SECOND PARTY OPINION

KYUSHU ELECTRIC POWER CO., INC.

SUSTAINABLE FINANCE FRAMEWORK

(GREEN FINANCE, TRANSITION FINANCE AND TRANSITION LINK FINANCE)

Prepared by: DNV Business Assurance Japan K.K.

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Contents

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0	April 27, 2022	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

Kyushu Electric Group consists of Kyushu Electric Power Co., Inc. (hereinafter, “Kyushu Electric Power”), 67 subsidiaries and 46 affiliates as of March, 2022, and is engaged in “Power and Retail business”, “Transmission and Distribution business”, “Other energy services businesses”, “ICT services business” and “Other businesses”. Kyushu Electric Power formulated the Green Bond Framework in April 2021, and issued its Green Bonds for the first time in June 2021. Kyushu Electric Power will revise the Green Bond Framework to the Sustainability Finance Framework due to the progress of the various systems and policies related to the carbon neutrality strategy and the sustainable finance in the Kyushu Electric Power Group. Moreover, Kyushu Electric Power enhances the power to send a message of Kyushu Electric Power’s strategy by interlocking and expanding with the finance and aims to expand the foundation of the sustainable finance.

To promote these initiatives, Kyushu Electric Power has set the ambitious targets for its activities that far exceed the greenhouse gas (GHG) reduction targets set forth in the Basic Energy Plan formulated by the Agency for Natural Resources and Energy. Kyushu Electric Power has set this ambitious goal as its mid- to long-term management targets (environmental target), and as the industry's top runner in low-carbon and decarbonization, has set the " Kyuden Group Carbon Neutral Vision 2050" to realize carbon neutrality. Kyushu Electric Power will allocate the funds raised through the Sustainable Finance to the initiatives for the realization of carbon neutrality in order to realize the carbon neutrality and become a corporate group that leads decarbonization in Japan from Kyushu.

Kyushu Electric Power has established the Kyushu Electric Power Sustainable Finance Framework in order to implement the sustainable finance in a manner that conforms to the framework internationally defined.

The Kyushu Electric Power Sustainable Finance Framework (hereinafter, "Framework") is structured as a comprehensive framework that includes the following elements required for the execution of financing.

- Green Finance (Green Bond and Loan)
- Transition Finance (Transition bond and Loan with specific use of proceeds / general corporate purpose)

DNV Business Assurance Japan K.K. (hereinafter, "DNV"), as an external reviewer, has evaluated the eligibility of the framework.

Specifically, DNV provided an eligibility assessment for the Framework by applying the Frameworks centered on the following:

- Climate Transition Finance Handbook (CTFH) International Capital Market Association (ICMA), 2020
- Basic Guidelines on Climate Transition Finance (CTFBG) Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021
- Green Bond Principles (GBP) International Capital Market Association (ICMA), 2021
- Green Bond Guidelines (GBGLs) Ministry of the Environment, 2020

- Green Loan Principles (GLP) Loan Market Association (LMA) and others, 2021
- Green Loan Guidelines (GLGLs) Ministry of the Environment, 2020
- Sustainability Linked Loan Principles (SLLP) Loan Market Association (LMA) and others, 2021
- Sustainability Linked Bond Principles (SLBP) International Capital Market Association (ICMA), 2020
- Sustainability Linked Loan Guidelines (SLLGLs) Ministry of the Environment, 2020

The following is a summary of the assessment results for each common element indicated in the above framework.

< CTF Eligibility Assessment Results >

DNV confirmed the following through the materials and information provided by Kyushu Electric Power. Followings (CTF-1 ~ CTF-4) are findings and opinions of DNV against the four common elements of the CTFH and CTFBG (disclosure elements):

CTF-1. Issuer's Climate Transition Strategy and Governance:

The Transition Strategy of the Kyushu Electric Power, as a fundraiser, is consistent with or exceeds the goals set forth by "the sixth Strategic Energy Plan" and "Electric Power Sector Transition Roadmap". The planned transition strategies will be reviewed in accordance with social trends and changes in the business environment, and the internal system has been established and the information disclosure process based on the TCFD*1 has been created as governance and disclosure related to implementation. These are disclosed in the Framework and other documents and meet the disclosure elements of CTF-1.

*1: Task Force on Climate-related Financial Disclosures

CTF-2. Business model environmental materiality:

For the environmental materiality, Kyushu Electric Power's business model makes the efforts to close the gap between "Kyuden Group Management Vision 2030" and the current situation toward the achievement of the "Kyuden Group Carbon Neutral Vision 2050" and to take an initiative on the climate change. In Kyushu Electric Power's transition strategy, the Kyuden Group's management strategy and the efforts for the ESG (Environmental, Social, and Governance) are inseparable, and the "Kyuden Group Carbon Neutral Vision 2050" and "Action Plan" (Kyuden Group Action Plan to Achieve Carbon Neutrality) show specific initiatives, while the contribution to the SDGs, described below, is also considered. These are disclosed in the Framework and other documents, and meet the disclosure elements of CTF-2.

CTF-3. Climate transition strategy to be 'science-based' including targets and pathways:

Kyushu Electric Power's transition strategy is defined by science-based targets and pathways. Specifically, the medium- to long-term targets are indexed and quantified and the achievement process toward the goals is clarified, based on the goals set in "the sixth Strategic Energy Plan" formulated by Agency for Natural Resources and Energy, described in

CTF-1, and the targets and the pathways defined by "Electric Power Sector Transition Roadmap". These are disclosed in the framework or through a second party opinion, and meet the disclosure elements of CTF-3.

CTF-4. Implementation transparency:

Kyushu Electric Power has shown a basic investment plan, including investment amounts, for the execution of the transition strategy and an overview of the results and impact of the execution. For the future overall and individual investment plans, it was confirmed that the investment required for implementation of the transition strategy would be executed in accordance with the internal management system and the process, considering CTF-1～CTF-3. These are disclosed in the Framework or through this Second Party Opinion and meet the disclosure elements of CTF-4.

<GBP/GLP Eligibility assessment results >

DNV confirmed the following through the documents and the information provided by Kyushu Electric Power. GBP/GLP-1～GBP/GLP-4 shown below are DNV's findings and opinion for four common elements (including *GBLGs、GLGLs) of GBP and GLP. (GBLGs is included.)

GBP/GLP-1. Use of Proceeds:

Kyushu Electric Power defines the Eligible Criteria for the use of proceeds as projects (green/transition projects) that directly or indirectly contribute to the realization of transition strategies and goals. Specifically, the Eligible Criteria are presented in the Eligible Project Categories identified and categorized in Table-1, and the proceeds will be allocated to the research and development, the business development, the construction, the operation, the renovation or the other one or more of projects as financing to new expenditures or refinancing to existing expenditures. DNV confirmed that these projects were consistent with the elements of CTF-1 through CTF-4. The projects have been evaluated by Kyushu Electric Power as providing clear environmental benefits to the transition strategy and are expected to make direct and indirect contributions to the SDGs. These processes are consistent with GBP-1.

Table-1 Kyushu Electric Power Green/Transition Finance Eligible Criteria and Project outline

(See text for details)

Eligible Criteria		Project*1*2		
		Project Overview	Green	Transition
Low-carbonization and Decarbonization	Renewable Energy	Investment for development, construction, operation, and renovation of geothermal, hydroelectric, solar, wind and biomass facilities	○	○
		Investment for the development of batteries and pumped storage hydro power, and the establishment of integrated control technology	○	○

of power sources		for distributed energy resources, and the development of aggregation business		
	Nuclear Power Generation *3	Investments to ensure continued safe and stable operation of existing nuclear power plants	(○)	○
	Thermal Power Generation	Investments for decommissioning and shut down of inefficient thermal power plants		○
		Investment for the construction of new high-efficiency thermal power plants		○
		Investment for R&D and installation of facilities for co-firing of hydrogen, ammonia, biomass, etc. and CO_2 capture, utilization and storage technologies (CCUS)		○
		Investment for building a supply chain for carbon-free fuels (hydrogen and ammonia)	○	○
	Power transmission and distribution network	Investment for the development and enhancement of interconnection lines and backbone systems that contribute to the expansion of renewable energy, etc.	○	○
Promotion of Electrification		Investment for advanced supply-demand operation and grid stabilization technologies to improve network utilization	○	○
	Increasing electrification rate in Kyushu	Investments and expenditures for sales promotion of products and services that contribute to increasing the electrification rate, such as all-electrification and heat pumps, as well as investments for the introduction of EV (company-owned vehicles) and EV-related businesses	○	○
	Promotion of carbon neutrality in the region	Investments for various initiatives to promote carbon neutrality in the region, including the cost of maintaining company-owned forests and purchasing carbon credits (J-credits)	○	○
SDGs related items				

*1 Projects that have been qualified the eligibility as green projects can be incorporated as green projects when executing the green finance in the future. In addition, Green projects are permitted in CTFBG to be included as a part of those when implementing the transition finance.

*2 Some projects that are currently classified as transition projects may become green projects due to the application of future technological innovations. (e.g., application of green fuel/manufacturing processes, achieving performance that meets CO2 emission standards as a green project, etc.) Eligible Criteria with the mark "○" listed for both Green and Transition are classified as either or both depending on the individual project.

*3 Regarding nuclear power generation, eligibility criteria are being considered in various standards and roadmaps. Domestic and international trends, etc. will be closely monitored, and consider including this as a future use of proceeds.

GBP/GLP-2. Process for Project Evaluation and Selection:

Kyushu Electric Power will confirm that the projects are consistent with the eligible criteria of GBP/GLP-1 and meet the required standards as Green or Transition projects, and include the clear environmental benefits. In addition, Kyushu Electric Power will also ensure that the projects potentially give consideration to the negative impacts to

environment and society, and with the proper procedure for the equipment accreditation, approval and license and environmental assessment in the local communities where the projects are operated. Specifically, the accounting department selects the nominated projects based on the eligible criteria, the accounting department and the relevant internal departments hold discussions, and the final decision is made by the executive officer in the accounting department. These processes are consistent with GBP/GLP-2.

GBP/GLP-3. Management of Proceeds:

The accounting department manages all amounts of proceeds and allocation for each projects using the internal system and the ledger sheet, and the total amount of proceeds for the eligible projects that they are not be less than the proceeds through the Sustainability Finance using the management table. The proceeds are managed in cash or cash equivalents equal to the amount of unallocated proceeds until allocation.

GBP/GLP-4. Reporting:

Kyushu Electric Power plans to report the status of allocation of the proceeds in the Integrated Report or on the Kyushu Electric Power website until the full amount of the proceeds are allocated. The report includes the balance of unallocated proceeds, the amount allocated, and the estimated amount (or percentage) of the proceeds allocated for refinancing. Kyushu Electric Power will disclose, to the extent practicable, the projects overview and the environmental benefits of the projects to be allocated. Any significant changes in transition strategies or pathways, allocation plans, or actual results will be reported in a timely manner or in the reporting.

<SLBP/SLLP Eligibility Assessment Results >

DNV confirmed the following through the materials and information provided by Kyushu Electric Power. Followings (SLBP/SLLP-1～SLBP/SLLP-5) are findings and opinions of DNV against the five requirements of the SLBP/SLLP (and SLLGLs).

SLBP/SLLP-1. Selection of Key Performance Indicators (KPIs):

The three KPIs (supply-chain GHG emissions, supply-chain GHG emissions (domestic business) and amount of renewable energy to be developed) for the environmental sustainability (transitions) defined by Kyushu Electric Power shown in Table-2 are important indicators in its comprehensive transition strategy toward "Achieving Carbon Neutrality" and "Low-carbonization and decarbonization of power sources" as an energy provider. The selection of KPIs is based on a rational process, and the KPIs are clearly defined, measurable and verifiable, and has robust and reliable in accordance with SLBP/SLLP.

SLBP/SLLP-2. Calibration of Sustainability Performance Targets (SPTs):

Kyushu Electric Power's SPT (Supply-Chain GHG emission reduction and Amount of renewable energy to be developed) shown in Table-2 is meaningful and closely related to Kyushu Electric Power's sustainability (transitions) and business strategy required as an

energy provider, and follows a pre-set timeline to show significant improvements. The SPTs shown in Table-2 consist of three items: supply-chain GHG emissions, supply-chain GHG emissions (domestic business), and the amount of renewable energy to be developed (installed capacity). Each SPT is defined as an ambitious target benchmarked against the GHG emissions targets set by the Agency for Natural Resources and Energy and the ratio of non-fossil power sources in the power supply mix and the related Kyushu Electric Power's most recent performance level (amount of renewable energy to be developed). DNV has confirmed through its review that Kyushu Electric Power's plans are feasible for achieving the SPT in 2030.

SLBP/SLLP-3. Finance Characteristics:

The financial characteristics of Transition-Linked Financing under the Framework are affected by the performance of KPIs defined by the SPT. This impact is linked to changes in the bond issue rate, loan interest rate, or other financial incentives (e.g., donations to environmental conservation organizations, etc.), and, is established, in formal documentation related to bond and loan, as the finance is executed by a specific trigger event (SPT achievement status) at a defined period/due date under the framework.

SLBP/SLLP-4. Reporting:

The information required by the SLBP/SLLP will be included in the reporting, and the framework stipulates that the reports will be published with appropriate frequency.

SLBP/SLLP-5. Verification:

Kyushu Electric Power plans to have its KPI-related data independently verified annually by an external evaluation organization.

Table-2 Kyushu Electric Power Transition Linked Finance KPIs and SPTs

(One or more of the following KPIs and SPTs are selected for particular Transition-linked Finance)

KPI s	SPTs
KPI 1: Supply-chain GHG emissions (Scope 1+2+3)	SPT 1: 60% reduction by 2030 (compared to FY2013)
KPI 2: Supply-chain GHG emissions (domestic business) (Scope 1+2+3)	SPT 2: 65% reduction by 2030 (compared to FY2013)
KPI 3: Amount of renewable energy to be developed(installed capacity)	SPT 3: 5 million kW by 2030 (domestic and overseas)
Explanation of KPIs	**Explanation of SPTs**
KPIs include the items that are closely related to Kyushu Electric Power's materiality. KPI 1 and KPI2: Supply-chain GHG emissions It is a core KPI for the "Low-carbonization and decarbonization of power sources" on the supply side of Kyushu Electric Power, and can be measured quantitatively and continuously based on the GHG Protocol. KPI 3: Amount of renewable energy to be developed It is a key KPI that contributes to the supply chain GHG emissions reduction by directly linking to " Low-carbonization and decarbonization of power sources."	Each SPT refers to the target values in the Action Plan and is linked to the value with Kyushu Electric Power's transition strategy. SPT 1 and SPT 2: Supply-chain GHG emissions Kyushu Electric Power's supply-chain GHG emission reduction target is ambitious that far exceeds Japan's reduction target of 46% by FY2030. SPT 3: Amount of renewable energy to be developed The development of renewable energy is the effort to the transition closely related to SPT 1 and SPT 2. SPT 3 (5 million kW by 2030) is drastically increased compared to Kyushu Electric Power's past three-year results (FY 2019: approx. 2.2 million kW, FY 2020: approx. 2.3 million kW, FY 2021: approx. 2.5 million kW); and, the development should be accelerated and expanded more than the past results. This is the ambitious goal that exceeds "Business As Usual", quantitatively set based on recent performance levels as required by the Linked Finance. SPTs to be a trigger event may be set by the actual results in the base year of 2013 or 2019 and the linear interpolation of targets up to 2030, or individually set when the detailed plans are developed in the future.

On the basis of the information, including Framework, provided by Kyushu Electric Power and the work undertaken, DNV confirmed that the Sustainability Finance (Green Finance which includes Green Bond and Loan, and the Transition Finance (Transition Bond and Loan with specific use of proceeds / general corporate purpose)) executed by the Framework formulated by Kyushu Electric Power and this Framework meets the criteria required by the relevant frameworks within CTFH/CTFBG, GBP/GLP/GBGLs and SLBP/SLLP/SLLGLs, and is eligible.

