



Electric Power Development Co., Ltd. (J-POWER) Green Bond Eligibility for Pre-issuance Second Party Opinion



SECOND PARTY OPINION

ELECTRIC POWER DEVELOPMENT CO., LTD. (J-POWER) GREEN BOND ELIGIBILITY FOR PRE-ISSUANCE

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

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Revision History

Rev. No.	Date of Issue	Remarks
0	December 8, 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

Electric Power Development Co., Ltd. (hereinafter, "J-POWER", "J-POWER Group" or "Issuer") formulated J-POWER "BLUE MISSION 2050" (hereinafter, "BLUE MISSION 2050") in February 2021 for its efforts to realize the a carbon-neutral and hydrogen society to resolve the climate change issues, and has published its action plan and road map for realization of a carbon-neutral by 2050. In addition, J-POWER accelerates the development of the CO₂-free power sources as one of the actions in its mid-term management plan from FY2021 to FY2023, and plans to allocate investment funds to renewable energies on a priority basis to promote new development on a scale of 1,500MW by FY2025, compared to FY 2017.

For the achievement of goals, J-POWER plans to issue Green Bonds for the utilization to the projects related to the development, construction, operation, and renovation of renewable energy.

Based on the agreement with J-POWER, DNV Business Assurance Japan Co., Ltd. (hereinafter, "DNV") evaluated the "J-POWER Green Bond Framework" (hereinafter, "Framework") and the eligibility of the green bond to be issued under the Framework by applying GBP and Green Bond Guidelines (hereinafter, "GBGLs") and referring to the technical standard in Climate Bonds Standards Version 3.0 where applicable. The following is the outline of the assessment results for the four core elements defined in GBP and GBGLs.

1. Use of Proceeds:

The Framework defines eligible criteria for the use of proceeds as "renewable energy", which is in line with the eligible Green Project categories described in GBP and GBGLs. The proceeds from this Green Bond are planned to be funded to the development, construction, operation, renovation of onshore wind power generation, any of or both of new investment in other related expenditures and refinancing. These projects are expected to bring clear environmental benefits and will contribute to the promotion of "J-POWER Group Environmental Vision", "J-POWER Group Corporate Targets " and "Sustainable Development Goals (SDGs)" of the United Nations

2. Process for Project Evaluation and Selection:

The nominated projects of the Green Bond are complied with the development goals related to the renewable energy in "BLUE MISSION 2050" and the mid-term management plan. For the evaluation and selection of the green projects, the department in charge of renewable energy selects the green projects to be nominated, and the finance department confirms the conformity of the projects. These processes are consistent with the CBS, GBP and GBGLs.

3. Management of Proceeds:

DNV confirmed that J-POWER plans to allocate the proceeds for financing (new investment) and refinancing of the eligible projects in a timely manner after the funds are raised. DNV also confirmed that the allocation status will be managed by the finance department per project in accordance with the accounting control procedures of J-POWER. In addition, it has been confirmed that the total amount of eligible projects will be managed using the internal management system and the dedicated ledgers so as not to



be less than the proceeds. The proceeds will be managed as cash or cash equivalents until they are fully allocated. These are aligned with the GBP and GBGLs.

4. Reporting:

J-POWER will disclose the report on the allocation status of the proceeds and the environmental benefits in "J-POWER Group Integrated Report" or its website until the proceeds are fully allocated. The annual reports include the allocated amount, the balance of the unallocated amount and the estimated amount (or percentage) to be allocated as refinancing out of the total amount of proceeds allocated. For the environmental benefits, J-POWER will disclose the installed capacity (MW) for each category of renewable energy to be allocated, the annual CO₂ emission reduction (t-CO₂/y). In addition, J-POWER plans to release the documents related to the Framework and bond issuance on its website, etc. These are aligned with GBP and GBGLs.

From the relevant documents and information provided by J-POWER including its Framework, DNV has confirmed that the Green Bond will meet the relevant criteria and will be properly planned and implemented.

