

Second-Party Opinion Toda Corporation Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Toda Corporation (hereinafter “Toda Corporation” or the “Company”) Green Bond Framework (The “Framework”) aligns with the four core components of the Green Bond Principles 2018 (GBP). This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds, Renewable Energy and Green Buildings, are aligned with those recognized by the GBP. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 9.



PROJECT EVALUATION / SELECTION Eligible projects to be financed by the green bond proceeds will be evaluated and selected by the Promotion Office for Strategic Business and the finance department based on the eligibility criteria, and then approved and finally selected by the Board of Directors. Toda Corporation’s process to evaluate and select projects is aligned with market practice.



MANAGEMENT OF PROCEEDS Toda Corporation’s finance department will be responsible for managing the proceeds. Using an internal management system, the finance department will keep track of budget and actual expenditures of eligible projects of green bond on a quarterly basis. Toda Corporation’s process for management of proceeds is in line with market practice.



REPORTING Toda Corporation will disclose an allocation reporting until the full allocation and impact reporting until the maturity of green bonds, on its corporate website and CSR report annually. The allocation reporting will include the name of projects, overview of projects including up-to-date progress, amount of allocated and unallocated proceeds, allocation schedule, and the method to manage unallocated proceeds. In addition, the Company is committed to including qualitative and quantitative environmental impact indicators in the impact reporting, such as the amount of carbon offsets from wind turbines, green building certifications, and the amount of CO₂ emitted/saved.

Evaluation date	July 30, 2020
Issuer Location	Tokyo, Japan

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	11

For inquiries, contact the Sustainable Finance Solutions project team:

Wakako Mizuta (Tokyo)
Project Manager
wakako.mizuta@sustainalytics.com
(+81) 3 4510 2343

Marie Toyama (Tokyo)
Project Support
marie.toyama@sustainalytics.com
(+81) 3 4510 2343

Alignment with Japan’s Green Bond Guidelines 2020

Sustainalytics is of the opinion that the Framework is in line with Japan’s Green Bond Guidelines 2020. The guidelines communicate what an issuer is expected to do to issue a credible green bond. Sustainalytics assessed the alignment between the Framework and the ‘should’ items outlined in the Japan’s Green Bond Guidelines 2020.

Introduction

Founded in 1881, Toda Corporation is a general construction company headquartered in Tokyo. The Company is mainly engaged in the following businesses: engineering and consulting business relating to general architectural and civil engineering works and local and urban development projects; sale and purchase, rental, intermediary services, and management of real estate; and power generation business using renewable energy, etc. While the Company has a track record of constructing projects not only commercial, institutional, and residential buildings (medical and welfare, education, and administrative facilities, condominiums, etc.) also in addition to infrastructure (airports, railways, roads, water and sewerage facilities, etc.), it also focuses on power and energy facilities (e.g. mega solar power plants, wind power plants, and hydroelectric power plants). Currently, Toda Corporation has its branches, subsidiaries, and other operation bases in Japan, Asia, the United States, and Africa.

Toda Corporation has developed the Framework under which it intends to issue green bonds and use the proceeds to finance and/or refinance, projects in Japan that will deliver positive environmental outcomes. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy (Offshore wind power generation)
2. Green Buildings

Toda Corporation engaged Sustainalytics to review the Framework, dated June 2020, and provide a second-party opinion on the Framework's environmental credentials and its alignment with the GBP¹ and Japan's Green Bond Guidelines 2020.² A summary overview of the Framework has been provided in Appendix 1.

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the GBP, as administered by ICMA, and Japan's Green Bond Guidelines 2020;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.4.1, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Toda Corporation's finance department to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Toda Corporation's representatives have confirmed (1) they understand it is the sole responsibility of Toda Corporation to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Toda Corporation.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² Ministry of the Environment, Japan, "Green Bond Guidelines, 2020", at: http://www.env.go.jp/policy/guidelines_set_version_with%20cover.pdf

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Toda Corporation has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Framework

Sustainalytics is of the opinion that the Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The two eligibility categories for the use of proceeds of green bond, 1) Renewable Energy and 2) Green Buildings, are recognized by the GBP as project categories with clear environmental benefits. The use of proceeds will further promote Toda Corporation's business policies set out in the Medium-term Management Plan 2024, including key investments in the offshore wind turbine projects as well as issue-solving-type business activities aiming for the decarbonization, etc. In addition, the use of proceeds will contribute not only to the energy shifting but to the reduction of greenhouse gas (GHG) emissions from society. Please refer to Section 3 for Sustainalytics' in-depth assessment of environmental benefits expected from the use of proceeds.
 - Under the Renewable Energy category, the Company intends to use the proceeds to finance expenditures on the development, operation or expansion of offshore wind turbine facilities including the Goto City Offshore Wind Turbine Project. Sustainalytics considers that, the inclusion of operational expenditures in addition to capital expenditures in renewable energy is necessary to maintain positive environmental impacts. In addition, Sustainalytics positively views the projects considering that they will contribute to the shift towards low-carbon energy.
 - Under the Green Building category, the Company intends to allocate the proceeds to capital expenditures (land acquisition costs, construction costs, renovation costs) on the buildings that meet eligibility criteria. The eligibility criteria in use of proceeds defines that properties have received, or will receive, third-party green building certifications, i.e. S or A Rank under CASBEE for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE for Real Estate, Platinum or Gold Rank under LEED-BD+C or LEED-O+M, 5 or 4 Stars under BELS or DBJ Green Building Certification. Sustainalytics considers that eligibility criteria defined by Toda Corporation, under which only top two levels of each certification scheme are eligible, is aligned with market practices. (Please see Appendix 2 for an overview and comparison of green-building certification schemes.)
 - In addition to the above-mentioned third-party certification schemes, within eligibility criteria for Green Buildings the Company includes properties that meet, or will meet, the ZEB Ready⁴, which is given to buildings that consume at least 50% less energy compared to Japan's energy-saving standards; and properties that meet, or will meet Grade 3 under the "Submission System of

