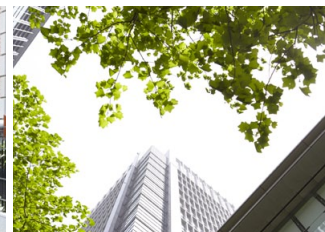
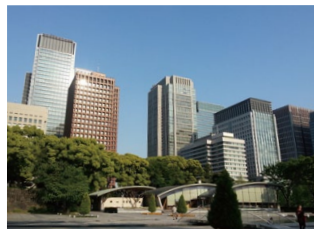


Mitsubishi Estate Group  
**CSR Report 2013**





A Love for People  
A Love for the City



# Editorial Policy

The Mitsubishi Estate Group began publishing its *Environmental Report* in fiscal 2000 to provide an overview of its environmental initiatives. Beginning in fiscal 2005, the Group expanded the coverage of the report to include corporate social responsibility and began calling it the *CSR Report*.

## Scope

The organizations covered in this report are Mitsubishi Estate and the 44 Group companies listed below.

Business Group	Company Name	Business Segment
Property Management and Office Leasing	Mitsubishi Estate Building Management Co., Ltd.	
	Mitsubishi Jisho Property Management Co., Ltd.	
	Hokuryo City Service Co., Ltd.	
	Yuden Building Kanri Co., Ltd.	
	Grand Parking Center Co., Ltd.	
Commercial Asset Management and Development	Tokyo Garage Co., Ltd.	Building Business
	Marunouchi Heat Supply Co., Ltd.	
	Sunshine City Corporation	
	Sunshine BS Corporation	
	Sunshine Enterprise Corporation	
	Ikebukuro District Heating and Cooling Co., Ltd.	
Retail Property	Tokyo Kotsu Kaikan Co., Ltd.	
	Marunouchi Direct Access Limited	
	Mitsubishi Jisho Retail Property Management Co., Ltd.	
	Yokohama Sky Building Co., Ltd.	
	Yokohama Swimming Center Co., Ltd.	
Residential Development	IMS Co., Ltd.	Residential Business
	Mitsubishi Estate-Simon Co., Ltd.	
	Izumi Park Town Service Co., Ltd.	
	Mitsubishi Jisho Community Co., Ltd.	
	MT Community Staff Co., Ltd.	
	Ryoei Life Service Co., Ltd.	
	Higashinohon Kaihatsu Co., Ltd.	
	MEC Urban Resort Tohoku Co., Ltd.	
	Mitsubishi Estate Home Co., Ltd.	
	Mitsubishi Estate Housing Components Co., Ltd.	
	Mitsubishi Jisho Residence Co., Ltd.	
Investment Management	Towa Nasu Resort Co.	Investment Management
	MEC eco LIFE Co., Ltd.	
Architectural Design and Engineering	Mitsubishi Jisho Investment Advisors, Inc.	Architectural Design
	Japan Real Estate Asset Management Co., Ltd.	
Hotel Business	Mitsubishi Jisho Sekkei Inc.	Hotel Business
	MEC Design International Corporation	
	Royal Park Hotels and Resorts Co., Ltd.	
	Yokohama Royal Park Hotel Co., Ltd.	
	Tohoku Royal Park Hotel Co., Ltd.	
Real Estate Services	Royal Park Shiodome Tower Co., Ltd.	Real Estate Services
	Royal Park Hotel Co., Ltd.	
Corporate Group	Royal Park Hotel Management Co., Ltd.	Other
	Mitsubishi Real Estate Services Co., Ltd.	
	Mitsubishi Jisho House Net Co., Ltd.	
	MEC Information Development Co., Ltd.	
	Keiyo Tochi Kaihatsu Co., Ltd.	
	MEC Human Resources, Inc.	

In addition, the report covers some initiatives of the Rockefeller Group, a U.S.-based subsidiary, MEC UK Limited, a UK-based subsidiary, and Mitsubishi Estate Asia Pte. Ltd., a Singapore-based subsidiary.

Environmental performance data\* primarily covers the following organizations, which are among those that have acquired ISO 14001 certification.

- Property Management and Office Leasing Group and Commercial Asset Management and Development Group of Mitsubishi Estate Co., Ltd.
- Mitsubishi Jisho Community Co., Ltd.
- Mitsubishi Estate Home Co., Ltd.
- Mitsubishi Jisho Sekkei Inc.
- Royal Park Hotels and Resorts Co., Ltd.
- Royal Park Hotel Co., Ltd.

\* Information and indicators of the environmental impact of business operations and environmental initiatives

## Period

This report covers fiscal 2012 (April 1, 2012 to March 31, 2013), but also includes information pertaining to other fiscal years.

## Reference guidelines

- *Sustainability Reporting Guidelines 2006*, Global Reporting Initiative (GRI)
- *Environmental Reporting Guidelines* (2012 edition), Ministry of the Environment, Japan

Please see pages 41–44 for the GRI Content Index.

**Publication date:** December 24, 2013

## Next issue:

The next issue is scheduled for publication in December 2014.

## Production overseen by:

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## Resolving social issues with creative urban development

*Hirotaka Sugiyama*

**Hirotaka Sugiyama**  
President & CEO  
Mitsubishi Estate Co., Ltd.

### **A history of urban development that meets social needs**

Throughout its history, the Mitsubishi Estate Group has put into practice its basic mission to “contribute to society through urban development” as it responds to the social imperatives of each age.

In the Meiji era (1868–1912), Japan was attempting to modernize and catch up with Europe and the U.S. In 1890, Mitsubishi bought a piece of land next to the Imperial Palace now known as Marunouchi from the government, and built a street lined with brick buildings that came to be called “a block of London” in order to create an office district suited to the modern state. This is also the site of the Group’s roots in the building business and the architectural design business. The period spanning the Taisho era (1912–1926) to the first years of the Showa era (1926–1989) was characterized by expanded rights for Japan’s citizens, improved living standards and the modernization of management. It was during this period that Mitsubishi constructed the Marunouchi Building, which adopted architectural theory and techniques from the United States and included a shopping area, and also established Mitsubishi Estate.

During the high-growth period of the Showa era, the Group redeveloped the Marunouchi district and built buildings in Japan’s major cities, and also launched its housing business and real estate services business. These endeavors addressed heightened demand for office buildings, the balanced development of national land, and the improved quality of housing. After Japan’s economic bubble burst, Mitsubishi began rebuilding the Marunouchi district in 1998 to adapt to society’s maturation and address society’s environmental concerns, aspiring to attract not only business people, but also shoppers and tourists from Japan and overseas to create a safe and secure community with the liveliest interaction in the world. The Group continues to strengthen its commercial facility business, urban development business, investment management business, overseas business and hotel business, among others.

As such, the Group has a long history in creating communities that demonstrate solutions to the leading social issues of the times.

### **Enhancing competitiveness of Tokyo’s Marunouchi district to contribute to the national growth strategy**

In recent years, major cities in Asia such as Singapore, Hong Kong and Shanghai have actively worked to attract multinational companies and the employees needed to run them. At the same time, the Japanese government has taken up the task of pulling the country out of its prolonged deflation and is implementing a new national growth strategy. Raising the convenience of doing business in Tokyo, where corporate headquarters and high-tech manufacturing are very concentrated, is an extremely effective means of facilitating this growth strategy. The Marunouchi area, a transportation hub and the location of many influential companies, is the foundation of our competitiveness. Enhancing the area’s value will contribute to sustainable growth for both Japan and the Mitsubishi Estate Group.

The Marunouchi area has already been designated as a special zone under various programs by the national government and municipal government. In 2012, the Strategic Growth Center Project was launched to attract and support the business development of foreign companies which do not yet have a presence in Japan, as well as small and medium-sized companies aspiring to global expansion. This initiative was in conjunction with the opening of the Business Development Center Tokyo, which Mitsubishi Estate was commissioned to operate by the Tokyo Metropolitan Government. We will continue to create business opportunities and train human resources to create new value in the Marunouchi area by globalizing the area, augmenting its functions as a business center and building an innovation platform.

### **Forward-thinking initiatives to address environmental problems**

Environmental issues are more front and center than ever in Japan, given the energy problems following the Great East Japan Earthquake, heightened global concerns over biodiversity and the advancing signs of climate change.



The Mitsubishi Estate Group Long-term Environmental Vision sets our course through 2050, and “eco-conscious” is one of the pillars of our medium-term management plan, “BREAKTHROUGH 2020.” We have made no secret of our intention—internally or externally—of becoming an environmental leader in every field where we do business. Accordingly, in each business, we are pursuing forward-thinking environmental initiatives such as utilizing renewable energy and introducing the latest environmentally friendly technologies.

We do not see our environmental effort as an obligation or a cost, but rather as the key to the Group’s sustainable growth and the origins of its competitiveness. This conviction brings the entire Group together as one to address environmental issues.

As a specific example, in May 2013, we completed the Kayabacho Green Building, which utilizes cutting-edge environmental technology that reduces energy consumption by 45% compared to today’s standard buildings. Building tenants cooperated with our data compilation, and we are using the results as input into our designs for new large-scale buildings, aiming to set the bar for next-generation office buildings. Also with tenants, we launched a project to verify a scheme for optimizing electricity use in the Shin-Marunouchi Building, envisioning the “urban smart city” of the future in the Marunouchi area. We aim to develop a district-wide energy management system that is environmentally friendly and also boasts superior disaster preparedness.

In the housing business, Mitsubishi Jisho Residence Co., Ltd. and MEC eco LIFE Co., Ltd. are vigorously promoting *soleco*, an eco-friendly home system that combines a collective-access high-voltage power receiving system with solar panels, and *soleco jozu*, a new hot water supply system using solar heat, in the condominium, The Parkhouse. In addition, Mitsubishi Estate Home Co., Ltd. is offering zero-energy homes in its single-unit housing portfolio.

## Ongoing community revitalization projects

Revitalizing farming and mountain villages is another issue facing Japanese society. The Group has been carrying out the “Experience Nature” Project in Hokuto City, Yamanashi Prefecture, since 2008 to encourage interaction between urban and rural areas. We felt that this was a sustainable project since it does not simply seek to contribute to society, but also links our core operations to the resolution of social issues, and we have continued to encourage Group employees to participate in hands-on projects and workshops. Mitsubishi Estate Home has collaborated with Yamanashi Prefecture and forest product manufacturing, processing and distribution businesses to utilize timber grown in the prefecture in its housing construction and contribute to the stable procurement of high-quality timber with clear traceability and the revitalization of the timber industry.

Recovery from the Great East Japan Earthquake, which decimated Japan’s Tohoku region, remains a major social challenge. Mitsubishi Estate continues to support the Rebirth Tohoku Food Project, which seeks to revitalize the Tohoku food

brand by encouraging top chefs at Marunouchi restaurants to use ingredients from the region. We are also working with the Reconstruction Agency and local governments to support community development and industrial reconstruction in Tohoku.

## Reinforcing the foundation for CSR initiatives

In order to fulfill our corporate social responsibility (CSR), we utilize the Group’s management resources to exert a positive impact on stakeholders and society, as well as minimizing negative impact as much as possible.

Governance is the foundation for these efforts. We recently formed an independent Risk Management Committee, raising its profile from that of a sub-committee under the CSR Committee. This and other steps reinforce our commitment to constantly identifying and addressing risk company-wide.

Moreover, we believe that, as our business expands globally, it is even more essential that we remain aware of issues such as compliance, equitable competition and trading, communication with customers, and human rights, and that we always practice appropriate corporate conduct. We established the Mitsubishi Estate Group Code of Conduct and the Mitsubishi Estate Group Guidelines for Conduct and strive to ensure all employees put them into practice. Identifying and addressing risks as well as training will ensure that we keep making progress.

## Urban development is all about creating shared value

Companies essentially aspire to stay in business, but those which want to succeed for the long term know they can only do so if their businesses actually help society. This implies that we must continually refine our sensitivity to social needs.

Toward this end, we call upon every Group employee to demonstrate people skills, real estate skills, job performance skills, management skills and global readiness, and work with others “As One Team,” transcending any organizational boundaries. Human resources such as these are further developed as we augment our training programs and offer systematic on-the-job training (OJT). Diversity is also key. The Group has steadily increased the number of female managers, and we will continue to focus on hiring women and people with disabilities in the future as we foster a culture of diversity and sensitivity.

The “Creating Shared Value” (CSV) approach is effective in our CSR initiatives because it helps us to leverage our businesses to address social issues directly. This, in turn, creates new value to be shared with stakeholders and generates higher revenues. Creating shared value is, in fact, the very essence of our urban development business.

All of us at the Mitsubishi Estate Group are determined to keep addressing contemporary social issues as we develop communities that light the path to a more sustainable world. That’s what we mean by “A Love for People, A Love for the City.”



# Creating New Community and Lifestyle Value by Resolving Social Issues

1

Pursuing eco-friendly lifestyles with energy conservation, together with our customers



The Mitsubishi Estate Group carries out a full range of business activities in the building, residential, urban development, and hotel sectors, covering every phase from planning and development to leasing, sales, facility management and maintenance. Our stakeholders are everyone who lives or visits the communities we develop. The Mitsubishi Estate Group works to accurately identify social needs and issues, then meet the needs and create value that helps resolve the issues. By winning support in this way from stakeholders, we expect to deliver sustainable growth. This special feature introduces three initiatives that the Mitsubishi Estate Group is pursuing to create shared community and lifestyle value by resolving social issues.

2

Promoting sustainable use of forest resources, together with our business partners



3

Community development to enhance Japan's and Tokyo's international competitiveness





# Pursuing eco-friendly lifestyles with energy conservation, together with our customers

## Social Issue Demand for energy conservation and reductions in CO<sub>2</sub> emissions

Humanity is confronted by pressing environmental problems. Japan has taken measures to conserve energy and reduce CO<sub>2</sub> in the hopes of helping to resolve these problems, but CO<sub>2</sub> emissions in the household sector continue to increase. Use of renewable energy has been a greater focus of attention since the Great East Japan Earthquake, and the revised Energy Conservation Act implemented in 2013 raised the energy conservation standards for windows, heat insulating materials and kitchen and bathroom devices. All newly built homes will have to comply with the new energy conservation standards by 2025. Construction of high-quality housing stock is required to build a sustainable society.



Hot water supply system using solar energy absorbers



Solar power generation

## Basic Stance MEC eco LIFE and Mitsubishi Jisho Residence approach

MEC eco LIFE Co., Ltd., established in February 2008, drives the Mitsubishi Estate Group's condominium business to achieve environmental compatibility. The company conducts research and makes proposals on environmentally friendly design and the introduction of renewable energy, and also carries out research on renovating and reusing existing buildings. The cutting-edge products and services produced by this company are adopted in

the Group's condominium brands such as The Parkhouse, a line of built-for-sale condominiums from Mitsubishi Jisho Residence Co., Ltd. Going forward, MEC eco Life and Mitsubishi Jisho Residence will collaborate and pool their expertise to contribute to harmonious coexistence with the environment through energy conservation, as well as to create ever-more pleasant and convenient housing.

