

— 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 Reviewed Green Finance Framework of Takara Leben Infrastructure Fund, Inc.

Issuer/Borrower : Takara Leben Infrastructure Fund, Inc. (Security Code: 9281)  
Subject : Green Finance Framework by Takara Leben Infrastructure Fund, Inc.

### <Green Finance Framework Evaluation Results>

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

### 1. Summary

On November 9, 2020, JCR announced its "Green 1" overall evaluation for Green Finance Framework of Takara Leben Infrastructure Fund, Inc. (the Investment Corporation). The main summary is as follows.

Takara Leben Infrastructure Fund, Inc. is an investment corporation listed on the Tokyo Stock Exchange's infrastructure fund market in June 2016 as the first infrastructure fund. The investment targets of the Investment Corporation are renewable energy power generation facilities and real estate, and securities backed by renewable energy power generation facilities and real estate. The sponsor of the Investment Corporation is Takara Leben Co., Ltd. (Takara Leben), and the asset management company is Takara Asset Management Co., Ltd. (the Asset Manager).

As of October 2021, the Investment Corporation had a total of 38 solar power plants with a capacity of 131.0MW (panel output). The Investment Corporation aims to create value through the utilization of renewable energy and contribute to job creation and socio-economic development in local communities, global warming countermeasures and improvement of the energy self-sufficiency ratio as part of Takara Leben's key CSR themes of "Developing Environments and Cultures" and the key issues of "Responses to global warming" and "Initiative for renewable energy."

(Excerpt from the evaluation report on November 9, 2020)

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 Securities (the 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 securities, the principles and guidelines cannot be directly applied because these principles and guidelines are for debt instruments. Therefore, JCR evaluates investment securities with reference to these principles and guidelines indirectly.

Under the Framework, funds procured through the Green Finance will be allocated to funds for the acquisition of operating renewable energy power generation facilities (solar power generation facilities) the Investment Corporation is considering acquiring, refinancing funds for loans or funds for redemption of investment corporation bonds, and funds for the renovation of additional projects. JCR evaluates that the use of these funds is a green project that contributes to the decarbonization of renewable energy, and that it has a high environmental improvement effect. In the acquisition of the power generation facilities, the Asset Manager carries due diligence for risks that are considered to have a negative impact on the environment in the project, obtaining technical reports by third parties and reports on soil surveys and checked by departments with expertise in the Asset Manager. In case of having potential negative risk, the Asset Management takes necessary measures such as eliminating the event that caused the risk. JCR evaluates that the negative impact is unlikely to exceed the effect of environmental improvement.

JCR confirmed that the Investment Corporation has a high transparency in Green Finance by establishing an appropriate operation and management system and purchasing Green Finance. The Investment Corporation has established a process for eligibility and selecting green projects, will reports on the status of fund allocation and publicize the environmental improvement effects on a regular basis, KPI on environmental improvement effects is also appropriate, the Investment Corporation and the Asset Manager are operated in line with key CSR themes and key issues formulated by Takara Leben, and have a high priority for ESG issues, such as the establishment of the Policy on Sustainability. Thus, JCR evaluates that the Investment Corporation has established an appropriate operation and management system and has a high transparency for Green Finance for which it is raising funds.

(Excerpt ends)

JCR carried this review followed by additional acquisition of four solar power facilities with 40.5MW (panel output) by the Investment Corporation in November 2021 and with some modifications to the Framework. Under the Green Finance Framework originally established by the Investment Corporation, the procurement methods include investment securities. JCR believes that in order for investment securities to be so-called green equity, all the businesses in which they operate must be green. JCR confirmed whether the acquisition of additional solar power facilities also maintains and does not change the greenness in investment securities. As a result, JCR confirmed that the four additional solar power facilities have been in operation, and that even after acquisition by the Investment Corporation, the environmental improvement effect of reducing CO<sub>2</sub> would be maintained. JCR thereby confirmed that the risk of negative impact on the environment would be small and the greenness would be maintained.

The Investment Corporation has updated the Framework that follows the latest version of principles, and has revised some reporting Framework to reflect actual conditions. JCR evaluates the changes as appropriate by comparing the content before and after the revisions.

JCR confirmed that the Investment Corporation continues to properly operate the green project's eligibility criteria and selection process, and that both the appropriateness of cash management and the reporting on the status of proceeds allocations and environmental improvement effects are properly publicized.

