



Second-Party Opinion

Mori Building Co., Ltd.

Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Mori Building Co., Ltd. Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in green buildings are expected to contribute to the transition to a low-carbon economy in Japan and advance the UN Sustainable Development Goals, specifically SDGs 9 and 11.



PROJECT EVALUATION / SELECTION Mori Building Co., Ltd's Finance Department and the Sustainability Committee will be responsible for overseeing the evaluation and selection of eligible projects. The President and CEO of Mori Building Co., Ltd will be in charge of final allocation decisions. Mori Building Co., Ltd's environmental and social risk assessments and mitigation processes apply to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Mori Building Co., Ltd's Finance department will be responsible for the management and allocation of proceeds to eligible green projects. The proceeds will be tracked using an internal management system and the Company intends to achieve full allocation within 24 months of issuance. Pending allocation, unallocated proceeds will be held in cash or cash equivalents. Sustainalytics considers this process to be in line with market practice.



REPORTING Mori Building Co., Ltd intends to report on the allocation of proceeds on its website annually until full allocation. Allocation reporting will include information such as list of assets financed or refinanced, the amount of net proceeds allocated, share of financing vs refinancing, unallocated proceeds and scheduled allocation period on a project-by-project basis. In addition, Mori Building Co., Ltd is committed to reporting on relevant impact indicators to the extent practicable. Sustainalytics views Mori Building Co., Ltd's reporting system as aligned with market practice.

Evaluation Date	July 20, 2022 ¹
Issuer Location	Tokyo, Japan

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	9

For inquiries, contact the Sustainable Finance Solutions project team:

Arnab Deb (Mumbai) Project Manager arnab.deb@sustainalytics.com
Keerthana Gopinath (Mumbai) Project Support
Poorvi Vedak (Mumbai) Project Support
Kosuke Kanematsu (Tokyo) Project Support
Makiko Yamamoto (Tokyo) Client Relations susfinance.japan@sustainalytics.com (+81) 3 4520 2191

Alignment with Japan's Green Bond Guidelines 2020

Sustainalytics is of the opinion that the Mori Building Co., Ltd. Green Bond Framework is in line with Japan's Green Bond Guidelines 2020 (elements described with the word "should") developed by the Ministry of the Environment of Japan.

¹ This document is an update of the second-party opinion for the Mori Building Co., Ltd. Green Bond Framework published in January 2019.

Introduction

Mori Building Co., Ltd. (“Mori Building” or the “Company”) is a property management company focusing on urban redevelopment, town management and real estate leasing and management. Headquartered in Tokyo, Japan, the Company has a workforce of over 1,500 employees as of June 2021.²

Mori Building has developed the Mori Building Co., Ltd. Green Bond Framework dated July 2022 (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to facilitate a transition to a low-carbon economy in Japan. The Framework defines eligibility criteria in one area:

1. Green Buildings

Mori Building engaged Sustainalytics to review the Mori Building Co., Ltd. Green Bond Framework, dated July 2022, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)³ and Japan’s Green Bond Guidelines 2020.⁴ The Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the Framework with current market standards and the extent to which the eligible project 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; and
- 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 1.11.4, 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 Mori Building’s management team 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. Mori Building representatives have confirmed (1) they understand it is the sole responsibility of Mori Building 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 Mori Building.

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

² Mori Building, “Company Profile”, at: <https://www.mori.co.jp/en/company/profile.html>

³ 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/>.