### Milestones for MEC eco Life

2009	<ul style="list-style-type: none"> <li>• Development of <i>soleco</i>, a style of condominium that combines collective-access high-voltage power receiving system with solar panels</li> <li>• Recognition as a best practice model under the Ministry of Land, Infrastructure, Transport and Tourism's new greenhouse gas reduction project</li> <li>• Business plan for Park House Kichijoji Oikos, an "eco condominium"</li> </ul>
2010	<ul style="list-style-type: none"> <li>• <i>soleco</i> wins the Fiscal 2010 Good Design Award</li> </ul>
2011	<ul style="list-style-type: none"> <li>• Park House Kichijoji Oikos wins the Fiscal 2011 Good Design Award and the Japan Association for Real Estate Sciences' Eighteenth Prize</li> <li>• Concept proposal for The Parkhouse Chigasaki Higashikaigan Minami based on the "smart select concept" for new condominium development</li> <li>• Development of <i>sōlev</i>, an electric vehicle recharging system</li> <li>• <i>soleco jazu</i> (a hot water supply system using solar heat) selected for Tokyo Municipal Government's Fiscal 2011 Proposal Project for New Solar Thermal Technologies</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Website "<i>sumai LAB</i>" wins fiscal 2012 Good Design Award</li> </ul>



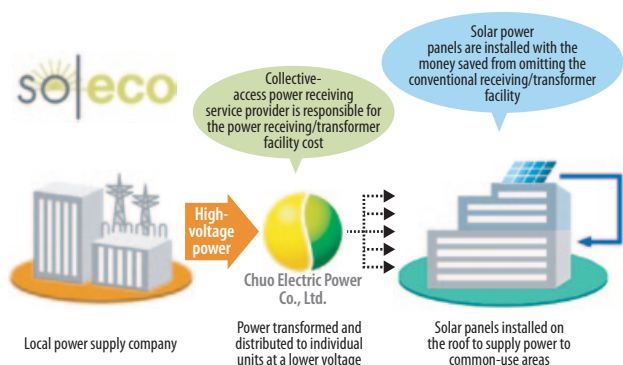


**Achievements** Development of cutting-edge environmental technology

**soleco—Combining collective-access high-voltage power receiving system with solar panels**

soleco is an environmental system developed in 2009 by MEC eco Life. Chuo Electric Power Co., Ltd., the provider of a collective-access, power-receiving service, forms high-voltage contracts with electric companies for the condominiums on a collective basis and transforms the power to a lower voltage for distribution to individual units. This results in a reduction in electricity costs for residents. In addition, MEC eco Life installs solar power panels, with the power generated used in common-use areas. Use of solar power not only helps to reduce CO<sub>2</sub> but also cuts electricity rates in common-use areas. As of June 2013, Mitsubishi Jisho Residence had installed solar panels in 32 new built-for-sale condominiums.

**Business model for collective-access high-voltage power receiving system with solar power panels**



**sölev—System compatible with electric vehicles**

sölev is a system that enables users to set up personal electrical outlets for charging electric vehicles in the parking lots of condominiums equipped with soleco. This mitigates the inconvenience associated with owning and using electric vehicles by keeping the construction costs borne by individual users low and providing a flat-rate system for usage.

**soleco jozu—Hot water supply system using solar heat**

This system heats water using solar energy absorbers installed on the roofs of condominiums. When installed on the roof of a nine-floor condominium with 32 units, gas consumption is reduced by 12–15% a year and CO<sub>2</sub> emissions are cut by 5,843 kg (our estimate).

**soleco fit—Plans for existing condominiums**

soleco fit is a service that introduces soleco at existing condominiums managed by Mitsubishi Jisho Community Co., Ltd. started in September 2012. Plans tailored to the needs of each condominium are prepared, such as a plan that lowers the electric rates for exclusive-use areas or common-use areas without any additional fees, and plans that lower the electric rates for both exclusive-use areas and common-use areas with the condominium association bearing costs to some degree.

**Vision**

**We offer diverse value, beginning with energy conservation, for a residence's entire life cycle.**

Shinji Karasawa, Director, MEC eco LIFE Co., Ltd.

**Value for society and customers**

- Achieving energy conservation and cost-reductions for residences
- Raising customers' awareness of energy conservation

**Creating shared value through MEC eco Life and Mitsubishi Jisho Residence's cutting-edge eco-friendly condominium proposals**

**Value for the Mitsubishi Estate Group**

- Raising The Parkhouse's appeal and brand strength

Energy conservation, long life, safety and comfort are not only housing values held by individuals, but also social assets supporting more sustainable lifestyles. The Mitsubishi Estate Group aspires to contribute to the creation of high-quality housing stock by offering high added value throughout the life cycle of residences, from the supply of new homes to the resale, rental, management and renovation of existing housing. Environmentally friendly housing also benefits household budgets and contributes to healthier lifestyles. In fiscal 2013, we will focus closely on contributions to better health, a major issue for Japan, whose population is aging at one of the fastest rates in the world. One such effort is the Mitsubishi Jisho Residence Lounge, which was opened in April 2013 to serve as a one-stop source of information and services on residences to existing customers as well as new members. We will continue to provide customers and the general public with valuable housing, particularly environmentally friendly condominiums.





## Next Step 1

## Condominium Household Account Book

Mitsubishi Jisho Residence and MEC eco Life began distributing Condominium Household Account Books to The Parkhouse customers and those considering a purchase in March 2013. These account books present indicators for energy efficiency as “money (costs)” for each unit. The account book makes it easy to ascertain the cost of condominium living by presenting “home fuel consumption,” which shows the electricity charges for air conditioning and heating; “lifestyle fuel costs” for electricity costs for electrical appliances such as lighting, refrigerator, washing machine and television as well as water and sewage costs, gas rates; “management costs” and “repair reserve costs,” which include fuel costs for the condominium’s common-use areas; and “lifestyle tax,” incurred every year after the condominium is purchased. Since fuel efficiency differs depending on the number of floors, orientation and size of the rooms, the account book includes a table of simulation results of annual air conditioning and heating costs per individual unit, which enables users to compare and consider “home fuel consumption.” In addition, advice on daily energy conservation is

provided, including tips on efficient operation of air conditioning units. This initiative preempts the concept behind Japan’s revised Energy Conservation Act, to go into effect in October 2013, and is also an attempt to make household energy consumption more “visible” as a cost (fuel costs). We will continue to incorporate our knowledge and techniques in the Condominium Household Account Book to make further reductions in energy consumption, and will offer support to our customers so that they reduce energy consumption in their daily lives.



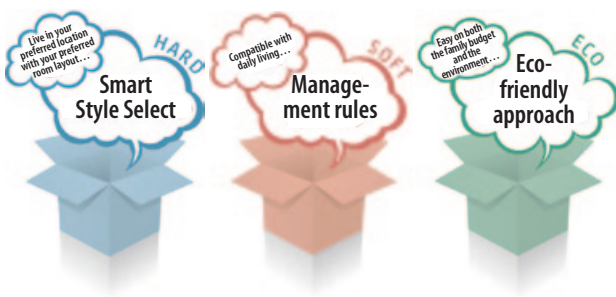
## Next Step 2

## Smart Select Concept

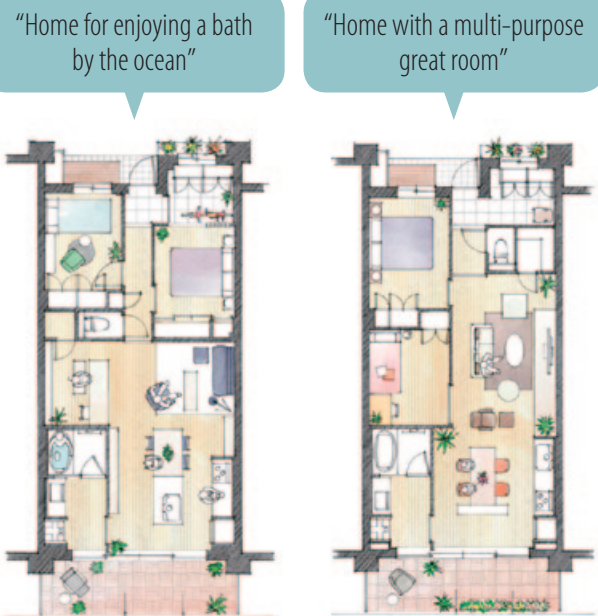
Mitsubishi Jisho Residence and MEC eco Life offer the Smart Select Concept for next-generation condominiums to give concrete shape to customer demands. The Smart Select Concept consists of three elements: the “Smart Style Select” system to give customers a choice of room arrangement, “management rules” tailored to the customer’s lifestyle, and an “eco-friendly approach” that is easy on both the family budget and the environment. Smart Style Select is the foundation of this concept. By using the Skeleton-infill system, customers can arrange the interior decorating and equipment without affecting the framework and pipes. This way, customers can arrange the rooms on their own, including the kitchen and bathroom, and can choose from a wider range of plans than previously. Moreover, the customers have more flexibility than in conventional renovations if adjustments need to be made to adapt to changes in their lifestyle and family makeup, and maintenance is also simple. This improves the ease of daily living and extends the life of the home.

In October 2012, The Parkhouse Chigasaki Higashikaigan Minami, the first condominium to be constructed in line with this concept, was completed. There are eight types of Smart Style Select plans, each featuring a different design and layout concept with a thematic name like “a home for enjoying a bath by the ocean” and “a home for the surfing lifestyle.” Moreover, condominium management rules have been revised to relax restrictions on roof entry and garden use. Environment-friendly housing appliances and equipment such as *soleco*, *sölev*, LED lighting and motion sensors have been adopted.

### Three elements supporting the Smart Select Concept



### Example of room layout plan

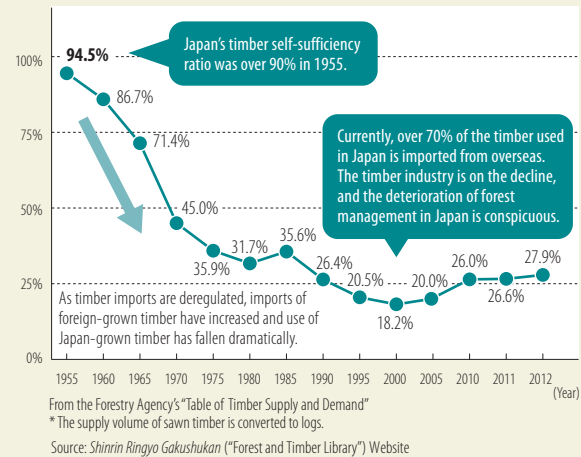


# Promoting sustainable use of forest resources, together with our business partners

## Social Issue Demand for a supply chain utilizing high-quality Japan-grown timber

As emerging economies continue to grow, the increasing global demand for timber used in housing and other applications has spurred illegal logging driven by short-term economic interest at the expense of forests. Forest degradation caused by logging and clearing has resulted in the loss of biodiversity and this may be contributing to climate change. In Japan, the self-sufficiency ratio for timber was over 90% in 1955, but subsequently the deregulation of the import of cheap foreign-grown timber led to a sharp rise in the percentage of timber bought from overseas sources. This has contributed to the collapse and depopulation of Japan's mountain forest areas while also raising the risk of forest destruction overseas. In light of these issues, the housing industry is under pressure to develop a new supply chain that uses high-quality Japan-grown timber and provides traceability.

### Trends in usage of domestic timber in Japan



## 2000 Start of program to use Japan-grown timber

Prior to 2000, when the international community started taking steps against illegal logging of forests, Mitsubishi Estate Home Co., Ltd. switched from plywood using lauan, a tropical wood, to conifer plywood. In 2008, new technology for making plywood out of small-diameter Japan-grown conifers was developed. This made it possible to adopt structural plywood made from Hokkaido larch wood as a standard feature in the company's custom-built homes, aiming to secure adequate use of forest

resources, enable a stable supply of timber, and raise the quality of its homes even further. In addition, in 2009 the company began an initiative to utilize Japanese cypress grown in Oita and Miyazaki Prefectures for its foundations and lumber girders. By using Japan-grown timber with clear traceability, we can avoid forest degradation and labor relations risks that typically accompany the use of foreign-grown timber, while also contributing to the rebirth of Japan's forest industry.

## 2008 Realizing synergies through the "Experience Nature" Project

Mitsubishi Estate has been implementing the "Experience Nature" Project (see page 17) in collaboration with the NPO Egao Tsunagete (which literally means "connecting smiles" in Japanese) since fiscal 2008. Egao Tsunagete is based in Hokuto City in Yamanashi Prefecture and works to restore abandoned farmland. This project gives Group employees and their families, as well as people who work in the Marunouchi district, opportunities to participate in experiential tours on farms and in forests, aiming to help create solutions for urban and rural problems by bringing together residents of both types of regions. Mitsubishi Estate Home, which participated in the project from the beginning, learned in workshops that Yamanashi Prefecture's timber was not adequately utilized, and began searching for residential applications. In 2010, I-type joists with the Certified Yamanashi Prefecture-Grown label were produced in collaboration with the Mitsubishi Estate Housing

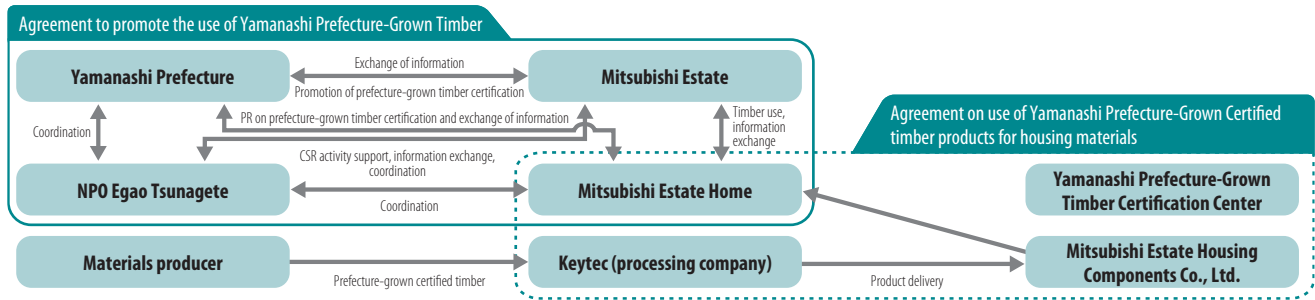
Components Co., Ltd. and adopted as standard features in custom-built homes together with laminated veneer lumber (LVL).\* In addition, in 2011 Mitsubishi Estate, Mitsubishi Estate Home, the NPO Egao Tsunagete and Yamanashi Prefecture signed a formal agreement to promote the use of Yamanashi Prefecture-Grown Timber.

\* Both materials are used in major structural components such as the beams and floor framing of wood-built homes.





## Agreement on use of Yamanashi Prefecture-grown timber



## 2012 Raising the ratio of Japan-grown timber use even further

The percentage of Japan-grown timber used in structural materials by Mitsubishi Estate Home increased from 35% in fiscal 2009 to 50% in fiscal 2012, putting it in the top class for 2x4 housing manufacturers. Much of this growth was driven by the December 2012 adoption of timber from thinned, small-diameter larch trees and others grown in Yamanashi Prefecture and Iwate Prefecture's Koiwai Farm for use as structural plywood in new custom-built homes.



