



INFRONEER Holdings Inc.

GREEN FINANCE FRAMEWORK

March 2024

1. Introduction

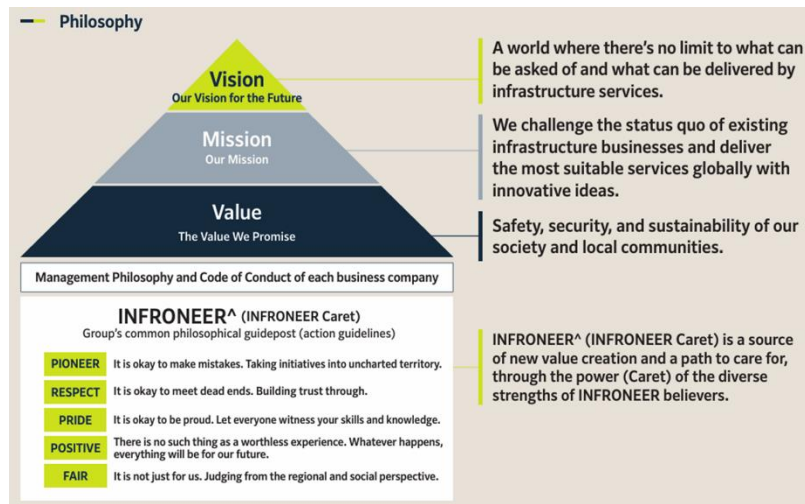
INFRONEER Holdings Inc. ("INFRONEER") was established in October 2021 as a joint holding company of MAEDA CORPORATION, MAEDA ROAD CONSTRUCTION Co., Ltd., and MAEDA SEISAKUSHO CO., LTD. INFRONEER Group focuses on the building construction, civil engineering, road civil engineering, machinery businesses and infrastructure management, and has expanded its range of business from retail business to real estate. INFRONEER is Japan's first "integrated infrastructure service company" that combines the engineering capabilities and regional networks of its group companies and provides one-stop management from upstream to downstream infrastructure operations through its experience, expertise, and financing capabilities in infrastructure management.

In January 2024, INFRONEER acquired all shares of Japan Wind Development Co., Ltd. and made it a wholly-owned subsidiary. INFRONEER Group will strive to address all kinds of social challenges associated with achieving carbon neutrality and grow as a one-of-its-kind group that is capable of broadly operating comprehensive renewable energy business, and as the No.1 business group in the wind power market, both in name and reality.

We have updated the Green Finance Framework ("this Framework") announced in August 2022 to improve our corporate value by promoting and expanding businesses conducive to creating a decarbonized society and building sustainable and autonomous local communities.

2. INFRONEER Group's philosophy

INFRONEER Group's vision is to realize "a world where the freedom of infrastructure services can extend everywhere." We are trying to transform to be a "integrated infrastructure service company" with free ideas not being limited by the boundaries of conventional approaches of "building" and "constructing."



We have formulated “INFRONEER^ (INFRONEER Caret),” a set of guidelines for the way of thinking and approach that each and every employee throughout the Group should develop to achieve the INFRONEER VMV (Vision, Mission, Value). We have positioned it as a source of new value creation and a path to value, through the power (Caret) of the diverse strengths of INFRONEER employees.

3. INFRONEER Group’s growth strategy

3.1 Becoming an integrated infrastructure service company

The “Integrated Infrastructure Service Company” is a new business model that combines our engineering capabilities which we have cultivated in the contracting business and new infrastructure services which we have recently developed in the de-construction¹ business to provides one-stop infrastructure management services covering the entire process from upstream to downstream. Our aim is to establish a solid revenue foundation and contribute to solving social issues through corporate activities, leveraging synergies throughout the entire INFRONEER Group.