⁴ Ministry of the Environment, Japan, “Green Bond Guidelines, 2020”, at: http://www.env.go.jp/policy/guidelines_set_version_with%20cover.pdf

⁵ The Mori Building Co., Ltd. Green Bond Framework is available on Mori Building Co., Ltd.’s website at: <https://www.mori.co.jp/company/ir/greenbond.html>

⁶ 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.

responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Mori Building is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential 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 Mori Building has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Mori Building Co., Ltd. Green Bond Framework

Sustainalytics is of the opinion that the Mori Building Co., Ltd. Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of Mori Building's Green Bond Framework:

- Use of Proceeds:
 - The eligible category – Green Buildings – is aligned with those recognized by the GBP. Sustainalytics notes that the proceeds of the Framework are expected to contribute in the transition to a low-carbon economy in Japan.
 - Mori Building intends to finance or refinance new, existing or refurbished buildings that meet one of the following eligibility criteria: (i) have obtained at least one of the following green building certifications or recertifications within 24 months prior to the date of green bond issuance, (ii) are expected to obtain green building certifications or recertifications post issuance, or (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 green building certifications or recertifications. Expenditures may include costs related to acquisition of land or buildings, planning and development, construction (including the cost of acquisition of reserved floor), refurbishment and operational management.⁷
 - The Framework defines the following green building certifications at the following minimum levels as eligible: CASBEE ("A" or above), or CASBEE Certification for Real Estate ("A" or above),⁸ LEED Building Design and Construction or LEED Building Operations and Maintenance (Gold or above),⁹ BELS (4 stars or above),¹⁰ DBJ Green Building Certification (4 stars or above)¹¹ and BCA Green Mark Certification (Gold Plus or above).¹² Sustainalytics views these certification schemes to be credible and impactful and the selected levels as aligned with market practice. Mori Building has communicated to Sustainalytics that it will limit allocation for refurbishments to those that result in achieving an eligible level of certification or achieving a step-up from previous level (prior to refurbished situation) under the aforementioned schemes. For cases where Mori Building is recertifying refurbished buildings to the same level as before, Sustainalytics encourages Mori Building to calculate energy improvement and report on the impacts achieved.

⁷ Mori Building has confirmed to Sustainalytics that all expenditures are limited to certified green buildings only.

⁸ CASBEE: <https://www.ibec.or.jp/CASBEE/english/>

⁹ LEED: www.usgbc.org/LEED

¹⁰ BELS: <https://www.hyoukakyokai.or.jp/bels/bels.html>

¹¹ DBJ: https://www.dbj.jp/en/service/program/g_building/

¹² BCA Green Mark: <https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme>

- Mori Building has communicated to Sustainalytics that the Framework excludes allocating proceeds to buildings intended for the extraction, storage, transport and production, development and refinement of fossil fuels.
- Project Evaluation and Selection:
 - Mori Building's Finance Department and the Sustainability Committee will be responsible for overseeing the evaluation and selection of eligible projects. The President and CEO of the Company will be in charge of final allocation decisions.
 - Mori Building's environmental and social risk assessments and mitigation processes apply to all allocation decisions made under the Framework. The process is led by the Sustainability Committee and its subordinate committees, the Environmental Promotion Committee and the Committee on Human Rights and Societal Issues, overseen by the Board of Directors. Sustainalytics considers these risk management systems to be adequate. For additional detail, please see Section 2.
 - Based on the clear delineation of responsibility for project evaluation and selection and the presence of risk management processes, Sustainalytics considers these processes to be in line with market practice.
- Management of Proceeds:
 - Mori Building's Finance department will be responsible for the management and allocation of proceeds to eligible projects. The proceeds will be tracked using an internal management system.
 - The Company intends to allocate all proceeds to eligible projects within 24 months following the issuance date. Pending allocation, unallocated proceeds will be held in cash or cash equivalents.
 - Based on the presence of an internal tracking system, allocation timeframe and disclosure on temporary allocation, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Mori Building intends to report on the allocation of proceeds to eligible projects on its website annually until full allocation. Allocation reporting will include the list of assets financed or refinanced, the amount of net proceeds allocated, share of financing vs refinancing, unallocated proceeds, and scheduled allocation period on a project-by-project basis.
 - In addition, the Company is committed to reporting on relevant impact metrics to the extent practicable, such as name of the building and project, name and level of certification the eligible projects have received, energy consumption, CO₂ emissions, CO₂ emissions of total floor area, and water consumption.
 - Based on the annual allocation and impact reporting commitment, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Mori Building Co., Ltd. Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

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 developed by the Ministry of the Environment of Japan. The guidelines communicate what an issuer should do to issue a credible green bond. Sustainalytics assessed the alignment between the Framework and the elements described with the word "should" outlined in the Japan's Green Bond Guidelines 2020. For detailed information, please refer to Appendix 1: Alignment with Japan's Green Bond Guidelines 2020.

