

Toda Corporation (Green Bond 2020)

Type of Engagement: Annual Review

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Engagement Team:

Kosuke Kanematsu, kosuke.kanematsu@sustainalytics.com, (+81) 3 4571 2277

Ayaka Okumura, Ayaka.okumura@sustainalytics.com

Introduction

In September 2020, Toda Corporation issued a green bond aimed at financing projects related to Green Buildings (JPY 10 bn 10-Year Green Bond, hereinafter the “2020 Green Bond”). As of June 30, 2022, the proceeds have been allocated to one project related to the Eligible Criteria. In August 2022, Toda Corporation engaged Sustainalytics to review the project funded through the 2020 Green Bond and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Toda Corporation Green Bond Framework (the “Framework”).¹

Evaluation Criteria

Sustainalytics evaluated the project funded with proceeds from September 2020 to June 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
Green Buildings	<p>Buildings that are expected to receive at least one of the following third-party green building certifications or recertifications and have been or will be completed within 36 months prior to the green bond issuance (TODA BUILDING (tentative name) etc.).</p> <ul style="list-style-type: none"> • A or S Rank under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE for Real Estate • Platinum or Gold Rank under the LEED-BD+C (Building Design and Construction) or LEED-O+M (Building Operations and Maintenance) • 4 or 5 Stars under the Building Energy-efficiency Labeling System (BELS) • 4 or 5 Stars under the DBJ Green Building Certification • ZEB Ready, or • Grade 3-3 under the “Submission System of Building Environment Plan” by Bureau of Environment, Tokyo Metropolitan Government 	<ul style="list-style-type: none"> • Name of property/project • Name and level of third-party certifications received by eligible projects • Amount of energy consumed • Amount of energy saved • Amount of CO₂ reduced • Amount of CO₂ emitted per floor area • Amount of water used <p>These impact indicators are limited to those measurable after the completion of construction.</p>

¹ Toda Corporation Green Bond Framework available at (Japanese only): https://www.toda.co.jp/csr/environment/pdf/mokuromisyo_202009.pdf

Issuing Entity’s Responsibility

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

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 2020 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,² nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Toda Corporation’s 2020 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

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 2020 Green Bond from September 2020 to June 2022 to determine if the project was aligned with the Use of Proceeds Criteria outlined in the Framework 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 2020 Green Bond from September 2020 to June 2022 to determine if the impact of the project was reported in line with the impact indicators outlined in the Framework and above in Table 1. For a list of impact indicators reported please refer to Appendix 2.	The project reviewed reported on impact indicators per Use of Proceeds criteria. ³	None

² 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.

³ As the TODA BUILDING (tentative name), to which the proceeds have been allocated, is still under construction (scheduled to be completed in September 2024), impact reporting in this round is limited to the impact indicators that can be reported prior to the completion of construction, as described in the Framework.

Appendix

Appendix 1: Allocation of Green Bond Proceeds

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (million JPY)
Green Buildings	Expenditures associated with the construction of TODA BUILDING (tentative name) (Design costs, construction costs, and other related costs). Construction of the building is scheduled to be completed in September 2024.	7,721
Total Net Bond Proceeds Allocated:		7,721
Total Net Bond Proceeds Unallocated:		2,278
Total Net Bond Proceeds from Green Bond issuance:		10,000

Appendix 2: List of impact indicators

Use of Proceeds Category	Impact Indicators (Applicable Pre-Completion)
Green Buildings	<ul style="list-style-type: none"> • Name of property/project: TODA BUILDING (tentative name) • Name and level of third-party certifications received by eligible projects: <ul style="list-style-type: none"> - 5 Stars under BELS - ZEB Ready - 5 Stars under the DBJ Green Building Certification - S Rank under CASBEE for Buildings (New Construction)

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