



SECOND PARTY OPINION

HOKKAIDO ELECTRIC POWER GREEN/TRANSITION FINANCE FRAMEWORK

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Revision history

Revision Number	Date of Issue	Main Changes
0	27 February 2023	Initial
1	7 November 2023	<ul style="list-style-type: none"> Re-evaluation of eligibility due to the framework modification to add eligibility criteria (e.g., introduction of storage batteries) Re-evaluation of eligibility due to the update of SLLP and GLP in February 2023 and the update of CTFH and SLBP in June 2023 to reflect and update additional requirements
2	20 August 2025	<ul style="list-style-type: none"> Re-evaluation of eligibility due to the review of management strategy and targets and changes in the eligibility criteria (changed "nuclear power generation" to green and added "ammonia production and utilization" to transition) Re-evaluation of eligibility due to the update of SLBP in June 2024, the update of GBGL, GLGL, SLBGL, and SLLGL in November 2024, the update of CTBG and GLP in March 2025, the update of SLLP in April 2025, and the update of GBP in June 2025 to reflect and update additional requirements

Disclaimer

Our assessment relies on the premise that the data and information provided by Fundraiser 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.

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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

Hokkaido Electric Power Co., Inc. (hereinafter, "Hokkaido Electric Power") is engaged in power generation and retail electricity business etc., and the HEPCO Group companies are engaged in general power transmission and distribution business, power generation business (including power generation business on remote islands), retail electricity business, information and communication business, etc.

In the course of the above-mentioned businesses, the business environment surrounding HEPCO Group, centered on Hokkaido Electric Power, has experienced intensifying competition and changes in the social structure, such as decarbonization and other technological advancements, aging and population decline, changes in customer values, etc., which are expected to accelerate further in the future. In order to steadily respond to these changes, HEPCO Group laid out its "HEPCO Group Management Vision 2035" (hereinafter, the "Management Vision") in March 2025 as the ideal vision that the Group aspires to embody by the year 2035.

The targets to be achieved by FY2036² with respect to greenhouse gases under the Management Vision include "Reduce HEPCO Group's supply chain greenhouse gas emissions (Scope 1+2+3) by 46% by FY2031 and 60% by FY2036 compared to FY2014 levels," "Contribute to a 1.5 million-ton reduction in emissions by FY2031 and 2.5 million-ton reduction by FY2036 by promoting electrification with heat pumps utilizing air heat, which is a renewable energy source, energy-saving proposals, customer support for decarbonization, and its renewable energy development business (avoided emissions)," etc., and the Group is promoting initiatives toward the achievement.

Hokkaido Electric Power formulated the Green Bond Framework in October 2021 and issued its first and second green bonds in December 2021 and July 2022. In February 2023, Hokkaido Electric Power announced an update of the framework as the "Hokkaido Electric Power Green/Transition Finance Framework" (hereinafter, the "Framework") in response to Hokkaido's in-depth exploration of its carbon neutrality strategy and the development of various systems and policies related to transition finance. The Framework further updated in November 2023 and revised again at this time.

In promoting these initiatives, Hokkaido Electric Power has set ambitious goals as medium- and long-term management goals, and set the "Aim for Carbon Neutrality by 2050," in which the "Roadmap to Carbon Neutral 2050" has specified. The Group is aiming to achieve "carbon neutrality for all energy use in Hokkaido" in line with the roadmap. The Group is planning to use the proceeds from green/transition finance to support initiatives to achieve these goals.

Hokkaido Electric Power has established the Framework to implement the green/transition finance in a form that conforms to the internationally established framework.

The Framework is structured as a comprehensive framework that includes the elements required for financing implementation, including:

- Green Finance (Green Bonds & Loans)

² Unless otherwise specifically noted, "FY2036" means that the fiscal year ending March 31, 2036. Other fiscal years are referred to in a corresponding manner.

- Transition Finance (Transition Bonds and Loans with Specific Use of Proceeds / General Corporate Purpose)

DNV Business Assurance Japan K.K. (hereinafter, "DNV"), as an external reviewer, evaluated the eligibility of the Framework. Specifically, DNV provided the eligibility evaluation for the Framework against the following frameworks (e.g., principles and guidelines).

- Climate Transition Finance Handbook (CTFH); International Capital Market Association (ICMA), 2023
- Basic Guidelines on Climate Transition Finance (CTFBG); Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2025
- Green Bond Principles (GBP); International Capital Market Association (ICMA), 2025
- Green Bond Guidelines (GBGL); Ministry of the Environment, 2024
- Green Loan Principles (GLP); Loan Market Association (LMA) et al., 2025
- Green Loan Guidelines (GLGL); Ministry of the Environment, 2024
- Sustainability-Linked Bond Principles (SLBP); International Capital Market Association (ICMA), 2024
- Sustainability-Linked Bond Guidelines (SLBGL); Ministry of the Environment, 2024
- Sustainability-Linked Loan Principles (SLLP); Loan Market Association (LMA) et al., 2025
- Sustainability-Linked Loan Guidelines (SLLGL); Ministry of the Environment, 2024

The overview of the eligibility assessment results for each common element shown in the above frameworks are as follows.

<CTF eligibility assessment results>

DNV has confirmed the following from the materials and information provided by Hokkaido Electric Power. The CTF-1 to CTF-4 below are the findings and DNV's opinions on the four common elements (disclosure elements) of CTFH/CTFBG.

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

The transition strategy of the Fundraiser, Hokkaido Electric Power, is consistent with the Basic Policy for the Realization of GX, the GX 2040 Vision, the 7th Strategic Energy Plan, NDC (greenhouse gas emissions reduction targets based on the Paris Agreement), and the Transition Roadmap for Power Sector formulated by the Japanese Government. The medium- and long-term goals are based on scientific evidence, and the main measures of reducing greenhouse gas emissions have been disclosed. In addition, as governance and disclosure related to finance implementation, an internal system and an information disclosure process based on TCFD^{*1} has been established, and an investment plan has been formulated. These are disclosed within the Framework etc. and meet the disclosure elements of CTF-1.

^{*1}: Task Force on Climate-related Financial Disclosures

CTF-2. Business Model Environmental Materiality:

Hokkaido Electric Power has identified three material issues and eight major initiatives as materiality in its business model. The materiality mainly related to green/transition finance is "steady progress in initiatives to achieve 2050 carbon neutrality," and in order to achieve the "Roadmap to Carbon Neutral 2050," Hokkaido Electric Power has set issues to bridge the gap

with the current situation, and has disclosed Scope 1 to 3, which is the result of its initiatives. In Hokkaido Electric Power's transition strategy, the management strategy and ESG (environmental, social, and governance) initiatives are inseparable, and specific initiatives have been outlined in the "Roadmap to Carbon Neutral 2050," and contributions to the SDGs, which will be described later, have also been considered. Eligible projects contribute to greenhouse gas emissions reduction (Scope 1+2+3) of HEPCO Group. These are disclosed within the Framework etc. and meet the disclosure elements of CTF-2.

CTF-3. Climate Transition Strategy to be Science-based Including Targets and Pathways:

Hokkaido Electric Power's transition strategy has been set by science-based absolute emission targets and pathways. Specifically, based on the targets and pathways set forth in the policies formulated by the Japanese Government toward achieving 2050 carbon neutrality and the goals of the Paris Agreement as described in CTF-1, the medium- and long-term goals for HEPCO Group's supply chain emissions (Scope 1+2+3) have been indexed and quantified, and the process for achieving the targets, including the use of CO₂ capture technologies in the future, has been clarified. The relevant categories of Scope 3 have also been indicated. These are disclosed within the Framework etc. or second party opinion, and meet the disclosure elements of CTF-3. The use of carbon credits has not yet been determined at this time.

CTF-4. Implementation Transparency:

Hokkaido Electric Power has provided an overview of the results and impact of its basic investment plan, including the amount of investment to execute the transition strategy, and its implementation. Hokkaido Electric Power has set green/transition projects as its highest priority investment areas for 2035, and has announced that it will invest a total of about JPY 250 billion (cumulative in FY2026-2036) as next-generation energy investment, and that it will phase out projects that do not meet the transition. At this time, the internal carbon price is considered only in the financial impact estimations. These are disclosed within the Framework etc. or second party opinion, and meet the disclosure elements of CTF-4.

<GBP/GLP eligibility assessment results>

DNV has confirmed the following from the materials and information provided by Hokkaido Electric Power. The GBP/GLP-1 to GBP/GLP-4 shown below are the findings and DNV's opinions on the four common elements of GBP/GLP (*including GBGL/GLGL).


GBP/GLP-1. Use of Proceeds:

Hokkaido Electric Power Company has defined eligibility criteria for the use of proceeds as projects that directly or indirectly contribute to the realization of transition strategies and goals (green/transition projects). Specifically, the eligibility criteria are identified and classified as shown in Table-1, and will be allocated to financing for new expenditures and/or refinancing for existing expenditures for any or more of these capital expenditures, operating expenses, capital contributions, R&D-related expenses, removal costs, and other related expenditures. DNV has confirmed that these projects are aligned with the elements of CTF-1 to CTF-4. The project has been evaluated by Hokkaido Electric Power as having clear

environmental benefits on the transition strategy, and is expected to make a direct and indirect contribution to the SDGs. These processes are in line with GBP/GLP-1.

In addition, in the evaluation of the Framework, DNV has judged that nuclear power generation indicated in the eligibility criteria was eligible as a green project. Please refer to the ANNEX - Second Party Opinion (Ref. Nr.: PRJN-608649-2023-ANX-JPN-02), which was published at the same time as this report.

Table-1 Hokkaido Electric Power Green/Transition Finance Eligibility Criteria

Eligibility Criteria	Project Overview	Green ^{*1}	Transition ^{*2}	Related SDGs
Renewable Energy	Development, construction, operation, and renovation of renewable energy sources (hydropower, solar, geothermal, wind, biomass)	✓		
	Introduction and development, construction, operation, and renovation of battery storage facilities	✓		
Nuclear Power Generation	Investments in safety measures necessary for the restart of the existing nuclear power plants (efforts to enhance safety to comply with the new regulatory requirements, etc.) ^{*3}	✓		
	Investments and expenditures necessary for the operation, refurbishment, and continued use of the existing nuclear power plants ^{*3}	✓		
Promotion of Electrification and Energy Efficiency	Various investments related to the promotion of electrification and energy efficiency (e.g., promotion of electrification, introduction of energy-saving equipment, solar power generation, battery storage, utilization of hydrogen through fuel cells, expansion of CO ₂ -free tariff menus, introduction and infrastructure development for EVs and FCVs, utilization of hydrogen in the transportation sector, etc.)	✓		
Transmission and Distribution Business	Development and enhancement of transmission and distribution networks to expand the introduction of renewable energy (including inter-regional connection lines)	✓		
Hydrogen and Ammonia Production and Utilization	Establishment of supply chains for hydrogen production and utilization		✓	
	Establishment of supply chains for ammonia production and utilization		✓	
Thermal Power Generation and CCUS	Decommissioning of inefficient thermal power plants		✓	
	Construction of high-efficiency LNG thermal power plants		✓	
	Utilization of hydrogen, ammonia, and biomass		✓	
	Research, development, demonstration, and implementation of CCUS (Carbon Capture, Utilization, and Storage)		✓	

*1 Projects that have been confirmed as eligible as green projects can be incorporated as green projects when implementing green finance in the future. Green projects are also allowed in the CTFBG to be included as part of the implementation of transition finance.

*2 Some of the projects currently classified as transition projects may become green projects due to the application of technological innovations in the future (e.g., application of green fuels/manufacturing processes, achieving

performance that meets CO₂ emission standards as a green project). Eligibility criteria marked with “✓” in both green and transition are classified as either or both depending on the individual project.

*3 As for the projects related to nuclear power generation, the environmental and social impacts associated with the projects and the use of nuclear power generation were evaluated based on referenceable standards and guidelines. Upon the revision of the Framework in August 2025, Hokkaido Electric Power Company's nuclear power generation projects were confirmed for eligibility as green projects based on the latest trends in the use of nuclear power in Japan (the 7th Strategic Energy Plan, the GX Decarbonization Electricity Act, the GX2040 Vision, etc.).

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

Hokkaido Electric Power will confirm that the project meets the GBP/GLP-1 eligibility criteria and the standards required as a green/transition project, and has clear environmental benefits, and that the procedures for equipment certification, permits, environmental assessments, etc. in the area where the project will be implemented are appropriate. Specifically, nominated projects will be selected by the department aggregating business operations. The finance department and related departments will conduct discussions based on eligibility criteria, and the finance department will evaluate the eligibility and the final approval will be made by the executive officer authorized to oversee funding activities through an appropriate internal process. These processes are in line with GBP/GLP-2.

GBP/GLP-3. Management of Proceeds:

The full amount of proceeds will be managed quarterly by the finance department using internal management systems and dedicated ledgers to ensure that the total amount allocated to eligible projects does not fall below the green/transition finance proceeds. The proceeds will be managed in cash or cash equivalents in an amount equal to the unallocated proceeds until allocation.

GBP/GLP-4. Reporting:

Until the full allocation of proceeds, all or a part of the content stipulated by Hokkaido Electric Power as the allocation status of proceeds and environmental benefits will be disclosed annually through the "HEPCO Group Report" or Hokkaido Electric Power's website, or disclosed to lenders (in the case of loans), within the bounds of confidentiality and reasonable feasibility. This includes the allocated amount, the balance of the unallocated proceeds, and the approximate amount (or percentage) of proceeds allocated to refinancing. Additionally, if there are significant changes in transition strategies and pathways, allocation plans, or results, such changes will be disclosed in a timely manner.

<SLBP/SLLP eligibility assessment results>

DNV has confirmed the following from the materials and information provided by Hokkaido Electric Power. The SLBP/SLLP-1 to SLBP/SLLP-5 shown below are the findings and DNV's opinions on the five elements of SLBP/SLLP (*including SLBGL/SLLGL).

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

The KPI related to environmental sustainability (transition) set by Hokkaido Electric Power (Scope 1+2+3) and shown in Table-2 is an important indicator in Hokkaido Electric Power's comprehensive transition strategy toward the "Roadmap to Carbon Neutral 2050" set forth by Hokkaido Electric Power as an electric utility. The selection of KPI is a rational process, and the KPI is clearly defined, measurable and verifiable, and is considered to be robust and reliable in accordance with SLBP/SLLP.

