



SECOND PARTY OPINION

HOKURIKU ELECTRIC POWER COMPANY GREEN BOND FRAMEWORK ELIGIBILITY PRE-ISSUANCE

Prepared by: DNV Business Assurance Japan K.K.

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Revision history

Revision number	Date of issue or publication	Main changes
0	October 28, 2021	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 limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. 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, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

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

Executive Summary

Hokuriku Electric Power Company (hereinafter, "Hokuriku Electric Power Company" or "Issuer") is engaged in power generation and retail business, and Hokuriku Electric Power Group is also engaged in Electricity & Engineering, Information & Telecommunications, Environment & Recycling, Daily Life, Office and Finance, Manufacturing, Total Energy, and other businesses that support customers in a variety of situations.


In April 2019, Hokuriku Electric Power Company established and announced the "Hokuriku Electric Power Group 2030 Long-Term Vision", which drawing a roadmap to sustainable growth, in order to handle not only immediate tasks, but also forward-looking challenges, with a sense of speed amid the drastic changes in the business environment.

The Long-Term Vision sets the following efforts towards by FY2030: for power generation, "Amount of renewable energy power generation = up 2.0 billion kWh/year increase (compared to FY2018)", "Coal consumption = 10% reduction/year", "Energy Conservation Act Environmental Index achievements (Overall thermal power generation efficiency: 44.3%, actual thermal power generation efficiency record/target value = 1.00)", and for sales, "Sophisticated Method Act Environmental Index achievements (Ratio of electricity sold produced from non-fossil sources = 44%)" and "Greenhouse gas emission intensity = 0.37kg-CO₂/kWh". Hokuriku Electric Power Company is now continue working on the above-mentioned efforts to achieve the goals.

In April 2021, Hokuriku Electric Power Company established the "Hokuriku Electric Power Group Roadmap toward Achieving Carbon Neutrality," and announced that Hokuriku Electric Power Company would take on the challenge of becoming carbon neutral by 2050 as a responsible energy company that is trusted and chosen by people in the region, through "decarbonization of power sources," "sophisticating of power transmission and distribution facilities," and "decarbonization support for customers and local communities".

Hokuriku Electric Power Company has established the "Hokuriku Electric Power Company Green Bond Framework (hereinafter, "Framework")" for the issuance of Green Bond. Hokuriku Electric Power Company plans to allocate the proceeds through the Green Bond to cover expenditures for projects related to the construction, installation, operation, and maintenance of renewable energy, and has designated hydropower generation projects, wind power generation projects, solar power generation projects, and biomass power generation projects as eligible green projects.

DNV Business Assurance Japan K.K. (hereinafter, "DNV"), as an external reviewer, has assessed the eligibility of the framework for hydropower, wind power and solar power projects. The projects to be implemented under the Green Bond are green projects to promote low and decarbonized power sources from renewable energy, as shown in the table below. These projects contribute directly and indirectly to the four SDGs (Sustainable Development Goals set by the United Nations).

Green project	Green project category	Green project outline	Contribution to the SDGs
Hydropower generation business	Renewable energy (Construction, installation, operation and maintenance)	<p>- outline -</p> <p>Towards by 2030, Hokuriku Electric Power Company will achieve the following efforts: for power generation, "Amount of renewable energy power generation = up 2.0 billion kWh/year increase (compared to FY2018)", "Coal consumption = 10% reduction/year", "Energy Conservation Act Environmental Index achievements (Overall thermal power generation efficiency: 44.3%, actual thermal power generation efficiency record/target value = 1.00)", and for sales, "Sophisticated Method Act Environmental Index achievements (Ratio of electricity sold produced from non-fossil sources = 44%)" and "Greenhouse gas emission intensity = 0.37kg-CO₂/kWh".</p> <p>Moreover, Hokuriku Electric Power Company will make an effort toward low and decarbonization for realizing the carbon neutrality by 2050.</p>	<p>7. AFFORDABLE AND CLEAN ENERGY</p> <p>12. RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>13. CLIMATE ACTION</p> <p>15. LIFE ON LAND</p> 
Wind power generation business			
Solar power generation business			

* The relevance of the SDGs is complementary to the issuance of green bond, referring to Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals published by ICMA, which defines the Green Bond Principles. This is a complementary to the issuance of green bond and is not directly related to the purpose for the use of proceeds.

