

Japan Credit Rating Agency, Ltd. (JCR) publicly disclose a second-party opinion on Sustainability-Linked Finance Framework and the review results of Green Finance Framework Evaluation.

## Mori Building Co., Ltd.

Sustainable Finance Framework

Affirmation

< Confirmation of meeting the requirements of the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles >

This framework meets Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles.

<Green Finance Framework Evaluation Results>

Overall evaluation

Green 1(F)

Greenness Evaluation  
(Use of Proceeds)

g1 (F)

Management,  
Operation and  
Transparent Evaluation

m1 (F)

Issuer/Borrower

Mori Building Co., Ltd.

Subject

Mori Building Co., Ltd.  
Sustainable Finance Framework

## Evaluation Overview

### ▶▶▶1. Overview of Mori Building Co., Ltd.

Mori Building Co., Ltd. (hereinafter referred as "the Company" or "Mori Building") is a general developer company established in 1959, following the foundation of its predecessor, Mori Fudosan, in 1955. Since the establishment, its core business has been the leasing and management of office buildings primarily in Tokyo's Minato Ward, but it began to diversify its business around 1975, entering the commercial facilities market with the opening of Laforet Harajuku in 1978. After the completion of ARK Hills in 1986, Mori Building has promoted complex urban redevelopment projects involving office, residential, commercial, cultural facilities, etc. The Company has also entered the overseas market since 1994. In recent years, with the opening of Roppongi Hills, Mori Building has expanded into the cultural, hotel, and urban development consulting businesses in addition to building leasing business.

### ▶▶▶2. ESG management and sustainability initiatives

Mori Building has a policy that has been formed through the process of consistently working on city and urban development, which was the first large-scale urban redevelopment project by the private sector, and positions "Create Cities, Nurture Cities" as a philosophy of urban development, "Vertical Garden City" as an ideal city model and development method, and "Environment and Greenery," "Safety and Security" and "Culture and Art" as a mission and important theme for urban development. In the "Environment and Greenery," the Company has established "harmonious coexistence of cities and nature," "decarbonized cities" and "resource recycling" as its environmental policy through "urban design and its management" with the ideal of "Vertical Garden City," and it is working on "Regulatory Compliance and Environmental Management," "Environmental Information Disclosure" and "Environmental Education and Awareness-raising Activities" in order to promote this policy.

Mori Building recognizes that the promotion of sustainability initiatives is a material matter related to the execution of its business operations, and has therefore established the Sustainability Committee, chaired by the President and CEO, and its subcommittees, the Environmental Promotion Committee and the Committee on Human Rights and Societal Issues.

### ▶▶▶3. Alignment Evaluation with Sustainability-Linked Bond Principles, etc.

In November 2023, Japan Credit Rating Agency, Inc. (JCR) disclosed a second-party opinion that confirmed the alignment with the Sustainability-Linked Bond Principles<sup>1</sup>, the Sustainability Linked-Loan Principles<sup>2</sup>, the Sustainability-Linked Bond Guidelines<sup>3</sup> and the Sustainability-Linked Loan Guidelines<sup>4</sup> (collectively referred to as "SLBP and so on") is confirmed in case of financing general corporate purpose instruments from Sustainable Finance Framework formulated by Mori Building in November 2023. JCR

<sup>1</sup>International Capital Market Association (ICMA). Sustainability-Linked Bond Principles 2023. (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Sustainability-Linked-Bond-Principles-June-2023-220623.pdf>)

<sup>2</sup>Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA). Sustainability-Linked Loan Principles 2023. (<https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>)

<sup>3</sup>Ministry of the Environment Sustainability Link Loan Guidelines 2022 (<https://www.env.go.jp/content/000062495.pdf>)

<sup>4</sup>Ministry of the Environment Sustainability Link Bond Guidelines 2022 (<https://www.env.go.jp/content/000062495.pdf>)

confirmed the Company's sustainability strategy, key performance indicators (KPI), sustainability performance targets (SPT), characteristics, reporting and verification as defined in this framework as an independent third-party organization in order to ensure the transparency and objectivity of the evaluation recommended by SLBP and so on.

Mori Building set SPT after selecting the following KPI in the framework formulated in November 2023. In this review, JCR confirmed Mori Building that it has not changed its KPI or SPT. Therefore, JCR restated the opinion on alignment with SLBPs, etc. as of November 2023.

**Chart 1: KPI and SPT in this framework<sup>5</sup>**

|       |   |       |  |
|-------|---|-------|--|
| KPI 1 | GHG emission reduction rate in Scope 1 and 2                    | SPT 1 | GHG emission reduction rate in Scope 1 and 2 consistent with the following targets (Base Year: FY 2019)<br><ul style="list-style-type: none"> <li>• ▲50% by FY 2030</li> <li>• Net-zero by FY 2050</li> </ul> The reduction rate for each year shall meet the annual reduction rate required by the SBT 1.5°C standard target. |
| KPI 2 | Renewable energy consumption rate                               | SPT 2 | 100% renewable energy ratio by FY 2030   |
| KPI 3 | Green coverage ratio in large-scale mixed-use development areas | SPT 3 | 38% green coverage in large-scale mixed-use development areas by FY 2030   |
| KPI 4 | CDP evaluation (Climate Change)                                 | SPT 4 | Obtained an A- or better rating in CDP (Climate Change)  |

KPI and SPT set by Mori Building in this framework contribute to "Environment and Greenery" among the three key themes and are meaningful in line with the characteristics of the real estate industry. JCR evaluated the SPT is an ambitious setting compared to the Company's record of achievement or peers. JCR confirmed it is agreed that financial characteristics shall be changed depending upon the achievement of SPT as characteristics of sustainability-linked bonds (hereinafter referred to as SLB) and sustainability-linked loans (hereinafter referred to as SLL) (hereinafter collectively referred to as sustainability-linked finance) financed based on this framework. JCR confirmed that the setting of interlocking methods with financial characteristics according to the SPT achievement and the contents of reporting after the implementation are also appropriately planned.

In this review, JCR confirmed that this framework is continuously aligned with SLBP and so on.

#### ▶▶▶ 4. Overview of Green Finance Framework Evaluation

JCR evaluated the green finance section of Sustainable Finance Framework formulated by Mori Building in November 2023, as Green 1 (F). This review evaluates whether the Sustainable Finance Framework formulated by Mori Building is aligned with Green Bond Principles, Green Loan Principles, Green Bond Guidelines, and Green Loan Guidelines in case of financing a Use of Proceeds bond. Since these are

<sup>5</sup>Created by JCR based on this framework

principles or guidelines and not regulations, they are non-binding; however, JCR evaluate them by referring to the principles and guidelines as a unified standard domestically and internationally.

Mori Building considered that its eligible projects are (1) green building and (2) renewable energy as green projects among the use of proceeds in this framework. Mori Building changed some of the eligibility criteria that (1) green buildings must meet. "Building Energy Efficiency Performance Labeling System" was revised and implemented in April 2024. As a result, Mori Building changed the rank of its BELS certification and clarified the version of its LEED certification in this framework. JCR evaluated that the use of proceeds in this new framework is expected to have environmental benefits.

Deciding the selection criteria and the evaluation processes is appropriately carried out, with the involvement of management. Fund management will be conducted based on clear regulations. The contents of these processes, disclosing and reporting on the fund management is also appropriate, and JCR evaluates that the transparency is high. Based on the above, JCR evaluates that the management and operation system in Mori Building has been established and has transparency.

Consequently, JCR assigned "g1(F)" for "Greenness Evaluation (Use of Proceeds)" and "m1(F)" for "Management, Operation and Transparency Evaluation" regarding this new framework based on JCR Green Finance Evaluation Methodology. Accordingly, JCR assigned "Green 1(F)" for "JCR Finance Framework Evaluation." This framework is considered to meet the standards for the items required in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines and the Green Loan Guidelines.

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# Chapter 1: Alignment with the Sustainability-Linked Bond Principles, etc.

## 1. Sustainability Strategy of Mori Building

### Business overview

Mori Building is a general developer company established in 1959, following the foundation of its predecessor, Mori Fudosan, in 1955. Since the establishment, its core business has been the leasing and management of office buildings primarily in Tokyo's Minato Ward, but it began to diversify its business around 1975, entering the commercial facilities market with the opening of Laforet Harajuku in 1978. After the completion of ARK Hills in 1986, Mori Building has promoted complex urban redevelopment projects involving office, residential, commercial, cultural facilities, etc. The Company has also entered the overseas market since 1994. In recent years, with the opening of Roppongi Hills, Mori Building has expanded into the cultural, hotel, and urban development consulting businesses in addition to building leasing business.

### Policy / Philosophy / Management Plan

Mori Building has a policy that has been formed through the process of consistently working on city and urban development, which was the first large-scale urban redevelopment project by the private sector, and positions "Create Cities, Nurture Cities" as a philosophy of urban development, "Vertical Garden City" as an ideal city model and development method, "Environment and Greenery," "Safety and Security" and "Culture and Art" as a mission and important theme for urban development.

"Vertical Garden City", an ideal urban model held out by Mori Building, is a compact complex that vertically layers diverse urban functions including work, residence, recreation, commerce, education, and relaxation, which are highly integrated walking distances. By aggregating subdivided small plots of land into a large floor plate and build high-rise buildings, the ground level can be freed up for wide-open green spaces to nurture the environment. This not only fosters urban nature and achieves living where people can experience the four seasons, but also mitigates the heat island phenomenon by covering ground surfaces and rooftops with greenery. The aggregation of diverse urban functions also brings about a leveling of energy demand and enhancing energy efficiency. The Company considers that a compact city where work and residence are in close proximity greatly reduces the time and energy required for commuting to work or school and it also has positive effects on resource recycling and efficiency of distribution. Moreover, making high-level use of urban centers in this form aids in the protection of nature in suburbs. Mori Building considers Vertical Garden City is a new urban model that aims for the harmonious coexistence of cities and nature while constraining impacts on the global environment.

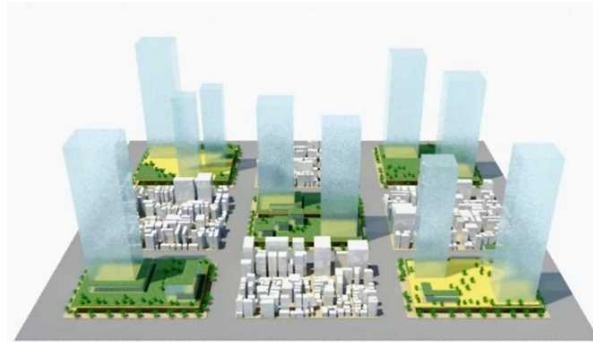


Chart 2: Image of gradual development of Mori Building Vertical Garden City<sup>6</sup>

### Key Theme and Goal

Mori Building has been working on sustainable urban development together with the local community in the way of urban redevelopment projects even before the words "ESG" and "SDGs" came into the spotlight. Under the philosophy of "Create Cities, Nurture Cities," the Company is dedicated to realizing sustainable society, developing local communities, and contributing to the safety, health, and happiness of people and working on projects that contribute to the realization of a sustainable society, the development of the region, and the safety, health, and well-being of people. Among which, the three key themes are "Environment and Greenery", "Safety and Security" and "Culture and Art."



