

Toda Corporation

(2017 Green Bond and 2018 Green Bond)

Type of Engagement: Annual Review

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Introduction

Toda Corporation issued green bonds in December 2017 (JPY 10 billion 5-Year Green Bond, hereinafter the “2017 Green Bond”) and December 2018 (JPY 5 billion 5-Year Green Bond, hereinafter the “2018 Green Bond”) to finance the construction of floating offshore wind turbine facilities located off the coast of Sakiyama, Goto City, Nagasaki Prefecture in Japan. In November 2022, Toda Corporation engaged Sustainalytics to review the project funded through the 2017 Green Bond and the 2018 Green Bond as of September 30, 2022 and assess whether the project met the Use of Proceeds criteria and the Reporting commitments outlined in the Toda Corporation Green Bond Framework 2017¹ and Toda Corporation Green Bond Framework 2018² (the “Framework”). This is Sustainalytics’ fifth annual review of Toda Corporation’s 2017 Green Bond and Sustainalytics’ fourth annual review of Toda Corporation’s 2018 Green Bond, following the previous review in December 2021.³

Evaluation Criteria

Sustainalytics evaluated the project funded with proceeds from December 2017 to September 2022 based on whether the project:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Eligibility Criteria and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators

Use of Proceeds	Eligibility Criteria	Impact indicators
Renewable Energy	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.	<ul style="list-style-type: none"> • 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

Issuing Entity’s Responsibility

Toda Corporation is responsible for providing accurate information and documentation relating to the details of the project that has been funded, including description of projects, amounts allocated, and project impact.

¹ Overview of Toda Corporation Green Bond Framework 2017 is available within Sustainalytics’ Second Party Opinion: https://www.sustainalytics.com/wp-content/uploads/2017/10/Toda-Corporation_Green-Bond-Framework-and-Opinion_final.pdf

² Overview of Toda Corporation Green Bond Framework 2018 is available within Sustainalytics’ Second Party Opinion: https://www.sustainalytics.com/wp-content/uploads/2018/11/Toda-Corporation_Green-Bond-Framework-Overview_SPO_Final.pdf

³ Sustainalytics’ previous annual review of Toda Corporation’s 2017 Green Bond and 2018 Green Bond is available at: Annual Review (December 2021): [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/toda-corporation-green-bonds-2017-and-2018-annual-review-\(2021\).pdf?sfvrsn=488494f1_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/toda-corporation-green-bonds-2017-and-2018-annual-review-(2021).pdf?sfvrsn=488494f1_1)

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Toda Corporation’s 2017 Green Bond and 2018 Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Toda Corporation employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Toda Corporation with respect to the project in the eligible category. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Toda Corporation.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond project, funded through proceeds of Toda Corporation’s 2017 Green Bond and 2018 Green Bond, is not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Toda Corporation Green Bond Framework 2017 and Toda Corporation Green Bond Framework 2018.

Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the project funded by the 2017 Green Bond and the 2018 Green Bond from December 2017 to September 2022 to determine if the project was aligned with the Use of Proceeds Criteria outlined in the Toda Corporation Green Bond Framework 2017, Toda Corporation Green Bond Framework 2018 and above in Table 1.	The project reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the project funded by the 2017 Green Bond and the 2018 Green Bond from December 2017 to September 2022 to determine if the impact of the project was reported in line with the impact indicators outlined in the Toda Corporation Green Bond Framework 2017, Toda Corporation Green Bond Framework 2018 and above in Table 1.	No impact indicators reported since the Goto City Offshore Wind Turbine Project funded through the 2017 Green Bond and the 2018 Green Bond is under construction. The project is scheduled to start operation in January 2024.	Exception (No impact indicators can be reported since the Goto City Offshore Wind Turbine Project was under construction as of September 30, 2022)

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation of Green Bond Proceeds

1. Green Bond issued in December 2017 (JPY 10 billion 5-Year Green Bond)

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (million JPY)
Renewable Energy	Expenditures related to the construction of floating offshore wind power generation facilities at Goto City Offshore Wind Turbine Project, consisting of wind turbines, floating bodies, grid connection and other expenditures relevant to the project	8,754
Total Net Bond Proceeds Allocated:		8,754
Total Net Bond Proceeds Unallocated:		1,246
Total Net Bond Proceeds from Green Bond issuance:		10,000

2. Green Bond issued in December 2018 (JPY 5 billion 5-Year Green Bond)

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (million JPY)
Renewable Energy	Expenditures related to the construction of floating offshore wind power generation facilities at Goto City Offshore Wind Turbine Project, consisting of wind turbines, floating bodies, grid connection and other expenditures relevant to the project	36
Total Net Bond Proceeds Allocated:		36
Total Net Bond Proceeds Unallocated:		4,964
Total Net Bond Proceeds from Green Bond issuance:		5,000

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In case of discrepancies between the Japanese language and translated versions, the Japanese language version shall prevail.

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