

Management for Sustainability



Hirofumi Kusakabe

Chief Sustainability Officer,
Managing Executive Officer,
Head of Group Structured Solution

CSO Message

The sustainability that SBI Shinsei Bank Group aims for is to create a virtuous cycle in which the Group engages in business that solves the environmental and social issues of our customers and the world, our customers support the Group, the Group continues to grow and that growth contributes to the sustainability of the environment and society.

I was appointed CSO in July 2022. As a financial institution, the Group does not manufacture or sell products on its own, and our major role is to support customers who develop such businesses from behind the scenes. Actively supporting customers who are working to solve environmental and social issues will help realize a sustainable society and lead to the sustainable growth of the Group. "Achieve sustainability through business activities," which is one of the pillars of our materiality and is the core strategy of our Medium-Term Vision, is based on this idea.

At a time when alarm bells are sounding about the sustainability of the environment and world, we believe that "responsibility for a sustainable environment and society" is also an important responsibility that we must bear as a company, and we have set it as another pillar of our materiality. While working with customers to decarbonize and resolve human rights issues, the Group itself must respect human rights and diversity, and work to reduce the negative impact of its own activities on the environment. We also consider financial education to be an important responsibility, and actively engage in social contribution activities such as basic financial education programs "MoneyConnection®." We are also working to improve governance in order to be a company that is trusted by everyone.

The SBI Group's philosophy that "a company is a part of society and is only able to continue existing because it belongs to society," "Customer-centric Principle," and "public benefit leads to private benefit," are synonymous with "sustainability management." As a member of the SBI Group, the SBI Shinsei Bank Group promotes sustainability management and contributes to the sustainable development of society through sustainable growth of the Group.

Governance

Framework for Promoting Sustainability

Group Sustainability Committee

We have appointed a Chief Sustainability Officer (CSO) and Sustainability Officers (SO), as well as established the Group Sustainability Committee. This committee, one of the Group’s most important committees, is composed mainly of the executive officers in charge of individual and corporate businesses and the sustainability promotion departments of the SBI Shinsei Bank and its group companies, in order to promote the “achievement of sustainability through business activities,” which is the basic strategy of the Medium-Term Vision. The committee discusses a variety of agenda items, including material sustainability issues, sustainability targets, responses to climate change, diversity and inclusion

initiatives, and sustainability-related products in each business. In addition, the committee regularly reports on sustainability management to the Board of Directors and the Group Executive Committee and resolves important matters. In this way, the Group is working together to promote sustainability initiatives.

Group Management Development Committee, Group Human Rights Promotion Committee, Group Women’s Activity Promotion Committee

In the areas of human capital and human rights, the Group Management Development Committee, an important committee, and the Group Human Rights Promotion Committee discuss, coordinate, and decide on matters such as the Group’s diversity and inclusion and human rights due diligence initiatives, as well as personnel systems and measures. In addition, we have established the Group Women’s Activity Promotion

Committee, which is composed primarily of senior management of business divisions and executives of Group companies, to identify issues and promote measures to promote the Group’s empowerment of women.

Cooperation among Staff of the Sustainability-related Divisions

We believe that sustainability management is not limited to top-down, but it is essential to share best practices from the front lines through bottom-up. The Group holds regular information sharing meetings to plan and operate initiatives in a more efficient and coordinated manner between the business divisions to promote “sustainability through business activities” and the corporate divisions to promote the Group’s own sustainability.

■ Group Sustainability Committee



■ Major Agendas in the Group Sustainability Committee (FY2022)

Area	Agenda
Institutional Business	“Sustainability through business activities” at the individual business of the SBI Shinsei Bank, APLUS and Shinsei Financial
	Promote de-carbonization efforts in the ship finance sector and in the bank sector, and results of environmental contributions of the Bank based on the Poseidon Principles
	Activities of transition task force
Individual Business	Initiatives for sustainable impact
	“Sustainability through business activities” at the individual business of the SBI Shinsei Bank, APLUS and Shinsei Financial
	Report on the results of sustainability-related questionnaires to APLUS franchisees
Management	Launching of sustainability deposits
	Establishment of sustainability targets
	Initiatives for Recommendations of the TCFD
	Initiatives for the Group’s diversity and inclusion
	Participation in the initiatives, and reporting on the results of external evaluations

Sustainability-related Policies

Group Sustainability Management Policy

The Group Sustainability Management Policy was established as the Group's basic policy on the sustainability management under the SBI Group Compliance Code of Conduct and the Group's Charter of Corporate Behavior. The policy on environmental and social sustainability includes initiatives related to respect for human rights, human capital, the global environment, anti-corruption and anti-bribery, and philanthropy. It also includes expanding and creating a positive impact through the resolution of sustainability issues, and to reduce and avoid negative impact through responsible investment and financing as initiatives to support the environmental and social sustainability of our customers. As sustainability-related policies, the Group Human Rights Policy, the Responsible Investment and Lending Policy, and the Group Policy for Promotion of Philanthropic Initiatives follow the Group Sustainability Management Policy.

Group Human Rights Policy

As a commitment to respect human rights, the Group Human Rights Policy stipulates the basic policy for fulfilling our responsibility to respect all human rights, as well as respect the human rights of customers,

partners, employees, and local communities involved in corporate activities. The main human rights issues are forced labor and child labor, overwork and long working hours, mental and physical health and safety, freedom of association and the right to collective bargaining, fair wages and equal wages for equal work, discrimination, harassment, and the right to privacy. In addition, we adopt policies such as human rights due diligence, grievance mechanisms (employee consultation helplines), stakeholder engagement, and raising awareness and training.

We conducted human rights due diligence for employees of the Group's major companies to confirm the status of respect for human rights in the Group. The results of human rights due diligence were reported to the Group Management Development Committee and Group Human Rights Promotion Committee. We implemented group-wide measures such as human rights awareness training for all employees, harassment prevention training for managers and supervisors, and should this be 'division-wide'? measures such as reporting individual results to divisions where improvement issues were discovered, followed by development and implementation of the initiatives. We will continue to implement human rights due diligence

and take measures to reduce risks.

Responsible Investment and Lending Policy

We regard business transactions with companies that do not give appropriate consideration to environmental and social issues as a management risk, and we prohibit or restrict transactions based on the recognition that there are serious risks to the environment and society with respect to investments and loans for some specific businesses. From the perspective of responding to climate change, based on a precautionary approach, we will not make new investments and loans for the construction of new coal-fired thermal power plants, and we will reduce the amount of existing investments and loans for coal-fired thermal power plants.

Group Policy for Promotion of Philanthropic Initiatives

The Group Policy for Promotion of Philanthropic Initiatives defines the concept of philosophic initiatives and identifies "social diversity activities including nurturing the next generation", "environmental preservation activities" and "activities to contribute to local communities" as priority areas. Please refer to "Social Initiatives" (p.52) for details.

Glossary & URL

Group Sustainability Management Policy <https://corp.sbishinseibank.co.jp/en/sustainability/policy/management.html>

Group Human Rights Policy https://corp.sbishinseibank.co.jp/en/sustainability/policy/human_rights.html

Responsible Investment and Lending Policy <https://corp.sbishinseibank.co.jp/en/sustainability/policy/investment.html>

Group Policy for Promotion of Philanthropic Initiatives <https://corp.sbishinseibank.co.jp/en/sustainability/policy/philanthropy.html>

Participation to Sustainability-related Initiatives

Principles for Responsible Banking (PRB)

In April 2021, the Group signed the Principles for Responsible Banking (PRB) advocated by the United Nations Environmental Programme and Financial Initiative (UNEP FI). The PRB is a framework for establishing strategies and objectives consistent with social objectives such as the Sustainable Development Goals (SDGs) and the Paris Climate Agreement, implementing initiatives, and disclosing the initiatives in a transparent manner, recognizing that it is our responsibility as a financial intermediary to do our best to contribute to the sustainable prosperity of society and people. The signatory members are required to phase in their efforts and put in place a framework for implementing six principles: alignment, impact and target setting, clients and customers, stakeholders, governance and culture, as well as transparency and accountability. Please refer to the PRB Report for details.

Japan Impact-driven Financing Initiative

In November 2021, the Bank signed the Japan Impact-driven Financing Initiative, which aims to help resolve environmental and social issues. We will further strengthen impact-oriented financial initiatives and impact measurement and management, thereby

contributing to the sustainability of the environment and society through loans and investments.

At the end of September 2022, the Bank ranked fifth with 391.4 billion yen of impact investments from the total of 3.85 trillion yen of impact investments (loans) aggregated by each of the domestic financial institutions that signed the Japan Impact-driven Financing Initiative. (Impact-driven Financing Initiative Progress Report 2022)

Strategy

Overview (Material Sustainability Issues)

In a society with a variety of values and various challenges, we consider what the Group can do while leveraging its strengths, and, therefore, the Group identifies material sustainability issues based on “achievement of sustainability through business activities” and “responsibility to sustainable environment and society.”

In the “achievement of sustainability through business activities”, we identify (1) initiatives toward the regional

revitalization by supporting regional financial institutions, enterprises, residents and local governments, (2) offering financial functions toward the resolution of environment and social challenges, and (3) provision of financial services trusted by customers.

In the “responsibility to sustainable environment and society”, we identify (1) respect for human rights and enhancement of human resource value, (2) response to environmental issues such as climate change, (3) promotion of philanthropic initiatives, and (4) improvement of governance.

