



SECOND PARTY OPINION

JERA CO., INC. TRANSITION BOND PERIODIC REVIEW #1

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Publication History

Date of Issue	Remarks
12 May 2022	Transition Bond Framework & Transition Bond Second Party Opinion_Rev1.0
23 May 2023	Transition Bond Periodic Review (#1) (JERA's 8th Unsecured Bond and JERA's 9th Unsecured Bond)



Scope and Objectives

JERA Co., Inc. (hereinafter "JERA" *including the JERA Group) has engaged DNV Business Assurance Japan (hereinafter "DNV") to conduct a periodic review of the JERA Transition Bonds (JERA 8th Unsecured Bond and JERA 9th Unsecured Bond, hereinafter "the Bonds"). The purposes of the periodic review at DNV are to ensure that the Bonds comply with the following standards including Climate Transition Finance Handbook 2020 (hereinafter "CTFH"), and the Basic Guidelines on Climate Transition Finance (Financial Services Agency "FSA", Ministry of Economy, Trade and Industry "METI" and Ministry of the Environment "MOE" 2021, hereinafter "CTFBG"), and in addition, as the Bonds meeting the four elements of transition and specifying the use of the proceeds, the Green Bond Principles 2021 (hereafter "GBP"), and Green Bond Guidelines (MOE 2020, hereafter "GBGLs"); and to provide an independent second party opinion on the eligibility of the Bonds.

JERA issued the Bonds on 24 May 2022. The amount of the Bonds is JPY 20 billion (8th: JPY 12 billion, 9th: JPY 8 billion). DNV's review team conducted the first periodic review for the period May 2022 to April 2023 based on the CTFH and CTFBG, GBP and GBGLs.

This report provides a periodic review of the requirements of the transition bonds with the specific use of proceeds (elements -1 to -4, as described below).

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 JERA.

In this report, no assurance is provided regarding the financial performance of the Bonds, the value of any investments in the Bonds, or the long-term environmental benefits of the transaction.

Standards/Guidelines to be applied

No.	Standards or guidelines	Scheme owner	Application level
1.	Climate Transition Finance Handbook (CTFH) * ¹	International Capital Market Association (ICMA), 2020	Applied
2.	Basic Guidelines on Climate Transition Finance (CTFBG) *, ¹	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021	Applied
3.	Green Bond Principles (GBP) * ²	International Capital Market Association (ICMA), 2021	Applied
4.	Green Bond Guidelines (GBGLs) * ²	Ministry of the Environment, 2020	Applied

*1 Climate transition: The concept of climate transition focuses principally on the credibility of an issuer's climate change-related commitments and practices. (Quoted from CTFH and CTFBG)

*2 It confirms compliance with the four core elements (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting) that must be met when implementing as a bond that meets the four elements of transition and has a specific use of proceeds (quoted and edited from CTFBG).



Responsibilities of JERA and DNV

JERA has provided the information and data used by DNV during the delivery of this review.

DNV's statement represents an independent opinion and is intended to inform JERA and other interested stakeholders in the Bonds as to whether the established criteria have been met, based on the information provided.

In its review, DNV has relied on the information and the facts presented to us by JERA. DNV is not responsible for any aspect of the selected transition project assets referred to by this opinion statement.

Therefore, DNV shall not be held liable if any of the information or data provided by JERA and used as a basis for this assessment were not correct or complete.



Basis of DNV's Opinion

To provide as much flexibility for the issuer, JERA, as possible, we have adapted our transition bond assessment methodologies, which incorporate the requirements of the CTFH, CTFBG, GBP and GBGLs to create a JERA Transition Bond Eligibility Assessment Protocol (hereinafter "Protocol"). The Protocol is applicable to CTFH, CTFBG, GBP and GBGLs based transition bonds.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle and guidelines behind the criteria are that that transition bonds should "provide the investment opportunities necessary for climate transition finance to be carried out transparently and credibly."

DNV conducted a periodic review applying the following four elements in relation to the operation and management of transition finance (with specific use of proceeds).

- **Principle One: Use of Proceeds**

The Use of Proceeds are guided by the requirement that a fundraiser of transition finance (with specific use of proceeds) must use funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.

