



Sustainable Finance Framework

Mori Building Co., Ltd.

June, 2024



contents

1. Sustainability Initiatives	2
1.1. Reference to Principles and Guidelines	2
1.2. Overview of the Company	2
1.3. Philosophy of Urban Development	3
1.4. Decarbonized Cities	4
1.4.1. Medium & Long Term Targets for Net-Zero Emission	4
1.4.2. Initiatives for Achieving Net-Zero Emission	5
1.5. Harmonious Coexistence of Cities and Nature	5
1.5.1. Initiatives and Targets on Harmonious Coexistence of Cities and Nature	6
1.6. Sustainability Management System	6
1.6.1. Biodiversity Conservation Promotion System	7
1.7. Participation in External Initiatives · Obtaining External Certification	8
1.8. Rationale for Sustainable Finance Execution	9
2. Green Finance Framework	10
2.1. Use of Proceeds	10
2.2. Project Evaluation and Selection Process	11
2.3. Management of Proceeds	11
2.4. Reporting	12
2.4.1. Allocation Reporting	12
2.4.2. Impact Reporting	12
2.5. External Review	12
2.5.1. Post-issuance external review	12
3. Sustainability-Linked Finance Framework	13
3.1. Selection of KPIs	13
3.2. Calibration of Sustainability Performance Target (SPTs)	14
3.3. Bond/Loan Characteristics	15
3.4. Reporting	16
3.5. Verification	16

1. Sustainability Initiatives

Mori Building Co., Ltd. (hereinafter, "Mori Building") has established a Sustainable Finance Framework (hereinafter, "this framework") in order to further raise awareness among a wide range of stakeholders of its consistent commitment to urban developments since its establishment and its contribution to the realizing sustainable society including the global environment, urban environment, and local communities through its businesses.

Based on this framework, Mori Building will execute the following Sustainable Finances.

- Green Finance
- Sustainability-Linked Finance

1.1. Reference to Principles and Guidelines

This framework will communicate in a transparent manner on the key elements and core components recommended by the following principles and guidelines.

- ICMA¹ Green Bond Principles 2021
- ICMA Sustainability-Linked Bond Principles 2023
- Ministry of the Environment, Green Bond and Sustainability-Linked Bond Guidelines 2022
- Ministry of the Environment, Green Loan and Sustainability-Linked Loan Guidelines 2022
- LMA², APLMA³, LSTA⁴ Green Loan Principles 2023
- LMA, APLMA, LSTA Sustainability-Linked Loan Principles 2023

Mori Building has obtained a Second Party Opinion from Japan Credit Rating Agency, Ltd., an independent external reviewer regarding the alignment of this framework with the Principles and Guidelines stated above.

1.2. Overview of the Company

Mori Building is a general developer company established in Japan 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. It 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, while building leasing remains its core business. Mori Building aims to create a rich urban lifestyle and to further develop Tokyo as an international city.

¹ ICMA : International Capital Market Association

² LMA : Loan Market Association

³ APLMA : Asia Pacific Loan Market Association

⁴ LSTA : Loan Syndications and Trading Association

1.3. Philosophy of Urban Development

Under the philosophy of "Create Cities, Nurture Cities," Mori Building is engaged in businesses that contribute to the realization of a sustainable society, the development of local communities, and the safety, health, and happiness of people, with three key themes: "Environment and Greenery," "Safety and Security," and "Culture and Art."

In "Environment and Greenery," Mori Building contributes to the realization of a more sustainable society leading to the future by promoting our environmental policies of "harmonious coexistence of cities and nature," "decarbonized cities," and "resource recycling" through urban development which is idealized as Vertical Garden City, and its operation.

In order to promote the above, Mori Building is working on "Regulatory Compliance and Environmental Management," "Environmental Information Disclosure," and "Environmental Education and Awareness-raising Activities."

