SECOND PARTY OPINION

CITY OF YOKOHAMA
PORT OF YOKOHAMA CNP (Carbon Neutral Port) SUSTAINABLE FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

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Executive Summary

The City of Yokohama (or the Port of Yokohama CNP Sustainable Finance Framework Developer (hereinafter, the "FW Developer")) developed Port and Harbor Decarbonization Plan for the Port of Yokohama (hereinafter, the “Plan") in March 2025 to promote the decarbonization of the Port of Yokohama.

In accordance with the provisions of Article 50-2-1 of the Port Law, this Plan was prepared to promote the effective use of ports and harbors that contribute to the promotion of decarbonization through public-private partnership (https://laws.e-gov.go.jp/law/325AC0000000218). This Plan is consistent with “the Basic Policy on the Development, Use and Preservation of Ports and Harbors and Development and Preservation Passages” set out by the Ministry of Land, Infrastructure, Transport and Tourism, and “the Comprehensive Plan for Keihin Port (Port of Yokohama Long-Term Concept).” Moreover, the City of Yokohama Mid-Term Plan 2022-2025 positions the formation of a carbon neutral port (hereinafter, "Port of Yokohama CNP") at the Port of Yokohama. In addition, the City of Yokohama Action Plan for Global Warming Countermeasures (27 January 2023 rev.) aims to reduce greenhouse gas emissions by 50% from the FY2013 level by FY2030, and to achieve practically zero emissions by FY2050. Furthermore, as a priority initiative, the City has set out to create decarbonization innovations in cooperation with the Government and industries.

In forming the Port of Yokohama CNP, it is essential for a wide variety of companies and organizations to invest in decarbonization in the Yokohama waterfront area to realise this Plan. The City of Yokohama has developed the Port of Yokohama CNP Sustainable Finance Framework (hereinafter, "FW") to facilitate these efforts.

Figure-1 shows the scheme diagram of the Port of Yokohama CNP, which is structured as FW to support the financing of decarbonization investments made by various companies and organizations in the Yokohama waterfront area under the Plan.

This FW is characterized by the fact that individual companies and organizations do not need to develop their own "finance frameworks," as long as their activities are based on a process (described below) that has been evaluated for eligibility. It also enables Sustainable Finance to be implemented for capital investments necessary for the development of the Port of Yokohama CNP and for loans provided by supporting financial institutions.

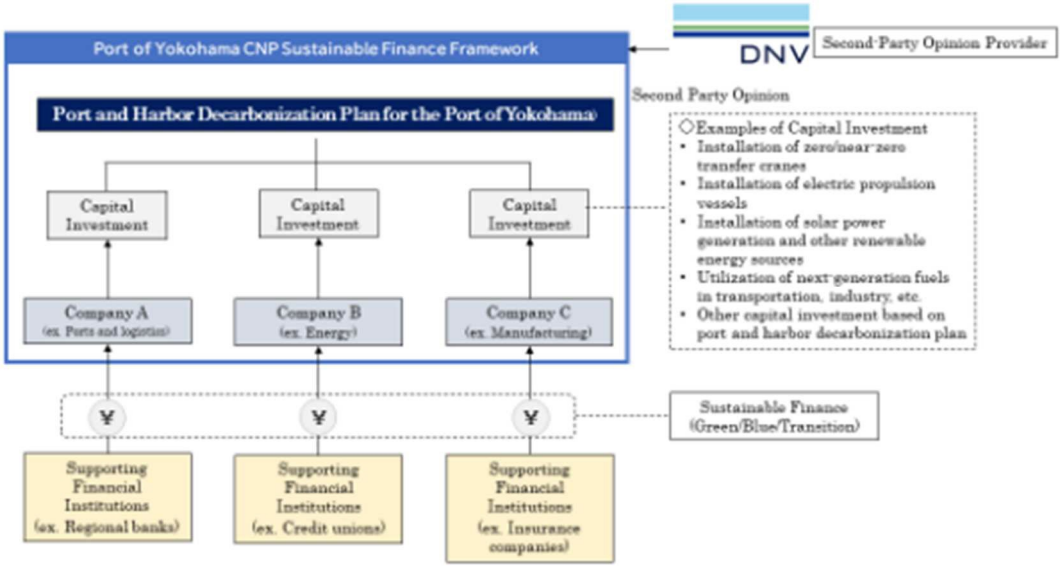

Figure-1 Scheme Diagram of the Port of Yokohama CNP

DNV Business Assurance Japan K.K. (hereinafter, "DNV"), as an independent external reviewer, assessed the eligibility of FWs. Specifically, DNV assessed eligibility of provided the FW eligibility by applying following frameworks.

<Framework on Climate Transition Finance>

- Climate Transition Finance Handbook 2023 (International Capital Market Association (ICMA); hereinafter, "CTFH")
- Basic Guidelines on Climate Transition Finance 2021 (FSA, METI and MOE; hereinafter, CTFBG)

<Framework on Green Finance> *including Climate Transition Finance with Specific Use of Proceeds

- Green Loan Principles 2023 (Loan Market Association (LMA), Asia-Pacific Loan Market Association (APLMA), Loan Syndication & Trading Association (LSTA); hereinafter "GLP")
- Green Loan Guidelines 2024 (MOE; hereinafter, "GLGL")

<Framework on Blue Finance>

- Blue Finance Guidelines 2022 (International Finance Corporation (IFC); hereinafter, "BFG")
- Bonds to Finance the Sustainable Blue Economy (A Practitioners' Guide) 2023 (International Capital Market Association (ICMA), United Nations Environment Programme Finance Initiative (UNEP FI), UN Global Compact, Asian Development Bank (ADB); hereinafter, "SEBG")

*Other: Including Leases that referred to the Four Elements of above.

A summary of the eligibility assessment results for each of the common elements, as presented in above frameworks, is as follows.

<CTF Eligibility Assessment Results>

CTF-1. Issuer's Climate Transition Strategies and Governance:

The Transition Strategy of Yokohama City Waterfront aims to strategically promote the formation of CNPs based on the Paris Agreement, the Port and Harbor Plan of the City of Yokohama, revised in 2014, and this Plan. In addition, the Yokohama City Action Plan for Global Warming Countermeasures, revised in 2018, sets out decarbonization by FY2050, which is also consistent with the Transition Strategy of City of Yokohama. In addition, to achieve FY2050 carbon neutrality in the waterfront area, the plan targets a 47% reduction in carbon dioxide emissions by FY2030 and a 74% reduction by FY2040, compared to FY2013 levels. These targets are based on scientific evidence and are on track from FY2013 emissions towards the FY2050 target.

The policy for the formation of CNPs includes the decarbonization of waterfront areas (introduction of hydrogen and renewable energy, promotion of energy-saving equipment), decarbonization of wharves (low-carbonization of cargo handling equipment, realization of bunkering of next-generation fuel vessels, LEDs, etc.) and creation of a rich ocean (use of blue carbon ecosystems).

The Plan has been developed in accordance with the Manual for the Preparation of the Port Decarbonization Promotion Plan set out by the MLIT and is subject to regular assessment by Yokohama Port CNP Council* (hereinafter, “Council”). In addition, Yokohama has been selected as an “SDGs Future City” and promotes projects aimed at regional economic growth and employment expansion, while ensuring a fair transition and appropriate application of the Environmental Consideration Guidelines. This ensures that proper governance is in place and the strategy is effective.

Based on the above, DNV considers that FW satisfies the disclosure elements required by CTF-1.

*Members: Companies and organizations that participated in the establishment of the Council, academic experts, and related government agencies Top 15 CO_2 Emitters in the Yokohama waterfront area in 2019 + Special members : Participants who joined after the establishment of the Council Office : Port and Harbor Bureau, Zero Carbon and GREEN×EXPO Promotion Bureau.

CTF-2. Business Model Environmental Materiality:

City of Yokohama has formulated seven “Basic Policies” targeting FY2030 to achieve decarbonization by FY2050, with “Creation of Yokohama Waterfront Area Decarbonization Innovation” as the most important initiative.

As the waterfront area accounts for approximately 40% of the City's total carbon dioxide emissions, Yokohama recognises that it is crucial to work towards achieving reduction targets (KPIs) to realise decarbonization by FY2050. In addition, the promotion of CNP formation is positioned as a strategy in the Basic Policy for GX Realization published by the METI in February 2023 and is closely linked to eligible projects related to climate change.

Based on the above, DNV considers that FW satisfies the disclosure elements required by CTF-2.

CTF-3. Climate Transition Strategy and Targets to be Science-Based (including targets and pathways):

The Yokohama Waterfront Transition Strategy is based on science-based carbon reduction targets and pathways consistent with the Paris Agreement. The short- to medium-term target is a 47% reduction by FY2030 compared with FY2013 levels, while the medium-term target is a 74% reduction by FY2040.

These targets are considered to be appropriate based on publicly available information, including the sector-specific reduction rates set in the Yokohama Global Warming Action Plan, interviews with experts and field surveys. In addition, the base year (FY2013) and actual results for FY2019 and FY2022 are shown for carbon dioxide emissions, and quantitatively measurable targets for carbon dioxide emissions and absorption have been set.

Furthermore, in addition to the capture of carbon dioxide, which promotes the use of blue carbon ecosystems, such as the formation of seaweed beds and shallow water, the introduction of technologies related to the separation, capture, storage and utilization of carbon dioxide is planned.

Based on the above, DNV considers that FW satisfies the disclosure elements required by CTF-3.

CTF-4. Implementation Transparency:

The City of Yokohama has set the planning period of this Plan until FY2050 and is working to achieve its carbon reduction targets based on the “Roadmap to Achieve the Targets of this Plan” while preparing its budget each year. A diverse range of companies and organizations are implementing decarbonization projects in the Yokohama waterfront area. These projects have been selected with input from the Council.

The Plan also includes some activities that use fossil fuels partly from an economic or asset utilization perspective at the moment but are planned to meet a reduction trajectory consistent with the Paris Agreement through a phased review and the introduction of

decarbonization technologies in line with technological progress. The plan includes green projects in the renewable energy and energy conservation sectors, decarbonization of ships to phase out fossil fuel use, and the use of hydrogen and ammonia to achieve carbon neutrality in FY2050.

City of Yokohama is committed to fair transition through the "Yokohama Port and Harbor Plan" and this Plan, with the aim of increasing regional economic growth, employment and income. In addition, the City of Yokohama has appropriately applied the Guidelines for Environmental Considerations and Guidelines for Reducing Environmental Impacts established by the City of Yokohama with regard to mitigating negative impacts and avoiding lock-in.

Based on the above, DNV considers that FW satisfies the disclosure elements required by CTF-4.

<GLP/GLGL eligibility assessment results>

GLP/GLGL-1. Use of Proceeds:

The City of Yokohama classifies representative uses of sustainable finance to be implemented as eligible criteria, and projects that directly or indirectly promote sustainable finance are exemplified as eligible projects (see the body text). Sustainable finance is essential for the formation of Yokohama's Carbon Neutral Port (CNP), and the use of sustainable finance by a wide range of companies and organizations will promote the carbon neutrality of the entire Port of Yokohama.

The proceeds will be allocated to eligible projects that have been verified as eligible, in accordance with the operating guidelines separately set out by FW, and the full amount will be used for sustainable finance. The proceeds will be fully allocated to eligible projects that have been identified as contributing to the decarbonization of the Yokohama waterfront area and have environmental benefits such as reduced carbon emissions, the effects of which will be reported on an annual basis.

In addition to the direct environmental benefits of eligible projects, such as reduced carbon emissions, there are also expected to be indirect environmental benefits that contribute to the realization of the Transition Strategy through research and development and demonstration projects. The proceeds will be used for new expenditure and refinancing of existing expenditure, with refinancing limited to projects implemented within three years.

Based on the above, DNV considers that FW satisfies the disclosure elements required by GLP-1.

<Types of Sustainable Finance Executed under FW>

- Green Loans (including Leases)
- Blue Loans (including Leases)
- Transition Loans (including Leases)

GLP/GLGL-2. Process for Project Evaluation and Selection:

City of Yokohama has a process for selecting eligible projects to determine the use of proceeds through sustainable finance, which is clearly outlined within the FW.

The FW-based project evaluation and selection process is managed and implemented according to a prescribed format. Furthermore, negative environmental and social aspects are taken into account in the selection of eligible projects, and efforts are made to conserve the surrounding environment together with stakeholders in the operation of the project. With regard to mitigating negative impacts and avoiding lock-in, the Environmental Consideration Guidelines and the Guidelines for Reducing Environmental Impacts established by City of Yokohama will be appropriately applied.

Based on the above, DNV considers that FW satisfies the disclosure factors required by GLP-2.

GLP/GLGL-3. Management of Proceeds:

The City of Yokohama will ensure that the financial institutions confirm that the proceeds through sustainable finance are properly managed by each borrower in accordance with the operating guidelines. Furthermore, the City of Yokohama will also check the management status of the proceeds through reports provided by each lending financial institution and at the time of loan execution.

Each lending financial institution plans to review its sustainable finance balances through a predetermined process from the time the sustainable finance is taken out to the time of repayment.

Based on the above, DNV considers that FW satisfies the disclosure elements required by GLP-3.

GLP/GLGL-4.Reporting:

Each borrower will carry out sustainable finance reporting (annual reporting) in accordance with the Operational Guidelines until the proceeds through sustainable finance have been fully allocated to eligible projects and will disclose information to the lending financial institution on the status of proceeds allocated, projects that are allocated and environmental benefits.

Based on the reports provided by each lending financial institution, City of Yokohama will disclose the environmental benefits (i.e., carbon dioxide emission reductions per eligible criterion) on its website, within the limits of confidentiality obligations and to the extent reasonably practicable.

Based on the above, DNV considers that FW satisfies the disclosure elements required by GLP-4.

<BFG/SBEG Eligibility Assessment Results>

BFG Elements:

DNV has identified the following eligible projects listed as case studies (see body text) as one example of activities that meet the GLP's eligible project category “Conservation of

Terrestrial and Aquatic Biodiversity" and that substantially contribute to the SDGs' 14 (see body text), which is a requirement for a Blue Project.

In selecting eligible projects, the City of Yokohama confirmed that they will comply with environmental laws and regulations required by the national and local governments where the project is located, and that they will appropriately apply and respond to the Guidelines for Environmental Considerations and Guidelines for Reducing Impacts on the Environment established by the City of Yokohama. It was also confirmed that no risks that could affect the progress of other environmental priorities have been identified at this time, and that City of Yokohama will apply appropriate safeguards and standards to deal with any significant environmental or social risks that may emerge in the future.

SBEG Elements:

DNV has confirmed that the City of Yokohama is preparing to create and publish a Finance Framework, as FW that meets the following four core components of the Green Loan Principles (GLP). DNV has also confirmed that the example cited by the City of Yokohama—"initiatives involving the conservation, restoration, and creation of marine environments such as seaweed beds, tidal flats, and coral reefs as a measure for carbon absorption utilizing blue carbon"—falls under the category and subcategory of the Blue Project within the Sustainable Blue Economy Finance Principles (SBEG), specifically "Management, conservation, and restoration of marine ecosystems" and "Biodiversity conservation."

City of Yokohama has commissioned DNV, as an independent external reviewer, to conduct an assessment of FW as a "Financing Framework" for its compliance with the four elements of the GLP and will disclose DNV's Second Party Opinion to its key stakeholders.

From the relevant documents and information provided by City of Yokohama, including FW, DNV has confirmed that FW meets the relevant criteria and qualifies as Sustainable Finance.

Table of Contents:

Revision History

Revision Number	Date of Issue	Main Changes
0	25 March 2025	Initial

Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Because of the selected nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. DNV expressly disclaims any liability or co-responsibility for any DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control We have complied with the requirements for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control. We have complied with the DNV Code of Conduct1 during the assessment and maintain independence where required by relevant This engagement work was carried out by an independent team of sustainability assurance professionals. DNV maintains complete impartiality towards stakeholders. DNV maintains complete impartiality towards stakeholders interviewed during the assessment process.

[1] DNV Code of Conduct is available from the DNV website (www.DNV.com)

I. Introduction

i. About the City and Port of Yokohama

Yokohama is located at the eastern end of Kanagawa Prefecture, bordered by Tokyo Bay to the East, Kawasaki City to the North, Machida, Yamato and Fujisawa Cities to the West and Kamakura, Zushi and Yokosuka Cities to the South. Its total area is equivalent to about 70% of the 23 wards of Tokyo, and the city centre of Yokohama is about 30 kilometres from central Tokyo, making it an important core city in the metropolitan area.

Since its opening in 1859, the Port of Yokohama (Figure-2) has been Japan's leading international trading port and a driving force of the Japanese economy. While developing as one of Japan's leading commercial ports, with Tokyo, a huge consumption center, and a vast hinterland extending beyond it, the Port of Yokohama has also played an important role as an industrial port based in the Keihin Industrial Zone and other waterfront industrial zones. In addition, until the advent of the aircraft era, it was a busy gateway not only for goods but also for people and has continued to grow as a comprehensive port. The number of ocean-going vessels calling at the Port of Yokohama has been the highest in Japan since 1964, making it a port that represents Japan as a gateway to the world.

The Port and Harbor Bureau of the City of Yokohama, the port management body of the Port of Yokohama, aims to create a comprehensive port that revitalizes Yokohama's economy and enriches the lives of its citizens, based on the three pillars of “an internationally competitive port,” “a port of tourism and prosperity,” and “a safe, secure, and environmentally friendly port.” The City is working to create a carbon neutral port by developing and deepening its efforts to become a “safe, secure, and environmentally friendly port” (Figures 3-4).

