

Meidensha Green Bonds

DNV GL Periodical Review Report (1st year)



Jul. 2020

DNV GL Business Assurance Japan K.K.

Scope and Objectives

The scope of this Post Issuance Periodical Review Report includes the Meidensha Corporation (hereinafter, “Meidensha” or “Issuer”) Green bond.

Meidensha on 23rd July 2019, issued 6.0 billion-JPY Green Bond (“BOND”) and has secured certification of the BOND from the Climate Bonds Initiative against the Climate Bonds Standard.

Meidensha has used the proceeds of the BOND to finance the nominated projects and assets falling under the following categories ;

- Clean Transportation (3 manufacturing facilities for EV motors & invertors)

- Renewable Energy (Solar PV power)

DNV GL Business Assurance Japan K.K. (henceforth referred to as “DNV GL”, “us”, “our” and “we”) has been commissioned by Meidensha, to provide the Pre Issuance, Post Issuance verification as an independent and approved verifier under the CBS^{*1} and its technical criteria requirements^{*4*5}, and Periodical Review of the BOND according to the GBP, GBGLs.

*1:CBS Climate Bonds Standard | version 2.1 (Climate Bonds Initiative)

*2:GBP Green Bond Principles (2018, ICMA)

*3:GBGLs Green Bond Guidelines (2017, MOE)

*4: Low Carbon Land Transport and the Climate Bonds Standard (Version 1.0)

*5: Climate Bonds Standard & Certification Scheme Sector Criteria for Solar (version 2.1)

DNV GL’s criteria and information covered to achieve this is described under ‘Work Undertaken’ below. The Periodical Review assessment (1st year) was conducted on the provided information including interview by Meidensha dated 8th Jul 2020.

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. Our objective has been to provide an assessment as to whether the BOND has met the relevant criteria set out in the CBS, GBP and GBGLs.

Responsibilities of the Directors of Issuer (Meidensha) and DNV GL

The management of Meidensha 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 Meidensha 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 Meidensha.

DNV GL is not responsible for any aspect of the nominated 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 Meidensha's management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

DNV GL adapted our CBS, GBP and GBGLs assessment methodologies, which incorporate the requirements of the GBP, to create a Meidensha specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol") for each project.

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

As per our 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 finance 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.

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 Meidensha 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:

Initial (Pre-Issuance) Verification (completed previously)

- Creation and execution of a Climate Bonds Standard Protocol, adapted to include the relevant Sector Technical Criteria for the BOND nominated projects and assets, as described above and in Schedule-2 to this Assessment;
- Assessment of documentary evidence provided by Meidensha on the BOND and supplemented by a high-level desktop research, onsite visit for documentation review and interviews with key personnel from Meidensha. These checks refer to current assessment best practices and standards methodology;
- Discussions with Meidensha management, and review of relevant documentation;
- Documentation of findings against each element of the criteria.

Post-Issuance Verification and Periodical Review (Post-Issuance Verification has been completed previously)

- Assessment of documentary evidence provided by Meidensha on the BOND and supplemented by a high-level desktop research, documentation review and interviews with key personnel from Meidensha.
- Discussions with Meidensha management, and review of relevant documentation;
- Review of the nominated projects and assets as described in Schedule-2 as at the time of Periodic Verification;
- Verification of impact reporting claims and associated data where applicable;
- Review and testing where possible of Impact Reporting Data;
- Documentation of findings for Periodic Verification as detailed in this Assessment. Our opinion as detailed below is a summary of these findings.

DNV GL's findings are listed below:

Findings and DNV GL's opinion

DNV GL's findings are listed below:

1. Principle One, Use of Proceeds

Meidensha has allocated the proceeds from the BOND [6.0 billion JPY] to finance and refinance to the following green eligibility projects :

(1) Eligibility Criteria of Green Bond : Clean Transportation

Mass-production facilities for electric vehicle (EV/PHEV/HV) parts

01 : Nagoya Works : 3.140 billion JPY

(Renovation of existing buildings and introduction of new facilities)

02 : Kofu Meidensha Electric Mfg. Co., Ltd. : 2.424 billion JPY

(Construction of new building and introduction of new facilities*)

*:Including roof-top type solar PV (approx. 300kW) which meets CBS sector criteria as secondary environmental benefit

03 : Numazu Works : 0.436 billion JPY

(Expansion of facilities)

Total : 6.0 billion JPY

DNV GL reviewed the eligibility of the projects and assets to meet the criteria for the project categories above.

