



VERIFICATION REPORT

INPEX CORPORATION GREEN BOND ELIGIBILITY FOR POST-ISSUANCE

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Contents

I. Scope and Objectives	3
II. Responsibility of the Issuer and DNV	5
III. Basis of DNV’s Opinion	6
IV. Work Undertaken	7
V. Findings and DNV’s Opinion	8
Schedule-1. List of Green Projects	14
Schedule-2. Green Bond Eligibility Assessment Protocol	15
Schedule-3. CBS v3.0 Requirement/Criteria	19

Revision history

Revision Number	Issue Date (dd/mm/yyyy)	Remarks
Rev.0	06/08/2021	Green Bond Eligibility for Pre-Issuance Verification Report
Rev.1	29/06/2022	Green Bond Eligibility for Post-Issuance Verification Report

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 Conduct¹ 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.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

I. Scope and Objectives

The scope of this report is post-issuance verification for green bond that is “1st INPEX Green Bond”, which INPEX Corporation (hereinafter, “INPEX” or “Issuer”) has issued on October 15, 2021 and has acquired the certification of Climate Bond Initiative^{*1}.

This post-issuance verification of bonds complies with the certification process stipulated in Climate Bonds Standard Version 3.0^{*2}, and covers the above green bond.

*1: Climate Bonds Initiative (hereinafter, “CBI”)

*2: Climate Bonds Standard Version 3.0 (hereinafter, “CBS v3.0”)

INPEX allocates the proceeds from the green bond to the projects and assets categorized into the following categories.

- **Renewable Energy: Projects related to the development, construction, operation and refurbishment of renewable energy such as offshore wind power and geothermal power**

DNV Business Assurance Japan K.K. (hereinafter, “DNV” or “we”) has been commissioned by INPEX, to provide the Post Issuance verification of the green bond (hereinafter, “BOND”) as an independent and CBI-certified verifier under the CBS v3.0.

DNV’s criteria and information covered to achieve this is described under ‘Work Undertaken’ below. The Post Issuance Verification was conducted on the provided information including interview with INPEX.

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

Our objective has been to provide an assessment as to whether the BOND has met the criteria set out in the CBS v3.0 and the associated Sector Technical Criteria on the basis set out below. Therefore, the scope of DNV’s statement of opinion is the scope defined by CBS v3.0.

- **Geothermal Energy and the Climate Bond Standard (Version 1.0)**
- **The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (July 2020)**

In addition, CBS v3.0 comprehensively includes the Green Bond Principles (ICMA 2021, hereinafter, “GBP”) and Green Bond Guidelines (Ministry of Environment, 2020, hereinafter, “GBGLs”), which are widely recognized domestic and international standards. Therefore, this

verification report includes the elements of the periodical review (required confirmation items) defined by these.

II. Responsibility of the Issuer and DNV

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 INPEX and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our verification results and statements of opinion, 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 verification results and statements of 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 INPEX's management and used as a basis for this assessment were not correct or complete.

DNV holds no other engagements with the Issuer, including its direct shareholders, for which we foresee conflict of interest to carry out the Scope of Work as defined in the agreement agreed with the Issuer.

III. Basis of DNV's Opinion

To provide as much flexibility as possible for the issuer, DNV has applied our green bond assessment methodologies, which incorporates the requirements of the GBP, GBGLs and CBS, to create the Issuer-specific Green Bond Eligibility Assessment Protocol (hereinafter, "DNV's Protocol").

The DNV's Protocol has the capacity for potential application of green bonds under the GBP, GBGLs and CBS. Schedule-2 of this report outlines the DNV's Protocol and Findings.

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

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

- **Principle 1: Use of Proceeds:** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the proceeds by green bonds for eligible projects. The eligible projects should produce clear environmental benefits.
- **Principle 2: 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 3: 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 4: 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.

IV. Work Undertaken

Our work constituted a high level of review of the available information, based on the understanding that this information was provided to us by the Issuer in good faith.

We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

i. Pre-Issuance verification (*implemented in August 2021 and is not included in this report.)

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

ii. Post-Issuance verification (*this report)

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

Our verification results and opinions are summarized in "Findings and DNV's Opinion" below.

V. Findings and DNV's Opinion

DNV conducted post-issuance verification of this green bond 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 v3.0 and the controls in place to mitigate these.

DNV planned and performed the verification by obtaining evidence and other information and explanations that DNV considers necessary to give limited assurance that the BOND meet the requirements of the CBS v3.0.

In addition, since the conformity to GBP and GBGLs of the BOND can be related to the conformity to CBS v3.0, the verification results are summarized in one form (from principle 1 to principle 4) as described below.