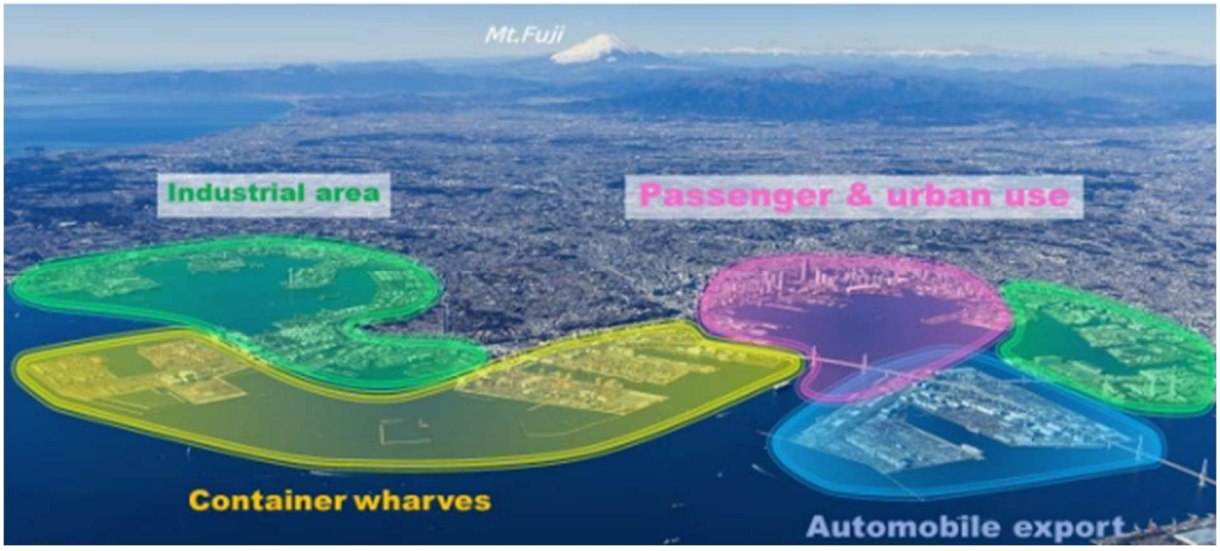

Figure-2: Overview of the Port of Yokohama

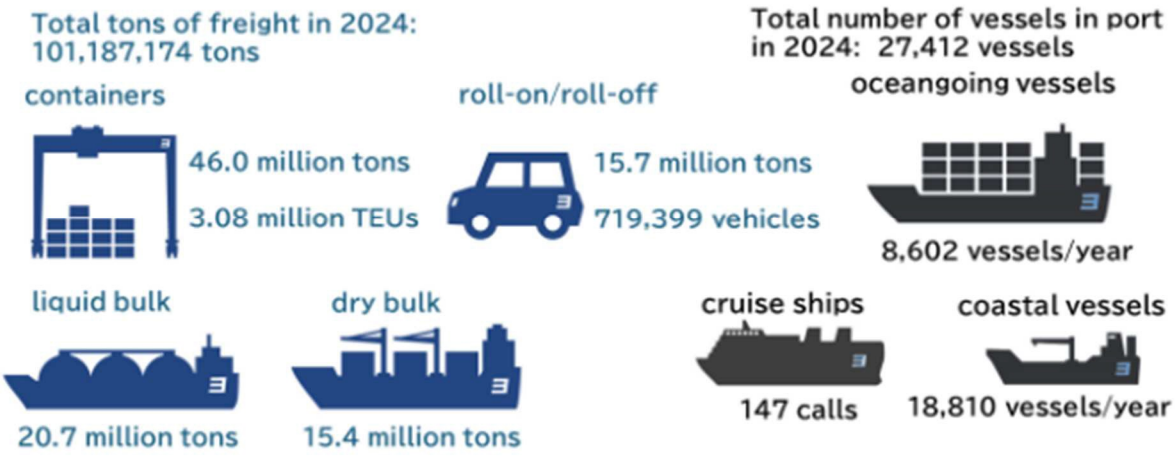

Figure-3: Number of vessels in the port and cargo handled

Figure-4: Port of Yokohama's future vision for a "Carbon Neutral Port"

ii. ESG/SDGs Initiatives In the City of Yokohama and the Port of Yokohama

In June 2018, the City of Yokohama was selected by the Government as an SDGs Future City and is working with an awareness of the SDGs in all its measures and promoting various projects aiming for integrated solutions to environmental, economic and social challenges, mainly through the Yokohama SDGs Design Centre, which was established in January 2019. The project is being carried out in the following areas.

City of Yokohama has set seven “Basic Policies” targeting the FY2030 with the aim of decarbonising by FY2050 and has set “Priority Initiatives” from measures based on these policies. Basic Policy 1 measures include “Creation of Decarbonization Innovation and Formation of a Carbon Neutral Port in the Yokohama Waterfront Area in Cooperation With the Government and Industries,” and “Creation of Decarbonization Innovation in the Yokohama Waterfront Area (Figure-5)” has been set as Priority Initiative. This initiative is part of a key strategy within the sustainable development of the City of Yokohama.

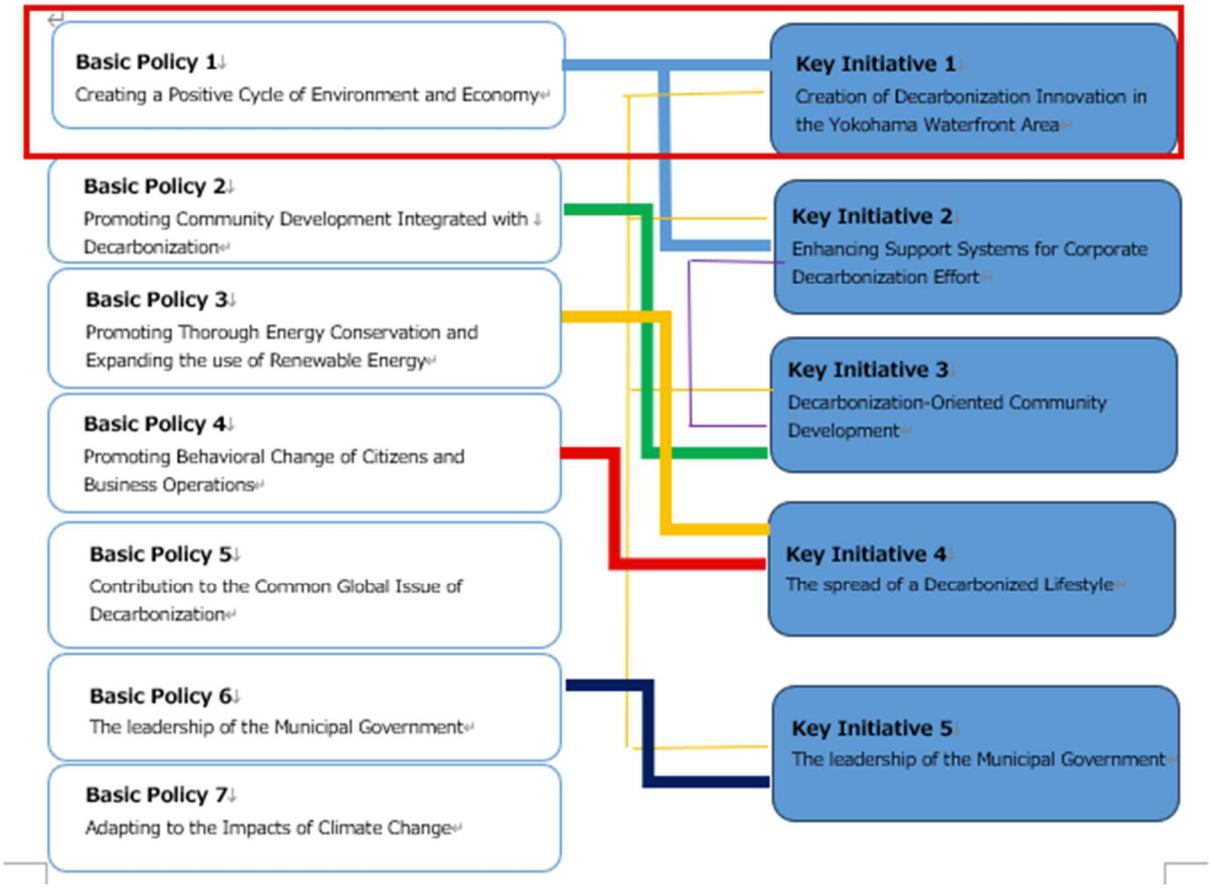

Figure-5 Creation of Decarbonization Innovation in the Yokohama Waterfront Area (Created English version by DNV based on the original Japanese chart)

The Plan also aims to promote the effective use of ports and harbours to promote decarbonization through public/private partnerships, in accordance with Article 50-2(1) of the Port and Harbor Law. The City of Yokohama will formulate and publish this Plan in March 2025 and promote it in consistency with the Basic Policy on Port Development, Use and Preservation and Development and Preservation Passage Development and the Comprehensive Plan for Keihin Port (Port of Yokohama Long-Term Concept) set by the Ministry of Land, Infrastructure, Transport and Tourism.

iii. Transition Strategies for City of Yokohama and Yokohama Waterfront Area

In 2011, the City of Yokohama formulated the Yokohama City Action Plan on Global Warming Countermeasures (hereinafter, "the Action Plan"), which sets out measures aimed at reducing greenhouse gas emissions, in accordance with the Law on the Promotion of the Measures to Cope with Global Warming. The FY2018 revision of the Plan then set out to achieve decarbonization by FY2050.

In the revised Action Plan of January 2023, the future vision of Yokohama was re-evaluated, and the revised plan sets a target of “Zero Carbon Yokohama,” which aims to achieve virtually zero greenhouse gas emissions by FY2050 and to realise a sustainable metropolis. City of Yokohama has set a target of 50% reduction in greenhouse gas emissions in FY2030, which is higher than the national target, with the aim of achieving Zero Carbon Yokohama (Figure-6).

Target FY (Target Year)	Base year (Greenhouse Gas Emissions)	Greenhouse Gas Emissions Reduction Goal (Target Emission Volume)
FY 2030	FY 2013 (21.59 million tons-CO_2)	▲50% (10.79 million tons-CO_2)
Year 2050	-	Net Zero Greenhouse Gas Emissions

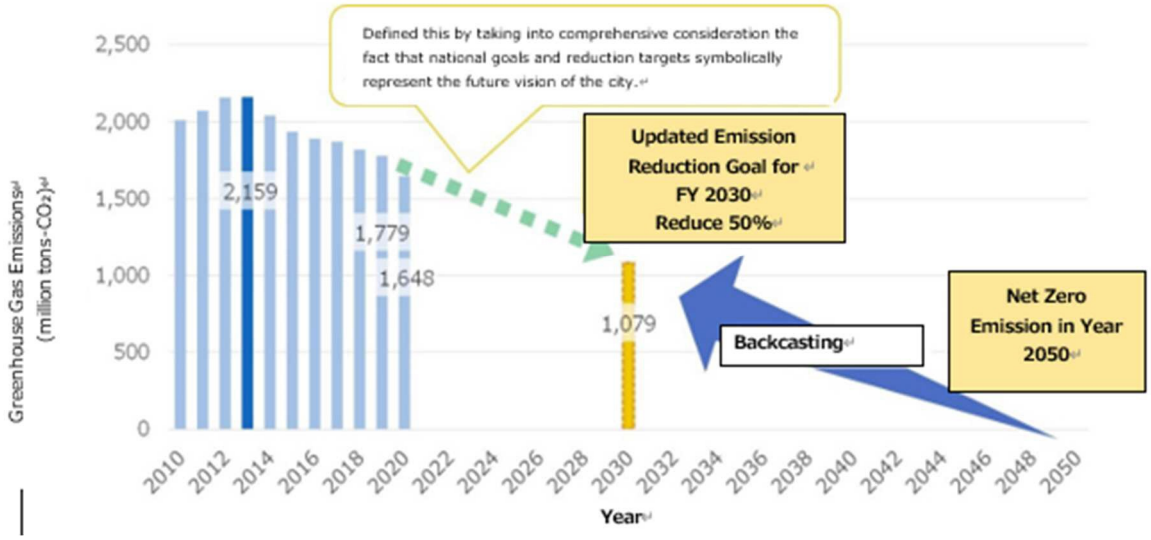

Figure-6 City of Yokohama Greenhouse Gas Reduction Targets

In addition, the Yokohama Port Plan, revised in November 2014, sets out three main pillars as the future vision to be pursued, and as one of the specific policies to realise this future vision, the City of Yokohama aims to promote environmental protection initiatives, such as global warming countermeasures, to form the Yokohama Port CNP. The period of this plan is set until FY2050, with the target years set as FY2030 for the short and medium term, FY2040 for the medium term and FY2050 for the long term (Table-1).

In addition, the Waterfront Area of Yokohama is home to a concentration of industries that support the Japanese economy, including energy-related industries, manufacturing and logistics, and the carbon dioxide emitted from this area accounts for approximately 40% of Yokohama's total emissions (Figure-7), which also makes decarbonization efforts in the waterfront area important.

Table-1 Targets of the Yokohama Port Decarbonization Promotion Plan

KPI (Key achievement indicator)		Specific numerical targets (reduction target compared to FY2013)		
		Short- and medium-term (FY2030)	Medium-term (FY2040)	Long-term (FY2050)
1	Carbon dioxide emissions from the Yokohama waterfront area	4.8 million t-CO_2/year (reduced by 47% from FY2013)	2.4 million t-CO_2/year (reduced by 74% from FY2013)	Effective 0 t-CO_2/year
2	Preservation, reproduction and creation of blue infrastructure (CO_2 absorption)	Approx. 150 t-CO_2/year	Approx. 200 t-CO_2/year	Approx. 250 t-CO_2/year

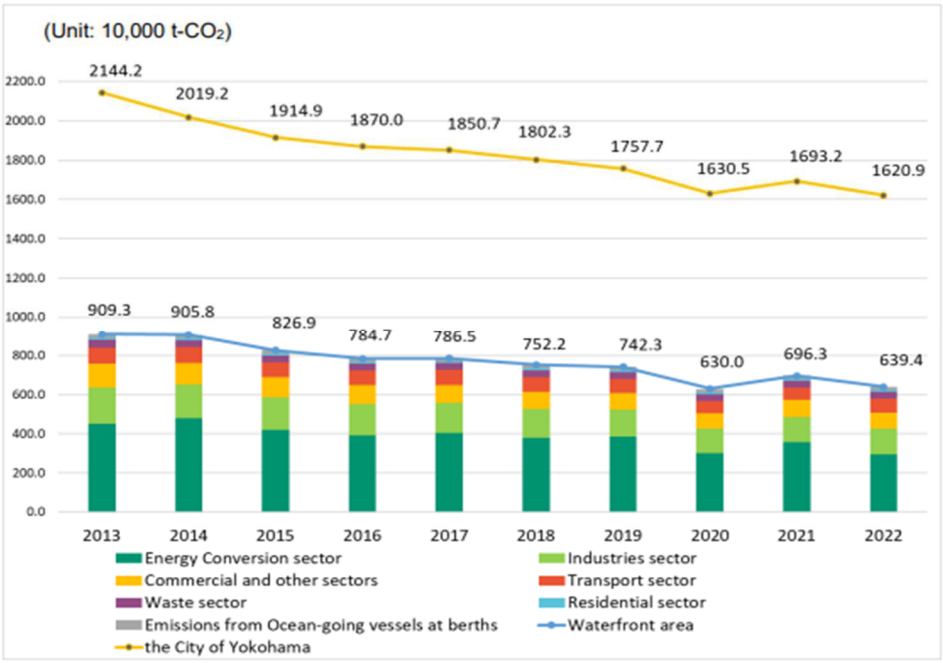

Figure-7: CO_2 Emissions in the Entire City Area and Yokohama Waterfront Area

The City of Yokohama shall review the plan in a timely and appropriate manner, considering the Government's greenhouse gas reduction targets and the progress of technologies that contribute to decarbonization. The period of the plan and the

timing of the review will also consider the review status of related plans such as the Port Plan and the Yokohama Action Plan for Global Warming Countermeasures based on the Law Concerning the Promotion of the Measures to Cope with Global Warming.

The City of Yokohama has positioned the following three policies for the formation of CNPs and has set out specific initiatives and future concepts within this Plan. The specific initiatives (Figures-8 and 9) in the Plan will be updated in the future in line with technological developments and changes in social conditions related to decarbonization.

1. Policy for Decarbonising Waterfront Areas:

   The initiative is led by companies located in the Yokohama waterfront area and promotes energy conversion using hydrogen and hydrogen derivatives (methanol, ammonia, synthetic methane, etc.), the introduction of renewable energy, energy-saving equipment and the development of new technologies (Figure-10).

2. Policy for Decarbonization Initiatives at the Wharf:

   As an international container strategic port, this initiative aims to promote decarbonization at public terminals, such as container terminals, to become the port of choice. Specifically, the project aims to reduce and decarbonise cargo handling equipment, to switch to LEDs for administration buildings, sheds and lighting equipment, and to utilise electricity derived from renewable energy sources. For vessels, bunkering to next-generation fuel vessels will be realised and onshore power supply facilities will be developed, while for vehicles, electrification and modal shift will be promoted (Figure-10).

3. Policy on Efforts to Create s Rich Marine Environment: Promote the Use Of Blue Carbon Ecosystems, such as the Formation of Seaweed Beds and Shallow Areas (Figure-11).

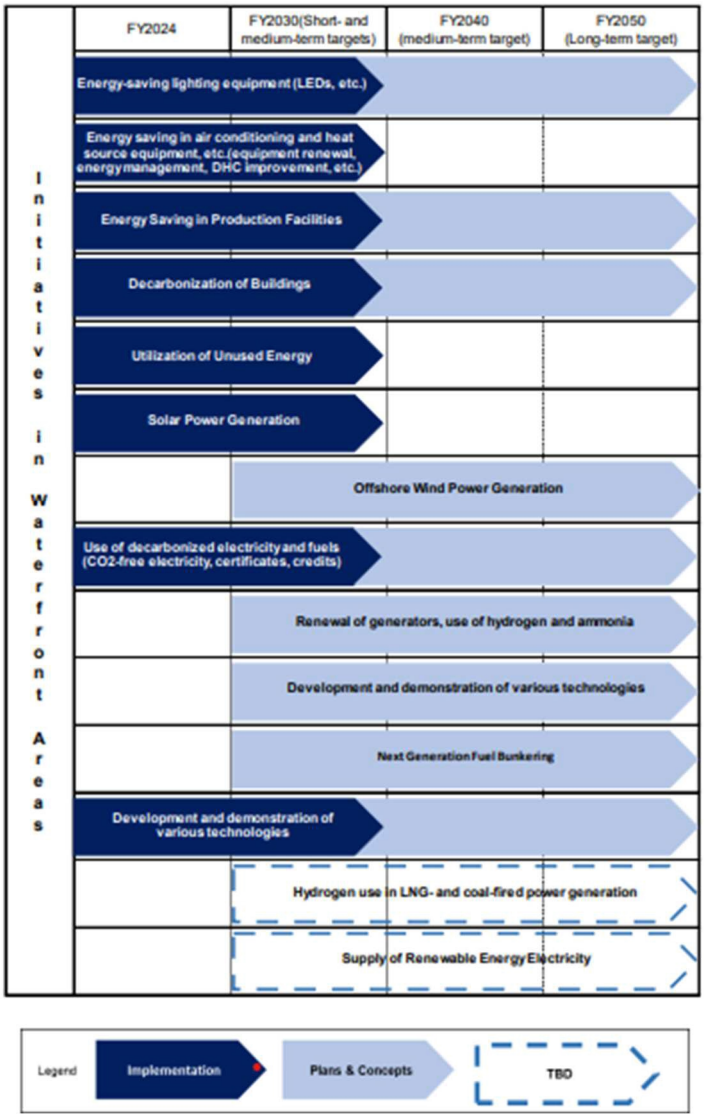

Figure-8: Roadmap for Achieving the Goals of Port and Harbor Decarbonization Plan for the Port of Yokohama (initiatives in the waterfront area)

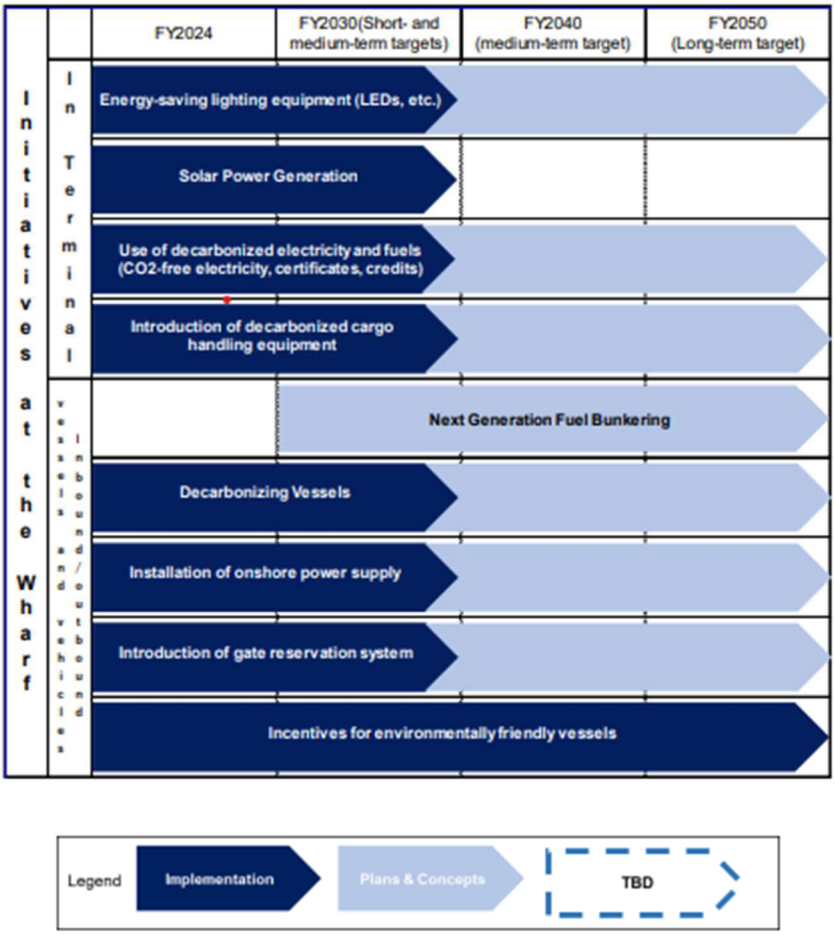

Figure-9: Roadmap for Achieving the Goals of the Yokohama Port Decarbonization Promotion Plan (initiatives at wharves)

[Direction of Initiatives]
Leveraging the potential of the City locating right in the central of Waterfront Areas, City of Yokohama will promote efforts to create new decarbonization innovations—such as those involving hydrogen, ammonia, synthetic methane, and synthetic liquid fuels incollaboration with local business clusters and also will promote the formation of a *Carbon Neutral Port* through cooperation with Waterfront Area industries and various stakeholders.