FSC®-certified structural plywood



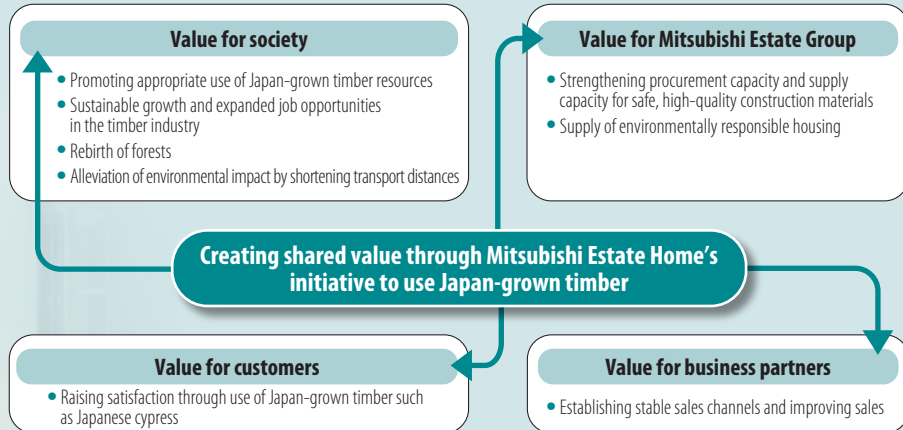
Structural plywood made from wood from Koiwai Farm

The FSC® logo mark issued by the Forest Stewardship Council certifies that the wood or fibers used in the product were produced from forests managed properly in terms of the environment, society and the economy. The mark provides a guarantee that the forest was assessed by an independent third-party organization based on principles and standards stipulated by the Council.

### Vision

**We aspire to use 100% Japan-grown timber, benefiting from its quality, price and stable supply.**

Seiichi Suzuki, General Manager, CSR Department, Mitsubishi Estate Home Co., Ltd.



In order to resolve the problems of illegal logging concentrated in Southeast Asia, the loss of forest resources and the decline of Japan's forestry industry, we must build a new supply chain—a framework for the stable procurement and supply of Japan-grown timber boasting quality and prices that can stand up to cheap imported timber. We have undergone considerable trial-and-error with timber-producing regions and processors over the decades together with the Mitsubishi Estate Group. Our collaboration with Yamanashi Prefecture and processing companies and obtaining the FSC-CoC certification for the entire timber supply process at our construction sites represents the success of these efforts.\* We hope to work with stakeholders going forward to build homes in which 100% of their structural materials use Japan-grown timber.

\* Mitsubishi Estate Housing Components Co., Ltd. obtained the FSC-CoC certification in 2010, certifying that the timber was grown in a forest planted and properly managed according to a sustainable plan.












# Community development to enhance Japan's and Tokyo's international competitiveness

## Social Issue

### Intensifying competition with Asia's major cities as Tokyo vies for preeminence as a global city

The rapid growth of emerging economies means that Tokyo is facing more intense competition with other major cities in Asia such as Singapore, Hong Kong and Shanghai for the position of preeminent global city. A decline in Tokyo's global presence could undermine Japan's economic vitality. To address this problem, in 2010 the Tokyo Metropolitan Government announced a proposal to set up the Special Zone for Asian Headquarters with the aim of attracting foreign companies and making Tokyo the preferred site for their regional headquarters and R&D centers. The national government has also proposed the formation of national strategic economic zones in its growth strategy and has been collaborating with the private sector to revitalize cities. Enhancing Tokyo's appeal and attracting multinationals and world-class human resources is the key to realizing Japan's growth strategy.

#### Global competitiveness ranking

Country name	2011	2012	2013
 US	1	2	1
 Hong Kong	1	1	3
 Singapore	3	4	5
 Taiwan	6	7	11
 Malaysia	16	14	15
 China	19	23	21
 South Korea	22	22	22
 <b>Japan</b>	<b>26</b>	<b>27</b>	<b>24</b>
 Thailand	27	30	27

Source: IMD Global Competitiveness Yearbook

## Basic Strategy

### Pursuing Phase 2 of the Marunouchi Redevelopment Project

The Mitsubishi Estate Group has been carrying out the Marunouchi Redevelopment Project since 1998. In the first phase (1998–2007), we created a sense of vitality and excitement in the streets by redeveloping the area around Tokyo Station to transform it into an area where a diverse range of people, from businesspeople to shoppers and tourists, could gather and enjoy themselves. Based on the concept of “the neighborhood with the most spirited interaction in the world,” we transformed this area into a rich and vibrant community, diversifying an area that had focused on business up until that point.

In the second phase (underway since 2008), we aim to expand and deepen the redevelopment to create new forms of value for the area. In addition to spreading this effect throughout the wider Marunouchi area (Otemachi, Marunouchi, Yurakucho), we are focusing on augmenting the area's function as a business center and the globalization of the community in line with its designation as a Priority Urban Development Area and a Special Zone for Asian Headquarters.



Mitsubishi Ichigokan Museum, Tokyo

## Globalizing the Community 1

### Developing human resources for the financial sector

In October 2012, Otemachi Financial City opened in the Otemachi area, where Japanese and foreign financial institutions are concentrated. With the aim of further reinforcing Tokyo's international finance function, Mitsubishi Estate launched the FINE TOKYO center in the same building to provide a hub for the growth and development of international financial professionals suited for the growing sophistication and internationalization of financial services. The center's Education and Interaction Zone can be used for seminars and as a lounge, and building tenants provide a wide range of educational programs for financial professionals.





## Globalizing the Community 2

## Strategic Growth Center Project

Aiming to improve Japan's international competitiveness compared to other Asian cities, Mitsubishi Estate has launched the Strategic Growth Center Project to support foreign companies aiming to enter the Japanese market, as well as domestic venture companies seeking opportunities to expand operations abroad. Up until now, we have pursued an urban brand strategy in our city planning through the Marunouchi redevelopment, but we launched Marunouchi Frontier in 2000 to support venture businesses in our effort to build an innovation platform. In 2007, we opened EGG JAPAN (Entrepreneur Group for Growing JAPAN) in the Shin-Marunouchi Building, combining offices with an array of business development support services and a business club. In October 2012, we set up a Tokyo Client Business Development Office to create new customers in Marunouchi and generate added value.

Mitsubishi Estate is planning to expand EGG Japan in the early autumn of 2013 and further promote Tokyo's international competitiveness by establishing the International Business Support Center (tentative name) as part of the third phase of the Otemachi Chain Redevelopment Project, scheduled for completion in fiscal 2016. The new support center will provide a one-stop source for services to attract and assist overseas companies. Center staff with a high level of specialized knowledge will address inquiries on an individual basis and provide extensive support leveraging collaboration between foreign companies entering the Japanese market and Japanese companies.

Through these initiatives, over the next decade, Mitsubishi Estate aims to create up to approximately 33,000 square meters of office space dedicated to business support services for domestic and foreign businesses in Marunouchi, which will continue to solidify Marunouchi's position at the center of global business.

### EGG JAPAN (Entrepreneur Group for Growing JAPAN)

#### Business Development Support Offices



- Diversified support for steps from starting a new business to expanding a business

#### Tokyo 21c Club (a membership business club)



- Approximately 560 members
- Provides business matching, holds seminars and events

## Globalizing the Community 3

## Providing a reassuring international environment

In addition to providing office space, an atmosphere and services that are reassuring for people from around the world are indispensable in attracting foreign companies to the Marunouchi area. Accordingly, Mitsubishi Estate invited St. Luke's MediLocus, a branch of St. Luke's International Hospital, to open as an international medical service facility in Otemachi Financial City. St. Luke's MediLocus provides medical services in general internal medicine, gynecology and radiology, as well as health support services for members (medical check-ups).

We also plan to set up service apartments that offer a comfortable living environment and a wide range of business

support functions for those needing a medium- to long-term residence in the building currently under construction under the Otemachi 1-1 Plan (tentative name).

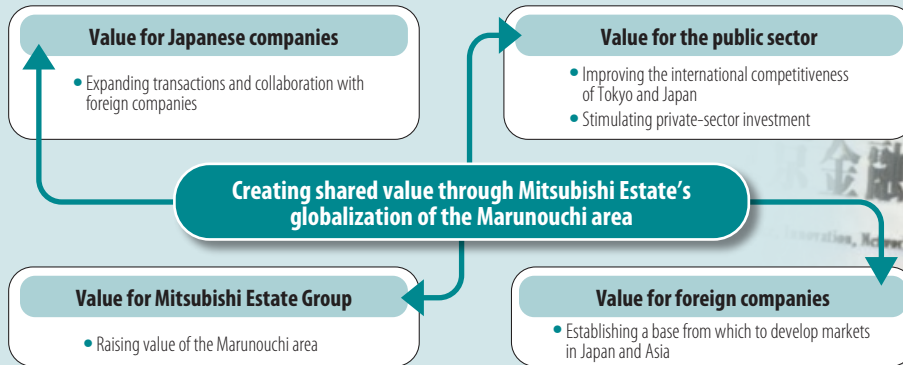


St. Luke's MediLocus

## Vision

We want to create a community in which foreign and domestic companies spur each other on to create new value.

Katsuomi Kidokoro, Deputy General Manager, Area Brand Management Department, Mitsubishi Estate Co., Ltd.



In our Marunouchi redevelopment project, we survey the entire area, not just individual buildings, and consider how best we can enhance appeal and invigorate the area overall from a multifaceted view that looks at business, commerce, culture and tourism, safety and security, and the environment. I would like to see new value created as the foreign and Japanese people and companies gathered in Marunouchi spur one another on to greater heights, so that Marunouchi continues to play a leading role in enhancing the international competitiveness of Tokyo, and of all Japan.



## Highlights

## Further strengthening disaster preparedness

In the third part of the Otemachi Chain Redevelopment Project, a development initiated after the Great East Japan Earthquake, the Mitsubishi Estate Group has added more powerful disaster preparedness functions, such as self-sustaining systems for electricity and water. One example is the installation of emergency power generators for building use that are compatible with both Class-A heavy fuel oil and city gas in order to ensure electricity supply. We will store enough Class-A heavy fuel oil to supply power to common-use areas of buildings for 72 hours. We will ensure a local supply of drinking water by digging wells and installing advanced filtration devices. To help commuters that cannot get back to home in the event of a disaster, we have designated common-use spaces to be made available and are

expanding stockpiles of food and supplies, and collaborating with nearby medical service facilities and pharmacies. We hope that these initiatives will make our buildings themselves disaster resilient, but also make it possible for them to serve as centers for district-wide disaster response.



Adoption of co-generation system



Providing support for stranded commuters

## Improved environmental features in the city

The Otematchi 1-1 Plan (tentative name), planned for the area next to the Imperial Palace moat, will also improve the moat's water quality by setting up water purification equipment and large-scale water storage tanks on the planned site in a collaboration between the private and public sectors. This will enhance the moat's appeal as a tourist site.



## Continuing to practice the basic mission through CSV

The Mitsubishi Estate Group articulates its basic mission as to “contribute to society through urban development,” and the Group faithfully puts this mission into practice to create social value. However, as a for-profit enterprise, it must also create profit and other corporate value in the process of generating this social value. Recently, the concept of creating shared value (CSV) has been advocated as an approach to balancing this kind of social value and corporate value. There are three approaches to CSV, and the three initiatives introduced in the Special Feature precisely illustrate these three approaches.

These three initiatives are the environmentally friendly, energy-saving products and services provided by MEC eco LIFE and Mitsubishi Jisho Residence, the sustainable use of forest resources in Mitsubishi Estate Home’s value chain, and the development of Marunouchi—an important area for the Mitsubishi Estate Group—as the summit of an “international Tokyo.” These endeavors create shared value for both society and the company.

As an urban development company, the Mitsubishi Estate Group has a major impact on people’s lifestyles. The Group’s effort to continue to give back to society enables the Group to help create a better society. While integrating this new concept of CSV into its efforts, I hope that the Group will continue to pursue its basic mission with even greater innovation.

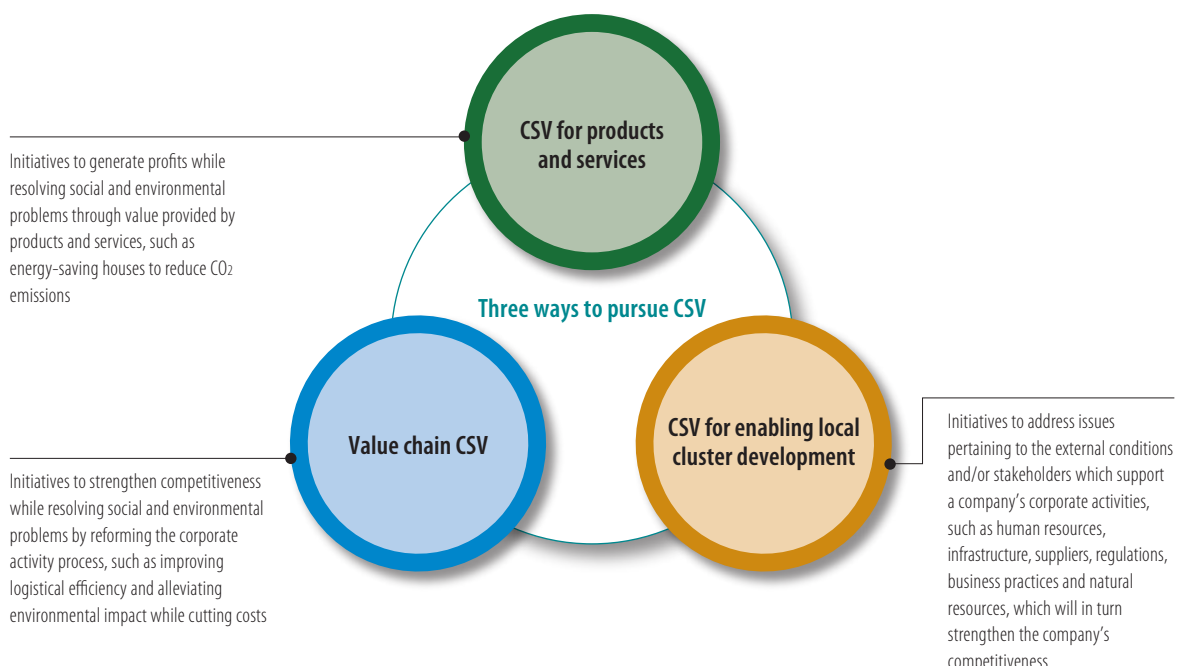


**Takehiko Mizukami**  
CSR/Shared Value Consultant,  
Cre-en Inc.

### What is Creating Shared Value, or CSV?

Creating shared value (CSV) is a new management concept that balances the creation of social value through initiatives tackling social issues with the creation of corporate value through profits and enhanced corporate competitiveness. It presents approaches to maximize the potential of private-sector companies, which by

definition ought to exist to create a better society, and it has attracted attention in light of the wide range of social and environmental issues the world faces today. There are three ways to pursue CSV: CSV for products and services, value chain CSV, and CSV for enabling local cluster development.





# Interacting with Local Communities and the Broader Society

As a good corporate citizen, the Mitsubishi Estate Group values social harmony. The Group makes the most of its unique strengths to build communities and foster social progress.

## Basic Policy and Performance Highlights

### Basic policy on social contribution activities

The Mitsubishi Estate Group Guidelines on Social Contribution Activities were established in April 2008, updating the Group's philosophy on social contribution activities established in 1994 to reflect changes in the issues

#### The Mitsubishi Estate Group Guidelines on Social Contribution Activities

##### 1. Solutions to social issues together with corporate growth

As a good corporate citizen, we work to resolve social issues with the added benefit of achieving corporate growth through such activities.

##### 2. Development of activities characteristic of the Mitsubishi Estate Group

We carry out unique social contribution activities, both within and outside our business spheres, which are characteristic of the Group and utilize its management resources.

