

Sylphid Co., Ltd.

DNV·GL

Sylphid Green Bond

Green Bond eligibility pre-issue assessment report

DNV GL second party opinion



Feb. 2021

DNV GL Business Assurance Japan K.K.



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Executive Summary

After its establishment in February 2011, Sylphid Co., Ltd. (hereinafter Sylphid) became a subsidiary (100% owned subsidiary) of Daiki Axis Co., Ltd. (hereinafter, Daiki Axis) in April 2012, and is engaged in research and development of small wind power generators that are resistant to natural disasters such as flash to ground and typhoons and that suppress noise and vibration to a level that does not affect the living area, and the electric power selling business related to solar power and small wind power generation. In addition, these businesses and goals of Sylphid are in line with the Daiki Axis Group’s “renewable energy-related business”, the Group’s management philosophy, promotion of ESG management and contribution to the SDGs.

Sylphid has established its ‘Sylphid Green Bond Framework’ and will raise the proceeds from the bond 1.0 billion JPY to refinance to Solar power project and Small scale wind power project. Sylphid engages DNV GL business assurance Japan K.K. (hereinafter “DNV GL”) as external reviewer to assess its eligibility as green bond. Eligible projects falling into this green bond are described in following table. The Sylphid Green Bond projects contribute to 2 UN Sustainable Development Goals (7.Affordable and Clean Energy, 13.Climate Action) both directly and indirectly, as well.

Eligible Project	Green Project Category & fund amount	Social Project Category*	Contribution to SDGs
Project 01 : Solar PVs project	Category ; Renewable Energy * ¹ (contributes to CO ₂ Emission reduction from primary energy source) Fund amount ; 0.7 billion JPY (bond term : 10 years) (will be fully allocated as refinance)	<ul style="list-style-type: none"> - Outline Solar PVs are equipped on the roof top of the DCM group home-center retail premises. Wind power generation business undertaken by the Daiki Axis Group. Roof-mounted solar power generation equipment that does not require new land development. - Capacity *total approx. 11 facilities 200kW~800kW/facility total :approx. 5,200kW* - Location *total approx. 11 facilities Chubu:10, Kanto:1 	7.Affordable and Clean Energy 13.Climate Action  
Project 02 : Small Scale Wind Power project	Category ; Renewable Energy * ¹ (contributes to CO ₂ Emission reduction from primary energy source) Fund amount ; 0.3 billion JPY (bond term : 10 years) (will be fully allocated as refinance)	<ul style="list-style-type: none"> - Outline Horizontal axis small scale wind power as Daiki Axis group business - Capacity *total approx. 22 towers 10kW class×2towers/site total :approx. 220kW(max)* - Location total approx. 11 site Aomori, Hokkaido, etc 	

*1:Refer to The Green Bond Principles (ICMA, 2018), Green Bond Guidelines(MOE, 2020) and Climate Bonds Standard v3.0 representative eligible project category

DNV GL provides its eligibility in our independent opinion against the Green Bond Principle (ICMA, 2018 hereinafter GBP), Green Bond Guidelines (MOEJ, 2020 hereinafter GBGLs) and sector criteria of CBS (CBI v3.0) using DNV GL assessment protocol. Assessment summary against 4 core components are following.

1. Use of Proceeds :Proceeds raised from green bond, 1.0 billion JPY, would be fully allocated to Renewable Energy. Proceeds will be disbursed as refinance to maintain Solar PVs equipped on the roof top the DCM group home-center and small scale wind power in Japan. Eligible projects contribute to emission reduction of primary energy source.

2. Process for Project Evaluation and Selection :Projects would aligned with corporate philosophy and mid-term management plan(promotion of ESG management) of the parent company Daiki Axis. Project which has been selected and evaluated based on the protocol of Sylphid against the GBP, GBGLs and UN SDGs. Projects are considered that candidates for eligible projects do not overlap with those previously funded by Daiki Axis, and considered the environmental law and regulation, estimation of life-cycle GHG emission reduction. In addition, explanations are provided to the local community as necessary and it confirmed that the project execution will contribute to the environmental benefit.

3. Management of Proceeds :Sylphid would manage the proceeds based on its internal protocol. Net proceeds from green bond will be allocated as refinance soon after bond issuance. Proceeds will be managed by Finance dpt. as cash or cash equivalent until disbursement, based on the account procedure of Sylphid.

4. Reporting :Sylphid will disclose annual report/information on the website of parent company Daiki Axis include status of fund allocation, project progress and environmental impact, at least once a year with external review by DNV GL until about two years after the allocation of most of the funds raised is expected to be completed for its conformance with integrity and objectivity against green bond

DNV GL confirmed Sylphid green bond framework, related documents and information that Sylphid green bond conforms relevant criteria then is supposed to be appropriately executed.

Introduction

Basic Information







After its establishment in February 2011, Sylphid Co., Ltd. (hereinafter Sylphid) became a subsidiary (100% owned subsidiary) of Daiki Axis Co., Ltd. (hereinafter, Daiki Axis) in April 2012, and is engaged in research and development of small wind power generators that are resistant to natural disasters such as flash to ground and typhoons and that suppress noise and vibration to a level that does not affect the living area, and the electric power selling business related to solar power and small wind power generation. Sylphid has established its 'Sylphid Green Bond Framework' and will raise the proceeds from the bond 1.0 billion JPY to refinance to Solar PVs project and Small Scale Wind Power project. Sylphid engages DNV GL business assurance Japan K.K. (hereinafter "DNV GL") as external reviewer to assess and provides its eligibility in our independent opinion against the Green Bond Principle (ICMA, 2018 hereinafter GBP), Green Bond Guidelines (MOEJ, 2020 hereinafter GBGLs) and sector criteria of CBS (CBI v3.0) using DNV GL assessment protocol.

