

\_\_\_\_\_ JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. \_\_\_\_\_

Japan Credit Rating Agency, Ltd. (JCR) announces the following Green Finance Framework Evaluation Results.

## JCR Assigns Green 1 (F) to the Green Finance Framework of Enex Infrastructure Investment Corporation

Subject : Enex Infrastructure Investment Corporation  
Green Finance Framework

### <Green Finance Framework Evaluation Results>

Overall Evaluation	Green 1(F)
Greenness Evaluation (Use of Proceeds)	g1(F)
Management, Operation and Transparency Evaluation	m1(F)

### Chapter 1: Evaluation Overview

Enex Infrastructure Investment Corporation (the Investment Corporation) is an investment corporation listed on the infrastructure fund market of the Tokyo Stock Exchange on February 13, 2019. The investment targets of this Investment Corporation are renewable energy power generation facilities (those stipulated in Article 2, paragraph 3 of the Act on Special Measures Concerning Procurement of Renewable Energy by Electricity Utilities), etc., focusing on increasing international interest in realizing a sustainable society and the possibility of expanding the introduction of renewable energy driven by measures to promote the introduction of renewable energy by the government. Among renewable energy power generation facilities, the Investment Corporation intends to invest 50% or more in solar power generation facilities, etc. and 50% or less in wind power generation facilities, hydroelectric power generation facilities and biomass power generation facilities, etc. (on an acquisition price basis) as investment targets other than solar power generation facilities, etc. The Investment Corporation is sponsored by ITOCHU ENEX CO., LTD., Sumitomo Mitsui Trust Bank, Limited. Mercuria Investment Co., Ltd., and Maiora Asset Management PTE. LTD. (Maiora Asset Management Pte. Ltd.). The asset management company is Enex Asset Management Co., Ltd.

As of July 2020, the investment company had 40.3MW (panel output) of solar power generation facilities at six power plants nationwide. This Investment Corporation is characterized by the sponsorship support that make the Investment Corporation possible to preferentially acquire high-quality renewable energy facilities such as solar power generation facilities owned by ITOCHU ENEX Co., Ltd., which is a sponsor.

The scope of this evaluation is the Green Finance Framework (the Framework) established by the Investment Corporation to limit the funds procured through Green Bonds, Green Loans and Investment Equity (Green Finance) to

the use of funds with environmental improvement effects. JCR evaluates whether the framework complies with the Green Bond Principles (2018 edition), the Green Loan Principles (2020 edition), the Green Bond Guidelines 2020 edition, and the Green Loan and the Sustainability Linked Loan Guidelines 2020 edition. As for investment equity, the principles and guidelines cannot be directly applied because these principles and guidelines are for debt instruments. Therefore, JCR evaluates investment equity with reference to these principles and guidelines indirectly.<sup>123</sup>

Under this framework, funds procured through green financing will be allocated to funds for the acquisition of renewable energy power generation facilities (solar power generation facilities) already in operation, refinancing funds for loans or funds for redemption of investment corporation bonds, and funds for the renovation of renewable energy projects to be incorporated. JCR evaluates that the use of proceeds is for a green project that contributes to the decarbonization of renewable energy, and high environmental improvement effects can be expected. In the acquisition of the above-mentioned power generation facilities, it is stipulated that in the selection of the project, the general selection criteria set forth in the Rules Governing Entrustment Operations of the Asset Management Company shall be satisfied, the business experience shall be five years or more, and economic, physical, and legal surveys shall be properly and adequately conducted by third-party experts who are highly evaluated within the industry in the classification of assets under management. Reflecting this survey, appropriate measures such as avoiding, reducing, and eliminating the expected negative impact on the environment are taken. Therefore, the negative impact will not be likely to outweigh the environmental improvement effect.

JCR confirmed that the Investment Corporation has established an appropriate management and operation system and has high transparency with respect to green financing. This is because the selection criteria, process, and cash management system of the Investment Corporation's Green Eligible Assets are properly established, the status of appropriation of funds and the reporting on environmental improvement effects are scheduled to be published regularly, and KPIs related to environmental improvement effects are appropriate, and the Investment Corporation and the Asset Management Company operate in line with the concept of contributing to a low-carbon society, which the Sponsor ITOCHU ENEX emphasizes in terms of the environment.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green 1(F)" for "JCR Green Finance Framework Evaluation." The evaluation results are described in detail in the next chapter. JCR also evaluates that the Framework meets the standards for items required in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines, and the Green Loan and the Sustainability Link Loan Guidelines. When evaluating Investment equity, JCR referred the core principles in the Green Bond Principles and the Green Bond Guidelines for reference, although there is no principle which covers investment equity.