DNV provides the assessment of the eligibility of framework and green projects against the Green Bond Principles (ICMA 2021, hereinafter, "GBP"), Green Bond Guidelines (Ministry of Environment 2020, hereinafter, "GBGLs") and, where applicable, the sector technical criteria of the Climate Bonds Standard (CBS v3.0, hereinafter, "CBS"). Assessment summary against 4 core components in GBP and GBGLs are following.

Principle 1. Use of Proceeds

Hokuriku Electric Power Company defines the eligible criteria for the use of proceeds as "Renewable Energy". This is in line with the eligible green projects categorized in GBP and GBGLs. Specifically, it is planned that the proceeds will be allocated to new investments and refinancing related to the construction, installation, operation and maintenance of renewable energy power plants and facilities (hydropower, wind power and solar power) and related facilities. These projects are expected to bring clear environmental benefits, and Hokuriku Electric Power Company will contribute to the realization of a low-carbon and sustainable society through electrification by using the renewable energy.

Principle 2. Process for Project Evaluation and Selection

The green projects conform to the targets related to renewable energy that contributes to the reduction of CO₂ emissions set forth in the "Hokuriku Electric Power Group 2030 Long-Term Vision" and "Hokuriku Electric Power Group Roadmap toward Achieving Carbon Neutrality" established by the Hokuriku Electric Power Group. In addition, for the evaluation and selection of green projects, the Finance & Accounting Dept. selects eligible projects in collaboration with internal related departments, and the General Manager of the Finance & Accounting Dept. makes the final decision on the selected eligible projects. Systematic procedures have also been established for addressing the environmental and social impacts of business operations. These processes are aligned with GBP requirements.

Principle 3. Management of Proceeds

The total amount of the proceeds will be managed by the Finance & Accounting Dept. using internal management systems and dedicated ledgers to manage the allocation for each project, and the systems and ledgers will be used to ensure that the total amount of green eligible projects is not less than the allocated amount. The proceeds will be managed in cash or cash equivalents in an amount equal to the unallocated amount until the allocation.

Principle 4. Reporting

Hokuriku Electric Power Company will report the allocation status of the proceeds in the "The Hokuriku Electric Power Group Integrated Report" or on the Hokuriku Electric Power Company website until the full amount of the proceeds is allocated. This will include the allocated amount of the proceeds, the unallocated amount of the proceeds, and the allocated amount of proceeds that have been allocated as refinancing out of the total allocated amount. In addition, as environmental benefits, Hokuriku Electric Power Company plans to disclose indicators related to annual CO₂ emission reductions by renewable energy type and installed capacity by renewable energy type.

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

I. Introduction

i. About the Issuer

Hokuriku Electric Power Company is engaged in power generation and retail business, and Hokuriku Electric Power Group are engaged in businesses that support customers in a variety of situations, including Electricity & Engineering, Information & Telecommunications, Environment & Recycling, Daily Life, Office and Finance, Manufacturing, and Total Energy.

ii. ESG Initiatives of the Issuer

The realization of a decarbonized society is a major social issue, and Hokuriku Electric Power Company recognizes that addressing the problem of global warming is an important management issue.

Under these circumstances, in April 2021, Hokuriku Electric Power Group established its vision for the future of Hokuriku Electric Power Group in 2050, based on its determination to develop its business beyond the framework of the existing electric power business and contribute to solving social issues such as addressing the problem of global warming, sustainable development of the region and realization of a smart society. In this Group's vision for 2050, Hokuriku Electric Power Group has set up and is promoting initiatives to realize ① a society that is friendly to people and the environment through decarbonization of energy, ② a vibrant community for the next generation, ③ peaceful life in network of connections, and ④ living comfortably in a digital society, with the keyword "Together with local communities, aiming for a sustainable smart society: Connecting, Supporting, and Delivering".

As part of this initiative, Hokuriku Electric Power Company is taking on the challenge of becoming carbon neutral by 2050 as a responsible energy company that is trusted and chosen. In April 2021, Hokuriku Electric Power Company established a roadmap that focuses on "decarbonization of power sources," "sophisticating of power transmission and distribution facilities," and "decarbonization support for customers and local communities". In July, Hokuriku Electric Power Company established the "the Carbon Neutral Promotion Meeting", chaired by the president, with the aim of vigorously promoting the initiatives of the Group as a whole.



