

Concordia Financial Group Green Bond Framework

1. Introduction

The Concordia Financial Group ("Concordia" FG) is a regional financial group that operates mainly in Kanagawa Prefecture and Tokyo, and includes The Bank of Yokohama and Higashi-Nippon Bank. In our banking work we provide securities services, leasing services, information services and research services, and venture capital services.

As a regional financial institution, the Concordia FG aims to become a bridge between all stakeholders and to engage in corporate activities aimed at solving social issues, thereby achieving sustainable growth and development together with local communities. To this end, the Concordia FG is working to build a sustainable society through corporate activities such as revitalization of local economies, urban development, support for enriching people's lives, and environmentally friendly initiatives. The Concordia FG Group Environmental Policy stipulates that we will support our customers in addressing environmental issues through the development and provision of products and services, and promote resource and energy conservation and waste recycling to reduce our environmental impact. Among the Sustainability Long-term KPIs established by Concordia FG based on this policy are providing 1 trillion yen of Green finance (between FY 2019 and FY 2030), and achieving carbon neutrality (Scope 1 and 2) by FY 2030 to reduce our environmental impact. We will further promote these initiatives by utilizing the funds raised through the issuance of Green Bonds.

2. Green Bond Framework

2-1. Use of procured funds

The funds raised by the Green Bonds will be used, through the Group companies, for new lending and disbursements or refinancing that meet the following eligibility criteria. In the case of appropriation for refinancing, loans and expenditures for capital investment must have been made within the past five years retroactively from the date of issuance of the Green Bond, and loans and expenditures for operating expenses must have been made within the past three years retroactively from the date of issuance of the Green Bond.

Eligibility criteria

■ Green building

The construction or purchase of a new building or the repair of an existing building that has been assessed as

- LEED: GOLD or higher
- BREEAM: Excellent or higher
- CASBEE: A Level or higher



■ Renewable energy

New and existing projects related to renewable energy, including

- Solar power generation
- Wind power generation
- Geothermal power generation
- Biomass power generation (limited to sustainable feedstock or waste)
- Small-scale hydropower (generating capacity of 25 MW or less)



■ Energy efficiency

Projects related to energy-saving equipment including, but not limited to, LED lighting and high-efficiency heating, ventilation, and air conditioning (HVAC), building thermal insulation, and energy usage control systems



■ Clean transportation

Projects related to the transition to clean energy vehicles (including electric and fuel cell vehicles and their supporting infrastructure), and the development, operation, and renewal of public transportation (including rail transit, cycling, and other non-motorized transportation improvements)



Exclusion Criteria

- In green buildings, industrial buildings intended to be used for fossil fuel projects such as oil and coal are excluded from the scope.
- Of the investments and loans for biomass, we will carefully consider the status of acquisition of certifications such as RSPO, which is an international certification for sustainable palm oil, as well as the status of consideration for local communities and the environment, before making investments and loans for palm oil plantation development.