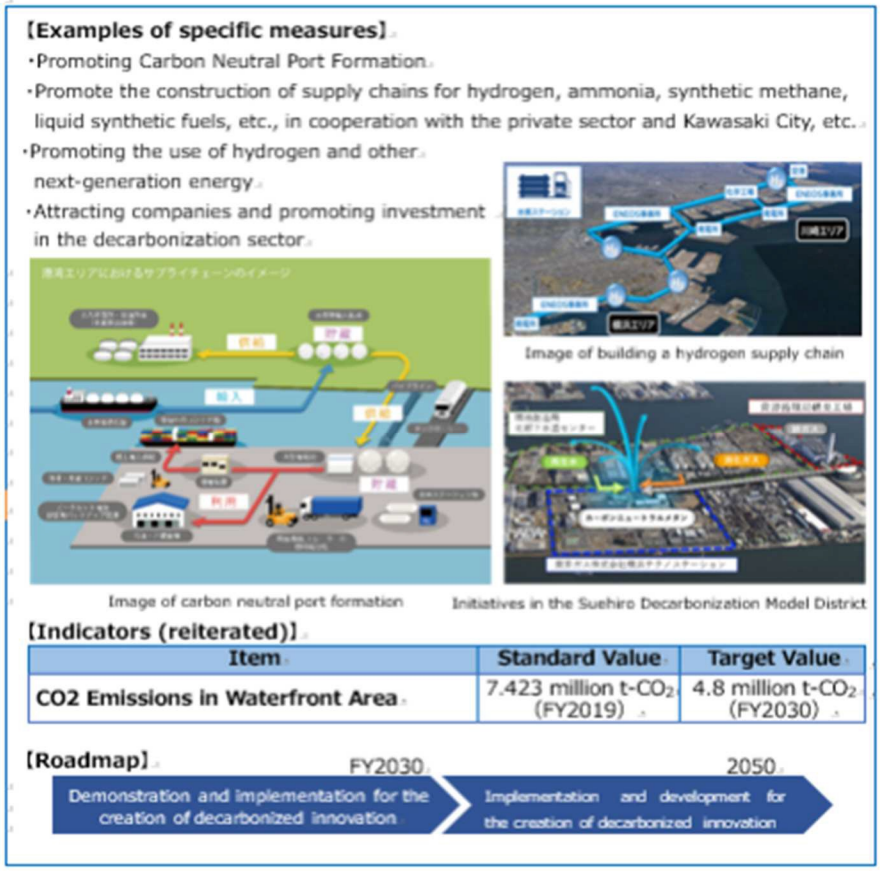

Figure-10 Creation of decarbonization innovation in the Yokohama waterfront area (Priority Action 1 in the "Yokohama Action Plan on Global Warming")

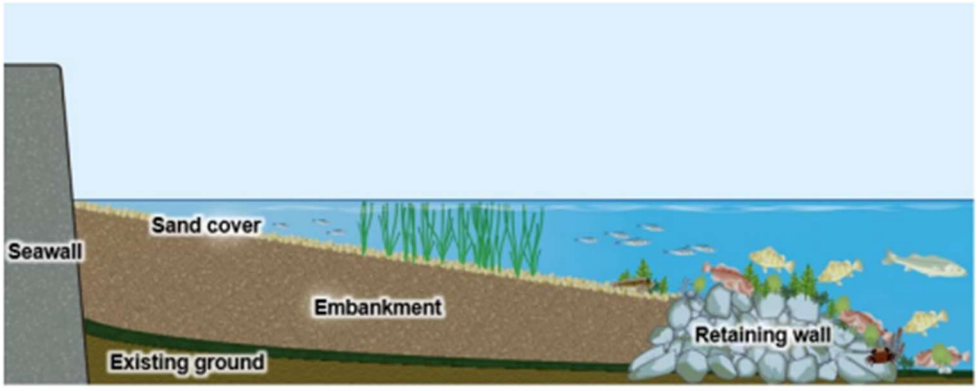

Figure-11: Formation of Blue Carbon

(1) Governance and Environmental Considerations

The achievement of this plan will be assessed at regular meetings of the Council (Figure-12). During the evaluation, in addition to the progress of the Port Decarbonization Promotion Project, the actual fuel and electricity consumption of the companies participating in the Council will be compiled to quantify the effect of the reduction in carbon dioxide emissions. In addition, during the evaluation, based on the set KPIs, specific numerical targets and actual results are compared for the target year, and for periods other than the target year, whether the actual results show appropriate progress towards the target year is assessed.

City of Yokohama has established various guidelines to promote environmental considerations. The Yokohama City Environmental Impact Assessment Ordinance sets out the “Environmental Consideration Guidelines” for businesses to consider their environmental impact, while the Yokohama City Ordinance on the Preservation of the Living Environment sets out the “Guidelines for the Reduction of Environmental Impact (items to be considered by business establishments)” to reduce environmental impact. These guidelines will be properly applied in the implementation of this plan.

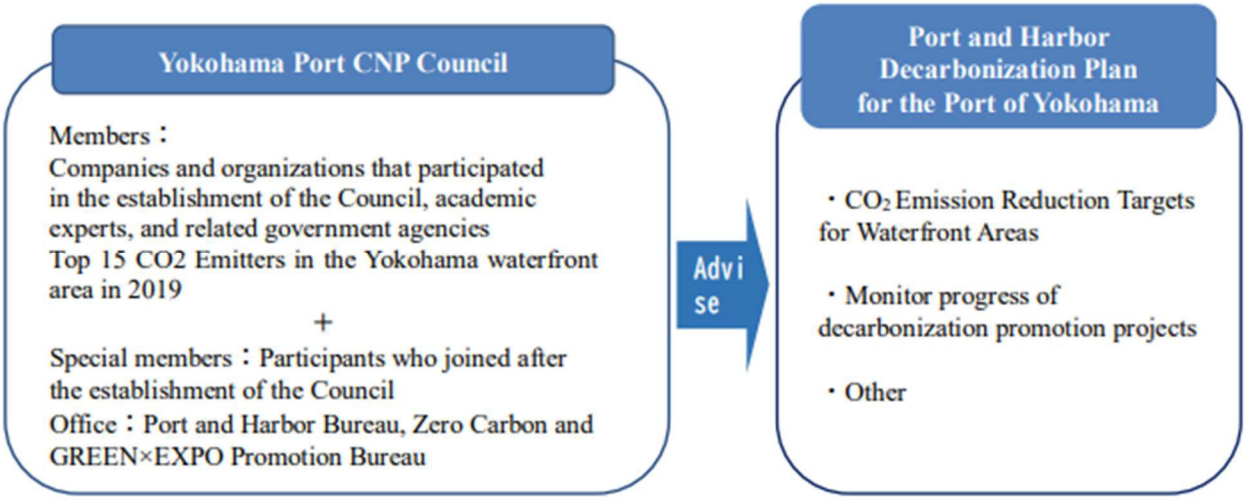

Figure-12: Implementation System for Evaluation of the Achievement of this plan

About the Port of Yokohama CNP Sustainable Finance Framework

The City of Yokohama aims to decarbonise the Port of Yokohama by formulating this Plan in March 2025. The Plan calls for the promotion of decarbonization investments by various companies and organizations in the waterfront area to form the Port of Yokohama CNP. One of the possible financing frameworks for this is the use of Sustainable Finance, however, the scale of the companies covered by the Plan varies widely, and there are cases where Sustainable Finance initiatives are difficult due to certain hurdles in the formulation of environmental policies and information disclosure, or where third-party assessment costs and lack of human resources are barriers to such initiatives.

Therefore, if the City of Yokohama develops FW and companies position their own initiatives as port decarbonization promotion projects in this plan, access to Sustainable Finance will become easier, initiatives will spread to companies that would have difficulty responding on their own, and as a result, carbon neutralization of the entire Port of Yokohama will be further promoted. As a result, it is hoped that the Port of Yokohama as a whole will become more carbon neutral.

The framework to which this FW specifically refers is described in section II (3) below.

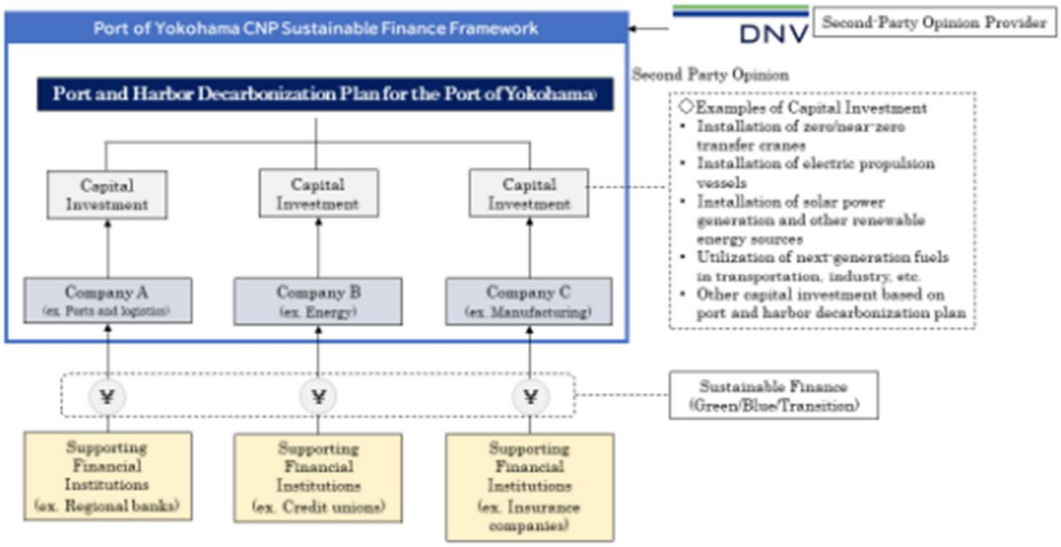

Figure-1 Scheme Diagram of the Port of Yokohama CNP (reiterated)

FW Developer: City of Yokohama

FW Name: Port of Yokohama CNP Sustainable Finance Framework

Name of Independent External Reviewer: DNV Business Assurance Japan K.K.

Date of Report: 25 March 2025

II. Scope and Objectives

City of Yokohama has commissioned DNV to conduct a FW eligibility assessment. The objective of the FW eligibility assessment of DNV is to conduct an assessment to confirm that the City of Yokohama's FW meets the criteria of CTFH/CTFBG, GLP/GLGL and BFG/SBEG, which will be described later, and to provide a second party opinion on the eligibility of FW.

DNV, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this second party opinion for City of Yokohama.

In this paper, no assurance is provided regarding the financial performance of individual loans (leases), the value of any investment or the long-term environmental benefits of the transaction.

(1) Scope of review*

The review assessed the following elements and confirmed their alignment with four core elements in GLP/GLGL.

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

*The scope of the review is applied for the assessment part for Sustainable Finance with Specific Use of Proceeds (including Leases).
*Four disclosure elements of CTFH and CTFBG are also included in the scope of the review.

(2) Role(s) of review provider

☒	Second Party Opinion	☐	Certification
☐	Verification	☐	Rating
☐	Other (please specify):		

(3) Standards/Gudelines to be applied

No.	Standards/Gudelines	Scheme Owner
1.	Climate Transition Finance Handbook (CTFH)	International Capital Market Association (ICMA), 2023
2.	Basic Guidelines on Climate Transition Finance (CTFBG)	FSA, METI, MOE, 2021
3.	Green Loan Principles (GLP)	Loan Market Association (LMA) et al, 2023
4.	Green Loan Guidelines (GLGL)	Ministry of Environment, 2024
5.	Blue Finance Guidelines (BFG)	International Finance Corporation (IFC, 2022)
6.	Bonds to Finance the Sustainable Blue Economy (A Practitioners' Guide) (SBEG)	International Capital Market Association (ICMA) et al, 2023

III. Responsibilities of the City of Yokohama and DNV

City of Yokohama has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform City of Yokohama and other interested stakeholders in Sustainable Finance as to whether the established criteria have been met, based on the information provided to us.

In its work, we have relied on the information and the facts provided by the City of Yokohama. DNV is not responsible for any aspect of the projects, activities, or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the City of Yokohama and used as a basis for this assessment were not correct or complete.

IV. Basis of DNV's Opinion

To provide as much flexibility as possible for the City of Yokohama as a FW developer, DNV has adopted our Sustainable Finance assessment methodology which incorporates the requirements of the CTFH/CTFBG, GLP/GLGL and BFG/SBEG to create City of Yokohama specific Sustainable Finance Eligibility Assessment Protocol (hereinafter, the "Protocol"). Please see Schedule-2～5. This protocol is applicable to Sustainable Finance under the CTFH/CTFBG, GLP/GLGL and BFG/SBEG.

DNV provides a second party opinion as an independent external review body through an assessment in accordance with this Protocol.

DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria of Sustainable Finance for loans (leases) with specific use of proceeds is indicated below.

Green Loans (including Leases)

"Enables capital-raising and invested for new and existing projects with environmental benefits"

Blue Loans (including Leases)

"Addresses sustainable water management and ocean protection (SDGs 6 and 14 respectively)"

"Promote the sustainable use of marine resources and related sustainable economic activities"

Transition Loans (including Leases)

"Provide the investment opportunities necessary for transparent and credible implementation of climate transition finance"

As per our Protocol, the criteria against which the Sustainable Finance has been reviewed by the criteria of CTFH/CTFBG, GLP/GLGL and BFG/SBEG grouped under the four Principles below:

(1) Four common elements of CTFH and CTFBG (disclosure elements)

Principle 1. Issuer's Climate Transition Strategies and Governance

The purpose of the funding should be shown to enable the realization of the issuer's climate change strategy.

Principle 2. Business Model Environmental Materiality

The planned climate transition pathway should be linked to the environmental materiality of the issuer's business model.

Principle 3. Climate Transition Strategy and Targets to be Science-Based (including targets and pathways)

Issuer's climate transition strategies should refer to scientific evidence.

Principle 4. Implementation Transparency

Communications with market players relating to funding methods aimed at raising funds to achieve the fundraiser's Climate Transition Strategy should also provide transparency of the underlying investment plan (investment programme).

(2) Four common elements of GLP and GLGL

Element 1. Use of Proceeds

The criteria for the use of proceeds are set by the requirement that proceeds through Transition Finance with the specific use of proceeds. Eligible projects are those that provide clear environmental benefits.

Element 2. Process for Project Evaluation and Selection

The criteria for the process for project evaluation and selection must outline the process that the FW developer will follow when determining the eligibility of investments financed with sustainable finance proceeds and must outline how the project considers its impact on its objectives.

Element 3. Management of Proceeds

The criteria for the management of proceeds must be drawn up with a view to ensuring that sustainable finance must be tracked and managed by the FW developer and, where necessary, that a differentiated portfolio is created and how unallocated proceeds are handled is made public, in accordance with the requirements.

Element 4. Reporting

The criteria for the reporting are set by recommendations to stakeholders and lenders to, at a minimum, publish a sustainability report with information on the

allocation of proceeds and, where possible, quantitative or qualitative and appropriate performance indicators.

(3) Elements of the BFG (identification of blue finance eligible projects)

Is the project type consistent with the Green Bond Principles' and Green Loan Principles' eligible project categories and does it make a substantial contribution to Sustainable Development Goals 6 or 14 beyond compliance with applicable laws and regulations?

In order to qualify as a blue project, a project must be consistent with the project categories of Green Bond Principles and Green Loan Principles and contribute to either Sustainable Development Goal 6 or 14 with outputs and outcomes directly related to one or more of the target indicators of Sustainable Development Goals.

Does the project type introduce risks that may affect progress on other environmental priorities, such as Sustainable Development Goals 2, 7, 12, 13 and 15?

The project can only be labelled blue if it does not introduce material risk to other themes and priority environmental areas of the Sustainable Development Goals themes, including:

2 : No hunger 7 : Affordable and clean energy 12: Responsible consumption and production 13: Climate action 15: Life on Land	

Are Environmental, Social, and Governance (ESG) safeguards and standards, such as the IFC Performance Standards, applied in the implementation of the project if there are material environmental and social risks?

The project must clearly state which internationally accepted sustainability standards it is following. IFC Performance Standards and the World Bank Environmental, Health, and Safety guidelines, or similar, are expected to be followed. In addition, industry specific sustainability standards, as well as certain specific product standards, may also be applied for a blue investment above national requirements.

(4) SBEG's three pre-issuance bond requirements

Creating a bond framework to share funds with SBEs: The basis for a sustainable bond issue is a bond framework. A framework is a publicly available document that summarises how an issuer has made its 'blue bond' conform to the four elements set out in the Green Bond Principles.

Project category definition and confirmation: Eligible blue projects can cover investments and other related expenditure, support expenditure, funding or refinancing of physical and financial assets, including bank loan portfolios. Issuers can consult a non-exhaustive list of eligible project categories under the GBP; the SBEG provides additional guidance on eligible blue project categories.

Obtaining an external review: Issuers are encouraged to appoint an external review body to assess whether a green (blue) bond or green (blue) bond programme or framework complies with the four elements of the GBP through an external review prior to issuance. There are several types of external review, but the most common approach is to seek a second party opinion (SPO) on the bond framework and publish it on the issuer's website.

V. Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by the City of Yokohama, the FW developer, in good faith. We have not performed an audit or other check the veracity of the information provided to us. The work undertaken to form our opinion included:

i. Pre-Issuance Assessment of Sustainable Finance

- Creation of the City of Yokohama, the FW developer, specific protocol, adapted to the purpose of Sustainable Finance, as described above and in Schedules-2 to 5 to this Assessment.
- Assessment of documentary evidence provided by the FW developer, the City of Yokohama, on this Sustainable Finance, supplemented by high-level desktop research. These checks refer to current assessment best practices and standard methodologies.
- Discussions with FW developer, the City of Yokohama, and review of relevant documentation and evidence related to the criteria of the Protocol.
- Documentation of findings against each element of the criteria.

ii. Post-Issuance Periodic Review of Sustainable Finance (**not included in this report*)

- Interviews with key personnel of the FW developer, the City of Yokohama, and review of the relevant documentation.
- Field research and inspections (if necessary).
- Document creation of post-issuance assessment result.