In "Safety and Security," based on the concept of "cities to escape to, rather than flee from in times of disaster," we have implemented hardware measures such as the introduction of the highest level of anti-seismic performance in our main buildings and the independent power supply from our own energy plant, as exemplified by Roppongi Hills. In addition, we have 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 our business areas to prepare a system (approximately 240 disaster response personnel) that can respond in case of an emergency. We have introduced a system in which employees themselves act as human sensors to identify near-misses during normal times through support crew activities in which they participate, and we have been continuously implementing this system. With the Safety Office permanently in place, we also have a system in place to promote safety and security initiatives.

In "Culture and Art," Mori Building 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 created a new magnetic field and magnetic force that will become the core of the city. 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, we are 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.

Our urban development has a strong public nature in that it promotes urban redevelopment in cooperation with the local community to create a favorable urban environment and solve local issues. The completion of a new city through redevelopment is also the beginning of the nurturing of a city. Through the town management system and activities that we have uniquely created, we are evolving and developing local communities while responding to changing times, evolving technology, and ever-changing local issues and user needs. Through a series of such initiatives, we focus on making cities and city-based activities sustainable.

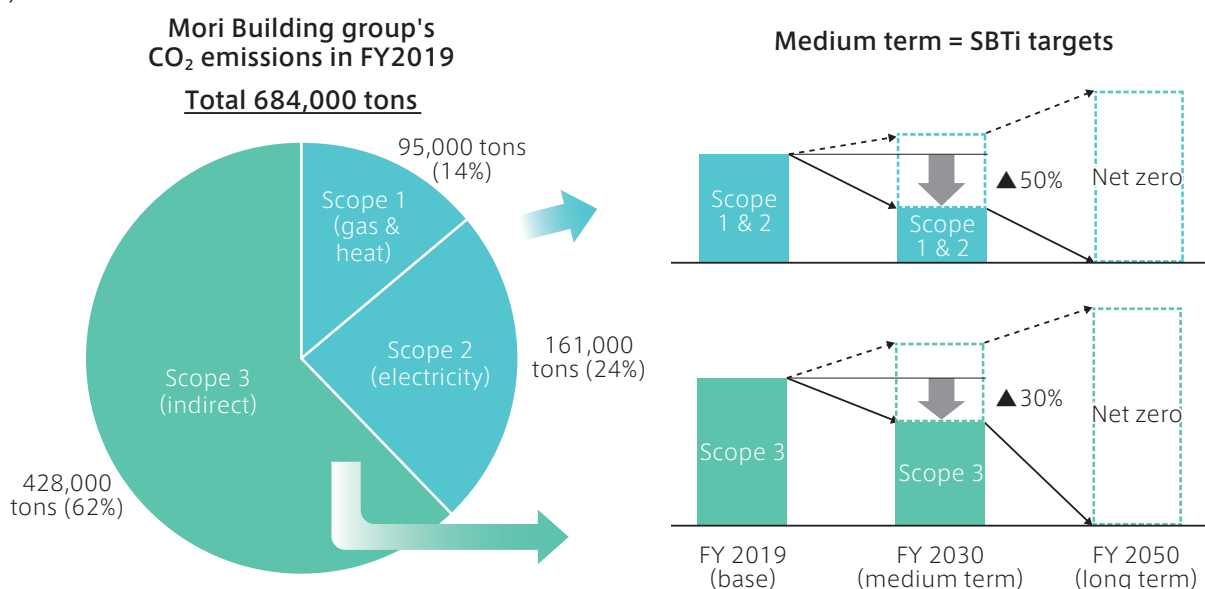
Vertical Garden City

The Vertical Garden City concept proposed by Mori Building refers to compact urban complexes in which functions for work, residence, recreation, commerce, education and relaxation are highly integrated within 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 surface and rooftops with greenery. The aggregation of diverse urban functions also brings about a leveling of energy demand, enhancing energy efficiency. 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. The Vertical Garden City is a new urban model that aims for the harmonious coexistence of cities and nature while constraining impact on the global environment.

1.4. Decarbonized Cities

1.4.1. Medium & Long Term Targets for Net-Zero Emission

Under its commitment to help realize a decarbonized society, Mori Building has set group targets to reduce Scope 1 and 2 greenhouse gas emissions from business activities in its consolidated group by 50% in fiscal 2030 (compared to fiscal 2019), and by 30% for Scope 3, aiming to reach net-zero emissions by fiscal 2050.