Section 2: Sustainability Strategy of Mori Building

Contribution of Framework to Mori Building's sustainability strategy

In line with its mission "create cities, nurture cities", Mori Building has demonstrated a commitment to sustainability with a focus on three key environmental areas: (i) promoting the harmonious co-existence of

cities and nature, (ii) zero-carbon cities, and (iii) resource recycling.¹³ Under zero-carbon cities, Mori Building promotes the concept of a vertical garden city in its large-scale redevelopment projects. In terms of resource recycling, Mori Building aims to achieve zero waste in all of its construction sites.

For its new constructions, the Company prioritizes nearly zero-energy buildings, zero energy houses, use of high-efficiency equipment and aims to obtain green building certifications for its entire portfolio. For its existing buildings, the Company adopts energy saving measures and is transitioning to renewable energy across its entire portfolio. The Company has set targets of 50% reduction in scope 1 and 2 GHG emissions from its business activities and a 30% reduction in scope 3 emissions by 2030, when compared to 2019, with the aim of reaching net zero by 2050.¹⁴ Mori Building has been creating “ecological networks”¹⁵ in its project areas to act as relay and rest site for living beings that travel among green spaces, in accordance with the Tokyo Metropolitan Environmental Master Plan. To assess and improve greenery in its project areas, Mori Building has been measuring the green coverage rate of its sites in urban areas since 2006 and targets to improve it to 38% by 2030 from 36% in 2021.¹⁶ Presently, Mori Building is in the process of developing an environmental management system for the standardization of environmental practices and requirements on health and safety, working conditions, energy consumption, water and waste management, and to mitigate the adverse impact of its operations. The Company further substantiates its support for sustainability through participation in international initiatives, such as the Carbon Disclosure Project, Taskforce on Climate related Financial Disclosures and RE 100.¹⁷

Sustainalytics is of the opinion that the use of proceeds will further contribute to reducing the environmental impact of properties owned or managed by Mori Building and is aligned with the Company's overall sustainability strategy and initiatives.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include issues involving occupational health and safety of workers, biodiversity loss, waste discharges such as emissions and effluents, and consumption of energy and water associated with the development, construction and operation of green buildings. Sustainalytics is of the opinion that Mori Building can manage and mitigate potential risks through implementation of the following:

- Mori Building has established a Sustainability Committee for identifying, assessing, and managing risks, including climate-related risks, human rights, and supply chain management of the projects financed.
- Regarding occupational health and safety, Japan's Industrial Safety and Health Law mandates evaluation of worker health and working environments to ensure appropriate health and safety measures are followed at construction sites.¹⁸ Mori Building regularly conducts safety inspections in all its facilities to mitigate worker health and safety risks. All large-scale buildings with a total floor space of more than 10,000 m² are designed as per earthquake-resistant design standards mandated by Japan's Buildings Standards Law.¹⁹ The Company also has earthquake-resistant features and sensors in all its buildings.²⁰
- To manage the potential adverse impact of its large-scale construction projects on land use and biodiversity, Mori Building conducts assessments to identify potential adverse environmental impacts of the Company's operations and targets to manage and conserve the natural resources and biodiversity around its properties. Mori Building is a signatory to the “Biodiversity in Good Company” initiative²¹ of the Convention on Biological Diversity, which aims to identify risks and

¹³ Mori Building, “Environmental Policies”, at: <https://www.mori.co.jp/en/environment/principles/policy.html>

¹⁴ Mori Building, “Mori Building Fixes Greenhouse Gas Emission Medium & Long Term Targets Aims to Reach Net-Zero Emission by 2050”, (2022), at: <https://www.mori.co.jp/en/company/press/release/2022/05/20220523130000004336.html>

¹⁵ Mori Building, “Creating Bases for Ecological Networks”, at: https://www.mori.co.jp/en/environment/urban_nature/network.html

¹⁶ Mori Building, “Improving the Green Coverage Rate”, at: https://www.mori.co.jp/en/environment/urban_nature/coverage.html

¹⁷ Ibid.

