

**Electric Power Development Co., Ltd. (J-POWER)**

**Green bond eligibility for pre-issuance**

**DNV GL Verification Report**



Nov. 2020(Rev. 0)

DNV GL Business Assurance Japan K. K.



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## Reviion history

Revision number	Issue Date (dd/mm/yyyy)	Remarks
Rev. 0	24/11/2020	Initial

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## Executive Summary

Electric Power Development Co., Ltd. (hereinafter, "J-POWER" or "Issuer") intends to issue a green bond to raise funds for businesses related to the development, construction, operation, and renovation of renewable energy for stable operation and further expansion. Based on the agreement with J-POWER, DNV GL Business Assurance Japan Co., Ltd. (hereinafter "DNV GL") as a CBI accredited verification body has conducted verification that J-POWER Group Green Bond Framework (hereinafter "Framework"), which is formulated by J-POWER, and the planned green bond meet the Climate Bonds Standard V3.0 (hereinafter "CBS") defined by Climate Bonds Initiative (hereinafter "CBI"). As a result, based on the limited assurance procedures conducted by DNV GL, nothing has come to our attention that causes us to believe that the green bond is not, in all material respects, in compliance with the requirements of the CBS and the associated sector technical criteria. The following is an overview of the assessment results for the four core components defined in the Green Bond Principles 2018 (hereinafter referred to as "GBP") and Green Bond Guidelines 2020 (hereinafter "GBGLs") which are also the same as the CBS:

### 1. Use of Proceeds:

Framework defines eligible criteria for the use of proceeds as "renewable energy". This is in line with the eligible Green Project categories described in the GBP, GBGLs. J-POWER is engaged in hydropower, wind power (onshore and offshore), geothermal and solar power projects. Of these, the proceeds from this green bond are planned to be funded to the development, construction, operation, refurbishment of onshore wind power generation, either or both of new investment in other related expenditures and refinancing. These projects are expected to bring clear positive environmental impacts and will contribute to the promotion of the "J-POWER Group Environmental Management Vision Basic Policy" "J-POWER Group Corporate Targets " and the United Nations "Sustainable Development Goals (SDGs)."

### 2. Process for Project Evaluation and Selection:

J-POWER is promoting efforts for renewable energy as a medium-term management plan. For the evaluation and selection of green projects, the departments in charge of renewable energy such as the Renewable Energy Business Strategy Department, which was newly established in April 2019 and finance department implement based on the predetermined green bond issuance management internal process. Eventually, the eligibility as a green bond will be confirmed and decided by the finance department and will be managed until the redemption period. These processes are consistent with the CBS, GBP and GBGLs.

### 3. Management of Proceeds:

The net proceeds from the green bond are managed by the finance department with the accounting control procedures and the internal management system, etc which can track the proceeds at any time. The net proceeds from the green bond are managed so as not to exceed the total amount of new investment/refinance of the nominated projects and assets.



Unallocated proceeds will be managed as cash or cash equivalents based on the green bond issuance management internal process, until they are fully allocated to the nominated green project and assets. Information regarding the management of the proceeds is retained by the internal document control procedures. These are aligned with the CBS, GBP and GBGLs.

#### **4. Reporting:**

J-POWER plans to disclose the report on the status of the bond proceeds allocation in "J-POWER Group Integrated Report" or its website, until the bond proceeds are fully allocated. This includes the balance of the amount of unallocated proceeds, the allocated amount of the proceeds, and the approximate amount (or share) of proceeds that have been used for refinancing. In addition, as an environmental impact, J-POWER plans to disclose the amount of CO<sub>2</sub> emission reduction (t-CO<sub>2</sub>) and installed capacity (MW) for each category of invested renewable energy. In addition, J-POWER plans to disclose documents related to the framework and bond issuance on its website, etc. These are aligned with the CBS, GBP and GBGLs.

In addition, J-POWER engages DNV GL for post-issuance verification required by CBS.

