

February 14, 2025

Notice Regarding Issuance of Sustainability-Linked Bonds

Toda Corporation (Head Office: Chuo-ku, Tokyo; President: Otani Seisuke) is pleased to announce that preparations are underway for the issuance (hereinafter referred to as "this issuance") of a Sustainability-Linked Bond (unsecured bond) through a public offering format within the domestic market.

1. Purpose and Background of this Issuance

Our company upholds the environmental policy of "addressing environmental issues in all business activities and building a sustainable future" and engages in activities to reduce environmental risks and create a better environment.

In 2016, we commercialized the nation's first floating offshore wind power facility (off the coast of Goto City, Nagasaki Prefecture), and in 2017, we became the first in the domestic construction industry to obtain SBT (Science Based Targets) (*1) certification, pursuing pioneering environmental activities within the industry, including the issuance of green bonds that same year. Moreover, in 2024, we were selected from among many global companies by CDP, an international non-profit organization that conducts environmental assessments (headquartered in London), as an A-list in the "CDP 2023 Climate Change A-List," acknowledging us as a leading company worldwide for our actions on climate change. This marks the only general contractor to receive the highest evaluation for six consecutive years, seven times in total.

In 2020, we formulated the "Medium-Term Management Plan 2024," covering a period of five years until fiscal 2024. This plan sets dual evaluation metrics, valuing economic indicators (financial metrics) alongside social value indicators (non-financial metrics), such as the rate of CO₂ discharging reduction. The synergistic effects of these metrics aim to achieve the continuous evolution of business activities through high-value-added competition and to enhance corporate value.

Furthermore, in December 2021, we formulated the "Sustainability Vision 2050," outlining our management goals towards achieving a sustainable society by 2050. We have identified the following five key areas of "materiality" for the Toda Corporation Group by evaluating various social and business-related challenges with dual axes of "impact on business" and "impact on stakeholders":

1. Urban development that supports affluent living
2. Infrastructure development with environmental coexistence
3. Realization of a decarbonized society
4. Technological innovation and enhancement of value provision
5. Creating a workplace with a sense of joy in work

In the current situation, we have decided to issue the Sustainability-Linked Bond, which embeds SPT (*2) that reflects our company's sustainability initiatives. Through this issuance, we aim to promote decarbonization, achieve a sustainable society, and enhance our corporate value while further increasing awareness among a wide range of stakeholders about our initiatives.

This will be our second issuance of Sustainability-Linked Bonds.

*1 SBT: The Paris Agreement, which limits the global temperature rise to well below 2°C (Well Below 2°C: WB2°C) above pre-industrial levels and further aims to restrict it to 1.5°C, sets the standard for businesses to establish their greenhouse gas (GHG) emission reduction targets for a period of 5 to 15 years ahead in alignment with this level.

*2 SPT (Sustainability Performance Target) refers to the target set as objectives to be achieved concerning key performance indicators (KPI).

2. Selection of SPT

We have laid down the CDP climate change score as SPT for this matter, in line with philosophies of "Environmental Policy," "Mid-Term Management Plan 2024," and "Sustainability Vision 2050."

SPT: CDP Climate Change Final Score: A (Determination Date: End of March 2029)

Overview of this Issuance

Name:	Toda Corporation's 11th Series Unsecured Bonds (Inter-Bond Pari Passu Clause) (Sustainability-Linked Bond)
Term of issuance:	5 years (planned)
Amount of issuance:	10 billion yen (planned)
Issuance period:	From March 2025 (expected)
Post-Decision Bond Characteristics:	Should the reporting indicating the achievement of Sustainability Performance Targets (SPT) not be provided by the assessment date, Toda Corporation will purchase discharging rights (credits representing CO ₂ reduction value) or certificates (such as Green Electricity Certificates, Non-Fossil Certificates, I-REC, etc.) valued at 0.10% of the bond issuance amount before redemption. In the event that force majeure or other circumstances prevent the aforementioned purchase, we will proceed with donations to eligible recipients. "Eligible recipients" here refer to organizations such as public interest incorporated associations, public interest incorporated foundations, general incorporated foundations, international organizations, municipality-certified NPOs, local governments, national and public university corporations, school corporations, and research institutions or their equivalents, which are related to the improvement of unmet SPTs.
Lead Managers:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc.
Structuring Agent:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

We have obtained a second opinion from R&I (Rating and Investment Information, Inc.) regarding our sustainability-linked finance framework developed for this issue, confirming compliance with the Sustainability-Linked Bond Principles 2024 (ICMA), Sustainability-Linked Bond Guidelines 2022 (Ministry of Environment), Sustainability-Linked Loan Guidelines 2022 (Ministry of Environment), and Sustainability-Linked Loan Principles 2023 (LMA, APLMA, LSTA). (*3)

*3 Second Opinion from R&I

https://www.r-i.co.jp/news_release_suf/2024/08/news_release_suf_20240809_jpn_1.pdf

3. Upcoming Schedule:

Today, we have submitted a revised issuance registration statement for corporate bonds to the Kanto Local Finance Bureau Director General for this issuance.

For this issuance, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (Structuring Agent), Mizuho Securities Co., Ltd., and SMBC Nikko Securities Inc. have been appointed as lead managers, with conditions expected to be determined after March this year, based on demand conditions.

We will strive to optimize our business portfolio by promoting strategic investments in priority management businesses and intangible assets that will drive future growth, and to achieve our mid- to long-term goal of 8% ROE, as well as to further enhance corporate value.