¹⁸ International Labour Organization, “Industrial Safety and Health Law”, (2008), at: <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/27779/61989/F332577679/JPN27779.pdf>

¹⁹ Mori Building, “Safety and Security”, at: https://www.mori.co.jp/en/urban_design/safety.html

²⁰ Mori Building, “Mori Building Comprehensive Earthquake Protection”, (2019), at: https://www.mori.co.jp/en/urban_design/img/safety_pamphlet.pdf

²¹ Convention on Biological Diversity, “Biodiversity in Good Company”, at: https://www.business-and-biodiversity.de/fileadmin/user_upload/documents/Die_Initiative/Zentrale_Dokumente/eng_Leadership_Commitment_2019.pdf

challenges threatening biodiversity, encourages companies to monitor and protect biological diversity while also ensuring its sustainable utilization.

- In order to reduce water consumption in its properties, Mori Building installs water saving fixtures in all its new buildings and treats rainwater and greywater for reuse.²² In order to reduce and recycle waste, the Company has adopted a waste management plan, maintains waste management reports in all its new construction sites and complies with Japan's Waste Management and Public Cleansing Act which mandates appropriate sorting, storage, collection, transport, recycling and disposal of waste in all construction sites.²³
- As part of the Tokyo Metropolitan Environmental Impact Assessment Code, all large-scale development projects in Tokyo are obliged to conduct an environmental risk assessment to evaluate the negative environmental impacts associated with the project. The Code mandates surveys during project execution and after completion to check if appropriate environmental considerations were followed, including consultation with local communities and all other stakeholders.²⁴
- Mori Building complies with the Tokyo Metropolitan Government's System of Building Environment Plan (Green Building Program) which requires all new construction projects to submit their energy conservation performance measures.²⁵ Mori Building also follows Japan's Act on the Rational Use of Energy for efficient energy use in the development, construction and operation of its buildings.²⁶
- Mori Building carries out its operations in Japan, which is recognized as Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate the environmental and social risk associated with projects financed under the Framework.²⁷

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Mori Building has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics focuses below on where the impact is specifically relevant in the local context.

Importance of green buildings for reducing CO₂ emissions in Japan

The building sector was responsible for approximately 36% of global energy use and 40% of global energy related CO₂ emissions in 2020, according to the UN Environment Programme.²⁸ In Japan, the building sector was responsible for 30% of CO₂ emissions in 2019 with final energy consumption by buildings having increased by 20% in 2019 when compared to 1990.^{29,30} In its NDC submitted in 2021, Japan committed to increase its GHG emissions reduction target from 26% to 46% of the 2013 level and to achieve net zero emissions by 2050, including a target for reducing CO₂ emissions from residential, commercial and other buildings by 60% by 2030.³¹

Given the significant contribution of buildings in the country's total CO₂ emissions, the Japanese government has been working to strengthen energy saving measures in buildings. Japan's Building Energy Efficiency Act

²² Mori Building, "Effective Use of Water Resources", at: https://www.mori.co.jp/en/environment/resource_circulation/water.html

²³ Japan's Ministry of the Environment, "Waste Management and Public Cleansing Act", (2019), at: https://ippta.co/wp-content/uploads/2020/12/Japan_Waste-management-and-public-cleansing-Act.pdf

²⁴ Tokyo Metropolitan Government, "Environmental Impact Assessment", (2018), at: <https://www.kankyo.metro.tokyo.lg.jp/en/greenery/assessments.html>

²⁵ Tokyo Metropolitan Government, "Green Building Program", (2018), at: <https://www.kankyo.metro.tokyo.lg.jp/en/climate/build.html>