I . Introduction

i. About the Issuer

The J-POWER Group has contributed to the stable supply of electric power nationwide since it was established in 1952 by the government. After the J-POWER Group was privatized in 2004, it has expanded the field of business such as the development of renewable energy and aims for sustainable growth based on “coexistence of energy and the environment”.

ii. ESG Initiatives of the Issuer

The J-POWER Group is advancing its efforts to increase its corporate value from the perspective of environment, social and governance under its corporate philosophy of “We will meet people’s needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world”. For the significant policy related to ESG, such as the sustainability basic policy or the identification of material issues, the J-POWER Group established the structure to make its decision at Board of Directors through the discussion in Executive Committee. The J-POWER Group formulated “BLUE MISSION 2050” in February 2021 as its efforts to realize a carbon-neutral and hydrogen society, and release the action plan and the roadmap to achieve carbon-neutral by 2050. In addition, the J-POWER Group also formulated the mid-term management plan from FY2021 to FY2023 in April 2021, and set forth to accelerate the development of CO₂-free power sources as one of the actions.

iii. About Environmental Initiatives of the J-POWER Group

The J-POWER Group recognizes the climate change and the environmental issues at local communities as significant issues in “J-POWER Group Environmental Vision”, and is aiming for the realization of a carbon-neutral and the coexistence with local communities. In addition, the J-POWER Group sets to expand the renewable energy as the mid-term “Corporate Targets” to be tackled by the whole group of the action programs defined in “J-POWER Group Environmental Vision”. Specifically, J-POWER has set goals for hydroelectric power generation, onshore and offshore wind power generation, and geothermal power generation. Moreover, J-POWER participated in the development of a solar power generation project in the U.S. in 2020, as well as has been working to develop a wide variety of new renewable energy sources. J-POWER plans to allocate investment funds to renewable energies on a priority basis and promote new development on a scale of 1,500MW by FY2025, compared to FY2017. As part of these efforts, J-POWER issued the “1st J-POWER Green Bond” with the use of proceeds for projects related to the renewable energy (wind power generation) in January 2021. Now, J-POWER is planning to issue the 2nd J-POWER Green Bond. The J-POWER Group also conducts the scenario analysis in line with recommendations made by the TCFD (Task Force on Climate-related Financial Disclosure). Details are disclosed to the public in the following and other documents.



Basic Policy on Sustainability

<https://www.jpowers.com/sustainability/concept/policy.html>

Sustainability Promotion Structures

<https://www.jpowers.com/sustainability/concept/system.html>

J-POWER Group Environmental Basic Policy

<https://www.jpowers.com/sustainability/environment/pdf/2021/21-01.pdf>

J-POWER Group Corporate targets (Revised in August 2021)

<https://www.jpowers.com/sustainability/environment/pdf/2021/21-02.pdf>

J-POWER Group Environmental Action Guidelines in FY2021

<https://www.jpowers.com/sustainability/environment/pdf/2021/21-03.pdf>



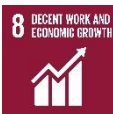



iv. Issuer’s Initiatives for SDGs

J-POWER aims to contribute to the Sustainable Development Goals (SDGs) set by the United Nations with its efforts to the value creation process through the J-POWER Group's business activities. The business activities of J-POWER Group are for the efforts to contribute directly or indirectly to the SDGs shown in the following table*.

The Green Bond issued this time will contribute to the SDGs, particularly Goal 7 and Goal 13 of the following table.

“J-POWER Group Integrated Report 2021”

<https://www.jpowers.co.jp/ir/ann51000.html>

J-POWER Group Initiatives	SDGs		
<p>Social Issues</p> <ul style="list-style-type: none"> • Stable power supply • Energy Security • Building wide-area power networks in Japan • Climate change • Atmospheric pollution and other local environment issues <p style="text-align: center;">↓</p> <p>Business Domain</p> <ul style="list-style-type: none"> • Electric Power Business • Overseas Business • Electric Power Peripheral Business • Other businesses (biomass fuel production, etc.) <p>* Development of technology for zero emission of fossil power sources</p>	Goal 1	No Poverty	
	Goal 7	Affordable and Clean Energy	
	Goal 8	Decent Work and Economic Growth	
	Goal 9	Industry, Innovation and Infrastructure	
	Goal 12	Responsible Consumption and Production	
	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 established by ICMA, which sets out the Green Bond Principles. It would not intend directly related to the funding purposes.



v. About the Green Bond Framework

J-POWER positions the issuance of green bond (hereinafter “BOND”) as financing that contributes to acceleration of the development of CO₂-free power sources, etc. in the medium-term management plan. J-POWER updated "J-POWER Green Bond Framework" along with the revision of GBP in 2021 and the publication of "BLUE MISSION 2050". This Framework is formulated based on widely recognized standards at home and abroad, including GBP and GBGLs. The funds raised by BOND will be allocated to green projects in accordance with the following eligible Green Project categories. Framework will be disclosed in J-POWER’s web site.

- **Renewable energy**

(Onshore wind power generation, expenditures for development, construction, operation, refurbishment and other related projects)

Issuer Name: Electric Power Development Co., Ltd.

Framework Name: J-POWER Green Bond Framework

Name of external review organization: DNV Business Assurance Japan Co., Ltd.

