company, I sometimes could not be involved in a product until its release as I was assigned to different departments depending on a customer's project status and personnel availability. I felt it was regrettable and wanted to engage in the development, maintenance, and operation of in-house services. In addition, I enjoyed talking with AIFUL's interviewers and **hoped that I could work with them**.
- Hayashi:** My previous job was also at an Sier, and I participated in bank projects. I changed my job because **I wanted to produce systems and products for a company to which I belong**.
- Tsuboya:** I joined AIFUL after working for an Sier and manufacturer. I decided to work here as I wanted to leverage my experience of in-house production at a manufacturer in a bigger company. I felt that the launch of in-house production is a skill that can be used in various companies in the future. I intended to change my job three years after acquiring such a skill in AIFUL, but I realized that I have been working here for five years.

- Shimo:** Is it because you find it comfortable working here?
- Tsuboya:** Partly because of that, but also because **I find the future of AIFUL interesting**.
- Shimo:** What about you, Sakurai-san, the only member that joined AIFUL as a new graduate?
- Sakurai:** Unlike all of you, I did not join AIFUL as an engineer, and I was assigned to the Contact Center after I joined the company. I decided to work here because I wanted to work in the financial sector and my college senior said that the consumer finance industry is easy to work in. Another reason is that I had an image of AIFUL, which is **an independent entity with a high degree of freedom**.



### Q Starting a career from scratch

- Shimo:** Did you study programming at college, Sakurai-san?
- Sakurai:** No, I had no knowledge on programming. I gained knowledge while learning about the job from Hayashi-san, who were my senior at the time. It was hard at first, but **I was able to acquire skills from scratch and grow** in the environment with senior's support and the company's qualification support program.
- Shimo:** You were a member of the launch of the Digital Promotion Department, right, Hayashi-san? I'm sure it would be hard to launch a department, but what was your experience like?
- Hayashi:** We started with looking for what to do, and then moved forward with a keyword of "promotion of in-house production." We needed to make the entire company aware of the Digital Promotion Department at first. It is a tough road, but **I find it rewarding to create something from scratch**.
- Tsuboya:** I think AIFUL provides extensive support to those who act by themselves and start something.
- Shimo:** I feel that AIFUL has a company culture of letting employees do what they want. I have been in this company for 10 months, and **I have never had my proposals rejected by anyone**.
- Hayashi:** **It's the environment where we can try something easily without taking failure as a bad thing.**



## Q AIFUL from engineers' perspective

- Hayashi:** When I launched this department, I felt the easiness to act. I thought that **the speed at an independent entity** is an advantage.
- Shimo:** We can launch a project quickly. I believe that AIFUL is well suited to these times in the digital society where speed is required.
- Hayashi:** While I feel the speed, I also feel that **we are extremely aware of compliance and employees' work-life balance**. My wife is busy working and I have children, so I find it quite advantageous to work remotely and use a flextime system with no core time.
- Fukunaga:** I believe that we can work comfortably regardless of gender. I feel that **we can work so freely** with workstyles including a dress code and other details.



## Q What will AIFUL become?

- Shimo:** Are there any issues or things you would like to change or improve about this company?
- Hayashi:** I think that the HR and training systems still have rooms for improvement so that the company will increase engineers.
- Tsuboya:** I hope that we will have engineers in each department rather than having in-house orders, so that engineers and sales can work with the same KPIs.
- Shimo:** What do you think of the future of the consumer finance industry and AIFUL?
- Sakurai:** We now have the highest growth rate of new contracts in the industry, but I guess it will hit a peak. We need to consider what we should do to survive when the industry becomes saturated.
- Fukunaga:** I agree with that. I think we need to **promote digitalization and always update IT technology**, not only to survive in the industry but also not to be left behind in the world where everything is done on a smartphone.
- Tsuboya:** If the consumer finance industry becomes saturated, we will need to diversify our business and IT technology will still be required when launching new business. I also hope that we can change AIFUL's impression by promoting digitalization.
- Hayashi:** AIFUL has a strong image as a consumer finance company, but I would like more people to know that we offer a wide variety of financial products. The company currently is in a state where financial services use IT technology, but I hope that we will be in a situation where **we have various IT services and financial services are part of them**.
- Shimo:** As all of you mentioned, I think we will need to change the business portfolio by launching new businesses. IT technology will be required when we use scoring and other know-how that we have accumulated in a new business. In order to change the company's conventional image, I believe that "Transformation Towards an IT Company" is a necessary action.