Chart 3: Three themes of Mori Building urban development<sup>7</sup>

<sup>6</sup>Mori Building Website [https://www.mori.co.jp/urban\\_design/vision.html](https://www.mori.co.jp/urban_design/vision.html)

<sup>7</sup>Mori Building From the full-year financial report for the fiscal year ending March 2023 <https://www.mori.co.jp/en/company/ir/pdf/investors2022.pdf>

In "Environment and Greenery," the Company has established its environmental policy: "harmonious coexistence of cities and nature," "decarbonized cities" and "resource recycling" as based on "urban design and its management" with the ideal of "Vertical Garden City," and it is working on "Regulatory Compliance and Environmental Management," "Environmental Information Disclosure" and "Environmental Education and Awareness-raising Activities" in order to promote these policies.

In "Safety and Security," based on the concept of "cities to escape to, rather than flee from in times of disaster," the Company has implemented hardware measures such as the introduction of the highest level of anti-seismic performance in its main buildings and the independent power supply from its energy plant, as exemplified by Roppongi Hills. In addition, Mori Building has implemented both hardware and software measures, such as periodic earthquake preparedness training for all employees and the establishment of several staff housing units for disaster readiness in its business areas to prepare a system (approximately 240 disaster response personnel) that can respond in case of an emergency. Mori Building has introduced a system in which employees themselves act as a human sensors to identify near-misses during normal time through support crew activities in which they participate, and the Company has been continuously implementing this system. With the Safety Office permanently in place, the Company also has a system in place to promote safety and security initiatives.

In "Culture and Art," the Company has "Suntory Hall," which opened in Ark Hills in 1986, "Mori Art Museum," which opened in 2003 as a symbol of the cultural heart of Tokyo, Roppongi Hills, and recently, "TOKYO NODE," which opened in Toranomon Hills Station Tower in 2023, "Mori Building Digital Art Museum: Epson teamLab Borderless," which will relocate from Odaiba to Azabudai Hills, has developed various facilities. By not only holding exhibitions and learning programs at the Mori Art Museum but also actively organizing the "Roppongi Art Night" art event throughout the town of Roppongi and installing public art on the grounds of major projects, the Company is promoting activities based on the concept of "Art + Life" and working to realize a rich society where more people can enjoy art and culture close at hand.

Chart 4 shows a summary of the Company's policies and initiatives on sustainability by ESG category, as described above.



**Chart 4: Sustainability Initiatives (by ESG Category)<sup>7</sup>**

|                         | Category   | Initiatives  |
|-------------------------|--|--|
| <b>E</b><br>Environment | <ul style="list-style-type: none"> <li>Large-scale greening, coexistence with nature, and protection of biodiversity</li> </ul>  | <ul style="list-style-type: none"> <li>Grow greenery and improve green coverage ratio</li> <li>Mitigate heat-island phenomenon</li> <li>Create bases for ecological networks</li> </ul>  |
|                         | <ul style="list-style-type: none"> <li>Contributions to decarbonized societies</li> </ul>  | <ul style="list-style-type: none"> <li>Establish medium- and long-term targets for greenhouse gas reduction (net zero by 2050)</li> <li>Join RE100 initiative (targeting 100% renewable electricity by 2030)</li> <li>Obtain SBTi certification for FY2030 target (1.5° C of pre-industrial levels) and CDP Climate Change A- rating in 2022</li> </ul>                    |
|                         | <ul style="list-style-type: none"> <li>Sustainability-related certifications</li> </ul>  | <ul style="list-style-type: none"> <li>Obtain green-building certifications</li> <li>Improve property valuation based on sustainability</li> </ul>   |
| <b>S</b><br>Society     | <ul style="list-style-type: none"> <li>Contributions to society through urban development</li> </ul>   | <ul style="list-style-type: none"> <li>Create enjoyable urban environments</li> <li>Promote urban development together with communities</li> </ul>   |
|                         | <ul style="list-style-type: none"> <li>Business contingency planning (disaster prevention and building resilience)</li> <li>Safety for tenants and visitors</li> </ul> | <ul style="list-style-type: none"> <li>BPC-enhancement hardware and software</li> <li>Strengthen emergency-management systems and conduct comprehensive earthquake drills</li> <li>Education for office workers and tenants</li> <li>Largest private-sector stockpile for disaster preparedness</li> <li>Early, large-scale COVID-19 vaccinations for employees</li> </ul> |
|                         | <ul style="list-style-type: none"> <li>Contributions to society through area management</li> </ul>   | <ul style="list-style-type: none"> <li>Culture and art promotion</li> <li>Support for innovation creation</li> <li>Education support (Hills Machi-iku project, Kids workshops, etc.)</li> <li>Enrich communities, including via neighborhood associations</li> </ul>   |
|                         | <ul style="list-style-type: none"> <li>Respect for human rights</li> <li>Promotion of diversity</li> <li>Human resources development</li> </ul>                        | <ul style="list-style-type: none"> <li>Support women's empowerment, childcare, and nursing care</li> <li>Certifications for health management and diversity</li> <li>Information dissemination and training to prevent harassment</li> <li>Training in company values and by job rank, and maintaining system for qualification acquisition</li> </ul>                     |
|                         | <ul style="list-style-type: none"> <li>Healthy, comfortable work environments and work-life balance</li> </ul>   | <ul style="list-style-type: none"> <li>Encourage employees to take paid leave and reduce overtime</li> <li>Maintain employee health and safety management systems</li> <li>Conduct events, wellness programs, etc., for employee health</li> </ul>   |
|                         | <ul style="list-style-type: none"> <li>Supply-chain management</li> </ul>  | <ul style="list-style-type: none"> <li>Implement sustainable-procurement guidelines</li> <li>Conduct periodic evaluations of suppliers</li> <li>Participation in Declaration of Partnership Building</li> </ul>  |
| <b>G</b><br>Governance  | <ul style="list-style-type: none"> <li>ESG information disclosure</li> <li>Compliance and corporate ethics</li> <li>Risk identification and management</li> </ul>      | <ul style="list-style-type: none"> <li>Sustainability Committee, Environmental Promotion Committee, and Committee on Human Rights and Societal Issues</li> <li>Enhanced disclosure of ESG information via website</li> <li>Maintain appropriate environment for whistleblower system</li> </ul>  |

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### Sustainability Management System

Mori Building recognizes that the promotion of sustainability initiatives is a material matter related to the execution of its business operations, and has therefore established the Sustainability Committee, which is chaired by the President and CEO, and its subordinate committees, the Environmental Promotion Committee and the Committee on Human Rights and Societal Issues.

The Sustainability Committee deliberates on important sustainability-related issues such as climate change, human rights, and supply chain management and supervises and monitors subordinate committees. Specific activities and studies are carried out mainly by the Sustainability Promotion Committee Secretariat, which was established under the Committee and is headed by the executive officer in charge. In addition, the Board of Directors receives reports from the Sustainability Committee regularly and manages and supervises important matters through discussion by the Board of Directors.

The Environmental Promotion Committee, chaired by the director in charge of the Environment Promotion Department, is held once a quarter. The Committee promotes and manages cross-sectional efforts to address various environmental issues, including climate change, and reports regularly to the Sustainability Committee. The Sustainability Committee discusses essential matters such as formulating policies to address climate-related risks and opportunities and establishing greenhouse gas (GHG)

emissions targets. The Environmental Promotion Committee is responsible for reporting and discussing important matters and implementing approved policies and plans, including identifying, assessing, and managing risks and opportunities.

The Committee on Human Rights and Societal Issues, chaired by the director in charge of the Human Resources Department, promotes and manages human rights and supply chain management initiatives and reports regularly to the Sustainability Committee. The Committee also publishes the Mori Building Group Human Rights Policy and the Mori Building Group Sustainable Procurement Guidelines to clarify its responses/policies on human rights and supply chain management.



Chart 5: Sustainability Management System<sup>8</sup>

<sup>8</sup>Mori Building Website [https://www.mori.co.jp/sustainability/promotion\\_system/](https://www.mori.co.jp/sustainability/promotion_system/)

## 2. Selection of KPI

### 2-1. JCR's Key Consideration in This Factor

In this section, JCR will confirm whether the KPIs in this framework are relevant, core and important in the entire business of Mori Building, whether the strategic meanings of its business operations are of great significance now and future, whether it is possible to measure and quantify based on a consistent methodology, whether it is possible to benchmark, and whether the definition is clarified, including the scope of application.

### 2-2. Overview of KPI selection and evaluation of significance by JCR

#### ▶▶▶ Evaluation results

The KPI in this framework meet all the conditions to be fulfilled shown in SLBP and so on.

#### 2-2-1. Overview of KPI selection

In this framework as of November 2023, Mori Building set KPI as follows: In this review, JCR confirmed Mori Building that it has not changed its KPI or SPT.

**Chart 6: KPI in this Framework<sup>9</sup>**

|       |  |
|-------|--|
| KPI 1 | <p>GHG emission reduction rate in Scope 1 and 2</p> <p>&lt;Definition&gt;</p> <p>A calculation of the reduction rate from FY2019 based on the total GHG emissions of Scope 1 and 2, calculated in accordance with the GHG Protocol, covering Mori Building and its consolidated subsidiaries.</p>  |
| KPI 2 | <p>Renewable energy consumption rate</p> <p>&lt;Definition&gt;</p> <p>Percentage of electricity consumption by the Company and its consolidated subsidiaries that is generated from renewable energy sources.</p>  |
| KPI 3 | <p>Green coverage ratio in large-scale mixed-use development areas</p> <p>&lt;Definition&gt;</p> <p>Measure green coverage in major large-scale mixed-use development areas.<sup>Note</sup> Green cover ratio (= green area / site area x 100%): In accordance with the Tokyo Metropolitan Government Municipal Green Coverage Ratio Manual, we use aerial photographs as the basis for calculations.</p> <p>Note) ARK Hills, ARK Hills Sengokuyama Mori Tower, ARK Hills South Tower, Atago Green Hills, Motoazabu Hills, Holland Hills, Omotesando Hills, Roppongi Hills, Toranomon Hills Mori Tower, Toranomon Hills Business Tower (Completed by 2021), Toranomon Hills Residential Tower (Completed in 2022), Toranomon Hills Station Tower (Completed in 2023), Azabudai Hills (Completed in 2023)</p> |

<sup>9</sup>Created by JCR based on hearings with this framework and Mori Building

|       |  |
|-------|--|
| KPI 4 | <p>CDP evaluation (climate change)</p> <p>&lt;Definition&gt;</p> <p>Scores related to climate change as evaluated by CDP</p> |
|-------|--|

KPI1, KPI2, and KPI4 are related to climate change (decarbonization and low carbon), and KPI3 is related to harmony with nature and biodiversity.

