

## PRB Reporting and Self Assessment 2024

December 2024

The SBI Shinsei Bank Group signed the "Principles for Responsible Banking (PRB)" proposed by the United Nations Environment Programme Finance Initiative (UNEP FI) in April 2021. We will fulfill our responsibilities as a financial institution in line with the six principles set forth by the Principles for Responsible Banking.

### Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

#### Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

The SBI Shinsei Bank Group (hereinafter referred to as "our Group") is a hybrid comprehensive financial group in Japan that combines the functions of a bank and a non-bank, consisting of SBI Shinsei Bank, Ltd., APLUS Co., Ltd., Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., and others. Through "institutional business," "individual business," and "overseas business," we provide a wide range of financial products and services to our customers.

By becoming a member of the SBI Group in December 2021, we have actively incorporated the financial ecosystem and functions of the SBI Group, enabling us to provide products, services, and functions that truly meet the needs of our customers more than ever before.

By thoroughly implementing the "Customer-centric Principle" advocated by the SBI Group, we provide highly convenient products, services, and functions to our customers.

All branches and offices of the Bank are located in Japan. As of March 31, 2024, over 95% of loans by industry were for domestic use, of which 69% were corporate loans and 26% were consumer loans.

Securities Report for the Fiscal Year Ending March 2024 (24th Period)

P41 Amount of Credit Risk Exposure by Industries

<https://data.swcms.net/file/sbishinseibank/dam/jcr:76a0b241-d7af-4193-beb5-1f3458456a03/S100T-NB7.pdf>

(Japanese Only)

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

- Yes
- No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

Our Group defines sustainability management as aiming for a virtuous cycle between “long-term contribution to the environment, society, and customers through our business” and “sustainable growth of our Group.” As the core banking group of the SBI Group, we consider solving environmental and social issues as one of the most important management issues, based on the idea that “public benefit leads to private benefit.” We have established the “Group Sustainability Management Policy” and actively promote sustainability management, recognizing frameworks for solving social issues such as the Sustainable Development Goals (SDGs) and the Paris Agreement, emphasizing trust relationships with stakeholders, and continuously strengthening information disclosure in line with various domestic and international frameworks.

We also believe that respecting human rights is a fundamental responsibility requirement for corporate activities and have established the “Group Human Rights Policy” based on international norms such as the UN Guiding Principles on Business and Human Rights.

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](https://corp.sbishinseibank.co.jp/en/sustainability/policy/human_rights.html)

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

As stated in Principle 1, our Group provides financial products and services to customers through "institutional business," "individual business," and "overseas business." We have determined that the main business is lending.

As of March 31, 2024, the breakdown of loan balances was 69% for institutional business, 26% for individual business, and less than 5% for overseas business. We have identified corporate loans, which account for the largest proportion, as the scope of the impact analysis.

While we consider institutional business to be relatively important, individual business also accounts for a certain proportion, and we plan to include it in the impact analysis from fiscal year 2025 onwards.

Overseas business is excluded from the impact analysis, as its loan balance is less than 5% of the total loan balance.

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P41 Amount of Credit Risk Exposure by Industries

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(Japanese Only)

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

The portfolio composition of corporate lending within our Group, which was included in the impact analysis, is as follows. (This result includes errors due to rounding down.)

	Loan Balance as of March 31, 2024 (Million Yen)	Composition Ratio
Manufacturing	340,352	6.31%
Agriculture and Forestry	-	-
Fisheries	-	-
Mining and Quarrying of Stone	413	0.01%
Construction	23,368	0.43%
Electricity, Gas, Heat Supply and Water	547,632	10.15%
Information and communications	54,828	1.02%
Transportation and Postal Services	222,485	4.12%
Wholesale and retail	164,977	3.06%
Finance and insurance	1,082,349	20.07%
Real estate	1,024,046	18.99%
Services	615,739	11.42%
Government	547,505	10.15%
Others	769,501	14.27%
Total	5,393,201	100.00%

**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

To identify the main challenges in Japan, the target region for the impact analysis, we conducted an impact analysis using tools provided by UNEP FI and identified the following seven impact areas as highly relevant:

- Health & Safety
- Availability, Accessibility, Affordability & Quality of Resources and Services
- Equality & Justice
- Infrastructure
- Climate Stability
- Biodiversity & Healthy Ecosystems

Voluntary National Review on the Implementation of the 2030 Agenda 2021  
[https://sustainabledevelopment.un.org/content/documents/28957210714\\_VNR\\_2021\\_Japan.pdf](https://sustainabledevelopment.un.org/content/documents/28957210714_VNR_2021_Japan.pdf)

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<p>- Circularity</p> <p>We determined that the results of this analysis are valid, as similar issues are reflected in the eight priority areas of the "Voluntary National Review 2021 on the Implementation of the 2030 Agenda" published by the Japanese government.</p>	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.</p>	
<p>Using the main challenges in Japan and the portfolio composition of corporate lending in our Group, we conducted an impact analysis using tools provided by UNEP FI.</p> <p>In terms of negative impacts, the results showed a high correlation with the three areas: Climate Stability, Biodiversity &amp; Healthy Ecosystems, and Circularity.</p> <p>Although all are important areas, addressing climate change is an urgent global issue, and our corporate customers are also being asked to respond. Therefore, we considered that prioritizing this area aligns with customer needs and made Climate Stability the first priority impact area.</p> <p>In terms of positive impacts, the results showed a high correlation with the area of Availability, Accessibility, Affordability &amp; Quality of resources and services. This area includes Energy and Healthcare &amp; Sanitation in the UNEP FI Impact Radar, and aligns with the direction of our Group, which has long focused on project finance for renewable energy and healthcare finance. Therefore, we made Availability, Accessibility, Affordability &amp; Quality of resources and services the second priority impact area.</p>	
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement:</u></b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

**(1) Reduction of Negative Impacts in the "Climate Stability" Area**

As a result of the analysis, the sectors identified as having particularly large negative impacts on climate stability are "Mining and Quarrying of Stone," "Construction," "Manufacturing," "Electricity, Gas, Heat Supply and Water," "Transportation and Postal Services," and "Real Estate." Among these, the sectors with a composition ratio exceeding 10% in corporate loans subject to impact analysis are "Electricity, Gas, Heat Supply and Water" and "Real Estate."

It is important to aim for net-zero greenhouse gas emissions from investment and loan recipients, especially in the above sectors, together with our customers. However, since the measurement of greenhouse gas emissions from all investment and loan recipients is still in progress, we have set the balance for project finance for coal-fired thermal power generation, a high-emission sector, as an indicator.

**(2) Expansion of Positive Impacts in the "Availability, Accessibility, Affordability, and Quality of Resources and Services" Area**

We believe it is important to expand the positive impact on society by providing financial functions to customers addressing environmental and social issues. We consider it important to expand investments and loans that contribute to solving these challenges, especially in areas where we have traditional strengths, such as energy and healthcare, in collaboration with other financial institutions. Therefore, we have set the "Sustainable Finance\* Origination Amount" as an indicator.

\*Sustainable Finance within our Group:

- Various sustainable finance products evaluated by our Sustainable Impact Assessment Department
- Other finance projects by our Group companies classified as having environmental and social benefits

Group Sustainability Targets

[https://corp.sbshinseibank.co.jp/en/sustainability/management/materiality\\_target.html](https://corp.sbshinseibank.co.jp/en/sustainability/management/materiality_target.html)

### Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

“Climate stability,” “Availability, Accessibility, Affordability, and Quality of Resources and Services”

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:  
(optional)

<sup>6</sup> You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

### (1) Reduction of Negative Impacts in "Climate Stability" Area

In alignment with the Paris Agreement's goal of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels," we have set the reduction of the loan balance for project finance for coal-fired thermal power generation, a hard-to-abate sector, as a target.

### (2) Expansion of Positive Impacts in the "Availability, Accessibility, Affordability, and Quality of Resources and Services" Area

Based on international standards such as the Green Bond Principles and Social Bond Principles, we have defined sustainable finance as described in 2.1 and set the origination amount of sustainable finance as a target.