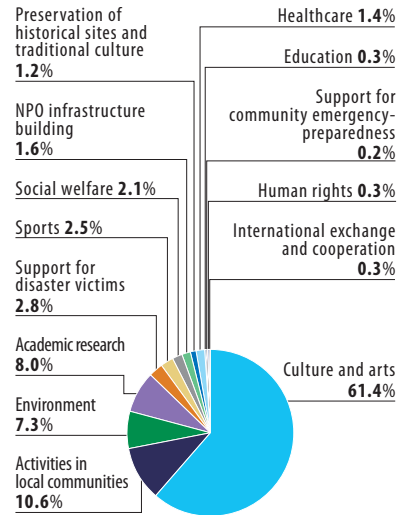
facing society and the need for the entire Group to work together on initiatives.

### Breakdown of expenditures

In fiscal 2012, Mitsubishi Estate spent approximately 1,660 million yen on social contribution activities on a non-consolidated basis, or 1.80% of its

ordinary income. The breakdown is shown below.

### Social contribution performance (fiscal 2012)



## Harmony with the Local Community

### Rebirth Tohoku Food Project



Utilizing the Group's management resources and collaborating with Group companies, Mitsubishi Estate started the Rebirth Tohoku Food Project as an initiative to support the independent economic revitalization of the Tohoku area, which was severely damaged in the Great East Japan Earthquake, by restoring the area's food brand.

The first event, the Tohoku Food Buffet, was held at the Sendai Royal Park Hotel in November 2011, followed by the "Eat Heartily Miyagi Dining Room" at the Marunouchi Café ease on the first floor of the Marunouchi Building in February 2012. The third event, held in April 2012 at the Sendai Royal Park Hotel, was based on the theme "ties between chefs." Chefs from the Marunouchi Chefs Club and chefs from Miyagi Prefecture partnered to develop

a new menu, and put together a full course comprised of original dishes.

The fourth event, the "Eat Heartily Miyagi Market," was held in August 2012 in the Marunouchi Building's "Maru Cube," followed by "Earthquake-affected Region Support Weeks," held in Marunouchi House on the seventh floor of the Shin-Marunouchi Building and Marunouchi Café ease on the first floor of the Marunouchi Building in March 2013. Mitsubishi Estate contributed to a fund that supports the region affected by the earthquake by aiding producers in the Tohoku area, and an original menu using food from producers in this region was introduced.

In addition, Mitsubishi Estate participated in the regional revitalization event "Yuinoba," an event that matches companies in the affected region with supporting companies that is held by the Reconstruction Agency's Miyagi Reconstruction Bureau (first in

Ishinomaki in November 2012, and second in Kesennuma in February 2013). Mitsubishi Estate proposed measures to support marine product processors in both regions and has been gradually implementing them.



Opening of fourth event, "Eat Heartily Miyagi Market"



Marché



## “Experience Nature” Project brings together urban and rural communities



The “Experience Nature” Project offers experiential tours for Mitsubishi Estate Group employees and their families, people who work in the Marunouchi area, and customers of the Residential Business to facilitate collaboration that brings together local resources and Mitsubishi Estate Group businesses.

Members of the Mitsubishi Estate Residence Club, a member organization started in fiscal 2011 for customers purchasing the Group’s condominiums and residents of condominiums, were given opportunities to plant rice and harvest summer vegetables.

This also helped foster a sense of community among condominium residents.

In addition, in 2011 Mitsubishi Estate, Mitsubishi Estate Home, the NPO Egao Tsunagete and Yamanashi Prefecture signed a formal agreement to promote the use of Yamanashi Prefecture-grown timber. Under this agreement, Mitsubishi Estate Home will encourage greater use of Yamanashi Prefecture-grown timber and carry out educational activities.

Activities featuring food are also held. Idle agricultural fields were cultivated and rice terraces revitalized so that brewer’s rice could be grown without using agricultural chemicals. In fiscal 2012, 4,700 bottles of *junmai-shu* (pure rice sake) named “Marunouchi” were bottled. It was brewed

by Yorozuya, a sake brewer in Yamanashi Prefecture. It is sold in restaurants and shops in the Marunouchi area and has proven very popular. We have also collaborated with the Yamanashi Prefecture Commerce Association in putting on cooking fairs and events using food from Yamanashi Prefecture.

In recognition of these activities, in fiscal 2012, the “Experience Nature” Project won the Partnership Award and the Chunichi Shimbun Award in the Ninth Japan Partnership Awards organized by the NPO Partnership Support Center.

The Mitsubishi Estate Group will continue to create new value by integrating rural resources, such as timber and agricultural products, with its companies’ management resources to help revitalize communities.

## Stakeholder Meeting

We met with stakeholders to report on activities and describe fiscal 2013 plans for the “Experience Nature” Project, and heard their views. The project demonstrates the Group’s approach to creating shared value through its business.

**Time and date** 4:00–6:00 p.m., February 25, 2013



### External participants



**Yoichiro Otsuka**  
Director, NPO Support Center for Agriculture, Commerce and Industry Cooperation

The fact that the number of employees in the relevant sections has not changed even though the Group’s activities are broader and deeper in scope is testimony to their integration with its core operations. I hope that this success helps to revitalize areas in Tohoku affected by the earthquake.



**Junko Owada**  
Co-Chairperson, LOHAS Business Alliance (LBA)

Throughout the five years of activities, activities have expanded by involving every business group and working with core operations. We recommend that a questionnaire measuring Group employees’ awareness of and interest in participating in this project be carried out to accurately ascertain current conditions and to provide an indicator for the next five years.



**Hideto Kawakita**  
CEO, International Institute for Human, Organization and the Earth (IIHOE)

If the past five years was a period for involving Group employees, I would like to see the next five years involve more customers. Tours for the Mitsubishi Estate Residence Club got underway on a full scale in fiscal 2012, and I anticipate that participation in these tours can build a sense of community in the condominiums, which will also raise loyalty.



**Hisashi Sonehara**  
Director, NPO Egao Tsunagete

I can see that diverse networks are branching out like a tree from the activities in Masutomi (Hokuto City, Yamanashi Prefecture). Japanese public administration and overseas universities looking to use this project as a model invite us to give lectures and participate in conferences, and as social recognition improves, I sense that the times demand such projects. I hope that we can continue to work together on these activities.



**Shigeyuki Miyabayashi, Ph.D.**  
Professor, Tokyo University of Agriculture  
Dean of Faculty of Regional Environment Science

The activities broaden in scope every year. I would like to suggest that this project be made independent and expand nationwide. Interaction between people would revitalize regions and protect our land. I have participated in regional interactive activities for more than 30 years, and I think that the region has become a second hometown for participants. I hope that Masutomi becomes a hometown for tour participants and becomes a hub for permanent interaction between people, things and wisdom.

\* This contributor was absent on February 25 and provided a comment at a later date.



## Support for Culture and the Arts

### Mitsubishi Estate Artium wins Future Vessel Award

Mitsubishi Estate runs the art gallery Mitsubishi Estate Artium on the eighth floor of the IMS building (Tenjin MM Building) in Fukuoka City's Tenjin district in collaboration with IMS Co., Ltd. and Nishinippon Shimbun Co., Ltd. This gallery, whose name means "art stadium," opened in 1989 as a base from which to popularize modern art, and has continued to present visionary and innovative forms of artistic expression in all genres created by contemporary artists working in Japan and overseas, regardless of whether they have

established a name for themselves. In October 2012, Mitsubishi Estate, IMS Co., Ltd. and Nishinippon Shimbun won the Future Vessel Award at the Mécénat Awards sponsored by the Association for Corporate Support of the Arts.

The award was given in recognition of the ambitious plans to exhibit both Japanese and foreign new artistic expression from an independent perspective and the creation of a forum that brings this art to the public quickly. In addition, the committee felt that the Artium is playing an important role in making Fukuoka in Kyushu a major cultural hub.

We will continue to plan ambitious exhibits across a wide range of contemporary artistic expression, irrespective of genre, including not only fine arts but also architecture, design, film and food, so that Fukuoka continues to foster a new art scene.



Award ceremony for Future Vessel Award

## Environmental Conservation

### Water Sprinkling Project in Otemachi, Marunouchi and Yurakucho

The Water Sprinkling Project was held in the Otemachi, Marunouchi and Yurakucho district. In this project, which draws on traditional Japanese practices, anybody in the district can join in and sprinkle water to mitigate the heat island phenomenon. This project is run by a planning committee spearheaded by the Council for Area Development and Management of Otemachi, Marunouchi,

and Yurakucho (OMY Council), which is chaired by Mitsubishi Estate. The 2012 event, from July 27 to August 14, was held at five locations, with approximately 2,900 people from 122 groups participating. Clean, reclaimed water recycled from some of the buildings in the area was sprinkled to lower the temperature.

In addition, Water Sprinkling Weeks 2012 was held from July 27 to August 31, with 95 stores, mostly on Marunouchi Naka-dori Street, participating by sprinkling water on the pavement every afternoon.

The Mitsubishi Estate Group will continue to offer fun ways for everyone from workers to visitors in the Otemachi, Marunouchi and Yurakucho areas to help mitigate the heat island phenomenon that occurs in urban areas.



Water Sprinkling Project



## Social Welfare

### Eleventh Dazzling Art Competition

Mitsubishi Estate has sponsored the Dazzling Art Competition for children with disabilities in Japan since 2002 in its desire to support the potential of children with disabilities.

The first competition started with 496 entries, and the recent eleventh competition brought in more entries than ever, a total of 1,764. Fifty especially impressive works are selected after all of the entries have passed through an initial screening, a screening by Mitsubishi Estate Group employees, and the main exhibition. The original works are exhibited first at Yokohama

Landmark Plaza, and then at five other locations throughout Japan at Group buildings and commercial facilities. An award ceremony was held on February

22 in the Marunouchi Hall of the Marunouchi Building. All of the entries are displayed on a special website.

#### Overview of Eleventh Dazzling Art Competition

##### Entries taken (July–September)

Total number of submissions: 1,764

##### Screening and examination (October)

Five hundred thirty-eight Mitsubishi Estate Group employees came to participate in the screening over a four-day period.

##### Exhibits of award-winning entries (October–February)

Fifty of the most impressive entries were exhibited in six venues nationwide (Sapporo, Sendai, Tokyo, Yokohama, Osaka and Fukuoka).

##### Award ceremony (February 22)

Award winners, their families and school officials were invited to the ceremony held in the Marunouchi Hall of the Marunouchi Building.



Award ceremony

## Volunteer Support

### Support for employee volunteer activities

Mitsubishi Estate endeavors to foster an environment conducive to volunteer activities by holding seminars for all Group employees and setting up a volunteer support program.

#### Overview of Mitsubishi Estate's volunteer support program and record of use

Program	Overview	Record of use (total number of people)		
		FY2010	FY2011	FY2012
Use of vacation days for volunteer activities	Employees can use accrued vacation days (special paid holidays) for volunteer activities.	2	58	4
Social learning	Volunteer activities can be carried out during work hours.	3	5	5
Volunteer insurance*	The Company provides insurance covering accidents that occur during volunteer activities (family members are also covered).	25	31	12
Subsidies for activity costs*	The Company subsidizes the cost of participating in volunteer activities and transportation costs in part.	51	113	51

\* Group company employees are also eligible for these programs.



# Committed to Environmental Sustainability

Environmental commitment is written specifically into the Mitsubishi Estate Group's mission statement. The Mitsubishi Estate Group Long-term Environmental Vision further dedicates the company to reducing the environmental impact of its business. Mitsubishi Estate aims to lead the way in sustainable urban development.

## Basic Policy and Performance Highlights

### Basic Environmental Policy

The Mitsubishi Estate Group Basic Environmental Policy is based on the Group's fundamental mission.

#### Mitsubishi Estate Group Basic Environmental Policy

The Mitsubishi Estate Group has developed an environmental management system and strives to protect the environment by promoting environmental initiatives and reducing environmental impact, as well as complying with all environmental laws and regulations. Mitsubishi Estate is determined to ensure that its business activities play a leading role in the development of sustainable communities.

##### 1. Building a low-carbon society

We are proactive about the efficient use of resources and energy, and encourage the use of renewable energy to contribute to the creation of a low-carbon society.

##### 2. Creating a sound material-cycle society

We strive to reduce, reuse, and recycle in every stage of our business, including planning, development, design, construction, management and dismantlement, in order to contribute to building a sound material-cycle society.

##### 3. Fostering harmony between nature and human society

We endeavor to foster new cultural values and to practice environmental responsibility by demonstrating concern for biodiversity and developing attractive urban spaces that harmonize with the surrounding natural environment, thus helping to build a society that lives in harmony with nature.

##### 4. Promoting environmental communication

We proactively provide information on the environment and communicate with society on a broad range of issues in our efforts to coordinate and cooperate with a wide range of stakeholders.

##### 5. Increasing employees' ecological awareness

In our efforts to increase employees' awareness of environmental conservation issues and ensure highly effective environmental activities, we provide environmental education and awareness programs, aiming to develop an ecologically aware workforce.

### Operational framework for environmental management

The Mitsubishi Estate Group has tasked the Environmental Subcommittee with

conducting deliberations on CSR, including environmental issues, prior to meetings of the CSR Committee. This subcommittee met in July 2012 and January 2013 to discuss the status of various organizations' environmental initiatives and environmental objectives.

In April 2013, the Group reorganized its Environmental Subcommittee to establish a new CSR & Environmental Sustainability Subcommittee, in order to further facilitate its efforts at comprehensive CSR initiatives, covering environmental coexistence and social contribution.

An environmental director is appointed at Mitsubishi Estate Co., Ltd. to take responsibility for the promotion of environmental management for the Group, and environmental management officers are appointed for each of Mitsubishi Estate's business areas and Group companies.

### Mitsubishi Estate Group Long-term Environmental Vision

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Long-term Environmental Vision, based on the Mitsubishi Estate Group Basic Environmental Policy, to proactively address environmental issues for the future. This vision clarifies the Group's commitment to actively contribute to society in order to reduce environmental impact.

### Mitsubishi Estate Group's Green Procurement Guidelines

The Mitsubishi Estate Group established its Green Procurement Guidelines with the aim of promoting the procurement of materials and equipment and the use of construction methods with low environmental impact (green procurement) in order to help reduce adverse impact on the global environment and build environmentally sound communities.

These guidelines are applicable to all products, services, designs, and


construction procured by the Mitsubishi Estate Group.

### Environmental slogan and logo

The Mitsubishi Estate Group developed an environmental slogan and logo in March 2011 to strengthen dissemination of information on environmental coexistence and to raise environmental awareness internally and outside the company.

The slogan "For Sustainable Cities, For the Sustainable Earth" reflects the Group's aspirations to build a truly meaningful society by developing areas in an environmentally conscious way, to create new value by offering environmental technology, and to work together with others in the community to achieve these goals.

#### Mitsubishi Estate environmental slogan and logo

街の力を、  
地球の力に!

### Development and administration of the environmental management system

The Mitsubishi Estate Group has acquired ISO 14001 certification for organizations with relatively significant environmental impact, and has also developed and is administering an independent Environmental Management System corresponding to ISO 14001 at organizations with relatively small environmental impact. In fiscal 2012, five organizations\* from the Mitsubishi Estate Group operated an environmental management system certified under ISO 14001 standards.