I . Introduction

i. About the Issuer

The Kyuden Group consists of Kyushu Electric Power Co., Inc. (hereinafter, "Kyushu Electric Power"), 67 subsidiaries and 46 affiliates as of March 2022, and is engaged in "Power and Retail business," "Transmission and Distribution business," "Other energy services business," "ICT services business" and "Other businesses.

ii. Issuer's Initiatives for ESG/SDGs

Kyushu Electric Power has set the President as the chairman and established “Sustainability Promotion Committee” which was the conference system to be supervised by the Board of Directors in July 2021 in order to enhance the efforts to overall ESG (Environmental, Social and Governance) issues such as the realization of “Kyuden Group Carbon Neutral Vision 2050”. In addition, Kyushu Electric Power has assigned a director in charge of ESG (Environment, Society, and Governance) who was responsible for governing and promoting overall efforts in each sector of ESG, and newly established the department dedicated to ESG promotion within the Corporate Strategy Division to develop the promotion system for implementation of sustainability management. (see Figure below)

■Sustainability Promotion Committee

Structure	Chairperson: President Vice-chairperson: Director in charge of ESG Committee members: External directors, executive directors of relevant divisions, etc.	Frequency Twice yearly in principle, and additionally as necessary

■Carbon Neutrality and Environment Sub-Committee

Structure	Chairperson: Director in charge of ESG Vice-chairperson: Executive Director of Corporate Strategy Division and Executive Director of the District Symbiosis Division Committee members: Directors of relevant divisions, etc.	Frequency Twice yearly in principle, and additionally as necessary

As a corporate group that creates the future from Kyushu, the Kyuden Group has been creating both "Social value" and "Economic value" through its business, and promoting the sustainability management that aims to contribute to a sustainable society and increase the corporate value of the Kyuden Group.

Accordingly, the Kyuden Group aims to contribute to the achievement of SDGs, which is the Sustainable Development Goals, set by United Nations, by specifying the materiality and tackling to resolve the major issues linked to each materiality.

Of these, the materiality to which Transition Finance is primarily concerned is "Leading the way toward a decarbonized society".

Materiality (Ideal state)	Key issue	Related SDGs
Leading the way toward a decarbonized society (Achieve carbon negativity by 2050)	Decarbonize/lower the carbon intensity of electricity sources (by positioning renewable energy as a main power source, operating nuclear power in a safe and stable manner, supplying energy overseas)	
	Promote electrification	
	Promote energy saving	
	Reduce the environmental impact	
	Provide recommendations and participate in energy policies	
Implementing continuous improvements in energy services (Contribute to a sustainable and comfortable future for our customers)	Stable supply of electricity	
	Affordable energy	
	Provide solutions based around energy services	
Co-creating a smart and vibrant society (Together with the Kyushu region, promote transformation in society and manufacturing)	Promote digital transformation (the realization of a smart society)	
	Regional vitalization (regional and local development)	
	Create safe, secure, and comfortable spaces to live	
Promoting growth, success and diversity of human capital (Foster an environment that allows diverse talent to flourish and encourages constant innovation)	Respect human rights	
	Promote diversity and inclusion	
	Employee retention and development of human resources	
	Prioritize safety and health	
	Promote innovation	
Strengthening Governance (Establish good governance practices to support our growth)	Improve effectiveness of corporate governance	
	Strengthen risk management system	
	Thorough compliance	
	Strengthen supply chain management	
	Thorough information security	
	Enhancement of stakeholder engagement (building trust with our stakeholders)	
	Improvement and strengthening of financial position	

Figure-1 Key issues for sustainable value creation and achievement items of main SDGs

iii. Issuer's Environmental Initiatives

Kyushu Electric Power has been addressing to promote the low-carbonization of power source and the electrification by utilizing the renewable energy and the nuclear power toward the realization of the low-carbon and sustainable society under "Kyuden Group Management Vision 2030" formulated in June 2019 as the Kyuden Group.

Furthermore, Kyushu Electric Power formulated the "Kyuden Group Carbon Neutral Vision 2050" in April 2021, and declared its commitment to the challenge of achieving carbon neutrality.

Moreover, Kyushu Electric Power clarified the goals toward 2050 for which the Kyuden Group aims and revised its management targets (environmental targets) upward for 2030 by backcasting and formulated “Action Plan” in November 2021 including the specific action plan for the achievement of these targets, in order to contribute greatly to the realization of carbon neutral society as the industry's top runner in low-carbon and decarbonization.

Through these plans, the Kyuden Group will continue to take on the challenge of "Low-carbonization and decarbonation of power sources" and "Promotion of electrification" for decarbonization of both energy supply and demand, and aims to become a corporate group that leads the decarbonization of Japan from Kyushu.

Table-3 Kyushu Electric Power Participation in External Initiatives and Efforts

External Initiatives		Kyushu Electric Power's Efforts
Sustainable Development Goals (SDGs)	SUSTAINABLE DEVELOPMENT GOALS	Kyushu Electric Power has identified materiality in April 2022 as a key management issue, and has been addressing to realize its management vision after clarifying the relationship with the SDGs.
Task Force on Climate-related Financial Disclosures (TCFD)	TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	The Kyuden Group positioned the climate change response as a key management issue in June 2019. The Kyuden Group utilizes the TCFD recommendations for risk and opportunity analysis and will fulfill its accountability to stakeholders by enhancing information disclosure in line with the framework of the TCFD recommendations.
Challenge Zero	Challenge Zero	“Challenge Zero” is an initiative set forth by Keidanren (Japan Business Federation) towards a “decarbonized society” in the Paris Agreement. The participating companies and organizations declare to take on challenges towards a decarbonized society and their specific actions. Kyushu Electric Power registered the following three challenges: - Development of large-capacity charging/discharging equipment for heavy-duty vehicles - Verification of a system to reuse lithium-ion batteries used for primary use in electric vehicles for large-scale stationary storage battery systems - Development of new biomass-mixed fuel

iv. About the Sustainable Finance Framework

Kyushu Electric Power conducts its activities with the ambitious targets against the GHG emission reduction in line with the GHG emission reduction targets shown in “the 6th Strategic Energy Plan” and “Electric Power Sector Transition Roadmap” formulated by Agency for Natural Resources and Energy in order to proceed “Kyuden Group Carbon Neutral Vision 2050” and “Action Plan”.
Kyushu Electric Power will raise the funds required to achieve this ambitious GHG emission reduction target and transition activities as sustainable finance. In addition, Kyushu Electric Power will enhance the power to send a message of Kyushu Electric Power’s strategy by interlocking and expanding with the finance and aims to expand the foundation of the sustainable finance.
Kyushu Electric Power has established the Kyushu Electric Power Sustainable Finance Framework (hereinafter, "Framework") to implement the sustainable finance in a manner that conforms to the frameworks internationally defined.
The framework to which this framework specifically refers is described in Section II (3) below.

v. Issuer’s Transition Strategy for decarbonization

(1) Strategies by Sector (Industry) at the international/national/regional Level

Figure-2 shows the scenario for decarbonization in the electric power sector set forth in “Electric Power Sector Transition Roadmap” developed by the Agency for Natural Resources and Energy.

Agency for Natural Resources and Energy respectively formulated “the 6th Strategic Energy Plan” in October 2021 and “Electric Power Sector Transition Roadmap” in February 2022, which consist of the achievement of the carbon neutrality by 2050, and the efforts by 2030 with a view to 2050. The electric power sector focuses on the emission reduction utilizing various technologies, such as introduction and expansion of non-fossil energy through electrification/hydrogenation based on the decarbonization at supply side, efforts to position renewable energy as a main power source, how to treat nuclear power and thermal power generation and enhancement/ sophistication of transmission and distribution network.

As an indicator for the short- to medium-term goal, Japanese government sets 46% of greenhouse gas emission reduction by 2030, and will aim for 50% of reduction (compared to 2013) as more ambitious target. In addition, for a long-term goal, Japanese government aims to achieve the carbon neutrality by 2050.

Kyushu Electric Power will continue to take on the challenge of "Low-carbonization and decarbonation of power sources" and "Promotion of electrification" to decarbonize both energy supply and demand in accordance with the policies of the Agency for Natural Resources and Energy, and aims to become a corporate group that leads the decarbonization of Japan from Kyushu.

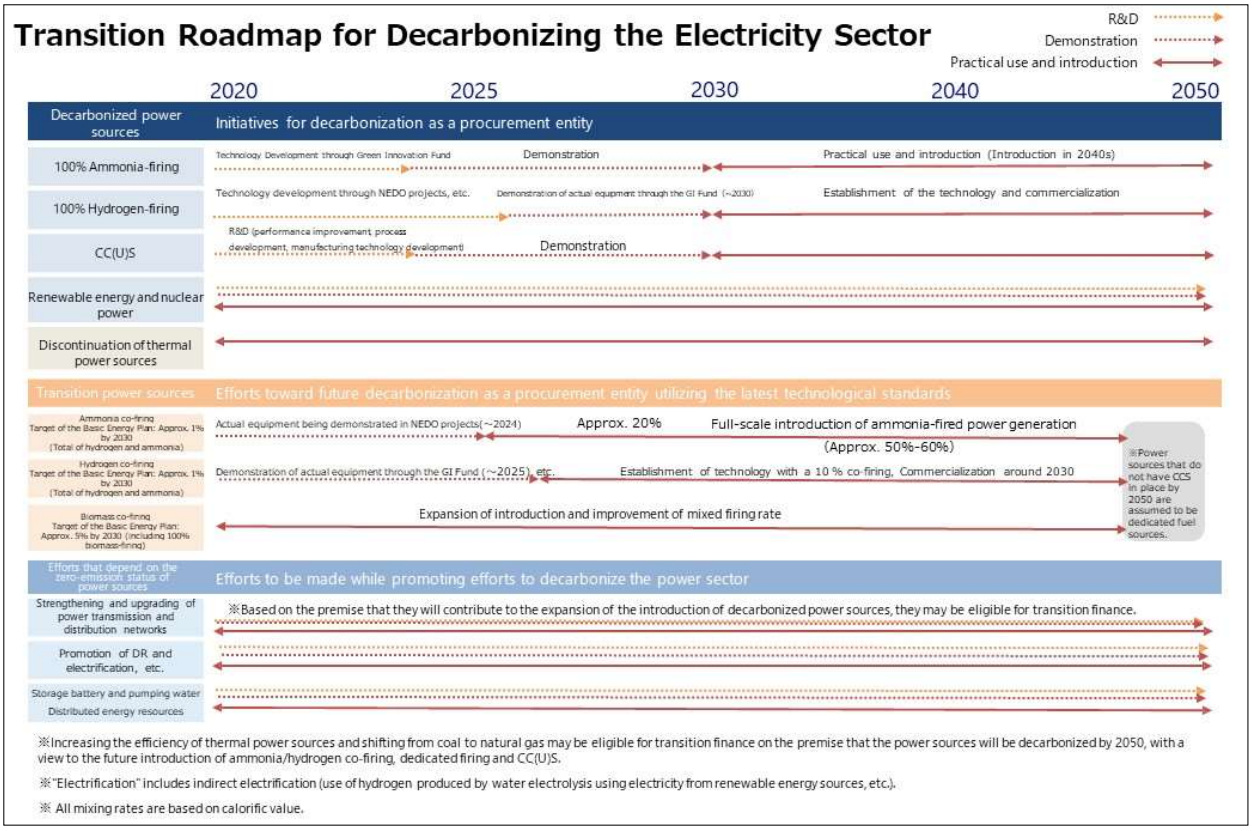


Figure-2 Electric Power Sector Transition Roadmap for decarbonization
(Electric Power Sector Transition Roadmap, Agency for Natural Resources and Energy, February 2022)

		(FY2019 ⇒ previous energy mix)		Energy mix in FY2030 (ambitious outlook)	
Energy efficiency improvement		(16.55 million kl ⇒ 50.30 million kl)		**62 million kl**	
Final energy consumption (without energy conservation)		(350 million kl ⇒ 377 million kl)		350 million kl	
Power generation mix	**Renewable energy**	(18% ⇒ 22-24%)	solar 6.7% ⇒ 7.0% wind 0.7% ⇒ 1.7% geothermal 0.3% ⇒ 1.0~1.1% hydropower 7.8% ⇒ 8.8~9.2% biomass 2.6% ⇒ 3.7~4.6%	**36-38%** **※If progress is made in utilization and implementation of R&D of renewable energy currently underway, 38% or higher will be aimed at.**	
Electricity generated: 1,065 TWh ⇒ Approx. 934 TWh	**Hydrogen/Ammonia**	(0% ⇒ 0%)		**1%**	
	Nuclear	(6% ⇒ 20-22%)		**20-22%**	(details of renewable) solar 14~16% wind 5% geothermal 1% hydropower 11% biomass 5%
	LNG	(37% ⇒ 27%)		**20%**	
	Coal	(32% ⇒ 26%)		**19%**	
	Oil, etc.	(7% ⇒ 3%)		**2%**	
(+ non-energy related gases/sinks)					
GHG reduction rate		(14% ⇒ 26%)		**46%** **Continuing strenuous efforts in its challenge to meet the lofty goal of cutting its emission by 50%**	

Figure-3 6th Strategic Energy Plan, Key Points of the Energy Supply-Demand Outlook for FY2030 (1)
(Electric Power Sector Transition Roadmap, Agency for Natural Resources and Energy, February 2022)

(2) Transition strategies of the Issuer

Kyushu Electric Power has positioned its transition strategy as activities to contribute to greenhouse gas emission reduction targets consistent with “the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy, and to realize "Kyuden Group Carbon Neutral Vision 2050" set by Kyushu Electric Power.

Table- 4 shows Kyushu Electric Power's long-term and medium-term goals, and Figure- 4 shows Kyushu Electric Power's roadmap toward the carbon neutrality by 2050. Kyushu Electric Power has been working to achieve virtually zero supply-chain GHG emissions (Scope 1+2+3) and "carbon negativity" by 2050 at Kyushu Electric Power and its entire supply chain. Kyushu Electric Power aims to reduce 60% of supply-chain GHG emissions (Scope 1+2+3), compared to FY2013, by 2030. In accordance with the Kyushu Electric Power’s strategy that 65% emission reduction of GHG in domestic operations, it has been confirmed that Kyushu Electric Power would tackle to exceed the greenhouse gas emission reduction targets that set in “the 6th Strategic Energy Plan” formulated by Agency for Natural Resources and Energy, and address to proceed its efforts to "carbon negativity" which exceeds the carbon-neutral.

