



KYUSHU Electric Power Co., Inc.

**Green Bond eligibility
pre-issue assessment report**

DNV second party pinion



Apr. 2021

DNV Business Assurance Japan K.K.



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Executive Summary



Kyushu Electric Power Co., Inc. (hereinafter, Kyushu Electric Power), which has a business base in Kyushu, grows together with Kyushu, supporting the lifestyles and business activities of its customers through the stable supply reasonably priced, good quality energy in keeping with the mission of its group, summarized by the brand message “Enlighten Our Future”. Kyushu Electric Power delivers Power and Retail business, Transmission and Distribution business, Other energy service business, ICT service business and Other businesses, as Kyushu Electric Power group (hereinafter Kyuden Group).

Kyushu Electric Power, through its business activities as Kyuden Group, has drawn up the Kyuden Group Management Vision 2030 as a management direction from a long-term perspective in June 2019 to illustrate the contribution that the Kyuden Group can make towards the sustainable development of communities and society to harness the potential of Kyushu, showing their willingness to develop and grow together with the region.

Kyushu Electric Power has set “Our Management Vision 2030” and three strategies for its realization, and has set four management goals. Among these goals, as the Kyuden Group, they have set a management goal of contributing to the reduction of 70% (26 million tons) of the required amount of CO₂ reduction in Kyushu by improving the ratio of non-fossil power sources and promoting electrification. Furthermore, in April 2021, Kyushu Electric Power announced the “Carbon Neutral Vision 2050”, and toward the realization of carbon neutral in 2050, Kyushu Electric Power will promote efforts from both sides of energy supply and demand centered on “low / decarbonization of power sources” and “promotion of electrification”, and aims to become a corporate group that will lead Japan’s decarbonization from Kyushu.

Kyushu Electric Power has established the “Kyushu Electric Power Green Bond Framework (hereinafter, “framework”)” for issuing BOND. The Proceeds from the BOND will be allocated to the disbursement related to “Renewable energy business (development, construction, operation, and renovation)”. Kyushu Electric Power defines the hydroelectric power generation business and geothermal power generation business as nominate eligible green projects in the framework.

DNV Business Assurance Japan K.K. (hereinafter referred to as “DNV” or “we”) reviewed the eligibility of the bond as an external reviewer. The table below shows the green projects implemented by this green bond to promote the reduction and decarbonization by renewable energy. These projects directly and indirectly contribute to two SDGs (Sustainable Development Goals, United Nations).

Green Project	Green Project Category	Green Project outline
Hydroelectric power	- Renewable energy business (development, construction, operation, and renovation)	-Outline- Kyushu Electric Power’s efforts to contribute to lowering and decarbonizing power sources by using renewable energy to reduce 70% (26 million tons) of CO ₂ reduction requirements in Kyushu.
Geothermal power		
Contribute to SDGs	Goal 7 Affordable and Clean Energy Goal 13 Climate Action	 

DNV provides the assessment the framework and green projects against the Green Bond Principle (ICMA, 2018 hereinafter GBP), Green Bond Guidelines (MOEJ, 2020 hereinafter GBGLs) and sector criteria of CBSv3.0 (CBI hereinafter CBS) if applicable, using DNV assessment protocol. Assessment summary against 4 core components in GBP and GBGLs are following.

1. Use of Proceeds:

Kyushu Electric Power defines eligible criteria for use of proceeds as “renewable energy”. This is in line with the eligible green project categorized in GBP, GBGLs. Specifically, it is planned to be allocated to the new investment and refinancing to the development, construction, operation, refurbishment and other related disbursement of hydropower and geothermal power in this green bond. These projects are expected to bring clear environmental impact, and Kyushu Electric Power will contribute to the improvement of the non-fossil power source share through the utilization of renewable energy and the realization of a low-carbon and sustainable society through electrification.

2. Process for Project Evaluation and Selection:

Based on Kyuden Group Management Vision 2030 and Carbon Neutral Vision 2050, the Kyushu Electric Power is consistent with the management goal which aims to contribute to reduce 70% of the required amount of CO₂ reduction of Kyushu (compared to 2013) by 2030 and contribute to the realization of carbon neutral 2050. For the evaluation and selection of the green projects, the accounting department selects project candidates based on eligible criteria, and after discussions with the accounting department and internal related departments, the final decision is made by the accounting officer. These processes are aligned with GBP requirement.

