



# VERIFICATION REPORT

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## INPEX CORPORATION

## GREEN BOND ELIGIBILITY FOR PRE-ISSUANCE

## DNV VERIFICATION REPORT

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**Location:** Kobe, Japan

**Date:** August 6, 2021

**Ref. Nr.:** PRJN-252709-2021-AST-JPN-1

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## Revision history

| Revision number | Issue Date (dd/mm/yyyy) | Remarks |
|-----------------|-------------------------|---------|
| Rev.0           | 6/8/2021                | Initial |
|                 |                         |         |
|                 |                         |         |

### Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

### Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>1</sup> 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.

## Executive Summary

INPEX Corporation (hereinafter, “INPEX”) plans to issue a green bond to raise funds for projects related to the development, construction, operation and refurbishment of renewable

<sup>1</sup> DNV Code of Conduct is available from DNV website ([www.DNV.com](http://www.DNV.com))



energy. Based on the contract with INPEX, DNV Business Assurance Japan Co., Ltd. (hereinafter "DNV") has conducted verification that the Green Bond Framework (hereinafter "framework"), which is formulated by INPEX, 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, nothing has come to our attention that cause 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 elements indicated in the Green Bond Principles 2021 (hereinafter referred to as "GBP") and Green Bond Guidelines 2020 (hereinafter "GBGLs") which are also the core elements of the CBS:

### **1. Use of Proceeds:**

Framework defines eligible criteria for the use of proceeds as "renewable energy project". This is in line with the eligible Green Project categories described in the GBP. Specifically, the proceeds are planned to be used for financing (new investment) and refinancing in businesses related to the development, construction, operation and refurbishment of renewable energy such as wind power, geothermal power. These projects are expected to have clear environmental benefits and contribute to "Business Development Strategy: Towards a Net Zero Carbon Society by 2050", which is the INPEX's basic management policy for the realization of a net zero carbon society by 2050, as well as the UN "Sustainable Development Goals".

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

INPEX has formulated both "basic management policy for realization of a net zero carbon society" and "basic policy for climate change response", and also has set goals for environmental sustainability. Regarding the project evaluation and selection, headquarter of Finance and Accounting selects candidate projects based on the eligible criteria, and the projects are approved through an appropriate internal decision process in consultation with headquarter of renewable energy or new field business and corporate strategy & planning division . These processes are aligned with GBP.



### **3. Management of Proceeds:**

The net proceeds are managed by headquarter of Finance and Accounting with the internal accounting system that can track them at any time. The net proceeds are managed on the in-house system so that the net proceeds do not exceed the total amount of new investment and refinancing of the selected project. Unallocated proceeds will be managed in cash or cash equivalents etc., until they are allocated to the project. The allocation status is regularly reported to the officer in charge of the Headquarter of Finance and Accounting. These are aligned with the GBP.

### **4. Reporting:**

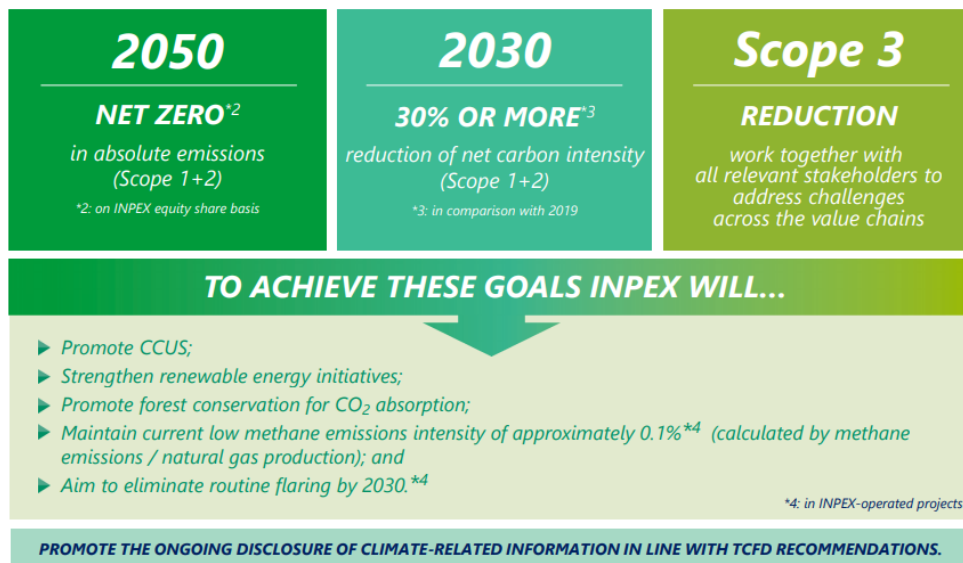
INPEX plans to report on the allocation status of the proceeds in its annual integrated report or INPEX's website, until the proceeds are fully allocated. This includes the balance of the unallocated amount of the proceeds, allocated amount of the proceeds, and the approximate amount (or percentage of the portion) of the proceeds that have been used for refinancing. In addition, as an environmental improvement effect, INPEX plans to disclose indicators related to annual CO<sub>2</sub> emission reductions and installed capacity of renewable energy.