In addition, Kyushu Electric Power has made the specific action plan towards 2030 to realize the " Kyuden Group Carbon Neutral Vision 2050". (Table-5 Action plan towards 2030 to achieve the 2030 management goals)

Table-4 Long-term and medium-term goals based on the Action Plan

2050	◆ Supply-chain GHG emissions (Scope 1+2+3) virtually zero ◆ Realization of "carbon negativity" ※ as early as possible before 2050 ◆ Electrification rate in Kyushu: 100% in household sector, 100% in commercial sector
2030	◆ Supply-chain GHG emissions (Scope 1+2+3): 60% reduction (compared to FY2013) Of these, Emissions from domestic business: 65% reduction (compared to FY2013) ◆ Contribution to GHG emissions reduction for society: 7 million tons ◆ Amount of renewable energy to be developed 5 million kW (Japan and overseas) ◆ Electrification rate in Kyushu: 70% in household sector, 60% in commercial sector

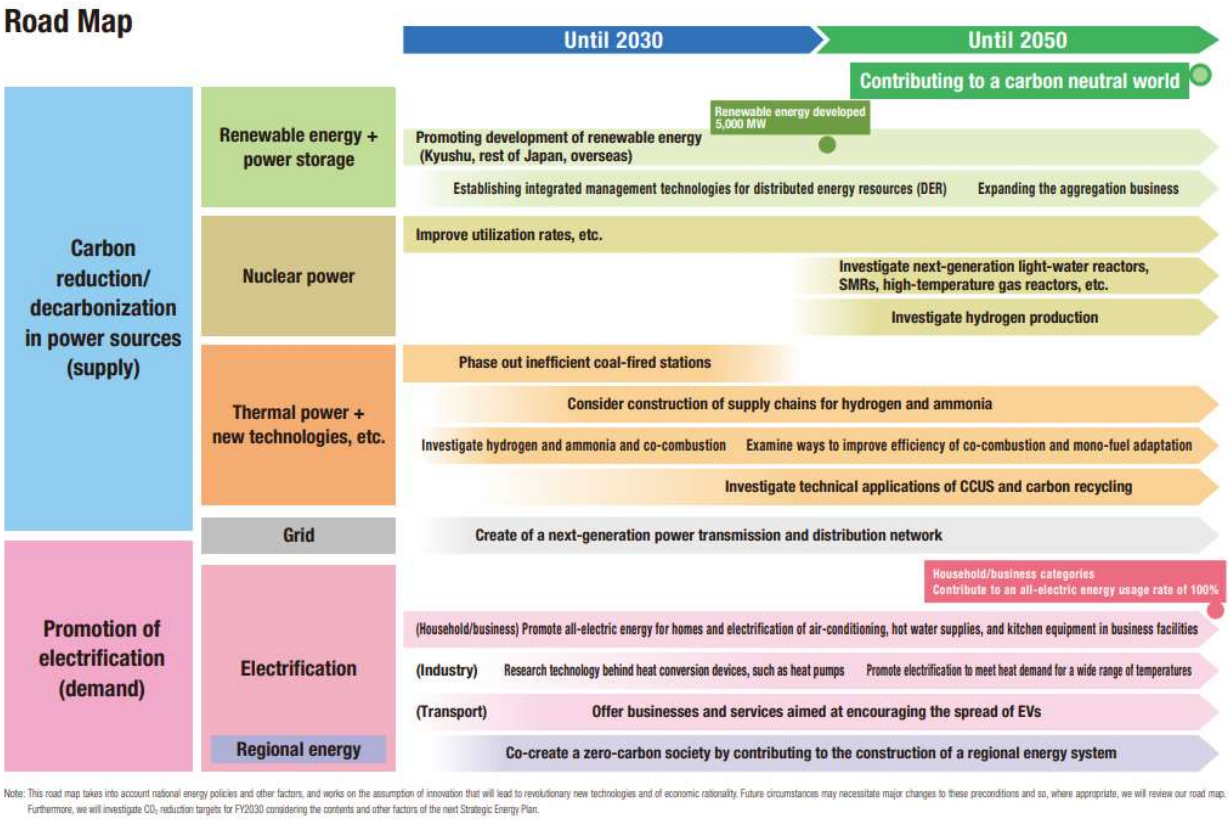


Figure-4 Kyushu Electric Power Roadmap toward carbon neutrality by 2050

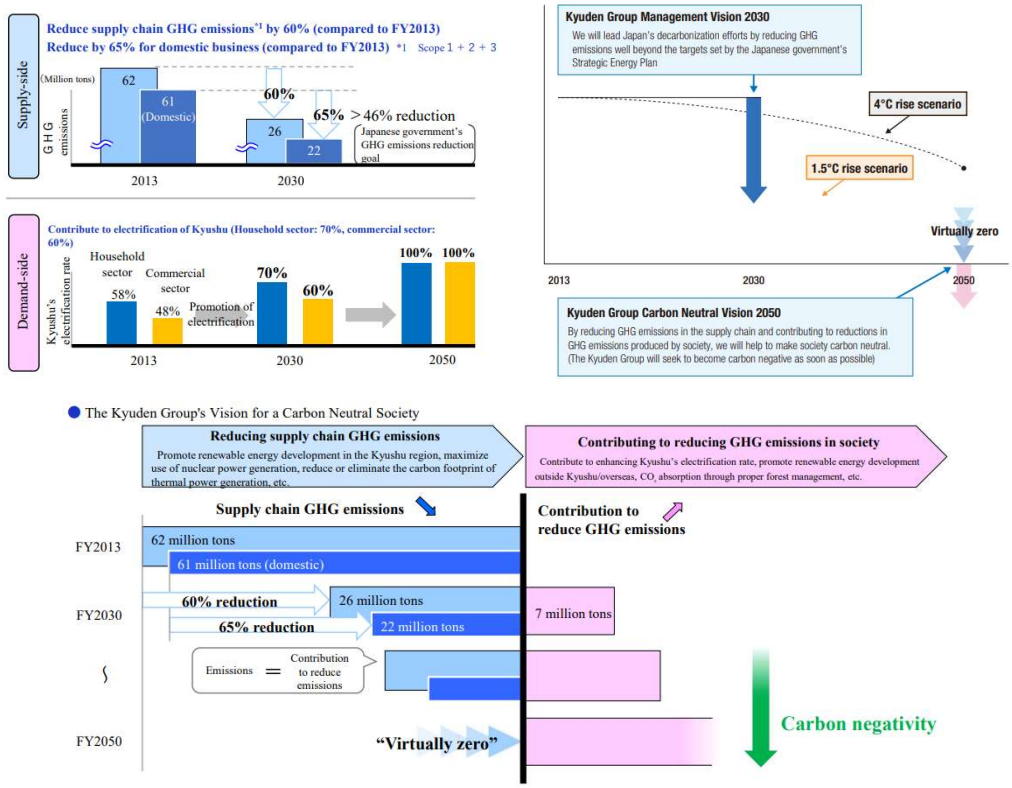
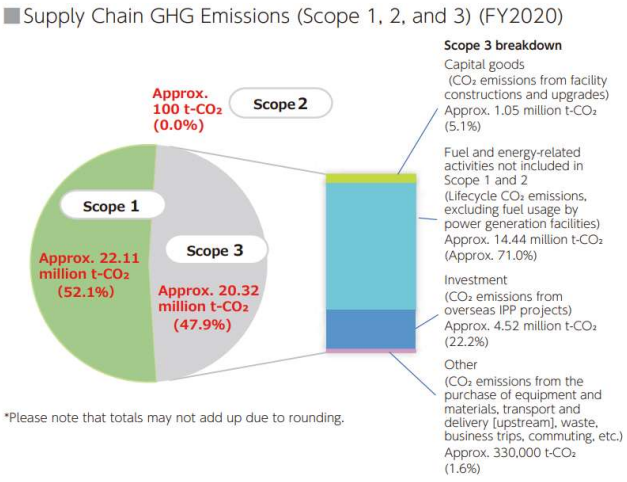


Figure-5 The Kyushu Electric Group's vision for achieving carbon neutral society



Item	GHG emissions from Kyuden Group (FY2020)
Scope 1	22.11 million t-CO_2
Scope 2	0.0001 million t-CO_2
Scope 3	19.67 million t-CO_2
合計	41.78 million t-CO_2

Calculations are based on the "Calculation, Reporting and Publication System for Greenhouse Gas Emissions" and the "Basic Guidelines for Calculating Supply Chain Greenhouse Gas Emissions (Ver 2.3; December 2017, Ministry of the Environment and Ministry of Economy, Trade and Industry)" outlined in the Act on Promotion of Global Warming Countermeasures.

*1 Calculations are based on the emissions factor (emissions per unit) outlined in the "Policy on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver 3.1; March 2021, Ministry of the Environment and Ministry of Economy, Trade and Industry)."

*2 Calculations are based on LC-CO_2 emissions (per unit) of each power generation technology (excl. from fuel combustion) outlined in the "Comprehensive Assessment of Life Cycle CO_2 Emissions from Power Generation Technologies in Japan" in the CRIEPI Report Y06 (July 2016).

Figure-6 Kyuden Group Greenhouse Gas Emissions (Scope 1-3)

Source: Kyushu Electric Power website, etc.

Table-5 Action Plan by 2030 to Achieve 2030 Management Goals

Actions	Action Plan Outline
Positioning renewable energy as a main power source	In addition to the development of geothermal and hydroelectric power plants, which are the strengths of the Kyushu Electric Group, Kyushu Electric Power will expand offshore wind power and biomass power plants, which have great potential for introduction, assessing their profitability. Moreover, Kyushu Electric Power will also proceed to position renewable energy as a main power source at the same time. Through these efforts, Kyushu Electric Power aims to develop 5 million kW of renewable energy in Japan and overseas by 2030. In addition, Kyushu Electric Power will maximize the use of renewable energy by utilizing batteries and pumped storage hydro power, and establish integrated control technology for distributed energy resources and develop an aggregation business.
Maximizing usage of nuclear power	Nuclear power is a comprehensively superior power source for CO_2 emission reduction and energy security, etc., and also contributes to securing the long-term stability of electric power. Kyushu Electric Power will make maximum use of nuclear power on the major premise of ensuring its safety. In addition to continuing the safe and stable operation of nuclear power plants to maximize their utilization, Kyushu Electric Power will start the full-scale studies as soon as possible to improve the facility utilization ratio.
Low-carbon thermal power generation	LNG combined cycle, which provides superior availability as an adjusting force for fluctuations of renewable energy output, and thermal power plants, which incorporates the design and the operation as an intermediate load response, have been making a significant contribution to the expansion of renewable energy introduction. Kyushu Electric Power will actively proceed its initiatives for low-carbon thermal power sources, such as increasing efficiency and fading out inefficient thermal power sources by 2030, utilizing fuels for power generation such as hydrogen and ammonia that do not emit CO_2 during combustion, and studying the application of CO_2 capture technologies, while striving to balance the expansion of renewable energy introduction and the stability of supply.
Upgrading power transmission and distribution network	In order to maximize the utilization of renewable energy in Kyushu, Kyushu Electric Power will work on wide-area operation of the power transmission and distribution network, such as the development and enhancement of interconnection lines and core grids, the maximum utilization of transmission capacity, etc., based on the national master plan. In addition, Kyushu Electric Power will work on the advancement of supply-demand operation and grid stabilization technology through the use of digital technology, etc., in order to balance the massive introduction of renewable energy with the maintenance of electricity quality.
Contribution to increase the electrification rate in Kyushu	Combining environmentally friendly energy sources and the resources of the Kyuden Group, Kyushu Electric Power take on the challenge of maximizing electrification, especially in Kyushu, where the electrification is potentially great, and contribute to reducing GHG emissions all over the society.

	Kyushu Electric Power aims to achieve a 100% electrification rate in Kyushu by 2050 and will contribute to achieving 70% in household sector and 60% in commercial sector by 2030, such as promoting all-electrification in household sector, electrification of air conditioning, hot water supply, and kitchens in the commercial sector, etc. In the industrial and transportation sectors, there are many technical challenges in promoting electrification, however, Kyushu Electric Power will take on the challenge of maximizing electrification while keeping an eye on trends in technological innovation. In the industrial sector, Kyushu Electric Power will develop technologies of heat source conversion equipment such as heat pumps, and take on the challenge of electrifying heat demand (hot water, steam, heating, etc.) in a wide range of temperature zones in the production process. In the transportation sector, Kyushu Electric Power aims to convert 100% of company-owned vehicles (excluding special vehicles) to EVs by 2030, and provide services to promote the widespread use of EVs.
Promoting carbon neutrality in the region	Kyushu Electric Power will contribute to solving regional and social issues by providing solutions of the Kyuden Group, and co-create the zero-carbon society, for the cooperative needs of local governments and others to promote carbon neutrality and strengthen resilience. Kyushu Electric Power will promote various community-based initiatives, such as concluding partnership agreements with local governments, absorbing CO_2 through maintenance and management of company-owned forests, creating and utilizing J-credits by utilizing the forest resources owned by local governments, providing renewable energy and CO_2 free plans, etc.

(3) Governance of the Issuer (for environmental management)

Kyushu Electric Power has set the President as the chairman and established "Sustainability Promotion Committee" which was the conference system to be supervised by the Board of Directors in July 2021 in order to enhance the efforts to overall ESG (Environmental, Social and Governance) issues to ensure for the realization of "Kyuden Group Carbon Neutral Vision 2050". In addition, Kyushu Electric Power has assigned a director in charge of ESG (environment, society, and governance) who was responsible for governing and promoting overall efforts in each sector of ESG, and newly established the department dedicated to ESG promotion within the Corporate Strategy Division to develop the promotion system for implementation of sustainability management.

■Sustainability Promotion Committee

Structure	Chairperson: President Vice-chairperson: Director in charge of ESG Committee members: External directors, executive directors of relevant divisions, etc.	Frequency Twice yearly in principle, and additionally as necessary

■Carbon Neutrality and Environment Sub-Committee

Structure	Chairperson: Director in charge of ESG Vice-chairperson: Executive Director of Corporate Strategy Division and Executive Director of the District Symbiosis Division Committee members: Directors of relevant divisions, etc.	Frequency Twice yearly in principle, and additionally as necessary

The Sustainability Promotion Committee is responsible for formulating strategies and basic policies related to ESG, including climate change issues, and monitoring their implementation. In addition, "Carbon Neutrality and Environment Subcommittee" has been established under this committee to deliberate on environmental issues in general, including carbon neutrality, from a more specialized perspective.

Issuer Name: Kyushu Electric Power Co., Inc.

Framework Name: Kyushu Electric Power Co., Inc. Sustainable Finance Framework

Review provider's Name: DNV Business Assurance Japan K.K.

Date of report: April 27, 2022

Ⅱ. Scope and Objectives

DNV has been commissioned by Kyushu Electric Power to provide a pre-issuance assessment on Kyushu Electric Power Sustainable Framework (hereinafter, "Framework") and the Sustainable Finance. Our objective was to implement an assessment on whether the Kyushu Electric Power's Framework and Sustainable Finance meet the criteria established on CTFH/CTFBG, GBP/GLP/GBGLs/GLGLs and SLBP/SLLP/SLLGLs and provide a second party opinion on the eligibility of the Framework and the Sustainable Finance to be issued.

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 Kyushu Electric Power.

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

Green Finance and Transition Finance with specific use of proceeds

* Below are listed based on GBP but replaced with loan-specific items as appropriate

(1)Scope of review

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

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

＊The scope of review is to be applied as a part of the evaluation of the sustainable finance (Green/Transition) with specific use of proceeds.

＊The four disclosure elements of CTFH and CTFBG are included in the scope of review

(2)Role(s) of review provider (Specific use of proceeds)

☒	Second Party Opinion	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

Transition Finance with general corporate purpose

＊Below are listed based on SLBP but replaced with loan-specific items as appropriate

(1) At the launch of the bond, the structure is

☒	a step-up structure	☒	a variable redemption structure

＊Any of the above or others (e.g., donations) is set individually based on the fundraiser's internal processes when executing the finance.

(2)Scope of Review

The review assessed the following elements and confirmed their alignment with the gist of SLBP.

☒	assessed all the following elements (complete review)	☐	only some of them (partial review)

☒	Selection of KPIs	☒	Bond characteristics
☒	Calibration of SPTs	☒	Reporting
☒	Verification		
☒	and confirmed their alignment with the SLBP		

＊The scope of review is to be applied as a part of the evaluation of the Sustainable finance (Transition) with general corporate purpose.

＊The four disclosure elements of CTFH and CTFBG are included in the scope of review.

(3)Role(s) of Review Provider

☒	Second Party Opinion	☐	Certification
☐	Verification	☐	Rating

Standards/Guidelines to be Applied

No.	Standards/guidelines	Scheme owner
1.	Climate Transition Finance Handbook (CTFH)*1	International Capital Markets Association (ICMA), 2020
2.	Basic Guidelines on Climate Transition Finance (CTFBG) *1	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021
3.	Green Bond Principles (GBP) *2*3	International Capital Markets Association (ICMA), 2021
4.	Green Bond Guidelines (GBGLs) *2*3	Ministry of the Environment, 2020
5.	Green Loan Principles (GLP) *2*3	Loan Market Association (LMA) and others, 2021
6.	Green Loan Guidelines (GLGLs) *2*3	Ministry of the Environment, 2020
7.	Sustainability Linked Loan Principles (SLLP)*4	Loan Market Association (LMA) and others, 2021
8.	Sustainability Linked Bond Principles (SLBP)*4	International Capital Markets Association (ICMA), 2020
9.	Sustainability Linked Loan Guidelines (SLLGLs) *4	Ministry of the Environment, 2020 ＊ refer

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

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

*3 Green projects were assessed for eligibility using the referable technical criteria of the Climate Bond Initiative's Climate Bond Standard.

