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## VERIFICATION REPORT

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### INPEX CORPORATION

# GREEN FINANCE PRE-FUNDING VERIFICATION REPORT

**Prepared by:** DNV Business Assurance Japan K. K.

**Location:** Kobe, Japan

**Date:** 24 March 2023

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## Revision history

Revision number	Issue Date (dd/mm/yyyy)	Remarks
Rev.0	06/08/2021	First edition
Rev.1.0	24/03/2023	<p>Revised reflecting the changes associated with the update from the INPEX Green Bond Framework to the INPEX Green Finance Framework(Major changes)</p> <ul style="list-style-type: none"> <li>- Revised and Added information about “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) ” and Section I i &amp; ii .</li> <li>- Added information about Green Loans standards</li> </ul>

## Disclaimer

Our assessment relies on the premise that the data and information provided by the Fundraiser 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 organisation 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 towards 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))

## Executive Summary

INPEX Corporation (hereinafter “INPEX”) formulated the Green Bond Framework in September 2021 and the “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)” in February 2022 to lay out a more concrete roadmap and set of goals for driving energy transformation (EX) forward while maintaining its commitment to the stable supply of energy. Based on these and with the intention of further diversifying financing methods in the future, INPEX has developed a green finance framework which includes green bonds and green loans by revising the above Green Bond Framework. INPEX plans to continue issuing green bonds and to execute green loans in order to raise funds for projects related to the development, construction, operation and refurbishment of renewable energy. (Hereinafter, green bonds and green loans are collectively referred to as “Green Finance”.)

Based on the commission by INPEX, DNV Business Assurance Japan K.K. (hereinafter “DNV”) has conducted verification that the Green Finance Framework developed by INPEX (hereinafter “Framework”) and the planned Green Finance meet the Climate Bonds Standard v3.0 (hereinafter “CBS”) defined by Climate Bonds Initiative (hereinafter “CBI”). As the result of verification 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-specific eligibility criteria. The following is an overview of the assessment results for the four elements indicated in the Green Bond Principles 2021 (hereinafter “GBP”), the Green Loan Principles (ICMA, 2021, hereinafter “GLP”) and Green Bond Guidelines 2022 (the Ministry of the Environment, 2022, hereinafter “GBGLs”), and the Green Loan Guidelines 2022 (the Ministry of the Environment, 2022, hereinafter “GLGLs”) which are also the core elements of the CBS.

### 1. Use of Proceeds:

The Framework defines eligible criteria for the use of proceeds as “renewable energy projects”. This is in line with the eligible Green Project categories described in the GBP and GLP. 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 of wind, geothermal and solar. These projects are expected to have clear environmental benefits and contribute to the “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)” newly formulated by INPEX towards the realisation of a net zero carbon society in 2050 and the UN “Sustainable Development Goals”.

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

INPEX has formulated the “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)” to lay out more concrete roadmap and set of goals towards the realisation of a net zero carbon society in 2050, and has set goals for environmental sustainability. Regarding the project evaluation and selection, the Finance & Accounting Division selects nominated 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 and GLP.

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

The net proceeds are managed by the Finance & Accounting Division with the internal accounting system that can track them at any time. The net proceeds are managed on the internal accounting 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 director in charge of Finance & Accounting. These are aligned with the GBP and GLP.

### **4. Reporting:**

INPEX plans to report on the allocation status of the proceeds in its annual Integrated Report, Sustainability Report or 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 share) of the proceeds that have been used for refinancing. In addition, as environmental benefits, INPEX plans to disclose indicators related to annual CO<sub>2</sub> emission reductions and installed capacity of renewable energy. These are aligned with the GBP and GLP.

In addition, INPEX plans to engage DNV in the post-funding verification of the Green Finance based on CBS requirements.

## I Introduction

### i. About INPEX and environmental initiatives

As a pioneer in energy transformation (EX), INPEX will seek to provide a stable supply of diverse and clean energy sources including oil and natural gas, hydrogen and renewable energy. Through these business activities, the company will promote initiatives towards the realisation of a net zero carbon society and aim to increase the corporate value of the INPEX Group as a whole.

#### 1) Climate change response goals

INPEX has set the following three goals to contribute to the realisation of a net zero carbon society in accordance with the objectives of the Paris Agreement.