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## I Introduction

### i. About the Issuer

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

### ii. About Environmental Activities of J-POWER Group

As the basic policy of the "J-POWER Group Environmental Management Vision," the J-POWER Group has made contributions to reducing CO<sub>2</sub> emissions on a global scale and conservation of the local environment important issues. The "Corporate Targets" stipulated in the action plan of the "J-POWER Group Environmental Management Vision" set out the expansion of renewable energy as a promotion of technological development for low carbonization and zero emissions of power sources. Specifically, its corporate targets include hydroelectric power generation, wind power generation (onshore and offshore), and geothermal power generation. In addition, J-POWER started the development of overseas (US) solar power generation business since 2020. J-POWER is working on the new development of a various renewable energy. J-POWER Group as a whole also has set priority items for its business, such as efforts to reduce existing fossil power sources to zero emissions, and has set a long-term direction that contributes to both global economic development and climate change issues through the supply of electricity.

J-POWER Group also conducts scenario analysis in line with TCFD (Task Force on Climate-related Financial Disclosure), and sets specific goals for zero emissions, including further expansion of renewable energy.

Details are disclosed publicly in the following J-POWER materials.

J-POWER Group Integrated Report 2020

<https://www.jpowers.co.jp/english/ir/ir51000.html>

J-POWER Group Materials of Environmental Initiatives 2020

<https://www.jpowers.co.jp/english/ir/pdf/2020c.pdf>

J-POWER Group Environmental Action Guidelines (FY2020)

<https://www.jpowers.co.jp/english/ir/pdf/2020c.pdf>

\*Japanese website

J-POWER Group Environmental Management Vision Basic Policy

[https://www.jpowers.co.jp/sustainability/environment/pdf/1\\_1\\_env\\_vision\\_policy.pdf](https://www.jpowers.co.jp/sustainability/environment/pdf/1_1_env_vision_policy.pdf)

J-POWER Group Promotion System

[https://www.jpowers.co.jp/sustainability/environment/pdf/1\\_3\\_sustainability\\_system.pdf](https://www.jpowers.co.jp/sustainability/environment/pdf/1_3_sustainability_system.pdf)

J-POWER Group Corporate Targets

[https://www.jpowers.co.jp/sustainability/environment/pdf/1\\_4\\_corporate\\_objective.pdf](https://www.jpowers.co.jp/sustainability/environment/pdf/1_4_corporate_objective.pdf)

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### iii. About Green Bond Framework

J-POWER (hereinafter “Issuer”) positions the issuance of green bond (hereinafter “BOND”) as financing that contributes to the stable operation of renewable energy initiatives and the expansion plan for renewable energy in the medium-term management plan. The Framework is formulated based on widely recognized standards at home and abroad, including CBS, GBP and GBGLs. The funds raised by BOND will be allocated to green projects in accordance with the following eligible Green Project categories. Framework will be disclosed in J-POWER’s web site.:

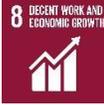
- **Renewable energy**  
(Onshore wind power generation, expenditures for development, construction, operation, refurbishment and other related projects)

J-POWER intends to contribute to the Sustainable Development Goals (SDGs) set by the United Nations by value creation process through the business activities of the J-POWER Group. The J-POWER Group's business activities are initiatives that directly and indirectly contribute to the following SDGs.

This BOND will contribute to the SDGs with a focus on Goal 7 and Goal 13.