*4 Sustainability Linked Loan: A Sustainability Linked Loan is a loan that encourages borrowers to achieve ambitious sustainability performance targets (SPTs) set by borrowers in advance, and are any type of loan product and/or contingent facility (bonding loan facility, guaranteed loan facility, credit contingent facility (bonding loan facility, guaranteed loan facility, letter of credit, etc.)) (Quoted from SLLP. The evaluation for SLBP is conducted synonymously.) Note that SLLGLs is based on the idea that the SLLP (2021) requirements can be evaluated to encompass SLLGLs, so it is not directly applicable but is used as a reference.

Ⅲ. Responsibilities of Kyushu Electric Power and DNV

Kyushu Electric Power 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 Kyushu Electric Power and other interested stakeholders in the Kyushu Electric Power's Bond/Loan as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by Kyushu Electric Power. DNV is not responsible for any aspect of the assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Kyushu Electric Power's management and used as a basis for this assessment were not correct or complete

Ⅳ. Basis of DNV's opinion

To provide as much flexibility for the issuer as possible, we have adapted our Sustainable Finance assessment methodologies, which incorporates the requirements of the CTFH/CTFBG, GBP/GLP/GBGLs/GLGLs and SLBP/SLLP/SLLGLs, to create a Sustainable Finance Eligibility Assessment Protocol (hereinafter, "Protocol"). Please refer to Schedule-2. The Protocol is applicable to the Sustainable Finance under the CTFH/CTFBG, GBP/GLP/GBGLs/GLGLs and SLBP/SLLP/SLLGLs.
DNV, as an independent external reviewer, provides second party opinion according to the protocol. Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the Green Finance, the Transition Finance and the Transition-Linked Finance as the basis for the opinion are as follows:

"enable capital-raising and investment for new and existing projects with environmental benefits"
"provide an investment opportunity with transparent sustainability credentials"
"Climate Transition Finance is important (as climate transitions) through KPIs and SPTs, quantitative, pre-determined, ambitious, and regularly monitored and externally validated and encourage the achievement of ESG (in terms of climate transitions) of fandraisers"

As per our Protocol, the criteria against which the Sustainable Finance has been reviewed are grouped into common elements bellow, represented by CTFH/CTFBG, GBP/GLP/GBGLs/GLGLs and SLBP/SLLP/SLLGLs.

(1) Four elements of CTFH/CTFBG (disclosure elements)

Principle One: Issuer's climate transition strategy and governance
The financing purpose should be for enabling an issuer's climate change strategy.

Principle Two: Business model environmental materiality
The planned climate transition trajectory should be relevant to the environmentally-material parts of the fundraiser's business model.

Principle Three: Transition is science-based including targets and pathway
Fundraiser's climate strategy should reference science-based targets and transition pathways.

Principle Four: Implementation transparency
Market communication in connection with the offer of a financing instrument which has the aim of funding the fundraiser's climate transition strategy should also provide transparency of the underlying investment program.

(2) Four elements of GBP/GLP/GBGLs and GLGLs

Principle One: Use of Proceeds
The Use of Proceeds criteria are guided by the requirement that the issuer of a green/transition finance 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 the issuer of a green/transition finance should outline the process it follows when determining eligibility of an investment using green bond proceeds, and outline any impacts objectives it will consider.

Principle Three: Management of Proceeds
The Management of Proceeds criteria are guided by the requirements that a green/transition finance 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.

＊The GLGLs set out requirements (internal reviews) for loan-specific elements. This is identified in the green loan requirements check.

(3) Five elements of SLBP/SLLP[*1]

＊Please replace “Sustainability” with “Transition” in the context if necessary.

Principle One: Selection of Key Performance Indicator (KPIs)
The Fundraiser of a sustainability-linked finance should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed SPTs. The KPI should be reliable, material to the Fundraiser’s core sustainability and business strategy, address relevant ESG challenges of the industry sector and be under management control.

Principle Two: Calibration of Sustainability Performance Targets (SPTs)
The SPTs should be ambitious, meaningful and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.

Principle Three: Finance characteristics
The finance will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The finance documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLB’s and SLL’s financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.

Principle Four: Reporting
Fundraisers should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the loan’s financial and/or structural characteristics, with such information to be provided to those institutions participating in the finance or to investors participating in the finance at least once per annum.

Principle Five: Verification
The Fundraiser should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made publicly available.

*1: The Sustainability-Linked Finance DNV Assessment Protocol consists of five requirements set under SLBP (2020)/SLLP (2021) and includes SLLGLs. This is based on the idea that SLLGLs was created in consideration of consistency with SLLP (2019), and the idea that SLLGLs can be included by evaluating the requirements of SLBP(2020)/SLLP (2021) since SLLP(2021) is a standard in which the contents are added/reviewed while following the requirements of SLLP(2019).

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 Kyushu Electric 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-funding assessment (Sustainable Finance Framework assessment)

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

ii. Post-Funding Assessment (**not included in this report*)

- Interviews with fundraisers' management, and evaluation of the relevant documentation (or review);
- Field research and inspection (if necessary)
- Document creation of post-issuance assessment results

Ⅵ. Findings and DNV's opinion

DNV's findings and opinion are as described in (1), (2) and (3) below.

From the CTF-1 to 4 in (1) below are the findings and opinions of DNV against the disclosure elements of the CTFH and CTFBG as Climate Transition Finance applied to the Sustainable Finance.

Please see Schedule-2 for details.

The GBP/GLP-1 to 4 in (2) below are the findings and opinions of DNV against the requirement of the four common elements of the GBP/GBGLs /GLP and GLGLs.

From the SLBP/SLLP 1 to 5 in (3) below are the findings and opinions of DNV against the requirement of the SLBP, SLLP and SLLGLs as Sustainability (Transition)-Linked Finance*1 applied to the Sustainable Finance.

Please see Schedule-3 for details.

*1: Loans with potentially financial and structural changes linked to the achievement of future transition goals

(1) Findings and opinions of DNV against the four common elements (disclosure elements) of CTFH and CTFBG

CTF-1. Fundraiser's Climate Transition Strategy and Governance

- Kyushu Electric Power formulated "Kyuden Group Carbon Neutral Vision 2050" and "Action Plan" in April 2021. In addition, the efforts to Kyuden Group's management strategy and ESG (Environmental, Social and Governance) are inseparable, and the strategies in "Kyuden Group Management Vision 2030" are tied to ESG, respectively. Moreover, the transition strategy and path/trajectory are shown as the medium- and long-term goals for 2030 and 2050 and "Roadmap toward Carbon Neutrality by 2050".
- DNV has reviewed and confirmed that Kyushu Electric Power's goals are consistent with the Paris Agreement goals, based on the scientific evidence quantified by Kyushu Electric Power.
- Kyushu Electric Power's transition strategy incorporates the results from the TCFD scenario analysis and the environmental targets established by the Agency for Natural Resources and Energy.
- Kyushu Electric Power has established a structure and a framework to promote transition strategies at the management level.
- Kyushu Electric Power clarifies its contribution to ESG and SDGs while minimizing negative impacts (negative external effects) against society through its business activities.
- Based on the evaluation of the Framework, the Kyuden Group Carbon Neutral Vision 2050 and the Action Plan, DNV confirmed that they are well aligned with Kyushu Electric Power's Transition Strategy. In addition, DNV confirmed that the

Action Plan based on the Transition Strategy is reliable, ambitious and achievable.

CTF-2. Business model environmental materiality

- Kyushu Electric Power's efforts for the Transition include not only emission reduction from its own business activities (Scope 1 and 2) but also activities that contribute to reductions in Scope 3. This is the contribution to realizing the carbon neutrality at a supply-side and a demand-side as the significant initiatives shown in various plans and strategies for decarbonization in Japan. In other words, Kyushu Electric Power's efforts for the Transition directly support the Transition in whole society, including the company itself, as an energy company that is taking on the challenge of achieving carbon neutrality by 2050.
- Kyushu Electric Power's roadmap is well aligned with "the 6th Strategic Energy Plan" and "the Electric Power Sector Roadmap" formulated by the Agency for Natural Resources and Energy, and their specific implementation plans and targets are set and quantified in the absolute sense that they must enable optimal solutions and further improvements.
- DNV confirmed that Kyushu Electric Power's plan to implement its transition strategies were closely related to the Kyushu Electric Power's core business activities and activities to contribute to the CO_2 reduction in the society, which would provide the environmental benefits to the whole society, and help to Kyushu Electric Power drive its business. The transition strategy and transition pathway planned by Kyushu Electric Power can be related to the materiality utilizing the GRI standard*[1], ISO26000, TCFD, etc., and will contribute to significant environmental benefits (impact) from qualitative and quantitative perspectives.

*1: International standard developed by the Global Reporting Initiative to provide ESG-related reporting, management and analysis methodologies

CTF-3. Transition is science-based including targets and pathways

- Kyushu Electric Power has set the transition plans, which are consistent with the science-based Paris Agreement, and a transition trajectory, which is consistent with the goals of the Agency for Natural Resources and Energy.
- DNV confirmed that Kyushu Electric Power's transition strategy is quantified as absolute values or ratios based on a consistent measurement methodology with prescribed assumptions.
- DNV confirmed that Kyushu Electric Power's transition strategy is built on the mid-term (2030) and the long-term (2050) targets that exceed the goals of the Agency for Natural Resources and Energy as milestones.

2050	◆ Supply-chain GHG emissions (Scope 1+2+3) virtually zero ◆ Realization of "carbon negativity" ※ as early as possible before 2050 ◆ Electrification rate in Kyushu: 100% in household sector, 100% in commercial sector
2030	◆ Supply-chain GHG emissions (Scope 1+2+3): 60% reduction (compared to FY2013) Of these, Emissions from domestic operations: 65% reduction (compared to FY2013) ◆ Contribution to GHG emissions reduction for society: 7 million tons ◆ Amount of renewable energy to be developed: 5 million kW (Japan and overseas) ◆ Electrification rate in Kyushu: 70% in household sector, 60% in household sector

CTF-4. Implementation Transparency

- DNV has confirmed that the investment and deployment plans related to the Kyushu Electric Power's Transition Strategy included the agreements for future investments and expenditures. As a specific example, Kyushu Electric Power plans to invest approximately 500 billion yen over the next five years (cumulative total for FY2021-FY2025) towards the Low-carbonization and decarbonization of power sources, of which approximately 250 billion yen is planned for renewable energy-related investments.
- DNV reviewed the Framework and the Kyuden Group Carbon Neutral Vision 2050. Accordingly, DNV confirmed that Kyushu Electric Power showed the high transparency on implementation, and explained the appropriateness of the implementation with agreement, in the Framework and the Kyuden Group Carbon Neutral Vision 2050.

(2) Findings and opinions of DNV against the four common elements of GBP/GBGLs and GLP/GLGLs

* The four elements are criteria of sustainable finance in the format of use of proceeds instrument, and green bonds/loan stated below can be read as sustainable finance (bond/loan) partially.

GBP/GLP-1. Use of Proceeds

Kyushu Electric Power has defined the eligibility criteria as green/transition projects that aligned with its Transition Strategy and related handbooks, principles and guidelines (CTF-H and CTF-BG).

Table-6 shows the green/transition finance eligible project categories.

Table-6 Kyushu Electric Power Major Initiatives to Achieve Carbon Neutrality (Green/Transition Finance the Nominated Projects)

Eligible Criteria		Project Overview
Low-carbonization and Decarbonization of power sources	Renewable Energy	Investment for development, construction, operation and renovation of geothermal, hydroelectric, solar, wind and biomass facilities
		Investment for development of batteries, pumped storage hydro power, and the establishment of integrated control technology for distributed energy resources and the development of aggregation business.
	Nuclear Power Generation*	Investment to ensure continued safe and stable operation of existing nuclear power plants
	Thermal Power Generation	Investments for decommissioning and shut down of inefficient thermal power plants
		Investment for the construction of new high-efficiency thermal power plants
		Investment for R&D and installation of facilities for co-firing of hydrogen, ammonia, biomass, etc. and CO_2 capture, utilization and storage technologies (CCUS)
		Investment for building a supply chain for carbon-free fuels (hydrogen and ammonia)
	Power Transmission and Distribution Network	Investment for the development and enhancement of interconnection lines and backbone grids that contribute to the expansion of renewable energy, etc.
Promotion of Electrification		Investment for advanced supply-demand operation and grid stabilization technologies to improve network utilization
	Increasing electrification rate in Kyushu	Investment and expenditure for sales promotion of products and services that contribute to increasing the electrification rate, such as all-electrification and heat pumps, as well as investment for introduction of EV (company-owned vehicles) and EV-related businesses

	Promoting carbon neutrality in the region	Investment for various initiatives to promote carbon neutrality in the region, including the cost of maintaining company-owned forests and purchasing carbon credits (J-credits)

* With regard to nuclear power generation, eligible criteria has been being considered in various standards and roadmaps. DNV will closely monitor domestic and international trends, etc., and consider including it as a future use of proceeds.

DNV has confirmed that Kyushu Electric Power plans to allocate the net proceeds from Green/Transition Finance to financing and refinancing the capital expenditures, operating expenditures, investments and R&D expenses of eligible green/transition projects that in line with Kyushu Electric Power 's investment plans for implementation of its transition strategy.

These are representative projects that directly or indirectly support the projects which bring the significant reduction of greenhouse gas, contribute to business transformation for the realization of carbon neutrality as exemplified by CTFH/CTFBG, GBP/GLP/GLGLs. In addition, these projects are consistent with the Electric Power Sector Transition Roadmap of the Agency for Natural Resources and Energy, which contributes to the achievement of its goals. These projects have been evaluated to meet the criteria required as green or transition projects, and to bring the clear environmental benefits to transition strategies, and they are expected to contribute to the SDGs. These processes are consistent with GBP/GLP-1.

GBP/GLP-2. Process for Project Evaluation and Selection

Kyushu Electric Power confirms the following, <Confirmations>, which were stipulated in the Framework beforehand in addition that the green/transition projects meet the criteria required as a green or a transition projects, and contribute to its transition strategy. Specifically, the projects are selected and evaluated by the accounting department and the relevant internal department through the appropriate prescribed process.

These processes have been established as internal documents of Kyushu Electric Power, and DNV confirmed that they were planned to be implemented in accordance with the appropriate processes.

DNV also confirmed that the green/transition projects implemented by Kyushu Electric Power were consistent with the issuer's management and environmental policies, as well as with the transition strategy, goals and pathways.

< Confirmations>

For evaluation of the eligibility of each project, DNV will confirm that the potential negative environmental and social impacts of the projects are taken into consideration, and that the facility certification and permits, and the environmental assessment procedure, etc., required by the country, region and local government, are appropriately obtained where the facilities and the projects are operated.

Evaluation and Selection

☒	Conforms to the issuer's achievement of environmental contribution goals	☒	Documented process to determine that projects fit within defined categories
☒	The project is eligible for use of proceeds by green bond and transparency is ensured.	☒	Documented process to identify and manage potential ESG risks associated with the project
☒	The project is evaluated and selected based on the published standard summary (green projects for which referenceable criteria exist)	☐	(Specify)*:*

Information on Responsibilities and Accountability

☒	Evaluation / Selection criteria subject to external advice or verification	☒	In-house assessment
☐	Other (please specify):		

GBP/GLP-3. Management of Proceeds

DNV confirmed how Kyushu Electric would track and manage proceeds for the period of bond issuance through redemption. Kyushu Electric Power's accounting department will manage the expenditures for eligible projects in accordance with the internal management procedures, and track the amount of the allocated and unallocated proceeds, with respect to the funds raised through the Sustainable Finance. In addition, the dedicated ledgers will be prepared for the management of proceeds. The unallocated proceeds, if any, will be managed in cash or cash equivalents.