Based on the efforts of the sponsor, Takara Leben, as described in the previous evaluation report, to address the key CSR themes and key issues, various ESG-related activities in accordance with the Policy on Sustainability at the Investment Corporation and the Asset Manager in response, and third-party assessments such as GRESB Infrastructure Assessment, JCR confirmed that its environmental efforts as an organization continued to be at a high level.

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 results of the evaluation 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 (2021 edition), Green Loan Principles (2021 edition), Green Bond Guidelines (2020 edition) and Green Loan and Sustainability Linked Loan Guidelines (2020 edition). When evaluating investment securities, 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 securities.<sup>123</sup> JCR also evaluates that investment securities meet the referred standards.

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<sup>1</sup> ICMA (International Capital Market Association) Green Bond Principles 2021

<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

<sup>2</sup>LMA (Loan Market Association), APLMA (Asia Pacific Market Loan Association), LSTA (Loan Syndications and Trading Association) Green Loan Principle 2021

<https://www.lsta.org/content/green-loan-principles/>

<sup>3</sup> Ministry of the Environment's Green Bond Guidelines 2020, Green Loan and Sustainability Link Loan Guidelines 2020

<https://www.env.go.jp/press/files/jp/113511.pdf>

## 2. Review Items

In this section, JCR describes the items to be confirmed in the review. The review focuses on items whose content has changed compared with the previous evaluation.

### (1) Use of Proceeds (eligible criteria)

JCR evaluates if the use of proceeds or eligible criteria categories for Green Finance remain the same from the methods stipulated by the issuer at the time of assigning the Green Finance Evaluation.

### (2) Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

JCR evaluates if there are any changes to the objectives to be achieved through the Green Finance, the criteria for selecting green projects, the adequacy of the process, and the series of processes to be implemented.

### (3) Appropriateness and Transparency of management of the proceeds

JCR evaluates whether the proceeds have been certainly allocated for green projects or not. JCR also evaluates if there is a system and internal system in which the allocation status can be easily tracked and managed.

### (4) Reporting

JCR evaluates if the environmental improvement effects resulting from the green project financed by the Green Finance are appropriately calculated according to the method stipulated by the issuer at the time of assigning the Green Finance Evaluation.

### (5) Organization's Environmental Activities

JCR evaluates if the issuer's management is continuing to regard environmental issues as a high priority issue.

### 3. Contents of Review

#### (1) Use of Proceeds (eligible criteria)

##### a. Environmental Improvement Effects of the Project

**i. The business described in the Framework as a use of proceeds is a renewable energy business by solar power, and a high environmental improvement effect can be expected.**

As of October 2021, the Investment Corporation had 131.0MW of solar power generation facilities at 38 power plants. The Investment Corporation plans to acquire an additional 40.5MW of power plants at four power plants from property number S-39 to S-42.

(Solar Power Generation Facilities to be Owned and Acquired)