J-POWER Group Integrated Report 2020  
<https://www.jpowers.co.jp/english/ir/ir51000.html>

## J-POWER Group SDGs contribution activities

J-POWER Group contribution activities	SDGs		
<p><b>Social issues</b></p> <ul style="list-style-type: none"> <li>• Stable power supply</li> <li>• Energy security</li> <li>• Building wide-area power networks in Japan</li> <li>• Power shortages in developing country</li> <li>• Climate change issues</li> <li>• Global environmental issues such as air pollution</li> </ul> <p style="text-align: center;">↓</p> <p><b>Area of Business</b></p> <ul style="list-style-type: none"> <li>• Electricity Business</li> <li>• Overseas Business</li> <li>• Electricity-Related Business</li> <li>• Other Business (Waste-energy power generation etc.)</li> </ul> <p>* Technology development efforts for Zero Emissions from Fossil Fuel Power Generation</p>	Goal 1	NO POVERTY	
	Goal 7	AFFORDABLE AND CLEAN ENERGY	
	Goal 8	DECENT WORK AND ECONOMIC GROWTH	
	Goal 9	INDUSRY, INNOVATION AND INFRASTRUCTURE	
	Goal 12	RESPONSIBLE CONSUMPTION AND PRODUCTION	
	Goal 13	CLIMATE ACTION	

\* The relevance to SDGs is complementary to the issuance of green bonds, with reference to Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals established by ICMA, which sets out the Green Bond Principles. It would not intend directly related to the funding purposes.

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## II Scope and Objectives

The issuer commissioned DNV GL Business Assurance Japan Co., Ltd. (hereinafter “DNV GL” or “we”) to conduct verification for its green bond eligibility for pre-issuance requirements against Climate bond Standards version 3.0 (hereinafter “CBS”) determined by Climate Bond Initiative (hereinafter “CBI”). As an approved verifier, DNV GL's purpose of the revision of pre-issuance verification is to verify that the green bond and the candidates of the green projects are aligned with CBS and the following sector eligibility criteria (onshore wind power). DNV GL has conducted verification considering that CBS is fully aligned with Green Bond Principles 2018 (hereinafter “GBP”) and Green Bond Guidelines 2020 (hereinafter “GBGLs”).

- Wind Sector Eligibility Criteria of the Climate Bonds Standard (Version 1.1)

DNV GL holds no other engagements with the Issuer, including its direct shareholders, for which we foresee conflict of interest to carry out the Scope of Work as defined in the agreement agreed with the Issuer. In this paper, no assurance is provided regarding the financial performance of the BOND, the value of any investments in the BOND, or the long-term environmental benefits of the transaction.

## III Responsibilities of the Management of the Issuer and DNV GL

The management of the Issuer has provided the information and data used by DNV GL during the delivery of this review. DNV GL's statement represents an independent opinion and is intended to inform the management of the Issuer and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer.

DNV GL is not responsible for any aspect of the candidate projects and assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by the Management of the Issuer and used as a basis for this assessment were not correct or complete.

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## IV Basis of DNV GL's opinion

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

DNV GL's Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The overarching principle and guidelines behind the criteria are that a green bond should "enable capital-raising and investment for new and existing projects with environmental and social benefits".

As per DNV GL's Protocol, the criteria against which the BOND has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to bond eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using green bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

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## V Work Undertaken

Our work constituted a high level of review of the available information, based on the understanding that this information was provided to us by the Issuer in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

### i . Pre-Issuance verification

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

### ii . Post-issuance verification (\*it is not included in this report)

- Assessment of evidential documents provided by the Issuer after issuance of the BOND, and supplemental assessment by desk review from a higher perspective;
- Interview with key personnel of the Issuer, and review of the relevant documentation;
- Field survey and inspection, if necessary;
- Review of the candidate projects and assets at the time of the post-issuance verification, including updating the list of them in Schedule-1; and
- Reporting of findings against each element of the eligibility criteria at the post-issuance verification

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



## VI Findings and DNV GL's opinion

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

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

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## 1. Use of Proceeds

DNV GL confirmed that the net proceeds are planned to be allocated to projects related to the development, construction, operation and renovation of "Onshore Wind Power" of the renewable energies listed in the framework (hydro, wind (onshore and offshore), geothermal and solar).

DNV GL confirmed that multiple onshore wind power projects are listed as the green project candidates at the time of pre-issuance verification, and that the proceeds would be allocated to one or more onshore wind power projects.