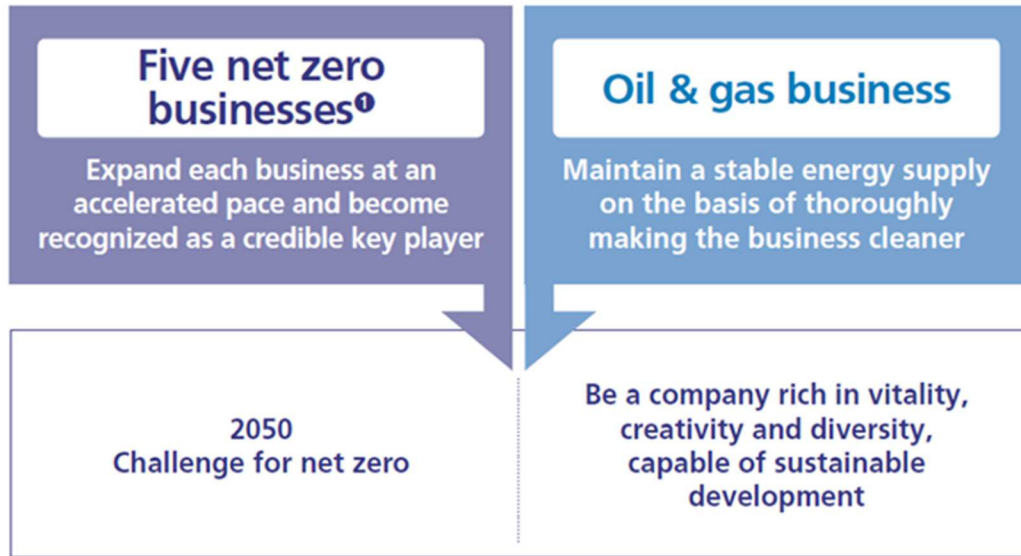


#### 2) “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)”

Based on its basic policy for responses to climate change, INPEX has developed a concrete strategy for the next 10 years as “Long-term Strategy” on how to realise energy transformation by 2030. In addition, INPEX has also formulated a specific plan to be implemented in the three-year period from 2022 until 2024 as the “Medium-term Business Plan”.

① Basic management policy towards a net zero carbon society by 2050

As a pioneer in energy transformation (EX), INPEX will contribute to the creation of a brighter future for sustainable society by providing a stable supply of diverse and clean energy sources including oil and natural gas, hydrogen and renewable energy.