VI. Findings and DNV's Opinion

DNV's findings and opinions are listed below:

Findings and DNV's opinions on the four common disclosure elements of CTFH and CTFBG are presented in (1) as CTF-1 to 4. For further details, see Schedule-2.

Findings and DNV's opinions on four common elements of GLP/GLGL are presented in (2) as GLP/GLGL-1 to 4. For further details, see Schedule-3.

Findings and DNV's opinions on elements of the BFG are presented in (3) as BFG-1 to 3. For further details, see Schedule-4.

Findings and DNV's opinions on three SBEG requirements are presented in (4). For further details, see Schedule-5.

(1) Findings and DNV's opinions on four common elements of CTFH and CTFBG (disclosure elements)

CTF-1. Issuer's Climate Transition Strategies and Governance

- The Transition Strategy for Yokohama Waterfront aims to strategically promote the formation of the Port of Yokohama CNP based on the goals of the Paris Agreement, the Yokohama Port and Harbor Plan revised in November 2014 and this Plan. It is also consistent with the Transition Strategy of the City of Yokohama, as it sets out to achieve decarbonization by FY2050 in the Yokohama Action Plan for Global Warming, which was revised in FY2018.
- City of Yokohama has set a short- to medium-term target of a 47% reduction in carbon dioxide emissions in FY2030 compared to FY2013 levels, and a medium-term target of a 74% reduction in FY2040 as KPIs, in order to achieve FY2050 carbon neutrality in the waterfront Area, consistent with the Paris Agreement targets. These targets (Tables-1 and 2) are on an approximate straight line from FY2013 emissions to the FY2050 carbon neutral target and have a scientific basis.
- The City of Yokohama has positioned the following three policies for the formation of a carbon-neutral port based on the "Yokohama Port and Harbor Plan", with specific initiatives and future plans (Figures-10 and 11).

  (i) Policy on initiatives to decarbonise the waterfront area: initiatives led by companies located in the Yokohama waterfront area, promoting energy conversion using hydrogen and hydrogen derivatives (methanol, ammonia, synthetic methane, etc.), introduction of renewable energy, introduction of energy-saving equipment and development of new technologies.

  (ii) Policy for decarbonization at wharves: as an international container strategic port, this is an initiative to promote decarbonization at public terminals, such as container terminals, to become the port of choice.

Specifically, the project aims to reduce and decarbonise cargo handling equipment, use LEDs in administration buildings, sheds and lighting equipment, and utilise electricity derived from renewable energy sources. For vessels, bunkering to next-generation fuel vessels will be realised and onshore power supply facilities will be developed, while for vehicles, electrification and modal shift will be promoted.

(iii) Policy on efforts to create a rich ocean: promote the use of blue carbon ecosystems, such as the formation of seaweed beds and shallow areas.

- The Plan has been developed in accordance with the “Manual for the Preparation of the Port Decarbonization Promotion Plan'' set out by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and the achievement status of the Plan is regularly assessed by the “Council.” Specifically, in addition to the progress of the port decarbonization promotion projects, based on KPIs, the Council compares specific numerical targets with actual performance in the target years and assesses whether the actual performance is achievable for the target years in non-target years. The City of Yokohama has also established governance to manage and operate the Plan, as the project evaluation and selection process, which is carried out based on the FW, has a predefined process that is managed and implemented according to a prescribed format.
- In June 2018, the City of Yokohama was selected as an SDGs Future City by the Government of Japan and is promoting various projects aiming to solve environmental, economic and social issues in an integrated manner, mainly through the Yokohama SDGs Design Centre, which was established in January 2019. Through the Plan, the City of Yokohama aims to increase local economic growth, employment and income, and takes into account a fair transition. In addition, mitigation of negative impacts and avoidance of lock-in will be addressed through the appropriate application of the “Guidelines for Environmental Considerations” and “Guidelines for Reducing Environmental Impacts” established by the City of Yokohama.

Based on the above, DNV considers that Sustainable Finance satisfies the element required by CTF-1 that it should be directed towards realising a greenhouse gas reduction strategy in line with the goals of the Paris Agreement.

Table-1 Targets of the Yokohama Port Decarbonization Promotion Plan (reiterated)

KPI (Key achievement indicator)		Specific numerical targets (reduction target compared to FY2013)		
		Short- and medium-term (FY2030)	Medium-term (FY2040)	Long-term (FY2050)
1	Carbon dioxide emissions from the Yokohama waterfront area	4.8 million t-CO_2/year (reduced by 47% from FY2013)	2.4 million t- CO_2/year (reduced by 74% from FY2013)	Net 0 t- CO_2/year
2	Preservation, reproduction and creation of blue infrastructure (CO_2 absorption)	Approx. 150 t- CO_2/year	Approx. 200 t- CO_2/year	Approx. 250 t- CO_2/year

(Unit: 10,000 t-CO_2)

Sector		FY2013 Emissions	FY2030 Target values	Compared to FY2013 Reduction rate
Land emissions		891	467	▲48%
	Energy Conversion Sector	450	252	▲44%
	Industrial Sector	186	87	▲53%
	Business Sector	122	41	▲66%
	Transportation Sector	83	56	▲32%
	Waste Sector	40	26	▲36%
	Residential Sector	10	5	▲55%
Emissions from ocean-going vessels at anchor		19	13	▲32%
Total		909	480	▲47%

Table-2 CO_2 Reduction Targets for FY2030 from Waterfront Area of Yokohama

[Direction of Initiatives]
Leveraging the potential of the City locating right in the central of Waterfront Areas, City of Yokohama will promote efforts to create new decarbonization innovations—such as those involving hydrogen, ammonia, synthetic methane, and synthetic liquid fuels in collaboration with local business clusters and also will promote the formation of a *Carbon Neutral Port* through cooperation with Waterfront Area industries and various stakeholders.

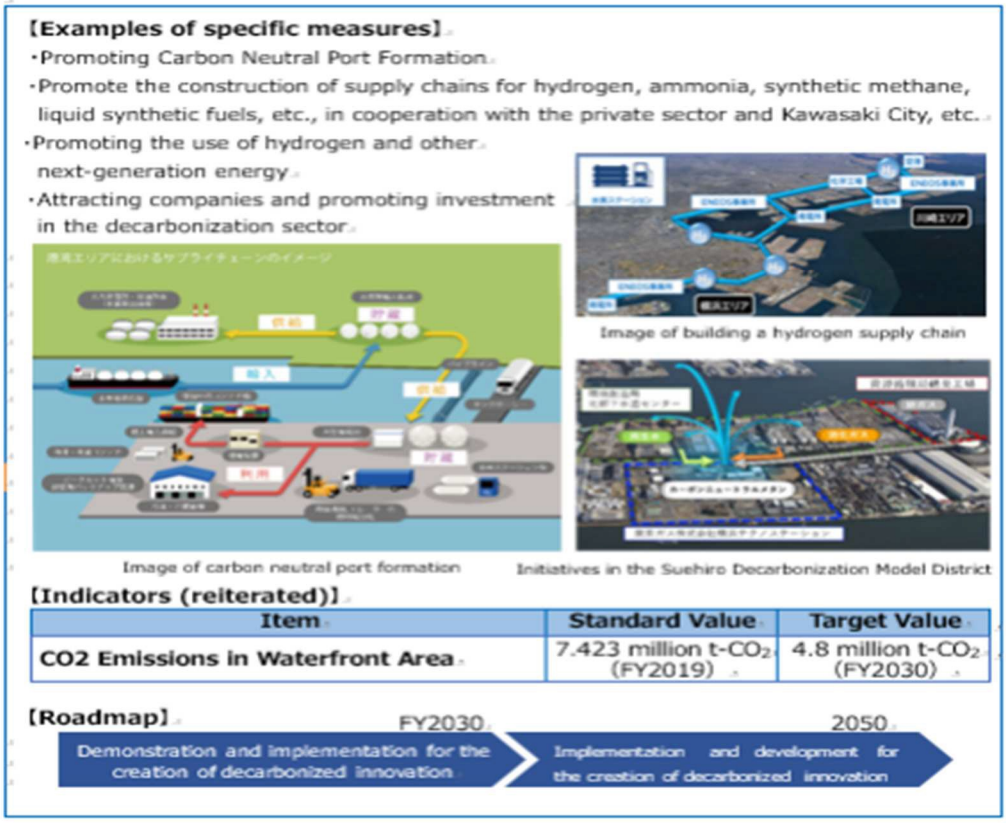

Figure-10 Creation of decarbonization innovation in the Yokohama waterfront area (Priority Action 1 in the "Yokohama Action Plan on Global Warming") (reiterated)

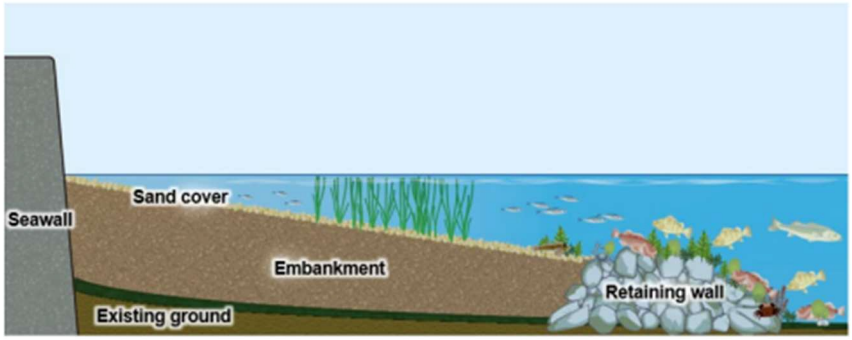

Figure-11 Formation of Blue Carbon (reiterated)

CTF-2. Business Model Environmental Materiality

- The City of Yokohama has established seven “Basic Policies” targeting the FY2030, with the aim of achieving decarbonization by FY2050. The City of Yokohama has also set out “Priority Initiatives” as leading projects that will drive the entire process from among the measures based on the Basic Policies and has identified “Creation of decarbonization innovation in the Yokohama waterfront area” as Priority Initiative 1 as a key initiative (Figure-5) in the promotion of decarbonization.
- The City of Yokohama waterfront area is home to a cluster of industries that support the Japanese economy, including energy-related industries, manufacturing and logistics, and the carbon dioxide emitted from this area accounts for approximately 40% of Yokohama's total emissions (Figure-7). The high emissions from the waterfront area due to the “energy conversion sector” indicate the importance of efforts to achieve reduction targets (KPIs), as the City of Yokohama has high expectations for energy conversion in this sector. Promotion of the formation of the Port of Yokohama CNP is positioned as a strategy in the Basic Policy for GX Realization published by the Ministry of Economy, Trade and Industry in February 2023, and eligible projects related to climate change are closely linked to the promotion of the formation of the Port of Yokohama CNP.
- The City of Yokohama plans to assess the greenhouse gas emissions of the Eligible Criteria not as a direct Scope 3, but as the overall greenhouse gas emissions of the Eligible Criteria. Based on the reports provided by the lending institutions, the City of Yokohama plans to report the environmental benefits (i.e., carbon dioxide emission reductions per eligible criterion) on an annual basis on its website, within the limits of confidentiality obligations and to the extent reasonably practicable.

Based on the above, DNV considers that Sustainable Finance satisfies the elements required by CTF-2: "The transition strategy should relate to the environmentally material aspects of the issuer's business model. In doing so, it should take into account several future scenarios that could influence the current materiality decision."

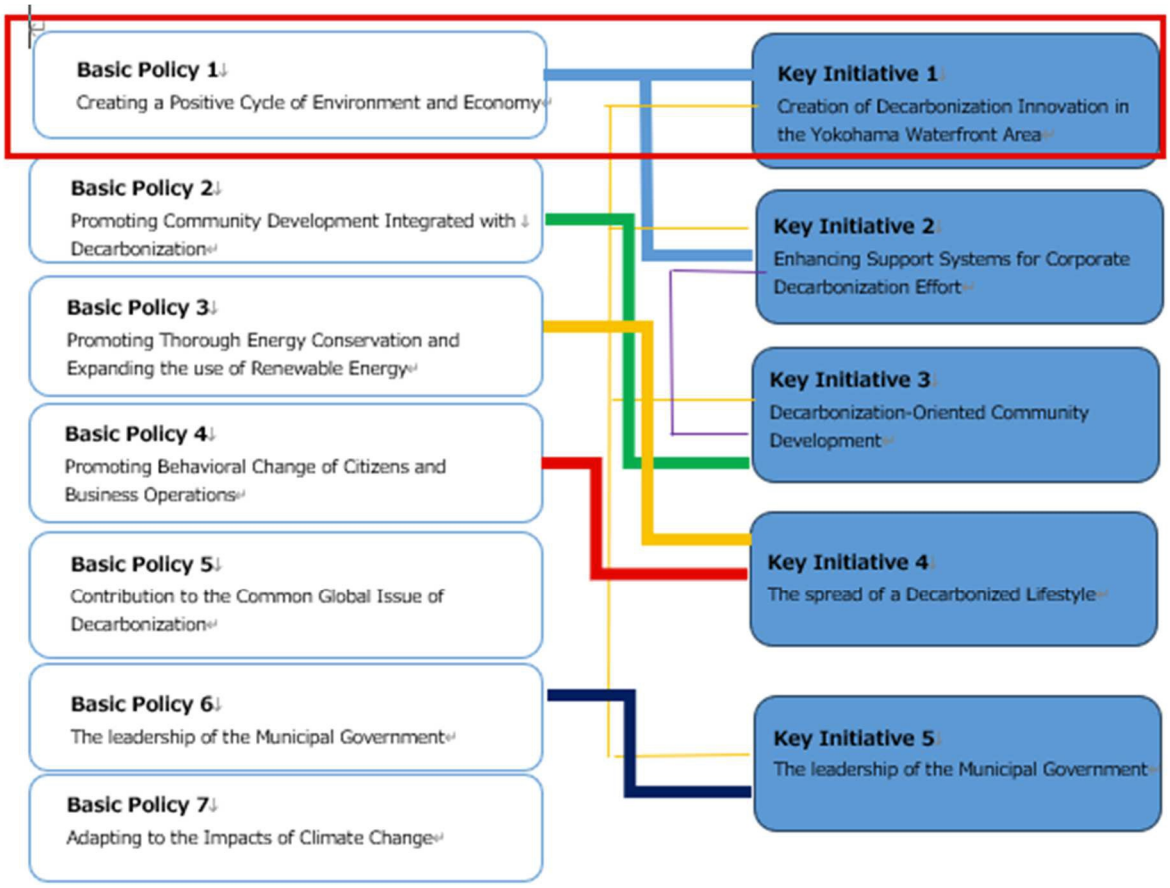

Figure-5 Creation of Decarbonization Innovation in the Yokohama Waterfront Area (Created English version by DNV based on the original Japanese chart) (reiterated)

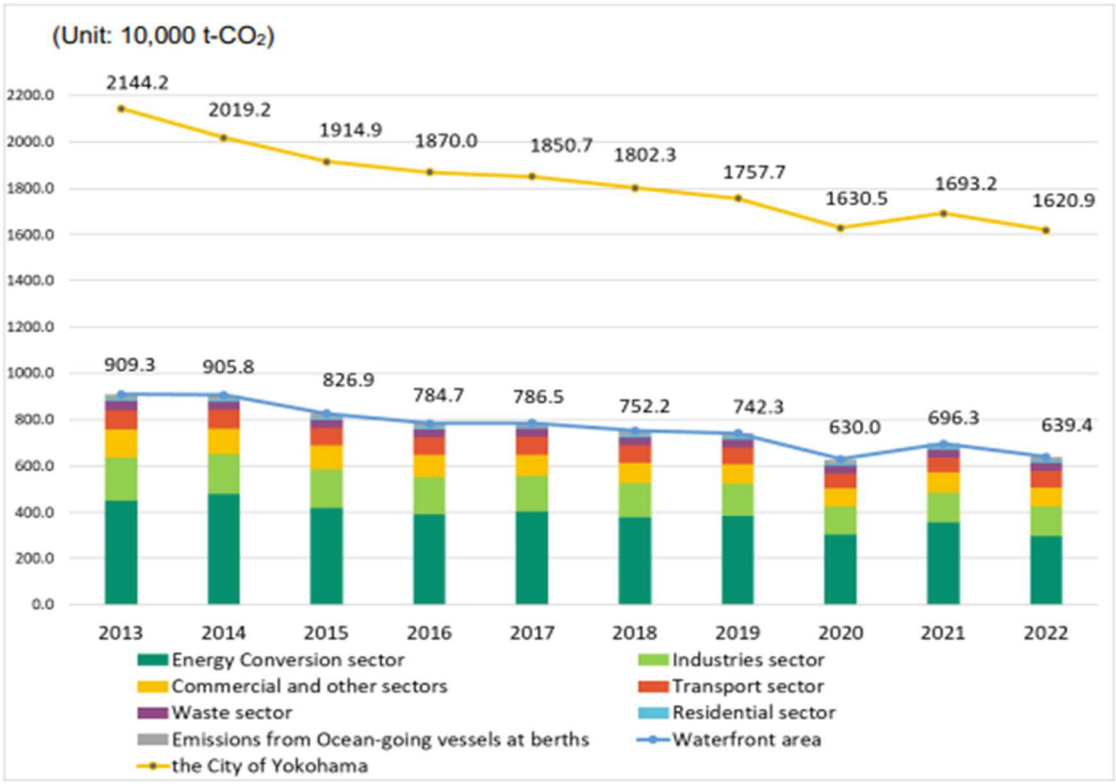

Figure-7 CO_2 Emissions in the Entire City Area and Yokohama Waterfront Area (reiterated)

CTF-3. Climate Transition Strategy and Targets to be Science-Based (including targets and pathways)

- The Yokohama Waterfront Transition Strategy is based on science-based carbon reduction targets and pathways consistent with the Paris Agreement (Figure-13). The short- to medium-term target is a 47% reduction by FY2030 compared to FY2013 levels, while the medium-term target is a 74% reduction by FY2040 (Table-1).
- The goals of the transition strategy for Yokohama's Waterfront Area are considered reasonable based on publicly available information, including the sector-specific reduction targets set in the City of Yokohama Action Plan for Global Warming Countermeasures, interviews with experts, and on-site surveys. In addition, the baseline year (FY2013) and actual results for FY2019 regarding carbon dioxide emissions are provided, and the targets are set as quantitatively measurable goals for carbon dioxide emissions and absorption, based on the following procedures and data.

  - ◆ Emissions from the waterfront area: emissions from the Yokohama city area/Yokohama City Global Warming Action Plan System

- Emissions from ocean-going vessels at anchor: 4th IMO GHG Study 2020/Yokohama Port & Harbor Bureau statistics and data
- Absorption: Survey the area of seaweed beds etc. that have flourished as a result of the creation, conservation and restoration of blue carbon ecosystems. These are multiplied by the CO_2 absorption coefficient to estimate the amount of CO_2 absorption.

- Furthermore, the Yokohama Waterfront Transition Strategy plans to introduce technologies for the separation, capture, storage and utilization of carbon dioxide, in addition to carbon dioxide capture that will promote the use of blue carbon ecosystems, such as the formation of seaweed beds and shallow water areas.

Based on the above, DNV considers that Sustainable Finance satisfies the element required by CTF-3 that "the transition strategy of the initiator should be based on science-based goals and pathways towards transition".

