

# Obayashi Corporation / Obayashi Green Bond

## Green bond eligibility pre-issue assessment report

### DNV GL second party opinion



Oct. 2018

DNV GL Business Assurance Japan K.K.

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## Obayashi Green Bond

### DNV GL Second Party Opinion

#### I Introduction (About issuer and green bond)

##### (1) Obayashi Corporation

The predecessor of Obayashi Corporation (hereafter, Obayashi) was founded on 25 January 1892 as a civil engineering and building construction contractor in Osaka. Obayashi has been as one of the largest general construction company. Obayashi Group has expanded its presence all over the world with 14,359 employees. Obayashi Group is consisted of 93 consolidated subsidiaries and 25 affiliates (as of 31 March 2018).

##### (2) Obayashi Philosophy

Obayashi disclosed its contribution to realize sustainable society considering global environment in its corporate philosophy

Obayashi's Vision and Mission in Society

###### A Leading Sustainability Company

- 1 Exercise honest craftsmanship with superior technologies and create new value in every space.
- 2 Care for the global environment and create solutions to social challenges as a good corporate citizen.
- 3 Value each person with a stake in our business.

By keeping these promises, Obayashi Corporation contributes to realizing a sustainable society.

##### (3) Obayashi Environmental Policy and Vision

Obayashi has established its Environmental Policy and Vision. Obayashi proceeds its initiative to appoint the global environmental issues and established medium- to long-term environmental vision, "Obayashi Green Vision 2050," in 2011 in order to achieve CO<sub>2</sub> emission reduction.

Please refer to the Appendix-1 "Obayashi Environmental Policy and Vision"

#### **(4) Obayashi Green Bond**

Obayashi addresses “Promote the renewable energy business” and “Promote environmentally responsible real estate development projects” in order to achieve low carbon society which includes in ‘3+1 Society’ based on medium-to long-term environmental vision, “Obayashi Green Vision 2050”.

Obayashi Green Bond will be allocated to the following eligible green project activities.

##### **“Promote the renewable energy business”**

- Solar PV business
- Wind power business (onshore and offshore)

##### **“Promote environmentally responsible real estate development projects”**

- Green building

Fund allocation includes finance and/or refinance. Please refer to the schedule-1

## **Obayashi Environmental Policy and Vision**

### (i) Environmental Policy

#### -Principles

As a good corporate citizen, Obayashi considers active efforts and continuous improvement of environmental issues to be integral components of business management. We envision our future society, seeking to contribute to a realization of sustainable society.

#### -Policies

- 1 We strive to protect the environment, acting in full compliance with all environmental statutes and ordinances, communicating with local communities.
- 2 We gather our knowledge for realization of resilient society that integrates the elements of low-carbon, recycling-oriented and respecting the natural world.
- 3 We use the expertise we have acquired through our environmental protection activities, developing even more effective technologies and implementing new businesses to realize sustainable society.

We sincerely focus on our business, with our affiliates, subcontractors and suppliers, holding targets and vision to realize a sustainable society.

### (2) Vision (Obayashi Green Vision 2050)

Our medium- to long-term environmental vision, "Obayashi Green Vision 2050," which was established by using backcasting methodology in February 2011, outlines the future course of our business activities in terms of helping to build a sustainable society. It sets forth specific action plans and numerical CO<sub>2</sub> emissions reduction targets that will be crucial to achieving our vision of society in 2050.

Our vision for society in 2050 is what we call "3+1 Society", an approach that integrates the elements of "low-carbon," "recycling-oriented" and "respect for the natural world", predicated on "safety and security". To achieve that, we have established a concrete action plan and are moving forward with various initiatives.

In this paper, no assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long term environmental benefits of the transaction. DNV GL Business Assurance Japan K.K. (henceforth referred to as DNV GL) 's objective has been to provide an assessment that the BOND has met the criteria of the Green Bond Principle and the associated Technical Criteria on the basis set out below.

## II Scope and Objectives

Obayashi issues a green bond to address its “Promote the renewable energy business” and “Promote environmentally responsible real estate development projects” in order to achieve low carbon society. Obayashi strengthens its business foundation and also addresses to obtain its stakeholder’s deeper understanding of “Obayashi Green Vision 2050” through the green bond.

