

# Concordia Financial Group

## IR Day

February 27, 2023

**CONCORDIA**  
Financial Group

 Bank of Yokohama | HIGASHI-NIPPON BANK 

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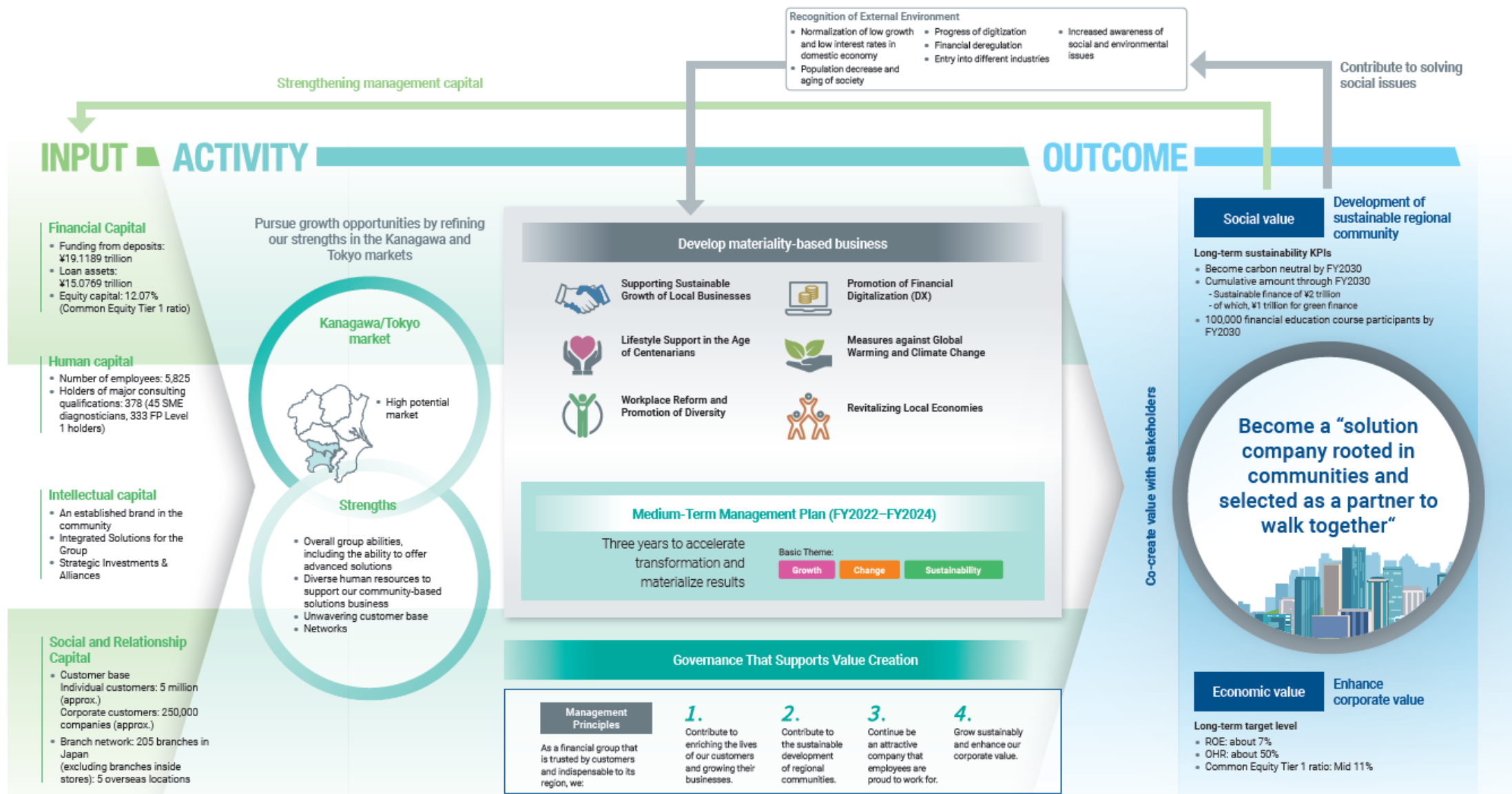
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# Climate Change Initiatives

# Value Creation Process

## Enhancing corporate value and realizing sustainable community development through value co-creation



# Major Sustainability Initiatives

## Accelerating Sustainability Efforts and Improving External Evaluations

### Major initiatives to date

(Categories: Green: E, Red: S, Blue: G)

2019

- Endorsed by TCFD

2020

- Sustainability policy established
- Established long-term sustainability KPI through FY2030
- Established environmental policy
- Sector policy established
- Human rights policy established

2021

- FY2050 company carbon neutral target brought forward to FY2030

2022

- Environmental policy revised
- Scenario analysis implemented
- Joined PCAF
- Scope 3 (Investments and Loans) Calculations
- DE&I policy established
- Human rights policy revised
- Anti-corruption policy established
- ESG factors introduced into executive compensation
- Sustainability Committee Secretariat established
- Specialized organization established in sales strategy planning and sales promotion division

### External evaluation



Received an A rating as the top regional bank in Japan in the MSCI ESG Ratings\*.  
(Based on company research, February 17, 2023)

BB

Previous fiscal year



2 notch improvement

A

Currently



Received a B rating in the CDP Climate Change Score. This score is about one-third of top domestic standard (based on 2022 responses).

B-

Previous fiscal year



1 notch improvement

B

Currently



First regional bank to receive the top Gold rating in the PRIDE Index \*2022 (evaluation of \*LGBTQ+ initiatives).

### Support for various initiatives



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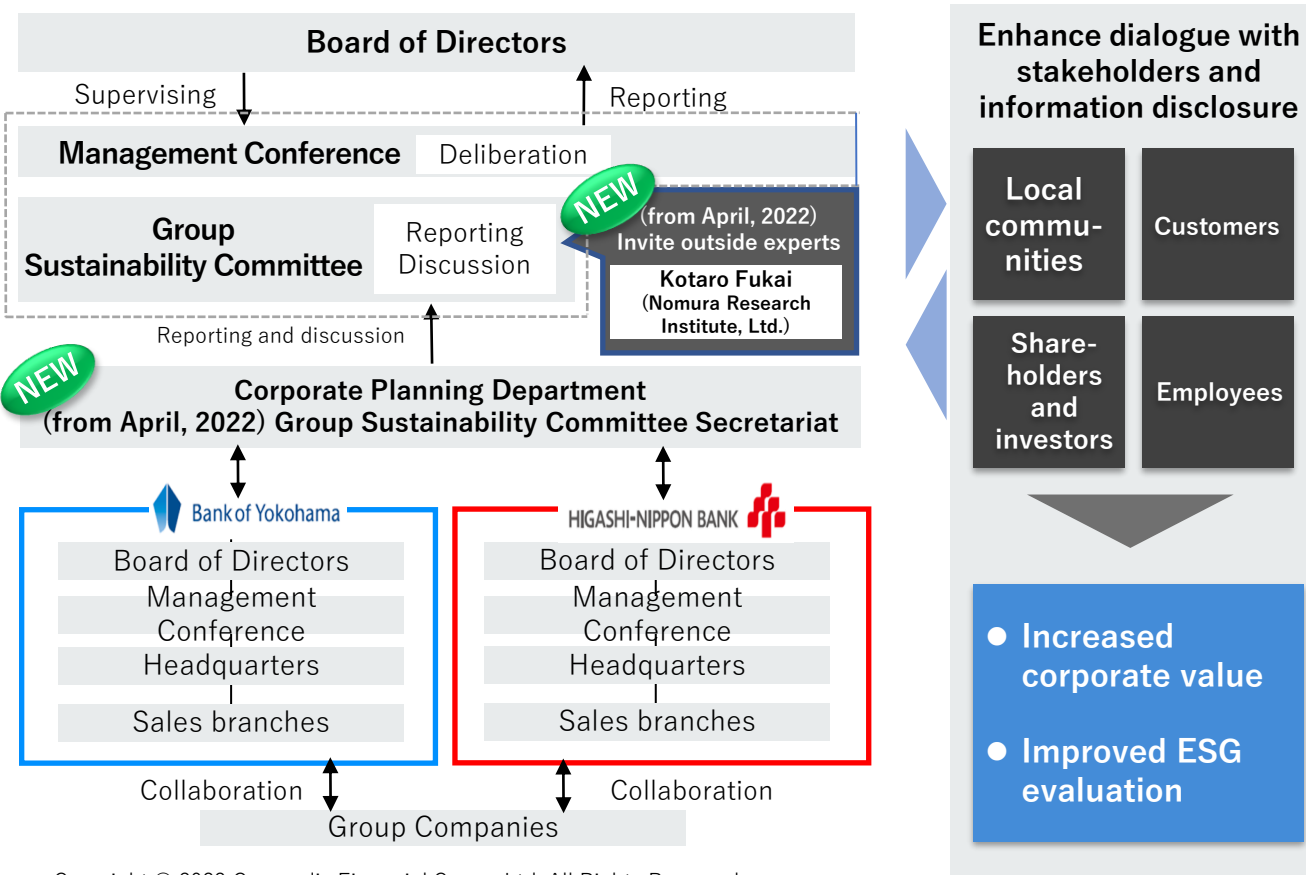
# Sustainability Management

## Improving our Organization to Achieve Highly Effective Sustainability Management

### Group Sustainability Policy

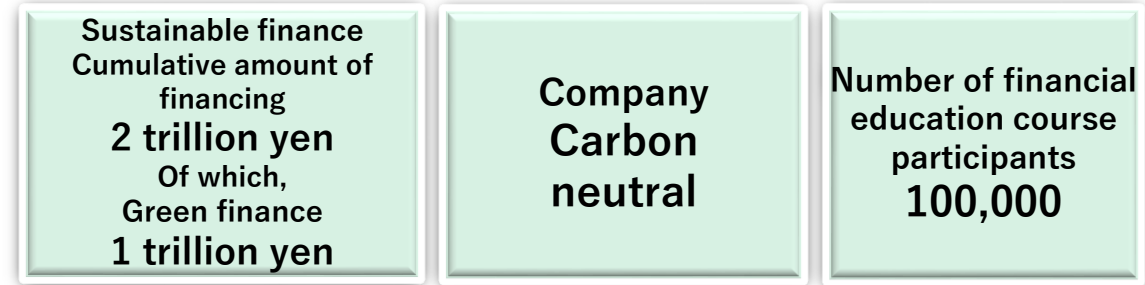
- ✓ Based on our management philosophy, we will achieve sustainable enhancement of corporate value and contribute to the sustainable development of society by solving social issues through our core business, and by engaging in activities that contribute to regional communities. Furthermore, we will engage in dialogue with stakeholders and proactively disclose information.

### Sustainability promotion structure



### Long-term sustainability KPIs

- ✓ We have established sustainability long-term KPIs through FY2030 as an action plan based on the Group Sustainability Policy.