The findings and DNV's opinion are as follows:

Principle 1: Use of Proceeds

DNV has confirmed that the proceeds from this green bond have been allocated to the projects related to the development, construction and operation of geothermal power and offshore wind power that have been verified before the bond is issued.

Table-1: Allocation status of the proceeds (as of end of December 2021)

Item	Amount (JPY billion yen)
Net proceeds	100
Allocated amount (of which refinancing)	96.7 (52.3)
Unallocated amount	3.3

The current status of green projects is listed in Schedule-1 “List of Green Project” of this report.

It was confirmed that the geothermal power project and the offshore wind power project which proceeds from this green bond were allocated, have been verified before bond issuance to meet the following CBS technical standards (sector eligibility criteria).

- Geothermal Energy and the Climate Bond Standard (Version 1.0)
- The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (July 2020)

Principle 2: Process for Project Evaluation and selection

DNV has verified that the process for evaluating and selection for eligible green projects was established and implemented by the issuer before bond issuance. In addition, through this verification activity, no new projects were added and no events that affected the project evaluation and selection process were found after the pre-issuance verification.

Specifically:

- DNV confirmed that Finance and Accounting Division selected the project candidates based on the eligibility criteria and that the project was approved through the appropriate internal decision-making process in consultation with Renewable Energy and New Business Division and Corporate Strategy and Planning Division.
- DNV confirmed that there were no changes to the issuer's climate-related objectives related to the bond issuance and in the rationale for bond issuance.

Principle 3: Management of Proceeds

DNV has reviewed how the issuer tracked and managed the allocation of the proceeds since the issuance of green bonds.

The details are as follows:

- Management of net proceeds from the green bonds was performed by Finance and Accounting Division in accordance with regulations, using the SAP system and the green bond procurement management table. It was confirmed that unallocated proceeds were managed in cash or cash equivalents, etc.
- Finance and Accounting Division registered and managed the allocation status in the internal management system for each eligible green project for fund procurement management.
- The allocation status for each project is managed by Finance and Accounting Division. DNV also confirmed that the balance of unallocated amount was confirmed at least quarterly and that the total amount of eligible projects was managed so that it would not fall below the total amount of green bond issuance until the allocation was completed.
- The allocation status was regularly reported to the officer in charge of Finance and Accounting Division.

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

Principle 4: Reporting

DNV confirmed that information on the allocation status and environmental benefits required for green bond reporting has been disclosed in the integrated report. The scope of reporting includes the balance of the unallocated amount, the allocated amount, and the amount that have been used for refinancing. Please refer to the "Table-1 Allocation status of the proceeds(as of end of December 2021)" in Principle 1 for the allocation status.

DNV confirmed that the Issuer has disclosed the following indicators as environmental benefits from projects in operation:

- Installed capacity (MW)
- Annual CO₂ emission reduction (t-CO₂)

Table 2: Environmental benefits by the project to be allocated

Type	Installed capacity (INPEX equity)	Environmental benefits ^{*1} (CO ₂ emission reduction)
Renewable energy: geothermal power & offshore wind power	415MW (68.7MW)	58,547 t-CO ₂

*1: Calculation method of environmental benefits: Actual power generation (MWh) × CO₂ emission factor (t-CO₂/MWh)

CO₂ emission factor is the difference between the average CO₂ emission factor for the implementing country concerned and the CO₂ emission factor upon implementing the project.

Post-issuance verification results and periodic review summary

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 bonds are not, in all material respects, in compliance with the requirements of the CBS v3.0 and the associated sector technical criteria.

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

In addition, DNV has confirmed that the requirements for periodical reviews set out in GBP2021 and GBGLs are being properly implemented.

From the above, DNV confirmed through post-issuance verification and review that the 1st INPEX Green Bond is implemented in accordance with CBSv3.0, GBP2021 and GBGLs2020.

DNV Business Assurance Japan K.K.

June 29, 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 ENPOWER our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

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

Schedule-1. List of Green Projects

Both Green projects already in operation and Green Project Candidates listed in the table are a list of Green Project Candidates that have been verified at the time of pre-issuance verification (as of August 2021). The projects are disclosed in an aggregated form because they partially contain confidential information, but the information necessary for verification has been provided to DNV, the verifying agency.