Obayashi intends to finance investments in specific green project categories, including:

- ‘Renewable energy’ and ‘Energy efficiency (Green Buildings)’ (GBP 2018 and Green Bond Guidelines, 2017 category)
- Schedule-1 shows the nominated green projects and assets
- ‘Renewable energy’ includes 3 Solar PV projects and 2 Wind power projects (1 onshore power station and 1 offshore dedicated facility construction). ‘Energy Efficiency (Green Buildings)’ is a green building (commercial property).
- As some directly and/or indirectly benefit of above projects/business, ‘CO<sub>2</sub> emission reduction’ from energy source is prospected.
- Total fund of Obayashi's green bond, 10 billion JPY (redemption period 5 years) will be fully allocated to green activities which include both finance and refinance. Refinance amount and/or ratio will be reported/disclosed in OBAYASHI Corporate Report and environmental achievement report on its website(homepage) annually.
- In this green bond projects, environmental risks (e.g. land use, ecological system impact) have been identified by issuer and issuer has taken appropriate countermeasures to mitigate its impact for all projects. Issuer also has demonstrated to comply related law and regulation, environmental assessment, public acceptance and required evaluation.
- Environmental benefit will be reported annually by issuer, Obayashi which includes CO<sub>2</sub> emission reduction evaluation by 3 Solar PV projects and 1 Onshore wind power project categorized into ‘Renewable energy’. Offshore wind power project plans to build a SEP (Self Elevating Platform) and will be reported the number of the bottom mounted wind power facilities supported by SEP. Above information will be reported/disclosed in OBAYASHI Corporate Report and environmental achievement report on its website(homepage) annually. As for the ‘Energy efficiency (green building)’ certified as BELS 5 stars, Obayashi has published the efficiency of CO<sub>2</sub> emission reduction evaluation/plan based on its primary energy consumption by eco design basis (2016), environmental benefit will not be included in annual report by its performance.

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

Obayashi intends to distribute any unallocated proceeds in line with the Use of Proceeds and Management of Proceeds sections set out in the Obayashi Green Bond Framework.

DNV GL has been commissioned by Obayashi to provide a Green Bond pre-issue second party opinion. Our methodology to achieve this is described under 'V Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

In this paper, no assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

The scope of this DNV GL opinion is limited to the Green Bond Principles 2018 (GBP2018). DNV GL also considered the requirements of the Green Bond Guidelines, 2017 (MOE, Japan 2017) and Climate Bond Standard Version 2.1 during its assessment, however at the time of review, Technical Criteria for - 'Renewable energy' (Solar Energy, Wind Energy and Marine Renewable Energy) are available for Issuer use. Technical Guidance for 'Energy Efficient' (Green Buildings, commercial property) is applicable to this BOND.

No opinion of conformance with the Standard is provided here and no Certification has been applied for at this time. Any future application for Certification under the Climate Bond Standard would be at the discretion of the Issuer, Obayashi.



### **III Responsibilities of the Directors of Issuer(Obayashi) and the assurance providers, DNV GL**

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

DNV GL 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 GL shall not be held liable if any of the information or data provided by Obayashi's management and used as a basis for this assessment were not correct or complete.

## IV Basis of DNV GL's opinion

To provide as much flexibility for the issuer, Obayashi, as possible, we have adapted our Green Bond Principles<sup>\*1</sup>, and refer to the Green Bond Guidelines, 2017<sup>\*2</sup> and Climate Bond Standard<sup>\*3</sup> assessment methodologies, which incorporates the requirements of the GBP, to create a Obayashi-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol").

Obayashi-specific Protocol has the capacity for potential application of the Bond under the Green Bond Guidelines, 2017 and Climate Bond Standard should Technical Criteria under the Standard become available. Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

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

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

\*1:Green Bond Principle (June 2018, International Capital Market Association)

\*2:Green Bond Guidelines, 2017 (March 2017, Ministry of the Environment, Japan)

\*3:Climate Bond Standard | version 2.1 (Climate Bonds Initiative)

## 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 Obayashi 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:

- Creation of an Obayashi-specific Protocol, adapted to the purpose of the BOND, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by Obayashi on the BOND and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Obayashi management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

## VI Findings and DNV GL's opinion (eligibility against for GB criteria)

### 1. Principle One, Use of Proceed

DNV GL has confirmed that the proceeds from the bond issued by Obayashi will be allocated to the two businesses (including 6 projects) which meet the green bond criteria below;

Eligibility Criteria of Green Bond:

Renewable energy (Project 01-05)

Energy efficiency (Green Buildings) (Project 06)

Schedule-1 shows lists of green project 01-06

All the proceeds will be financed and/or refinanced to the green projects. As for the finance, it will be allocated to SEP new construction/building including its planning, design and related management and activities of the project.