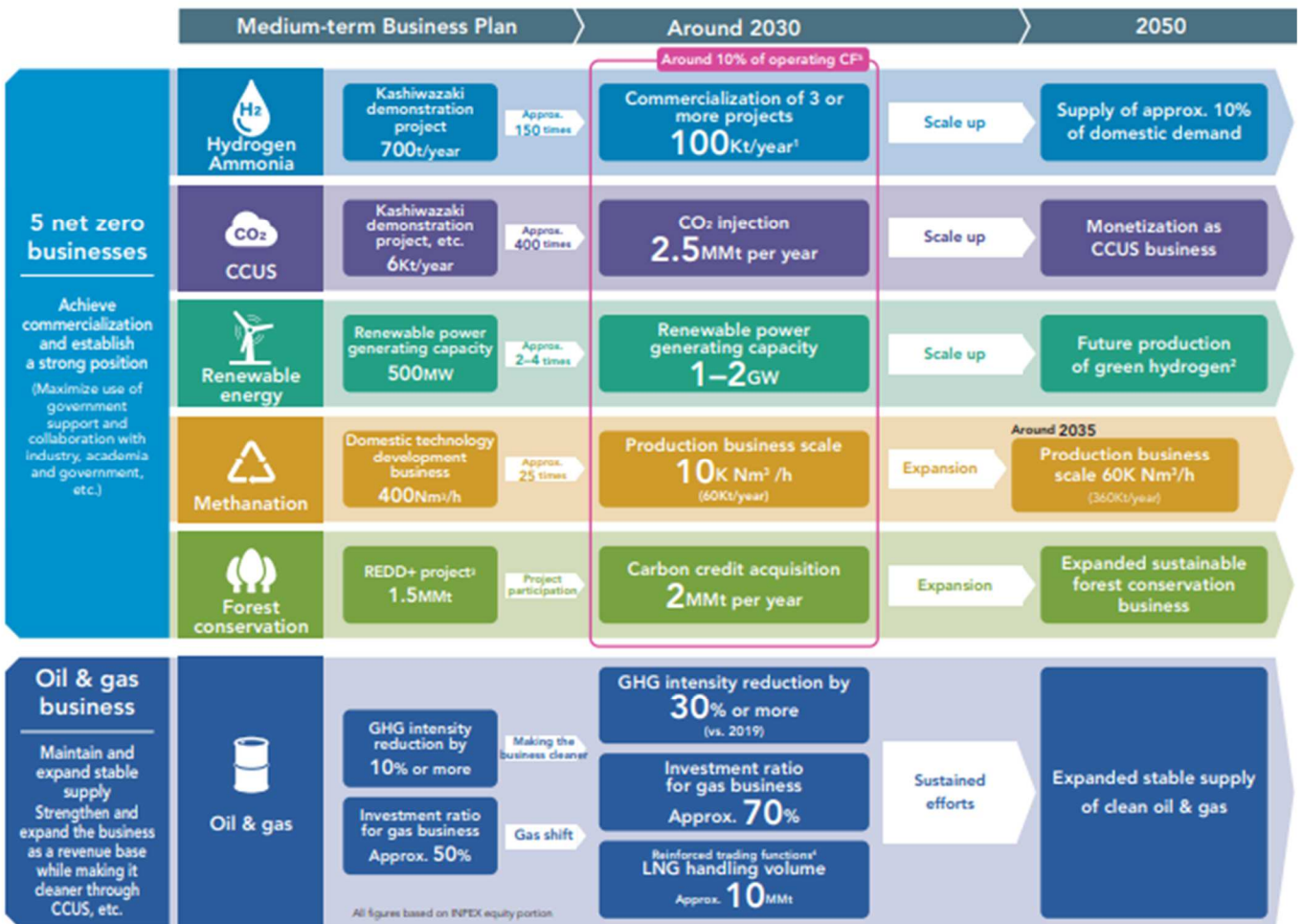


Five net zero businesses: 1. Hydrogen/ammonia, 2. Reduce CO<sub>2</sub> emissions from oil & gas operations (CCUS\*), 3. Renewable energy, 4. Carbon recycling/new business, 5. Forest conservation.

※ Carbon dioxide Capture, Utilisation and Storage

② Vision for around 2030

INPEX aims to transform their “net zero carbon” concept from ideal to reality by 2030 with an eye on a net zero carbon society in 2050. Based on the recognition that conventional oil and natural gas will remain indispensable energy sources for socioeconomic activities, INPEX will strive to make these operations cleaner while providing a stable supply. At the same time, INPEX will proactively work on the below-mentioned five net zero businesses and expand them into a balanced business portfolio with sufficient profitability looking ahead towards 2050. The specific initiatives in the five net zero businesses are shown below.



Initiative	Initiative Outline
Develop hydrogen / ammonia business	- Commercialise three or more projects by around 2030 and aim to produce and supply 100 thousand tons or more of hydrogen/ammonia per year
Reduce CO <sub>2</sub> emissions from upstream operations (promotion of CCUS)	- Aim to become a leading company in the CCUS business by targeting an annual CO <sub>2</sub> injection volume of 2.5 million tons or more in around 2030 and promoting technical development and commercialisation

Enhance and emphasise renewable energy initiatives	<ul style="list-style-type: none"> <li>- Aim to secure 1-2 GW of installed capacity, mainly in the offshore wind and geothermal power generation business</li> <li>- Become a key player by accelerating business expansion using assets acquired through M&amp;A and other means as a platform</li> </ul>
Promote carbon recycling and cultivate new business opportunities	<ul style="list-style-type: none"> <li>- Promote the adoption of methanation in society and aim to supply about 60 thousand tons (equivalent to approx. 200 thousand households) of synthetic methane per year through INPEX’s natural gas trunk pipeline network by 2030 while pursuing further development</li> </ul>
Promote forest conservation	<ul style="list-style-type: none"> <li>- Strengthen and expand projects aimed at CO<sub>2</sub> absorption through forest conservation, from supportive measures to project participation</li> </ul>

In addition to the efforts to achieve the goals listed above, INPEX has established specific initiatives in the oil and natural gas business, making full use of the technologies, assets and human resources it has nurtured through the development of oil and natural gas as their strengths.

- ① Selection and concentration of core business areas: Concentrate resources such as capital and human resources in core business areas, etc.
- ② Implementation of shift to natural gas: Raise the gas investment ratio, etc.
- ③ Making the business more resilient and cleaner: Promote the digitalisation of operations to achieve higher productivity and power saving, achieve zero routine flaring by 2030, etc.