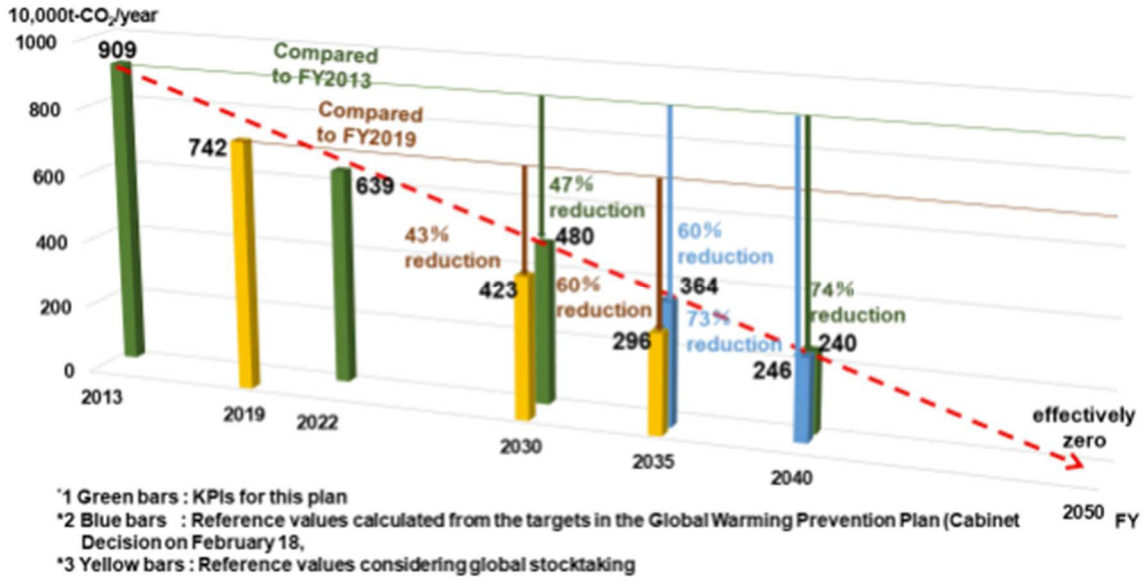

Figure-13 CO_2 Reduction Targets in Yokohama Port

Table-1 Targets of the Yokohama Port Decarbonization Promotion Plan (reiterated)

KPI (Key achievement indicator)		Specific numerical targets (reduction target compared to 2013)		
		Short- and medium-term (FY2030)	Medium-term (FY2040)	Long-term (FY2050)
1	From the Yokohama waterfront area. carbon dioxide emissions	4.8 million tonnes/year (47% reduction)	2.4 million tonnes/year (74% reduction)	0 tonnes/year in real terms
2	Blue infrastructure. Conservation, rehabilitation and creation (carbon dioxide absorption)	Approx. 150 tonnes/year	Approx. 200 tonnes/year	Approx. 250 tonnes/year

CTF-4. Implementation Transparency

- The City of Yokohama has set the period of the Plan as up to FY2050, and budgets are prepared every year to promote decarbonization investments by the City of Yokohama and businesses in accordance with the “Roadmap to Achieve the Plan's Targets” in order to achieve the carbon reduction targets for the Port of Yokohama (Yokohama Port Authority budget plan for FY2025: ¥41.82 million for decarbonization initiatives in the waterfront area, ¥457.04 million for promotion of decarbonization at wharves, and ¥1.683 billion for affluent sea development).
- Based on this plan, decarbonization projects by various companies and organizations in the Yokohama waterfront area are positioned as “initiatives for decarbonising the waterfront area,” “initiatives for decarbonising the wharf” and “initiatives for creating a rich sea,” and these projects will be selected based on the opinions of the “Council.”
- The Plan includes activities that use some fossil fuels from an economic or asset utilization perspective at this time for future decarbonization, but these activities will be phased in and reviewed and decarbonization technologies introduced as fuels used and technology advances to meet a reduction trajectory consistent with the Paris Agreement planned. In addition, green projects such as in the renewable energy sector and energy saving sector (energy efficiency and energy saving), as well as decarbonization of ships and the use of hydrogen and ammonia to achieve a phase-out of fossil fuel use, which should be addressed at this time to move to carbon neutrality in the future, are also included. Projects are also included. The Plan aims to be carbon neutral by FY2050, which is expected to increase the proportion allocated to green projects.

- At present, the City of Yokohama has not set a carbon price in this Plan, but the use of non-fossil certificates and credits is being considered. The City of Yokohama aims to increase local economic growth, employment and income through the Yokohama Port and Harbor Plan and this Plan and is committed to a fair transition. In addition, mitigation of negative impacts and avoidance of lock-in will be addressed through the appropriate application of the Guidelines for Environmental Considerations and Guidelines for the Reduction of Environmental Impacts established by the City of Yokohama.

Based on the above, DNV considers that Sustainable Finance satisfies the element required by CTF-4 that "The dialogue with the market on the provision of green, sustainability and sustainability-linked finance intended to finance the transition strategy of the issuer, including capital and operating costs, should, as far as possible, be programmes must also be transparent."

(2) Findings and DNV opinions on four common elements of GLP and GLGL

GLP/GLGL-1. Use of Proceeds

- The City of Yokohama has categorised the typical uses of Sustainable Finance to be implemented into eligibility criteria (Table-3), and has provided examples of projects that directly or indirectly promote Sustainable Finance as eligible projects.
- Sustainable Finance is necessary to realise the formation of the Port of Yokohama CNP, and the use of Sustainable Finance by diverse companies and organizations in the Yokohama waterfront area will promote the carbon neutrality of the entire Port of Yokohama.
- The proceeds provided under the FW will be allocated to projects selected through an appropriate process and will be used entirely for Sustainable Finance. Projects assessed for suitability according to the FW and internal processes are expected to contribute towards decarbonization in the Yokohama waterfront area within an appropriate timeline.
- Eligible projects have clear environmental benefits, such as reduced carbon dioxide emissions, and their environmental benefits are reported annually, within the limits of confidentiality and as far as reasonably practicable. The environmental benefits of eligible projects are also expected to include direct benefits such as the installation of renewable energy and energy-saving equipment, as well as indirect benefits such as research and development and demonstration tests that will contribute to the realization of the Transition Strategy in the future.
- Proceeds through Sustainable Finance are used to finance new expenditure (including Leases) and refinancing of existing expenditure (including Leases) related to eligible projects. In the case of refinancing, the proceeds are limited

to expenditure on projects undertaken within three years of the execution of Sustainable Finance.

Based on the above, DNV considers that Sustainable Finance satisfies the element required by GLP-1 that “the issuing entity must use the proceeds for eligible projects that provide clear environmental benefits.”

Table-3 Examples of Eligible Projects

*In addition to Table-3, projects approved by the City of Yokohama on an individual basis as contributing to the Plan are also included.

Category	Sub-category (Eligibility Criteria)	Main Possible Project (examples)	Examples of specific eligibility criteria
Energy efficiency	Highly efficient lighting installations	Introduction of LED lighting. Other energy-efficient lighting.	No specifics for LEDs. In the case of other energy-saving lighting, energy consumption or CO_2 emissions are reduced by 30% or more compared with conventional lighting.
	Highly efficient air conditioning, heat sources and other related equipment	Introduction of energy-saving air-conditioning equipment. Introduction of energy-efficient refrigeration and freezing equipment. Energy-efficient hot-water supply systems. Introduction of energy-efficient substation and transformer equipment.	Energy consumption or CO_2 emissions are reduced by at least 30% compared to the conventional level. Advanced high-efficiency equipment designated by the Ministry of the Environment (in the case of equipment using fossil fuels, the above reduction criteria must be met).
	Effective use of energy	Introduction of storage batteries. Introduction of energy management systems.	Introduction of storage batteries must have a clear plan to contribute to the introduction or expansion of renewable energy. The introduction of energy management systems shall reduce energy consumption or CO_2 emissions by at least 30% compared to conventional systems (in the case of equipment using fossil fuels, the above reduction criteria shall be met). (Note: If the above criteria are not met for the introduction of an energy management system,

			separate consultation is required.
	Energy-efficient buildings	New construction or refurbishment of buildings with environmental certification such as BELS, ZEB, ZEH, etc. New construction or refurbishment of other buildings with high energy-saving performance.	BELS (2016 standard): 4 stars or more. BELS (2024 standards): Level 4 or above (non-housing). BELS (ZEB): ZEB Oriented or above. BELS (ZEH): ZEH-M Oriented or higher. Energy consumption of the entire building (building, factory, etc.) is reduced by at least 30% if no environmental certification has been obtained. (Note: Appropriate ranks should be selected according to the finance period.)
Green building	Green building	New construction or refurbishment of buildings that have obtained CASBEE, LEED or other environmental certification schemes.	DBJ Green Building certification: 4 stars or more. CASBEE certification (new construction, real estate): rank A or above. Municipal version of CASBEE: A rank or above (valid for three years from the date of completion of construction). LEED certification: Gold or better (v4 or higher for LEED BD+C). (Note: If the above criteria are not met, separate individual consultation is required.)

Renewable energy	Promotion and dissemination of renewable energy	Introduction of photovoltaic, wind (including offshore) and waste power generation facilities. Manufacture of the above-mentioned power generation equipment. Introduction of electric carriers powered by renewable energy sources.	-
	Introduction of decarbonised electricity and fuels	Purchase of CO_2-free electricity.	Purchase of non-fossil certificates is not covered.
Businesses related to products, manufacturing technologies/processes and environmentally friendly products for the circular economy.	Promotion of the introduction of next-generation fuels (*)	Introduction of hydrogen co-firing and dedicated combustion facilities. Introduction of ammonia co-firing and mono-firing facilities. Development of supply facilities for hydrogen, ammonia, synthetic methane, etc. Fuel conversion to hydrogen, ammonia, etc. in power generation facilities, etc.	When hydrogen and ammonia are used: there must be plans to increase the co-firing rate in the future, and there must be plans to make the fuel greener. Provision of supply facilities: no constraints
	Recovery and utilization of CO_2 and waste heat (*)	Research, development and demonstration of CCUS-related equipment Research, development and demonstration of Direct Air Capture (DAC) equipment. Research, development and demonstration of waste heat recovery facilities	Individual decisions on a case-by-case basis
Clean transport	Low and decarbonised cargo handling equipment (*)	Introduction of hybrid gantry cranes/transfer cranes/RTG (tyre gantry cranes)/straddle carriers/forklifts/top lifters/reach stackers, etc.	Hybrid models are expected to improve fuel efficiency by 15% or more compared to conventional models and are designed

		FC (fuel cell) gantry cranes/transfer cranes/RTG (tyre gantry cranes)/straddle carriers/forklifts/top lifters/reach stackers, etc. Introduction of motorised gantry cranes/transfer cranes/RTG (tyre gantry cranes)/straddle carriers/forklifts/top lifters/reach stackers, etc.	to enable conversion to FC in the future. No specific information on FC and motorised models.
	Introduction of electric vehicles (*)	Introduction of electric vehicles (EV), fuel cell vehicles (FCV), plug-in hybrid vehicles (PHEV) and hybrid vehicles (HV). Installation of charging facilities Introduction of hydrogen stations	-
	Promotion of zero-emission and low-carbon coastal vessels (*)	Introduction of electric propulsion vessels (including tugboats, dredgers, cleaning vessels and other work vessels). Introduction of ammonia-fuelled vessels (including other work vessels such as tugboats, dredgers and cleaning vessels). Introduction of biofuel vessels (including tugboats, dredgers, cleaning vessels and other work vessels). Introduction of LNG/methanol fuelled vessels (including tugboats, dredgers and other work vessels such as cleaning vessels). Installation of onshore power supply facilities	Any of the following ·Those that do not use fossil fuels and have zero direct CO_2 emissions. ·Fossil fuels that meet certain CO_2 emission standards (e.g., based on CBI Ship Criteria), even if they use fossil fuels. · Assumptions for future conversion to decarbonised fuels.

		Introduction of bunkering vessels and supply facilities for decarbonised fuels. Introduction of bunkering vessels and supply facilities for low-carbon fuels.	
	Improving the efficiency of logistics systems	Introduction of gate reservation system. Introduction of chassis sharing system.	Emission reductions due to idling and transport efficiency improvements resulting from reduced congestion.
Biodiversity conservation	Riparian conservation and creation	Seagrass beds and shallow water formation	-

Eligibility Criteria marked with an asterisk (*) may be considered Transition Eligible Projects, depending on the nature of the project.

Use of Proceeds categorized as per GLP

- ☒ Renewable energy
- ☐ Pollution prevention and control
- ☒ Terrestrial and aquatic biodiversity conservation and sustainable water management
- ☒ Eco-efficient products, production technologies and processes
- ☐ Other (please specify):
- ☒ Energy efficiency (energy saving)
- ☒ Sustainable management of living natural resources
- ☒ Clean transportation
- ☐ Climate change adaptation
- ☒ Green buildings with regional, national or internationally recognized standards and certifications

GLP/GLGL-2. Process for Project Evaluation and Selection

- The City of Yokohama has a process for determining eligible projects that will use the proceeds through Sustainable Finance, which is clearly outlined within the FW.
- The promotion of the Port of Yokohama CNP formation by the City of Yokohama is strategically positioned in the Basic Policy for GX Realization published by the Ministry of Economy, Trade and Industry in February 2023,

and is closely linked to the promotion of climate change-related eligible projects and the Port of Yokohama CNP formation. In addition, eligibility criteria are defined based on the typologies set out in the respective technology roadmaps developed by METI, etc. The evaluation and selection process for projects addressed under the FW has a predefined process that is managed and implemented through various prescribed forms.

- The City of Yokohama will consider negative environmental and social aspects (including necessary procedures in the area where the project is to be implemented) when selecting eligible projects. In the operation and implementation of the project, the City of Yokohama plans to work together with stakeholders to conserve the surrounding environment, and will appropriately apply the Guidelines for Environmental Considerations and Guidelines for the Reduction of Environmental Impacts established by the City of Yokohama to mitigate negative impacts and avoid lock-in. In addition, the City of Yokohama is also working with stakeholders to preserve the environment in the vicinity of the project.

Based on the above, DNV considers that Sustainable Finance satisfies the element required by GLP-2 that "the issuing entity must outline the process for determining project eligibility and outline how the project considers its impact on its objectives."

Evaluation and selection

- ☒ Conforms to the issuer's achievement of environmental contribution goals.
- ☒ The project is eligible for use of proceeds by sustainable finance and transparency is ensured.
- ☒ The project is evaluated and selected based on the published standard summary.
- ☒ Documented process to determine that projects fit within defined categories
- ☒ Documented process to identify and manage potential ESG risks associated with the project
- ☐ Other (Please specify)*:*

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification
- ☐ Other (Please specify):
- ☒ In-house assessment

GLP/GLGL-3. Management of Proceeds

- The City of Yokohama will ensure that the financial institutions confirm that the proceeds through Sustainable Finance are properly managed by each borrower in accordance with the operating guidelines. Furthermore, the City of Yokohama will also check the management status of the proceeds through reports provided by each lending financial institution and at the time of loan execution.
- Each lending financial institution plans to review the balance of Sustainable Finance from the time of its execution to repayment of the Sustainable Finance, as appropriate, through predefined processes and other means.

Based on the above, DNV considers that Sustainable Finance satisfies the element required by GLP-3 that "the issuer shall track and manage the funds raised (where necessary by establishing and managing appropriately classified portfolio units) and shall disclose how unallocated funds are treated."

Tracking of Proceeds:

☒ Some or all of the proceeds by sustainable finance that are planned to be allocated are systematically distinguished or tracked by the issuer.

☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other (Please specify):

Additional disclosures:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments (inc. Leases)

☒ Allocation to individual disbursements (inc. Leases)

☐ Allocation to a portfolio of disbursements

☐ Disclosure of portfolio balance of unallocated proceeds

☐ Other (Please specify):

GLP/GLGL-4. Reporting

- Each borrower will carry out Sustainable Finance reporting (annual reporting) in accordance with the Operational Guidelines until the proceeds through Sustainable Finance have been fully allocated to eligible projects and will disclose information to the lending financial institution on the status of proceeds allocated, projects funded and the environmental benefits.
- Based on the reports provided by each lending financial institution, the City of Yokohama will disclose the environmental benefits (i.e., carbon dioxide emission reductions per eligible criteria) on its website, within the limits of confidentiality obligations and to the extent reasonably practicable.

Based on the above, DNV considers that Sustainable Finance satisfies the element required by GLP-4 that "the issuing body shall at least report to investors in the Sustainable Finance on the allocation of proceeds and quantitative or qualitative project performance (environmental benefits)."

<Allocation Status>

- Status of allocation for eligible projects

<Environmental Benefits>

- Carbon dioxide emission reductions per eligible criteria

Use of Proceeds Reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☒ Other (Please specify)*: financing unit*

Information reported:

☒ Allocated amounts

☐ GB refinanced share of total investment

☐ Other (please specify):

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Impact reporting (Environmental Benefits):

☐ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)/lease(s)

☒ Other (Please specify): eligible criteria units

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☐ Energy Savings

☐ Other ESG indicators (please specify):

Means of Disclosure

☐ Information published in financial report

☐ Information published in sustainability report

☐ Information published in ad hoc documents

☒ Other (Please specify): disclosed on website

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

External reviews (periodic reviews after the implementation of Sustainable Finance)

The City of Yokohama plans to obtain reviews from third-party evaluation agencies to ensure the credibility and transparency that the FWs and/or individual financings to be implemented under the FWs are appropriate Sustainable Finance. The first review is scheduled to be obtained within 24 months of the publication of the FW, and reviews will also be obtained whenever necessary in the event of revisions to the FW or other significant changes.

(3) Findings and DNV's Opinions on BFG elements

BFG-1: Is the project type consistent with the Green Bond Principles' and Green Loan Principles' eligible project categories and does it make a substantial contribution to Sustainable Development Goals 6 or 14 beyond compliance with applicable laws and regulations?

Through the City of Yokohama assessment, DNV has confirmed that the following eligible projects listed as case studies meet the GLP's eligible project category "Conservation of terrestrial and aquatic biodiversity" as well as it practically contributes to the SDGs' #14 that is required for a Blue Project.

Table-3 Examples of Eligible Blue Projects (excerpt)

Category	Sub-category (Eligibility Criteria)	Main Possible Project (examples)
Biodiversity conservation	Riparian conservation and creation	Seagrass beds and shallow water formation

Table-4 SDG 14 targets to which the example of the Yokohama Eligible Blue Project will contribute

SDGs	Target	
 14. Life Below Water	14.2	By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.
	14.5	By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information.

BFG-2: Does the project type introduce risk3 that may affect progress on other environmental priorities, such as Sustainable Development Goals 2, 7, 12, 13 and 15?

DNV has confirmed that the City of Yokohama will comply with the environmental laws and regulations required by the national and local government where the project is located during the selection of eligible projects, and that it will properly apply and respond to the Environmental Consideration Guidelines and Guidelines for Reducing Environmental Impact established by the City of Yokohama. At present, no risks have been identified that could affect the progress of other environmental priorities.

BFG-3: Are Environmental, Social, and Governance (ESG) safeguards and standards, such as the IFC Performance Standards, applied in the implementation of the project if there are material environmental and social risks?

DNV has confirmed that there are currently no significant environmental or social risks in Yokohama. DNV has also confirmed that the City of Yokohama will apply appropriate safeguards and standards in the event that significant environmental and social risks emerge in the future.

(4) Findings and DNV's opinion on the three requirements of SBEG before Sustainable Finance is implemented.

DNV has confirmed that the City of Yokohama meets the three requirements (A~C) set out in the SBEG before Sustainable Finance can be implemented, as follows.

A. Develop a Sustainable Finance Framework to fund SBEs

DNV has confirmed that the City of Yokohama plans to prepare and publish the Finance Framework as a FW with content that meets the following four elements of GLP: The observations against the four elements of GLP are set out in (2) Four common elements of GLP and GLGL in VI. Findings and DNV's Opinion in this report.