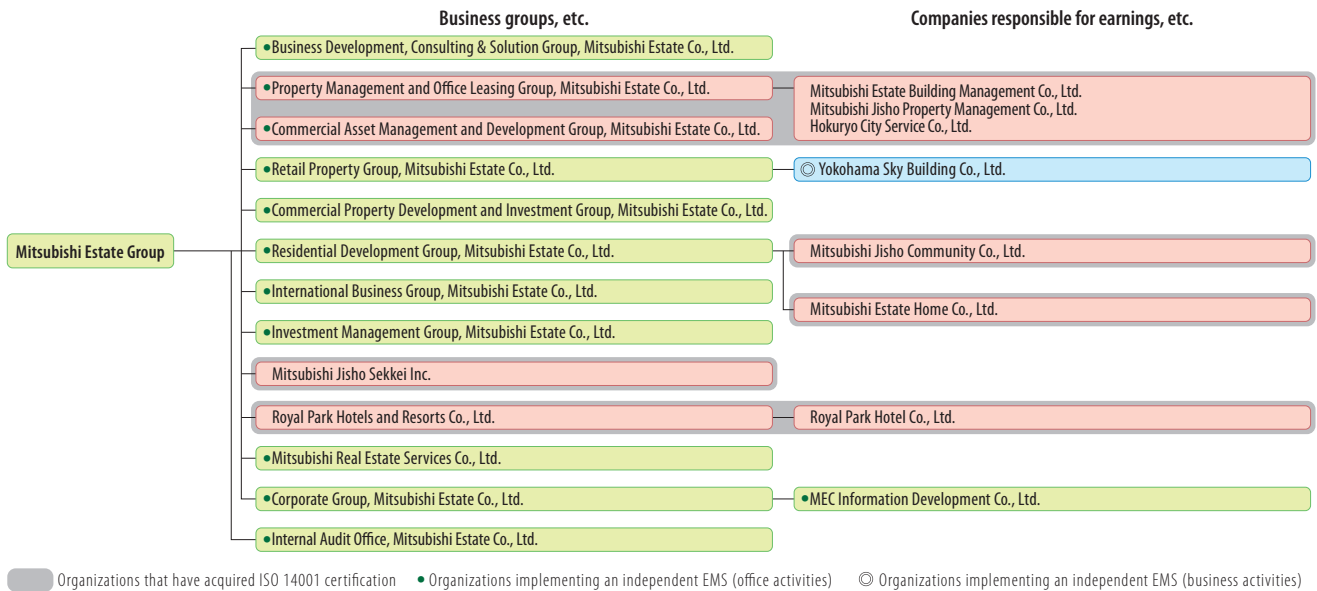
The independent EMS, which is primarily intended for office facilities, is used at Mitsubishi Estate Co., Ltd. (office activities), Mitsubishi Real Estate Services Co., Ltd. and MEC Information Development Co., Ltd.



\* Mitsubishi Estate's Property Management and Office Leasing Group and Commercial Asset Management and Development Group (concurrent certification with Mitsubishi Estate Building Management Co., Ltd., Mitsubishi Jisho Property Management Co., Ltd. and Hokuryo City Service Co., Ltd.); Mitsubishi Jisho Community Co., Ltd.; Mitsubishi Estate Home Co., Ltd.; Mitsubishi Jisho Sekkei Inc.; Royal Park Hotels and Resorts Co., Ltd. (concurrent certification with Royal Park Hotel Co., Ltd.)

Yokohama Sky Building Co., Ltd. relinquished its ISO certification at the end of April 2011. The company will continue to set environmental objectives and goals for each fiscal year and run and manage its environmental program under its own system in line with the Group's Basic Environmental Policy.

### Development and administration of Mitsubishi Estate Group's Environmental Management System (as of end of March 2013)





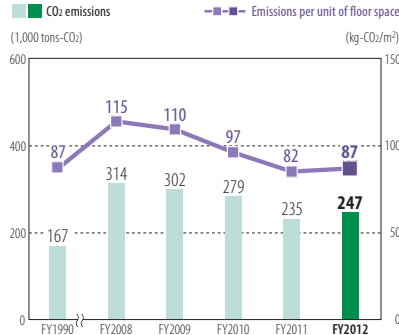
## Building a Low-Carbon Society

### Building management programs to reduce CO<sub>2</sub> emissions

In fiscal 2012, the energy consumption of Mitsubishi Estate's 29 ISO 14001-certified buildings stood at 5,773,702 GJ, and CO<sub>2</sub> emissions totaled 246,891 tons-CO<sub>2</sub>. Compared to fiscal 2011 results, energy consumption decreased by 57,314 GJ, and CO<sub>2</sub> emissions increased by 11,715 tons-CO<sub>2</sub>. The increase in the CO<sub>2</sub> emissions is attributed to an increase in the emissions coefficient used. In ISO 14001-certified buildings, the Group took a range of power-saving measures during the summer months, including reducing the number of fluorescent lights in common areas and requesting that tenants lower the level of illumination in their spaces. In addition, throughout the year the hot water supply is partially shut off and air conditioners/heaters are used efficiently. As a result of these efforts, energy use per unit of floor space in fiscal 2012 was maintained almost at the same level as in fiscal 2011, at 2.03 GJ/m<sup>2</sup>, while CO<sub>2</sub> emissions per unit of floor space increased 5 kg-CO<sub>2</sub>/m<sup>2</sup> to 87 kg-CO<sub>2</sub>/m<sup>2</sup>.

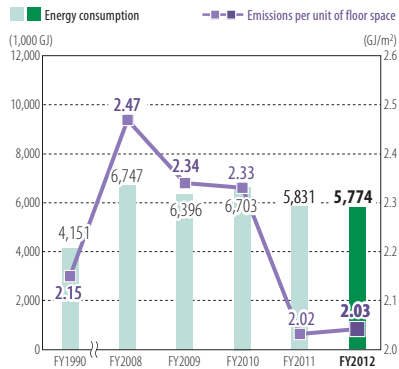
Mitsubishi Estate's fiscal 2013 target for reducing energy consumption in each building is the stricter of either a 1.0% reduction compared to fiscal 2012 or the reduction mandated by city regulations such as the Tokyo Metropolitan Ordinance on Environmental Preservation. The company strives to combat climate change through energy-saving programs conducted in cooperation with tenants.

### CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per unit of floor space from Mitsubishi Estate's ISO 14001-certified buildings



\* CO<sub>2</sub> emissions are calculated using the emissions coefficients determined for individual electrical power suppliers, reflecting actual status.  
 \* The number of ISO-certified buildings may differ by fiscal year due to renovations and sales/purchases.  
 \* The data for 1990 includes buildings prior to renovations (such as the former Marunouchi Building).

### Energy consumption and energy consumption per unit of floor space in Mitsubishi Estate's ISO 14001-certified buildings



\* The number of ISO-certified buildings may differ by fiscal year due to renovations and sales/purchases.

### Collaborating with tenants to conserve energy

By type of energy, electricity accounted for about 80% of the energy consumed in Mitsubishi Estate's 29 ISO 14001-certified buildings, whereas by application, tenant use accounted for the majority of energy consumption. Given this, Mitsubishi Estate established a Global Warming Mitigation Measures Committee in November 2008 at each of its buildings in the Tokyo metropolitan area, including Yokohama, in an effort to work with tenants to reduce energy consumption.

The committees each meet twice a year, once in the spring and again in the fall. Using materials on energy

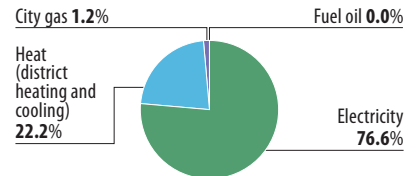
conservation prepared for tenants, progress made in reducing CO<sub>2</sub> emissions in compliance with the Tokyo Metropolitan Ordinance on Environmental Preservation and the Act on the Rational Use of Energy is explained, in addition to measures to comply with summer power-saving initiatives and their results. The Group will continue to support these committee activities, aiming to produce and share informational materials about the energy conservation activities carried out in buildings and specific reduction targets, as well as the energy conservation initiatives practiced by tenants.

In addition, in June 2013, the company began a service that presents information on electricity usage rates in a graphical format by the day and the hour to tenants (excluding some buildings) via "e-Concierge," an Internet-based tenant information service.

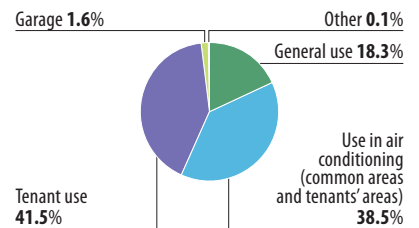


e-Concierge website

### Fiscal 2012 energy consumption by type (for 29 ISO 14001-certified buildings)



### Fiscal 2012 energy consumption by application (for 29 ISO 14001-certified buildings)





### Mitsubishi Estate wins Minister of the Environment Prize in Tenth Commendations for Industry-Academia-Government Coordination

Mitsubishi Estate won the Minister of the Environment Prize in the Japanese Cabinet Office's Commendations for Outstanding Coordination Between Industry, Academia, and Government for its technology development project in the next-generation experimental office, located in Ecozzeria, the environmental strategy hub of the Otemachi, Marunouchi and Yurakucho area.

In a joint collaboration, Mitsubishi Estate introduced an intelligent LED lighting system developed by Doshisha University, Mitsubishi Electric, Sharp and

others and a radiant air conditioning system developed by Toyox and others in an integrated manner in this office, the first such installation in the world. With cooperation from researchers such as Professor Mitsunori Miki of Doshisha University and Professor Takaharu Kawase of Chiba University, research was conducted for two years, starting in 2009, to validate the benefits of these technologies, with the aim of putting them into practical application. The research demonstrated a significant reduction in energy consumption, equivalent to a more than 32% reduction in CO<sub>2</sub> emissions, without any compromise to the comfort of the office workers. This, in particular, was recognized in the award. Since the research project concluded, these

cutting-edge technologies have been increasingly adopted. Grid LED lighting was installed throughout the Marunouchi Eiraku Building, completed in 2012, and the entire system was introduced in the Kayabacho Green Building, completed in May 2013, as an environmentally responsible model for a leased office building.



Award ceremony

## Creating a Sound Material-Cycle Society

### Effective consumption of water resources in buildings

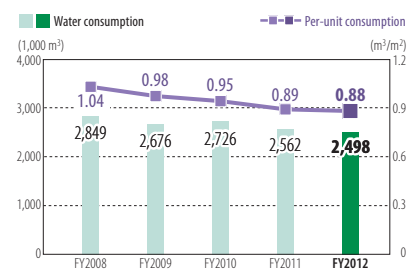
Mitsubishi Estate is working to curb water consumption at its buildings by taking measures to streamline water consumption such as adjusting the amount of water used in toilets and hot-water service rooms. In fiscal 2012, water consumption totaled 2,498,246 m<sup>3</sup> in Mitsubishi Estate's ISO 14001-certified buildings, down 2.5% compared to fiscal 2011, and water consumption per unit of floor space was 0.88 m<sup>3</sup>/m<sup>2</sup>, down 0.01 m<sup>3</sup>/m<sup>2</sup>. Building on this achievement, the

company is working to meet its fiscal 2013 target of reducing water consumption in every building by more than 1.0% from the previous year.

The company is also effectively using reclaimed water by treating used water such as cooling tower blow water and kitchen wastewater and reusing it as toilet flush water. As of March 2013, the Marunouchi Building, Mitsubishi UFJ Trust and Banking Building, Marunouchi Kitaguchi Building, Tokyo Building, Shin-Marunouchi Building, Landmark Tower Yokohama, Hibiya Kokusai Building, Shin-Aoyama Building, Marunouchi Park Building, and

Marunouchi Eiraku Building all use reclaimed water, a total of about 591,533 m<sup>3</sup> in fiscal 2012, thus helping to conserve water resources.

### Water consumption and water consumption per unit of floor space in Mitsubishi Estate's ISO 14001-certified buildings



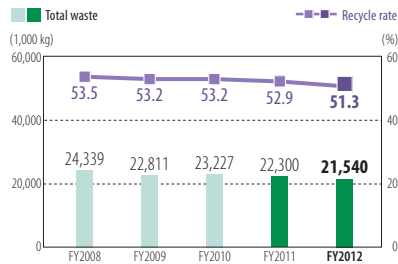
\* Number of buildings included in scope of data may differ by fiscal year due to renovations and sales/purchases.



### Recycling waste generated by buildings

The Mitsubishi Estate Group strives to improve the waste-recycling rate in the buildings it manages and operates. Efforts include calling for tenants' cooperation in sorting waste, as well as recycling kitchen waste from some buildings as livestock food and fertilizer.

### Total waste and recycle rates for Mitsubishi Estate's ISO-certified buildings



\* Number of buildings included in scope of data may differ by fiscal year due to renovations and sales/purchases.

### Total waste by type and primary recycling end-points at Mitsubishi Estate's ISO-certified buildings<sup>1</sup>

Type	FY	Amount (kg)	Change from previous year (kg)	Primary recycled end-products
Paper suitable for reuse	2012	8,013,280	-908,168	Recycled paper
	2011	8,921,448		
Bottles and cans	2012	1,448,273	115,292	Glass, metal
	2011	1,332,981		
Fluorescent lights	2012	14,472	-3,787	Glass, aluminum
	2011	18,259		
Polystyrene foam	2012	41,432	1,144	Processed plastic products
	2011	40,288		
PET bottles	2012	608,418	54,876	Processed plastic products
	2011	553,542		
Recyclable kitchen waste	2012	926,023	-4,158	Organic fertilizers and animal feed
	2011	930,181		
Non-recyclable kitchen waste and scraps <sup>2</sup>	2012	9,603,001	-86,159	—
	2011	9,689,160		
Industrial waste <sup>3</sup>	2012	885,545	71,240	—
	2011	814,305		
Total	2012	21,540,444	-759,720	—
	2011	22,300,164		

1. Number of buildings included in scope of data may differ by fiscal year due to renovations and sales/purchases.  
 2. Non-recyclable kitchen waste and scraps includes paper and lunch boxes that are not suitable for reuse and are ultimately incinerated.  
 3. Industrial waste includes plastic products, metal scraps, ceramics and vinyl materials that are ultimately buried in landfill.

## Fostering Harmony between Nature and Human Society

### Operation of Nature Info Plaza Marunouchi Saezurikan



As part of its CSR activities, Mitsubishi Estate operates the Nature Info Plaza Marunouchi Saezurikan, located in the Shin-Yurakucho Building. The facility is open to everyone visiting the Marunouchi area, as well as people who work in the area, as a place to enjoy, learn and think about, and experience nature, and it provides opportunities to take action with greater awareness of the natural environment. Working in affiliation with environmental groups, the Nature Info Plaza regularly organizes exhibits, seminars and workshops under various themes, designed to give information on nature and educate about environmental conservation. Field

events are also held in the Marunouchi area, offering a chance for participants

to get together to consider the city's natural environment.

#### Fiscal 2012 activities (highlights)

##### Enjoying solar eclipses and the seasonal stary sky

Date: May 11, 2012  
 Sponsor: Astronomy Popularization Project, "Tenpura"

Description: Participants learn about astrological phenomenon such as the annular solar eclipse and the passage of Venus across the sun, observation methods, and about features of constellations and planets in the early summer sky; participants use an astronomical telescope on the roof of a building to observe the skies.



Observation using an astronomical telescope

##### Lunchtime arbor viewing

Date: November 21 and December 6, 2012  
 Co-sponsor: NPO Mountain Nature Science Club

Description: Participants learn about the ginkgo trees growing on Gyoko-dori Avenue.



Arbor viewing



## Reducing Environmental Impact

### Earning DBJ Green Building Certification

In April 2011, the Development Bank of Japan (DBJ) established the DBJ Green Building Certification program for real estate properties developed with environmental awareness. In fiscal 2012, three buildings owned by Mitsubishi Estate were certified.