The Group formulated sustainability-related targets and initiatives based on these material sustainable issues.



Glossary & URL

Participation in Initiatives <https://corp.sbishinseibank.co.jp/en/sustainability/initiative/initiative.html>

SBI Shinsei Bank Group: PRB (Principles for Responsible Banking) Report 2023 https://corp.sbishinseibank.co.jp/en/sustainability/initiative/initiative/main/07/teaserItems2/02/linkList/0/link/prbreport_e_2023.pdf

Impact-driven Financing Initiative Progress Report 2022 (Japanese) <https://www.impact-driven-finance-initiative.com/wp-content/uploads/2023/01/Progress-Report-2022.pdf>

Achievement of Sustainability through Business Activities

Achievement of Sustainability through Finance (Investments and Loans)

The Group provides a variety of financial products to support customers' sustainability efforts from the financial perspective. In the structured finance, areas of our strengths, (1) Green Loan/Social Loan/Sustainability Loan which designates the use of proceeds for businesses that contribute to improvement of environmental and social issues, such as finance for renewable energy including solar, wind, biomass, and geothermal projects as well as finance for nursing care facilities and hospitals, (2) Sustainability Linked Loans which support borrowers' sustainability management by setting ambitious and meaningful Sustainability Performance Targets (SPTs) and linking the finance terms and conditions such as interest rates to the achievement status, and (3) Positive Impact Financing which aims to create positive impacts in at least one of the environmental, social, and economic aspects.

In May 2020, the Bank became the first Japanese bank to develop a sustainable financing framework as a lender. One of the characteristics of the Bank's sustainable finance is that it has established the Sustainable Impact Assessment Department as an independent function and has established a system for evaluating sustainable finance within the Bank. The Sustainable Impact Assessment Department has formulated the Shinsei Green/Social/Sustainability Finance Framework, the Shinsei Sustainability Linked Loan Framework, and SBI Shinsei Bank Positive Impact Finance Implementation Framework, which conform to various principles related to international sustainable finance and confirms compliance with each framework and provides financing to corporate customers.

TOPIC

The Bank Received "Excellence Award" at the Sustainable Finance Grand Prize

The Bank received the "Excellence Award" at the 8th Sustainable Finance Grand Prize selected by Research Institute for Environmental Finance ("RIEF"). The Bank has so far provided finance to corporate customers for a variety of projects, including renewable energy, green buildings, hospitals, nursing care facilities, and facilities for people with disabilities, after visualizing the impact created by projects and companies through sustainable finance assessments. In recognition of these efforts and track records, the Bank received the Excellence Award.

(Japanese) <https://note-sustainability.shinseibank.com/n/n2469f8ffe01e>



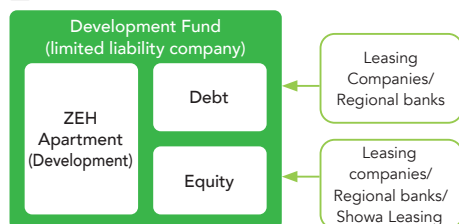
Yuko Nagasawa: Executive Officer, General Manager of Sustainable Impact Development Division (left)
Hirofumi Kusakabe: Chief Sustainability Officer, Managing Executive Officer, Head of Group Structured Solution (right)

With regard to regional revitalization, we are actively working on collaboration with regional financial institutions for financing the renewable energy and healthcare facilities based on the Triangle Strategy, which combines the functions of regional financial institutions, the SBI Group, and the Group in a triangular manner.

The Group companies are also promoting a variety of initiatives to “achieve sustainability through business activities.” As an example, Showa Leasing formed and invested in a fund aimed at developing rental condominiums certified by ZEH (Net Zero Energy House, housing with net energy consumption of less than zero in one year due to energy conservation and energy creation). The Bank’s Sustainable Impact Assessment Department has evaluated the loans and investments in the fund to the Green Loan Principles.

APLUS and Showa Leasing are also developing a leasing business for solar panels for individual and corporate customers in a collaborative manner. We will continue to actively support our customers’ sustainability activities by utilizing the strengths of each company from a sustainability perspective.

■ ZEH funds scheme



Achievement of Sustainability through Deposits (funding)

In May 2023, the Group introduced the Group’s first “Sustainability Deposits” for a limited period and amount in order to provide individual customers who are interested in sustainability initiatives with opportunities to contribute to environmental and social issues through deposits. Specifically, the funds entrusted by our customers will be used to finance not only green projects but also eligible social projects that the Group is actively working on, based on the Sustainability Finance Framework established by the Bank, and will be used to

Message from Sustainability Officer



Takayuki Shimada
Sustainability Officer,
Representative Director,
President and CEO
APLUS Co., Ltd.

“Sustainability” tends to be regarded as a high threshold and special thing, but in fact, every company has a similar philosophy at the foundation. The mission of the operating companies is to provide better satisfaction to all customers, to achieve a better society, and to earn profits on a continuous basis. We will also promote sustainability centered on the installment sales credit business in APLUS, focusing on “carbon neutral,” “financial inclusion

and regional revitalization,” and “cashless settlement.” Steady and grassroots activities are necessary for our sustainability initiatives through the businesses to gain favor with customers. The path is long, but I hope that our customers will trust and appreciate it, and that this will lead to a sense of satisfaction and pride in the work of each and every employee.

Message from Sustainability Officer



Tomoko Ogawara
Sustainability Officer,
Executive Officer, General
Manager of Umeda
Financial Center and Senri-
Chuo Annex

Sustainability is profoundly difficult to think about, and the topics such as the global environment and human rights issues are grand. We need a lot of knowledge, and it is really difficult. On the other hand, it is extremely natural, and it has always been linked and contributed to sustainability. I feel that it is very multifaceted. This sustainability deposit is in the form of a high level of interest in the sustainability of individual customers and the enthusiastic desire of our staff to provide financial products that meet their needs. We would like to report to our customers firmly on what kinds of assets the sustainability deposits by customers have been allocated to, and as a result, what kinds of impact they have had on the sustainability of our society.

resolve environmental and social issues.

To deposit money means to deposit the future. The Group believes that the behavior of customers through “deposits” is a manifestation of intention to change the future and aims to create a mechanism for the flow of funds based on sustainability elements in funding and financing, with the key message of “Your deposits will change the future.” We will continue to contribute to maintain and develop a sustainable environment and society with our customers.



Communication of Sustainability Initiatives

It is each employee of the Group who communicates to all stakeholders including customers, the sustainability initiatives that are practiced through day-to-day operations. For this reason, we believe that one of the most important initiatives in sustainability management is for employees to understand sustainability as their own initiatives, and then disseminate these initiatives as a story with their experiences. In fiscal 2022, we promoted the following initiatives.

Talk Session with Outside Directors and Experts on Sustainability

We invited Mr. Kazunori Nakatsuka from QUICK ESG Research Center and held a talk session with Ms. Yurina Takiguchi outside director of the Bank and Mr. Kusakabe Chief Sustainability Officer for employees of the Group. Mr. Nakatsuka and Ms. Takiguchi, both of whom have given many lectures and disseminated information related to sustainability, have spoken of the world's trends on topics such as climate change, biodiversity, human rights, and disclosure as well as examples of initiatives by other companies.

Seminars and Training within the Group

We promoted internal penetration centered on sustainability information that is useful in business



Mr. Nakatsuka from QUICK ESG Research Center (left), Ms. Takiguchi outside director (Middle), and Mr. Kusakabe Chief Sustainability Officer (right)

activities by means of industry-specific webinars, including sustainability trends, by sector analysts in SBI SECURITIES Co., Ltd., and periodic publication of sustainability communications, including intra-group initiatives and SDGs explanations. We also conducted hands-on training using card games to learn what roles the government, companies, and NGOs play in achieving carbon neutrality, and participatory events for employees to boost the momentum of promoting sustainability and understand sustainability in the "APLUS Sustainable Week 2022."

Publication to Outside the Group (SBI Shinsei Bank Group Sustainability Website)

SBI Shinsei Bank Group Sustainability Website conveys our thoughts and stories on the role of financial institutions in sustainability and the Group's efforts in

Contents

1. Significance of corporate sustainability initiatives and trends in the world
2. Framework for promoting sustainability of the SBI Shinsei Bank Group
3. Trends of other companies and banks
4. Points we would like to focus on in the future and messages for future initiatives

(Japanese) <https://note-sustainability.shinseibank.com/n/nfce673cd655c>

sustainability in an easy-to-understand manner so that viewers can understand it in more realistic ways. We want more stakeholders to feel closer to us, who are seriously working on sustainability in the financial industry, where the image of "people" is difficult to see but actually working through trial and error without giving up. This website introduces the sustainability-related projects the Group is working on through interviews with persons in charge of the projects.

(Japanese) <https://note-sustainability.shinseibank.com/>



Sustainability-related Risks and its Management

Top Risk

We identify risks related to dealing with environmental and social issues and actualization of human resource risks as risks that are likely to have a significant impact on the Group (important risks in management). For details, please also refer to Risk Governance (p.70).

Risks Associated with Addressing Environmental and Social issues

- Stricter laws and regulations concerning environmental issues (including climate-related issues) and responses to social issues.
- Decline in competitiveness and deterioration in reputation due to the perception that the Group's response to environmental and social issues is inadequate.
- Increase in credit costs due to deterioration in business conditions of borrowers with insufficient responses to environmental and social issues.