DNV GL confirmed Sylphid green bond framework, related documents and information that Sylphid green bond conforms relevant criteria then is supposed to be appropriately executed.

Issuer name:	Sylphid Co., Ltd.
Framework Name:	Sylphid Green Bond Framework
Review provider's name:	DNV GL business assurance Japan K.K.
Completion date of this form:	22 st Feb. 2021
Publication date of review publication:	26 st Feb. 2021

About issuers’ environmental efforts and green bond issuance

As a member of the Daiki Axis Group, Sylphid promotes "renewable energy-related businesses" such as the solar power generation business, small wind power generator business, and biodiesel fuel-related business that the group is working on. In addition, among the Group Management Philosophy ^{* 1} (Daiki Axis Group slogan: PROTECT x CHANGE "Protect the environment. Change the future." Create a new future by continuing to develop as an environment creation and development type company.), the promotion of ESG management^{*2} (promotion of renewable energy-related businesses centered on the solar power generation business and small wind power generator business) and the contribution of SDGs through the group business activities shown in the table below, it was confirmed that this issue of green bonds is an initiative that directly and indirectly contributes to "7. Affordable and Clean Energy" and "13. Climate Action".

SDGs	business	Daiki Axis group activities
	Water-related business	<ul style="list-style-type: none"> · Introduction manufacturing facility base for Johkasou (septic tank) to large population area (China, India and Indonesia) · Local sales office contraction in Asia region (Vietnam, Myanmar and Sri Lanka) and Africa (Kenya)
 	Renewable energy related business	<ul style="list-style-type: none"> · CO₂ emission reduction through Renewable energy business (solar power and small scale wind power)
	Sylphid respective business	<ul style="list-style-type: none"> · Introduction of Energy efficient products · Promotion of 100 % introduction of renewable energy electricity covering Daiki Axis business activities
 	(Corporate administration)	<ul style="list-style-type: none"> Reform working system and diversity · Promotion women to board member · Certification of 'KURUMIM' (MHLW) for Women’s career promotion

* The relevance to SDGs is complementary to the issuance of green bonds with reference to Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals published by ICMA, which defines the Green Bond Principles, is not directly related for funding purposes.

* 1 : Corporate Slogan : <http://www.daiki-axis.com/english/index.html>

* 2 : ESG promotion <http://www.daiki-axis.com/ir/info/index09.html>

* 3 : Promotion of ESG management, efforts for SDGs, financial results briefing for the second quarter of the fiscal year ending December 2019 (August 29, 2019)

II Scope and Objectives

Sylphid has commissioned DNV GL Business Assurance Japan K.K. (hereinafter “DNV GL”) to conduct green bond assessment of Sylphid green bond (hereinafter “BOND”), pre-issuance assessment and periodical review. The objective of DNV GL’s assessment is to implement an assessment to confirm that the BOND meets the identified criteria of the GBP, GBGLs and the associated technical criteria related of solar energy and wind energy in CBS, as set out below, and to provide the Issuer with independent second-party opinion on the eligibility of the BOND.

In this report, 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.

(1) Scope of review

The review assessed the following elements and confirmed their alignment with the gist of GBP:

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

(2) Role(s) of review provider

- Consultancy (incl. 2nd opinion)
- Certification
- Verification
- Rating
- Other (*please specify*):

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner	Applied level
1.	The Green Bond Principles 2018	International Capital Market Association	apply
2.	Green Bond Guidelines	Ministry of Environment Japan, 2020	apply
3.	Climate Bonds Standard version3.0 (Sector criteria)	Climate Bond Initiative	Apply (Available sector)
4.	Green and Social Bonds: A High Level Mapping to the Sustainable Development Goals (June 2018)	International Capital Market Association	Reference
5.	Handbook Harmonized Framework for Impact Reporting June 2019	International Capital Market Association	Reference

Basis of DNV GL's opinion

To provide as much flexibility for the issuer, Sylphid as possible, we have adapted our green bond assessment methodologies, which incorporates the requirements of the GBP and GBGLs, to create a Sylphid-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol").

Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The overarching principle and guidelines 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 by green bonds for eligible green projects. 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.

III 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:

Initial (Pre-Issuance) Assessment:

- Creation of the Issuer-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 the Issuer on the BOND and supplemented assessment by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with the Issuer, and review of relevant documentation;
- Documentation of findings against each element of the criteria.

Periodic (Annual) Assessment: **periodic assessment is not included in this report*

- Evaluation of the supporting documents provided by the Issuer related to the BOND, high level desktop surveys, document reviews, and interviews with key personnel of the issuer. These checks refer to current assessment best practices and standard methodologies.
- Discussion with the Issuer management and review of relevant documentation.
- Field survey and inspection, if required.
- Review of the nominated projects and assets as described in Schedule 2 as at the time of periodic assessment
- Review and testing where possible of reporting data;
- Documentation of findings for Periodic assessment as detailed in this document.

Our opinion as detailed below is a summary of these findings.