# Policy regarding the development of an in-company environment



## Establishment of the Guidelines for Personnel Affairs

We established the “Guidelines for Personnel Affairs” in order to develop “a workplace in which employees can experience a purpose in life” and then attain our corporate philosophy. The Guidelines say that employees are the ultimate assets for the Company, and our policy for personnel affairs is to enable employees to feel that they have grown as human beings and made some achievements through their jobs, experience a purpose in life, and then enrich their lives. In this climate, we pursue systems and environments in which individual employees can exert their abilities to the maximum degree based on their high independence, and aim to realize corporate activities that win support from society.

## Harassment-hotline

We established an in-house hotline for enabling employees to feel free to consult about sexual harassment, power harassment and harassment related to pregnancy, childbirth, childcare leave, etc. to deal with such problems swiftly and appropriately.

## Surveys on awareness and satisfaction levels based on voluntary notification by employee

We continually carry out surveys on awareness and satisfaction levels regarding current jobs, workplaces, etc. targeting employees once a year. Survey results are utilized for designing and promoting measures for developing employees’ careers, establishing a working environment, improving the satisfaction level of employees, and so on.

Overview of the surveys conducted in fiscal 2023

**No. of subject employees: 1,918 (including group companies), response rate: 94.7%, satisfaction level: 76.6%**

\*Full-time employees at the post of a section chief or lower  
Description of the survey: We conduct a questionnaire survey on the satisfaction level about our working environment and business operations and employees’ mindsets for career development.

## Personnel development system

The Group conducts the personnel development system with the aim of enabling individual employees to become highly independent and exert their abilities to the maximum degree.

## Development of an in-company environment for raising the retention rate of employees and actualizing diverse workstyles

We are improving the work-life balance of employees, by developing the following in-company environment for realizing diverse workstyles of employees according to the changing times.

Flextime system / Working at home / Leave for fertility treatment / Adoption of a refreshing leave system  
Provision of educational allowance (up to 22 years old) / Support system for moving to an area near the workplace  
Shortened work hours (for employees raising children up to the sixth grade of elementary school)  
System for determining the treatment of rehired employees after the retirement age according to expertise and skills  
Adoption of the positions of department heads who stay in a specific area / Working in casual office clothing  
Introduction of pet bereavement leave / Increase in the initial salary of employees fresh out of college

### Holding a family day (office tour)

We hold an office tour for the families of all the AIFUL Group employees during spring, summer, and winter holidays. Families are invited to see and experience the actual place where we work and what we do.



### Organizing internal events

We hold seasonal costume events such as Tanabata (the Star Festival), Halloween and Christmas to improve employee engagement.



### Promotion of male employees to take childcare leave

To eliminate gender gaps, we have established a system for male employees to take childcare leave, encouraged them to take such leave, prepared the rules for working at home (telework), and continuously reviewed systems related to flexible work styles. We aim to have 100% of eligible male employees take childcare leave while continuing to encourage them and their superiors in the Group to take the leave. In fiscal 2023, the percentage of male employees taking childcare leave stood at 97.6%.





# To support the education of young people

## ●Seminar for financial education

The AIFUL Group aims to realize a society where all people can be themselves with a vision of "For Colorful Life. For realizing a society where each person can play an active role."  
As a part of the initiatives, in order to help create an environment where all people can access financial services equally and securely, we are working to improve the financial literacy of young people including high school and college students and prevent financial problems, hoping that they will acquire correct financial knowledge and live colorful lives through financial education. In fiscal 2023, too, we held a seminar for financial education at educational institutions, such as colleges.