## 2-2-2. Industry characteristics, important issues

Mori Building belongs to the real estate industry, and there is the Real Estate Companies Association (RECAJ) of Japan as a Japanese industry association. RECAJ and Japan Building Owners & Managers Association (JBOMA) have listed "a decarbonized society," "a society in harmony with nature," and "a resilient society" as the directions that the real estate industry should aim for toward 2050. They listed "Changes in required value" as an influential trend. They recognize contributions related to decarbonization and harmony with nature as important.<sup>10</sup>

| Theme                           | Issues and trends towards 2050  | The vision of the real estate industry   | Mainly related SDGs  |  |
|---------------------------------|---|--|--|--|
| <b>Climate change</b>           | Making renewable energy the main power source<br>energy saving<br>electrification               | carbon neutral city  | 7. Affordable and clean energy<br>13. Climate action   | <b>Direction of the real estate industry</b><br><br><b>Decarbonized society</b><br><br><b>A society in harmony with nature</b><br><br><b>Resilient society</b> |
| <b>Waste</b>                    | Constraints on resources such as food and water:<br>ocean plastic                               | Resource recycling city  | 6. Clean water and sanitation<br>12. Responsible consumption and production  |  |
| <b>Biodiversity</b>             | Habitat loss, development, and overhunting/fishing  | A city that preserves biodiversity   | 14. Life below water<br>15. Life on land   |  |
| <b>Disaster prevention</b>      | Increasing severity of disasters<br>crumbling infrastructure                                    | Building a distributed energy system<br>resilient city                         | 11. Sustainable cities and communities   |  |
| <b>Population decline/Aging</b> | Population decline<br>Depopulation<br>Aging society<br>Women's social participation             | Compact city   | 5. Gender equality<br>8. Decent work and economic growth<br>10. Reduced inequalities<br>11. Sustainable cities and communities | <b>Trends impacting the real estate industry</b><br><br><b>Changes in required value</b>   |
| <b>Regional revitalization</b>  | Regional revitalization<br>Correcting the overconcentration in Tokyo                            | Vibrant local economy,<br>networking   | 8. Decent work and economic growth   |  |
| <b>Internationalization</b>     | globalization<br>Changes in geopolitical positioning<br>Improving international competitiveness | Super mega region<br>Adding high value to cities and buildings                 | 9. Industry, innovation and infrastructure   |  |
| <b>technology</b>               | Significant advances in ICT (Society 5.0)<br>digital transformation                             | Decentralized city based on telework   | 3. Good health and well-being  |  |
| <b>Health/Amenity</b>           | Improving the medical and welfare environment<br>Improving intellectual productivity            | Walkable city<br>Healthy, long-lived communities<br>Comfortable interior space |  |  |

Chart 7: Four topics to consider as Japanese real estate industry towards 2050<sup>10</sup> (JCR translation)

<sup>10</sup> RECAJ / JBAMA: Long-term vision for realizing a decarbonized society in the real estate industry  
[https://www.fdk.or.jp/f\\_suggestion/pdf/kankyou\\_jikkou\\_tyoki\\_2\\_2104.pdf](https://www.fdk.or.jp/f_suggestion/pdf/kankyou_jikkou_tyoki_2_2104.pdf)

In terms of climate change and greenhouse gas (GHG) emissions, Japanese real estate industry is involved in the "Commercial and other" and "Residential" of Japan's total GHG emissions, accounting for 32.6% of the total. Therefore, Japanese real estate industry has a big responsibility in reducing GHG emissions in Japan.

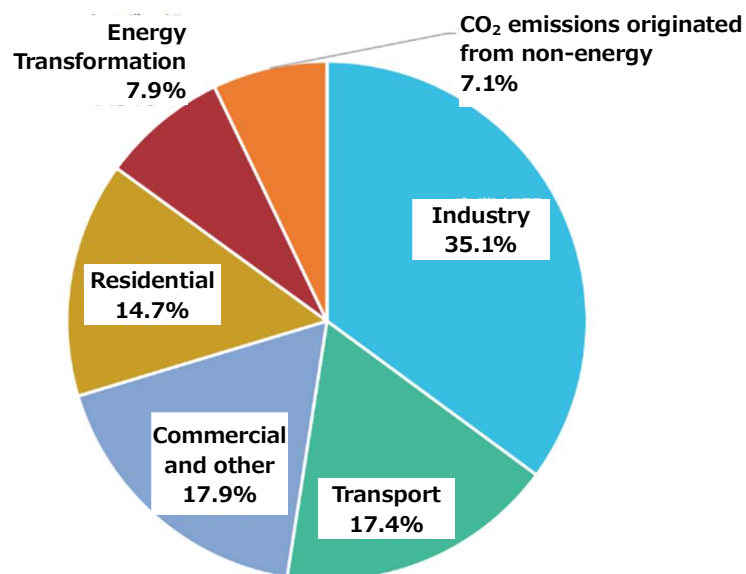


Chart 8: Japanese GHG emissions in FY2021 (after electricity and heat allocation)<sup>11</sup>

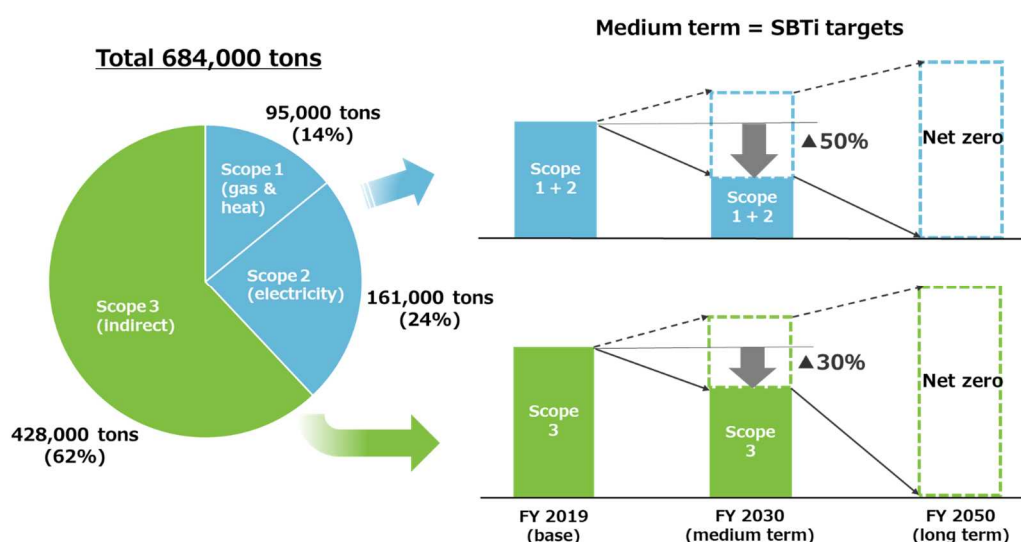
<sup>11</sup>Ministry of the Environment <https://www.env.go.jp/content/000128749.pdf>

## 2-2-3. Evaluation of JCR for KPI

### KPI1: GHG emission reduction rate in Scopes 1 and 2

Mori Building has set "Environment and Greenery" as one of the three key themes, and has set "decarbonized cities" in its environmental policy. Mori Building believes that its social mission is to reduce energy consumption, reduce GHG emissions, and work on decarbonization in urban development and city management.

Therefore, Mori Building has set a net zero target by 2050, as well as a 50% reduction in scopes 1 and 2 in 2030 (compared to FY2019), and a 30% reduction in scope 3 (compared to FY2019) as a GHG reduction target from global (domestic and overseas) business activities in its consolidated group. These targets have already been certified by the SBTi (Science Based Targets initiative) as a "1.5°C level (scientific-based reduction target to limit temperature rise to within 1.5°C of pre-industrial levels)".



**Chart 9: Mori Building Group GHG Emissions in FY2019 and 2050/2030 Targets<sup>12</sup>**

The KPI1 is important in light of the GHG emissions of Japan and the characteristics of Japanese real estate industry. KPI1 is also positioned as important in Mori Building's strategy and policy, so JCR evaluates that KPI1 is significant. And, JCR has confirmed that KPI1 can be measured, quantified and benchmarked based on a consistent methodology.

### KPI2: Renewable energy consumption rate

As mentioned above, Mori Building has set "decarbonized cities" in its environmental policy, and has set net zero targets for 2050 and targets for 2030. To achieve the above goals, Mori Building joined the international initiative RE100 and committed to the goal of meeting 100% of its electricity consumption in its business activities from renewable energy sources by 2030.

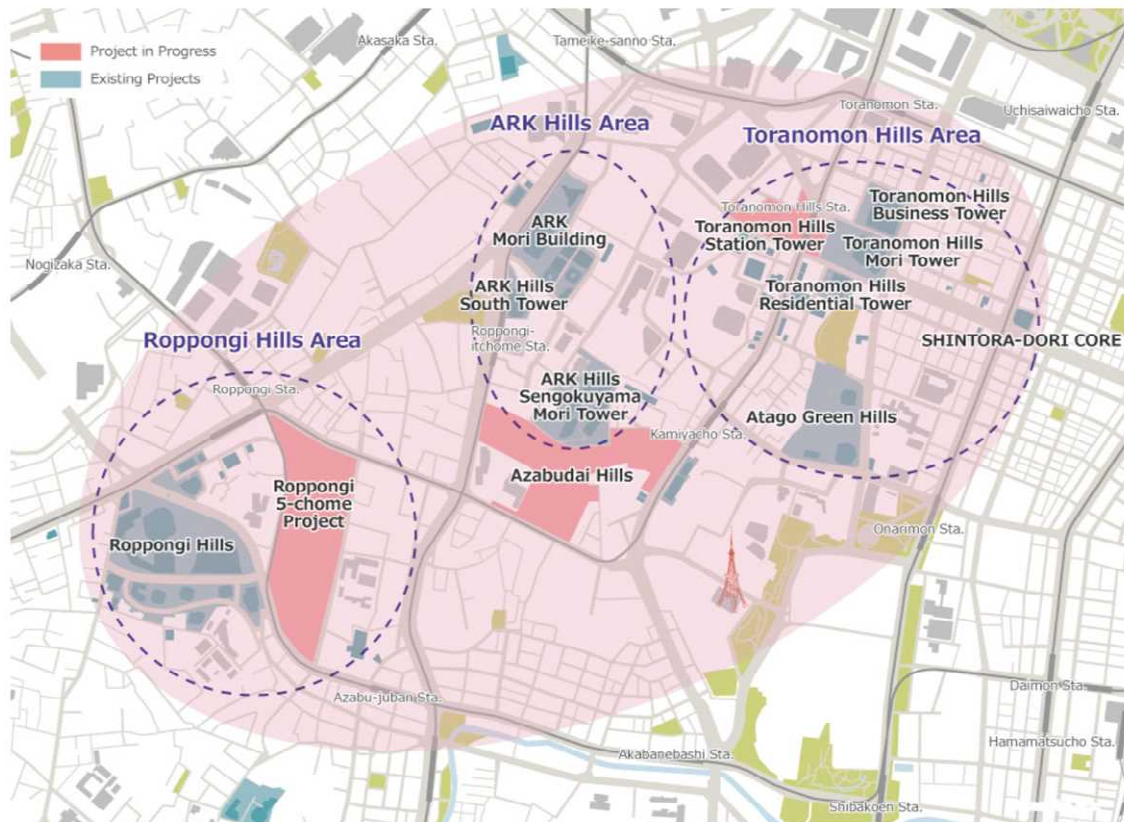
<sup>12</sup>Mori Building Website [https://www.mori.co.jp/en/sustainability/environment/climate\\_change.html](https://www.mori.co.jp/en/sustainability/environment/climate_change.html)



KPI2 is important in light of the characteristics of Japanese real estate industry, and is positioned as important in Mori Building's strategy and policy. JCR evaluates that KPI2 is significant. JCR has confirmed that KPI2 can be measured, quantified and benchmarked based on a consistent methodology.

