

# Framework Overview and Second-Party Opinion

## Toda Corporation Green Bond

### Evaluation Summary

Sustainalytics is of the opinion that the Toda Corporation Green Bond Framework is, credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, renewable energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the construction of Offshore Wind Turbine projects will lead to positive environmental impacts and advance the UN Sustainable Development Goal 7.



**PROJECT EVALUATION / SELECTION** Toda Corporation's Energy Division ensures that projects selected for funding through the green bond proceeds are aligned with eligibility criteria and comply with relevant environmental risk mitigation processes. The Board of Directors provides final approval for selection of projects. Sustainalytics views the C-suite involvement as in line with market best practice.



**MANAGEMENT OF PROCEEDS** Toda Corporation's finance department will allocate and manage the proceeds from the green bond, using an internal management system to keep track of the budget and actual expenditures to eligible projects on a quarterly basis. Toda Corporation's process to manage and track proceeds using internal management systems is in line with market practice.



**REPORTING** Toda Corporation is committed to disclosing the amount allocated to each project and project description on its corporate website and CSR report annually. In addition, the company commits to reporting on quantitative impact metrics such as power output capacity of wind turbines and the amount of carbon offset from the project where data is available. Furthermore, Toda Corporation intends to disclose an annual letter confirming that the proceeds are allocated to the eligible projects from its Chief Financial Officer, which is in line with market best practice.

<b>Evaluation date</b>	30 October 2018
<b>Issuer Location</b>	Tokyo Japan

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## Introduction

TODA CORPORATION (“Toda Corporation” or the “company”) has developed a green bond framework (the Framework”) under which it is considering to issue a green bond and use the proceeds to finance expenditures related to the construction of floating offshore wind turbine facilities.

Toda Corporation engaged Sustainalytics to review the framework and provide a second-party opinion on the alignment of the green bond with the Green Bond Principles 2018 (GBP), as administered by the International Capital Market Association (ICMA),<sup>1</sup> and the framework’s environmental credentials.

As part of this engagement, Sustainalytics held conversations with various members of Toda Corporation’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Toda Corporation’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains two sections: Framework Overview – summary of the Framework; and Sustainalytics’ Opinion – an opinion on the framework.

## Overview of Issuer

Toda Corporation serves primarily as a general contractor operating both in Japan and overseas. The company has been engaged in a wide range of construction businesses, including residential, institutions and commercial buildings such as apartments, hospitals, schools and government facilities, as well as infrastructure constructions such as airport facilities, station facilities, tunnels, and water and sewerage facilities. In addition to those constructions, the company focuses on building power and energy facilities including mega solar power plants, wind power plants, and hydroelectric power plants, Toda Corporation was founded in 1881 and is headquartered in Tokyo, Japan.

The company’s environmental policy details the following three commitments:<sup>2</sup>

1. Promote environmental impact mitigation activities relating to prevention of pollution, effective use of resources, mitigation of climate change, adaptation to climate change and maintenance and protection of biodiversity.
2. Engage in environment-related business and technology development, and implement environmental protection activities in all aspects of building design and execution as well as in management of facilities and other such matters.
3. In addition to complying with laws, regulations, and agreements regarding the environment, also strive to disclose information and take steps for communication with society.

To further these commitments, especially 1 and 2, Toda Corporation issued its green bond in December 2017<sup>3</sup> and is planning to issue another green bond in 2018 to finance the same wind turbine facilities.

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<sup>1</sup> ICMA’s Green Bond Principles 2018

<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> Toda Corporation, Environmental Policy and Promotional Structure

<http://www.toda.co.jp/csr/environment/vision.html>

<sup>3</sup> Toda Corporation Green Bond

<http://www.toda.co.jp/csr/environment/greenbond.html>

## Framework Overview

For the purpose of issuing a green bond, Toda Corporation has developed the following framework which addresses the four core components of the Green Bond Principles (GBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting. The framework belongs to Toda Corporation, and a summary overview has been provided below.

### Use of Proceeds

The proceeds of the green bond will be allocated towards financing projects that meet the following eligibility criteria.