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

Hokkaido Electric Power Company's SPT (reduce HEPCO Group's supply chain greenhouse gas emissions (Scope 1+2+3) by 46% by FY2031 and 60% by FY2036 compared to FY2014 levels) shown in Table-2 is meaningful and closely linked to Hokkaido Electric Power's sustainability (transition) and business strategy as an electric utility, and shows significant improvements according to a pre-set timeline. The SPT is benchmarked against the latest performance level of Hokkaido Electric Power and the greenhouse gas emissions reduction targets set by the Agency for Natural Resources and Energy for FY2031 and FY2036. DNV has confirmed regarding the ambition of SPT that Hokkaido Electric Power's substantial contribution to greenhouse gas emissions reduction is equal to a 46% reduction in GHG emissions by FY2031 (compared to FY2014 levels) and a 60% reduction by FY2036 (compared to FY2014 levels), which are ambitious targets based on the policies formulated by the Government toward achieving the goals of the Paris Agreement. DNV has also confirmed that the future contribution to GHG emissions reduction will go beyond "Business as Usual," it is an ambitious target equivalent to the national target, and that major strategies have been set to achieve it. SPTs will not be set annually in order to address electricity supply and demand issues, but their progress will be verified annually by an external organization. Through the review, DNV has confirmed that Hokkaido Electric Power's plan is feasible for achieving the SPT for FY2031.

SLBP/SLLP-3. Finance Characteristics:

The finance characteristics of transition-linked finance based on the Framework will be affected by the performance of the KPI set by the SPT. DNV has confirmed that this impact is a bond or loan linked to a change in the bond interest rate, the loan lending rate, or other financial incentives (e.g., donation to an organization for the purpose of environmental conservation activities etc.), and that it is determined on each occasion of finance implementation by a specific trigger event (SPT achievement status) on the period/due date defined under the Framework in the formal document relating to the bond or loan. In addition, if there are reasonable events for the achievement of the SPT to be temporarily not achieved due to a transient change in domestic electricity supply capacity, the change in the characteristics of bonds and loans may be postponed.

SLBP/SLLP-4. Reporting:

The Framework has stipulated that the reporting is planned to include the information required by the SLBP/SLLP and that the reporting will be made public or disclosed to lenders (in the case of loans) at an appropriate frequency.

SLBP/SLLP-5. Verification:

Hokkaido Electric Power will undergo independent verification of data related to KPI by an external evaluation body every year.

Table-2 Hokkaido Electric Power Transition-Linked Finance KPI and SPT(reiterated)

KPI	SPT
KPI: Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)	SPT: Reduction by 46% by FY2031 and 60% by FY2036 compared to FY2014 levels
Description of KPI	Description of SPT
<p>The set KPI is closely related to Hokkaido Electric Power's management vision.</p> <p><u>KPI: Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)</u></p> <p>This is the core KPI of Hokkaido Electric Power's "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," and can be quantitatively and continuously measured based on the measures set by Hokkaido Electric Power.</p>	<p>The SPT has set in conjunction with Hokkaido Electric Power's transition strategy with reference to the target figures in the roadmap.</p> <p>SPT: Reduction by 46% by FY2031 and 60% by FY2036 compared to FY2014 levels</p> <p>DNV has confirmed regarding the ambition of SPT that Hokkaido Electric Power's substantial contribution to greenhouse gas emissions reduction is equal to a 46% reduction in GHG emissions by FY2031 (compared to FY2014 levels) and a 60% reduction by FY2036 (compared to FY2014 levels), which are ambitious targets based on the policies formulated by the Government toward achieving the goals of the Paris Agreement. DNV also confirmed that the future contribution to GHG emissions reduction will go beyond "Business as Usual," and that it is an ambitious target equivalent to the national target.</p> <p>The SPT as a trigger event may be set based on a linear interpolation of the FY2014 results and targets for FY2031 or FY2036, or may be set individually when detailed plans for the future are drawn up.</p>

Based on relevant documents and information provided by Hokkaido Electric Power, including the Framework, DNV has confirmed that the Framework established by Hokkaido Electric Power meets the requirements of the relevant frameworks CTFH/CTFBG, GBP/GBGL, GLP/GLGL, SLBP/SLBGL, and SLLP/SLLGL, and is eligible.

I. Introduction

























i. About the Fundraiser

Hokkaido Electric Power is engaged in power generation and retail electricity business etc., and the HEPCO Group companies are engaged in general power transmission and distribution business, power generation business (including power generation business on remote islands), retail electricity business, information and communication business, etc. Through these corporate activities, HEPCO Group is developing a business that provides stable and low-cost electricity to the entire Hokkaido region, which serves as the foundation of its business operations.

ii. Fundraiser's ESG/SDGs Initiatives

HEPCO Group has identified three key management themes: (1) "Realization of GX for Hokkaido's Growth," (2) "Challenge of Creating New Value," and (3) "Robust Business Foundation for Sustainable Growth." HEPCO Group has positioned the items shown in Figure-1 as "materiality" and take concrete initiatives while sincerely facing the social issues listed in the SDGs from a sustainability perspective, including ESG.

Among these, the materiality that is mainly related to green/transition finance is "Realization of GX for Hokkaido's Growth."

Task	Subtask (key work)	Relevant SDGs
Realization of GX for Hokkaido's Growth	Growing Power Demand and Stable Supply Plan including Renewable Energy	   
	Energy Decarbonization	    
Challenge of Creating New Value	Value Expansion and Creation for Customers	     
	Value Creation through Business Co-creation	   
Robust Business Foundation for Sustainable Growth	Kaizen & DX Application to Transform Businesses	  
	Promote human capital management	    
	Exercise thorough compliance and risk management	 
	Enhance corporate governance	



Sustainable Development Goals (SDGs): Adopted at the UN Summit in September 2015, declaring 17 goals relating to poverty, hunger, energy, climate change, and other areas to be achieved by 2030





Figure-1 Materiality for increasing corporate value and the SDGs they contribute to

iii. Fundraiser's Environmental Initiatives

Based on the common goals of the entire Group, HEPCO Group is promoting global warming countermeasures, air pollution prevention, chemical substance management, and the 3Rs (Reduce, Reuse, and Recycle), and further strengthens these environmental activities for a group-wide environmental management to create a sustainable society. Furthermore, Hokkaido Electric Power set the "Aim for Carbon Neutrality by 2050" in April 2021 and declared that it would take on the challenge of achieving carbon neutrality under the "Roadmap to Carbon Neutral 2050," which includes a specific action plan.

Through these plans, Hokkaido Electric Power will take on the challenge of transitioning to carbon neutrality from various perspectives, especially for the decarbonization of energy supply, and aim to increase corporate value.

Table-3 Hokkaido Electric Power Participation in External Initiatives

External Initiatives	Hokkaido Electric Power's Initiatives
Task Force on Climate-related Financial Disclosures (TCFD) 	Hokkaido Electric Power endorsed the TCFD in August 2019, and as a comprehensive energy company, it is working to prevent global warming and reduce environmental impact while considering ESG perspectives, and is promoting a group-wide business operation to realize a low-carbon society.
Sustainable Development Goals (SDGs) 	Hokkaido Electric Power has identified materiality and relationship with SDGs, and is working to realize its management vision.
Challenge Zero 	<p>"Challenge Zero" is an initiative aimed at realizing the "decarbonized society" of the Paris Agreement launched by Keidanren (Japan Business Federation) in collaboration with the Government of Japan. The participating companies and organizations declare that they will take on the challenge of innovation for a decarbonized society and express concrete actions. The following is one of the challenge cases registered by Hokkaido Electric Power.</p> <ul style="list-style-type: none"> • Empirical research for the spread of ZEB in cold regions
GX League 	Hokkaido Electric Power intends to challenge for achieving carbon neutrality and contribute to "Zero Carbon Hokkaido," which Hokkaido is promoting. Hokkaido Electric Power has joined the "GX League" based on the fact that its stance is consistent with the concept of the "GX League."

iv. About the Green/Transition Finance Framework

In promoting the "Roadmap to Carbon Neutral 2050," Hokkaido Electric Power is working with targets consistent with the contribution to greenhouse gas emissions reduction targets set out in the Basic Policy for the Realization of GX, the GX 2040 Vision, the 7th Strategic Energy Plan, NDC (greenhouse gas emissions reduction targets based on the Paris Agreement), and the Transition Roadmap for Power Sector formulated by the Government.

Hokkaido Electric Power will raise the funds necessary for achieving these greenhouse gas emissions reduction targets and transition activities through green/transition finance, and aim to expand the foundation of green/transition finance as well as to enhance the ability to communicate its strategy by expanding linkage with finance.

Hokkaido Electric Power has established the Hokkaido Electric Power Green/Transition Finance Framework (hereinafter, the "Framework") to implement the green/transition finance in a form that conforms to the internationally established framework.

The frameworks specifically referenced by the Framework are described in "Standards to be applied" in Section II below.

v. Fundraiser's Transition Strategy toward Decarbonization

(1) Sector-specific strategies at the international/national/regional level

Figure-2 shows the scenario for decarbonization in the power sector set forth in the "Transition Roadmap for Power Sector" formulated by the Agency for Natural Resources and Energy.

The "Transition Roadmap for Power Sector" formulated by the Agency for Natural Resources and Energy in February 2022 and the "7th Strategic Energy Plan" formulated in February 2025 consist of initiatives to achieve carbon neutrality by 2050 and initiatives until 2040 with an eye on 2050. The main focus in the power sector is to reduce emissions by utilizing technologies such as expansion of the introduction of non-fossil energy through electrification, hydrogenation, etc., initiatives to make renewable energy the main power source, approaches to nuclear power and thermal power generation, strengthening and upgrading of transmission and distribution networks, etc.

In addition, in the Basic Policy for the Realization of GX, the GX 2040 Vision, the 7th Strategic Energy Plan, and the NDC, the Government of Japan has set the domestic greenhouse gas emissions reduction target compared to FY2014 levels as a 46% reduction by FY2031, a 60% reduction by FY2036, and a 73% reduction by FY2041, as indicators corresponding to the short- and medium-term targets. In addition, it has set a goal to achieve carbon neutrality by 2050 as an indicator corresponding to the long-term targets.

Hokkaido Electric Power is aiming to balance its mission, which is to provide a stable supply of energy and to respond to climate change, based on the reduction targets and policies necessary to achieve Japan's 2050 carbon neutrality and Paris Agreement goals.

Transition Roadmap for Decarbonization of the Power Sector

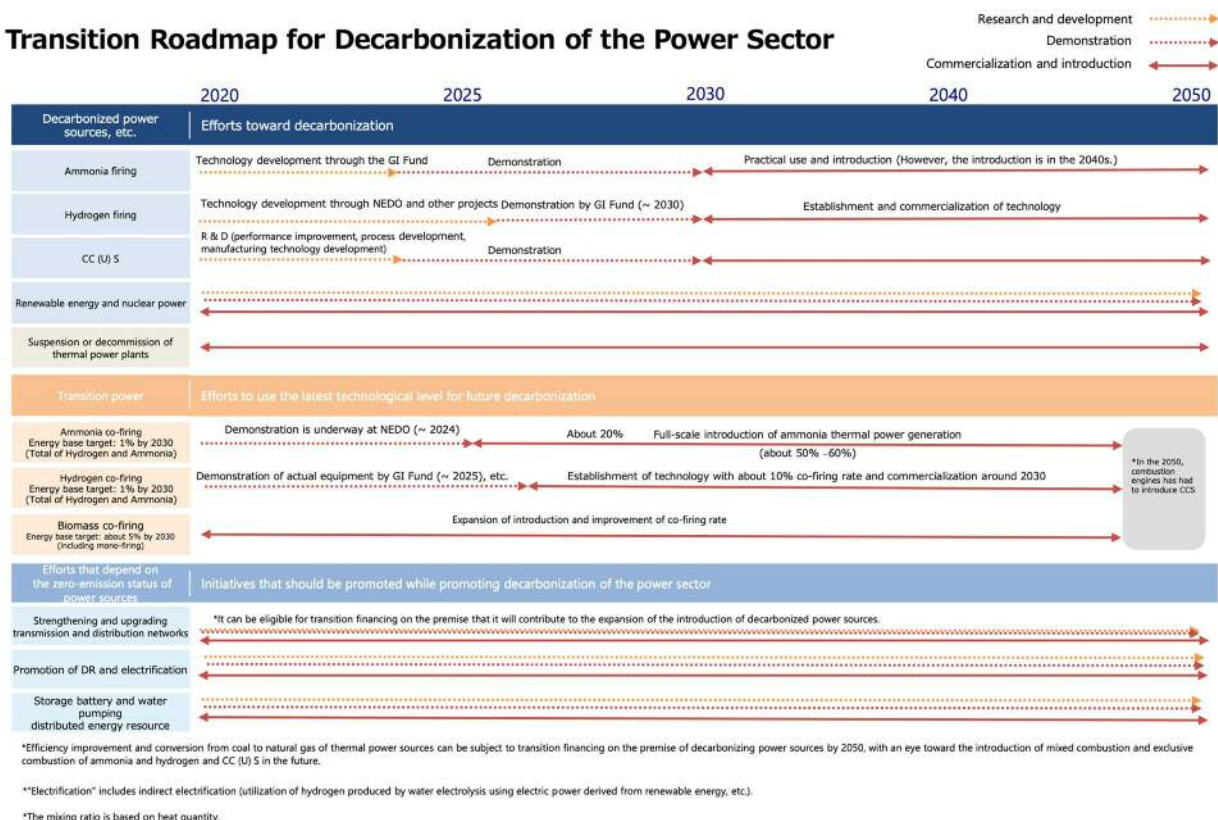


Figure-2 Transition Roadmap for Decarbonization of the Power Sector
(Transition Roadmap for Power Sector, Agency for Natural Resources and Energy,
February 2022)

(2) Fundraiser's Transition Strategies

Hokkaido Electric Power has positioned its transition strategies as initiatives to contribute to greenhouse gas emissions reduction targets aligned with the policies formulated by the Government toward achieving the goals of the Paris Agreement, and to realize the "Roadmap to Carbon Neutral 2050" set by Hokkaido Electric Power.