In addition, based on the belief that the industry needs to unite to address financial crimes that target young people and have become more sophisticated and complicated, such as entrepreneurial, side job, and part-time job scams, and investment scams, the Japan Financial Services Association and four major money lending companies established the Financial Literacy Improvement Consortium in June 2023. The consortium started activities on a full scale in September 2023.

## ●To hold the hackathon“aihack”

By holding the hackathon “aihack,” we strive to improve the popularity of the Company among excellent students in the fields of science and technology by deepening their understanding of our business models and hope to contribute to the development of sound retail finance. Since we started sponsoring the hackathon "aihack" in March 2019, we have held hackathons continuously in Japan and abroad, as we sponsored a hackathon overseas for the first time in December 2021.



# ●About Group Communication



## Q What kind of organization is the newly established Group Communication Section?

The section was established in April 2024 and engages in public relations and branding of the entire AIFUL Group. This is a fresh organization with all the members in their 20s. The section is in charge of branding and media relations for in and outside the company, and external affairs (such as holding a financial education seminar).  
For the AIFUL Group's rapid expansion through the promotion of M&As and establishment of new businesses for the future, we are formulating a branding policy to build a brand in and outside the company in order to gain a broad understanding that the AIFUL Group is transforming towards an IT company instead of being a consumer finance company.



Takahiroy Matsuo,  
Manager of Group Communications  
Department, AIFUL CORPORATION

## Q Are financial education seminars held by the Group Communication Section?

As financial crimes become increasingly sophisticated, the AIFUL Group holds financial education seminars in educational institutions across Japan to prevent such crimes, and the seminars are lectured by ourselves. Financial education for younger generations is a national challenge, and the AIFUL Group is involved in this matter so that young people will acquire correct financial knowledge.  
The Group Communication Section will continue our efforts through communication in and outside the company to help everyone get to know the AIFUL Group better.



# Business and social contribution



## ● Social contribution through credit cards

LIFECARD issues credit cards for social contributions, of which partial revenue is donated to partner organizations and NPOs. In addition, we have established a donation course as part of our point program to accept donations from members using their points.



## ● Medical loans secured by medical fee receivables

AG Medical Corporation, a group company, supports business operators from the aspect of funds, by proposing loans for raising working capital just after business start-up and funds for various business purposes and suitable repayment plans.

# Financial inclusion

## ● Provision of financial services in emerging countries



In Thailand, the development of financial infrastructure has progressed somewhat, but not everyone can borrow money from a financial institution, such as a bank, and not a few people borrow money from an illegitimate financial institution. In this emerging country where financial literacy has not been diffused, AIFUL established a joint venture named “AIRA & AIFUL Public Company Limited” with the local corporation AIRA Capital in December 2014, to operate consumer finance business for the purpose of developing a sound financial system there.



## ● Framework for social finance





The AIFUL Group engages in product development under the concept of financial inclusion, and conducts social contribution activities, including the support for enterprises taking on new challenges, business support in the fields of healthcare and welfare in Japan, and provision of access to financial services in emerging countries where financial infrastructure is immature. To further accelerate these initiatives, we have established a framework for social finance, which is the first one in the consumer finance industry, and secured funding through social bonds and social loans. Proceeds from social bonds and social loans are allocated through group companies for new investments or loans, as well as refinancing to the following eligible social projects.