### A remuneration system for directors and corporate auditors that contributes to a medium to long-term increase in corporate value

- NEW ✓ From April 2022, we have implemented a system that reflects ESG factors in executive compensation.

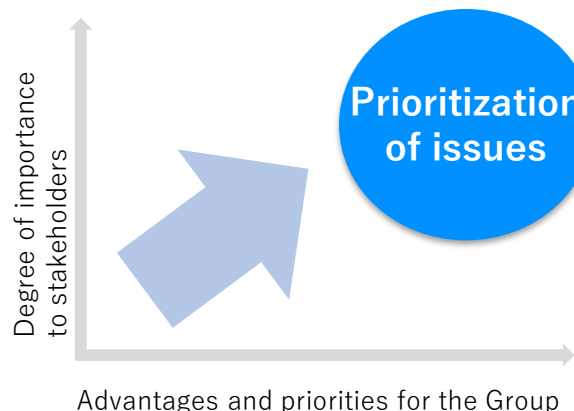
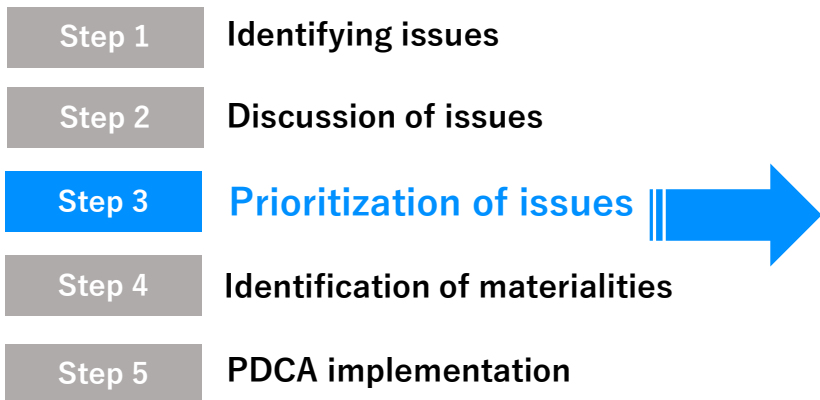
Type	Composition ratio	Payment criteria
Basic salary	66%	• Payable according to the position
Short-term performance-linked remuneration	17%	• The remuneration paid is the standard amount for each position plus an amount that reflects company performance and an evaluation based on the business performance of the individual director.
Stock remuneration	17%	<ul style="list-style-type: none"> <li>• Consists of Trust I (distributed at retirement) and Trust II (distributed at the end of the mid-term management plan)</li> <li>• Trust II pays according to the standard amount for each position and reflects a performance-linked coefficient.</li> <li>• The performance-linked coefficient depends on the achievement of performance goals in the medium-term management plan. <b>The final performance-linked coefficient is determined based on external ESG evaluation indicators and non-financial items addressed in the mid-term management plan.</b></li> </ul>

# Materialities

Six materialities have been identified as important management issues. They have been incorporated into the mid-term plan and the relevant KPIs established.

## The materiality identification process

- ✓ Comprehensive identification of social issues based on various ESG issues and issues of importance to society and stakeholders.
- ✓ Evaluation of priority of issues through analysis based on the two axes of superiority and priority\*1 for the Group and importance\*2 for stakeholders.



- \*1 Evaluated from the following perspectives:
- 1) Degree of contribution to problem-solving for regional companies and to regional revitalization
  - 2) Degree of relevance to Group strengths and advantages in the external environment
  - 3) Contribution to enhancement of the Group's corporate value
- \*2 Evaluated from the following perspectives:
- 1) Medium to long-term impact on stakeholders (social and economic value)
  - 2) Stakeholders' contribution to sustainability

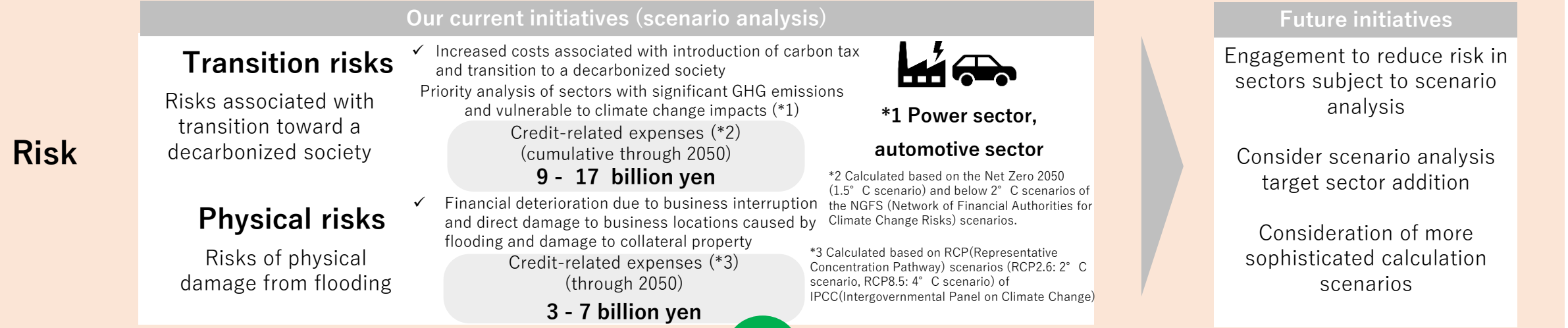
## The six materialities



**Identify opportunities and risks for each materiality, incorporate them into the mid-term management plan, and set KPIs (see p. 17 for details).**

# Organically linking risks and opportunities to help customers decarbonize

## Visualizing our business risks from climate change

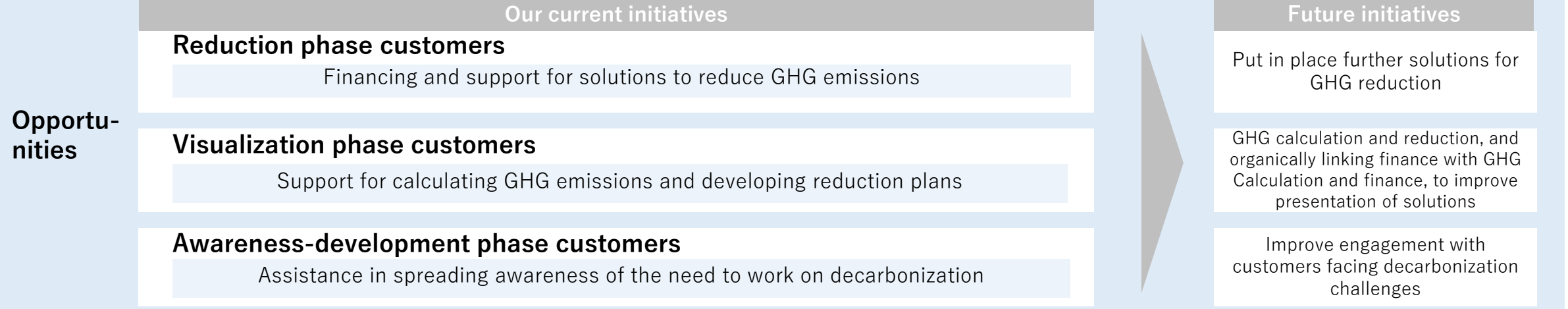


Utilize findings from scenario analysis as opportunities



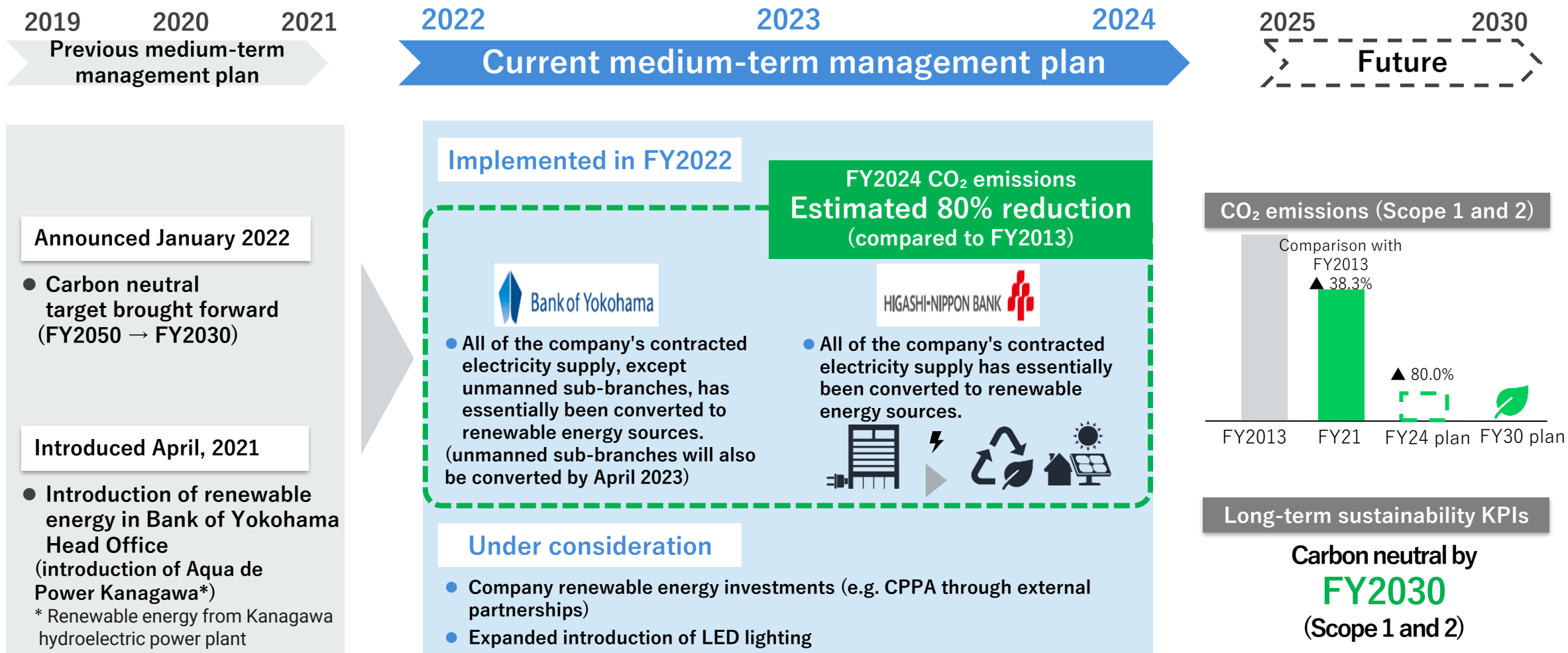
Reducing risk by providing engagement solutions

## Provide optimal solutions according to the customer initiative phase.





## Significant reductions in CO<sub>2</sub> emissions from switching to essentially renewable energy sources for electricity



More than 90% of domestic corporate lending calculated. Recognized need to address three issues.

Calculated approximately 6.8 trillion yen of approximately 7.5 trillion yen in total domestic corporate loans (\*1) (over 90% coverage).