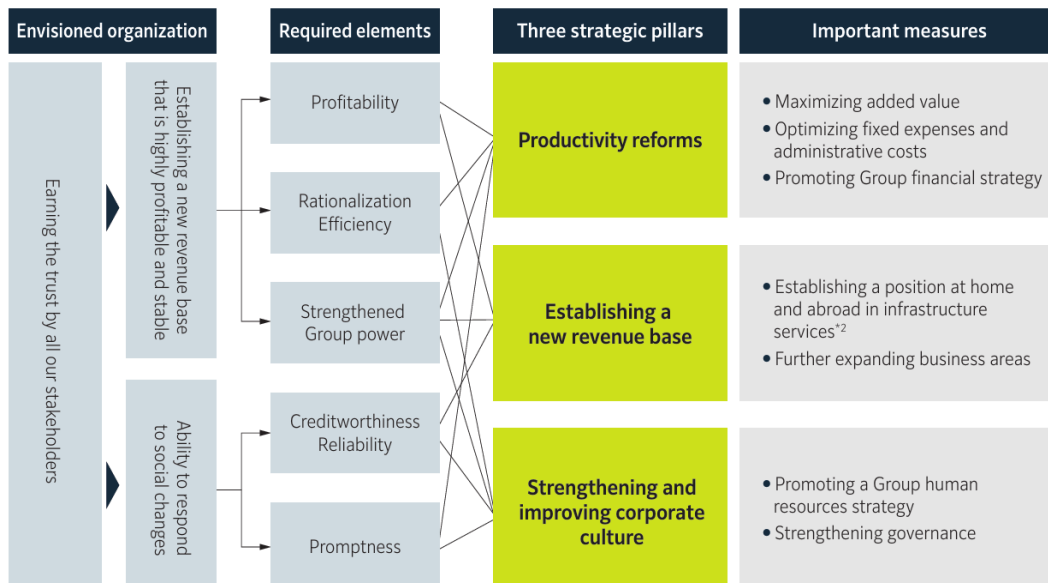
As an integrated infrastructure service company, we will pursue a growth strategy of both maximizing added value throughout infrastructure lifecycles and value chains and maintaining and expanding our own revenue base by integrating all aspects of the infrastructure lifecycle, encompassing planning, proposal, construction, operation, and maintenance. In addition to growing our own and our partner companies’ core businesses, we will actively engage in M&A and alliances to expand our overall scope of business.

At the root of our various challenges is INFRONEER’s unwavering commitment to resolving the issues faced by Japan’s infrastructure. With the establishment of INFRONEER Holdings, we announced our strategy for putting this commitment into practice in our INFRONEER Vision 2030, a medium- to long-term business plan. The INFRONEER Group will continue to do what has always been important to it and, as a means of attaining these, we are expanding the areas we have been working on, taking on the challenges of “de-construction,” and creating added value for local communities.

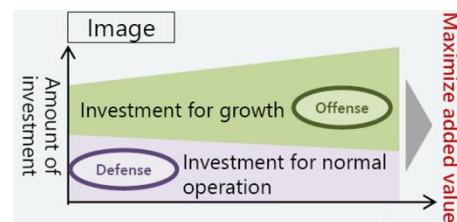
¹ By “de-construction,” we mean our commitment to going beyond the “construction” business and taking on project risks as a business operator while continuing with the conventional “construction” business. The term also implies the philosophical concept of “deconstruction” proposed by philosopher Jacques Derrida, which means to dismantle and rebuild the existing system. “De-construction” is not simply about creating something, but also about covering the full scope of a project from investment to operation and EXIT, including PPP projects and renewable energy projects.

3.2 A medium- to long-term business plan, “INFRONEER Vision 2030”

“INFRONEER Vision 2030” is a medium- to long-term management plan aimed at realizing INFRONEER group's goal of becoming an integrated infrastructure service company. To this end, we are promoting group-wide strategies centering on the three strategic pillars to address “productivity reform,” “establishing a new revenue base,” and “strengthening and improvement of corporate culture.” According to this vision, we have set financial targets for FY2030 as follows: net sales of ¥1.2 trillion or more; operating profit of ¥100 billion or more (operating profit margin of 8.0% level); net income of ¥70 billion or more; and ROE of 12% or more.