Green eligible projects (onshore wind power projects) are listed in Schedule-1 (List of green project candidates) in this report.

DNV GL confirmed that these wind power project candidates are aligned with the relevant sector eligibility criteria of CBS as below:

- **Wind Sector Eligibility Criteria of the Climate Bonds Standard (Version 1.1)**

- Criteria 1 : Wind power assets in operation or under construction  
(Power generation equipment, power transmission and distribution facilities / incidental facilities dedicated to wind power generation, incidental equipment, production / manufacturing or transportation equipment of major equipment)
- Criteria 2 : Not offshore wind power

All net proceeds will be funded to either or both new investment and refinancing for stable operation and further expansion of the project, depending on the status of the project. These projects are expected to bring clear positive environmental impact, and are expected to contribute to the promotion of the "J-POWER Group Environmental Management Vision," "Corporate Targets," and the United Nations "Sustainable Development Goals (SDGs)."

Through the information from the issuer, it was confirmed that the candidate green projects are aligned with the eligible green project categories specified in CBS etc.

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## 2. Process for Project Evaluation and Selection

In the "J-POWER Group Management Vision," the issuer has made contributions to the reduction of CO<sub>2</sub> emissions on a global scale and the preservation of local environments as important issues. In addition, the J-POWER Group will promote the expansion of renewable energy as a "Corporate Target" in the "J-POWER Group Management Vision." The "J-POWER Group Management Vision" further establishes a basic policy and sets goals related to environmental sustainability. Through the review, DNV GL confirmed that the green project candidates listed in Schedule-1 are aligned with the Issuer's efforts to contribute to the environment.

The issuer has established a new internal procedure for managing green bond issuance and defines a process for evaluating and selection for eligible green projects in accordance with relevant business practices. Specifically, the department in charge of the renewable energy business selects the project candidates and the finance department confirms the eligibility and conformity as green bond. DNV GL confirmed through verification activities that the evaluation and selection of green projects are approved through the appropriate internal determination process.

Regarding the conditions for project selection, reduction of environmental and social risks is considered based on the concept of environmental impact assessment and other environment-related laws, ordinances and regulations, water environment conservation, and biodiversity conservation. The issuer takes CBS and the related requirements into consideration seriously when evaluating and selecting projects. Therefore, it was confirmed that these processes are aligned with the CBS.

2020 J-POWER Group Environmental Action Guidelines  
[https://www.jpowers.co.jp/sustainability/environment/pdf/1\\_5\\_environmental\\_behavior.pdf](https://www.jpowers.co.jp/sustainability/environment/pdf/1_5_environmental_behavior.pdf)

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### 3. Management of Proceeds

DNV GL has reviewed how the issuer can track and manage allocation of the net proceeds until they are fully allocated. The details are as followings:

- Management of the net proceeds is performed by finance department using an accounting management system, in accordance with accounting management procedures. Unallocated proceeds are managed as cash or cash equivalents based on the above procedures and system, until they are fully allocated to the nominated projects and assets.
- At the stage of allocation, the finance department confirms that it meets the eligible project based on the internal procedure of green bond issuance management, and the actual expenditure is tracked and managed by the accounting management system. Since each project is numbered based on the project name and task name, the allocation status can be constantly tracked and managed for each project. These can be managed in a list using the format specified in the internal procedures above, the amount allocated and the balance of unallocated funds are checked at least quarterly and the total amount of eligible projects is managed so that it does not fall below the amount of green bond issuance (allocated) until the funds allocation is completed.
- The financial records related to cash management are retained for at least redemption period in accordance with the Issuer's internal document control procedures.

As a result, DNV GL confirmed that the Issuer's methodology to manage the total amount of net proceeds is appropriate and it is aligned with the CBS and the related requirements.