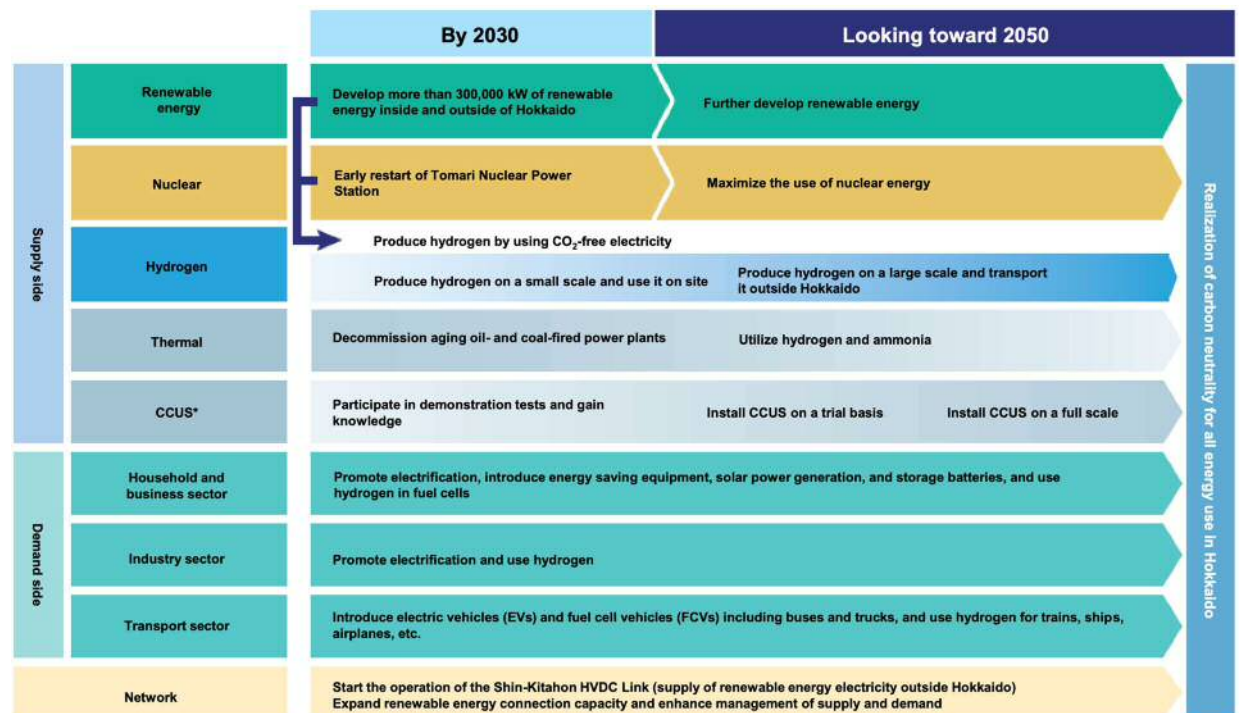
Table-4 shows Hokkaido Electric Power's long- and medium-term targets, and Figure-3 shows the "Roadmap to Carbon Neutral 2050." Hokkaido Electric Power is working to achieve carbon neutrality by 2050 and a reduction of at least 50% by FY2031 compared to FY2014 levels in terms of greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3). Hokkaido Electric Power's substantial contributions to greenhouse gas emissions reduction have been confirmed to be judged as equivalent to the ambitious targets of reduction by 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels) based on the policies formulated by the Government toward achieving the goals of the Paris Agreement. In addition, Hokkaido Electric Power has set a goal to promote electrification and contribute to reducing greenhouse gas emissions by 1.5 million t-CO₂e by FY2031 and 2.5 million t-CO₂e by FY2036, and is making steady progress towards carbon neutrality through its business portfolio as shown in Figure-4.

From the "Roadmap to Carbon Neutral 2050," it has been confirmed that the roadmap will be updated and detailed from time to time based on policy conditions, industrial progress, etc. as the prerequisites, the content will be reviewed along with the change in the prerequisites, and that Hokkaido Electric Power intends to consider the transformation to even more ambitious global initiatives toward 2050 net zero.

In addition, Hokkaido Electric Power has presented investment plans for "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," which are set forth to realize the "Roadmap to Carbon Neutral 2050" (Figure-4).

Table-4 Long- and medium-term targets of Hokkaido Electric Power

Item	Target Value
Greenhouse gas emissions from the entire supply chain (Scope 1+2+3)	FY2031: 46% reduction compared to FY2014 FY2036: 60% reduction compared to FY2014 2050: Carbon neutrality
Promotion of electrification	FY2031: 1.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction FY2036: 2.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction



*CCUS (Carbon Capture, Utilization and Storage): Technology to separate and capture CO₂ for reuse or underground storage, etc.

Figure-3 Roadmap to Carbon Neutral 2050

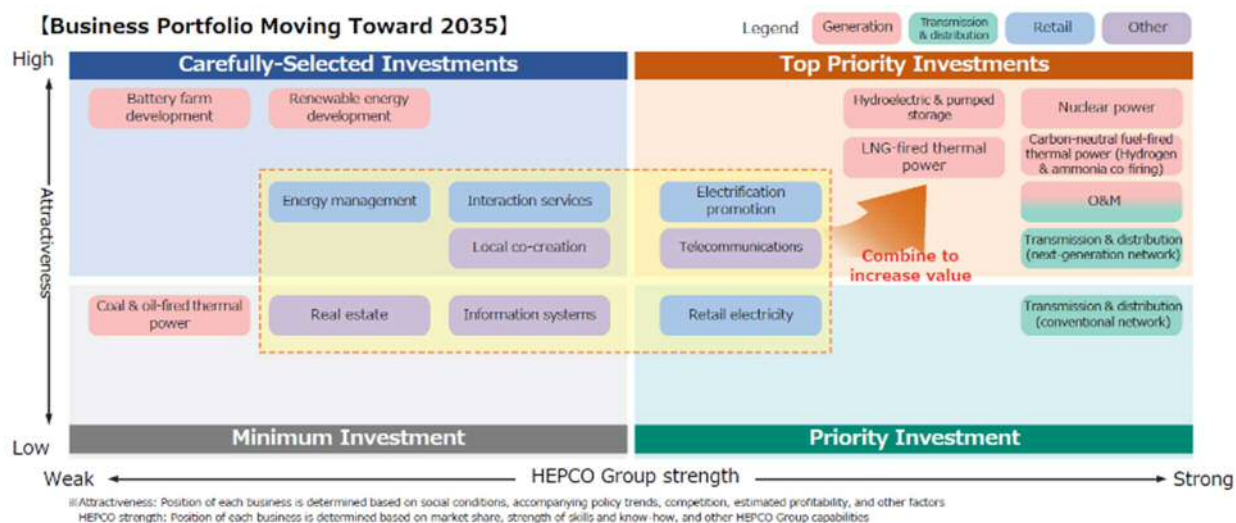


Figure-4 Business Portfolio Moving Toward 2035

Table-5 Hokkaido Electric Power Greenhouse Gas Emissions (Scope 1 to 3)

Item	FY2022	FY2023	FY2024
Scope 1	14.1 million t-CO ₂	12 million t-CO ₂	11.54 million t-CO ₂
Scope 2	0.001 million t-CO ₂	0.002 million t-CO ₂	0.002 million t-CO ₂
Scope 3	4.75 million t-CO ₂	6.29 million t-CO ₂	8.15 million t-CO ₂
Total	18.85 million t-CO ₂	18.29 million t-CO ₂	19.69 million t-CO ₂

* Data of Hokkaido Electric Power and Hokkaido Electric Power Network from the HEPCO Group Report.

(3) Fundraiser's Governance (Environmental Initiatives)

In order to address ESG (environmental, social, and governance) issues in general, including the reliable realization of the "Roadmap to Carbon Neutral 2050," Hokkaido Electric Power holds discussions at the Executive Committee, which consists of the President and other executive officers, and then the Board of Directors makes decisions regarding important business execution.

In addition, Hokkaido Electric Power has established the Environment Committee chaired by the Presidents of Hokkaido Electric Power and Hokkaido Electric Power Network to deliberate on the overall environmental measures of HEPCO Group, including the assessment and analysis of climate-related risks and opportunities based on the TCFD framework, and to reflect the content of these discussions in the Group's management policies.



Figure-5 Management system

Name of Fundraiser: Hokkaido Electric Power Co., Inc.

Name of Framework: Hokkaido Electric Power Green/Transition Finance Framework

Name of External Reviewer: DNV Business Assurance Japan K.K.

Date of Report: 20 August 2025

II. Scope and Objectives

Hokkaido Electric Power has commissioned DNV to conduct a pre-implementation assessment of the Framework. The objective of DNV's assessment is to implement an assessment to confirm that Hokkaido Electric Power meets the criteria of CTFH/CTFBG, GBP/GBGL, GLP/GLGL, SLBP/SLBGL, and SLLP/SLLGL described below, and to provide a second party opinion on the eligibility of the Framework.

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 Hokkaido Electric Power.

In this paper, no assurance is provided regarding the financial performance of the green/transition finance, the value of any investment, or the long-term environmental benefits of the transaction.

Green Finance and Transition Finance with Use of Proceeds

*GBP is listed as the axis, but it will be replaced with loan-specific items as appropriate.

(1) Scope of review*

The review assessed the following elements and confirmed their alignment with four core elements in GBP/GLP.

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

* The scope of review is applied as an evaluation of the transition finance with use of proceeds.

* The four disclosure elements of CTFH/CTFBG will also be included in the scope of review.

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

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Transition Finance with General Corporate Purpose

*SLBP is listed as the axis, but it will be replaced with loan-specific items as appropriate.

(1) Structure of bonds at the time of bond issuance

- | | |
|--|---|
| <input checked="" type="checkbox"/> Stepping up of the structure | <input checked="" type="checkbox"/> Fluctuations in the reimbursement structure |
|--|---|

* Any of the above or any other will be set individually based on the internal process of the Fundraiser at the time of financing implementation.

(2) Scope of review*

The review assessed the following elements and confirmed their alignment with five core elements in SLBP/SLLP.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Assess all elements below (all-element review) | <input type="checkbox"/> Assess only a few elements (partial review) |
| <input checked="" type="checkbox"/> Selection of KPIs | <input checked="" type="checkbox"/> Bond characteristics |
| <input checked="" type="checkbox"/> Calibration of SPTs | <input checked="" type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Verification | |
| <input checked="" type="checkbox"/> In addition, confirm the alignment with SLBP | |

* The scope of review is applied as an evaluation of the transition finance with general corporate purpose.

* The four disclosure elements of CTFH/CTFBG will also be included in the scope of review.

(3) Role(s) of review provider

- | | |
|--|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |

Standards to be applied

No.	Standards/guidelines	Scheme owner
1.	Climate Transition Finance Handbook (CTFH) ^{*1}	International Capital Market Association (ICMA), 2023
2.	Basic Guidelines on Climate Transition Finance (CTFBG) ^{*1}	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2025
3.	Green Bond Principles (GBP) ^{*2*3}	International Capital Market Association (ICMA), 2025
4.	Green Bond Guidelines (GBGL) ^{*2*3}	Ministry of the Environment, 2024
5.	Green Loan Principles (GLP) ^{*2*3}	Loan Market Association (LMA) et al., 2025
6.	Green Loan Guidelines (GLGL) ^{*2*3}	Ministry of the Environment, 2024
7.	Sustainability-Linked Bond Principles (SLBP) ^{*4}	International Capital Market Association (ICMA), 2024
8.	Sustainability-Linked Bond Guidelines (SLBGL) ^{*4}	Ministry of the Environment, 2024
9.	Sustainability-Linked Loan Principles (SLLP) ^{*4}	Loan Market Association (LMA) et al., 2025
10.	Sustainability-Linked Loan Guidelines (SLLGL) ^{*4}	Ministry of the Environment, 2024

^{*1} Climate Transition: Climate transition is a concept that focuses primarily on the credibility of issuers (fundraisers) regarding their climate change-related commitments and practices (quoted from CTFH/CTFBG).

^{*2} Meet the four elements of transition and confirm compliance with four core elements to be met when executing as a bond/loan with specific use of proceeds: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting (quoted and edited from CTFBG).

^{*3} The green projects have been assessed for eligibility using technical criteria that can be referenced from the Climate Bonds Standard of the Climate Bonds Initiative.

^{*4} Sustainability-Linked Loan: Sustainability-linked loans are loan products and/or contingent facilities of any type (bonded loan facility, guaranteed loan facility, credit contingent facility, etc.) that motivate for achieving ambitious sustainability performance targets pre-set by the lender. (quoted from SLLP, *SLBP is also evaluated under the same definition.)

III. Responsibilities of Hokkaido Electric Power and DNV

Hokkaido Electric Power has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Hokkaido Electric Power and other interested stakeholders in the finance 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 Hokkaido 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 Hokkaido Electric Power and used as a basis for this assessment were not correct or complete.

IV. Basis of DNV's Opinion

To provide as much flexibility as possible for Hokkaido Electric Power, DNV has adapted our green/transition finance assessment methodology, which incorporates the requirements of CTFH/CTFBG, GBP/GBGL, GLP/GLGL, SLBP/SLBGL, and SLLP/SLLGL, to create Hokkaido Electric Power specific Green/Transition Finance Eligibility Assessment Protocol (hereinafter, "DNV's Protocol"). Please refer to Schedule-2 and later. The Protocol is applicable to green/transition finance and transition-linked finance based on CTFH/CTFBG, GBP/GBGL, GLP/GLGL, SLBP/SLBGL, and SLLP/SLLGL.

DNV provides a second party opinion as an independent external reviewer through an assessment based on the Protocol.

DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle and guidelines behind the green/transition finance and transition-linked finance are as follows:

"enable capital-raising and investment for new and existing projects with environmental benefits"

"provide investment opportunities necessary to ensure that climate transition finance is implemented with transparency and trust"

"encourage the achievement of (climate transition-related) ESG of the fundraiser that is important (as climate transition), quantifiable, pre-determined, ambitious, regularly monitored, and externally verifiable through KPIs and SPTs"

As per our Protocol, the criteria against which the green/transition finance and transition-linked finance have been reviewed are grouped into four common elements, represented by CTFH/CTFBG, GBP/GBGL, GLP/GLGL, SLBP/SLBGL, and SLLP/SLLGL.

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

Principle One: Issuer's Climate Transition Strategy and Governance

The financing purpose should be for enabling a fundraiser'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: Climate Transition Strategy to be Science-based Including Targets and Pathways

The 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 Common Elements of GBP/GBGL and GLP/GLGL

Principle One: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that a fundraiser of green/transition finance and transition-linked finance with use of proceeds must use the proceeds to eligible projects. The eligible projects should produce clear environmental benefits.

