



## SECOND PARTY OPINION

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# DAIKI AXIS SUSTAINABLE POWER CO.,LTD. GREEN BOND PERIODICAL REVIEW

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## CONTENTS

I . Scope and Objectives	3
II . Outline of the project	4
III . Responsibilities of the Management of Daiki Axis Sustainable Power and DNV	5
IV . Basis of DNV's Opinion	6
V . Work Undertaken	7
VI . Findings and DNV's Opinion	8
Schedule-1 Green Bond Nominated Projects	12
Schedule-2 Green Bond Eligibility Assessment Protocol	14
GBP-1 Use of Proceeds	14
GBP-2 Process for Project Selection and Evaluation	16
GBP-3 Management of Proceeds	17
GBP-4 Reporting	18

### Revision history

Date of issue or publication	Main changes
22 February 2021	Green Bond Pre-Issuance Second Party Opinion
25 February 2022	Green Bond Periodical Review(1st) <ul style="list-style-type: none"><li>•Change of company name from "Sylphid Co., Ltd" to "Daiki Axis Sustainable Power Co., Ltd" as of 1 July 2021</li><li>•Review of funding and application of funds</li><li>•Review of the environmental impacts of the project</li></ul>
25 February 2022	Revision of Project-01 summary information and environmental benefit

### 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.

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

## I. Scope and Objectives

Daiki Axis Sustainable Power Co., Ltd. (formerly known as Sylphid Co., Ltd.) has commissioned DNV to conduct a periodic review of the " Daiki Axis Sustainable Power (formerly known as Sylphid) Green Bond." The objective of the periodical review of DNV is to conduct an assessment to confirm that Daiki Axis Sustainable Power Green Bond meets the criteria such as Green Bond Principles (GBP), Green Bond Guidelines (GBGLs), related technical standards (solar and wind) of Climate Bonds Standard 3.0v (CBS), which will be described later, and other related standards or guidelines (see the table in (3) below), and to provide a second party opinion on the eligibility of this Green Bond.

DNV, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this second-party opinion for Daiki Axis Sustainable Power.

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

### (1)Scope of Review

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

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

### (2)Role(s) of Review Provider

- Consultancy (incl. 2nd opinion)
- Certification
- Verification
- Rating
- Other (please specify): Providing review as a green bond issuance supporter (External Review Division)

### (3)Standards/Guidelines to be Applied

No.	Standards/Guidelines	Scheme owner	Applied level*1*2
1.	Green Bond Principles (GBP)	International Capital Market Association (ICMA), 2021	Apply
2.	Green Bond Guidelines (GBGLs)	Ministry of the Environment Government of Japan, 2020	Apply
3.	Climate Bonds Standard 3.0v (CBS) Sector Criteria Solar Eligibility Criteria 2.1v (CBS-SE) Wind Eligibility Criteria 1.1v (CBS-WE)	Climate Bonds Initiative	Refer (applicable technical criteria)
4.	Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals	International Capital Market Association (ICMA), 2020	Refer
5.	Handbook Harmonized Framework for Impact Reporting	International Capital Market Association (ICMA),2021	Refer

## II. Outlines of the projects

After its establishment in February 2011, Sylphid Co., Ltd. (hereinafter Sylphid) became a subsidiary (100% owned subsidiary) of Daiki Axis Co., Ltd. (hereinafter, Daiki Axis) in April 2012, and was engaged in research and development of small wind power generators that are resistant to natural disasters such as flash to ground and typhoons and that suppress noise and vibration to a level that does not affect the living area, and the electric power selling business related to solar power and small wind power generation. At a meeting of the Board of Directors of Daiki Axis held on 26 March 2021, it was decided to change the company name to "Daiki Axis Sustainable Power" and the new name was adopted on 1 July 2021.

These businesses and goals of Daiki Axis Sustainable Power are in line with the Daiki Axis Group's "renewable energy-related business," the Group's management philosophy, promotion of ESG management and contribution to the SDGs.