Report date: December 8, 2021



II. Scope and Objectives

J-POWER has commissioned DNV to conduct a pre-issuance assessment of the "J-POWER Green Bond". The objective of the pre-issuance assessment of DNV is to conduct an assessment to confirm that J-POWER 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 J-POWER.

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.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

(2) Role(s) of review provider

- | | |
|--|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input checked="" type="checkbox"/> 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.	Green Bond Principles	International Capital Market Association (ICMA), 2021	Apply
2.	Green Bond Guidelines	Ministry of the Environment Government of Japan, 2020	Apply
3.	Climate Bonds Standard v 3.0 (Sector Criteria: onshore wind power generation 1.2v)	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.

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



III. Responsibilities of the Management of J-POWER and DNV

The management of J-POWER 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 J-POWER 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 J-POWER. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by J-POWER 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 as possible for J-POWER, DNV has adapted our green bond assessment methodology, which incorporates the requirements of GBP and GBGLs, to create J-POWER 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 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 finance 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 annual 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 review of the available information, based on the understanding that this information was provided to us by J-POWER 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 a J-POWER 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 J-POWER on the Bond and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with J-POWER management, and review of relevant documentation and evidence related to the criteria of the Protocol.
- Documentation of findings against each element of the criteria.

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

- Assessment of evidential documents provided by J-POWER after issuance of the BOND, and supplemental assessment by desk review from a higher perspective.
- Interview with key personnel of J-POWER, 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 listed below:

(1) Use of Proceeds

DNV has confirmed that all of the net proceeds from J-POWER Green Bond, excluding expenses, are planned to allocate 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 (onshore wind power generation)"

Specifically, DNV has confirmed that the proceeds will be allocated to the development, construction, operation and renovation of onshore wind power generation of the renewable energy projects. The nominated projects at present are listed in "Schedule-1 Green Bond Nominated Projects". All of the nominated projects were confirmed to meet the applicable CBS sector technical standards (Onshore Wind Power, Version 1.2).

All proceeds will be used for either new investment or refinancing, or both, depending on the status of the projects. These projects are expected to bring clear environmental benefits and contribute to the promotion of the "J-POWER Group Environmental Vision" and "Corporate Goals" as well as the "Sustainable Development Goals (SDGs)" of the United Nations.

Use of Proceeds categories as per GBP

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency (energy saving) |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Green buildings with regional, national or internationally recognized standards and certifications |
| <input type="checkbox"/> Other (please specify): | |
| <input type="checkbox"/> 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. | |



(2) Process for Project Evaluation and Selection

Through the review, DNV found that the two nominated projects (onshore wind power generation) described in Schedule-1 conformed to the goals related to the renewable energy which contributed to CO₂ emission reductions set in "BLUE MISSION 2050" and "J-POWER Group Environmental Vision" of the issuer. For the project evaluation and selection, DNV confirmed that the projects were approved through the proper internal process that the department in charge of renewable energy selects the projects to be nominated, and the finance department confirmed the conformity.

To select the projects, the issuer confirms that the projects are in line with the eligible criteria shown in "Section II Scope and Objectives (3) Applicable or Referenced Criteria", and that they are selected based on compliance with environmental laws, ordinances and regulations including implementation of the environmental impact assessments, as well as its approach to water environment conservation and biodiversity preservation, which contribute to mitigate the environmental and social risks.

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 J-POWER will track and manage the proceeds from bond issuance to redemption period. DNV confirmed that J-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 finance department will manage the proceeds allocation status for each project based on the accounting control procedures of J-POWER. 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 checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |



(4) Reporting

DNV has confirmed that J-POWER 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, J-POWER 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 practicable.

J-POWER plans to disclose the environmental benefits using the following indexes after projects are in commercial operation. The progress of the projects will be disclosed separately from the environmental benefits after the projects being allocated for planning or construction. 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 balance of proceeds
- Allocated amount as refinancing out of total amount allocated for each proceeds

< Environmental Benefits >

- Installed capacity for each category of renewable energy (MW)
- Annual CO₂ emission reduction for each category of renewable energy (t-CO₂/y)



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): Installed capacity of renewable energy sources for which proceeds were allocated (MW)

Frequency:

- Annual
- Semi-annual
- 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
- エネルギー削減量
- Other ESG indicators (please specify): Installed capacity of renewable energy sources for which proceeds were allocated (MW)

Means of Disclosure

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (please specify): J-POWER Group Integrated Report and J-POWER website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review)



Electric Power Development Co., Ltd. (J-POWER) Green Bond Green Bond Eligibility for Pre-issuance Second Party Opinion

Assessment Conclusion

On the basis of the information provided by J-POWER and the work undertaken, it is DNV's opinion that the J-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.

