

———— Green Bond Evaluation by Japan Credit Rating Agency, Ltd. ————

Japan Credit Rating Agency, Ltd. (JCR) announces the following Green Bond Evaluation Results.

JCR Assigns Green1 to the 1st Unsecured Corporate Bond of Eurus Energy Holdings Corporation

-with the technical assistance of E&E Solutions-

S u b j e c t	:	1st Unsecured Corporate Bond issued by Eurus Energy Holdings Corporation (For Qualified Institutional Investor)
T y p e	:	Private Placement Bonds
Issue Amount	:	JPY 10 billion
Date of Issuance	:	June 30, 2020
Redemption date	:	June 28, 2024
M e t h o d o f R e d e m p t i o n	:	Bullet
Use of Proceeds	:	New investment or refinancing in wind power generation project

<Green Bond Evaluation Results>

Overall Evaluation	Green 1
Greenness Evaluation (Use of Proceeds)	g1
Management, Operation and Transparency Evaluation	m1

Chapter 1: Evaluation Overview

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." Detailed evaluation is discussed in the next chapter.

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.¹²

¹ ICMA(International Capital Market Association (2018 Green Bond Principles)

² Ministry of the Environment Green Bond Guidelines 2017

Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluations

Evaluation Phase 1: Greenness Evaluation

JCR assigns “g1”, the highest grade, to “Evaluation Phase 1: Greenness Evaluation.”

Rationale: 100% use of proceeds for the bonds will be allocated to green projects based on the current situation described in detail below.

(1) JCR's Key Consideration in This Factor

In this section, JCR first assesses whether the funding money will be allocated to green projects that have explicit improvement effects on environment. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

(2) Current Status of Evaluation Targets and JCR's Evaluation

Overview of Use of Proceeds

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

The wind power generation projects listed below are candidate proceeds of the bonds. At present, all the four projects are scheduled to be financed from the proceeds of the bonds. However, as the progress and funding requirements differ from one case to another, the project and the timing of decisions and the expected timing of allocation will be determined at a later date.

(Overview of the Projects)

Projects	Location	Output Size (MW)	Annual Power Generation (MWh/ Year)	Annual CO ₂ Reductions (t-CO ₂ per year)	Stages
Kamikatsu-Kamiyama	Kamikatsu, Kamiyama, Sanagochi, Tokushima	34.5	76,000	39,000	Under Construction (April, 2022 Scheduled start of operations)
Sandaimyojin	Iwaki, Fukushima	34.0	74,000	37,000	Environmental assessment evaluation report
Tabito	Iwaki, Fukushima	18.8	41,000	20,000	Environmental assessment evaluation report
Dohoku Hatsuden	Wakkanai, Toyotomi, Hokkaido	515.2	1,128,000	711,000	Under construction (Scheduled to start operations by FY2025)

* Annual power generation is based on materials provided by operators.

*CO₂ Reduction Calculation Methodology = Estimated Annual Power Generation x (Adjusted Emission Coefficients (FY2018 (Latest)-(Wind Power Emission Factor))

Adjusted Emission Coefficients are the coefficients of the electric power companies that have jurisdiction over the locations of each project.

Annual power generation is based on the documents provided by the operator. Annual CO₂ reductions is calculated by multiplying annual power generation by the adjusted emission coefficients of the electric power companies that have jurisdiction over the locations of their each project by the factor of CO₂ emitted by wind power generation throughout the life cycle. CO₂ emissions reductions from the wind power projects are estimated to be 807,000 t-CO₂ per year.

Eurus is a company with a record of introducing renewable energy in Japan and abroad (total capacity of 3.12 million kW as of 2020), and it also has many wind power plants. The Group has a company specializing in plant operation and management (Eurus Technical Service Corporation) and outsources maintenance services to the company. Eurus Technical Service Corporation has abundant experience in maintenance, and it is expected that the wind power plant after the start of operation will be properly maintained. Therefore, it is considered that the environmental improvement effect will be maintained even after the operation of the power plant starts.

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 the 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.

c. Consistency with SDGs goals and Targets

This project is classified as "renewable energy", and JCR evaluated these projects as contributing to the following SDGs targets and targets based on the SDGs mappings of the ICMA.



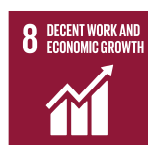
Goal 3: Ensure healthy lives and promote well-being for all at all ages

Target 3.9. By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination.



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.

Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.