Emergence of Human Resource Risks

- Decline in competitiveness in strategic fields and core fields due to difficulties in hiring new graduates and mid-career workers amid intensifying competition for human resources.
- Emergence of problems in internal management and the intensification of operational constraints stemming from an increase in the number of retirees among mid-career and veteran employees against the backdrop of the acceleration of personnel mobility.

Risk Management

We have established a framework to identify important risks in management based on the management discussions, and we are continuously strengthening our ability to predict and manage these risks and manage them. In particular, we disclose information on climate change by analyzing scenarios based on the framework of the Task Force on Climate-Related Financial Disclosures (TCFD) and measuring physical and transition risks. In addition to establishing the Responsible Investment and Lending Policy, we participate in global initiatives such as the Equator Principles for financing

projects with development and the Poseidon Principles for vessel financing. We engage in finance after appropriately judging risks and economic rationality. For more information, please refer to "Strategy for Climate Change" (from p.38).

Metrics and Targets

The sustainability targets based on the Group's material sustainability issues and the progress made in fiscal year 2022 are as follows.

	Item	Target	Progress
Achieving Sustainability through Business Activities	Financing for solving environmental and social issues	<ul style="list-style-type: none"> • 5 trillion yen of cumulative origination of sustainable finance by the end of FY2030 • Supporting transition promotion of corporate customers in high-greenhouse gas emissions sectors 	<ul style="list-style-type: none"> • The amount of origination of sustainable finance was 451.3 billion yen —Progress in collaboration with regional banks through the provision of the Group's financial functions —In addition to green loans and social loans, implement sustainability-linked loans and positive impact finance, as well as promote transition-linked loans • Introduced "Sustainability Deposits" for individual customers • 5 million yen was donated through the Digital First Promotion Project, which the Group donates to the Ashinaga Foundation according to the number of online procedures prescribed by individual customers. • Establishment and investment of ZEH development funds by Showa Leasing
	Providing financial services in light of changes in social and various other needs	<ul style="list-style-type: none"> • To continue to present new value and options to customers through the utilization of FinTech and collaboration with business partners in response to changes in social and diversification of customer values 	
	Contributing to the solution of environmental and social issues from a global perspective	<ul style="list-style-type: none"> • Solving environmental and social issues by providing financial services utilizing new technologies both domestically and overseas 	
	Building a flow of funds to solve environmental and social issues	<ul style="list-style-type: none"> • Providing products respectively in order to link financiers and providers of funds under the theme of solving environmental and social issues 	
Responsibility to Sustainable Environment and Society	Respect for human rights and enhancement of human resource value	<ul style="list-style-type: none"> • To establish a framework for promoting and managing respect for human rights, and appropriately fulfill the corporate responsibilities • To create a working environment in which each employee recognizes his or her own values and personalities and maximizes his or her strengths and characteristics • To foster an organizational culture that realizes the creation of new values while harmonizing diversity 	<ul style="list-style-type: none"> • The Group's target for the ratio of women in managerial positions has reached a numerical milestone target (18% or more) in the Action Plan of the Women's Activities Act • Conducted human rights due diligence for employees and reported to the Group Human Rights Promotion Committee. Establishment of human rights due diligence framework for business partners is to be developed
	Responding to Climate Change	<ul style="list-style-type: none"> • Net zero greenhouse gas emissions from the Group's energy use by the end of FY2030 • Net zero greenhouse gas emissions in the Group's investment and loan portfolio by the end of FY2050 • Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040 	<ul style="list-style-type: none"> • Contributed to the reduction of greenhouse gas emissions by switching to renewable electricity for some of our offices • Expanded the scope of greenhouse gas (GHG) emissions measurement in the portfolio of borrowers and investments • Loan balance for project financing for coal-fired thermal power generation decreased steadily to 41.2 billion yen (including committed but not yet disbursed amounts, as of March 31, 2023)
	Promotion of philanthropic initiatives	<ul style="list-style-type: none"> • Creation of social impact through sustainable social contribution activities and disclosure of the impact 	<ul style="list-style-type: none"> • Implementation impact assessment of MoneyConnection@ a basic monetary educational program developed in collaboration with the NPO-SODATEAGE-NET
	Improvement of governance	<ul style="list-style-type: none"> • Establishment of a supervisory system for the Board of Directors and a management executive system for addressing sustainability • Consideration of the status of sustainability initiatives in evaluation and compensation • Establishment of a risk management system for sustainability 	<ul style="list-style-type: none"> • Renovated the Sustainability Management Promotion System • Reflected sustainability items in performance evaluation items • Continuous information gathering for evaluation/compensation of directors and establishment of sustainability risk management system

Strategy on Climate Change

The SBI Shinsei Bank supports the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In line with the TCFD framework, we explain here our initiatives for climate change.

Governance

We recognize that responding to climate change is essential for the realization of a sustainable society. Therefore, we designated "response to environmental issues such as climate change" as one of our material sustainability issues. We are striving to create social value through a variety of initiatives, including investment and lending for businesses that are responding to climate change as well as to improve the Group's corporate value over the medium to long term. For details, please refer to Governance of Management for Sustainability (p.33).

Strategy

Opportunities

Supporting businesses that contribute to the resolution of climate change

The Group recognizes that addressing global environmental issues, especially climate change, is extremely important for realizing a sustainable society. Climate change is not only a business risk but also a major business opportunity. As a financial institution, the Group believes that providing support to customers developing businesses that contribute to resolving climate change in various ways leads to business opportunities for the Group as well as helps to mitigate climate change.

Based on this perception, the Group supports customers who are helping resolve climate change in both the financial and nonfinancial fields.

Support for resolving issues in the financial field Promotion of Green Finance

In our corporate business, the Sustainable Impact Development Division works with each department to develop and implement sustainable finance as well as provide business support to customers that contribute to resolving climate change. For developing

and implementing sustainable finance, we formulated the Shinsei Green Finance Framework and the Shinsei Sustainability Linked Loan Framework, consistent with principles in and outside of Japan, such as the Green Loan Principles and the Sustainability Linked Loan Principles. The Sustainable Impact Assessment Department, part of the Sustainable Impact Development Division, assesses the suitability of the finance within this framework.

Using these sustainable finance products, the Sustainable Impact Assessment Department assessed 20 cases (JPY 77.2 billion in total) in fiscal 2022 that would help to resolve climate change. These include Shinsei Green Loans and Shinsei Sustainability Loans, which specify the use of funds for projects that contribute to creating a positive impact for the environment, and Shinsei Sustainability Linked Loans, which have interest rate preconditions that fluctuate according to the level of achievement of sustainability targets, as well as projects with targets for reducing CO₂ emissions. The Sustainability Linked Loan made for Kyushu Leasing Service Co., Ltd. in September 2022 established "the balance of environmental assets contributing to greenhouse gas reduction" as a sustainability target indicator and was a syndicated loan arranged by the SBI Shinsei Bank ("the Bank"), with the participation of six

other financial institutions. By setting sustainability target indicators, we can expect a ripple effect for an increase in green assets in the future.

To "achieve sustainability through business activities," one of the core strategies for realizing the Medium-Term Vision for the Group, we developed "initiatives toward the regional revitalization by supporting regional financial institutions, enterprises, residents and local governments." We have also strengthened initiatives in collaboration with regional financial institutions, such as sustainable finance in the form of syndications for renewable energy businesses including solar, wind, and biomass. As part of these initiatives, the Shinsei Sustainability Loan for Fukushima Bank, Ltd. in December 2022 not only provided sustainable financing but also helped establish a system for promoting sustainable financing at Fukushima Bank. A portion of the funds provided by this project was also allocated to renewable energy projects in Fukushima Prefecture, and as a result, this transaction helped to disseminate sustainable finance to regional financial institutions as well as create a flow of funds in the region that contribute to resolving climate change.

In fiscal 2022, we began offering positive impact finance (PIF), a type of financing product intended to create a positive impact in at least one area, as well

as assuming effective mitigation and management of significant negative impacts on all three areas: the environment, society, and the economy. Unlike Shinsei Green/Social/Sustainability Finance, the PIF does not specify the use of funds nor is linked with lending preconditions, such as interest rate fluctuations, unlike the Shinsei Sustainability Linked Loan. However, a PIF requires an analysis of the customer's business as a whole, identifying the core impacts, then holding constructive dialogues to reduce the negative impact as well as increase the positive impact. We aim to create a flow of funds for businesses that contribute to resolving climate change from these various sustainable finance products.

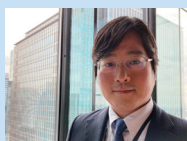
Promoting support for the gradual transition to decarbonization

To realize a decarbonized society, we need to keep in mind that not all countries, regions, and businesses are able to work toward decarbonization by themselves, including both the technology and the cost. In addition to businesses already in "green" areas that contribute to decarbonization, it is necessary to promote emission reductions to the highest extent by introducing technologies that are in the transition stage. For this reason, transition finance plays an important role as a

financing tool for customers in hard-to-abate sectors to achieve decarbonization in line with their long-term transition strategy. In transition finance, the key is to assist and promote the steady implementation of a highly reliable transition strategy through dialogues with finance providers, as well as to establish and disclose these strategies. At the same time, we recognize that supporting decarbonization in these sectors is essential, both in our climate-related initiatives and our social responsibility as a financial institution. To support our customers' transitions, we have formed a cross-divisional Transition Taskforce to hold dialogues with our customers. In addition, we are considering strategic transition support that also takes into account business opportunities.