This certification program assesses buildings with impressive environment and social awareness using its own comprehensive scoring model, which evaluates buildings in terms of environmental performance, comfort for tenants, risk management, consideration of surrounding environment and community, and cooperation with stakeholders. The buildings are then evaluated using a five-stage ranking system (Platinum, Gold, Silver, Bronze and Certified). DBJ recognized Mitsubishi Estate's efforts to make our development projects environmentally friendly.

With today's growing expectations and interest in eco-friendly buildings, Mitsubishi Estate will continue to proactively present these appealing features to its stakeholder tenants and investors.

### 2012 House of the Year in Energy's Special Grand Prize

Mitsubishi Estate Home won the Grand Prize in the House of the Year in Energy Awards, which is awarded to particularly impressive energy-saving homes by the Japan Center for Area Development Research in April 2013.

This award is based on the theme of combining high energy-saving functions in buildings with well-balanced energy-saving facilities. The custom-built home Smart Aerotech, which is equipped with Aerotech to provide central air conditioning with the highest-class efficiency in the industry, a solar power system, and the most advanced original home energy management system (HEMS) as standard features, was awarded first place in the category of homes for warm-temperature regions. This building's high energy-saving functions are supported by the specifications based on the Environmental Design Guidelines established by Mitsubishi Estate Home in June 2012.

The company will reduce environmental impact by offering custom-built homes based on these guidelines, pursue even greater efficiency with Aerotech and enhance the functions

of HEMS so that it can contribute to the popularization of energy-saving homes as a top company in the field of environmentally friendly homes.



House of the Year in Energy 2012 Award ceremony (on the right is Building Research Institute's chief executive Yuzo Sakamoto)

### Mitsubishi Estate Home's environmental design

Our four promises:

1. Advancing use of natural energy
2. Creating environmentally friendly building specifications
3. Promoting traceable, ecologically responsible local wood products
4. Employing energy-efficient smart technologies



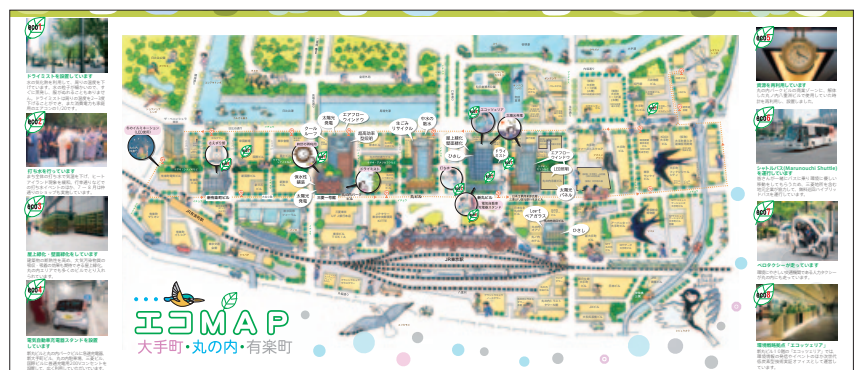
## Increasing Ecological Awareness

### Environmental Initiatives Publication

The Mitsubishi Estate Group has published a brochure entitled *Environmental Initiatives*, aiming to familiarize tenants and visitors with the measures and many projects that the Group undertakes to conserve the environment and reduce environmental impact. The Mitsubishi Estate Group Basic Environmental Policy, examples of Group initiatives and key points are laid out in the leaflet, and environmental measures taken in Marunouchi are shown in graphic form

in illustrated maps that are easy for the reader to understand, together with a

description of the living creatures that can be observed in this area.



Eco Map (for Otemachi, Marunouchi, Yurakucho), from *Environmental Initiatives*



# Engaging Clients

Communicating with clients is a crucial part of urban development. The Mitsubishi Estate Group will continue to provide safe, reliable services, always listening attentively to its clients' opinions and requests.

## Communicating with Clients

### “Check Eyes,” a unique condominium quality management and performance indication system

Mitsubishi Jisho Residence Co., Ltd. operates the “Check Eyes” system, a unique quality management and performance indication system, to give customers greater peace of mind when they purchase their homes.

Together with the government’s Housing Performance Indication System, it informs the customer of Mitsubishi Jisho Residence’s commitment to checking the quality and performance of residences at every stage, from design, construction, and completion through to move-in and beyond.

### Three new lifestyle support programs started

Mitsubishi Jisho Residence Co., Ltd. and Mitsubishi Jisho Community Co., Ltd. launched a suite of three new lifestyle support programs in January 2013.

These programs offer insurance services that take advantage of group scale to Web members of the Mitsubishi Estate Residence Club, a member organization for residents and owners of Mitsubishi Estate Group condominiums and buyers under contract.

The suite of three programs consists of Income Support Insurance, the Home Financial Consultation Program, and the Traffic Accident Indemnity Insurance Program.

The Mitsubishi Estate Residence Club offers discounts on furniture and various member privileges, provides one-stop service for post-purchase services, management and renovations, and also holds original events and other activities encouraging communication between residents.

These companies will continue to provide services that support the daily lives of members to enhance the satisfaction of residents of Mitsubishi Estate Group condominiums after purchase.

### Three lifestyle support programs

#### • Income Support Insurance

Residence Club Web members receive a 30% group insurance discount when subscribing to Group Long-term Disability Insurance that will subsidize their salaries in the event that they are unable to work for a long period due to illness or injury.

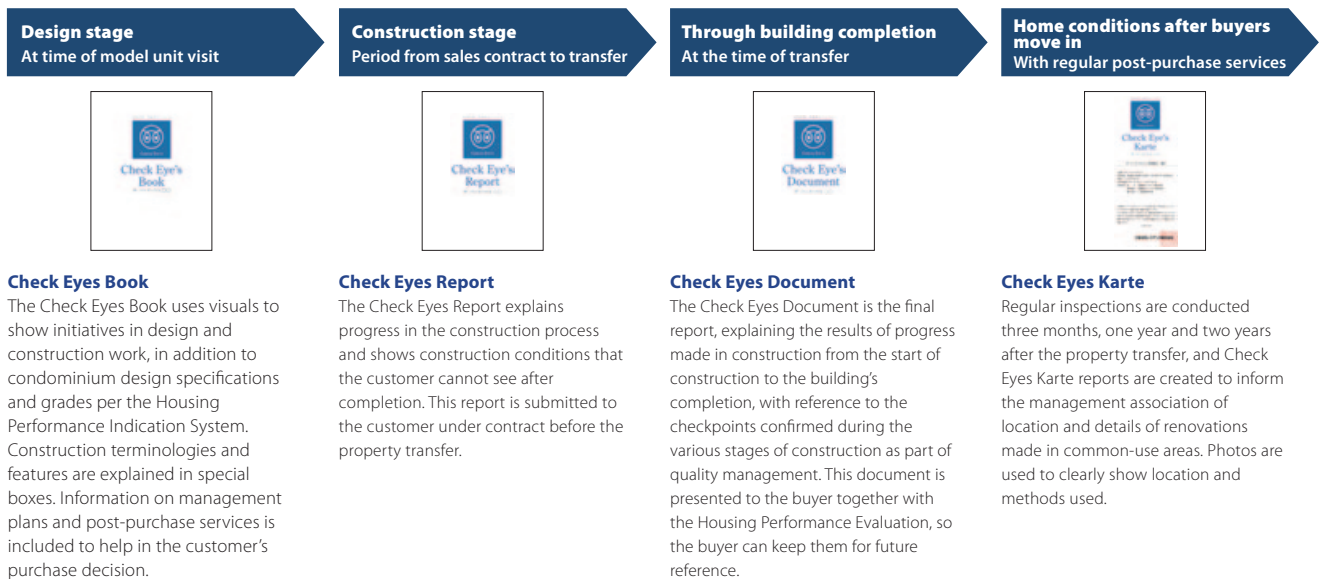
#### • Home Financial Consultation Program

This service gives Web members free consultation on life plans, and in addition to individual consulting, they can attend financial planning seminars and use the website-based life plan simulator free of charge.

#### • Traffic Accident Indemnity Insurance Program

This insurance will pay consolation payments in the event of death or residual disability resulting from an auto or other vehicular accident to the Web member. (The member does not pay any insurance premiums for this insurance.)

### “Check Eyes” process



## Safe and Secure Urban Development

### Implementation of comprehensive emergency plans and establishment of Framework of Anti-Disaster Measures

Mitsubishi Estate has a long history of disaster prevention measures, starting with the 1923 Great Kanto Earthquake, when Mitsubishi Goshi Kaisha, as the company was then known, distributed drinking water and meals at the former Marunouchi Building and its environs and set up an emergency medical center. Ever since, for more than 80 years, Mitsubishi Estate has been holding comprehensive emergency drills every September with the participation of all of its executives and employees and many others from Group companies and other parties. In 1981, Mitsubishi Estate prepared a disaster prevention manual, *Framework of Anti-Disaster Measures*, to ensure that necessary measures are taken to preserve human life and infrastructure in the event of a natural disaster, such as a major earthquake, fire or other emergency, and to take appropriate and prompt recovery measures. The manual is updated in response to changing social conditions and sets out detailed and wide-ranging measures. It includes items such as standard precautionary measures and assignment of divisions' and other organizations' responsibilities, plans for disaster prevention education and emergency drills, a storage system for food and equipment, a plan for prompt emergency steps and recovery measures in the event of a disaster, and a plan for emergency measures in the event of cautions and warnings of a Tokai earthquake. In the event of a disaster, a Disaster Countermeasure Committee will be set up, chaired by the president, to take steps in

accordance with the *Framework of Anti-Disaster Measures*. In addition, an emergency system has been prepared to ensure the whole company works as one in the event of a disaster to respond to emergency situations.

When the Great East Japan Earthquake struck in March 2011, the whole company responded smoothly and appropriately in line with the procedures in the manual.



Comprehensive emergency drill

### Agreement concluded to shelter stranded commuters in the event of a major disaster

Mitsubishi Estate concluded the Agreement to Receive Victims in the Event of a Large-scale Disaster with Chiyoda Ward in August 2012 in order to proactively meet the needs of people stranded after a disaster.

In line with our view that safe and secure community development is our social responsibility, we voluntarily took in stranded commuters at Mitsubishi Estate buildings in 2011 when the Great East Japan Earthquake occurred. In order to enhance our disaster measures even further in affiliation with the community, at Chiyoda Ward's request we concluded a formal agreement to take in disaster victims.

The agreement designates 14 buildings in Chiyoda ward, including the Marunouchi Building, Shin-Marunouchi Building and Marunouchi Park Building, as temporary shelters to provide support for people affected by a disaster. Also under the agreement,

we have borrowed Multi-Channel Access (MCA) wireless devices from Chiyoda Ward so that we can keep in close contact with the ward in the event of a disaster.

Chiyoda Ward has concluded similar agreements with other groups and companies, but most of these are universities or companies owning halls. Our 14 buildings, which are located primarily in Marunouchi, where commercial facilities and transportation facilities are concentrated and many visitors come, will take the central role in working with the area and receiving stranded commuters.

### Revisions to BCP initiatives

In October 2006, the Mitsubishi Estate Group created the Guidelines for the Mitsubishi Estate Group's Business Continuity Plan as part of its efforts to establish a business continuity plan (BCP) which lays out the steps for preventing any interruption of important operations in the event of a disaster or accident and rapidly resuming important functions in the event that these operations are unavoidably interrupted. In December 2012, responding to lessons learned in the Great East Japan Earthquake, Mitsubishi Estate established its Business Continuity Plan Document and drafted the Mitsubishi Estate Group Guide to Preparing a Business Continuity Plan Document for its Group companies. In addition to enhancing the correlation with the *Framework of Anti-disaster Measures* and ensuring our customers' and Mitsubishi Estate Group employees' safety, we will continue to improve the BCP to fulfill our social responsibilities with daily readiness using the PDCA cycle approach.





## Building safety management initiatives

Mitsubishi Estate has established a Building Safety Management Office in its Building Management and Planning Department to carry out daily checks and safety inspections in all of the buildings that the Group manages nationwide, working closely with Group companies such as Mitsubishi Estate Building Management and Mitsubishi Jisho Property Management. The office also takes an integrated approach to

managing information and activities at each site, such as safety inspections and renovations, and shares information on accidents within the Group, providing guidance and support as needed. This office compiles information on accidents at buildings, including those not managed by the Group, examines the causes, and promptly determines whether countermeasures should be taken.

In light of experience gained in the Great East Japan Earthquake, the

company is re-examining its safety measures to ascertain which issues are being properly addressed and which should be enhanced or reviewed for further improvement to ensure an even higher level of safety. In order to prevent accidents, Mitsubishi Estate has devised the Building Safety Design Guidelines, its own standards that are more rigorous than Japan's Building Standards Act and other regulations, to ensure safety from the design stage. These guidelines are updated regularly.

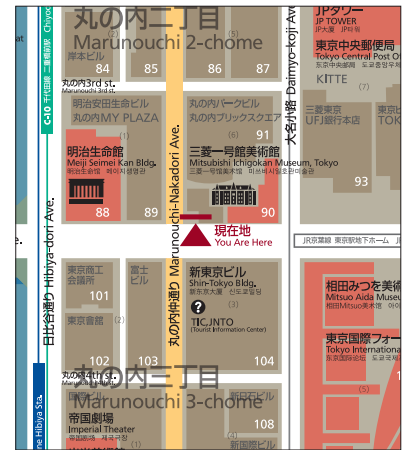
## Information for Everyone

### Building signage planning and universal design

Mitsubishi Estate uses its *Sign Design Book* to prepare standardized signage posted on the inside and outside of its buildings, primarily in the Otemachi, Marunouchi and Yurakucho district. The company strives to create informational signs with color and design concepts that make them very easy to understand. Since 2010, the company has been installing new signage for the underground passageways and facilities to provide clearer guidance.

Mitsubishi Estate's signage is also in multiple languages. Based on the findings of a survey that 70% of tourists in Japan speak Chinese or Korean, signs along Marunouchi Naka Dori Avenue in particular are written in Chinese and Korean, as well as Japanese and English. The signage at the entrance of buildings in the Otemachi, Marunouchi and Yurakucho district displays the building name in four languages.

The company believes that proper placement of appropriate signs gives peace of mind to visitors to the district.



Area guide sign (detail)



# Cooperating with Business Partners

The Mitsubishi Estate Group aims to grow side-by-side with its business partners and is committed to building an equitable, trusting relationship with every business partner.

## Compliance in the order process

In accordance with the Mitsubishi Estate Group's Mission and Code of Conduct, Mitsubishi Estate has established the Order Action Guideline, which all executive officers and employees placing orders with business partners must follow, to ensure that orders are placed with transparency and impartiality. The Guideline is intended to ensure objectivity and economic rationality, but it also includes rules on environmental conservation, information management and avoidance of any involvement with organized criminal elements.

When placing orders, the business organization and ordering organization are clearly separated. Appropriate ordering is ensured by requiring employees to use a check sheet to self-verify compliance at each stage of the order process. The results are then confirmed by Mitsubishi Estate's Legal & Compliance Department. The Orders Surveillance Committee, chaired by the president, meets when orders for large projects are placed (it met seven times in fiscal 2012) and holds discussions to verify total compliance in the order process.

## Pursuing high-quality maintenance and management in the Building Management Business

Mitsubishi Estate thinks of the companies to which it outsources specialized work as important partners that have direct contact with clients, just as Mitsubishi Estate Group employees do. The Property Management and Office Leasing Group outsources work such as facility

operation and management, security and cleaning to its business partners, and as such, the Group's guidelines for quality of management and services are shared with all their managers and on-site staff to ensure that the Group provides consistent services at all of its buildings. The Group strives to work with its business partners to share the same mindset and maintain and improve high-quality management.