In addition, INPEX plans to engage DNV for post-issuance verification based on CBS requirements.

## I Introduction

### i. About the INPEX and environmental initiatives

INPEX is the largest development company of oil and natural gas in Japan. INPEX will proactively engage in energy structure reforms towards the realization of a net zero carbon society by 2050, while responding to the growing energy demands of Japan and the world and fulfilling its responsibility for the development and stable supply of energy over the long-term. By doing so, INPEX will contribute to the creation of a brighter future for society and also sustainably increase its enterprise value.



In addition to the efforts to achieve the goals listed above, INPEX will actively promote the following five business pillars by making full use of the technologies, assets and human resources we have nurtured until now through the development of crude oil and natural gas, and leveraging these strengths to grow the five business pillars to have sufficient earning power looking ahead towards 2050. Furthermore, these efforts will be promoted in line with the TCFD recommendations.

- ① Reduce CO<sub>2</sub> emissions from upstream operations (Promotion of CCUS)
- ② Develop a hydrogen business
- ③ Enhance and emphasize renewable energy initiatives
- ④ Promote carbon recycling and cultivate new business opportunities
- ⑤ Promote CO<sub>2</sub> absorption through forest conservation

## ii. About Green Bond Framework

INPEX has formulated the Green Bond Framework (hereinafter “framework”) based on the basic management policy and the basic policy for climate change response. Using this framework, the INPEX plans to issue green bonds to raise funds to realize projects that are expected to have environmental benefits. The proceeds will be allocated to green projects in accordance with the following eligible criteria:

- **Renewable energy business**

(projects related to the development, construction, operation and refurbishment of renewable energy such as wind power, geothermal power and solar power.)

As a strengthening of sustainability management, INPEX aims to fulfil the two social responsibilities of stable energy supply and response to climate change by strengthening and cleaning up businesses, and INPEX will promote the integration of ESG(Environment, Society, Governance) initiatives and business activities in order to create value over the medium to long term. INPEX identified six key issues among the seven core social responsibility subjects in ISO 26000 as Material Issues of importance for us and our stakeholders.





### Six CSR Priority Goals and Material Issues of INPEX Group

- Governance
- Compliance
- HSE
- Local Communities
- Climate Change
- Employees

The table below summarizes the material issues related to “climate change response” and their relevance to the SDGs.

INPEX’s business activities through this green bond framework are related to “climate change response”, and in particular, are initiatives\* that directly and indirectly contribute to Goal7, Goal9 and Goal13.

**INPEX Group CSR Priority Goals and Material Issues on Climate Change Response**

| INPEX Group activities<br>(material Issues on Climate Change Response)  | SDGs    |  |   |
|---|---------|--|---|
| <p><b>Material issues on climate change response</b></p> <ul style="list-style-type: none"> <li>- Promotion of renewable energy business</li> <li>- Promotion of development of environmentally friendly natural gas</li> <li>- Strengthening management of climate change-related risks</li> </ul> | Goal 7  | AFFORDABLE AND CLEAN ENERGY            |    |
|   | Goal 9  | INDUSRY, INNOVATION AND INFRASTRUCTURE |    |
|   | Goal 13 | CLIMATE ACTION                         |   |
|   | Goal 15 | LIFE ON LAND                           |  |

\* 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.

