

GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

Section 1. Basic Information

Issuer name:	Eurus Energy Holdings Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	1st Unsecured Corporate Bond issued by Eurus Energy Holdings Corporation
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	June 30, 2020
Publication date of review publication:	June 30, 2020

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Eurus Energy Holdings Corporation (Eurus) is a company engaged in wind and solar power generation businesses established in November 1, 2001. TOMEN Corporation (Current Toyota Tsusho Corporation) started its power business in 1986, and Eurus has consistently engaged in the power generation business using renewable energy. Eurus has initially conducted power business as TOMEN Corporation Group. In 2002, Tokyo Electric Power Company Holdings, Inc. took an equity stake, then Eurus became a joint venture between Toyota Tsusho Corporation, the successor of TOMEN and Tokyo Electric Power Company Holdings, Inc. Eurus Corporate Philosophy states that "Helping to Preserve the Global Environment by Disseminating and Expanding Clean Energy Technologies" as a leader in renewable energy businesses.

Since commencing wind power generation business in the United States in 1986, Eurus has expanded its power generation business into four regions: the United States, Europe, Asia-Pacific, and Africa. As of 2020, it had wind and solar power operations in 13 countries worldwide, with capacity of about 3,120,000 kW.

The subject of this evaluation is the private placement bonds ("the bonds") issued by Eurus. In lieu of the issuance of the bonds, 100% of the proceeds will be appropriated for new investment or refinancing for the four wind power generation projects (project size: about JPY 177 billion) that is eligible under the Green Finance Framework established by Eurus. This project can be expected to have environmental benefits, as the reduced CO2 emissions from the four wind power generation projects financed by Eurus through Green Bonds are estimated to be 807,000 t-CO2 in total per year. Eurus has established a dedicated department for environmental assessment, and has confirmed that it is implementing environmental risk management and implementing appropriate measures to avoid negative impacts on the environment that are anticipated when conducting projects.

Regarding the management and operation, the case selection and confirmation of the progress of the project were reported to the management team, and it was confirmed that institutional decisions were made. In addition, JCR confirmed the robust management and operation system and high transparency for Eurus, as the internal control system for cash management was properly established and the disclosure system and the content of reporting prior to issuance were appropriate.

As a result, based on the JCR Green Bond Evaluation Method, JCR assigned "g1" for "Greenness Evaluation (Use of Proceeds)" and "m1" for "Management, Operation and Transparency Evaluation" for the bonds. Consequently, JCR assigns "Green 1" for the overall "JCR Green Bond Evaluation."

JCR has evaluated that the Bonds meet the standards for the requirements of the Green Bond Principles and the Ministry of the Environment's Green Bond Guidelines.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. 100% of the proceeds are allocated for new investments or refinancing in four wind power generation projects which is eligible projects, and a high level of environmental improvement can be expected
- ii. Use of proceeds falls under the category of “renewable energy” among the green projects defined in the Green Bond Principles that are exemplified in the Renewable Energy and the Green Bond Guidelines 2017 Edition.

b. Negative impact on Environment

Negative environmental impacts of wind farms generally include noise and ultra-low frequencies, impacts on animals (especially birds), landscapes deteriorating, and shadow flickers. From the scale of the output, all four projects are subject to the environmental assessment procedures based on the Environmental Impact Assessment Law, and the above negative impacts are also being estimated and evaluated.

Environmental assessment procedures have already been completed for Kamikatsu-Kamiyama and Dohoku Hatsuden, and construction work is underway. It is expected that the negative impacts on the environment will be appropriately mitigated, provided that the environmental protection measures described in the environment assessment evaluation report are properly implemented. At the interview, JCR confirmed that no particular environmental problems has occurred in the post-construction survey and environmental surveillance under construction. For Sandaimyojin and Tabito projects, Eurus is preparing the environment assessment evaluation document by communicating with METI based on the "Recommendation of the Ministry of Industry Regarding the Preparation Document". Although progress varies by each project, evaluation documents are in the final stage of preparation, and the audit process is expected to begin shortly.