8 December 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

No.	Green Project Category	Green project ¹ Sub Category	Nominated Project ^{*1}	Funded Amount (Plan)	Remarks
1	Renewable Energy	Onshore Wind Power	Kuzumaki No.2 Wind Farm	10.0~20.0 billion JPY ^{*2}	Location: Iwate Pref. Capacity: 44.6MW Commercial Ope: December 2020
2			Kaminokuni No.2		Location: Hokkaido Capacity: 41.5MW Commercial Ope: FY2023

*1: The one or more of projects will be selected from the projects listed in Schedule-1, and the Green Bonds will be allocated to the nominated projects. The type of projects nominated for allocation will be disclosed in the annual report.

*2: The proceeds after deducting expenses will be allocated to eligible projects. The final amount to be allocated depends on the amount raised and may be within or outside the range currently stated.

Schedule-1 Reference Materials Examples of Nominated Projects and Map of J-POWER Wind Power Generation

(Including projects subject to green bond allocation *Not a guarantee of allocation)



Kuzumaki No.2 Wind Farm (Iwate Pref. 44.6MW 2MW×16 units, 2.1MW×6 units)



* Nagasaki-Shikamachi Wind Farm: J-POWER investment ratio 70%

「Wind power project mapping」 Japanese version
https://www.jpowers.co.jp/bs/renewable_energy/wind/map.html

「Date set of Wind Power project」 Japanese version
https://www.jpowers.co.jp/bs/renewable_energy/wind/data.html



Schedule-2. Green Bond Eligibility Assessment Protocol

The following GBP-1 ~ GBP-4 are DNV's Green Bond Eligibility Assessment Protocol created for J-POWER based on the requirements of Green Bond (GBP).

The confirmed documents in the Work Undertaken includes internal documents of the issuer and are provided by the issuer as evidence of eligibility judgement for DNV.

GBP-1 Use of proceeds

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV 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 • Other 	<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 document, etc. that the all the net proceeds would be allocated to financing (new investment) or refinancing for projects related to construction/installation, operation and maintenance for 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 would contribute to CO ₂ emission reduction, and that the environmental benefits are quantitatively evaluated as the amount of CO ₂ emission reduction and reported annually.

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV Findings
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	The issuer plans to use the proceeds for either or both of new investment and refinancing. It was confirmed that issuer planned to clarify the approximate amount (or percentage of the portion) of the proceeds for refinancing through the annual report.

GBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV 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 	DNV confirmed through the document review and the interview with the personnel of the Issuer that the internal processes to determine the eligibility of the project that use the proceeds from the BOND were 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 that the green projects implemented by the Issuer are in line with the issuer’s management philosophy, medium- to long-term management plan, and environmental policy, and when the projects are implemented, compliance with environment-related laws, ordinances and regulations, consideration for the surrounding environment, etc. were considered. In addition, DNV confirmed that the green projects brought the clear environmental benefits



Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV Findings
				such as CO ₂ reduction, through the review of documents such as the Framework and the interview with the personnel of the Issuer.

GBP-3 Management of proceeds

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV 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 could be tracked by the Issuer's accounting regulation and internal accounting system. In addition, DNV verified the system practically used and the related documents, and confirmed that the management status of the proceeds was proved based on this.
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 	DNV confirmed through document review and interview with the personnel of the Issuer that the Issuer planned to review the balance of green bonds on a regular basis (at least quarterly) during the period from bond issuance to redemption of green bonds.
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 	DNV has confirmed through document review and interview with the personnel of the Issuer that the balance of unallocated amount was sequentially recognized by the confirmation process through the issuer's internal



Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV Findings
				management system, etc. DNV also confirmed through the Framework and the evaluation that the balance of unallocated proceeds was managed in cash or cash equivalents. In addition, it was confirmed that the balance of unallocated proceeds would be disclosed through update report (annual reporting).

GBP-4 Reporting

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV 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 - 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 	DNV confirmed through document review and interview with the personnel of the Issuer that the Issuer would report the BOND annually (update report) and disclose the allocation status of the proceeds and information on the eligible projects which the proceeds were allocated and the environmental benefits, until the proceeds were fully allocated. For the balance and the refinanced part of the unallocated proceeds, DNV confirmed that the Issuer would disclose the estimated (or percentage). DNV also confirmed that the Issuer would disclose the environmental benefits with any of or all of the following



Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV Findings
				indexes, within considering its confidentiality and to the extent of reasonably practicable. <ul style="list-style-type: none">•Installed capacity for each category of renewable energy (MW)•Annual CO₂ emission reduction for each category of renewable energy (t-CO₂/y)