To achieve the goals for FY2030, we are promoting the dual-approach investment strategy—“proactive” growth investment and “reactive” permanent investment—to maximize added value, with a view to additional enhancement. Specific plans have been laid out to invest in a broad range of areas such as the creation of new revenue bases, aggressive M&A, IT and DX strategies, production facilities, and R&D.



3.3 Group-wide promotion of the infrastructure management (de-construction) business

The core of our growth strategy as an integrated infrastructure service company is the infrastructure management (de-construction) business, which we are focusing on and promoting throughout the Group.

To address the major issue of how to maintain and sustain the infrastructure on which our social foundations rest, one approach to achieving this is “de-construction.” By “de-construction,” we mean our commitment to going beyond the “construction” business and taking on project risks as a business operator while continuing with the conventional “construction” business. Specifically, it includes such businesses as renewable energy projects of making investments in everything from business development and construction to maintenance, management, operation, and sales. It also involves concession projects, such as public-private partnership business, for acquiring the right to construct, operate, maintain, and manage public infrastructures such as airports, water supply and sewerage systems, and toll roads.

On the other hand, the “construction” business represents a pillar of INFRONEER and its key strength. The robust engineering capabilities built up over many years will provide us an essential advantage for promoting the “de-construction” business for reducing business risks and reducing costs. In this sense, strong “construction” business capabilities are important for maximizing returns from engaging in “de-construction” businesses.

Among infrastructure management business, we recognize that accelerating the development of renewable energy projects is an urgent matter in order to achieve carbon neutrality, and our basic strategy for business portfolio development is to expand the infrastructure business. We will help enhance the portfolio by ensuring effective capital allocation to facilitate personnel transfer to the infrastructure management segment and promote M&A and alliance projects. One key approach is to use profits from existing segments to invest in expanding businesses in the infrastructure field, aiming to become an integrated infrastructure service company.

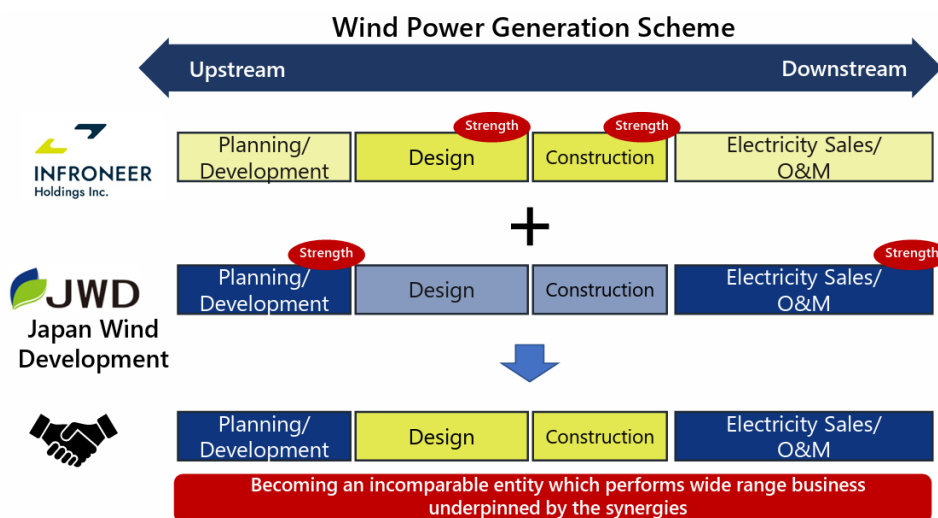
<Acquisition of Shares of Japan Wind Development Co., Ltd.>

We entered into a contract to acquire all shares of Japan Wind Development Co., Ltd. ("JWD") in December 2023.