- **Principle Two: Process for Project Evaluation and Selection**

Evaluation and Selection criteria are guided by the requirement that a fundraiser of a transition finance (with specific use of proceeds) should outline the process it follows when determining eligibility of an investment using transition finance proceeds and outline any impact objectives it will consider.

- **Principle Three: Management of Proceeds**

The Management of Proceeds criteria are guided by the requirement that a transition finance (with specific use of proceeds) should be tracked within the fundraiser organization, and separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

- **Principle Four: Reporting**

The Reporting criteria are guided by the recommendation that Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work Undertaken

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

Initial (pre-issue transition bond) assessment *Not included in this report

- Creation of the issuer-specific Protocol for application to finance.
- Assessment of documented evidence provided by the issuer on the Bonds and supplemented assessment by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with the issuer, and review of relevant documentation.
- Documentation of findings against each element of the criteria.

Periodic (annual) review * Contents of this report

- Review of evidence documentation provided by the issuer in relation to transition bond execution, supplemented by high-level desktop research, document review and interviews with key personnel. These checks refer to current best practices of evaluation and standard methodologies.
- Discussion with issuer management and review of relevant document controls.
- Field research and inspections (if required).
- Review of covered projects and assets at the time of periodic review.
- Documentation of periodic review observations, as detailed in this document.

The DNV's opinion statement (see below for details) summarises these.

Findings and DNV's Opinion

●Principle One: Use of Proceeds

DNV confirmed that, as of end-March 2023, the funds raised by JERA (JPY 20 billion) had been partially allocated to the following projects.

1. Ammonia co-firing demonstration - 1.7 billion yen allocated.

Regarding Project 1) Demonstration study of 20% ammonia co-firing in a 1 million kW class coal-fired power plant^{*1} (Photo-1), JERA confirmed that the demonstration test is now scheduled to start in FY2023, about one year ahead of schedule, due to adjustments being made to shorten the installation period for burners, tank and pipes, and that, as of March 2023, DNV confirmed that the demonstration study is progressing smoothly, with the foundation work and laying of pipes currently being carried out (Photo-2).

Regarding Project 2) Demonstration study on actual equipment to establish technology of high ammonia co-firing rate at commercial thermal power plants^{*2}, DNV confirmed that the demonstration of actual equipment is in progress as scheduled, based on information provided by JERA.

*1 This project is to develop and test the technology to convert 20% of the fuel (calorific value ratio) to ammonia at Hekinan Thermal Power Station Unit 4 (to FY2024).

*2 This project is to develop a new ammonia high-efficiency burner and study the specifications of the equipment (to FY 2024), and to carry out demonstration tests to convert more than 50% of the fuel (calorific value ratio) to ammonia at the Hekinan thermal power station (to FY2028).

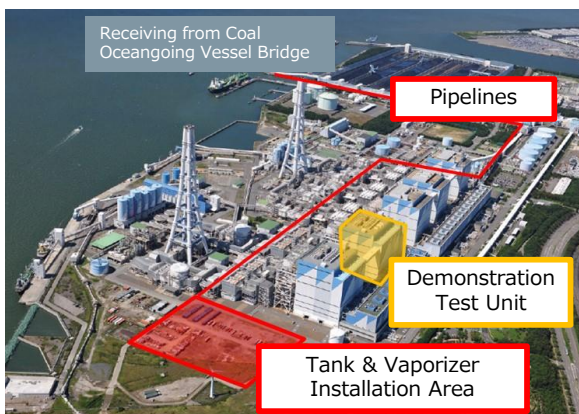


Photo-1 Project 1: JERA Hekinan Thermal Power Station Unit 4

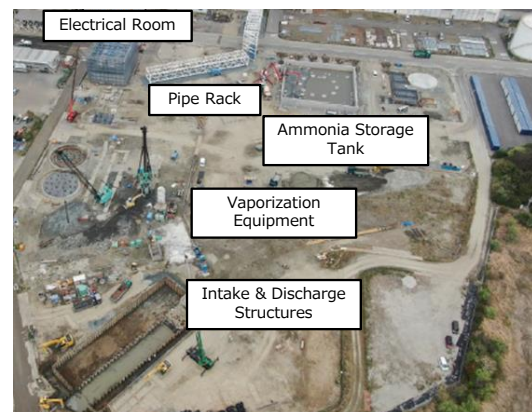


Photo-2: Project 1: Construction progress of ammonia tank area (As of March 2023)

2. Hydrogen co-firing demonstration - 0.1 billion yen allocated.

Project 4) Technical verification of hydrogen co-firing power generation for the construction of a large-scale hydrogen supply chain is the first initiative in Japan to utilise large volumes of hydrogen^{*1} as fuel in a large-scale commercial LNG-fired power station, and the first priority is to demonstrate hydrogen power generation technology on a commercial scale.