No.	Category	Sub Category	Eligible Criteria	Funded Amount ^{*1}	Project Summary
1	Renewable energy	Geothermal power generation	Geothermal Energy and the Climate Bond Standard (Version 1.0)	9.67 billion yen (of which refinancing amount: 5.23 billion yen)	<ul style="list-style-type: none"> Multiple geothermal power plants in Japan and abroad. Projects that have already started are operating as planned and are showing environmental benefits. Projects currently under construction is proceeding as originally planned, and there are no major changes to the start-up schedule. The nominated project meets the CBS technical standards and the project risk assessment has been conducted in accordance with the internal regulations and environmental impact assessment system.
2		Offshore wind power generation	The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (July 2020)		<ul style="list-style-type: none"> Offshore wind farms in Japan. Projects currently under construction are proceeding as originally planned, and there are no major changes to the start-up schedule. The nominated project meets the CBS technical standards and the environmental impact assessment process is underway in accordance with the project's environmental impact assessment system.

*1 as of end of December 2021

Schedule-2. Green Bond Eligibility Assessment Protocol

Following table of GBP-1 to GBP-4 are DNV green bond eligibility protocol set by DNV based on the requirements of CBS, GBP and GBGLs. “Work Undertaken” in the verification activities includes issuer’s internal documents, and was provided as evidence of eligibility assessment to DNV through the verification.

GBP-1 Use of Proceeds

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV 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 • Other 	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	The BOND falls into the category below: <ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed that it properly stated in the legal documents related to the securities that the net proceeds are allocated to financing (new investment) or refinancing for “projects related to development, construction, operation, and refurbishment of renewable energy such as offshore wind power and geothermal power”.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed that the green project has environmental benefits as a reduction of CO ₂ emissions, and its environmental impacts were reported annually.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed that the INPEX clarified the “approximate amount (or ratio) of the proceeds that was allocated to refinancing” through the reporting of the allocation status.

GBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV 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 	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	<p>It was confirmed that the INPEX has a process to determine the eligibility of the project that use the proceeds from the green bond, and that the process is in fact working effectively.</p>
2b	Issuer’s environmental governance framework	<p>In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.</p>	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	<p>It was confirmed that the green project implemented by the INPEX is fully considered for the environmental aspect based on the legal system of each country, and is in the process of being released in sequence.</p> <p>This project is in line with the long-term management policy of the 2050 net zero-carbon society, which is one of the INPEX’s long-term strategies.</p>

GBP-3 Management of Proceeds

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed that the net proceeds was tracked by the INPEX's internal system and proved in the confirmation process based on the internal regulations.
3b	Tracking procedure-2	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	DNV confirmed that INPEX reviewed the balances of unallocated amount on a regular basis (at least quarterly) during the period from bond issuance to redemption of green bond.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	It was confirmed that the balance of unallocated amount was recognized successively through the INPEX's internal system and confirmation process. It was also confirmed that the balance of unallocated proceeds was identified through the reporting of allocation status.

GBP-4 Reporting

Ref.	Criteria	Requirements/Contents	Work Undertaken	DNV 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. 	<ul style="list-style-type: none"> • Interviews with stakeholders • Document review 	<p>It was confirmed that the INPEX carried out an annual report on green bonds and disclosed the status of the allocated projects as necessary until the proceeds were allocated.</p>

Schedule-3. CBS v3.0 Requirement/Criteria

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

Prior to incorporating eligible projects and assets into green bonds, the criteria for reviewing related projects and assets are categorized based on CBSv3.0 and related technical standards. The main requirements of CBSv3.0 and technical standards are broadly classified into Part A to Part C in the table below.

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

Part A: Pre-Issuance Requirements *This section is not included in this report.

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

Part B: Post-Issuance Requirements *This report(post-issuance verification)

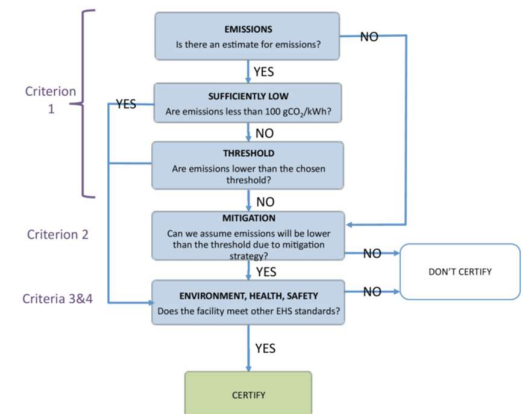
Scope	Requirements
5. Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds and Loans. The Net Proceeds of the Bond shall be no greater than the Issuer’s total investment exposure 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	<p>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.</p> <p>(1) Geothermal power <u>Criterion : Assets whose eligibility is confirmed according to the assessment flow chart shown on the right</u></p>

Figure 1: Decision tree structure of the criteria





	<p>(2) Offshore wind power (wind energy)</p> <p><u>Criterion : Projects and assets that meet the requirements listed below</u></p> <ul style="list-style-type: none">•Offshore wind power assets under construction or in operation•Information disclosure component•Mitigation component•Adaptation and resilience assessment
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