⁴ A ZEB Ready are buildings that consume less than 50% of primary energy compared to the standard primary energy consumption required by the energy-saving standard by highly-insulated envelope and highly-efficient energy saving facilities. <http://www.env.go.jp/earth/zeb/detail/01.html> (Japanese only)

Toda Corporation Green Bond Framework

Building Environment Plan”⁵ by Bureau of Environment, Tokyo Metropolitan Government, as use of proceeds. While Sustainalytics recognizes that these schemes generates a certain level of positive environmental impacts, it recommends that the Company allocate the proceeds to properties that receive a third-party green building certification in order to further strengthen the framework, considering that a self-assessment based schemes may be less strict and reliable in terms of positive environmental impact.

- Toda Corporation intends to allocate the green bond proceeds to new and/or existing projects. For existing projects, it will refinance for wind power projects signed, or construction of buildings completed, within three years prior to the date of issuance of the green bond.
- Project Evaluation and Selection:
 - Toda Corporation’s eligible projects will be evaluated by the Promotion Office for Strategic Business and selected by the finance department in accordance with the eligibility criteria. The selected eligible projects to be financed by the proceeds will be made final approval by the Board of Directors. Sustainalytics considers Toda Corporation’s process to evaluate and select projects to be in line with market practice.
- Management of Proceeds:
 - Toda Corporation’s finance department will be responsible for the management of proceeds. The finance department will keep track of the budget and actual expenditures on a quarterly basis, for projects that satisfy the eligibility criteria set under the green bond framework, using an internal management system. Unallocated proceeds will be held in cash or cash equivalents. The Company also intends to allocate most of the proceeds within three years after the issuance of green bonds. Sustainalytics considers the Company’s process for managing proceeds to be in line with market practice.
- Reporting:
 - Toda Corporation is committed to disclosing allocation and impact reporting annually on its website and in its CSR report. Subject to confidentiality considerations, the Company will disclose, in the allocation reporting, information including the name of projects, overview of projects with up-to-date progress, amounts of allocated and unallocated proceeds, allocation schedule, and the method to manage unallocated proceeds, until the proceeds are fully allocated. Additionally, in the event of significant changes in the situation, the Company intends to disclose even after all the proceeds are allocated, in a timely manner. Furthermore, until the maturity of green bonds, the Company will disclose, in the impact reporting, environmental impact indicators of offshore wind turbine facilities such as the number of wind power turbines it constructed and, as far as the data is available, wind turbines’ power output capacity and the amount of carbon offsets; and environmental impact indicators of green buildings such as the names of the properties or projects, the names and levels of third-party certifications received by eligible projects, and, where measurable after the completion of the building, the amount of energy consumed, amount of energy saved, amount of CO₂ reduced, amount of CO₂ emitted per floor area, and amount of water used. Sustainalytics considers that the Company’s reporting to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

⁵ For newly built, added to, and modified buildings whose total floor space exceeds 2,000 m², the Tokyo Building Environment Plan System demands the submission of a self-evaluation of the environmental measures (rationalization of energy use, the appropriate use of resources, conservation of the natural environment, and mitigation of heat island phenomena) to the Tokyo Metropolitan Government. In the System, the Tokyo Metropolitan Government evaluates buildings based on three grades. The highest Grade 3 is given to buildings that have achieved the following: the Perimeter Annual Load (PAL) * reduction ratio of at least 20% in the evaluation of heat-insulating performance, and the Energy Reduction Ratio (ERR) of at least 30% for the use category I (offices, schools, factories, etc.) and at least 35% for the use category II (hotels, hospitals, department stores, restaurants, assembly halls, etc.) in the evaluation of its facility system’s energy-saving performance. <https://www7.kankyo.metro.tokyo.lg.jp/building/> (Japanese only)

Alignment with Japan's Green Bond Guidelines 2020

Sustainalytics is of the opinion that the Framework is in line with Japan's Green Bond Guidelines 2020. The guidelines communicate what an issuer should do to issue a credible green bond. Sustainalytics assessed the alignment between the Framework and the 'should' items outlined in the Japan's Green Bond Guidelines 2020.