Principle Two: Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection criteria are guided by the requirements that a fundraiser of green/transition finance should outline the process it follows when determining eligibility of an investment using green finance proceeds, and outline any impact objectives it will consider.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a green/transition finance should be tracked within the fundraising organization, that separate portfolios should be created when necessary and that a declaration of how unallocated proceeds 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 or loan lenders should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

(3) Five elements of SLBP/SLBGL and SLLP/SLLGL*

* Sustainability will be read as transition as necessary.

Principle One: Selection of Key Performance Indicators (KPIs)

The fundraiser of a sustainability-linked finance should clearly communicate (to lenders) its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed SPTs. The KPIs 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 pre-determined 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 pre-defined SPTs. The finance documentation needs to require the definitions of the KPIs and SPTs and the potential variation of the SLB/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

The fundraiser should publish and keep readily available and easily accessible up to date information on the performance of the selected KPIs, 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 finance's financial and/or structural characteristics, with such information to be provided to those institutions participating in the finance or to investors or lenders 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.

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 Hokkaido 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-fundraising assessment (Green/Transition Finance Framework)

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

ii. Post-fundraising assessment (**not included in this report*)

- Discussions with Hokkaido Electric Power, and review (or verification) of relevant documentation;
- Field researches and inspections (if required);
- Documentation of post-issuance assessment results.

VI. Findings and DNV's Opinion

DNV's findings and opinions are as summarized in (1) to (3) below.

From the CTF-1 to CTF-4 in (1) below are the findings and DNV's opinions against the disclosure elements of the CTFH/CTFBG as green/transition finance applied to.

Please see Schedule-3 for details.

From the GBP/GLP-1 to GBP/GLP-4 in (2) below are the findings and DNV's opinions against the four common elements of the GBP/GBGL and GLP/GLGL.

Please see Schedule-4 for details.

From the SLBP/SLLP-1 to SLBP/SLLP-5 in (3) below are the findings and DNV's opinions against the requirements in the SLBP/SLBGL and SLLP/SLLGL as transition-linked finance^{*1}.

Please see Schedule-2 and Schedule-5 for details.

*1: Bonds or loans that may change financially or structurally in line with the achievement of future transition goals.

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

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

- Hokkaido Electric Power formulated the "Roadmap to Carbon Neutral 2050" in April 2021. Hokkaido Electric Power's management strategy and ESG (environmental, social, and governance) initiatives are inseparable, and the strategies of the "Management Vision" and the "Roadmap to Carbon Neutral 2050" are linked to ESG. Hokkaido Electric Power has presented transition strategy and pathway/trajectory as medium- and long-term goals by FY2031, FY2036, and 2050, and the "Roadmap to Carbon Neutral 2050."
- DNV has reviewed and confirmed that the science-based medium- and long-term goals quantified by Hokkaido Electric Power are consistent with the goals of the Paris Agreement with respect to the scope (greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)), and that the main measures of reducing greenhouse gas emissions have been disclosed.
- Hokkaido Electric Power's transition strategy has incorporated the results obtained from scenario analysis based on the IEA's 1.5°C scenario etc., and the reduction targets necessary to achieve Japan's 2050 carbon neutrality and the goals of the Paris Agreement, together with policies toward achieving them.
- Hokkaido Electric Power has established a system and mechanism to promote the transition strategy at the management level and has formulated an investment plan.

- Hokkaido Electric Power has clarified its contribution to ESG and SDGs while minimizing the negative impact on society (negative externalities) through its business activities.
- Based on the assessment of the Framework and the "Roadmap to Carbon Neutral 2050," DNV has confirmed that they are well aligned with Hokkaido Electric Power's transition strategy. DNV has also confirmed that the implementation plan based on the transition strategy is trustworthy, ambitious, and achievable.

CTF-2. Business Model Environmental Materiality

- Hokkaido Electric Power's transition initiatives through eligible projects are activities that contribute to the reduction of HEPCO Group's Scope 1+2+3, which has been disclosed. This is an important initiative as indicated in Japan's various decarbonization plans and strategies, and will contribute to achieving carbon neutrality on the supply and demand sides. In other words, Hokkaido Electric Power's transition initiatives directly support the transition of the entire society, including its own, which is taking on the challenge of achieving 2050 carbon neutrality.
- Hokkaido Electric Power's long- and medium-term goals with respect to greenhouse gas can be judged to be equivalent to the ambitious targets of reduction of 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels) based on the policies formulated by the Government toward achieving the goals of the Paris Agreement. These specific implementation plans and goals are set and quantified in an absolute sense that they must enable optimal solutions and further improvements. In addition, Scope 1 to 3 as the result of the initiatives has been disclosed.
- DNV has confirmed that the plan to implement Hokkaido Electric Power's transition strategy is closely related to the activities of Hokkaido Electric Power's core business and activities that contribute to the greenhouse gas emissions reduction in the entire society, and that it will contribute to the environmental aspect of the entire society and support the promotion of Hokkaido Electric Power's business. The transition strategy and pathway planned by Hokkaido Electric Power are aligned with its materiality utilizing TCFD, SASB^{*1}, etc., and contribute to important environmental benefits (impacts) from both qualitative and quantitative perspectives.

*1: An international standard developed by the U.S. Sustainability Accounting Standards Board that provides methods for reporting, management, and analysis related to ESG.

CTF-3. Climate Transition Strategy to be Science-based Including Targets and Pathways

- Hokkaido Electric Power has set a science-based transition plan for greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3) that is consistent with the goals of the Paris Agreement, and a transition trajectory that is consistent with the goals of the Agency for Natural Resources and Energy.
- DNV has confirmed that Hokkaido Electric Power's transition strategy is quantified as an absolute value or ratio of emissions based on a consistent measurement method based on pre-determined assumptions.
- DNV has confirmed that Hokkaido Electric Power's transition strategy is based on the milestones of medium-term goals (FY2031 and FY2036) and long-term goals (2050) that can be judged as equivalent to the goals based on the policies formulated by the Government toward achieving the goals of the Paris Agreement.

Item	Target Value
Greenhouse gas emissions from the entire supply chain (Scope 1+2+3)	FY2031: 46% reduction compared to FY2014 FY2036: 60% reduction compared to FY2014 2050: Carbon neutrality
Promotion of electrification	FY2031: 1.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction FY2036: 2.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction

- The indexed and quantified medium- and long-term goals have clarified the process for achieving them, including the use of CO₂ capture technologies in the future. The relevant categories of Scope 3 are also indicated.
- The use of carbon credits has not yet been determined at this time.

CTF-4. Implementation Transparency

- DNV has confirmed that the investment and deployment plans related to Hokkaido Electric Power's transition strategy include consensus on future investment and expenditure. Specifically, DNV has confirmed that the green/transition projects have set as top priority investment areas for 2035, an investment of a total of about JPY 250 billion (cumulative in FY2026~2036) are planned as next-generation energy investment, and that the projects that are not eligible for transition will be phased out. DNV has also confirmed that Hokkaido Electric Power is planning to consider disclosing its overall investment plan (investment amount) to the extent possible from the perspective of ensuring transparency. These have been disclosed through the Framework or this second party opinion and meet the disclosure elements of CTF-4.
- DNV has reviewed the Framework and the "Roadmap to Carbon Neutral 2050" and confirmed that the implementation is highly transparent and that the

feasibility of implementation has been explained and agreed upon by Hokkaido Electric Power.

- At this time, the internal carbon price is considered only in the financial impact estimations.

(2) Findings and DNV's opinions against the four common elements (disclosure elements) of the GBP/GBGL and GLP/GLGL

* These are the four elements of green finance and transition finance with use of proceeds, and some stated as green bonds in the following can be read as green loans or transition finance (bonds and loans).

GBP/GLP-1. Use of Proceeds

Hokkaido Electric Power has identified the eligibility criteria for the use of proceeds, and has defined the green/transition projects as transition strategy and related frameworks (CTFH/CTFBG, GBP/GBGL, and GLP/GLGL).

Table-6 shows the eligibility criteria categories for green/transition finance.

Table-6 Hokkaido Electric Power Green/Transition Finance Eligibility Criteria

Eligibility Criteria	Project Overview	Green ^{*1}	Transition ^{*2}
Renewable Energy	Development, construction, operation, and renovation of renewable energy sources (hydropower, solar, geothermal, wind, biomass)	✓	
	Introduction and development, construction, operation, and renovation of battery storage facilities	✓	
Nuclear Power Generation	Investments in safety measures necessary for the restart of the existing nuclear power plants (efforts to enhance safety to comply with the new regulatory requirements, etc.) ^{*3}	✓	
	Investments and expenditures necessary for the operation, refurbishment, and continued use of the existing nuclear power plants ^{*3}	✓	
Promotion of Electrification and Energy Efficiency	Various investments related to the promotion of electrification and energy efficiency (e.g., promotion of electrification, introduction of energy-saving equipment, solar power generation, battery storage, utilization of hydrogen through fuel cells, expansion of CO ₂ -free tariff menus, introduction and infrastructure development for EVs and FCVs, utilization of hydrogen in the transportation sector, etc.)	✓	
Transmission and Distribution Business	Development and enhancement of transmission and distribution networks to expand the introduction of renewable energy (including inter-regional connection lines)	✓	
Hydrogen and Ammonia Production and Utilization	Establishment of supply chains for hydrogen production and utilization		✓
	Establishment of supply chains for ammonia production and utilization		✓
Thermal Power Generation and CCUS	Decommissioning of inefficient thermal power plants		✓
	Construction of high-efficiency LNG thermal power plants		✓
	Utilization of hydrogen, ammonia, and biomass		✓
	Research, development, demonstration, and implementation of CCUS (Carbon Capture, Utilization, and Storage)		✓

*1 Projects that have been confirmed as eligible as green projects can be incorporated as green projects when implementing green finance in the future. Green projects are also allowed in the CTFBG to be included as part of the implementation of transition finance.

*2 Some of the projects currently classified as transition projects may become green projects due to the application of technological innovations in the future (e.g., application of green fuels/manufacturing processes, achieving

performance that meets CO₂ emission standards as a green project). Eligibility criteria marked with "✓" in both green and transition are classified as either or both depending on the individual project.

- *3 As for the projects related to nuclear power generation, the environmental and social impacts associated with the projects and the use of nuclear power generation were evaluated based on referenceable standards and guidelines. Upon the revision of the Framework in August 2025, Hokkaido Electric Power Company's nuclear power generation projects were confirmed for eligibility as green projects based on the latest trends in the use of nuclear power in Japan (the 7th Strategic Energy Plan, the GX Decarbonization Electricity Act, the GX2040 Vision, etc.).

DNV has confirmed that Hokkaido Electric Power will allocate all of the net proceeds, excluding expenses, from the green/transition finance to capital expenditure, operating expenses, capital contributions, R&D-related expenses, removal costs, etc. for green/transition eligible projects in line with the investment plan to implement Hokkaido Electric Power's transition strategy as new expenditures or refinancing for existing expenditures.

These are representative projects that result in significant greenhouse gas reductions exemplified by CTFH/CTFBG, GBP/GBGL, GLP/GLGL, etc., or projects directly and indirectly supports projects to achieve carbon neutrality that contributes to business transformation, and are also consistent with the Agency for Natural Resources and Energy's "Transition Roadmap for Power Sector" and contributes to the achievement of these goals. These projects are expected to contribute to the SDGs as they meet the standards required for green/transition projects and have clear environmental benefits on the transition strategy. These processes are in line with GBP/GLP-1.

This time, in the assessment of the updated Framework, DNV assessed the classification of nuclear power generation as green.

In Japan, nuclear power generation are now expected to be used as a decarbonized power source for achieving Japan's NDC in 2040 and for a long time thereafter, according to the 7th Strategic Energy Plan announced by the Government of Japan in February 2025 and the Green Transformation (GX) Decarbonized Power Supply Act, which was fully implemented in June 2025.

In response to this, DNV once again referred to guidelines etc. on green finance and domestic and foreign precedent cases, in order to conduct an assessment focused on consistency with the transition strategy for carbon neutrality in Japan and the power sector.

As a result of the assessment, DNV has concluded that the projects related to safety measures required to restart and continue operation of existing nuclear power plants that are nominated use of proceeds of the Hokkaido Electric Power Green Finance are eligible for use of proceeds of the finance.

Please refer to the ANNEX - Second Party Opinion (Ref. Nr.: PRJN-608649-2023-ANX-JPN-02), which was published at the same time as this report.

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

Hokkaido Electric Power will confirm the following pre-determined items, as well as that the green/transition projects meet the required criteria for a green/transition project and contribute to the achievement of the transition strategy. Specifically, DNV has confirmed that the department aggregating business operations and the finance department of the Fundraiser will evaluate and select the projects through an appropriate prescribed process.

These processes have been established as internal documents of Hokkaido Electric Power, and DNV has confirmed that the processes are planned to be carried out based on the appropriate processes.

DNV has also confirmed that Hokkaido Electric Power's green/transition projects are in line with one of the materialities of the Fundraiser, "steady progress in initiatives to achieve 2050 carbon neutrality," transition strategy, goals, and the pathway.

With respect to the surrounding environment and social impact of business operations, DNV has confirmed that Hokkaido Electric Power has established the following systematic procedures:

1. Draft business plans and determine facility specifications
2. Review the applicability of relevant laws and regulations
3. Clarify the requirements of applicable laws and regulations and take actions to them
4. Validate results of the above implementation

For example, if an environmental assessment is required, it will be clarified in step 2 and will be carried out based on step 3 above.

When selecting a project, it will be confirmed that the project meets the eligibility criteria listed in "II. Scope and Objectives Standards to be applied." If it is determined necessary to consider the negative impacts associated with the implementation of the project, it will be confirmed that the following initiatives to reduce environmental and social risks are in place.

- Facility approvals and permits from the host country, region, and local government required for the target facility and projects have been obtained, and the procedures for environmental assessment, introduction of Hokkaido Electric Power's business, etc. have been properly implemented.

Evaluation and Selection

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

Information on Responsibilities and Accountability

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

GBP/GLP-3. Management of Proceeds

DNV has confirmed how Hokkaido Electric Power tracks the proceeds from the implementation of green/transition finance to the completion of redemption or repayment. Based on the internal management procedures of Hokkaido Electric Power, the finance department will use an internal management system and dedicated ledgers to ensure that the total amount allocated to eligible projects does not fall below the green/transition finance proceeds. The unallocated proceeds, if any, will be managed in cash or cash equivalents.