Daiki Axis Sustainable Power has established its 'Sylphid Green Bond Framework' and raised the proceeds from the bond 1.0 billion JPY(995 million yen after deducting issuance costs from the bond issue amount)

Of this amount, 682 million yen was allocated to the solar power generation business and 278 million yen to the small wind power generation business, both of which were used to refinance initial costs such as construction costs. We have also confirmed that the unappropriated funds of 35 million yen will be used to cover the running costs of the solar power generation business for two years. The status of the appropriation of the procured funds is reported and announced on the website of Daiki Axis on an annual basis.

A summary of the projects and assets allocated is shown in Table-1 below.

Table-1: Daiki Axis Sustainable Power Green Project  
(as of February 2022) (details are shown Schedule1)

No.	Project	Project Outlines
01	Solar PVs Project (onshore)  Roof-mounted solar power generation	<p><b>- Outline</b> Solar Panel equipped on the roof top of DCM group home-center retail premises</p> <p><b>-Location</b> 11 facilities(Ibaraki, Shizuoka, Toyama, Ishikawa)</p> <p><b>-Capacity, Size</b> Total: 5,200kW (200kW~800kW/facility)</p> <p><b>- Funded Amount</b> 682 million yen</p>

No.	Project	Project Outlines
02	Wind Power Generation (onshore)  Small Scale Wind Power Project	<p><b>-Outline</b> Horizontal axis small scale wind power.</p> <p><b>-Location</b> 11 sites (Aomori, Hokkaido)</p> <p><b>-Capacity, Size</b> Total: 217.8kW (9.9kW class×2towers/site)</p> <p><b>- Funded Amount</b> 278 million yen</p>

The environmental impacts in the table above are calculated in the following way:

CO<sub>2</sub> reduction = electricity generated (kWh) x CO<sub>2</sub> emission factor (kg-CO/kWh)

\*Electricity generated : Actual figures for photovoltaic and wind power generation projects

\*CO<sub>2</sub> emission factor: National average of CO<sub>2</sub> emission factors from "Emission factors by business operator based on the Law Concerning the Promotion of Measures to Cope with Global Warming".

### III. Responsibilities of the Management of Daiki Axis Sustainable Power and DNV

The management of Daiki Axis Sustainable Power has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Daiki Axis Sustainable Power 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 Daiki Axis Sustainable Power. DNV is not responsible for any aspect of the projects or 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 Daiki Axis Sustainable Power management 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 Daiki Axis Sustainable Power, DNV has adapted our green bond assessment methodology, which incorporates the requirements of GBP and GBGLs, to create Daiki Axis Sustainable Power Green Bond Eligibility Assessment Protocol (hereinafter "DNV's Protocol"). Please refer to Schedule-2. The Protocol is applicable to Green Bonds under the GBP and GBGLs.

DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV'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 annual 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.



## V. Work Undertaken

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

- i. Pre-Issuance Assessment of Green Bond(\*not included in this report)**
  - Creation of a Daiki Axis Sustainable Power Green Bond Eligibility Assessment Protocol, adapted to the purpose of the Bond, as described above and in Schedule-2 to this assessment.
  - Assessment of documentary evidence provided by Daiki Axis Sustainable Power on the Bond and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
  - Discussions with Daiki Axis Sustainable Power management, and review of relevant documentation and evidence related to the criteria of the Protocol.
  - Documentation of findings against each element of the criteria.
  
- ii. Post-Issuance Assessment of Green Bond (\*included in this report)**
  - Assessment of evidential documents provided by the Daiki Axis Sustainable Power after issuance of the BOND, and supplemental assessment by desk review from a higher perspective.
  - Interview with key personnel of Daiki Axis Sustainable Power, and review of the relevant documentation.
  - Field research and inspection (if necessary).
  - Review of the nominated projects and assets at the time of the post-issuance assessment (update of the details mentioned in Schedule-1).
  - Document creation of post-issuance assessment results.