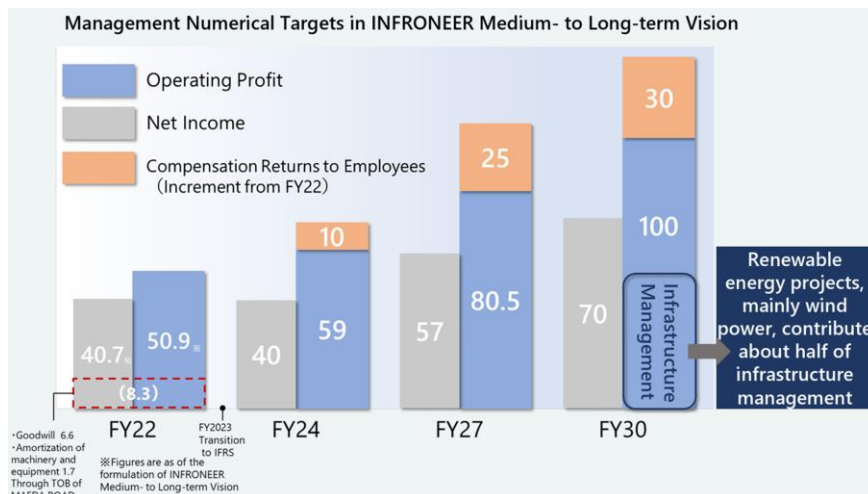
JWD is a leading wind power company that has consistently specialized in wind power to this day since the dawn of wind power projects in Japan. With a prominent development track record as an independent operator, JWD has developed 293 turbines around the world with a combined generation capacity of 570,850kW (as of April 2023). Besides development projects, JWD offers operations and management ("O&M"), boasting the largest share in the wind farm O&M market in Japan. JWD also offers extraordinary O&M knowhow and delivers O&M service not only for development projects within the group but for other companies' projects, which makes JWD stand out from its competitors.

Building on the extensive development track record and O&M knowhow, JWD has significant growth potential, with upcoming wind power projects comprising combined generation capacity of approximately 3,600MW (including replacement of existing turbines and some pipelines) as of December 2023.

In such a position, JWD delivers comprehensive service from development through operations, maintenance and management of wind power projects, which is in line with INFRONEER's business model. Therefore, INFRONEER believes that the partnership with JWD is meaningful for generating great synergies and further expanding the renewable energy business of the two companies.



With this acquisition, the renewable energy business, including JWD, is expected to contribute to about half of the operating profit target for the infrastructure operation business, which is the management target for FY2030 set in the medium- to long-term management plan.



4. Response to climate change

INFRONEER Group is moving forward with initiatives from a long-term perspective, focusing on climate change, resource recycling, biodiversity, pollution prevention, and water security, to enable the sustainable use of and symbiosis with natural capital, which is our business base. The Group recognizes climate change as one of the key management issues. We anticipate that the new market for carbon neutral initiatives will expand rapidly in the maintenance, management, repair, renewal and new construction infrastructure fields through public-private partnerships. We have set out a target value for CO2 emissions at net zero by 2050. At the same time, we are strengthening our initiatives to tackle climate change while reducing and increasing the efficiency of energy usage.

<CO₂ Reduction Targets>

Subject	Targets (Compared to FY2018)	Metrics
Scope 1 and 2 emissions	Net zero emissions by FY2050	Disclose graph of results in emissions
	40% reduction by FY2030	
Scope 2 emissions Utilization rate of renewable energy (electrical power)	RE100 in FY2050	Disclose graph of usage rate of renewable energy (electrical power)
	RE60 in FY2030	

Scope 3 emissions (Category1: Commissioned construction, purchased materials)	40% reduction by FY2030	Disclose emissions from commissioned construction and calculable purchased materials
Scope 3 emissions (Category11: Emissions associated with the use of our constructions and products)	40% reduction by FY2030	Disclose emissions * The service period of buildings is calculate with the LCCO2 method with CASBEE

※The above targets are as of March 2023. We plan to disclose our CO₂ reduction targets after the integration of JWD following a detailed examination of the figures.

The Group is moving toward “carbon neutral 2050” by enhancing the function to perform embodied carbon² assessments as a measure to reduce emissions across the entire value chain. Going forward, in the infrastructure management business, we aim to build a one-stop management to reduce environmental impact by building a mechanism for exchanging and sharing information to increase the effectiveness of GHG emissions reductions among our suppliers and stakeholders in the value chain.