In April 2023, we shaped climate transition finance for JERA Co., Inc., the Bank's first transition financing case. The Bank arranged a syndicated loan with 9 regional financial institutions. The Bank's Sustainable Impact Assessment Department reviewed the medium- and long-term transition strategies of this company and assessed their compliance with applicable principles, such as the Climate Transition Finance Handbook, an international guidance. Through dialogues, we will continue to use transition finance to support and promote the steady transition of our customers.

Comments from the team lead of Climate Transition Finance



Noriaki Hirasawa
Deputy General Manager,
Corporate Banking Business Division II
SBI Shinsei Bank, Limited

We created a syndicated loan of JPY 17.6 billion for JERA, which uses a variety of transition strategies to create a decarbonized society. This very meaningful project has real social significance.

At the start of this transaction, financial institutions other than the Bank are required to understand JERA's strategies and the significance of transition financing. We cooperated with the Syndicated Finance Division to meet their requirements. As a result, 10 financial institutions including the Bank participated in the loan, with these commending remarks from JERA: "We highly appreciate your support and are grateful that we could have developed new relations with each financial institution participating in the loan."

This was the first transition financing for the Bank, and I hope that this will be the trigger for transition financing to help make Japan carbon neutral by the year 2050.

know where to start with emission reductions, while others do not know where to start with calculating their own emissions. For these reasons—aside from continuing to support existing businesses—as well as providing investment and loans to date, we began offering new solutions in the nonfinancial field in fiscal 2022. In addition to cloud service companies that calculate and reduce CO₂ emissions, we contracted with several other companies: one that provides software services to reduce disposal losses through sophisticated inventory analyses and the control of defective inventories; and another that provides cloud services for calculating greenhouse gas (GHG) emissions. For customers who have not necessarily made progress in reducing emissions, it is important for them to be aware of the amount of emissions from their own companies and supply chains. Moreover, by providing a way to cut emissions by reducing waste, we have established a system that enables us to provide a range of support services tailored to the phases of climate change-related initiatives and business patterns. In collaboration with these partner companies, we will support our customers' initiatives to tackle climate change from both the financial and nonfinancial viewpoints.

Launch of support for problem solving in non-financial areas

Support for solving issues in the nonfinancial field

For mitigating climate change centered on reducing emissions, we have found that some customers do not

Risks

Climate Change Risks

Climate change risks are mainly classified into physical and transition risks:

Physical risks: Risks of disasters, etc. caused by climate change. The direct impact of property damage caused by weather events such as floods and storms and the indirect impact from global supply chain disruptions and resource depletion.

Transition risks: Business and financial risks for companies from transitioning to a decarbonized society.

Climate Change Risk Heatmap by Sector

Portfolio of investments and lending to		Transition risk	Physical risk	Exposure
Business corporations, etc.	Petroleum, natural gas and methane	High*	Low *	Medium
	Electric power	High*	Low *	High
	Shipping and air transportation	High	Medium	Medium
	Land transportation	Medium	Medium	Low
	Automobiles	Medium	Medium	Low
	Metals and mining	High	Medium	Low
	Chemical	High	Medium	Low
	Construction materials and capital goods	Medium	Medium	Medium
	Real estate management and development	Low	Low *	High
	Beverages and foods	Medium	Medium	Low
Paper and forestry	High	Medium	Low	
Individuals	Housing loan	Low	Medium*	High
	Consumer finance	Low	Medium*	High

* Quantification is done for almost all or some part of the targeted industries.

Review of Climate Change Risks by Sector

We qualitatively assessed climate change risks in sectors that are likely to be affected by climate change. Based on the results of qualitative assessments and the size of exposure, the Group prioritizes each sector and asset type, and delves deeply into the risks through quantitative analysis and other methods.

Scenario Analysis

We have positioned the response to climate change as an important management issue and have organized our worldview, opportunities, and risk scenarios based on economic fluctuations and two-dimensional scenarios

that we are monitoring daily (please refer to the following table, Scenario Analysis Matrix). In response to the fact that the world is heading toward a scenario of 2°C or less, we have summarized the state of the Group’s responses.

To identify the investment and lending sectors that will significantly impact the Group for climate change risks, we conduct a risk assessment for each sector—described in the Risk Heatmap, above—and consider the level of importance from the portfolio composition of the Group’s investment and lending. Sectors with high physical risks are focused on real estate (including for individuals), and sectors with high transition risks are

focused on electric power utilities, shipping, and the oil and gas industry. For each of these sectors, our policy is to disclose the results of the quantification of physical and transition risks.

Physical risk is quantified as domestic real estate nonrecourse loans, mortgage loans, domestic project finance, and personal unsecured loans from Shinsei Financial. Estimating the impact of physical risks, cumulative credit-related costs through fiscal 2050 are projected cumulatively in the range from ¥5.5 billion to ¥9 billion. Although it is not necessary to take immediate countermeasures at this point, we will continue to monitor and look into expanding the scope of quantification.

For transition risk, we quantified the impact of the shipping sector in addition to electric power utilities and the oil and gas industry, and estimated that there were ¥6.5 billion to ¥28 billion of cumulative credit-related costs through fiscal 2050. For the transition to a decarbonized society, we will strengthen engagement with business partners and strengthen our risk management system. We will continue to examine expanding the scope of quantification and proactively engage in investment and lending to projects and businesses that contribute to resolving issues for the transition to a decarbonized society.

Scenario Analysis Table

	Physical risk	Transition risk
Scenario	IPCC Fifth Assessment Report RCP2.6 (2°C scenario)/8.5 (4°C scenario)	NGFS Net Zero 2050 (1.5 °C), Delayed Transition, Current Policies
Target period	Year 2050	Year 2050
Risk events	Impairment of collateral value due to flooding, occurrence of defaults	Business/financial deterioration of investment and lending companies due to the transition to a decarbonized society, occurrence of defaults
Target business	Domestic real estate non-recourse loans, domestic project finance, housing loans, and unsecured loans and personal unsecured loans of Shinsei Financial	Electric Power Utilities, Oil and Gas, Shipping
Financial impact	Cumulative credit cost impact of around JPY5.5 billion to JPY9 billion	Cumulative credit cost impact of around JPY6.5 billion to JPY28 billion

Scenario Analysis Matrix

(Time axis) Short term: ▲ Medium term: ● Long term: ■

	1.5°C scenario	4°C scenario
Scenario	<p>Technological innovation and tightening of regulations on measures against climate change are advancing.</p> <ul style="list-style-type: none"> Tightening regulations and technological innovation advances (elicitation of risk of transition). The Paris Agreement moves from the target to the implementation phase. In addition to the introduction of strict carbon tax, the decarbonization social rapidly progresses due to aggressive policy guidance. The damage caused by floods and typhoons is suppressed compared with 4°C. Along with the tightening of regulations and technological innovation to achieve 2°C or less, there is also the possibility that an economic recession will occur mainly due to the default of companies that cannot keep up with changes in the social structure and an increase in structural unemployment caused by mismatch. 	<p>Current measures against climate change will be maintained.</p> <ul style="list-style-type: none"> Many countries withdraw from the Paris Agreement. Carbon tax will be maintained, and low-carbon policies will be abandoned. Due to flooding caused by the heavy rainfall of guerilla, and the intensification of landfalling typhoons, wind and flood damage increases. Due to frequent disasters, physical risks materialize. Due to repeated financial measures for frequent wind and flood disasters, fiscal deterioration spreads, and sovereign rating downgrades and long-term interest rates rising, and an economic recession such as a decline in real estate prices occurs. As a result, the fiscal expenditure for frequent disasters causes an increase the fiscal deficit. Thereby, interest rates rise, and real estate values fall.
Risks	<ul style="list-style-type: none"> Increased risks of defaults in the high greenhouse gas emission sector (Including stranded assets such as coal-fired thermal power generation). ▲ Along with the tightening of regulations and technological innovation to achieve 2°C or less, the default risk of non-high greenhouse gas emitting sector companies and individuals rises, and credit costs are further incurred. ▲ 	<ul style="list-style-type: none"> The occurrence of defaults in investments and lending due to the actualization of wind and flood disasters. ▲ ● ■ Increasing default risk in personal business due to the due to disasters and income declines of debtors. ▲ ● ■ Credit costs arising due to falling real estate values. ● ■ Unrealized losses on securities, mainly bonds. ● ■
Opportunities	<ul style="list-style-type: none"> Increasing of needs for transition assistance financing. ▲ Increasing of investment and lending needs for decarbonization. ▲ 	<ul style="list-style-type: none"> Since many large loan portfolios are relatively strong, demand for funds for repairs and strengthening disaster prevention equipment increases. ▲ ● ■ Increasing needs for hedging climate change risks and for insurance products. ▲ ● ■



Impact on SBI Shinsei Bank Group and Response

Initiatives through Business

- Continue arranging project finance for renewable energy such as solar, wind, and geothermal.
- Efforts to finance green social and industrial infrastructure, such as environmentally friendly vessels and environmental real estate.
- Promote Transition Finance (Transition Support Finance) with a focus on High-Emission Sectors.
- Promote leasing of construction machinery used for natural disaster recovery and countermeasures as well as brokerage of used property sales.