DNV's Opinion (detailed later) summarizes these.

## VI. Findings and DNV’s Opinion

DNV’s findings and opinions are listed below:

### (1) Use of Proceeds

DNV has confirmed that the net proceeds raised by the Bond (1.0 billion JPY, fully be disbursed as refinance) was allocated to the nominated two green projects (table- 1 ) that meet the representative green project category in GBP and GBGLs criteria below:

#### "Renewable energy business"

This green project category is divided into 2 projects;

- **Project 01 : Solar power business**

Roof top type, Total: 5,200kW(200~800kW/site)

- **Project 02 : Small scale wind power business**

Horizontal Axis type, Total: 217.8kW(9.9kW class/tower)

Table-1: Daiki Axis Sustainable Power Green Project (details are shown Schedule1)

Eligible Project	Green Project Category & Amount allocated	Green Project Category*
<b>Project 01 :</b>  <b>Solar PVs Project</b>	Renewable Energy* (contributes to CO <sub>2</sub> Emission reduction from primary energy source)  Funded Amount: 682 million JPY	<b>- Outline</b> Solar Panel equipped on the roof top of DCM group home-center retail premises  <b>-Location</b> 11 facilities(Ibaraki, Shizuoka, Toyama, Ishikawa)  <b>-Capacity, Size</b> Total: 5,200kW (200kW~800kW/facility)
<b>Project 02 :</b>  <b>Small Scale Wind Power Project</b>	Renewable Energy* (contributes to CO <sub>2</sub> Emission reduction from primary energy source)  Funded Amount: 278 million JPY	<b>-Outline</b> Horizontal axis small scale wind power.  <b>-Location</b> 11 sites (Aomori, Hokkaido)  <b>-Capacity, Size</b> Total: 217.8kW (9.9kW class×2towers/site)





## **(2) Process for Project Evaluation and Selection**

DNV has confirmed that nominated two green projects described in Schedule-1, were evaluated and selected through the appropriate determined process by the relevant sections of the issuer based on corporate philosophy (corporate slogan) and mid-term management plan (promotion ESG management) of Daiki Axis through the review. Issuer applies eligibility criteria listed in Clause I "Objectives and Scope(3)" and considers 'the negative effect to environment or society based on its selection prerequisites' described below, as well.

< Green project selection prerequisites >

- Compliance to environmental law and regulations (e.g. Environmental Impact Assessment)
- Evaluation of GHG emission reduction through its lifecycle
- Communication with local communities

## **(3) Management of Proceeds**

DNV confirmed how Daiki Axis Sustainable Power will track and manage the proceeds from bond issuance to redemption period. DNV has confirmed that the Issuer would allocate the proceeds to the green project promptly. Daiki Axis Sustainable Power account dept will manage the fund based on the internal account protocol. The issuer periodically reviews the outstanding balance of the Bond at the end of each financial year for disclosure.

Note that, as stated above, DNV provides no assurance regarding the financial performance of the Bond, the value of any investments in the Bond, or the long-term environmental benefits of the transaction.

## **(4) Reporting**

DNV has confirmed that the Daiki Axis Sustainable Power would report to stakeholders the specific information required by the GBP and GBGLs annually on the issuer's integrated report or Daiki Axis's website of its parent company the issuer

DNV has confirmed that, until redemption, Daiki Axis Sustainable Power will report annually on the web of its parent company Daiki Axis with regard to certain green bond information required by the GBP and GBGLs. We confirmed that these disclosures will include, for each project (solar PV and small wind projects), a description of the use and management of the funds raised, the projects covered and their progress, and the associated qualitative and quantitative environmental impacts.