3. Management of Proceeds:

The total amount of proceeds will be managed using the internal system and forms for each project by the accounting department of Kyushu Electric Power, and will be managed using the Management Table so that the total amount of green eligible projects does not fall below. Until the allocation, the proceeds will be managed in cash or cash equivalents in the same amount as the unallocated funds.

4. Reporting:

Kyushu Electric Power plans to report the allocation status of the proceeds on the integrated report (scheduled to be renamed from the annual report from 2021) or on its website until the total amount of the proceeds is allocated. This includes the balance of unallocated funds, the allocated amount, and the estimated amount (or share) of refinance. In addition, Kyushu Electric Power plans to disclose any or all of the indicators related to the annual CO₂ emission reduction amount or capacity of each renewable energy type as environmental impact.

DNV confirmed from the framework, related documents and information provided by Kyushu Electric Power that green bond conforms relevant criteria then is supposed to be appropriately planned and executed.

I Introduction

i . About the issuer

Kyuden Group, which has a business base in Kyushu delivers Power and Retail business, Transmission and Distribution business, Other energy service business, ICT service business and Other businesses.

ii . Kyushu Electric Power's Environmental Initiatives

In June 2019, Kyushu Electric Power formulated the "Kyuden Group Management Vision 2030" as a management direction that includes the environment from a long-term perspective as the Kyuden Group.

In this management Vision, Kyushu Electric Power has set "Our Management Vision 2030" and three strategies for its realization, and has set four management goals. As one of the four management goals, the Kyushu Electric Power has set "contributing to 70% reduction of CO₂ reduction requirements in Kyushu".

In addition, in order to achieve the group management vision and contribute to the reduction of 70% (26million tons) of the required amount of CO₂ reduction in Kyushu, the Kyushu Electric Power has stated that it will work to improve the ratio of non-fossil power source and promote electrification. Furthermore, in April 2021, Kyushu Electric Power announced the "Carbon Neutral Vision 2050", aiming to contribute to the realization of carbon neutral in 2050 by expanding the amount of renewable energy introduced and improving the electrification rate of the household and business sectors.

Kyushu Electric Power is promoting ESG initiatives with the aim of improving corporate value over the medium to long term amid major changes in the business environment. Kyushu Electric Power positions the issuance of green bonds as financing to achieve the Major CSR Challenges, Kyuden Group Management Vision 2030 and Carbon Neutral Vision 2050.

In addition, Kyushu Electric Power is implementing the following environmental management and ESG initiatives.

- Introduction of environmental management system conforming to ISO14001
- Efforts for ESG (establishment of Kyuden Group Environmental Charter)
- Participation in various initiatives
 - Task Force on Climate-related Financial Disclosures (TCFD)
 - Electric vehicle utilization promotion consortium

iii. Green Bond Framework

Kyushu Electric Power established the “Kyushu Electric Power Green Bond Framework” for BOND based on the Green Bond Principles (2018, ICMA, hereinafter “GBP”) and the Green Bond Guidelines (2020, Ministry of the Environment, hereinafter “GBGLs”). Net proceeds from the Green Bond will be allocated to the following green project categories, and will be managed and implemented based on the established framework.

Renewable energy business

- Development, Construction, Operation and Refurbishment



(Geothermal power, Hydroelectric power, Solar power, Wind power, Biomass power)

This green bond (second party opinion) is targeting hydroelectric power generation business and geothermal power generation business.

iv. Contribution to the SDGs









Table 1 shows the efforts of the Kyuden Group's SDGs, and Table 2 shows the relationship between Major CSR Challenges and the SDGs. The Kyuden Group is working to resolve the issues of 10 SDGs in total, and this green bond is directly and indirectly related to and contributes to the SDGs with respect to Goals 7 and 13 related to energy and climate change.