1.4.2. Initiatives for Achieving Net-Zero Emission

Based on the Vertical Garden City concept, Mori Building has been working on urban decarbonization through large-scale urban redevelopment projects, introducing high-efficiency equipment in new projects, and extensive energy saving measures at existing properties before setting medium and long term targets.

Mori Building has established a structure to achieve its medium and long term targets and disclosed information on our website. In Scope 1 and 2, we will further strengthen our efforts by adding new measures and measures that reinforce our existing measures. In addition, as for Scope 3, Mori Building will identify and reduce emissions during the construction in cooperation with supply-chain companies.

Measures to reduce Scope 1 and 2

Measure ① Environmental performance of new buildings under ZEB or ZEH and acquisition of environmental certifications

Measure ② Establishment of next-generation energy network

Measure ③ Renewable-energy electricity in existing buildings

Measure ④ Facilities for a stable supply of renewable energy

1.5. Harmonious Coexistence of Cities and Nature

• Recognition and Policy on Harmonious Coexistence of Cities and Nature

Since the Meiji Restoration of 1868, the modernization of Tokyo led to construction of not only infrastructure as capital functions, but government offices and related facilities, offices, residences, and retail facilities, and a large part of forest zone and greenery have been deforested. In addition, during the high-growth period of the mid 1950s to the early 1970s, various artificial structures and buildings were constructed one after another and the ground surface of the cities was covered with asphalt or concrete along with the rapid population concentration in Tokyo and the development of civil engineering and construction technology. At the same time, a decrease in greenery, varieties and breeds of animals and plants with urban sprawl, and urban issues, such as the heat island phenomenon, have occurred.

For solving these urban issues, the Mori Building group will create the downsized nature with consideration for biodiversity and harmonious coexistence of urban cities and humans, on the ground surface and rooftops by vertically using the city through the idealized city model of Vertical Garden City. Along with various urban activities, we will produce a space with abundant greenery where you can hear the birds singing and insects buzzing. The space will be used for fostering a community of people.

• Biodiversity Conservation

It is thought that biodiversity existing in cities provide a variety of benefits to people living in cities. The Mori Building group recognizes the importance of understanding how human urbanization impacts ecosystems.

The Mori Building group aims to realize the urban environment in consideration with a relationship between cities and nature. We design and build the Ecological Networks⁵ in accordance with an administrative biodiversity-related plan, and in our development area, we will proceed to prepare the greenery as stopovers or habitats for many species so that they can frequently visit during their travel between large greeneries nearby. After the preparation of the greenery, we will undertake required periodic checks and preventive measures as well as establish a management system for biodiversity conservation.

⁵ Ecological Networks: There is a need to create conditions under which living things can live easily, allowing movement by linking green areas that form the living bases for creatures with small-scale green areas and roadside trees. Such a network of habitats is referred to as an ecological network (extracted from Biodiversity and Greening Guide, Minato City)

1.5.1. Initiatives and Targets on Harmonious Coexistence of Cities and Nature

Mori Building measures green coverage ratios every year, primarily in its large-scale mixed-use development area, and aims to achieve approximately 38% as a KPI by 2030. As an indicator of biodiversity, we regularly conduct research on flying species (birds and butterflies) which visit green areas that take biodiversity into consideration, and we will use this to contribute to maintaining a biodiversity friendly environment.

With regard to greening-related certifications, we will deliberate in acquiring appropriate certifications for each development area, primarily for large-scale mixed-use development areas of more than 1 ha (including those in operation), and will strive to continue to maintain the certifications we have acquired.

Mori Building voluntarily implements preservation of trees and undertakes research in rare species in need as well as promotes business activities in accordance with environmental laws and regulations, while engaging with external parties, such as administration, from our development phase. In addition, we report those growing conditions and transplant trees when required.