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	



Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

**(1) Reduction of Negative Impacts in "Climate Stability" Area**

The baseline for the loan balance for project finance for coal-fired thermal power generation (including unused commitment lines) is set at 39.6 billion yen as of March 31, 2024.

Other reports in line with the indicator package are as follows:  
Impact Area: Climate Change Mitigation

Indicator Code	Response
A.1.1 Climate Strategy	Our Group has declared a policy to address environmental issues such as climate change together with our customers in our Group Sustainability Management Policy.
A.1.2 Paris Agreement Goals	Our Group has set a goal to achieve net zero greenhouse gas emissions in the Group's investment and loan portfolio by the end of fiscal year 2050. We have just started measuring and have not yet set a baseline.
A.2.1 Engagement	We have formed a Transition Task Force to support the transition of the power, oil, and gas sectors. In fiscal year 2023, we executed two transition linked loans.
A.3.1 Climate Change-Related Finance	We formed 568.7 billion yen in finance that contributes to climate change response in fiscal year 2023.
A.4.1 GHG Emission Reductions	We are currently measuring the greenhouse gas emissions of our investment and loan recipients.

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

Group Sustainability Targets  
[https://corp.sbishinseibank.co.jp/en/sustainability/management/materiality\\_target.html](https://corp.sbishinseibank.co.jp/en/sustainability/management/materiality_target.html)

**(2) Expansion of Positive Impacts in the "Availability, Accessibility, Affordability, and Quality of Resources and Services" Area**

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<p>We started measuring the origination amount of sustainable finance from April 2022 and measure the cumulative origination amount using April 2022 as the baseline.</p>	
<p><b>c) <u>SMART targets</u></b> (incl. key performance indicators (KPIs)<sup>9</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	
<p><b>(1) Reduction of Negative Impacts in "Climate Stability" Area</b> Zero loan balance for project finance for coal-fired thermal power generation by the end of March 2041.</p> <p><b>(2) Expansion of Positive Impacts in the "Availability, Accessibility, Affordability, and Quality of Resources and Services" Area</b> 5 trillion yen of cumulative origination of sustainable finance from April 2022 to the end of March 2031.</p>	<p>Group Sustainability Targets <a href="https://corp.sbshinseibank.co.jp/en/sustainability/management/materiality_target.html">https://corp.sbshinseibank.co.jp/en/sustainability/management/materiality_target.html</a></p>
<p><b>d) <u>Action plan</u>:</b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><b>(1) Zero loan balance for project finance for coal-fired thermal power generation</b></p> <ul style="list-style-type: none"> <li>- In 2021, we established internal regulations "Responsible Investment and Lending Policy" and committed to not enter into new investment and lending transactions for the construction of new coal-fired thermal power plants, and we will continue to adhere to this policy.</li> <li>- Share information on loan balance among relevant departments at least once a year and confirm progress towards the goal.</li> </ul> <p><b>(2) 5 trillion yen of cumulative origination of sustainable finance</b></p> <ul style="list-style-type: none"> <li>- Set the origination amount of sustainable finance as an important KPI for our Group and monitor progress quarterly.</li> </ul> <p>We also recognize that these initiatives may indirectly impact human rights issues such as forced labor and child labor, as well as environmental issues such as water, soil, and biodiversity. Therefore, in our "Responsible Investment and Lending Policy," we prohibit investment and lending to businesses involved in</p>	<p>Responsible Investment and Lending Policy <a href="https://corp.sbshinseibank.co.jp/en/sustainability/policy/investment.html">https://corp.sbshinseibank.co.jp/en/sustainability/policy/investment.html</a></p>

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

child labor/forced labor, businesses that negatively impact on Ramsar-designated wetlands or UNESCO-designated World Heritage sites, and businesses that violate the Washington Convention.

### Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	Climate Stability	Availability, Accessibility, Affordability, and Quality of Resources and Services	
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

#### (1) Zero loan balance for project finance for coal-fired thermal power generation

[Progress]

Balance as of March 31, 2024: 39.6 billion yen

Sustainable finance, as assessed by the Sustainable Impact Assessment Department of SBI Shinsei Bank

[Action]

- Executed investment and lending in line with the internal regulations "Responsible Investment and Lending Policy" and did not undertake new project finance for coal-fired power generation.
- Strengthened the balance aggregation system, considering internal control perspectives.

