

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

Mori Building Co., Ltd.

Sustainable Finance Framework

Assignment

< 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.

This second-party opinion confirmed the alignment with Sustainability-Linked Bond Principles¹, Sustainability Linked-Loan Principles², Sustainability-Linked Bond Guidelines³ and Sustainability-Linked Loan Guidelines⁴ (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. Japan Credit Rating Agency, Inc. (JCR) confirmed the Company's sustainability strategy, key

¹International 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>)

²Asia 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/>)

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

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

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 this framework.

Chart 1: KPI and SPT in this framework⁵

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) <ul style="list-style-type: none"> • ▲50% by FY 2030 • Net-zero by FY 2050 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.

JCR confirmed that this framework is aligned with SLBP and so on.

▶▶▶4. Overview of Green Finance Framework Evaluation

This Green Finance Framework Evaluation evaluates whether the Sustainable Finance Framework formulated by Mori Building align with Green Bond Principles, Green Loan Principles, Green Bond Guidelines, and Green Loan Guidelines in case of financing Use of Proceeds bond. Since these are 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. In cases of implementing eligible projects,

⁵Created by JCR based on this framework

the Company has stipulated that appropriate measures should consider negative impacts on the environment and society. Based on the aforementioned, JCR evaluate that the use of proceeds in this 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 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 Green Bond Principles, Green Loan Principles, Green Bond Guidelines and Green Loan Guidelines.

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Chapter 2: Green Finance Framework Assessment

■ Evaluation Phase 1: Greenness Evaluation

I. Use of Proceeds

JCR's Key Consideration in This Factor

Current Status of Evaluation Target and JCR's evaluation

1. About the greenness of the project

(1) About the environmental improvement effect of the use of proceeds

2. Negative impact on the Environment and Society

3. Consistency with SDGs

■ Evaluation Phase 2: Management / Operation / Transparency Evaluation

I. Selection Standards and Processes for Use of Proceeds

JCR's Key Consideration in This Factor

Current Status of Evaluation Target and JCR's evaluation

1. Goals

2. Selection criteria

3. Processes

II. Management of the Proceeds

JCR's Key Consideration in This Factor

Current Status of Evaluation Target and JCR's evaluation

III. Reporting

JCR's Key Consideration in This Factor

Current Status of Evaluation Target and JCR's evaluation

IV. Organizational sustainability initiatives

JCR's Key Consideration in This Factor

Current Status of Evaluation Target and JCR's evaluation

■ Evaluation Phase 3: Evaluation result (Conclusion)

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 City⁶

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 development⁷

⁶Mori Building Website https://www.mori.co.jp/urban_design/vision.html

⁷Mori 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)⁷

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

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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 System⁸

⁸Mori Building Website 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 of Mori Building, KPI is set as follows:

Chart 6: KPI in this Framework⁹

KPI 1	<p>GHG emission reduction rate in Scope 1 and 2</p> <p><Definition></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><Definition></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><Definition></p> <p>Measure green coverage in major large-scale mixed-use development areas.^{Note} 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, Toranomom Hills Mori Tower, Toranomom Hills Business Tower (Completed by 2021), Toranomom Hills Residential Tower (Completed in 2022), Toranomom Hills Station Tower (Completed in 2023), Azabudai Hills (Completed in 2023)</p>

⁹Created by JCR based on hearings with this framework and Mori Building

KPI 4	<p>CDP evaluation (climate change)</p> <p><Definition></p> <p>Scores related to climate change as evaluated by CDP</p>
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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.¹⁰

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

Chart 7: Four topics to consider as Japanese real estate industry towards 2050¹⁰ (JCR translation)

¹⁰ 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

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.