	Total
GHG emissions Scope 1 and 2 (Mt)	4.0
Data quality score (*2) Scope 1 and 2	3.8
Loan balance (trillion yen)	6.85
Carbon intensity (GHG emissions/loan balance) Scope 1 and 2 (t/million yen)	0.58
Number of clients in calculation	28,220
Coverage ratio (loan balance for calculated clients/total loan balance) Scope 1 and 2	93%

\*1 Domestic corporate lending and project finance for the fiscal year ended March 31, 2022. Overseas corporate loans and customers for whom we have insufficient financial data are not included.

\*2 Data quality score: GHG emissions data quality on a 5-point scale. The closer to 1, the higher the quality. The closer to 5, the more estimates are used (see p.18 for details).

(prerequisites)

- GHG emissions based on data disclosed by companies, CDP data Estimates made using PCAF emission coefficients if data not available,
- Calculation results may change significantly in future due to expansion of customers' emissions calculations, changes in PCAF calculation standards, and changes in industry classification.

### Issue 1

**Priority needs to be given to sectors with high GHG emissions.  
(see NZBA (\*3))**

(\*3) NZBA: Net-Zero Banking Alliance International initiative by banks aiming to become carbon neutral by 2050.

### Issue 2

**Sectors that have traditionally engaged need to further focus their efforts.**

### Issue 3

**Visualization of customer GHG emissions is not moving forward.  
(quality of data is low)**

'Electricity', 'Coal', and 'Oil and Gas' were selected as priority sectors for reduction of GHG emissions.

**Issue 1**

**Priority needs to be given to sectors with high GHG emissions.  
(see NZBA (\*1))**

(\*1) NZBA: Net-Zero Banking Alliance International initiative by banks aiming to become carbon neutral by 2050

**Addressing the challenge: GHG emissions reduction priority sectors selected.**

**Electricity**

**Coal**

**Oil and Gas**

- The 'Electricity', 'Coal', and 'Oil and Gas' sectors, designated as carbon intensive sectors (\*2) by the NZBA, generally have high GHG emissions, and they have therefore been selected as 'GHG Emissions Reduction Priority Sectors'.
- **The 3-sector total is limited to approximately 250 companies, for which GHG emissions visualization and reductions will be supported with detailed engagement with each individual company.**

(\*2) Carbon intensive sectors: Electricity, coal, oil and gas, transportation, aluminum, steel, cement, commercial and residential real estate, agriculture

TCFD sector classification	Total	GHG emissions reduction priority sectors			Auto-mobiles and Parts
		Electricity	Coal	Oil and Gas	
GHG emissions Scope 1 and 2 (Mt)	4.0	1.1	-	0.1	0.1
Data quality score (*2) Scope 1 and 2	3.8	3.1	-	3.2	3.7
Loan balance (trillion yen)	6.85	0.14	0	0.02	0.30
Carbon intensity (GHG emissions/loan balance) Scope 1 and 2 (t/million yen)	0.58	7.79	-	5.10	0.37
Number of clients in calculation	28,220	159	0	77	626
Coverage ratio (loan balance for calculated clients/total loan balance) Scope 1 and 2	93%	96%	-	92%	99%

\*2 Data quality score: GHG emissions data quality on a 5-point scale The closer to 1, the higher the quality; the closer to 5, the more estimates are used (see p.18 for details).

(prerequisites)

- Domestic corporate lending and project finance for the fiscal year ended March 31, 2022 is targeted. Overseas corporate loans and customers for whom we have insufficient financial data are not included.
- GHG emissions based on data disclosed by companies, CDP data Estimates made using PCAF emission coefficients if data not available,
- Calculation results may change significantly in future due to the expansion of customers' emissions calculations, changes in PCAF calculation standards, and changes in industry classification.

'Automobiles and Parts' has been selected as a priority sector for engagement.

Issue 2

Sectors with which we have been engaged previously.

Responding to Challenges: Selecting priority sectors for engagement

Automobiles and Parts

- The 'Automobiles and Parts' sector has previously been subject to scenario analysis of transition risks and engagement on the outlook for the automotive industry.
- The sector has a broad base and decarbonization initiatives will take a long time. It was therefore selected as a Priority Sector for Engagement to continue to improve efforts in this area.
- **We expect to penetrate the entire supply chain. We will promote engagement with customers located upstream to help visualize GHG emissions and develop reduction goals.**

TCFD sector classification	Total	Electricity	Coal	Oil and Gas	Auto automobiles and Parts
GHG emissions Scope 1 and 2 (Mt)	4.0	1.1	-	0.1	0.1
Data quality score (*2) Scope 1 and 2	3.8	3.1	-	3.2	3.7
Loan balance (trillion yen)	6.85	0.14	0	0.02	0.30
Carbon intensity (GHG emissions/loan balance) Scope 1 and 2 (t/million yen)	0.58	7.79	-	5.10	0.37
Number of clients in calculation	28,220	159	0	77	626
Coverage ratio (loan balance for calculated clients/total loan balance) Scope 1 and 2	93%	96%	-	92%	99%

Engagement with automotive suppliers

- ✓ **Discussions between management of several first-tier subcontractors for internal combustion engines and exterior components and executives from the Bank of Yokohama's sales division on the CASE (\*) theme.**

\*CASE: Technological innovation in new areas such as automotive IoT, self-driving vehicles, car sharing, and electric vehicles

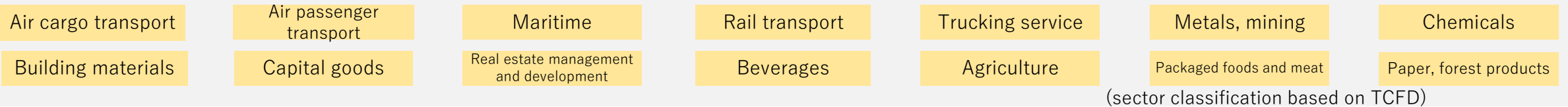
Providing optimal solutions for customer climate change initiatives

# Supporting customers to reach the visualization phase of their GHG emissions reductions

## Issue 3

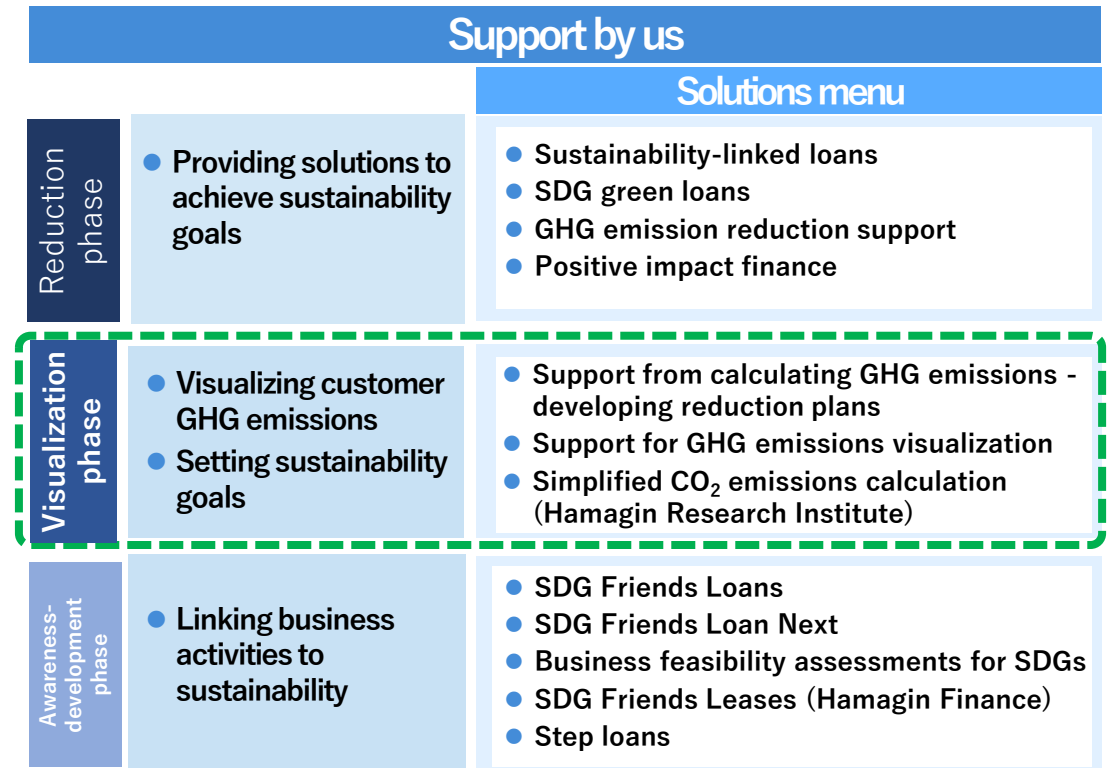
Visualization of customer GHG emissions is not moving forward. (quality of data is low)

Responding to the challenge: Helping all other sectors move up from the awareness-development phase to the visualization phase.



TCFD sector classification	Total	Listed		Unlisted and project finance	
		Ratio	Ratio	Ratio	Ratio
GHG emissions Scope 1 and 2 (Mt)	4.0	1.0	26%	2.9	73%
Data quality score (*) Scope 1 and 2	3.8	2.9	-	3.9	-
Loan balance (trillion yen)	6.85	1.06	15%	5.78	84%
Carbon intensity (GHG emissions/loan balance) Scope 1 and 2 (t/million yen)	0.58	1.02	-	0.50	-
Number of clients in calculation	28,220	488	1%	27,732	98%