GBP and Japan's Green Bond Guidelines 2020	Alignment with GBP and with Japan's Green Bond Guidelines 2020	Sustainalytics' comments on alignment with Japan's Green Bond Guidelines 2020 ⁶
1. Use of Proceeds	Yes	Toda Corporation explains in the Framework that the proceeds will be used to finance expenditures relating to the construction of offshore wind power generation facilities and green buildings/buildings with energy-saving performance. These projects are recognized by Japan's Green Bond Guidelines 2020 as project categories with clear environmental benefits. In the Framework, Toda Corporation explains about the evaluation of environmental risks associated with the eligible projects and measures to mitigate such risks, which are made available for access by investors. Furthermore, in case of issuing multiple green bonds to refinance an asset that requires long term maintenance, Toda Corporation is committed to Sustainalytics that it will disclose the asset's age, and remaining useful life and the amount to be refinanced as at the time of the green bond issuance.
2. Process for Project Evaluation and Selection	Yes	Toda Corporation explains in the Framework its environmental policies and goals that it aims to achieve through the issuance of green bonds. Further, the Company describes that the Framework sets eligibility criteria for the use of proceeds and that eligible projects are evaluated by the Promotion Office for Strategic Business in accordance with the eligibility criteria, selected by the finance department, and finally approved by the Board of Directors.
3. Management of Proceeds	Yes	The finance department is responsible for managing the proceeds and keeping track of the budget and actual expenditures on the projects which satisfy the eligible criteria on a quarterly basis using the internal management system, until the maturity of green bonds. The Framework states that unallocated funds are managed as cash

⁶ For detailed comments on alignment with ICMA GBP, please see Appendix 3.

or cash equivalents. The Company plans to allocate most of the proceeds within three years after the green bond issuance.

4. Reporting	Yes	<p>In the Framework, Toda Corporation states that it provides allocation and impact reporting annually on its corporate website and in its CSR report. Within the allocation reporting, the Company explains to disclose information including the name of projects, overview of projects with up-to-date progress, the amounts of allocated and unallocated proceeds, allocation schedule, and the method to manage unallocated proceeds, until the proceeds are fully allocated. Additionally, it is explained that information will be disclosed in a timely manner, in the event of significant change in the situation even after all the proceeds are allocated. Impact reporting will be continued until the maturity of green bonds to disclose environmental impact indicators including the number of wind turbines it constructed and, as far as data is available, power output capacity of the wind turbines and the amount of carbon offset. The reporting will also cover green building-related environmental impact indicators, including the name of properties or projects, name and level of the third-party certifications received by eligible projects, and where they are measurable after the completion of building, the amount of energy consumed, the amount of energy saved, the amount of CO₂ reduced, the amount of CO₂ emitted per floor, and the amount of water used.</p>
--------------	-----	---

Section 2: Sustainability Strategy of Toda Corporation

Contribution of Framework to Toda Corporation's sustainability strategy

Toda Corporation is committed to implementing environmental conservation activities in all aspects of its business operations and engaging in environment-related business and technology development through its environmental policy.⁷ The Company has been working on the development of renewable energy technologies and the construction of facilities centering on offshore wind turbines. In its Mid-term Management Plan 2024,⁸ which covers a 5-year period from FY2020, the Company designates the commercialization of offshore wind power generation technologies as one of its strategic businesses. Furthermore, by participating in the international initiative RE100, it has set a target of increasing the ratio of electricity usage from renewable

⁷ Toda Corporation, "Environmental Policy and Promotion System (Japanese only)", at: <https://www.toda.co.jp/csr/environment/vision.html>

⁸ Toda Corporation, "Toda Group, Establishment of Medium-Term Management Plan 2024 (Japanese only)", at: https://www.toda.co.jp/ir/pdf/toda97_20200529_1.pdf

Toda Corporation Green Bond Framework

energy sources up to 50% by 2040, and 100% by 2050.⁹ To achieve the target, the Company is promoting its use of electricity generated through its renewable energy business for own consumption.¹⁰

As a green building initiative, Toda Corporation aims to reduce environmental load arising from building construction and operation. The Company has committed, through the Eco-first System launched by the Ministry of the Environment, by 2050 from the 1990 level, to: 1) reducing the total CO₂ emissions during construction by 80%; 2) reducing the total CO₂ emissions from office buildings designed by the Company by 80%; 3) reducing CO₂ emissions from its own facilities by 60%; and 4) extending buildings' useful life.¹¹ Toda Corporation has also been certified by the international initiative, Science Based Targets initiative (SBTi),¹² for its CO₂ reduction targets up to 2040 and 2050 for Scopes 1, 2, and 3, respectively. In the aim of achieving these targets, the Company is introducing CO₂ reduction technologies to construction sites and engaging in efforts to design buildings with high environmental performance, including the achievement of ZEBs.^{13 14}

Given the above, Sustainalytics considers that the use of proceeds stated in the framework is aligned with Toda Corporation's environmental policy, environmental goals, and the Medium-term Management Plan and provides support for its long-term efforts to promote the renewable energy business and reduce environmental load throughout the building life cycle.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics views that the use of proceeds stated in the framework, which is considered as eligible projects under the GBP, have clear environmental benefits. At the same time, Sustainalytics recognizes that the large-scale offshore wind power generation and the development of green buildings are exposed to environmental and social risks. Major environmental and social risks during the project development phase include the loss of habitat and biodiversity, noise, occupational health and safety of construction workers, and coordination with local residents. For the following reasons, Sustainalytics recognizes that Toda Corporation is well positioned to mitigate environmental and social risks:

- Toda Corporation is committed to conducting environmental impact assessments in the development of offshore wind power generation facilities, not only on wind power plants with an output power of 10,000 kW or more (as required under Japan's Environmental Impact Assessment Act), but also on those with an output power from 7,500 kW or more to less than 10,000 kW (where they are determined to be subject to the assessment). An environmental impact assessment of offshore wind power generation¹⁵ covers environmental items such as noise and ultra-low frequency, water quality, flora and fauna, landscape, and interaction between people and nature. In the assessment, business and regional characteristics of the relevant projects are considered, impact on important environmental items is assessed, and briefing/reporting sessions are held for local residents. This will result in the mitigation of environmental risks that may be incurred in the development of offshore wind power generation. Additionally, Toda Corporation participated in the Ministry of the Environment's "Floating Offshore Wind Turbine Demonstration Project" as a joint project business operator from FY2010 to FY2015, as part of its Goto City Offshore Wind Turbine Project, which is included in the use of proceeds. In the Ministry's Project, environmental impacts of the construction of wind power generation facilities were studied, which concluded that there would be only a limited, if any, negative impact on the environment.^{16 17}
- Toda Corporation has set out its "Biodiversity Action Guidelines" in the aim of preserving and maintaining biodiversity during the construction of buildings. The Company is committed to engaging in initiatives to prevent and reduce impacts on biodiversity, including the protection of rare species during the planning, design, and construction stages, as well as in efforts to prevent noise, vibration, and air pollution during the construction stage, through the employee guidelines that cover the following five areas: 1) promotion of understanding through environmental education; 2) application to the construction business; 3)

⁹ Toda Corporation, "Accession to the RE100 Initiative (Japanese only)", at: <https://www.toda.co.jp/assets/pdf/20190118.pdf>

¹⁰ Toda Corporation, "Self-consumption of Renewable Energy from own power plants to achieve RE100 (Japanese only)", at: <https://www.toda.co.jp/assets/pdf/20191008.pdf>

¹¹ Toda Corporation, "Renewed Eco-First promises (Japanese only)", at: <https://www.toda.co.jp/assets/pdf/20171205.pdf>

¹² Toda Corporation, "CO2 reduction targets receive SBT approval (first for the Japanese construction industry) (Japanese only)", at: <https://www.toda.co.jp/assets/pdf/20170809.pdf>

¹³ Toda Corporation, "Earth Friendly Construction (Japanese only)", at: https://www.toda.co.jp/solution/ecology_arch/construction.html

¹⁴ Toda Corporation, "ZEB (Japanese only)", at: https://www.toda.co.jp/solution/energy_arch/zeb.html

¹⁵ Ministry of the Environment, "Summary of the Study Group on the Basic Approach to Environmental Impact Assessment for Offshore Wind Turbines (Japanese only)", at: <http://www.env.go.jp/press/files/jp/105418.pdf>

¹⁶ Toda Corporation, "Vol.2 The first floating offshore wind turbine in Japan (Japanese only)", at: https://www.toda.co.jp/business/ecology/special/windmill_02.html

¹⁷ In August 2018, Toda Corporation received a finalized notice of the environmental impact assessment for the Goto City Offshore Wind Turbine Project.

- procurement of materials, etc.; 4) research and technology development; and 5) collaboration with administrative agencies, research institutions, and external organizations.¹⁸
- Aiming at reducing environmental load throughout the building life cycle, the Company ensures green procurement¹⁹ by sourcing recycled materials including recycled crushed stone, recycled aggregate, and recycled steel at the design and construction stages. The Company also promotes the reduction of construction waste and the decline of final disposal rate by applying technologies and construction methodologies designed to reduce construction waste.²⁰
 - Toda Corporation has been working on preventing occupational accidents based on its own occupational health and safety management system called “TODA-OHSMS.”²¹ The system is designed to ensure that risk assessment is carried out and risk elimination/reduction measures are implemented for each construction process, by documenting roles of, and specific procedures to be followed by, and implementing PDCA cycle, related parties including subcontractors. Under the system, the prevention of fall accidents is one of the Company’s highest-priority control items, and site managers are required to document the “Safety Measures for Openings at the Construction Site,” to identify openings and implement measures to prevent falls therefrom.

Section 3: Impact of Use of Proceeds

The two use of proceeds categories defined in the Framework are aligned with those recognized by the GBP and Japan’s Green Bond Guidelines 2020 as project categories with environmental benefits. Sustainalytics explains why those project categories produce positive environmental impacts in Japan as follows:

Contribution to Measures Against Climate Change by Introducing Offshore Wind Power Generation

In response to the Great East Japan Earthquake and the Fukushima Daiichi Nuclear Power Plant accident in 2011, the Japanese government developed a policy to reduce the nation’s dependence on nuclear power generation and maximize the use of renewable energy. In 2015, the government issued the “Long-term Energy Supply and Demand Outlook,” in which it set a goal of doubling the share of renewable energy in the total power source mix from the pre-earthquake level of 10% to 22-24% (including wind power: 1.7%) by FY2030.²² As its Nationally Determined Contribution (NDC)²³ under the Paris Agreement, the Japanese government pledged a 26% reduction in GHG emissions from the 2013 level by 2030. In view of this, an increased use of renewable energy will play an important role in Japan’s efforts to combat climate change.