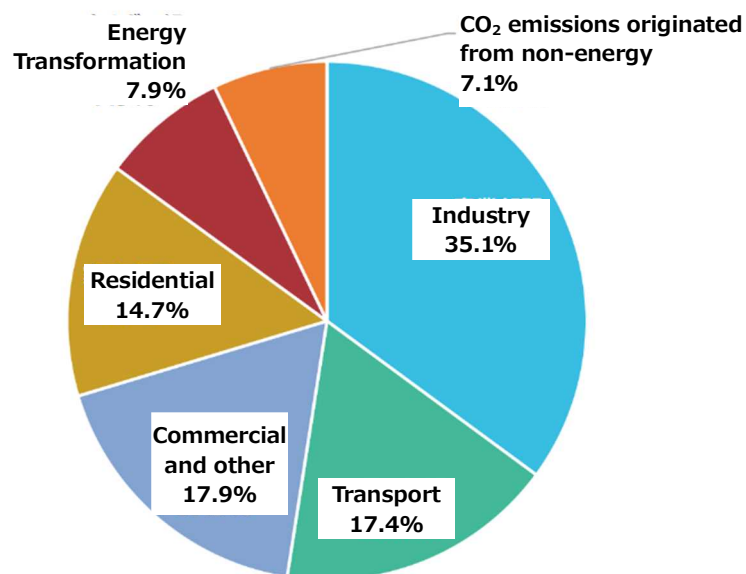


Chart 8: Japanese GHG emissions in FY2021 (after electricity and heat allocation)¹¹

¹¹Ministry 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)".

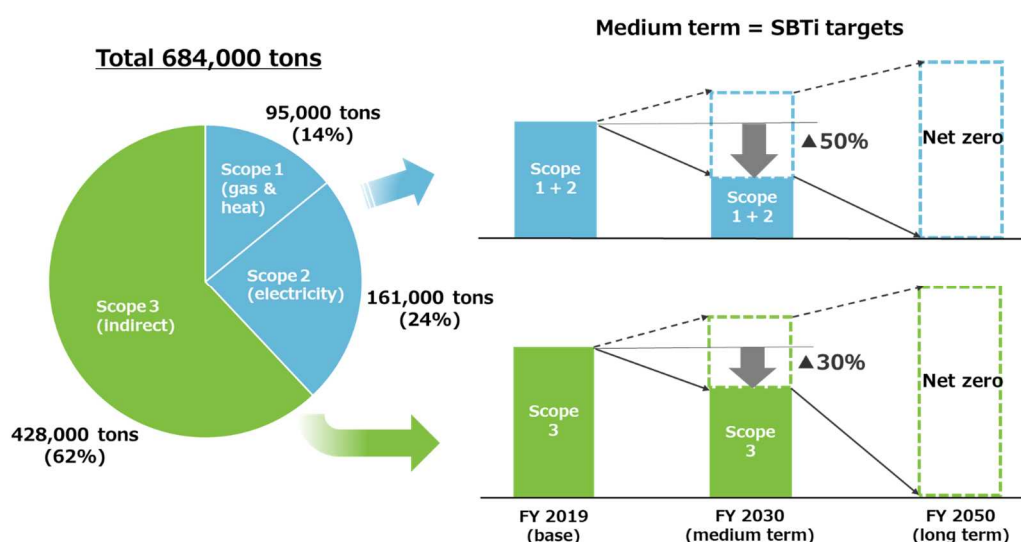


Chart 9: Mori Building Group GHG Emissions in FY2019 and 2050/2030 Targets¹²

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.

¹²Mori Building Website 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 Toranomon Hills area as "strategic areas."