(i) Use of Proceeds
(ii) Process for Project Evaluation and Selection
(iii) Management of Proceeds
(iv) Reporting

B. Define Project Categories

DNV has confirmed that among the eligible projects listed as case studies for the City of Yokohama, "Conservation, restoration and creation of marine environment such as seaweed beds, tidal flats and coral reefs related to sink measures etc. using Blue Carbon" falls under Category 2: "Marine Ecosystem Management, Conservation and Restoration/Biodiversity Protection" under the Blue Project category and sub-categories of the SBEG.

C. Obtaining External Reviews

The City of Yokohama has commissioned DNV as an independent external reviewer to conduct assessment of FW as a "financing framework" for its compliance with the four elements of the GLP and confirmed that a second party opinion will be disclosed to key stakeholders.

It should be noted that the SBEG has three post-issuance requirements for bonds: d. management of the proceeds, e. reporting on allocation and impact, and f. obtaining external reviews, which are not included in this report.

VII. Assessment Conclusion

On the basis of the information provided by the City of Yokohama and the work undertaken, it is DNV's opinion that the City of Yokohama FW meets the requirements of the qualification procedure and is consistent with the definitions and objectives of CTFH/CTFBG, GLP/GLGL and BFG/SBEG.

Green Loans (including Leases)

"Enables capital-raising and invested for new and existing projects with environmental benefits"

Blue Loans (including Leases)

"Addresses sustainable water management and ocean protection (SDGs 6 and 14 respectively)"

"Promote the sustainable use of marine resources and related sustainable economic activities"

Transition Loans (including Leases)

"Provide the investment opportunities necessary for transparent and credible implementation of climate transition finance"

DNV Business Assurance Japan K.K.

25 March 2025

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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organizations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV : The management of Issuer has provided the information and Our statement represents an independent opinion and is intended to inform the Issuer management and Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer is incorrect. Thus, the DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete.

Schedule-1 Sustainable Finance Eligibility Criteria and Nominated Eligible Projects

The representative nominated eligible projects in the table have been assessed for eligibility by the FW developers at the time of the FW assessment (as of March 2025). In addition to the representative nominated eligible projects in the table, future FW-based Sustainable Finance may include eligible projects whose eligibility has been additionally and individually identified and determined by the FW developers in accordance with the "Process for Project Evaluation and Selection" described in the FW and will be additionally evaluated by the independent external reviewer in a timely manner.

Category	Sub-category (Eligibility Criteria)	Main Possible Project (examples)	Examples of specific eligibility criteria
Energy efficiency	Highly efficient lighting installations	Introduction of LED lighting. Other energy-efficient lighting.	No specifics for LEDs. In the case of other energy-saving lighting, energy consumption or CO_2 emissions are reduced by 30% or more compared with conventional lighting.
	Highly efficient air conditioning, heat sources and other related equipment	Introduction of energy-saving air-conditioning equipment. Introduction of energy-efficient refrigeration and freezing equipment. Energy-efficient hot-water supply systems. Introduction of energy-efficient substation and transformer equipment.	Energy consumption or CO_2 emissions are reduced by at least 30% compared to the conventional level. -Advanced high-efficiency equipment designated by the Ministry of the Environment (in the case of equipment using fossil fuels, the above reduction criteria must be met).
	Effective use of energy	Introduction of storage batteries. Introduction of energy management systems.	Introduction of storage batteries must have a clear plan to contribute to the introduction or expansion of renewable energy. The introduction of energy management systems shall reduce energy consumption or CO_2 emissions

			by at least 30% compared to conventional systems (in the case of equipment using fossil fuels, the above reduction criteria shall be met). (Note: If the above criteria are not met for the introduction of an energy management system, separate consultation is required.
	Energy-efficient buildings	New construction or refurbishment of buildings with environmental certification such as BELS, ZEB, ZEH, etc. · New construction or refurbishment of other buildings with high energy-saving performance.	BELS (2016 standard): 4 stars or more. BELS (2024 standards): Level 4 or above (non-housing). BELS (ZEB): ZEB Oriented or above. BELS (ZEH): ZEH-M Oriented or higher. Energy consumption of the entire building (building, factory, etc.) is reduced by at least 30% if no environmental certification has been obtained. (Note: Appropriate ranks should be selected according to the finance period.
Green building	Green building	-New construction or refurbishment of buildings that have obtained CASBEE, LEED or other environmental certification schemes.	DBJ Green Building certification: 4 stars or more. CASBEE certification (new construction, real estate): rank A or above. Municipal version of CASBEE: A rank or above (valid for three years from the date of completion of construction). LEED certification: Gold or better (v4 or higher for LEED BD+C). (Note: If the above criteria are not met, separate individual consultation is required.

renewable energy	Promotion and dissemination of renewable energy	Introduction of photovoltaic, wind (including offshore) and waste power generation facilities. Manufacture of the above-mentioned power generation equipment. · Introduction of electric carriers powered by renewable energy sources.	-
	Introduction of decarbonised electricity and fuels	purchase of CO_2-free electricity.	purchase of non-fossil certificates is not covered.
Businesses related to products, manufacturing technologies/processes and environmentally friendly products for the circular economy.	Promotion of the introduction of next-generation fuels (*)	Introduction of hydrogen co-firing and dedicated combustion facilities. Introduction of ammonia co-firing and mono-firing facilities. Development of supply facilities for hydrogen, ammonia, synthetic methane, etc. Fuel conversion to hydrogen, ammonia, etc. in power generation facilities, etc.	When hydrogen and ammonia are used: there must be plans to increase the co-firing rate in the future, and there must be plans to make the fuel greener. Provision of supply facilities: no constraints
	Recovery and utilization of CO_2 and waste heat (*)	Research, development and demonstration of CCUS-related equipment Research, development and demonstration of Direct Air Capture (DAC) equipment. Research, development and demonstration of waste heat recovery facilities	Individual decisions on a case-by-case basis

Clean transport	Low and decarbonised cargo handling equipment (*)	Introduction of hybrid gantry cranes/transfer cranes/RTG (tyre gantry cranes)/straddle carriers/forklifts/top lifters/reach stackers, etc. FC (fuel cell) gantry cranes/transfer cranes/RTG (tyre gantry cranes)/straddle carriers/forklifts/top lifters/reach stackers, etc. Introduction of motorised gantry cranes/transfer cranes/RTG (tyre gantry cranes)/straddle carriers/forklifts/top lifters/reach stackers, etc.	Hybrid models are expected to improve fuel efficiency by 15% or more compared to conventional models and are designed to enable conversion to FC in the future. No specific information on FC and motorised models.
	Introduction of electric vehicles (*)	Introduction of electric vehicles (EV), fuel cell vehicles (FCV), plug-in hybrid vehicles (PHEV) and hybrid vehicles (HV). Installation of charging facilities Introduction of hydrogen stations	-
	Promotion of zero-emission and low-carbon coastal vessels (*)	Introduction of electric propulsion vessels (including tugboats, dredgers, cleaning vessels and other work vessels). Introduction of ammonia-fuelled vessels (including other work vessels such as tugboats, dredgers and cleaning vessels). Introduction of biofuel vessels (including tugboats, dredgers, cleaning vessels and other work vessels).	Any of the following · Those that do not use fossil fuels and have zero direct CO_2 emissions. -Fossil fuels that meet certain CO_2 emission standards (e.g. based on CBI Ship Criteria), even if they use fossil fuels. · Assumptions for future conversion to decarbonised fuels.

		Introduction of LNG/methanol fuelled vessels (including tugboats, dredgers and other work vessels such as cleaning vessels). Installation of onshore power supply facilities Introduction of bunkering vessels and supply facilities for decarbonised fuels. · Introduction of bunkering vessels and supply facilities for low-carbon fuels.	
	Improving the efficiency of logistics systems	Introduction of gate reservation system. Introduction of chassis sharing system.	Emission reductions due to idling and transport efficiency improvements resulting from reduced congestion.
Biodiversity conservation	Riparian conservation and creation	Seagrass beds and shallow water formation	-

(Eligible Criteria marked with an asterisk (*) may be considered Transition Eligible Projects, depending on the nature of the project.)

Schedule-2 Sustainable Finance (Transition Loans and Leases) Eligibility Assessment Protocol

The following checklist (1～ 4) is a DNV assessment protocol developed for eligibility assessment based on the CTFH and CTFBG disclosure requirements.
The “Confirmed Documents” in the evaluation work include public or non-public documents (FW developers, borrowers, lending financial institutions), which are provided by the City of Yokohama to DNV as evidence for eligibility assessment.
*"Funders" may be read as "the City of Yokohama (FW developer)" in the disclosure requirements below and elsewhere as appropriate.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1	Issuer's climate transition strategies and governance	Green finance, sustainable finance and sustainability-linked finance should be directed towards delivering issuers' greenhouse gas reduction strategies in line with the goals of the Paris Agreement. <Recommended disclosures and indicators> • Long-term, science-based targets consistent with the goals of the Paris Agreement. • Relevant, credible and science-based short- and medium-term objectives on a trajectory towards long-term goals in line with relevant regional, sectoral and international climate change scenarios. • Funders' transition plans and transition strategies. This should include specific items of key measures to reduce greenhouse gas	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	The Transition Strategy for the City of Yokohama Waterfront Area presents a strategic plan to promote the formation of a carbon neutral port (CNP) in the Port of Yokohama, based on the goals of the Paris Agreement, the Yokohama Port and Harbor Plan revised in November 2014 and this Plan. It is also consistent with the City of Yokohama's Transition Strategy, which sets out to achieve decarbonization by FY2050 in the City of Yokohama's Action Plan to Combat Global Warming, revised in 2018. • The City of Yokohama has set and indicated its long-term carbon dioxide reduction target for the waterfront area as carbon neutral by FY2050, consistent with the Paris Agreement target. • The City of Yokohama has set carbon dioxide reduction targets for the Port of Yokohama as 47% and 74% reduction compared to the FY2013 level, with the short- and medium-term targets as FY2030 and FY2040 respectively. This is on an approximate straight line from emissions in 2013 to the carbon neutral target for FY2050 and is judged to have a scientific basis. • The City of Yokohama has positioned the following three policies for the formation of a carbon-neutral port based on the

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		emissions, including detailed capital expenditure (Capex) and associated technical impacts (e.g. amount of capital expenditure, carbon price assumed in implementing the capital expenditure plan, impact on business, regulatory considerations). • Clear oversight and governance of funders' transition strategies, including management/director-level accountability. • Evidence of a broader sustainability strategy to contribute to the UN Sustainable Development Goals (SDGs), while mitigating associated environmental and social external effects. Includes consideration of 'equitable transitions' where appropriate.		Yokohama Port and Harbor Plan and has set out specific initiatives and future plans. ① Policy on initiatives to decarbonise waterfront areas. The initiative is led by companies located in the Yokohama waterfront area and promotes energy conversion using hydrogen and hydrogen derivatives (methanol, ammonia, synthetic methane, etc.), the introduction of renewable energy, energy-saving equipment and the development of new technologies. ② Policy for decarbonization initiatives at wharves. As an international container strategic port, this initiative aims to promote decarbonization at public terminals, such as container terminals, to become the port of choice. Specifically, the project aims to reduce and decarbonise cargo handling equipment, to switch to LEDs for administration buildings, sheds and lighting equipment, and to utilise electricity derived from renewable energy sources. For vessels, bunkering to next-generation fuel vessels will be realised and onshore power supply facilities will be developed, while for vehicles, electrification and modal shift will be promoted. ③ Policy on initiatives for the creation of a prosperous sea Promote the use of blue carbon ecosystems, including the formation of seaweed beds and shallow water. • The City of Yokohama has established a governance structure to manage and operate this Plan. The Plan is prepared with reference to the “Manual for the Preparation of the Port Decarbonization Promotion Plan” set out by the Ministry of Land, Infrastructure, Transport and Tourism,

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				and the assessment of the Plan's achievement status is carried out regularly at the “Council,” comparing specific numerical targets with actual values in the target year based on KPIs, in addition to the progress of the port decarbonization promotion project, and in non-target years In the non-target years, the plan is to assess whether the actual results are achievable towards the target year. In addition, the process of evaluation and selection of projects to be undertaken since the FW has a predefined process that is managed and implemented according to various prescribed forms. • In June 2018, the City of Yokohama was selected by the Government as an SDGs Future City and is promoting various projects aiming at integrated solutions to environmental, economic and social challenges, mainly through the Yokohama SDGs Design Centre, which was established in January 2019. Through the Plan, the City of Yokohama also states that the Plan will lead to future economic growth and increased employment and income in the areas covered by the Plan, and will also take into account a fair transition. In addition, with regard to mitigating negative impacts and avoiding lock-in, the City of Yokohama will respond by appropriately operating the Guidelines for Environmental Considerations and the Guidelines for Reducing Environmental Impacts established by the City of Yokohama.
2	Business Model Environmental Materiality	Transition strategies should relate to environmentally material aspects of the funders' business model. In doing so, several future scenarios should be	Confirmed Documents - FW - Port of Yokohama Port	The City of Yokohama believes that decarbonization investment by a diverse range of companies and organizations in the Yokohama waterfront area is necessary, and that by developing the FW as a funding framework for such investment and positioning the initiatives of companies and organizations as port decarbonization

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		considered that could influence decisions on current materiality. <Recommended disclosures and indicators>. Discussions on the materiality of the planned transition strategy may include. • Disclose materiality to the public in the form of a matrix or in the fundraiser's annual report. • Reference is made to the importance of climate change-related eligible projects and KPIs to the overall emissions profile of the financier. • Where Scope 3 is expected to be significant but has not yet been identified or measured, a timeline for reporting should be disclosed.	Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	promotion projects in the Plan, the Port of Yokohama CNP will be promoted for the entire Port of Yokohama. In addition, the specific policies and initiatives for the formation of the Port of Yokohama CNP are consistent with the respective technology roadmaps developed by the Ministry of Economy, Trade and Industry (METI) and others. • The City of Yokohama has set seven 'Basic Policies' targeting FY2030 with the aim of realising decarbonization by FY2050, as well as 'Priority Initiatives' as leading projects from among the measures linked to the Basic Policies, and has identified 'Yokohama Waterfront Area Decarbonization Innovation Priority Action 1: "Creation of decarbonization innovation in the Yokohama waterfront area" as an important initiative in the promotion of decarbonization. • The waterfront area of Yokohama is home to a cluster of industries that support the Japanese economy, including energy-related industries, manufacturing and logistics, and the carbon dioxide emitted from this area accounts for approximately 40% of Yokohama's total emissions. The high emissions from the waterfront area due to the 'energy conversion sector' indicate the importance of Yokohama's efforts to achieve reduction targets (KPIs), as the city has high expectations for energy conversion in this sector. The promotion of the Port of Yokohama CNP formation is positioned as a strategy in the Basic Policy for GX Realization published by the Ministry of Economy, Trade and Industry in February 2023, and eligible projects related to climate change are closely linked to the promotion of the Port of Yokohama CNP formation. • The City of Yokohama will not assess the greenhouse gas emissions of the Eligibility Criteria as direct Scope 3 in its

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				assessment of the greenhouse gas emissions of the Eligibility Criteria but will instead view them as the greenhouse gas emissions of the Eligibility Criteria as a whole. Based on the reports provided by the lending institutions, the City of Yokohama will report the environmental benefits (i.e., carbon dioxide emission reductions per eligible criterion) on an annual basis on its website, within the limits of confidentiality obligations and to the extent reasonably practicable.
3	Climate Transition Strategy and Targets to be Science-Based (including targets and pathways)	Funders' transition strategies should be based on science-based targets and pathways for transition. There is scientific guidance on the rate of greenhouse gas emission reductions (greenhouse gas emission reduction trajectory) required to bring the global economy into line with the Paris Agreement targets. Transition strategies should meet the following requirements • Be quantitatively measurable and in line with the latest available methodologies. • Where recognised third-party scientific trajectories are available, they should be aligned, benchmarked or otherwise referenced. Where third-party trajectories are not available,	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	The Transition Strategy for the Yokohama Waterfront Area is consistent with the science-based Paris Agreement and sets reduction targets as 47% and 74% reduction compared to FY2013, respectively, with the short- and medium-term targets being FY2030 and FY2040, which are on an approximate straight line from FY2013 carbon emissions to the 2050 carbon neutral target value. and 74% reduction, respectively. The Plan will be revised in due course in accordance with national greenhouse gas reduction targets and progress in decarbonization technologies. • The targets in the Transition Strategy can be quantitatively measured in terms of carbon dioxide emissions and sinks based on the following procedures and data. ◆ Emissions from the waterfront area: emissions from the Yokohama city area/Yokohama City Global Warming Action Plan system ◆ Emissions from ocean-going vessels at anchor: 4th IMO GHG Study 2020/ Port and Harbor Authority of Yokohama City statistical data References (https://www.imo.org/en/ourwork/Environment/Pages/Fourth-IMO-Greenhouse-Gas-Study-2020.aspx)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		comparisons with industry peers, internal methodologies and past performance shall be taken into account. • published in a form that includes interim targets (ideally in the main financial statements). • Be backed by independent assurance or verification, etc. <Highly recommended disclosures and indicators >. • Short, medium and long-term greenhouse gas emission reduction targets consistent with the Paris Agreement. • Base year and historical emissions (including absolute values, even if emissions intensity is the key indicator). • Scenarios used and moves applied (e.g. ACT, SBTi, IEA). Where third-party scenarios are not available, comparisons with industry peers, internal methodologies or past performance. • Greenhouse gas emission reduction targets covering all scopes (Scope 1, Scope 2 and Scope 3) and the most relevant sub-categories.		◆Absorption: the area of seaweed beds, etc. that have flourished as a result of the creation, conservation and restoration of blue carbon ecosystems. The CO_2 absorption is estimated by multiplying them by the $CO_{2)}$ absorption coefficient. • The Transition Strategy sets reduction targets as 47% and 74% reduction compared to the 2013 reduction and 74% reduction compared to the FY2013 reduction, respectively, with the short and medium term being FY2030 and the medium term being FY2040, which are on an approximate straight line from FY2013 emissions to the FY2050 carbon neutrality target. • The Transition Strategy sets interim targets for FY2030 for the short to medium term and FY2040 for the medium term, consistent with the Paris Agreement. • The targets in the Transition Strategy are reasonable based on publicly available information (set based on sectoral reduction rates in the Yokohama Global Warming Action Plan/interviews with experts, field surveys, etc.). • The Transition Strategy provides results for the FY2019 in addition to the base year (FY2013) with regard to carbon dioxide emissions. • The targets in the Transition Strategy can be quantitatively measured in terms of carbon dioxide emissions and sinks, as discussed above. • The targets in the Transition Strategy are targets formulated in absolute terms (t-CO_2). • The Transition Strategy plans to introduce technologies related to CO_2 separation, capture, storage and utilization, in addition to CO_2 capture that will promote the use of blue carbon

