



Issuance of First Domestic Transition-linked Bonds

ENEOS Holdings, Inc. (President: Saito Takeshi; ENEOS) announces that it will issue transition-linked bonds toward the realization of the carbon neutrality plan*¹ (the plan) that was announced today.

Transition-linked bonds are bonds for which the financial and/or structural characteristics can vary depending on the degree of achievement of targets in line with long-term strategies to achieve a decarbonized society which companies have formulated. The transition-linked bonds (“the bonds”) to be issued by ENEOS will be the first domestic public-issue bonds with predefined targets and unspecified use of proceeds in compliance with various standards and guidelines related to transition finance.

1. Purpose and background of bond issuance

One of the ENEOS Group’s envisioned goals stated in the Long-Term Vision to 2040 is contributing to the achievement of a low-carbon, recycling-oriented society. In May 2020, the ENEOS Group announced its intent to achieve the carbon neutral status in its own CO₂ emissions by promoting renewable energy, CO₂-free hydrogen, EV and other aspects of mobility business. ENEOS has now developed the plan, seeing changes in domestic and international circumstances, including the Japanese government’s CO₂ reduction targets and international discussions regarding carbon neutrality standards.

The decision to issue these bonds was made based on the belief that through the long-term procurement of funds that are necessary to achieve the goals of the plan, ENEOS will be able to promote its endeavors more strongly toward achieving carbon neutrality.

2. Bond overview

1. Total issue amount	Total amount of approximately 100 billion yen	
2. Issue period	June 2022 (planned)	
3. Maturity	10-year	20-year
4. SPTs* ²	46% reduction compared with FY2013 in Scope 1 and 2 net CO2 emissions of the ENEOS Group by FY2030	Net zero Scope 1 and 2 CO2 emissions of the ENEOS Group by FY2040
5. Post-determination Bond characteristics	Donation or purchase of Carbon Credits / Renewable Energy Certificates	
6. Expected ratings	AA- from Japan Credit Rating Agency, Ltd. A+ from Rating and Investment Information, Inc.	
7. Lead managers	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd., Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd.	Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd.
8. Structuring agent* ³	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	

The terms and conditions of the issuance of these bonds will be determined after comprehensively reviewing demand conditions and interest rate trends, and will be announced as soon as they are determined.

3. Transition-linked bond framework

For issuing the bonds, ENEOS has established a transition-linked bond framework (“the framework”) in alignment with various standards and guidelines. Please refer to the disclosure material posted on the ENEOS website for details about the framework.

(https://www.hd.eneos.co.jp/csr/sustainablefinance/pdf/tlb0405_fw_en.pdf)

4. Overview of third-party opinion regarding the framework

A third-party opinion has been acquired from the Japan Credit Rating Agency, Ltd. regarding the alignment of this framework with the following standards and guidelines.

Various standards and guidelines	Published by
Climate Transition Finance Handbook 2020* ⁴	International Capital Market Association (ICMA)
Japan Basic Guidelines on Climate Transition Finance (May 2021)* ⁵	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment
Sustainability-Linked Bond Principles 2020* ⁶	ICMA
Green Loan/Sustainability Linked Loan Guidelines 2020 Edition* ⁷	Ministry of the Environment

- Details on the third-party opinion can be found here:

https://www.hd.eneos.co.jp/csr/sustainablefinance/pdf/tlb0405_third_en.pdf

- *1 Refer to the news release on May 13, 2022
“ENEOS Group Plan for Carbon Neutrality”
https://www.hd.eneos.co.jp/newsrelease/upload_pdf/20220513_01_01_0906370.pdf
- *2 Abbreviation for Sustainability Performance Targets. Targets to be achieved with respect to key performance indicators (KPI)
- *3 Agent that supports bond issuance such as by providing advice on establishing a transition-linked bond framework and obtaining third-party opinions
- *4 A handbook developed by the Climate Transition Finance Working Group under the leadership of the Green Bond and Social Bond Principles Executive Committee. It aims to clarify recommended disclosure elements in order to ensure the credibility of the bonds with a specified use of funds or sustainability-linked bonds that are positioned as a means of funding procurement for transitions by sectors where emission reduction is particularly difficult
- *5 Basic guidelines established by the Financial Services Agency, Ministry of Economy, Trade and Industry, and Ministry of the Environment that take the alignment with the Climate Transition Finance Handbook into consideration. It aims to establish the position of transition finance and contribute to the realization of carbon neutrality in Japan in 2050 as well as the Paris Agreement by introducing more funds as a means of funding procurement for transitions by sectors where emission reduction is particularly difficult
- *6 Guidelines published by ICMA that recommend structuring features, disclosure and reporting of sustainability-linked bonds
- *7 Guidelines established by the Ministry of the Environment that provide specific examples of green loans and sustainability-linked loans as well as interpretations that are tailored to the characteristics of Japan

(Note) This press release has been prepared for the sole purpose of publicly announcing the issuance of transition-linked bonds, and not for the purpose of soliciting investment or engaging in any other similar activities.