## II Scope and Objectives

In July 2021, the INPEX commissioned DNV Business Assurance Japan Co., Ltd. (hereinafter “DNV” 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's purpose of the pre-issuance verification is to verify that the green bond and the candidates of the green projects are aligned with CBS v3.0 and the following sector eligibility criteria (onshore wind power, offshore wind power of marine renewable energy, geothermal power).

DNV has conducted verification considering that CBS is fully aligned with Green Bond Principles 2021 (hereinafter “GBP”) and Green Bond Guidelines 2020 (hereinafter “GBGLs”).

- (Onshore wind power) Wind Sector Eligibility Criteria of the Climate Bonds Standard (Version 1.1)
- (Offshore wind power of marine renewable energy) The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (July 2020)
- (Geothermal power) Geothermal Energy and the Climate Bond Standard (Version 1.0)

DNV refers to GBGLs \* in terms of conformance with relevant criteria, apart from pre-issuance verification aimed at conformance with CBS and related sector eligibility criteria.

DNV holds no other engagements with the INPEX, 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 INPEX. 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 INPEX and DNV

The management of the INPEX has provided the information and data used by DNV during the delivery of this review. DNV's statement represents an independent opinion and is intended to inform the management of the INPEX 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 INPEX.

DNV 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 shall not be held liable if any of the information or data provided by the Management of the INPEX 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 the INPEX, DNV has applied our green bond assessment methodologies, which incorporates the requirements of the GBP, CBS and GBGLs, to create the Issuer-specific Green Bond Eligibility Assessment Protocol (hereinafter "DNV GL's Protocol"). The DNV's Protocol has the capacity for potential application of green bonds under the GBP, CBS and GBGLs. Schedule-2 of this report outlines the DNV's Protocol and Findings.

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 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'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 Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative and appropriate performance indicators should be used, where feasible.

## 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 INPEX 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 INPEX-specific DNV's Protocol;
- Assessment of evidential documents provided by the INPEX before issuance of the BOND, and supplemental assessment with desk review from a higher perspective;
- Interview with key personnel of the INPEX, 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 INPEX after issuance of the BOND, and supplemental assessment by desk review from a higher perspective;
- Interview with key personnel of the INPEX, 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'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'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 planned and performed the verification by obtaining evidence and other information and explanations that DNV 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's opinion are as follows:

### **Principle One: Use of Proceeds.**

DNV confirmed that the net proceeds are planned to be allocated to projects related to the development, construction, operation and renovation of renewable energy such as wind power and geothermal power. DNV confirmed that the green project candidates at the time of pre-issuance verification included onshore/offshore wind power generation and geothermal power generation, and that the proceeds would be allocated to one or more projects as new investment and refinancing.

Current green projects candidates are listed in Schedule-1 "List of project outline" in this report.

For domestic onshore and offshore wind power generation projects that are candidates, wind condition surveys and environmental impact assessment processes are underway in accordance with the domestic system, and the progress will be disclosed as appropriate by businesses and local governments.

Regarding geothermal power generation projects, we confirmed that continuous monitoring is being carried out based on the laws and regulations of the country where the project is located and the guideline standards regarding environmental consideration adopted by the lender, in accordance with internal regulations, and confirmed that no significant concerns have been raised to date.

DNV confirmed that these projects are aligned with the relevant sector eligibility criteria of CBS as below

- (Onshore wind power) Wind Sector Eligibility Criteria of the Climate Bonds Standard (Version 1.1)
- (Offshore wind power) The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (July 2020)
- (Geothermal power) Geothermal Energy and the Climate Bond Standard (Version 1.0)

All net proceeds are planned to be newly invested and financed in the green project. These projects are expected to bring clear positive environmental impact, and are expected to contribute to the achievement of environmental sustainability goals through the basic management policy towards the realization of a net zero carbon society by 2050, which is one of INPEX's long-term strategies, and the basic policy for climate change response.

Through the information from the INPEX, it was confirmed that the candidate green projects are aligned with the eligible green project categories specified in CBS/GBP. We also confirmed the compliance with GBGLs.