**KPI3: Green coverage ratio in large-scale mixed-use development areas**

Most of Mori Building's projects are located in Minato Ward, Tokyo. The Mori Building positions the ARK Hills area, Roppongi Hills area, and Toranomom Hills area as "strategic areas".



**Chart 10: Mori Building Strategic Area (as of November 2023)<sup>13</sup>**

Minato Ward is located in the center of the metropolitan area. Minato Ward is expected to promote securing green spaces and water surfaces in order to mitigate the environmental impact of the city, and to grow urban greenery as a symbol of the capital.<sup>14</sup>

Since the completion of ARK Hills in 1986, Mori Building has been actively working on urban greening to realize the ideal city covered with greenery and coexisting with nature harmoniously. Mori Building names the mixed-use development property based on the urban development philosophy "Vertical Garden City" as "Hills." The properties named "Hills" are Mori Building's flagship projects. Mori Building has been involved in everything from the planning stage to management/operation stage, and is involved

<sup>13</sup>Mori Building Website <https://www.mori.co.jp/en/projects/>

<sup>14</sup>Minato-ku, Tokyo Green and Water Comprehensive Plan [https://www.city.minato.tokyo.jp/sougoukeikaku/kankyo-machi/toshikekaku/kekaku/documents/midorimizu\\_honpen\\_1.pdf](https://www.city.minato.tokyo.jp/sougoukeikaku/kankyo-machi/toshikekaku/kekaku/documents/midorimizu_honpen_1.pdf)

in green space planning and planting management plan. JCR confirmed that the site area of "large-scale mixed-use development area" currently cover more than 80% of the group's site area, and will cover about 95% of the group in the future.

The KPI3 is important in light of the characteristics of Japanese real estate industry and the policy of the government, and is positioned as important in the strategy and policy of Mori Building. JCR evaluates that KPI2 is significant. JCR has confirmed that KPI3 can be measured, quantified, and benchmarked based on a consistent methodology (Tokyo Metropolitan Green Coverage Standard Survey Manual).

#### KPI4: CDP evaluation (climate change)

The CDP evaluation (climate change) is managed by CDP, a non-profit organization founded in London in 2000. CDP is also involved in the management of international initiatives such as the SBTi and RE100. In 2022, more than 680 investors have signed up to CDP, and the total investment management of the signatory investors is more than 130 trillion dollars. In 2022, more than 18,600 companies responded to the CDP evaluation (climate change). The CDP evaluation (climate change) is a global standard for climate change reporting and information disclosure in the world. As shown in Exhibit 11, the structure of the CDP evaluation (climate change) questionnaire covers a number of items, including governance, risks and opportunities, strategy, targets and performance, and emissions. The structure of the CDP evaluation (climate change) is also consistent with TCFD requirements.<sup>15</sup>

#### Structure of CDP questionnaire (Full version/ General sector)

|                                   |  |
|-----------------------------------|--|
| <b>C0 Introduction</b>            | Company Profile, Reporting year, Boundary  |
| <b>C1 Governance</b>              | Board oversight, Management responsibility, Employee incentives  |
| <b>C2 Risks and opportunities</b> | Management processes, Risk disclosure, Opportunity disclosure  |
| <b>C3 Business strategy</b>       | Climate transition plan, climate-related scenario analysis, Business strategy, Financial planning                          |
| <b>C4 Targets and performance</b> | Emissions targets, Emissions reduction initiatives   |
| <b>C5 Emissions methodology</b>   | Standard/Protocol/Methodology, Base year, Base year emissions  |
| <b>C6 Emissions data</b>          | Scope1,2,3 Emissions data, Emission intensity  |
| <b>C7 Emissions breakdown</b>     | Greenhouse gas type, Country/area/region, Business division<br>Change from last year, Emissions by subsidiary              |
| <b>C8 Energy</b>                  | Energy spend, Energy-related activities  |
| <b>C9 Additional metrics</b>      | Other climate-related metrics  |
| <b>C10 Verification</b>           | Scope1,2,3 Emissions data, Other verified data   |
| <b>C11 Carbon pricing</b>         | Carbon pricing systems, Carbon credits, Internal price on carbon   |
| <b>C12 Engagement</b>             | Value chain engagement, Communications,<br>Public policy engagement, Industry collaboration                                |
| <b>C15 Biodiversity</b>           | Board-level oversight for biodiversity-related matters,<br>The impacts and dependencies of its value chain on biodiversity |
| <b>C16 Signoff</b>                | The person that has approved CDP climate change response   |

**Chart 11: Structure of the CDP Assessment (Climate Change) 2023 Questionnaire (Full Version/General Sector)<sup>16</sup> –JCR translation–**

<sup>15</sup>CDP release [https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/753/original/Release\\_JP\\_20220314.pdf](https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/753/original/Release_JP_20220314.pdf)

<sup>16</sup>CDP material [https://cdn.cdp.net/cdp-](https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/007/920/original/2023_CC%E5%B0%8E%E5%85%A5%E7%B7%A8.pdf)

[production/comfy/cms/files/files/000/007/920/original/2023\\_CC%E5%B0%8E%E5%85%A5%E7%B7%A8.pdf](https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/007/920/original/2023_CC%E5%B0%8E%E5%85%A5%E7%B7%A8.pdf)



Mori Building will promote consideration of risks/opportunities, business strategies, targets, third-party verification of GHG emissions, and introduction of renewable energy by working to improve CDP evaluation (climate change). And, Mori Building will share an objective evaluation by CDP, an independent third party, with investors and other stakeholders.

Based on the above, JCR evaluates that KPI4 is significant because it meets the expectations of stakeholders and contributes to Mori Building's environmental policy "decarbonized cities". JCR has confirmed that KPI4 can be measured, quantified, and benchmarked based on a consistent methodology.

Based on the above, JCR evaluates that all of the KPIs set by Mori Building meet all of the conditions in SLBP, etc.

### 3. Measurement of SPT

#### 3-1. Evaluation perspective

In this section, JCR will confirm whether the SPT of this framework is ambitious, such as exceeding the trajectory of Business as Usual (BAU), representing important improvements in the selected KPIs, or whether it is based on benchmarks such as Mori Building's past year results, other companies in the same industry, industry standards, science, etc., and whether the schedule for achieving the target will be disclosed.

#### 3-2. Outline of SPT measurement and evaluation by JCR

##### ▶▶▶ Evaluation results

The SPT of this framework meets all the conditions to be provided shown in SLBP etc.

Mori Building has set the following SPTs in this framework in November 2023. The company adopts one of the following KPIs and SPTs when it procures sustainability link finance. The company will specifically identify KPIs and SPTs to be adopted in SLB's statutory disclosure documents (correction issuance registration documents, issuance registration supplementary documents, etc.) or SLL contracts. The company will disclose the SPT to be adopted in the materials for investors when it procure SLB and will explain directly to the render when it procure SLL. The annual SPT will be determined as necessary at the time of each financing transaction. The annual SPT will be determined as necessary at the time of each financing transaction.

In this review, JCR confirmed Mori Building that it has not changed its SPT.

**Chart 12: SPT in this Framework<sup>17</sup>**

|       |   |
|-------|---|
| SPT 1 | <p>GHG emission reduction rate in Scopes 1 and 2 consistent with the following targets (Base year: FY2019)</p> <ul style="list-style-type: none"> <li>• ▲50% by FY2030</li> <li>• Net zero by FY2050</li> </ul> <p>The reduction rate for each year shall meet the annual reduction rate required by the target of the SBT 1.5°C standard target.</p> |
| SPT 2 | 100% renewable energy ratio by FY 2030  |
| SPT 3 | 38% green coverage in large-scale mixed-use development areas by FY2030   |
| SPT 4 | Obtained an A- or better rating in CDP (Climate Change)   |

<sup>17</sup>This framework

### i. Analysis of track records

Track records and targets of each SPT are shown in the table below.

**Chart 13: Track record of each SPT and targets for 2030<sup>18</sup>**

|      |  | unit                     | Achievements (year) |        |        |        | Target year  |
|------|--|--------------------------|---------------------|--------|--------|--------|--------------|
|      |  |                          | FY2019              | FY2020 | FY2021 | FY2022 | FY2030       |
| SPT1 | GHG emission reduction rate in Scope1 and 2 (Base year : FY2019) | 10,000 t-CO <sub>2</sub> | 25.6                | 24.1   | 22.0   | 20.7   | 12.8         |
|      |  | Reduction rate (%)       | -                   | 6.0%   | 14.1%  | 19.1%  | 50%          |
| SPT2 | Renewable energy (electricity) rate                              | %                        | 1.3%                | 2.0%   | 2.4%   | 18.1%  | 100%         |
| SPT3 | Green coverage rate in large-scale mixed-use development areas   | %                        | -                   | 37.3%  | 37.1 % | 37.9%  | 38.0%        |
| SPT4 | CDP (climate change)   | -                        | -                   | -      | -      | A-     | A- or better |

- SPT1: Compared to 256,000 tCO<sub>2</sub> in FY2019, the Company emitted 219,000 tCO<sub>2</sub> in FY2021, and reduced by more than 14%. The factors are reduction of energy consumption due to a decrease in the attendance rate during the coronavirus pandemic and a decrease in emission factors in China. In addition, the amount of real estate owned by the Company has not increased. In the future, the Company plans to increase its real estate holdings through new development, and its energy consumption will increase due to the recovery from the pandemic. Under such circumstances, the Company will reduce CO<sub>2</sub> emissions by 50% (corresponding to a 4.5% annual reduction) by 2030 to achieve SPT1. Each year's target meets the requirement of the SBT 1.5°C. Therefore, the Company will make more than BAU reduction efforts toward 2030. Based on the above, JCR evaluates that SPT1 is ambitious.
- SPT2: The Company's performance from 2019 to 2021 is around 2.0%. This Company will rise to 100% in the next eight years to achieve SPT2. In addition, the Company joined the international initiative RE100. The Company must plan to secure and procure additional renewable energy. Based on the above, JCR evaluates that SPT2 is ambitious.<sup>19</sup>
- SPT3: The Company's performance from 2019 to 2021 is around 37.0%. In the future, the Company will increase its real estate holdings and at the same time increase the green coverage rate to 38.0%. In order to achieve SPT3, it is necessary not only to install new green spaces in new real estate, but also to maintain and expand the green spaces in existing real estate. Based on the above, JCR evaluates that SPT3 is ambitious.