Detail information about green projects are followings

#### **Project 01-03 : Solar PV project (refinance), 3.5 billion JPY**

Obayashi will allocate the proceeds from the green bond to its financial consolidated subsidiary, OC Finance Corporation(OCF). OCF lent subordinated loan to SPCs which manage solar PV project (OCE Ashikita Mega Solar Corporation, OCE Kushiro Mega Solar Corporation, OCE Hyuga Mega Solar Corporation which are subsidiaries of Obayashi Clean Energy Corporation. Allocated proceeds to OCF will go to repayment of the long-term debt payable borrowed from financial institution.



Project 01 Ashikita Solar Power Station, Solar PV



Project 02 Kushirocho Toritouchigenya Solar Power Station, Solar PV



Project 03 Hyugahichiya Solar Power Station, Solar PV

**Project 04 : Onshore wind power (refinance) , 0.5 billion JPY**

Obayashi will allocate the proceeds from the green bond to repayment of short-term debt and redemption of commercial paper to backup credit line for its renewable energy SPC. The renewable energy SPC which is subsidiary of Obayashi Clean Energy Corporation, manage Onshore wind power (Obayashi Wind Power Mitane Co., Ltd.)



Project 04 Mitanehamada Wind Power Station

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**Project 05 : SEP (Self Elevating Platform) construction/building (finance)**  
**(balance)**

Obayashi will allocate the proceeds from the green bond to the SEP (Dedicated asset for marine renewable (wind energy) support) new building. The following picture shows SEP image.

Obayashi considers that planned SEP will be available to the domestic offshore wind power construction market expected the momentum in the future which corresponds with offshore wind power expansion and promotion in the “The 5<sup>th</sup> Strategic Energy Plan” issued by Japanese government (Jul 2018), METI (Ministry of Economy, Trade and Industry) as well as Japan Wind Power Association’s (JWPA) promotion of offshore wind power installation. The largest scale jack up system and crane facilities will be installed to this SEP and SEP can construct large scale bottom mounted offshore wind power facility (5.0MW class) embarking with several wind turbines under the various marine conditions with high efficient work.

Obayashi published SEP project in its homepage (only in Japanese language available)

[https://www.obayashi.co.jp/news/detail/news20180925\\_1.html](https://www.obayashi.co.jp/news/detail/news20180925_1.html)



Project 05 SEP (Self Elevating Platform) Image

**Project 06: Green building (BELS 5 stars) (refinance), 3 billion JPY**

Obayashi will allocate green bond proceeds to its repayment of long-term debt. Obayashi financed long-term debt from financial institution as funds to Obayashi Shinseiwa Real Estate Corporation for the construction and acquisition of lease-office building, 'oak kanda-kajicho'. 'oak kanda kaji-chou' construction was completed in 2017 and certified as BELS 5 stars (the highest ranked) as energy efficiency building reducing 40 % of primary energy consumption. BELS certification is one of the representative certification as green building in Green Bond Guidelines, 2017 (Ministry of the Environment, Japan).



Project 06 oak kanda kaji-chou (commercial property)



## 2. Principle Two, Process for Project Evaluation and Selection

DNV GL has confirmed that the green projects of all two businesses including 6 projects described in the Schedule-1, were evaluated and selected through the appropriate process by the relevant department of Obayashi based on its corporate philosophy and environmental policy of the contribution to the environment including "Obayashi Green Vision 2050".

DNV GL has reviewed evidence that demonstrates that Obayashi regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental and social impacts from its operation. DNV GL also confirmed that Obayashi plans the project and asset integrity for long-term and appropriate environmental benefit evaluation in the asset life time.

Specifically, as for the negative impact (environmental risks, such as land use, ecological system and public acceptance) caused by these projects, appropriate countermeasures and practical action plans which comply relevant regulations and laws have been taken and will be taken after the evaluation (e.g. Project due diligence report, agreement with local government, etc.). DNV GL confirmed that Obayashi resulted its effect is limited and appropriate action will be executed if required.