IV Findings and DNV GL’s opinion

DNV GL’s findings are listed below:

(1) Use of Proceeds

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

Renewable Energy

This green project category is divided into 2 projects;



- **Project 01 : Solar power business**

Roof top type, approx. 5,200kW(200~800kW/site, max)

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

Horizontal Axis type, approx. 220kW(10kW class/tower)

Table-1 Daiki Axis green project (details are shown in Schedule-1)

Eligible Project	Green Project Category & fund amount	Social Project Category*	Contribution to SDGs
Project 01 : Solar PVs project	Category ; Renewable Energy* (contributes to CO ₂ Emission reduction from primary energy source) Fund amount ; 0.7 billion JPY (will be fully allocated as refinance)	- Outline Solar PVs are equipped on the roof top of the DCM group home-center retail premises without further land development - Capacity *total approx. 11 facilities 200kW~800kW/facility total: approx. 5,200kW* - Location *total approx. 11 facilities Chubu:10, Kanto:1	7.Affordable and Clean Energy 13.Climate Action  
Project 02 : Small Scale Wind Power project	Category ; Renewable Energy* (contributes to CO ₂ Emission reduction from primary energy source) Fund amount ; 0.3 billion JPY (Redemption period: 10 years) will be fully allocated as refinance	- Outline Horizontal axis small scale wind power as Daiki Axis group business - Capacity *total approx. 22 towers 10kW class×2towers/site total :approx. 220kW (max)* - Location total approx. 11 sites Aomori, Hokkaido, etc	

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

(2) Process for Project Evaluation and Selection

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

< Green project selection prerequisites >

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

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability:

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (*please specify*):

(3) Management of Proceeds

DNV GL has reviewed and confirmed evidence showing how the Issuer has traced/managed the proceeds from the BOND, from the time of issuance to the time of disbursement. DNV GL has confirmed that the Issuer would allocate the proceeds to the green project promptly. Sylphid account dept. will manage the fund based on the internal account protocol. Issuer periodically reviews the outstanding balance of the BOND at the end of each Financial year for disclosure.

Note that, 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 long-term environmental benefits of the transaction.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in a systematic manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (*please specify*): Refinance only

(4) Reporting

DNV GL has confirmed that the Issuer would report to stakeholders the specific information required by the GBP and GBGLs annually on the website of parent company Daiki Axis. These include description of the allocation and management of the proceeds, project lists and their progress, as well as the associated qualitative and quantitative environmental impacts which are referred to the GBP's reporting section reference 'Handbook Harmonized Framework for Impact Reporting June 2019'. Details are planned as follows;

-1- Fund Allocation and management of the proceeds

- (1) Funds amount of the capital investment to facilities which started supplying electricity.
- (2) Refinancing amount or share of the proceeds
- (3) The amount of unallocated proceeds.

-2- Project lists and their progress

- (1) Number of the power generation facilities of eligible projects allocated the proceeds which have completed interconnection work to the grid.
- (2) Progress of funded eligible project (e.g. progress of construction work, completion date)

-3- Environmental impact

- (1) Total electric power generation output (kWh) capacity(kW) and the amount of CO₂ emission reduction (kg-CO₂) from eligible project be allocated the proceeds.

Evaluation of environmental impact is calculated by the following formula.

$$\begin{aligned}
 & \text{CO}_2 \text{ emission reduction}(\Delta\text{kg-CO}_2) \\
 & = \text{integrated output(kWh)} \times \text{CO}_2 \text{ emission coefficient(kg-CO}_2/\text{kWh)} \\
 & \text{integrated output: actual data from solar power and wind power} \\
 & \text{CO}_2 \text{ emission coefficient : MOE data (average value of domestic power plant)}
 \end{aligned}$$

Note that, until the completion of fund allocation to the green project planned 2 years later (FY2021), Sylphid engages DNV GL as external reviewer to conform its eligibility as green bond with integrity and objectivity. DNV GL will conduct assessment and provide independent opinion.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB refinanced share of total investment |
|---|--|

- Other *(please specify)*:

Frequency:

- Annual Semi-annual
- Other *(please specify)*:

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other *(please specify)*:

Frequency:

- Annual Semi-annual
- Other *(please specify)*:

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Other ESG indicators *(please specify)*:

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other *(please specify)*: Daiki Axis web site
- Reporting reviewed *(if yes, please specify which parts of the reporting are subject to external review)*:

Assessment Conclusion

On the basis of the information provided by Sylphid and the work undertaken, it is DNV GL's opinion that the Sylphid green bond meets the criteria established in the Protocol and that it is aligned with the stated definition or purpose of green bond within the Green Bond Principles and Green Bond Guidelines, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

DNV GL Business Assurance Japan K.K.

22st Feb. 2021



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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.

Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV GL: The management of Issuer 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 the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV 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 the Issuer's management and used as a basis for this assessment were not correct or complete

Schedule-1 Sylphid Green Bond Nominated Projects and Assets

No.	Green Bond Project Portfolio		Green Project Category [Environmental Impact]	Green Project Sub Category	Fund amount (plan)		Remarks (outline, capacity, size, location, etc)
01	Renewable Energy Business	Solar Power Business	Renewable Energy [CO ₂ Emission reduction from primary energy source]	Solar PVs (onshore) Roof top type on the retail premises	1.0 billion-JPY Green Bond term : 10 years	0.7 billion JPY (Refinance)	<p>-Outline Solar Panel equipped on the roof top of DCM group home-center retail premises</p> <p>-Capacity size total approx. 11 facilities 200kW~800kW/facility, total : approx. 5,200kW*</p> <p>-Location total approx. 11 facilities Chubu:10, Kanto:1</p> <p>-Other information Solar Panels facilitated without any land development. refinance to the previous cost of installation work, operation and maintenance. Construction of the solar power generation facility will be carried out at the parent company Daiki Axis. With the start of power generation, the power generation facility will be transferred to Sylphid, and Sylphid will operate the power generation business.</p>
02		Small Scale Wind Power Business		Wind power (onshore) Small scale (10kW class)		0.3 billion JPY (Refinance)	<p>-Outline Horizontal axis small scale wind power as Daiki Axis group business.</p> <p>-Capacity size total approx. 22 towers 10kW class×2towers/site total : approx. 220kW*</p> <p>-Location total approx. 11 sites Aomori, Hokkaido, etc</p> <p>-Other information Construction of wind power generation facilities, including land acquisition, facility</p>

No.	Green Bond Project Portfolio	Green Project Category [Environmental Impact]	Green Project Sub Category	Fund amount (plan)	Remarks (outline, capacity, size, location, etc)
					development and installation, will be carried out at Sylphid.