2. Principle Two, Process for Project Evaluation and Selection

DNV GL has confirmed that the green 3 projects described in the Schedule-1, were evaluated and selected through the appropriate process by the relevant department of Meidensha, based on its 'Environmental Strategy of the Group'. Meidensha has evaluated and selected the nominated project against to CBS, GBP and GBGLs.

DNV GL confirmed that nominated 3 projects of green bond were selected and evaluated by Meidensha accounting & Financing group, Financing division, and production headquarter Environmental strategic division, then final approval of the project selection was implemented by director of Financing.

Meidensha determines that implementation of these projects have certain environment benefits quantitatively [low CO₂ emission compared with existing conventional light duty vehicle fuel consumption(using gasoline base)^{*1} and upper threshold of CBS requirement^{*2}, table-2] based on their evaluation. These are detailed in the Pre-Issuance Verification report.

As for the negative impact caused by these projects (e.g. energy consumption, water usage, waste production from construction work and production work, etc), appropriate countermeasures and practical action plans, according to the evaluation by external expertise firm, which comply with relevant regulations, laws and relevant internal rules and systems to secure environment have been taken and will be taken after the evaluation. DNV GL confirmed that Meidensha resulted that its effect is limited and appropriate action will be executed if required.

3. Principle Three, Management of Proceeds

DNV GL has reviewed evidences provided by Meidensha how they trace/manage the proceeds from the BOND, from the time of issuance to the time of disbursement for total amount of the proceeds. In this Periodical Review, DNV GL confirmed the management of proceeds as of FY2019(Mar. 2020) with documents. Meidensha has managed the cash or cash equivalents which equals to fund, until decision of the proceed allocation. DNV GL has confirmed that Meidensha reviewed the outstanding balance of the BOND each financial year. DNV GL confirmed that full proceeds from the BOND [6.0 billion JPY] has been allocated to the green projects as finance and refinance as of FY2019(Mar. 2020), with the evidence and information provided by Meidensha.

As stated above, DNV GL provides no assurance regarding the financial performance of the BOND, the value of any investments in the BOND, or the effects of the transaction.

4. Principle Four, Reporting

DNV GL has confirmed that Meidensha has prepared to report/disclose the specific information required by the green bond, on Meidensha's website annually. These include descriptions of the project lists, refinance amount and share, and management of the proceeds invested, as well as the associated qualitative or quantitative environmental impacts (CO₂ emission reduction t-CO₂/year), considering business confidentially.

On the basis of the information provided by Meidensha and the work undertaken, it is DNV GL's opinion that the BOND meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

DNV GL Business Assurance Japan K.K.

27th Jul. 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.

1. Schedule-1 Nominated Green bond project & assets outline (Details are in following Appendix)

Schedule data as of July 2020 when Periodical Review, Data confirmed by DNV GL to relate to the Meidensha has executed green bond projects, as scheduled.

Table-1 Meidensha Green Bonds Project

Project No.	Nominated Project/Asset	Green Project Category	Green Project Sub-Category	Remarks (on going) Location, size, schedule, etc.
01	Nagoya Works: Renovation of existing buildings and introduction of new facilities (solely to enable the installation of new equipment and/or upgrade existing equipment) (refinance share : 13.5% ^{*2})	Clean Transportation	EV, PHEV and HV component for light-duty vehicle(automobile)	Location: Kiyosu City, Aichi Prefecture Operation from : Nov. 2019 Capacity : 4,620m ² , 170,000 units/year(max.)
02	Kofu Meidensha Electric Mfg. Co., Ltd.: Construction of new building and introduction of new facilities ^{*1} (refinance share : 4.9% ^{*2})	Clean Transportation	EV, PHEV and HV component for light-duty vehicle(automobile)	Location: Chuo City, Yamanashi Prefecture Operation from : Nov. 2019 Capacity : 2,660m ² , 170,000 units /year(max.)
03	Numazu Works: Expansion of facilities (refinance share : 100%)	Clean Transportation	EV, PHEV and HV component for light-duty vehicle(automobile)	Location: Numazu City, Shizuoka Prefecture Operation from : Apr. 2019 Capacity : 240m ² , 120,000 units /year(max.)
Total Exposure : approx. 7.0 billion JPY Bond amount : 6.0 billion JPY (Bond maturity : 5 years) Funded amount : 6.0 billion JPY (as of Mar. 2020) *allocation completed				