### **3. Principle Three, Management of Proceeds**

DNV GL has reviewed and confirmed Obayashi's plans to trace/manage the proceeds from the Bond, from the time of issuance to the time of disbursement, as well as the appropriateness and clarity of their plan to manage total amount of the proceeds. Obayashi will manage the cash or cash equivalents which equals to fund, until decision of the proceed allocation. DNV GL has confirmed that Obayashi will periodically (at least every quarter) review the outstanding balance of the Bond. Total amount of fund has not been defined in this document, then will be disclosed in the legal documentation.

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

#### 4. Principle Four, Reporting

DNV GL has confirmed that Obayashi has plans to report/disclose the specific information required by the Green Bond Principle 2018 in OBAYASHI Corporate Report and Obayashi's website annually. These will include description of the project list and its progress, allocation including refinance amount and management of the proceeds invested, as well as the associated qualitative or quantitative environmental impacts\* (e.g. amount of CO<sub>2</sub> emission reduction evaluation and SEP performance described in section II).

As for the environmental benefit, DNV GL has confirmed that Obayashi plans to evaluate/calculate in the appropriate method based on the operation performance of each project (such as operation record) and report. DNV GL will conduct periodic ongoing reviews and state about validity of evaluation/calculation process and its result in the periodical report.

\* Evaluation/Calculation process of environmental benefit (Plan)

- Renewable energy (Solar PVs, Wind power) : CO<sub>2</sub> emission reduction amount based on the actual operation record (electricity generation) (t-CO<sub>2</sub>/kg)
- SEP (Self Elevating Platform) : the number of the bottom mounted wind power facilities supported by SEP (numbers/year)

(note ; Green building environmental benefit)

Obayashi has published the efficiency of CO<sub>2</sub> emission reduction evaluation/plan based on its primary energy consumption by eco design basis (2016, Environmental achievement report in Obayashi web site\*), environmental benefit will not be included in annual report by its performance.

\*[https://www.obayashi.co.jp/sustainability/upload/img/environment\\_data2018.pdf](https://www.obayashi.co.jp/sustainability/upload/img/environment_data2018.pdf)

Considering all of the above assessments, DNV GL has confirmed that the nominated green projects of Obayashi are designed and are planned to be executed in accordance with related criteria of the green bond (Green Bond Principles 2018 and Green Bond Guidelines, 2017 by Ministry of the Environment, Japan).

DNV GL Business Assurance Japan K.K.

15<sup>th</sup>. Oct. 2018



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#### About DNV GL

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

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

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### 1. Schedule-1 (Nominated assets & Green bond project outline)

No.	Nominated projects and assets	GBP category (environmental benefit)	GBP Sub category	Funded amount plan (Total 10 billion JPY)	Remarks (location, output, outline)
01	Ashikita Solar Power Station (refinance)	Renewable energy [Energy source CO <sub>2</sub> emission reduction]	Solar PV	3.5 billion JPY	- Ashikita, Kumamoto, 21.5MW, Apr 2014 commercial operation
02	Kushirocho Toritouchigenya Solar Power Station (refinance)				- Kushiro, Hokkaido, 17.8MW, Apr 2017 commercial operation
03	Hyugahichiya Solar Power Station (refinance)				- Hyuga, Miyazaki, 24.5MW, May 2017 commercial operation
04	Mitanehamada Wind Power Station (refinance)	[*No.05: the number of the bottom mounted wind power facilities supported by SEP]	Wind Power (onshore)	0.5 billion JPY	- Mitane, Akita, 5.97MW, Nov 2017 commercial operation
05	SEP (Self Elevation Platform) (new construction)		Dedicated Offshore wind power construction facility	(Balance)	- For bottom-mounted wind power station, made by JMU
06	Oak kanda kaji-chou (refinance)	Energy efficiency (green buildings) [Energy source CO <sub>2</sub> emission reduction]	Certified energy efficiency building (for commercial)	3 billion JPY	- Tokyo, Chiyoda, BELS certification (5 stars) commercial office building

## 2. Schedule-2 Green Bond Eligibility Assessment Protocol

Obayashi Green Bond Framework and Amendment to Shelf Registration Statement will be published for explanation to investor

### (1) Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Green Bond Principles: <ul style="list-style-type: none"><li>• Green Use of Proceeds Bond</li><li>• Green Use of Proceeds Revenue Bond</li><li>• Green Project Bond</li><li>• Green Securitized Bond</li></ul>	Documents reviewed: <ul style="list-style-type: none"><li>- Obayashi Green Bond Framework</li><li>- Amendment to Shelf Registration Statement (draft)</li></ul> Discussions with Obayashi management	The reviewed evidence confirms that the BOND falls in the category:  Green Use of Proceeds Bond.