## ii. About Green Finance Framework

INPEX has updated the Green Finance Framework (hereinafter “Framework”) based on their “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)”. Utilizing this Framework, INPEX plans to execute the Green Finance to raise funds to realise projects that are expected to have environmental benefits. The proceeds will be allocated to the Green Projects in accordance with the following eligible criteria:

- **Renewable energy**

(Business related to the development, construction, operation and refurbishment of renewable energy of wind, geothermal and solar.)

In order to achieve the sustainable development, production and supply of energy, INPEX engages in sustainability management focusing on six sustainability material issues, and proactively address sustainability issues through its businesses and value chains. INPEX identified six themes among the seven core social responsibility subjects in ISO 26000 as priority themes of high importance for INPEX and its stakeholders.





### Six Sustainability Material Issues of INPEX Group

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

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

INPEX’s business activities through the Framework are related to “climate change response”, and in particular, are initiatives\* that directly and indirectly contribute to Goal 7, Goal 9, Goal 13 and Goal 15.

**INPEX Group’s Material Issues on Climate Change Response and Contributions to SDGs**

Material Issues on Climate Change Response		SDGs		
Pursue climate change goals and disclosure according to TCFD recommendations		Goal 7	AFFORDABLE AND CLEAN ENERGY	
Cleaner oil & gas business and transition to natural gas				
Advancing five net zero businesses	- Hydrogen & ammonia	Goal 9	INDUSRY, INNOVATION AND INFRASTRUCTURE	
	- CCUS			
	- Renewable energy	Goal 13	CLIMATE ACTION	
	- Carbon recycling & New business			
- Forest Conservation	Goal 15	LIFE ON LAND		

\* The relevance to SDGs is complementary to the funding through the Green Finance, 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 is not intended to be directly related to the funding purposes.

## II Scope and Objectives

In March 2023, INPEX commissioned DNV Business Assurance Japan K.K. (hereinafter “DNV” or “we”) to conduct verification for its green bond eligibility for pre-funding requirements against Climate bond Standards version 3.0 (hereinafter “CBS”) developed by Climate Bonds Initiative (hereinafter “CBI”).

As an approved verifier, DNV’s purpose of the Green Finance pre-funding verification is to verify that the INPEX’s Green Finance and the nominated 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 the Green Bond Principles 2021 (hereinafter “GBP”), the Green Loan Principles 2021 (hereinafter, “GLP”), the Green Bond Guidelines 2022 (hereinafter “GBGLs”) and the Green Loan Guidelines 2022 (hereinafter “GLGLs”).

- (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 and GLGLs in terms of conformance with relevant criteria, apart from the Green Finance pre-funding verification aimed at conformance with CBS and related sector eligibility criteria.

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

## III Responsibilities of the Management of INPEX and DNV

The management of 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 INPEX and other interested stakeholders in the Green Finance 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 INPEX.

DNV 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 shall not be held liable if any of the information or data provided by the

management of 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 INPEX, DNV has applied our green finance assessment methodologies, which incorporates the requirements of the GBP, GLP, CBS, GBGLs and GLGLs, to create the Fundraiser-specific Green Finance Eligibility Assessment Protocol (hereinafter "DNV's Protocol"). The DNV's Protocol has the capacity for potential application to green finance under the GBP, GLP, CBS, GBGLs and GLGLs. 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 finance 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 Framework 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 the fundraiser of Green Finance must use the proceeds to eligible Green Projects. The eligible projects should provide clear environmental benefits.

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

The Project Evaluation and Selection criteria are guided by the requirements that the fundraiser of a Green Finance should outline the process it follows when determining eligibility of an investment using Green Finance proceeds and outline how it considers the impact of the projects on its objectives.

- **Principle Three: Management of Proceeds**

The Management of Proceeds criteria are guided by the requirements that a Green Finance should be tracked within the fundraising organisation, 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 12he reporting to the bond investors and loan borrowers 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 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-Funding Verification

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

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

- Assessment of evidential documents provided by INPEX after the funding through the Green Finance, and supplemental assessment by the comprehensive desk review from a higher perspective;
- Interviews with key personnel of INPEX, and review of the relevant documentation;
- On-site visit and inspection, if necessary;
- Review of the nominated projects and assets at the time of the post-funding verification, including updating the list of them in Schedule-1; and
- Reporting of findings against each element of the eligibility criteria at the post-funding 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 conducted the pre-funding verification of the Green Finance 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 Green Finance meet the requirements of the CBS. In addition, since the conformity to GBGLs and GLGLs of the Green Finance can be related to the conformity to CBS, the verification results are summarised 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 nominated Green Projects 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.