²⁶ IEA, "Act on the rational use of energy (Energy Efficiency Act)", (2017), at: <https://www.iea.org/policies/573-act-on-the-rational-use-of-energy-energy-efficiency-act>

²⁷ Equator Principles, "Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

²⁸ Global Alliance for Buildings and Construction, "Global status report for buildings and construction", (2021) at: https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf

²⁹ Ministry of the Environment, "Greenhouse Gas Emissions in Fiscal Year 2019 (Final Figures) (Japanese only)", at: <https://www.env.go.jp/press/files/jp/116118.pdf>

³⁰ Ministry of Land, Infrastructure, Transport and Tourism, "Overview of the Act on the Improvement of Energy Consumption Performance of Buildings", at: <http://www.mlit.go.jp/common/001134876.pdf>

³¹ "Japan's Nationally Determined Contribution (NDC)", (2021), at: [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Japan%20First/JAPAN_FIRST%20NDC%20\(UPDATED%20SUBMISSION\).pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Japan%20First/JAPAN_FIRST%20NDC%20(UPDATED%20SUBMISSION).pdf)

of 2015 sets mandatory energy efficiency standards for large-scale non-residential buildings (2,000 m² or more).³² In 2019, the Act was amended also mandating compliance with the energy efficiency standards for medium-size non-residential buildings (300 m² or more).³³ The 2022 amendment of the Act mandates new construction of both non-residential and residential, irrespective of the size, after 2025 to reach the zero-energy building or zero energy house level.³⁴ These measures are expected to reduce building energy consumption by 8.89 million kL (kilolitres of fuel oil equivalent), which means approximately 100 TWh (terawatt-hours), by 2030 from 2013 levels.³⁵ Green buildings are significant contributors to energy saving with Japan having multiple certification programs promoting green buildings, such as, the BELS Certification Program, the CASBEE Certification Program and DBJ Green Building Certification Program. These programs assess energy-saving performance, resource conservation including reduction in water use and waste, use of recycled resources, as well as consideration for the surrounding ecosystem.^{36,37,38}

Based on the above, Sustainalytics is of the opinion that financing of green buildings under the Framework is expected to create positive environmental impact while supporting the Japan's goals for reducing GHG emissions and increasing energy efficiency in buildings.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the Mori Building Co., Ltd. Green Bond Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
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.
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Conclusion

Mori Building has developed the Mori Building Co., Ltd. Green Bond Framework under which it may issue green bonds and use the proceeds to finance green buildings. Sustainalytics considers that the projects funded by the green bond proceeds are expected to contribute to the transition to a low-carbon economy in Japan.

The Mori Building Co., Ltd. Green Bond Framework outlines processes for tracking, allocating, and managing proceeds and makes commitments for the Company to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Mori Building Co., Ltd. Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds category is expected to contribute to the advancement of the UN Sustainable Development Goals 9 and 11. Additionally,

³² Ministry of Land, Infrastructure, Transport and Tourism, "Overview of the Act on the Improvement of Energy Consumption Performance of Buildings", (2016), at: <http://www.mlit.go.jp/common/001134876.pdf>

³³ IEA, "Japan's Roadmap to Carbon Neutrality in the Building and Housing Sectors", (2021), at: <https://iea.blob.core.windows.net/assets/993f67a2-054e-41ba-9adb-f782358a4e73/3.JapansRoadmaptoCarbonNeutralityintheBuildingandHousingSectors.pdf>

³⁴ Rethink Tokyo, 'Energy conservation architecture to be mandatory for Japan real estate from 2025', at: <https://www.rethinktokyo.com/news/2022/04/25/energy-conservation-architecture-be-mandatory-japan-real-estate-2025/1650839788>

³⁵ Ibid.