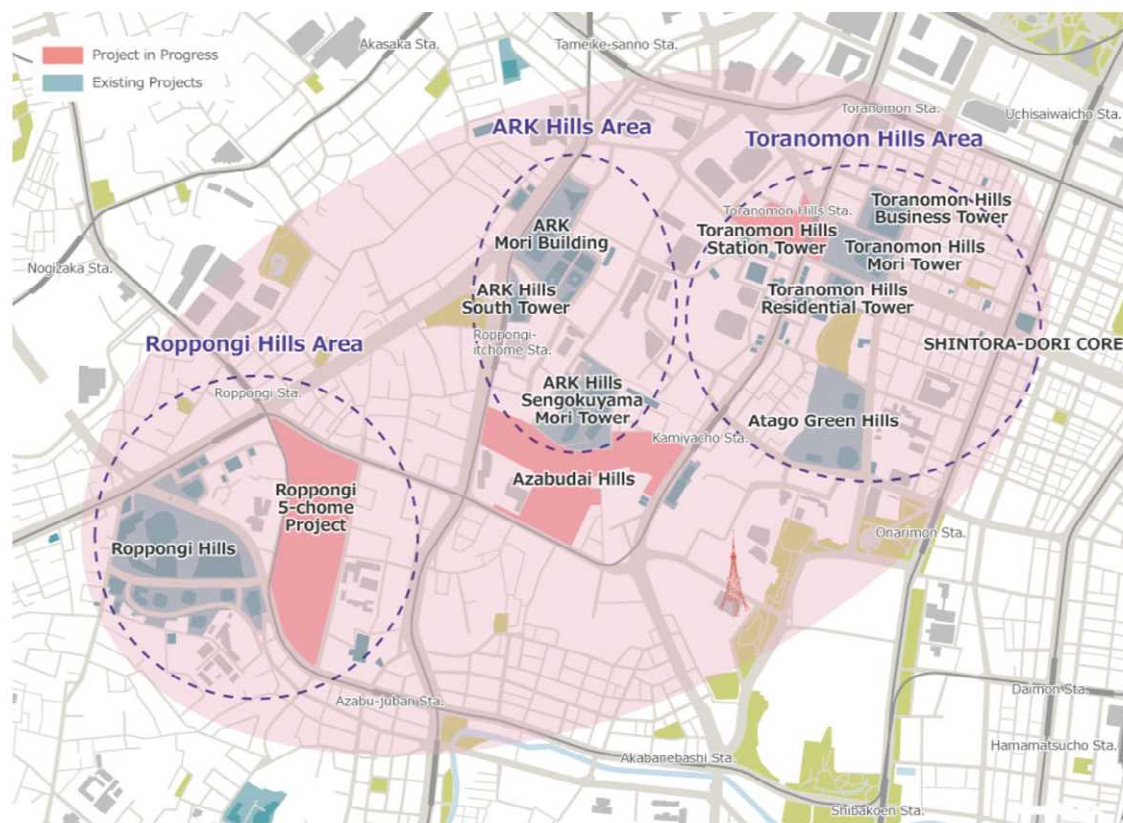


Chart 10: Mori Building Strategic Area¹³

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.¹⁴

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

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

¹⁴Minato-ku, Tokyo Green and Water Comprehensive Plan 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.¹⁵

Structure of CDP questionnaire (Full version/ General sector)

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

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

¹⁵CDP release https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/753/original/Release_JP_20220314.pdf

¹⁶CDP material <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](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. 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.

Chart 12: SPT in this Framework¹⁷

SPT 1	GHG emission reduction rate in Scopes 1 and 2 consistent with the following targets (Base year: FY2019) <ul style="list-style-type: none"> · ▲50% by FY2030 · Net zero by FY2050 The reduction rate for each year shall meet the annual reduction rate required by the target of the SBT 1.5°C standard target.
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)

¹⁷This 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 2030¹⁸

		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 ₂	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 tCO₂ in FY2019, the Company emitted 219,000 tCO₂ 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 CO₂ 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.¹⁹
- 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.

¹⁸Created by JCR from materials provided by Mori Building

¹⁹Additionality 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.

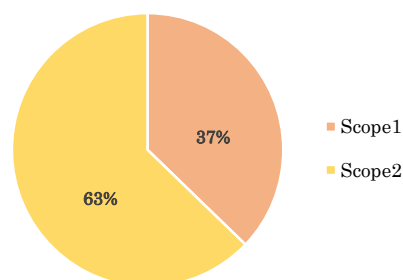


Chart 14: Mori Building Scope1 and 2 CO₂ emissions breakdown (FY2019)²⁰

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 CO₂ 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.

²⁰Created 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 2,6074.4 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 CO₂ 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

Evaluation Phase I: Greenness Evaluation

g1(F)

I. Use of Proceeds

JCR's Key Consideration in This Factor

In this section, JCR first confirms whether the proceeds set out is used for green projects that have clear environmental improvement effects. Then, in cases where the use of proceeds is expected to have a negative impact on the environment and society, JCR confirms whether the impact is fully examined by an internal specialist department or an external third party or whether necessary measures have been taken for its workaround and mitigation. Finally, JCR confirms the consistency with the Sustainable Development Goals (SDGs.)

