



# NEWS RELEASE

Dec 7, 2018

## **【R&I Green Bond Assessment】**

### **Toda Corporation Unsec. Str. Bonds No.4**

### **(Toda Corporation Offshore Wind Power Green Bond) : GA1 (Formal)**

Rating and Investment Information, Inc. (R&I) has announced the following R&I Green Bond Assessment GA1 (Formal). R&I announced a preliminary assessment for this instrument on November 13, 2018. The preliminary assessment has now been converted to a formal assessment.

#### **【DESCRIPTION OF RATED INSTRUMENT】**

INSTRUMENT NAME	Unsec. Str. Bonds No.4 TODA CORPORATION Offshore Wind Power GREEN BOND
ISSUER	TODA CORPORATION
ISSUE AMOUNT (mn)	JPY 5,000
R&I GREEN BOND ASSESSMENT	GA1 (Formal)
ISSUE DATE	December 21, 2018
MATURITY DATE	December 21, 2023

R&I has confirmed that the green bond is in conformity to the green bond framework developed by TODA CORPORATION from the perspectives of the fixed issue amount, term, etc. and assigned GA1 (Formal) to the green bond.

Details are provided in the attached press release dated November 13, 2018 regarding R&I Green Bond Assessment GA1 (Preliminary).

In addition to this assessment, R&I has assigned a credit rating to Toda Corporation Green Bond. For details, please refer to <https://www.r-i.co.jp/en/index.html>

R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

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R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits and is not statements of fact. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business. Further, R&I does not give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing R&I Green Bond Assessment and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to R&I Green Bond Assessment (including amendment or withdrawal thereof). As a general rule, R&I issues R&I Green Bond Assessment for a fee paid by the applicant. For details, please refer to <https://www.r-i.co.jp/en/docs/policy/site.html>.



# NEWS RELEASE

Nov 13, 2018

## **【R&I Green Bond Assessment】**

### **Toda Corporation**

### **Toda Corporation Offshore Wind Power Green Bond : GA1 (Preliminary)**

Rating and Investment Information, Inc. (R&I) has announced the following R&I Green Bond Assessment. This is a preliminary assessment and will be reassessed after the final confirmation of bond issuance details.

#### **【DESCRIPTION OF RATED INSTRUMENT】**

INSTRUMENT NAME	TODA CORPORATION Offshore Wind Power GREEN BOND
ISSUER	TODA CORPORATION
ISSUE AMOUNT (mn)	JPY 5,000
R&I GREEN BOND ASSESSMENT	GA1 (Preliminary)
ISSUE DATE	December 2018 (scheduled)
MATURITY DATE	December 2023 (scheduled)

#### **【RATIONALE】**

TODA CORPORATION (TC) is one of Japan's second-tier general contractors. TC has strength in the construction of various types of buildings ranging from medical and educational facilities to offices and production facilities, and has also recently been engaging in the construction of floating offshore wind power facilities and solar power facilities. Following the issuance (of Unsec. Str. Bonds No. 3: Toda Corporation Green Bond) in December 2017, the bond mentioned above (TC Offshore Wind Power Green Bond) is scheduled to issue in Japan as a green bond in line with the Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

In accordance with the R&I Green Bond Assessment Methodology, R&I has judged that the proceeds from the issuance of TC Offshore Wind Power Green Bonds will be used to invest in projects with significant environmental benefits and has assigned GA1 (Preliminary) to the bond. The main rationale is as follows:

- The net proceeds of the TC Offshore Wind Power Green Bond will be used to construct floating offshore wind power facilities with a maximum capacity of 22MW off the coast of Goto City, Nagasaki Prefecture (the "Project"). An offshore wind power generation business is part of renewable energy generation project and is also considered to be a business contributing to the mitigation of global warming.
- While there are not many areas in Japan where onshore wind power generation facilities can be installed, great potential is considered to exist for the installation of offshore wind power facilities as Japan is an island country surrounded by sea. Floating offshore wind power facilities can be installed even in deepwater areas and are anticipated to greatly contribute to the promotion of the installation of renewable energy generation facilities in Japan. As this is Japan's first full-scale commercialization of such wind power facilities, this Project is very significant.
- The Project received the final notification of "Environmental Impact Assessment Certification" from Ministry of Economy, Trade and Industry in August 2018 with no additional requirements to the environmental assessment procedures which had already been being implemented, and completed the procedure following the public announcement and disclosure to neighborhood residents in October 2018.