Property No.	Project Name	Location	Panel Output (kW)(*)	Estimated 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	LS Shioya	Shioya-gun, Tochigi	2,987.25	3,100	1,367	2016/6/2	2013/7/31
S-02	LS Chikusei	Chikusei, Ibaraki	1,205.67	1,195	527	2016/6/2	2014/3/18
S-03	LS Chiba Wakabaku	Chiba-shi, Chiba	705.10	544	240	2016/6/2	2014/3/27
S-04	LS Miho	Inashiki-gun, Ibaraki	1,373.70	1,149	507	2016/6/2	2014/7/22
S-05	LS Kirishima Kokubu	Kirishima-shi, Kagoshima	2,009.28	2,204	815	2016/6/2	2014/9/16
S-06	LS Sosa	Sosa-shi, Chiba	1,796.08	2,017	890	2016/6/2	2014/12/18
S-07	LS Miyagi Osato	Kurokawa-gun, Miyagi	2,040.00	2,144	1,117	2016/6/2	2015/3/30
S-08	LS Mito Takada	Mito-shi, Ibaraki	2,128.00	2,431	1,072	2016/6/2	2015/3/27
S-09	LS Aomori Hiranai	Higashitsugaru-gun, Aomori	1,820.00	1,973	1,028	2016/6/2	2015/7/21
S-10	LS Tone Fukawa	Kitasoma-gun, Ibaraki	2,467.08	3,005	1,325	2016/6/2	2015/12/11
S-11	LS Kamisu Hasaki	Kamisu-shi, Ibaraki	1,200.00	1,396	616	2017/2/7	2016/3/22
S-12	LS Tsukuba Bonai	Tsukuba-shi, Ibaraki	2,469.60	2,813	1,240	2017/6/1	2014/7/14
S-13	LS Hokota	Hokota-shi, Ibaraki	1,913.60	2,150	948	2017/6/1	2016/3/25
S-14	LS Nasu Nakagawa	Nasu-gun, Tochigi	19,800.00	21,484	9,475	2017/6/1	2016/3/31
S-15	LS Fujioka A	Tochigi-shi, Tochigi	612.00	731	323	2017/6/1	2016/7/26
S-16	LS Inashiki Aranuma 1	Inashiki-shi, Ibaraki	2,725.68	2,938	1,296	2017/6/1	2016/7/28
S-17	LS Fujioka B	Tochigi-shi, Tochigi	2,420.80	2,895	1,277	2017/6/1	2016/10/4
S-18	LS Inashiki Aranuma 2	Inashiki-shi, Ibaraki	1,200.00	1,396	616	2017/6/1	2017/1/12
S-19	LS Sakuragawa Shimoizumi	Sakuragawa-shi, Ibaraki	2,535.04	3,017	1,331	2017/12/1	2016/10/24
S-20	LS Fukushima Yamatsuri	Higashishirakawa-gun, Fukushima	1,327.36	1,485	774	2017/12/1	2016/11/7
S-21	LS Shizuoka Omaezaki	Omaezaki-shi, Shizuoka	1,098.24	1,322	588	2018/2/28	2015/3/30
S-22	LS Mie Yokkaichi	Yokkaichi-shi, Mie	1,984.50	2,083	927	2018/6/1	2014/9/19
S-23	LS Sakuragawa Nakaizumi	Sakuragawa-shi, Ibaraki	2,698.24	3,158	1,393	2018/6/1	2016/9/23
S-24	LS Shirahama	Nishimuro-gun, Wakayama	7,839.76	8,806	2,800	2018/6/1	2017/6/1
S-25	LS Takahagi	Takahagi-shi, Ibaraki	1,194.60	1,302	574	2018/6/1	2017/12/26
S-26	LS Hanno Misugidai	Hanno-shi, Saitama	2,402.40	2,761	1,218	2019/6/28	2015/12/10
S-27	LS Sakuragawa1	Sakuragawa-shi, Ibaraki	2,545.92	2,959	1,305	2019/12/2	2016/12/5
S-28	LS Sakuragawa4	Sakuragawa-shi, Ibaraki	2,421.12	2,731	1,205	2019/12/2	2016/9/28
S-29	LS Chiba Sammu, East/West	Sammu-shi, Chiba	(East) 2,584.00	2,984	1,328	2019/12/2	2017/3/30
			(West) 2,475.20	2,865	1,275	2019/12/2	2017/3/30
S-30	LS Nagasaki Isahaya	Isahaya-shi, Nagasaki	2,022.46	2,339	865	2019/12/2	2017/11/22
S-31	LS Shioya 2	Shioya-gun, Tochigi	11,469.60	12,358	5,450	2019/12/2	2018/5/1
S-32	LS Hiroshima Mihara	Mihara-shi, Hiroshima	11,216.70	13,295	7,778	2019/12/2	2019/2/1
S-33	LS Sakuragawa 2	Sakuragawa-shi, Ibaraki	2,627.52	3,053	1,347	2020/12/1	2016/3/28
	LS Sakuragawa 3	Sakuragawa-shi, Ibaraki	2,464.32	2,865	1,264	2020/12/1	2016/2/15
S-34	LS Fukushima Kagamiishi 1	Iwase-gun, Fukushima	712.32	747	389	2020/12/1	2017/3/24
S-35	LS Fukushima Kagamiishi 2	Iwase-gun, Fukushima	712.32	768	400	2020/12/1	2017/3/24
S-36	LS Chiba Narita	Narita-shi, Chiba	1,296.00	1,395	615	2020/12/1	2017/3/31
S-37	LS Iwate Hirono	Kunohe-gun, Iwate	2,273.70	2,695	1,404	2020/12/1	2017/3/29
S-38	LS Miyagi Matsushima	Miyagi-gun, Miyagi	14,246.40	17,448	7,764	2020/12/1	2020/9/16
S-39	LS Okayama Tsuyama	Tsuyama-shi, Okayama	6,477.74	7,143	4,179	TBD	2020/7/1
S-40	LS Miyagi Osato2	Kurokawa-gun, Miyagi	2,231.10	2,182	1,137	TBD	2019/1/18
S-41	LS Kagoshima Kanoya	Kanoya-shi, Kagoshima	1,172.08	1,289	477	TBD	2014/6/20
S-42	LS Chiba Katsuura	Katsuura, Chiba	30,636.00	34,891	15,387	TBD	2020/11/20
Total			171,538.48				