### **Principle Two: Process for Project Evaluation and Selection**

INPEX has set "Business Development Strategy: Towards a Net Zero Carbon Society by 2050", which is the INPEX's basic management policy for the realization of a net zero carbon society by 2050. Through the review, DNV confirmed that the green project candidates listed in Schedule-1 are aligned with the INPEX's basic policy of climate change response.

It was confirmed through the verification activities that headquarter of Finance and Accounting selects candidate projects based on the eligible criteria, and the projects are approved through an appropriate internal decision process in consultation with headquarter of renewable energy or new field business and headquarter of corporate strategy and planning. INPEX considers CBS requirements when evaluating and selecting projects.

DNV confirmed through verification activities that the evaluation and selection of green projects are approved through the appropriate internal determination process. It was confirmed that these processes are aligned with the requirements of CBS, GBP and GBGLs.

### **Principle Three: Management of Proceeds**

DNV has reviewed how the INPEX can track and manage allocation of the net proceeds from bond issuance to redemption. It was confirmed that the headquarter of Finance and Accounting will manage the allocation status for each project based on INPEX's internal management procedure.

DNV reviewed plans for how INPEX will track and manage the allocation of proceeds after the issuance of green bonds. The details are as follows:

- For Management of proceeds from green bonds, unallocated proceeds are managed as cash or cash equivalents etc., until they are allocated to the projects.
- The headquarter of Finance and Accounting registers and manages the allocation status in the internal management system for each eligible green project for fund procurement management.
- We have confirmed that the headquarter of Finance and Accounting will manage the allocation status for each project, and also confirmed that the balance of unallocated amount was confirmed at least quarterly, and that the total amount of eligible projects was managed so that it would not fall below the total amount of green bond issuance until the allocation was completed.
- The allocation status is regularly reported to the officer in charge of the Headquarter of Finance and Accounting.

As a result, DNV confirmed that the INPEX's methodology to manage the total amount of net proceeds is appropriate and it is aligned with the CBS, GBP and GBGLs.

## Principle Four: Reporting

DNV confirmed that the INPEX will disclose it in its annual integrated report or its website until the full amount of the proceeds are allocated. 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 INPEX also plans to disclose following indicators as an environmental benefit when the project is in operation, within the scope of confidentiality and as far as reasonably feasible.

- Annual CO<sub>2</sub> emission reduction (t-CO<sub>2</sub>/y)
- Installed capacity (MW)

These are aligned with the requirements of CBS, GBP and GBGLs. In addition, the INPEX plans to engage DNV post-issuance verification to ensure that the allocation status of 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, 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.

DNV Business Assurance Japan K.K.

6<sup>th</sup> Aug 2021



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#### About DNV

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

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

## Schedule-1. green project candidates

Regarding renewable energies such as geothermal power generation, onshore wind power generation, and offshore wind power generation, we verified the eligibility of multiple green project candidates (as of July 2021), including an overview. The project is disclosed in an aggregated format because it contains some confidential information, but the information necessary for verification is provided to DNV, the verification organization. In the future, in the issuance of green bonds based on CBI certification, in addition to the above-mentioned verified projects, if additional projects are included, it will be evaluated by INPEX in advance to meet CBS and internal eligibility criteria, and will be verified in a timely manner by DNV. The actual allocation of funds will be allocated to part or all of the proceeds for one or more projects in the list of green project candidates, and the allocation results will be disclosed in the periodic report.

| No. | Categories       | Sub-categories                 | Project summary   |
|-----|------------------|--------------------------------|---|
| 1   | Renewable energy | Geothermal power generation    | <ul style="list-style-type: none"> <li>• Multiple geothermal power plants in Japan and abroad</li> <li>• Including projects that is in operation and will be in operation</li> <li>• The nominated project meets the CBS technical criteria, and are carried out risk assessment of the project in accordance with the company regulations and the environmental impact assessment system.</li> </ul> |
| 2   |                  | Onshore wind power generation  | <ul style="list-style-type: none"> <li>• Onshore wind farm in Japan</li> <li>• Projects scheduled to open in the future</li> <li>• The nominated project meets the CBS technical criteria, and the environmental impact assessment process is proceeding in accordance with the project's environmental impact assessment system.</li> </ul>  |
| 3   |                  | Offshore wind power generation | <ul style="list-style-type: none"> <li>• Offshore wind farm in Japan</li> <li>• Projects scheduled to open in the future</li> <li>• The nominated project meets the CBS technical criteria, and the environmental impact assessment process is proceeding in accordance with the project's environmental impact assessment system.</li> </ul>   |