The renewable energy business, which is an important pillar of the INFRONEER Group, provides society with renewable energy that is expected to continue expanding in the future, as achieving carbon neutrality becomes increasingly important. Renewable energy has not only the value of electricity itself but also the "environmental value" of not emitting CO₂ when generating electricity. We will actively provide environmental value to society through the provision of renewable energy.

² Embodied carbon : Total amount of carbon emissions from building structures and materials related to all stages of their life cycle

5. Green finance framework

This Framework aligns with the four core components and key recommendations of the Green Bond Principles 2021, the Green Loan Principles 2023, Green Bond Guidelines 2022 and Green Loan Guidelines 2022.

- ① Use of proceeds
- ② Process for project evaluation and selection
- ③ Management of proceeds
- ④ Reporting

① Use of proceeds

INFRONEER will allocate the funds raised through green finance³ to new expenditures and/or refinancing related to projects within our group that meet the following eligible criteria (“the eligible projects”). Refinancing of eligible projects is limited to expenditures made within 48 months prior to the execution of green finances. Eligible projects include investment in our own business, construction business, and special purpose companies (SPC).

Project categories	Eligible criteria
Green buildings	<p>Construction or acquisition of real estate that has obtained any of the following certifications or is scheduled to obtain certification in the future.</p> <ul style="list-style-type: none"> • 5-star or 4-star rating in the DBJ Green Building certification • 5-star or 4-star rating in BELS certification(2016 standard) • The following levels of BELS certification (2024 standard) <ul style="list-style-type: none"> ✓ Non-residential: Level 6 to Level 4 ✓ Residential buildings with renewable energy facilities: Level 6 to Level 3 ✓ Residential buildings without renewable energy facilities: Level 4 to Level 3 • S or A ranked CASBEE (including municipal version) Certification • Platinum or Gold in LEED certification • Outstanding or Excellent in BREEAM certification • ZEB, ZEH, ZEH-M (including nearly, ready and oriented)

³ Green finance : It refers to financing that being allocated to eligible projects, including bonds, Bond-Type Class Shares and loans. In the case of convertible bond, the application of this Framework shall be in effect until the conversion to shares.

Energy efficiency	<ul style="list-style-type: none"> • Renovation of buildings aiming at ZEB, ZEH, ZEH-M • The following projects are expected to improve energy efficiency by 30% or more <ul style="list-style-type: none"> ✓ Renovation of buildings ✓ Introduction of highly energy-efficient equipment and facilities
Renewable energy	<ul style="list-style-type: none"> • Capital investments related to either a, b, or c (including leasing and purchase of land, construction of facilities, purchase and installation of facilities, operation, maintenance and management, and facility expansion) • Funds for acquiring shares in a company specializing in either a, b, or c <ul style="list-style-type: none"> a. Solar power b. Onshore/offshore wind power c. Biomass power*
Pollution prevention and control	<ul style="list-style-type: none"> • Capital investments related to bio heavy oil production plant (including leasing and purchase of land, construction of facilities, purchase and installation of facilities, operation, maintenance and management, and facility expansion)

* To be eligible, biomass power projects must use fuel that meets both of the following requirements.

- A. Must not compete with food.
- B. Must achieve greater environmental improvement effects according to a Life Cycle Assessment, or meet (i) and (ii) below.
 - (i) Must be derived from waste or FSC certified wood/wood pellets.
 - (ii) Must be procured in Japan.

② Process for project evaluation and selection

The Finance Strategy Department assesses the eligibility of candidate projects after consulting with relevant departments regarding their alignment with our group's policies and their contribution to "INFRONEER Vision 2030." The final decision on eligible projects is made by the Representative Executive Officer and President.

Negative environmental and social impacts of eligible projects and mitigation measures

We confirm that we are taking the following measures to reduce environmental and social risks.

