

Tohoku Electric Power Co., Inc.

For Green bond eligibility for pre-issuance

DNV GL Verification Report



Jul. 2020 (Rev2.0)

DNV GL Business Assurance Japan K. K.

Table of Contents

Executive Summary	3
I Introduction	5
II Scope and Objectives	5
III Responsibilities of the Management of the Issuer and DNV GL	6
IV Basis of DNV GL's opinion	6
V Work Undertaken	7
VI Findings and DNV GL's opinion	8
Schedule-1. List of green project candidates	13
Schedule-2. Green Bond Eligibility Assessment Protocol	14
Schedule 3 CBS v3.0 requirement/criteria	17

Revision history

Revision number	Issue Date (dd/mm/yyyy)	Remarks
0.1	20/12/2019	Draft verification report for internal review
1.0	23/12/2019	The first revision (published)
2.0	30/7/2020	Sector criteria : Add Solar Energy for verification Schedule1 : update the nominated green project list Schedule3 : update verification standard (CBSv2.1 -> CBSv3.0)

Executive Summary

Tohoku Electric Power Co., Inc. (hereinafter “Tohoku Electric Power” or “Issuer”) plans to issue a green bond to raise funds for projects related to the development, construction, operation and renovation of renewable energy. Based on the contract with Tohoku Electric Power, DNV GL Business Assurance Japan Co., Ltd. (hereinafter “DNV GL”) has conducted verification that the Green Bond Framework revision 1 (hereinafter “Framework”), which is formulated by Tohoku Electric Power, and the planned green bond meet the Climate Bonds Standard V3.0 (hereinafter “CBS”) defined by Climate Bonds Initiative . As a result, based on the limited assurance procedures conducted by DNV GL, nothing has come to our attention that causes us to believe that the green bond is not, in all material respects, in compliance with the requirements of the CBS and the associated sector technical criteria. The following is an overview of the assessment results for the four elements indicated in the Green Bond Principles 2018 (hereinafter referred to as “GBP”) and Green Bond Guidelines 2020 (hereinafter “GBGLs”) which are also the core elements of the CBS:

1. Use of Proceeds:

Framework defines eligible criteria for the use of proceeds as “renewable energy project”. This is in line with the eligible Green Project categories described in the GBP. Specifically, the proceeds are planned to be used for financing (new investment) and refinancing for wind, geothermal, solar PV, hydro, and/or biomass power generation. These projects are expected to have clear environmental benefits and contribute to “The Commitment to a Low Carbon Society”, which is an initiative by electric utilities in the local market, as well as the UN “Sustainable Development Goals”.

2. Process for Project Evaluation and Selection:

Tohoku Electric Power has formulated both the “Tohoku Electric Power Group Environmental policies” and “Medium-Term Environmental Action Plan”. It also has set goals for environmental sustainability. The evaluation and selection of green projects are finalized by the Board of Directors through an appropriate internal determination process at the relevant department of the issuer. Specifically, the department responsible for projects related to renewable energy evaluates and selects green project candidates based on the eligibility criteria, and the accounting and finance department reviews their conformity. These processes are consistent with the GBP.

3. Management of Proceeds:

The net proceeds are managed by the accounting department with the internal accounting system that can track them at any time. The net proceeds are given a unique code of cash management and managed so as not to exceed the total amount of new investment/refinance of the nominated projects and assets. Unallocated proceeds will be managed as cash or cash equivalents in accordance with the Issuer’s internal rules, including internal accounting procedures, until they are fully allocated to the nominated project and assets. These are aligned with the GBP.

4. Reporting:

Tohoku Electric Power plans to report on the status of the bond proceeds allocated in its annual integrated report, until the bond proceeds are fully allocated. This includes the balance of the amount of unallocated proceeds, the allocated amount of the proceeds, and the approximate amount (or percentage of the portion) of proceeds that have been used for refinancing. Tohoku Electric Power also plans to disclose indicators, with respect to environmental benefits, for both the total amount of annual CO₂ emission reductions and the total plant capacity, sorted by sub-category of renewable energies. Tohoku Electric Power discloses its Framework in its website. These are aligned with the GBP.

In addition, Tohoku Electric plans to engage DNV GL for post-issuance verification required in Programmatic certification by CBI, to ensure that the green bonds comply with the key elements of the above-mentioned GBP and GBGLs.

This is an additional information. DNV GL would clarify in the post-issuance verification report about the bond amount, funded amount for green eligible projects and relevant information which has not been determined at the pre-issuance stage.