#### Eligibility Criteria

##### 1. RENEWABLE ENERGY

###### Use of proceeds:

Expenditures related to the construction of floating offshore wind power generation facilities, at Goto City Offshore Wind Turbine Project (off the coast of Sakiyama, Goto City, Nagasaki Prefecture in Japan). Those relevant expenditures consist of wind turbines, floating bodies and grid connection.

Please see Appendix 1 for a full list of the wind turbines that Toda Corporation has proposed for funding using proceeds from the bond.

Please see Appendix 2 for the planned area of Goto City Offshore Wind Turbine Project.

### Project Evaluation and Selection Process

#### Application of Eligibility and Exclusionary Criteria in Project Selection

Toda Corporation's Energy Division ensures that projects selected for funding through the green bond proceeds are aligned with eligibility criteria and comply with the environmental risk mitigation processes detailed below. The Board of Directors provides final approval for selection of projects.

#### Environmental Objectives

To incorporate the three environmental focus commitments into business activities, Toda Corporation places emphasis on eight environmental objectives 1) Promoting Environmental Management Systems, 2) Reducing Construction and General Waste, 3) Strengthening Risk Management of Hazardous Substances, 4) Suppressing Greenhouse Gas Emissions, 5) Addressing biodiversity, 6) Promoting Green Procurement, 7) Promoting and Conducting Research, Development, and Projects relating to Environmental Technology, and 8) Promoting Environmental Considerations.

Additionally, Toda Corporation has four mechanisms to reduce CO2 emissions and achieve its environmental objectives: 1) reduce CO2 emissions from its construction processes through the minimum CO2 construction systems, 2) reduce CO2 emissions from its offices, 3) reduce CO2 emissions of Toda Corporation's owned facilities, and 4) employee engagement for CO2 reduction.

#### Process to Mitigate Environmental and Social Risks

Toda Corporation ensured the following two process to mitigate environmental risks:

1. The wind turbines and floating body of the Floating Offshore Wind Turbine facilities that will be constructed using proceeds from this bond are the same types as the ones (Downwind type for wind turbine, and Hybrid spar type for floating body) that have undergone empirical research under the Ministry of the Environment (MoE)'s project: 'Floating Offshore Wind Turbine Demonstration Project' from FY2010

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to FY2015. In the MoE's project, along with the technological criteria of wind turbine facilities, the environmental impact of the construction of a wind farm off the coast of Kabashima, Goto City was studied, which concluded that any potential negative impact to the environment was limited. Toda Corporation participated in the MoE's project as a representative contractor.

2. Wind turbine facilities follow the procedures for environmental impact assessment (EIA)<sup>4</sup>, which is set by the Japanese Environmental Impact Assessment Law. By law, the construction of a wind turbine that produces 10,000 kw of power or more is required to conduct an environmental assessment procedure in order to prevent serious environmental impacts and promote a sustainable society. Toda Corporation has conducted the EIA procedure for the Goto City Offshore Wind Turbine Project and the related surveys and expert opinions since September 2016<sup>5</sup>. The project scoping document received an opinion on its draft assessment methods in August 2017<sup>6</sup> and the draft environmental impact statement was released in April 2018 as part of the EIA process, by the Minister of Economy, Trade and Industry (METI). Toda Corporation's environmental impact statement outlines the results of the surveys and an evaluation of the environmental impacts of the project. It also received notification from METI in August 2018<sup>7</sup> that no further modifications are required. Following the process, Toda Corporation made the final EIA publicly available.

## Management of Proceeds

Toda Corporation's finance department will allocate and manage the proceeds from the green bond. The finance department will have an internal management system to keep track of the budget and actual expenditures to eligible projects on a quarterly basis. Prior to the allocation to eligible projects, the company will temporarily deposit an amount equal to the funds in the bank deposit. Payments of principal and interest will be made from the company's operating funds, and the amount of payment will not be directly linked to the performance of the eligible projects. Toda Corporation plans to allocate the majority of proceeds from the Green Bond project within 3 years after the issuance of the bond.

## Reporting

### Allocation Reporting

Toda Corporation ensures that the company will annually report on the projects including additional project description, subject to confidentiality considerations, until the proceeds are fully allocated into the eligible projects. Amounts allocated to each project and project description will be annually disclosed on its corporate website (<http://www.toda.co.jp>) and in its CSR report that is annually published. Furthermore, the company will receive an annual letter from its Chief Financial Officer that confirms that green bond proceeds are being allocated to eligible projects until fully allocated.