*1 : Including roof-top type solar PV (approx. 300kW) which meets CBS sector criteria as secondary environmental benefit

This verification report will be updated and/or published if important change is encountered according to the requirement of relevant criteria, by agreement both Meidensha and DNV GL

*2 : updating the latest information as of Mar. 2020

Schedule-1 Appendix-1/3

DNV GL has confirmed that the proceeds from the BOND issued by Meidensha has been allocated to the one project portfolio (including 3 projects) which meets the green bond criteria below. Meidensha has fully allocated the BOND proceeds 6.0 billion JPY as finance and refinance, as of Mar. 2020.

Eligible green projects portfolio: Clean Transportation

Mass-production facilities* for electric vehicle (EV) parts

01 Nagoya Works

02 Kofu Meidensha Electric Mfg. Co., Ltd.

03 Numazu Works

**a new production hub for such parts, upgrading and mass-production lines construction, a new building for producing EV parts, and beef up of existing production lines for parts*

Table-1, Figure-1, -2, Photo-1 and Schedule-1 show the list of green projects 01-03 as described above.

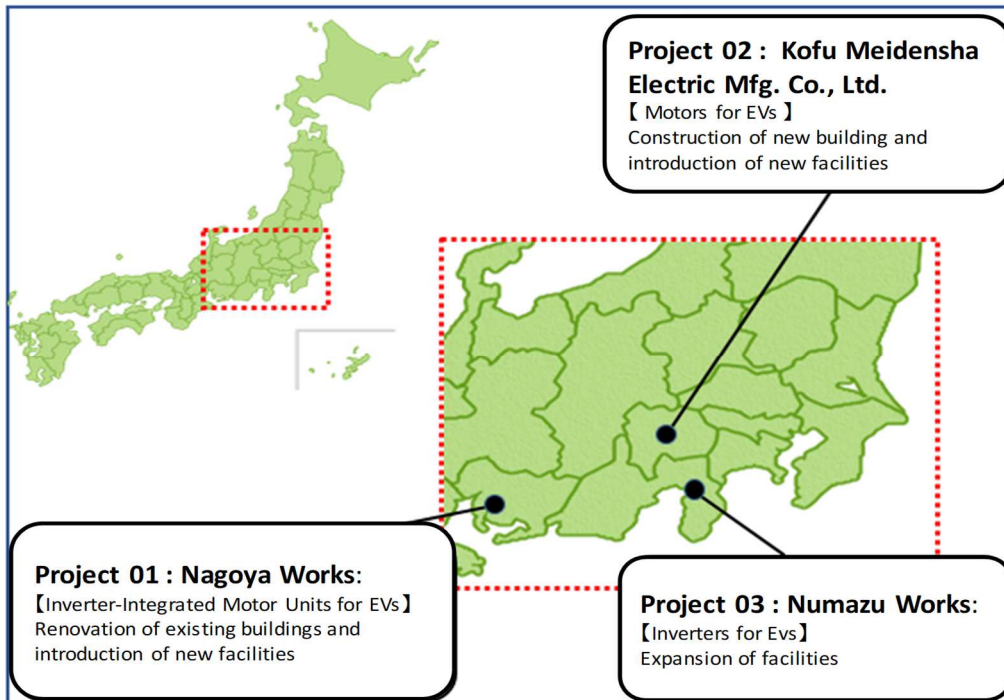


Figure-1 Project locations and products

Schedule-1 Appendix -2/3

Table-1 Outline of Meidensha Green Bonds Project

Project 01 : Nagoya Works: Renovation of existing buildings and introduction of new facilities (solely to enable the installation of new equipment and/or upgrade existing equipment)	
Location	496 Ittangosewari, Nishibiwajimacho, Kiyosu City, Aichi Prefecture
Parts to be produced	Inverter-Integrated Motor Units for EVs
Start of operations	November 2019
Total floor space	4,620 m ²
Production capacity	Maximum annual production of 170,000 units

