

Mori Building Co., Ltd.

Type of Engagement: Annual Review

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Introduction

In October 2022, Mori Building Co., Ltd. ("Mori Building") issued a green bond (the "2022 Green Bond") and raised JPY 50,000 million to finance environmentally sustainable building projects. In 2024, Mori Building engaged Sustainalytics to review the projects financed with proceeds from the 2022 Green Bond (the "Nominated Expenditures") and provide an assessment as to whether they meet the use of proceeds criteria and whether Mori Building complied with the reporting commitments in the Mori Building Co., Ltd. Green Bond Framework¹ (the "Framework"). Sustainalytics provided a Second-Party Opinion on the Framework in July 2022.² This is Sustainalytics' second annual review of allocation and reporting of the instrument issued under the Framework, following a previous review in April 2023.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Mori Building's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	I. Expenditures or investments in new and/or existing buildings that meet one of the following three criteria. i. have received at least one of the following third-party green building certifications or recertifications within 24 months prior to the date of green bond issuance ii. are expected to receive certifications or recertifications post issuance iii. have a construction completion date within 24 months prior to the date of green bond issuance and have achieved at least one of the following certifications or recertifications	I. Name of the building and project II. Name and level of certifications the eligible project received III. Energy consumption IV. CO₂ emissions V. CO₂ emissions of total floor area VI. Water consumption
	II. Third party certification	

¹ Mori Building, "Mori Building Co., Ltd. Green Bond Framework", (2022), at:

https://www.mori.co.jp/en/sustainability/environment/img/pdf_sustainable_finance_greenbondframework2207.pdf

² Sustainalytics, "Second-Party Opinion, Mori Building Co., Ltd. Green Bond Framework", (2022), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mori-building-green-bond-framework-second-party-opinion-\(2022\)_english.pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mori-building-green-bond-framework-second-party-opinion-(2022)_english.pdf)

³ Sustainalytics, "Mori Building Annual Review", (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mori-building-co.-ltd.-green-bond-2022-annual-review-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/mori-building-co.-ltd.-green-bond-2022-annual-review-(2023).pdf)

	i. A or S Rank under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE Certification for Real Estate ii. Platinum or Gold Rank under the LEED BD+C (Building Design and Construction) or LEED O+M (Building Operations and Maintenance) iii. 4 or 5 Stars under the Building Energy-efficiency Labeling System (BELS) iv. 4 or 5 Stars under DBJ Green Building Certification v. Gold Plus or Platinum Rank under the BCA Green Mark Certification	
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Issuer's Responsibility

Mori Building is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Mori Building's 2022 Green Bond. The work undertaken as part of this engagement included collection of documentation from Mori Building and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Mori Building. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Mori Building.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Mori Building has disclosed to Sustainalytics that the proceeds from the 2022 Green Bond were fully allocated as of March 2023.

⁴ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Mori Building reported on at least one KPI per use of proceeds category.	None

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation of Proceeds from the 2022 Green Bond

Use of Proceeds Category	Overview of Project	Allocated Amount (JPY million)
Green Buildings	The acquisition of a reserved floor in the "A District" facilities of Azabudai Hills, which is part of the Toranomori-Azabudai District Category 1 Urban Redevelopment Project. Azabudai Hills has obtained an S rank under the CASBEE Certification for Buildings (New Construction) and will obtain a Platinum ranking under the LEED ND and LEED BD+C certifications ⁵ .	49,578
Total Amount Allocated		49,578
Total Unallocated Amount		0
Total Net Proceeds Raised		49,578 ⁶

Appendix 2: Reported Impact

Table 4: Reported Impact for the 2022 Green Bond

Use of Proceeds Category	Name of the Project	Certification Obtained	Rating	Energy consumption	Water consumption	CO ₂ emissions	CO ₂ emissions of total floor area
Green Buildings	Azabudai Hills Mori JP Tower	CASBEE (New Construction)	S	16,472MWh	155,465m ³	4,546t-CO ₂	0.0137t-CO ₂ /m ²
		CASBEE (Wellness Office)	S				
		WELL	Platinum				

⁵ Mori building has communicated to Sustainalytics that LEED BD+C and LEED ND Platinum-level are pre-certified and expected to be finalized in December 2024.

⁶ Green bond issuance amount of JPY 50,000 million less issuance expenses.

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