- The process for selecting this Project as the destination of the proceeds from TC Offshore Wind Power Green Bonds, the approach to managing the proceeds until their allocation to the Project, and TC's reporting policy regarding the allocation of the proceeds and the environmental impacts of the Project have been set in accordance with the Green Bond Principles. In addition, TC has established its companywide environmental framework and conducted leading-edge environmental conservation activities through its business operations.

Comprehensively considering the above, R&I is confident that the TC Offshore Wind Power Green Bond is in line with the Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

## 1. Use of Proceeds

For green bond proceeds to be used to invest in projects with environmental benefits, the eligible projects in which the funds are invested must be identified as being environmentally beneficial. The net proceeds of TC Offshore Wind Power Green Bond will be invested in the following project:

Project Category	Project Name	Allocation of Proceeds
Renewable energy	Goto City Offshore Wind Power Generation Project (tentative name)	100%

### Summary of Project:

The Goto City Offshore Wind Power Generation Project (tentative name) installs floating offshore wind power facilities with a maximum output capacity of 22MW off the coast of Sakiyama, Goto City, Nagasaki Prefecture. In specific, eight units of 2MW wind turbine and one unit of 5MW wind turbine are scheduled to be installed for the facilities at present.

As one of the companies representing the group of companies entrusted by the Ministry of the Environment, TC had been engaged, from 2010 to 2015, in the experimental project for Japan's first floating offshore wind turbines off the coast of Kabashima, Goto City, Nagasaki Prefecture. In this experimental project, installation and operation of floating offshore wind power generation equipment and the relevant investigation of environmental impact were conducted. The demonstration equipment installed for the experimental business project was moved off the coast of Sakiyama in 2016. Since then, TC has been carrying out its power generation business in collaboration with Goto City as part of Japan's first commercialization of wind power.

The Project conducted an environmental assessment in compliance with the Environmental Impact Assessment Act in reference to findings on environmental impact, etc. verified through the Ministry of the Environment's experimental project. The Project received the final notification of "Environmental Impact Statement" from Ministry of Economy, Trade and Industry in August 2018, which was publicly announced and disclosed to neighborhood residents, and completed the procedure in October 2018. Going forward, construction works will get underway with operation expected to start in 2021.

According to the project schedule, full-scale operations will begin in 2021 after the completion of environmental assessments, equipment order placement, and construction work.

### Evaluation:

An offshore wind power generation project is a renewable energy generation project and is also considered to be a business contributing to the mitigation of global warming.

While there are not many areas in Japan where onshore wind power generation facilities can be installed, great potential is considered to exist for the installation of offshore wind power facilities as Japan is surrounded by sea. Floating offshore wind power facilities that can be installed even in deepwater areas are anticipated to greatly contribute to the promotion of the installation of renewable energy generation facilities in Japan. As this is Japan's first full-scale commercialization of such wind power facilities, this Project is very significant.

In addition, this project has conducted investigation and prediction assessment on an impact that floating offshore wind power facilities may have on the environment (e.g. marine creatures, land creatures (birds) and landscape) in the planned business area in reference to findings on environmental impact, etc. verified through the Ministry of the Environment's experimental project. This will be embodied in environmentally conscious measures in line with "Environmental Impact Statement."

Comprehensively considering above, R&I has evaluated the project to be extremely beneficial to the environment.

