



“Sustainable Impact” Sustainability Linked Loan to Heiwa Real Estate Co., Ltd.

Tokyo (Monday, February 28, 2022) --- Shinsei Bank, Limited (hereinafter, “Shinsei Bank”) promotes “Sustainable Impact Initiatives” by integrating the perspectives of ESG, SDGs as well as Sustainability into our business with the concept of social impact which aims to have a positive impact on society, adding the environmental, social and the economic value. We provide financing to companies and their businesses addressing social issues with positive impacts through continuous dialogue with those corporate clients.

On February 28, 2022, Shinsei Bank executed a “Shinsei Sustainability Linked Loan” (the “Loan”) to Heiwa Real Estate Co., Ltd. (Headquartered in Chuo-ku, Tokyo; Kiyoyuki Tsuchimoto, Representative Director and President;).

Sustainability Linked Loan is a loan product that promotes the client’s sustainability management and aims to increase corporate value and realize sustainable economic activities from environmental and social perspectives by setting sustainability performance targets (“SPT”) that are consistent with the client’s overall sustainability management policy and business strategy and aligning loan terms and conditions, such as interest rates, to the client’s performance against SPTs and motivating the client to achieve them. The loan is aligned with the “Shinsei Sustainability Linked Loan Framework”^{*1} (the “Framework”) formulated by Shinsei Bank in February 2022, and the Framework is consistent with the Sustainability Linked Loan Principles developed by the Loan Market Association and other organizations.

The Heiwa Real Estate Group (the “Group”) was founded in 1947 as a real estate company that owns and leases stock exchanges buildings and its management policy is “Provision of Safe and Comfortable Offices and Living Spaces, thereby Contributing to People and the City”. The Group identified “Climate Change Countermeasures” as one of the Group’s materiality in its Sustainability Vision and has selected the long-term initiative target of the Countermeasures as SPT of the Loan. Shinsei Bank supports the Group’s efforts on its sustainability management through the implementation of the Loan.

<Overview of the Loan>

Borrower	Heiwa Real Estate Co., Ltd.
Use of funds	Business funds
KPI	Greenhouse gas (GHG) emissions (Scope1+2)
SPT	50% reduction in GHG emissions from the Heiwa Real Estate Group as a whole by fiscal 2030 (compared with the amount in fiscal 2018) (the “SPT”)
Social issues that the achievement of the SPT is expected to contribute to improving	<ul style="list-style-type: none"> ✓ The Japanese Government set medium and long-term targets and strategies towards decarbonization. It recently declared that Japan aims to reduce its greenhouse gas emissions by 46% in fiscal year 2030 from its fiscal year 2013 levels and will continue further to strenuous efforts in its challenge to meet the lofty goal of by 50%. To achieve these goals, initiatives in housing and building are required such as enhancing energy conservation, promoting the introduction of renewable energy generation facilities and switch to decarbonized energy sources. We evaluate that the Borrower’s efforts to achieve the SPT will contribute to these initiatives. ✓ The achievement of the SPT is expected to advance UN Sustainable Development Goals (SDGs), especially to “Goal 7: AFFORDABLE AND CLEAN ENERGY”, “Goal 11: SUSTAINABLE CITIES AND COMMUNITIES”, and “Goal 13: CLIMATE ACTION”.
Other positive points of the Group’s efforts on achieving the SPT	<ul style="list-style-type: none"> ✓ The Borrower has installed solar power generation facilities at its multipurpose building “KABUTO ONE”, which was completed in August 2021 as a leading project in its Nihonbashi Kabutocho and Kayabacho revitalization project. We evaluate that the Borrower makes efforts to achieve the SPT while trying to create additionality in impact, creation of a positive impact to society as a whole.

*1 Please refer to the attached reference; an overview of the “Shinsei Sustainability Linked Loan Framework”. Sustainable Impact Assessment Department, which is designed to be independent within Shinsei Bank, confirms that the Loan aligns with the Framework. For details, please refer to the URL below (Japanese text only).
https://www.shinseibank.com/institutional/sustainable_finance/pdf/psll220228.pdf

Shinsei Sustainability Linked Loan Framework

In recent years, as a means of raising funds, more companies have chosen sustainable finance such as green loans, social loans or transition loans, which integrates sustainability factors such as environment, social and governance into financing to economic activities. Sustainability Linked Loan is one form of sustainable finance that supports clients to promote their sustainability management by setting ambitious sustainability performance targets relevant to material issues on their business and sustainability and aligning loan terms and conditions, such as interest rates, to the clients performance against these targets. Unlike green loans, etc., there is no need to designate the use of funds, therefore clients can use the fund other than specific projects.

In February 2022, we formulated the Shinsei Sustainability Linked Loan Framework (the "Framework") aiming to actively provide sustainability linked loans as a mean to support our clients to increase their corporate value and contribute to the building of a sustainable society. The framework sets predefined requirements regarding the five elements^{*2}, defined by the relevant principles^{*3} guiding both domestically and internationally, that Sustainability Linked Loan are to fulfill. When we provide finance based on the Framework, our in-house and independent assessment department confirms that the finance aligns with the Framework.

With respect to the Framework, we have obtained third-party opinion from DNV BUSINESS ASSURANCE JAPAN K.K. stating that Shinsei Bank's internal assessment system for the selection of KPIs and calibration of SPTs as defined in the Framework meets key recommendation requirements in the Principles and its Sustainability Linked Loans are expected to be properly designed and executed.

We use the following logo to verify compliance with the Framework.



*2 1. Selection of KPI; 2. Calibration of SPTs; 3. Loan Characteristics; 4. Reporting; and 5. Verification

*3 Sustainability Linked Loan Principles (revised May 2021) developed by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications and Trading Association (LSTA)

Shinsei Bank is a leading diversified Japanese financial institution providing a various range of financial products and services to both institutional and individual clients. 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 clients, 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>

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