In addition, Mitsubishi Estate partially revised its Business Partner Evaluation System in fiscal 2010 to clarify the evaluation items and criteria. A briefing was held for business

partners to explain these changes. As part of its quality management efforts through this system, launched in 2012, Mitsubishi Estate has presented an award to the company with the best practices and has held a reception to deepen trust. Recognizing how important relationships of mutual trust with its business partners are in providing high-quality management, Mitsubishi Estate is committed to building an even stronger relationship with each partner to ensure that its management consistently meets the most exacting standards.

## Communication with business partners

Contact with business partners	Purpose and objective
1. Quality management evaluation system for business partners	Improve quality through meetings with business partners and evaluations
2. On-site monitoring	Standardize a high level of quality through mutual confirmation of conditions on site and share successful initiatives
3. Manager interviews	Share knowledge of the management quality that the Mitsubishi Estate Group requires and promote communication among managers
4. Goal coordination among supervisors	In reference to the shared knowledge of management quality, analyze on-site conditions, hold discussions on improving quality and coordinate goals among supervisors

## Award for distinguished condominium construction company

Mitsubishi Jisho Residence Co., Ltd. has established an award program to recognize construction companies as part of its efforts to provide customers with high-quality condominiums. The company gives a Best Quality Award to local heads of construction companies that have done a particularly impressive job, based on the status of the construction work verified during construction and in the final inspection, as well as on the handling of private viewing before the condominium is

transferred to the customer. With the aim of raising the level of post-purchase services following transfer of the property to the customer, Mitsubishi Jisho Residence also awards construction companies that address customer concerns with particular skill.

In addition to these awards for specific properties, Mitsubishi Jisho Residence launched a program to recognize construction companies that had received a large number of awards for individual properties. The company uses diverse methods to continue to raise quality.



# Serving Shareholders and Investors

The Mitsubishi Estate Group maintains good communication with shareholders, investors and all other stakeholders by proactively disclosing corporate information in a timely manner.

## Committed to prompt, accurate and impartial disclosure

Following its own Disclosure Regulations, Mitsubishi Estate publishes information that the Tokyo Stock Exchange's Security Listing Regulations mandates for timely release through TDnet (Timely Disclosure Network), a system operated by the exchange, as well as via other channels. Mitsubishi Estate is committed to the prompt, accurate and impartial disclosure of information to all of its shareholders and investors.

## Company executives give briefings for shareholders, investors and analysts

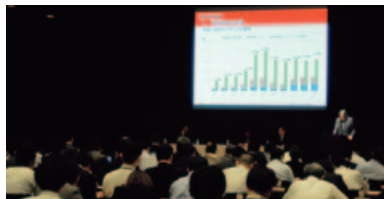
The IR Office, set up within Mitsubishi Estate's Corporate Communication Department, is a dedicated organization with the mission of disclosing appropriate information in a timely manner, publicizing management strategies, and providing feedback to views expressed in the capital markets. The IR Office provides accurate and impartial information to customers and the mass media, as well as to shareholders, investors and analysts. The IR Office's main IR activities consist of updating the Investor Relations page on Mitsubishi Estate's website, holding financial results briefings twice a year, holding conferences with analysts, giving facility tours, and actively meeting with institutional investors in and

outside Japan. In fiscal 2012, the IR Office held about 440 such events.

In fiscal 2011, the Group announced the BREAKTHROUGH 2020 long-term management strategies through fiscal 2020, and medium-term targets (for fiscal 2011–2013) based on these strategies. Company executives and general managers participate in briefings on financial results and the Group's long- and medium-term management plans and in analysts' conferences. These opportunities for direct dialogue with shareholders and investors help to ensure that their views are incorporated into the management of the company.

The company also proactively participates in seminars organized by the stock exchange and securities companies to provide briefings for individual investors to enhance information disclosure and make it more broadly accessible to the investor community.

Mitsubishi Estate will continue its efforts to increase dissemination of IR information in English and augment its Annual Report and Fact Book to improve communication with overseas investors.



Briefing for analysts (May 2013)

### Included in the DJSI



In September 2012, Mitsubishi Estate was again selected for inclusion in the Dow Jones Sustainability Indexes (DJSI).

### Included in FTSE4Good Global Index for 12th straight year



FTSE4Good

In March 2013, Mitsubishi Estate was selected for inclusion in the FTSE4Good Global Index for the 12th year in a row.





## Working Together with Employees

Corporate growth is only possible in an environment where all employees are able to work with enthusiasm and in good health, constantly developing their talents in pursuit of shared goals. The Mitsubishi Estate Group has established programs that help its employees become true professionals.

### Initiatives in Human Resource Development

#### Human resource development programs

Mitsubishi Estate believes that fostering excellent human resources is essential to the Group's sustainable growth and launched a reform of its human resource development programs in April 2009.

The company set up a working group to spearhead the reforms and

defined Mitsubishi Estate's ideal employee as a person with the following five strengths: people skills, real estate skills, job performance skills, management skills, and global readiness. The company is endeavoring to raise performance as a professional organization with a distinctive personality, while individuals make the

most of their own strengths. Mitsubishi Estate develops its employees' skills using multiple approaches, combining training programs with job rotations and coordinated programs at the workplace level.

### Creating a Vibrant Workplace

#### Hito-Machi Award recognizes exemplary efforts by Group employees

The Mitsubishi Estate Group's brand slogan is "A Love for People, A Love for the City." To recognize the efforts of Group companies to improve the corporate brand, the Group established the Hito-Machi Award (literally, "People and the City Award") in December 2011. By recognizing daily efforts made by individual Group employees and awarding activities that improve the corporate brand, the Group hopes to encourage the sense that corporate brand activities are not out of the ordinary, but rather integral to employees' daily work and enhance the sense of community.

In its second year, the award attracted 227 entries in 2012. Twenty-four groups of winners were selected for the Sincerity and Trust Award, Customer-Oriented Award, Value Creation Award, Challenge Award and Special Recognition Award. Three groups were chosen from among these to receive the President's Award.

The Group plans to continue using the Hito-Machi Award to share best practices throughout the Mitsubishi Estate Group and help to improve employee motivation. This will also help to earn more trust from customers and enhance the Group's overall reputation.

#### Putting more women in management

Mitsubishi Estate is increasing the number of women it hires and is taking

steps to retain them for the long term. There have been more and more female candidates for managerial positions, and the percentage of women in management is increasing. The company is confident that providing an environment that makes it easy for both men and women to do their jobs well will keep raising this percentage.

Number and percentage of employees overall, by gender

	March 2011			March 2012			March 2013			April 2013		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Main career track N positions / main career track A positions*	1,188	1,101	87	1,181	1,088	93	1,185	1,085	100	1,199	1,094	105
	–	92.7%	7.3%	–	92.1%	7.9%	–	91.6%	8.4%	–	91.2%	8.8%
Of which, section/division managers	724	710	14	731	710	21	729	706	23	751	726	25
	–	98.1%	1.9%	–	97.1%	2.9%	–	96.8%	3.2%	–	96.7%	3.3%

\* Main career track N positions: Main career track positions without a specified work location  
Main career track A positions: Main career track positions with a specified work location

## Building Workplaces Where Human Rights and Employee Diversity Are Respected

### Ongoing human rights training

Mitsubishi Estate provides training on human rights during its rank-specific training for new hires and newly appointed section/division managers. Since fiscal 2007, the company has also given theme-specific group training intended for all employees. In fiscal 2012, as part of its efforts to create a more vibrant workplace, the company provided training on preventing sexual harassment to 119 employees who had not yet had the chance to attend this training.

Every year, a human rights lecture is held for senior staff such as the president, directors, and division managers, as well as Group company presidents. In fiscal 2012, Toshihiro Azuma, head of the Japanese Cabinet Office's Division on Reforms for Programs for People with Disabilities, was invited to give a lecture on reforms

to programs for people with disabilities, with a focus on prohibiting discrimination against people based on ability level.



Human rights lecture

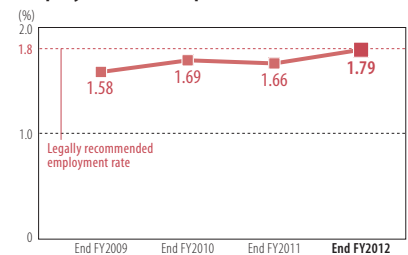
### Encouraging respect for human rights and diversity

Mitsubishi Estate holds a meeting of its Human Rights Education Committee (chaired by the director in charge of human resources) once a year to review the status of its human rights initiatives, exchange views on ways to improve programs, discuss that fiscal year's activity plan, and review reports on recent human rights conditions.

### Hiring of people with disabilities

Mitsubishi Estate actively seeks to hire persons with disabilities, in accordance with the normalization concept advocated by the United Nations. As of the end of fiscal 2012, Mitsubishi Estate employed 30 people with disabilities, meeting the required number of employees, as calculated at Japan's legally recommended employment rate of 1.8%. Mitsubishi Estate is expanding its hiring of people with disabilities, given that the legally recommended employment rate went up in April 2013.

#### Employment rate of persons with disabilities



## Supportive Workplaces for Employees

### Specific programs for work-life balance

Mitsubishi Estate has established programs for childcare leave and family care leave, as well as shorter work hours for childcare and family care, in order to support its employees' efforts to achieve their diverse career goals and help them achieve a healthy balance between work and home life (see table on the right).

Employees can take childcare leave until the end of March after the child turns three, and can work shorter hours for childcare activities until the child has completed the third grade of elementary school. Mitsubishi Estate

also implements other initiatives to support childcare, such as temporary daycare services using contracted daycare centers and subsidies for the cost of babysitting.

Mitsubishi Estate has established a general action plan so that employees can balance work and childcare. It has also made a Childbirth and Childcare Guidebook explaining support programs available on its intranet.

Moreover, in light of Japan's changing social structure, the company now enables employees to take family care leave for three years and work shorter hours while providing family care. In January 2013, the company

established a new program that makes it possible for employees who had to leave the company due to their spouse's work transfer or other reason which meet certain conditions to apply for reemployment.

#### Number of employees taking childcare and nursing care leave

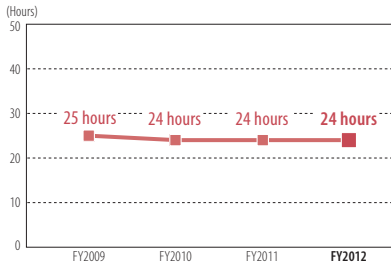
	FY2010	FY2011	FY2012
Childcare leave of absence	6	11	17
Shortened work hours for childcare	18	19	25
Nursing care leave of absence	1	0	0



## Reducing overtime hours

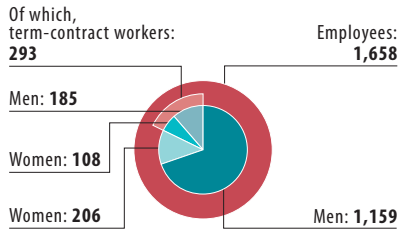
Mitsubishi Estate has made Wednesdays “no overtime days” to help prevent long work hours and overwork. Moreover, the company has also been observing “intensive no overtime days” on the third Wednesday of every month and every Wednesday in November. On these days, the public address system in the office encourages people to go home on time. In addition to these initiatives, Mitsubishi Estate is earnestly striving to help employees manage their health. All supervisors meet one-on-one with their subordinates to discuss workload and task difficulty, seeking to understand conditions that may impact their health. Any employee who works more than 90 hours of overtime in a month is encouraged to have a checkup with an occupational physician.

### Overtime hours worked, per month, per person



## Workforce profile

The breakdown of Mitsubishi Estate’s employees is as follows.

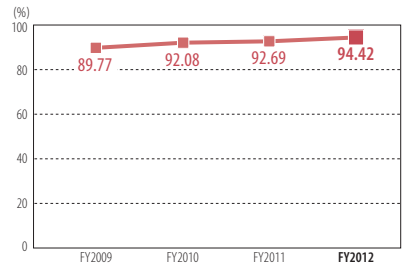


\* As of March 31, 2013 (Including employees seconded to Group companies)

## Managing employee health with medical checkups

Mitsubishi Estate gives regular medical checkups to all employees once a year to maintain and promote employee health. The company has expanded examinations for lifestyle diseases, and employees are given secondary exams and special exams as the results warrant. Those who have not received a checkup are followed up with individually. As a result of these efforts, the examination rate improved 1.73 points in fiscal 2012 from the previous year to 94.42%.

### Percentage of employees receiving health check-ups (head office)







## Reinforcing internal controls

The Mitsubishi Estate Group's Board of Directors adopted the Basic Policy on Internal Control Systems, as required by Japan's Companies Act, regularly confirms that operations are consistent with the policy, and makes improvements whenever necessary.

The Group also upgraded, administered and evaluated its internal control system in line with the internal controls over financial reporting which were adopted by listed companies in April 2008 as mandated by Japan's Financial Instruments and Exchange Act. The Internal Control Report concluding that the Group's internal controls over financial reporting were effective as of March 31, 2013 was submitted to the Kanto Local Finance Bureau of the Ministry of Finance on June 27. An internal control audit was performed by an independent auditing firm to ascertain that this report was presented fairly.

The three Group companies\* that handle financial instruments have

established and continue to operate their own systems. Relevant divisions in Mitsubishi Estate also strengthened their internal control systems to address compliance problems related to this law.

\* Mitsubishi Jisho Investment Advisors, Inc. (real estate investment and management), Japan Real Estate Asset Management Co., Ltd. (real estate investment and management), Mitsubishi Real Estate Services Co., Ltd. (real estate consulting and solutions, brokerage, sales and leasing)

## Management oversight structure

The Board of Directors works with the Board of Statutory Auditors to oversee and audit the business affairs of the company. The Board of Directors meets once a month, and more often when necessary, to make decisions on important operations and legal matters, and it also oversees business execution.

In addition, the attendance of auditors at the Board of Directors' meetings and standing statutory auditors at the Executive Committee ensure that the status of operations is

audited in each division and Group company, while the establishment of the Office of Statutory Auditors has also enhanced audits. The Internal Audit Office has been set up to reinforce the internal audit function and reports directly to the president. This serves to emphasize its objectivity and independence from any business group. Internal audits are conducted in accordance with the audit plan (which also covers Group companies) established on a risk basis to confirm that internal controls are set up and administered appropriately. All audit results are reported to the president, and are then shared with the standing statutory auditors, with an overview provided to the Board of Directors. The company also emphasizes follow-up after audits, confirming that problems indicated in internal audit results have been improved.

# Compliance

The management of the Mitsubishi Estate Group is intently focused on strengthening compliance in order to secure the trust of stakeholders and ensure the continuing development of the company and society as a whole.

## System for promoting compliance

The Mitsubishi Estate Group believes that compliance does not simply involve legal compliance, but is also defined as adherence to internal rules and corporate ethics. Mitsubishi Estate's compliance system has its roots in the determination of its executives and employees to improve their awareness and reform the organization after the company was found in violation of some stipulations of the Commercial Code of Japan in 1997. In that year, the Code of Corporate Conduct was formulated to define the company's basic commitment to reform. Group-wide reform was implemented, with all employees sharing the sense of urgency. In July 2005, a Compliance Advisory Committee consisting of external experts was formed on a temporary basis to objectively review the compliance system in light of the soil and groundwater contamination problems discovered at Osaka Amenity Park. This committee worked to improve the corporate culture, for example, by revising the Code of Conduct.