Support for GHG emissions visualization



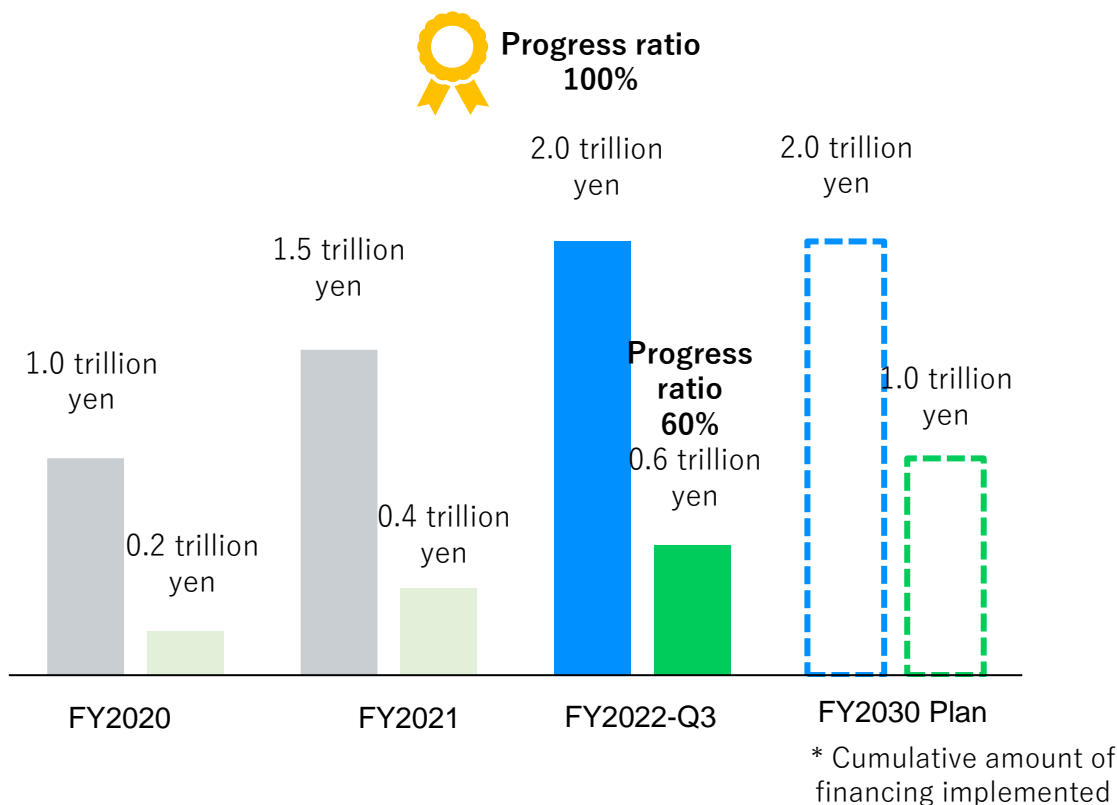
\*2 Data quality score: GHG emissions data quality on a 5-point scale. The closer to 1, the higher the quality; the closer to 5, the more estimates are used (see reference material).  
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## Improved Financing to Help Customers Decarbonize

### Total value of sustainable finance implemented (cumulative)

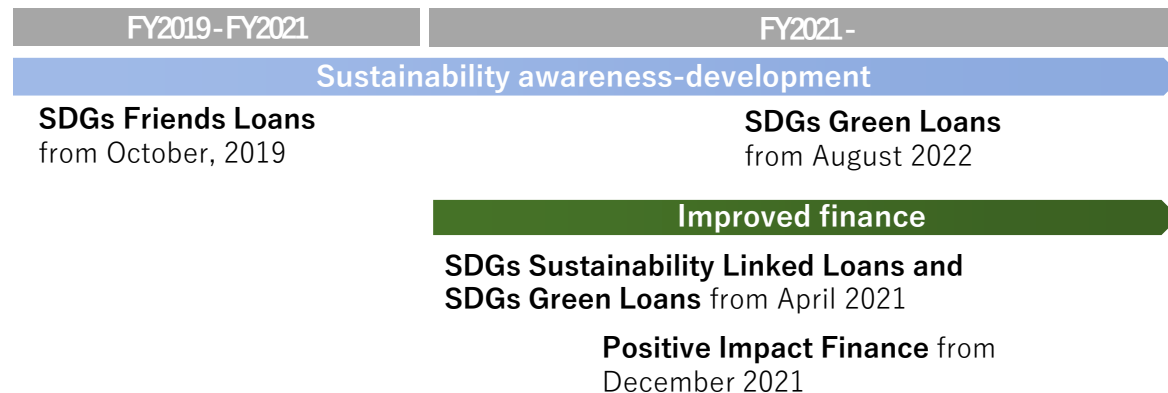
- ✓ Achieve long-term KPIs for sustainable finance
- ✓ Consider improving green finance in the future

■ Sustainable finance  
■ Proportion of green finance



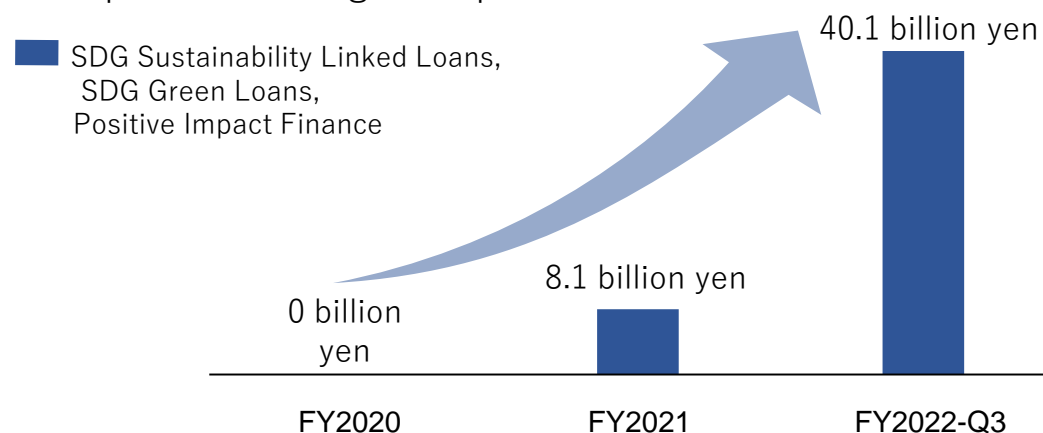
### Expanding sustainable finance

- ✓ Expanding our lineup in response to the steps of corporate initiatives

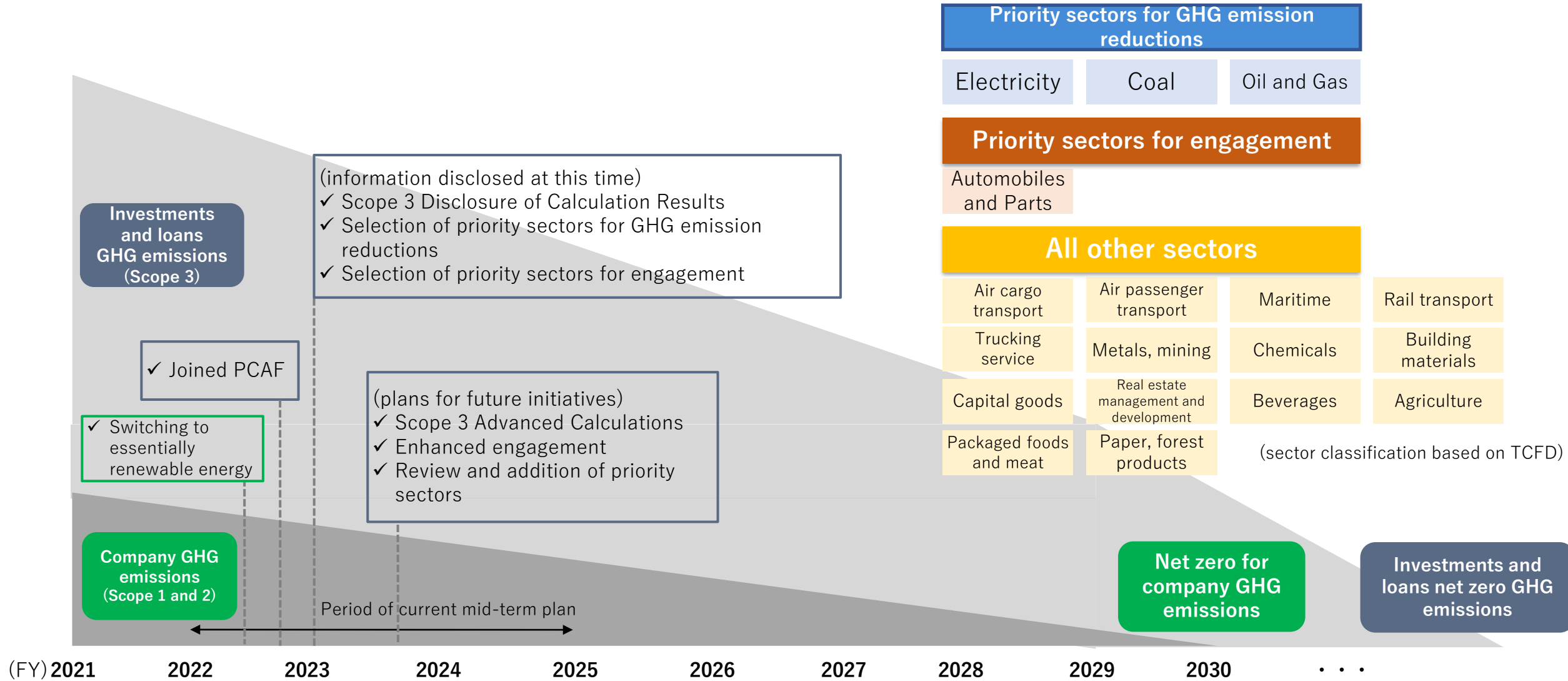


### Results of improved financing (in single fiscal year)

- ✓ Improve financing to help customers decarbonize









# In order to achieve net zero, accelerate our own GHG emissions reduction initiatives and those of the companies we invest in and lend to.



