

SUSTAINABLE INVESTMENT OBJECTIVE (SUMMARY OF SFDR ARTICLE 9 PRE-CONTRACTUAL DISCLOSURE)

What is the sustainable investment objective of Takara Leben Infrastructure Fund, Inc.?

Our sustainable investment objective is to build a high-quality portfolio of renewable energy projects with a focus on solar energy projects. Further, we seek to contribute to the global environment by building sustainable regional communities and promoting the use of renewable energy. We also aim to create value by contributing to creation of employment opportunities and economic development, implementing measures against global warming and strengthening self-sufficiency in energy use.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of Takara Leben Infrastructure Fund, Inc.?

We use the following indicators to measure the attainment of our sustainable investment objective:

- *GRESB Real Estate Assessment.* We have participated in the GRESB Infrastructure Assessment since 2019. Global Real Estate Sustainability Benchmark (“GRESB”) is an industry-led international benchmark and organization that evaluates ESG performance of asset portfolios (including real estates and infrastructure facilities). We received five out of five stars and were recognized as “Asia Sector Leader” under the GRESB rating system, based on our ESG reporting practice and risk evaluation as well as our relationships with stakeholders.
- *Green Finance Framework.* We have adopted a green finance framework (“Green Finance Framework”) for issuance of our investment units and borrowing of funds. The Green Finance Framework received the highest rank “Green 1(F)” by Japan Credit Rating Agency, Ltd. (“JCR”) on November 9, 2020. JCR evaluates whether any given project conducted in accordance with the Green Finance Framework may be deemed to be a green project as well as our management/operations and transparency. For more information on the Green Finance Framework, please refer to “What investment strategy does Takara Leben Infrastructure Fund, Inc. follow?” below.
- *Green Loan offered by Shinsei Bank.* We borrowed funds from Shinsei Bank, Limited as a Green Loan for the acquisition of six solar projects on December 1, 2020. A Green Loan is a loan with respect to which proceeds can be used only for businesses recognized to have a clear, beneficial impact on the environment under the Green Finance Framework established by Shinsei Bank, Limited. The acquisition of the six solar projects and the related leasing business were recognized as contributing to three of the United Nations Sustainable Development Goals, or SDGs, namely, SDG7 (Affordable Clean Energy), SDG9 (Industry, Innovation and Infrastructure) and SDG13 (Climate Action). In addition, the six solar projects were also evaluated highly in terms of meeting our basic principles and organizational goals and compatibility with the local community-oriented activities of Takara Asset Management Co., Ltd. (the “Asset Manager”) as well as for the Asset Manager’s risk management framework.
- *Sustainability Policy.* We established our Sustainability Policy in May 2019, aiming to take more proactive measures to address ESG issues within the context of our daily operations. The Sustainability Policy addresses a range of issues, including investment in renewable energy to address climate change, consideration of our impact on the surrounding ecosystem, resource saving/energy saving/waste reduction, stable energy supply, contribution to local communities, engagement of officers and employees, supply chain, as well as regulatory compliance, information disclosure and transparency and appropriate business operation. We evaluate officers and employees twice a year based on ESG-related factors, such as compliance and risk management.

What investment strategy does Takara Leben Infrastructure Fund, Inc. follow?

We take into account sustainability in our investment process as follows.

- *Investment Objective.* Our investment objective is to build a high-quality portfolio of renewable energy projects with a focus on solar energy projects. Further, we seek to contribute to the global environment by building sustainable regional communities and promoting the use of renewable energy. Our investment policies contemplate a portfolio composed almost entirely of solar energy projects, and we seek to maintain the percentage of its portfolio that consists of solar energy projects at 90% or more and other renewable energy projects at 10% or less by acquisition price.
- *Due Diligence.* The Asset Manager investigates the environmental and geological conditions of each project to determine the possibility of environmental hazardous substances and land pollution in part based on environmental reports. A third-party expert that we believe to be nationally recognized in Japan for such services conducted environmental reviews of the solar energy projects based on publicly available documents and other information provided primarily by the former owners or the former title-holders and property managers of the solar energy projects. We ensure that we receive a quality review from an expert by reviewing, among other factors, the expert's independence and capabilities at the time of entering into a service agreement. Based on these reviews, which have been provided to us prior to our acquisition of each solar energy project and have not been updated, we believe the possibility that soil contamination exists at the solar energy projects we intend to acquire is low based on environmental laws and regulations relating to soil contamination in Japan. We do not invest in a project with a possibility of environmental hazardous substances or land pollution unless appropriate measures are taken under applicable laws and we confirm that any such environmental issue has no adverse impact on the soil and the solar project.
- *Green Finance Framework.* We have adopted the Green Finance Framework for the purpose of procuring funds, including through issuances of our units, for projects that have a positive impact on the environment. The Green Finance Framework is based on widely recognized standards and guidelines in capital markets in Japan and overseas related to ESG investment, including Green Bond Principles 2018, Green Bond Guidelines 2020, Green Loan Principles 2020, and Green Loans and Sustainability Linked Loan Guidelines 2020.

What is the asset allocation planned for Takara Leben Infrastructure Fund, Inc.?

As of May 31, 2021, 100% of our portfolio is invested in solar energy projects, in accordance with our investment guidelines which require us to maintain a portfolio 90% or more of which are solar energy projects and 10% or less of which are other renewable energy projects based on acquisition price.

As of May 31, 2021, 100% of the projects in the portfolio were Green Projects. Our target is to continue to maintain the percentage of Green Projects at 100%.

What is the policy to assess good governance practices of Takara Leben Infrastructure Fund, Inc.?

While there is no third-party rating used to assess our governance practices, we, along with the Asset Manager, have introduced the following measures to assess and enhance our governance systems:

- *Adoption of a decision-making process in conflict-of-interest transactions involving independent outside experts.* We are not allowed to carry out related-party transactions without the approval of independent outside expert(s) on the Asset Manager's Investment Committee and Compliance Committee.
- *Transparent and appropriate information disclosure.* We disclose information on ESG proactively in addition to financial information on business, in order to establish trusted relationships with stakeholders including investors, in view of highly public aspect of our business.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

The Asset Manager has a remuneration policy in place which aims to support its strategy, values and long-term interest, including its interest in sustainability. The Asset Manager's remuneration policy is consistent with the integration of sustainability risks as follows.

- Employees of the Asset Manager receive remuneration that consists of base salary, allowances including overtime allowance and commutation allowance, and twice-a-year bonus.
- The amount of base salary is determined based on each employee's academic skills, capabilities, experience, specialized skills and work description.
- The amount of bonus is determined upon consideration of the Asset Manager's performance and each employee's work performance, among other factors including whether the employee made any sustainability-related contributions. Such bonus may not be paid or its payment schedule may be changed if the Asset Manager experiences a significant decline in its performance.