As a result of the specification study of the hydrogen supply and power generation facilities, it was found that trace substances (benzene, toluene, etc.) contained in the by-product hydrogen may affect the gas turbine, which is the main equipment of the power generation facility, and a hydrogen property assessment is planned to be carried out in a separate project to evaluate this impact.

Though the launching date of the hydrogen co-firing demonstration will be changed due to the hydrogen property assessment^{*2}, it is confirmed that no impact is foreseen on the overall JERA roadmap (JERA Environmental Target and Zero CO2 Emissions 2050).

*1 One of the options in this demonstration is the potential utilization of by-product hydrogen from the processing of crude oil. Low-carbonization and decarbonization will also be considered in the future including hydrogen suppliers.

*2 This assessment will also help to resolve concerns (possible contamination of hydrogen with toluene) when separating hydrogen from methylcyclohexane ("MCH"), which could be assumed when utilizing MCH as a storage and transport medium for hydrogen in future hydrogen storage and supply.

3. Decommissions of existing inefficient thermal power generation facilities (Demolition of Goi Thermal Power Station) - 10.6 billion yen allocated.

DNV has confirmed that the removal and power supply replacement work is well under progressing. The completion of demolition is currently scheduled in September 2023^{*1}.

*1 Some of the existing facilities (main office building, water, and wastewater treatment facilities) will remain temporarily as they will also be used during the power supply replacement work, yet the basic demolition is foreseen in September 2023.

●Principle Two: Process for Project Evaluation and Selection

During evaluation and selection process of the transition project by JERA, DNV confirmed that the transition project met the eligibility criteria and did not conflict with the pre-defined exclusion criteria in the Framework.

- Unfair transactions that do not comply with the laws and regulations of the country, such as bribery, corruption, blackmail, embezzlement, etc.



- Transactions that can cause social problems related to human rights and environment.

DNV confirmed that, JERA, following the specific evaluation and selection process, Finance Group made a pre-selection of projects based on the eligibility criteria and the selection process was finalized by Executive Officer, Head of Finance Group taking into the consideration of a comprehensive analysis and review of financial, technical and operational, market environment and ESG risks by the relevant departments.

•Principle Three: Management of Proceeds

DNV reviewed the evidence on how JERA has managed the funds raised since the bond issuance until March 2023. The status of fund allocation is shown in Table 1-1.

DNV confirmed that the funds were deposited into a common account at JERA and that Finance Group subsequently managed the allocation for each project complied by the accounting rules and regulations and using the accounting systems and the funds management forms of transition bonds.

It was also confirmed that the unallocated funds (7.5 billion) shown in Table 1-2 are managed in cash or cash equivalents and will be used for ammonia co-firing demonstration and other activities in FY2023 and FY2024.

Note that, as mentioned earlier, DNV does not provide no assurance regarding the financial performance of the Bonds, the value of any investment or the long-term environmental benefits of the transaction.

Table - 1-1 Funds allocated

Transition Project	Allocated amount (JPY)
Ammonia co-firing demonstration	1.7 billion ^{*1}
Hydrogen co-firing demonstration	0.1 billion ^{*1}
Decommissions of existing inefficient thermal power station	10.6 billion ^{*2}
Total allocation (of which refinancing amount)	12.4 billion (11 billion)

Table - 1-2 Unallocated balance

Details	Amount (JPY)
Amount raised	20 billion
Issuing costs	0.1 billion
Total allocation	12.4 billion
Unallocated balance	7.5 billion

DNV confirmed that the information on the management of project funds for the NEDO-subsidised ammonia/hydrogen co-firing demonstration projects has been verified by NEDO.

*1 This information is as of the end of December 2022.

*2 This information is as of the end of March 2023.

●Principle Four: Reporting

DNV confirmed that JERA will disclose the status of fund allocation and environmental benefits on the JERA website. It also confirmed that, as stated in the Framework, JERA will continue reporting until the funds have been fully allocated, and that information will be disclosed from next year onwards as there is an unallocated balance of JPY 7.5 billion as of April 2023.