# Reference data



# Reference: Six materialities identified

Materialities	Opportunities and Risks	Major Initiatives	Major KPIs	Related Goals
Supporting Sustainable Growth of Local Businesses	<p><b>Opportunities</b></p> <p>Increase and expansion of strategic solution needs due to increasing diversity and sophistication of corporate management issues</p>	<p><b>Growth</b> <b>Sustainability</b></p> <ul style="list-style-type: none"> <li>Provide financial and capital strategy solutions, including MBO loans and hybrid loans</li> <li>Provide rehabilitation and succession strategy solutions, including business succession consulting</li> <li>Provide solutions utilizing overseas offices, such as overseas loans and overseas expansion support</li> </ul>	<p>Approximately 2,200 corporate partners (FY2024)</p> <p>Cumulative loan execution amount (FY2030)</p> <p>Sustainable finance: 2 trillion yen</p> <p>Green finance: 1 trillion yen</p>	
	<p><b>Risk</b></p> <p>Decline in competitiveness due to delay in moving away from traditional lending-based business model</p> <p>Deterioration in corporate performance due to lack of response to changes in social structure</p>			
Lifestyle Support in the Age of Centenarians	<p><b>Opportunities</b></p> <p>Increase and expansion of needs for asset formation and asset management, and increase in financial literacy in preparation for the Age of Centenarians</p>	<p><b>Growth</b> <b>Sustainability</b></p> <ul style="list-style-type: none"> <li>Provide products and services that contribute to asset building (fund wraps, trusts, insurance, etc.)</li> <li>Provide custom-made, one-stop solutions (Loans for HNWIs, Financial Instruments, and Consulting)</li> </ul>	<p>1.4 trillion yen of assets in the Group's custody (FY2024)</p> <p>100,000 financial education course participants by FY2030</p>	
	<p><b>Risk</b></p> <p>Decline in competitiveness due to inadequate response to the increasing diversity and sophistication of customer needs resulting from changes in social structure, such as the declining birthrate and aging population</p>			
Workplace Reform and Promotion of Diversity	<p><b>Opportunities</b></p> <p>Securing human resources, reforming organizational culture, and creating new value by promoting the active participation of diverse human resources</p>	<p><b>Change</b></p> <ul style="list-style-type: none"> <li>Promotion of Women's Activity Promotion Project</li> <li>Mid-career recruitment for highly specialized human resources</li> <li>Promotion of work style reforms - Hamagin Style, Higashi-Nippon NewStyle</li> <li>Return-to-work support for employees on maternity leave</li> </ul>	<p>Percentage of women in management positions: 22% or more (FY2024)*</p> <p>Percentage of mid-career hires in management positions: 14% or more (FY2024)*</p>	
	<p><b>Risk</b></p> <p>Decrease in employee motivation and outflow of human resources due to lack of provision of workplace environment that responds to diversification of values and changes in social structure</p>			
Promotion of Financial Digitalization (DX)	<p><b>Opportunities</b></p> <p>Increase and expansion of non-face-to-face/non-contact needs and needs for providing advanced digital solutions due to the progress of digitalization</p>	<p><b>Growth</b> <b>Change</b></p> <ul style="list-style-type: none"> <li>Expanding non-face-to-face transactions through next-generation smartphone apps</li> <li>Supporting customers' digitalization through digital consulting practices</li> <li>Initiatives to promote cashless payment</li> </ul>	<p>Approximately 1.35 million users of next-generation smartphone apps (FY2024)</p> <p>2.2 times the number of customers given DX support (FY2024)*</p>	
	<p><b>Risk</b></p> <p>Decline in competitiveness due to delayed response to rapid digitization and entry into other industries, etc.</p>			
Measures against Global Warming and Climate Change	<p><b>Opportunities</b></p> <p>Increase and expansion of new financing and solution needs in the transition to a decarbonized society</p>	<p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>Climate change response using the framework of TCFD recommendations</li> <li>Support for customers' transition to a decarbonized society (sustainable finance, support for CO2 emissions calculation, etc.)</li> <li>Initiatives toward our decarbonization (e.g., switching to substantially renewable energy sources for the company's contracted electricity)</li> </ul>	<p>80% reduction in our CO<sub>2</sub> emissions compared to FY2013 (FY2024)</p> <p>Achieve carbon neutrality (FY2030)</p>	
	<p><b>Risk</b></p> <p>Deterioration of corporate performance due natural disasters, tighter regulations on climate change, etc.</p> <p>Erosion of stakeholder confidence due to lack of response to climate change</p>			
Revitalizing Local Economies	<p><b>Opportunities</b></p> <p>Revitalization and sustainable growth of the local economy through industry-academia-government-finance cooperation</p>	<p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>Sustainable "city-building initiatives" (e.g., local decarbonization efforts)</li> <li>Initiatives to "create a flow of people" in the region (tourism promotion, etc.)</li> <li>Initiatives to "create jobs" in the community (business start-up support, collaboration with universities, etc.)</li> </ul>	<p>Initiatives toward resolving 15 regional issues per year*</p>	
	<p><b>Risk</b></p> <p>Sluggish local economy due to population decline, industrial decline, etc.</p>			

(\*) KPIs of the Bank of Yokohama

# Reference: Investor GHG emissions (Scope 3) calculation methodology

## Method used to calculate GHG emissions (financed emissions)

- ✓ GHG emissions of our investment and loan portfolio calculated utilizing PCAF(\*) standard.  
\* A Dutch-led global initiative established in 2015 to develop a standard methodology to calculate GHG emissions for investment and loan portfolios of financial institutions.
- ✓ The GHG emissions of the investment and loan portfolio (financed emissions) are calculated by summing the attributable emissions of each trading partner company, calculated as Attribution Factor x emissions of the trading partner company.
- ✓ For corporate emissions, there are two major options, disclosed and estimated information, for each of which a data quality score is defined.
- ✓ Financial institutions are required to use the highest quality data available and improve their data quality over time.

### Listed companies

#### For business loans to listed companies:

$$\text{Investment and Loan Portfolio Emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c} \times \text{Company emissions}_c$$

(with  $c = \text{borrower or investee company}$ )

### Unlisted companies

#### For business loans and equity investments to/in private companies:

$$\text{Investment and Loan Portfolio Emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Total equity + debt}_c} \times \text{Company emissions}_c$$

(with  $c = \text{borrower or investee company}$ )

### Project finance

$$\text{Financed emissions} = \sum_p \text{Attribution factor}_p \times \text{Project emissions}_p$$

(with  $p = \text{project}$ )

$$\text{Attribution factor}_p = \frac{\text{Outstanding amount}_p}{\text{Total equity + debt}_p}$$

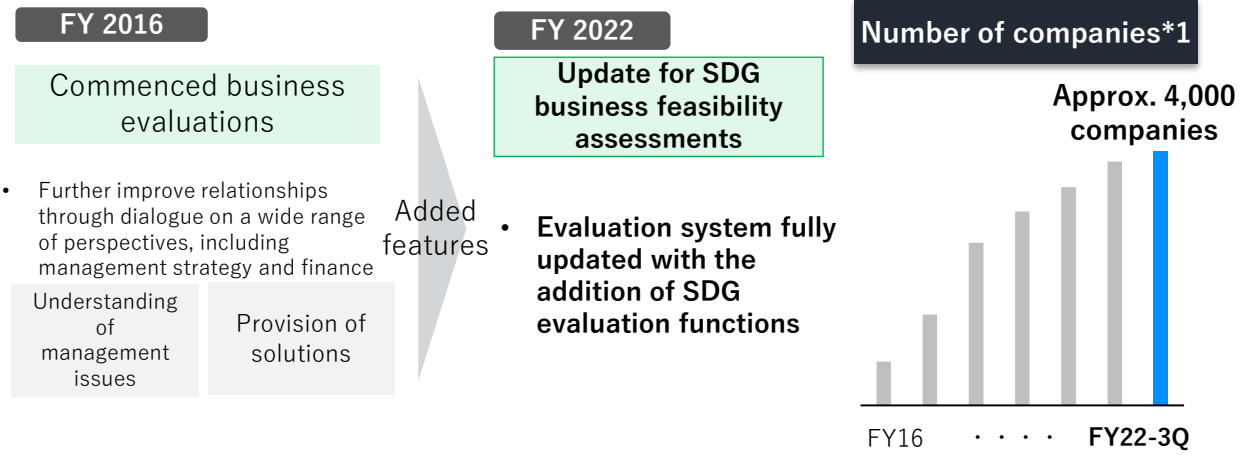
Source: PCAF Standard

Data quality	Option	Summary
Score 1 <b>High</b>	Disclosed information	Emissions disclosed by corporations (with third-party certification)
Score 2		Emissions disclosed by corporations (without third-party certification)
Score 3	Estimated Information	Emissions estimated based on company energy consumption and emission coefficients
Score 4		Emissions estimated based on company production and emission coefficients
Score 5 <b>Low</b>	Financial indicator base	Emissions estimated based on company sales and emission coefficients
		Emissions estimated based on company investment and loan balances and emission coefficients

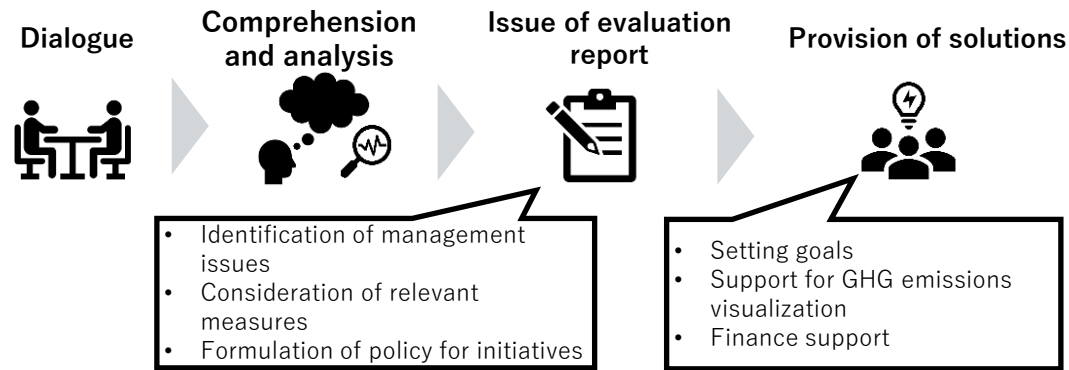
# Reference: Decarbonization Initiatives (Main Solution Menu) - Awareness-development Phase

## Business feasibility assessments for SDGs

- ✓ In light of changes in the environment, we have added the SDG evaluation function to our existing efforts to evaluate business feasibility.



- ✓ Support customers' sustainability initiatives by understanding and analyzing issues and providing optimal solutions.



\*1 Cumulative number of clients, including those for which business feasibility evaluations, the predecessor of the SDGs business feasibility evaluations, were conducted

## SDGs Friends Loans

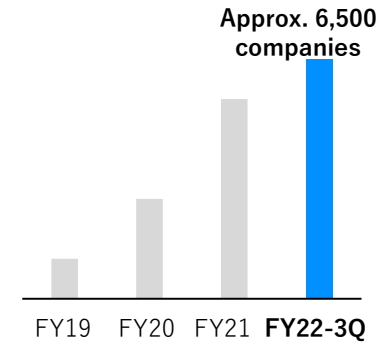
- ✓ We work together with our customers to link our business activities to SDG goals and encourage consideration of new initiatives.



- The check sheet is used to link customer business activities to SDG goals
- Encouraging consideration of new initiatives to reach SDG goals



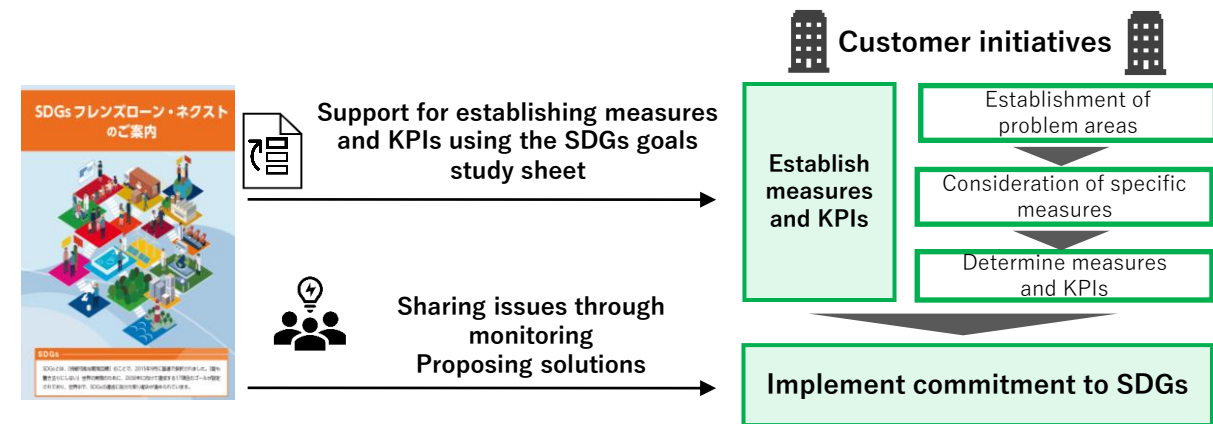
- Kanagawa SDG partner recruitment information and accreditation support
- SDG seminar