▶▶▶ Current Status of Evaluation Target and JCR's evaluation

The two categories in this framework are important measures that contribute to materiality, and are expected to have an environmental improvement effect.

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"> 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.) 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.) 	9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities

	<ul style="list-style-type: none"> i. have received at least one of the following third-party green building certifications or recertifications within 24 months prior to the date of green bond issuance ii. are expected to receive certifications or recertifications post-issuance iii. have a construction completion date within 24 months prior to the date of green bond issuance and have achieved at least one of the following certifications or recertifications <p><u>Third party certification</u></p> <ul style="list-style-type: none"> - 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 - Gold Rank or Platinum under the LEED BD+C (Building Design and Construction) or LEED O+M (Building Operations and Maintenance) - 4 or 5 Stars under the Building Energy-efficiency Labeling System (BELS) - 4 or 5 Stars under DBJ Green Building Certification <p>Gold Plus or Platinum Rank under the BCA Green Mark Certification</p>	
Renewable Energy	<ul style="list-style-type: none"> • Procurement of electricity derived from renewable energy (solar, wind) • 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.) <p>Investments in an SPC that owns and/or acquire renewable energy (solar, wind power) equipment (including anonymous partnership investment)</p>	<p>3.Good Health and Well-being</p> <p>7.Affordable and Clean Energy</p> <p>9.Industry, Innovation, and Infrastructure</p> <p>13. Climate Action</p>

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

(1) About the environmental improvement effects of the use of proceeds

1 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. The proceeds defined in the Framework falls under the categories of "green buildings which meet standards or are certified by certifications recognized regionally, nationally or internationally" in the Green Bond Principles and the Green Loan Principles and of "green building projects " in the Green Bond Guidelines and the Green Loan Guidelines.

As detailed below, green building certifications are environmental certifications that are regionally, nationally, or internationally recognized. Therefore, JCR evaluates projects that have obtained a certification level that meets the eligibility criteria as having an environmental improvement effect.

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 a draft of the system was published in 1996 and has been updated once in several years.

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. Building Energy Index (BEI) ranks buildings by the number of stars: one through five stars. BEI measures energy-saving performance relative to the standard value, which is calculated by dividing design primary energy consumption by standard primary energy consumption. One-star buildings meet the energy conservation standards for existing buildings, and two-star buildings meet the energy conservation standards for newly built ones.

JCR believes that the use of the proceeds is proper because buildings with four stars or more under BELS, which Mori Building has determined to be eligible, have energy-saving performance (non-residential: BEI of 0.75 or less).

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.⁵ 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.²¹

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.

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.

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

2 Use of proceeds 2: Renewable energy

The Use of proceeds 2 is the acquisition of renewable energy, investments in an SPC. The use of the proceeds falls under "renewable energy" in the "Green Loan Principles" and "projects for renewable energy" among the uses of the proceeds listed as examples in the "Green Loan Guidelines."

Power generation by solar power and wind power is a clean energy that replaces fossil fuels by using solar power and wind power as energy sources, respectively, and has a greenhouse gas (GHG) reduction effect, and does not depend on limited resources such as fossil fuels. For this reason, it is expected to play an important role in the 6th Strategic Energy Plan (Energy Plan), which was approved by the Diet in October 2021. According to the plan, in order to realize a new reduction target that will continue to challenge the "Carbon Neutral Declaration" in 2050, a 46% reduction in CO₂ emissions in 2030, and a further 50% increase, in the field of renewable energy, the main premise is to ensure a stable supply and reduce energy costs (S + 3E). We will thoroughly make renewable energy the main power source and will work on the principle of giving top priority to renewable energy, and promote the maximum introduction while curbing the burden on the public and symbiosis with the local community.

In Energy Plan, renewable energy is positioned as the main power source in 2030, and the expansion of renewable energy is Japanese goal of reducing CO₂ emissions in 2030 by 46% compared to 2013. JCR evaluates that it is essential to achieve the long-term goal of 2050 carbon neutrality. Therefore, JCR evaluates that the use of proceed has a high environmental improvement effect.

