

Team Sapporo-Hokkaido Green Finance Framework Sub-Framework (Regional Sustainability Criteria)



1. Evaluation Method

The Regional Sustainability Criteria have established the following seven evaluation criteria from the perspective that projects coexisting with the community contribute to the sustainable growth of GX projects.

Depending on the number of items met, projects are graded in stages as "S7," "S6," "S5," "S4," "S3," or "Not Granted," and are granted as an additional evaluation of the Green Criteria.

In light of the purpose of these criteria, items ① and ② are mandatory, and projects that satisfy one or more of the remaining five items are eligible for evaluation under these criteria.

When a business operator undergoes evaluation under these criteria, it shall formulate plans for the mandatory items and for the applicable evaluation items among items ③ through ⑦, and undergo evaluation accordingly.

Evaluation Label	Item		
Number of items met Number of items will be assigned S7 to S3	Required	<u>Environmental Impact Assessment</u> Proper implementation of procedures based on the Environmental Impact Assessment Law and Hokkaido Environmental Impact Assessment Ordinance, and, where necessary, measures exceeding legal and ordinance requirements to give full consideration to the environment and landscapes valued by the community	Regional Coexistence
		<u>Fostering local understanding</u> Communicate with the community and regarding the implementation of eligible projects by appropriately conducting explanatory meetings based on various relevant laws and regulations and, if necessary, implementing measures that exceed the requirements of the laws and regulations	
	Must meet at least one criterion	<u>Solving local issues and promoting regional development</u> Initiatives to regional challenges and promote regional development in municipalities hosting eligible project facilities (e.g., human resource development through GX-related education/ vocational training, disaster prevention/ mitigation such as power supply during disasters, collaborative agreements for community development)	
		<u>Participation in Community Activities</u> Initiatives to preserve and pass on the culture, traditions, appeal, value, and irreplaceable natural environment of the municipalities where Qualified Project facilities are located to future generations (e.g., participation in traditional events, promoting the appeal of local products, landscape conservation)	Regional Economic Revitalization
		<u>Number of Employees</u> 3 new regular employees (including those transferred from outside Hokkaido) at offices/ business establishments set up within the municipality implementing the Qualified Project (at least 1 for power generation projects).	
		<u>Procurement Ratio</u> Procurement ratio from Hokkaido-based companies during the project period or more (design, construction, material purchases)	
		<u>Value-Added Creation Amount</u> The value-added creation amount during the business plan period of a qualified project must exceed ¥46.11 million (assumed over 5 years; prorated according to the period)	

*These criteria may be revised based on the operational status of the system.

2. Background for Setting Criteria

Hokkaido possesses globally renowned potential, including its rich natural environment, vast land, cool climate, abundant food and tourism resources, and renewable energy, fostering a unique culture and distinct appeal.

Recently, societal transformations such as accelerated digitalization and decarbonization, coupled with heightened awareness regarding stable energy supply and food/economic security against an unstable international backdrop, have made Hokkaido's characteristics and potential increasingly valuable.

At the same time, Hokkaido faces challenges of population decline, an aging society with fewer children, and shrinking local communities. It is vital to maximize the potential inherent in each region within Hokkaido, flexibly respond to emerging changes and challenges, and drive sustainable development.

The Regional Sustainability Criteria were established with the perspective of regional revitalization and coexistence with the community. Their purpose is to promote Green Transformation (GX) initiatives while protecting Hokkaido's precious natural environment, thereby creating a virtuous cycle between the environment and the economy.

3. Item Explanations

Item ① Environmental Impact Assessment [Mandatory Item]

This item requires the appropriate implementation of procedures based on the Environmental Impact Assessment Law and the Hokkaido Environmental Impact Assessment Ordinance (including similar ordinances at the municipal level, if applicable). It also mandates that, where necessary, measures exceeding legal or ordinance requirements be taken to ensure sufficient consideration for the local environment and landscape. A plan addressing environmental considerations must be formulated.