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<sup>1</sup> ICMA(International Capital Market Association) Green Bond Principles 2018  
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> LMA (Loan Market Association), APLMA (Asia Pacific Market Loan Association) Green Loan Principle2020  
<https://www.lma.eu.com/>

<sup>3</sup> Ministry of the Environment Green Bond Guidelines 2020 <https://www.env.go.jp/press/files/jp/113511.pdf>  
Sustainability Linked Loan is out of the scope in this framework.

## Chapter 2: Current Status of the project on each evaluation factor and JCR's evaluations

### Evaluation Phase 1: Greenness Evaluation

Based on the current status described below and JCR's evaluation of the subject, JCR evaluated 100% of the use of proceeds under the framework is green project, and assigned "g1 (F)", the highest rank for Phase 1: Greenness Evaluation.

#### (1) JCR's key consideration in this factor

In this section, JCR first assesses whether the use of proceeds set out in the Framework are green projects with clear environmental improvement effects. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

#### (2) Current status of evaluation targets and JCR evaluation

<Framework for Use of proceeds>

##### **(Overview of Use of Proceeds)**

Funds procured by this Investment Corporation through investment units, borrowings, and bonds pursuant to the Framework shall meet the general selection criteria set forth in the Rules Governing the Management of Entrustment Operations of the Asset Management Company, and shall be appropriated to funds for acquiring solar power generation facilities, etc. through surveys by third-party experts, funds for refinancing solar power generation facilities, etc. that can be expected to have a carbon dioxide reduction effect in the future based on predictions of the amount of power generated in third-party evaluation reports, etc., and funds for renovation renewable energy projects to be incorporated.

<JCR's Evaluation of the Framework>

#### **a. On the environmental improvement effects of the project**

**i. The projects listed in this framework are renewable energy projects using solar power, and can be expected to contribute to the environmental improvement.**

The use of proceeds raised under this framework is specified in the following items: funds for acquiring renewable energy power generation facilities (solar power generation facilities) that have already been put into operation; funds for refinancing loans or funds for redemption of investment corporation bonds; and funds for renovating renewable energy projects to be incorporated. In the case of investment units, working capital may be included in the use of equity funds because of the nature of equity funds. This Investment Corporation clearly defines its business as investment in renewable energy in the investment enterprise convention. JCR conducts interviews with the Asset Management Company to confirm that the investment targets stipulated in the Investment Corporation Code will not be changed in the foreseeable future. On this basis, the Investment Corporation has determined that there are no problems with including working capital within the framework as funds necessary for the business operations of the Investment Corporation, which is engaged solely in renewable energy projects.

Solar power generation is a clean energy that can reduce CO<sub>2</sub> by replacing fossil fuels. As of 2017, approximately 16% of Japan's total renewable energy power generation was supplied by solar PV facilities, 5% of which accounted for the second largest share after hydropower. Therefore, the introduction of renewable energy for

solar power generation contributes to the creation of a decarbonized society aimed at by the Paris Agreement, and high environmental improvement effects can be expected.

In Japan, solar power generation facilities are being constructed one after another, but in order for the facilities to maintain their high power generation performance in the long term in the future, it is important for infrastructure investment corporations specializing in renewable energy to conduct due diligence at the time of acquisition by external experts with high experience values and to properly maintain and manage them by O&M companies with reliable technological capabilities. JCR also evaluates the role of infrastructure investment corporations as important to lighten the balance sheet of solar power plant developers and encourage new development.

As of October 2020, the Company had acquired 40.2MW of photovoltaic power generation facilities for six renewable energy projects. All power generation facilities owned by the Investment Corporation are located in Japan. In December 2020, the company plans to acquire a new asset. The pipeline of the photovoltaic power generation facilities from the sponsor group is planned to have 7 renewable energy projects of 81.9MW, and the scale is expected to continue to grow in the future.

(List of Projects of the Investment Corporation) (including assets to be acquired)

ID No.	Property Name	Location	Solar module output (kW)(*)	Estimate Annual Power Output (Average 20 years) (MWh)	Annual CO <sub>2</sub> Reduction (t-CO <sub>2</sub> )(**)	Acquisition Date	Supply Commencement Date
S-01	Takahagi Solar Power Plant	Hitachi-shi, Ibaraki	11,544.32	13,319	6,153	2019/2/13	2016/11/21
S-02	Chiyoda Kogen Solar Power Plant	Yamaga-gun, Hiroshima	1,595.28	1,829	1,163	2019/2/13	2014/11/13
S-03	JEN Hofu Solar Power Plant	Hofu-shi, Yamaguchi	1,940.64	2,262	1,439	2019/2/13	2016/1/27
S-04	JEN Kusu Solar Power Plant	Oita	1,007.76	1,097	508	2019/2/13	2016/3/1
S-05	Hokota Solar Power Plant	Hokota-shi, Ibaraki	21,541.32	23,948	11,064	2019/2/13	2017/7/18
S-06	Nagasaki Kinkai Solar Power Plant	Nagasaki-shi, Nagasaki	2,661.12	2,924	1,354	2020/1/17	2019/3/21
S-07	Matsuzaka Solar Power Plant	Matuzaka-shi, Mie	98,003.40	101,609	47,959	TBD	2019/3/18
Total			138,293.84				

\*: Power generation output based on output scale is described.

