

# ELIGIBLE COMMERCIAL BUILDINGS JAPAN

## Low Carbon Buildings Criteria under the Climate Bonds Standard



### What are the Low Carbon Buildings Criteria?

They are the technical standards that buildings (or a portfolio of buildings) must satisfy to be eligible as nominated use of proceeds in a Certified Climate Bond. Any bond being certified must also meet the reporting and transparency requirements of the overarching [Climate Bonds Standard](#).

This brochure outlines the Buildings Criteria for commercial buildings in Japan. For full details on the methodology and requirements, see the detailed [Criteria document](#).

### When is a Japan commercial building eligible for certification?

It is eligible for certification if it meets the following Climate Bonds requirements:

- It meets the low carbon emissions trajectory OR an approved proxy

- It has or will undergo an upgrade or retrofit which reduces its emissions intensity by 30-50% (depending on the tenor of the bond).

### What do the low carbon emissions trajectories or proxy represent?

They represent rapid decarbonisation trajectories aligned with the goals of the Paris Agreement to limit global warming to no more than 2 degrees above pre-industrial levels, and ideally no more than 1.5 degrees. Trajectories are expressed as an emission intensity metric: kg CO<sub>2</sub>e/m<sup>2</sup> while proxies are expressed using a range of building codes and rating scheme including build year or post occupancy performance rating and standards.

### How have trajectories and proxies been established?

Trajectories have been established by taking the emissions intensity of the top 15% of buildings in that city and drawing a linear pathway down to zero carbon in 2050.

They are location specific to reflect a number of factors which vary significantly by region. Proxies use differing techniques to measure the correlation between an established code of rating scheme and its ability to produce emissions reductions in-line with the Criteria & rapid decarbonisation.

### Where can issuers go to find more information to check compliance?

The trajectory for Japan is illustrated in the box below. More information about compliance for Japan can be found on the [Low Carbon Building's Commercial Criteria page](#)

### Want more information?

Contact [certification@climatebonds.net](mailto:certification@climatebonds.net) regarding portfolio/asset certification.

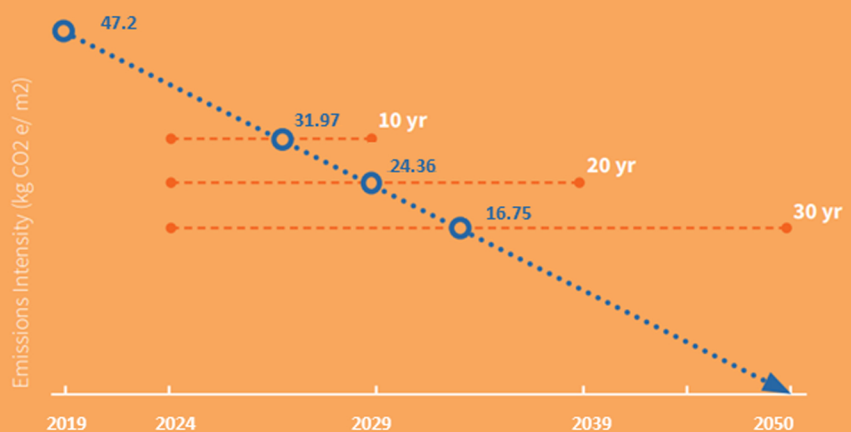
## Tokyo Trajectory

Commercial buildings are eligible for certification if the asset's emissions intensity lies below the established hurdle rate

The trajectory chart (figure 1) shows the established low carbon buildings trajectory for commercial buildings in Greater Tokyo Area. Any building is eligible if it meets the emissions intensity target for the mid-point of their bond.

For example, for a 10-year bond issued in 2024, the emissions intensity at the time of issuance for a building in Tokyo must be at or below 31.97 kg/CO<sub>2</sub>e.

Figure 1. Low carbon trajectory for Greater Tokyo Area

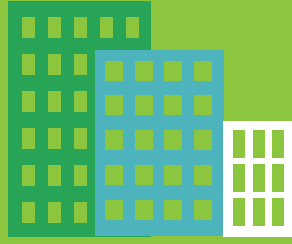


**Note:** Examples have been included for three different bond tenors, 10 yr, 20 yr, and 30 yr showing how the desired tenor of the issuer effects the emissions intensity target of the bond.

## How is an emissions performance trajectory established?

### Steps for developing a trajectory

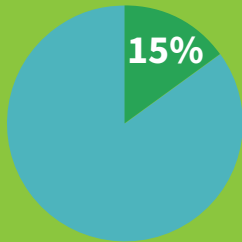
Each trajectory uses the same approach, making global reporting more harmonised, allowing issuers and investors to compare across markets. The following steps highlight the fundamentals.



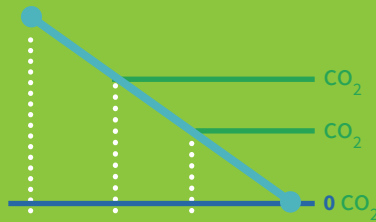
Trajectories are established for specific building types (offices, hotels, shopping centers) on a city/region or country basis where data is available.



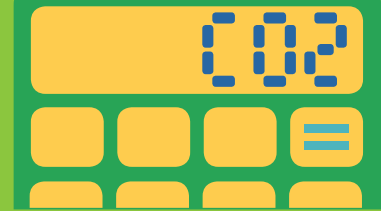
Trajectories are used to derive emissions performance targets that bond issuers must achieve to gain Climate Bond Certification.



The start of the trajectory is the top 15% most emission efficient buildings in a city given as the carbon intensity metric  $\text{kg CO}_2/\text{m}^2$ .



Trajectories are linear and aim for zero emissions in 2050. This means emissions performance targets for bond issuers become more demanding over time.



The Climate Bonds  $\text{CO}_2$  Target Calculator automatically calculates the emissions performance targets for an issuer based on city, building type, bond issuance year and bond term.