The environmental impacts of each appropriated project are as follow:

No.	Project	Project Outline	Environmental Benefit
01	Solar PVs Project (onshore)  Roof-mounted solar power generation	<p><b>- Outline</b> Solar Panel equipped on the roof top of DCM group home-center retail premises</p> <p><b>-Location</b> 11 facilities(Ibaraki, Shizuoka, Toyama, Ishikawa)</p> <p><b>-Capacity, Size</b> Total: 5,200kW (200kW~800kW/facility)</p>	<p>Annual power generation: 8,248,227(kWh)</p> <p>CO<sub>2</sub> reduction: 3,670,461 (kg-CO<sub>2</sub>)</p>
02	Wind Power Generation (onshore)  Small Scale Wind Power project	<p><b>-Outline</b> Horizontal axis small scale wind power.</p> <p><b>-Location</b> 11 sites (Aomori, Hokkaido)</p> <p><b>-Capacity, Size</b> Total: 217.8kW (9.9kW class×2towers/site)</p>	<p>Annual power generation: 42,283(kWh)</p> <p>CO<sub>2</sub> reduction: 18,816(kg-CO<sub>2</sub>)</p>

The environmental impacts in the table above are calculated in the following way:

CO<sub>2</sub> reduction = electricity generated (kWh) x CO<sub>2</sub> emission factor (kg-CO/kWh)

\*Electricity generated : Actual figures for photovoltaic and wind power generation projects

\*CO<sub>2</sub> emission factor: National average of CO<sub>2</sub> emission factors from "Emission factors by business operator based on the Law Concerning the Promotion of Measures to Cope with Global Warming".

In order to ensure the certainty (consistency) and objectivity of the ongoing compliance of the Green Bonds with the relevant standards, Daiki Axis Sustainable Power will obtain an external review by DNV until the 2022 financial year, when it is expected that all of the proceeds will have been applied.



## Assessment Conclusion

On the basis of the information provided by Daiki Axis Sustainable Power and the work undertaken, it is DNV's opinion that the Daiki Axis Sustainable Power green bond meets the criteria established in the Protocol and that it is aligned with the stated definition or purpose of green bond within the GBP and GBGLs, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

DNV Business Assurance Japan K.K.

25<sup>th</sup> February 2022

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### About DNV

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

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

### Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV: The management of Issuer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete

### Schedule-1 Green Bond Nominated Projects

No.	Green Bond Project Portfolio	Green Project Category [Environmental Impact]	Green Project Sub Category	Proceeds Amount	Funded Amount	Remarks (Outline, Location, Capacity, Size, etc)
01	Solar Power Business	Renewable Energy  [CO <sub>2</sub> Emission reduction from primary energy source]	Solar PVs Project (onshore)  Roof-mounted solar power generation	995million JPY (Net proceeds)	682 million JPY (Refinance)	<p><b>-Outline</b> Solar Panel equipped on the roof top of DCM group home-center retail premises</p> <p><b>-Location</b> 11 facilities(Ibaraki, Shizuoka, Toyama, Ishikawa)</p> <p><b>-Capacity, Size</b> Total: 5,200kW (200kW~800kW/facility)</p> <p><b>-Other information</b> Solar Panels facilitated without any land development. refinance to the previous cost of installation work, operation and maintenance.</p>
02	Small Scale Wind Power Business		Wind Power Generation (onshore)  Small Scale Wind Power Project		278 million JPY (Refinance)	<p><b>-Outline</b> Horizontal axis small scale wind power.</p> <p><b>-Location</b> 11 sites (Aomori, Hokkaido)</p> <p><b>-Capacity, Size</b> Total: 217.8kW (9.9kW class×2towers/site)</p>



DAIKI AXIS SUSTAINABLE POWER CO.,LTD. GREEN BOND PERIODICAL REVIEW SECOND PARTY OPINION

No.	Green Bond Project Portfolio	Green Project Category [Environmental Impact]	Green Project Sub Category	Proceeds Amount	Funded Amount	Remarks (Outline, Location, Capacity, Size, etc)
						<b>-Other information</b> Construction of wind power generation facilities, including land acquisition, facility development and installation, was carried out at Daiki Axis Sustainable Power.