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

\*\* : Calculating CO<sub>2</sub> reductions = Estimated annual power generation x Adjusted coefficient factor (FY2019 (latest figure))

Assuming that the starting date of supply is the starting date, the estimated annual power generation amount is based on the numerical value obtained from the technical report of each solar power generation facility. Therefore, the actual amount of power generated and the period of 20 years of each solar facility do not coincide.

## **b. Negative Impact on the Environment**

The Investment Corporation identifies business risks when acquiring solar power generation facilities. Among them, the Asset Manager carries due diligence on the "risk of damage, loss or deterioration of assets under management due to accidents or disasters" which is considered to have a negative impact on the environment. The Asset Manager obtains technical reports, reports on soil surveys, earthquake risk analysis reports and makes verification for assessments of earthquake resistance performance and other situations of damage to assets in accidents or disasters. Investment Management Division of the Asset Manager conducts risk identification. JCR confirmed that when a negative impact on the environment is confirmed, the Asset Manager will take countermeasures by expertise possessed by experts inside and outside the company in order to eliminate the events that cause the impact.

For this time additional acquisition, JCR confirmed that the Asset Manager carried the research on the risk of the negative impact of four solar power facilities on the environment. JCR confirmed that the Asset Manager found its risk of four solar power facilities minor and that countermeasures are being taken to deal with anticipated risks through insurance and reserves.

With regard to the 38 solar power generation facilities included in the existing portfolio of the Investment Corporation, the soil collapse occurred at the LS Kirishima Kokubu Power Plant and the LS Nagasaki Isahaya Power Plant due to the heavy rain in August 2021, which suffered a record heavy rainfall. However, there was no impact on neighboring areas, and plans are being formulated for restoration work, including future measures.

Based on the above, JCR confirmed the list of assets eligible in the Framework for this review and addressed the negative impact on the environment, and confirmed through requests for materials and interviews that all of these assets were operating without any problems at this time.

### **(2) Appropriateness and Transparency Concerning Selection Standards and Processes of the Use of Proceeds**

JCR evaluated the selection standards described in the Framework and the adequacy of the process as appropriate at the time of the initial evaluation. JCR has confirmed that there is no change in this item in the Framework.

### **(3) Appropriateness and Transparency of Management of the Proceeds**

JCR evaluated the management of proceeds described in this Framework as appropriate at the time of the initial evaluation. JCR has confirmed that there is no change in this item in the Framework.

### **(4) Reporting**

#### **a. Reporting on Proceeds Allocation**

At the time of the initial evaluation, the Investment Corporation plans to disclose the use of proceeds procured through the Green Finance as follows: In the case of bank borrowings and investment corporation bonds, it plans to disclose them in the basic agreement on loan and bond description. In the case of

investment securities, and to disclose them in the securities information in the securities registration statement. JCR evaluates them as appropriate.

As stated in the Framework at the time of the initial evaluation, the fund raised are allocated on the same day and can be confirmed from the Asset Manager report. JCR confirmed that disclosure in the press release is also being considered going forward.

## **b. Impact Reporting**

The Investment Corporation originally provided reporting on the effects of environmental improvement as follows.

(Reporting)

The following impact reporting is planned as an environmental improvement effect.

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

The frequency of disclosure was also determined as follows.

(Impact Reporting Disclosure Methods and Frequency of Disclosure)

- We plan to disclose 1. and 3. on our website on a monthly basis.
- We will disclose 2. in the financial results disclosure materials for each fiscal period.