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): Unallocated proceeds are managed in cash or cash equivalents

Additional disclosure:

- ☐ Allocations to future investments only
- ☒ Allocations to both existing and future investments
- ☒ Allocation to individual disbursements
- ☐ Allocation to a portfolio of disbursements
- ☐ Disclosure of portfolio balance of unallocated proceeds
- ☒ Other *(please specify)*: including allocation through affiliates and subsidiaries

GBP/GLP-4. Reporting

DNV confirmed that Kyushu Electric Power would annually disclose the allocation status of the proceeds and the environmental benefits in the Integrated Report or on Kyushu Electric Power website within the limits of confidentiality obligations and as far as reasonably practicable until the proceeds through the Green/Transition Finance are fully allocated.

<Reporting on allocation Status>

- Allocation amount
- Balance and investment method of unallocated proceeds
- Estimated amount (or percentage) of the portion of the proceeds allocated to refinancing

If there is a material change in the allocation status during the financing period, it will be disclosed in a timely manner.

<Environmental benefits: Impact Reporting>

Although all or part of the information shown in Table-7 are planned to be disclosed concerning the impact reporting, it may be changed depending on the Eligible Projects to which the proceeds are allocated. For the environmental benefits, while aiming to disclose the quantitative information to the extent possible such as CO_2 emission reduction, the qualitative disclosure may be made when the quantitative disclosure is found difficult due to the circumstances or nature of the eligible projects.

Table-7: An example of Impact Reporting

Eligible Criteria		Example
Low-carbonization and decarbonization of power sources	Renewable Energy	・Project Outline ・Installed capacity by renewable energy type (MW) ・Annual CO_2 emission reduction by renewable energy type (t-CO_2/y)
	Nuclear Power Generation	・Installed capacity of concerned nuclear power plant (MW) ・Annual CO_2 emission reduction of concerned nuclear power plant (t-CO_2/y)
	Thermal Power Generation	・Project Outline ・Outline of power plant (installed capacity (MW), year of starting operation, performance and efficiency, etc.) ・Annual CO_2 emission reduction (t-CO_2/y)
Promotion of Electrification	Power Transmission and Distribution Network	・Project Outline ・Status of Capital Investment for Power Transmission and Distribution, etc.

	Increasing electrification rate in Kyushu	・Project Outline ・Annual CO_2 emission reduction contribution (t- CO_2/y)
	Promoting carbon neutrality in the region	・Project Outline ・Annual CO_2 emission reduction contribution (t- CO_2/y)

Reference: Table-8 Example of calculation method for environmental benefits
(Projects subject to Green/Transition Finance to be issued this time)

No.	Category	Eligible Criteria/Project Calculation method for environmental benefits	
		Eligible Criteria/Project	Environmental benefits
01	Thermal Power Generation	Low-carbonization and Decarbonization of power sources Thermal power plant/Hibiki power plant <Project Overview> A state-of-the-art gas turbine combined cycle power generation system fueled by LNG will be adopted (620,000 kW x 1 unit, thermal efficiency 64% (low calorific value)) Planned construction site is city of Kitakyushu, Fukuoka prefecture. Operation will be started in FY2025.	**Environmental benefits (index):** CO_2 reductions compared to Kyushu Electric Power's thermal power generation as a whole **Calculation method:** estimated amount of power generation at Hibiki power plant x (simple average of emission factors for all thermal power generation by Kyushu Electric Power - assumed emission factor at Hibiki power plant) **Environmental benefits (estimated value) :** approx. 890,000t - CO_2/ year

Use of Proceeds Reporting:

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

Information reported:

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

Frequency:

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

Impact reporting (Environmental Benefits):

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other (specify): Eligible Criteria Units:

Frequency:

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

Information reported (expected or ex-post):

☒ GHG Emissions / Savings
☐ Energy savings
☒ *Other ESG indicators (please specify):* completion of facility installation, size, starting year of operation, etc.

Means of Disclosure

☐ Information published in financial report (Integrated Report)
☐ Information published in sustainability report
☐ Information published in ad hoc documents
☒ Other (please specify): disclosed on Kyushu Electric Power website
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review)

(3) Findings and opinions of DNV against the five requirements [*1] of SLBP/SLLP

＊1: including SLLGLs

SLBP/SLLP-1 Selection of Key Performance Indicators (KPIs)

- DNV reviewed Kyushu Electric's KPIs related to the sustainability and confirmed that the selected KPIs are important and relevant to Kyushu Electric Power's core transition strategy and sustainability management.
- The three KPIs (supply-chain GHG emissions, supply-chain GHG emissions (domestic business) and the amount of renewable energy to be developed), shown in “Table-2 Kyushu Electric Power Transition Linked Finance KPIs and SPTs”, related to the environmental sustainability (transition) defined by Kyushu Electric Power are material indicator for the overarching transition/sustainability strategies towards “Realization of carbon neutrality” and “Low-carbonization and decarbonization of power sources” set by Kyushu Electric Power, as an energy provider.
- The key KPI for Kyushu Electric Power is the reductions of supply-chain GHG emissions towards " Realization of carbon neutrality " and " Low-carbonization and decarbonization of power sources". Since indirect emissions from electricity account for about 40% of GHG emissions in Japan, Kyushu Electric Power's selection of supply-chain GHG emissions as a KPI is fully appropriate. This is positioned as a core KPI for the "Low-carbonization and decarbonization of power sources" set forth in the "Kyuden Group Carbon Neutral Vision 2050".
- Similarly, the amount of renewable energy to be developed (installed capacity) is a key KPI that directly contributes to "Low-carbonization and decarbonization of power sources", and also contributes to reducing the supply-chain GHG emissions.
- DNV confirmed that the KPIs selected by Kyushu Electric Power were consistent with the "the 6th Strategic Energy Plan" and the "Electric Power Sector Transition Roadmap" formulated by the Agency for Natural Resources and Energy, and that the KPIs were appropriately set as comparable indicators.
- From the perspective of Kyushu Electric Power's business strategy as an energy provider, DNV believes that the efforts of Kyushu Electric Power to address KPIs closely related to the "Low-carbonization and decarbonization of power sources" set forth in the "Kyuden Group Carbon Neutral Vision 2050" towards achieving carbon neutrality will contribute to Kyushu Electric Power’s goals for “becoming a corporate group that leads the decarbonization of Japan from Kyushu as a top runner in the field of low-carbonization and decarbonization”. In addition, DNV also believes the above-mentioned efforts will be a key driver for increasing profits by the maximum use of existing and new zero emission power sources (renewable energy etc.). The KPI will also contribute to the realization of "Kyuden Group Carbon Neutral Vision 2050"

and to the business strategy and the goals related to sustainability management of Kyushu Electric Power.

- DNV concludes that GHG emissions as a KPI are measurable based on a consistent methodology (GHG emissions protocol), are externally verifiable, and can be benchmarked against an external reference. DNV concludes that supply-chain GHG emissions are a robust and highly reliable indicator.
- The 6th Strategic Energy Plan formulated by the Agency for Natural Resources and Energy states a 46% reduction in domestic GHG emissions by FY2030, compared to FY 2013, toward achieving carbon neutrality by 2050. These GHG emissions reduction targets can be used as an external reference to assess Kyushu Electric Power's ambition.
- DNV confirmed that the KPIs selected by Kyushu Electric would provide a clear evaluation scope and calculation methods. See Schedule-2 for details.

List of selected KPIs

List of selected KPIs

- ✓ KPI 1: Supply-chain GHG emissions
- ✓ KPI 2: Supply-chain GHG emissions (domestic operations)
- ✓ KPI 3: Amount of renewable energy to be developed (installed capacity)

Definition, Scope and Parameters

- ☒ Clear definition of each selected KPIs
- ☒ Clear calculation methodology
- ☐ Other (please specify):

Relevance, robustness, and reliability of the selected KPIs

- ☒ Credentials that the selected KPIs are relevant, core and material to the Issuer's sustainability and business strategy.
- ☒ Evidence that the KPIs are externally verifiable
- ☒ Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis
- ☒ Evidence that the KPIs can be benchmarked
- ☐ Other (please specify):

SLBP/SLLP-2 Calibration of Sustainability Performance Targets (SPTs):

- DNV confirmed that the SPTs shown in Table-2 supported the supply-chain GHG emission reduction defined by “Low-carbonization and decarbonization of power sources “set forth in “Kyuden Group Carbon Neutral Vision 2050”, and the SPTs exceeded targets formulated by the Agency for Natural Resources and Energy and the specific plans are included. Accordingly, DNV confirmed that Kyushu Electric Power's SPTs were ambitious and proactive. DNV also confirmed that the achievement of SPTs was consistent with Kyushu Electric Power's efforts for the realization of carbon neutrality.
- DNV concluded that the SPT was realistic, the plans were feasible, the SPT targets outlined in the framework were achievable, based on the "Kyuden Group Action Plan to Achieve Carbon Neutrality" and the information provided by Kyushu Electric Power.
- The strategies set by Kyushu Electric Power that 60% reduction in supply-chain GHG emissions (SPT1) and 65% reduction in supply-chain GHG emissions for domestic business (SPT2) by 2030 based on FY 2013 are more ambitious that 46% reduction in supply-chain GHG emissions aimed in “the 6th Strategic Energy Plan” formulated by the Agency for Natural Resources and Energy, and exceed “Business as Usual”.
- In addition, the renewable energy to be developed (SPT3) is an initiative for transition closely related to the supply-chain GHG emission reduction. The SPT3 (achievement of 5 million kW) by 2030, is a significant increase over past three years in Kyushu Electric Power (FY 2019: 2.2 million kW, FY 2020: 2.3 million kW, FY 2021: 2.5 million kW), and the development should be accelerated and expanded more than the past results. This is an ambitious goal that goes beyond "Business as Usual", which is set quantitatively based on the recent performance levels required by the Linked Finance.
- DNV confirmed that the SPTs established by Kyushu Electric Power were tied to the improvement of KPIs. The Kyushu Electric Power's efforts to KPI/SPT are expected to be a driving force for the implementation of Kyushu Electric Power's Transition (sustainability) strategy.
- DNV confirmed that the SPT goal-setting process was based on the appropriate combination of benchmarking approaches.
    - Guidelines for goal setting by 2030 are indicated in the Framework in accordance with KPI information on the basis of the appropriate data and the actual results, based on Kyushu Electric Power's actual results up to 2019.
    - The SPT outlined in the Framework exceeds the SPT of goals established by the Agency for Natural Resources and Energy, and is consistent with the methodology calculated from the GHG emission reduction protocol used by the Agency for Natural Resources and

Energy. In addition, the SPT goal setting has been evaluated as ambitious as an item closely related to GHG emission reduction, based on the recent performance level of Kyushu Electric Power.

- DNV has concluded that the SPTs included appropriate relevance with the GHG emission reduction targets established by the Agency for Natural Resources and Energy. In addition, the framework is consistent with the national guidelines that conform to the achievement of the Paris Agreement goals. Kyushu Electric Power is supported by three KPIs/SPTs and their respective action plans to realize the " Kyuden Group Carbon Neutral Vision 2050". The goals and the Best Available Technology or other close technology, defined by the Agency for Natural Resources and Energy are included.

- DNV confirmed that the SPT goal setting was properly disclosed as follows
    - The timeline for SPT achievement is set up to 2030. The interim progress to the trigger judgement of the SPT uses a linear interpolation, etc., from 2013 to 2030 as a guide.
    - The base year for the SPT regarding GHG emission reduction in the Framework is 2013, which is consistent with the base year set by the Agency for Natural Resources and Energy.
    - Through the Framework, the Action Plan and the roadmap toward the carbon neutrality by 2050, the progress status in GHG emission reduction and the amount of renewable energy to be developed is described in detail.

Table-2 (Reposted) KPIs and SPTs of Kyushu Electric Power Transition-Linked Finance

(One or more of the following KPIs and SPTs may be selected for a particular Transition-Linked Finance)

KPIs	SPTs
KPI 1: Supply-chain GHG emissions	SPT 1: 60% reduction by 2030 (compared to FY2013)
KPI 2: Supply-chain GHG emissions (domestic business)	SPT 2: 65% reduction by 2030 (compared to FY2013)
KPI 3: Amount of renewable energy to be developed (installed capacity)	SPT 3: 5 million kW by 2030 (domestic and overseas)
Explanation of KPIs	**Explanation of SPTs**
KPIs include the items that are closely related to Kyushu Electric Power's materiality. KPI 1 and KPI2: Supply-chain GHG emissions It is a core KPI for the "Low-carbonization and decarbonization of power sources" on the supply side of Kyushu Electric Power, and can be measured quantitatively and continuously based on the GHG Protocol. KPI 3: Amount of renewable energy to be developed It is a key KPI that contributes to the supply-chain GHG emissions reductions by directly linking to "Low-carbonization and decarbonization of power sources".	Each SPT refers to the target values in the Action Plan and is linked to the value with Kyushu Electric Power's transition strategy. SPT 1 and SPT 2: Supply-chain GHG emissions Kyushu Electric Power's supply-chain GHG emission reduction target is ambitious that far exceeds Japan's reduction target of 46% by FY2030. SPT3: Amount of renewable energy to be developed The development of renewable energy is the effort to the transition closely related to SPT 1 and SPT 2. SPT 3 (5 MW by 2030) is drastically increased compared to Kyushu Electric Power's past three-year results (FY 2019: approx. 2.2 million kW, FY 2020: approx. 2.3 million kW, FY 2021: approx. 2.5 million kW); however, the development should be accelerated and expanded more than the past results. This is the ambitious goal that exceeds "Business As Usual", quantitatively set based on recent performance levels as required by the Linked Finance. SPTs to be a trigger event may be set by the actual results in the base year of 2013 or 2019 and the linear interpolation of targets up to 2030, or individually set when the detailed plans are developed in the future.

(SPTs) Rationale and level of ambition

- ☒ Evidence that the SPTs represent a material improvement
- ☒ Evidence that SPTs are consistent with the Issuer's sustainability and business strategy
- ☒ Credentials on the relevance and reliability of selected benchmarks and baselines
- ☒ Credentials that the SPTs are determined on a predefined timeline
- ☐ Other (please specify):

Benchmarking approach

- ☒ Issuer own performance
- ☒ Reference to the science
- ☒ Issuer's peers
- ☒ Other (please specify):

Additional disclosure

- ☒ potential recalculations or adjustments description
- ☒ identification of key factors that may affect the achievement of the SPTs
- ☒ Issuer's strategy to achieve description
- ☒ Other (please specify):

SLBP/SLLP-3 Bond/Loan Characteristics

For the Transition-Linked Finance (Bond or Loan) executed under the Framework, DNV confirmed that the observation timing of specific SPTs and the trigger events with performance requirements and the extent of their impact would be linked to the achievement of targets and interest rates of bonds, terms and conditions of loan or other financial incentives (such as donations to environmental conservation organizations).

- DNV confirmed that Kyushu Electric Power considered the appropriate fallback mechanisms (fallback alternatives), and, as a result, decided not to set up another SPT or calculation method at this time since the risks of not being able to calculate or observe were extremely small.
- Kyushu Electric Power explained that KPIs and SPTs may be changed after discussion at internal meetings when there was a rational reason, in case that there were any changes in business environment, business structure and KPIs, etc., regardless of whether the event was due to external factors or the result of Kyushu Electric Power's management decision.
- DNV confirmed that when there were any changes in KPIs and SPTs, Kyushu Electric Power would disclose them in the bond disclosure documents or loan agreement, etc.

Financial impact:

☒ variation of the coupon

☒ Other (please specify): financial incentive, such as donation, etc. (selecting the donations based on the internal standard of the Issuer)

Structural characteristic:

☒ Other (please specify): terms and conditions of trigger judgement (judgement date and SPT) will be set by the period of an individual bond or loan, etc., and clarified in a legal disclosure documentation (or other disclosure method to the public) or an agreement document.