Step up to the next stage

## SDGs Friends Loan Next

- ✓ Support for formulation of specific measures and KPIs to solve management issues in SDGs



# Reference: Decarbonization Initiatives (Main Solution Menu) - Visualization Phase

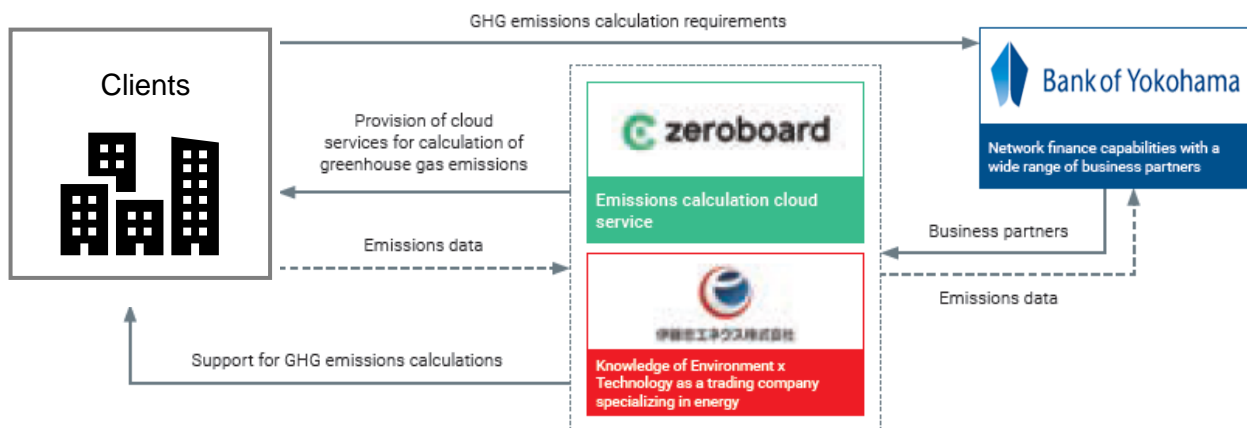
## GHG emission visualization and calculation support

January - March 2022

Demonstration by our customers and external specialist companies (Zeroboard Corporation, Itochu Enex Co., Ltd.)

June 2022

After the demonstration was completed we began providing this service to customers with high decarbonization needs.



Accelerate improvement of solution proposals for reducing GHG emissions

NEW

- ✓ Launched the Decarbonization Business Feasibility Assessment, a special focus on decarbonization (commenced December 2022)
  - Improve support for decarbonization efforts through dialogue using the decarbonization check sheet

### Decarbonization Check Sheet Contents

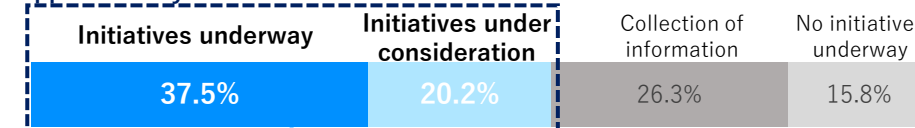
- Effects of 'opportunities' and 'threats' on the company
- GHG emission visualization, reduction goals and plans, status of implementation
- SWOT analysis

## SDGs Survey Results (August 2022)

- ✓ We carried out a survey as part of our engagement with clients for whom business feasibility assessments were conducted.
- ✓ Approximately 60% are considering specific initiatives, and interest in energy-conservation and GHG emissions reduction initiatives is high.

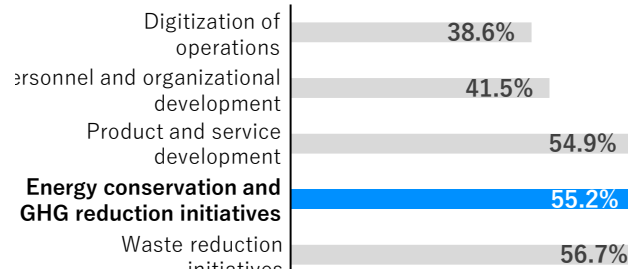
### Status of SDGs initiatives

Approximately 60%



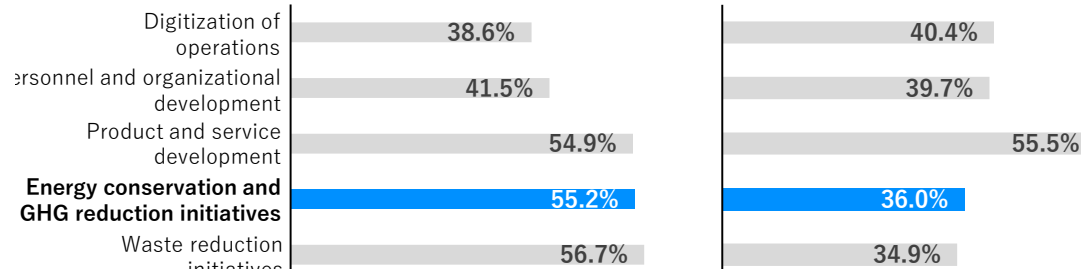
Number of valid responses: 499 companies

### Initiatives already underway



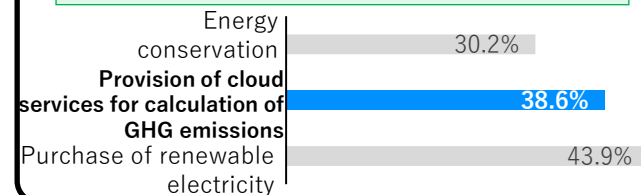
Number of valid responses: 277 companies

### Initiatives under consideration



Number of valid responses: 277 companies

### Under consideration for greenhouse gas reduction



- 38.6% of companies are considering GHG emissions measurement, confirming that the shift into the visualization phase is progressing.

Number of valid responses: 487 companies

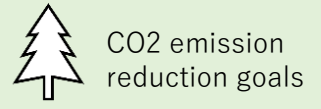
\* Cumulative number of clients, including those for which business feasibility evaluations, the predecessor of the SDG business feasibility evaluations, were conducted

# Reference: Decarbonization Initiatives (Main Solution Menu) - Reduction Phase

## Sustainability Linked Loans, SDGs Green Loans

### Sustainability-linked loans (SLL)

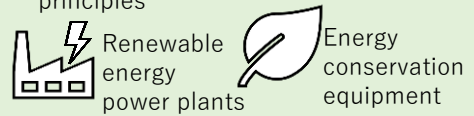
- Establish SPTs (Sustainability Performance Targets)
- CO2 emission reduction goals
- Borrowing terms depend on the degree of achievement of these goals and targets



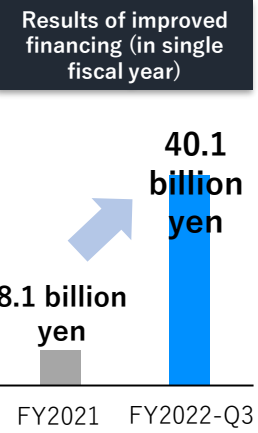
Support sustainability management by promoting motivation to achieve SPTs

### SDGs green loans

- Specify the use of funds for eligible projects for environmental improvement (green sector) in accordance with international principles
- Dialogue through fund management and reporting after cooperation

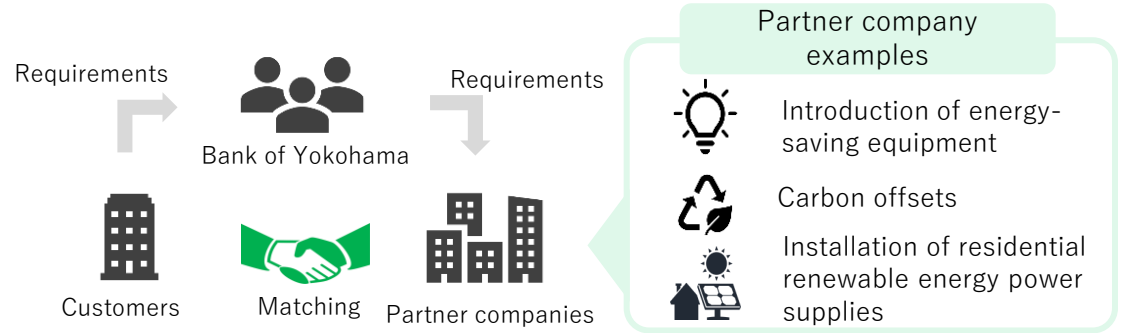


Responding to diverse financing needs and contributing to sustainable development



## GHG emission reduction support

✓ Partner with outside companies to help customers reduce GHG emissions



### The voice of a customer who introduced SLLs (Onuki Textile Co., Ltd.)

#### Operations Contents

Processing of industrial sewing thread, sewing thread for various materials

#### SPTs

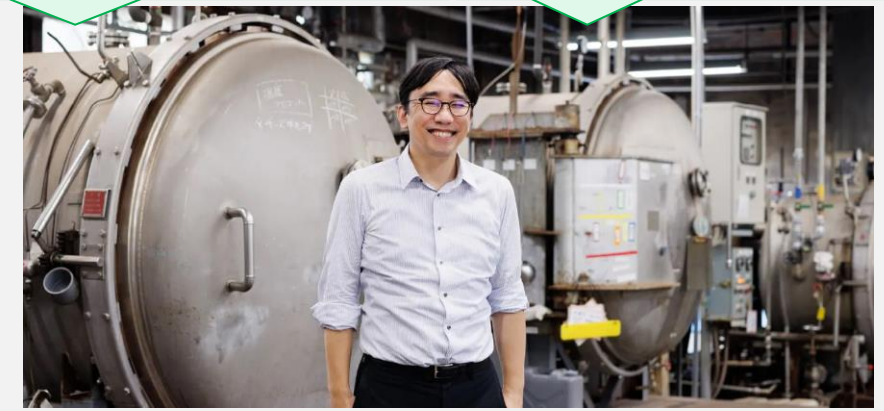
- FY2029 CO2 emissions reduced by 50.12% in comparison with base year
- Use of electricity derived from renewable energy sources

#### History

- A sense of urgency that the industry itself cannot remain without raising awareness of the SDGs
- In response to changes such as an increase in the number of inquiries from customers about CO2 annual emissions, sustainability linked loans (SLLs) were introduced to promote objective evaluation of our own surveys and emissions reduction.

With the roadmap in place, monthly targets were set and progress checked against them to enable verification of specific production activities. It is very important to have a new yardstick that all employees can share.

All employees have naturally started to ship based on SDGs. I think SLLs were the catalyst to nurture the germ of this idea.



(picture) Masafumi Onuki  
Representative Director and President  
Onuki Textile Co., LTD.