Goal 8: Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.2. Achieve high levels of economic productivity through diversification, technology improvement and innovation, including through a focus on high-value added and labor-intensive sectors.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transboundary infrastructure, to support economic development and human welfare with a focus on affordable and equitable access for all.

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, With all countries taking action in accordance with their respective capabilities



Goal 11: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in in all countries.



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment



Goal 13: Take urgent action to combat climate change and its impacts

Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Evaluation Phase 2: Management, Operation and Transparency Evaluation

JCR assigns “m1”, the highest rating on JCR Evaluation Phase 2: Management, Operation and Transparency Evaluation.

Rationale: These Projects will be allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

1. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

(1) JCR's Key Consideration in This Factor

In this section, JCR confirms that the objectives to be achieved through the green bond, the criteria for selecting green projects, the appropriateness of the process, and the series of processes are appropriately disclosed to investors.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Goal

As a so-called "pure player" engaged in the renewable energy business, Eurus is promoting its business activities based on its corporate philosophy of "Helping to Preserve the Global Environment by Disseminating and Expanding Clean Energy Technologies". In order to achieve the philosophy, Eurus established renewable energy projects as eligible Green Bond projects and procure funds.

The proceeds of the bonds will be used for the four wind power generation projects described in "Evaluation Phase 1: Greenness Evaluation."

b. Selection Criteria

The criteria for selecting the use of proceeds for Green Bonds are described in Evaluation Phase 1: Greenness Evaluation, and JCR evaluates the selection criteria as covering projects that have environmental improvement effects. JCR confirmed that appropriate avoidance measures have been taken with regard to risks that could have a negative impact on the environment.

c. Processes

In Eurus, the Finance Department will select an eligible project for four wind power generation projects that are used to fund the bonds, and the final decision of the selected eligible projects will be made by the Director in Charge of Finance. Appropriateness of a projects is assessed from a number of perspectives. Risks related to finance, technology/operation, market environment, regulatory trends, and ESG are confirmed, and for projects that are recognized as eligible, the Domestic Business Planning Department confirms environmental risks, including environmental assessments, and takes necessary measures.

JCR evaluates that management is appropriately involved in the selection process.

The selection criteria and processes are scheduled to be disclosed in the Bond Issuance Prospectus and this Evaluation Report, thereby ensuring transparency to investors.

2. Appropriateness and Transparency of management of the proceeds

(1) JCR's Key Consideration in This Factor

The management method of the proceeds is usually assumed to be diverse by the issuer. JCR evaluates whether the proceeds firmly allocated to the green project, the project have internal systems to easily track the allocation of the proceeds and the money funded by the bond will be allocated to the green project at once.

JCR also attaches importance to evaluating the management and operation of the unallocated funds, as well as to confirming that the funds procured from the bonds will be allocated to the green projects at an early stage.

(2) Current Status of Evaluation Targets and JCR's Evaluation

- 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.

As a result, JCR evaluates the appropriateness and transparency of Eurus cash management as high.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors, etc. before and after the issuance of green bonds is planned in a detailed and effective manner at the time of the issuance of green bonds.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Reporting on the 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. Reporting on environmental improvement effects

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)

JCR evaluates the allocation of proceeds and the disclosure items related to environmental improvement effects to be appropriate.

4. Organization's Environmental Initiatives

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the issuer's management positions environmental issues as a high priority management issue, and whether the green bond policy, process and the criteria for selecting green projects are clearly defined through the establishment of a department specializing in the environmental field or through the assistance of external organizations.

(2) Current status of evaluation targets and JCR evaluation

Eurus have engaged in the wind power business in the United States since 1986, before the renewable energy business was generally recognized. In conducting its business activities, Eurus has adopted the corporate philosophy of "Helping to Preserve the Global Environment by Disseminating and Expanding Clean Energy Technologies" as the top runner in the renewable energy business. Eurus has established a corporate vision and 10 code of conduct as the direction of its initiatives, which are disclosed on its website and carried by each employee.

[Eurus Energy Group Code of Conduct]

1. Compliance with laws and regulations and respect for social norms
2. Ensure trust
3. To ensure management transparency and open communication
4. Environmental Conservation
5. Cross-border mutual understanding and contribution to society
6. Creating an Environment for Self-Realization of Employees
7. Dealing with Organizations and Organizations That Are Unfavorable to the Public Interest
8. Proper management of information
9. System of internal systems and enhancement of education and training
10. Detection of Violations and Prevention of Recurrence

Green finance framework and proceeds for the implementation of renewable energy projects through the issuance of Green Bonds are considered to be consistent with the corporate philosophy and Code of Conduct.