### Impact Reporting

In addition to allocation reporting until the maturity of the bond, Toda Corporation will report on the below indicators which are relevant to the eligible projects;

- Number of constructed wind turbines and power output capacity of wind turbines
- Where data is available, the amount of carbon offset from the eligible projects

<sup>4</sup> Environmental Impact Assessment Law, Ministry of the Environment Government of Japan  
[http://www.env.go.jp/policy/assess/1-3outline/img/pamph\\_e.pdf](http://www.env.go.jp/policy/assess/1-3outline/img/pamph_e.pdf)

<sup>5</sup> Goto City Floating Wind Turbine Project by Toda Corporation (Japanese), Ministry of Economy, Trade and Industry, Japan  
[http://www.meti.go.jp/policy/safety\\_security/industrial\\_safety/sangyo/electric/detail/furyoku\\_gotoshioki.html](http://www.meti.go.jp/policy/safety_security/industrial_safety/sangyo/electric/detail/furyoku_gotoshioki.html)

<sup>6</sup> Opinion on "the Environmental impact assessment procedure for Goto City Floating Wind Turbine Farm Project" (Japanese), Ministry of Economy, Trade and Industry, Japan

[http://www.meti.go.jp/policy/safety\\_security/industrial\\_safety/sangyo/electric/files/furyoku/furyoku-gotoshioki/hohosyo\\_daijinkankoku.pdf](http://www.meti.go.jp/policy/safety_security/industrial_safety/sangyo/electric/files/furyoku/furyoku-gotoshioki/hohosyo_daijinkankoku.pdf)

<sup>7</sup> Notification on "the Environmental impact assessment procedure for Goto City Floating Wind Turbine Farm Project" (Japanese), Ministry of Economy, Trade and Industry, Japan

[http://www.meti.go.jp/policy/safety\\_security/industrial\\_safety/sangyo/electric/files/furyoku/furyoku-gotoshioki/kakuteituchi.pdf](http://www.meti.go.jp/policy/safety_security/industrial_safety/sangyo/electric/files/furyoku/furyoku-gotoshioki/kakuteituchi.pdf)

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## **Compliance Review**

Toda Corporation will engage Sustainalytics to review the projects financed by Toda Corporation's green bond in order to assess compliance with Toda Corporation's green bond framework. This review will be conducted annually until full allocation of the net proceeds from Toda Corporation's green bond. Sustainalytics will provide a report of the review, which Toda Corporation will publish on its website. In an unlikely event that the annual review identifies allocations made to activities that do not comply with the Toda Corporation's green bond framework, Toda Corporation will allocate the corresponding amounts to different activities that are compliant with Toda Corporation's green bond framework.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Green Bond Framework

#### Summary

Sustainalytics is of the opinion that Toda Corporation's green bond framework is, credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of Toda Corporation's green bond framework:

- Use of Proceeds:
  - Renewable Energy is recognized by the Green Bond Principles 2018 as a project category with clear environmental impact.
  - Toda Corporation is committed to financing the expenditures related to the construction of offshore wind power generation facilities. Sustainalytics recognizes that CAPEX such as construction is generally preferred by investors for funding the projects considering that it will create additional impact.
- Project Evaluation/Selection Process:
  - Toda Corporation's project selection process is overseen by its Energy Division. The Board of Directors provides final approval for selection of projects. Sustainalytics views the C-suite involvement as in line with market best practice.
  - Toda Corporation is not only conducting an environmental impact assessment (EIA) as Japanese regulations required for the projects that will be funded through this green bond, but has also been part of a previous pilot assessment of environmental risks for offshore wind turbines, which concluded that the negative impact of its turbines is low. Sustainalytics considers that Toda Corporation's process to mitigate environmental and social risks stemming from projects funded by the green bond is robust, and aligned with market best practices.
- Management of Proceeds:
  - Toda Corporation's finance department will allocate and manage the proceeds from the green bond, using an internal management system to keep track of the budget and actual expenditures to eligible projects on a quarterly basis. This process is in line with market practice.
- Reporting:
  - Toda Corporation intends to disclose project descriptions and the amount allocated to each project on its corporate website and CSR report annually. In addition, the company also commits to reporting on quantitative environmental impact metrics such as power output capacity of wind turbines and the amount of carbon offset from the project where data is available, as aligned with market practice.
  - Toda Corporation intends to receive an annual letter confirming that the proceeds are allocated to eligible projects from its Chief Financial Officer, which is in line with market best practice.
  - Toda Corporation is also committed to receive annual review to confirm compliance of the projects with the green bond framework. This is in line with market best practice.