Hokuriku Electric Power Company will also contribute to the realization of a sustainable society (achieving SDGs) by further deepening our management from an ESG perspective, with the aim of realizing not only a carbon neutral society in 2050 but also a sustainable smart society.

In the midst of a rapidly changing business circumstances, the Hokuriku Electric Power Group sees these changes as an opportunity to improve corporate value over the medium to long term, and aims to achieve sustainable growth by harnessing the Group's strengths.

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

- Establishment of the environmental management system: Hokuriku Electric Power Company has established and are operating the Environmental Measures Committee, which is chaired by the Executive Vice President or Managing Director, with the President as the Chief Environmental Management Officer.
- Information Disclosure: Hokuriku Electric Power Company discloses information in accordance with TCFD in the "The Hokuriku Electric Power Company Group Integrated Report" to promote good communication with stakeholders.
 - Disclosure under the Task Force on Climate-related Financial Disclosures (TCFD)

iii. Issuer's Environmental Policy

Through the "Hokuriku Electric Power Group 2030 Long-Term Vision," Hokuriku Electric Power Company has established the following group environmental goals.

- Power generation
 - Amount of renewable energy power generation = up 2.0 billion kWh/year increase (compared to FY2018)
 - Coal consumption = 10% reduction/year
 - Energy Conservation Act Environmental Index achievements (Overall thermal power generation efficiency: 44.3%, actual thermal power generation efficiency record/target value = 1.00).
- Sales
 - Sophisticated Method Act Environmental Index achievements (Ratio of electricity sold produced from non-fossil sources = 44%).
 - Greenhouse gas emission intensity = 0.37kg-CO₂/kWh.

The following is the main measures to achieve the above environmental policy and targets and to challenge the 2050 carbon neutral.

- Decarbonization of power sources
 - Renewable energy: up 2.0 billion kWh/year increase (compared to FY2018) ⇒ maximizing introduction (including outside the region and overseas).
 - Nuclear power: Efforts to achieve early restart of nuclear power, stable operation as a base load power source, and the world's highest level of safety, and examination and utilization of new nuclear power technologies.
 - Thermal power: Expansion of co-combustion of biomass fuels in coal-fired power plants. ⇒ Shift to single fuel combustion.
Consider introduction of ammonia and hydrogen. ⇒ Conversion
Consider introduction of Carbon dioxide Capture, Utilization and storage technology (CCUS*). ⇒ Introduction

*CCUS: Technology to reuse separated and recovered CO₂, or to store CO₂ in the ground.

- Sophisticating of power transmission and distribution facilities
 - Construction of a robust and smart backbone system that supports the shift to main power sources for renewable energy, and the advancement of supply and demand operations.
Construction and operation of an optimal power distribution system based on the expansion of the introduction of distributed resources such as EVs and the expansion of the distributed grid.
- Decarbonization support for customers and local communities

- Promotion of electrification: Electrification of air-conditioning, hot water supply, kitchen, and production processes in industrial fields, and expansion of EV use. ⇒ Further promotion of electrification through the adoption of new technologies.
- Customers and local communities: Provide electricity rate menu for RE100^{*1}, various solution services for ZEH^{*2} and ZEB^{*3}, etc., development of distributed renewable energy sources, use of storage batteries, and development of infrastructure to support the expansion of renewable energy introduction. Development of infrastructure to support the expansion of the introduction of renewable energy ⇒ Zero-emission local communities using distributed renewable energy sources, hydrogen, etc., and local energy management.

*1: Renewable Energy 100, *2: Net Zero Energy House, *3: Net Zero Energy Building

This green project will mainly contribute to the "decarbonization of power sources" as the Hokuriku Electric Power Group takes on the challenge of becoming carbon neutral by 2050 as a responsible energy provider that is trusted and chosen as described above.



iv. Issuer's Initiatives for SDGs

The Hokuriku Electric Power Group is working to resolve the issues of the SDGs, and this Green Bond is an initiative that is directly or indirectly related to and contributes to the SDGs for Goal 7, Goal 12, Goal 13 and Goal 15 related to energy and climate change.

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

v. About the Green Bond Framework

For the purpose of issuing green bonds, Hokuriku Electric Power Company established a framework based on GBP and GBGLs.

The net proceeds from the Green Bond are planned to be allocated to the following green project categories, which will be managed and executed in accordance with the established framework.