At the same time, Eurus's corporate vision is to "Being a corporation that develops together with each region, and is trusted by society" and to maintain and improve relationships of trust while emphasizing communication with local communities. In order to realize this vision, Eurus has participated in community activities, donated and sponsored activities, accepted site tours, and offered lectures to schools near power stations. In addition to recruiting local employees at business establishments in each region, Eurus has a track record of utilizing local businesses for construction work, repair and snow removal of on-site roads, etc. In this project as well, it is expected that this project will also contribute to the employment and economic of the region.

The Domestic Business Planning Department, which is a specialized department that submits applications for environmental assessments, and the Domestic Business Department and the Technical Department, respectively, have expert knowledge in their environmental efforts. In cooperation with experts from both inside and outside the company, the project is being undertaken by, for example, requesting external specialist companies to submit project evaluations and technology evaluation reports, and hearing to the opinions of university professors and other experts on impacts on the ecosystem.

JCR confirmed that Eurus' management has positioned environmental issues as a priority issue and that Eurus is actively engaged in activities to contribute to environmental issues and local communities where businesses are being implemented. In addition, with the cooperation of departments with expertise and external experts as

necessary, the Green Bond Procurement Policy and Process and the selection of Green Projects are clearly established as organizations.

■ Evaluation 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" to the Bonds. As a result, JCR assigned "Green 1" for the overall "JCR Green Bonds Evaluation". The bonds are considered to meet the standards for the items required by the Green Bond Principles and the Green Bond Guideline of the Ministry of the Environment of Japan.

[JCR Green Bond Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1	m2	m3	m4	m5
Greenness Evaluation	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

■ Subject

Issuer: Eurus Energy Holdings Corporation (Security Code:-)

[Assignment]

Subject	Issue Amount	Date of Issuance	Redemption Date	Evaluation
1st Unsecured Corporate Bonds	JPY 10 billion	June 30, 2020	June 28, 2024	JCR Green Bond Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

Analysts in charge of this evaluation: Atsuko Kajiwara and Kosuke Kajiwara

Important explanation of the Green Bond Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Bond Evaluation

JCR Green Bond Evaluation, which is assigned and provided by Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the proceeds of green bonds, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green bonds are ensured. This does not perfectly disclose all the efforts taken by the issuer/borrower to ensure the use of proceeds, administration, management of the proceeds and the transparency.

JCR Green Bond Evaluation is to evaluate the plan or status of the proceeds to green projects at the time of issuing green bonds or planning to issue, and does not guarantee the future actual allocation of the proceeds. JCR does not guarantee the positive environmental effects of green bonds nor is liable for their expected impacts. JCR confirms that the environmental impacts, which will be realized by the allocated proceeds, are calculated quantitatively and qualitatively by the issuer or by a third party requested by the issuer, but in principle JCR does not calculate them by itself.

2. Methodologies used in the conduct of this evaluation

The methodology used in this evaluation are listed on JCR website (Sustainable Finance & ESG in <https://www.jcr.co.jp/en>) as JCR Green Finance Evaluation Methodology.

3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-party character of JCR

There is no conflict of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

6. About technical cooperation from E & E Solutions

To verify the environmental benefits of this bonds, JCR requested E&E Solutions' environmental expert, which is JCR's business partner in sustainable finance. E&E Solutions Co., Ltd. was an environment and energy related technical consulting firm established in 1972. E&E Solutions has been committed to environmental consulting services to financial institutions. In addition, it has provided hundreds of technical services to solar power, wind power energy generations, etc.

■ Disclaimers

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■ Glossary

JCR Green Bond Evaluation: JCR Green Bond Evaluation evaluates the extent to which the funds procured from the Green bond are allocated to the Green Project as defined by JCR, and the extent to which the management, operation, and transparency of the Green Bond are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

■ Status of registration as an external assessor of green finance

- Environment Ministry's Green Bond Issuance Registration
- Members of the Working Group on Social Bonds (ICMA)
- Members of the Working Group on UNEP FI Positive Impact Finance Principles
- CBI Approved Verifier

■ Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO (Nationally Recognized Statistical Rating Organization. (1) Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If we are subject to disclosures under Rule 17g-7(a) of the U.S. Securities and Exchange Commission, such disclosures are attached to JCR's website (<https://www.jcr.co.jp/en>)).

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