\*\* : Calculating CO<sub>2</sub> reductions = Estimated annual power generation x Adjusted emission factor (FY2018) (the latest figure)

The estimated annual power generation amount is based on the value obtained from the technical report of each solar power generation facility with the supply start date. Therefore, the 20-annual periods of each solar PV facility do not coincide.

- ii. Among the green projects exemplified in the Green Bond Principles and the Green Loan Principles, "renewable energy," the Green Bond Guidelines, and the Green Loan and the Sustainability Link Loan Guidelines, the use of proceeds falls under the category of "business related to renewable energy."**

#### **b. Negative impacts on the environment**

The Investment Corporation identifies business risks when acquiring solar power generation facilities. Among them, due diligence is conducted on the "risk of disaster, loss or deterioration of assets under management due to accidents or disasters" which is considered to have a negative impact on the environment. Technical reports, reports on soil surveys, earthquake risk analysis reports, etc. are obtained, and risk verification is carried out on

assessments of earthquake resistance performance and other situations of damage to assets in accidents or disasters. Risk identification is conducted by the Infrastructure Fund Investment Department, which is the department in charge of the asset management company. When a negative impact on the environment is confirmed, the company plans to respond by means of knowledge possessed by experts inside and outside the company, etc. in order to eliminate the events that cause the impact.

JCR has confirmed that the verification of risks of all green-eligible assets held by the Investment Corporation as of October 2020 and the project it plans to acquire in December 2020 has been conducted appropriately based on the above-mentioned various reports provided by the Investment Corporation.

### c. Consistency with SDGs goals and Targets

This project is classified as "Renewable energy", and JCR evaluated these projects as contributing to the following SDGs targets and targets based on the SDGs mappings of the ICMA.



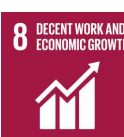
#### **Goal 3: Ensure healthy lives and promote well-being for all at all ages**

**Target 3.9. By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination.**



#### **Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.**

**Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.**



#### **Goal 8: Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all**

**Target 8.2. Achieve high levels of economic productivity through diversification, technology improvement and innovation, including through a focus on high-value added and labor-intensive sectors.**



#### **Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**

**Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transboundary infrastructure, to support economic development and human welfare with a focus on affordable and equitable access for all.**

**Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, With all countries taking action in accordance with their respective capabilities,**



#### **Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable**

**Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.**



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**Goal 12: Ensure sustainable consumption and production patterns**

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**Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment,**



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**Goal 13: Take urgent action to combat climate change and its impacts**

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**Target 13.1. Strengthen resilience and adaptation capability to climate-related and natural disasters in all countries.**

## Evaluation Phase 2: Management, Operations and Transparency Evaluation

Based on the current status described below and the JCR's assessment of it, JCR assessed that the management and operation system was well established, that the transparency was extremely high, and that the implementation of projects as planned and the appropriation of funding could be sufficiently expected. The evaluation phase 2: Management, operation, and transparency evaluation was chosen as "m1 (F)" as the highest level.

### 1. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

#### (1) JCR's key consideration in this factor

In this section JCR confirms the goals to be achieved through green bonds, the selection criteria for green projects and the appropriateness of the process, and whether the process is properly disclosed to investors and others.

#### (2) Current status of evaluation targets and JCR evaluation

##### a. Goal

<Framework for the Goals of Green Finance>

##### **(Investment policy based on Investment Corporation's long-term vision)**

The Investment corporation will acquire mainly renewable energy projects (cumulative total of 234.4MW) which is held, developed and planned by the sponsor with preferential negotiating rights for sales and purchases Through this strong pipeline from the sponsor, it aims to achieve a scale of 100 billion JPY in five to six years after listing as total assets. In addition, by utilizing the sourcing routes owned by sponsors and asset management companies, it will promote the incorporation of wind and hydroelectric power generation facilities, together with the main investment target as solar power generation facilities, with the aim of building more diversified portfolios and further expanding the scale of assets.