Risk analysis

- Impact of physical risks (domestic real estate, domestic project finance, housing-related, and consumer) have been quantified. From now on, we will expand and refine the scope of measurement.
- Quantified transition risk (electricity/oil and gas sector, vessels sector) completed. In the future, we will expand the scope of measurement coverage and promote refinement.

Target setting

- JPY5 trillion of cumulative origination of sustainable finance by the end of FY2030.
- Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040.
- Net zero greenhouse gas emissions in the Shinsei Bank Group's investment and loan portfolio by the end of FY2050.

Risk Management

Responsible Investment and Lending Policy

In July 2021, the Group established the Responsible Investment and Lending Policy with the aim of upgrading the system for promoting responsible investment and lending. Transactions with partner companies that do not fully consider environmental and social issues is seen as a management risk, and we prohibit or restrict transactions based on the recognition that there are serious risks to the environment and society when investing and lending for certain types of projects.

From the perspective of responding to climate change, based on a precautionary approach, we do not make new investments for the construction of new coal-fired thermal power plants and we are reducing the amount of investment and lending for existing coal-fired thermal power plants.

Equator Principles

For creating a positive social impact, the Group is strongly aware of the role of encouraging customers to consider the environment and society as a provider of

funds. In April 2020, we adopted the Equator Principles in the belief that this is essential for strengthening the management system for environmental and social risks in project finance and other areas. When lending for projects that involve largescale developments, we review the impact of these projects on the environment and society and make comprehensive decisions based on the Equatorial Principles, in this way fulfilling our social responsibility and enhancing our management of environmental and social risks.

Fiscal 2022 results:

Number of projects financially closed by applying the Equator Principles:

10

* Includes one Project Finance Advisory Service (FA) and therefore does not equal the sum of the risk category award outcomes below.

Equatorial Principles risk categories used when financing these projects:

A: 0, B: 8, C: 1

Poseidon Principles

The Group recognizes the importance of financial

institutions' initiatives to address climate change risks in the shipping industry. Reducing GHG emissions is an unavoidable issue for the shipping industry. We understand that it will become more crucial to be aware of the Poseidon Principles and to respond to them in climate change risk for vessel financing.

In March 2021, we signed the Poseidon Principles as the fourth financial institution to do this in Asia. In committing to the Poseidon Principles, as a financial institution that proactively engages in vessel financing, we will provide financial support for transitions to customers and the overall shipping industry as well as manage the climate change risks associated with our businesses.

From now on, we will continue to renew our lending portfolio by strengthening our financing for vessels equipped the latest technologies, such as new/young and dual-fuel vessels. In addition to our customers, we will continue to strengthen our network with stakeholders who support the shipping industry, creating a virtuous circle that seizes opportunities for environmentally friendly vessels and green/transition finance.

GX League

In November 2022, the Group announced support for the GX League Basic Concept, a carbon neutral initiative led by the Ministry of Economy, Trade and Industry, and in April 2023 we participated in the GX League. As part of the Group's initiative to reduce our own GHG emissions, we switched to renewable energy last fiscal year at the Nihonbashi head office and Shinkawa office in Tokyo. In addition, we will continue to work using dialogues to help reduce GHG emissions in the investment and lending sectors.

Metrics and Targets

Targets for Addressing Climate Change through Businesses

Investment and lending for renewable energy is an area where the Group has been strong, and we believe it is an important role of financial institutions to provide funds to customers who are working to help resolve environmental and social issues.

- JPY 5 trillion of cumulative origination of sustainable finance by the end of FY2030
- Supporting the transition promotion of corporate customers in high GHG emission sectors

Goal of contributing to a decarbonized society

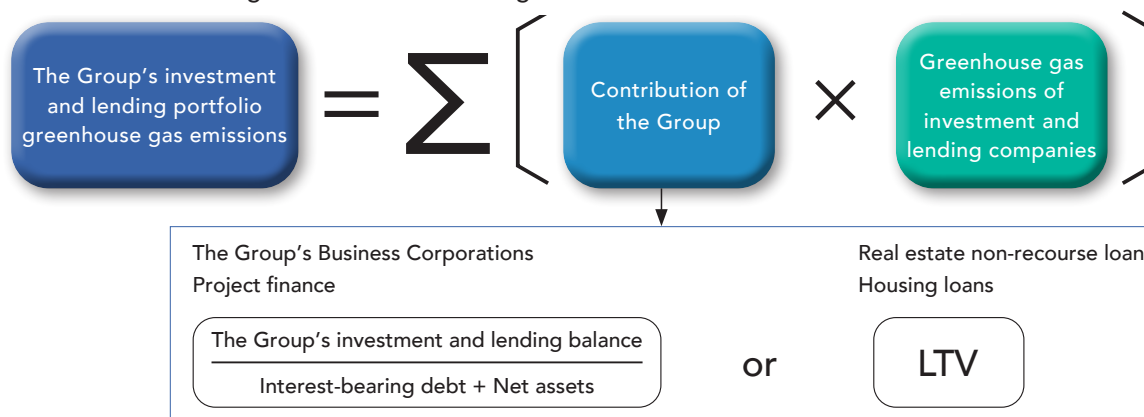
In fiscal 2022, we switched to renewable energy at the Nihonbashi head office and Shinkawa office in Tokyo. Through this initiative, we were able to reduce the greenhouse gas (GHG) emissions of the entire group. Companies in the Group will continue to work together to reduce GHG emissions to reach the Group's target: "net zero greenhouse gas emissions from the Group's energy use by the end of FY2030."

For more detailed information on GHG emissions, please refer to the ESG Data ---Environment (p.75) of this report.

- Net zero GHG from the Group's energy use by the end of FY2030
- Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040
- Net zero GHG emissions in the Group's investment and lending portfolio by the end of FY2050

Investment and Lending Portfolio Greenhouse Gas Emissions

Formula for Calculating Investment and Lending Portfolio Greenhouse Gas Emissions



What is the Group's investment and lending portfolio for GHG emissions?

This is the ratio of the investment and the lending balance of the Group to the GHG emissions for each investment and lending companies.

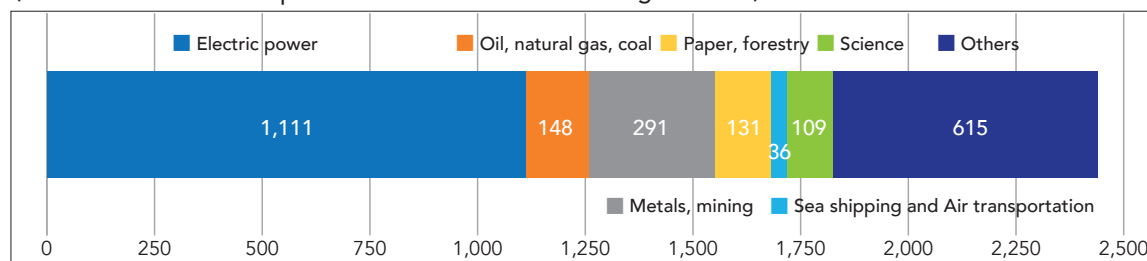
The net assets of listed companies are the market capitalization of common stock and preferred stock.

Measurement Results of the Bank's Business Corporations, Project Finance, Real Estate Nonrecourse Loans, and Housing Loans

Asset type	Balance to be calculated (JPY1billion)	GHG emissions (ktCO ₂ e) ^(*)	Carbon intensity	Data quality score ^(**)
Business corporations	1,640	2,441	2.06 (ktCO ₂ e/JPY1billion)	2.41
Project Finance	134	521	0.60 (ktCO ₂ e/MWh)	3.00
Real Estate Nonrecourse Loan	715	198	0.09 (ktCO ₂ e/km ²)	4.00
Housing loans	1,109	92	1.50 (ktCO ₂ e/JPY1billion)	4.34

Breakdown of Greenhouse Gas Emissions by Sector (the Bank's Business Corporations Investment and Lending Portfolio)

(ktCO₂e)



The Group has set the target of achieving net-zero GHG emissions from the Group's investment and lending ^(*) by the end of fiscal 2050.

At the same time, the actual GHG emissions are calculated based on the international standards published by PCAF ^(**). In fiscal 2022, we also measured GHG emissions from our investment and lending portfolio for project finance and real estate Nonrecourse loans ^(***) in addition to a portion of Bank's business corporations and housing loans. From now on, we plan to continue working in stages to gradually increase the number of target assets and improve the accuracy of calculations.

*1 Greenhouse gas (GHG) emissions are calculated using the international standards published by PCAF. For details see PCAF The Global GHG Accounting & Reporting Standard for the Financial Industry. <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

*2 Data quality scores: Accuracy is scored on 5-level scale for each measurement/estimating approach for GHG emissions of investment and lending. The smaller the value, the higher the accuracy.

*3 These GHG emissions are calculated as the contribution of the Group to the total GHG emissions of each investment and lending.

*4 The Bank became a member of the PCAF (Partnership for Carbon Accounting Financials) in October 2022 and is working to upgrade the assessment of GHG emissions from investment and lending through PCAF's GHG gas transparency protocols (aggregation method).

*5 Of the six asset types in the PCAF standards, we measured GHG emissions of the investment and lending portfolio based on the calculation methods from "listed stocks and corporate bonds" and "business loans and unlisted stocks" for the Bank's business corporations, as well as "residential real estate" for housing loans, "project finance" for project finance, and "commercial real estate" for real estate non-recourse loans.