Regarding the greenery that is given more consideration for biodiversity in cities, we will obtain appropriate certifications. For measuring effectiveness of the greenery functions, we have continuously been monitoring the level of mitigation of the heat island phenomenon, of increase in greenery, and of the appearance of birds before and after our business activities through checkups with thermal images (ThermoMap), green coverage ratio and bird monitoring.

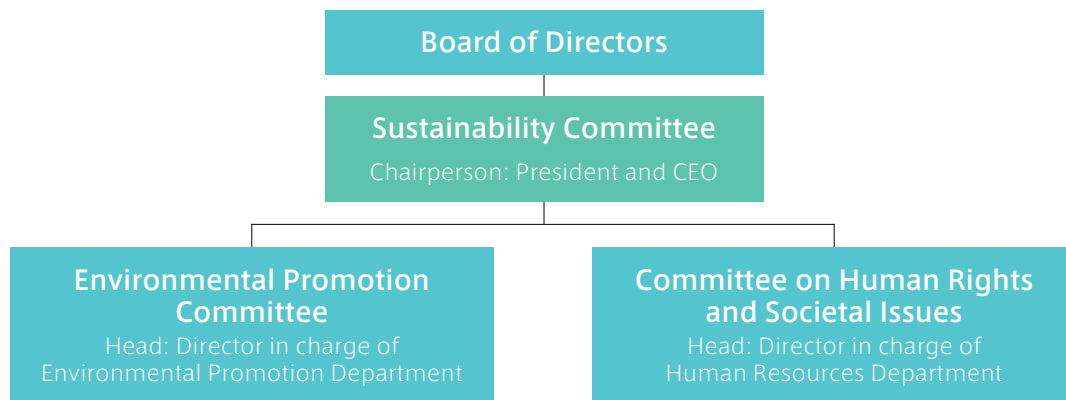
1.6. Sustainability Management System

Mori Building recognizes that the promotion of sustainability initiatives is a material matter related to the execution of our 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.

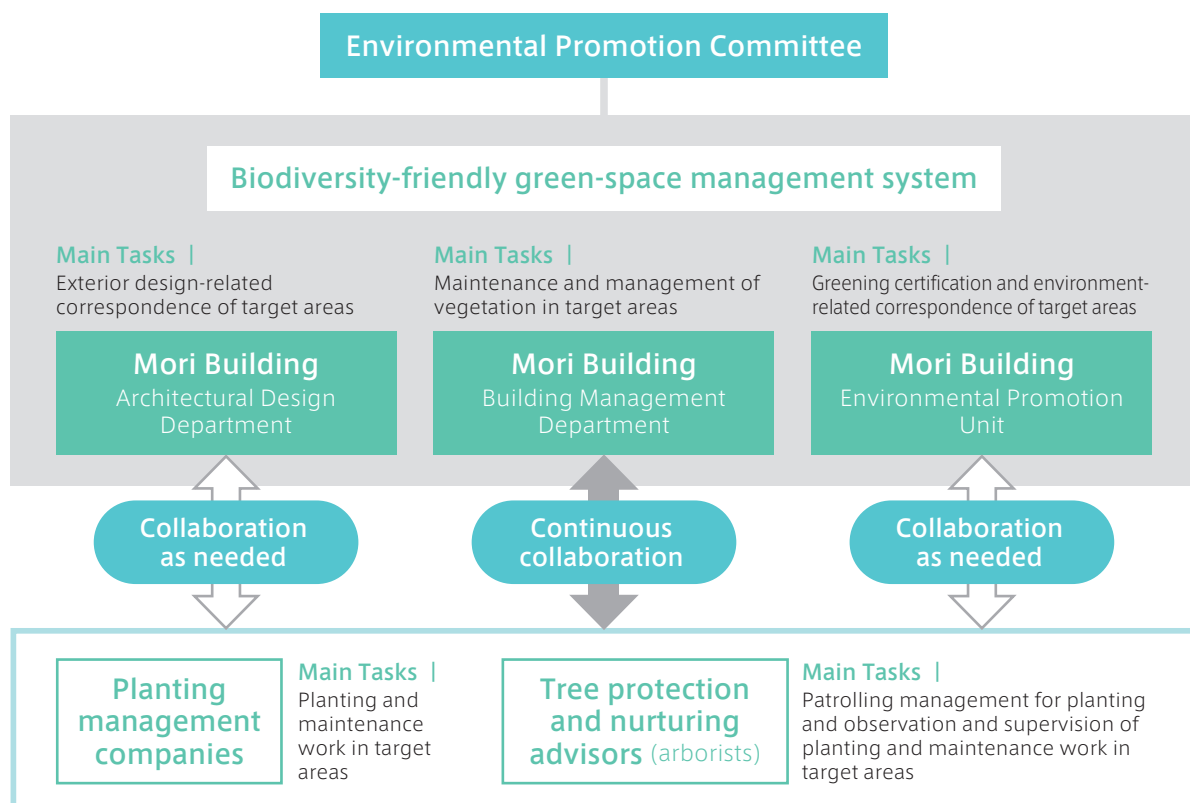
The Environmental Promotion Committee, chaired by the director in charge of the Environment Promotion Department, is held once a quarter. The Committee promotes and manages cross-sectional efforts to address various environmental issues, including climate change, and reports regularly to the Sustainability 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.

