

Toda Corporation (Green Bond 2017 and 2018)

Type of Engagement: Annual Review

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Introduction

Toda Corporation issued green bonds in December 2017 and December 2018 respectively, to finance the construction of floating offshore wind turbine facilities located off the coast of Sakiyama, Goto City, Nagasaki Prefecture in Japan (the “Green Bonds”). In November 2020, Toda Corporation engaged Sustainalytics to review the expenditures funded through the issued Green Bonds and provide an assessment as to whether the expenditures 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 “Green Bond Frameworks”). This is Sustainalytics’ third annual review of Toda Corporation’s 2017 Green Bond³, and is Sustainalytics’ second annual review of 2018 Green Bond⁴.

Evaluation Criteria

Sustainalytics evaluated the expenditures funded as of September 30, 2020 based on whether it:

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

The Toda Corporation Green Bond Framework was developed in 2017 for the first green bond issuance and updated for the second green bond issuance in 2018. Through the frameworks, Toda Corporation is committed to the following Use of Proceeds, Eligibility Criteria, and associated KPIs. (Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.)

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

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 Overview of Toda Corporation Green Bond Framework 2017 available at: 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 available at: https://www.sustainalytics.com/wp-content/uploads/2018/11/Toda-Corporation_Green-Bond-Framework-Overview_SPO_Final.pdf

³ The previous reviews were conducted in November 2018 and in November 2019.

⁴ The previous review was conducted in November 2019.

Issuing Entity's Responsibility

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

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 Bonds Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Toda Corporation's employees and review of documentation to confirm the conformance with the Green Bond Frameworks.

Sustainalytics has relied on the information and the facts presented by Toda Corporation with respect to the nominated expenditures. 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

Given that the floating offshore wind turbine facilities of Goto City Offshore Wind Turbine Project are currently 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. Furthermore, under a non-disclosure agreement, Toda Corporation has shared with us the breakdown of green bonds proceeds allocated as of September 30, 2020. Having reviewed the use of proceeds, Sustainalytics has confirmed that the allocated proceeds were spent on expenditures related to the construction of wind power facilities, including wind turbines, floating bodies, grid connection and other expenditures relevant to the project.

Overall, based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed expenditures, funded through proceeds of Toda Corporation's Green Bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Frameworks.

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the expenditures that have been funded, including description of expenditures, amounts allocated, and impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Finding

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the expenditures funded by the Green Bonds as of September 30, 2020 to determine if expenditures aligned with the Use of Proceeds Criteria outlined in the Green Bond Frameworks and above in Table 1.	All expenditures reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the expenditures funded by the Green Bonds as of September 30, 2020 to determine if impact of projects was reported in line with the KPIs outlined in the Green Bond Frameworks and above in Table 1.	No KPIs reported since the Goto City Offshore Wind Turbine Project funded through the Green Bonds issued in 2017 and 2018 is under construction.	Exception (No KPIs can be reported at this time since the Goto City Offshore Wind Turbine Project currently under construction)

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

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5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified
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More information conference.climatebonds.net/awards



GlobalCapital
SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider



The
Green Bond
Principles