**Business related to renewable energy
(Construction, installation, operation, and maintenance of power plants, facilities,
and related facilities for hydropower, wind power, and solar power, etc.)**

Issuer Name: Hokuriku Electric Power Company

Framework Name: Hokuriku Electric Power Company Green Bond Framework

Name of external review organization: DNV Business Assurance Japan K.K.

Report date: October 28, 2021

II. Scope and Objectives

Hokuriku Electric Power Company has commissioned DNV to conduct a pre-issuance assessment of the "Hokuriku Electric Power Company Green Bond". The objective of the pre-issuance assessment of DNV is to conduct an assessment to confirm that Hokuriku Electric Power Company Green Bond meets the criteria such as GBP, GBGLs, related technical standards of CBS, which will be described later, and other related standards or guidelines (see the table in (3) below), and to provide a second party opinion on the eligibility of this Green Bond.

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 Hokuriku Electric Power Company.

In this paper, no assurance is provided regarding the financial performance of the BOND, the value of any investment 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 four core elements in GBP.

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

(2) Role(s) of review provider

- Consultancy (incl. 2nd opinion)
- Certification
- Verification
- Rating
- Other (please specify): Providing review as a green bond issuance supporter (External Review Division)

(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), 2021	Apply
2.	Green Bond Guidelines	Ministry of the Environment, 2020	Apply
3.	Climate Bonds Standard 3.0v (Sector Criteria)	Climate Bonds Initiative, 2019	Refer (applicable technical criteria)
4.	Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals	International Capital Market Association (ICMA), 2020	Refer
5.	Handbook Harmonized Framework for Impact Reporting	International Capital Market Association (ICMA), 2021	Refer

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

*2 Refer: Based on the green project and implementation plans, relevant contents were partially considered.



III. Responsibilities of Hokuriku Electric Power Company and DNV

Hokuriku Electric Power Company has provided the information and data used by DNV during the delivery of this review. DNV's second party opinion represents an independent opinion and is intended to inform Hokuriku Electric Power Company and other interested stakeholders in the Green 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 Hokuriku Electric Power Company. DNV is not responsible for any aspect of the selected 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 Hokuriku Electric Power Company 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 Hokuriku Electric Power Company, DNV has adapted our green bond assessment methodologies, which incorporates the requirements of GBP and GBGLs, to create Hokuriku Electric Power Company-specific Green Bond Eligibility Assessment Protocol (hereinafter "DNV's Protocol"). Please refer to Schedule-2. The Protocol is applicable to Green Bonds under the GBP and GBGLs.

DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per DNV's Protocol, the criteria against which the Green 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 proceeds to 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 high level of review of the available information, based on the understanding that this information was provided to us by Hokuriku Electric Power Company 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:

i. Pre-Issuance Assessment of Green Bond

- Creation of the Issuer-specific Protocol, adapted to the purpose of the Green Bond, as described above and in Schedule-2 to this Assessment.
- Assessment of documentary evidence provided by Hokuriku Electric Power Company on the Bond and supplemented assessment by a comprehensive desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Hokuriku Electric Power Company, and review of relevant documentation;
- Documentation of findings against each element of the criteria.

ii. Post-Issuance Assessment of Green Bond (**not included in this report*)

- Assessment of evidential documents provided by the Issuer after issuance of the BOND, and supplemental assessment by desk review from a higher perspective;
- Interview with key personnel of the Issuer, and review of the relevant documentation;
- Field research and inspection (if necessary);
- Review of the nominated projects and assets at the time of the post-issuance verification (update of the details mentioned in Schedule-1);
- Document creation of post-issuance assessment result.



VI. Findings and DNV's Opinion

DNV's findings and opinions are as follows.

(1) Use of Proceeds

DNV has confirmed that all of the net proceeds from the Hokuriku Electric Power Company Green Bond, excluding expenses, are planned to be allocated to new investment and refinancing in the construction, installation, operation and maintenance of one or more of the following green nominated projects that meet the following typical eligible project categories as identified in the GBP and GBGLs.

"Renewable energy business"

Specifically, projects related to renewable energy business include the construction, installation, operation and maintenance of projects that fall into the following three categories which DNV reviewed.

