



JIC publishes Fund Investment Guideline

Tokyo, March 31, 2025 – Japan Investment Corporation (“JIC”) has published its fund investment guideline for LP investment perspectives including alignment with JIC’s investment criteria, expected performance, and governance standards. JIC primarily invests in private venture capital and buyout funds.

JIC’s mission is to create a virtuous cycle of risk capital that supports the next generation of domestic industries by providing funds to help companies grow and strengthen their competitiveness through open innovation, promotion of private investment, and the development of investment professionals. To achieve its mission, JIC invests in policy-relevant strategic business areas through LP investments in funds under JIC’s umbrella and in private funds.

JIC has also established investment themes that focus on areas where private-sector funding is scarce, and it invests in funds that align with these themes. In its investment process, JIC carefully considers factors such as fund structure and the composition of the investment team. By announcing its investment guidelines, JIC aims to further clarify the perspectives it uses to evaluate potential investments and will continue to make decisions based on mutual understanding.

JIC Fund Investment Guideline

JIC is an institutional investor that primarily invests in venture capital and buyout funds focused on Japanese market. Fund selection is based on several guideline, including alignment with JIC's investment criteria, expected performance, and governance standards. JIC's goal is to encourage open innovation in Japan, make Japanese industries more competitive, and grow the ecosystem by providing risk capital through these funds.

Basic Guideline

Structure and Organization

- The organization must be operated by a fully independent investment team, not a captive structure.
- The team must be dedicated to the fund business, without any other activities that could create a conflict of interest.

Investment Team

- The investment team should consist of full-time professionals whose sole responsibility is managing the fund, with no outside business interests that could create conflicts.
- The investment committee members should primarily consist of core members from the management company responsible for fund operations.
- The fund or investment professionals should have a track record that aligns with the fund's investment strategy.

Economic Conditions

- The standard carried interest rate should be 20%.
- Additional payment (interest charge) incurred by subsequent LPs should be fairly allocated to existing LPs who participated before the relevant closing.
- The European waterfall model should be the preferred distribution method.

Alignment and Governance

- The GP commitment, key persons, and allocation of carried interest should all be aligned and consistent.
- For managers with multiple funds employing distinct investment strategies, a clear allocation policy should be proposed.
- Conflict of interest matters should principally require approval from the advisory committee.
- An annual general meeting and advisory committee meeting should be held at least annually.
- Conduct fair value assessments.
(This includes fair value assessments of unlisted securities and the deduction of potential carried interest from LP interests in the capital account.)

Others

- JIC's commitment as a proportion of the total among limited partners should principally be less than 50%, and any funds exceeding JIC's commitment amount should be raised from private investors.
- The managers must comply with JIC's requirement to form Code of Conduct / Code of Ethics (8 items) and Anti-Harassment Policy (10 items).
- The managers are required to establish and maintain a legal compliance system that meets key regulations, including the Financial Instruments and Exchange Act and anti-money laundering laws. Additionally, they must implement an effective information management system to properly safeguard personal and insider information.
- The fund size should principally exceed 6 billion yen.

Through its investment activities, JIC is exploring building relationships with overseas VCs that show interest in investing in Japanese startups and are expected to support their international expansion. In addition to the aforementioned guideline, JIC will conduct an

additional evaluation of overseas VCs based on their historical track records and achievements in supporting their portfolio companies. This will help determine the VC's unique capability to assist Japanese startups.