Table-1 Kyuden Group's efforts for SDGs

Kyuden Group's efforts	SDGs		
<ul style="list-style-type: none"> - Low carbonization of energy - Promotion of electrification 	Goal 7	Affordable and Clean Energy	
<ul style="list-style-type: none"> - Formulation of Carbon Neutral Vision 2050 - Formulation of Kyuden Group Environmental Charter and Environmental Action Plan 	Goal 13	Climate Action	

* The relevance to SDGs is complementary to the issuance of green bonds with reference to Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals published by ICMA, which defines the Green Bond Principles, is not directly related for funding purposes.

Table-2 Relationship between Major CSR Challenges and SDGs

Major CSR Challenges	Main activities	Main SDGs	
Reduce climate risk and protect the affluent planet			
Global Environment	Controlling CO ₂ emissions	<ul style="list-style-type: none"> • Low and decarbonized power supply through the utilization of renewable energy and nuclear power 	  
	Development and acceptance of renewable energy	<ul style="list-style-type: none"> • Promotion of electrification through the spread of all-electric and EV • Enlightenment of environmental awareness through community-based environmental conservation activities and environmental education 	  
	Conservation of biodiversity		 

Issuer name: Kyushu Electric Power Co., Inc.

Framework Name: Kyushu Electric Power Green Bond Framework

Review provider's name: DNV business assurance Japan K.K.

Publication date of review publication: 28th Apr. 2021

II Scope and Objectives

Kyushu Electric Power has commissioned DNV to conduct pre-issuance assessment of “Kyushu Electric Power Green Bond”. The objective of DNV’s assessment is to implement an assessment to confirm that the BOND meets the identified criteria of the standards GBP, GBGLs described below and applicable CBS related technical standards and other relevant criteria or guidelines (refer to the following), and to provide the issuer with independent second-party opinion on the eligibility of the framework.

DNV Business Assurance, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this second-party opinion for Kyushu Electric Power.

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

(1) Scope of review

The review assessed the following elements and confirmed their alignment with the gist of GBP:

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

(2) Role(s) of review provider

- Consultancy (incl. 2nd opinion)
- Verification
- Other (please specify):
- Certification
- Rating

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner	Applied level*1*2
1.	The Green Bond Principles	International Capital Market Association (ICMA), 2018	Apply
2.	Green Bond Guidelines	Ministry of Environment Japan, 2020	Apply
3.	Climate Bonds Standard version 3.0 (Sector criteria)	Climate Bond Initiative, 2019	Refer (applicable technical standards)
4.	Green and Social Bonds: A High Level Mapping to the Sustainable Development Goals	International Capital Market Association (ICMA), 2018	Refer
5.	Handbook Harmonized Framework for Impact Reporting	International Capital Market Association (ICMA), 2019	Refer

* 1: Apply: Eligibility for all four core elements common to each principle and guideline was evaluated.

* 2: Refer: all or part of the related content was considered based on the green project and execution plan



III Responsibilities of the Directors of Kyushu Electric Power and DNV

The Kyushu Electric Power 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 Kyushu Electric Power 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 Kyushu Electric Power. DNV is not responsible for any aspect of the nominated projects and 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 Kyushu Electric Power's management and used as a basis for this assessment were not correct or complete.

IV Basis of DNV's opinion

To provide as much flexibility for the issuer, Kyushu Electric Power as possible, we have adapted our green bond assessment methodologies, which incorporates the requirements of the GBP and GBGLs, to create a Kyushu Electric Power-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). (Refer to Schedule-2) The Protocol is applicable to GBP and GBGLs based green 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 a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per our Protocol, the criteria against which the BOND has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to bond eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using green bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that 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 at least 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.



V 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:

Green Bond pre-issue assessment

- Creation of the issuer-specific Protocol, adapted to the purpose of the BOND, as described above and in Schedule-2 to this Assessment.
- Assessment of documentary evidence provided by the issuer on the BOND 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.



VI Findings and DNV's opinion

DNV's findings and opinion are as below.

(1) Use of Proceeds

DNV has confirmed that the net proceeds raised by the BOND, excluding expenses, is planned to be allocated to the green candidate projects that match the following representative eligible project categories indicated by GBP and GBGLs as a new loan and refinancing.