I Introduction

i. About the Issuer

Tohoku Electric Power Co., Inc. (hereinafter “Tohoku Electric Power” or “Issuer”) is one of Japan's major power companies, which are engaged in power generation, transmission/distribution and retail sales in the local market in Japan. Established in 1951, the Issuer is based in mainly six prefectures within Tohoku region (Aomori, Iwate, Akita, Miyagi, Yamagata, Fukushima) and Niigata prefecture.

Based on the Group Environmental Policy, Tohoku Electric Power develops renewable energy power generation facilities with a total output of 2.0 million kW, mainly in the Tohoku region and Niigata prefecture.

ii. About Green Bond Framework

Tohoku Electric Power has formulated the Green Bond Framework (hereinafter “Framework”) as part of its activities in line with the Group Environmental Policy. Using this framework, the Issuer plans to issue green bonds (hereinafter “BOND”) to raise funds to realize projects that are expected to have environmental benefits. Framework will be disclosed in Tohoku Electric Power’s web site. The funds raised will be allocated to green projects in accordance with the following eligible Green Project categories:

- Renewable energy (including production, transmission, appliances and products)

II Scope and Objectives

The issuer commissioned DNV GL Business Assurance Japan Co., Ltd. (hereinafter “DNV GL” or “we”) to conduct verification for its green bond eligibility for pre-issuance requirements against CBSv2.1 in Dec 2019. For this revision 2.0, the issuer commissioned DNV GL to verify Framework to align with CBI programmatic certification, additional project sector and CBS v3.0 which is the latest criteria by CBI. As an approved verifier, DNV GL's purpose of the revision of pre-issuance verification is to verify that the BOND and the candidates of the green projects are aligned with Climate Bond Standard v3.0 and the following sector eligibility criteria (add Solar energy in this revision 2.0). DNV GL conducts verification considering that CBS is fully aligned with GBP and GBGLs..

- Wind Sector Eligibility Criteria of the Climate Bonds Standard (Version 1.1)
- The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (October 2017)
- Geothermal Energy and the Climate Bond Standard (Version 1.0)
- Climate Bonds Standard & Certification Scheme Sector Criteria for Solar (version 2.1)

In addition to and separate from DNV GL performing a pre-issuance verification on the compliance of the green bond with the CBS and the associated sector eligibility criteria, DNV

GL has conducted a qualitative review of the green bond eligibility to consider their alignment with GBGLs*.

GBGLs : Ministry of Environment Japan revised 2020 version in March 2020 from 2017 version. It additionally includes checklists for conform green bond eligibility

DNV GL holds no other engagements with the Issuer, including its direct shareholders, for which we foresee conflict of interest to carry out the Scope of Work as defined in the agreement agreed with the Issuer. In this paper, 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.

III Responsibilities of the Management of the Issuer and DNV GL

The management of the Issuer has provided the information and data used by DNV GL during the delivery of this review. DNV GL's statement represents an independent opinion and is intended to inform the Management of the Issuer 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 GL is not responsible for any aspect of the candidate projects and assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by the Management of the Issuer and used as a basis for this assessment were not correct or complete.

IV Basis of DNV GL's opinion

To provide as much flexibility as possible for the issuer, DNV GL has applied our green bond assessment methodologies, which incorporates the requirements of the GBP, CBS and GBGLs, to create the Issuer-specific Green Bond Eligibility Assessment Protocol (hereinafter "DNV GL's Protocol"). The DNV GL's Protocol has the capacity for potential application of green bonds under the CBS, GBP and GBGLs (please see Schedule-2 of this report in details).

DNV GL's Protocol includes a set of suitable criteria that can be used to underpin DNV GL'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 DNV GL's 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 high level of 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:

i. Pre-Issuance verification

- Creation of the Issuer-specific DNV GL's Protocol;
- Assessment of evidential documents provided by the Issuer before issuance of the BOND, and supplemental assessment with desk review from a higher perspective;
- Interview with key personnel of the Issuer, and review of the relevant documentation; and
- Reporting of findings against each element of the eligibility criteria

ii. Post-issuance verification (*it is 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 survey and inspection, if necessary;
 - Review of the candidate projects and assets at the time of the post-issuance verification, including updating the list of them in Schedule-1; and
 - Reporting of findings against each element of the eligibility criteria at the post-issuance verification

These have been used as direct sources of evidence for the verification conclusions, and are also further checked, as considered appropriate, through interviews with key personnel.