## 2. Process for Project Evaluation and Selection

For green bond proceeds to be used to invest in projects with environmental benefits, the issuer's rationale and process regarding the selection of eligible projects must be clear and reasonable.

### **Outline of TC's Selection Process:**

Toda Corporation has formulated the Toda Earth Charter, Environmental Policies, and CSR Policies as the company's environmental philosophy and policies. In line with these philosophy and policies, TC has been engaging in renewable energy generation businesses such as utility-scale solar power generation and offshore wind power generation businesses, and has regarded these businesses as prioritized CSR activities. Since 2007, TC has also accumulated its knowhow on floating offshore wind power generation by conducting joint development with Kyoto University and participating in the experimental project entrusted by the Ministry of the Environment from 2010 to 2015. This entrusted Project is Japan's first step toward installing and operating floating offshore wind power facilities in an open sea.

As this Project is a renewable energy generation facility stipulated in the Green Bond Principles, TC has considered selecting this Project as the destination of the proceeds from TC Offshore Wind Power Green Bond.

The use of proceeds from TC Offshore Wind Power Green Bond has been confirmed by the Department of Energy that is in charge of this project, and the Head Office Finance Department has completed relevant procedure for the approval by the board of directors.

Investigation and prediction assessment have been conducted on the environmental impacts of the Project in the course of the procedure in compliance with the Environmental Impact Assessment Act, and consideration has been taken through implementation of necessary environmental preservation measures. To prevent industrial disasters, accidents, etc., TC has also maintained and promoted the industrial safety and health management system.

### **Evaluation:**

TC has conducted renewable energy businesses to date, and is aiming for the commercialization of floating offshore wind power generation through this Project. TC's decision to make this Project the eligible project for TC Offshore Wind Power Green Bond was an appropriate institutional decision. TC has also conducted due investigation of and given due consideration to the environmental impacts that this Project may have through the environmental assessment process. Hence, R&I has evaluated the process of selecting eligible projects to be very clear and reasonable.

### 3. Management of Proceeds

For green bond proceeds to be used to invest in projects with environmental benefits, the proceeds must be allocated to eligible projects, and must not be invested in projects other than eligible projects.

#### **Outline of TC's Management of Proceeds:**

The environmental assessment procedure has been completed, and construction works will get underway with operation expected to start in 2021. Allocation of the proceeds from the issuance of the green bond will be completed in FY2020.

The size and amount of total expenditures of the project have been officially determined by an authorized body. TC will allocate the entire green bond proceeds to this Project. If a situation such as the cancellation of the Project should occur, TC will report it to investors via its website.

Until their allocation, proceeds are tentatively managed and invested using an ordinary deposit account, certificates of deposit, etc. In addition, the allocation of proceeds to this Project is managed using an internal system and confirmed on a quarterly basis so that all of the proceeds can be allocated to this Project.

According to schedule, TC's Head Office Finance Department manages the proceeds and TC's director in charge of finance and other personnel confirm the allocation status.

#### **Evaluation:**

As discussed above, the framework for managing the proceeds from the TC Offshore Wind Power Green Bond has been established. Hence, R&I has evaluated the framework to be excellent.

### 4. Reporting

To ensure that green bond proceeds are used to invest in projects with environmental benefits, the issuer is expected to provide details on the eligible projects, the timing of investments, and the environmental benefits yielded by the projects.

#### **Outline of TC's Reporting Framework:**

Until the completion of allocation of TC Offshore Wind Power Green Bond's proceeds, TC is scheduled to provide the allocation status on its website once a year. After starting the project operations, TC will disclose the number of wind turbines constructed, output capacity, and amount of carbon offsets generated from the Project in a similar manner.

#### **Evaluation:**

Considering the above, R&I evaluated the reporting on TC Offshore Wind Power Green Bond to be excellent in terms of the content and frequency.