Furthermore, even for projects not subject to the Act or ordinances, select appropriate items from the 18 items specified in the "[General Guidelines on Technical Methods for Environmental Impact Assessment](#)" based on the Hokkaido Environmental Impact Assessment Ordinance Enforcement Regulations, considering the project content and regional characteristics, and prepare a plan. This includes measures for preserving ecosystems, water, air, and soil environments, reducing noise, and considering the landscape.

[Reference] [Environmental Impact Assessment Law](#), [Hokkaido Environmental Impact Assessment Ordinance](#), and similar ordinances in municipalities

•For details regarding environmental impact assessment, refer to the relevant regulations.

Item ② Fostering Regional Understanding [Mandatory Item]

Establish this item to ensure careful communication with the local community and gain its understanding. This is achieved through the appropriate implementation of explanatory meetings based on relevant laws and regulations, and, where necessary, by exceeding the requirements stipulated by law. Develop a plan to promote understanding among local residents.

In recent years, Hokkaido has seen cases where projects proceeded without sufficient resident understanding, leading to opposition movements and stalled or halted project progress. Securing local resident understanding is essential for the long-term implementation of GX projects.

Furthermore, even for projects not subject to the Act, plans to promote understanding should be prepared, including explanations and advance notifications to local residents in accordance with relevant laws and regulations.

[Reference] Agency for Natural Resources and Energy "[Guidelines for Implementing Briefings and Advance Notification Measures](#)" and various "Project Plan Formulation Guidelines"

•For details on conducting explanatory meetings, refer to the relevant regulations

Item ③: Regional Issue Resolution and Regional Revitalization

This item is established to ensure sustainable GX project development through building cooperative frameworks with host municipalities via regional revitalization and solving local challenges.

This item covers initiatives such as human resource development through GX-related education and vocational experiences, disaster prevention and mitigation efforts (e.g., power supply during disasters), and initiatives based on collaborative agreements for community development. A plan related to regional promotion must be prepared.

Collaborate with municipalities to provide outreach lectures, workplace experience programs, field trips, and environmental education for local children and students
Actively hiring local talent (particularly women and persons with disabilities) and implementing concrete training programs to create stable local employment and develop human resources
Undertaking initiatives that contribute to regional disaster prevention and mitigation, such as power supply during disasters and cooperation with municipalities
Conducting specific collaborative projects with municipalities based on cooperation agreements to address their regional challenges

The following are examples of anticipated initiatives; however, initiatives of equivalent value aimed at solving regional issues or promoting regional development are not limited to these examples.

[Reference] Financial Services Agency "[Social Bond Guidelines](#)"

Item ④ Participation in Community Activities

Respect the culture, traditions, appeal, values, and irreplaceable natural environment rooted in the community. Set this as a condition for sustainable GX business development by striving for harmony with the community to ensure inheritance to future generations.

This item covers participation in and cooperation with traditional events, promoting the appeal of local products, and initiatives for landscape preservation. Plans related to community activities must be prepared.

The following are examples of anticipated initiatives; however, equivalent efforts aimed at passing on traditions to the next generation are also acceptable.

Participating in traditional local events and cooperating in cultural preservation
Utilizing networks with group companies and partner businesses, as well as event opportunities, to cooperate in promoting the appeal of municipalities, tourism, and local specialty products
Cooperating in activities such as natural environment/forest conservation and landscape maintenance

[Reference] Financial Services Agency "[Social Bond Guidelines](#)"

Item ⑤ Employment Numbers

Set as a measure to contribute to countering population decline and revitalizing the regional economy by securing personnel for GX projects within the region and attracting talented individuals.

Renewable energy potential is abundant throughout Hokkaido. Since offices and business establishments (hereinafter referred to as "offices, etc.") are often located in urban areas, leaving local sites unmanned, this item does not apply when the municipality implementing the GX project differs from the municipality where the office, etc., is located.

Furthermore, when implementing GX projects within the territories of multiple municipalities (limited to adjacent municipalities), offices, etc., shall be established within the territory of one of those municipalities. These offices, etc., may be newly established or existing facilities.

Furthermore, employees shall include those relocating from outside Hokkaido.