		(FY2019 ⇒ previous energy mix)	Energy mix in FY2030 (ambitious outlook)
Energy efficiency improvement		(16.55 million kl ⇒ 50.30 million kl)	62 million kl
Final energy consumption (without energy conservation)		(350 million kl ⇒ 377 million kl)	350 million kl
Power generation mix	Renewable energy	(18% ⇒ 22-24%)	36-38%
Electricity generated: 1,065 TWh ⇒ Approx. 934 TWh	Hydrogen/Ammonia	(0% ⇒ 0%)	1%
	Nuclear	(6% ⇒ 20-22%)	20-22%
	LNG	(37% ⇒ 27%)	20%
	Coal	(32% ⇒ 26%)	19%
	Oil, etc.	(7% ⇒ 3%)	2%
		solar 6.7% ⇒ 7.0% wind 0.7% ⇒ 1.7% geothermal 0.3% ⇒ 1.0~1.1% hydropower 7.8% ⇒ 8.8~9.2% biomass 2.6% ⇒ 3.7~4.6%	※If progress is made in utilization and implementation of R&D of renewable energy currently underway, 38% or higher will be aimed at. (details of renewable) solar 14~16% wind 5% geothermal 1% hydropower 11% biomass 5%

Chart 16: Overview of the Sixth Strategic Energy Plan²²

²²Source: Agency for Natural Resources and Energy 6th Basic Energy Plan

2. Negative impact on the Environment and Society

This framework for negative impacts on the Environment and Society

Mori Building confirms that all projects address the following requirements to reduce environmental and social risks.

- Compliance with all applicable laws, regulations and ordinances, including Environmental Impact Assessment, the Law on the Improvement of Energy Consumption Performance of Buildings and the System of Building Environment Plan
- As necessary for project implementation, information provision to residents and hearing of residents and related municipalities' opinions

[Evaluation of JCR for this framework]

Mori Building consider negative impacts for all projects, as well as ways to avoid/mitigate negative impacts. Mori Building can be both a power producer and an off-taker. Even as an off-taker, Mori Building will review the results of environmental assessments and dialogue with the community.

Chart 17: Negative impact and avoidance / mitigation measures assumed by Mori Building²³

Project Category	Assumed negative impact	Workarounds and mitigations for negative impacts
Green Building	At the time of development, refurbishment, demolition Noise, waste, vibration, soil pollution, etc.	Waste generation control, reuse, and recycling Proper operation of boilers and combustion equipment Appropriate treatment of hazardous waste Creation of green space on the site
Solar power	Deforestation by development, Sediment runoff, disposal of Opposition from local communities Disposal of solar panels	Development without deforestation and cutting and embankment as much as possible Consideration of recycling of solar panels
Wind power	Impact on ecosystem / nature Impact on local residents (noise, etc.) Opposition from local residents	Consideration of impact minimization based on the results of environmental assessment Sufficient explanation through residents' briefing session

Based on the above, JCR affirmed that Mori Building pays proper attention to negative impacts on the Environment and Society.

²³Materials provided by Mori Building

3. Consistency with SDGs

In light of ICMA's SDGs mapping, projects that are eligible for the use of funds will contribute to the following SDGs goals and targets.



Goal 3: Health and well-being for all

Target 3.9 By 2030, substantially reduce the number of deaths and diseases from pollution of hazardous chemicals, as well as air, water and soil.



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: Build the foundation for industry and innovation

Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being with a focus on affordable and equitable access for all.

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: Create a city where you can continue to live

Target 11.6: By 2030, reduce per capita adverse environmental impacts in 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 capacity for resilience and adaptation to climate-related and natural disasters in all countries.

I. Selection Standards and Processes for Use of Proceeds

JCR's Key Consideration in This Factor

In this section, JCR confirms that the objectives to be achieved through green financing, the appropriateness of green project selection standards and processes, and whether or not a series of processes are properly disclosed to investors/lenders and others.

▶▶▶ Current Status of Evaluation Target and JCR's evaluation

JCR has evaluated that divisions with expert and the management are properly involved in setting the criteria for selecting green goals and projects and its processes in the Framework and that transparency is high.

1. Goals

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.