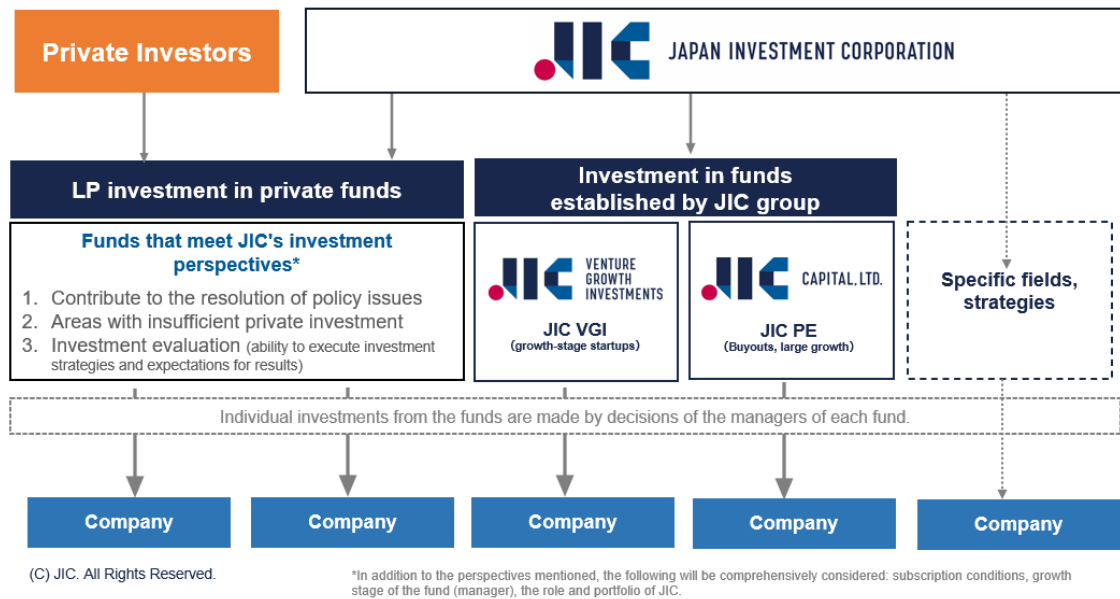
JIC aims to develop a robust domestic investment ecosystem by adopting global standards. In addition to the above guideline, JIC will make investment decisions based on comprehensive evaluation through dialogue with GPs, while also referencing the guidelines and model contracts established by the Institutional Limited Partners Association etc..

For any inquiries regarding this information, please reach out to JIC.

(Reference) JIC fund investment strategy

JIC's Fund Investment Strategy (overall) 株式会社産業革新投資機構

- JIC aims to provide risk capital to enhance the growth of next-generation companies and competitiveness based on its philosophy and its principle of complementing the private sector.
- JIC's investment strategy includes 1) investment in funds established under JIC's initiative and 2) LP investments in private funds.



(For reference)

Objectives of JIC's LP investments

1. Stimulate the supply of risk capital to help companies grow and to enhance their competitiveness
JIC intends to provide capital to areas that are essential from the perspective of strengthening industrial competitiveness but lack private investment capital (investment strategies, sectors, stages, regions, etc.) with the aim of stimulating private investment capital in the short term and medium-long term.
2. Create diverse investment teams, professionals, and strategies to support a virtuous cycle of risk capital
 - 1) Investment teams
JIC promotes growth of the investee funds as a leader in the intermediary of risk capital provided by institutional investors (pension funds, foreign investors, etc.) towards the establishment of future funds. This will be achieved by expanding experience and track records among its fund investment team (management company) and by further improving its ability to respond to institutional investors.
 - 2) Investment professionals
With the cooperation of industry organizations such as JVCA, institutional investors, and investee managers, JIC supports the research and introduction of best practices of managers and the development of human resources serving as investment professionals.
 - 3) Investment strategy

JIC will add diversity and depth to the market by making an LP investment in funds even for those with strategies that are not common in Japan yet, in response to their fund raising, including at the time of its establishment.

About Japan Investment Corporation (JIC)

Japan Investment Corporation (“JIC”) was established in September 2018 under the Industrial Competitiveness Enhancement Act. JIC’s investment focus areas are creating a virtuous cycle of domestic investment and innovation; creating and fostering startups; leveraging promising untapped management resources lying dormant in local areas, including startups from academia and medium-sized companies; and promoting business restructuring in response to changes in market and business environments. JIC provides risk capital to these areas through funds independently established by JIC and LP investment in private funds to promote open innovation in Japan, strengthen the competitiveness of Japanese industries, and contribute to expansion of Japan’s investment ecosystem.

URL: <https://www.j-ic.co.jp/en/>

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