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1b	Green 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.	<p>Documents reviewed:</p> <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework</li> <li>- Amendment to Shelf Registration Statement (draft)</li> <li>- Project documents (including asset specifications)</li> </ul> <p>Discussions with Obayashi management</p>	<p>As identified by the purpose of the BOND is to use the proceeds to finance and refinance for projects falling under the following categories:</p> <p>&lt;Renewable energy&gt;</p> <ul style="list-style-type: none"> <li>-Refinance to the 3 Solar PV Projects               <ul style="list-style-type: none"> <li>• Ashikita</li> <li>• Kushirocho toritouchigenya</li> <li>• Hyugahichiya</li> </ul> </li> <li>-Refinance to the 1 Wind Power Project (onshore)               <ul style="list-style-type: none"> <li>• Mitanehamada</li> </ul> </li> <li>-Finance to the 1 Offshore wind power dedicated facilities               <ul style="list-style-type: none"> <li>• SEP building</li> </ul> </li> </ul> <p>&lt;Energy efficiency&gt;</p> <ul style="list-style-type: none"> <li>-Refinance to Green building (commercial property)               <ul style="list-style-type: none"> <li>• oak kanda kaji-chou lease-office building</li> </ul> </li> </ul> <p>DNV GL’s assessment concluded that these assets would present a low risk of CO<sub>2</sub> emissions and relative to negative effect quantify and qualify for inclusion under the Green Bond Principles within the Renewable Energy category and Energy Efficiency category. Above information is included in legal documents such as Amendment to Shelf Registration Statement. DNV GL concluded that 1b requirement is satisfied.</p>
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>Documents reviewed:</p> <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework</li> <li>- Project documents (including asset specifications)</li> <li>- Renewable energy CO<sub>2</sub> emission reduction evaluation spread sheet</li> </ul> <p>Discussions with Obayashi management</p>	<p>DNV GL notes that solar PV and wind power project can present risks of land use and ecology system through construction and operation. DNV GL reviewed Obayashi’s provided document and confirmed that Obayashi already identified the environmental risk and addressed appropriate countermeasure. Obayashi has clearly demonstrated those projects will contribute benefit for environment such as CO<sub>2</sub> emission reduction. DNV GL concluded that 1c requirement is satisfied.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
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.	Documents reviewed: <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework</li> </ul> Discussions with <ul style="list-style-type: none"> <li>- Amendment to Shelf Registration Statement (draft)</li> </ul> Obayashi management	The proceeds of the BOND, in their entirety(10 billion JPY), will be allocated to green project. Refinance plan is as follows (approx.70% in total amount of proceeds) <ul style="list-style-type: none"> <li>-Refinance to the 3 Solar PV Projects : 3.5 billion JPY</li> <li>-Refinance to the 1 Wind Power Project (onshore): 0.5 billion JPY</li> <li>-Refinance to Green building (commercial property) : 3 billion JPY</li> </ul>