Glossary & URL

PCAF "The Global GHG Accounting & Reporting Standard for the Financial Industry" <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

Initiatives for Employees

The SBI Shinsei Bank reviews its human resource systems and measures based on the perception that the most important issue for organizational growth is for all employees to demonstrate their capabilities and to be motivated in their work. In order to provide customers with optimal value, the Group works together to develop human resources, utilize human resources, and foster an organizational culture.



Usei Yano
Executive Officer, In charge of Group Human Resources

The SBI Shinsei Bank Group believes that "human resources" are the most important capital. We aim to prepare an environment for each employee to demonstrate their full potential and grow significantly while respecting their career development and spirit of challenge. By bringing together human resources with various personalities and strengths, and linking them organically, we will create new value that is not constrained by existing concepts and provide financial products and services that meet the diverse values and needs of our customers.

SBI Shinsei Bank Human Resources Strategy

The SBI Shinsei Bank Group believes that human resources with diverse characteristics and values can continue to create new value as an organizational unit by recognizing and accepting each other's existence and leveraging everyone's respective strengths. We have been promoting the creation of systems and a corporate culture that enables us to acquire and secure a diverse range of human resources to realize continuous value creation. In terms of recruitment, we are actively recruiting personnel through referrals from the Group's employees as well as reemploying those who once retired from the Group and have accumulated experience at other companies. We also provide a place for alumni, a network of retirees, to interact. 60% of employees regularly hold "1on1 Meeting," an opportunity for one-on-one dialogue between supervisors and their subordinates that started in fiscal 2021, aiming to foster human resources respecting the formation of individual careers. In addition, we have introduced some systems to encourage employees to acquire qualifications and online learning services to

support their autonomous learning.

In fiscal 2022, we integrated our personnel system and personnel management system in order to realize optimal human resource management for the SBI Shinsei Bank Group's major subordinate companies. We also actively promote personnel exchanges within the SBI Group and SBI Shinsei Bank Group by means such as open recruitment to correspond to the expanded businesses and to create synergies between both Groups.

SBI Shinsei Bank Group's Mindset for Working Styles

The SBI Shinsei Bank Group aims to be a workplace where employees can grow through business and demonstrate strong results as a team, while choosing flexible and efficient ways of working according to their respective life stages and life events. We believe that respecting each other and demonstrating each other's strengths by members with diverse backgrounds and values is the source for continually demonstrating strong organizational strengths even in an uncertain environment that changes day by day.

Work Style Support

Remote Work System

Allows employees to work outside the office, such as at the employees' home or family's home, for an unlimited number of days.

No Dress Code

Dress code guidelines have been abolished.

Flextime

Allows employees to start or finish work up to two hours earlier or later than normal.

Career Support

Side Work/ Concurrent Work

Allows employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company.

Life Support Leave

Leave system that supports a variety of working styles and career development in accordance with each person's life stage.

Active Participation of Women

Providing career support to women who aim to become managers and establishing initiatives to change our organizational culture.

Active Participation of Senior Personnel

Provide training programs to enable senior employees to independently design their careers.

Diversity and Inclusion (D&I) at SBI Shinsei Bank Group

In order to continue to create sustainable value, the SBI Shinsei Bank Group aims to create an organization in which diverse human resources can play an active role and become a company in which each employee can work with satisfaction regardless of his or her age, gender, nationality, disability, sexual orientation, or identity.

We are promoting the creation of a work environment in which employees can work with a sense of satisfaction and purpose in order to achieve continuous results, including the introduction of a remote work system, a self-time difference work system, a flextime system, a life support leave/time reduced working hours system, a three-day work week/ four-day work week system, and the complete abolition of dress codes. In order to push forward the promotion and utilization of diverse careers, we are helping to create an autonomous career that takes advantage of each individual's strengths and individuality. For example, we became the first major bank to allow side/concurrent work, so that

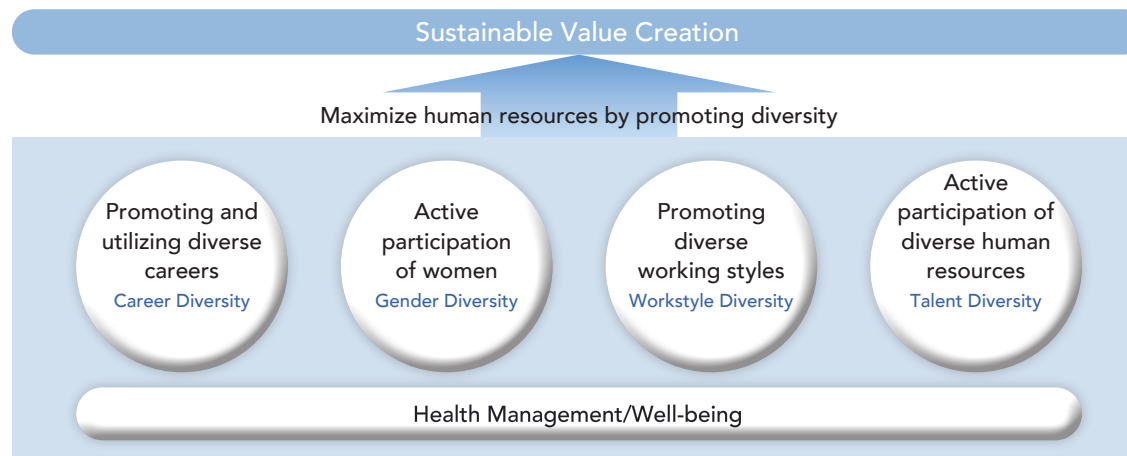
Workstyle Reform-Related Programs of SBI Shinsei Bank Group

System	Details
Self-Directed Flex-Time	Allows employees to start or finish work up to two hours earlier or later than normal starting or ending times in increments of 30 minutes
Flex-Time System	Allows employees to fix daily starting time and working hours within the predetermined total working hours per month
Three-day Work/Four-day Work per Week	Allows employees to work either three days or four days per week
Work from Home	Allows employees to work for an unlimited number of days from their home or a relative's home (within two degrees of kinship)
Side Work/Concurrent Work	Allows employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company
Commuting by Bicycle	Allows employees to commute by bicycle
Half-Day Paid Time Off	Allows employees to take time off in half-day increments during designated hours in the morning or afternoon
Hourly Paid Time Off	Allows employees to take time off up to five days per year and up to four hours per day in one-hour increments (in combination with half-day paid time off)
Special Leave to Male Employees for Childbirth	Allows for 20 days leave after spouse's pregnancy up to the child reaches two years old (allows employees to take leave on a split basis or in half-day units)
Life Support Leave	Allows employees to take a leave of absence for reasons including childcare, family care, study abroad, fertility treatment, spouse work transfer, etc., not covered by existing frameworks
Life Support Reduced Working Hours System	Working time reduction system for reasons that cannot be covered by the statutory working time reduction system
Maternity Leave	Female employees can take leave six weeks prior to childbirth and eight weeks following childbirth
Childcare Leave	Allows employees to take leave for childcare up to the child reaches two years of age
Family Care Leave	In principle, employees can take up to a total of 240 days off to care for each family member who requires care

(Note) Only employees satisfying certain conditions are eligible to take the systems noted above.

employees are able to link learning outside the company or in a place away from business for individual growth and organizational innovation.

In April 2023, the five SBI Shinsei Bank Group companies* formulated an action plan based on the "Act on Advancement of Measures to Support Raising Next Generation Children and The Action Plan for Act on the Promotion of Women's Active



Engagement in Professional Life," for three years starting in fiscal 2023. The Group set three common targets to create an environment and foster an organizational culture in which all employees at the Group can demonstrate their abilities and play an active role with reward while harmonizing their work and lifestyles.

* SBI Shinsei Bank, Ltd., APLUS Co., Ltd., Shinsei Financial Co., Ltd., Showa Leasing Co., Ltd., and Shinsei Investment & Finance Co., Ltd.

Action Program of SBI Shinsei Bank

- Target 1:** Achieve a ratio of 25% or more for women in managerial positions (Senior managerial positions or higher) ■
- Target 2:** The average rate of annual paid holidays taken shall be 70% or more, as a promotion to create a work environment in which all employees can work in a healthy and rewarding manner and are able to produce results. ■ ■
- Target 3:** All employees are to receive information and training that is aimed at contributing to the development of an environment and a corporate culture while balancing work and lifestyles at each life stage. ■ ■

■ Act of the Promotion of Women's Active Engagement in Professional Life
■ Act on Advancement of Measures to Support Raising Next Generation Children

Active Participation of Women at SBI Shinsei Bank Group

The SBI Shinsei Bank supports the “Declaration on Action by a Group of Male Leaders Who Will Create a Society in which Women Shine” advocated by the Cabinet Office. In addition, we are actively promoting women’s career through the signing of the Women’s Empowerment Principles. The Group Women’s Activity Promotion Committee, established in February 2018, is composed mainly of the top management of business divisions and directors of Group companies and is strongly driving the promotion of the active participation of women in the Group. In April 2022, we obtained the “Eruboshi (Stage 3)” certification based

on our efforts and achievements in promoting the active participation of women.

International Women’s Day Event

The SBI Shinsei Bank Group held events and webinars for five days from March 6 to March 10, 2023, as “Women’s Week 2023,” in conjunction with the “International Women’s Day,” which is held every year on March 8th, to learn and think about gender equality, women’s empowerment and D&I.