At Eurus, employees of the Domestic Business Planning Department are responsible for environmental assessment procedures in cooperation with development staff. Project progress meetings are held monthly, attended by all executives, including the president, and employees at the general manager level. In these meetings, risks related to environmental issues and responses to residents are checked on a case-by-case basis. Eurus has a system in place for identifying and responding to the negative impact of projects on the environment. At the same time, Eurus is considering environmental conservation measures based on the opinions of third parties, such as holding hearings with experts as necessary. JCR has evaluated that Eurus has a system in place to take necessary measures to avoid or mitigate negative impacts.

Use of proceeds categories as per GBP:

☒ Renewable energy

☐ Energy efficiency

☐ Pollution prevention and control

☐ Environmentally sustainable management of living natural resources and land use

☐ Terrestrial and aquatic biodiversity conservation

☐ Clean transportation

- | | |
|--|--|
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.
Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)* :

- a** The use of proceeds of the bonds will be allocated in full amount to the new investment or refinancing for the four wind power projects described in this Report. The proceeds are expected to be allocated to the four wind power projects between FY2020 and FY2024.
- b** Receipts and disbursements of proceeds are carried out by the Finance Department of Eurus. The person in charge of the Finance Department issues an invoice, and finally the decision on deposits and withdrawals is made by the financial director. Internal systems are used to manage these financing, and deposits and withdrawals are managed on a method-by-project basis. Eurus also conducts internal audits of these funds once a year, and through hearings it is confirmed that documents related to the management of fund procurement have been properly stored.

Tracking of proceeds:

- ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

Additional disclosure:

- ☐ Allocations to future investments only
- ☒ Allocations to both existing and future investments
- ☒ Allocation to individual disbursements
- ☐ Allocation to a portfolio of disbursements
- ☐ Disclosure of portfolio balance of unallocated proceeds
- ☐ Other (please specify):

4. REPORTING**Overall comment on section (if applicable):****a. Reporting on proceeds allocation**

The outline of the four wind power generation projects, which are the use of proceeds of the bonds will be published in this evaluation report. In addition, as confirmed in the previous section, the proceeds of the bonds are expected to be allocated between fiscal 2020 and fiscal 2024. JCR confirmed that Eurus discloses to stakeholders the status of funding appropriations and the progress of its operations once a year until all funds procured are fully appropriated.

b. Impact reporting for environmental benefits

In Eurus, reporting on environmental improvement effects of wind power projects for which the proceeds of the bonds have been allocated is planned. Throughout the existence period of the Green Bonds, the following quantitative indicators will be disclosed to stakeholders, showing the effects of environmental improvements. Since all four of these projects will become operational after the redemption date, the company plans to disclose forecasts for some of the indicators.

- Amount of power generated by projects allocated (forecast)
- CO2 emissions reduced by projects allocated (forecast)

Use of proceeds reporting:

- ☒ Project-by-project
- ☐ On a project portfolio basis
- ☐ Linkage to individual bond(s)
- ☐ Other (please specify):

Information reported:

- ☒ Allocated amounts
- ☐ Green Bond financed share of total investment
- ☐ Other (please specify):

frequency:

- ☒ Annual
- ☐ Semi-annual
- ☐ Other (please specify):

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators <i>(please specify)</i> :
<i>Eliecrility Power output produced from the use of proceeds</i> |

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other <i>(please specify)</i> :
<i>Disclose to Stakeholders</i> |
| <input type="checkbox"/> Reporting reviewed | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS *(e.g. to review provider methodology or credentials, to issuer's documentation, etc.)*

Corporate Philosophy of Eurus	http://www.eurus-energy.com/en/about/vision.html
JCR's website about green bond evaluation methodology	https://www.jcr.co.jp/en/greenfinance/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Second Party Opinion

☐ Verification

☐ Other (*please specify*):

☐ Certification

☒ Scoring/Rating

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: June 30, 2020

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.