- Compliance with environment-related laws and regulations required by the national government or local governments where projects are implemented and implementation of environmental impact studies as necessary
- Adequate explanation to local residents in the implementation of the project
- Procurement of materials in accordance with INFRONEER Group's internal regulations, and implementation of pollution prevention
- To prevent risks such as landslides, we will conduct proper embankment management and implement a drainage plan by installing backside drainage materials and drainage ditches

③ Management of proceeds

The proceeds of green finance are tracked and managed by the Finance Strategy Department using an internal accounting system after sharing the appropriations for eligible projects with relevant departments. Funds may be used for eligible projects through Group companies or SPCs. The funds procured through green finance are expected to be fully allocated to eligible projects within approximately 12 months from the implementation of the green finance. If unallocated funds arise due to the recovery of construction funds, etc., they will be reallocated to new eligible projects. The Company plans to manage unallocated funds in cash or cash equivalents until allocation or reallocation.

④ Reporting

INFRONEER will disclose the allocation status of the funds procured through green finance and the environmental improvement effects, as specified by us, on our website once a year, to the extent reasonably feasible. If requested by the green loan lenders, the method of reporting to the lenders will be determined through discussion. If there are significant changes following the allocation of the funds, we will promptly disclose and report them to the lender using the agreed method.

■ Allocation Report

The following items will be disclosed until the full allocation of the funds procured through green finance.

- Allocation amount and number of projects for each category (Renewable energy categories are reported by energy type)
- Percentage of new financing and refinancing
- If there are any unappropriated amounts, the unappropriated amounts and their appropriation policy

■ Impact Report

As long as there is an outstanding balance of green financing (for CB, until the initial expected issuance period expires,) the following items will be disclosed, along with the distinction between in-house business and contracted business for each project.

Project categories	Impact indicators (example)
Green buildings	<ul style="list-style-type: none"> • Status of acquisition of certification by the subject property
Energy efficiency	<ul style="list-style-type: none"> • Overview of the equipment • Energy efficiency improvement rate
Renewable energy	<ul style="list-style-type: none"> • The following items for the entire power generation facility for each type of renewable energy; <ul style="list-style-type: none"> ✓ Number of power plants ✓ Annual estimated power generation capacity (MW) ✓ Annual estimated CO₂ emission reduction (t-CO₂) • In the case of a share acquisition, the following items regarding the target company at the time of acquisition; <ul style="list-style-type: none"> ✓ Type of renewable energy ✓ Number of power plants ✓ Annual estimated power generation capacity (MW) ✓ Annual estimated CO₂ emission reduction (t-CO₂)
Pollution prevention and control	<ul style="list-style-type: none"> • Estimated reduction in fossil fuel consumption due to substitution with plant and animal oil residues (in tons)

Disclaimer

The information and opinions contained in this framework are provided as at the date of the framework and are subject to change without notice. None of INFRONEER Holdings Inc. (“INFRONEER”) nor any of its subsidiaries or affiliates assumes any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

The framework represents the current policy and intent of INFRONEER, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. The framework is intended to provide non-exhaustive and general information. The framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by INFRONEER and, accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by INFRONEER as to the fairness, accuracy, reasonableness or completeness of such information.

The framework may contain statements about future events and expectations that are forward-looking. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises, nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the framework.

Nothing in this framework will constitute an offer to sell or the solicitation of an offer to purchase any securities to be issued in accordance with this framework in the United States or in any other jurisdiction. No representation is made as to the suitability of any securities to fulfil the criteria required by prospective investors. Each potential purchaser of any securities should determine for itself the relevance of the information contained or referred to in the framework or the relevant documentation for any securities regarding the use of proceeds, and its purchase of any securities should be based upon such investigation as it deems necessary.

INFRONEER has set out its intended policy and actions in the framework in respect of the use of proceeds, process for project evaluation and selection, management of proceeds and reporting in connection with any securities. However, it will not be an event of default or breach of contractual obligations nor will it trigger a put option under the terms and conditions of any such securities if INFRONEER fails to adhere to the framework, whether by failing to fund or complete eligible projects or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by the framework, or otherwise.

In addition, it should be noted that not all of the expected benefits of the eligible projects as described in the framework may be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available eligible projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible projects. Each environmentally focused potential investor should be aware that eligible projects may not deliver the environmental benefits anticipated, and may result in adverse impacts.