Project 02 : Kofu Meidensha Electric Mfg. Co., Ltd.: Construction of new building and introduction of new facilities	
Location	825 Nakadate, Chuo City, Yamanashi Prefecture
Parts to be produced	Motors for EVs
Start of operations	November 2019
Total floor space	2,660 m ²
Production capacity	Maximum annual production of 170,000 units
Remark	Equiped with roof-top solar PV (approx. 300kW)

Project 03 : Numazu Works: Expansion of facilities	
Location	515 Kaminakamizo, Higashimakado, Numazu City, Shizuoka Prefecture
Parts to be produced	Inverters for EVs
Start of operations	April 2019
Total floor space	240 m ²
Production capacity	Maximum annual production of 120,000 units

http://www.meidensha.com/news/news_03/news_03_01/1228557_3190.html



Nagoya



Kofu Meidensha
Electric Mfg. Co.,



Numazu

Figure-2 Project location (Meidensha website)

Schedule-1 Appendix-3/3



<Example : Integrated Motor/Inverter for EVs>



Example Motor



Example Inverter



Photo-1 Products Example EV, PHEV

<Product Features>

Meidensha supplies the motor and the inverter that are used in the electric vehicle. Meidensha's products achieved reducing size and weight, high efficiency, low noise.

Meidensha's experience and technology are useful for the high reliability withstanding vehicle mounting. Meidensha is developing the drive system for the next generation vehicle, for example drives using SiC module.

- Reducing size and weight
- High efficiency
- Low noise
- High reliability for withstanding the severe condition at vehicle mounting

Schedule-2 CBS v2.1 Verification criteria

Summary criteria for assertions of compliance with the CBS v2.1

The criteria against which the relevant projects and assets have been reviewed prior to their inclusion in the BOND are grouped under the requirements as detailed within the CBS v2.1 and associated Sector Technical Criteria. These requirements broadly include:

Part A: General Requirements

Area	Requirement
Nominated Projects & Assets	A decision-making process shall be maintained to determine the continuing eligibility of the nominated projects and assets.
Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets.
Non-Contamination 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.
Confidentiality	Information about the nominated projects and assets shall be provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard. The information disclosed to the Verifier and the Climate Bonds Standard Board may be subject to confidentiality arrangements.
Reporting	There are specific requirements in respect of reporting on use of proceeds and nominated projects and assets.

Part B: Low Carbon Contribution - Eligible projects and physical assets

Nominated projects and assets include financing of, or investments in, projects and assets which enable the mitigation of greenhouse gases, as detailed in Schedule 1.

Area	Requirement
<p>Low Carbon Transport</p> <p>Relevant criteria ;</p> <p>Criterion 1 & Criterion 2</p>	<p><u>Criterion 1: Emissions thresholds for private light-duty and heavy goods vehicles</u> Emissions thresholds for private light-duty and heavy goods vehicles Assets related to the manufacture of light-duty and heavy goods vehicles qualify for certification if they belong to a technology category where the per passenger-km or per ton-km Scope 1 emissions of the vehicles are universally estimated to be lower than the appropriate threshold.</p> <ul style="list-style-type: none"> - Automatically eligible Light Duty and Heavy Goods Vehicles: electric and fuel cell vehicles - Potentially eligible (depending on threshold) Light Duty Vehicles: hybrid vehicles <p><u>Criterion 2: Components for private vehicles</u> Components for private vehicles Assets related to the manufacture of components for private vehicles if it can be demonstrated they are exclusively destined for the manufacture of vehicles that would qualify under Criterion 1.</p>
<p>Solar</p> <p>Relevant criteria ;</p> <p>Criterion 1 & Criterion 2</p>	<p>Criterion 1 : Eligible Project & Assets relating to solar energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities:</p> <ul style="list-style-type: none"> - Onshore solar electricity generation facilities - Wholly dedicated transmission infrastructure and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems. - Onshore solar thermal facilities such as solar hot water systems. <p><u>Criterion 2 : Non-solar fuel use</u> Eligible Project & Assets that have activities in solar electricity generation facilities or solar thermal facilities shall have a minimum of 85% of electricity generated from solar energy resources</p>