SLBP/SLLP-4 Reporting

- DNV confirmed that the necessary information would be disclosed to the public in a timely manner for the following details required by the SLBP/SLLP.
  - KPI performance for SPT: will be verified by an external agency at least once a year until the completion of redemption or repayment after the execution of Transition-Linked Finance, and disclosed to the lender in the Integrated Report or on the website (in the case of loan only).
  - SPT achievement status: will be verified annually by an independent third party and used for determination of the financial characteristics (bond interest rate, terms and conditions of loan or other financial incentives).
  - When targets set by the Agency for Natural Resources and Energy were changed: Kyushu Electric Power's ambitions for SPT will be changed after discussion with DNV, etc. if necessary.

Information reported:

☒	performance of the selected KPIs	☒	verification assurance report
☒	level of ambition of the SPTs	☒	Other (please specify): Information on the financial impact when implementing trigger judgement (information of interest rate and donation). Validity of the adjustment and recalculation result of KPI and SPT, if necessary.

Frequency

☒	Annual	☐	Semi-annual
☐	Other (please specify):		

Means of Disclosure

☐	Information published in financial report	☐	Information published in sustainability report
☐	Information published in ad hoc documents	☒	Other (please specify): disclosed on issuer's website or to a lender (in case of loan only)
☐	Reporting reviewed		

Level of Assurance on Reporting

☒	Limited assurance	☐	Reasonable assurance
		☐	Other (please specify):

SLBP/SLLP-5 Verification:

- DNV confirmed that Kyushu Electric Power planned to undergo independent verification of KPI-related data at least once a year by qualified external evaluation agency.

Information reported:

☒	Limited assurance	☐	Reasonable assurance
		☐	Other (please specify):

Frequency:

☒	Annual	☐	Semi-annual
☐	Other (please specify):		

Material change:

☒	Perimeter	☐	KPI methodology
☐	SPTs calibration		

Ⅶ. Assessment Conclusion

On the basis of the information provided by Kyushu Electric Power and the work undertaken, it is DNV's opinion that the Kyushu Electric Power Sustainable Finance Framework and the Sustainable Finance issued by Kyushu Electric Power meet the criteria established in the Protocol, and that they are aligned with the following stated definition or purpose of the Sustainable Finance (Green Finance, Transition Finance and Transition-Linked Finance) for bonds and loans that specify/unspecify the use of proceeds, within the CTFH/CTFBG, GBP/GLP/GBGLs/GLGLs and SLBP/SLLP/SLLGLs.

- "enable capital-raising and investment for new and existing projects with environmental benefits"
- "provide an investment opportunity with transparent sustainability credentials"
- "Climate Transition Finance is important (as climate transitions) through KPIs and SPTs, quantitative, pre-determined, ambitious, and regularly monitored and externally validated and encourage the achievement of ESG (in terms of climate transitions) of fundraisers"

DNV Business Assurance Japan K.K.

April 27, 2022

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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/Transition Finance Nominated Projects List

The projects listed in the table are the nominated projects that have been evaluated for eligibility at the time of pre-issue eligibility assessment (as of April 2022). In the future, green/transition finance issued under the Kyushu Electric Power Sustainable Finance Framework will be selected from one or more of the Eligible Criteria (nominated eligible projects) described in Schedule-1 as per its labelling and the use of proceed are reported in the pre-financing or post-financing reports. If additional green/transition projects are included, project eligibility will be evaluated in advance by Kyushu Electric Power in accordance with the process based on Kyushu Electric Power Finance Framework and, if necessary, DNV will evaluate them in a timely manner.

Eligible Criteria		Nominated Eligible Projects	Green[*1]	Transition[*2]
Low-carbonization and Decarbonization of power sources	Renewable Energy	Investment for development, construction, operation, and renovation of geothermal, hydroelectric, solar, wind and biomass facilities	○	○
		Investment for the development of storage batteries and pumped storage power generation, and the establishment of integrated control technology for distributed energy resources using these resources, and the development of aggregation business	○	○
	Nuclear Power Generation[*3]	Investments to ensure continued safe and stable operation of existing nuclear power plants	(○)	○
	Thermal Power Generation	Investments to shut down and discontinue inefficient thermal power		○
		Investment for new high-efficiency thermal power plants		○
		Investment for R&D and installation of facilities for co-firing of hydrogen, ammonia, biomass, etc. and utilization of CO_2 recovery technology (CCUS)		○
		Investment for building a supply chain for carbon-free fuels (hydrogen and ammonia)	○	○
	Power transmission and distribution network	Investment for the development and enhancement of interconnection lines and backbone grids that contribute to the expansion of renewable energy, etc.	○	○
Promotion of Electrification		Investment for sophisticated supply-demand operation and grid stabilization technologies to improve network utilization	○	○

	Increasing electrification rate in Kyushu	Investments and expenditures for sales promotion of products and services that contribute to increasing the electrification rate, such as all-electrification and heat pumps, as well as investments for the introduction of EV vehicles (company-owned vehicles) and EV-related businesses	○	○
	Promotion of carbon neutrality in the region	carbon neutrality in the region, including the cost of maintaining company-owned forests and purchasing carbon credits (J-credits)	○	○

*1 Projects that have been qualified the eligibility as green projects can be incorporated as green projects when executing the green finance in the future. In addition, Green projects are permitted in CTFBG to be included as a part of those when implementing the transition finance.

*2 Some projects that are currently classified as transition projects may become green projects due to the application of future technological innovations. (e.g., application of green fuel/manufacturing processes, achieving performance that meets CO2 emission standards as a green project, etc.) Eligible Criteria with the mark "○" listed for both Green and Transition are classified as either or both depending on the individual project.

*3 Regarding nuclear power generation, eligibility criteria are being considered in various standards and roadmaps. Domestic and international trends, etc. will be closely monitored, and consider including this as a future use of proceeds.

Schedule-2 Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)

KPIs Key Performance Indicators

KPIs	Overview
KPI-1 Supply-chain GHG emissions (Scope 1+2+3) **KPI-2 Supply-chain GHG emissions (domestic business) (Scope1+2+3)** **KPI-3 Amount of renewable energy to be developed (installed capacity)**	Kyushu Electric Power selected the supply-chain GHG emissions (Scope 1+2+3)*1 and the amount of renewable energy to be developed (installed capacity) as KPIs. The selected KPIs are key indicators for the low-carbonization and decarbonization of power sources as an energy provider, as suggested in the " the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy. The calculation method of supply-chain GHG emissions complies with the GHG protocol internationally recognized, and is based on "Greenhouse Gas Emissions Calculation, Reporting, and Publication System" in “Act on Promotion of Global Warming Countermeasures” and "Greenhouse Gas Emissions from Supply Chains of Organizations" defined by Japanese government. Each energy provider calculates, reports, and publishes its emissions based on this system. In addition, the Kyuden Group calculates the amount of renewable energy to be developed (installed capacity) by aggregating the power-saving installed capacity of renewable energy generation facilities. The data necessary for KPI evaluation is managed and evaluated by Kyushu Electric Power's internal processes. In addition, GHG emissions and the amount of renewable energy to be developed are also shown as indicators in " the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy. *1Scope (1+2+3) Scope 1: Direct greenhouse gas emissions by businesses themselves (fuel combustion, industrial processes) Scope 2: Indirect emissions from the use of electricity, heat and steam supplied by other companies Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the business activities)

SPTs Sustainability Performance Targets

SPTs	Overview
SPT-1 60% reduction by 2030 (compared to FY2013) **SPT-2 65% reduction by 2030 (compared to FY2013)** **SPT-3 5 million kW by 2030 (domestic and overseas)**	SPT-1, SPT-2: The targets of GHG emissions reduction are defined as 46% by 2030 (compared to FY2013) in "the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy, and SPT-1 and SPT-2 set by Kyushu Electric Power are much more ambitious targets than those targets. SPT-3: Amount of renewable energy to be developed is an effort to the Transition closely related to SPT1 and SPT2. SPT-3 (5 million kW by 2030) commits a significant increase compared to Kyushu Electric Power's past three-year actual result (FY2019: approx. 2.2 million kW, FY2020: approx. 2.3 million kW, FY2021: approx. 2.5 million kW), and the development should be accelerated and expanded more than the past results. This is an ambitious goal that goes beyond “Business As Usual”, which is set quantitatively based on recent performance levels as required by the Linked Finance. SPTs to be a trigger event may be set individually when they are set by linear interpolation, etc. between actual result in 2013 or in 2019 which are the base year and the goal by 2030, or a detailed plan is drawn up in the future.

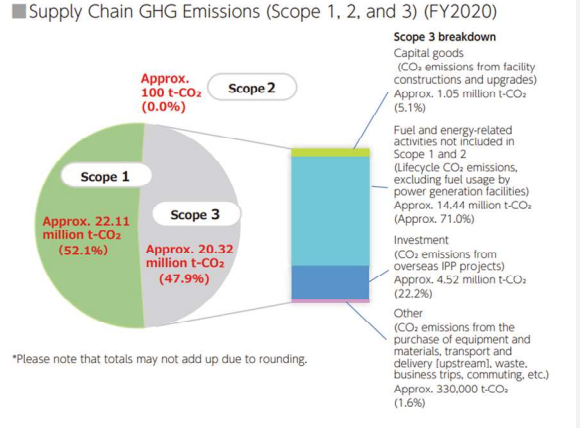
Schedule-3 Transition Finance Framework Eligibility Assessment Protocol

The following checklists (1-4) are DNV evaluation procedures created for Kyushu Electric Power Transition Finance (specific use of proceeds and general corporate purpose) from Kyushu Electric Power Sustainable Finance Framework, based on the disclosure requirements of the CTFH and CTFBG.
The "confirmed documents" in the Work Undertaken include public or private documents (internal documents of the issuer or the fundraiser), etc., and are provided by Kyushu Electric Power as evidence of eligibility judgment for DNV.
＊Please replace “Issuer”, “Investor” to “Borrower/Fundraiser”, “Lender” in the context in the following requirements.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1	Issuer’s Climate Transition Strategy and Governance	The financing purpose should be for enabling an issuer’s climate change strategy. A ‘transition’ label applied to a debt financing instrument should serve to communicate the implementation of an issuer’s corporate strategy to transform the business model in a way which effectively addresses climate-related risks and contributes to alignment with the goals of the Paris Agreement. <Suggested information and indicators> • A long-term target to align with the goals of the Paris Agreement (e.g. the objective of limiting global warming ideally to 1.5℃ and, at the very least, to well below 2℃); • Relevant interim targets on the trajectory towards the long-term goal; • Disclosure on the issuer’s levers towards decarbonisation, and strategic	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap - Integrated Report 2021 - Kyuden Group ESG Data Book 2021 - Kyuden Group Action Plan to Achieve Carbon Neutrality - Project List Interviews with stakeholders	Kyushu Electric Power has established its Framework, and has also introduced various plans and initiatives to manage and enhance the performance related to the organization's environmental sustainability against Kyushu Electric Power's wide range of environmental strategy. DNV has reviewed and confirmed that Kyushu Electric Power’s goals are equivalent to achieving the goals of the Paris Agreement in accordance with the plans and initiatives to achieve the carbon neutrality by 2050, which was the long-term goals with science-based evidence quantified by Kyushu Electric Power. Kyushu Electric Power has established a corporate strategy in the significant environmental aspects for the business model, based on the identification of risks and opportunities and scenario analysis using the TCFD guidance. Kyushu Electric Power formulated the " Kyuden Group Carbon Neutral Vision 2050" in April 2021, which includes "Kyuden Group Action Plan to Achieve Carbon Neutrality" (hereinafter, "Kyushu Electric Power Roadmap"). The long-term goals of carbon neutrality by 2050, which are consistent with the goals of the Paris Agreement, are set in

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		planning towards a long-term target to align with the goals of the Paris Agreement; • Clear oversight and governance of transition strategy and, • Evidence of a broader sustainability strategy to mitigate relevant environmental and social externalities and contribute to the UN Sustainable Development Goals.		Kyushu Electric Power Roadmap, and the medium-term goals for achieving those targets are also developed. Kyushu Electric Power's strategic plan to achieve the Transition to carbon neutrality is disclosed in Kyushu Electric Power Roadmap. Specifically, Kyushu Electric Power's transition strategy includes the environmental targets established by the Agency for Natural Resources and Energy, as well as its action plan to achieve the 1.5°C target utilizing TCFD guidance. Furthermore, when a review of efforts is required in order to realize the continuous emission reduction in the future, it will be implemented in a timely manner according to the timeline based on the progress in the development of each technology. Kyushu Electric Power considers the response for the climate change, including the implementation of transition strategies as one of the most important management issues, and has established the system and the Framework to promote the initiatives set forth in "Kyuden Group Carbon Neutral Vision 2050" and Kyushu Electric Power Roadmap at the management level. Kyushu Electric Power considers that its approach to sustainability promotion for Kyushu Electric Power and society is to continue to take on the challenge of "Low-carbonization and decarbonization of power sources" and "Promotion of Electrification" as Kyuden Group and to become a corporate group that leads the decarbonization in Japan from Kyushu towards decarbonization of energy supply and demand. Kyushu Electric Power has been promoting various initiatives (Kyuden Group Carbon Neutral Vision 2050 toward carbon neutrality), based on this

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				concept, and through these activities, aims to contribute widely to the achievement of the SDGs, the Sustainable Development Goals, set by the United Nations. Of these, the major issues (materiality) to which green/transition finance is primarily related are the challenges in bridging the gap between the actual status and the vision aiming for in the "Kyuden Group Management Vision 2030" and the "Kyuden Group Carbon Neutral Vision 2050". Moreover, Kyushu Electric Power sets the "contribution to a decarbonized society"" in the first, and recognizes it as one of the most important issues. DNV confirmed that the Framework, the "Kyuden Group Carbon Neutral Vision 2050" and the Kyushu Electric Power Roadmap were well aligned with Kyushu Electric Power's transition strategy, in accordance with the evaluation of the implementation plans provided by Kyushu Electric Power. Through the evaluation, DNV confirmed that the implementation plans based on Kyushu Electric Power's transition strategy were credible, ambitious, and achievable.
2	Business model environmental materiality	The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model, taking into account potential future scenarios which may impact on current determinations concerning materiality.	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap - Integrated Report 2021 - Kyuden Group ESG Data Book 2021	DNV assessed whether the key activities related to Kyushu Electric Power's business were being corresponding to Kyushu Electric Power's transition strategy which was evaluated as contribution to the environment. Greenhouse gas emissions of the Kyuden Group (FY2020) are as follows: Scope 1: 22.11 million t-CO_2 Scope 2: 0.0001 million t-CO_2 Scope 3: 19.67 million t-CO_2 Total: 41.78 million t-CO_2

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			- Kyuden Group Action Plan to Achieve Carbon Neutrality - Project List Interviews with stakeholders	 Kyushu Electric Power's efforts to the Transition include not only emission reduction from its own business activities (Scope 1 and Scope 2), but also Scope 3 and activities that contribute to reductions of other companies. This will contribute to the achievement of the carbon neutrality at both supply-side and demand-side as a key initiative presented in various plans and strategies towards decarbonization in Japan. In other words, Kyushu Electric Power's efforts to the Transition directly support the transition in whole society, including its own company, as an energy provider which are taking on the challenges to achieve carbon neutrality by 2050. Kyushu Electric Power Roadmap is well aligned with the Electric Power Sector Transition Roadmap formulated by the Agency for Natural Resources and Energy, and its specific implementation plans and targets are set and quantified in

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				the absolute sense that they must allow for optimal solutions and further improvement. DNV confirmed that Kyushu Electric Power's plan to implement its transition strategy was closely related to Kyushu Electric Power's core business activities and activities that contribute to the CO_2 reduction in whole society, and support to drive the Kyushu Electric Power's business with the contribution to the environmental aspects of whole society. Kyushu Electric Power's transition strategy and pathway can be linked to the materiality which utilizes the GRI Standard*1, ISO 26000, SASB Standard*2, TCFD, etc., and will contribute to significant environmental benefits (impacts) from qualitative and quantitative perspectives. *1: Global Reporting Initiative (an international standard that provides ESG-related reporting, management, and analysis methodologies) *2: Disclosure standards developed by the Sustainable Accounting Standards Board regarding ESG factors that are expected to have a high future financial impact.
3	Climate transition strategy to be science-based including targets and pathways	Issuer's climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should: • be quantitatively measurable (based on a measurement methodology which is consistent over time);	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap - Integrated Report 2021	Kyushu Electric Power has set a transition plan that is consistent with the Paris Agreement based on scientific evidence and a transition trajectory that is consistent with the goals established by the Agency for Natural Resources and Energy. This plan provides a realistic achievement and pathway for CO_2 emission reduction in absolute terms and a plan to

<table>
<tr><th>Ref.</th><th>Criteria</th><th>Requirements</th><th>Work Undertaken</th><th>DNV Findings</th></tr>
<tr>
<td></td>
<td></td>
<td>• be aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist;
• be publicly disclosed (ideally in mainstream financing filings), include interim milestones, and;
• be supported by independent assurance or verification

<Suggested information and indicators>

• Short, medium, and long-term greenhouse gas reduction targets aligned with Paris Agreement;
• Baseline
• Scenario utilised, and methodology applied (e.g. ACT, SBTi, etc.);
• Greenhouse gas objectives covering all scopes (Scope 1, 2 and 3[11]); and,
• Targets formulated both in intensity and absolute terms</td>
<td>- Kyuden Group ESG Data Book 2021
- Kyuden Group Action Plan to Achieve Carbon Neutrality
- Project List

Interviews with stakeholders</td>
<td>reduce CO_2 emissions in absolute (total) terms to maintain the defined levels in the future.