Project category	SBP* Category	Eligible Social Projects	SDGs
Support for small and medium enterprise	Access to finance for SMEs and employment generation	Support for business funding for SMEs in need of funds for business growth and continuity <b>&lt;Project&gt;</b> <ul style="list-style-type: none"><li>Business loans of AG BUSINESS SUPPORT, which provides business financingsupport to SMEs</li><li>AG Capital's growth-oriented funding support for medium-sized companies and startups</li></ul> <b>[Target Populations]</b> SMEs in need of funds for business growth and continuity	 
Support for medical and nursing care facilities	Access to essential services	Support for business funding for hospitals and nursing care facilities <b>&lt;Project&gt;</b> <ul style="list-style-type: none"><li>AG MEDICAL's business funding support for health-care and nursing care providerssuch as hospitals and nursing care facilities</li></ul> <b>[Target Populations]</b> People in need of medical and nursing care services or businesses in need of business financing to continue medical and nursing care services	 
Provision of financial services to individuals in emerging countries	Access to essential services	Improvement of financial literacy by providing individuals with access to financial services in emerging economies with immature financial services <b>&lt;Project&gt;</b> <ul style="list-style-type: none"><li>Provision of access to financial services for people in the Kingdom of Thailand by A&amp;A (AIRA&amp;AIFUL)</li></ul> <b>[Target Populations]</b> Individuals with difficulty in raising funds in countries with immature financial services	  



## <Funds Allocation Status>

As of the end of March 2024, total proceeds raised and funds allocated through social finance was 24.5 billion yen and 23.3 billion yen, respectively.

Project Category	Group Companies	Balance at Eligible Projects (¥)	Allocation of Social Finance Proceeds Amount(¥)
Support for small and medium enterprise	 AG BusinessSupport	29.9 billion	7.5 billion
	 AG Medical	3.3 billion	0 billion
Support for medical and nursing care facilities	 AG Capital	17.0 billion	10.8 billion
Provision of financial services to individuals in emerging countries		8.9 billion	5.0 billion
Unallocated amount in emerging countries		-	0 billion
Total (Proceeds balance)		59.3 billion	23.3 billion

# Transparent business management

## ●Dialogue with shareholders and investors

We strive for management strategies to achieve the AIFUL Group's goals and the disclosure of company information in a timely and appropriate manner. In addition, we aim for transparent business management through proactive IR activities for and constructive dialogue with shareholders and investors.

The summary of activities for fiscal 2023 (April 1, 2023 to March 31, 2024) is as follows.

Format	Number of sessions
Financial results briefing	2
One-on-one meeting	161
Participation in conferences sponsored by securities firms	2 (meeting with 10 companies)



## ●ESG Data

Environment				
Year / Month	2021/3	2022/3	2023/3	2024/3
Scope 1: Direct CO2 emissions (t-CO2)	865	791	742	622
Scope 2: Indirect CO2 emissions (t-CO2)	6,864	5,975	5,736	5,586
Total (t-CO2)	7,729	6,767	6,479	6,208

Governance				
Year / Month	2021/6	2022/6	2023/6	2024/6
Inside Directors	7	6	6	6
Outside Directors	2	3	3	3
Ratio of Outside Directors	22.2%	33.3%	33.3%	33.3%

Year / Month	2021/3	2022/3	2023/3	2024/3
Number of Board of Directors meetings	39	43	42	39
Number of Annual General Meeting of Shareholders	1	1	1	1
Number of financial results briefings	2	2	2	2
Number of compliance study sessions	3	4	4	4

Society				
Year / Month	2021/3	2022/3	2023/3	2024/3
Number of employees	3,193	3,148	3,275	3,716
Full-time employees	2,135	2,116	2,180	2,470
Non-full-time employees	1,056	1,032	1,095	1,246
Number of employees with disabilities (non-consolidated)	13	14	13	22
Number of foreign employees (non-consolidated)	7	10	18	43
Turnover rate	3.7%	3.7%	4.2%	5.1%
Employees' average years of service (non-consolidated)	15.2	15.4	15.1	12.7
Rate of annual paid leaves taken	75.8%	73.4%	77.8%	74.3%
Rate of employees taking childcare leave	91.5%	88.9%	68.7%	98.3%
Rate of male employees taking childcare leave	84.4%	106.7%	63.6%	96.7%