<sup>18</sup>Created by JCR from materials provided by Mori Building

<sup>19</sup>Additionality means that it has the effect of promoting the increase of new renewable energy facilities. Under RE100, it is limited to procurement (including certificates) from power generation facilities within 15 years after the start of operation.

- SPT4: The Company didn't respond to CDP before 2021 as it is a private company. The Company responded for the first time in FY2022 and received A- rating. In order to receive CDP A-, the Company must promote various efforts related to climate change while the evaluation criteria are updated. The Company will make various efforts in the future. Based on the above, JCR evaluates that SPT4 is ambitious.

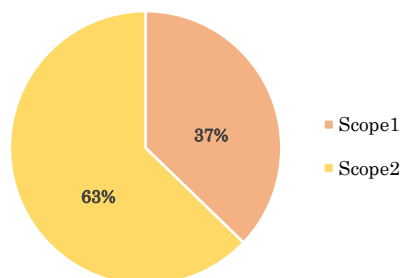
## ii. Science-based scenarios, benchmarking approaches and comparison with peers

- SPT1: This SPT was certified by the SBT initiative as science-based target at the 1.5°C level. In Japan where Mori Building mainly operates, SPT1 (4.5% decrease in annual rate) is a more aggressive target than Japanese government's benchmark target of "46% reduction in FY2030 compared to FY2013 (2.7% decrease in annual rate)". Compared to other companies in the same industry, the Company set an industry-leading target. JCR evaluates that SPT1 is ambitious.
- SPT2: The benchmark is the 2030 mix (ambitious outlook) of the 6th Strategic Energy Plan, which was approved by the Cabinet in October 2021, with 36% to 38% renewable energy power source composition. Compared to the benchmark, SPT2 is more aggressive. SPT2 is more aggressive compared to the criteria for membership in the international initiative RE100 (60% in 2030). Compared to other companies in the same industry, there are a few companies that have more ambitious goals than SPT2, but not many. JCR evaluates that SPT2 is ambitious.
- SPT3: Most of the real estate owned by Mori Building is located in Minato Ward, Tokyo. The green coverage rate in Minato Ward, Tokyo is 22.62%, which is a relatively high figure in Tokyo. Comparing this as a benchmark, SPT3 is larger and more aggressive. Compared to other companies in the same Japanese industry, there are no companies that have announced the same goals as Mori Building. JCR evaluates that SPT3 is ambitious.
- SPT4: CDP is one of the governing bodies of the SBTi, and the evaluation of the CDP score (climate change) also incorporates SBTi evaluation indicators. Therefore, JCR evaluates that the CDP score (Climate Change) contains a certain scientific basis. In CDP (Climate Change) 2022, only 196 companies out of 1,101 received a rating of A- or higher. JCR has evaluated that A- rating is difficult for companies. Considering that the evaluation criteria of CDP are updated frequently, JCR evaluates that SPT4 is ambitious.

Based on the above, JCR evaluates that all SPTs in this framework are ambitious.

### iii. Efforts to achieve SPTs

- SPT1: The results of Scope 1 and 2 in the base year (FY2019) of Mori Building are as follows.



**Chart 14: Mori Building Scope1 and 2 CO<sub>2</sub> emissions breakdown (FY2019)<sup>20</sup>**

Toward the target year of 2030, the Company plans to aim for ZEB / ZEH standards for new buildings, and promote the introduction of energy-saving technology, high-efficiency equipment, and renewable energy in existing buildings. As mentioned above, Scope 2 accounts for 63% of the CO<sub>2</sub> emissions of the Mori Building as a whole, so the introduction of renewable electricity is expected to be a particularly effective measure.

- SPT2: The Company is a member of the international initiative RE100. Based on the requirements of RE100, the Company plans to build a well-balanced renewable energy procurement portfolio by promoting "securing additional renewable energy" through PPA (Power Purchase Agreement), etc. without relying on "procurement by non-fossil certificates" too much for the target year 2030. The Company plans to increase the rate of renewable energy in all Mori Building-managed properties.
- SPT3: In existing properties, the Company plans to continue the planting management system including arborists, and work on confirming the health condition of planting and efficient maintenance.  
In future redevelopment properties, based on the development philosophy of Vertical Garden City, the Company will secure a sufficient greening area from the planning stage. In the planting plan, the Company will create a layout plan while taking into account the growing environment of each tree species.
- SPT4: The evaluation criteria of CDP will be updated frequently, in consideration of global trends. Therefore, the Company needs to promote various efforts related to climate change (strategy, risks/opportunities, planning and management of numerical targets, promotion of reduction measures, etc.) The Company will regularly identify issues related to score improvement, report, share, and deliberate on the Environmental Promotion Committee, and then make efforts to improve the overall disclosure of information on climate change.

<sup>20</sup>Created by JCR from materials provided by Mori Building

### 3-3. Impact evaluation by JCR

JCR confirmed the increase in positive impacts and the degree of avoidance, management and reduction of negative impacts related to SPT in this framework in accordance with the five elements of the impact evaluation criteria (diversity, effectiveness, efficiency, multiplier, and additivity) exemplified in the fourth principle of the Positive Impact Finance Principles formulated by the United Nations Environment Programme Finance Initiative (UNEP FI).

**Diversity: Will diverse positive impacts be brought about (impacts defined by UNEP FI, business segments, countries/regions, value chains, etc.)?**

The SPTs of this framework will have an impact on "climate stability", "biodiversity and healthy ecosystems", etc. among the impact areas / topics specified by UNEP FI as follows.

|                     |  |                    |                            |  |                           |
|---------------------|--|--------------------|----------------------------|--|---------------------------|
| Society             | Personality and people security  | Disputes           | Modern Slavery             | Child Labour                                     |                           |
|                     | Health and safety  | Data Privacy       | Natural Disaster           |  |                           |
|                     | Availability, accessibility, affordability and quality of resources and services | Water              | Food                       | Residence  | Medical & Sanitation      |
|                     |  | Education          | Energy                     | Means of transportation                          | Information               |
|                     |  | Connectivity       | Culture & Tradition        | Finance  |                           |
|                     | Livelihood   | Employment         | Wages                      | Social protection                                |                           |
|                     | Equality and justice   | Gender Equality    | Ethnic and racial equality | Age discrimination                               | Other socially vulnerable |
| Socio-economic      | Strong system, peace and stability   | Civil liberties    |                            | Rule of law                                      |                           |
|                     | Healthy economy.   | Sector diversity   |                            | Prosperity of small and medium-sized enterprises |                           |
|                     | Infra  |                    |                            |  |                           |
|                     | Socio-economic convergence   |                    |                            |  |                           |
| Natural environment | Climate stability  |                    |                            |  |                           |
|                     | Biodiversity and healthy ecosystems  | Body of water      | Atmosphere                 | Soil   |                           |
|                     |  | Species            | Habitat                    |  |                           |
|                     | Circularity  | Resource intensity | Waste                      |  |                           |

In addition, the SPTs of this framework are expected to have various impacts on all stages of the Mori Building Group's supply chain, focusing on "Usage".



|                   |   |   |   |   |   |
|-------------------|---|---|---|---|---|
| Leasing           | ○ | ○ | ○ | ○ | ○ |
| Sales (Residence) | ○ | ○ | ○ | ○ | ○ |
| Facility/Retail   | ○ | ○ | ○ | ○ | ○ |
| Overseas          | ○ | ○ | ○ | ○ | ○ |

**Effectiveness: Will there be a big impact (sales composition ratio of the target business, domestic and overseas market share, ambition, etc.)**

Mori Building Group's business spans four areas: leasing, sales, facility/retail, and overseas. Operating revenue for the fiscal year ending March 2023 was 285.5 billion yen, total assets amounted to 26,074.4 billion yen, and total assets are large enough to rank in the top five in Japanese real estate industry. In particular, Mori Building positions the ARK Hills area, Roppongi Hills area, and Toranomon Hills area in Minato Ward, Tokyo, as "strategic areas," and has a strong presence in this area.

As activities related to SPTs, the Company announced the SBTi certification at the 1.5°C level and RE100 membership, which is expected to have a ripple effect on Japanese real estate industry, and the efforts of the green coverage rate are expected to have a ripple effect on Tokyo.

Based on the above, SPTs of this framework are expected to have various impacts on the real estate industry and Tokyo Metropolitan Government.

**Efficiency: Will it have a greater impact than invested capital?**

(Importance, strategic significance, etc. in the entire business)

As mentioned above, SPTs are related to global goals such as the SDGs and the Paris Agreement, the goal of the Japanese government and Minato Ward, and key themes of Mori Building. Invested capital to achieve SPTs is expected to have an efficient impact on the entire Mori Building business.

**Multiplier: Will private funds be used more than public funds and donations?**

Mori Building has a track record of utilizing public funds in the past, but the use of private funds is the main factor in the proportion of total investment.

**Additionality: Does it have additional impact?**

(Efforts for sustainable development needs that lack response, progress toward achieving SDGs, etc.)

As listed below (next page), the SPT of this framework is expected to have additional impact on multiple goals and targets out of the 17 SDGs and 169 targets.

**Goal 7: Energy for everyone and clean.**



**Target 7.2** Significantly increase the share of renewable energy in the global energy mix by 2030.

**Target 7.3** By 2030, double the rate of global energy efficiency improvement.



**Goal 9: Create a foundation for industry and innovation**

**Target 9.4** By 2030, improve sustainability by improving infrastructure and industry by improving resource utilization efficiency and expanding the introduction of clean technologies and environmentally friendly technologies and industrial processes. All countries will work according to their capabilities.