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		• Targets formulated in terms of emissions intensity or absolute values. If emissions intensity is used as a target, projections on changes in absolute values should be provided. • CO_2 capture technologies and their relative contribution to GHG reduction pathways in line with industry best practice (e.g. SBTi, VCMI, ICVCM) where the use of high quality and reliable credits is appropriate.		ecosystems, such as the formation of seaweed beds and shallow water.
4	Implementation Transparency	The dialogue with the market on the provision of GSS finance intended to fund a financier's transition strategy must also be transparent, as far as possible, about the investment programme, including capital and operating costs (Capex and Opex). <Recommended disclosures and indicators> • Capex implementation plans aligned with the overall strategy and climate-related science, and how they reflect decision-making on the Capex within the organization.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms	The City of Yokohama has set the period of the Plan as up to FY2050, and budgets are prepared every fiscal year to promote investment in decarbonization by the City of Yokohama and businesses in line with the "Roadmap for Achieving the Plan's Targets" in order to achieve the carbon reduction targets of the Port of Yokohama (the draft budget for the Yokohama Port Authority for FY2025 is as follows (The draft budget of the Yokohama Port Authority for FY2025 includes ¥41.82 million for initiatives to decarbonise the waterfront area, ¥457.04 million for the promotion of decarbonization at wharves and ¥1.683 billion for the creation of a prosperous sea). • Based on this Plan, decarbonization projects by various companies and organizations in the Yokohama waterfront area are positioned as 'Initiatives for decarbonising the waterfront area,' 'Initiatives for decarbonising the wharf' and 'Initiatives for

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		• Phase-out plans for activities/products that are not compatible with the transition strategy (where the activity/product is significantly harmful or not consistent with science-based greenhouse gas reduction trajectories). • Percentage of green Capex (e.g. green eligible projects under the Green Bond Principles) in the total Capex and changes in this percentage over time. • Proportion of assets/revenue/expenditure/disposal along various measures. • Quantitative and/or qualitative assessment of potential greenhouse gas emissions from the funders' key assets and products. • Internal carbon price estimates. • Adverse impacts on workers, the community and the surrounding environment, and strategies to mitigate these adverse impacts.	Interviews with relevant stakeholders	creating a rich sea,' and these projects will be selected based on the opinions of the "Council." • There are activities in this plan that use fossil fuels at the present time for future decarbonization, either from an economic or asset utilization perspective, but these activities are planned to fit into a reduction trajectory consistent with the Paris Agreement through a phased review and decarbonization of the fuels and technologies used. • The Plan includes green projects (e.g., in the field of renewable energy and energy conservation (energy efficiency and energy saving)) and projects that should be addressed at the present time in order to move to carbon neutrality in the future (e.g., decarbonization of ships to achieve a gradual reduction in fossil fuel use, hydrogen and ammonia, etc.) in order to move to carbon neutrality in the future. The plan aims to be carbon neutral by FY2050 and the proportion of allocation to green projects is expected to increase. • The Plan contains a roadmap for achieving the targets for each initiative and project, organised in consideration of the time horizon up to FY2050. • The City of Yokohama will assess carbon dioxide emissions and absorption quantitatively or qualitatively using established procedures and data, and disclose this information within the scope of confidentiality obligations and to the extent reasonably possible. • At present, the City of Yokohama has not established a carbon price in this plan. The use of non-fossil certificates and credits is being considered. • The City of Yokohama states that the Plan will also lead to future economic growth and expansion of employment and income in the areas covered by the Plan, and will also take into

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				account a fair transition. In addition, with regard to mitigating negative impacts and avoiding lock-in, the City of Yokohama will respond by appropriately operating the Guidelines for Environmental Considerations and the Guidelines for Reducing Environmental Impacts established by the City of Yokohama.

Schedule-3 Sustainable Finance (Green Loans and Leases) Eligibility Assessment Protocol

The following checklists (GLP/GLGL-1~GLP/GLGL-4) are DNV assessment protocol developed for qualification based on GLP/GLGL requirements.
The “Confirmed Documents” in the Work Undertaken include public or non-public documents (FW developers, borrowers, lending financial institutions), which are provided by the City of Yokohama to DNV as evidence for eligibility decisions.
*"Investors" may be read as "stakeholders" in the disclosure requirements below and elsewhere as appropriate.

GLP/GLGL-1 Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of Proceeds	The bond must fall in one of the following categories, as defined by the Green Bond Principles: ・(Standard) green loans ・Blue Loans ・Transition loans ・Other	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	Through the assessment work, sustainable finance (loans/leases) was identified as falling into the following categories Green/blue/transition (standard)
1b	Green/blue/transition project categories	The cornerstone of a green bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the securities.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms	Sustainable finance is necessary for the realization of the formation of the Port of Yokohama CNP in Yokohama, as described in the FW and Schedule-1. It was also confirmed that the use of sustainable finance by various companies and organizations in the Yokohama waterfront

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			Interviews with relevant stakeholders	area will promote the carbon neutrality of the entire Port of Yokohama. The proceeds provided under the FW are earmarked for projects selected through an appropriate process, and the full amount is expected to be allocated to sustainable finance. It is concluded that projects that have been assessed for eligibility according to the FW and internal processes are expected to contribute to decarbonization in the Yokohama waterfront area on an appropriate timeline as eligible projects.
1c	Environmental benefits	All green/blue/transition projects categories should provide clear greenly sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	Eligible projects will have clear environmental benefits, such as reduced carbon dioxide emissions, and their environmental benefits will be reported on an annual basis, within the limits of confidentiality and as far as reasonably practicable. In addition to direct environmental benefits of qualifying projects, such as the installation of renewable energy and energy-saving equipment, there are also expected to be indirect benefits, such as research and development and demonstration tests, which will contribute to the realization of transition strategies in the future.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	Proceeds through sustainable finance will be used to finance new expenditure (including leases) and/or refinancing of existing expenditure (including leases) related to eligible projects. In the case of refinancing, it was confirmed that the refinancing would be limited to expenditure on projects that took place within three years of the execution of the sustainable finance.

GLP/GLGL-2 Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	The issuer of a Green/Blue/Transition bond should outline the decision-making process it follows to determine the eligibility of projects using Green/Blue/Transition bond proceeds. This includes, without limitation: • A process to determine how the projects fit within the eligible Green Projects categories; • The criteria making the projects eligible for using the Green bond proceeds; and • The environmental sustainability objectives	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	The City of Yokohama confirmed that it has a process for determining the eligibility of eligible projects to use the funds procured through sustainable finance, which is outlined in the FW. • Yokohama's promotion of the formation of the Port of Yokohama CNP is positioned as a strategy in the Basic Policy for GX Realization published by the Ministry of Economy, Trade and Industry in February 2023, and is closely related to eligible projects related to climate change and the promotion of the formation of the Port of Yokohama CNP. In addition, eligibility criteria are defined based on the typologies presented in each technology roadmap developed by the Ministry of Economy, Trade and Industry (METI) and others. • The evaluation and selection process for projects addressed under the FW has a predetermined process that is managed and implemented according to various prescribed formats. • The City of Yokohama states that the Plan will also lead to future economic growth and expansion of employment and income in the areas covered by the Plan, and will also take into account a fair transition. In addition, with regard to mitigating negative impacts and avoiding lock-in, the City of Yokohama will

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				respond by appropriately operating the Guidelines for Environmental Considerations and the Guidelines for Reducing Environmental Impacts established by the City of Yokohama.
2b	Issuer's environmental, social and governance framework	In addition to information disclosed by an issuer on its Green bond process, criteria and assurances, Green bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding green sustainability.	Confirmed documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	The City of Yokohama considers negative environmental and social aspects when selecting eligible projects (including necessary procedures in the area where the project is to be implemented). The City of Yokohama confirmed that it plans to work with stakeholders to conserve the surrounding environment in the operation and implementation of the project.

GLP/GLGL-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure -1	The net proceeds of Green bond should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	The plan is for the allocation of proceeds of sustainable finance to be reported to the City of Yokohama as an internal management scheme, to be managed and operated by financial institutions that agree with the aims of FW and are able to respond in accordance with FW and the "Port of Yokohama CNP Sustainable Finance Framework Operating Procedures." It was confirmed that this is planned to be reported to the City of Yokohama as an internal management scheme.
3b	Tracking procedure -2	So long as the Green bond outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments made until green benefit appearance or completion of proceeds allocation.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	It was confirmed that each lending financial institution plans to review the outstanding sustainable finance balance, from the time of the execution of a sustainable finance to the time of repayment (e.g. through the process described in 3a).
3c	Temporary Holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan	It was confirmed that the verification process through City of Yokohama's internal control scheme and other mechanisms is such that the balance of unallocated proceeds can be recognised.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			- Various relevant documents and forms Interviews with relevant stakeholders	It was confirmed that the balance of unallocated proceeds will be clarified by each borrower through the reporting of the allocation of proceeds to the respective lending financial institution.

GLP/GLGL-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodic reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected greenly sustainable impact.	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms - Interviews with relevant stakeholders	Ensured that each borrower conducts sustainable finance reporting (annual reporting) in accordance with the Operational Guidelines and discloses information to the lending financial institution on the status of allocated proceeds, allocated projects and environmental benefits until the proceeds of sustainable finance have been fully allocated to eligible projects. Based on the reports provided by each lending institution, the reporting (environmental benefits) by the City of Yokohama will be published on its website. <Allocation Status> ◆ Status of allocation for eligible projects <Environmental Benefits> ◆ Carbon dioxide emission reductions per eligible criteria. * Environmental benefits will be reported within the scope of confidentiality obligations and to the extent reasonably achievable.

Schedule-4 Blue Finance Guidelines Eligibility Assessment

The checklist below (BFG-1) has been prepared in accordance with the Guidelines for Blue Finance published by the International Finance Corporation (IFC) in January 2022.

In addition to the documents reviewed, thework undertaken may include cases where information obtained through consultations with FW developer is used as evidence.

BFG-1 Blue Project

No.	Contents	Check Results	Work Undertaken	DNV Findings
The Blue Finance Guidance Framework includes references to Sustainable Development Goals 6 and 14, as well as other activities related to Sustainable Development Goals 2, 12, 13, and 15, which address pollution in rivers and coastal areas. This includes activities identified through the application of the following assessment criteria:				
1	Is the project type consistent with the Green Bond Principles' and Green Loan Principles' eligible project categories and does it make a substantial contribution to Sustainable Development Goals 6 or 14 beyond compliance with applicable laws and regulations? Commentary; To qualify as a blue project, the project must fall under one of the project categories of the Green Bond Principles and Green Loan Principles. It must also contribute to either 6 or 14 of the SDGs and have outputs and outcomes directly related to one or more target indicators of the SDGs.	☒ Yes ☐ No ☐ Not Applicable	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	DNV confirmed that the eligible project meets the Green Loan Principles' eligible project category 'Conservation of terrestrial and aquatic biodiversity. It also confirmed its substantial contribution to SDG 14.
2	Does the project type introduce risk3 that may affect progress on other environmental priorities, such as Sustainable Development Goals 2, 7, 12, 13 and 15?	☒ Yes ☐ No ☐ Not Applicable	Confirmed Documents - FW	DNV confirmed that when selecting eligible projects, the City of Yokohama confirmed that they will comply with the

No.	Contents	Check Results	Work Undertaken	DNV Findings
The Blue Finance Guidance Framework includes references to Sustainable Development Goals 6 and 14, as well as other activities related to Sustainable Development Goals 2, 12, 13, and 15, which address pollution in rivers and coastal areas. This includes activities identified through the application of the following assessment criteria:				
	Commentary; Projects can only be blue-labelled if they do not pose a significant risk to priority environmental sectors or other themes, including the following SDG themes 2: Zero hunger 7: Affordable and Clean Energy 12: Responsibility Consumption and Production 13: Climate Action * *https://www.unepfi.org/publications/turning-the-tide-recommended-exclusions/* *UNEP FI, Recommended Exclusions for Financing a Sustainable Blue Economy.*		- Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	environmental laws and regulations required at the location where the project is to be implemented, and that they will appropriately apply and comply with the Guidelines for Environmental Considerations and Guidelines for Reducing Environmental Impact established by the City of Yokohama. No risks have been identified at this time that could affect the progress of other environmental priorities.
3	Are Environmental, Social, and Governance (ESG) safeguards and standards, such as the IFC Performance Standards, applied in the implementation of the project if there are material environmental and social risks? Commentary; Projects must clearly demonstrate which internationally recognised sustainable standards they comply with. For example, it is expected to follow IFC Performance Standards, World Bank Environmental, Health and Safety Guidelines or similar. In addition, industry-specific	☒ Yes ☐ No ☐ Not Applicable	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant	DNV confirmed that the City of Yokohama confirmed there are no significant environmental or social risks at present. It was also confirmed that City of Yokohama plans to apply appropriate safeguards and standards to deal with any significant environmental and

No.	Contents	Check Results	Work Undertaken	DNV Findings
The Blue Finance Guidance Framework includes references to Sustainable Development Goals 6 and 14, as well as other activities related to Sustainable Development Goals 2, 12, 13, and 15, which address pollution in rivers and coastal areas. This includes activities identified through the application of the following assessment criteria:				
	sustainable standards and specific product standards may also apply to blue investments as they exceed national requirements. **https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site /sustainability-at-ifc/policies-standards/ performance-standards*		documents and forms Interviews with relevant stakeholders	social risks that may emerge in the future.

Reference-1 Blue Activity Mapping

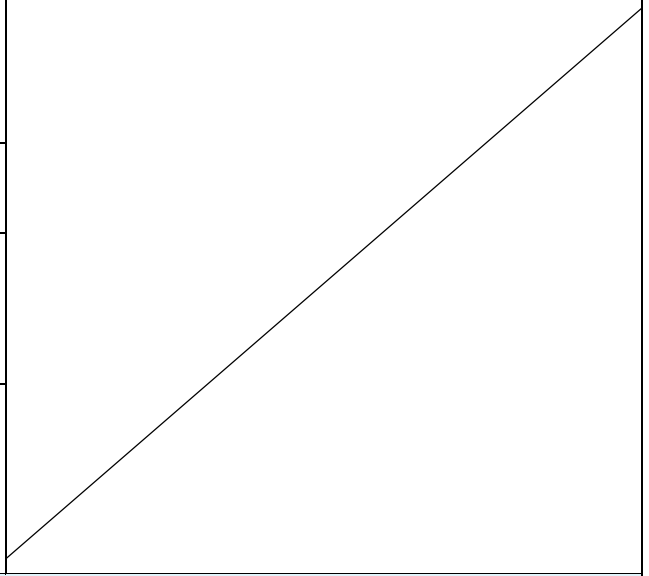
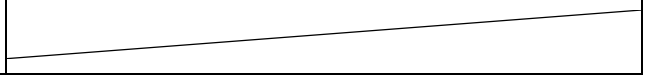
(1) Enter the name of the specific project or eligibility category in the Blue Finance Area and Eligibility Category column to which the blue project applies.
(2) In the cells of the blue finance area, enter (identify) the relevant branch number (e.g., A-1 to A-4) based on the material in Reference-2. *If not individually classified, provide a separate explanation in the column "Others" outside the column.

Green Bond Principles and Green Loan Principles Broad Eligibility Categories					
Blue Finance Group Economic Activity	**Pollution Prevention and Control**	**Natural Resource Conservation**	**Biodiversity**	**Climate Change**	
				Mitigation	**Adaptation**
A. Water supply (A-1, A-2, A-3, A-4)	***	**	**	***	**
B. Water sanitation (B-1, B-2, B-3)	***	**	**	***	**
C. Ocean- or water-friendly products: (C-1, C-2, C-3)	***			*	
D. Ocean-friendly chemicals and plastics sectors: (D-1, D-2, D-3, D-4, D-5, D-6)	***			*	*
E. Sustainable shipping and port logistics sectors: (E-1, E-2, E-3, E-4, E-5, E-6)	***		**	***	*
F. Fisheries, aquaculture, and seafood value chain: (F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, F-9, F-10, F-11)	***	**		*	*
G. Marine ecosystem restoration (G-1, G-2, G-3, G-4)	**	***	***	*	*
H. Sustainable tourism services (H-1, H-2)		**	**		
I. Ocean-friendly offshore renewable energy facilities (I-1)		*	**	***	

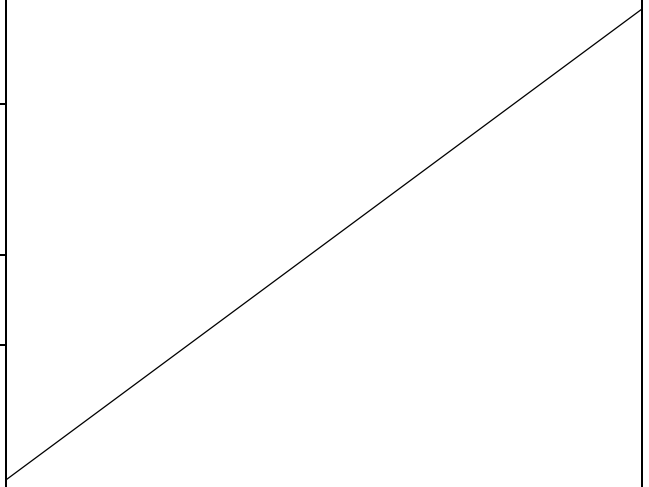
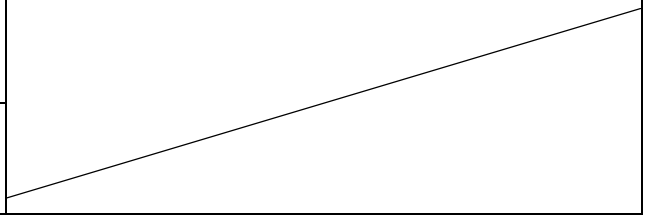
How to read the table

Minor impact	Some impact	Strong impact		*** Primary objective	** Secondary or indirect effects	* Tertiary or derived effects

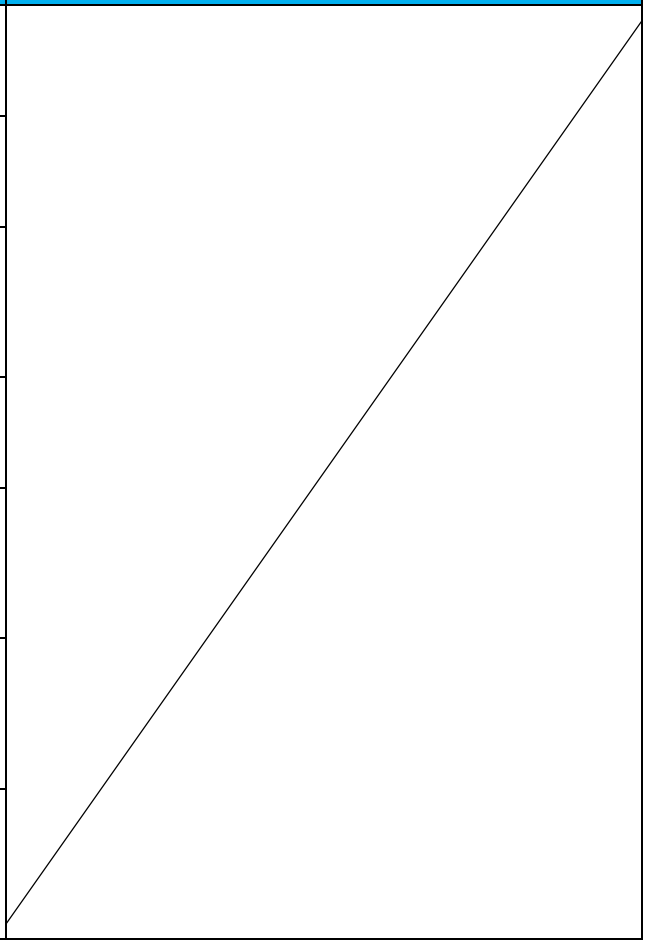
Reference-2 Blue Project Detailed Description

