

TODA CORPORATION

Type of Engagement: Annual Review

Date: 30 November 2018

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Introduction

In December 2017, TODA CORPORATION issued a green bond aimed at financing the construction of floating offshore wind turbine facilities located off the coast of Sakiyama, Goto City, Nagasaki Prefecture in Japan. In November 2018, TODA CORPORATION engaged Sustainalytics to review the projects funded through the issued green bond (Nominated Projects) and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the TODA CORPORATION Green Bond Framework (developed in October 2017).¹

Evaluation Criteria

Sustainalytics evaluated the projects funded in 2017 and 2018 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and the associated the KPIs.

Table 1: Use of Proceeds and Eligibility Criteria

Use of Proceeds	Eligibility Criteria	Key performance indicators
Renewable Energy (Offshore Wind Power)	<ul style="list-style-type: none"> • 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 • The amount of carbon offset from the eligible projects, where data is available

¹ Toda Corporation Green Bond Framework available at https://www.sustainalytics.com/wp-content/uploads/2017/10/Toda-Corporation_Green-Bond-Framework-and-Opinion_final.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, estimated and realized costs of projects, 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 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 verify conformance with the company's Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by TODA CORPORATION with respect to the Nominated Projects. 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

TODA CORPORATION began the procurement of equipment for the offshore wind power facilities in March 2018. Given that the facilities are still under construction, TODA CORPORATION has not been able to measure the KPIs of the projects and there is no impact which can be disclosed at the time of this review. However, under a non-disclosure agreement, TODA CORPORATION has shared with us the breakdown of proceeds allocated to date. Having reviewed the proceeds, Sustainalytics can confirm that the allocated proceeds were spent on the wind power facilities, including wind turbines, floating bodies, grid connection and others relevant to the project.

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 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs 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.

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The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

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

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. Global Capital named Sustainalytics the “Most Impressive Second Party Opinion Provider in 2017. In 2018, the firm was recognized as the “Largest External Reviewer” by the Climate Bonds Initiative as well as Environmental Finance. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

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