[https://www.sbshinseibank.co.jp/institutional/sustainable\\_finance/](https://www.sbshinseibank.co.jp/institutional/sustainable_finance/)  
(Japanese Only)

[Changes]

Changed the baseline from 50 billion yen as of the end of March 2022 to 39.6 billion yen as of March 31, 2024.

During the process of confirming the balance aggregation process, deficiencies were found, so we strengthened the system and set the baseline based on the aggregated figures under the new system.

**(2) 5 trillion yen of cumulative origination of sustainable finance**

[Progress]

Cumulative origination amount as of March 31, 2024: 1.4 trillion yen (previous report: 451.3 billion yen as of March 31, 2023)

[Action]

- Set the origination amount of sustainable finance as an important KPI for our Group and report progress at the Group Executive Committee quarterly.
- Discussed with APLUS, Showa Leasing, and Shinsei Trust and Banking to include products that contribute to solving environmental and social issues in sustainable finance and create an atmosphere of working together towards achieving the goal.
- The Transition Task Force created rulebooks and engagement sheets to support interactions between RMs and customers.

[Changes]

Expanded the boundary of Sustainable Finance

The boundary of "sustainable finance" was expanded from the bank alone to include the group companies of APLUS, Showa Leasing, and Shinsei Trust and Banking. Although it had been planned to include products from group companies when setting the goal, specific product selection had not been possible at that time. After internal consideration of potential products, we added the target products from the three group companies last fiscal year.

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?

Yes       In progress       No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes       In progress       No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

Our Group declares in the "Group Sustainability Management Policy" that we work with stakeholders to solve environmental and social issues through engagement. We have also established the "Responsible Investment and Lending Policy," which prohibits new investment and lending transactions for the construction of new coal-fired thermal power plants.

When making new investments and lendings, we confirm the negative impacts on the environment and society in cooperation with corporate customers based on the policy and the Equator Principles. We have also established a system to evaluate sustainable impacts internally, and our Sustainable Impact Development Division and institutional business divisions support the business of customers contributing to solving climate change by forming and executing sustainable finance. In originating and executing sustainable finance, we have established the "Shinsei Green Finance Framework" and the "Shinsei Sustainability Linked Loan Framework," which are aligned with domestic and international principles such as the Green Loan Principles and the Sustainability Linked Loan Principles. Our Sustainable Impact Assessment Department evaluates the conformity of the target finance to the frameworks.

These policies and systems are related to both the reduction of negative impacts in the "Climate Stability" area and the expansion

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

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

of positive impacts in the "Availability, Accessibility, Affordability, and Quality of Resources and Services" area, which are the two priority impact areas.

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

We believe that promoting finance that contributes to solving environmental and social issues will increase positive impacts from our Group and create business opportunities for our Group. Therefore, we have set a goal to originate a cumulative total of 5 trillion yen in sustainable finance by March 2031. As of March 31, 2024, the cumulative origination amount is 1.4 trillion yen, including the following projects:

- Green Loan for the development, construction, and operation of low-voltage solar power generation facilities
- Green Finance for purchasing old buildings, implementing energy-saving renovations, obtaining environmental certification of a certain rank or higher, and then selling them
- Syndicated transition linked loans utilizing the financial support system for promoting transitions towards carbon neutrality by the Ministry of Economy, Trade and Industry of Japan

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?*

- Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Our Group believes that collaboration with stakeholders, including customers, is essential, as stated in the "Group Sustainability Management Policy." We aim to improve and strengthen our initiatives through dialogue and to solve environmental and social issues through engagement with stakeholders. In addition to collaboration with corporate customers, as mentioned in Principle 3.2, we undertake the following initiatives:

#### Individual Customers:

- Established and published the "Policy on Customer-Oriented Business Conduct and Action Plan."
- Conducted impact reporting on the allocated assets of sustainability deposits. The report was sent to depositors and was published on the website.

#### Financial Institutions:

- Executed transition linked loans through syndicated loans involving 10 banks, including our Bank.