With regard to the environmental benefits, DNV confirmed that JERA intends to carry out reporting on the overview and progress of the projects for which funds have been allocated until the completion of eligible projects.

The allocation and management of the funds and the environmental benefits (project overview and progress) are as follows.

(1) Status of Funds allocated

Transition Project	Allocated Amount (JPY)
Ammonia co-firing demonstration	1.7 billion
Hydrogen co-firing demonstration	0.1 billion
Decommissions of existing inefficient thermal power stations	10.6 billion
Total allocation (20 billion raised) (of which refinancing amount)	12.4 billion (11 billion)
Unallocated balance	7.5 billion

DNV confirmed that the proceeds of JPY 19.9 billion were deposited into a common account at JERA, and that Finance Group subsequently managed the allocation for each project complied by the accounting rules and regulations and using the accounting systems and funds management forms of transition bonds. It was also confirmed that unallocated funds (JPY 7.5 billion) are managed in cash or cash equivalents and will be used for the ammonia co-firing demonstration in FY2023 and FY2024.

(2) Environmental Benefits

Environmental benefits (project overview and progress)

Project	Project Overview and Progress	
Expenditures related to demonstration projects of fossil fuel and ammonia/hydrogen co-firing		
① Demonstration study of 20% ammonia co-firing in a 1 million kW class coal-fired power plant	Project overview	Development and demonstration test of technology to convert 20% of fuel (calorific value ratio) to ammonia at Hekinan Thermal Power Station Unit 4 (Project period: June 2021 - March 2025).
	Progress	Due to the project being smoothly implemented, the demonstration test will start in FY2023, about one year ahead of schedule. As of March 2023, the foundation work and laying of pipes are being carried out.
② Demonstration study on actual equipment to establish technology for high ammonia co-firing rate at commercial thermal power plants	Project overview	Development of a new ammonia high-efficiency burner and study on equipment specifications (~FY2024), and technical development and demonstration tests to convert more than 50% (calorific value ratio) of the fuel to ammonia at the Hekinan Thermal Power Station (Project period: FY2021 - FY2028).
	Progress	Development of a new ammonia high-efficiency burner and equipment specifications are being studied as scheduled to determine whether the demonstration can be implemented by FY2024.
④ Technical verification of hydrogen co-firing power generation for the construction of a large-scale hydrogen supply chain	Project overview	Demonstration tests at large-scale LNG-fired power plants in Japan to convert approximately 30% (by volume) of LNG into hydrogen for power generation (Project period: October 2021 to March 2026).
	Progress	A specification study of the hydrogen supply and power generation facilities was carried out and it was found that trace substances (benzene, toluene, etc.) in the hydrogen may affect the gas turbine. Therefore, a hydrogen property assessment is planned to be carried out in a separate project to evaluate the impact.

Expenditures related to decommissions of existing inefficient thermal power stations, with the aim of replacement by high-efficiency thermal power stations		
⑤ Demolition of Goi Thermal Power Station	Project overview	Demolition of existing power generation facilities at Goi Thermal Power Station (LNG) (construction completion date: September 2023).
	Progress	As of May 2023, work is well under progress. The completion of demolition is foreseen in September 2023.

Project ③ Demonstration of high co-firing rate at thermal power station using ammonia single-fuel burners is not included in the evaluation, as no allocation is made in the NEDO commissioned project (9/10 commissioned + 1/10 incentive delivered) for FY2024.

Project ⑥ Demolition of Chita Thermal Power Station is not included in this evaluation as no allocation is made as of April 2023.



DNV Statement of Opinion

On the basis of the information provided by JERA and the work undertaken, it is DNV's opinion that JERA Transition Bonds meet the criteria established in the Protocol and that it is aligned with the stated definitions or purposes of transition bonds within the CTFH, CTFBG, GBP and GBGLs, which are to "enable capital-raising and investment for new and existing projects with environmental benefits" and "provide an investment opportunity with transparent sustainability credentials."

DNV Business Assurance Japan K.K.

23 May 2023

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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations 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' decisions and actions with trust and confidence. 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 data used by DNV during the delivery of this review. 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. DNV is not responsible for any aspect of the nominated 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 Issuer's management and used as a basis for this assessment were not correct or complete.