## 5. Issuer's environmental contribution activities

The extent to which green bond proceeds are used to invest in projects with environmental benefits will be affected by the issuer's involvement and track record on environmental contribution activities. Issuers with a strong interest in and robust track record on environmental contribution activities are more likely to allocate the proceeds to and execute investments in projects with environmental benefits.

### Overview of TC's Environmental Contribution Activities:

TC's policy on environmental activities and relevant framework and results are described below.

Item	Summary
Environmental policy	<ul style="list-style-type: none"> <li>TC established the Toda Corporation Global Environment Charter in 1994.</li> <li>TC actively promote environmentally friendly business in accordance with the Environment Policy and the Toda Corporation Biodiversity Action Guidelines.</li> </ul>
Organizational structure to promote environmental contribution activities	<ul style="list-style-type: none"> <li>The Environmental Preservation Promotion Committee holds its meetings regularly, and has set up environmental policies, strategies, numerical goals, etc.</li> <li>Director/Senior Managing Executive Officer serves concurrently as the Committee Chair and also as head of the Promotion Office for Value Creation that is the secretariat of the Committee.</li> </ul>
Environmental targets and progress	<ul style="list-style-type: none"> <li>TC has set up CO2 emission targets that are used during construction work – (1) a 50% reduction of CO2 emissions by 2020, a 70% reduction by 2030, a 80% reduction by 2050 compared to 1990 levels, and (2) a 60% reduction of the basic unit of emissions by 2020, compared to 1990 levels. In 2014, TC achieved its targets – (1) a 60.1% reduction, surpassing the 2020 target, and (2) a 28.9% reduction, meeting the 2014 target (28.4% reduction).</li> <li>TC also sets up a final disposal rate target, etc. for construction wastes, and confirms the achievement status.</li> </ul>
Key environmental contribution activities	<ul style="list-style-type: none"> <li>TC acquired ISO14001 certification for all its branches by December 1992. Also acquired company-wide integrated certification in 2004.</li> <li>TC developed net zero energy buildings (ZEB) and low carbon concrete "SLAGREET."</li> <li>TC has been engaged in renewable energy generation businesses such as floating offshore wind power generation business, mega solar power generation business, and biomass power generation business.</li> <li>TC has striven to reduce construction wastes and manage harmful substances through the use of a heavy metal-contaminated soil purification system and the development of a radioactive waste data management system "TOMIC."</li> </ul>
Reporting policy on environmental contribution activities	<ul style="list-style-type: none"> <li>The details of environmental activities are disclosed via TC's website and using annual corporate reports and CSR reports.</li> <li>The details of environmental reports are mainly related to TC's environmental framework, environmental activity results, and environment-related data. Among these data, CO2 emission data have been verified by an independent third-party in terms of Scopes 1 and 2 (carbon dioxide emissions from energy sources), Scope 3 (emissions from downstream leased assets), and the basic unit of CO2 emissions during construction work. TC has also received an assurance report from an independent third party.</li> </ul>

# NEWS RELEASE

<p>Evaluation by external organizations</p>	<ul style="list-style-type: none"> <li>• TC was officially approved as an Eco-First Company by the Ministry of the Environment in 2010.</li> <li>• In 2017, TC was awarded a position on the Climate B List by CDP, an international nonprofit organization.</li> <li>• In August 2017, TC's CO2 emission reduction target was approved by SBTi (Science Based Targets initiative, an international initiative) as it is a science-based target and contributes to achieving the target under the Paris Agreement.</li> </ul>
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**Evaluation:**

As discussed above, TC has established its environmental structure and has also been active in promoting forward-looking environmental activities through its business operations. Hence, R&I considers TC's stance toward environmental contribution activities to be especially ambitious and rich in content.

## Comprehensive Evaluation:

R&I has evaluated TC Offshore Wind Power Green Bond in accordance with the R&I Green Bond Assessment. The results for each item are as described below. Each item has been assessed on a scale of one to five, with  being the highest and  being the lowest.