During the period, we held events to show support for gender equality such as using original web backgrounds, wearing yellow clothing, and posting of photographs associated with the International Women’s Day on Women’s

Week 2023 community of the internal SNS. In addition, we invited Ms. Takako Masai, Chairperson, SBI Finance and Economy Research Institute, and held a lecture on D&I and the promotion of women’s participation entitled “My thoughts on Gender Equality --- To Live an Enriched Life.” In the latter half of this lecture, a panel discussion was held by Ms. Masai, Katsuya Kawashima, President and CEO, Eisuke Terasawa, Director and Managing Executive Officer, Yoko Adachi, Managing Executive Officer and Tomoko Ogawara, Executive Officer of the Bank. Participants actively exchanged views on the promotion of women’s participation. A networking opportunity of women leaders in the SBI Group and the SBI Shinsei Bank Group, with the attendees and the management team was held following the lecture.

In addition, we held the “Unconscious Bias” seminar using an online format, featuring Mr. Tomotaka Moriya, the president of the UNCONCIOUS BIAS LABORATORY, a general incorporated association, as a lecturer. Mr. Moriya gave a lecture about the meaning of unconscious bias, the impact of unconscious bias, and how to deal with it.



■ Target Ratio of Women in Management Positions (Senior Manager or Above) (From April 1, 2023)

SBI Shinsei Bank	APLUS	Shinsei Financial	Showa Leasing	Shinsei Investment & Finance
25%	25%	20%	12%	18%



Initiatives for LGBTQ +

Aiming to create an organizational climate in which sexual minority employees can work with peace of mind, we are enhancing our personnel and welfare systems and installing consultation desks, as well as conducting training for all employees and promoting alignment activities.

In November 2022, major SBI Shinsei Bank Group companies received the highest "Gold" in PRIDE Index, an index for evaluating efforts by voluntary group "work with Pride" which promotes to improve workplace environments for LGBTQ and other sexual minorities.



Icons of ally that incorporated rainbow, a symbol of LGBTQ+

Employment Initiatives for Persons with Disabilities

There are 95 people with disabilities working in various SBI Shinsei Bank Group workplaces (as of April 2023), based on the idea that individuals with diverse values should be able to harness their individuality and work together in the same workplace, rather than separating people with disabilities from those without disabilities. In October 2020, we joined the Accessibility Consortium (ACE) established with the aim of setting up a new model for the employment of people with disabilities. In March 2021, the Group endorsed "The Valuable 500", an international initiative to promote the active participation of people with disabilities.

Efforts for Employee Health

The SBI Shinsei Bank Group is working to maintain and improve the health of employees and create a safe and comfortable working environment in cooperation with the Health Committee and industrial health, in accordance with

laws related to occupational health and safety. The health management promotion section of the Group Human Resources Division is working to promote employees' health management. Each Group company's health management committee, the Health Management Promotion Committee, and the Health Insurance Association are actively involved in collaborating with the Health Development Center, industrial physicians, and public health nurses to create a viable system. We have formulated the SBI Shinsei Bank Group Health and Management Declaration to further promote healthy management, in order to create a workplace environment in which employees can work happily and with satisfaction both mentally and physically and are able to demonstrate their abilities. We are also promoting health management by holding regular walking events using smartphone apps co-sponsored by the Health Insurance Association and conducting mental health training after stress checks. In 2021, 2022, and 2023, we were certified as an "the outstanding organizations in Health & Productivity Management."

Special Feature
Roundtable
Talk by an
Executive
Officer and
Employees

SBI Shinsei Bank Group's Flexible Way of Working

[Attendees]



Managing Executive Officer, In charge of Financial Institutional Business and Institutional Business, SBI Shinsei Bank, Limited
Ms. Hiroko Adachi

After working in a foreign financial institution, Ms. Adachi moved to Goldman Sachs in 1998 and accumulated experience in product development, sales, and management before joining the Bank in September 2021.



Markets Division, SBI Shinsei Bank, Limited
Mr. Shinichiro Okamoto

Mr. Okamoto joined the Bank in 2008. After working at a branch office, he got transferred to the Markets Division through internal recruitment. After that, he moved to a specialty trading company before re-joining the Bank.



Legal Department, Group Legal and Compliance Division, SBI Shinsei Bank, Limited
Ms. Chikako Karasawa

Ms. Karasawa joined the Bank in 2008. Since then, she has accumulated vast experience as a specialist in banking-related legal affairs matters. In April 2015, she resigned due to her husband's work and relocation overseas. In November 2020, she returned to Japan and rejoined the Legal Department, using the reemployment system.



Operation Control Department, APLUS Co., Ltd.
Ms. Yuna Tatsumi

Ms. Tatsumi joined APLUS Co., Ltd. in 2018. Initially she was hired as a regionally-limited employee and worked at the Fukuoka Operations Center for about five years. In 2022, through the internal job posting system, she transferred to the Operation Administration Department in Tokyo.



Yokohama Financial Center, SBI Shinsei Bank, Limited
Mr. Takuya Omasa

Mr. Omasa joined the Bank in 2015. He has been in charge of asset management support for individual customers as a retail banker. After working at the Umeda Financial Center and secondment to APLUS, he started working at Yokohama Financial Center from 2017.

*current SBI Shinsei Bank

The SBI Shinsei Bank Group, which joined the SBI Group in December 2021, is aiming for further growth. The structure of the Bank has been enhanced, and not only the organization but also the diversification of employees is progressing. We held a roundtable talk with employees having diverse backgrounds, which has been the source of our value creation. An executive officer was the moderator, and discussed the attraction of the SBI Shinsei Bank Group as a place to work, as well as the challenges and expectations for future growth as an organization, and as individuals.

Able to build careers flexibly in response to changes in individuals

Adachi: Today we have gathered people from various backgrounds. In 2021, I shifted my career from a foreign financial institution. Upon doing so, I realized that SBI

Shinsei Bank was more flexible than I thought, with many mid-career hires and returnees. How is SBI Shinsei Bank as a workplace from your perspective?

Tatsumi: I originally joined APLUS as a regional-limited employee because I wanted to work in Fukuoka, but as I gained experience, I wanted to take on new challenges, so I applied for an internal job posting. My boss was proactive, and I was able to transfer smoothly. Now I am working at the head office in Tokyo for a limited time of two years. I am grateful to have this kind of experience. Last year, the Operations Management Group tried the work style of experiencing head office operations in Tokyo without living in Tokyo.

Adachi: What people want in the workplace changes according to the life stage, so it would be good for the

company to be able to respond to it.

Karasawa: I use the employment system in line with changes in my life stage. Due to my husband's transfer overseas, I retired from the Bank; however, I was able to return to work after five years. I retired at the time the Bank formally introduced the returning employee system, so I registered for it. After returning to Japan, I found that the working environment had become easier, and, therefore, I was able to return to the company with peace of mind. Not a few people came back after leaving the Bank once, before this system was established, so I didn't feel much anxiety. I feel that the Bank's support for balancing childcare is more extensive than before.

Adachi: There are a lot of people who come back to the Group.

Okamoto: I am one of them. I didn't quit the company because I didn't like it. As I had been working for one company since I graduated, I wanted to gain some experience in a different field. Once I actually left to work outside, I realized that the ordinary things at the Bank were very attractive for me, so I returned to the Bank. The Markets Division employs many mid-career hires with different backgrounds. There is no such thing as shared common sense, in a good way. My working place has a culture where we express our opinions clearly and share our work and progress in a way that everyone can understand. I am learning a lot by sharing my diverse experiences including failures.

Omasa: I myself have no experience of changing jobs, but I do not feel any discomfort towards such people. At the Yokohama Financial Center, I currently hold regular 1on1 meetings with the general manager. I can frankly convey my thoughts on working styles and career-building. I think that even if there is a change in the life stage in the future, we can flexibly update it while communicating with my boss.

To make further use of our strengths as an organization

Adachi: One of the attractions of the Bank Group is that it has a variety of businesses and a diversity of organizations. Where do you think the Group's business strengths and characteristics are, and where do you think are the areas to leverage those strengths throughout the Group?

Omasa: Since I am working at a retail business division, when I think from the customers' perspective, I think customers feel a great sense of security as they can use various ways to transact with the Bank using both physical branches and online banking. In particular, Internet banking will be increasingly needed in the future. We have strengthened our foundation since we joined the SBI Group.

We are trying to make new attempts that take advantage of our strengths with a sense of speed. We are also focusing on measures that take advantage of the characteristics of the regions in which branches are located, and in 1on1 meetings with the general manager, we are presenting concrete proposals and proceeding with discussions. I think there are many cases where the voices of front-line employees are utilized. In order to extend the system to the entire SBI Group, it would be good to exchange more ideas with less barriers between divisions.

Tatsumi: I also hope to increase the opportunities for interaction. I am involved in the development of a new screening system for the shopping credit business, and I receive feedback from people who develop systems in the SBI Group. I am collecting advice on areas that APLUS cannot develop on its own. Furthermore, I am also involved in improving productivity through the digitization of training tools. Introduction of the system has made it possible to receive training at the time and place of choosing, which has also resulted in a reduction in training time. I feel the power of the Group in such areas.