<JCR's Evaluation of the Framework>

The basic philosophy of the Investment Corporation is to become a best partner for contributing to the global environment conservation and realizing a sustainable society with renewable energy that emits little CO<sub>2</sub>. In addition, ITOCHU ENEX, the main sponsor of the Investment Corporation, has a primary mission of promptly and carefully delivering the diverse services and values requested by customers in addition to the safe supply of energy under the management philosophy of " The Best Partner for Life and Society - with Energy, with the Car, with the Home." In promoting business activities, the company aims to contribute to the development of a truly sustainable society by selecting important issues that should be addressed preferentially and then developing and cultivating them. Based on the sponsor's philosophy, the company is striving to realize the society specified in the basic philosophy by developing renewable energy facilities.

JCR evaluates that the corporate vision of the sponsor and the goals of the Investment Corporation are consistent with the use of proceeds set forth in the Framework.

## b. Selection criteria

<The Framework for Selection criteria>

### **(Selection Criteria for Projects)**

In addition to the information provided by the Seller, the Investment Corporation shall get the Valuation Report, Real Estate Appraisal Report, and Technical Report by a third-party expert who has five years or more of business experience and is highly evaluated within the industry in classifying the assets under management, acquire the reports of other third-party experts when deemed necessary in compliance with the general selection criteria set forth in the Regulations Governing Entrustment Operations of the Asset Management Company. When it is necessary, it will acquire other experts' reports, conduct economic, physical, and legal surveys, and examine the appropriateness of the assets under funding. The project shall satisfy the following eligibility criteria:

- Compliance with relevant laws and regulations (Renewable Energy Special Measures Law, Electric Utility Industry Law and other laws and regulations related to the electric utility industry, Building Standards Law (Law No. 201 of 1950, including subsequent revisions), City Planning Law (Law No. 100 of 1968, including subsequent revisions), and other building-related laws and regulations, guidance guidelines by local governments, and self-imposed regulations by self-regulating organizations) is required.
- Ownership and rights such as premises are properly acquired.
- Appropriate maintenance shall be carried out by outsourcing O&M operations.
- No dispute has arisen in acquiring the Subject Equipment.
- CO<sub>2</sub> reduction effects can be expected in the future from the time of acquisition of power generation facilities based on the prediction of the amount of electricity generated in the third party evaluation report, etc.

<JCR's Evaluation of the Framework>

The use of proceeds in this framework is evaluated as having a high environmental improvement effect, as described in detail in Evaluation Phase 1. JCR also reviewed all green-eligible assets in the external expert reports assumed by the Investment Corporation under the selection criteria set forth in the Framework, and confirmed that detailed surveys and examinations by the external expert selected under the strict criteria were carried out economically, physically, and legally. In addition, it was confirmed from the materials submitted by the Investment Corporation that all the renewable energy projects met the above-mentioned selection criteria.

From the above, JCR evaluates that the selection criteria set by the Investment Corporation are appropriate.



## c. Processes

<The Framework for Processes>

### **(Selection Process for Projects)**

#### 1. Project Selection Participants

The subject projects are evaluated and selected by the Infrastructure Fund Investment Department of Enex Asset Management Co., Ltd. (the "Asset Management Company"), in consideration of compliance with the eligibility criteria.