**Goal 11: Creating a community where people can continue to live**

**Target 11.6** By 2030, reduce the adverse environmental impacts per capita of cities, including by paying special attention to air quality and general and other waste management.



**Goal 13: Take concrete action on climate change**

**Target 13.1** Strengthen resilience and adaptability to climate-related and natural disasters in all countries.



**Goal 15: Protect the richness of the land**

**Target 15.1** By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, including forests, wetlands, mountains and drylands, in accordance with their obligations under international agreements.



## 4. Characteristics of bonds/loans

### 4-1. JCR's Key Consideration in This Factor

In this section, regarding the characteristics of bonds/loans specified in this framework, JCR will confirm whether the interest rate of bonds/loans based on this framework changes depending on whether or not the preset SPTs are achieved.

### 4-2. Overview of characteristics of bonds / loans and evaluation by JCR

#### ▶▶▶ Evaluation results

The characteristics of bonds / loans defined in this framework meet SLBP etc.

The financial and structural characteristics of SLBs or SLLs under this framework will change depending on the achievement status of SPTs. The detail of changes include the step up/step down in interest rates, donations, and purchasing of emission credits / certifications, which are specified in the statutory disclosure documents, etc. at the time of each financing.

In the case of donations, if a third-party verified report stating that the set SPTs have been achieved is not received by the determination date, donations in an amount corresponding to the percentage specified in the statutory disclosure documents will be made to qualified donation recipients by the reimbursement/repayment date. Qualified donation recipients are public interest incorporated associations, public interest foundations, general foundations, international organizations, local government-certified non-profit organizations, local governments, national and public university corporations, school corporations, research institutions, and similar organizations related to the improvement of SPTs that have not been achieved. The recipients of the donations will be determined with the necessary approvals prior to the reimbursement/repayment date.

In the case of purchasing an emission credits or certifications, if a third-party verified report stating that the SPTs have been achieved is not received by the determination date. In that case, Mori Building will purchase emission credits (credits of CO<sub>2</sub> reduction value) or certifications (Green Power Certificates, Non-Fossil Certificates, I-REC, etc.) in an amount corresponding to the percentage specified in the above statutory disclosure documents by the reimbursement/repayment date.

In the event of a force majeure event (a change in trading system regulations, etc.) that prevents us from purchasing emission credits or certifications, Mori Building will make a donation to qualified donation recipients.

Based on the above, JCR confirmed that necessary arrangements have been made regarding the characteristics of bonds / loans and that necessary disclosures will be made.

## 5. Reporting / verification

### 5-1. Evaluation perspective

In this section, regarding the reporting specified in this framework, JCR confirms whether the latest information on the performance of the selected KPIs and information that can judge the ambition of SPTs are disclosed at least once a year. In addition, regarding the verification specified in this framework, JCR confirms whether independent external verification of the selected KPI results will be carried out and whether the verification contents will be disclosed.

### 5-2. Outline of reporting / verification and evaluation by JCR

#### ▶▶▶ Evaluation results

The reporting and verification specified in this framework meet all the conditions to be met shown in SLBP etc.

Mori Building plans to announce the following contents on its website annually or disclose them to lenders.

- Performance of the KPIs
- Performance against the SPTs
- Up-to-date information of Sustainability strategies relative to the KPIs and SPTs
- If SPTs have not been reached and "donations" are made, the amount and recipients of the donations.  
If SPTs have not been reached and "purchasing emission credits or certifications" are made, the amount and the name of the emission credits or certifications.

Mori Building's performance of each KPI against the SPT is verified by an independent third party on an annual basis until a decision date is reached. The results of the verification will be disclosed on its website (or Mori Building reports them to the lender in the case of loans).

## 6. Conclusion on suitability for SLBP, etc.

From the above, JCR confirmed that this framework conforms to SLBP etc.

## Chapter 2: Green Finance Framework Assessment

### Review Items

In this section, JCR describes items to be confirmed in reviewing the Framework. JCR confirms mainly items whose details have changed since the previous evaluation.

#### 1) Use of Proceeds

JCR evaluates whether the category of eligible criteria and use of proceeds of green finance continuously have greenness after the changes made.

#### 2) Selection Standards and Processes for Use of Proceeds

JCR evaluates whether the goals to be achieved through green finance, the selection criteria of green projects and the adequacy of the processes and a series of processes are continuously appropriate.

#### 3) Management of Proceeds

JCR evaluates whether the proceeds financed through green finance are certainly allocated for green projects, and if there are a scheme and internal system in which the allocation status can be easily tracked and managed.

#### 4) Reporting

JCR evaluates whether the environmental benefits resulting from the green project with proceeds financed through green finance are appropriately calculated with the method stipulated by the issuer when the green finance evaluation is assigned.

#### 5) Organizational Environmental Initiatives

JCR evaluates whether the issuer's management continues to highly prioritize environmental issues for management.

## Review Contents

### I. Use of Proceeds

Mori Building stipulates use of proceeds in the Framework as follows: (The changes this time are in bold and underlined.) In this framework, Mori Building has a mechanism that can procure green finances using green projects. The finances will be applied to new investments or refinancing in projects that meet the following eligibility criteria (eligible projects). In addition, when refinancing renewable energy projects, it is limited to expenditures made within 36 months prior to the execution of green finances.

#### This framework for the use of funds

##### ■ Use of Proceeds

Mori Building will use the proceeds of the green finances (green bonds / green loans) for new investment and/or refinance projects that meet the following eligible criteria (the eligible projects).

When refinancing renewable energy projects, it is limited to expenditures made within 36 months prior to the execution of green finances.

| Project Category | Eligible Criteria  | SDGs   |
|------------------|--|--|
| Green Buildings  | <ul style="list-style-type: none"> <li>• Expenditures or investments in new and/or existing buildings that meet one of the following (i) to (iii) (costs related to acquisition of land or buildings, planning and development, construction (including the cost of acquisition of reserved floor), refurbishment and operational management, research and development expenses, etc.)</li> <li>• Investments in an SPC that owns and/or plans to acquire buildings that meet one of the following (i) to (iii) (including anonymous partnership investment.)               <ul style="list-style-type: none"> <li>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</li> <li>ii. are expected to receive certifications or recertifications post-issuance</li> <li>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</li> </ul> </li> </ul> <p><u>Third party certification</u></p> <ul style="list-style-type: none"> <li>- 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<sup>※</sup>.</li> </ul> <p><small>※Excluding CASBEE issued by local municipalities</small></p> | 9. Industry, Innovation and Infrastructure<br>11. Sustainable Cities and Communities |

|                  |  |  |
|------------------|--|--|
|                  | <ul style="list-style-type: none"> <li>- Gold or Platinum Rank under the LEED BD+C (Building Design and Construction) <u>(v4.0 and later)</u> or LEED O+M (Building Operations and Maintenance) <u>(v4.0 and later)</u></li> <li>- <u>The following levels in the Building Energy-efficiency Labeling System (BELS) (FY2024 standard)</u> <ul style="list-style-type: none"> <li>- <u>Non-residential: 4 to 6 Levels</u></li> <li>- <u>Residential with renewable energy facilities: 3 to 6 Levels</u></li> <li>- <u>Residential without renewable energy facilities: 3 or 4 Levels</u></li> </ul> </li> <li>- <u>4 or 5 Levels under the Building Energy-efficiency Labeling System (BELS) (FY2016 standard)</u></li> <li>- 4 or 5 Stars under DBJ Green Building Certification</li> <li>- Gold Plus or Platinum Rank under the BCA Green Mark Certification</li> </ul> |  |
| Renewable Energy | <ul style="list-style-type: none"> <li>• Procurement of electricity derived from renewable energy (solar, wind)</li> <li>• Expenditures related to the installation or acquisition of renewable energy (solar, wind) equipment (costs related to acquisition of land or equipment, planning and development, construction, research and development expenses, etc.)</li> <li>Investments in an SPC that owns and/or acquire renewable energy (solar, wind power) equipment (including anonymous partnership investment)</li> </ul>   | 3. Good Health and Well-being<br>7. Affordable and Clean Energy<br>9. Industry, Innovation, and Infrastructure<br>13. Climate Action |

Mori Building will continuously recertify third-party green building certifications for its assets after their expiration by sustaining and improving assets' environmental performance through maintenance and refurbishment.

## [JCR's Evaluation for the Framework]

### 1. About the greenness of the project

Mori Building changed some of the eligibility criteria that green buildings must meet.

#### Use of proceeds 1: Green buildings

Use of proceeds 1 is expenditure related to new or existing properties that have acquired or renewed green building certification (or are scheduled to acquire or renew in the future). This expenditure is to ensure and maintain the "greenness" of land acquisition costs, building acquisition costs, planning and development costs, construction costs, refurbishment and operational management costs, research and development costs, etc. "Building Energy Efficiency Performance Labeling System" was revised and implemented in April 2024. As a result, Mori Building changed the rank of its BELS certification and clarified the version of its LEED certification in this framework.

An overview of the BELS and LEED certifications whose descriptions have been changed in this framework and an outline of CASBEE, DBJ Green Building certification and BCA (Building and

Construction Authority of Singapore) Green Mark certification, which have been adopted as other eligibility criteria are provided below:

### CASBEE (Integrated Built Environment Performance Evaluation System)

CASBEE stands for Comprehensive Assessment System for Built Environment Efficiency, which is a system to evaluate and rate buildings in terms of their environmental performance. In April 2001, under the auspices of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, a research committee (cka. the Japan Sustainable Building Consortium or JSBC) was established as a project where industries, the government and academia joined forces. Ever since then, the system has been developed and reviewed. Its valuation tools include CASBEE for Real Estate developed to straightforwardly show environmental performance and to cater to the real estate market as well as CASBEE for Buildings and CASBEE for Cities.

The evaluation results are shown at five levels: S rank (excellent), A rank (very good), B + rank (good), B-rank (fairly poor) and C rank (poor). CASBEE for Real Estate also has four levels: S rank (excellent), A rank (very good), B + rank (good) and B rank (satisfying the essential items). As to CASBEE for Buildings, the environmental performance (BEE: Built Environmental Efficiency) of a building is calculated by dividing the environmental quality (Quality) by the environmental load (Load). Under CASBEE for Buildings, buildings with BEE of 1.0 or more, i.e. properties having environmental quality exceeding the environmental load they have, are rated B+ or more. Buildings with A or higher, which Mori Building has set as eligible criteria in this framework, have a BEE of 1.5 or higher for CASBEE-building (new construction), and their environmental quality clearly exceeds their environmental impact. Although the measurement standard for CASBEE-real estate is not BEE, JCR evaluates that it has a high environmental improvement effect because it is a property equivalent to B+ in conventional CASBEE-building, etc.