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 policies on human rights and supply chain management initiatives.



1.6.1. Biodiversity Conservation Promotion System

In terms of the greenery that is given more consideration for biodiversity, we have established a management system in cooperation with planting management companies, tree protection and nurturing advisors (arborists), and Mori Building (Building Management Department, Architectural Design Department, Environmental Promotion Unit). In the system, the relevant parties regularly share the greenery status through patrolling management and regular meetings where identified issues are promptly examined, coordinated, and addressed. We will report and submit considerations to Environmental Promotion Committee and implement appropriate green management when required.



1.7. Participation in External Initiatives · Obtaining External Certification

• SBTi Certification

The Mori Building group has quantitatively recognized and published the results of CO₂ from Mori Building-owned real estate. In 2022, the group established the targets of reducing CO₂ by 50% in Scope 1 + 2, and by 30% in Scope 3 by FY 2030 (compared to FY 2019). These targets are in line with the Paris Agreement, and were certified by the SBT initiative in 2022 as science-based targets at the 1.5° C level.

• RE100 Membership

The Mori Building group is a member of RE100, a global initiative of companies that aim to procure 100% of the electricity used in their business activities from renewable energy. Our goal is to achieve this by 2030.

• CDP

In implementing the SBT initiative, we have tallied CO₂ emissions from all real estate Mori Building group owned and managed. Going forward, we will tally the quantitative CO₂ emissions annually and publish the data on our website as well as report it to CDP. And in FY2022, we were selected as the Supplier Engagement Leader, the highest rating in the Supplier Engagement Rating Introduction, and will continue to work with suppliers to reduce GHG emissions and climate change risks.

• Japan Climate Leaders' Partnership (JCLP) Membership

The Mori Building group is a member of the Japan Climate Leaders' Partnership (JCLP), a coalition of Japanese companies and organizations aiming to achieve the 1.5° C target by promptly transitioning to a decarbonized society to avert a climate crisis.

• Task Force on Climate-related Financial Disclosures (TCFD)

The Mori Building group makes recommendations to the Task Force on Climate-related Financial Disclosures (TCFD) which in turn recommends companies and other organizations to recognize climate change-related risks and opportunities, and incorporates them into their management strategies as well as disclose them. Disclosure under the TCFD has been made on our website since November 2022.

• Certification for Health Management and Diversity

Mori Building promotes health management, regarding the health management of employees and others as a management strategy, so that each employee can work enthusiastically and healthily, both mentally and physically. Mori Building has been certified as a "Health & Productivity Management Outstanding Organization 2023 (White 500)" for its excellent health management practices, based on its efforts to address local health issues and the health promotion initiatives promoted by the Nippon Kenko Kaigi. Also, from the Minister of Health, Labor and Welfare, Mori Building received a 2-Star Eruboshi Certification as a company that has been shown to excel in promoting women's activities and received the "Kurumin Certification" as a company that supports a good balance between work and childcare. Going forward, Mori Building will continue working to create an environment that accommodates diverse an environment that accommodates diverse lifestyles and a work environment that takes work balance into consideration.