Item	Assessment	Summary
Use of proceeds		The eligible project (i.e. floating offshore wind power facilities in Goto City, Nagasaki Prefecture) is evaluated to be a forward-looking renewable energy project. R&I considers the eligible project to be extremely beneficial to the environment.
Process for project evaluation and selection		The rationale and organizational structure for selecting eligible projects is appropriate. R&I considers the process for selecting eligible projects to be very clear and reasonable.
Management of proceeds		The framework for managing the proceeds has been prepared and is considered to be excellent.
Reporting		R&I considers the reporting framework to be excellent in content and frequency.
Issuer's environmental contribution activities		TC has an established organizational structure and adequate track record regarding environmental initiatives. R&I considers TC's stance toward environmental contribution activities to be especially ambitious and rich in content.

Based on a comprehensive assessment of each of the items described above, R&I has judged that the proceeds from the issuance of TC Offshore Wind Power Green Bond will be used to invest in projects with environmental benefits to a significant degree, and has assigned GA1 (Preliminary) to TC Offshore Wind Power Green Bond.

The methodology for R&I Green Bond Assessment is disclosed on R&I's website.  
[https://www.r-i.co.jp/en/rating/products/green\\_bond/assessment.html](https://www.r-i.co.jp/en/rating/products/green_bond/assessment.html)

R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits. In R&I Green Bond Assessment, R&I may also provide a second opinion on a green bond framework. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

R&I Green Bond Assessment is not, in any sense, statements of current, future, or historical fact and should not be interpreted as such, and R&I Green Bond Assessment is not a recommendation to purchase, sell, or hold any particular securities and does not constitute any form of advice regarding investment decisions or financial matters. R&I Green Bond Assessment does not address the suitability of an investment for any particular investor. R&I issues R&I Green Bond Assessment based on the assumption that each investor will investigate and evaluate the securities which they plan to purchase, sell, or hold for themselves. All investment decisions shall be made at the responsibility of the individual investor.

The information used when R&I issues R&I Green Bond Assessment is information that R&I has determined, at its own discretion, to be reliable. However, R&I does not undertake any independent verification of the accuracy or other aspects of that information. R&I makes no representation or warranty, express or implied, as to the accuracy, timeliness, adequacy, completeness, merchantability, fitness for any particular purpose, or any other matter with respect to any such information.

R&I may suspend or withdraw R&I Green Bond Assessment at its discretion due to insufficient data or information, or other circumstances.

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The Assessment Methodologies R&I uses in connection with evaluation are R&I's opinions prepared based on R&I's own analysis and research, and R&I makes no representation or warranty, express or implied, as to the accuracy, timeliness, adequacy, completeness, merchantability, fitness for any particular purpose, or any other matter with respect to the Assessment Methodologies. Further, disclosure of the Assessment Methodologies by R&I does not constitute any form of advice regarding investment decisions or financial matters or comment on the suitability of any investment for any party. R&I is not liable in any way for any damage arising in respect of a user or other third party in relation to the content or the use of the Assessment Methodologies, regardless of the reason for the claim, and irrespective of negligence or fault of R&I. All rights and interests (including patent rights, copyrights, other intellectual property rights, and know-how) regarding the Assessment Methodologies belong to R&I. Use of the Assessment Methodologies, in whole or in part, for purposes beyond personal use (including reproducing, amending, sending, distributing, transferring, lending, translating, or adapting the information), and storing the Assessment Methodologies for subsequent use, is prohibited without R&I's prior written permission.

[Japanese is the official language of this material and if there are any inconsistencies or discrepancies between the information written in Japanese and the information written in languages other than Japanese the information written in Japanese will take precedence.]