#### Alignment with Green Bond Principles 2018

Sustainalytics has determined that Toda Corporation's green bond aligns with the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Performance of the Issuer

### Contribution of framework to issuer's sustainability strategy

Toda Corporation has a strong environmental commitment, as reflected in its environmental policy and objectives that are integrated into its overall CSR policy. The company demonstrates its commitment to contributing to Environmental challenges, through eight pillars; 1) Promoting Environmental Management Systems, 2) Reducing Construction and General Waste, 3) Strengthening Risk Management of Hazardous Substances, 4) Suppressing Greenhouse Gas Emissions, 5) Addressing biodiversity, 6) Promoting Green Procurement, 7) Promoting and Conducting Research, Development, and Projects relating to Environmental Technology, and 8) Promoting Environmental Considerations. As part of pillar seven, Toda Corporation set an internal target with respect to the business it conducts in power generation, including power generation from floating offshore wind turbines. Such a target demonstrates that the Toda Corporation Green Bond Framework will contribute to the company's Environmental objectives and strategy.

Sustainalytics is of the opinion that the Toda Corporation Green Bond Framework is aligned with the company's CSR strategy and contributes to the company's environmental strategy.

### Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that construction of offshore wind turbine facilities can carry environmental risks, such as construction noise, biodiversity, occupational health and safety, and conflicts with local communities. Toda Corporation's process to mitigate environmental and social risks has been described in the framework document. Sustainalytics is of the opinion that this is a robust process based on the following:

- i. Toda Corporation was part of an environmental impact study for a sample floating offshore wind turbine project, to assess whether construction of future floating offshore wind turbine facilities would pose any negative environmental impacts. The conclusion of that study was that offshore wind turbines have low negative environmental impact.
- ii. Toda Corporation conducted the proceeding of environmental impact assessment (EIA), in alignment with Japanese legal requirements for projects funded by this Toda Corporation Green Bond.
- iii. Toda Corporation has a health and safety policy as well as occupational health and safety management system to ensure workers' health and safety.

Given that Toda Corporation assessed the potential negative environmental impacts of floating offshore wind turbine facilities through a sample project, and that it had committed to conducting the proceedings of EIA as Japanese regulations required specifically for the projects funded by this Green Bond, Sustainalytics is of the opinion that Toda Corporation is well prepared to mitigate any environmental risks. Given Toda Corporation's health and safety policy as well as occupational health and safety management system, the company is well prepared to mitigate social risks.

## Section 3: Impact of Use of Proceeds

The use of proceeds for Renewable Energy is recognized as impactful by the Green Bonds Principles (GBP). Sustainalytics has focused on the relevance of this category in the local text below.

### Importance of Wind Power

As part of its COP22 commitments, the government of Japan promotes expansion of renewable energy to the maximum extent possible, including the adoption of wind power along with solar power and geothermal

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energy, hydroelectric power and biomass.<sup>8</sup> Strategic Energy Plan launched by METI in 2018<sup>9</sup> outlines that the introduction of offshore wind power is indispensable in the medium and long term for Japan given that land suitable for onshore wind power are limited in Japan.

This is reflected in the Long-term Energy Supply and Demand Outlook compiled by the Ministry of Economy, Trade and Industry (METI) in 2015, which sets out Japan’s potential energy mix for 2030, based on a broad perspective with respect to safety, energy security, economic efficiency as well as environmental conservation.<sup>10</sup> The plan is to increase the reliance on renewable energy to account for 22%-24% (including wind power for 1.7%) of power generation by 2030, which doubles the current figures.<sup>11</sup>

Given this context, there is growing demand for renewable energy including floating offshore wind power generation at the national level. As such, Sustainalytics is of the opinion that the Toda Corporation Green Bond Framework will contribute to an important national priority and have a clear environmental impact in the context of Japan.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

### Conclusion

Toda Corporation’s green bond framework is transparent and provides clarity regarding use of proceeds and the outcomes of the Green Bond investments. Renewable energy is recognized by the Green Bonds Principles 2018 as an eligible green project category, offering clear environmental benefits. In the context of Japan’s sustainable development challenge, Toda Corporation’s floating offshore wind projects contribute to an important national priority and the country’s transition to a low-carbon economy. Furthermore, in Sustainalytics’ view, Toda Corporation’s internal environmental and social risk assessment process positions it well to address the challenges associated with wind development in Japan. Sustainalytics is of the opinion that Toda Corporation’s green bond is credible and robust.