The nominated Green Projects are listed in Schedule-1 "List of Nominated Green Projects" in this report.

For onshore and offshore wind power generation projects (including domestic and overseas projects) that are nominated, wind condition surveys and environmental impact assessment processes are underway in accordance with the domestic regulations of the country where the projects are located and INPEX's internal processes. Their progress is disclosed as appropriate by business operators and local governments, where applicable.

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 used to newly invest and refinance Green Projects. These projects are expected to bring clear environmental benefits as projects to reduce CO<sub>2</sub> emissions and are expected to contribute to the achievement of environmental sustainability goals set by INPEX in the “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)”.

Through the information from INPEX, it was confirmed that the nominated Green Projects are aligned with the eligible Green Project categories specified in CBS/GBP/GLP. We also confirmed the compliance with GBGLs and GLGLs.

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

INPEX has laid out a roadmap and set of goals towards the realisation of a net zero carbon society in 2050 in the “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)”. Through the review, DNV confirmed that the nominated Green Projects listed in Schedule-1 are aligned with the “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)”.

It was confirmed through the verification activities that the Finance & Accounting Division selects candidate projects based on the eligible criteria, and the projects are approved through an appropriate internal decision process in consultation with the Renewable Energy & New Business Division and the Corporate Strategy & Planning Division. 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, GLP, GBGLs and GLGLs.

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

DNV has reviewed how INPEX can track and manage the net proceeds during the period from funding to redemption or repayment. It was confirmed that the Finance & Accounting Division 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 funding through the Green Finance. The details are as follows:

- For Management of proceeds from the Green Finance, unallocated proceeds are managed as cash or cash equivalents etc., until they are allocated to the projects.
- The Finance & Accounting Division 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 Finance & Accounting Division 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 the proceeds from the Green Finance until the allocation was completed.
- The allocation status is regularly reported to the director in charge of Finance & Accounting.

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



## Principle Four: Reporting

DNV confirmed that INPEX will disclose the allocation status of the proceeds in its Integrated Report, Sustainability 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 share) of proceeds that have been used for refinancing. 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, GLP, GBGLs and GLGLs. In addition, INPEX plans to engage DNV post-funding verification to ensure that the allocation status of the Green Finance 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 Finance is not, in all material respects, in compliance with the requirements of the CBS and the related requirements and the associated sector eligibility criteria.

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

DNV Business Assurance Japan K.K.

24 March 2023



**Mark Robinson**

Manager, Sustainability Services  
DNV Business Assurance, Australia



**Naoki Maeda**

Managing Director  
DNV Business Assurance Japan K.K.



**Masato Kanedome**

Project Leader  
DNV Business Assurance Japan K.K.



**Hisashi Hashimoto**

Assessor  
DNV Business Assurance Japan K.K.

#### 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. Nominated Green Projects

Regarding renewable energies such as geothermal power generation, onshore wind power generation and offshore wind power generation, DNV verified the eligibility of multiple nominated Green Projects (as of March 2023), 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 organisation.

In the future, in the funding through the Green Finance 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 nominated Green Projects, 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 (domestic and overseas projects)</li> <li>Including projects that are in operation and are scheduled to start operation in the future</li> <li>The nominated project meets the CBS technical criteria, and are carried out risk assessment of the project in accordance with the INPEX internal regulations and the environmental impact assessment system.</li> </ul>
2		Onshore wind power generation	<ul style="list-style-type: none"> <li>Onshore wind farms (domestic projects)</li> <li>Projects that are scheduled to start operation 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>Multiple offshore wind farms (domestic and overseas projects)</li> <li>Including projects that are in operation and are scheduled to start operation in the future</li> <li>The nominated projects meet the CBS technical criteria, INPEX internal regulations and the environmental impact assessment process is proceeding in accordance with the projects’ environmental impact assessment system.</li> </ul>



## Schedule-2. Green Finance Eligibility Assessment Protocol

Following GBP-1 through GBP-4 and GLP-1 through GLP-4 are DNV Green Finance Eligibility Assessment Protocol which was created based on the Green Bond Principles 2021 and Green Loan Principles 2021 (This Protocol includes the key elements of GBGLs and GLGLs).