On the other hand, all 1., 2., and 3. of the current reporting are disclosed on a monthly basis. Accordingly, the Investment Corporation has revised these items in accordance with actual conditions as follows.

(Impact Reporting Disclosure Methods and Frequency of Disclosure)

- 1., 2. and 3. will be disclosed on our website on a monthly basis.

JCR evaluated changes in the frequency of reporting disclosures as appropriate because the disclosure frequency is more frequent and the content of reporting is appropriate than the disclosure of only 2, at the fiscal year-end initially.

## **(5) Organization's Environmental Activities**

Takara Leben, the sponsor of the Investment Corporation, realizes its corporate vision of "Think Happiness and Make the Happiness" and aims to contribute to solving social issues and achieving SDGs through its businesses, such as supplying housing and introducing renewable energy, and to achieve sustainable development. Takara Leben has identified important key CSR themes and key issues in order to achieve the above vision. After identifying social issues, the process identified 15 high-priority issues for the Takara Leben Group and its stakeholders after evaluating their materiality by internal and external stakeholders. JCR evaluates the process as a holistic approach that gathers broader opinions from both inside and outside the company to identify issues.



(Key CSR Themes and Key Issues for the Takara Leben Group)

Key CSR Themes	Key Issues	Related SDGs	Policies
<p><b>1 Creating Lifestyles with Value</b></p> <p>We contribute to improving the richness of people's lifestyles by creating new value.</p>	<ul style="list-style-type: none"> <li>Support for diversifying lifestyles and globalization</li> <li>Responses to changes to business models brought by an ageing society and depopulation</li> </ul>		<ul style="list-style-type: none"> <li>Provide products and services that respond to changing social issues and needs.</li> <li>Provide lifestyles that harmonize residents and surrounding environments, such as the LEBEN or NEBEL brands.</li> </ul>
<p><b>2 Forming Communities</b></p> <p>We form communities with stakeholders—such as local communities, trading partners, and employees—and aim for growth together.</p>	<ul style="list-style-type: none"> <li>Urban development and creating towns</li> <li>Construction and maintenance of a corporate governance system</li> <li>Promoting compliance</li> <li>Employee health management</li> <li>Encouraging the strong roles of diverse human resources</li> </ul>		<ul style="list-style-type: none"> <li>Contributing to the revitalization of regional areas through our regional city revitalization business, which connects urban and regional areas.</li> <li>Improve our ability to respond to risk through thorough risk assessment and management.</li> <li>Provide opportunities and environments where a diverse range of people can work energetically.</li> <li>Corporate activities that can respond to social needs with an emphasis on dialogues with our stakeholders.</li> </ul>
<p><b>3 Providing Comfortable Spaces of High Quality</b></p> <p>We support the comfortable and safe living of our customers by providing products bringing great satisfaction to our customers.</p>	<ul style="list-style-type: none"> <li>Providing safe, secure products and services</li> <li>Improving customer satisfaction</li> <li>Improving value of buildings</li> </ul>		<ul style="list-style-type: none"> <li>Improve customer satisfaction levels through the use of our proprietary Service Quality Management System (SQMS®).</li> <li>Create housing that combines both design and habitability, pursuing the performance of housing.</li> <li>Improve building value through regular repairs and renovations to improve building comfort, functionality, and safety.</li> </ul>
<p><b>4 Developing Environments and Cultures</b></p> <p>We contribute to a sustainable society by actively working on environmental issues, and at the same time, contribute to improving quality of life by providing opportunities for mental activities such as learning and practicing the arts.</p>	<ul style="list-style-type: none"> <li>Providing buildings and spaces that consider the environment and culture</li> <li>Responses to global warming</li> <li>Initiatives for renewable energy</li> <li>Effective use of resources</li> <li>Responses to disasters</li> </ul>		<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions through supplying housing with high environmental performance and our renewable energy power generation business.</li> <li>Provide seismic-resistant and fire-resistant housing that can withstand natural disasters.</li> <li>Provide opportunities for cultural activities to our stakeholders.</li> </ul>

(Source: Takara Leben website)

Fifteen key issues of Takara Leben are classified into four items for each key CSR theme. The renewable energy business, which is the business content of the Investment Corporation, is in line with the key CSR theme "4. Developing Environments and Cultures" and its key issue of "Initiative for Renewable Energy." JCR evaluates it as a solution to their policy of "Reduce greenhouse gas emissions through supplying housing with high environmental performance and our renewable energy power generation business" from the perspective of renewable energy.