Tracking of Proceeds

- ☒ Some or all of the proceeds from green finance that are planned to be allocated are systematically distinguished or tracked by the Fundraiser.
- ☐ Disclosure of intended types and plans of temporary investments for unallocated proceeds
- ☒ Other (*please specify*): The unallocated proceeds are managed in cash or cash equivalents.

Additional Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Allocations to new investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocate to individual (project) disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Includes allocations through affiliated subsidiaries |

GBP/GLP-4. Reporting

DNV has confirmed that Hokkaido Electric Power will disclose the information stipulated by Hokkaido Electric Power as the allocation status of proceeds and environmental benefits annually through the "HEPCO Group Report" or Hokkaido Electric Power's website, or disclosed to lenders (in the case of loans) until the full allocation of proceeds, within the bounds of confidentiality and reasonable feasibility. DNV has also confirmed that if there are significant changes in allocation status or impacts before the completion of redemption or repayment, such changes will be disclosed through the "HEPCO Group Report" or Hokkaido Electric Power's website, or disclosed to lenders (in the case of loans).

<Allocation status reporting>

- Amount of allocated funds
- Balance of unallocated funds
- Approximate amount (or percentage) of the proceeds allocated to refinancing

<Environmental benefits: Impact Reporting>

Eligibility Criteria	Example of Impact Reporting
Renewable energy	<ul style="list-style-type: none"> • Installed capacity by renewable energy type (MW) • Annual CO₂ emissions reduction by renewable energy type (t-CO₂/year)
Other power generation-related Projects	<ul style="list-style-type: none"> • Project overview • Installed capacity by type or individual (MW) • Annual CO₂ emissions reduction by type or individual (t-CO₂/year)
Business other than power generation	<ul style="list-style-type: none"> • Project overview • Annual CO₂ emissions reduction (t-CO₂/year) *If calculation is possible

Use of Proceeds Reporting

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

Information reported:

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

Frequency:

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

Impact Reporting (Environmental Benefits)

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

Frequency:

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

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy savings |
| <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>):
Project overview, installed capacity | |

Means of Disclosure

- | | |
|---|---|
| <input checked="" type="checkbox"/> Information published in financial report
(Integrated Report) | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): On the website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

(3) Findings and DNV's opinions against the five elements of the SLBP/SLLP*¹

*1: Includes SLBGL/SLLGL

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

- DNV has reviewed the KPI related to Hokkaido Electric Power's sustainability and confirmed that the selected KPI was important and relevant to Hokkaido Electric Power's core transition strategy and sustainability management.
- The KPI related to environmental sustainability (transition) set by Hokkaido Electric Power (Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)) as shown in "Table-2 Hokkaido Electric Power Transition-Linked Finance KPI and SPT" is an important indicator in the comprehensive transition (sustainability) strategy toward the "Roadmap to Carbon Neutral 2050" set forth by Hokkaido Electric Power as an electric utility.
- The most important KPI for Hokkaido Electric Power is the reduction of greenhouse gas emissions in order to achieve the "Roadmap to Carbon Neutral 2050." Therefore, it is appropriate enough for Hokkaido Electric Power to choose greenhouse gas emissions from supply chain as a KPI. This is positioned as the core KPI of the "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," which are set forth in the "Roadmap to Carbon Neutral 2050."
- DNV has confirmed that the KPI selected by Hokkaido Electric Power is aligned with the "7th Strategic Energy Plan" and the "Transition Roadmap for Power Sector" formulated by the Agency for Natural Resources and Energy, and that the KPI is appropriately set as a comparable indicator.
- From the viewpoint of the business strategy of Hokkaido Electric Power as an electric utility, DNV considers that the initiatives toward the KPI closely related to "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," which are set forth in the "Roadmap to Carbon Neutral 2050" to realize the "carbon neutrality for all energy use in Hokkaido" contributes to lead Hokkaido Electric Power to "take on the challenge of transition to carbon neutrality from various aspects toward decarbonization of energy supply and to increase corporate value." In addition, the KPI is expected to contribute to the realization of the "Roadmap to Carbon Neutral 2050" and the balance between goals related to sustainability management and Hokkaido Electric Power's business strategy.
- DNV has concluded that greenhouse gas emissions from supply chain as a KPI are measurable based on a consistent methodology (set by Hokkaido Electric Power), externally verifiable, and can be benchmarked against external

references. DNV has also concluded that greenhouse gas emissions from supply chain are a robust and reliable indicator.

- The policies formulated by the Japanese Government toward achieving the goals of the Paris Agreement state that Japan will reduce domestic greenhouse gas emissions by 46% by FY2031, 60% by FY2036, and 73% by FY2041 from the FY2014 levels toward 2050 carbon neutrality. These greenhouse gas emissions reduction targets can be used as an external reference to evaluate the ambition of Hokkaido Electric Power because Hokkaido Electric Power's substantial contributions to greenhouse gas emissions reduction can be judged as equivalent to the ambitious targets of reduction by 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels) set by the Government of Japan, and the contribution to future GHG emissions reduction can be judged as exceeding "Business as Usual" and being set as an ambitious target equivalent to the national target.
- DNV has confirmed that the KPI selected by Hokkaido Electric Power provides a clear evaluation scope and calculation methodology. Please refer to Schedule-2 for details.

List of Selected KPIs

List of selected KPIs:

- ✓ KPI: Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)

Definition, Scope, and Parameters

- | | |
|---|--|
| <input checked="" type="checkbox"/> Clear definition of each selected KPI | <input checked="" type="checkbox"/> Clear calculation method |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Relevance, Robustness, and Reliability of Selected KPI

- | | |
|---|--|
| <input checked="" type="checkbox"/> The selected KPI is relevant to the Fundraiser's sustainability and business strategy, and has proven to be core and important. | <input checked="" type="checkbox"/> Evidence that the KPI is externally verifiable |
| <input checked="" type="checkbox"/> The KPI has proven to be measurable or quantifiable based on a consistent methodology. | <input checked="" type="checkbox"/> Evidence that the KPI can be benchmarked |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

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

- From the viewpoint that the SPT shown in Table-2 is supporting the GHG emissions reduction described in "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," which are set forth in the "Roadmap to Carbon Neutral 2050," DNV has confirmed that Hokkaido Electric Power's substantial contributions to greenhouse gas emissions reduction can be judged as equivalent to the ambitious targets of reduction by 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels) based on Japan's NDC described in the "7th Strategic Energy Plan," and that there is a concrete plan that is ambitious, realistic, and meaningful. DNV has also confirmed that the achievement of SPT is consistent with Hokkaido Electric Power's initiatives to achieve carbon neutrality.
- Based on the "Roadmap to Carbon Neutral 2050" provided to DNV and the information provided by Hokkaido Electric Power, DNV has concluded that the SPT outlined in the Framework is expected to be achieved because the SPT is realistic, the plan is feasible, and key strategies have been set to achieve them.
- As for the SPT (reduction by 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels)) set by Hokkaido Electric Power, its substantial contributions to greenhouse gas emissions reduction can be judged as equivalent to the ambitious targets of reduction by 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels) based on the policies formulated by the Government toward achieving the goals of the Paris Agreement.
- DNV has confirmed that the SPT set by Hokkaido Electric Power is linked to the improvement of KPIs. Hokkaido Electric Power's initiatives to address the KPI/SPT are expected to drive the implementation of its transition (sustainability) strategy.
- DNV has confirmed that the process of setting SPT is based on the right combination of the following benchmarking approaches:
 - The Framework uses appropriate data and information on KPI based on Hokkaido Electric Power's performance up to FY2024, and indicates the target setting by FY2031 as a guideline.
 - As for the outlined SPT, Hokkaido Electric Power's substantial contributions to greenhouse gas emissions reduction can be judged as equivalent to the ambitious targets of reduction by 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels) based on the policies formulated by the Government toward achieving the goals of the Paris Agreement, are consistent with the methodology calculated from the greenhouse gas emissions reduction protocol used by the Agency for Natural Resources and Energy, and include the Scope of important greenhouse gas emissions. In addition, the setting of SPT is

evaluated as ambitious as an item closely related to the greenhouse gas emissions reduction based on the latest performance level of Hokkaido Electric Power.

- The SPT is consistent with the greenhouse gas emissions reduction targets based on the policies formulated by the Government toward achieving the goals of the Paris Agreement. The KPI/SPT set by Hokkaido Electric Power toward achieving the "Roadmap to Carbon Neutral 2050" is supported by the roadmap and includes targets set by the Government of Japan, Best Available Technology, or other similar technologies.
- DNV has confirmed that the setting of SPT has been appropriately disclosed as follows:
 - The timeline for achieving the SPT is set by FY2036. The progress of the set SPT until trigger judgment is based on the actual results of FY2014 to the SPT by linear interpolation for FY2031 or FY2036.
 - The actual results of FY2014 as a base year for the SPT with regard to GHG emissions reduction are consistent with the base year (the fiscal year ended 31 March 2014) set by the Government of Japan.
 - Detailed explanations on how progress in GHG emissions reduction will be achieved have been given in the Framework, "Aim for Carbon Neutrality by 2050" of HEPCO Group, and the "Roadmap to Carbon Neutral 2050."
- DNV has confirmed that the SPT is not set annually in light of the response to electricity supply and demand, but that the progress will be verified annually by an external organization.

Table-2 Hokkaido Electric Power Transition-Linked Finance KPI and SPT

KPI	SPT
KPI: Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)	SPT: Reduction by 46% by FY2031 and 60% by FY2036 compared to FY2014 levels
Description of KPI	Description of SPT
<p>The set KPI is closely related to Hokkaido Electric Power's management vision.</p> <p><u>KPI: Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)</u></p> <p>This is the core KPI of Hokkaido Electric Power's "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," and can be quantitatively and continuously measured based on the measures set by Hokkaido Electric Power.</p>	<p>The SPT has set in conjunction with Hokkaido Electric Power's transition strategy with reference to the target figures in the roadmap.</p> <p>SPT: Reduction by 46% by FY2031 and 60% by FY2036 compared to FY2014 levels</p> <p>DNV has confirmed regarding the ambition of SPT that Hokkaido Electric Power's substantial contribution to greenhouse gas emissions reduction is equal to a 46% reduction in GHG emissions by FY2031 (compared to FY2014 levels) and a 60% reduction by FY2036 (compared to FY2014 levels), which are ambitious targets based on the policies formulated by the Government toward achieving the goals of the Paris Agreement. DNV has also confirmed that the future contribution to GHG emissions reduction will go beyond "Business as Usual," and that it is an ambitious target equivalent to the national target.</p> <p>The SPT as a trigger event may be set based on a linear interpolation of the FY2014 results and targets for FY2031 or FY2036, or may be set individually when detailed plans for the future are drawn up.</p>

Rationale (of SPT) and Ambition

- | | |
|---|---|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Evidence that the SPT brings about significant improvement <input checked="" type="checkbox"/> Evidence that the SPT aligns with the Fundraiser's sustainability and business strategy | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Proven relevance and reliability of the selected benchmarks and criteria <input checked="" type="checkbox"/> The SPT has been proven to be set in a pre-defined timeline. <input type="checkbox"/> Other (<i>please specify</i>): |
|---|---|

Benchmarking Methodology

- | | |
|--|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The performance of the Fundraiser itself (e.g., past performance) <input checked="" type="checkbox"/> Reference to the scientific basis | <ul style="list-style-type: none"> <input type="checkbox"/> (The Fundraiser's) peers <input checked="" type="checkbox"/> Other (<i>please specify</i>): Greenhouse gas emissions reduction targets formulated by the Agency for Natural Resources and Energy |
|--|--|

Additional Disclosure

- | | |
|--|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Explanation of the possibility of recalculation or adjustment <input checked="" type="checkbox"/> Identification of key factors that may influence the achievement of SPT | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Explanation on the Fundraiser's strategy toward achievement <input type="checkbox"/> Other (<i>please specify</i>): |
|--|--|

SLBP/SLLP-3 Finance Characteristics

With respect to the transition-linked finance (bonds or loans) implemented under the Framework, DNV has confirmed that the timing of observation of specific SPT and the trigger event with performance requirements and scope of its impact are linked with the achievement of the target, the interest rate of the bond, the terms of the loan, and other financial incentives (e.g., donation to an organization for the purpose of environmental conservation activities).

- DNV has confirmed that Hokkaido Electric Power has considered an appropriate fallback mechanism (backup alternative) and that it will not set up alternative SPTs or calculation methods at this time, as the risk of not being calculated or observed is extremely small.
- DNV has confirmed that if there is a change in the business environment, business structure, or the KPI, whether such event is due to external factors or the result of Hokkaido Electric Power's management decisions, there is a possibility that changes to the KPI and SPT may be made after internal committee discussions when there is a justifiable reason.
- DNV has confirmed that if Hokkaido Electric Power changes its KPI and SPT, it will disclose to that effect in bond disclosure documents, loan contract documents, etc.

In addition, if there is a justifiable reason for the achievement of SPT to be temporarily not realized due to a transient change in the domestic electricity supply capacity, the change in the characteristics of bonds and loans may be waived.

Financial Impact

- ☒ Fluctuations in interest rates
- ☒ Other (*please specify*): Financial incentives such as donations

Structural Properties

- ☒ Other (*please specify*): The conditions for trigger judgment (judgment date and SPT) will be set by the term of the individual bond or loan and will be clearly stated in the statutory disclosure document (or other means of public disclosure) or contract document.

SLBP/SLLP-4 Reporting

- DNV has confirmed that the necessary information for the following as required by the SLBP/SLLP will be published in a timely manner:
 - Performance of KPI: After the execution of the transition-linked finance, it will be verified by an external organization etc. and disclosed through the "HEPCO Group Report" or website, or disclosed to lenders (only in the case of loans) at least once a year until the completion of redemption or repayment.
 - Achievement of SPT: It will be subject to annual verification by an independent third party and will be used to determine financial characteristics (e.g., bond rates, loan terms) or other financial incentives.
 - In the case of a change in the target set by the Government: The ambition level of the SPT set by Hokkaido Electric Power will be discussed with DNV etc. and changed if necessary.

Reporting Information

- | | |
|---|---|
| <input checked="" type="checkbox"/> Performance of selected KPI | <input checked="" type="checkbox"/> Verification assurance report |
| <input checked="" type="checkbox"/> Ambition of SPT | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Information on the financial impact of the trigger judgment (information such as interest rate and donations). Adjustment of KPI/SPT and validity of recalculated results if necessary |

Frequency

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

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): On the Fundraiser's website or disclosed to lenders (only in the case of loans) |
| <input type="checkbox"/> Reporting with external reviews | |

Level of Assurance Report

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

SLBP/SLLP-5 Verification

- DNV has confirmed that Hokkaido Electric Power will undergo independent verification of data related to the KPI by an external evaluation body once a year.

