

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

The SBI Group recognizes climate change as a vital issue confronting society and has declared its approval of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, and based on the disclosure framework recommended by this body, is making climate change disclosures in the four categories of “governance,” “strategy,” “risk management,” and “metrics and targets.” To grasp the financial impact of the risks and opportunities in “strategy” categories in the securities business and the investment business (private equity), which are major businesses of the SBI Group, we have conducted a resiliency check using scenarios published by international organizations.

In the banking business, SBI Shinsei Bank is already making disclosures based on the TCFD Recommendations. These disclosures can be viewed on the Bank’s website.

### 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. [P.32](#)

### Risk Management

The SBI Group endeavors to provide proper assessment and management of risks that can obstruct business activities, including climate change, supported by a constant framework for risk management. To this end, the SBI Group has appointed a Risk Management Officer to oversee risk management and has established the Group Risk Management Department responsible for risk management at the Group level. Moreover, regarding the threat posed by climate change upon the entire Group, it is building an integrated assessment and management framework. [P.36](#)

### 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		Timeline <sup>3</sup>	Impact	
		Securities business	Investment (private equity) business		4°C	1.5°C
Risks	Transition Risks <sup>1</sup>	Laws and regulations	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	Short to long term	—	Low
	Physical Risks <sup>2</sup>	Acute (increase in extreme weather)	Physical damage to offices due to extreme weather (typhoons, floods, high tides, etc.) and costs incurred in response to system failures	Medium to long term	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>	Short to long term	Low	High

<sup>1</sup> Business risks posed by actions taken by the government, enterprise, and consumers to solve climate change

<sup>2</sup> Business risks posed by natural disasters owing to extreme weather, rising average temperatures, high tides, etc.

<sup>3</sup> Assumes a time horizon of 0-3 years for short term, 4-10 years for medium term, and 11-20 years for long term

### 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 ¥100,753 million in FY2022.

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

- Support for the issuance of social impact bonds, including green bonds (SBI SECURITIES)
- Promoting sustainable finance and impact finance (SBI Shinsei Bank)
- Selecting portfolio companies in consideration of SDGs (SBI Investment)

### Metrics and Targets

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

### Change in GHG emissions

(Units: t-CO<sub>2</sub>)

	FY2020	FY2021	FY2022
Scope 1	85	1,299	1,482
Scope 2	4,463	18,191	12,030
Total	4,548	19,490	13,512
Scope 3	—	—	1,286

Note 1: Scope for data collection: Disclose emissions at SBI Holdings’ and its Group companies’ main domestic facilities. Disclosures respectively cover Scope 1 (direct emissions from use of fossil fuels, etc.), Scope 2 (indirect emissions from use of purchased power and heat), and Scope 3 (emissions of others related to the operator’s activities) as defined by the GHG Protocol. SBI Shinsei Bank has been included since FY2021.

Note 2: For Scope 3, business travel (Category 6) and employee commuting (Category 7) are covered.

Note 3: Calculation method: based on electricity usage of SBI Holdings and its Group companies, the GHG emissions in the relevant range are calculated using actual emission factor by electric utility published by the Ministry of the Environment.

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



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