Schedule-2 Green Bond Eligibility Assessment Protocol

GBP-1 Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Green Bond Principles: <ul style="list-style-type: none"> Green Use of Proceeds Bond Green Use of Proceeds Revenue Bond Green Project Bond Others	Document reviewed : <ul style="list-style-type: none"> Sylphid Green Bond Framework (hereinafter Sylphid Framework) Discussions with Sylphid management	The reviewed evidence confirms that the Bond falls in the category: <ul style="list-style-type: none"> Green Use of Proceeds Bond
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 BOND.	Document reviewed : <ul style="list-style-type: none"> Sylphid Framework Request letter Materials for financial results briefing for the fiscal year ending December 2019 Daiki Axis Website (planned) Discussions with Sylphid management	As identified by the Bond project list in Framework, the purpose of the Bond is to use the proceeds to bond eligible projects falling under the following categories as representative project category in GBP and GBGLs: <p>“Renewable Energy”</p> Sylphid will allocate the proceeds (as refinance) to following 2 eligible projects as its promotion business, Renewable Energy Business. <ul style="list-style-type: none"> Solar Power Business Small Scale Wind Power Business

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1c	Green benefits	All designated Green Project categories should provide clear greenly sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Document reviewed : - Sylphid Framework - Daiki Axis Website (IR information/timely disclosure information, monthly information related to solar power business) Discussions with Sylphid management	DNV GL considers that eligible projects contribute to CO ₂ emission reduction from primary energy source. Issuer disclose its environmental impact (performance) on the parent company website that the issuer plans to disclose with calculation formula and evaluation result as monthly report as described in work undertaken. DNV GL assessment concluded that these assets would present a low risk of GHG emission and following environmental impact then be inclusion under the eligibility of GBP and GBGLs - Solar PVs are introduced to roof top of existing retail premises without any land development - Wind power facility includes land development but relatively limited.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	Document reviewed : - Sylphid Framework - Solar power generation and small wind power generation project list Discussions with Sylphid management	The proceeds of the Bond, will be fully refinanced to the both of the projects (solar power and small scale wind power business) listed in schedule-1

GBP-2 Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Investment-decision process	<p>The issuer of a Green bond should outline the decision-making process it follows to determine the eligibility of projects using Green bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green Projects categories; • The criteria making the projects eligible for using the Green bond proceeds; and • The environmental sustainability objectives 	<p>Document reviewed :</p> <ul style="list-style-type: none"> - Sylphid Framework - Sylphid internal document (process of project selection) <p>Discussions with Sylphid management</p>	<p>As per the Sylphid Framework, the issuer has set out the following criteria for project selection:</p> <p>Eligible Green Project means:</p> <ul style="list-style-type: none"> - The nominated two green projects described in the Schedule-1, were evaluated and selected through the appropriate determined process by the relevant sections of the issuer based on corporate philosophy (corporate slogan) and mid-term management plan (promotion of ESG management) of parent company Daiki Axis (refer to the section I 'About Issuer'). - Issuer applies eligibility criteria listed Section II (3) and considers the negative effect to environment or society based on its 'selection prerequisites' described below, as well. <p>< Green project selection prerequisites ></p> <ul style="list-style-type: none"> - Compliance to environmental law and regulations (e.g. Environmental Impact Assessment) - Evaluation of GHG emission reduction considering lifecycle - Communication with local communities
2b	Issuer's environmental, social and governance framework	<p>In addition to information disclosed by an issuer on its Green bond process, criteria and assurances, Green bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding green sustainability.</p>	<p>Document reviewed :</p> <ul style="list-style-type: none"> - Sylphid Framework - Daiki Axis corporate philosophy, mid-term management plan, etc - Daiki Axis website (IR news, Monthly report of Solar power business) <p>Discussions with Sylphid management</p>	<p>DNV GL reviews and notes that issuer demonstrates that issuer intends to contribute environmental sustainability through renewable energy business which is aligned with corporate philosophy (corporate slogan) and mid-term management plan (promotion of ESG management) of parent company Daiki Axis and has already implemented.</p> <p>Daiki Axis has already disclosed environmental impact of CO₂ emission reduction performance in its website with calculation formula and evaluation result as monthly report as described in work undertaken.</p> <p>http://www.daiki-axis.com/ir/004/index.html# 008</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>Also based on the discussion and document review we had with Sylphid, we found nothing to suggest that Sylphid's green projects and its framework are not in line with good practice of the industry business in which it operates.</p>

GBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure-1	The net proceeds of Green bond should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Document reviewed : - Sylphid Framework - Sylphid internal process documents, etc Discussions with Sylphid management	The evidence reviewed shows how Sylphid plans to trace the BOND's proceeds from the time of issuance to the time of disbursement. The full amount of the proceeds will be deposited into a Sylphid's general account, and thereafter managed its internal account procedure which can identify the project and disbursed in accordance with the obligations.
3b	Tracking procedure-2	So long as the Green bond outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments made until green benefit appearance or completion of proceeds allocation.	Document reviewed : - Sylphid Framework - Sylphid internal process documents, etc Discussions with Sylphid management	The evidence reviewed shows that Sylphid plans to trace the proceeds from the BOND, from the time of disbursement, and reduce the net balance of proceeds by amounts in line with the assets as scheduled (promptly allocation to the eligible project as refinance). At the end of each financial period, the outstanding balance of the BOND will be reviewed.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Document reviewed : - Sylphid Framework - Sylphid internal process documents, etc Discussions with Sylphid management	DNV GL confirmed through document reviews and interviews that the net proceeds of the BOND would be fully refinanced promptly based on its internal account protocol. In addition, it was confirmed that Sylphid would manage the unallocated funds as cash or cash equivalents until the full amount of the raised funds is allocated.

GBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green bond proceeds have been allocated including</p> <ul style="list-style-type: none"> - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected greenly sustainable impact. 	<p>Document reviewed :</p> <ul style="list-style-type: none"> - Sylphid Framework <p>Discussions with Sylphid management</p> <p>Others : Daiki Axis website</p>	<p>Sylphid will disclose information as annually which includes a dedicated section on the Green Bond in Daiki Axis's website. This will include description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. Sylphid plans to disclose CO₂ emission reduction (t-CO₂) evaluation results according to the performance (output) of the renewable energy business listed in schedule-1 in Daiki Axis's website.</p>

Schedule-3 Green bond guidelines eligibility assessment

Following check list (GBG-1 ~ GBG-5) is based on the Green Bond Guidelines (GBG, MOE, 2020).

According to the GBG, Requirements/Evaluation aspects are divided into following two terms, Should:◎ recommend:○

The reference No. /01/, /02/~ /XX/ in the 'work undertaken' are confirmed evidence information (document).

There are evidences information through the discussion with management of Sylphid are also includes in work undertaken other than 'Document reviewed'

GBGLs-1 Use of proceeds

Ref.	Criteria	Requirements/Contents	Requirement check	Work Undertaken	DNV GL Findings
◎	1-①	Green Bond proceeds should be allocated to Green Projects that state the clear environmental benefits, which should be assessed by the issuer	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/, /03/ Discussions with Sylphid management	The projects which will be allocated by the proceeds are clearly written in the frame work; Renewable energy [Solar PVs (onshore), Wind power projects (onshore) power station]. These projects contribute to primary energy source CO ₂ emission reduction directly which is assessed/confirmed by the issuer. The requirements are fulfilled.
○	1-①	Environmental benefit of Green Bond proceeds, where feasible, quantification is recommended.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/, /03/, /06/ Discussions with Sylphid management	Issuer discloses its environmental impact as CO ₂ emission reduction with calculation formula on the Daiki Axis website of the group parent company. Therefore, the requirements are fulfilled.
◎	1-④	In advance, issuers should provide investors with information regarding the use	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Document reviewed : - /01/, /05/, /06/	It was confirmed that Sylphid has plan to provide an explanation to investors of the use of proceed by Framework. The requirements are fulfilled.

Ref.	Criteria	Requirements/Contents	Requirement check	Work Undertaken	DNV GL Findings
		of Green Bond proceeds through legal documentation (such as a prospectus) or other documents.	<input type="checkbox"/> Not Applicable	Discussions with Sylphid management	
◎	1-⑤	The provision of the information regarding the use of proceeds should specify the Green Project categories.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/, /05/ Discussions with Sylphid management	It was clearly prescribed in the frame work that renewable energy [Solar PV (onshore), Wind power projects (onshore power station)] is selected as green bond projects. The requirements are fulfilled.
○	1-⑤	In the cases where individual Green Projects have been specified, it is recommended that issuers clearly present the projects to investors.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/, /05/, /06/ Discussions with Sylphid management	The nominated projects are listed and showed to the external reviewer, the selected based on its internal protocol (GBGLs-2). Project outline (some representative specific project information), etc will be disclosed to investor in framework. The requirements are fulfilled.
◎	1-⑥	In cases where Green Projects have incidental negative environmental impacts along with the alleged environmental benefits, the issuers should include information regarding these negative impacts (e.g., how they are assessed, what the issuers do to curb them) to investors so that the investors and market	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/, /05/ Discussions with Sylphid management	<p>The negative aspects of the projects are explicitly explained in the framework as “prerequisites”. It is consisted in following 3 condition. The requirements are fulfilled.</p> <p>< Green project selection prerequisites ></p> <ul style="list-style-type: none"> -Compliance to environmental law and regulations (e.g. Environmental Impact Assessment) -Evaluation of GHG emission reduction considering lifecycle -Communication with local communities

Ref.	Criteria	Requirements/Contents	Requirement check	Work Undertaken	DNV GL Findings
		participants can appropriately evaluate these impacts.			
○	1-⑦	(In case of where a part of Green Bond proceeds are used to refinance existing Green Projects,) it is recommended that the issuers provide information to the investors regarding (1) the amount (or the share) of the bond proceeds being allocated for refinancing, and (2) which Green Projects (or Green Project categories) may be refinanced.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/, Discussions with Sylphid management	In the framework, it is stated whether each project categories in corresponds to refinancing or not. In the case of refinancing, the amount (plan) is stated. The requirements are fulfilled.
◎	1-⑧	When refinancing through the issuance of multiple green bonds for assets that need to be maintained over the long term, the elapsed years, remaining useful life and refinancing amount of the asset should be clearly disclosed. In addition, the sustainability of the long-term environmental improvement effect should be evaluated and	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It was confirmed through the discussions with issuer that the maximum age of the target asset and the remaining useful life. In addition, it is stated in the framework that the progress and environmental improvement effects funded by refinancing for the asset will be disclosed and is in conformity.