1.8. Rationale for Sustainable Finance Execution

Mori Building has executed Sustainable Finances in order to further raise awareness among a wide range of stakeholders of its consistent commitment to urban developments since its establishment and its contribution to realizing sustainable society including the global environment, urban environment, and local communities through its businesses. Using the funds raised through this sustainable finance, Mori Building, in line with its philosophy “Create Cities, Nurture Cities,” is committed to pursuing harmonious coexistence between cities and nature, zero-carbon cities, and resource recycling in order to help realize a more sustainable society.

2. Green Finance Framework

2.1. 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.) <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 Estate⁶ - Gold Rank or Platinum under the LEED BD+C (Building Design and Construction) (v4.0 and later) or LEED O+M (Building Operations and Maintenance) (v4.0 and later) - The following levels in the Building Energy-efficiency Labeling System (BELS) (FY2024 standard) <ul style="list-style-type: none"> • Non-residential: 4 to 6 Levels • Residential with renewable energy facilities: 3 to 6 Levels 	9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities

⁶ Excluding CASBEE issued by local municipalities

Project Category	Eligible Criteria	SDGs
Green Buildings	<ul style="list-style-type: none"> • Residential without renewable energy facilities: 3 or 4 Levels - 4 or 5 Levels under the Building Energy-efficiency Labeling System (BELS) (FY 2016 standard) - 4 or 5 Stars under DBJ Green Building Certification - Gold Plus or Platinum Rank under the BCA Green Mark Certification 	9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities
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.) • Investments in an SPC that owns and/or acquire renewable energy (solar, wind power) equipment (including anonymous partnership investment) 	3. Good Health and Well-being 7. Affordable and Clean Energy 9. Industry, Innovation, and Infrastructure 13. Climate Action

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

2.2. 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.

While selecting projects, 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

2.3. 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.

2.4. Reporting

2.4.1. 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

2.4.2. 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

2.5. External Review

2.5.1. Post-issuance external review

Until the funds procured based on this framework are at least fully allocated to eligible projects, Mori Building intends to obtain reviews from an independent external organization on the status of reporting, including the allocation of proceeds and the disclosure of indicators related to environmental benefits

3. Sustainability-Linked Finance Framework

3.1. Selection of KPIs

The following KPI will be used for Sustainability-Linked Finances (Sustainability-Linked Bonds / Sustainability-Linked Loans) executed under this framework.

If there is a change in the scope of KPIs aggregation, the latest aggregation scope will be posted on our website at the time of reporting.

KPIs	
KPI-1	GHG emission reduction rate in Scope 1 and 2
KPI-2	Renewable energy consumption rate
KPI-3	Green coverage ratio in large-scale mixed-use development areas
KPI-4	CDP evaluation (climate change)

• KPI-1: GHG emission reduction rate in Scope 1 and 2

Definition

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.

Track record

	FY2019	FY2020	FY2021	FY2022
Total GHG emissions in Scope 1 and 2 (t-CO ₂)	255,983	240,527	219,806	207,185
GHG emission reduction rate in Scope 1 and 2(%) (Base year: FY2019)	Base year	6.0%	14.1%	19.1%

• KPI-2: Renewable energy consumption rate

Definition

Percentage of electricity consumption by the Company and its consolidated subsidiaries that is generated from renewable energy sources.

Track record

	FY2019	FY2020	FY2021	FY2022
Electricity consumption (MWh)	391,259	371,537	378,781	339,311
Amount of renewable electricity (MWh)	5,049	7,497	9,114	61,486
Renewable energy consumption rate (%)	1.3%	2.0%	2.4%	18.1%

• KPI-3: Green coverage ratio in large-scale mixed-use development areas

Definition

Measure green coverage in major large-scale mixed-use development areas⁷.

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.

