

## Addressing Climate Change (Initiatives Based on TCFD Recommendations)

The SBI Group recognizes that climate change is a critical strategic management issue that will have significant impact on society and the Group's operations. The Group began disclosures in line with the information disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) starting in July 2022, disclosing information in four thematic areas: governance, strategy, risk management, and metrics and targets. An initial scenario analysis was carried out using scenarios published by international organizations and others in major businesses of the SBI Group, the securities business, and the investment (private equity) business. The analysis was conducted based on FY2020 data.

### Governance

SBI Holdings has established a Sustainability Committee under the Board of Directors, composed of Senior Managing Directors and chaired by the Representative Director, President & CEO. As part of the SBI Group's corporate strategy, the committee not only discusses and decides upon strategic initiatives related to sustainability, including those regarding climate change, but also verifies and examines the progress of these initiatives as well as reports on their findings to the Board of Directors as needed. In addition, the sustainability measures decided upon through discussions by the committee are implemented across the entire SBI Group through a Sustainability Promotion Office that serves as the secretariat of the committee.

### Risk Management

As a constant framework for risk management, in order to provide proper assessment and management of risks, including climate change, which has the possibility of obstructing business activities, the SBI Group has designated an officer in charge of risk management at the Group level and has established a Risk Management Department so that it can carry out integrated risk management. [P48](#)

### Strategy: Identification of Risks/Opportunities and Scenario Analysis

In the scenario analysis, the SBI Group analyzed and examined the risks and opportunities and financial implications of two scenarios based on FY2020 data, assuming global mean temperature increases of 4°C and 1.5°C respectively by 2100 compared to before the Industrial Revolution.

### Risks and Opportunities (example)

Category	Type	Potential risks and opportunities		Impact	
		Securities business	Investment (private equity) business	4°C	1.5°C
Risks	Transition Risks*1	Increased costs due to the introduction of carbon taxes and other carbon pricing, as well as policies related to renewable energy use and energy conservation		—	Low
	Physical Risks*2	Physical damage to offices due to extreme weather (typhoons, floods, high tides, etc.) and costs incurred in response to system failures		High	Low
Opportunities	Development of a decarbonized society	<ul style="list-style-type: none"> <li>Increase in volume of financial instruments, such as shares issued by companies engaged in businesses that contribute to decarbonization</li> <li>Increase in opportunities to offer related businesses due to an increase in M&amp;A needs in relevant business areas</li> <li>Expanding business opportunities related to growing preference for ESG investment</li> </ul>	<ul style="list-style-type: none"> <li>Increase in earnings opportunities as the value of investee companies engaged in businesses that contribute to decarbonization increases</li> <li>Increase in opportunities to acquire fund investors through increased investment needs in venture capital (VC) funds</li> </ul>	Low	High

\*1 Business risks posed by actions taken by the government, enterprise, and consumers to solve climate change  
 \*2 Business risks posed by natural disasters owing to extreme weather, rising average temperatures, high tides, etc.

### Financial Impact Forecast for FY2030 (Compared to FY2020)

4°C scenario: ¥66 million  
 1.5°C scenario: ¥169 million  
 (For reference) SBI Holdings' profit before income tax expense was ¥412,724 million in FY2021.

### Examples of SBI Group Initiatives to Resolve Environmental and Social Issues

- Support for the issuance of social impact bonds, including green bonds (SBI SECURITIES)
- Promotion of sustainable finance (Shinsei Bank)
- Awards for outstanding ESG-related funds (Morningstar Japan)

### Metrics and Targets

Toward realizing the national target of carbon neutrality by 2050, the SBI Group targets net zero CO<sub>2</sub> emissions (Scope 1 and Scope 2) by FY2050. Its interim target is a 33% reduction by FY2030 (compared to its FY2018 levels).

### Changes in CO<sub>2</sub> Emissions

	FY2019	FY2020	FY2021
CO <sub>2</sub> emissions (Scope 1)	107	85	1,299
CO <sub>2</sub> emissions (Scope 2)	4,140	4,463	18,191
Total	4,246	4,548	19,490

Note 1: Scope of coverage: defined by the GHG Protocol at SBI Holdings and domestic sites of Group companies. Scope 1 (direct emissions from the use of fossil fuels, etc.) and Scope 2 (indirect emissions owing to use of purchased electricity and heat) as defined by the GHG Protocol. Includes some overseas business (UDC Finance) from FY2021  
 Note 2: Calculation method: based on electricity usage of SBI Holdings and its Group companies, the CO<sub>2</sub> emissions in the relevant range are calculated using various emission factors announced by the Ministry of the Environment  
 Note 3: Due to the expansion of the scope of aggregation owing to M&As, figures may be discontinuous from FY2019 to FY2021

For full disclosure in accordance with the TCFD, please refer to the following website:

<https://www.sbigroup.co.jp/english/sustainability/environment/tcf.html>