#### 4. Reporting

DNV GL confirmed that the specific reporting requirements of the BOND including proceeds allocation progress and environmental benefit until fully allocated will be disclosed in Issuer's website. The scope of reporting includes the balance of the amount of unallocated proceeds, the allocated amount of the proceeds, and the approximate amount (or percentage of the portion) of proceeds that have been used for refinancing. The Issuer also plans to disclose indicators for projects in operation, with respect to environmental benefits, as below:

- Annual CO2 emission reduction by renewable energy type (t-CO2)
- Installed capacity by renewable energy type (MW)

If the project being allocated is planning stage or under construction stage, the progress of the project will be disclosed separately from the environmental improvement effect.

These are aligned with the CBS and the related requirements. In addition, the Issuer plans to engage DNV GL post-issuance verification to ensure that the green bond complies with the key elements of CBS and the above-mentioned principles and guidelines.

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

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

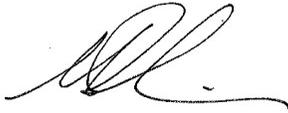
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DNV GL Business Assurance Japan K.K.

24<sup>th</sup> Nov 2020



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#### **About DNV GL**

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

## Schedule-1. List of green project candidates

Following nominated projects in the table have been verified eligibility as of Nov 2020. In case that new green projects are nominated in the future, the issuer will additionally evaluate its conformity against CBS and the related requirements including eligible criteria in the following table and if need, DNV GL will verify them.

The proceeds from the BOND will be allocated to one or more projects listed here, and the allocation results will be disclosed in the periodic report.

No.	Category	Sub Category	Nominated Project	Eligible Criteria	Funded Amount (plan)	Remarks
WE-01	Renewable energy	Onshore wind power	Setana Osato Windfarm	Wind Sector Eligibility Criteria of the Climate Bonds Standard (Version 1.1)	10 billion JPY–20 billion JPY*	Location: Hokkaido Capacity: 50.0MW Commercial Ope: Jan. 2020
WE-02			Nikaho No.2 Windfarm			Location: Akita Pref. Capacity: 41.4MW Commercial Ope: Jan. 2020
WE-03			Kuzumaki No.2 Windfarm			Location: Iwate Pref. Capacity: 44.6MW Commercial Ope: Dec. 2020

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

**Schedule-1. Reference materials: Representative project example and J-POWER wind power generation business map**

(Including projects subject to green bond allocation)

Map: [https://www.jpowers.co.jp/bs/renewable\\_energy/wind/map.html](https://www.jpowers.co.jp/bs/renewable_energy/wind/map.html)

Site Info.: [https://www.jpowers.co.jp/bs/renewable\\_energy/wind/data.html](https://www.jpowers.co.jp/bs/renewable_energy/wind/data.html)



Project Example-1 WE-01 Setana Osato(Hokkaido 50.0MW 3.2MW×16unit)



## Schedule-2. Green Bond Eligibility Assessment Protocol

Following GBP-1~GBP-4 are set by DN GL as DNV GL green bond eligibility protocol based on CBS, GBP and GBGLs common 4 core components. The Reviewed documents at work undertaken are internally retained and provided to DNV GL as evidence during verification.

### GBP-1 Use of proceeds

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Green Bond Principles: <ul style="list-style-type: none"> <li>• Green Use of Proceeds Bond</li> <li>• Green Use of Proceeds Revenue Bond</li> <li>• Green Project Bond</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	The BOND falls into the category below: <ul style="list-style-type: none"> <li>• Green Use of Proceeds Bond</li> </ul>
1b	Project Categories	The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	It was confirmed through the legal documents related to the BOND document (ex. Amendment to Shelf Registration Statement draft) that the all the net proceeds are allocated to financing (new investment) or refinancing for projects related to development, construction, operation, renovation and its related expenses for renewable energy.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	It was confirmed that the green project will contribute to reduce CO2 emissions, and the environmental benefits are quantitatively evaluated as the amount of CO2 emission reduction and reported annually.