Buildings rated A or S-rank based on Mori Building's eligibility criteria must have BEE of 1.5 or more and clearly outperform the environmental load. Although CASBEE for Real Estate does not apply BEE as a measurement standard, such buildings are B rank-equivalent properties based on conventional CASBEE for Buildings, etc. For this reason, JCR has assessed that they are environmentally beneficial.

### LEED (Leadership in Energy and Environmentally Responsible Design)

LEED is an environmental performance assessment system for the environment of buildings and cities developed and operated by the U.S. Green Building Council (USGBC), a not-for-profit organization. LEED stands for Leadership in Energy and Environmental Design, and its draft was published in 1996 and has been updated once in several years. LEED currently operates v4 and v4.1. v5 is scheduled to be operational in 2025.

There are six types of certifications: BD + C (building design and construction), ID + C (interior design and construction), O + M (building operations and maintenance), ND (neighborhood development), Homes and Cities.

The sum of the points acquired in the respective categories show the levels: Platinum (80+ points earned), Gold (60-79 points earned), Silver (50-59 points earned) and Certified (standard, 40-49 points earned). Receiving higher scores or achieving the goals of the energy-saving category is often the precondition of the evaluation. In order to acquire higher levels of the certification, it may be necessary to attain a high energy-efficiency score. Accordingly, Gold or more, which Mori Building defines as the eligible level, is considered to be the level that buildings with high-energy-efficiency can receive, and thus JCR has assessed that buildings with that level of the certificate are environmentally beneficial.

### Building-Housing Energy-efficiency Labeling System ("BELS")

BELS stands for Building-Housing Energy-efficiency Labeling System, which is the system, where the third-party evaluation organization evaluates and accredits energy-saving performance of new and existing buildings. To acquire higher ratings under the system, buildings need to have excellent energy-saving performance, which hinges on their skin performance and primary energy consumption. The evaluation results are classified into levels based on the Building Energy Index (BEI). BEI measures energy-saving performance relative to the standard value, which is calculated by dividing design primary energy consumption by standard primary energy consumption. Under the previous standards (FY2016 standards), there was a five-level rating system ranging from one star to five stars, and two-star buildings meet the energy conservation standards for newly built ones.

The revised Energy Conservation Law for Buildings came into effect on April 1, 2024, tightening Energy efficiency standards for large non-residential buildings of 2,000 m<sup>2</sup> or more. The new energy conservation standards vary depending on the building use: 25% or more reduction for factories, including logistics facilities and 20% or more reduction for offices, schools, hotels or department stores. Based on this revision, the "Energy Savings Performance Labeling System for the Sale and Rental of Buildings" was strengthened in April 2024, and new standards (2024 standards) were set for BELS. Under the new standards, residential buildings and non-residential buildings with renewable energy facilities will be assessed on a seven-level scale from Level 6 (energy consumption reduction rate of 50% or more) to Level 0 (energy consumption reduction rate of less than 0%), while residential buildings without renewable energy facilities will be assessed on a five-level scale from Level 4 (energy consumption reduction rate of 30% or more) to Level 0 (energy consumption reduction rate of less than 0%). Under the new standards, BELS Level 4 or above (energy consumption reduction rate of between 30% and 40%) is stipulated to meet the energy conservation standards for all non-residential buildings. Level 4 is defined as an induction standard for some applications. There are no changes to the previous standards for residential buildings. For residential buildings, an energy consumption reduction rate of 0% or more is set as the energy conservation standard, and 20% or more is set as the induction standard.

BELS criteria which Mori Building defines as the eligible level, is considered to be high-energy efficient, and thus JCR has assessed that buildings with the aforementioned evaluation are environmentally beneficial.

## DBJ Green Building Certification

DBJ Green Building Certification is a certification system provided by the Development Bank of Japan (DBJ) for assessing buildings in terms of consideration for environment and society. They are rated by the number of stars, and the point of evaluation is "whether the building is built with consideration for environment and society." The system evaluates them based on five major categories: "Energy and Resources (environmental performance of buildings)," "Amenity (comfort of tenant users)," "Resilience (responsiveness to crises)," "Community and Diversity (consideration for diversity and living environments) and Partnership (cooperation with stakeholders)." Each of them is rated by five (properties with the best class environmental & social awareness), four stars (properties with exceptionally high environmental & social awareness), three stars (properties with excellent environmental & social awareness), two stars (properties with high environmental & social awareness) and one star (properties with satisfactory environmental & social awareness). Although it is not a system focusing on environmental performance, the system is highly recognized in Japan and has a certain set of categories to evaluate environmental performance. Therefore, JCR has assessed that the certification corresponds to "standards or certifications recognized regionally, nationally, or internationally" in the green project category defined in the Green Bond Principles. Since the certification is not environmental performance-specific, however, receiving an environment performance rating from another system may be recommendable.

DBJ Green Building Certification comprehensively evaluates buildings in terms not only of environmental performance but also the comfort of tenant users, risk management such as crime/fire prevention, consideration for living environment and community and cooperation with stakeholders. Its scoring system is designed by compiling the data of specific "best practices" beneficial for environment and society, and there are many in the real estate market that fall short of the levels needed for evaluation. To obtain a higher rating, the building needs to be built with proper consideration for all its stakeholders as well as environment.

The level needed for acquiring DBJ Green Building Certification is assumed to be the top 20% or somewhere of all domestic income-producing properties in terms of consideration for environment and society.<sup>5</sup> The top three stars are assigned to the groups of such properties in the following percentages: five stars, the top 10%, four stars, the top 30%, and three stars, the top 60%. Accordingly, JCR has assessed that, in investing the proceeds, Mori Building focuses on properties with high environmental performance among those to acquire the certification.<sup>21</sup>

## BCA (Building and Construction Authority of Singapore) Green Mark Certification

Green Mark Scheme was introduced in 2005 by the Building and Construction Authority (BCA), an administrative agency under Singapore's National Development Authority. The green mark system evaluates new buildings and infrastructure such as existing buildings, parks and stations. New buildings and existing buildings are evaluated based on five evaluation perspectives: energy efficiency, water use, environmental protection, indoor environmental quality, and other green characteristics.

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<sup>21</sup> Revision and Release of DBJ Green Building Certification Assessment Items (February 2019, DBJ Green Building Certification Website)



If the building to be evaluated meets certain requirements, it will be evaluated by the green mark system, and if the environmental performance is superior to the general building performance, the building will obtain high score. A four-point rating (Certified (50 to 74 points), Gold (75 to 84 points), Gold Plus (85 to 89 points), and Platinum (90 to 100 points)) is given according to the total score.

Regarding the heating and cooling load of buildings for non-residential buildings, high environmental performance is required to obtain high ratings, such as the energy reduction effect of at least 25% for Gold Plus and at least 30% for Platinum. From this, JCR evaluates that Gold Plus and above, which Mori Building has set as eligible criteria, are targeted at buildings with high environmental performance.

Accordingly, JCR evaluates that the revised eligibility criteria also cover projects that are expected to have high environmental benefits. This use of proceeds falls under “Projects concerning Green Buildings” among the use of proceeds exemplified in the Green Buildings, the Green Bond Guidelines and the Green Loan Guidelines in the Green Bond Principles and the Green Loan Principles.

JCR has assessed that the revised eligibility criteria are expected to have a significant environmental improvement effect.

## 2. Selection Criteria and Processes of the Use of Proceeds

### This framework for the process

#### Project evaluation and selection process

Mori Building set the eligible criteria to select projects which will contribute to its mission, "Environment and Greenery." The net proceeds of the green finances will be allocated to projects which meet the eligible criteria (the eligible projects).

The Finance Department and the Sustainability Committee will be charged with project selection in accordance with the eligibility criteria. Selection of eligible projects is approved by a corporate officer of the Finance Department and the Sustainability Committee, and the final decision is made by the President and CEO of the company.

#### **[JCR's Evaluation for this framework]**

JCR evaluates that the Selection Criteria and Processes of the Use of Proceeds described in the Framework was adequate at the time of the previous evaluation. JCR also confirmed Mori Building that there is no change in the revised Framework this time in this review.

### 3. Management of the Proceeds

#### This framework for Management of the Proceeds

##### Management of Proceeds

Mori Building's Finance Department will manage the allocation of the net proceeds of green finances on a biannual basis, using the internal management system until the maturity of the green finance.

Mori Building will manage the proceeds in the form of cash or cash equivalents while pending their allocation to eligible projects.

#### [JCR's Evaluation for this framework]

Mori Building's Finance Department will manage the allocation of the net proceeds of green finances on a biannual basis using the internal management system on a biannual basis until the maturity of the green finance. Mori Building will manage the proceeds in the form of cash or cash equivalents while pending their allocation to eligible projects. If there is a significant change in the allocation of funds, the funds will be allocated to alternative projects subject to appropriate internal decisions in accordance with this framework. Mori Building will promptly disclose the situation.

This management is subject to internal audits and is also subject to external audits. Mori Building will preserve documents and ledgers related to the management of procured funds until the expiration of the relevant financing term.

JCR evaluates that the relevance and transparency in managing proceeds described in the Framework was adequate at the time of the previous evaluation. JCR also confirmed Mori Building that there is no change in the revised Framework this time.

## 4. Reporting

### This framework for reporting

#### Allocation Reporting

Mori Building will annually disclose the following contents on our website (or report them to the lender in the case of loans) until the proceeds have been fully allocated to projects which meet the eligible criteria.

Mori Building will report timely in the event of a significant change, etc., after full allocation of the proceeds.

- List of projects with new investments or refinanced
- Amount of proceeds allocated to each project
- Amount of unallocated proceeds and scheduled allocation period
- Share of new investments vs. refinancing

#### Impact Reporting

Mori Building will disclose the following indicators to the extent practicable until the maturity of the green finance. This reporting will be disclosed annually on our website (or we report them to the lender in the case of loans).

| Project  | Impact Reporting Indicators  |
|--|--|
| Green Buildings  | <ul style="list-style-type: none"> <li>· Overview of the projects (Name of the building and project)</li> <li>· Name and level of certifications the eligible project received</li> <li>· Energy consumption</li> <li>· CO<sub>2</sub> emissions</li> <li>· CO<sub>2</sub> emissions of total floor area</li> <li>· Water consumption</li> </ul> |
| Procurement of electricity derived from renewable energy (solar, wind)   | <ul style="list-style-type: none"> <li>· Renewable energy procurement</li> <li>· CO<sub>2</sub> emission reduction</li> </ul>  |
| Installation or acquisition of renewable energy (solar, wind) equipment<br>Investments in an SPC that owns and/or acquires renewable energy (solar, wind power) equipment (including anonymous partnership investment) | <ul style="list-style-type: none"> <li>· Overview of the projects (Power plant, name of SPC, etc.)</li> <li>· Installation status of renewable energy facilities</li> <li>· Amount of electricity generated by renewable energy facilities</li> <li>· CO<sub>2</sub> emission reduction amount</li> </ul>  |

## [JCR's Evaluation for the framework]

JCR evaluates that Reporting described in the Framework was adequate at the time of the previous evaluation. JCR also confirmed Mori Building that there is no change in the revised Framework this time. Mori Building discloses the reporting on its website. JCR confirmed that the disclosure stipulated in this framework was appropriate.