Track record

	FY2019	FY2020	FY2021	FY2022
Overall green coverage ratio (%)	—	37.3	37.1	37.9
Total green coverage area (ha)	—	9.6	9.5	10.0
Surveyed areas (quantity)	—	10	10	11

• KPI-4: CDP evaluation (climate change)

Definition

Scores related to climate change as evaluated by CDP

※ When assumptions related to the CDP score change and the KPI change, the latest information will be posted on our website.

Track record

	FY2020	FY2021	FY2022
CDP evaluation (climate change)	—	—	A-

3.2. Calibration of Sustainability Performance Target (SPTs)

Sustainability-Linked Finances executed under this framework will have one of the following SPTs. The SPTs to be used, the date of determination of the SPTs, and the score of the applicable SPTs will be identified in the statutory disclosure documents (for bonds) or contract documents (for loans) (hereinafter in this chapter referred to as statutory disclosure documents, etc.) at the time of each financing execution.

SPTs	
SPT-1	GHG emission reduction rate in Scope 1 and Scope 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.
SPT-2	100% renewable energy ratio by FY2030
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)

⁷ ARK Hills, ARK Hills Sengokuyama Mori Tower, ARK Hills South Tower, Atago Green Hills, Motoazabu Hills, Holland Hills, Omotesando Hills, Roppongi Hills, Toranomon Hills Mori Tower, and Toranomon Hills Business Tower (Completed by 2021 as to all aforementioned); Toranomon Hills Residential Tower (Completed in 2022); Toranomon Hills Station Tower (Completed in 2023); and Azabudai Hills (Completed in 2023)

3.3. Bond/Loan Characteristics

The characteristics of Sustainability- Linked Finance bonds/loans executed under this framework will change depending on the achievement status of SPTs. The details of the changes will be specified in the statutory disclosure documents, etc., at the time of each financing, including (1) "step up/step down in interest rate," (2) "Donations," or (3) Purchasing "emission credits or certifications."

Even if Mori Building changes the SPT after the Sustainability-Linked Finance is executed, the SPT for the Sustainability-Linked Finance that has already been executed will not be changed. However, in the situation of an event that may have a significant impact on the assumptions used in measuring the KPI, setting the SPT, or the scope of the KPI (M&A activities, significant changes in regulatory or other institutional aspects, or the occurrence of unusual events, etc.), we may revise the Sustainability-Linked Finance SPT that we have already executed. The details of the review will be disclosed on our website (or we report them to the lender in the case of loans).

(1) Step Up/Step Down Interest Rates

In the case of step up

Suppose a third-party verified report stating that the SPTs have been achieved is not received by the determination date. In that case, the interest rate will step up at the annual rate specified at the time of financing from the interest payment for the interest period beginning after the Determination Date until the redemption/repayment date (or if otherwise specified in the statutory disclosure documents, etc., by the due date).

In the case of step down

Suppose a third-party verified report stating that the SPTs have been achieved is received by the determination date. In that case, the interest rate will step down at the annual rate specified at the time of financing from the interest payment for the interest period beginning after the Determination Date until the redemption/repayment date (or if otherwise specified in the statutory disclosure documents, etc., by the due date).

(2) Donations

Suppose a third-party verified report stating that the SPTs have been achieved is not received by the determination date. In that case, 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.

(3) Purchasing emission credits or certifications

Suppose a third-party verified report stating that the SPTs have been achieved is not received by the determination date. In that case, we 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.

The emission credits or certificates to be purchased will be determined with the necessary approvals prior to 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, we will make a donation to qualified donation recipients.

3.4. Reporting

Mori Building will report on the following items. The reporting period is the fiscal year preceding the fiscal year to which the reporting date belongs. The contents of the report will be disclosed on our website (or we report them to the lender in the case of loans).

No.	Information to be Reported	Reporting Frequency
1	Performance of the KPIs	Annually until the final determination dates, starting from the fiscal year following the year of issuance of each Sustainability-Linked Finance
2	Performance against the SPTs	
3	Up-to-date information of Sustainability strategies relative to the KPIs and SPTs	
4	<ul style="list-style-type: none">• 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.	Timely

3.5. Verification

The 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 our website (or we report them to the lender in the case of loans).