Schedule – 1. Green Bond Eligibility Assessment Protocol

The checklists below (GBP-1 ~ GBP-4) are DNV assessment procedures developed on the basis of the Green Bond Principles 2021 for JERA Transition Bond Eligibility Assessment that identify the use of funds (with specific use of proceeds).

GBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings
1a	Type of funds	Types of transition bonds are classified into one of the following types defined by GBP. <ul style="list-style-type: none"> · (Standard) Transition Bond/Loan · Transition Revenue Bond/Loan · Transition Project Bond/Loan · Other 	Documents reviewed <ul style="list-style-type: none"> - Framework Interviews with stakeholders	Through the evaluation work, DNV confirmed that JERA transition finance (bond) falls into the following category: (Standard) Transition bond
1b	Transition project classification	The key to a transition bond is that the proceeds will be to be used for transition projects, which should be properly stated in the legal documents relating to the security.	Documents reviewed <ul style="list-style-type: none"> - Framework - Investment plans for the use of proceeds - Information on the progress of financed projects - Amended Shelf Registration Statement Interviews with stakeholders	DNV confirmed that JERA Transition Bond aims to fund a wide range of transition projects focused on the JERA Group's environmental goals, as described in the Framework. DNV confirmed that all transition projects were evaluated as conforming to the transition strategy, and the proceeds through the transition bonds were allocated to several transition candidate projects. The specific projects to which funds were allocated are: ① Demonstration study of 20% ammonia co-firing in 1 million kW class coal-fired power station ② Demonstration study on equipment to establish technology for high ammonia co-firing rate at commercial thermal power stations ④ Technical verification of hydrogen co-firing power generation for the

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings				
				<p>construction of a large-scale hydrogen supply chain ⑤ Demolition of Goi Thermal Power Station (LNG)</p> <p>Through the assessment, DNV concludes that the transition candidate projects will bring concrete and actual environmental benefits.</p> <p>Table: JERA Main initiatives to achieve CO₂ zero emissions (Transition finance candidate projects)</p> <table border="1" data-bbox="1323 643 2098 1331"> <thead> <tr> <th data-bbox="1323 643 1529 722">Eligibility Criteria</th> <th data-bbox="1529 643 2098 722">Project Overview (Main Expenditure)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1323 722 1529 1331">Expenditures related to demonstration projects of fossil fuels and ammonia/hydrogen co-firing</td> <td data-bbox="1529 722 2098 1331"> <p>① Demonstration study of 20% ammonia co-firing in a 1 million kW class coal-fired power plant</p> <ul style="list-style-type: none"> - Project period: June 2021 - March 2025 - Project description: Development and demonstration test of technology to convert 20% of fuel (calorific value ratio) to ammonia at Hekinan Thermal Power Station Unit 4 (to FY2024) <p>※ Adoption of NEDO subsidized project for "Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation / Research, Development and Demonstration of Technologies for Ammonia Co-Firing Thermal Power Generation"</p> </td> </tr> </tbody> </table>	Eligibility Criteria	Project Overview (Main Expenditure)	Expenditures related to demonstration projects of fossil fuels and ammonia/hydrogen co-firing	<p>① Demonstration study of 20% ammonia co-firing in a 1 million kW class coal-fired power plant</p> <ul style="list-style-type: none"> - Project period: June 2021 - March 2025 - Project description: Development and demonstration test of technology to convert 20% of fuel (calorific value ratio) to ammonia at Hekinan Thermal Power Station Unit 4 (to FY2024) <p>※ Adoption of NEDO subsidized project for "Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation / Research, Development and Demonstration of Technologies for Ammonia Co-Firing Thermal Power Generation"</p>
Eligibility Criteria	Project Overview (Main Expenditure)							
Expenditures related to demonstration projects of fossil fuels and ammonia/hydrogen co-firing	<p>① Demonstration study of 20% ammonia co-firing in a 1 million kW class coal-fired power plant</p> <ul style="list-style-type: none"> - Project period: June 2021 - March 2025 - Project description: Development and demonstration test of technology to convert 20% of fuel (calorific value ratio) to ammonia at Hekinan Thermal Power Station Unit 4 (to FY2024) <p>※ Adoption of NEDO subsidized project for "Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation / Research, Development and Demonstration of Technologies for Ammonia Co-Firing Thermal Power Generation"</p>							