Renewable energy business (project)
Hydropower generation business
Wind power generation business
Solar power generation business

DNV understands that hydropower, wind power and solar 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 Hokuriku Electric Power Company complies (or will comply) with related laws and ordinances, local regulations, and confirmed its validity through the assessment. The outline is shown below.

- **Hydropower Project:** The nominated project has been confirmed to meet the standard of power output (W) per / reservoir or impoundment surface area (m²) for the timing of commercial operation against to the technical criteria of CBS. In addition, DNV confirmed through the materials and explanations provided by Hokuriku Electric Power Company, including the outline of the project plan, records of compliance with applicable laws and regulations, results of environmental impact assessment, and results of consultations with local governments, that the impact of the construction on the surrounding environment and additional impacts on other water users have been assessed and are being appropriately addressed.
- **Wind power projects:** The nominated projects are onshore or offshore wind power projects (including related facilities) that refer to the technical criteria of the CBS. For the selection and implementation of eligible projects, onshore wind projects must include the construction, installation, operation and maintenance of the generating facility as well as dedicated transmission infrastructure, while offshore wind projects must meet the eligibility criteria of having an additional fossil fuel backup power source and be 100% dedicated to renewable energy for climate change mitigation. DNV confirmed through the materials and explanations provided by Hokuriku Electric Power Company that it has a procedure in place to ensure that appropriate measures are taken after the assessment of the climate change adaptation and resilience conditions, which include overcoming vulnerabilities of the asset and site due to climate change risks such as sea level rise, and taking into account the surrounding ecosystem and local residents.
- **Solar power projects:** The nominated projects are onshore solar power projects (including related facilities) that refer to the technical criteria of the CBS. In the selection and implementation of the nominated project, through the materials and explanations provided by the Hokuriku Electric Power Company, DNV confirmed that the Hokuriku Electric Power Company confirmed that the project is connected to the existing grid, no fossil fuel-based backup power source is attached, and the procedures are in place to ensure that any impacts on the surrounding environment and additional impacts on other stakeholders due to the construction are assessed and appropriately addressed.

Common responses for each project are described in the next section "(2) Process for Project Evaluation and selection".



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 (energy saving)
- 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 has confirmed that the three green nominated projects (hydropower, wind power and solar power) listed in Schedule-1 meet the targets related to renewable energy that contribute to reducing CO₂ emissions set out in the "Hokuriku Electric Power Group 2030 Long-Term Vision" and "Hokuriku Electric Power Group Roadmap toward Achieving Carbon Neutrality" established by Hokuriku Electric Power Group, and confirmed that the issuer's Finance & Accounting Dept. and relevant internal departments will evaluate and select through appropriate prescribed processes.

DNV confirmed that Hokuriku Electric Power Company has established the following systematic procedures for environmental and social impacts of the power generation project.

1. Formulation of business plans and determination of specifications for power generation facilities
2. Review of applicability of relevant laws and regulations
3. Clarify the content of applicable legal and regulatory requirements and implement compliance with them
4. Confirmation of the effectiveness of the above implementation results

For example, if an environmental assessment is required, it will be clarified in procedure 2 above and carried out in accordance with procedure 3.

In selecting a project, Hokuriku Electric Power Company would confirm that the project meets the eligible criteria shown in "(3) Standards/guidelines to be applied in Section II Scope and Objectives", and if it is judged that the negative impacts associated with project implementation need to be considered, Hokuriku Electric Power Company will confirm that the following initiatives to reduce environmental and social risks have been implemented.

- Appropriate procedures for obtaining equipment approvals / licenses, environmental assessments procedures, and Hokuriku Electric Power Company's project introduction procedures 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 (please specify): |

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 (please specify): | |



(3) Management of Proceeds

DNV confirmed how Hokuriku Electric Power Company will track and manage the proceeds from bond issuance to redemption period. DNV confirmed that Hokuriku Electric Power Company 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 Finance & Accounting Dept. will manage the proceeds allocation status for each project based on the accounting control procedures of Hokuriku Electric Power Company. It was also confirmed that the total amount of green eligible projects will be managed using an internal management system and dedicated ledgers 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 (please specify): 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 Hokuriku Electric Power Company 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 benefits described below until the proceeds are fully allocated. For the environmental benefits reporting, Hokuriku Electric Power Company plans to disclose the items to be described on a renewable energy type-by-type basis, within considering its confidentiality and to the extent of reasonably practical. Hokuriku Electric Power Company plans to disclose the estimated values of the indicators until the relevant project starts operation. 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
- Unallocated amount of proceeds
- Allocated amount as refinancing out of total amount allocated for each proceeds