As Japan has limited area of land available for installing onshore wind power generation facilities, within the Basic Energy Plan²⁴ (approved by the Cabinet in 2018), the government positioned offshore wind power as a power source that must be expanded. Japan’s potential offshore wind power generation capacity is estimated at 1.6 billion kW, which exceeds the onshore wind power generation capacity of 280 million kW and is about 10 times more than solar power and about 100 times more than geothermal and small- to medium-scale hydropower generation.²⁵ On the other hand, in view of the fact that the offshore wind power generation was hampered by a lack of sea area utilization rules, the Japanese government enforced the “Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities” (“Offshore Renewable Energy Act”)²⁶ in March 2019 to support the installation and expansion of offshore wind power generation facilities.

Sustainalytics views that Toda Corporation’s use of proceeds relating to the construction of offshore wind power generation facilities will contribute to the introduction and expansion of offshore wind power

¹⁸ Toda Corporation, “Addressing Biodiversity (Japanese only)”, at: <https://www.toda.co.jp/csr/environment/biodiversity.html>

¹⁹ Toda Corporation, “Promotion of Green Procurement (Japanese only)”, at: <https://www.toda.co.jp/csr/environment/green.html>

²⁰ Toda Corporation, “Reduction of Construction Waste / Risk Management of Hazardous Materials (Japanese only)”, at:

<https://www.toda.co.jp/csr/environment/recycle.html>

²¹ Toda Corporation, “Occupational Health and Safety Management System (TODA-OHSMS) Commentary (Japanese only)”, at:

<https://www.toda.co.jp/csr/human/pdf/TODA-OHSMS.pdf>

²² Ministry of Economy, Trade and Industry, “Long-term Energy Supply and Demand Outlook” (2015), at:

http://www.meti.go.jp/english/press/2015/pdf/0716_01a.pdf

²³ Submission of Japan’s Nationally Determined Contribution”, at: <https://www.env.go.jp/press/files/jp/113675.pdf>

²⁴ Ministry of Economy, Trade and Industry, “Basic Energy Plan”, at: https://www.meti.go.jp/english/press/2018/pdf/0703_002c.pdf

²⁵ Ministry of the Environment, “Study on the Potential for Renewable Energy Introduction in 2010 (Japanese only)”, at:

<https://www.env.go.jp/earth/report/h23-03/full.pdf>

²⁶ Ministry of Economy, Trade and Industry, “Cabinet Orders concerning the Act of Promoting Utilization of Sea Areas in Development of Power Generation Facilities Using Maritime Renewable Energy Resources Approved”, at: https://www.meti.go.jp/english/press/2019/0315_003.html

generation facilities and provide clear environmental benefits. Further, Sustainalytics is of the opinion that the use of proceeds will contribute to the Japanese government's measures to combat climate change.

Environmental Improvements through Green Buildings

As its NDC²⁷ under the Paris Agreement, the Japanese government pledged a 26% reduction in GHG emissions from the 2013 level by 2030. To achieve the NDC target, the government set a goal of reducing the final energy consumption by the business sector, which represent emissions from office and commercial buildings, and the household sector, by 14% and 27%, respectively.²⁸ As the final energy consumption by these two sectors increased by approx. 20% compared to the 1990 levels,²⁹ and their CO₂ emissions account for approx. 30% of Japan's total CO₂ emissions,³⁰ improvement of buildings' energy efficiency is indispensable for the country to reduce its CO₂ emissions. The Japanese government aims to achieve the reduction targets by implementing multiple measures such as improving newly-built buildings' energy saving performance, renovating existing buildings, ensuring strict energy management, and installing high-efficiency lighting equipment.

In order to improve buildings' energy-saving performance, the Japanese government is working on strengthening regulatory measures in stages by enforcing the "Act on the Improvement of Energy Consumption Performance of Buildings" ("Building Energy Efficiency Act")³¹ in 2015 and introducing a requirement for large-scale non-residential buildings to comply with the energy-saving standards. It has also set a policy objective of achieving the ZEB target on average of newly-built buildings by 2030.³²

Sustainalytics is of the opinion that the Company's use of proceeds relating to green buildings will contribute to Japan's measures against climate change by generating energy-saving effects in buildings and reducing building-related final energy consumption, which has been on an increasing trend.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Toda Corporation plans to issue green bonds based on the Framework and use the proceeds to finance and/or refinance the projects to construct offshore wind turbines and green buildings. Sustainalytics considers that the use of proceeds is aligned with the Company's environmental policy, environmental goals, and medium-

²⁷ Submission of Japan's Nationally Determined Contribution", at: <https://www.env.go.jp/press/files/jp/113675.pdf>

²⁸ Ministry of Land, Infrastructure, Transport and Tourism, "Future Energy Conservation Measures for Housing and Buildings (Second Report) (Reference Material) (Japanese only)", at: <https://www.mlit.go.jp/common/001275971.pdf>