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings
				<div data-bbox="1541 368 2096 914"> <p>② Demonstration study on equipment to establish technology for high ammonia co-firing rate at commercial thermal power plant</p> <ul style="list-style-type: none"> - Project period: FY2021 to FY2028 - Project description: Development of a new ammonia high-efficiency burner and study of the specifications of the equipment (to FY 2024), and demonstration tests to convert more than 50% of the fuel (calorific value ratio) to ammonia at the Hekinan thermal power station (to FY2028). <p>※ Adoption of NEDO Green Innovation Fund Project for "Establishment of Fuel Ammonia Supply Chain Project"</p> </div> <div data-bbox="1541 914 2096 1337"> <p>③ Demonstration of high co-firing rate at thermal power station using ammonia single-fuel burners</p> <ul style="list-style-type: none"> - Project period: FY2021 to FY2028 - Project description: Development of a new ammonia single-fuel burner and study of the specifications of the equipment (to 2024) and conducting technology development and demonstration tests to convert more than 50% of the fuel (calorific value ratio) to ammonia at two different boiler units (to FY2028). </div>

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings	
					<p>※ Adoption of NEDO Green Innovation Fund Project for "Establishment of Fuel Ammonia Supply Chain Project"</p> <p>④ Technical verification of hydrogen co-firing power generation for the construction of a large-scale hydrogen supply chain</p> <ul style="list-style-type: none"> - Project period: October 2021 to March 2026 - Project description: Demonstration tests at large-scale LNG-fired power stations in Japan to convert approximately 30% (by volume) of LNG into hydrogen for power generation (to FY2025). <p>※ Adoption of NEDO Green Innovation Fund Project for "Construction of a Large-Scale Hydrogen Supply Chain"</p>
				<p>Expenditures related to decommissions of existing inefficient thermal power stations, with the aim of replacement by high-efficiency thermal power stations</p>	<p>⑤ Demolition of Goi Thermal Power Station</p> <p>⑥ Demolition of Chita Thermal Power Station</p>

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings
1c	Environmental benefits	All transition projects to which the funds are used should have clear environmental benefits, the effects of which should be assessed by the issuer and, where possible, quantitatively demonstrated.	Documents reviewed <ul style="list-style-type: none"> - Framework - Investment plan and results for the use of proceeds - Information on the progress of each project - Interviews with stakeholders 	<p>DNV confirmed that transition projects contribute to the goals based on the JERA's transition strategy, and low and decarbonization through the two eligible criteria categories indicated in 1b. The environmental benefit is the reduction of CO₂ emissions, which has been quantitatively or qualitatively evaluated.</p> <p>Prior to the implementation of the transition finance, only the outline of each project shall be disclosed. DNV also confirmed that, in the annual report, the outline and progress of each project were reported to the extent practicable, taking into accounts the characteristics of the project.</p>
1d	Refinancing rate	If all or part of the proceeds are used or may be used for refinancing, the issuer will indicate the estimated ratio of the initial investment to the refinancing and, where appropriate, it is recommended to clarify which investment or project portfolio is subject to refinancing.	Documents reviewed <ul style="list-style-type: none"> - Framework - Investment plan and results for the use of proceeds - Information related to each project - Interviews with stakeholders 	<p>DNV confirmed that JERA plans to use all procured funds either for new investment, refinancing or for both for one or more of the eligible project's candidates.</p> <p>Through the reporting (annual report), JERA disclosed the amount of the proceeds that was allocated for refinancing.</p>

GBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings
2a.	Project selection process	<p>Transition bond issuers should provide an overview of the process of qualifying projects for which transition bond funding will be used. This includes (but is not limited to):</p> <ul style="list-style-type: none"> •The process by which the issuer determines that the project in question is included in the business category of a eligible transition project. • Creation of criteria for eligibility of projects for which transition bond funding will be used •Environmental sustainability goals 	<p>Documents reviewed</p> <ul style="list-style-type: none"> - Framework - Information related to each project - Interviews with stakeholders 	<p>DNV confirmed that JERA has a process and a system of determining the eligibility of the projects to use transition bond funding and that these are clearly specified in their framework.</p>
2b	Issuer's environmental and social governance framework	<p>In addition to criteria and certifications, the information published by issuers regarding the transition bond process also considers the quality of performance of the issuer's framework and environmental sustainability.</p>	<p>Documents reviewed</p> <ul style="list-style-type: none"> - Framework - Information related to each project <p>Interviews with stakeholders</p>	<p>DNV confirmed that, when selecting transition projects, JERA takes into account its compliance with environmental laws, regulations, ordinances and rules, as well as clear environmental benefits such as CO₂ reductions during its entire life cycle or in each process.</p> <p>In the operation and implementation of their projects, each department involved is committed to the preservation of the surrounding environment.</p> <p>DNV also confirmed that the transition projects implemented by JERA are consistent with its management and environmental policies, as well as with the transition strategy, goals and pathway.</p>

GBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings
3a	Tracking procedure - 1	The net proceeds from transition bonds should be managed in sub-accounts, included in a sub-portfolio, or otherwise tracked. It should also be certified by the issuer in a formal internal process related to the issuer's investment and financing operations for the Transition Project.	Documents reviewed <ul style="list-style-type: none"> - Framework - Funds management forms of transition bonds - Interviews with stakeholders 	The proceeds from the funds raised through transition finance are traceable by JERA's accounting systems etc. DNV confirmed the system is actually used or planned to be used and documents are produced exclusively for this purpose.
3b	Tracking procedure - 2	During the redemption period, the balance of the proceeds being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects undertaken during that period.	Documents reviewed <ul style="list-style-type: none"> - Framework - Funds management forms of transition bonds - Interviews with stakeholders 	The DNV confirmed that JERA regularly (at least once a year) reviewed the balance of the transition finance using the accounting systems / documents described in 3a during the period from issuance to redemption of transition finance.
3c	Temporary holding	If no investment or payment has been made in a qualified transition project, the issuer should also inform the investor of the possible temporary investment method for the balance of unallocated proceeds.	Documents reviewed <ul style="list-style-type: none"> - Framework - Funds management forms of transition bonds - Interviews with stakeholders 	Through the verification process based on JERA's accounting systems and related documents, DNV confirmed that the balance of unallocated funds was recognized sequentially. DNV confirmed through the framework and assessment that the balance of unallocated funds was managed in cash or cash equivalents. DNV also confirmed that the balance of unallocated funds and future allocation schedules had been identified through this review.



GBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken (items reviewed)	DNV Findings
4a.	Periodic Reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the issuer will consider each project at least once a year for projects to which the transition bonds have been allocated, taking into account the following: A list of each project should be provided.</p> <ul style="list-style-type: none"> -Confidentiality and competitive considerations. -Outline of each project, expected sustainable environmental and social benefits 	<p>Documents reviewed</p> <ul style="list-style-type: none"> - Framework - Annual Report - JERA Website <p>Interviews with stakeholders</p>	<p>DNV confirmed that the JERA will carry out an reporting of transition bonds (annually) until the proceeds are fully allocated.</p> <p>DNV also confirmed that JERA will disclose information on the status of allocation of funds, the projects to which the funds have been allocated and environmental benefits.</p> <p>Note that, even after the allocation plan or allocation has been completed, JERA plans to report in a timely manner or in its reporting on any changes in transition strategy or pathway, or any major changes in the allocation plan or project implementation status (e.g., interruption of a project for which allocation has been started, significant deferral on an annual basis, sale or decommissioning, etc.). DNV confirmed that there were nonetheless no significant changes in this reporting period.</p> <p>The reporting will be published on the website.</p> <p><Fund allocation Status></p> <ul style="list-style-type: none"> - Eligible criteria and allocation amount - Balance of unallocated amounts and the management method - Approximate amount of the portion of the proceeds allocated for refinancing <p><Environmental benefits></p> <ul style="list-style-type: none"> - Environmental benefits are disclosed within the scope of confidentiality, to the extent practicable, and in consideration of the characteristics of the project,



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				<p>including an overview of the project (including progress, completion, operation, etc.)</p> <p><Others></p> <ul style="list-style-type: none"> - Efforts to achieve zero CO₂ emissions by 2050 will be reviewed as appropriate in light of policy and technological trends and disclosed as required <p>The details disclosed for the transition projects that were the subject of fund allocation in this reporting period are provided in the section of Element 4.Reporting in this document.</p>