Karasawa: I also feel that one of the Group's strengths is its uniqueness. My foreign relative says that SBI Shinsei Bank is easy to use as there are many English-speaking staff. I think there was a public image that the Bank was rich in diversity as it originally made accounts that did not issue deposit passbooks early on, and there are 32 color cash cards which customers can choose from. Such image is still inherited in a good way, and I feel it is an appeal point. In addition, as one of our strengths, we are diligently working on new products. LegalTech services have developed since the COVID-19 crisis, and we have been conducting a variety of trials. It will take a little time for the actual effect to appear, but I have heard that if a certain amount of information is accumulated, the effect of the trial will appear all at once.

That is my expectation.

Okamoto: Considering other factors that differentiate us from other banks, I think we can design products that customers want with a high degree of flexibility. One of the works of the foreign exchange derivatives sales business is to design a scheme in response to customers' requests. The customer-oriented approach, the way in which we respond to requests across the Bank, has been prevailing. Therefore, I always feel grateful because the various divisions concerned, such as clerical work and credit management, respond flexibly.

My colleagues would suggest ideas and if they are good ones, we go ahead to try them. In order to make the most of this strength, staff should gain experience in managing business and personnel even in a small team, as you can take charge of management from an earlier stage.

Adachi: I think that the SBI Shinsei Bank Group will become an even more interesting organization once a variety of people accumulate their uniqueness by making positive use of it and communicate across divisional boundaries. By becoming a member of the SBI Group, I hope to work harder with all of you so that we can make good use of our advantages, continue to evolve, and create new products.



Social Initiatives

Concept of Social Contribution Activities

The SBI Shinsei Bank Group considers social contribution activities to be “activities that have a positive impact on the creation of a sustainable society in which employees of the Group can participate with sympathy,” and engages actively in these activities. As a corporate group that provides financial services to society, we are aware that the sound development of society is the foundation of the Group’s existence. We are fulfilling our role as a good corporate citizen that contributes to the development of society through sustainable growth and development. We are also aiming for value co-creation through collaboration with our partners.



Collaboration with the SBI Group in Social Contribution Activities

Orange Ribbon Campaign

The SBI Group has designated November, which is the “Child Abuse Prevention Promotion Month,” as the month for the “Orange Ribbon Campaign.” The SBI Shinsei Bank Group also participated in this campaign from fiscal 2022, encouraging employees to buy Orange Ribbon support goods and posting campaign posters at the Group’s major office buildings.

In addition, in order to deepen understanding of child abuse issues and social protection, we organized an online seminar in cooperation with The SBI Children’s Hope Foundation, a public interest incorporated foundation. Participants commented, “I realized how little I knew about child abuse and foster parents,” and “I realized the importance to understand the reality of the current situation with interest and think about what I can do.” These comments provided a meaningful opportunity for enlightenment.

Charity Sale - Contributing to Society by Eating Chocolate –

In 2019, SBI Shinsei Bank began holding charity sales in collaboration with CHOCOLABO, a B-type welfare facility operated by General Incorporated Association AOH that supports continued employment.

In fiscal 2022, in addition to the SBI Shinsei Bank’s Head Office, the charity sale was also held at the headquarters of SBI Holdings, Inc. A total of about 250 employees purchased products. The charity was a great success because the event provided an opportunity to contribute to society while enjoying high-quality chocolate. Initiatives to support people with disabilities will not only contribute to sales but can also provide opportunities for employment training. We hope to continue these sales regularly in the future.

SBI Shinsei Bank’s Contribution towards Financial Literacy Education

MoneyConnection[®], a basic financial literacy program, is a unique program developed in 2006 by Shinsei Financial with NPO-SODATEAGE-NET, an authorized specified nonprofit organization (“SODATEAGE-NET”), which has a proven record in supporting young people including those who are not in employment, education or training (NEET). Since fiscal 2012, the SBI Shinsei Bank Group has been supporting and collaborating with this nonprofit organization. The main focus is on high school students, and the program aims to prevent young people from becoming unemployed. By estimating the amount of money one needs to live alone, and simulating “work” based on cards that set certain occupations, form of employment, monthly income, age, etc., draws the students’ interest in “money” and “work.” Through this program it encourages each participant to become aware of a simple message, that “money is important to live.”

We are implementing a variety of initiatives to ensure that MoneyConnection[®] is continuously used to become a social resource that “connects young people and society.” In addition to implementation at municipalities, there are examples of this program being used in local financial institutions in supporting local youth support organizations and collaborating with local communities through employee participation.

The SBI Shinsei Bank Group intends to proactively contribute to the spread and development of MoneyConnection[®], in the area of financial literacy education, which is an area that is expected to grow further in the future.



Glossary & URL

The SBI Children’s Hope Foundation <https://www.sbigroup.co.jp/zaidan/>
General Incorporated Association AOH <https://chocolabo-group.com/aoh/>

MoneyConnection[®] Financial Literacy Program <https://moneyconnection.jp/>
NPO-SODATEAGE-NET <https://www.sodateage.net/>

Initiatives for Customers

Customer-Oriented Business Conduct

As a guideline for conducting business operations with top priority on customers' "best interests," SBI Shinsei Bank established the "Policy on Customer-Oriented Business Conduct" (hereinafter referred to as the "Policy") and an "Action Plan" to put this Policy into practice.

Each SBI Shinsei Bank Group company and all executives and employees of the Group have reaffirmed the importance of "Pursuing customer-oriented business conduct and contributing to our customers' asset formation," and to create synergies with the SBI Group at a maximum under "Customer-centric Principle," as well as by firmly committing to customer-oriented business operations, we will continue to contribute to the sustainable growth and development of society and the economy.

For additional details, please refer to the Bank's website.

Policy and Actions

Policy	Actions
<p>Consulting</p> <p>SBI Shinsei Bank places the utmost importance on fiduciary relationships and make proposals in line with customers needs.</p> <ul style="list-style-type: none"> • We provide our customers a series of services, from proposals to after-sales follow-up. • We assign staff with high level of expertise and financial knowledge to make optimal proposals at all times in line with the various life stages of our customers. • We strive to optimize our organizational structure in line with changes in customer needs. 	<ul style="list-style-type: none"> • We introduced the life plan design function and portfolio proposal function of Wealth Advisor, an asset management consulting tool of Wealth Advisor Co., Ltd., a SBI Group company, and promoted investment proposals for customers' medium-to long-term asset formation. • In August 2022, we opened SBI SHINSEIBANK MONEYPLAZA, a joint branch operated by SBI Shinsei Bank and SBI MONEYPLAZA, Co., Ltd., and began offering a variety of financial products and services, in addition we have been providing high-quality advice through face-to-face consulting sales.
<p>Products and services</p> <p>SBI Shinsei Bank offers a wide variety of financial products and services to meet various needs of its customers.</p> <ul style="list-style-type: none"> • We strive to prepare a product lineup that looks ahead to the 100-year life of customers, including objectives and issues at their life stages, including preparations for the future. • We provide optimal lineup that meet customers' needs by selecting from a wide range of products and services, not only within the SBI Shinsei Bank Group. • We provide easy-to-understand information in a way that is easier to understand so that customers can choose the most suitable products and services. 	<ul style="list-style-type: none"> • In fiscal 2022, we expanded our product offerings to 20 products. • As part of our efforts to improve our proposal structure, in February 2022, we suspended transactions based on solicitations of structured deposits. In June 2022, we began disclosing costs at the time of origination, and resumed solicitation and sales after establishing a system that enables customers to consider making transactions for these deposits as an investment product, in a comprehensible and understandable manner. • Prior to the introduction of the new system, we confirmed and checked conflicts of interest in financial products and services at the Individual-Related Business Products and Services Selection Committee and the Conformity Verification Subcommittee. • We conducted a semi-annual review of all financial products and services that have already been introduced, and confirmed not only the conflicts of interest but also the changes in market value, the occurrence of complaints, and the implementation of post-sales follow-up.
<p>Evaluation and education</p> <p>SBI Shinsei Bank reflects customers' voices in the evaluations of its branches and staff in order to make its customer-first philosophy into reality, and utilize them in the creation of a system for further skill improvement.</p> <ul style="list-style-type: none"> • We utilize the valuable opinions of our customers in the evaluation and training of our staff. • At the same time, we incorporate "multi-faceted evaluation" methods from superiors, colleagues, and subordinates. 	<ul style="list-style-type: none"> • From December 2022 to January 2023, we conducted a Customer Experience (CX) survey by using both e-mail and post mail. By using the content of the responses as an evaluation for fiscal 2022, we reflected customer feedback in the evaluation of our staff. • We conducted in-store surveys twice a year as a response quality test by an external research organization. In order to improve the quality of our service in the future, we have made efforts to review customer service and hospitality of the staff in the workplace.
<p>DX and channels</p> <p>We provide a variety of services and environments to enable customers to consult in accordance with their lifestyles.</p> <ul style="list-style-type: none"> • We provide a place of communication for our customers in response to technological developments and changes in society. • We provide an environment in which branches, contact centers, and the Internet cooperate to share important information received from customers, and customers can consult with any contact point smoothly. 	<ul style="list-style-type: none"> • SBI Shinsei Bank App was renewed in March 2023. This helped improve convenience by upgrading the layout that is easier to see, placing frequently used functions in a simple layout, adding convenient functions to the wire transfer menu, and new functions for the display of securities balance. • In our online channel we featured a chat with manned correspondence on the Web Reservation Form, and we worked to improve customer convenience by enabling customers to make reservations for consultations within three hours of entry that had not been possible before.