Ref.	Criteria	Requirements/Contents	Requirement check	Work Undertaken	DNV GL Findings
		if necessary, it should be evaluated and confirmed by an external organization.			

GBGLS-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
©	2-①	In advance, issuers should provide investors with information regarding the following: The environmental sustainability objectives that the issuers intend to achieve through Green Bonds.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/, /03/, /05/ Discussions with Sylphid management	In the Framework, CO ₂ emission reduction from primary energy source is cited as an environmental merit (environmental benefit) to be realized through the Green Bond. It plans to directly contribute to CO ₂ reduction through project implementation. It is planned to explain to investors through the Framework and Request letter, in advance. The requirements are fulfilled.
©	2-①	In advance, issuers should provide investors with information regarding the following: The environmental sustainability objectives that the issuers intend to achieve through Green Bonds.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It was confirmed that the framework and request letter describe what evaluation criteria the project selection is based on. It is clearly stated that they apply the GBP, GBGLs and CBSv3.0. It is planned to explain to investors through the Framework and Request letter in advance. The requirements are fulfilled.
©	2-①	In advance, issuers should provide investors with information regarding the following: The process for determining how Green Projects fit the criteria for the achievement of the environmental sustainability objectives(The process for the determination refers to the reason why issuers determine that Green Projects can provide environmental benefits appropriately in light of the objectives and criteria for the use of Green Bond proceeds, how and by whom are the criteria applied and used to determine whether Green	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It was confirmed that the framework describes what kind of process the selection of the project was based on. Specifically, it was confirmed that the finance department evaluated/selected qualified projects based on the GBP, GBGLs and the technical criteria against the CBS v3.0 considering 'selection prerequisites' environmentally and socially. It is planned to explain to investors through the Framework and Request letter in advance. The requirements are fulfilled.

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
		Projects are appropriate in light of the objectives, and the like)			
○	2-⑥	When evaluating and selecting green bonds, it is recommended to explain to investors in advance if there are environmental standards and certifications to be referred to.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It was confirmed that the framework describes what kind of evaluation criteria the project selection is based on. Specifically, it is clearly stated that the reference was made based on the Green Bond Principles 2018, Green Bond Guidelines 2020 (Ministry of the Environment) and Climate Bond Standards (v3.0). It is planned to explain to investors through the Framework and Request letter in advance. The requirements are fulfilled.
◎	2-⑦	When setting exclusion criteria to identify and control the potentially significant environmental and social risks of a green project, it should be informed to investors in advance as one of the criteria.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Document reviewed : - /01/, /07/ Discussions with Sylphid management	<p>The negative aspects of the projects are explicitly explained in the framework as “prerequisites”. It is consisted in following 3 condition. The requirements are fulfilled.</p> <p>< Green project selection prerequisites ></p> <ul style="list-style-type: none"> -Compliance to environmental law and regulations (e.g. Environmental Impact Assessment) -Evaluation of GHG emission reduction considering lifecycle -Communication with local communities
○	2-⑨	It is recommended that internal departments who have expertise, such as the environment related department, or external institutions check whether the determination process is suitable from an environmental point of view.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Document reviewed : - /01/ - CBS-SE, CBS-WE Discussions with Sylphid management	Eligible projects were confirmed to align against the technical criteria of CBS v2.1 which means that it is clear to contribute environmental benefit. Therefore, assignment of expertise section is not required.

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
O	2-①	After positioning information on environmental sustainability goals, strategies, policies, etc. (medium-term management plan, sustainability strategy, CSR strategy, etc.), it is recommended to explain to investors.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It was confirmed that the eligible green project was executed in accordance with the management philosophy (corporate slogan) and medium-term management plan of the parent company Daiki Axis Group, and was explained in the Request letter. The requirements are fulfilled.

GBGLS-3 Management of proceeds

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
⊙	3-①	Issuers should track and manage the net Green Bond proceeds in an appropriate manner. These tracking and managing activities should be controlled by the issuer's internal process.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	Documents review confirmed that traceable flow of business processing and check point are in place. The requirements are fulfilled.
⊙	3-②	As long as the Green Bonds are outstanding, issuers should make sure that the amount allocated to the green project matches or exceeds the funds raised by the green bond , or periodically adjust to match the amount of the total Green Bond proceeds to the sum of the amount of the proceeds allocated to Green Projects and the amount of the unallocated proceeds.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	Documents review confirmed that periodical adjustment procedure (timely and at least annually) was prepared. The requirements are fulfilled.
⊙	3-②	If unallocated funds are temporarily generated, issuer should inform to investors the possible investment methods for the balance of unallocated funds, and should strive to allocate unallocated funds to green projects as soon as possible.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	Green bond proceeds will be promptly allocated as refinancing, so no unallocated funds will be generated. This is described in Framework Section 2.3.
⊙	3-⑤	In advance, issuers should provide investors with information on how Green Bond proceeds will be tracked and managed.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	The review of the framework confirmed that the financial dept. will be in charge of management of proceed. The requirements are fulfilled.

