

Mori Building Co., Ltd. (2022 Green Bond)

Type of Engagement: Annual Review

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Introduction

In October 2022, Mori Building Co., Ltd. ("Mori Building") issued a green bond aimed at financing projects related to Green Buildings (JPY 50,000 million 35-year subordinated bond, hereinafter the "2022 Green Bond"). As of March 31, 2023, the proceeds were allocated to one green building project, the Azabudai Hills. In April 2023, Mori Building engaged Sustainalytics to review the project funded through the 2022 Green Bond and assess whether the project met the Use of Proceeds criteria and the Reporting commitments outlined in the Mori Building Co., Ltd. Green Bond Framework (the "Framework").¹

Evaluation Criteria

Sustainalytics evaluated the project funded with proceeds from October 2022 to March 2023 based on whether the project:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Eligibility Criteria and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators

Use of Proceeds	Eligibility Criteria	Impact indicators
Green Buildings	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 - 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 - 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 DBJ Green Building Certification - Gold Plus or Platinum Rank under the BCA Green Mark Certification	• Name of the building and project • Name and level of certifications the eligible project received • Energy consumption • CO₂ emissions • CO₂ emissions of total floor area • Water consumption

¹ Mori Building Co., Ltd. Green Bond Framework is available at: https://www.mori.co.jp/en/company/ir/pdf/greenbondframework_202207.pdf

Issuing Entity's Responsibility

Mori Building is responsible for providing accurate information and documentation relating to the details of the project that has been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Mori Building's 2022 Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Mori Building employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Mori Building with respect to the project in the eligible category. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by 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 over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond project, funded through proceeds of Mori Building Co., Ltd.'s 2022 Green Bond, is not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Mori Building Co., Ltd. Green Bond Framework. Mori Building has disclosed to Sustainalytics that the proceeds of the 2022 Green Bond were fully allocated as at March 31, 2023.

Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the project funded by the 2022 Green Bond from October 2022 to March 2023 to determine if the project was aligned with the Use of Proceeds Criteria outlined in the Mori Building Co., Ltd. Green Bond Framework and above in Table 1.	The project reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the project funded by the 2022 Green Bond from October 2022 to March 2023 to determine if the impact of the project was reported in line with the impact indicators outlined in the Mori Building Co., Ltd. Green Bond Framework and above in Table 1.	The project reviewed reported on impact indicators per Use of Proceeds criteria. ³	None

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

³ As the "A district" facilities of the Azabudai Hills (Toranomon-Azabudai District Category 1 Urban Redevelopment Project), to which the proceeds have been allocated, was still under construction as of March 31, 2023 (scheduled to be completed and open in 2023), impact indicators related to energy consumption, CO₂ emissions, CO₂ emissions of total floor area and water consumption were not reported.

Appendix

Appendix 1: Allocation of Green Bond Proceeds

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (million JPY)
Green Buildings	The acquisition of a reserved floor in the "A district" facilities of the Azabudai Hills (Toranomom-Azabudai District Category 1 Urban Redevelopment Project). The Azabudai Hills has obtained Platinum rank under the LEED BD+C ⁴ and will obtain S rank under CASBEE Certification for Buildings.	49,578
Total Net Bond Proceeds Allocated:		49,578
Total Net Bond Proceeds from Green Bond Issuance ⁵ :		49,578
Total Net Bond Proceeds Unallocated :		0

Appendix 2: List of impact indicators⁶

Use of Proceeds Category	Impact Indicators
Green Buildings	- Name of the building and project: "A district" facilities of the Azabudai Hills (Toranomom-Azabudai District Category 1 Urban Redevelopment Project). - Name and level of certifications the eligible project received: - LEED ND: Obtained the Platinum certification, the highest level in precertification. - LEED BD+C (CS) (Building Design and Construction: Core and Shell): Obtained the Platinum certification, the highest level in precertification, for redevelopment area A (office/retail portion). - WELL: Obtained precertification for redevelopment area A (office/retail portion). The highest Platinum certification is expected after completion of construction. - CASBEE (New Construction): S is expected to be certified. - CASBEE: Wellnes Office is expected to be certified. - Other indicators will be compiled and disclosed after the completion of the project.

⁴ It is a precertification as of March 31, 2023. The Azabudai Hills will obtain LEED BD+C Platinum certification after completion of construction.

⁵ Green bond issuance amount of 50,000 million JPY less issuance expenses.

⁶ Impact Reporting by Mori Building is available at: <https://www.mori.co.jp/en/company/ir/greenbond.html>

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