²⁹ Ministry of Land, Infrastructure, Transport and Tourism, "Future Energy Conservation Measures for Housing and Buildings (Second Report) (Reference Material) (Japanese only)", at: <https://www.mlit.go.jp/common/001275971.pdf>

³⁰ Ministry of the Environment, "Japan's National Greenhouse Gas Emissions in Fiscal Year 2018 (Final Figures) (Japanese only)", at: <https://www.env.go.jp/press/files/jp/113762.pdf>

³¹ Ministry of Land, Infrastructure, Transport and Tourism, "Overview of the Building Energy Efficiency Act (Detailed Explanatory Session) (Japanese only)", at: <https://www.mlit.go.jp/common/001178846.pdf>

³² Ministry of Economy, Trade and Industry, "Basic Energy Plan", at: https://www.meti.go.jp/english/press/2018/pdf/0703_002c.pdf

Toda Corporation Green Bond Framework

term management plan, and will support the promotion of the Japanese government's measures against climate change as well as the SDGs 7 and 9. Additionally, Sustainalytics is of the opinion that Toda Corporation is well-positioned to control and reduce environmental and social risks associated with eligible projects.

Toda Corporation's use of proceeds are recognized by the GBP and Japan's Green Bond Guidelines 2020 as a project with clear environmental benefits. Sustainalytics views that the Company's eligibility criteria, project evaluation and selection process, management of proceeds, and reporting policies are aligned with market practices

Based on the above, Sustainalytics is of the opinion that the Framework is aligned with the four core components of GBP and Japan's Green Bond Guidelines 2020, and is credible and transparent.

Appendices

Appendix 1: Framework Overview

For the purpose of issuing green bonds, Toda Corporation has developed the following Framework which addresses the four key core components of the GBP: use of proceeds, project evaluation and selection process, management of proceeds, and reporting, on June, 2020. The Framework belongs to Toda Corporation.

1. Use of proceeds

The proceeds of the green bond will be allocated 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 following eligibility criteria.

1.1 Eligibility Criteria

- Green Bond Principles 2018 Project Category: Renewable Energy
Offshore wind power generation facilities (Goto City Offshore Wind Turbine Project etc.)
Expenditures related to the development work, operation, or facility expansion of new or existing wind energy projects signed within 36 months of the date of issuance of the green bond.
- Green Bond Principles 2018 Project Category: Green Buildings
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.).
 - 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

2. Process for project evaluation and selection

2.1 Application of Eligibility and Exclusionary Criteria in Project Selection

First, the Promotion Office for Strategic Business evaluates projects to determine whether they satisfy the green bond eligibility criteria. Then, based on the evaluation results, the finance department selects projects to be funded by the proceeds. The Board of Directors makes final approval for selection of projects.

2.2 Environmental Objectives

Under its environmental policy of "implementing environmental protection activities through all our business activities," Toda Corporation is committed to continuously implementing the following activities in order to make every effort to restore and protect the global environment and leave a better global environment to be inherited by the next generation.

1. Promote environmental impact mitigation activities relating to prevention of pollution, effective use of resources, mitigation of climate change, adaptation to climate change and maintenance and protection of biodiversity.
2. Engage in environment-related business and technology development, and implement environmental protection activities in all aspects of building design and execution as well as in management of facilities and other such matters.
3. In addition to complying with laws, regulations, and agreements regarding the environment, also strive to disclose information and take steps for communication with society.

In addition, the Company has not only signed up to the RE100 international business initiative, which aims for business operations to rely on 100% renewable energy, but set the following goals as an Eco-first company.

- (1) We will reduce the total amount of CO₂, etc. emitted during construction.

Toda Corporation Green Bond Framework

- We will reduce the basic units of CO₂ emissions by 50% by 2030 and by 60% by 2050 compared to the 1990 level.
- We will reduce the total amount of CO₂ emissions by 70% by 2030 and by 80% by 2050 compared to the 1990 level.
- We will reduce the final disposal rate of construction waste at construction sites to 5% or less.
- (2) We will reduce the total amount of CO₂ emitted from office buildings designed by the Company.
 - We will reduce the amount above by 80% by 2050 compared to the 1990 level.
- (3) We will reduce the amount of CO₂ emitted from facilities owned by the Company.
 - We will reduce the amount above by 60% by 2050 compared to the 1990 level.
- (4) We will contribute to the creation of a sustainable society by extending the useful life of buildings and infrastructure.

2.3 Process to Mitigate Environmental and Social Risks

Toda Corporation is not only conducting an environmental impact assessment (EIA) as required by Japanese regulations for its eligible projects, but has also been part of the Ministry of Environment’s previous pilot assessment of environmental risks for offshore wind turbines, which concluded that the negative impact of its turbines is low.

Eligible projects follow the procedures for environmental impact assessment (EIA), which is set by the Japanese Environmental Impact Assessment Law. In the building construction field, the Company aims for reducing CO₂ emissions from business activities by 80% by 2050, shifting to renewable energies by signing up to the RE100 initiative, and achieving zero emission (zero landfill waste, i.e. 100% recycling rate) by implementing measures to reduce construction waste and construction surplus soil.