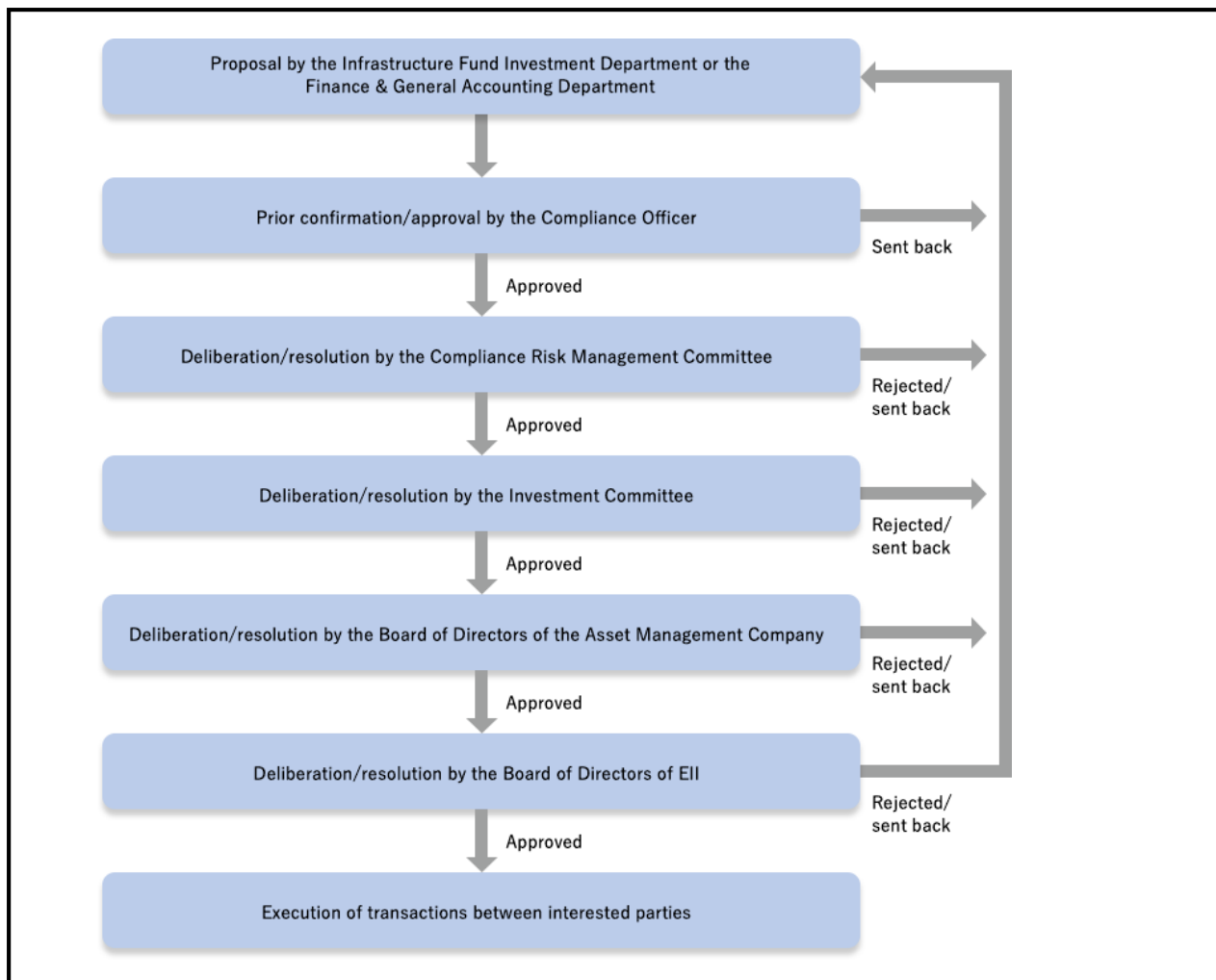
#### 2. Project Selection Process

Acquisition and transfer of the subject assets are carried out by a draft by the Infrastructure Fund Investment Department, which is the drafting department, by prior confirmation and approval of the Compliance Officer, the Compliance Risk Management Committee, and deliberation and resolution by the Investment Committee.

- Provided, however, that in the event the acquisition or transfer of such Subject Assets falls under the category of transactions between interested parties, such transactions shall be carried out after the resolution of the Board of Directors, by being submitted to the Board of Directors of the Investment Corporation, and by being deliberated and approved by the Board of Directors of the Investment Corporation. After deliberations and resolutions of the Compliance Risk Management Committee and deliberations and resolutions of the Investment Committee that were not approved or rejected in the course of such decision-making procedures, the proposals shall be submitted to the Board of Directors, and the deliberations and draft resolutions shall be remanded to the drafting department at the Board of Directors.
- Compliance Officer and outside experts shall attend both the Compliance Risk Management Committee and the Investment Committee for resolution. Resolutions shall be made with the attendance of two-thirds or more of the members with voting rights and with the support of all attended members.

(Note 1) The Infrastructure Fund Investment Department is the drafting department for the formulation of investment policies and the acquisition and transfer of target assets, and the Finance & General Accounting Department is the drafting department for the formulation of asset management plans.

(Note 2) Where the formulation or change of the Investment Policy and the Asset Management Plan is the formulation or amendment of matters relating to exchanges with interested parties, or where the acquisition or transfer of the Subject Assets falls under the category of transactions between interested parties.



#### <JCR's Evaluation of the Framework>

The process for selecting projects is clearly defined by the department in charge of drafting and the person in charge of the approval process. In addition, after deliberations and resolutions by the Compliance Officer, the Compliance Risk Management Committee, and deliberations and resolutions by the Investment Committee, they are to be submitted to the Board of Directors, deliberated and resolved by the Board of Directors, and they can be regarded as having undergone an appropriate institutional decision-making process.

The goals, selection criteria and processes set forth in this Framework are described in this Report. For Investment Corporation bonds or borrowing, the process is to be disclosed to investors or lenders in the bond description at the time of issuance of Investment Corporation bonds or in the basic loan agreement at the time of borrowing. For investment equity, the process is to be described in the securities registration form. JCR evaluates that transparency to investors is ensured.

## 2. Appropriateness and Transparency of management of the proceeds

### (1) JCR's key consideration in this factor

It is generally assumed that the methods of managing procurement funds vary widely among issuers, but it is necessary to confirm that funds procured through the implementation of green finance are appropriated for green projects, and that mechanisms and internal systems are in place to easily track and manage the appropriations.