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	The issuer plans to use the proceeds for either or both of new investment and refinancing, but has not decided prior to issuance. It was confirmed that issuer plans to clarify the approximate amount (or percentage of the portion) of the proceeds for refinancing through the annual report.

### GBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
2a	Investment -decision process	The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation: <ul style="list-style-type: none"> <li>• A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles;</li> <li>• The criteria making the projects eligible for using the Green Bond proceeds; and</li> <li>• The environmental green objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	It was confirmed through document review and interview with the personnel of the Issuer that processes to determine the eligibility of the project that use the proceeds from the BOND have been clearly described in the framework.
2b	Issuer's environmental governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	The green project implemented by the issuer is in line with the issuer's management philosophy, medium- to long-term management plan, and environmental policy, and when it is implemented, compliance with environment-related laws, ordinances and regulations, consideration for the surrounding environment, etc. will be considered. DNV GL was confirmed through the framework and verification that the green projects bring a clear environmental improvement effect such as CO2 reduction.

### GBP-3 Management of proceeds

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
3a	Tracking procedure-1	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	It was confirmed through document review and interview with the personnel of the Issuer that the net proceeds can be tracked by the Issuer's internal accounting system, etc. In addition, DNV GL confirmed the system practically used and related documents through verification and confirmed that the management status of the raised funds was proved based on this.
3b	Tracking procedure-2	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	DNV GL confirmed through document review and interview with the personnel of the Issuer that issuers plan to review the green bond balances on a regular basis (at least quarterly) during the period from bond issuance to redemption of green bonds.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul>	DNV GL has confirmed through document review and interview with the personnel of the Issuer that the balance of unallocated amount is sequentially recognized by the confirmation process through the issuer's internal management system, etc. DNV GL confirmed through the framework that the balance of unallocated proceeds is managed in cash or cash equivalents. In addition, it was confirmed that the balance of unallocated proceeds is disclosed through update report (annual reporting).

### GBP-4 Reporting

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV GL Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including</p> <ul style="list-style-type: none"><li>- when possible with regards to confidentiality and/or competitive considerations</li><li>- a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.</li></ul>	<ul style="list-style-type: none"><li>• Interviews with stakeholders</li><li>• Document review</li></ul>	<p>It was confirmed through document review and interview with the personnel of the Issuer that the issuer reports on the BOND annually (update report) and disclose the status of the amount of the allocated proceeds, funded eligible projects and its environmental benefit until at least the allocation of the proceeds is fully completed.</p>

## Schedule 3 CBS v3.0 requirement/criteria

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

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

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

#### Part A: Pre-Issuance Requirements

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

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

Scope	Requirements
5. Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds and Loans. The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets.
6. Process for Evaluation and Selection of Projects & Assets	A decision-making process shall be maintained to determine the continuing eligibility of the nominated projects and assets.
7. Management of Proceeds	The net proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified in an appropriate manner, and documented.
8. Reporting	The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding. The Update report shall include amounts allocated, impact reporting of environmental aspects, information of the projects and assets. This information shall be provided to the verifier and to the CBS board to support the assessment of conformance with the CBS.

**Part C: Eligibility of Projects & Assets**

Scope	Requirements / Criteria
9. Climate Bonds Taxonomy	Nominated projects and assets shall fall into one or more of the investment areas listed as included in the Climate Bonds Taxonomy
10. Sector Eligibility Criteria	<p>Nominated Projects &amp; Assets shall meet the specific eligibility requirements provided in the relevant Sector Eligibility Criteria documents.</p> <p>Followings are outline of the sector criteria against the verification</p> <p>Onshore wind power (wind energy)</p> <p>    <u>Criterion 1 : Wind power assets in operation or under construction</u>                  (Power generation equipment, power transmission and distribution facilities / incidental facilities dedicated to wind power generation, incidental equipment, production / manufacturing or transportation equipment of major equipment)</p> <p>    Criterion 2 : Not offshore wind power</p>