### GBP-1/GLP-1 Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	The Green Bond and Loan 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 Finance (Bond and Loan)</li> <li>Green Use of Proceeds Revenue Finance</li> <li>Green Project Finance</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with INPEX management</li> <li>Document review</li> </ul>	The BOND falls into the category below: <ul style="list-style-type: none"> <li>Green Use of Proceeds Finance (Bond and Loan)</li> </ul>
1b	Project Categories	The cornerstone of a Green Bond and Loan is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security or the loan agreement.	<ul style="list-style-type: none"> <li>Interviews with INPEX management</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 or the loan agreement that the all the 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 fundraiser.	<ul style="list-style-type: none"> <li>Interviews with INPEX management</li> <li>Document review</li> </ul>	It was confirmed that the Green Projects have environmental benefits as a reduction of CO <sub>2</sub> emissions which will be assessed by INPEX. It was also confirmed that their environmental impact would be reported annually.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that fundraisers provide an estimate of the share of	<ul style="list-style-type: none"> <li>Interviews with INPEX management</li> </ul>	It was confirmed that INPEX plans to clarify the approximate amount (or share) of the proceeds that was allocated to refinancing through the reporting of the allocation status.



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<ul style="list-style-type: none"> <li>• Document review</li> </ul>	

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

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment -decision process	<p>The fundraiser of a Green Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Bond and Loan 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 INPEX management</li> <li>• Document review</li> </ul>	It was confirmed that INPEX has a process to determine the eligibility of the project that use the proceeds from the Green Finance, and that the outline is specified in the Framework.
2b	Fundraiser’s environmental governance framework	In addition to information disclosed by a fundraiser on its Green Bond and Loan process, criteria and assurances, Green Bond investors and Green Loan lenders may also take into consideration the quality of the fundraiser’s overall framework and performance regarding environmental sustainability.	<ul style="list-style-type: none"> <li>• Interviews with INPEX management</li> <li>• Document review</li> </ul>	<p>It was confirmed that the Green Project implemented by 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.</p> <p>This project is in line with the “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)” in which INPEX has set out specific goals and pathways towards the realisation of a net zero carbon society in 2050.</p>

### GBP-3/GLP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds of Green Bonds and Loans should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the fundraiser in an appropriate manner and attested to by a formal internal process that will be linked to the fundraiser's lending and investment operations for Green Projects.	<ul style="list-style-type: none"> <li>• Interviews with INPEX management</li> <li>• Document review</li> </ul>	It was confirmed that the net proceeds of the Green Finance can be tracked by 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 and Loans 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 INPEX management</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 the funding to the redemption or repayment of the Green Finance.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the fundraiser should make known to investors or lenders the intended types of temporary investment instruments for the balance of unallocated proceeds.	<ul style="list-style-type: none"> <li>• Interviews with INPEX management</li> <li>• Document review</li> </ul>	It was confirmed that the balance of unallocated amount is recognised successively through INPEX's internal system and confirmation process.

### GBP-4/GLP-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, fundraisers 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>• Interviews with INPEX management</li> <li>• Document review</li> </ul>	It was confirmed that INPEX would provide an annual reporting on the Green Finance and would disclose the status of the allocated



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<ul style="list-style-type: none"><li>- when possible with regards to confidentiality and/or competitive considerations</li><li>- a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.</li></ul>		projects as necessary until the proceeds were allocated.

## Schedule-3. CBS v3.0 Requirements

### 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 are grouped under the requirements as detailed within the CBS v3.0 and associated Sector Criteria. The main requirements of CBS3.0 version and Sector Criteria are roughly classified into Part A to Part C in the table below.

In the following parts, the terms “bond”, “issuer” and “investor” may be read as “loan”, “borrower” and “lender” respectively, as appropriate.

#### 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, and the Framework which shall be disclosed.

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

Scope	Requirements
5. Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds and Loans. The Net Proceeds of the Bond shall be no greater than the Issuer’s total investment exposure or debt obligation to the Nominated Projects & Assets.
6. Process for Evaluation and Selection of Projects & Assets	A decision-making process shall be maintained to determine the continuing eligibility of the nominated projects and assets.





7. Management of Proceeds	The net proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified in an appropriate manner, and documented.
8. Reporting	The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding. The Update report shall include amounts allocated, impact reporting of environmental aspects, information of the projects and assets. This information shall be provided to the verifier and to the CBS board to support the assessment of conformance with the CBS.

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

Scope	Requirements
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. Followings are outline of the sector criteria against the verification
	(1) Onshore wind power (wind energy) <u>Criterion : Projects and assets that meet the requirements listed below</u> •Onshore wind power assets under construction or in operation
	(2) Offshore wind power (wind energy) <u>Criterion : Projects and assets that meet the requirements listed below</u> •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