VI Findings and DNV GL's opinion


DNV GL conducted the verification in accordance with ISAE3000 (Assurance engagements other than audits or review of historical financial information). The verification included: i) checking whether the provisions of the CBS were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV GL's verification approach draws on an understanding of the risks associated with conforming to the CBS and the controls in place to mitigate these. DNV GL planned and performed the verification by obtaining evidence and other information and explanations that DNV GL considers necessary to give limited assurance that the BOND meet the requirements of the CBS. In addition, since the conformity to GBGLs of the BOND can be related to the conformity to CBS, the verification results are summarized in one form as described below. The Findings and DNV GL's opinion are as follows:

1. Use of Proceeds

DNV GL confirmed that the net proceeds are planned to be allocated to projects related to the development, construction, operation and renovation of "renewable energy" such as wind, geothermal, solar PV, hydro, geothermal and/or biomass power generation. We also confirmed that the current green project candidates (not formally nominated yet) include onshore and offshore wind power generation, geothermal power generation and solar PV power generation as both finance and refinance. They are listed in Schedule-1 in this report.

The candidates of onshore and offshore wind power projects, which are all local projects in Japan, are undergoing a wind survey and environmental impact assessment process in accordance with the Environmental Impact Assessment Act in Japan. The current progress of each project is disclosed as appropriate by the project developer and the local government. On the other hand, one candidate of geothermal power project is a CDM registered project,



located in abroad. The Asian Development Bank is one of the lenders and has monitored the project implementation periodically, based on its safeguard policy. No serious concern has been reported so far. The solar energy projects has been confirmed to dedicated electricity generation from solar energy resources without back up electricity generation and combined/hybrid of fossil fuel electricity generation which conform CBS criteria. DNV GL understands that these project activities are aligned with the relevant sector eligibility criteria of CBS as below:

- Wind Sector Eligibility Criteria of the Climate Bonds Standard (Version 1.1)
- The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (October 2017)
- Geothermal Energy and the Climate Bond Standard (Version 1.0)
- Climate Bonds Standard & Certification Scheme Sector Criteria for Solar (version 2.1)

All net proceeds are used for financing (new investment) or refinancing in green projects. These projects are expected to have clear environmental benefits and contribute to “The Commitment to a Low Carbon Society”, which is an initiative by electric utilities in the local market, as well as the UN “Sustainable Development Goals”. All these aspects are considered that the candidate green projects are aligned with one of eligible green project categories specified in the CBS/GBP. The conformity to GBGLs was also confirmed.

2. Process for Project Evaluation and Selection

The Issuer has formulated the “Medium-Term Environmental Action Plan” based on “Tohoku Electric Power Group Environmental policies” and has set goals to be achieved for environmental sustainability. Through the review, DNV GL confirmed that the green project candidates listed in Schedule-1 are aligned with the Issuer's environmental policy.

In addition, the Issuer has defined the whole processes for project evaluation and selection for eligible green projects, in accordance with its business practices using conventional internal controls in the company. Specifically, the division/department responsible for projects related to renewable energy evaluates and selects green project candidates based on the eligibility criteria, and the accounting and finance department reviews their conformity. DNV GL confirmed through verification activities that the evaluation and selection of green projects are finalized by the Board of Directors through an appropriate internal determination process. The issuer takes CBS requirements into consideration seriously when evaluating and selecting projects. Therefore, it was confirmed that these processes are aligned with the CBS/GBP. The conformity to GBGLs was also confirmed.

3. Management of Proceeds

According to the estimated commencement of commercial operation on individual project indicated in the list of investment targets, it is expected that allocation of the net proceeds takes more than 24 months after issuance of the BOND. Therefore, DNV GL has reviewed how the issuer can track and manage allocation of the net proceeds until they are fully allocated. The details are as followings:

- Management of the net proceeds through the BOND is performed in the account "Deposit". Unallocated proceeds are managed as cash or cash equivalents until they are fully allocated to the nominated projects and assets, including a period exceeding 24 months.
- The net proceeds are given a unique code of cash management and managed by the accounting and finance department with the internal accounting system.
- At the stage of allocation, the accounting department confirms whether each notice of investment selected by relevant department matches the eligible project, and the actual expenditure is tracked and managed on the accounting system. The amount of unallocated proceeds is confirmed through itemized statement of asset/liability account at least annually, and managed that the total amount of new investment/refinance of the nominated projects and assets is to be no less than the total amount of the BOND until the allocation is completed.
- The financial records related to cash management are retained for at least ten years in accordance with the document retention period specified in the Issuer's accounting procedures.

As a result, we confirmed that the Issuer's method to manage the total amount of net proceeds is appropriate and it is aligned with the CBS/GBP. The conformity to GBGLs was also confirmed.