In accordance with the policy of the sponsor Takara Leben, the Investment Corporation and the Asset Manager also have a basic philosophy of contributing to the creation of the eco-friendly sustainable environment. The Investment Corporation and the Asset Manager aim to create value through utilization of renewable energy and contribute to creation of employment as well as social and economic development in local communities, global warming countermeasures, and the improvement of energy self-sufficiency rates. As part of this, the Investment Corporation and the Asset Manager jointly established the "Sustainability Policy" in May 2019. Under this policy, they are advancing initiatives related to the environment, society and governance (ESG) and are aiming to achieve the basic philosophy and realize a sustainable society.

In accordance with this policy, in fiscal 2021, the Investment Corporation concluded an aggregator agreement with Minna Denki (then; current UPDATER, Inc.) at the LS Chiba Sammu Power Station, and is working for consumers who want to purchase renewable energy power generation and making donations for providing food to healthcare hit by the COVID-19 pandemic.

The Investment Corporation participates in GRESB Infrastructure Assessment and has been selected as the Asia Sector Leader in the 2021 Assessment with the highest ranked 5 Stars in the Fund Assessment for Infrastructure Funds. It also awarded 4 Stars in the Asset Assessment of GRESB which evaluates the infrastructure asset and the asset manager. As such, the policy and initiative of the Investment Corporation and the Asset Manager have been highly evaluated by third parties.



The Policy on Sustainability and GRESB Infrastructure Assessment have been conducted with reference to the expertise of outside consultancy companies, and JCR highly evaluates that the Investment Corporation has cooperated with outside experts to review its own sustainability policy and receiving third-party assessments.

When the Investment Corporation acquires renewable energy power generation facilities, the Investment Management Department, which is the department in charge within the Asset Manager, confirms risks. The Investment Management Department has human resources with experience in financial, legal, and other areas surrounding the project, in addition to expertise on solar power generation facilities. It uses both such human resources to assess projects based on their expertise and uses external experts' knowledge by acquiring reports on the evaluation of power generation and facilities from third parties.

The Asset Manager also selects and monitors operation and management (O&M) contractors with management experience in solar power generation facilities based on the management guidelines for the O&M contractors who manage the facilities after acquisition, and performs their duties by appropriately using external experts.

Based on the above, JCR has evaluated that the Green Finance implementation policies and processes, and green projects have been selected appropriately in light of the fact that the management positions environmental issues as high priority issues for the organization of the Investment Corporation, that the knowledge of external experts is used in the formulation of its own sustainability policies, and that the Asset Manager also utilizes the expertise of human resources and external experts with expertise in solar power generation facilities.

#### GRESB Infrastructure Assessment

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Established in 2009, GRESB refers to benchmarks and organizations that measure and evaluate the ESG consideration of companies that hold and operate hard assets, such as real estate and infrastructure. In 2016, GRESB began assessing infrastructure in addition to conventional real estate, and the results are shown on a scale of five levels (five stars, four stars, three stars, two stars and one star). As of 2020, one fund and four assets from Japan are participating in the infrastructure assessments.

## 4. Review Results

As a result of evaluation of the matters described in the previous paragraph, JCR confirmed that the assets held by the Investment Corporation to be evaluated maintain the greenness and can be expected to have a high environmental improvement effect as a green project. JCR also evaluated that the content of the changes to the Framework is appropriate. JCR also evaluates that the Framework meets the standards for items required by the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines by the Ministry of the Environment.

[JCR Green Finance Framework Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		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

(Responsible Analysts for this evaluation): Atsuko Kajiwara, 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 Credit Rating Business

The JCR Green Finance Framework Evaluation is determined and provided by JCR as an ancillary business, which is different from the activities 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 Evaluation

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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- ICMA (Registration as an observer with the International Capital Markets Association as an external evaluator)
- Members of UNEP FI Positive Impact Financial Principles Working Group
- Climate Bonds Initiative Approved Verifier (Accreditation Verification Agency for the Climate Bond Initiative)

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