

Environmental Initiatives

Recognizing the Organizational and Societal Impact and Opportunities of Environmental Issues, and Contributing to the Maintenance and Development of a Sustainable Society

The SBI Group Environmental Policy

The SBI Group recognizes the importance of long-term coexistence between society and the natural environment, and that environmental issues have impact on, and present both risks and opportunities to, organizations and society. Accordingly, the Company has instituted the SBI Group Environmental Policy for the purpose of contributing to the maintenance and development of a sustainable society through business activities.

The SBI Group Environmental Policy



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

Initiatives at SBI Group Companies

Awards for outstanding ESG-related funds

Morningstar Japan, a subsidiary providing financial information services, has established an ESG-type category in its “Fund of the Year” awards to recognize funds with outstanding investment performance and management. In 2020, 129 related funds were nominated based on the company’s own evaluation criteria, and four funds were awarded, focusing on funds with high performance in terms of total return and Sharpe ratio. The total net asset balance of funds in this category as of the end of December 2020 was ¥565.6 billion, an increase of ¥90.2 billion over the past year, and 56 of the 129 funds were established in the past five years, indicating that ESG-related funds have been attracting more attention in recent years.

Management of funds with a focus on the environment

SBI Asset Management, a subsidiary engaged in asset management operations, also manages funds with an emphasis on the environment. “The SBI Global ESG Balanced Fund” (nicknamed “Green Impact”) is managed using ESG investment and impact investment methods, and as of June 2021, its total net assets were ¥655 million. In addition, SBI Bond Investment Management, a subsidiary engaged in the bond investment business, manages funds in partnership with PIMCO, a U.S. company known as a leader in ESG bond investment.

Toward the Further Proliferation of Renewable Energy

SBI ENERGY, which operates an electric power business using renewable energy, generates power from 5,390 MWh of renewable energy per year, which contributes an emissions reduction of 2,533 tons CO₂ equivalent^{*1}. It plans to add an additional 20 MW of power generation capacity. There will be a particular increase in electricity utilization in the future due to wider IT adoption caused by large-scale

farming facing a decrease in the number of farm workers. In particular, solar power generation managed by farms, which is one of the characteristic power generation methods that achieves both power generation and agricultural production, will continue to grow. This is seen as an important source of multifaceted contribution – a power supply source that will not only contribute to regional revitalization and environmental conservation through the stabilization of power generation, but also be utilized as a distributed power source in the event of a disaster.

Promoting Issuance of Social Impact Bonds

The OECD estimates^{*2} that global financing needs related to renewable energy are undergoing dramatic growth, with an estimated need of US\$839 billion in 2020 projected to increase to US\$4.3 trillion in 2035. According to Climate Bonds Initiative (CBI)^{*3}, an NGO in the U.K., the global issuance of social impact bonds including green bonds reached a record high of US\$269.5 billion in 2020. Market size is expected to expand rapidly to over US\$400 billion in 2021. In Europe, particularly the EU Taxonomy – the criteria that define a sustainable economic activity – has adopted technical screening criteria, and interest in environmental investments that are not only quantitative but also of high quality is increasing. In March 2019, SBI SECURITIES was registered as a “Registered Support Operator” on the “Green Bond Issuance Promotion Platform” of the Green Bond Issuance Promotion System Maintenance Support Project, run by the Ministry of the Environment. SBI SECURITIES is advancing its support for issuing social impact bonds, and by June 2021, it had conducted 19 Internet offerings for a combined total of approximately ¥4.66 billion in both yen- and foreign currency-denominated bonds.

^{*1} An estimated reduction in CO₂ emissions is calculated by using alternative values for the emissions coefficients for each power company, as published by the Ministry of the Environment.

^{*2} Source: OECD “Green Bonds Policy Perspectives”

^{*3} Source: CBI “2020_annual_highlights-final”

Change in CO₂ Emissions^{*4, 5}

(Unit: t-CO₂)

| | FY2018 | FY2019 | FY2020 |
|-------------------------------------|--------|--------|--------|
| CO ₂ emissions (Scope 1) | 108 | 107 | 85 |
| CO ₂ emissions (Scope 2) | 3,621 | 4,140 | 4,463 |
| Total | 3,729 | 4,246 | 4,548 |

^{*4} Scope of coverage: Defined by the GHG protocol at SBI Holdings and major domestic sites of the Group companies.

Scope 1 (Direct emissions from the use of fossil fuels, etc.)

Scope 2 (Indirect emissions owing to use of purchased electricity and heat) Each emission amount is listed.

^{*5} Calculation method: Based on the electricity usage of SBI Holdings and its Group companies, the CO₂ emissions in the relevant range are calculated using various emission factors announced by the Ministry of the Environment



<https://www.env-report.env.go.jp/en/portal.html>
(user registration required)

SBI Holdings has been registered on the ESG Dialogue Platform of the Environmental Reporting Platform Development Pilot Project, sponsored by the Ministry of the Environment. The Company’s environmental-related information is disclosed on the following website.