## Green Bond / Green Bond Programme

### Independent External Review Form

#### Section 1. Basic Information

Issuer name: TODA CORPORATION

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

Independent External Review provider's name: Rating and Investment Information, Inc. (R&I)

Completion date of this form: November 13, 2018

Publication date of review publication: November 13, 2018

#### 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 GBPs:

- |  |  |
|--|--|
| <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 INDEPENDENT EXTERNAL REVIEW PROVIDER

- |  |  |
|--|--|
| <input type="checkbox"/> Second Party Opinion    | <input type="checkbox"/> Certification             |
| <input type="checkbox"/> Verification            | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): |  |

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

Latest update: June 2018

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

R&I has judged, in accordance with R&I Green Bond Assessment Methodology, that the proceeds from the green bond would be invested into projects with significant environmental benefits, and assigned GA1 (preliminary) to the green bond. This is a preliminary assessment and will be reassessed after the final confirmation of bond issuance details.

### 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):

The Goto City Offshore Wind Power Generation Project (tentative name) installs floating offshore wind power facilities with a maximum output capacity of 22MW off the coast of Sakiyama, Goto City, Nagasaki Prefecture. In specific, eight units of 2MW wind turbine and one unit of 5MW wind turbine are scheduled to be installed for the facilities at present.

As one of the companies representing the group of companies entrusted by the Ministry of the Environment, TC had been engaged, from 2010 to 2015, in the experimental project for Japan's first floating offshore wind turbines off the coast of Kabashima, Goto City, Nagasaki Prefecture. In this experimental project, installation and operation of floating offshore wind power generation equipment and the relevant investigation of environmental impact were conducted. The demonstration equipment installed for the experimental business project was moved off the coast of Sakiyama in 2016. Since then, TC has been carrying out its power generation business in collaboration with Goto City as part of Japan's first commercialization of wind power.

The Project conducted an environmental assessment in compliance with the Environmental Impact Assessment Act in reference to findings on environmental impact, etc. verified through the Ministry of the Environment's experimental project. The Project received the final notification of "Environmental Impact Statement" from Ministry of Economy, Trade and Industry in August 2018, which was publicly announced and disclosed to neighborhood residents, and completed the procedure in October 2018. Going forward, construction works will get underway with operation expected to start in 2021.

According to the project schedule, full-scale operations will begin in 2021 after the completion of environmental assessments, equipment order placement, and construction work.

An offshore wind power generation project is a renewable energy generation project and is also considered to be a business contributing to the mitigation of global warming.

While there are not many areas in Japan where onshore wind power generation facilities can be installed, great potential is considered to exist for the installation of offshore wind power facilities as Japan is surrounded by sea. Floating offshore wind power facilities that can be installed even in deepwater areas are anticipated to greatly contribute to the promotion of the installation of renewable energy generation facilities in Japan. As this is Japan's first full-scale commercialization of such wind power facilities, this Project is very significant.

In addition, this project has conducted investigation and prediction assessment on an impact that floating offshore wind power facilities may have on the environment (e.g. marine creatures, land creatures (birds) and landscape) in the planned business area in reference to findings on environmental impact, etc. verified through the Ministry of the Environment's experimental project. This will be embodied in environmentally conscious measures in line with "Environmental Impact Statement."

Comprehensively considering above, R&I has evaluated the project to be extremely beneficial to the environment.

**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 type="checkbox"/> Green buildings (Environmentally Responsible Building)                          |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Overall comment on section (if applicable):

Toda Corporation has formulated the Toda Earth Charter, Environmental Policies, and CSR Policies as the company's environmental philosophy and policies. In line with these philosophy and policies, TC has been engaging in renewable energy generation businesses such as utility-scale solar power generation and offshore wind power generation businesses, and has regarded these businesses as prioritized CSR activities. Since 2007, TC has also accumulated its knowhow on floating offshore wind power generation by conducting joint development with Kyoto University and participating in the experimental project entrusted by the Ministry of the Environment from 2010 to 2015. This entrusted Project is Japan's first step toward installing and operating floating offshore wind power facilities in an open sea.