[Reference] [Hokkaido/Sapporo City GX Promotion Tax System \(Local Tax Special Assessment System\)](#)

•For details on the concept of increased employment, etc., refer to the relevant regulations.

Item ⑥ Procurement Ratio

This is established to contribute to regional economic revitalization by building local supply chains and promoting the circulation of funds within the region.

The procurement ratio shall be calculated based on the total order value and purchase amount across the entire project lifecycle, including design, construction, material delivery, operation/maintenance, and dismantling. A procurement plan must be prepared.

[Reference] Criteria for the "Utilization of Local Companies" evaluation item in Hokkaido's [Comprehensive Evaluation Bidding System](#) Guidelines

Item ⑦ Value-Added Creation Amount

This is set to contribute to revitalizing the regional economy through the sustained growth of the GX business operator during the project period.

The base amount is based on the average value added per business location in Hokkaido and represents the amount to be created during the project period (assumed to be 5 years).

The value-added creation amount shall be prorated according to the project period.

The calculation method for added value is as follows (based on [the 2021 Economic Census](#)):

$$\text{Added Value} = (\text{Sales Revenue}) - (\text{Total Expenses}) + (\text{Total Wages}) + (\text{Taxes and Public Charges})$$

[Reference] [Hokkaido-wide Basic Plan under the Regional Future Investment Promotion Act](#)

·For details on the concept of added value, refer to the relevant regulations

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4. Reporting

Business operators are required to submit an annual report.

[Annual Report Sample]

Business Operator Name		Department Person in Charge: Name Contact: Listed
Target Project	Category	☐ Offshore Wind Power Generation ☐ Hydrogen ☐ Data Centers ☐ Battery Storage ☐ Next-Generation Semiconductors ☐ Synthetic Fuels (e.g., SAF) ☐ Subsea DC Transmission ☐ Electric and Hydrogen Carriers ☐ Other (specify)
	Project Name	Specify
	Basic Information	Details (Location, Scale, Specifications, Start of Operation)
	Reporting Period	YYYY MM - YYYY MM (Number of Months)
	Green Evaluation Label	☐ Green Premium ☐ Green ☐ Transition
Funding Status	Funding Date	YYYY MM DD
	Funding Amount	Amount in millions JPY
	Allocation Category	☐ New Investment (Including expenditures from cash on hand within the past three years) ☐ Refinancing
	Allocation Status	☐ Fully allocated ☐ In progress (Amount already allocated: ¥XX million JPY Unallocated Amount: [Amount in millions JPY] Expected Allocation Completion Date: [Year] [Month] ※If there are multiple projects, list them individually
Environmental Benefits	Item	GHG/CO ₂ Reduction ☐ Other (specify)
	Quantity (Unit)	Description (t-CO ₂ / year)
	Attribution	☐ Business Operator (Specify) ☐ User (Specify) ☐ Other (Specify)
	Actual/Plan	☐ Actual ☐ Planned
	Calculation Method	$A = B \times (C - D) \times E$ A: CO ₂ Reduction Amount, B: CO ₂ Emission Factor, C: Baseline Factor

		D: Project Coefficient, E: Equipment Utilization Rate/Period *If there are prerequisites, describe them in the reference information below
	Reference Information	☐ Ministry of the Environment materials ☐ Ministry of Economy, Trade and Industry materials (List materials referenced for the above calculation) ☐ Other (specify)
Region Sustainability	Target Individuals/Target Area	Specify (e.g., XX Town)
	Item	☐ Environmental Impact Assessment ☐ Fostering Local Understanding ☐ Solving local issues and Promotion regional development ☐ Participation in Community Activities ☐ Number of Employees ☐ Procurement Ratio ☐ Value Added Creation Amount
	Actual/Planned	☐ Actual Results ☐ Plans
	Plan Progress Status	Description
	Quantitative Data	Description (Person, Case, Ten Thousand Yen) Other (Description)
	Calculation Method	Listed by item (e.g., data comparable to the previous fiscal year)
	Other Reference materials, etc. Remarks	

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