Renewable energy business

Specifically, the projects covered by this green bond will be used for the development, construction, operation and renovation of three green projects, which are classified into the two renewable energy projects (hydroelectric power generation and geothermal power generation) shown in the table below.

The next page and Schedule-2 shows each green project outline.

Renewable energy business	Green project
Hydroelectric power generation business	Shin-Takeda Power Station
	Jikumaru Power Station
Geothermal power generation business	Otake Power Station

Green Project Outline



Photo-1 Hydroelectric power generation business
Shin-Takeda power station
* Before new construction (redevelopment) work

Location: Taketa City, Oita Pref.
Capacity: 8,300kW
Operation : June 2022 (planned)
New construction (redevelopment)
work



Photo-2 Hydroelectric power generation business
Jikumaru power station
* Before renewal work

Location: Bungoono City, Oita Pref.
Capacity: 12,500kW (before renewal)
13,600kW (after renewal)
Operation: March 2025 (planned)
Renewal work of existing facilities



Photo-3 Geothermal power generation business
Otake power station
* After renewal work

Location: Kokonoe Town,
Kusu District, Oita Pref.
Capacity: 12,500kW (before renewal)
14,500kW (after renewal)
Operation: October 2020
Renewal work of existing facilities

DNV understands that Hydroelectric power and Geothermal power are widely recognized renewable energy businesses. On the other hand, consideration and measurement of incidental CO₂ (GHG) emissions due to the project implementation and to the surrounding environment and social impact for each project.

DNV confirmed how Kyushu Electric Power complies (or will comply) with related laws and ordinances, local regulations, and confirmed its validity through the assessment. The outline is shown below.

The common measures to each project are described in the next section "(2) Process for Project Evaluation and Selection".

Green Project		Outline of validity confirmation of environment and social impact
Hydroelectric power	Shin-Takeda Power Station Jikumaru Power Station	Through the documents and explanations provided by the issuer, such as the outline of the business plan outline, the results of voluntary environmental impact assessments due to its internal protocol, and the results of discussions with local municipal, the impact on the surrounding environment and the additional impact on other water users due to the redevelopment and renewal work of the existing facilities of the nominated project were evaluated, and it was confirmed that appropriate measures were taken.
Geothermal power	Otake Power Station	DNV has confirmed that the issuer complies with the laws and ordinances related to the renewal work of nominated project (existing facilities), and that the incidental GHG emissions are sufficiently low (<100g-CO ₂ e / kWh). Specifically, DNV confirmed through the materials and explanations provided by the issuer, such as the outline of the business plan, the results of legal procedures, and the results of estimation of GHG emissions that occur incidentally based on the actual data of the Otake power plant.



Use of proceeds categories as per GBP:

- Renewable energy
- Pollution prevention and control
- Terrestrial and aquatic biodiversity conservation
- Sustainable water management
- Eco-efficient products, production technologies and processes
- Other (*please specify*):
- It is undecided at the time of bond issuance, but is expected to be line with the GBP classification or other eligible areas not listed in the GBP at this time.
- Energy efficiency
- Sustainable management of living natural resources
- Clean transportation
- Climate change adaptation
- Green buildings with regional, national or internationally recognized standards and certifications

(2) Process for Project Evaluation and Selection

Through the review, DNV confirmed that the two green candidate projects (hydroelectric power generation and geothermal power generation) described in Schedule-1 meet the Major CSR Challenges formulated by the Kyuden Group and the goals related to renewable energy that contribute to the reduction of CO₂ emissions in the formulation of the Kyuden Group Management Vision 2030 and Carbon Neutral Vision 2050. Also, DNV confirmed that the two green candidate projects are evaluated and selected by the issuer's accounting department and internal departments through appropriate prescribed processes.

It is confirmed that the project meets the eligibility criteria shown in "II Scope and Objectives (3) Standards/guidelines to be applied". It is also confirmed that the following environmental and social risks mitigation efforts are implemented if the negative impacts of the project are identified and needs to be considered when project evaluation and selection.