As this Project is a renewable energy generation facility stipulated in the Green Bond Principles, TC has considered selecting this Project as the destination of the proceeds from TC Offshore Wind Power Green Bond. The use of proceeds from TC Offshore Wind Power Green Bond has been confirmed by the Department of Energy that is in charge of this project, and the Head Office Finance Department has completed relevant procedure for the approval by the board of directors.

Investigation and prediction assessment have been conducted on the environmental impacts of the Project in the course of the procedure in compliance with the Environmental Impact Assessment Act, and consideration has been taken through implementation of necessary environmental preservation measures. To prevent industrial disasters, accidents, etc., TC has also maintained and promoted the industrial safety and health management system.

TC has conducted renewable energy businesses to date, and is aiming for the commercialization of floating offshore wind power generation through this Project. TC's decision to make this Project the eligible project for TC Offshore Wind Power Green Bond was an appropriate institutional decision. TC has also conducted due investigation of and given due consideration to the environmental impacts that this Project may have through the environmental assessment process.

Hence, R&I has evaluated the process of selecting eligible projects to be very clear and reasonable.

### 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 (please specify):  |

### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):   |  |

### 3. MANAGEMENT OF PROCEEDS

#### Overall comment on section (if applicable):

The environmental assessment procedure has been completed, and construction works will get underway with operation expected to start in 2021. Allocation of the proceeds from the issuance of the green bond will be completed in FY2020.

The size and amount of total expenditures of the project have been officially determined by an authorized body.

TC will allocate the entire green bond proceeds to this Project. If a situation such as the cancellation of the Project should occur, TC will report it to investors via its website.

Until their allocation, proceeds are tentatively managed and invested using an ordinary deposit account, certificates of deposit, etc. In addition, the allocation of proceeds to this Project is managed using an internal system and confirmed on a quarterly basis so that all of the proceeds can be allocated to this Project.

According to schedule, TC's Head Office Finance Department manages the proceeds and TC's director in charge of finance and other personnel confirm the allocation status.

As discussed above, the framework for managing the proceeds from the TC Offshore Wind Power Green Bond has been established. Hence, R&I has evaluated the framework to be excellent.

#### 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:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Allocations to future investments only       | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements       | <input type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):                             |

## 4. REPORTING

### Overall comment on section (if applicable):

Until the completion of allocation of TC Offshore Wind Power Green Bond's proceeds, TC is scheduled to provide the allocation status on its website once a year. After starting the project operations, TC will disclose the number of wind turbines constructed, output capacity, and amount of carbon offsets generated from the Project in a similar manner.

Considering the above, R&I evaluated the reporting on TC Offshore Wind Power Green Bond to be excellent in terms of the content and frequency.

### Use of proceeds reporting:

- |   |   |
|---|---|
| <input type="checkbox"/> Project-by-project                       | <input type="checkbox"/> On a project portfolio basis |
| <input checked="" type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):      |

#### Information reported:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify):      |  |

#### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

### Impact reporting:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):      |

#### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

#### Information reported (expected or ex-post):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings                         |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Other ESG indicators (please specify): |

## Means of Disclosure

- |  |   |
|--|---|
| <input type="checkbox"/> Information published in financial report   | <input type="checkbox"/> Information published in sustainability report               |
| <input type="checkbox"/> Information published in ad hoc documents   | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): Issuer's website |
| <input type="checkbox"/> Reporting reviewed ( <i>if yes, please specify which parts of the reporting are subject to external review</i> ): |   |

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.*)

The methodology for R&I Green Bond Assessment

[https://www.r-i.co.jp/en/rating/products/green\\_bond/assessment.html](https://www.r-i.co.jp/en/rating/products/green_bond/assessment.html)

## SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

### Type(s) of Review provided:

- |   |   |
|---|---|
| <input type="checkbox"/> Second Party Opinion             | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                     | <input type="checkbox"/> Scoring/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

1. **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.
2. **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.
3. **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.
4. **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.