Reporting Information

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency

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

Material Changes

- | | |
|--|--|
| <input checked="" type="checkbox"/> Boundary (range) | <input type="checkbox"/> Measurement method of KPI |
| <input type="checkbox"/> Adjustment of (change in) SPT | |

VII. Assessment Conclusion

On the basis of the information provided by Hokkaido Electric Power and the work undertaken, it is DNV's opinion that the Hokkaido Electric Power Green/Transition Finance Framework meets the criteria established in the Protocol and that it is aligned with the stated definition or purpose of green/transition finance and transition-linked finance within the CTFH/CTFBG, GBP/GBGL, GLP/GLGL, SLBP/SLBGL, and SLLP/SLLGL, which is to:

- "enable capital-raising and investment for new and existing projects with environmental benefits"
- "provide investment opportunities necessary to ensure that climate transition finance is implemented with transparency and trust"
- "encourage the achievement of (climate transition-related) ESG of the fundraiser that is important (as climate transition), quantifiable, pre-determined, ambitious, regularly monitored, and externally verifiable through KPIs and SPTs"

DNV Business Assurance Japan K.K.

20 August 2025

Akira Tsukasaki

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DNV Business Assurance Japan K.K.

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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 Fundraiser and the Second-Party Opinion Providers, DNV: The management of Fundraiser 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 Fundraiser 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 Fundraiser. 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 Fundraiser's management and used as a basis for this assessment were not correct or complete.

Schedule-1 List of Green/Transition Finance Nominated Projects

The projects listed in the table below are nominated eligible projects before finance implementation. In the future, in the green/transition finance issued based on the Hokkaido Electric Power Green/Transition Finance Framework, one or more of the eligibility criteria listed in Schedule-1 (nominated eligible projects) will be selected, and the use of proceeds will be reported in the pre-financing and post-financing reporting. In addition, if additional green/transition projects are included, Hokkaido Electric Power will evaluate the eligibility of the projects in advance through a process based on the Framework, and if necessary, DNV will evaluate it in a timely manner.

Eligibility Criteria	Project Overview	Green ^{*1}	Transition ^{*2}
Renewable Energy	Development, construction, operation, and renovation of renewable energy sources (hydropower, solar, geothermal, wind, biomass)	✓	
	Introduction and development, construction, operation, and renovation of battery storage facilities	✓	
Nuclear Power Generation	Investments in safety measures necessary for the restart of the existing nuclear power plants (efforts to enhance safety to comply with the new regulatory requirements, etc.)* ³	✓	
	Investments and expenditures necessary for the operation, refurbishment, and continued use of the existing nuclear power plants* ³	✓	
Promotion of Electrification and Energy Efficiency	Various investments related to the promotion of electrification and energy efficiency (e.g., promotion of electrification, introduction of energy-saving equipment, solar power generation, battery storage, utilization of hydrogen through fuel cells, expansion of CO ₂ -free tariff menus, introduction and infrastructure development for EVs and FCVs, utilization of hydrogen in the transportation sector, etc.)	✓	
Transmission and Distribution Business	Development and enhancement of transmission and distribution networks to expand the introduction of renewable energy (including inter-regional connection lines)	✓	
Hydrogen and Ammonia Production and Utilization	Establishment of supply chains for hydrogen production and utilization		✓
	Establishment of supply chains for ammonia production and utilization		✓
Thermal Power Generation and CCUS	Decommissioning of inefficient thermal power plants		✓
	Construction of high-efficiency LNG thermal power plants		✓
	Utilization of hydrogen, ammonia, and biomass		✓
	Research, development, demonstration, and implementation of CCUS (Carbon Capture, Utilization, and Storage)		✓



- *1 Projects that have been confirmed as eligible as green projects can be incorporated as green projects when implementing green finance in the future. Green projects are also allowed in the CTFBG to be included as part of the implementation of transition finance.
- *2 Some of the projects currently classified as transition projects may become green projects due to the application of technological innovations in the future (e.g., application of green fuels/manufacturing processes, achieving performance that meets CO₂ emission standards as a green project). Eligibility criteria marked with “✓” in both green and transition are classified as either or both depending on the individual project.
- *3 As for the projects related to nuclear power generation, the environmental and social impacts associated with the projects and the use of nuclear power generation were evaluated based on referenceable standards and guidelines. Upon the revision of the Framework in August 2025, Hokkaido Electric Power Company's nuclear power generation projects were confirmed for eligibility as green projects based on the latest trends in the use of nuclear power in Japan (the 7th Strategic Energy Plan, the GX Decarbonization Electricity Act, the GX2040 Vision, etc.).

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

Key Performance Indicators (KPI)

KPI	Description of KPI
KPI: Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)	<p>Hokkaido Electric Power has selected "Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)" as a KPI. The selected KPI is set with items closely related to Hokkaido Electric Power's materiality.</p> <p>In addition, this is the core KPI to realize the "carbon neutrality for all energy use in Hokkaido," presented in the "Roadmap to Carbon Neutral 2050" through "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS" on the supply and demand sides and in the network of Hokkaido Electric Power, and can be quantitatively and continuously measured based on the measures set by Hokkaido Electric Power.</p>

Sustainability Performance Targets (SPT)

SPT	Description of SPT
SPT: Reduction by 46% by FY2031 and 60% by FY2036 compared to FY2014 levels	<p>The SPT has set in conjunction with Hokkaido Electric Power's transition strategy with reference to the target figures in the roadmap.</p> <p>Hokkaido Electric Power's substantial contribution to greenhouse gas emissions reduction can be judged as equivalent to a 46% reduction in GHG emissions by FY2031 (compared to FY2014 levels) and a 60% reduction by FY2036 (compared to FY2014 levels), which are ambitious targets based on Japan's NDC described in the "7th Strategic Energy Plan." It can be judged that the future contribution to GHG emissions reduction will go beyond "Business as Usual," and is set as an ambitious target equivalent to the national target.</p> <p>The SPT as a trigger event may be set based on a linear interpolation of the FY2014 results and targets for FY2031 or FY2036, or may be set individually when detailed plans for the future are drawn up.</p>

Schedule-3 Green/Transition Finance Framework Eligibility Assessment Protocol

The following checklist (1 to 4) is a DNV's protocol for eligibility assessment of the green/transition finance (with use of proceeds) of the Hokkaido Electric Power Green/Transition Finance Framework based on the disclosure requirements of CTFH/CTFBG.

The "confirmed documents" in Work Undertaken include public and private documents (internal documents of the Issuer or Fundraiser) etc., and are provided by Hokkaido Electric Power to DNV as evidence for eligibility judgment.

* In the following disclosure requirements etc., "issuer" and "investor" may be read as "fundraiser" and "lender", respectively.

Ref.	Criteria	Disclosure Requirements	Work Undertaken	DNV Findings
1	Fundraiser's Climate Transition Strategy and Governance	<p>The green, sustainability, or sustainability-linked finance should be directed toward enabling a fundraiser's GHG emissions reduction strategy in alignment with the goals of the Paris Agreement.</p> <p><i>Recommended information and indicators:</i></p> <ul style="list-style-type: none"> a long-term, science-based target to align with the goals of the Paris Agreement; relevant and credible interim science-based targets in the short and medium-term on the trajectory towards the long-term goal, in line with the relevant regional, sector, or international climate change scenarios; disclosure on a fundraiser's transition plan or climate transition strategy. This should include specific itemization of the main levers towards GHG emissions reduction, such as a detailed capital expenditure (CapEx) plan and relevant technological implications (i.e., amounts to be spent, what carbon cost is considered for implementing such CapEx program, operational impacts, regulatory 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> Framework The 7th Strategic Energy Plan Transition Roadmap for Power Sector HEPCO Group Report 2024 HEPCO Group "Aim for Carbon Neutrality by 2050" Project list <p>Interviews with stakeholders</p>	<p>Hokkaido Electric Power has established the Framework and has implemented various plans and initiatives to manage and enhance the organization's environmental sustainability and related performance as part of its broader environmental strategy.</p> <p>Based on the science-based medium- and long-term goals quantified by Hokkaido Electric Power as outlined in the "Roadmap to Carbon Neutral 2050," DNV has reviewed and confirmed that the scope of Hokkaido Electric Power's target (Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)) is equivalent to the achievement of the goals of the Paris Agreement. Hokkaido Electric Power has set a corporate strategy in terms of environmental aspects that are important to its business model based on the identification of risks and opportunities using TCFD guidance and scenario analysis such as the IEA's 1.5°C scenario.</p> <p>Hokkaido Electric Power formulated the "Aim for Carbon Neutrality by 2050" in April 2021, in which it showed the "Roadmap to Carbon Neutral 2050." Here, the long-term goal is to achieve "carbon neutrality for all energy use in Hokkaido" by 2050, which is consistent with the goals of the Paris Agreement, and a medium-term goal has been set to achieve the long-term goal. The "Roadmap to Carbon Neutral 2050" discloses that it will work on eligible projects (e.g., renewable energy, nuclear power generation) as a strategic plan to realize the transition to carbon neutrality. The short-term goal has not been set due to the large range of fluctuations in response to electricity supply and demand.</p>

Ref.	Criteria	Disclosure Requirements	Work Undertaken	DNV Findings
		<p>considerations, etc.);</p> <ul style="list-style-type: none"> • clear oversight and governance of a fundraiser's climate transition strategy, including management/board level accountability; and • evidence of a broader sustainability strategy to mitigate relevant environmental and social externalities, including "just transition" considerations where appropriate, and contributions to the UN Sustainable Development Goals (UN SDGs). 		<p>Specifically, Hokkaido Electric Power's transition strategy incorporates the reduction targets and policies necessary to achieve Japan's 2050 carbon neutrality and the goals of the Paris Agreement. Furthermore, if it becomes necessary to review the initiatives to achieve continuous emissions reduction in the future, it plans to implement them as appropriate based on the progress of the development of each technology and in accordance with the timeline.</p> <p>Hokkaido Electric Power has made climate change response, including the implementation of the transition strategy, one of its most important management issues, and has established a system and mechanism to promote initiatives set forth in the "Roadmap to Carbon Neutral 2050" at the management level. In addition, in the management vision, it has set green/transition projects as the top priority investment areas toward 2035 as a management goal by FY2036, and has set a total investment of about JPY 250 billion (cumulative in FY2026 to 2036) as next-generation energy investment.</p> <p>HEPCO Group has identified three key management themes: (1) "Realization of GX for Hokkaido's Growth," (2) "Challenge of Creating New Value," and (3) "Robust Business Foundation for Sustainable Growth." HEPCO Group has positioned these as "materiality" and take concrete initiatives while sincerely facing the social issues listed in the SDGs from a sustainability perspective, including ESG.</p> <p>Based on the evaluation of the Framework and the implementation plan provided by Hokkaido Electric Power based on the "Roadmap to Carbon Neutral 2050," DNV has confirmed that they are well aligned with Hokkaido Electric Power's transition strategy. Through the assessment, DNV has confirmed that the implementation plan based on the transition strategy is trustworthy, ambitious, and achievable.</p> <p>At this time, the internal carbon price is considered only in the financial impact estimations.</p>