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
A. Water supply: investments in the research, design, development, and implementation of efficient clean water			
A-1	New drinking water treatment, storage, and sustainable supply infrastructure that documents at least 20% water savings per unit of service compared to a documented baseline.	☐	
A-2	Rehabilitation of existing water infrastructure that meet the above criteria.	☐	
A-3	More sustainable desalination plants that help protect groundwater depletion and wetlands and avoid hypersaline pollution of the environment (e.g., ISO standard 23446).	☐	
A-4	Water efficiency technologies and equipment and water management activities that reduce water footprint. This includes documented reduction in water consumption in land-based aquaculture, agriculture and irrigation, and residential, commercial, and industrial uses.	☐	
B. Water sanitation: investments in the research, design, development, and implementation of water treatment solutions.			
B-1	New or expansion of water treatment infrastructure.	☐	

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
B-2	Rehabilitation or retrofit of existing water treatment infrastructure.	☐	
B-3	Wastewater treatment plants including industrial, agri-business, commercial, residential, or city level. This also includes biogas and heat exchange systems at wastewater treatment plants to increase their efficiency and effectiveness.	☐	
C. Ocean- or water-friendly products: investments in the value chain, including production, packaging, and distribution, of environmentally-friendly products that avoid water or ocean pollution			
C-1	Research, design, manufacturing, trade, or retail of household products with a sustainable supply of raw materials that can displace existing harmful products or reduce nitrogen and phosphorus loads of the aquatic environment, including but not limited to: • Biodegradable and phosphate-free detergents and shampoos, such as enzyme-based products. • Biodegradable and phosphate-free shampoo bars, deodorant bars, such as a soap bar, and cosmetics without plastic packaging. • Microbead-free toothpaste in non-plastic container.	☐	
C-2	Research, design, manufacturing, trade, or retail of alternative low carbon and biodegradable materials (e.g., Lyocell) to fossil-based fibers (e.g., polyester).	☐	
C-3	Research, design, manufacturing, trade, or retail of biodegradable plant-based plastics and packaging or compostable plastics and packaging in locations	☐	

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
	where compostable facilities are readily available.		
D. Ocean-friendly chemicals and plastics sectors: investments in the research, design, development, and implementation of measures to manage, reduce, recycle, and treat plastic, pollution, or chemical waste in coastal and river basin areas[8]			
D-1	Infrastructure that prevents runoff of agrochemicals, industrial chemicals, and mercury into areas connected to rivers or coastal water basins.	☐	
D-2	Replacement of phosphate-based or nitrogen-based synthetic fertilizers with alternative sustainable and biodegradable fertilizers and supplements, in areas connected to rivers or coastal water basins.[9]	☐	
D-3	Use of recycled plastics for manufacturing in a circular economy approach.	☐	
D-4	Plastics collection and recycling facilities, substitution of plastics packaging with sustainable and biodegradable materials, and reusing or repurposing of plastics in areas connected to rivers or coastal water basins.	☐	
D-5	Urban drainage systems that prevent plastics, chemicals, or pollutants runoff in areas connected to rivers or coastal water basins.[10]	☐	
D-6	Flood mitigation systems that prevent plastics, chemicals, solid waste, or pollutants runoff in areas connected to rivers or coastal water basins.[11]	☐	

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
E. Sustainable shipping and port logistics sectors: investments in the research, design, development, and implementation of water and waste management and reduction measures in shipping vessels, shipping yards, and ports			
E-1	Investments in ballast water treatment and shipping vessels to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to avoid spread of invasive alien species (e.g., ISO standard 11711).	☐	
E-2	Investments in membrane bioreactor-type water treatment equipment and facilities for all black water and grey water on shipping or cruising vessels.	☐	
E-3	Investments in bilge water treatment in shipping vessels.	☐	
E-4	Investments to reduce maritime air and noise pollution.	☐	
E-5.	Investments in improvement of oil (fuel) spill prevention, risks safeguard, and recovery facilities.	☐	
E-6	Solid waste receiver facilities at ports and terminals for the collection of garbage.	☐	
F. Fisheries, aquaculture, and seafood value chain: sustainable production and waste management and reduction measures that meet, keep, or exceed Marine Stewardship Council certification standards or equivalent certification standards approved by IFC			

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
F-1	Sustainable land-based aquaculture production of high value niche products, such as crustaceans, sea urchins, ornamental corals, and fish.	☐	
F-2	Sustainable cultivation of bivalves for algae and nutrient removal in eutrophic coastal waters.	☐	
F-3	Sustainable production of algae and other marine microorganisms or macroorganisms to produce food, feed, pharmaceuticals, cosmetics, or other bio-based products through bio-technological applications.	☐	
F-4	Cold chain and storage for small- and medium-sized fishing in areas with sustainable fishing quotas.	☐	
F-5	Medium- to large-scale processing and product development, with an emphasis on pelagic species in jurisdictions with enforced sustainable fishing quotas.	☐	
F-6	Small- to medium-scale biorefineries for fish processing by-products (e.g., oil, collagen, amino acid, and mineral production) in jurisdictions with enforced fishing quotas.	☐	
F-7	Investments in fisheries, including investments in tuna fisheries, to meet, keep, or exceed the Marine Stewardship Council certification standard or equivalent.	☐	

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
F-8	Investments in aquaculture to meet, keep, or exceed the Aquaculture Stewardship Council certification standard or equivalent.	☐	
F-9	Production, trade, or retail of seafood products with the blue Marine Stewardship Council label or the Aquaculture Stewardship Council label.[14]	☐	
F-10	Investments for a Fishery Improvement Project[15] registered at the International Seafood Sustainability Foundation.[16]	☐	
F-11	Traceability systems to ensure sustainability of operations, facilities, and supply chains in the fishing industry. This investment should meet, keep, or exceed the Marine Stewardship Council certification for chain of custody certification for suppliers of seafood products.	☐	
G. Marine ecosystem restoration			
G-1	Investments in conserving, improving, and restoring marine and coastal ecosystems.	☒	The formation of algal beds and shallow areas, etc., to expand "blue carbon," in which seaweed and seagrasses such as eelgrass and wakame absorb CO_2, was confirmed.
G-2	Investments in the development of ecosystems insurance products related to critical aquatic ecosystems, such as coral reefs, mangroves, and wetlands.	☐	

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
G-3	Investments in information system, technology, and instruments deployed for measuring, tracking, and reporting physical and chemical indicators of the water body to achieve sustainable fishery and aquaculture management, water-related ecosystem restoration, and disaster resilience.	☐	
G-4	Investments into promising new restoration techniques, such as artificial habitat restoration structures using biodegradable potato starch and coral reef restoration projects.	☐	
H. Sustainable tourism services			
H-1	Licensed certified sustainable tourism in the vicinity of marine conservation areas, within less than 20 kilometers from the marine-protected areas and Internationallyrecognized areas (e.g., KBAs, IBAs, Ramsar Sites)[18], with inclusive livelihood elements and business opportunities, such as resorts, hotels, boat operators, sailing schools, and diving centers.[17]	☐	
H-2	Nature-based freshwater and marine visitor centers showcasing the environment and disseminating research and knowledge about lakes, wetlands, reefs, and other aquatic ecosystems.	☐	
I. Ocean-friendly offshore renewable energy facilities			

Blue Finance Area	Contents	Correspondence check	Check details (with explanations & relevant documents)
I-1	. Offshore wind energy facilities, such as wind farms that do not harm marine ecosystems.[19] The offshore wind farm may include additional features, such as fisheries' sanctuaries for juveniles of certain marine species, substantial artificial reef elements, and other additional measures promoting marine biodiversity. [20] Offshore wind farms included in the Blue Finance Guidance document are subject to the condition that additional elements such as no-fishing zones and artificial reefs contributing to natural resource conservation and biodiversity are added through local marine spatial planning to the project design and that comprehensive Environmental Impact Assessment baseline surveys are conducted over a full year in addition to regular environmental monitoring of the area during operations. The use of proceeds cannot be allocated to the offshore oil and gas sector due to the potential contribution to a continuous lock-in to a fossil-based economy and greenhouse gas emissions. The use of proceeds also cannot be allocated towards the marine extraction of seabed minerals sector, as the associated activities could potentially be damaging to ocean and marine life, which needs further assessment.	☒	It was confirmed that offshore wind power is a way of promoting and spreading renewable energy in the Waterfront Area.

8 Coastal areas are areas that border the coastline or areas that have at least 50% of their surface within 10 kilometers from the coastline. River basin areas are the area of land from which all surface run-off flows through a sequence of streams, rivers, and, possibly, lakes into the sea at a single river mouth, estuary, or delta.

9 The runoff of fertilizers into oceans cause eutrophication, which is the enrichment of nutrients in an ecosystem. Excessive amounts of nutrients encourage the growth of algae and other aquatic plants, which in turn leads to many negative effects, such as extensive growth of algae (algae blooms) and oxygen depletion in the sea.

10 Such urban infrastructures could locally be part of wider climate change adaptation measures.

11 Such flood mitigation infrastructures could locally be part of wider climate change adaptation measures.

12 While ballast water is essential for safe and efficient modern shipping operations, it may pose serious ecological, economic, and health problems due to the multitude of marine species carried in ships' ballast

water. These include bacteria, microbes, small invertebrates, eggs, cysts, and larvae of various species. The transferred species may survive to establish a reproductive population in the host environment, becoming invasive, competing with native species, and multiplying.

13 The blue Marine Stewardship Council label enables customers to trace products to a sustainable source. Independent surveillance audits and DNA testing prove this. The blue label represents the world's most

recognized and market-leading seafood certification program, endorsed by the Global Sustainable Seafood Initiative and the United Nations Food and Agriculture Organization and promoted by the World Wildlife Fund.

14 Similar to the label that the Marine Stewardship Council awards, the Aquaculture Stewardship Council assigns labels for responsibly farmed aquaculture product

15 A Fishery Improvement Project is a multi-stakeholder effort to address environmental challenges in a fishery. It utilizes the power of the private sector, including retailers, processors, producers, and catchers, to incentivize positive changes toward sustainability in a fishery and seek to make these changes endure through policy change. The project identifies environmental issues that need to be addressed, sets priority actions, and oversees the adopted action plan.

16 The link for the International Seafood Sustainability Foundation is https://www.iss-foundation.org/fishery-goals-and-resources/fishery-improvement-projects/fishery-improvement-projects/.

17 E.g., Tourism with an accepted certification, that includes ocean protection and water management within its audit criteria, officially licensed in accordance to law. This includes, but it is not limited to, the Preferred-by-Nature certification and others based on the Global Sustainable Tourism Council (GSTC) Criteria for Hotels and Tour Operators.

18 KBAs: Key Biodiversity Areas. IBAs: Important Bird and Biodiversity Areas. Ramsar Sites: wetland sites designated to be of international importance under the Ramsar Convention, also known as "The Conventionon Wetlands," an intergovernmental environmental treaty.

19 Based on their extensive experience assessing environmental risk of offshore wind power projects, some technical experts recommend to locate offshore wind farms at least 20 kilometers from the coastline but this may

change depending of the specific marine ecosystem.

20 Suitable sites must be informed by biodiversity sensitivity mapping and Strategic Environmental Assessment. Besides, no offshore wind projects will be sited in Legally Protected Areas or Internationally Recognized Areas.

Schedule-5 Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide Eligibility Assessment

The checklist below has been prepared in accordance with the Bonds to Finance the Sustainable Blue Economy (A Practitioner's Guide) published in September 2023 by the International Capital Market Association (ICMA) et al. Sustainable Blue Economy (A Practitioner's Guide)) published in September 2023 by ICMA et al.

In addition to the documents reviewed, the evaluation work may include cases where information obtained through consultations with FW formulation stakeholders is used as evidence.

*"Bond", "Issuer" and "GBP" may be replaced by "Sustainable Finance", "City of Yokohama (FW developer)" and "GLP", respectively, as appropriate, in the disclosure requirements below.

Pre-Issuance

No.	Requirement	Check Results	Work Undertaken	DNV Findings
A	**Create a Bond Framework to Finance the SBE*** A bond (or sometimes financing) framework is the foundation of sustainable bond issuances. The framework is a publicly available document that outlines how the issuer will ensure that its "blue bond" is aligned with the four core components of the Principles: (i) Use of proceeds (ii) Process for project evaluation and selection (iii) Management of proceeds (iv) Reporting The green (blue) bond framework can also reflect how the bond is intended to contribute to global sustainability targets such as the SDGs. The framework should describe the issuer's overarching sustainability objectives, policies, and strategy. Investors will	☒ Yes ☐ No ☐ Not Applicable	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms	DNV confirmed that the City of Yokohama confirmed it plans to prepare and publish a "'Finance Framework" as a FW with content that meets the following four elements of GLP. (i) Use of proceeds (ii) Process for Project evaluation and selection (iii) Management of proceeds (iv) Reporting

No.	Requirement	Check Results	Work Undertaken	DNV Findings
	consider the bond framework when deciding to invest in a bond. The framework is typically developed jointly with the issuer's advisers, including the specialized team of its lead underwriting bank as well as environmental consultants when needed. *Sustainable Blue Economy		Interviews with relevant stakeholders	
B	**Define and identify project categories** Eligible blue projects can cover the financing or refinancing of investments and other related and supporting expenditures, as well as physical and financial assets including bank loan portfolios. Issuers can refer to the non-exhaustive list of eligible project categories under the GBP. This Guidance provides additional guidance on eligible blue project categories in Appendix 1 below. **Environmental and social risks:** The focus of green (including blue) bonds is on the eligible projects rather than on the issuer itself. It should nonetheless be noted that the GBP recommend that issuers clearly communicate to investors their environmental sustainability objectives overall, and how they identify and manage potential environmental and social risks associated with the selected projects. Examples of projects that should be excluded are listed in Appendix 1. Further specific detail on exclusions can be found in the UNEP FI publication "Recommended Exclusions for Financing a Sustainable Blue Economy."	☒ Yes ☐ No ☐ Not Applicable	Confirmed Documents - FW - Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	Among the eligible projects listed as case studies of the City of Yokohama, "conservation, restoration and creation of marine environment such as seaweed beds, tidal flats and coral reefs related to sink measures using blue carbon" was confirmed to fall under Category 2. "Management, conservation and restoration of marine ecosystems" in the Blue Project category and sub-categories of the SBEG. / "Biodiversity security" in the Blue Project category and sub-categories of the SBEG.
C	**Obtaining external reviews** The Principles recommend that issuers appoint (an) external review provider(s) to assess, through a pre-issuance external review, the	☒ Yes ☐ No ☐ Not Applicable	Confirmed Documents - FW	The City of Yokohama appointed DNV as an independent external reviewer to assess FW as a "financing

No.	Requirement	Check Results	Work Undertaken	DNV Findings
	alignment of their green (blue) bond or green (blue) bond program and/or framework with the four core components of the GBP. While there are multiple types of external reviews, the most common approach is to seek a second party opinion (SPO) on the bond framework and make it publicly available on the issuer's website. This is generally done by the issuer contracting an SPO provider. SPOs are important to disclose to both potential investors and other key stakeholders of the company, country, or institution.		- Port of Yokohama Port Decarbonization Promotion Plan - Various relevant documents and forms Interviews with relevant stakeholders	framework" for its compliance with the four elements of the GLP, and DNV confirmed that a second party opinion will be disclosed to key stakeholders.

Table-1 Indicative Blue Project Categories

Indicative blue project categories and sub-categories (closely related to GBP category)	Climate change mitigation	Climate change adaptation	Natural Resource Protection	Biodiversity Conservation	Pollution prevention and control
1. Coastal climate adaptation and resilience **("Climate Change Adaptation")** Projects that support ecological and community resilience and adaptation to climate change including using nature-based solutions *[Projects must be within 50 km of the coast or within the marine environment]*		◆◆◆	◆◆	◆	
2. Marine Ecosystem Management, Conservation, and Restoration **("Terrestrial and Aquatic Biodiversity")** Projects that manage, conserve, and restore the health of coastal and marine ecosystems *[Projects must be within the marine environment or within 100 km of the coast]*	◆	◆	◆◆◆	◆◆◆	◆◆
3. Sustainable Coastal and Marine Tourism Projects that improve the environmental sustainability of coastal and marine tourism			◆◆	◆◆	◆◆
4. Sustainable Marine Value Chains **("Environmentally Sustainable Management of Living Natural Resources and Land Use")** Projects to improve the environmental sustainability of marine value chains.	◆	◆	◆◆	◆◆	◆◆◆

Indicative blue project categories and sub-categories (closely related to GBP category)	Climate change mitigation	Climate change adaptation	Natural Resource Protection	Biodiversity Conservation	Pollution prevention and control
a. Sustainable marine fisheries management b. Sustainable aquaculture projects (algae, bivalves, fish, seaweed) c. Sustainability of the seafood supply chain					
5. Marine Renewable Energy **("Renewable Energy")** Projects that increase contribution of marine and offshore renewable energy to energy mix and renewable energy projects that support other SBE sectors while safeguarding the marine environment. These include: • Offshore wind (both fixed and floating installations) • Wave • Tidal • Floating solar • Ocean thermal energy conversion	◆◆◆		◆	◆◆	
6. Marine Pollution **("Pollution Prevention and Control"/ "Sustainable Water and Wastewater Management" / "Circular Economy Adapted Products, Production Technologies and Processes")** Projects that prevent, control, and reduce waste from entering the coastal and marine environments a. Wastewater management b. Solid waste management c. Resource efficiency and circular economy (Waste prevention and reduction) d. Non-point source pollution management	◆◆	◆◆	◆◆	◆◆	◆◆◆

Indicative blue project categories and sub-categories (closely related to GBP category)	Climate change mitigation	Climate change adaptation	Natural Resource Protection	Biodiversity Conservation	Pollution prevention and control
[For wastewater management, projects must be within 100 km of the coast. For solid waste management, projects must be within 50 km of the coast or a river that drains to the ocean. For non-point source pollution management, projects must be within 200 km of the coast or within 50 km of rivers (and their tributaries) that flow to the ocean]					
7. Sustainable Ports **("Clean Transportation")** Projects that increase environmental performance and sustainability of port functions and infrastructure	◆◆	◆			◆◆◆
8. Sustainable Maritime Transport. **("Clean Transportation")** Projects that involve increasing environmental performance and sustainability of maritime transportation	◆◆		◆	◆◆◆	◆◆◆

Note: Symbols denote the categories' contribution to the objective. (i) ◆◆◆: Primary, (ii) ◆◆: Secondary, (iii) ◆: Tertiary

Post-Issuance

No.	Requirement	Check Results	Work Undertaken	Findings
D	**Management of Proceeds** An essential feature of the Principles with respect to UOP bonds is the focus on management and allocation of proceeds. It is important to note that market practice has moved increasingly to the simpler tracking of "equivalent amounts" of net proceeds rather than the other methods mentioned in the GBP. It is crucial to underline the recommendation for issuers to use an external auditor, or a third party, to verify the internal tracking method and the allocation of funds derived from the net proceeds.	☐ Yes ☐ No ☐ Not Applicable		Not applicable before sustainable finance is implemented.
E	**Allocation Status and Impact Reporting** The Principles recommend annual reporting of both allocations to projects and their expected impact. Impact reporting is also essential as investors want to be informed of positive outcomes of their investments. While there is no globally accepted list of impact metrics for SBE projects given that they span from seafood to tourism and to marine protected areas, ICMA's Harmonised Framework for Impact Reporting nevertheless includes explicit indicators for reporting of the impact of "blue bonds," under several project categories, including Biodiversity, Climate Change Adaptation, and Living Natural Resources.	☐ Yes ☐ No ☐ Not Applicable		
F	**Obtain an External Review** Post-issuance, it is recommended that an issuer's management of proceeds be supplemented using an external auditor, or a third party, to verify the internal tracking and the allocation of funds from the green (blue) bond proceeds to eligible green (blue) projects.	☐ Yes ☐ No ☐ Not Applicable		