DNV confirmed that Kyushu Electric Power's transition strategies were quantified as absolute values or ratios based on a consistent measurement methodology based on prescribed assumptions. The transition targets are set voluntarily based on the efforts utilizing the TCFD and other measures for CO_2 emission reduction in a sustainable manner, and they are consistent with the policies of the Agency for Natural Resources and Energy, which serves as the benchmark.

Specifically, Kyushu Electric has established the following goals for transitions:

<table>
<tr><td>2050</td><td>Supply-chain GHG emissions (Scope 1+2+3) virtually zero
Realization of "carbon negativity" ※
Achievement of "carbon negativity" as early as possible before 2050
Electrification rate in Kyushu: 100% in household sector, 100% in commercial sector</td></tr>
<tr><td>2030</td><td>Supply-chain GHG emissions (Scope 1+2+3) 60% reduction (compared to FY2013)
Of these, Emissions from domestic operations: 65% reduction (compared to FY2013)
Contribution to GHG emissions reduction for society: 7 million tons</td></tr>
</table>
</td>
</tr>
</table>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				Amount of renewable energy to be developed: 5 million kW (Japan and overseas) Electrification rate in Kyushu: 70% in household sector, 60% in commercial sector Kyushu Electric Power's CO_2 reductions focus not only on emission reduction from its own business activities (Scope 1 and Scope 2), but also on Scope 3 and activities that contribute to reductions at other companies. This will contribute to the realization of carbon neutrality at both supply-side and demand-side as an important initiative presented in the various plans and strategies for decarbonization in Japan. In other words, Kyushu Electric Power's efforts to the Transition directly support the Transition of society as a whole, including the company itself, as an energy company challenging to achieve the carbon neutrality by 2050. The efforts to the Transition and the emissions of each scope are disclosed in the "Integrated Report" and the "EGS Data Book", etc.
4	Implementation transparency	Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency to the extent practicable, of the underlying investment program including capital and operational	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap	DNV confirmed that Kyushu Electric Power's investment and deployment plans related to the transition strategy included agreement on future investments and expenditures. Specifically, Kyushu Electric Power plans to invest approximately 500 billion JPY over the next five years (cumulative total for FY2021-FY2025) toward the Low-carbonization and decarbonization of power sources as

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		expenditure. This may include R&D-related expenditure where relevant, and details of where any such operating expenditure is deemed 'non-Business as Usual', as well as other relevant information indicating how this program supports implementation of the transition strategy, including details of any divestments, governance and process changes. <Suggested information and indicators> • Disclosure on the percentage of assets/revenues/ expenditures/divestments aligned to the various levers outlined in Element 1 above; • Capex roll-out plans consistent with the overall strategy and climate science	- Integrated Report 2021 - Kyuden Group ESG Data Book 2021 - Kyuden Group Action Plan to Achieve Carbon Neutrality - Project List Interviews with stakeholders	outlined in the "Kyuden Group Carbon Neutral Vision 2050" and the Roadmap, of which approximately 250 billion JPY is planned for renewable energy-related investments. This includes projects to be implemented with green/transition finance. DNV confirmed that the overall investment plan (investment amount) for the future was a plan where the investments required to implement the transition strategy would be executed according to the appropriate timeline based on the internal management structure and processes, taking into account CTF-1 to CTF-3. DNV confirmed that Kyushu Electric Power plans to allocate the proceeds for capital expenditure and operating expenditure, investment and R&D expenses, etc. for the nominated transition eligible projects shown in Schedule-1.

Schedule-4 green finance (or Transition Finance with specific use of proceeds) Eligibility Assessment Protocol

The checklist below (GBP/GLP-1 to GBP/GLP-4) is a DNV evaluation procedure created for Kyushu Electric Power Sustainable Finance Eligibility Assessment (Green Finance and Transition Finance with specific use of proceeds) based on the requirements of GBP/GBGLs and GLP/GLGLs. "Confirmed documents" in the "Work Undertaken" includes documents inside the issuer and is provided by Kyushu Electric Power as evidence of eligibility judgment for DNV.
In Schedule-4, it is referred to as GBP or GLP according to the practice, but this is the standard to be referred to in the case of financing that specifies the use of proceeds such as transition projects in transition finance that specifies the use of proceeds based on CTFH and CTFBG, so please read as the meaning of the green/transition as appropriate.

GBP/GLP-1 Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of funds	The types of green/transition finance are classified into one of the following types defined by GBP. ・(Standard) Green/transition Bond/Loan ・Green/transition Revenue Bond/Loan ・Green/transition Project Bond/Loan ・Other	Confirmed documents - Framework Interviews with stakeholders	Through the evaluation work, DNV confirmed that Kyushu Electric Power Transition/Green Finance fall into the following categories: ・(Standard) Green/transition Finance
1b	Green/transition Project Classification	The key to a green/transition bond is that the proceeds will be used for a green project, which should be properly stated in the legal documents relating to the security.	Confirmed documents - Framework - Project List - Amendment Shelf Registration Statement Interviews with stakeholders	DNV confirmed that the Green/Transition Finance aimed to fund for wide range of Green/Transition projects focused on Kyushu Electric Power's environmental goals and transition strategy, as described in the Framework and Schedule-1. Specifically, all of Green/Transition Finance classification and nominated Eligible Project listed in Schedule-1 are evaluated as conforming to the Transition Strategy, and the proceeds through Green/Transition Finance are planned to be financed one or more of the nominated Green/Transition Finance Eligible Project. If a Green/Transition project is pre-selected

<table>
<tr><th>Ref.</th><th>Criteria</th><th>Requirements</th><th>Work Undertaken</th><th>DNV Findings</th></tr>
<tr><td></td><td></td><td></td><td></td><td>
before the financing is implemented, this will be disclosed in legal documents.

Through the assessment, DNV concludes that the nominated Green/Transition eligible projects will bring concrete and actual environmental benefits.

Table Kyushu Electric Power Key Initiatives to Achieve Carbon Neutrality

(Green/Transition Finance and Nominated Projects)
<table>
<tr><th colspan="2">Eligibility Criteria</th><th>Project Overview</th></tr>
<tr><td rowspan="4">Low-carbonization and Decarbonization of power sources</td><td rowspan="2">Renewable Energy</td><td>Investment for development, construction, operation, and renovation of geothermal, hydroelectric, solar, wind and biomass facilities</td></tr>
<tr><td>Investment for the development of storage batteries and pumped storage power generation, and the establishment of integrated control technology for distributed energy resources using these resources, and the development of aggregation business</td></tr>
<tr><td>Nuclear Power Generation</td><td>Investments to ensure continued safe and stable operation of existing nuclear power plants</td></tr>
<tr><td>Thermal Power</td><td>Investments to shut down and discontinue inefficient thermal power</td></tr>
</table>
</td></tr>
</table>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings		
					Generation	Investment for new high-efficiency thermal power plants
						Investment for R&D and installation of facilities for co-firing of hydrogen, ammonia, biomass, etc. and utilization of CO_2 recovery technology (CCUS)
						Investment for building a supply chain for carbon-free fuels (hydrogen and ammonia)
					Power transmission and distribution network	Investment for the development and enhancement of interconnection lines and backbone grids that contribute to the expansion of renewable energy, etc.
				Promotion of Electrification		Investment for sophisticated supply-demand operation and grid stabilization technologies to improve network utilization
					Increasing electrification rate in Kyushu	Investments and expenditures for sales promotion of products and services that contribute to increasing the electrification rate, such as all-electrification and heat pumps, as well as investments for the introduction of EV vehicles (company-owned vehicles) and EV-related businesses
					Promotion of carbon	Investments for various initiatives to promote carbon neutrality in the

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<table><tr><td></td><td>neutrality in the region</td><td>region, including the cost of maintaining company-owned forests and purchasing carbon credits (J-credits)</td></tr></table>
1c	Environmental benefits	All green projects to which the funds are used should have clear environmental benefits, the effects of which should be assessed by the issuer and, where possible, quantitatively demonstrated.	Confirmed documents - Framework - Project List Interviews with stakeholders	Green/Transition projects will contribute to goals based on Kyushu Electric Power's Transition Strategy, and to low-carbonization and decarbonized emissions through the three eligible criteria categories indicated in 1b. The environmental benefits realize the reduction of CO_2 emissions, which has been quantitatively or qualitatively evaluated by the issuer. It was confirmed that, prior to the implementation of the Green/Transition Finance, only the evaluation method for environment benefits (calculation method) and the item shall be disclosed. The indicator according to the project characteristics and CO_2 emission reduction will be quantitatively evaluated and reported in the annual reporting. (If the quantitative evaluation for CO_2 emission reduction is difficult due to the project characteristics, the information, such as the project outline, the status of research and development/demonstration, etc., will be reported to the extent practicable.)
1d	Refinancing rate	If all or part of the proceeds are used or may be used for refinancing, the issuer will indicate the estimated ratio of the initial investment to the refinancing and, if necessary. Therefore, it is recommended to clarify which investment or project portfolio is subject to refinancing.	Confirmed documents - Framework - Project List Interviews with stakeholders	Kyushu Electric Power plans to use all proceeds for new investments, refinancing, or both for nominated eligible projects included in Schedule-1. If it is clear in advance whether to make new investment or refinance before implementing financing, it will be disclosed in legal documents.-DNV confirmed that if it is not yet clear, the Issuer plans to disclose the estimated amount (or percentage)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				of the proceeds which was allocated to refinancing through reporting (annual report).

GBP/GLP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	Green/Transition bond issuers should provide an overview of the process of qualifying projects for which green/transition bond funding will be used. This includes (but is not limited to): ・ The process by which the issuer determines that the project in question is included in the business category of a qualified green/transition project. ・ Creation of criteria for eligibility of projects for which green/transition bond funding will be used ・ Environmental sustainability goals	Confirmed documents - Framework Interviews with stakeholders	DNV confirmed that the issuer had a process document of determining the eligibility of projects for the green/transition finance, and that the outline is specified in the Framework.
2b	Issuer's Environmental and Social Governance Framework	In addition to criteria and certifications, the information published by issuers regarding the green/transition bond process also considers the quality of performance of the issuer's framework and environmental sustainability.	Confirmed documents - Framework Interviews with stakeholders	The issuer complies with environment-related laws, ordinances and regulations, and considers that the environmental benefits such as CO_2 reduction are clear in the entire life cycle or each process during the selection of the green/transition projects. In the operation and implementation of the project, each of the departments involved is committed to the preservation of the surrounding environment. DNV confirmed that the green/transition projects implemented by the issuer were consistent with issuer's management and environmental initiatives,

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				as well as with the transition strategy, goals and pathways.

GBP/GLP -3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds from of Green/Transition bonds should be managed in sub-accounts, included in sub-portfolio, or otherwise tracked. It should also be certified by the issuer in a formal internal process related to the issuer's investment and financing operations for the Green Project.	Confirmed documents - Framework Interviews with stakeholders	DNV confirmed that the net proceeds funded by the green/transition finance could be tracked in line with the issuer's internal system/ ledger sheet, etc. In addition, DNV also confirmed that the systems that is actually used and the relevant documents, etc. and that the management status of the proceeds was to be proved.
3b	Tracking procedure-2	During the green/transition bond redemption period, the balance of funds raised that is being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects undertaken during that period.	Confirmed documents - Framework Interviews with stakeholders	DNV confirmed that the issuer planned to periodically (once a quarter) review the balance of the green/transition finance by the internal system/ ledger sheet, etc. described in 3a during the period from the implementation of the green/transition finance to its redemption.
3c	Temporary holding	If no investment or payment has been made in a qualified green project, the issuer should also inform the investor of the possible temporary investment method for the balance of unallocated proceeds.	Confirmed documents - Framework Interviews with stakeholders	DNV confirmed that through the confirmation process, based on the issuer's internal system/ ledger sheet and relevant work flow, was structured to ensure that the balance of unallocated proceeds was recognized sequentially. DNV confirmed that the balance of unallocated proceeds would be managed in cash or cash equivalents, through the content in the Framework and verification process. DNV also confirmed that the balance of unallocated proceeds would be disclosed through reporting on the allocation status of proceeds.

GBP/GLP -4 Reporting

<table>
<tr><th>Ref.</th><th>Criteria</th><th>Requirements</th><th>Work Undertaken</th><th>DNV Findings</th></tr>
<tr><td>4a</td><td>Periodical Reporting</td><td>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the issuer will consider each project at least once a year for projects to which the Green/Transition bond proceeds have been allocated, taking into account the following: A list of each project should be provided.
- Confidentiality and competitive considerations
- Outline of each project, expected sustainable environmental and social effects</td><td>Confirmed documents
- Framework
- Project List
- Information on projects for which proceeds are planned to be allocated</td><td>DNV confirmed that the issuer would conduct annual report on the green/transition finance until the proceeds were allocated, and disclose information on the allocation status, projects for which the proceeds were allocated and environmental benefits. DNV confirmed that the environmental benefits for any or all of the following would be disclosed, to the extent of confidentiality and as reasonably practicable.
The Report will be disclosed in the Integrated report or on the website.
<Allocation Status>
• Allocation amount
• Balance of unallocated amounts and the management method
• Estimated amount of proceeds to be allocated for refinancing (or percentage)

<Environmental Benefits>
<table><tr><th colspan="2">Eligible Criteria</th><th></th></tr><tr><td rowspan="2">Low-carbonization and Decarbonization of power</td><td>Renewable Energy</td><td>・Project Outline
・Installed capacity by renewable energy type (MW)
・Annual CO_2 emission reduction by renewable energy type (t-CO_2/y)</td></tr><tr><td>Nuclear Power Generation</td><td>・Installed capacity of concerned nuclear power plant (MW)</td></tr></table></td></tr>
</table>

<table>
<tr><th>Ref.</th><th>Criteria</th><th>Requirements</th><th>Work Undertaken</th><th>DNV Findings</th></tr>
<tr><td></td><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="2">source s</td><td></td><td>・Annual CO_2 emission reduction of concerned nuclear power plant (t-CO_2/y)</td></tr>
<tr><td>Thermal Power Generation</td><td>・Project Outline
・Outline of power plant (installed capacity (MW), year of starting operation, performance and efficiency, etc.)
・Annual CO_2 emission reduction (t-CO_2/y)</td></tr>
<tr><td rowspan="4">Promot ion of Electrif ication</td><td>Power transmission and distribution network</td><td>・Project Outline
・Status of Capital Investment for Power Transmission and Distribution, etc.</td></tr>
<tr><td>Increasing electrification rate in Kyushu</td><td>・Project Outline
・Annual CO_2 emission reduction contribution (t-CO_2/y)</td></tr>
<tr><td>Promotion of carbon neutrality in the region</td><td>・Project Outline
・Annual CO_2 emission reduction contribution (t-CO_2/y)</td></tr>
</table>
The currently planned reporting for the green/transition project is described in the section of GBP/GLP-4. Reporting in this document.
</td></tr>
</table>

Schedule-5 Transition-Linked Finance (Transition Finance with general corporate purpose) Eligibility Assessment Protocol

Since the Kyushu Electric Power Sustainable Finance is executed as a General Corporate Purpose transition bond or loan, which does not specify the use of proceeds, it is evaluated by applying the five elements of SLLP SLBP and required for eligibility evaluation of a bond or loan that does not specify the use of proceeds defined by CTFH and CTFBG.