Ref.	Criteria	Disclosure Requirements	Work Undertaken	DNV Findings																				
2	Business model environmental materiality	<p>The climate transition strategy should be relevant to the environmentally material parts of a fundraiser’s business model, taking into account potential future scenarios which may impact current determinations concerning materiality.</p> <p><i>Recommended information and indicators:</i></p> <p>Discussion on the materiality of the planned climate transition strategy may:</p> <ul style="list-style-type: none">• be disclosed in the form of a materiality matrix made publicly available by a fundraiser or be covered in an issuer’s annual reports; and• address the materiality of climate- related eligible projects and/or KPI(s) on the overall emissions profile of a fundraiser. <p>Where Scope 3 emissions are expected to be material but are not yet identified or measured, a timeline for reporting should be disclosed.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none">- Framework- The 7th Strategic Energy Plan- Transition Roadmap for Power Sector- HEPCO Group Report 2024- HEPCO Group "Aim for Carbon Neutrality by 2050"- Project list <p>Interviews with stakeholders</p>	<p>DNV has evaluated whether the key activities related to Hokkaido Electric Power's business align with Hokkaido Electric Power's transition strategy, which was evaluated as contributing to the environment.</p> <p>Hokkaido Electric Power's greenhouse gas emissions (FY2022-2024) are as follows.</p> <table><tr><th>Item</th><th>FY2022</th><th>FY2023</th><th>FY2024</th></tr><tr><td>Scope 1</td><td>14.1 million t-CO₂</td><td>12 million t-CO₂</td><td>11.54 million t-CO₂</td></tr><tr><td>Scope 2</td><td>0.001 million t-CO₂</td><td>0.002 million t-CO₂</td><td>0.002 million t-CO₂</td></tr><tr><td>Scope 3</td><td>4.75 million t-CO₂</td><td>6.29 million t-CO₂</td><td>8.15 million t-CO₂</td></tr><tr><td>Total</td><td>18.85 million t-CO₂</td><td>18.29 million t-CO₂</td><td>19.69 million t-CO₂</td></tr></table> <p>Hokkaido Electric Power's transition initiatives targets the GHG emissions of the HEPCO Group’s supply chain (Scope 1+2+3). This is an important initiative indicated in Japan's various decarbonization plans and strategies, and will contribute to achieving carbon neutrality on the supply and demand sides. In other words, Hokkaido Electric Power's transition initiatives directly support the transition of the entire society, including its own, which is taking on the challenge of achieving "carbon neutrality for all energy use in Hokkaido" by 2050.</p> <p>The "Roadmap to Carbon Neutral 2050" is consistent with the "Transition Roadmap for Power Sector" formulated by the Agency for Natural Resources and Energy, and its specific action plan and goals are set and quantified in an absolute sense that they must enable optimal solutions and further improvements.</p> <p>DNV has confirmed that the plan to implement Hokkaido Electric Power's transition strategy is closely related to the activities of Hokkaido Electric Power's core business and activities that contribute to the greenhouse gas emissions reduction in the entire society, and that it will contribute to the overall environmental improvement of society and support the promotion of Hokkaido Electric Power's business. The transition strategy and pathway planned by Hokkaido Electric Power are related to its materiality leveraging</p>	Item	FY2022	FY2023	FY2024	Scope 1	14.1 million t-CO ₂	12 million t-CO ₂	11.54 million t-CO ₂	Scope 2	0.001 million t-CO ₂	0.002 million t-CO ₂	0.002 million t-CO ₂	Scope 3	4.75 million t-CO ₂	6.29 million t-CO ₂	8.15 million t-CO ₂	Total	18.85 million t-CO ₂	18.29 million t-CO ₂	19.69 million t-CO ₂
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Ref.	Criteria	Disclosure Requirements	Work Undertaken	DNV Findings						
				TCFD, SASB*1, etc., and contribute to important environmental benefits (impacts) from both qualitative and quantitative perspectives. *1: An international standard developed by the U.S. Sustainability Accounting Standards Board that provides methods for reporting, management, and analysis related to ESG.						
3	Climate transition strategy and targets to be science-based	<p>A fundraiser’s climate transition strategy should reference science-based targets and transition pathways. There is scientific guidance around the required rate of GHG emission reductions (the “GHG emissions reduction trajectory”) to align the global economy with the goals of the Paris Agreement.</p> <p>The planned transition trajectory should:</p> <ul style="list-style-type: none">• be quantitatively measurable and aligned with the latest available methodology;• be aligned with, benchmarked, or otherwise referenced to recognized third-party, science-based trajectories, where such trajectories exist; when third-party trajectories are not available, consider industry peer comparison and/or internal methodologies/historical performance;• be publicly disclosed (ideally in mainstream financial filings), including interim targets; and• be supported by independent assurance or verification. <p><u>Strongly recommended information and indicators:</u></p> <ul style="list-style-type: none">• short, medium, and long-term GHG emission reduction targets aligned with	<p>Confirmed documents:</p> <ul style="list-style-type: none">- Framework- The 7th Strategic Energy Plan- Transition Roadmap for Power Sector- HEPCO Group Report 2024- HEPCO Group "Aim for Carbon Neutrality by 2050"- Project list <p>Interviews with stakeholders</p>	<p>Hokkaido Electric Power has set a science-based transition plan for greenhouse gas emissions from the HEPCO Group’s supply chain (Scope 1+2+3) that is consistent with the goals of the Paris Agreement, and a transition trajectory that is consistent with the goals of the Government of Japan.</p> <p>This plan includes a realistic achievement and pathway for GHG emissions reduction in an absolute sense, and an absolute value (total amount) of GHG emissions reduction to maintain defined levels in the future.</p> <p>DNV has confirmed that Hokkaido Electric Power's transition strategy is quantified as an absolute value or ratio of emissions based on a consistent measurement method based on pre-determined assumptions. Transition targets are set voluntarily based on initiatives using TCFD etc. for sustainable GHG emissions reduction, and are consistent with the policy of the Government of Japan, which serves as a benchmark.</p> <p>Specifically, Hokkaido Electric Power has set the following transition targets.</p> <table><tr><th>Item</th><th>Target Value</th></tr><tr><td>Greenhouse gas emissions from the entire supply chain (Scope 1+2+3)</td><td>FY2031: 46% reduction compared to FY2014 FY2036: 60% reduction compared to FY2014 2050: Carbon neutrality</td></tr><tr><td>Promotion of Electrification</td><td>FY2031: 1.5 million t-CO₂e contribution to greenhouse gas emissions reduction FY2036: 2.5 million t-CO₂e contribution to greenhouse gas emissions reduction</td></tr></table>	Item	Target Value	Greenhouse gas emissions from the entire supply chain (Scope 1+2+3)	FY2031: 46% reduction compared to FY2014 FY2036: 60% reduction compared to FY2014 2050: Carbon neutrality	Promotion of Electrification	FY2031: 1.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction FY2036: 2.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction
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Promotion of Electrification	FY2031: 1.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction FY2036: 2.5 million t-CO ₂ e contribution to greenhouse gas emissions reduction									

Ref.	Criteria	Disclosure Requirements	Work Undertaken	DNV Findings
		<p>the Paris Agreement;</p> <ul style="list-style-type: none"> • baseline year and historic emissions (including absolute emissions, where intensity metrics are the main indicator); • scenario utilized and methodology applied (e.g., ACT, SBTi, IEA). When third-party trajectories are not available, industry peer comparison and/or internal methodologies/historical performance; • GHG emission objectives covering all scopes and most relevant sub- categories (Scopes 1, 2, and 3); • targets formulated in either intensity or absolute terms, noting, that where intensity targets are used, projections on the change to absolute emissions should also be provided; and • where applicable, use of carbon capture technology as well as of high-quality and high-integrity carbon credits, and their relative contribution to the GHG emissions reduction trajectory in line with best industry practices (e.g., SBTi, VCMi and ICVCM). 		<p>Hokkaido Electric Power's transition initiatives targets the GHG emissions of the HEPCO Group's supply chain (Scope 1+2+3). This is an important initiative indicated in Japan's various decarbonization plans and strategies, and will contribute to achieving carbon neutrality on the supply and demand sides. In other words, Hokkaido Electric Power's transition initiatives directly support the transition of the entire society, including its own, which is taking on the challenge of achieving "carbon neutrality for all energy use in Hokkaido" by 2050. In addition, it includes "R&D, demonstration, implementation, etc. for the utilization of CCUS" as eligibility criteria (eligible project), making it possible to contribute to achieving goals through the use of CO₂ capture technology in the future. The relevant categories of Scope 3 are also indicated.</p> <p>Transition initiatives and emissions for each Scope are disclosed in the HEPCO Group Report etc.</p> <p>The use of carbon credits has not yet been determined at this time.</p>
4	Implementation transparency	<p>Market communication regarding the offer of a GSS financing instrument intended to fund a fundraiser's climate transition strategy should also be transparent, to the extent practicable, on the underlying investment program including capital and operational expenditures (CapEx and OpEx).</p> <p><i>Recommended information and indicators:</i></p> <ul style="list-style-type: none"> • CapEx roll-out plan consistent with the overall climate transition strategy and 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - The 7th Strategic Energy Plan - Transition Roadmap for Power Sector - HEPCO Group Report 2024 	<p>DNV has confirmed that the investment and deployment plans related to Hokkaido Electric Power's transition strategy include consensus on future investment and expenditure. Specifically, DNV has confirmed that the green/transition projects have set as top priority investment areas for 2035, an investment of a total of about JPY 250 billion (cumulative in FY2026~2036) are planned as next-generation energy investment, and that the projects that are not eligible for transition will be phased out. DNV has also confirmed that Hokkaido Electric Power is planning to consider disclosing its overall investment plan (investment amount) to the extent</p>

Ref.	Criteria	Disclosure Requirements	Work Undertaken	DNV Findings
		<p>climate science and discussion of how it informs CapEx decision-making within the organization;</p> <ul style="list-style-type: none"> phase-out plan regarding activities/products incompatible with the climate transition strategy (when such activities or products are significantly harmful or display levels of performance inconsistent with science-based GHG emission reduction trajectories); green CapEx, for example those referenced under the eligible green project categories in the Green Bond Principles, as a percentage of total CapEx and how the ratio may be expected to evolve over time; disclosure on the percentage of assets/revenues/ expenditures/divestments aligned to the various levers; a qualitative and/or quantitative assessment of the potential locked-in GHG emission from a fundraiser's key assets and products; assumptions on the internal cost of carbon; and disclosure on adverse impacts on the workforce, community and surrounding environment, and related strategies used to mitigate those negative impacts. 	<p>- HEPCO Group "Aim for Carbon Neutrality by 2050"</p> <p>- Project list</p> <p>Interviews with stakeholders</p>	<p>possible from the perspective of ensuring transparency. This includes projects implemented in the green/transition finance.</p> <p>DNV has reviewed the overall investment plan (investment amount) for the future and that the investment necessary for implementation of the transition strategy will be done according to the appropriate timeline based on the internal management system and processes, taking into account CTF-1 to CTF-3.</p> <p>DNV has confirmed that Hokkaido Electric Power also plans to allocate the proceeds to capital expenditures, operating expenses, capital contributions, R&D-related expenses, removal costs, etc. for nominated eligible transition projects listed in Schedule-1.</p> <p>DNV has confirmed that Hokkaido Electric Power plans to implement initiatives to reduce environmental and social risks in the selection of projects.</p> <p>DNV has confirmed that the internal carbon price has not yet been considered in the initiatives at this time..</p>

Schedule-4 Green Finance (or Transition Finance with Use of Proceeds) Eligibility Assessment Protocol

The following checklist (GBP/GLP-1 to GBP/GLP-4) is a DNV's protocol for eligibility assessment of the Hokkaido Electric Power Green/Transition Finance (Transition Finance with use of proceeds) based on the requirements of GBP/GBGL and GLP/GLGL. The "confirmed documents" in Work Undertaken include internal documents of the Issuer etc., and are provided by Hokkaido Electric Power to DNV as evidence for eligibility judgment.

In Schedule-4, it is written as GBP and GLP according to practice, but here it includes the criteria and requirements to be referred to in the case of finance that specifies the use of proceeds such as transition projects, in transition finance with use of proceeds based on CTFH/CTFBG. Please read it as appropriate to the context of the transition.

GBP/GLP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of funds	<p>The types of green/transition finance are classified into one of the following types defined by GBP/GLP:</p> <ul style="list-style-type: none"> • (Standard) Green/Transition Bond and Loan • Green/Transition Revenue Bond and Loan • Green/Transition Project Bond and Loan • Other 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed through the assessment that the green/transition finance falls into the following categories:</p> <ul style="list-style-type: none"> • (Standard) Green/Transition Bond and Loan
1b	Transition Project Classification	The key to a transition finance is that the proceeds will be used for a transition	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - Project list 	DNV has confirmed that the green/transition finance is aimed at an allocation to a wide range of green/transition projects that focus on

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		project, which should be properly stated in the legal documents relating to the security.	Interviews with stakeholders	<p>Hokkaido Electric Power's goals and transition strategy, as described in the Framework and Schedule-1.</p> <p>Specifically, all of the green/transition finance categories and nominated eligible projects listed in the table below and Schedule-1 have been evaluated as being in line with the transition strategy, and the green/transition finance proceeds are planned to be allocated to any or more of the nominated green/transition finance eligible projects. If a green/transition project is selected in advance before the finance implementation, it will be disclosed in legal documents etc.</p> <p>Through the assessment, DNV has concluded that the nominated green/transition eligible projects have specific and genuine environmental benefits.</p>
				Table: Hokkaido Electric Power Green/Transition Finance Eligibility Criteria

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings							
				Eligibility Criteria	Project Overview		Green	Transition			
				Renewable Energy	Development, construction, operation, and renovation of renewable energy sources (hydropower, solar, geothermal, wind, biomass)		✓				
					Introduction and development, construction, operation, and renovation of battery storage facilities		✓				
				Nuclear Power Generation	Investments in safety measures necessary for the restart of the existing nuclear power plants (efforts to enhance safety to comply with the new regulatory requirements, etc.)*3		✓				
					Investments and expenditures necessary for the operation, refurbishment, and continued use of the existing nuclear power plants*3		✓				
				Promotion of Electrification and Energy Efficiency	Various investments related to the promotion of electrification and energy efficiency (e.g., promotion of electrification, introduction of energy-saving equipment, solar power generation, battery storage, utilization of hydrogen through fuel cells, expansion of CO2-free tariff menus, introduction and infrastructure development for EVs and FCVs, utilization of hydrogen in the transportation sector, etc.)		✓				
				Transmission and Distribution Business	Development and enhancement of transmission and distribution networks to expand the introduction of renewable energy (including inter-regional connection lines)		✓				
				Hydrogen and Ammonia Production and Utilization	Establishment of supply chains for hydrogen production and utilization			✓			
					Establishment of supply chains for ammonia production and utilization			✓			
				Thermal Power Generation and CCUS	Decommissioning of inefficient thermal power plants			✓			
					Construction of high-efficiency LNG thermal power plants			✓			
					Utilization of hydrogen, ammonia, and biomass			✓			
					Research, development, demonstration, and implementation of CCUS (Carbon Capture, Utilization, and Storage)			✓			
				1c	Environmental benefits	All transition projects to which the proceeds are used should have clear environmental	Confirmed documents:	The green/transition projects contribute to low-carbon or decarbonization and are classified as one of the six eligibility criteria indicated in 1b, which			

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		benefits, the effects of which should be assessed by the issuer and, where possible, quantitatively demonstrated.	<ul style="list-style-type: none"> - Framework - Project list Interviews with stakeholders	<p>contribute to Hokkaido Electric Power's goals based on its transition strategy. The environmental benefits are the reduction of GHG emissions, which is quantitatively or qualitatively evaluated by the Issuer.</p> <p>DNV has confirmed that the disclosure is up to project's environmental benefits assessment protocol (calculation method) and items before the implementation of the green/transition finance, and that it will be quantitatively evaluated and reported as an indicator according to the characteristics of the project and GHG emissions reduction in the annual reporting (if it is difficult to quantitatively evaluate the GHG emissions reduction due to the characteristics of the project, it will be reported to the extent feasible such as the project overview and the status of R&D and demonstration).</p>
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.	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - Project list Interviews with stakeholders	Hokkaido Electric Power plans to use all proceeds for new investments, refinancing, or both for any or more of the nominated eligible projects listed in Schedule-1. If it is clear in advance whether it is a new investment or refinancing before the finance implementation, it will be disclosed in legal documents etc. DNV has confirmed that if it is undecided, the estimated amount (or percentage) of the portion of the proceeds allocated to refinancing will be clarified through reporting (annual report).

