

# Toda Corporation (Green Bond 2020)

**Type of Engagement:** Annual Review

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## Introduction

In September 2020, Toda Corporation (Toda Corporation) issued a green bond aimed at financing and refinancing a project related to Green Buildings (the “Green Bond”). In August 2021, Toda Corporation engaged Sustainalytics to review the project funded through the issued Green Bond and provide an assessment as to whether the project met the Use of Proceeds criteria and the Reporting commitments outlined in the Toda Corporation Green Bond Framework (the “Framework”).<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the project as of 30 June 2021 based on whether the project:

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

Toda Corporation is committed in the Framework, to allocate the proceeds of the Green Bond towards financing the expenditures (including land acquisition costs, construction costs, renovation costs) or refinancing of construction funds associated with the construction of projects that meet the eligibility criteria listed in table 1 below.

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

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
<b>Green Buildings</b>	<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 (New TODA BUILDING (tentative name) etc.).</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Platinum or Gold Rank under the LEED-BD+C (Building Design and Construction) or LEED-O+M (Building Operations and Maintenance)</li> <li>• 4 or 5 Stars under the Building Energy-efficiency Labeling System (BELS)</li> <li>• 4 or 5 Stars under the DBJ Green Building Certification</li> <li>• ZEB Ready, or</li> <li>• Grade 3-3 under the “Submission System of Building Environment Plan” by Bureau of Environment, Tokyo Metropolitan Government</li> </ul>	<ul style="list-style-type: none"> <li>• Name of property/project</li> <li>• Name and level of third-party certifications received by eligible projects</li> <li>• Amount of energy consumed</li> <li>• Amount of energy saved</li> <li>• Amount of CO<sub>2</sub> reduced</li> <li>• Amount of CO<sub>2</sub> emitted per floor area</li> <li>• Amount of water used</li> </ul> <p>These KPIs are limited to those measurable after the completion of construction.</p>

<sup>1</sup> Toda Corporation Green Bond Framework available at (Japanese only): [https://www.toda.co.jp/csr/environment/pdf/mokuromisyo\\_202009.pdf](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 project that have been funded, including description of the project, 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 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 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

Based on the limited assurance procedures conducted,<sup>2</sup> 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 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the project funded by the Green Bond as of 30 June 2021 to determine if the project 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
<b>Reporting Criteria</b>	Verification of the project funded by the Green Bond as of 30 June 2021 to determine if impact of the project was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria. <sup>3</sup>	None

<sup>2</sup> 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.

<sup>3</sup> As the New TODA BUILDING (tentative name), to which the proceeds have been allocated, is still under construction (scheduled to be completed in April 2024), reporting in this round is limited to KPIs that can be reported prior to the completion of construction, as described in the Framework.

## Appendices

### Appendix 1: Allocation of Green Bond Proceeds

Use of Proceeds Category	Overview of Project	Status of Green Building Certification Acquisition	Scheduled completion date	Net Bond Proceeds Allocation (million JPY)
<b>Green Buildings</b>	Expenditures associated with the construction of New TODA BUILDING (tentative name) (Design costs, construction costs, and other related costs)	Confirm that the following certifications are planned to be acquired. <ul style="list-style-type: none"> <li>· S Rank under CASBEE for Buildings (New Construction)</li> <li>· Gold Rank under LEED-BD+C</li> <li>· 5 Stars under BELS</li> <li>· 4 or 5 Stars under the DBJ Green Building Certification</li> <li>· ZEB Ready</li> <li>· AAA for both "thermal insulation of buildings" and "energy efficiency of equipment systems" in the Energy Efficiency Performance Evaluation Report under the "Submission System of Building Environment Plan" by Bureau of Environment, Tokyo Metropolitan Government<sup>4</sup></li> </ul>	Construction is scheduled to be completed in April 2024.	2,238

### Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	KPIs (Applicable Pre-Completion) <sup>5</sup>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>· Name of property/project: New TODA BUILDING (tentative name)</li> <li>· Name and level of third-party certifications received by eligible projects: None</li> </ul>

<sup>4</sup> For newly constructed and extended buildings with a total floor space exceeding 2,000 m<sup>2</sup>, the Tokyo Building Environment Plan System requires the submission of a self-evaluation of the environmental measures (rational use of energy, optimum use of resources, preservation of the natural environment, and mitigation of heat island phenomenon) to the Tokyo Metropolitan Government. At the time of the selling/leasing/transfer of trust beneficiary rights of newly constructed and extended buildings with total floor space exceeding 10,000 m<sup>2</sup>, the transferor is required to provide the Energy Efficiency Performance Evaluation Report to the transferee. The Energy Efficiency Performance Evaluation Report includes evaluation items for "thermal insulation of buildings" and "energy conservation of equipment systems," and Toda Corporation intends to obtain the highest rating, AAA (equivalent to "Grade 3" in the Tokyo Metropolitan Government's Building Environment Plan System), for both items.

<sup>5</sup> As the New TODA BUILDING (tentative name), to which the proceeds have been allocated, is still under construction (scheduled to be completed in April 2024), impact reporting in this round covers the KPIs that can be reported prior to the completion of construction, as described in the Framework. The amount of energy consumption, energy savings, CO<sub>2</sub> reduction, CO<sub>2</sub> emissions per total floor area, and water used will be reported after completion of construction.

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