

Company Name: Shinsei Bank, Limited  
Name of Representative: Hideyuki Kudo  
President and CEO  
(Code: 8303, TSE First Section)

## Establishment of Responsible Investment and Lending Policy

Tokyo (Thursday, July 1, 2021) --- Shinsei Bank, Limited (hereinafter, “Shinsei Bank”) announced that Shinsei Bank Group has established the Responsible Investment and Lending Policy in order to realize responsible investment and lending for the environment and society. The Shinsei Bank Group recognizes that it is the social responsibility of financial institutions to help resolve environmental and social issues for sustainable society through its core businesses such as investment and lending.

### ■ Overview:

The policy applies to new investments and lending for institutional businesses of Shinsei Bank and its Group companies\*. The policy identifies business activities which are prohibited as well as businesses which require strict scrutiny regardless of the sector including certain specific sectors. In addition, the internal reporting system to Group Executive Committee and Group Sustainability Committee, disclosure of the information to stakeholders, and its implementation framework and process have been articulated in the policy.

### ■ Effective Date:

The policy is effective on July 1, 2021. The Shinsei Bank Group will continue to review the policy in accordance with changes in the external environment and its business activities.

### ■ Background:

The Shinsei Bank Group has been conducting its businesses while paying attention to environmental and social issues so that it can contribute to building a sustainable society as a part of corporate responsibilities. In 2020, the Shinsei Bank endorsed the recommendations of TCFD (Task Force on Climate-related Financial Disclosures) and adopted the Equator Principles to implement projects with due consideration to the environment and society. In 2021, the Shinsei Bank Group became a signatory member of the PRB (Principles for Responsible Banking) launched by the UNEP FI (United Nations Environment Programme Finance Initiative).

In recent years, the responsibility and expectations of the financial institutions as lenders have increased more than ever, together with stakeholders’ attention to sustainability issues in the society. In light of this, the Shinsei Bank Group has formulated the policy as a framework for promoting responsible investment and lending.

The Shinsei Bank Group defines that the Group’s sustainability management should be the way Shinsei Bank Group manages itself. It will contribute to the sustainability of society and aims to achieve sustainable growth through value-added initiatives.

Please refer to the appendix for the Responsible Investment and Lending Policy.

\* Showa Leasing Co., Ltd., APLUS Co., Ltd., Shinsei Financial Co., Ltd., Shinsei Trust & Banking Co., Ltd. (excluding trust account business), and Shinsei Securities Co., Ltd.

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*Shinsei Bank is a leading diversified Japanese financial institution providing a various range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <https://www.shinseibank.com/corporate/en/index.html>*

For further information, please contact:  
Group Investor Relations & Corporate Communications Division  
Shinsei Bank, Limited ([www.shinseibank.com](http://www.shinseibank.com))  
[Shinsei\\_PR@shinseibank.com](mailto:Shinsei_PR@shinseibank.com)



## Responsible Investment and Lending Policy

### Article 1 (General Provisions)

#### 1 Objectives

Shinsei Bank Group (“Shinsei Bank Group”) recognizes that it is the social responsibility of financial institutions to support the sustainable development of the environment and society and to help resolve environmental and social issues through its core businesses, investment and lending, and has established the Responsible Investment and Lending Policy in order to realize responsible investment and lending for the environment and society.

Shinsei Bank Group’s investment and lending activities are subject to financing judgment, taking into considerations the existence and severity of associated environmental and social negative impacts. We regard business transactions with companies that do not properly address environmental issues and social issues as a management risk, and will carefully judge risks and economic rationality. In addition, we will fulfill our social responsibilities by supporting solving environmental and social issues through constructive dialogues (engagement) with such companies.

#### 2 Positioning

As a subordinate rule of the Group Sustainability Policy, the Responsible Investment and Lending Policy identifies businesses that prohibit or carefully considers investment and lending across sectors or in particular sectors. In addition, we shall establish the implementation system and processes to ensure the effectiveness of the stipulated content.

#### 3 Corporate Governance Framework

##### i Establishment, Amendment and Abolishment

Establishment, amendment, and abolishment of the Responsible Investment and Lending Policy shall be subject to approval by the Group Executive Committee.

##### ii Reporting and Deliberation

The Group Sustainability Committee regularly reports and discusses the status of business execution based on the Responsible Investment and Lending Policy and the status of risk management in applicable business areas.

After summarizing the content based on discussions at the Group Sustainability Committee, we will regularly report to the Group Executive Committee, revise the policies and review the selection of businesses to be applied as needed, and continuously work to upgrade the Responsible Investment and Lending Policy.

iii Disclosure of Information

Information on matters discussed by the Group Executive Committee and the Group Sustainability Committee that are important to outside stakeholders shall be, as far as possible, disclosed in the Group's Integrated Report etc.

4 Applicable Products and Services

The Responsible Investment and Lending Policy applies to the new investment and lending for institutional businesses of the Shinsei Bank and the following group companies.