In addition, it is important that funds procured through green finance be allocated to green projects at an early stage, and that the management and operation of unappropriated funds be evaluated.

### (2) Current status of evaluation targets and JCR evaluation

<The Framework for proceeds management>

#### **(Method of Linking Proceeds and Assets)**

- The proceeds are fully linked to individual projects and other related expenses, selected at the time of procurement.

#### **(Method of Tracking and Management of Procured Funds)**

- The Investment Corporation shall manage the funds raised through the solicitation of investment equity, borrowing, issuance of bonds, etc. in particular accounts, and promptly allocate the entire funds to the eligible projects specified in the Framework.
- Account monitoring is managed by the Finance & General Accounting Department of the asset management company. In order to fund withdrawal, Approval shall be made by the general manager of the Finance & General Accounting Department and the Representative Director, President and CEO. The above procedures are subject to internal audit and external audit by an independent outside auditing company.
- Funds are allocated on the same day of procurement in principle.
- The management of assets funded by investment units, borrowings, or the issuance of debt securities will be conducted in the aggregate as a green eligible portfolio and the amount of allocated and unallocated funds will be managed in a traceable manner. The allocation status of funds will be disclosed to investors or lenders in a semiannual securities report or semiannual report until all the proceeds will be allocated in accordance with ICMA's Green Bond Principles.

<JCR's Evaluation of the Framework>

The use of proceeds identified in this framework are individually limited for acquiring renewable energy power generation facilities (Solar power generation facilities) that have already been put into operation, funds for refinancing loans or funds for redemption of Investment Corporation bonds, and funds for renovating renewable energy projects to be incorporated.

The funds procured will be managed in a specific account prepared by the Investment Corporation and promptly allocated in full for eligible projects. Payment is made by the head of the Finance & General Accounting Department with the approval of the Representative Director, President and CEO of the Asset Management Company. In addition, these deposit and withdrawal procedures are subject to internal audits and external audits by auditing firms. These audits related to deposits and withdrawals are scheduled to be conducted appropriately.

As the Investment Corporation's portfolio, the investment target are limited to the acquisition of renewable energy power generation facilities, etc. that have been fully operational in the Investment Corporation Code, JCR confirms that all funds raised by the Investment Corporation through investment units, in addition to bonds and loans, are

allocated to green-eligible assets. It should be noted that investment units have no redemption date and will continue to exist in the future, and it is also difficult to distinguish them from other investment units in the secondary market. On the other hand, since all of the assets of the Investment Corporation can be evaluated as green eligible, JCR has evaluated that it is appropriate for the Investment Corporation to plan to manage the funds raised under the Framework relative to the overall portfolio held by the Investment Corporation.

The status of fund allocation and the status of the green eligible portfolio will be disclosed to investors in its securities reports or semi-annual reports, etc. for each fiscal year.

Based on the above, JCR evaluates that fund management is quite appropriate and transparent.

### 3. Reporting

#### (1) JCR's key consideration in this factor

In this section JCR assesses whether the system for disclosing green finance to investors before and after implementation is planned in a detailed and effective manner by referring to the framework.

#### (2) Current status of evaluation targets and JCR evaluation

<Framework for Reporting>

##### **(Reporting on proceed allocation)**

[Bank loans and Investment Corporation bonds]

The funds procured are expected to be allocated in full in the short term. This allocation plan is written in the bond description and the basic loan agreement. Unallocated funds will be managed by deposits with high liquidity and safety in accordance with the Code of an Investing Corporation, and will be used for the acquisition of assets similar to the project to be funded in the future in accordance with the investment policy of the Investing Corporation.

[Investment units]

The majority of the funds procured will be allocated in the near future, which will be disclosed in the Securities Information in the Securities Registration Statement. Pursuant to the investment policy of the Investment Corporation, funds for acquisition of assets similar to projects subject to future funding and working capital will be managed by ordinary deposits with high liquidity and safety in accordance with the Investment Corporation Code.

- Funded assets will be managed as a portfolio and a list of eligible assets will be disclosed on the website at least annually.
- Any changes to the portfolio, such as the sale, loss, or replacement of assets, will be disclosed on the website in a timely manner.

##### **(Reporting on Environmental Improvement Effects)**

- Impact reporting is scheduled to be disclosed on its website for each fiscal year, until the full amount of funds are allocated, in accordance with ICMA Green Bond Principles and other principles.

The following impact reporting is planned as environmental improvement effects.

1. List of eligible green projects (= owned projects)
2. CO<sub>2</sub> emissions reduced by eligible green projects
3. Amount of power generated by the eligible green projects

<JCR's Evaluation of the Framework>

##### **a. Reporting on the proceeds allocation**

For borrowings and Investment Corporation bonds, the use of proceeds is scheduled to be disclosed in the bond description and basic loan agreement. For investment units, it is disclosed in the security information in the Security Notification Form. Unallocated funds will be managed by ordinary deposits, etc. In addition, a list of eligible assets that can be allocated to funds is disclosed for each fiscal year, and if the portfolio is changed due to the sale or loss of assets, disclosure will be made on the website in a timely manner.