3. Management of Proceeds

Toda Corporation’s finance department will manage the proceeds from the green bond until the maturity of the green bond. The finance department will prepare an internal management system to keep track of the budget and actual expenditures to eligible projects on a quarterly basis. Toda Corporation plans to allocate the majority of proceeds within 3 years after the issuance of the bond. Prior to the allocation to eligible projects, the company will hold in cash or cash equivalent.

4. Reporting

4.1 Allocation reporting

Toda Corporation ensures that the company will annually report on the proceeds (name of projects, overview of projects including up-to-date progress, amount of allocated and unallocated proceeds, allocation schedule, and the method to manage unallocated proceeds, etc.), subject to confidentiality considerations, until the proceeds are fully allocated into the projects aligning with the eligibility criteria, on its corporate website and its CSR report that is annually published. Furthermore, the company will receive an annual letter from its Chief Financial Officer that confirms that green bond proceeds have been allocated to eligible projects.

Furthermore, in case of issuing multiple green bonds to refinance an asset that requires long term maintenance, Toda Corporation has committed to disclose the asset’s age, and remaining useful life and the amount to be refinanced as at the time of the green bond issuance.

Additionally, in the event of significant changes in the situation, Toda Corporation will disclose in a timely manner even after the completion of the allocation of the proceeds.

4.2 Impact reporting

The Company will disclose the following indicators related to eligible projects on its website and/or CSR report once a year until the maturity of the green bond. The first report will be made public within one year from the date of the green bond issuance.

【KPIs in major lines of business】

Project	KPI
Offshore wind power generation facilities (Goto City Offshore Wind Turbine Project etc.)	<ul style="list-style-type: none"> • Number of constructed wind turbines • Where data is available, the power output capacity of wind turbines and amount of carbon offset from the eligible projects
Construction of Green Buildings	<ul style="list-style-type: none"> • Name of property/project

<p>(New TODA BUILDING (tentative name) etc.)</p>	<ul style="list-style-type: none">• 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 KPIs are limited to those measurable after the completion of construction.</p>
--	---

Appendix 2: Overview and Comparison of Green Building Certification Schemes

	CASBEE Certification ³³	LEED ³⁴	BELS ³⁵	DBJ Green Building Certification ³⁶
Background	The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification is a green building certification scheme in Japan, which a third party certifies the environmental performance of buildings. The certification scheme includes, based on types of buildings: CASBEE for Buildings, CASBEE for Real Estate, and CASBEE for Housing.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, and operation of buildings.	The Building-Housing Energy-efficiency Labelling System (BELS) is an energy performance label, issued under guidelines established by Japan's Ministry of Land, Infrastructure, Transport, and Tourism. The BELS certification scheme evaluates primary energy consumption in order to measure performance of energy conservation.	The Development Bank of Japan (DBJ) Green Building Certification Programme was launched by Development Bank of Japan in 2011 and is operated in conjunction with the Japan Real Estate Institute (JREI), a major appraisal firm in Japan. The certification scheme is recognized as one of Japan's major regional standards. The certification is available for office buildings, logistics, residential, and retail facilities.
Certification levels	C (Poor) B- (Slightly Poor) B+ (Good) A (Very Good) S (Excellent) * 4-grade evaluation for CASBEE for Real Estate excluding C rank	Certified Silver Gold Platinum	1 Star 2 Stars 3 Stars 4 Stars 5 Stars	1 Star 2 Stars 3 Stars 4 Stars 5 Stars
Areas of Assessment: Environmental Project Management	CASBEE assesses two main factors: inside and outside the building site, which translate into Q (Built Environment Quality) and, L (Built Environment Load), respectively. * The above are not applied to CASBEE for Real Estate	None	None	Evaluation of DBJ Green Building Certification includes construction specifications, environmental features as well as social factors.
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Energy Efficiency • Resource efficiency • Local environment • Indoor environment * Areas for assessment of CASBEE for Real Estate are energy/GHG,	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency 	Energy efficiency	<ul style="list-style-type: none"> •Energy & Resources (Energy conservation, resource conservation, etc.) •Amenity (Convenience and comfort) •Resilience (Environmental risks, legal compliance, etc.)

³³ Institute for Building Environment and Energy Conservation, "CASBEE certification scheme (Japanese only)", at: <http://www.ibec.or.jp/CASBEE/certification/certification.html>.

³⁴ U.S. Green Building Council, "LEED rating system", at: <https://new.usgbc.org/leed>

³⁵ Association for Housing Performance Evaluation & Labeling, "Building-Housing Energy-efficiency Labelling System Building Energy-efficiency Performance Labeling System (Japanese only)", at: <https://www.hyokakyokai.or.jp/bels/bels.html>.

³⁶ Development Bank of Japan, Japan Real Estate Institute (JREI), "DBJ Green Building", at: <http://igb.jp/en/index.html>.