- Appropriate procedures for obtaining equipment approvals / licenses and environmental assessments according to country / regional / municipal requirements for the nominated facilities and projects

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Conforms to the issuer's achievement of environmental contribution goals | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> The project is eligible for use of proceeds by green bond and transparency is ensured. | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> The project is evaluated and selected based on the published standard summary | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |



(3) Management of Proceeds

DNV confirmed how Kyushu Electric Power will track and manage the proceeds during the period from bond issuance to redemption period. DNV confirmed that Kyushu Electric Power plans to allocate the proceeds to financing (new investment and financing) and refinancing to the eligible projects in a timely manner after raising funds. It was confirmed that the accounting department will manage the proceeds allocation status for each project based on the internal management procedure of Kyushu Electric Power. It was also confirmed that the total amount of green eligible projects will be managed using an internal management system and forms so that the total amount will not fall below.

The proceeds will be managed in cash or cash equivalents until they are allocated.

Tracking of proceeds:

- Some or all of the proceeds by green bonds 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 disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (<i>please specify</i>): The amount of existing investment and new investment and loan of the business subject to green bond allocation will be disclosed in the annual report. |

(4) Reporting

DNV has confirmed that the issuer would report to stakeholders the specific information required by the GBP and GBGLs annually on the issuer's integrated report or website.

These include report on the allocation status and environmental improvement effects described below until the proceeds are fully allocated. For the environmental impact reporting, Kyushu electric Power plans to disclose any or all of the items described within considering its confidentiality and to the extent of reasonably practical. If a significant change in the project appears, issuer will disclose it in a timely manner.

The main report items are expected as follows.

<Allocation status>

- Allocated amount
- Balance of unallocated amount and its management
- Approximate amount (or share) of the proceeds being used for refinancing

<Environmental Impact > * Any or all of the followings will be disclosed

- Power generation capacity as per renewable energy sub category (MW)
- Annual CO₂ emission reduction as per renewable energy sub category (t-CO₂ / year)



Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

Information reported:

- Allocated amounts
- GB refinanced share of total investment
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

Impact reporting (Environmental Impact):

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Energy Savings
- Other ESG indicators (*please specify*):: Installed capacity of each renewable energy type to be allocated (MW)

Means of Disclosure

- Information published in financial report (Kyushu Electric Power Integrated Report)
- Information published in sustainability report
- Information published in ad hoc documents
- Other (*please specify*): *Kyushu Electric Power Integrated Report or web site*
- Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*)

Assessment Conclusion

On the basis of the information provided by Kyushu Electric Power and the work undertaken, it is DNV's opinion that the Kyushu Electric Power green bond meets the criteria established in the Protocol and that it is aligned with the stated definition or purpose of green bond within the GBP and GBGLs, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

DNV Business Assurance Japan K.K.

28th Apr. 2021



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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 Kyushu Electric Power Green Bond Nominated Projects

The green project listed in the table are green projects that have been evaluated for those eligibility at the time of pre-issue assessment (as of March 2021). In the future, if the green projects that are categorized into hydroelectric power generation business and geothermal power generation business are additionally included, eligibility will be evaluated in advance by the issuer, and if necessary, DNV will evaluate them in a timely manner.

In this second party opinion, other renewable energy projects (solar, wind, biomass) described in the framework are not included in the eligibility evaluation. It will be evaluated by the issuer and DNV in advance.

Green Project Category	Green project Sub Category		Green project Outline
Renewable energy business	Hydroelectric power generation business	Shin-takeda power station	Location: Taketa City, Oita Prefecture Power generation capacity : 8,300kW Operation start time : June 2022 (planned) Newly construction (redevelopment work)
		Jikumaru power station	Location: Bungoono City, Oita Prefecture Power generation capacity : 12,500kW (before renewal), 13,600kW (after renewal) Operation start time : March 2025 (planned) Renewal work of existing facilities
	Geothermal power generation business	Otake power station	Location: Kokonoe Town, Kusu District, Oita Prefecture Power generation capacity : 12,500kW (before update), 14,500kW (after update) Operation start time : October 2020 Renewal work of existing facilities

Schedule-2 Green Bond Eligibility Assessment Protocol

Following check list (GBP-1 ~ GBP-4) is DNV's green bond eligibility assessment protocol created for Kyushu Electric Power Eligibility Evaluation based on the requirements of GBP and GBGLs. "Document review" in the work undertaken includes internal documents of issuer and is provided by Kyushu Electric Power as evidence of eligibility judgment for DNV.