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
○	3-⑥	It is recommended that issuers keep evidenced documents appropriately that demonstrate how they tracked and managed Green Bond proceeds.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	Management procedure of critical documents and the storage period are stipulated.
◎	3-⑧	In advance, issuers should provide investors with information on how unallocated Green Bond proceeds will be managed when the Green Projects that will receive the Green Bond proceeds have not been determined, or when such Green Projects have been determined but the proceeds have not been allocated because the allocation timing has not yet arrived.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	DNV GL confirmed through document review and interviews that Sylphid plans to refinance and spend the entire amount immediately after raising funds based on the issuer's internal control regulations, and until the full amount of the raised funds is allocated, Sylphid would manage unallocated funds as cash or cash equivalents.
○	3-⑨	It is recommended that issuers manage unallocated Green Bond proceeds as an asset with high liquidity and safety such as cash, cash equivalents, or short-term financial assets	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	

GBGLS-4 Reporting

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
⊙	4-①	Issuers should publicly disclose the latest information on the use of Green Bond proceeds after issuance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It is planned to report annually on the period from one year after issuance of Green Bond to redemption period, the status of appropriation for use of proceeds by takeover of Green Bond issue, and the environmental benefits. Monthly and Annual reporting will be disclosed in the Daiki Axis website. The requirements are fulfilled.
⊙	4-②	Issuers should disclose the latest information at least once a year until full allocation of the proceeds and as necessary thereafter in the event of new developments.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It is planned to report annually on the period from one year after issuance of Green Bond to redemption period. In case of considerable change happened to the plan (e.g. fund allocation), Daiki Axis would disclose its information. The requirements are fulfilled.
⊙	4-③	Disclosed information should include the following contents: <Contents> <ul style="list-style-type: none"> • A list of the Green Projects to which Green Bond proceeds have been allocated • A brief description of each Green Project (including up-to-date progress) • The amount allocated to each Green Project • The expected environmental benefits of each Green Project • Information regarding unallocated Green Bond proceeds (the amount of the unallocated proceeds or the share of the unallocated proceeds to the total amount of the proceeds, 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	It is scheduled to report the projects outline (consolidation information) for easy understanding by investor, fund proceeding, environmental benefits described in Framework. The requirements are fulfilled.

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
		when the unallocated proceeds are expected to be allocated to Green Projects, and how the unallocated proceeds are managed until allocation)			
○	4-④	If Green Bond proceeds have been allocated to the refinancing of existing projects, it is recommended that disclosed information include: 1) the approximate amount (or the share) of the allocated proceeds used for refinancing, and 2) a list of the Green Projects (or the project categories) refinanced.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	Proceeds will be fully used as refinance to the existing projects. Proceeds amount and share (if happened) will be disclosed in the annual report. The requirements are fulfilled.
○	4-⑤	While it is recommended to disclose 4-③ and 4-④ on a project-by-project basis, if there are confidentiality agreements, competitive considerations, or a large number of underlying projects that limit the disclosure of details, it is considered that information is presented in generic terms or in an aggregated portfolio.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	The information is scheduled to be disclosed on the annual report in a reasonable disclosure category/classification (the status of allocation of proceeds and the environmental benefit by each project portfolio). The requirements are fulfilled.
◎	4-⑦	When disclosing information regarding the expected environmental benefits of projects, issuers should use appropriate indicators while ensuring consistency with the “environmental sustainability objectives,” the “criteria” for Green Projects specified in Section 2, “Process for Project Evaluation and Selection,” and the characteristics of Green Projects.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - /01/ Discussions with Sylphid management	Regarding to the environmental benefits, the framework clearly states that CO ₂ reduction: directly based on the reduction of electric power energy supply by renewable energy business (solar PVs and wind power). The requirements are fulfilled.
○	4-⑧	When disclosing the expected environmental benefits of projects, it is recommended that	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed :	Environmental benefit will be calculated based on the actual performance (electricity output from renewable

Ref.	Criteria	Requirements/Evaluation aspects	Requirement check	Work Undertaken	DNV GL Findings
		issuers, where feasible, use quantitative indicators and disclose information on methodologies and/or assumptions as well as these indicators.		- /01/ Discussions with Sylphid management	energy). Issuer disclose the formula and coefficient in its framework for calculation. Issuer also already disclose the environmental benefit (performance) of operating solar PVs power every month.

GBGLs-5 External Review

Ref.	Criteria	Requirements/Evaluation aspects	Work Undertaken	Confirmation result against to the Requirements/Evaluation aspects
○	5-(1)①	It is recommended that issuers utilize an external review in case that they need an objective assessment of the alignment of their approaches with the framework for Green Bond issuances.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Issuer engages DNV GL* as external reviewer to confirm its eligibility with integrity and objectivity of green bond.
◎	5-(1)④	If issuers have their Green Bonds reviewed, they should disclose the documents showing the review results	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL has confirmed that the issuer will disclose its assessment of green bond eligibility on the web.
◎	5-(1)①-⑤	External reviewers should follow the basic criteria below when giving reviews. Integrity, ②Fairness, ③Abilities and due care as professionals, ④ Duty of confidentiality and ⑤Actions as professionals	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL's Code of Conduct is in line with the basics described.
◎	5-(2)⑥⑦	External review providers should have a sufficient organization structure to appropriately undertake external reviews and should hire a reasonable number of people who have professional experience and qualifications necessary to cover the areas subject to the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL has an organizational structure Certificate & Sustainability Department

Ref.	Criteria	Requirements/Evaluation aspects	Work Undertaken	Confirmation result against to the Requirements/Evaluation aspects
		external reviews to be performed.		composed of members with sufficient expertise to review sustainability reports.
⊙	5-(2)⑨	Dependent on the type of external review, the external reviewers will evaluate that 1) the intended environmental benefits of the Green Project for which the funds are to be used, 2) the consistency with the four elements expected of Green Loans and 3) as needed, evaluate potential material environmental risks (negative impacts) of the Green Project specified by the issuer.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL conducted a pre-issue assessment and evaluated the three points on the left.
⊙	5-(2)⑩	External review providers should include a general description of the purpose of an external review, scope of the review, qualifications of persons who conduct the external review and expertise as external review providers.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL describes the requirements on the left in Sections II-IV of this report.
⊙	5-(2)⑪	External review providers should include in the documents and so on concerning their review results a statement on their independence from the borrower and their policy on conflicts of interest.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL states in this report that it does not provide any guarantees regarding the financial performance of bonds, the value of their investments or their long-term environmental benefits.
⊙	5-(2)⑫	External review providers should clearly explain in the documents and so on concerning their review results the definitions they used and their analytical approach and methodologies including the evaluation criteria applied to respective items.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL describes the evaluation criteria in this report, "Section II Scope and Objectives (3) Applicable Criteria or Guidelines".
⊙	5-(2)⑬	External reviews should include a conclusion and output including marginal items evaluated in external reviews.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV GL states its conclusions in this report, "Section IV Findings and DNV GL's Opinion".