(Reference URL) <https://www.boy.co.jp/hojin/sdgs/project-story/story-onuki.html>

\* Sustainability Linked Loans, SDG Green Loans, Positive Impact Finance  
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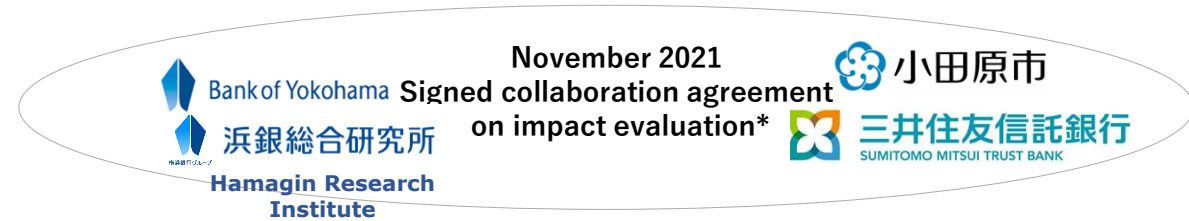
# Reference: Decarbonization Initiatives in Partnership with Local Governments

## Regional decarbonization platform



## Agreement on Collaboration in Evaluating Impact of Local Energy Production for Local Consumption

- ✓ Collaboration agreement for evaluating the impact of projects for local energy production for local consumption promoted by Odawara City to achieve carbon neutrality
- ✓ The first case in Japan of full-scale impact evaluation through a partnership agreement with a regional public body



**July 2022 Impact evaluation reports established**

- ✓ Findings from this evaluation are shared with the Regional Decarbonization Platform and expanded to other municipalities.

### Investigative research

- Gathering information on the latest case studies, technologies, products and services
- Building networks that cross the boundaries between industry, government, academia, and the private sector

### Project formulation

- Embodiment of decarbonization-related measures, demonstration projects
- Promotion of wide-area collaboration among multiple municipalities

#### 3. Provision of tools

The secretariat will develop its own tools to contribute to the planning and development of decarbonization measures, and will provide them free of charge.

#### 4. Zoning Policy Subcommittee

Subcommittees for individual themes established to promote project development



Aims

Contents

#### 1. Decarbonization short pitch

Presentations by companies with products and services related to decarbonization

#### 2. Policies and case studies

Inviting local governments making progressive efforts to introduce their latest policies and case studies

# Exchange of Opinions with Outside Directors

# Profile of outside directors



**Mitsuru  
Akiyoshi**

Year appointed	Profile
2015	Executive Vice President and Representative Director , Marubeni Corporation CEO , Food & Consumer Products Group
2019	President and Representative Director , MG Leasing Corporation (now Mizuho Marubeni Leasing Corporation) <b>Director of the Company (to present)</b> Auditor,International Petroleum Exploration Coporation(now INPEX Corporation)(to present)
2022	Consultant to Mizuho Marubeni Leasing Corporation ( to present)



**Yoshinobu  
Yamada**

Year appointed	Profile
1995	Managing Director , Merrill Lynch Japan Securities Co.
2008	Representative Partner, olivant Advisors
2009	Managing Director , Deutsche Securities Inc.
2019	Senior Adivisor, PwC Advisory LLC
2020	<b>Director of the Conmpany (to present)</b>



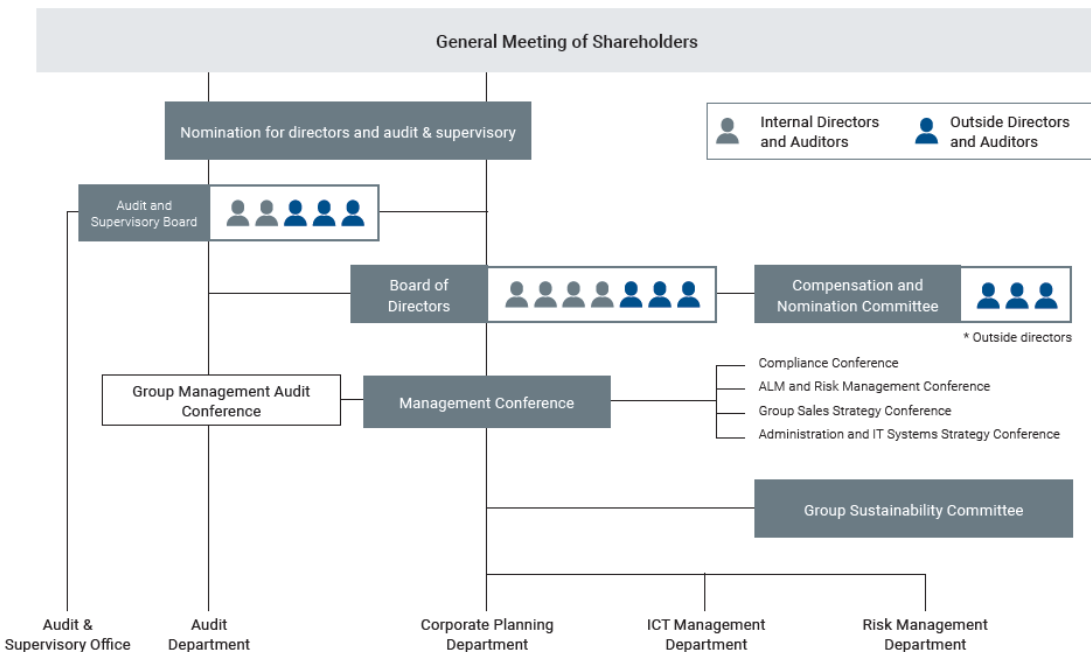
**Mami  
Yoda**

Year appointed	Profile
2005	Managing Director,Standard & Poor's International,LLC
2017	Associate Professor,Department of English Language and Culture Communication, Faculty of Arts and Sciences,Sagami Women's University
2020	Associate Professor,Graduate School of Social Entrepreneurship,Sagami Women's University <b>Director of the company(to present)</b> Professor,Department of English Language,Culture,and communication, Faculty of Arts and Sciences,Sagami Women's University(to present)
2022	Professor,Graduate School of Social Entrepreneurship,Sagami Women's University(to present) <b>Director,the Bank of Yokohama,Ltd.(to present)</b>



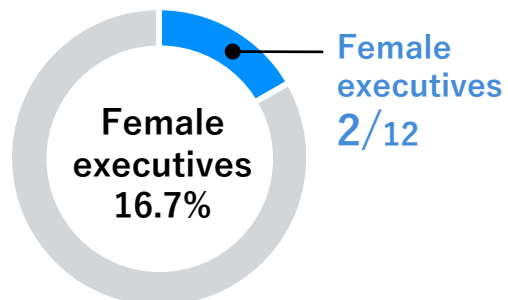
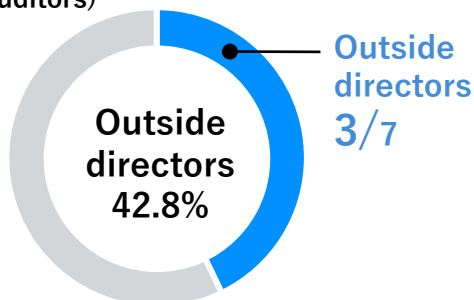
# ( Reference ) Corporate Governance

## Corporate Governance System



## A governance structure that ensures independence and diversity

- ✓ 3 independent outside directors appointed among 7 directors
- ✓ 2 female executives appointed among 12 executive (7 directors and 5 auditors)



## Expertise and experience of directors, Audit & Supervisory Board members and executive officers

- ✓ The Company discloses a skills matrix of the Board of Directors as a whole, including the Audit & Supervisory Board members and executive officers, who actually make up the Company's Board of Directors, in addition to the directors

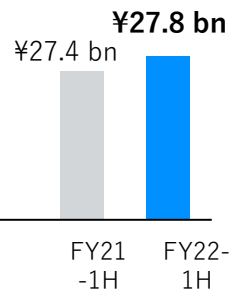
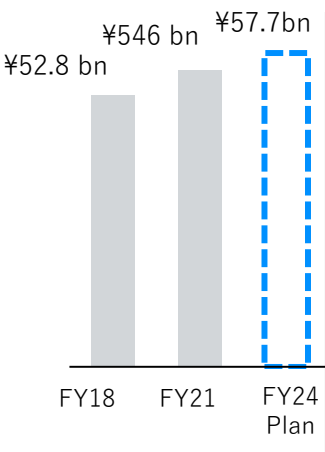
Name	Position	Expertise & experience					
		Corporate management & organizational operation	Regional sales	Legal affairs & risk management	Finance & accounting	International & market operations	ICT & digital (DX)
Tatsuya Kataoka	President and Representative Director	●	●		●	●	
Yoshiyuki Oishi	Representative Director	●	●	●	●		
Yoshiaki Suzuki	Director		●		●		●
Nobuo Onodera	Director		●		●		●
Mitsuru Akiyoshi	Director <b>Outside</b>	●		●	●	●	●
Yoshinobu Yamada	Director <b>Outside</b>			●	●	●	●
Mami Yoda	Director <b>Outside Female</b>	●		●	●	●	
Kazuhiro Maehara	Full-time Audit & Supervisory Board Member		●	●	●		
Mitsuhiro Hara	Audit & Supervisory Board Member		●	●			
Keiichiro Hashimoto	Audit & Supervisory Board Member <b>Outside</b>	●		●	●	●	●
Seiichi Fusamura	Audit & Supervisory Board Member <b>Outside</b>	●		●			
Mayumi Noguchi	Audit & Supervisory Board Member <b>Outside Female</b>			●	●		
Yutaro Koshiba	Executive Officer		●	●			
Keigo Makino	Executive Officer			●	●	●	
Tomoki Arai	Executive Officer		●		●	●	
Toshihiko Onuki	Executive Officer						●
Kazuhiro Sukegawa	Executive Officer		●				
Toshiya Kubota	Executive Officer		●				

Expertise and experience that the Company needs

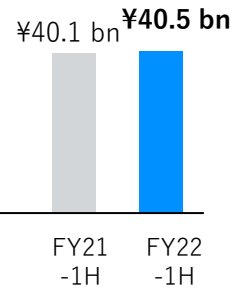
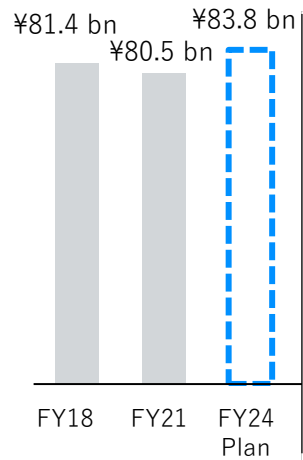
- ◆ "Regional sales," which is essential in light of the subsidiaries' business model as regional financial institutions
- ◆ "Corporate management & organizational operation," "legal affairs & risk management," and "Finance & accounting," all of which are expertise universally required for corporate management
- ◆ "International & market operations" and "ICT & digital (DX)," both of which are highly specialized expertise required to response to changing management environment