2-2. Project Evaluation and Selection Process

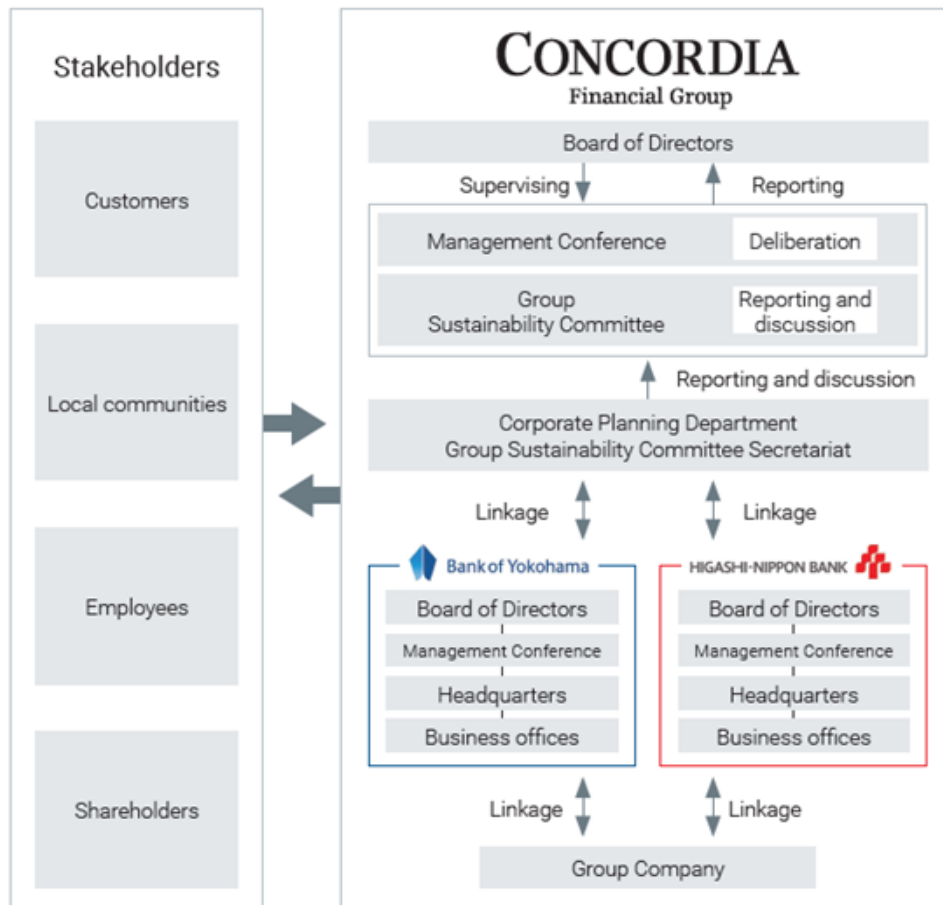
In setting the eligibility criteria, the Concordia FG Corporate Planning Department drafted the criteria, and the Group's sustainability Committee, which formulates the Group's sustainability policies and manages and supervises the status of the Group's sustainability initiatives, also discussed the criteria and confirmed their consistency with the Group's sustainability policies. The Concordia FG Corporate Planning Department will make the selection and final decision on eligible projects.

Concordia FG management structure for sustainability

At Concordia FG, the Group sustainability Committee, chaired by the President and Representative Director, formulates policies for the Group's sustainability initiatives, and manages and supervises the status of these initiatives. The Group sustainability Committee has examined and discussed the priority and importance of issues that the Company should address from the perspective of the magnitude of the impact on stakeholders and the significance of the Company's social existence as a regional financial institution, and finally, through the Board

of Directors, has established six materialities that the Group should address in order to create a sustainable society.

Each business unit across the entire Group is cooperating in promoting business strategies based on these six priority points.



Environmental and Social Risk Management

As an initiative regarding investments and loans with a high potential for negative environmental and social impacts, the Concordia FG has established sector policies for specific sectors, such as coal-fired power generation, cluster bomb manufacturing, palm oil plantation development, and forest logging, and applies these policies in its lending decisions. The Concordia FG also strives to reduce and avoid negative environmental and social impacts through compliance with various laws and regulations and consideration of the environmental and social impacts of investments and loans in the loan screening process at the departments under the jurisdiction of its group companies, The Bank of Yokohama and The Higashi-Nippon Bank.

2-3. Management of procured funds

The appropriation of funds raised by Green Bonds is regularly monitored by Concordia FG Corporate Planning Department, and traceability is ensured through Excel management. The

frequency is at least once per year. During the period until appropriation for projects that meet the qualifying criteria or when unappropriated funds are generated, we invest an amount equal to the unappropriated funds in cash and cash equivalents and/or highly liquid securities.

2-4. Reporting

Fund appropriation status reporting

Until the funds raised by the Green Bonds are fully appropriated, the following items are disclosed at least once per year on the Concordia FG website.

- Amount of Appropriation for Each Category of Eligible Criterion
- Unallocated amount
- Green Bond outstanding amount

Impact Reporting

Until the funds raised by the Green Bonds are fully appropriated, the following indicators will be disclosed at least once a year on the Concordia FG website.

Eligibility Criterion Category	Impact Reporting Content
Green building	CO ₂ emission reduction
Renewable energy	Electricity generation (kWh) (theoretical value), CO ₂ emission reduction
Energy efficiency	CO ₂ emission reduction
Clean transportation	CO ₂ emission reduction