#### Employees:

- Conducted engagement surveys.
- Held monthly roundtable discussions between executives and employees.

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

Policy on Customer-Oriented Business Conduct and Action Plan  
[https://www.sbishinseibank.co.jp/fiduciaryduty.html?intcid=top\\_eff\\_text\\_01](https://www.sbishinseibank.co.jp/fiduciaryduty.html?intcid=top_eff_text_01)  
(Japanese Only)

Sustainability Deposit Impact Report  
[https://corp.sbishinseibank.co.jp/ja/sustainability/activity/funding/main/014/teaserItems/00/link/231231\\_sustainability\\_yen\\_1st.pdf](https://corp.sbishinseibank.co.jp/ja/sustainability/activity/funding/main/014/teaserItems/00/link/231231_sustainability_yen_1st.pdf)  
(Japanese Only)

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Our Group's sustainability management is supervised by the Board of Directors, the highest decision-making body. We have established the Group Sustainability Committee, one of the important committees of our Group, chaired by the Chief Sustainability Officer (CSO) and vice-chaired by the Senior Sustainability Officer (SSO), to coordinate and discuss matters related to sustainability management and reflect them in business execution. We regularly report to the Board of Directors and the Group Executive Committee and submit important matters for deliberation. We have also established the Sustainability and Communications Division to plan, formulate, and promote sustainability management, and set up sustainability promotion organizations in each group company to strengthen promotion.

The Board of Directors determines important business executions related to sustainability management, including the basic policy, indicating the overall direction of our Bank and creating an environment that supports appropriate risk-taking by senior management. The Group Sustainability Targets, including the targets described in Principle 2.2, are also approved by the Board of Directors. In the event of significant issues such as the failure to achieve goals, they are reported to the Board of Directors and the Group Executive Committee after discussion by the Group Sustainability Committee.

We have set the origination amount of sustainable finance as one of the important KPIs for our Group and reflect it in performance evaluations. We also include sustainability-related items in the

Integrated Report  
2024 P30

<https://corp.sbishinsei.bank.co.jp/ja/ir/library/integrated.html>

(Japanese Only)



<p>performance evaluation criteria for each division, reflecting them in the evaluation of each division and ultimately in individual compensation.</p>	
<p><b>5.2 Promoting a culture of responsible banking:</b> Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<ul style="list-style-type: none"> <li>- Conducting trainings including e-learning on human rights to foster a culture of responsible banking.</li> <li>- Publishing monthly interviews with employees engaged in sustainability to disseminate good practices and instill pride in their work.</li> <li>- Emphasizing employee participation in social contribution activities and providing opportunities to recognize environmental and social issues that may not be noticed in daily work and life.</li> <li>- In fiscal year 2023, we planned "Sustainability's Month" to help each employee feel close to sustainability, conducting lectures by experts, and training on environmental issues using card games.</li> </ul>	<p>SBI Shinsei Bank Group Sustainability Website <a href="https://note-sustainability.shinseibank.com/">https://note-sustainability.shinseibank.com/</a> (Japanese Only)</p> <p>Integrated Report 2024 P42 <a href="https://corp.sbishinsei.bank.co.jp/ja/ir/library/integrated.html">https://corp.sbishinsei.bank.co.jp/ja/ir/library/integrated.html</a> (Japanese Only)</p>
<p><b>5.3 Policies and due diligence processes</b> Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	
<p>We have established the "Responsible Investment and Lending Policy" to manage the risks of investment and loan recipients, identifying prohibited businesses or businesses that require additional due diligence. We have built a system to confirm whether the transaction fall under the applicable products 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 prior to transactions.</p> <p>We have also adopted the Equator Principles. In financing projects involving development, we identify and assess environmental and social risks and disclose the application results annually.</p>	<p>Responsible Investment and Lending Policy <a href="https://corp.sbishinsei.bank.co.jp/en/sustainability/policy/investment.html">https://corp.sbishinsei.bank.co.jp/en/sustainability/policy/investment.html</a></p> <p>SBI Shinsei Bank and the Equator Principles <a href="https://corp.sbishinsei.bank.co.jp/en/sustainability/initiative/initiative/ep.html">https://corp.sbishinsei.bank.co.jp/en/sustainability/initiative/initiative/ep.html</a></p>

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

## Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

# Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

## 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

We have obtained third-party assurance from Deloitte Tohmatsu Sustainability Co., Ltd. for responses to questions based on Principles 2.1, 2.2, 2.3, and 5.1. However, the assurance is limited to "PRB Reporting and Self Assessment 2024," and third-party assurance for quantitative information in the report is limited to the portfolio composition of corporate lending within our Group as described in Principle 2.1(b). The assurance report is published on the last page of this report.