## (2) Process for Project Selection and Evaluation

Ref.	Criteria 規準	Requirements 要求事項	Work Undertaken 評価作業(確認した項目)	DNV GL Findings (DNV GL観察結果)
2a	Investment-decision process	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: <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 sustainability objectives</li> </ul>	Documents reviewed: <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework</li> </ul> Discussions with Obayashi management including official e-mail communication.	As per the Obayashi green bond frame work, the issuer has set out the following criteria for project selection : <p>“Eligible green project” means alignment with their corporate philosophy and environmental policy including</p> <ul style="list-style-type: none"> <li>-Promote the renewable energy business</li> <li>-Promote environmentally responsible real estate development projects</li> </ul> whose eligible criterial is stated in ‘Obayashi Green Vision 2050’. In this green bond, Obayashi has decided eligible project overarching it and considering the compliance with GBP 2018 as follows. Those nominated projects and assets is discussed with Obayashi’s related department and responsibilities (e.g. Financial department, Environmental department, CSR committee representatives (representative director, President)) <p>DNV GL concluded that 1c requirement is satisfied through interview, discussion and document review.</p>
2b	Issuer’s environmental and social and governance framework	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.	Documents reviewed: <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework</li> <li>- Obayashi corporate philosophy and environmental policy</li> </ul> Discussions with Obayashi management <p><a href="https://www.obayashi.co.jp/en/sustainability/environment.html">https://www.obayashi.co.jp/en/sustainability/environment.html</a></p> <p><a href="https://www.obayashi.co.jp/renewable_energy/">https://www.obayashi.co.jp/renewable_energy/</a></p>	As per the interview and review documents provided by Obayashi, DNV GL confirmed that Obayashi has addressed to achieve sustainable society through its business based on the Obayashi Green Vision 2050 established in 2011. Obayashi has published OBAYASHI Corporate Report including its sustainable activities described above. <p>Obayashi already owns more than 20 renewable power stations in Japan and contribute to achieve low carbon society</p> <p><a href="https://www.obayashi.co.jp/en/sustainability/environment.html">https://www.obayashi.co.jp/en/sustainability/environment.html</a></p> <p><a href="https://www.obayashi.co.jp/renewable_energy/">https://www.obayashi.co.jp/renewable_energy/</a></p> <p>DNV GL confirmed and found nothing to suggest that Obayashi’s environmental activity is not in line with their activity to contribute sustainable society through its green project</p>

**(3) Management of proceeds**

Ref.	Criteria 規準	Requirements 要求事項	Work Undertaken 評価作業(確認した項目)	DNV GL Findings (DNV GL観察結果)
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.	Documents reviewed: <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework</li> <li>- Amendment to Shelf Registration Statement (draft)</li> <li>- Obayashi's internal protocol (e.g. accounting management procedure, document control procedure)</li> </ul> Discussions with Obayashi management	DNV GL reviewed documents and interviewed that Obayashi plans to trace the proceeds from the Bond, from the time of issuance to the time of disbursement appropriately. The full amount of the proceeds will be managed by Obayashi's financial department with existing accounting system and using green bond request for approval document form. DNV GL confirmed Obayashi internal process can manage and track the outstanding balance of the green bond proceeds. DNV GL concluded that 3a requirement is satisfied.
3b	Tracking procedure-2	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Documents reviewed: <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework</li> <li>- Obayashi's internal protocol (e.g. accounting management procedure)</li> </ul> Discussions with Obayashi management	DNV GL reviewed documents and interviewed that Obayashi plans to trace at the proceeds from the Bond, from the time of issuance to the time or disbursement, and reduce the net balance of proceeds by amounts in line with the projects and assets debt refinance schedule. At the end of each financial period (at least every one quarter), the outstanding balance of the Bond will be reviewed by Obayashi financial department. DNV GL concluded that 3b requirement is satisfied.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Documents reviewed: <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework 2(3),2(4)</li> <li>- Amendment to Shelf Registration Statement (draft)</li> </ul> Discussions with Obayashi management	The net proceeds of the Bond will be placed in a existing accounting system and managed by financial department using request approval document form for green bond proceeds. The net proceeds of the bond also will be fully and immediately disbursed where possible or held in cash or cash equivalent until disbursement to the nominated projects and assets as per the Obayashi green bond framework. DNV GL concluded that 3c requirement is satisfied.

## (4) Reporting

Ref.	Criteria 規準	Requirements 要求事項	Work Undertaken 評価作業(確認した項目)	DNV GL Findings (DNV GL観察結果)
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"> <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>	<p>Documents reviewed:</p> <ul style="list-style-type: none"> <li>- Obayashi Green Bond Framework 2(4)</li> <li>- Environmental benefit evaluation spread sheets (CO<sub>2</sub> emission reduction evaluation spread sheet)</li> </ul> <p>Discussions with Obayashi management</p>	<p>Obayashi will publish the annual report including a dedicated section on the green bond in OBAYASHI Corporate Report and website. This will include description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. Obayashi plans to report on the total amount of CO<sub>2</sub> emission reduction evaluation based on the operation records (e.g. amount of electricity generation per year, MWh/y)</p> <p>. DNV GL concluded that 4a requirement is satisfied.</p>