The checklist below (SLLP/SLBPB1～5) is a DNV evaluation procedure created for the Kyushu Electric Power Sustainable Finance (Transition Bond or Loan with general corporate purpose) based on the requirements of SLLP and SLBP.

The "confirmed documents" in the Work Undertaken include public or private documents (materials inside the issuer), etc., and are provided by Kyushu Electric Power as evidence of eligibility judgment for DNV.

SLLP/SLBP-1 Selection of KPIs (Key Performance Indicators)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	The fundraiser's sustainability performance is measured using sustainability KPIs that can be external or internal. The KPIs should be material to the fundraiser's core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management's control. The KPI should be of high strategic significance to the fundraiser's current and/ or future operations; It is recommended that fundraiser communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.	Confirmed documents: - Framework - Integrated Report 2021 - Kyuden Group ESG Date Book 2021 - Kyuden Group Action Plan to Achieve Carbon Neutrality Interviews with stakeholders	DNV has reviewed Kyushu Electric Power sustainability KPI, and confirmed that the chosen KPI was material and relevant to the company's core transition strategy and sustainability management. Core to Kyushu Electric Power's business strategy is to play the role of supporting the social infrastructure as an energy provider. Moreover, core to Kyushu Electric Power's transition (sustainability) strategy is identified as two sustainability issues (materiality) to achieve the carbon neutrality. • Low-carbonization and decarbonization of power sources • Promotion of Electrification Among these, the material KPI for the realization of carbon neutrality is to reduce GHG emissions centered on the Low-carbonization and decarbonization of power

<table>
<tr><th>Ref.</th><th>Criteria</th><th>Requirements</th><th>Work Undertaken</th><th>DNV Findings</th></tr>
<tr><td></td><td></td><td></td><td></td><td>sources. This is explained as three medium-to long-term targets and the Action Plan in “Kyuden Group Carbon Neutral Vision 2050”, being focused on emission reduction from Kyushu Electric Power’s own company and the supply chain toward the achievement of carbon neutrality by 2050.

This is clearly communicated in the framework associated with Kyushu Electric Power's transition (sustainability) strategy.

The chosen KPI is outlined in detail in Schedule-2, and entails:

<table><tr><th>KPI</th></tr><tr><td>KPI 1: Supply-chain GHG emissions (Scope 1+2+3)</td></tr><tr><td>KPI 2: Supply-chain GHG emissions (Scope 1+2+3) (domestic business)</td></tr><tr><td>KPI 3: Amount of renewable energy to be developed (installed capacity)</td></tr></table>
The three KPIs related to an environmental sustainability (transition) defined by Kyushu Electric Power, Supply-Chain GHG Emissions, Supply-Chain GHG Emissions (domestic business) and the amount of renewable energy to be developed, shown in Table-2 “Kyushu Electric Power Transition Linked Finance KPIs and SPTs” are the key indicators for the comprehensive transition (sustainability) strategy toward “Achieving Carbon Neutrality” and “Low-carbonization and decarbonization of power sources” set by Kyushu Electric Power as an energy provider.</td></tr>
</table>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				The key KPI for Kyushu Electric Power is to reduce the supply-chain GHG emissions in order to "achieving carbon neutrality" and " Low-carbonization and decarbonization of power sources ". Since indirect emissions from electricity account for about 40% of GHG emissions in Japan, it is fully appropriate that Kyushu Electric Power selects the supply-chain GHG emissions as a KPI. This is positioned as a core KPI for "Low-carbonization and decarbonization of power sources" set forth in the "Kyuden Group Carbon Neutral Vision 2050". Similarly, the amount of renewable energy to be developed (installed capacity) is a key KPI that directly contributes to "Low-carbonization and decarbonization of power sources" and reduces the supply-chain GHG emissions. DNV believes that the deployment of the three KPIs will enable a targeted approach to achieve Kyushu Electric's power goal for the Low-carbonization and decarbonization of power sources. The selected KPIs for the Low-carbonization and decarbonization of power sources are consistent with Kyushu Electric Power's objectives to approach as an energy provider, or are measurable as Kyushu Electric Power's more wide-ranging transition (sustainability), are the efforts with transparency, and are easy to understand for annual evaluation. From the perspective of Kyushu Electric Power's business strategy as an energy provider, DNV believes that Kyushu Electric Power's efforts to address KPIs closely related to the "Low-carbonization and decarbonization of power sources" set forth in the "Kyuden Group Carbon Neutral Vision 2050" for achieving carbon neutrality will

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				contribute to Kyushu Electric Power's goal of becoming "aiming to become a corporate group that leads the decarbonization of Japan from Kyushu as a top low-carbon runner", and be a key driving force for the increasing profits by maximum utilization of existing and new zero-emission source (renewable energy, etc.). In addition, the KPI will also contribute to the alignment of both realization of Kyuden Group Carbon Neutral Vision 2050 and Kyushu Electric Power's goals related to the sustainability management and the business strategy.
1b	KPI - Measurability	KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition. Fundraiser are encouraged, when possible, to select KPI(s) that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. In situations where the KPIs have not been previously disclosed, fundraiser should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap - Integrated Report 2021 - Kyuden Group ESG Date Book 2021 - Kyuden Group Action Plan to Achieve Carbon Neutrality Interviews with stakeholders	DNV concludes that the GHG emissions KPI is measurable on a consistent methodological (GHG emissions protocol) basis, externally verifiable and able to be benchmarked to external references. DNV concludes that the indicator for the supply-chain GHG emissions is highly robust and reliable. DNV confirmed that the KPIs selected by Kyushu Electric Power were consistent with "the 6th Strategic Energy Plan" and "Electric Power Sector Transition Roadmap" formulated by the Agency for Natural Resources and Energy, and that the KPIs were set as comparable indicators appropriately.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	KPI – Clear definition	A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology	Confirmed documents: - Framework Interviews with stakeholders	DNV confirmed that the KPI chosen by Kyushu Electric Power provided a clear evaluation scope and calculation methodology. DNV also confirmed that one of the KPIs, GHG emissions, was calculated and reported in accordance with the GHG Emissions Protocol, and that one of the KPIs, the amount of renewable energy to be developed, was the installed capacity of power generation facilities that would be installed and start operation. The three KPIs are the indicator used in “the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy.

SLLP/SLBP -2. Calibration of SPT (Sustainability Performance Targets)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the fundraiser’s business and be consistent with the issuers’ overall strategic sustainability/ESG strategy	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap - Integrated Report 2021 - Kyuden Group ESG Date Book 2021	DNV confirmed that SPT supported the supply-chain GHG emission reduction defined in “Low-carbonization and decarbonization of power sources” set forth in "Kyuden Group Carbon Neutral Vision 2050”, and was the goal to exceed the goal set by the Agency for Natural Resources and Energy. In addition, DNV confirmed that the SPT included the specific plans, and was ambitious, realistic and meaningful. DNV also confirmed that the achievement of SPT is in line with the Kyushu Electric Power’s initiatives to achieve the carbon neutrality.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			- Kyuden Group Action Plan to Achieve Carbon Neutrality Interviews with stakeholders	Achievement of SPT is a necessary response to GHG emission reduction, which is closely related to the environmental issues as an energy provider, and is meaningful for Kyushu Electric Power's Business. Kyushu Electric Power's three medium-to long-term goals set out in the "Kyuden Group Carbon Neutral Vision 2050" will work toward achievement of carbon neutrality by 2050, and SPT will be provided as an annual goal until 2030 to measure progress. DNV concludes that SPT is realistic, the plan is feasible, and it is likely to achieve the SPT objectives outlined in the framework, based on "Kyuden Group Action Plan to Achieve Carbon Neutrality" provided to DNV. It was confirmed that 60% of supply-chain GHG emission reduction and 65% of supply-chain GHG emission reduction in domestic business by 2030 based on FY2013 set by Kyushu Electric Power would exceed the targets described in "the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy. Similarly, it was also confirmed that the plan to increase the amount of renewable energy to be developed (installed capacity) set by Kyushu Electric Power up to 5 million kW by 2030, which exceeded the targets described in "the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy. This is expected to be a driving force for Kyushu Electric Power's efforts to implement its transition (sustainability) strategy.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the loan.	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap - Integrated Report 2021 - Kyuden Group ESG Date Book 2021 - Kyuden Group Action Plan to Achieve Carbon Neutrality Interviews with stakeholders	DNV confirmed that the chosen SPTs were associated with a material improvement of the KPI. This corresponds to 60% of reduction by 2030, compared to FY2013. 60% reductions of GHG emissions are more ambitious target than 46% reductions described in "the 6th Strategic Energy Plan" formulated by the Agency for Natural Resources and Energy, and exceed "Business as Usual". In addition, the renewable energy development is the efforts to the Transition closely related to the supply-chain GHG emission reduction of the supply chain. SPT 3 (5 million kW by 2030) is drastically increased compared to Kyushu Electric Power's past three-year results (FY 2019: approx. 2.2 million kW, FY 2020: approx. 2.3 million kW, FY 2021: approx. 2.5 million kW); and, the development should be accelerated and expanded more than the past results. This is an ambitious goal which exceeds the "Business as Usual" quantitatively set based on the recent performance level as required by the Linked-Finance.
2c	Target Setting – benchmarks	The target setting exercise should be based on a combination of benchmarking approaches: 1. The fundraiser's own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI 2. The SPTs relative positioning versus the fundraiser's peers where comparable or	Confirmed documents: - Framework - 6th Strategic Energy Plan - 6th Strategic Energy Plan - Integrated Report 2021 - Kyuden Group ESG Date Book 2021 - Kyuden Group Action Plan to Achieve Carbon Neutrality	DNV confirmed that the SPT target setting process was based on an appropriate combination of benchmarking approaches: • DNV confirmed that the Framework provided the guidance for the target setting up to 2030 through the KPI information based on the appropriate data and the Kyushu Electric Power's actual results up to 2019. • DNV concludes that the SPT outlined goes beyond the SPT of the target set by the Agency for Natural Resources and Energy, and is line with the method calculated from the GHG emission reduction protocol

<table>
<tr><th>Ref.</th><th>Criteria</th><th>Requirements</th><th>Work Undertaken</th><th>DNV Findings</th></tr>
<tr><td></td><td></td><td>available, or versus industry or sector standards
3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies</td><td>Interviews with stakeholders</td><td>using by the Agency for Natural Resources and Energy.
・ DNV concludes that the SPT is put in an appropriate context of GHG emission reduction targets developed by the Agency for Natural Resources and Energy. This Framework is also consistent with national guidelines that are aligned with the achievement of the Paris Agreement targets. Kyushu Electric Power are supported by three KPIs/SPTs for the realization of "Kyuden Group Carbon Neutral Vision 2050" and their respective action plans.

Kyushu Electric Power is supported by three medium- and long-term goals for the realization of "Kyuden Group Carbon Neutral Vision 2050” and their respective action plans.

These include the goals, Best Available Technology or other close technologies set by the Agency for Natural Resources and Energy.
<table><tr><td>2050</td><td>Supply-chain GHG emissions (Scope 1+2+3) virtually zero
Realization of "carbon negativity" ※as early as possible before 2050</td></tr><tr><td>2030</td><td>Supply-chain GHG emissions (Scope 1+2+3) 60% reduction(compared to FY2013)
Of these, Emissions from domestic business: 65% reduction (compared to FY2013)</td></tr></table></td></tr>
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Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				Amount of renewable energy to be developed: 5 million kW (Japan and overseas)
2d	Target setting – disclosures	Disclosures on target setting should make clear reference to: 1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs 2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used 3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place 4. Where possible and taking into account competition and confidentiality considerations, how the borrowers intend to reach such SPTs	Confirmed documents: - Framework - 6th Strategic Energy Plan - Electric Power Sector Transition Roadmap - Integrated Report 2021 - Kyuden Group ESG Date Book 2021 - Kyuden Group Action Plan to Achieve Carbon Neutrality Interviews with stakeholders	DNV confirmed that the SPT target setting was properly disclosed as follows: ・ The timeline for SPT achievement is set up to 2030. The interim progress to the trigger judgement of the SPT uses a linear interpolation, etc., from 2013 to 2030 as a guide. ・ The base year for the SPT regarding GHG emission reduction is 2013. This is consistent with the base year (2013) set by the Agency for Natural Resources and Energy. ・ Progress status of achievement for the GHG emission reduction and the amount of renewable energy to be developed are described in the Framework, the Action Plan and the Roadmap to achieve the carbon neutrality by 2050 in detail. After review of Kyushu Electric Power's "Kyuden Group Action Plan to Achieve Carbon Neutrality", DNV concluded that the SPTs were realistic and that the plan was viable and possible to meet the SPT targets outlined in the Framework.

SLLP/SLBP -3. Loan Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Loan Characteristics – SPT Financial/structural impact	The SLL/SLB will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the predefined SPT(s).	Confirmed documents: - Framework Interviews with stakeholders	DNV confirmed that the inclusion of trigger event(s) under the framework was in line with the requirements outlined by SLLP/SLBP. Regarding the Transition-Linked Finance (Bond or Loan) executed under the Framework, DNV confirmed that the observation timing for the specific SPT, the trigger events with performance requirements and their extent of the impact were linked to the target achievement and the financial incentives.
3b	Loan Characteristics – Fallback mechanism	Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained. Fundraisers may also consider including, where needed, language in the bond or loan documentation to take into consideration potential exceptional events.	Confirmed documents: - Framework Interviews with stakeholders	DNV confirmed that Kyushu Electric Power has reviewed an appropriate fallback mechanism, and consequently would not set another SPT or calculation method at this time since the risk of being uncalculated or unobservable was negligible. Kyushu Electric Power explained that Kyushu Electric Power may change the KPI and the SPT due to both/either external factors and/or Kyushu Electric Power's management decision result, such as changes of Kyushu Electric Power's business circumstances, changes of business structures and KPI where reasonable demonstration on the discussion with DNV, etc.

SLLP/SLBP -4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	Fundraisers of SLLs should publish, and keep readily available and easily accessible: 1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant 2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the loan's financial and/or structural characteristics 3. Any information enabling investors to monitor the level of ambition of the SPTs This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLL's financial and/or structural characteristics.	Confirmed documents: - Framework Interviews with stakeholders	DNV concludes that necessary information, as required by SLLP/SLBP, will be published in a timely manner and kept publicly available: · KPI performance for the SPT: After execution of the Transition-Linked Finance, Kyushu Electric Power will undergo the verification by the external institution, etc. at least once a year by the redemption or the completion of repayment, and disclose the information in the Integrated report or on its website, or to the lender only in case of Loan. · SPT achievement status: Will be subject to annual verification from an independent reviewer and it is used to determine financial characteristics (loan conditions or other financial incentives) · If the target formulated by the Agency for Natural Resources and Energy is changed: Kyushu Electric Power will discuss with DNV, etc. concerning the degree of ambition for SPT, and its targets will be changed if necessary.

SLLP/SLBP -5. Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Fundraisers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year and for each SPT trigger event.	Confirmed documents: - Framework Interviews with stakeholders	DNV confirmed that Kyushu Electric Power plans to undergo independent validation of KPI-related data at least once a year by qualified external evaluation agency with relevant expertise in SPT trigger events