From the above, JCR evaluates that the above disclosure items are appropriate.

**b. Impact reporting**

The Investment Corporation will disclose the following indicators as its impact reporting on environmental improvements annually at the fiscal year-end: 1. List of eligible green projects (=owned projects); 2. CO<sub>2</sub> emissions reduced by eligible green projects; and 3. Performance of electricity generated by eligible green projects. These disclosures include quantitative indicators such as power generation and CO<sub>2</sub> emission reduction and are considered appropriate by the JCR.

JCR evaluates that the above reporting is planned to be disclosed appropriately to investors, etc. in terms of both the proceeds allocation and the impacts on environmental improvement.

## 4. Organization's Environmental Initiatives

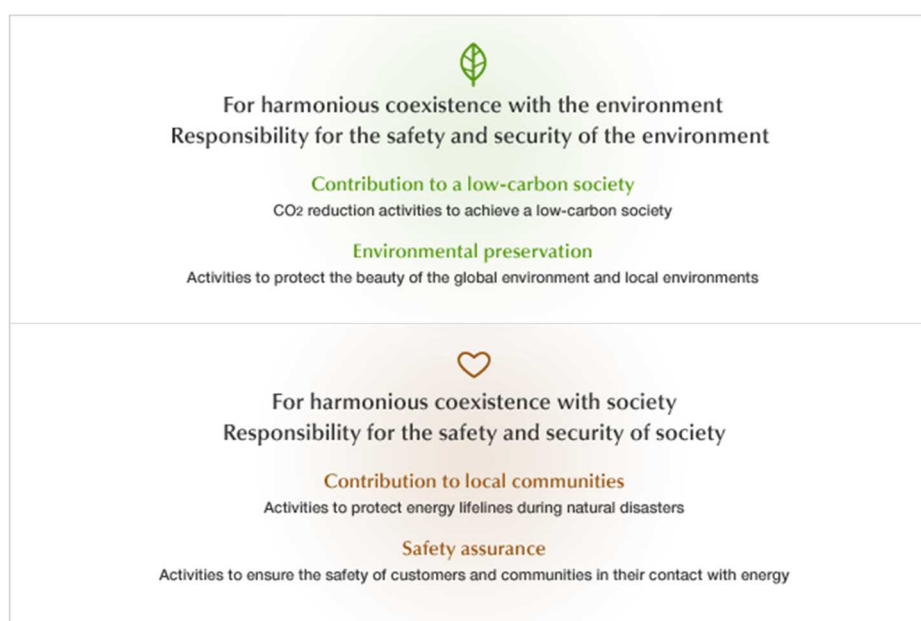
### (1) JCR's key consideration in this factor

This section evaluates whether the issuer's management positions environmental issues as a high priority issue for management, and whether the implementation policy of Green Finance and process, Green Project selection criteria, etc. are clearly positioned by establishing a department that specializes in the environmental field or by cooperating with external organizations.

### (2) Current status of evaluation targets and JCR evaluation

The Investment Corporation has a future pipeline backed by the stable property development capabilities of the Sponsor Group through sponsor support agreements with strong support from ITOCHU ENEX and other sponsors, and is actively pursuing external growth.

ITOCHU ENEX, the principal sponsor of the Investment Corporation, provides the business domain, "From Energy as a Social Infrastructure to Energy for Fostering People and Enriching Their Heart" in the following three divisions (Electricity & Utility Division, Home-Life Division, and Life & Industrial Energy Division) under its management philosophy of "Social and Life Partners-Together with Energy, Together with Vehicles, and Together with Home". It tries to expand renewable energy (wind, hydropower, and solar) business in addition to conventional energy. ITOCHU ENEX supports its external growth by providing pipeline support based on the development of renewable energy power generation facilities and by providing warehousing functions to acquire developed projects. In addition, ITOCHU ENEX's social responsibility is to contribute to the realization of a sustainable society based on the theme of "safety and security" that stakeholders expect. As an energy company, ITOCHU ENEX believes that the responsibilities expected of its stakeholders are "the creation and provision of social value that can be contributed through energy." The ITOCHU ENEX Group aims to contribute to the realization of a sustainable society by listening to the voices of diverse stakeholders through various opportunities, thinking about its own social responsibility from the perspective of consumers, and focusing on the "safety and security" of society and the environment. The items identified by ITOCHU ENEX as important social responsibilities are as follows.