<sup>8</sup> Plan for Global Warming Countermeasures (Japanese), Ministry of Environment, Japan <https://www.env.go.jp/press/files/jp/102816.pdf>

<sup>9</sup> Strategic Energy Plan (Japanese), Ministry of Economy, Trade and Industry, Japan, [http://www.meti.go.jp/english/press/2018/pdf/0703\\_002c.pdf](http://www.meti.go.jp/english/press/2018/pdf/0703_002c.pdf)

<sup>10</sup> Long-term Energy Supply and Demand Outlook, Ministry of Economy, Trade and Industry, Japan [http://www.meti.go.jp/english/press/2015/pdf/0716\\_01a.pdf](http://www.meti.go.jp/english/press/2015/pdf/0716_01a.pdf)

<sup>11</sup> Strategic Energy Strategy, Ministry of Economy, Trade and Industry, Japan [http://www.enecho.meti.go.jp/en/category/others/basic\\_plan/5th/pdf/strategic\\_energy\\_plan.pdf](http://www.enecho.meti.go.jp/en/category/others/basic_plan/5th/pdf/strategic_energy_plan.pdf)

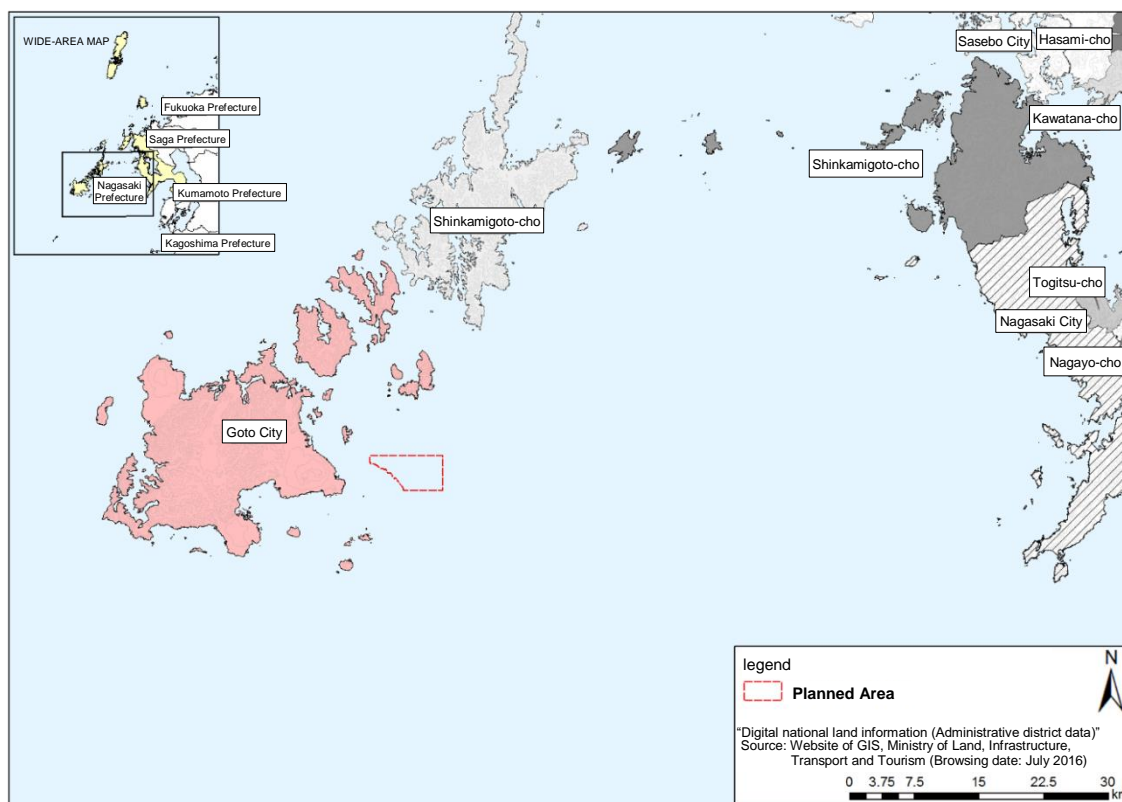


## Appendices

### Appendix 1: Proposed Number and Power Output of Wind Turbines

Number of wind turbines			Power output of wind turbines (kW)
2MW wind turbines (HWT2.1-80A)	5MW wind turbines (HWT5.2-127)	Total	
8	1	9	21,000

### Appendix 2: Planned Area of Goto City Offshore Wind Turbine Project (off the coast of Sakiyama)



## Appendix 3: Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

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Issuer name: TODA CORPORATION

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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: *[specify as appropriate]*

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Review provider's name: Sustainalytics

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Completion date of this form: 30 October, 2018

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Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

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### 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 REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify)</i> :                        |  |

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)*

Please refer to Green Bond Framework Overview and Second Party Opinion document above.

### Section 3. Detailed review

# Toda Corporation Green Bond

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)*:

Toda Corporation uses proceeds to finance the construction of floating offshore wind turbines as per the eligibility criteria described in the framework. Sustainalytics is of the opinion that the renewable energy category is recognized as eligible by the Green Bond Principles 2018, and has a clear environmental impact.

### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> 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 processes                             | <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):

Toda Corporation's Energy Division ensures that projects selected for funding through the green bond proceeds are aligned with eligibility criteria and comply with the environmental risk mitigation processes detailed below. The Board of Directors provides final approval for selection of projects.

Sustainalytics is of the opinion that this is in line with market practice.

### 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 type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

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- Summary criteria for project evaluation and selection publicly available
  Other (*please specify*):

### Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
  In-house assessment