CBS-SE-1 Climate Bonds Standard & Certification Scheme Sector Criteria for Solar (version 2.1) Criteria for Eligible Projects & Assets – Solar (Eligible Activities)

Clause	Requirements	Requirement check	Work Undertaken	DNV GL Findings
1.1.1.	Onshore solar electricity generation facilities	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - Sylphid Framework - Project list (solar PVs and small wind power) Discussions with Sylphid management	The selected projects are all onshore Solar PVs power generation facilities. Count of the Eligible projects is approx. 11 sites. Solar PVs are equipped on the roof top of the DCM group home-center retail premises without further land development. Chubu:10 Kanto : 1
1.1.2.	Wholly dedicated transmission infrastructure and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : Discussions with Sylphid management	PCS(Power Conditioning System) , HV power receiving equipment, Remote monitoring and leading-in pole which are dedicated infrastructure of solar PVs are included in use of the proceeds.
1.1.3.	Onshore solar thermal facilities such as solar hot water systems.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	-	-

CBS-SE-2 Climate Bonds Standard & Certification Scheme Sector Criteria for Solar (version 2.1) Criteria for Eligible Projects & Assets – Solar (non solar fuel use)

Clause	Requirements	Requirement check	Work Undertaken	DNV GL Findings
2.1.	Eligible Project & Assets that have activities in solar electricity generation facilities or solar thermal facilities shall have a minimum of 85% of electricity generated from solar energy resources	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : - Sylphid Framework - Project list (solar PVs and small wind power) Discussions with Sylphid management	Non of the solar PVs has a backup power supply facility etc. inside the power plant. It is clear that solar power generation source share is over 85%. The requirements are fulfilled.

CBS-SE-3 Climate Bonds Standard & Certification Scheme Sector Criteria for Solar (version 2.1) Assets and projects not eligible under the Solar Criteria

Clause	Requirements	Requirement check	Work Undertaken	DNV GL Findings
1.1.1.	Offshore solar electricity generation facilities	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	-	-
1.1.2.	Wholly dedicated transmission infrastructure and other supporting infrastructure for offshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	-	-
1.1.3.	Offshore solar thermal facilities such as solar hot water systems.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	-	-

CBS-WE-1 Wind Sector Eligibility Criteria of the Climate Bonds Standard Version 1.1, Illustrative use of bond proceeds eligible under the wind criteria (Table-1)

Assets	No.	Criteria	Requirement check	Work Undertaken	DNV GL Findings
Onshore wind Assets that operate or are under construction to operate:	1	Onshore wind energy generation facilities	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : -Sylphid Framework -Project list)solar PVs and small wind power) Discussions with Sylphid management	The selected projects are all onshore Small horizontal axis wind power generation facilities. Count of the Eligible projects is approx. 22 (10kW×2towers/site) Site location is Aomori, Hokkaido, etc (existing assets and / or future projects).
	2	Dedicated transmission infrastructure and support facilities (e.g. transformers, backbone, transmission terminus, grid connections, dedicated facilities for support vessels and vehicles, equipment storage, onshore assembly)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Document reviewed : Discussions with Sylphid management	PCS(Power Conditioning System) , Transformer, Remote monitoring and Truss type tower which are dedicated infrastructure of wind power are included in use of the proceeds.
	3	Dedicated operational production, manufacturing or distribution facilities for key components, such as wind turbines, platforms etc.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable		

Assets	No.	Criteria	Requirement check	Work Undertaken	DNV GL Findings

Assets listed in Table 1 (with an associated green circle in the mitigation column) automatically meet the Mitigation requirement of the Climate Bonds Standard. This extends to:

- Wind energy generation shall be projects & assets that operate or are under construction to operate in one or more of the following activities:
 - The development, construction and operation of wind farms
 - Operational production or manufacturing facilities wholly dedicated to wind energy development
 - Wholly dedicated transmission infrastructure for wind farms.

CBS-WE-2 Wind Sector Eligibility Criteria of the Climate Bonds Standard Version 1.1, Assets and projects not eligible for certification under the wind criteria

Assets	No.	Criteria	Requirement check	Work Undertaken	DNV GL Findings
Offshore wind	1	Offshore wind facilities, dedicated transmission infrastructure, dedicated support facilities, manufacturing facilities and distribution facilities are not eligible for Certification under the Wind Criteria. Offshore wind is eligible for Certification under the Marine Renewable Energy Criteria.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	-	-

Appendix-1

/01/ Sylphid green bond framework

/02/ Project list (Solar power business and Small scale wind power)

/03/ CO₂ emission coefficient -R2.09.15MOE&METI R1 issued

/04/ Selection of assets to be allocated funds raised by green bonds

/05/ Financial Results Briefing for the Second Quarter of the Fiscal Year Ending December 2019 (August 29, 2019)

/06/ Daiki Axis website <https://www.global-mobility-service.com/index.html>