Toda Corporation Green Bond Framework

	water, resource, biodiversity, indoor environment	<ul style="list-style-type: none"> Indoor environmental quality Innovation in Design Regional Priority 		<ul style="list-style-type: none"> Community & Diversity (Consideration for the surrounding environment and biodiversity, etc.) Partnership (information disclosure, etc.)
Requirements	<p>Score-based performance level.</p> <p>CASBEE uses the BEE (Built Environment Efficiency) as its assessment indicator, which is calculated from Q (Built Environment Quality) as the numerator and L (Built Environment Load) as the denominator. Q and L are obtained through the classification and rearrangement of the four areas of assessment.</p> <p>Buildings may receive ranks ranging from C (poor) to S (excellent), in order of increasing BEE value.</p> <p>For authorization, a building must receive a report from the CASBEE Certification system, which is afterwards assessed by the local government.</p> <p>* CASBEE for Real Estate does not use BEE, additional point system. Certification will not be given, if required item are not met.</p>	<p>Prerequisites (independent of level of certification) + Credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools- /Retail- /Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Score-based performance level.</p> <p>The BELS score is based on the Building Energy Index, obtained by comparing the energy consumption of a building to the standard primary energy consumption of the building type in official guidelines.</p> <p>A two-star rating is equivalent to existing energy conservation standards, with higher star ratings implying greater savings.</p> <p>The score is calculated by an accredited third party.</p>	<p>Score-based performance level.</p> <p>The assessment has a full score of 300 points and consists of 85 questions, 73 of which are regular questions and 12 of which are questions on innovative initiatives.</p> <p>JREI will conduct on the ground review of building performance on the indicators above, and a committee set in JREI will decide the result of certification rank.</p>
Performance display	<p>37</p>	<p>Platinum 80+ points earned 38</p>	<p>39</p>	<p>40</p>

³⁷ Institute for Building Environment and Energy Conservation, "Method of Evaluation and Built Environment Efficiency (BEE) (Japanese only)", at: http://www.ibec.or.jp/CASBEE/CASBEE_outline/method.html.

³⁸ U.S. Green Building Council, "LEED rating system", at: <https://new.usgbc.org/leed>

³⁹ Institute for Building Environment and Energy Conservation, "Display example of BELS (Japanese only)", at: https://www.hyoukakyokai.or.jp/bels/pdf/170401bels_07.pdf.

⁴⁰ Development Bank of Japan, "DBJ Green Building", at: http://www.dbj.jp/en/pdf/service/finance/g_building/gb_presentation.pdf.

Toda Corporation Green Bond Framework

<p>Qualitative considerations</p>	<p>CASBEE is continuously developed based on industry-government-academia collaboration under the support of Ministry of Land, Infrastructure, Transport and Tourism. In Japan, many local governments have made CASBEE assessment results mandatory for building permits.</p>	<p>Worldwide recognition and application</p>	<p>BELS is aligned with official government standards.</p> <p>The scheme assesses only energy performance, without any broader consideration of holistic environmental factors.</p>	<p>In addition to LEED and CASBEE, DBJ Green Buildings Certification Programme is considered as one of the green building standards in Japan. According to its website, as of March 2019, 695 properties in Japan are certified by the programme.⁴¹</p>
-----------------------------------	--	--	---	--

⁴¹ Development Bank of Japan, Japan Real Estate Institute (JREI), "DBJ Green Building", at: <http://igb.jp/en/index.html>.

Appendix 3: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Toda Corporation

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Toda Corporation Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: July 30, 2020

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

Toda Corporation Green Bond Framework

The eligible categories for the use of proceeds, Renewable Energy and Green Buildings, are aligned with those recognized by the GBP. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 9.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Eligible projects to be financed by the green bond proceeds will be evaluated and selected by the Promotion Office for Strategic Business and the finance department based on the eligibility criteria, and then approved and finally selected by the Board of Directors. Toda Corporation's process to evaluate and select projects is aligned with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Toda Corporation Green Bond Framework

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Toda Corporation's finance department will be responsible for managing the proceeds. Using an internal management system, the finance department will keep track of budget and actual expenditures of eligible projects of green bond on a quarterly basis. Toda Corporation's process for management of proceeds is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Toda Corporation will disclose an allocation reporting until the full allocation and impact reporting until the maturity of green bonds, on its corporate website and CSR report annually. The allocation reporting will include the name of projects, overview of projects including up-to-date progress, amount of allocated and unallocated proceeds, allocation schedule, and the method to manage unallocated proceeds. In addition, the Company is committed to including qualitative and quantitative environmental impact indicators in the impact reporting, such as the amount of carbon offsets from wind turbines, green building certifications, and the amount of CO₂ emitted/saved.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (*please specify*): information including the name of projects, overview of projects with up-to-date progress, the amount of, allocation schedule for, and the method to manage, unallocated proceeds.

Frequency:

- Annual Semi-annual
- Other (*please specify*): In a timely manner in the event of significant change in the situation

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (*please specify*): Number of constructed wind turbines, power output capacity of wind turbines (where data is available), name of green building property/project, names and levels of third-party certifications received by eligible projects, and where they are measurable after the completion of the building, the amount of energy consumed, amount of CO₂ emitted per floor area, and amount of water used

Frequency

- Annual Semi-annual
- Other (*please specify*):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (*please specify*):

The Company's website and CSR Report

- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2020 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

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

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 16 offices globally, Sustainalytics has more than 650 staff members, including more than 200 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.