## Schedule-2. Green Bond Eligibility Assessment Protocol

Following GBP-1~GBP-4 are set by DNV as DNV green bond eligibility assessment protocol based on Green Bond Principle 2021.

### 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 that it is planned to be properly stated in the legal documents related to the securities that the net proceeds are allocated to financing (new investment) or refinancing for “projects related to development, construction, operation, and refurbishment of renewable energy such as onshore wind power, offshore wind power and geothermal power”. |
| 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 has environmental benefits as a reduction of CO <sub>2</sub> emissions, and its environmental impacts are reported annually.  |
| 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. refinancing, 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> | It was confirmed that the INPEX plans to clarify the “approximate amount (or ratio) of the proceeds that was allocated to refinancing” through the reporting of the allocation status.  |

## GBP-2 Process for Project Evaluation and Selection

| Ref. | Criteria                                    | Requirements/Contents   | Work Undertaken   | DNV GL Findings  |
|------|---|---|---|--|
| 2a   | Investment -decision process                | <p>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:</p> <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> | <p>It was confirmed that the INPEX has a process to determine the eligibility of the project that use the proceeds from the green bond, and that the outline is specified in the framework.</p>  |
| 2b   | Issuer's environmental governance framework | <p>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.</p>  | <ul style="list-style-type: none"> <li>• Interviews with stakeholders</li> <li>• Document review</li> </ul> | <p>It was confirmed that the green project implemented by the INPEX is fully considered for the environmental aspect based on the legal system of each country, and is in the process of being released in sequence. This project is in line with the long-term management policy of the 2050 net zero-carbon society, which is one of the INPEX's long-term strategies.</p> |

### 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 that the net proceeds can be tracked by the INPEX’s internal system and proved in the confirmation process based on the internal regulations.                        |
| 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 confirmed that INPEX plans to review the balances of unallocated amount on a regular basis (at least quarterly) during the period from bond issuance to redemption of green bond. |
| 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> | It was confirmed that the balance of unallocated amount is recognized successively through the INPEX’s internal system and confirmation process.                                      |

## GBP-4 Reporting

| Ref. | Criteria             | Requirements/Contents   | Work Undertaken  | DNV GL Findings   |
|------|----------------------|---|--|---|
| 4a   | Periodical reporting | In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including<br>- when possible with regards to confidentiality and/or competitive considerations<br>- a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact. | <ul style="list-style-type: none"><li>• Interviews with stakeholders</li></ul> Document review | It was confirmed that the INPEX would carry out an annual report on green bonds and would disclose the status of the allocated projects as necessary until the proceeds were allocated. |

## Schedule-3 CBS v3.0 requirement

### Summary of conformity condition for 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. The main requirements of CBS3.0 version and technical sector criteria are roughly classified into Part A to Part C in the table below.

#### 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  |

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|  | information shall be provided to the verifier and to the CBS board to support the assessment of conformance with the CBS. |
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**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 | Nominated Projects & Assets shall meet the specific eligibility requirements provided in the relevant Sector Eligibility Criteria documents.<br>Followings are outline of the sector criteria against the verification   |
|                                 | (1) Onshore wind power (wind energy)<br><u>Criterion : Projects and assets that meet the requirements listed below</u><br>•Onshore wind power assets under construction or in operation  |
|                                 | (2) Offshore wind power (wind energy)<br><u>Criterion : Projects and assets that meet the requirements listed below</u><br>•Offshore wind power assets under construction or in operation •Information disclosure component • Mitigation component •Adaptation and resilience assessment |

(3) Geothermal power

Criterion : Assets whose eligibility is confirmed according to the assessment flow chart shown on the right

Figure 1: Decision tree structure of the criteria