All projects in this framework contribute to "Environment and Greenery," particularly "harmonious coexistence of cities and nature," "decarbonized cities." All projects will lead to value creation for Mori Building.

Based on the above, JCR evaluates that this framework is consistent with the Company's goals.

2. Selection criteria

The eligibility criteria for this framework are described in Evaluation Phase 1 of this report. JCR assesses that the selection criteria for the project are appropriate.

3. Processes

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]

Mori Building's Architectural Design Department and Environmental Promotion Department will evaluate green buildings, and Mori Building's Environmental Promotion Department will evaluate renewable energy based on RE100 requirements. After that, a corporate officer of the Finance Department and the Sustainability Committee will approve the project and the allocation in accordance with the eligible criteria. The final decision is made by President and CEO.

Based on the above, JCR evaluates that the sustainability department and management team are appropriately involved in the project selection process in this framework.

Mori Building's green finance goals, criteria and processes will be disclosed in this report. In addition, Mori Building will disclose this framework on its website. In addition, if requested by investors and lenders, Mori Building will provide explanations as appropriate.

Based on the above, JCR evaluates that this framework ensures transparency to investors, etc.

II. Management of the Proceeds

JCR's Key Consideration in This Factor

It is usually assumed that the management of the proceeds varies widely depending on issuers/borrowers. JCR confirms whether the proceeds are surely appropriated to the green project and whether a mechanism and internal system are in place to make tracking easy. JCR also focuses on whether the proceeds are scheduled to be used for a green project at an early stage and on the management and operation methods for unallocated funds.

▶▶▶ Current Status of Evaluation Target and JCR's evaluation

JCR evaluates that the fund management system of Mori Building has been properly established, and that the management method of the raised funds will be disclosed in this evaluation report, and that this framework will be disclosed on the website, so it is highly transparent.

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.

Based on the above, JCR evaluates that the fund management system of Mori Building has been properly established, and that the management method of the raised funds will be disclosed in this evaluation report, and that this framework will be disclosed on the website, so it is highly transparent.

III. Reporting

JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors before and after the issuance of green bonds/loans, which is implemented with reference to the Framework, is planned in detail and in an effective manner.

▶▶▶ Current Status of Evaluation Target and JCR's evaluation

JCR has assessed that Mori Building plans to properly report both the progress of the appropriation and benefits from better environment.

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"> · Overview of the projects (Name of the building and project) · Name and level of certifications the eligible project received · Energy consumption · CO₂ emissions · CO₂ emissions of total floor area · Water consumption

Procurement of electricity derived from renewable energy (solar, wind)	<ul style="list-style-type: none"> • Renewable energy procurement • CO₂ emission reduction
Installation or acquisition of renewable energy (solar, wind) equipment 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"> • Overview of the projects (Power plant, name of SPC, etc.) • Installation status of renewable energy facilities • Amount of electricity generated by renewable energy facilities • CO₂ emission reduction amount

[JCR's Evaluation for the framework]

Allocation Reporting

Mori Building will annually disclose the following contents on its website 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.

Impact Reporting

Mori Building will disclose the following items to the extent practicable until the maturity of the green finance. This reporting will be disclosed annually on its website. The disclosure items include quantitative indicators such as CO₂ emissions and renewable energy procurement, which are appropriate.

Based on the above, JCR evaluates that Mori Building's reporting is proper.

IV. Organizational sustainability initiatives

JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the management of the issuer/borrower positions sustainability issues as a high priority for management and whether the sustainability policy, process and selection criteria for green projects are clearly positioned through the establishment of a department specializing in environmental issues or in collaboration with external organizations.

▶▶▶ Current Status of Evaluation Target and JCR's evaluation

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.

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.

Evaluation Phase 3: Evaluation result (Conclusion)

Green 1 (F)

Regarding this framework, based on the JCR Green Finance Evaluation Method, "Greenness Evaluation (Use of Funds)" is "g1 (F)", "Management / Operation / Transparency Evaluation" is "m1 (F)", and "JCR Green Finance Framework Evaluation" is "Green 1 (F)". In addition, 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) Atsuko Kajiwara, Daisuke Sato

Important explanation about this evaluation

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.

■ 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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