- Other (*please specify*):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Toda Corporation's finance department will allocate and manage the proceeds from the green bond. The finance department will have an internal management system to keep track of the budget and actual expenditure of all eligible projects on a quarterly basis. Prior to the allocation to eligible projects, the company will temporarily deposit an amount equal to the funds in the bank deposit. Payments of principal and interest will be made from the company's operating funds, and the amount of payment will not be directly linked to the performance of the eligible projects. Toda Corporation plans to spend the majority of proceeds from the Green Bond project within 3 years after the issuance of the bond.

Sustainalytics is of the opinion that this is in line with market norms.

### 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*):

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### *Allocation Reporting*

Toda Corporation ensures that the company will annually report on the projects including additional project description, subject to confidentiality considerations, until the proceeds are fully allocated into the eligible projects. Amounts allocated to each project and project description will be annually disclosed on its corporate website (<http://www.toda.co.jp>) and in its CSR report that is annually published. Furthermore, the company will receive an annual letter from its Chief Financial Officer that confirms that green bond proceeds are being allocated to eligible projects until fully allocated.

### *Impact Reporting*

In addition to allocation reporting until the maturity of the bond, Toda Corporation will report on the below indicators which are relevant to the eligible projects;

- Number of constructed wind turbines and power output capacity of wind turbines
- Where data is available, the amount of carbon offset from the eligible projects

Sustainalytics is of the opinion that reporting is in line with market practice.

### **Use of proceeds reporting:**

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

### ***Information reported:***

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts     | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |   |

### ***Frequency:***

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

### **Impact reporting:**

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

### **Frequency:**

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

### **Information reported (expected or ex-post):**

- |  |  |
|--|--|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use   | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Number of constructed wind turbines and power output capacity of wind turbines, and the |

amount of carbon offset from  
the eligible projects (Where  
data is available)

**Means of Disclosure**

- |   |  |
|---|--|
| <input type="checkbox"/> Information published in financial report  | <input checked="" type="checkbox"/> Information published in sustainability report     |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): Toda Corporation's website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |  |

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.)**

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification     |
| <input type="checkbox"/> Verification / Audit                        | <input checked="" type="checkbox"/> Rating |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

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

- i. Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

## Disclaimer

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