<Environmental Benefits>

- Annual CO₂ emission reduction
- Annual power generation (MWh)

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB refinanced share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |



Impact reporting (Environmental Benefits):

- 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):

Amount of power generated of renewable energy that was subject to allocation (MWh)

Means of Disclosure

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (please specify):
"The Hokuriku Electric Power Group Integrated Report" and Hokuriku Electric Power Company website
- 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 Hokuriku Electric Power Company and the work undertaken, it is DNV's opinion that the Hokuriku Electric Power Company 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 Oct., 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 Green Bond Nominated Projects

Green Project Category	Green project ¹ Sub Category	Green project Outline
Renewable energy business	Hydropower generation business	Construction, installation, operation and maintenance of hydropower generation projects
	Wind power generation business	Construction, installation, operation and maintenance of wind power generation projects
	Solar power generation business	Construction, installation, operation and maintenance of solar power generation projects

1: The Hokuriku Electric Power Company Green Bond will be allocated to one or more of the projects listed in Schedule-1. The types of projects to be allocated will be disclosed in the annual report.



Schedule-2 Green Bond Eligibility Assessment Protocol

The following GBP-1 ~ GBP-4 are DNV's Green Bond Eligibility Assessment Protocol created for Hokuriku Electric Power Company based on the requirements of GBP. "Document review" in the work undertaken includes internal documents of issuer and is provided by Hokuriku Electric Power Company 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"> • Confirmation of frameworks and other documents • Interviews with Hokuriku Electric Power Company's stakeholders (hereinafter referred to as "stakeholders") 	<p>The reviewed evidence confirms that the Green 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"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	<p>It was confirmed that the use of proceeds "proceeds from the Green Bond will be allocated to new investment and refinancing of businesses related to renewable energy businesses includes the construction, installation, operation and maintenance of renewable energy" is properly stated in the legal documents related to the securities.</p> <p>Specifically, it will be allocated to one or more of the following Green Bond nominated projects.</p> <ul style="list-style-type: none"> - Hydropower generation business - Wind power generation business - Solar power generation business

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Green benefits	All designated Green Project categories should provide clear greenly sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	<ul style="list-style-type: none"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	It was confirmed that the green project has environmental benefits as a reduction in CO ₂ emissions through lowering and decarbonizing power sources using renewable energy, and its environmental benefits was quantitatively evaluated as the installed capacity of each renewable energy type or the amount of CO ₂ emission reduction, and would be 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"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	The issuer plans to use all of the proceeds for new investments, refinancing, or both for eligible Green Bond nominated projects included in Schedule-1. It was confirmed that issuer plans to disclose the amount of the portion of the proceeds allocated to refinancing through issuer's annual reports.

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"> • Confirmation of frameworks and other documents • Interviews 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 Green 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, or there is a procedure by which the measures are implemented 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"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	<p>It was confirmed that the green projects to be implemented by the issuer is consistent with the issuer's "Hokuriku Electric Power Group 2030 Long-Term Vision" and "Hokuriku Electric Power Group Roadmap toward Achieving Carbon Neutrality". In addition, it was confirmed that the projects were 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 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"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	It was confirmed that the net proceeds related to the proceeds by the Green Bond can be traced by the issuer's internal management system and dedicated ledgers, 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"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	DNV confirmed that the issuer plans to annually review the balance of the Green Bond using the internal management system and dedicated ledgers, etc. described in 3a during the period from the Green 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"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	It was confirmed through the issuer's internal management system, dedicated ledgers 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 verification 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"> • Confirmation of frameworks and other documents • Interviews with stakeholders 	<p>DNV confirmed that the issuer will disclose the annual report of the Green Bond until the proceeds are fully allocated and provide information including the allocation status and environmental benefits from the projects which the proceeds have been allocated. It was confirmed that information on the balance of unallocated amount and the amount of the portion of the proceeds allocated to refinancing would be disclosed. It was confirmed that the environmental benefits will be disclosed for the following indicators within the scope of confidentiality and to the extent practicable.</p> <ul style="list-style-type: none"> -Annual CO₂ emission reduction -Annual power generation (MWh)