# ( Reference ) Progress of Medium-Term Management Plan

## Corporate loan revenue (Domestic yen, Two banks combined)

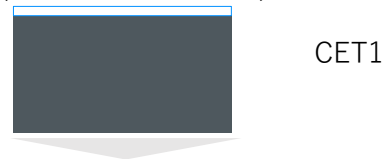


## Individual loan revenue (Two banks combined)



## Impact of Foreign Bonds

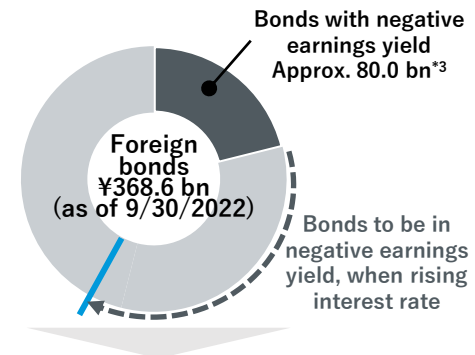
➤ **Own capital and unrealized gains/losses on securities (as of Sept. 30, 2022)**  
1,056.8 bn yen  
(CET1 ratio 11.67%)



**Valuation difference on securities (27) bn yen**  
(Net unrealized gains (losses) on securities\*1 (42.7) bn yen)

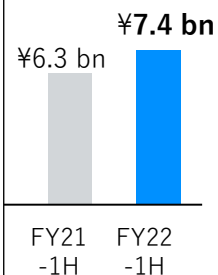
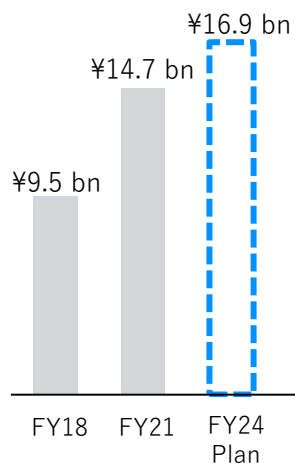
The impact on the CET1 ratio is limited to 0.3 percentage points only

➤ **and balance of foreign bonds with negative earnings yield (as of Sept. 30, 2022)**

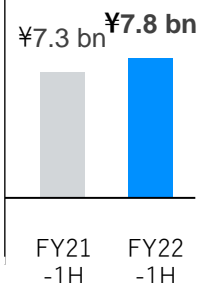
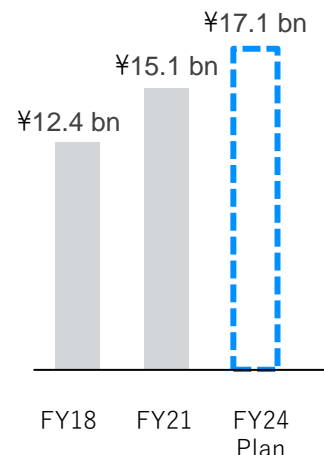


U.S. dollar rate 5.0%, Euro rate 3.0%  
⇒ Negative spread (estimate) is limited to about 3 billion yen for the quarter.  
(estimate as of end of September, 2022)

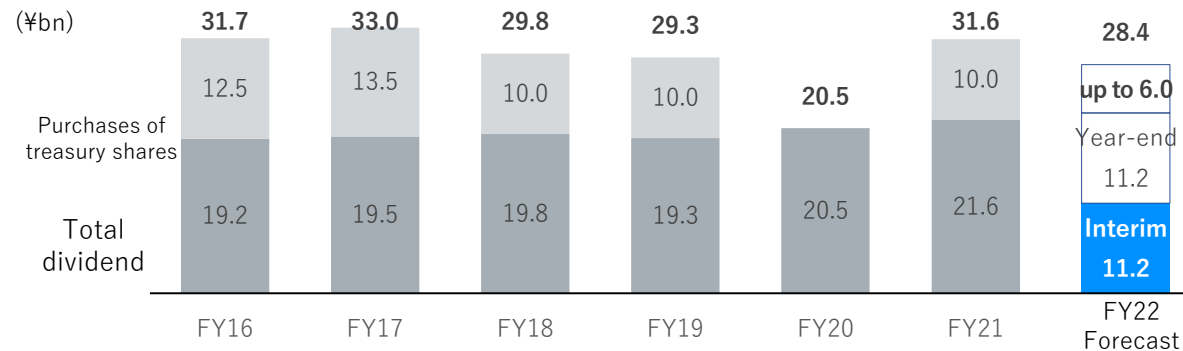
## Corporate service revenue \*1 (Two banks combined)



## Individual service revenue \*2 (Two banks combined)



## Historical record of shareholder returns



Payout ratio	29%	29%	36%	41%	81%	40%	Est. 40%
Total return ratio	48%	50%	55%	63%	81%	58%	Est. 51%

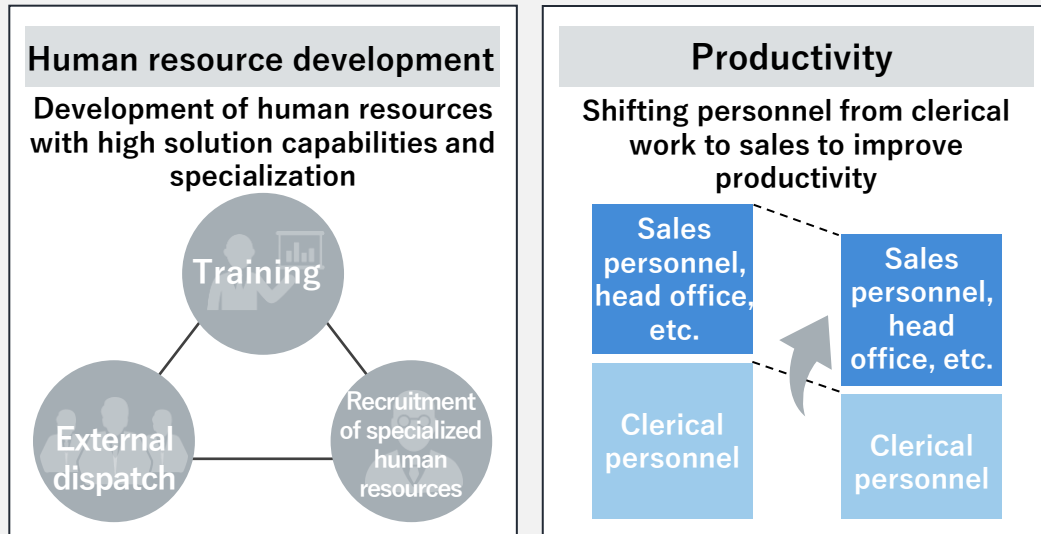
\*1 Managerial accounting basis. Excluding revenue from asset management company in BOY

\*2 Managerial accounting basis. Including revenue from asset management company in BOY

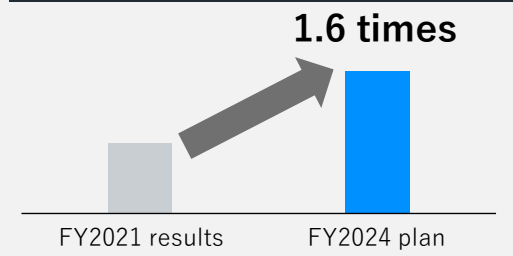
# ( Reference ) Talent Portfolio Reforms and an Increase in Engagement

## Initiatives aimed at strengthening of human resource development and corporate culture reforms

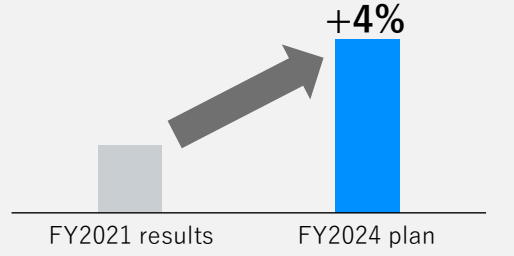
### Strengthening of human resource development toward a shift to a 'solutions company'



**Time invested in talent development per person**



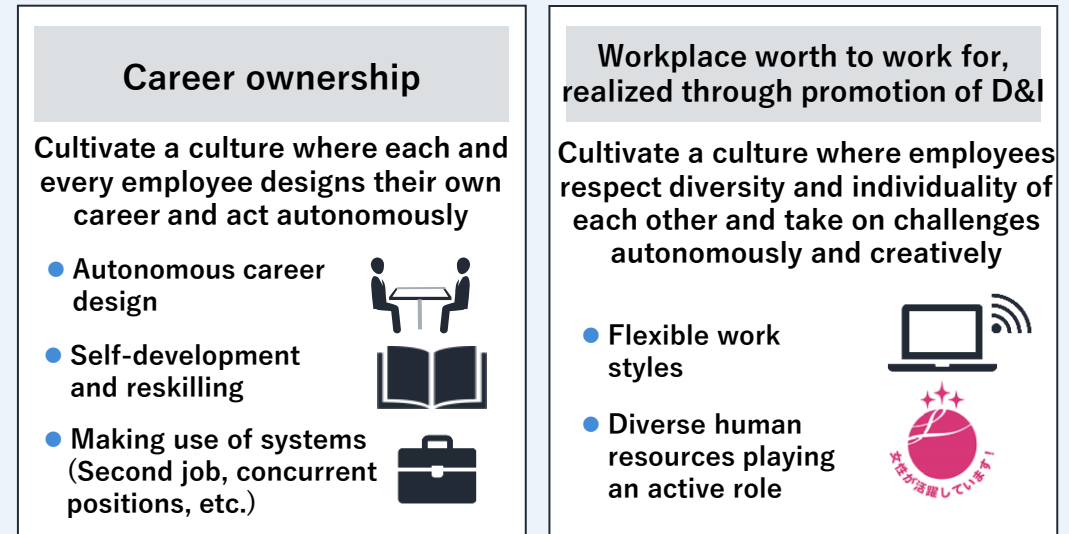
**Revenue from solutions per person\*1**



Talent portfolio reforms

An increase in engagement

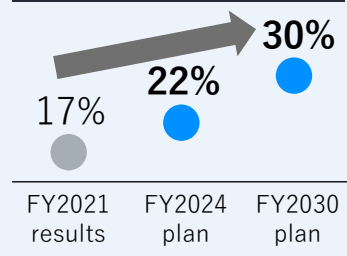
### A reform into a corporate culture where employees have high motivation to take on challenges and grow



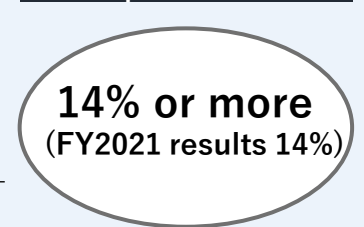
**Number of posts open for internal application**



**Percentage of women managers**



**Percentage of mid-careers in managerial positions**



\*1 A total of revenue from yen-denominated loans (loans for corporations and HNWI) + service revenues (a total of those from corporations and individuals) + revenue from foreign-currency-denominated loans and revenue from corporate derivatives  
\*2 Annual average for the period covered by the Medium-term Management Plan