4. Reporting

DNV GL confirmed that the

The scope of reporting includes the balance of the amount of unallocated proceeds, the allocated amount of the proceeds, and the approximate amount (or percentage of the portion) of proceeds that have been used for refinancing. The Issuer also plans to disclose indicators, with respect to environmental benefits, as below:

- Total amount of annual CO₂ emission reductions by sub-category of renewable energies (t-CO₂/y)
- The total plant capacity by sub-category of renewable energies (MW)

These are aligned with the CBS/GBP. In addition, the Issuer plans to prepare for post-issuance verification by DNV GL to ensure that the green bonds comply with the key elements of the above-mentioned principles and guidelines. The conformity to GBGLs was also confirmed.

As a result, based on the limited assurance procedures conducted by DNV GL, nothing has come to our attention that causes us to believe that the green bond is not, in all material respects, in compliance with the requirements of the CBS/GBP and the associated sector technical criteria.

DNV GL Business Assurance Japan K.K.

30th July 2020



Mark Robinson
Manager, Sustainability Services
DNV GL – Business Assurance, Australia



Naoki Maeda
Managing Director
DNV GL – Business Assurance Japan K.K.



Masato Kanedome
Project Leader
DNV GL – Business Assurance Japan K.K.

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL 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.

Schedule-1. List of green project candidates

Following projects in the table (Project outline and Remarks, capacity and commercial operation, etc) has been confirmed its eligibility as of July 2020. The issuer will evaluate its conformity and DNV GL will verify in a timely manner if the new green project candidates appears according to the CBI programmatic certification scheme.

No.	Category	Sub category	Project outline and Remarks
1	Renewable energy	Geothermal energy	Project candidate : Capacity : approx. 100MW Commercial operation : FY2020~ Criteria : Currently, one project is listed as a candidate and it is in the process of environmental impact assessment as well as environmental due diligence.
2		Offshore wind energy	Project candidate : Capacity : 155MW~1,000MW/project Commercial operation : FY2023~ Criteria : Currently, several projects are listed as candidates and it is in the process of environmental impact assessment.
3		Onshore wind energy	Project candidate : Capacity : 14MW~174MW/project Commercial operation : FY2020~ Criteria : Currently, several projects are listed as candidates and it is in the process of environmental impact assessment.
4		Solar	Project candidate : Capacity : 51.6MW/project Capacity : FY2021~ Criteria : Currently, several projects are listed as candidates and it is in the process of environmental impact assessment, if required.

* Other sector criteria documents of renewable energy sub categories in the Framework (Hydropower and Biomass energy) are now during public consultation as of July 2020. These projects will be added and verified in the subsequent bond issuance when sector criteria documents are released.

Schedule-2. Green Bond Eligibility Assessment Protocol

GBP-1 Use of proceeds

#	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Green Bond Principles: <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	The BOND falls into the category below: <ul style="list-style-type: none"> • Green Use of Proceeds Bond
1b	Project Categories	The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed through the legal documents related to the BOND that the all the net proceeds are allocated to financing (new investment) or refinancing for projects related to development, construction, operation and renovation of renewable energy.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed that the green project will contribute to reduce CO ₂ emissions, and the environmental benefits are 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"> • Interviews with stakeholders • Document review 	It was confirmed through interview with the personnel of the Issuer that the approximate amount (or percentage of the portion) of the proceeds for refinancing are disclosed through a periodic reporting.

GBP-2 Process for Project Evaluation and Selection

#	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
2a	Investment -decision process	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: <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles; • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental green objectives 	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed through document review and interview with the personnel of the Issuer that processes to determine the eligibility of the project that use the proceeds from the BOND have been clearly described in the framework.
2b	Issuer's environmental governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed through document review and interview with the personnel of the Issuer that the candidate green projects are based on the local regulations of each country and they are in the process of EIA (or have already done) where the environmental aspects are fully considered and publicly available in each assessment stage.

GBP-3 Management of proceeds

#	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
3a	Tracking procedure-1	The net proceeds of Green Bonds 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"> • Interviews with stakeholders • Document review 	It was confirmed through document review and interview with the personnel of the Issuer that the net proceeds can be tracked by the Issuer's accounting system and ensured by confirmation processes in the Issuer's internal accounting standard/procedures.
3b	Tracking procedure-2	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed through document review and interview with the personnel of the Issuer that the Issuer plans to review the balance of the tracked proceeds regularly (at least annually), in order to be reduced by amounts matching eligible green investments.

#	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
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"> • Interviews with stakeholders • Document review 	It was confirmed through document review and interview with the personnel of the Issuer that the balance of the unallocated amount is recognized sequentially through the Issuer's accounting system and confirmation processes based on internal accounting standards/procedures. In addition, it was confirmed that the balance of unallocated proceeds is disclosed through periodical reporting on the allocation of proceeds.