³⁶ CASBEE: <https://www.ibec.or.jp/CASBEE/english/>

³⁷ BELS: <https://www.hyoukakyokai.or.jp/bels/bels.html>

³⁸ DBJ: https://www.dbj.jp/en/service/program/g_building/

Sustainalytics is of the opinion that Mori Building has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Mori Building is well positioned to issue green bonds and that the Mori Building Co., Ltd. Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Alignment with Japan's Green Bond Guidelines 2020

Four elements	Alignment	Sustainalytics' comments
1. Use of Proceeds	Yes	The use of proceeds category defined by Mori Building in the Framework, Green Building, is recognized in Japan's Green Bond Guidelines 2020 as a project category with clear environmental benefits. The Company also provides, in the Framework, explanations about its measures to manage and mitigate environmental risks associated with the eligible projects, allowing investors to access in advance. In addition, the Company has confirmed that it will disclose the asset's age and remaining useful life and the amount to be refinanced as at the time of the bond issuance, in cases when refinancing an asset that needs to be maintained for a long period of time through issuing multiple green bonds.
2. Process for Project Evaluation and Selection	Yes	In the Framework, the Company explains environmental goals that it aims to achieve through the issuance of green bonds. It also describes, in the Framework, the eligibility criteria and the process for assessing and selecting eligible projects.
3. Management of Proceeds	Yes	In the Framework, the Company explains that, until the maturity of green bonds, its Finance Department will track and manage the amounts of allocated and unallocated proceeds on a biannual basis, using an internal management system. The Company intends to complete the allocation of proceeds within 24 months after the issuance of green bond. Pending allocation, unallocated proceeds will be managed in cash or cash equivalents.
4. Reporting	Yes	In the Framework, Mori Building explains that it will provide allocation reporting and impact reporting annually. Allocation reporting will be disclosed until the full allocation of proceeds and on a timely basis in case of material developments thereafter. It will include a list of assets financed/refinanced, the amounts allocated to eligible projects on a project basis, share of financing vs refinancing and the amount and the expected timing of allocation of unallocated proceeds. Impact Reporting will be disclosed until the maturity of green bond and include the name of buildings and projects, name and level of certifications the eligible project received, amount of energy consumption, CO ₂ emissions, CO ₂ emissions of total floor area and water consumption.

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Mori Building Co., Ltd.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Mori Building Co., Ltd. Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 20, 2022
Publication date of review publication:	January 2019
Original publication date:	

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:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ 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)*:

The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in green buildings are expected to contribute to the transition to a low-carbon economy in Japan and advance the UN Sustainable Development Goals, specifically SDGs 9 and 11.

Use of proceeds categories as per GBP:

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

Mori Building Co., Ltd's Finance Department and the Sustainability Committee will be responsible for overseeing the evaluation and selection of eligible projects. The President and CEO of Mori Building Co., Ltd will be in charge of final allocation decisions. Mori Building Co., Ltd's environmental and social risk assessments and mitigation processes apply to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

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

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):

Mori Building Co., Ltd's Finance department will be responsible for the management and allocation of proceeds to eligible green projects. The proceeds will be tracked using an internal management system and the Company intends to achieve full allocation within 24 months of issuance. Pending allocation, unallocated proceeds will be held in cash or cash equivalents. Sustainalytics considers this process to be 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):

Mori Building Co., Ltd intends to report on the allocation of proceeds on its website annually until full allocation. Allocation reporting will include information such as list of assets financed or refinanced, the amount of net proceeds allocated, share of financing vs refinancing, unallocated proceeds and scheduled allocation period on a project-by-project basis. In addition, Mori Building Co., Ltd is committed to reporting on relevant impact indicators to the extent practicable. Sustainalytics views Mori Building Co., Ltd's reporting system as aligned with market practice

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): list of assets financed or refinanced, share of financing vs refinancing, the amount of unallocated proceeds, and scheduled allocation period on a project-by-project basis

Frequency:

- ☒ Annual
 ☐ Semi-annual
- ☐ Other (please specify):

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): name of building and project, name and level of certification the eligible projects have received, energy consumption, CO₂ emissions, and CO₂ emissions of total floor area

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): Mori Building's website
- ☐ 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:

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ 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 ©2022 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.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 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 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