## 5. Organizational sustainability initiatives

### JCR's Key Consideration in This Factor

As mentioned above, Mori Building has a policy that has been formed through the process of consistently working on city and urban development, which was the first large-scale urban redevelopment project by the private sector, and positions "Create Cities, Nurture Cities" as a philosophy of urban development, "Vertical Garden City" as an ideal city model and development method, and "Environment and Greenery," "Safety and Security" and "Culture and Art" as a mission and important theme for urban development.

"Vertical Garden City", an ideal urban model held out by Mori Building, is a compact complex that vertically layers diverse urban functions including work, residence, recreation, commerce, education, and relaxation, which are highly integrated walking distances. By aggregating subdivided plots of land and providing high-rise buildings, the construction area above ground is kept to a minimum, resulting in wide open spaces open to people and nature. This not only enables to grow urban nature and to realize life with the four seasons, but also mitigates the heat island phenomenon by covering ground surfaces and rooftops with greenery. The aggregation of diverse urban functions also brings about a leveling of energy demand and enhancing energy efficiency. The Company considers that a compact city where work and residence are in close proximity greatly reduces the time and energy required for commuting to work or school and it also has positive effects on resource recycling and efficiency of distribution. Furthermore, making high-level use of urban centers in this form aids in the protection of nature in suburbs. Mori Building considers Vertical Garden City is a new urban model that aims for the harmonious coexistence of cities and nature while reducing impacts on the global environment.

Mori Building has been working on sustainable urban development together with the local community in the way of urban redevelopment projects even before the words "ESG" and "SDGs" came into the spotlight. Under the philosophy of "Create Cities, Nurture Cities," the Company is dedicated to realizing sustainable society, developing local communities, and contributing to the safety, health, and happiness of people and working on projects that contribute to the realization of a sustainable society, the development of the region, and the safety, health, and well-being of people. Among which, the three key themes are "Environment and Greenery", "Safety and Security" and "Culture and Art."

Mori Building recognizes that the promotion of sustainability initiatives is a material matter related to the execution of its business operations, and has therefore established the Sustainability Committee, chaired by the President and CEO, and its subordinate committees, the Environmental Promotion Committee and the Committee on Human Rights and Societal Issues.

The Sustainability Committee deliberates on important sustainability-related issues such as climate change, human rights, and supply chain management and supervises and monitors subordinate committees. Specific activities and studies are carried out mainly by the Sustainability Promotion Committee Secretariat, which was established under the Committee and is headed by the executive officer in charge. In addition, the Board of Directors receives reports from the Sustainability Committee regularly and manages and supervises important matters through discussion by the Board of Directors.

The Environmental Promotion Committee, chaired by the director in charge of the Environment Promotion Department, is held once a quarter. The Committee promotes and manages cross-sectional

efforts to address various environmental issues, including climate change, and reports regularly to the Sustainability Committee. The Sustainability Committee discusses essential matters such as formulating policies to address climate-related risks and opportunities and establishing greenhouse gas (GHG) emissions targets. The Environmental Promotion Committee is responsible for reporting and discussing important matters and implementing approved policies and plans, including identifying, assessing, and managing risks and opportunities.

Based on the above, Mori Building positions sustainability as a key issue and has Sustainability Committee, where both management and operational departments are promoting sustainability activities. Mori Building also participates in external/international initiatives. JCR highly evaluates these points.

## Review Result

JCR confirmed that some of the green building eligibility criteria were changed, but the other items were not changed from the previous evaluation in this framework. This framework is considered to meet the criteria for the items required in the "Green Bond Principles", "Green Loan Principles", "Green Bond Guidelines", and "Green Loan Guidelines".

|                      |       | Management / operation / transparency evaluation |             |             |             |             |
|----------------------|-------|--|-------------|-------------|-------------|-------------|
|                      |       | m1(F)  | m2(F)       | m3(F)       | m4(F)       | m5(F)       |
| Greenness evaluation | g1(F) | Green 1 (F)                                      | Green 2 (F) | Green 3 (F) | Green 4 (F) | Green 5 (F) |
|                      | g2(F) | Green 2 (F)                                      | Green 2 (F) | Green 3 (F) | Green 4 (F) | Green 5 (F) |
|                      | g3(F) | Green 3 (F)                                      | Green 3 (F) | Green 4 (F) | Green 5 (F) | N/A         |
|                      | g4(F) | Green 4 (F)                                      | Green 4 (F) | Green 5 (F) | N/A         | N/A         |
|                      | g5(F) | Green 5 (F)                                      | Green 5 (F) | N/A         | N/A         | N/A         |

(Responsible) Fuyuki Tamagawa, Daisuke Sato



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## Important explanation about this evaluation

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### 1. Assumptions, Significance, and Limitations of JCR Sustainability Finance Framework Evaluation

The JCR Green Finance Framework Assessment granted and provided by Japan Credit Rating Agency (JCR) is an expression of JCR's overall opinion at this time regarding the degree of management, operation and transparency assurance efforts related to the alignment with green projects defined by JCR and the use of proceeds, based on the policies stipulated in the Green Finance Framework. Therefore, the specific environmental benefits of the use of proceeds, such as individual bonds or loans implemented based on the policy, management / operation system / transparency evaluation will not be performed, and individual bonds or individual loans based on the framework will be carried out. If a green finance evaluation is needed, a separate evaluation is required. The JCR Green Finance Framework Evaluation does not prove the improvement effect of individual bonds or loans implemented under the framework on the environment, and is not responsible for the environmental benefits. With regard to the environmental benefits of proceeds financed through the Green Finance Framework, JCR will confirm matters quantitatively and qualitatively measured by the issuer or the borrower (hereinafter, the issuer and the borrower are collectively referred to as the "finance raiser"), or by a third party requested by the finance raiser, but in principle, this will not be measured directly.

The second-party opinions granted and provided by JCR area statement of JCR's current comprehensive opinion on the alignment of the evaluation target to the Sustainability-Linked Bond Principles formulated by the International Capital Market Association (ICMA), the Asia Pacific Loan Market Association (APLMA), the Loan Market Association (LMA), and the Loan Syndications and Trading Association (LSTA) and the Sustainability-Linked Bond / Loan Guidelines formulated by the Ministry of the Environment and do not fully indicate the degree of positive impact that was brought about by the evaluation target.

This second-party opinions evaluate the current plan or situation based on the information provided by the client and the information independently collected by JCR, and do not guarantee an evaluation of the future situation. This second-party opinions do not quantitatively prove the positive effects of sustainability-linked bonds/loans, and JCR is not responsible for the effects. JCR confirms that the degree of achievement of the sustainability performance targets is measured quantitatively and qualitatively by the finance raiser or a third party requested by the finance raiser, but in principle, this is not measured directly.

### 2. The method used to carry out this evaluation

The method used in conducting this evaluation is posted as "JCR Green Finance Evaluation Method" in "Sustainable Finance / ESG" on the JCR website (<https://www.jcr.co.jp/>).

### 3. Relationship with acts related to credit rating business

The act of granting and providing the JCR Green Finance Framework Evaluation is performed by JCR as a related business and is different from the act of credit rating business.

### 4. International initiatives, principles, etc. referenced in providing this second-party opinion

In providing this second-party opinion, JCR refers to the following principles and guides developed by ICMA, APLMA, LMA, LSTA, the Ministry of the Environment and the United Nations Environment Programme Finance Initiative.

- Sustainability-Linked Bond Principles
- Sustainability-Linked Loan Principles
- Sustainability-Linked Bond / Loan Guidelines
- Positive Impact Financial Principles

### 5. Relationship with credit ratings

This evaluation is different from the credit rating, and does not promise to provide or provide a predetermined credit rating for viewing.

### 6. Third-Party Evaluation of JCR Green Finance Framework Evaluation

There is no capital or personal relationship between the subject of this evaluation and JCR that may create a conflict of interest.

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## ■ Points to Consider

The information contained in this document was obtained by JCR from finance raisers and accurate and reliable sources. Such information however may be mistaken for artificial, mechanical or other reasons. Therefore, JCR makes neither representation nor warranty, express or implied, as to the accuracy, result, eligibility, timeliness, completeness, merchantability, or fitness for any particular purpose of such information, and JCR assumes no responsibility for any errors, omissions or consequences of using such information. JCR shall not be liable for any loss of opportunity and extraordinary, indirect, incidental or consequential damage of any kind, including any loss of money, which result from any use of such information under any circumstances, whether contractual liability, tort liability, negligence or other causes of liability, and whether such damage is foreseeable or unforeseeable. JCR Green Finance Evaluation does not express any opinion on various risks (credit risk, price fluctuation risk or market liquidity risk) on the green finance that is the subject of evaluation. JCR Green Finance Evaluation is a comprehensive opinion of JCR at present and does neither represent facts nor make any recommendation regarding risk assessments or decisions on the purchase, sale or holding of individual bonds or commercial paper. JCR Green Finance Evaluation may be modified, suspended or withdrawn due to changes in information or lack of information. All rights pertaining to this document, including data from the JCR Green Finance Evaluation is prohibited from being reproduced, modified or otherwise altered without the permission of JCR.

## ■ Terminology

JCR Green Finance Framework Evaluation: Evaluates the extent to which proceeds financed under the Green Finance Framework are allocated to green projects as defined by JCR, as well as the extent to which efforts are made to ensure management, operation, and transparency in relation to the use of such green finance proceeds.

The evaluation is displayed on a 5-point scale, from top to bottom, using the evaluation symbols Green1 (T) (F), Green2 (T) (F), Green3 (T) (F), Green4 (T) (F), and Green5 (T) (F).

■ **Registration status as an external evaluator of sustainability finance, etc.**

- Ministry of the Environment Green Finance External Reviewer Registration
- ICMA (Registered as an observer as an external evaluator with the International Capital Market Association)

UNEP FI Positive Impact Financial Principles: Member of the Working Group

■ **Other registration status as a credit rating agency, etc.**

- Credit Rating Agency Financial Services Agency Commissioner (Rating) No. 1
- EU Certified Credit Rating Agency
- NRSRO: JCR is registered in the following four of the five credit rating classes of NRSRO (Nationally Recognized Statistical Rating Organization) established by the U.S. Securities and Exchange Commission. (1) Financial institutions, broker-dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If you are subject to disclosure under Section 17g-7(a) of the U.S. Securities and Exchange Commission, such disclosure is attached to a news release posted on the JCR website (<https://www.jcr.co.jp/en/>).

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