## 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI  
 SASB  
 CDP  
 IFRS Sustainability Disclosure Standards (to be published)  
 TCFD  
 Other: ....

We participate in CDP disclosure annually. We disclose information in line with the TCFD framework in our Integrated Report.

Awards and Accreditation  
<https://corp.sbishinseibank.co.jp/en/sustainability/initiative/evaluation.html>  
 Integrated Report 2024 P32  
<https://corp.sbishinseibank.co.jp/ja/ir/library/integrated.html>  
 (Japanese Only)

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

To be determined

### 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input checked="" type="checkbox"/> Gaining or maintaining momentum in the bank                | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input type="checkbox"/> Data quality                    |
| <input checked="" type="checkbox"/> Assessing negative environmental and social impacts        | <input type="checkbox"/> Access to resources             |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Reporting                       |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

# Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.<sup>16</sup> The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

**How to use:** Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets<sup>17</sup> (highlighted in green) or to client engagement<sup>18</sup> targets (highlighted in blue), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.<sup>19</sup> Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

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<sup>16</sup> It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

<sup>17</sup> Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

<sup>18</sup> Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>19</sup> You might not be able to report on all indicators and/or or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.
- **For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice <sup>20</sup> (pathway to impact)									Impact <sup>21</sup>		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No;  <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	<b>Financial volume of green assets/low-carbon technologies:</b> How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>22</sup>
	A.1.2	<b>Paris alignment target:</b> Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No;  <i>If yes:</i> - please specify: to become <b>net zero by when?</b> - <b>Emissions baseline / base year:</b> What is the emissions baseline / base	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO <sub>2</sub> e <i>(please also disclose what is excluded for now and why)</i>	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-intensive	bln/mn USD or local currency, and/or % of portfolio	A.4.2	<b>Portfolio alignment:</b> How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio <i>(please specify which portfolio; for corporate and business clients: % of sectors financed)</i>

<sup>20</sup> Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

<sup>21</sup> Impact: the actual impact of the bank's portfolio

<sup>22</sup> If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

			year for your target? - <b>Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			sectors and activities <sup>23</sup> ? How much does your bank invest in transition finance <sup>24</sup> ?			
<b>A.1.3</b>	<b>Policy and process for client relationships:</b> has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No		<b>A.2.3</b>	<b>Sector-specific emission intensity</b> (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector ( <i>depending on the sector and/or chosen metric</i> ): kg of CO <sub>2</sub> e/ kWh, CO <sub>2</sub> e / m <sup>2</sup> ; kg of CO <sub>2</sub> e/USD invested, or kg of CO <sub>2</sub> e/revenue or profit					
<b>A.1.4</b>	<b>Portfolio analysis:</b> Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No;  <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed		<b>A.2.4</b>	<b>Proportion of financed emissions covered by a decarbonization target:</b> What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	% <i>(denominator: financed emissions in scope of the target set)</i>					

<sup>23</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>24</sup> Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.



	<b>A.1.5</b>	<b>Business opportunities and financial products:</b> Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
<b>B. Financial health</b>	<b>B.1.1</b> *	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	<b>B.2.1</b> *	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	<b>B.3.1</b> *	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	<b>B.4.1</b>	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

						means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.					
B.1.2 *	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2 *	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
B.1.3	# of partnerships active to achieve financial health and inclusion targets		Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products

								defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.	
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

												using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.
<b>C. Financial Inclusion</b>	C.1.1 *	# of products and services in the portfolio with a focus on financial inclusion	Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc	C.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is	C.3.1 *	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	C.4.1	% of customers with 2 or more active financial products, from different categories, with the bank	Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.

					successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	C.1.2 *	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	Transactional data based. Measures the percentage of customers with effective access to a basic banking product. By effective we mean the usage beyond first access. Basic banking products vary by bank. Good examples are: checking accounts, payment accounts, credit cards, saving accounts, deposit accounts, e-	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups, this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.		