Part C: Bond structures

Area	Requirement
Project Holding	The issuer of a climate bond shall continue to hold nominated projects and assets which have a value at least equal to the original principal amount of the bond at the time of issuance or the amount outstanding as the case may be.
Earmarking	The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the nominated projects and assets.

Schedule-3 Meidensha Green Bonds Eligibility Assessment Protocol

Checklist Green Bond Eligibility checklist

Meidensha Green Bonds Framework and Amendment to Shelf Registration Statement was published for explanation to investor

Following GBP-1~GBP-4 are based on Green Bond Principles (GBP, ICMA, 2018) and considering the Green Bond Guidelines(GBGLs, MOE, 2017). DNV GL established checklist according to the above guideline and principles. DNV GL describes Work undertaken and our findings in the checklists

GBP-1 Use of proceeds

Ref.	Criteria	Requirements	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"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	Document reviewed: <ul style="list-style-type: none"> -Meidensha green bonds framework -Draft of amendment to shelf registration statement Discussions with Meidensha management	The reviewed evidence confirms that the BOND falls in the category: 'Green Use of Proceeds Bond'
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.	Document reviewed: <ul style="list-style-type: none"> -Meidensha green bonds framework -Draft of amendment to shelf registration statement Discussions with Meidensha management	As identified by the purpose of the BOND was to use the proceeds to finance and refinance for projects falling under the following categories ; < Mass-production facilities* for electric vehicle (EV) parts> 01 Nagoya Works 02 Kofu Meidensha Electric Mfg. Co., Ltd. 03 Numazu Works *a new production hub for such parts, upgrading and mass-

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>production lines construction, a new building for producing EV parts, and beef up of existing production lines for parts</p> <p>*02 includes roof-top Solar PV</p> <p>DNV GL's assessment concluded that these asset and project would present eligible project against green bond principles and green bond guidelines. Above information is included in official bond statements such as amendment to shelf registration statement. DNV GL also confirm that Meidensha has evaluated that project implementation (such as plant construction and operation) present low risk of detrimental environmental risk (negative impact) by investigation by law. DNV GL concluded that 1b requirement is satisfied.</p>
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.	<p>Document reviewed:</p> <ul style="list-style-type: none"> -Meidensha green bonds framework -relevant document of environmental evaluation (external and internal) <p>Discussions with Meidensha management</p>	<p>DNV GL, as CBI verifier, assessed and verified eligibility of the project [3 mass-production facilities for electric vehicle (EV/PHEV/HV) parts] through relevant criteria such as Low carbon land transportation as well as CBS, Green Bond Principles and Green Bond Guidelines.</p> <p>DNV GL confirmed that Meidensha has evaluated its benefit qualitatively (performance indicator : CO₂) and quantitatively(ton-CO₂/year emission reduction)..</p> <p>DNV GL reviewed the document and explanation provided by Meidensha that Meidensha already identified the environmental risk and addressed appropriate countermeasures, if any. DNV GL concluded that 1c requirement is satisfied.</p>
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.	<p>Document reviewed:</p> <ul style="list-style-type: none"> -Meidensha green bonds framework - Meidensha green bonds plan - Annual report (draft) <p>Discussions with Meidensha management</p>	<p>The proceeds of the BOND, as below, has been used as refinance the project and asset. Refinance share will be disclosed in legal document prior to bond issuance</p> <ul style="list-style-type: none"> 01 Nagoya Works (partially refinance, 13.5%) 02 Kofu Meidensha Electric Mfg. Co., Ltd. (partially refinance, 4.9%) 03 Numazu Works (fully refinance, 100%)

GBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	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"> • A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles; • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental green objectives 	<p>Document reviewed:</p> <ul style="list-style-type: none"> -Meidensha green bonds framework - Meidensha green bonds plan <p>Discussions with Meidensha management</p>	<p>As per the Meidensha green bonds framework, the issuer has set out the following criteria for project selection.</p> <p><Eligible Green Projects> means:</p> <p>3 mass-production facilities for electric vehicle (EV/PHEV/HV) parts including e.g. planning, preparation, construction(upgrading, extension), equipment fabrication, purchase, installation, operation and management. This is categorized clean transportation.</p> <p><Relevant Eligibility Requirements> includes:</p> <ol style="list-style-type: none"> 1. Climate Bonds Standard version 2.1 (Climate Bonds Initiative) and technical criteria (Low carbon land transportation, Solar) 2. Green Bond Principles (June 2018, International Capital Market Association) 3. Green Bond Guidelines, 2017 (March 2017, Ministry of the Environment, Japan) <p>Those nominated project portfolio was discussed and determined with Meidensha's related department and responsibilities.</p> <p>DNV GL concluded that 2a requirement is satisfied through interview and document review.</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>	<p>Document reviewed:</p> <ul style="list-style-type: none"> -Meidensha green bonds framework - Meidensha green bonds plan -MEIDENSHA REPORT 2018 <p>Discussions with Meidensha management</p> <p>http://www.meidensha.com/csr/csr_06/index.html http://www.meidensha.co.jp/index.html</p>	<p>DNV GL notes that Meidensha published their business report in their website annually which includes corporate mission, ESG activity and EV business statements. After the Meidensha green bonds issuance, Meidensha has provided its specified required information in in their website. It is easy to find for the investor. DNV GL acknowledges the limited information available from Meidensha due to business confidential between Meidensha and their customer. Meidensha provided DNV GL necessary and sufficient information to verify and assessment those projects and asset which ensure the eligibility.</p> <p>DNV GL concluded that 2b requirement is satisfied</p> <p>http://www.meidensha.com/csr/csr_06/index.html http://www.meidensha.co.jp/index.html</p>

GBP-3 Management of proceeds

Ref.	Criteria	Requirements	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.	Document reviewed: -Meidensha green bonds framework - Meidensha accounting management documents (confidential, internal document) Discussions with Meidensha management	The evidence reviewed shows how Meidensha traced the BOND's proceeds, from the time of issuance to the time of disbursement. Since bond proceeds sub-portfolio management is carried out by the bond proceeds management form, so that the Meidensha kept track of the amount allocated and unallocated balance for each project (Bond proceeds are deposited in the same account as other funds). The details of the disbursement and the outstanding value was tracked in Meidensha's internal accounting protocol/system. At the end of each financial period (every quarter), the outstanding balance of the BOND was reviewed by Meidensha financial management. DNV GL concluded that 3a requirement is satisfied.
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.	Document reviewed: -Meidensha green bonds framework - Meidensha accounting management documents (confidential, internal document) Discussions with Meidensha management	In the proceeds management form, the balance was adjusted and managed on a monthly basis, so that the total amount of proceeds to the budget for each project coincides with the allocated amount and the unallocated balance. At the end of each financial period (every quarter), the outstanding balance of the BOND was reviewed by Meidensha financial management. DNV GL concluded that 3b requirement is satisfied.
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.	Document reviewed: -Meidensha green bonds framework - Meidensha accounting management documents (confidential, internal document) Discussions with Meidensha management	It is stated clearly on the Meidensha Green Bonds Framework that the actual unallocated balance should be kept as cash or cash equivalents. DNV GL confirmed above as planned. All the proceed has been allocated to the eligible projects and assets in one year. DNV GL concluded that 3c requirement is satisfied.

GBP-4 Reporting

Ref.	Criteria	Requirements	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"> - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact. 	<p>Document reviewed: -Meidensha green bonds framework Discussions with Meidensha management</p>	<p>Meidensha has prepared publish information which include specified contents on the Green Bond in its website. This includes description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. Meidensha plans to report the expected environmentally sustainable impact as total CO₂ emission reduction evaluation (ton-CO₂/year) based on products amount annual basis.</p> <p>*Meidensha considers confidentiality and/or competitive. DNV GL concluded that 4a requirement is satisfied.</p>