## Schedule-2 Green Bond Eligibility Assessment Protocol

The following GBP-1 ~ GBP-4 are DNV's Green Bond Eligibility Assessment Protocol created for Daiki Axis Sustainable Power based on the requirements of GBP. "Document review" in the work undertaken includes internal documents of issuer and is provided by Daiki Axis Sustainable Power as evidence of eligibility judgment for DNV.

### GBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <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>Others</li> </ul>	<p>Document reviewed :</p> <ul style="list-style-type: none"> <li>- Daiki Axis Sustainable Power Green Bond Framework (hereinafter Framework)</li> </ul> <p>Discussions with Daiki Axis Sustainable Power management</p>	<p>The reviewed evidence confirms that the Bond falls in the category:</p> <ul style="list-style-type: none"> <li>Green Use of Proceeds Bond</li> </ul>
1b	Green Project Categories	<p>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 BOND.</p>	<p>Document reviewed :</p> <ul style="list-style-type: none"> <li>- Framework</li> <li>- List of projects</li> <li>- GB Fund usage summary sheet</li> <li>- Daiki Axis Sustainable Power Website</li> </ul> <p>Discussions with Daiki Axis Sustainable Power management</p>	<p>As identified by the Bond project list in Framework, the purpose of the Bond is to use the proceeds to bond eligible projects falling under the following categories as representative project category in GBP and GBGLs:</p> <p><b><u>“Renewable Energy”</u></b></p> <p>Daiki Axis Sustainable Power will allocate the proceeds (as refinance) to following 2 eligible projects as its promotion business, Renewable Energy Business.</p> <ul style="list-style-type: none"> <li>- <b>Solar Power Business</b></li> <li>- <b>Small Scale Wind Power Business</b></li> </ul>



DAIKI AXIS SUSTAINABLE POWER CO.,LTD. GREEN BOND PERIODICAL REVIEW SECOND PARTY OPINION

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				DNV confirmed that all 960 million yen of the funds raised and allocated were refinanced.
1c	Green benefits	All designated Green Project categories should provide clear greenly sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Document reviewed : - Framework - Daiki Axis Website Discussions with Daiki Axis Sustainable Power management	DNV considered that eligible projects contribute to CO <sub>2</sub> emission reduction from primary energy source. Issuer discloses its environmental impact (performance) on the parent company website that the issuer plans to disclose with calculation formula and evaluation result as monthly report as described in work undertaken. DNV assessment concluded that these assets would present a low risk of GHG emission and following environmental impact then be inclusion under the eligibility of GBP and GBGLs  - Solar PVs are introduced to roof top of existing retail premises without any land development Wind power facility includes land development but relatively limited.
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.	Document reviewed : - Framework - GB Fund usage summary sheet - List of projects Discussions with Daiki Axis Sustainable Power management	The proceeds of the Bond, amount raised 960million was fully refinanced to the both of the projects (solar power and small scale wind power business) listed in Schedule-1

## GBP-2 Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV 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;</li> <li>• The criteria making the projects eligible for using the Green bond proceeds; and</li> <li>• The environmental sustainability objectives</li> </ul>	<p>Document reviewed :</p> <ul style="list-style-type: none"> <li>- Framework</li> <li>- Selection of candidates for use of funds raised by Green Bond</li> </ul> <p>Discussions with Daiki Axis Sustainable Power management</p>	<p>As per Framework, the issuer has set out the following criteria for project selection: Eligible Green Project means:</p> <ul style="list-style-type: none"> <li>- The nominated two green projects described in the Schedule-1, were evaluated and selected through the appropriate determined process by the relevant sections of the issuer based on corporate philosophy (corporate slogan) and mid-term management plan (promotion of ESG management) of parent company Daiki Axis (refer to the section I 'About Issuer').</li> <li>- Issuer applies eligibility criteria listed Section II (3) and considers the negative effect to environment or society based on its 'selection prerequisites' described below, as well.</li> </ul> <p>&lt; Green project selection prerequisites &gt;</p> <ul style="list-style-type: none"> <li>- Compliance to environmental law and regulations (e.g. Environmental Impact Assessment)</li> <li>- Evaluation of GHG emission reduction considering lifecycle</li> <li>- Communication with local communities</li> </ul>
2b	Issuer's environmental, social and 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 green sustainability.</p>	<p>Document reviewed :</p> <ul style="list-style-type: none"> <li>- Framework</li> <li>- Daiki Axis website (Daiki Axis corporate philosophy, mid-term</li> </ul>	<p>DNV reviews and notes that issuer demonstrates that issuer intends to contribute environmentally sustainability through renewable energy business which is aligned with corporate philosophy (corporate slogan) and mid-term management plan (promotion of ESG management) of parent</p>