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3 *	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			

## Independent Practitioner's Assurance Report

To the President and Chief Executive Officer of SBI Shinsei Bank, Limited

We have undertaken a limited assurance engagement of the selected sections (2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target implementation and monitoring and, 5.1 Governance Structure for Implementation of the Principles) of the “Principles for Responsible Banking” (“PRB”) information (including quantitative information only in 2.1b), hereinafter referred to as the “Selected Information”) included in the “PRB Reporting and Self Assessment 2024” (the “Report”) of SBI Shinsei Bank, Limited (the “Company”).

### The Company's Responsibility

The Company is responsible for the preparation of the Report in accordance with the reporting and self-assessment requirements of the PRB (the “Reporting Criteria”). This responsibility includes designing, implementing, and maintaining internal controls over the preparation of the Report, ensuring it is free from material misstatement, whether due to fraud or error.

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (“ISAE”) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (“IAASB”).

The procedures we performed were based on our professional judgment and the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (October 2022) published by the United Nations Environment Programme Finance Initiative in November 2022.

- We conducted interviews with responsible persons to understand the processes and control activities for measuring, reporting, and presenting information in the Report in accordance with the Reporting Criteria.
- We made inquiries with responsible persons, obtained and reviewed supporting evidence to assess whether disclosures within the Selected Information in the Report reflect the Company's assessment of the stage of implementation of the Principles.
- In respect of Principle 2.1 (Impact Analysis), based on inquiries made and information obtained and reviewed, we checked that the Company's business areas and scope are clearly described. We reconciled portfolio composition to management information and checked that challenges and priorities have been analyzed, including the rationale for business areas where the analysis was not performed. We also checked that the Company has disclosed the method for determining its impact areas and has selected what was determined as the two most significant areas of impact. For the impact area where performance has been measured, we reconciled to published information referenced in the response and to supporting management information. Finally, we checked to supporting evidence, including to meeting minutes, that the stated governance process was followed.
- In respect of Principle 2.2 (Target Setting), based on inquiries made and information obtained and reviewed, we checked that the Company sets targets for significant impact areas and that the targets are linked to that impact area. We checked that the Company has identified frameworks to align with and explained how targets contribute to relevant goals. Further, for the impact areas where targets have been set, we checked that the targets are Specific, Measurable, Achievable, Relevant and Time-bound.
- In respect of Principle 2.3 (Target implementation and monitoring), based on inquiries made with responsible persons, we obtained and reviewed supporting evidence to assess whether disclosures within the Selected Information in the Report reflect the Company's assessment of the stage of implementation of the Principle



and stage of monitoring of that implementation.

- In respect of Principle 5.1 (Governance Structure for Implementation of the Principles), based on inquiries made and information obtained and reviewed, we checked consistency to supporting evidence, including organization charts and meeting minutes with that of the disclosures of the Company's governance structure for implementation of the Principles. We checked that there is oversight over the implementation and monitoring and that the structure is in line with existing governance structures as defined by the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Inherent limitations exist in all assurance engagements due to the selective inquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Our work does not involve testing the operating effectiveness of controls over the underlying data, nor will we seek to review systems and controls beyond those relevant to the selected sections of the Report.

Our procedures did not include a detailed review of the completeness and accuracy of the Selected Information for inclusion in the report, testing the data on which the estimates are based, or reperforming the estimates. Consequently, our procedures are limited to considering the existence of processes that have generated the Selected Information.

With respect to references to other public information of the Company, our procedures conducted by our company are limited to a review of whether the Selected Information as of the issue date of this assurance report is consistent with the referenced information.

#### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

*Deloitte Tohmatsu Sustainability Co., Ltd.*

Deloitte Tohmatsu Sustainability Co., Ltd.

Tokyo, Japan

December 25, 2024