GBP/GLP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project Selection Process	<p>Green/Transition bond issuers should provide an overview of the process of qualifying projects for which green/transition bond proceeds will be used. This includes (but is not limited to):</p> <ul style="list-style-type: none"> • The process by which the issuer determines that the project in question is included in the business category of an eligible green/transition project • Creation of criteria for eligibility of projects for which green/transition bond proceeds will be used • Environmental sustainability goals 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the Issuer has a process document that determines the eligibility of projects as the use of proceeds from the green/transition finance, and that its overview has been outlined in the Framework.</p>
2b	Issuer's Environmental and Social Governance Framework	<p>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.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>When selecting green/transition projects, the Issuer considers compliance with environment-related laws, ordinances, and rules, and that clear environmental benefits such as GHG emissions reduction is identified throughout the life cycle or in each process.</p> <p>In the operation and implementation of the project, the Issuer is working to preserve the surrounding environment in each of the relevant departments.</p> <p>DNV has confirmed that the Issuer's green/transition projects are consistent with the Issuer's management policies, environmental initiatives, transition strategy, goals, and pathway.</p>

GBP/GLP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds from 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 transition project.	Confirmed documents: - Framework Interviews with stakeholders	DNV has confirmed that the net proceeds from the green/transition finance can be tracked by the Issuer's internal management system, dedicated ledgers, etc. DNV has reviewed the actual system in use, related documents, etc. and confirmed that the management status of proceeds will be proven based on these.
3b	Tracking procedure-2	During the green/transition bond redemption period, the balance of proceeds 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 has confirmed that the Issuer plans to review the balance of the transition finance periodically (quarterly), using its internal management system, dedicated ledgers, etc. described in 3a from the implementation of the green/transition finance to the completion of redemption or repayment.
3c	Temporary holding	If no investment or payment has been made in an eligible green/transition 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 has confirmed that the balance of unallocated proceeds will be recognized sequentially through a confirmation process based on the Issuer's internal management system, dedicated ledgers, and related business flow. DNV has also confirmed through the description and verification of the Framework that the balance of unallocated proceeds is managed in cash or cash equivalents, and that the balance will be disclosed through the allocation status reporting.

GBP/GLP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings								
4a	Periodical Reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, 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.</p> <ul style="list-style-type: none">- Confidentiality and competitive considerations- Outline of each project, expected sustainable environmental and social effects	<p>Confirmed documents:</p> <ul style="list-style-type: none">- Framework- Project list <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the Issuer will conduct annual reporting on the green/transition finance to disclose information on the allocation status of proceeds, projects for which the proceeds are allocated, or environmental benefits, until the proceeds are allocated.</p> <p>DNV has confirmed that the Issuer will disclose any or all of the following environmental benefits within the scope of confidentiality and as far as reasonably practicable:</p> <p>The reporting will be published in the HEPCO Group Report or on the website, or disclosed to lenders (in the case of loans).</p> <p><Allocation status></p> <ul style="list-style-type: none">• Allocated amount• Balance of unallocated proceeds• Approximate amount (or percentage) of the proceeds allocated to refinancing <p><Environmental benefits></p> <table><tr><th>Eligibility Criteria</th><th>Example of Impact Reporting</th></tr><tr><td>Renewable energy</td><td><ul style="list-style-type: none">• Installed capacity by renewable energy type (MW)• Annual CO₂ emissions reduction by renewable energy type (t-CO₂/year)</td></tr><tr><td>Other power generation-related projects</td><td><ul style="list-style-type: none">• Project overview• Installed capacity by type or individual (MW)• Annual CO₂ emissions reduction by type or individual (t-CO₂/year)</td></tr><tr><td>Business other than power generation</td><td><ul style="list-style-type: none">• Project overview• Annual CO₂ emissions reduction (t-CO₂/year)<p>*If calculation is possible</p></td></tr></table>	Eligibility Criteria	Example of Impact Reporting	Renewable energy	<ul style="list-style-type: none">• Installed capacity by renewable energy type (MW)• Annual CO₂ emissions reduction by renewable energy type (t-CO₂/year)	Other power generation-related projects	<ul style="list-style-type: none">• Project overview• Installed capacity by type or individual (MW)• Annual CO₂ emissions reduction by type or individual (t-CO₂/year)	Business other than power generation	<ul style="list-style-type: none">• Project overview• Annual CO₂ emissions reduction (t-CO₂/year) <p>*If calculation is possible</p>
Eligibility Criteria	Example of Impact Reporting											
Renewable energy	<ul style="list-style-type: none">• Installed capacity by renewable energy type (MW)• Annual CO₂ emissions reduction by renewable energy type (t-CO₂/year)											
Other power generation-related projects	<ul style="list-style-type: none">• Project overview• Installed capacity by type or individual (MW)• Annual CO₂ emissions reduction by type or individual (t-CO₂/year)											
Business other than power generation	<ul style="list-style-type: none">• Project overview• Annual CO₂ emissions reduction (t-CO₂/year) <p>*If calculation is possible</p>											

Schedule-5 Sustainability-Linked Finance Framework Eligibility Assessment Protocol (Transition-Linked Finance)

The following checklist (SLBP/SLLP-1 to SLBP/SLLP-5) is a DNV's protocol for eligibility assessment of the Hokkaido Electric Power Green/Transition Finance Framework based on the requirements of SLBP/SLLP.

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

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer's sustainability performance is measured using sustainability KPIs that can be external or internal. The KPIs should be material to the issuer'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 issuer's current and/or future operations.</p> <p>It is recommended that the issuer communicates clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into its sustainability strategy.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - HEPCO Group Report 2024 - HEPCO Group "Aim for Carbon Neutrality by 2050" <p>Interviews with stakeholders</p>	<p>DNV has reviewed the KPI related to Hokkaido Electric Power's sustainability and confirmed that the selected KPI was important and relevant to Hokkaido Electric Power's core transition strategy and sustainability management. Hokkaido Electric Power formulated the "Aim for Carbon Neutrality by 2050," in which it showed the "Roadmap to Carbon Neutral 2050." The KPI related to environmental sustainability (transition) set by Hokkaido Electric Power (Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)) is an important indicator in the comprehensive transition (sustainability) strategy of Hokkaido Electric Power as an electric utility. The important KPI for Hokkaido Electric Power is the GHG emissions reduction in line with the "Roadmap to Carbon Neutral 2050." Therefore, it is sufficiently appropriate for Hokkaido Electric Power to select greenhouse gas emissions from the HEPCO Group's supply chain emissions (Scope 1+2+3) as a KPI. This is positioned as the core KPI of the "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," which are set forth in the "Roadmap to Carbon Neutral 2050."</p> <p>DNV has confirmed that the KPI selected by Hokkaido Electric Power is consistent with the policies formulated by the Government toward achieving the goals of the Paris Agreement, and that the KPI has been appropriately set as a comparable indicator.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings		
				<p>From the perspective of Hokkaido Electric Power's business strategy as an electric utility, DNV considers that the initiatives toward KPI closely related to "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," which are set forth in the "Roadmap to Carbon Neutral 2050" toward achieving carbon neutrality will contribute to "supporting Hokkaido's economy and customers' livelihoods, sustainable business growth, and realizing a sustainable society." The KPI is also considered to contribute to both the goals related to the achievement of the "Roadmap to Carbon Neutral 2050" and realization of and sustainability management, and Hokkaido Electric Power's business strategy.</p> <p>The selected KPI is listed below, detailed in Schedule-2.</p> <table><tr><th>KPI</th></tr><tr><td>KPI: Greenhouse gas emissions from the HEPCO Group’s supply chain (Scope 1+2+3)</td></tr></table>	KPI	KPI: Greenhouse gas emissions from the HEPCO Group’s supply chain (Scope 1+2+3)
KPI						
KPI: Greenhouse gas emissions from the HEPCO Group’s supply chain (Scope 1+2+3)						

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1b	KPI - Measurability	<p>The 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.</p> <p>The issuer is encouraged, when possible, to select KPI(s) that it has already included in its 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, the issuer should, to the extent possible, provide historical externally verified KPI values covering at least the previous three years.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - HEPCO Group Report 2024 - HEPCO Group "Aim for Carbon Neutrality by 2050" <p>Interviews with stakeholders</p>	<p>DNV has concluded that GHG emissions as a KPI are measurable based on a consistent methodology (determined by Hokkaido Electric Power), externally verifiable, and can be benchmarked against external references.</p> <p>DNV has confirmed that the KPI selected by Hokkaido Electric Power is linked to the KPIs in its management vision, and that performance over time has been managed internally to align with the plan.</p>
1c	KPI – Clear definition	<p>A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - HEPCO Group Report 2024 <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the KPI selected by Hokkaido Electric Power has a clear evaluation scope and calculation methodology. Specifically, it is calculated as follows:</p> <p>KPI: Greenhouse gas emissions from the HEPCO Group's supply chain (Scope 1+2+3)</p> <p>DNV has confirmed that this calculation method is highly relevant as a method for assessing Hokkaido Electric Power's emissions.</p>

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

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic, and meaningful to the issuer's business and be consistent with the issuer's overall strategic sustainability/ESG strategy.	Confirmed documents: - Framework - HEPCO Group Report 2024 - HEPCO Group "Aim for Carbon Neutrality by 2050" Interviews with stakeholders	From the viewpoint that the SPT is supporting GHG emissions reduction stipulated in "Renewable Energy," "Nuclear Power Generation," "Promotion of Electrification and Energy Efficiency," "Transmission and Distribution Business," "Hydrogen and Ammonia Production and Utilization," and "Thermal Power Generation and CCUS," which are set forth in the "Roadmap to Carbon Neutral 2050," DNV has confirmed that Hokkaido Electric Power's substantial contributions to greenhouse gas emissions reduction can be judged as equivalent to the ambitious targets of reduction by 46% by FY2031 and 60% by FY2036 (compared to FY2014 levels) based on the policies formulated by the Government toward achieving the goals of the Paris Agreement, and that there is a concrete plan that is ambitious, realistic, and meaningful. DNV has also confirmed that the achievement of SPT is consistent with Hokkaido Electric Power's initiatives to achieve carbon neutrality.
2b	Target Setting - Meaningful	The 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 pre-defined timeline, set before (or concurrently with) the bond issuance.	Confirmed documents: - Framework - HEPCO Group Report 2024 - HEPCO Group "Aim for Carbon Neutrality by 2050" - Supplementary materials for general corporate purpose Interviews with stakeholders	DNV has confirmed that Hokkaido Electric Power's substantial contribution to greenhouse gas emissions reduction can be judged as equivalent to a 46% reduction in GHG emissions by FY2031 (compared to FY2014 levels) and a 60% reduction by FY2036 (compared to FY2014 levels), which are ambitious targets based on the policies formulated by the Government toward achieving the goals of the Paris Agreement, and that the future contribution to GHG emissions reduction will go beyond "Business as Usual."

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2c	Target Setting – benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> 1. The issuer's own performance over time for which a minimum of three 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 issuer's peers where comparable or 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 recognized Best-Available-Technologies or other proxies. 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - HEPCO Group Report 2024 - HEPCO Group "Aim for Carbon Neutrality by 2050" <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the process of setting SPT is based on the right combination of the following benchmarking approaches:</p> <ul style="list-style-type: none"> • The target setting by FY2036 has been indicated as a guideline, using appropriate data and information on KPI based on Hokkaido Electric Power's performance up to FY2022. • As for SPT, Hokkaido Electric Power's substantial contribution to greenhouse gas emissions reduction can be judged as equivalent to a 46% reduction in GHG emissions by FY2031 (compared to FY2014 levels) and a 60% reduction by FY2036 (compared to FY2014 levels), which are ambitious targets based on the policies formulated by the Government toward achieving the goals of the Paris Agreement, and has been evaluated as ambitious. • DNV has concluded that the SPT is appropriately relevant to the greenhouse gas emissions reduction targets based on the policies formulated by the Government toward achieving the goals of the Paris Agreement. The Framework is also aligned with national guidelines that are consistent with achieving the goals of the Paris Agreement. It will be supported in the "Roadmap to Carbon Neutral 2050" as a KPI/SPT toward Hokkaido Electric Power's carbon neutrality.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 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 issuer intends to reach such SPTs 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - HEPCO Group Report 2024 - HEPCO Group "Aim for Carbon Neutrality by 2050" <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the setting of SPT has been appropriately disclosed as follows:</p> <ul style="list-style-type: none"> • The timeline for achieving the SPT is set by FY2031. The progress of the set SPT until trigger judgment is based on the actual results of FY2014 to the SPT by linear interpolation for FY2031 or FY2036. • The base year for the SPT with regard to GHG emissions reduction is the actual results of FY2014. This is consistent with the base year (the fiscal year ended 31 March 2014) set by the Government of Japan. • Detailed explanations on how progress in GHG emissions reduction will be achieved have been given in the Framework, "Aim for Carbon Neutrality by 2050" of HEPCO Group, and the "Roadmap to Carbon Neutral 2050." <p>DNV has confirmed that the SPT is not set annually in light of the response to electricity supply and demand, but that the progress will be verified annually by an external organization.</p> <p>Based on the information provided by Hokkaido Electric Power, DNV has concluded that the SPT is realistic, the plan is feasible, and it is expected to achieve the SPT outlined in the Framework.</p>

SLBP/SLLP-3 Finance Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Loan Characteristics – SPT Financial/structural impact	The SLB needs to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the pre-defined SPT(s).	Confirmed documents: - Framework Interviews with stakeholders	DNV has confirmed that the inclusion of the trigger events in the Framework complies with the requirements outlined in the SLBP. DNV has confirmed about the transition-linked finance implemented under the Framework that the trigger events and their scope of impact, with the timing and performance requirements of specific SPT, are linked to target achievement and 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. The issuer may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events.	Confirmed documents: - Framework Interviews with stakeholders	DNV has confirmed that Hokkaido Electric Power has considered an appropriate fallback mechanism (backup alternative) and that it will not set up alternative SPTs or calculation methods at this time, as the risk of not being calculated or observed is extremely small. DNV has confirmed that if there is a change in the business environment, business structure, or the KPI, whether such event is due to external factors or the result of Hokkaido Electric Power's management decisions, there is a possibility that changes to the KPI and SPT may be brought about after discussion in an internal meeting body when there is a justifiable reason. In addition, if there is a justifiable reason for the achievement of SPT to be temporarily not realized due to a transient change in the domestic electricity supply capacity, the change in the characteristics of bonds and loans may be postponed.

SLBP/SLLP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>The issuer of SLL should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> 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 SPTs outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics 3. Any information enabling investors to monitor the level of ambition of the SPTs <p>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 SLB's financial and/or structural characteristics.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the necessary information will be published in a timely manner regarding the following as required by the SLBP/SLLP:</p> <ul style="list-style-type: none"> · Performance of KPI: After the implementation of the transition-linked finance, it will be verified by an external organization etc. and disclosed through the "HEPCO Group Report" or website, or disclosed to lenders (only in the case of loans) at least once a year until the completion of redemption or repayment. · Achievement of SPT: Subject to annual verification by an independent third party and will be used to determine financial characteristics (e.g., bond rates, loan terms) or other financial incentives.



SLBP/SLLP-5 Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	The issuer 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 has confirmed that Hokkaido Electric Power will undergo independent verification of data related to the KPI at least once a year by a qualified external evaluation body with relevant expertise in SPT triggering events.