GBP-4 Reporting

#	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including <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 environmentally sustainable impact. 	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed through document review and interview with the personnel of the Issuer that the issuer reports on the BOND annually and disclose the status of the net proceeds as needed until the allocation of proceeds is completed.

Schedule 3 CBS v3.0 requirement/criteria

Summary criteria for assertions of compliance with the CBS v3.0

The criteria against which the relevant projects and assets have been reviewed prior to their inclusion of eligible projects and assets for the BOND are grouped under the requirements as detailed within the CBS v3.0 and associated Sector Technical Criteria. These requirements in Part A ~ Part C broadly include:

Part A: Pre-Issuance Requirements

Scope	Requirements
1. Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets.
2. Process for Evaluation and Selection of Projects & Assets	A decision-making process shall be maintained to determine the continuing eligibility of the nominated projects and assets.
3. Management of Proceeds	The net proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified in an appropriate manner, and documented.
4. Reporting Prior to Issuance	There are specific requirements in respect of reporting on use of proceeds and list of nominated projects and assets, finance/refinance plan, management process of unallocated proceeds, selected criteria, information related to Update report (annual report), and Framework which shall be disclosed.

Part B: Post-Issuance Requirements *this section is not included in this report (pre-issuance verification).

Scope	Requirements
1. Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds and Loans. The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets.
2. Process for Evaluation and Selection of Projects & Assets	A decision-making process shall be maintained to determine the continuing eligibility of the nominated projects and assets.
3. Management of Proceeds	The net proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise



	identified in an appropriate manner, and documented.
4. Reporting	The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding. The Update report shall include amounts allocated, impact reporting of environmental aspects, information of the projects and assets. These information shall be provided to the verifier and to the CBS board to support the assessment of conformance with the CBS.

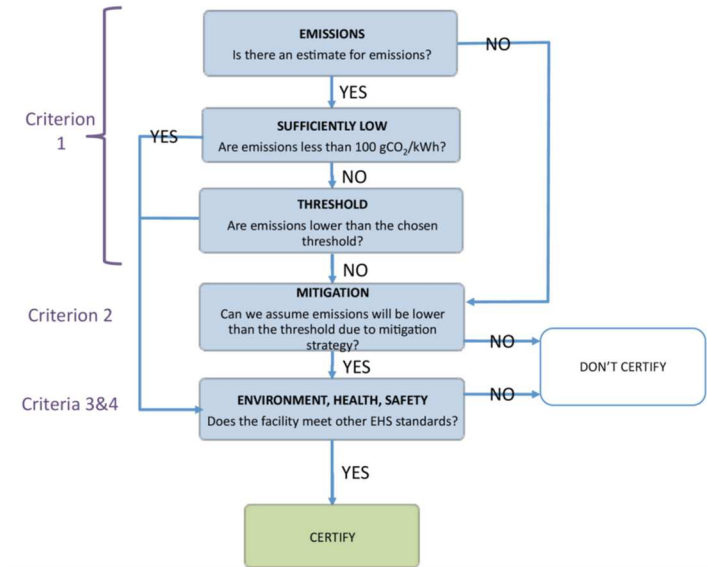
Part C: Eligibility of Projects & Assets

Scope	Requirements / Criteria
9. Climate Bonds Taxonomy	Nominated projects and assets shall fall into one or more of the investment areas listed as included in the Climate Bonds Taxonomy
10. Sector Eligibility Criteria	Nominated Projects & Assets shall meet the specific eligibility requirements provided in the relevant Sector Eligibility Criteria documents. Followings are outline of the sector criteria against the verification
	(1) Onshore wind power <u>Criteria : Projects and Assets meet the criteria below</u> • Onshore wind Assets that operate or are under construction to operate
	(2) Offshore wind power <u>Criteria : Projects and Assets meet the criteria below</u> • Onshore wind Assets that operate or are under construction to operate • Disclosure Component • Mitigation Component • Adaptation and Resilience performance



(3) Geothermal Energy
Criteria : Projects and Assets meet the decision tree structure of the criteria in Figure 1.

Figure 1: Decision tree structure of the criteria



(4) Solar Energy
Criterion 1 : Eligible Project & Assets relating to solar energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities:
Criterion 2 : Non-solar fuel use (Eligible Project & Assets that have activities in solar electricity generation facilities or solar thermal facilities shall have a minimum of 85% of electricity generated from solar energy resources)