(Source: ITOCHU ENEX CO., LTD. website)

ITOCHU ENEX's priority areas are to reduce environmental impact, create diverse values, and conduct sound business activities (governance). In this area, ITOCHU ENEX intends to continue its environmental protection and improvement activities.

The Investment Corporation plays an important role in realizing the contribution to a low-carbon society that ITOCHU ENEX, which is the main sponsor, aims at. The Asset Management Company's management philosophy states, "Through the investment in renewable energy, it aims to create a society that is friendly to the global environment and to realize an affluent life for people." As the message from the top management of the Investment Corporation also emphasizes the above philosophy, JCR evaluates that the Investment Corporation considers its contribution to environmental issues as an important issue, and that the management is clearly promoting the initiative.

In addition, when the Investment Corporation acquires renewable energy power generation facilities, the Infrastructure Fund Investment Department, which is the department in charge of the Asset Management Company, checks the risks, and the Infrastructure Fund Investment Department has staff with expertise in solar power generation facilities. It also verifies economic, physical, and legal surveys by obtaining third-party reports from well-experienced outside experts, as described in the selection criteria for renewable energy projects.

For operation and maintenance (O&M) after the acquisition, Enex Electricity is selected as an O&M company in compliance with the operator selection criteria. Since its establishment in 2002, Enex Electricity has consistently implemented O&M services for maintaining the stable supply of electricity. JCR confirmed that the Investment Corporation conducts O&M management appropriately by using external experts.

In light of the above, JCR assesses that the management team regards environmental issues as a priority issue for the organization's environmental initiatives, and also utilizes the internal staff and outside experts who have enough knowledge and experiences regarding solar power generation facilities. JCR evaluates that the Investment Corporation has formulated green finance implementation policies and processes and selected green projects appropriately.



■ Evaluation result

Based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation." The framework meets the standards for items required in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines 2020, and the Green Loan and the Sustainability Linked Loan Guidelines 2020, and the JCR evaluates that it meets the criteria for similar references for investment equity.

[JCR Green Finance Framework Evaluation Matrix]

		Management, Operation and Transparency				
		m1 (F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness Evaluation	g1(F)	Green 1(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g2(F)	Green 2(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g3(F)	Green 3(F)	Green 3(F)	Green 4(F)	Green 5(F)	Not qualified
	g4(F)	Green 4(F)	Green 4(F)	Green 5(F)	Not qualified	Not qualified
	g5(F)	Green 5(F)	Green 5(F)	Not qualified	Not qualified	Not qualified

■ Scope of Subject

Issuer/Borrower: Enex Infrastructure Investment Corporation (Security code: 9286)

[Assignment]

Target	Evaluation
Green Finance Framework	Evaluation of JCR Green Finance Framework: Green 1(F) Greenness Evaluation :g1(F) Management, management and transparency Evaluation : m1(F)

(Responsible Analysts for this evaluation): Atsuko Kajiwara and Kosuke Kajiwara

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## Important explanation regarding the evaluation of the Green Finance Framework

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### 1. Assumptions, Significance, and Limitations of JCR Green Finance Framework Assessment

JCR Green Finance Framework evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Green Finance Framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the Green Project as defined by JCR and the degree of management, operation and transparency initiatives related to the use of funds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of funds for individual bonds and borrows implemented in accordance with this policy. In the event that green finance assessments are granted for individual bonds or individual borrowings based on this framework, such assessments need to be conducted separately. Furthermore, the JCR Green Finance Framework Assessment does not demonstrate the improvement effect on the environment of individual bonds or borrows implemented under this Framework and does not assume any responsibility for the environmental improvement effect. In principle, JCR does not directly measure the environmental improvement effects of funds procured under the Green Finance Framework, although JCR confirms the quantitative and qualitative measures by the issuer or a third party requested by the issuer.

### 2. Methods used in the conduct of this evaluation

The methods used in this evaluation are listed on JCR website (Sustainable Finance and ESG in <https://www.jcr.co.jp/en/>) as JCR Green Finance Evaluation Method.

### 3. Relationship with Acts Related to Credit Rating Business

The act of granting and providing an evaluation of JCR Green Finance Framework is conducted by JCR as an ancillary business and differs from the act related to the credit rating business.

### 4. Relationship with Credit Ratings

The Evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

### 5. Independence in JCR Green Finance Framework Assessment

There is no conflicts of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

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#### ■ Glossary

JCR Green Finance Framework Assessment is an assessment of the extent to which funds procured through Green Finance are appropriated for Green Projects as defined by JCR and the extent to which such funds are used for management, operation, and transparency of the Green Finance. Evaluations are performed on a five-point scale, from the top to the bottom using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) signs.

#### ■ Status of registration as an external assessor of green finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)

#### ■ Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO (Nationally Recognized Statistical Rating Organization). (1) Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17 g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

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