- i. Showa Leasing Co., Ltd.
- ii. APLUS Co., Ltd.
- iii. Shinsei Financial Co., Ltd.
- iv. Shinsei Trust & Banking Co., Ltd. (excluding trust account business)
- v. Shinsei Securities Co., Ltd.

5 Applicable Businesses

i. Businesses Prohibited Regardless of Sector

Businesses that fall under any of the following categories are considered to have significant environmental and social risks or negative impacts. We do not enter into any new investment and lending transactions under any of the following categories.

- All transactions with companies and businesses involving anti-social forces
- Businesses in violation of laws and regulations or aimed at illegal acts or evasion or circumvention of laws
- Projects contrary to public order or morality
- Projects that negatively impact on Ramsar-designated wetlands
- Projects that negatively impact on UNESCO-designated World Heritage sites (excluding projects that have received prior consent from the related local government and UNESCO)
- Businesses violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention) (taking into consideration any country's specific reservation(s) to the convention)
- Business with evidence of involvement in human rights abuses such as trafficking in persons, child labor, or forced labor
- Companies that develop and manufacture cluster munitions, anti-personnel landmines and other inhumane weapons, chemical weapons, and biological weapons, and businesses that develop and manufacture nuclear weapons

ii. Businesses that Require Additional Due Diligence Regardless of Sector

With regard to businesses that fall under the following items, we recognize that

they involve risks or negative impacts on the environment and society. When considering investment and lending of such businesses, we assess the status of our customers' environmental and social initiatives to manage such risks, and carefully make business decisions.

- Projects that have a negative impact on indigenous people's local communities
- Projects involving land expropriation leading to involuntary resettlement

iii. **Businesses Prohibited in Specific Sectors**

Recognizing that investment and lending in the following sector involves significant risks or negative impacts on the environment and society in the viewpoint of frameworks such as the Sustainable Development Goals (SDGs) and the Paris Agreement, we do not enter into new investment and lending transactions.

- **Coal-Fired Thermal Power Plants**

We do not enter into new investment and lending transactions for the construction of new coal-fired thermal power plants both internationally and domestically since there are concerns about environmental negative impacts due to larger amounts of greenhouse gas emissions compared to other power generation methods.

iv. **Businesses that Require Additional Due Diligence in Specific Sectors**

Recognizing that investment and lending in the following sectors involves risks or negative impacts on the environment and society in the viewpoint of frameworks such as the Sustainable Development Goals (SDGs) and the Paris Agreement, when we consider implementing financing in such projects, we assess the status of our customer's environmental and social initiatives to manage such risks and make careful business decisions.

- **Forestry and Lumber**

When considering investment and lending of projects involving deforestation, we confirm the status of our customer's environmental and social initiatives, including internationally recognized forests certification, such as FSC (Forest Stewardship Council), and pay careful attention to the existence of problems with local communities, including indigenous peoples, and with stakeholders, and make careful business decisions. In addition, if large-scale deforestation is involved in a project subject to investment and lending, we shall confirm that illegal deforestation and incineration have not been carried out in accordance with the laws and regulations of each country, and the impact on the ecosystem.

- **Palm Oil**

When implementing financing for the palm oil business, we confirm if the

palm oil business has been certified by internationally recognized organization such as RSPO (Roundtable on Sustainable Palm Oil) and confirm such customer's approach to NDPE (No Deforestation, No Peat and No Exploitation) policies. We also assess the status of implementation of measures to conserve forest resources and biodiversity, confirm that the business does not involve human rights violation such as child labor and confirm if the business has any troubles local communities or stakeholders including indigenous peoples before we carefully make business decisions.

- Coal Mining

When providing finance for coal-mining businesses, we carefully assess the impact of the operations on ecosystem, the status of occupational health and safety considerations, and relationships with local communities and stakeholders, including indigenous peoples, and make business decisions carefully. In addition, we do not enter into new financing transactions in the coal-mining projects conducted using MTR (Mountain Top Removal) method, which has severe negative impact on the natural environment.

- Large-Scale Hydropower Plants

When providing finance for large-scale hydroelectric power projects, we assess the negative impacts on ecosystems and local communities, confirm the status of our customer's environmental and social initiatives, and make business decisions carefully.

## 6 Implementation System and Processes

In order to implement the above-mentioned policies, the department in business unit that has direct contact with customers (hereafter referred to as the Front Office) confirm, prior to the transaction, whether the transaction fall under the Applicable Products and Services and the state of the customer's implementation of the environment and society measures, based on publicly available information and additional information provided by the customer. The department responsible for promoting sustainability management conducts additional assessment or provide information to the Front Office as necessary.

When Shinsei Bank provides finance to large-scale development projects, in order to avoid or mitigate negative impacts on natural environments and local communities, Shinsei Bank conducts environmental and social impacts review in accordance with the Equator Principles framework and confirms whether appropriate environmental and social considerations have been implemented in the projects.