

March 15, 2021

Announcement regarding issuance of Green Bonds

- ◆ Kyushu Railway Company (“JR Kyushu” or “The Company”) has decided to issue its first domestic Green Bond (“the Bond”) in April 2021. Issue size/tenor is expected to be JPY10billion/10-year.
- ◆ Under the JR Kyushu Group's "Long-Term Vision for 2030", we intend to contribute to the sustainable development of Kyushu area through city-building/community development initiatives that leverage the distinctive characteristics of local communities, focusing on the safe and reliable mobility services.
- ◆ JR Kyushu Group identifies, as one of the matters of materiality, “Addressing environmental issues (climate change and resource conservation)” and is engaged in a variety of programs. Railway provides energy-efficient services with less environmental impact. In order to further strengthen these advantages, we will strive to further enhance energy efficiency by introducing train cars with improved energy use, and will reduce the CO2 emission that is one of the causes of the global warming.
- ◆ With this offering, we will promote our ESG initiatives to realize what JR Kyushu Group aims to be, towards all the stakeholders including our customers, local community, investors and employees.

1. Details of the Green Bond

Bond name	Kyushu Railway Company 8 th Issuance of unsecured bonds (with specific inter-bond pari passu clause) (Green Bond)
Tenor	10 years
Issue size	JPY10billion (expected)
Issue price	100.00%
Offering date	April 2021
Lead managers	Nomura Securities Co. Ltd., Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Structuring Agent※	Nomura Securities Co., Ltd.

*Structuring Agent supports the issuance of green bonds via advices on Second-party Opinion etc.

*Further details will be announced later.

2. Green Bond Framework and External Reviews

JR Kyushu has developed the Green Bond Framework based on the International Capital Market Association Green Bond Principles 2018 (ICMA GBP 2018) and the Ministry of Environment of Japan Green Bond Guidelines 2020 (GBG 2020).

URL : https://www.jrkyushu.co.jp/company/ir_eng/library/greenbond/pdf/greenbond_framework_en.pdf

The Company has commissioned Sustainalytics to provide a Second-Party Opinion to ensure alignment with ICMA GBP 2018 and GBG 2020.

URL : https://www.jrkyushu.co.jp/company/ir_eng/library/greenbond/pdf/second_party_opinion_en.pdf

The Company has received “GA1” evaluation, the highest level of R&I Green Bond Assessment which evaluates the extent to which raised funds are used to resolve environmental issues.

URL : https://www.jrkyushu.co.jp/company/ir_eng/library/greenbond/pdf/greenbond_assessment_en.pdf

3. Use of Proceeds

The proceeds from the offering will be used mainly to invest in new train cars and railway-related facilities, as well as renovation of employee training center.

① New train cars and railway-related facilities

The Company has developed 821 series AC suburban-type rolling stock and YC1 series diesel-electric rolling stock equipped with storage battery in order to replace old cars.



821 series AC suburban-type rolling stock

This series includes a main circuit system that utilizes full SiC technologies in order to reduce the environmental burden. In comparison with the existing 415 series rolling stock, electricity consumption has been reduced by about 70%. This rolling stock started operations in March 2019 between Kokura and Arao stations on Kagoshima Line.



YC1 series diesel-electric rolling stock
equipped with storage battery

In this series, the regenerative power created during braking is used to charge the storage battery, and then utilized during acceleration, providing the advantage of effective use of energy. In comparison with existing diesel trains (KIHA66/67 series), fuel consumption has been reduced by about 20%. The rolling stock started operations in March 2020 between Nagasaki and Sasebo stations.

② Renovation of employee training center

The group's employee training center is being rebuilt to replace an aging facility and to strengthen training environment for employees. The new center, which will include training building with classrooms and residential building for longer period of training, will be located in Moji, Kitakyushu which has played a key role in railway-related education in Kyushu.

New employee training center, which will be located in "SDGs Future City, Kitakyushu City" utilizes natural energies and saves energy. It is also the first ZEB^{※1} for JR Kyushu, an environmentally-friendly building.

※1 : ZEB (net zero energy building)

Commitment to Environmental issues

The building of the training center, which reduces energy consumption by 57%, has been certified as ZEB Ready, under Building-Housing Energy-efficiency Labelling System (BELS) in accordance with Article 7 of the Building Energy Conservation Law. The company is also registered as ZEB Leading Owner, which owns ZEB Ready building.



【New Employee Training Center (image)】



【Entrance (image)】



【Training Facility (image)】

※Images are subject to change depending on future discussion with related.