GBP-1 Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Others 	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	<p>The reviewed evidence confirms that the BOND falls in the category:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond
1b	Green Project Categories	<p>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 BOND.</p>	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	<p>It was confirmed that the use of proceeds "proceeds from the BOND will be allocated to new investment and refinancing of businesses related to renewable energy businesses includes the development, construction, operation and renovation" is properly stated in the legal documents related to the securities. Specifically, it will be allocated to the following green projects.</p> <ul style="list-style-type: none"> -Hydroelectric power generation business (Shin-Takeda power station, Jikumaru power station) -Geothermal power generation business (Otake power station)
1c	Green benefits	<p>All designated Green Project categories should provide clear greenly sustainable</p>	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green 	<p>It was confirmed that the green project has environmental benefits as a reduction in CO₂ emissions through lowering and decarbonizing power sources using renewable energy,</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		benefits, which, where feasible, will be quantified or assessed by the issuer.	Bond Framework (hereinafter Framework) <ul style="list-style-type: none"> • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	and its environmental improvement effect was quantitatively evaluated as the installed capacity of each renewable energy type or the amount of CO ₂ emission reduction, and was reported annually.
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.	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	The issuer plans to use all of the proceeds for new investment, refinancing, or both for eligible candidate projects included in Schedule-1. It was confirmed that issuer plans to clarify the estimated amount (or ratio) of the proceeds that was allocated to refinancing in the annual report.

GBP-2 Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green bond should outline the decision-making process it follows to determine the eligibility of projects using Green bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	<p>It was confirmed that the issuer has a documented process that determines the eligibility of the project to be use of proceeds for the BOND and that the outline is specified in the framework.</p> <p>In addition, it was confirmed through assessment that appropriate measures were taken or will be taken for the environmental and social impact assessments specific to each power plant.</p>
2b	Issuer's environmental, social and governance framework	<p>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.</p>	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	<p>It was confirmed that the green project implemented by the issuer is consistent with the issuer's Major CSR Challenges, Kyuden Group Management Vision 2030 and Carbon Neutral Vision 2050. In addition, it was confirmed that the project was implemented in a process in which the environmental aspects were fully considered and appropriate measures were taken based on the domestic legal system, etc. Furthermore, it was confirmed that the necessary investigations and responses were properly planned. DNV was confirmed through confirmation of documents such as frameworks and interviews with stakeholders.</p>

GBP-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.	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	It was confirmed that the net proceeds related to the funds raised by the BOND can be traced by the issuer's internal system and forms, etc. DNV confirmed the system practically used and related documents, etc., and confirmed that the management status of the proceeds can be proved based on this.
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.	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	DNV confirmed that the issuer plans to periodically (once a quarter) review the balance of BOND using the internal system and forms, etc. described in 3a during the period from BOND issuance to redemption.
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.	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	It was confirmed through the issuer's internal system, forms and the confirmation process based on the internal process that the balance of unallocated funds is recognized in a timely manner. DNV confirmed that the balance of unallocated funds is managed in cash or cash equivalents through the description and assessment of the framework. It was confirmed that the balance of unallocated funds will be disclosed through the reporting of the fund allocation status.

GBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	<p>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</p> <ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> • Document review such as Kyushu Electric Power Group Green Bond Framework (hereinafter Framework) • Interview with Kyushu Electric Power stakeholders (hereinafter, Interview with stakeholders) 	<p>DNV confirmed that the issuer will disclose the annual report of the BOND until the proceeds are fully allocated and provide information including the allocation status and environmental impact from the project which the proceeds have been allocated. It has been confirmed that the environmental improvement effect will disclose any or all of the following within the scope of confidentiality and as long as it is reasonably feasible.</p> <ul style="list-style-type: none"> • Installed capacity as per renewable energy sub category (MW) • Annual CO2 emission reduction as per renewable energy sub category (t-CO₂ / year)