DAIKI AXIS SUSTAINABLE POWER CO.,LTD. GREEN BOND PERIODICAL REVIEW SECOND PARTY OPINION

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<p>management plan, etc)</p> <p>Discussions with Daiki Axis Sustainable Power management</p>	<p>company Daiki Axis and has already implemented.</p> <p>In addition, DNV confirmed that the environmental benefits of the Green Project, such as the reduction of CO<sub>2</sub>, were clearly</p>

### GBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds of Green bond 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.	<p>Document reviewed :</p> <ul style="list-style-type: none"> <li>- Framework</li> <li>- GB Fund usage summary sheet</li> <li>- Accounting rules</li> <li>- Document management regulations</li> </ul> <p>Discussions with Daiki Axis Sustainable Power management</p>	<p>The evidence reviewed shows how Daiki Axis Sustainable Power plans to trace the Bond’s proceeds from the time of issuance to the time of disbursement.</p> <p>The full amount of the proceeds will be deposited into a Daiki Axis Sustainable Power’s general account, and thereafter managed its internal account procedure which can identify the project and disbursed in accordance with the obligations.</p>
3b	Tracking procedure-2	So long as the Green bond outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments made until green benefit appearance or completion of proceeds allocation.	<p>Document reviewed :</p> <ul style="list-style-type: none"> <li>- Framework</li> <li>- GB Fund usage summary sheet</li> <li>- Accounting rules</li> <li>- Document management regulations</li> </ul>	<p>The evidence reviewed shows that Daiki Axis Sustainable Power plans to trace the proceeds from the Bond, from the time of disbursement, and reduce the net balance of proceeds by amounts in line with the assets as scheduled (promptly allocation to the eligible project as refinance). At the end of each financial period, the outstanding balance of the Bond will be reviewed.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			Discussions with Daiki Axis Sustainable Power management	
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 : <ul style="list-style-type: none"> <li>- Framework</li> <li>- GB Fund usage summary sheet</li> <li>- Accounting rules</li> <li>- Document management regulations</li> </ul> Discussions with Daiki Axis Sustainable Power management	DNV confirmed through document reviews and interviews that the net proceeds of the Bond would be fully refinanced promptly based on its internal account protocol. In addition, it was confirmed that Daiki Axis Sustainable Power would manage the unallocated funds as cash or cash equivalents until the full amount of the raised funds is allocated.

### GBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV 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 <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 greenly sustainable impact.</li> </ul>	Document reviewed : <ul style="list-style-type: none"> <li>- Framework</li> <li>- Daiki Axis website</li> </ul> Discussions with Daiki Axis Sustainable Power management	Daiki Axis Sustainable Power was disclosed information as annually which includes a dedicated section on the Green Bond in Daiki Axis's website. This will include description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. Daiki Axis Sustainable Power disclosed CO <sub>2</sub> emission reduction (t-CO <sub>2</sub> ) evaluation results



DAIKI AXIS SUSTAINABLE POWER CO.,LTD. GREEN BOND PERIODICAL REVIEW SECOND PARTY OPINION

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				according to the performance (output) of the renewable energy business listed in schedule-1 in Daiki Axis's website.