The current compliance promotion system is administered by the CSR Committee, which discusses CSR issues in general, including Group compliance, and the Compliance Subcommittee, a body consisting of general managers, including those from major Group companies, that holds discussions before the CSR Committee meets. In addition, an executive director has been appointed by decision of the Board of Directors to take responsibility for overseeing and ensuring compliance. All Mitsubishi Estate departments and Group companies are working closely with the Legal & Compliance Department to pursue compliance in a coordinated manner.

## Rigorous information management

In light of society's growing concern over the protection of personal information and information management, the Mitsubishi Estate Group has implemented a system that ensures a high level of information management.

In May 2003, the Mitsubishi Estate Group's Basic Regulations on Information Management Compliance and the Mitsubishi Estate Group's Policy on Personal Information Protection were established—two years before Japan's Act on the Protection of Personal Information went into effect in April 2005. Coupled with thorough monitoring and oversight, the company continues to reinforce its management of personal information and the other confidential information it handles.

Moreover, given the increasingly widespread use of social media, the company established Social Media Use Guidelines in December 2012 to ensure appropriate use.

## Compliance surveys

The Mitsubishi Estate Group regularly gives compliance surveys to its approximately 12,000 executive officers and employees (including temporary employees) to ascertain the extent to which they are aware of compliance

issues. The Group uses the results, after analyzing them to identify overall trends and characteristics of each company, to plan activities to improve compliance.

## Measures against organized criminal elements

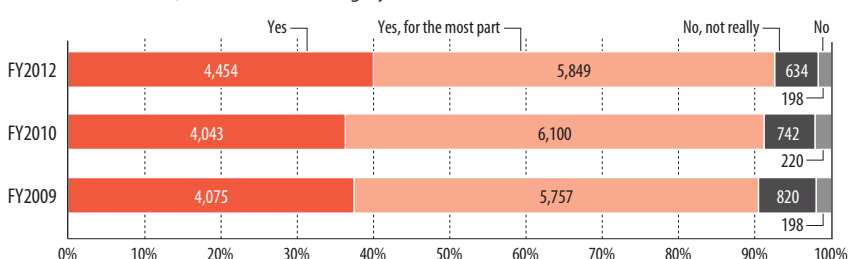
The Mitsubishi Estate Group clearly stipulates its refusal to countenance any relationship whatsoever with organized criminal elements in its Guidelines for Conduct. Mitsubishi Estate's Legal & Compliance Department serves as a special department to take resolute measures for the Group, in cooperation with the police, in the event of any contact from criminal elements.

## Augmenting the help line

The Mitsubishi Estate Group has established a compliance help line to receive inquiries and consultations on compliance issues. The help line has both internal and external contact points and can be used by Group employees, temporary employees, part-time employees and various other part-time staff, and even the business partners of Group companies. Inquiries can be made anonymously. There were 35 consultations and reports via the help line in fiscal 2012.

## Results of the compliance survey (for the entire Group)

Question: Do you think that your company has achieved the first tenet of the Mitsubishi Estate Group Code of Conduct, "We will act with integrity"?



\* Implementation dates for fiscal 2012 survey: June 18–29, 2012

Subjects: All 11,655 employees and executive officers at Mitsubishi Estate and 44 Group companies. There were 11,171 respondents, for a 95.8% response rate.



For the Mitsubishi Estate Group, CSR is epitomized by the Group's Mission, which is to help create a truly meaningful society by working to build attractive, environmentally sound communities where people can live, work and relax with contentment. To realize this mission, the Group puts into practice the three core elements of its Code of Conduct: acting with integrity, earning the trust of clients and creating a vibrant workplace. The Group strives to maintain an ongoing dialogue with the public by pursuing thorough communication with stakeholders.

## The Spirit of Mitsubishi: The Three Principles

### *Shoki Hoko*

Corporate Responsibility to Society

Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

### *Shoji Komei*

Integrity and Fairness

Maintain principles of transparency and openness, conducting business with integrity and fairness.

### *Ritsugyo Boeki*

Global Understanding through Business

Expand business, based on an all-encompassing global perspective.

## The Mission of Mitsubishi Estate Group

**We contribute to society through urban development.**

By building attractive, environmentally sound communities where people can live, work and relax with contentment, we contribute to creating a truly meaningful society.

## The Mitsubishi Estate Group Code of Conduct

In order to carry out the Group Mission, we pledge to observe the following Code of Conduct.

1

**We will act with integrity.**

We will base our conduct on laws and ethics, and always reflect with humility upon our behavior, valuing our communication with society and placing priority in our corporate activities on earning trust through fairness and transparency.

2

**We will strive to earn the trust of our clients.**

We will approach all objectives from our clients' point of view, providing safe and reliable products and services, and make information available as appropriate.

3

**We will strive to create a vibrant workplace.**

While aiming at personal growth, we will respect the human rights and the diversity of opinion of others, and increase our creativity and professionalism while displaying our collective strengths as a team.

## Mitsubishi Estate Group Guidelines for Conduct

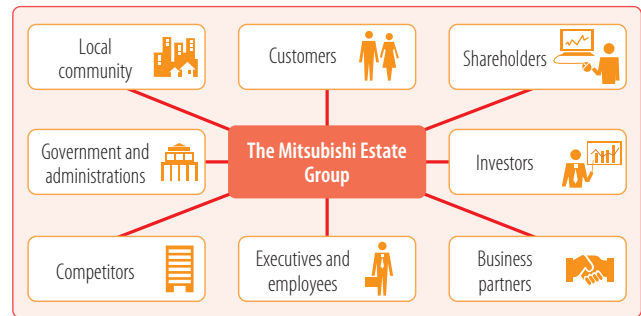
Full text available at [www.mec.co.jp/e/company/charter/](http://www.mec.co.jp/e/company/charter/)

## Mitsubishi Estate Group's Relationships with Stakeholders

The Mitsubishi Estate Group's business is premised on its relationships with a wide variety of stakeholders, including customers, shareholders, the local community, government and local administrations, business partners, and executives and employees and their family members.

Business activities in urban development involve many stakeholders by their very nature, and the Mitsubishi Estate Group has the responsibility to pursue its business activities while living up to the trust placed in it by these stakeholders. The Group holds dialogue with stakeholders in various formats, and carries out many programs to reflect these opinions in its management.

### Mitsubishi Estate Group's ties with stakeholders



## Operational Framework for CSR

Mitsubishi Estate takes an active, groupwide approach to CSR. The Group's CSR Committee is chaired by the company president and ensures groupwide implementation of CSR. The Compliance Subcommittee and the Environmental Subcommittee (renamed

the "CSR & Environmental Sustainability Subcommittee" since April 2013) serve as forums for detailed discussion to prepare for CSR Committee meetings.

### Overview of CSR Committee meetings held in fiscal 2012

#### First meeting (July 2012, regular meeting)

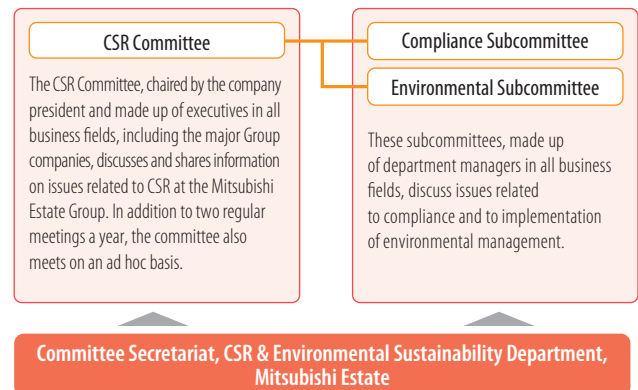
- Progress review and discussion on future policies of the Group's CSR initiatives
- Discussion on the Group company environmental questionnaire survey result
- Discussion on the Rebirth Tohoku Food Project and other initiatives to support recovery from the Great East Japan Earthquake, among other issues

#### Second meeting (February 2013, regular meeting)

- Review of the operational framework for CSR
- Overview of the fiscal 2012 compliance questionnaire survey result
- Discussion on the use of social media, among other issues

The following two external experts participate as advisors in the regularly scheduled CSR Committee meetings.  
Iwao Taka, Ph.D., Professor, C. Hiroike Graduate School, Reitaku University  
Setsuko Egami, Professor and Dean, Faculty of Sociology, Musashi University

### Operational framework for CSR



## Priority CSR Issues for the Near Term

The Group has identified three issues to be given priority for the near term.

### Priority CSR issues for the near term



#### Promoting environmental management

- Building a low-carbon society
- Creating a sound material-cycle society
- Fostering harmony between nature and human society
- Promoting environmental communication
- Increasing employees' ecological awareness

#### Promoting new social contribution programs utilizing management resources

- Implementing groupwide social contribution initiatives
- Pursuing collaboration with local communities on projects that demonstrate the uniqueness of the Mitsubishi Estate Group

#### Creating a more vibrant workplace and fostering a dynamic workforce

- Creating a workplace in which employees are motivated and able to exercise their skills
- Creating a workplace where human rights and diversity are always respected

The Mitsubishi Estate Group's fiscal 2012 CSR activities are described below.

CSR initiatives		Fiscal 2012 initiatives and results
<b>Priority CSR issues for the near term</b>		
<b>Promoting environmental management</b>	Promoting environmental management and providing environmental education	<ul style="list-style-type: none"> <li>Research on environmental technology related to energy-saving homes with lower CO<sub>2</sub> emissions</li> <li>Establishment of the Environment Promotion Liaison Organization, which cuts across business groups</li> <li>Release of publication entitled <i>Mitsubishi Estate Group's Environmental Initiatives</i>, a tool for environmental education</li> </ul>
	Setting up and running system for compliance with environment-related laws	<ul style="list-style-type: none"> <li>Appropriate response to energy conservation laws and Tokyo Metropolitan environmental regulations</li> <li>Maintenance of business offices certified by the Tokyo Metropolitan Government as top or near-top-level (four top-level buildings, three near-top-level buildings and two near-top-level facilities [district heating and cooling facility])</li> <li>Sharing of energy conservation expertise within the company through the Energy Conservation Promotion Liaison Group</li> </ul>
	Initiatives by business groups	<ul style="list-style-type: none"> <li>Building Business: Promotion of sustainable urban development within the Marunouchi area, adoption and demonstration of cutting-edge technology, including in existing buildings, cooperation with tenants (In the Marunouchi Eiraku Building and other buildings, the perimeter annual load [PAL], an indicator of a building's thermal insulation performance, was reduced by more than 25% [Level 3]) (In the Marunouchi Eiraku Building and other buildings, energy use for facility systems overall, or ERR, was reduced by more than 35% [Level 3])</li> <li>Commercial Property Development and Investment Business: Assessment of environment-friendly buildings and certification; four buildings have earned Development Bank of Japan Green Building Certification (Toyosu 3-2 [Platinum], Toyosu, Kojimachi, Nihonbashi), and Kojimachi Front has earned certification from Mitsui Sumitomo Bank [Gold]</li> <li>Residential Business: Use of environmentally friendly design and reusable energy in affiliation with MEC eco LIFE and Mitsubishi Jisho Residence (solar power hot water system, start of distribution of Condominium Household Account Books) Grades for energy conservation measures in Housing Performance Indication System: Grade four has become the standard specification for built-for-sale condominiums</li> <li>Custom-built Home Business: Raising percentage of Japan-grown timber used (50% Japan-grown timber usage rate) Smart Aerotech R&amp;D project to achieve zero-energy homes won the first House of the Year in Energy award</li> <li>Architectural Design and Engineering Business: Addressing environmental certification systems and advanced environmental proposals to customers Preparation of an environmental design manual, <i>Key Environmental Points</i>, to share expertise on environmental design</li> </ul>
<b>Promotion of new social contribution activities utilizing management resources</b>	Implementing groupwide social contribution initiatives	<ul style="list-style-type: none"> <li>(1) "Experience Nature" Project (Hokuto City, Yamanashi Prefecture)</li> <li>Experience-based tours (12), with new projects such as natural energy field trips and furniture-making using thinned wood</li> <li>Promotion of business affiliations (expansion of tours for Residence Club members, applications for FSC-certified structural plywood by Mitsubishi Estate Home</li> <li>Dialogue and interaction with community (two Masutomi Women's exchange meetings)</li> </ul>
	Pursuing collaboration with local communities on projects that demonstrate the uniqueness of the Mitsubishi Estate Group	<ul style="list-style-type: none"> <li>(2) Support for Great East Japan Earthquake recovery</li> <li>Rebirth Tohoku Food Project held on an ongoing basis (third event "Chef's Ties," fourth event "Eat Heartily Miyagi Market" and fifth event "Earthquake-Affected Region Support Weeks")</li> <li>Participation in regional revitalization matching event "Yuinoba" sponsored by the Reconstruction Agency; canned food produced by factories in affected region were purchased as emergency provisions</li> <li>(3) Cultural and artistic support in Marunouchi</li> <li>Mitsubishi Ichigokan Museum, Geidai Arts in Tokyo Marunouchi, Art Award Tokyo, etc.</li> <li>(4) Other</li> <li>Mitsubishi Estate Artium (Fukuoka, in the IMS building) won the 2012 Mécénat Award, the Future Vessel Award</li> </ul>
<b>Creating a more vibrant workplace and fostering a dynamic workforce</b>	Creating a workplace in which employees are motivated and able to exercise their skills	<ul style="list-style-type: none"> <li>People with disabilities account for 1.79% of workforce (Mitsubishi Estate on a non-consolidated basis) (Legally recommended employment rate was 1.8% as of March 31, 2013)</li> <li>Mitsubishi Estate Group joint training implemented (joint training by Group including training for new hires and third-year training)</li> <li>Promotion of global human resources development (employees sent to China for short-term training and overseas for business school, as well as to exchange programs with EU business people)</li> <li>English conversation lessons held internally with foreign employees</li> <li>As a mental health measure, Group companies held joint training and provided information on line care (in which supervisors help their direct reports manage stress) and self-care</li> </ul>
	Creating a workplace where human rights and diversity are always respected Supporting an open-minded, forward-thinking organization	<ul style="list-style-type: none"> <li>Construction of a dormitory for single new Group employees (this dormitory housed 57 male new employees of nine Group companies, including Mitsubishi Estate, in fiscal 2013)</li> <li>Ongoing implementation of New Business Proposals and Open Job Application System</li> <li>Cross-sectional Task Force (CST) held to give mid-level and young employees (including Group company employees) opportunities to make recommendations to management</li> <li>Ongoing implementation of the internal Hito-Machi Award (227 entries from 25 Group companies in 2012, the second year)</li> <li>Employee Lounge event encouraging interaction between Group employees held (five times in fiscal 2012)</li> </ul>
<b>Basic themes</b>		
<b>CSR overall</b>	Promoting CSR communication	<ul style="list-style-type: none"> <li>Publication of CSR report in printed form, online version and English online version, and communication of CSR initiatives through SRI questionnaires, etc.</li> <li>Ongoing education for employees to enhance CSR awareness through internal CSR liaison groups and CSR promotion months</li> </ul>
<b>Corporate governance</b>	Reinforcing internal controls Strengthening risk management	<ul style="list-style-type: none"> <li>Risk management activities using PDCA approach, with an emphasis on risk in business divisions</li> <li>Risk Management Committee launched to further improve effectiveness of risk management</li> <li>System for prevention of corruption and guidelines for social media use are established in response to social trends</li> </ul>
<b>Compliance</b>	Building and setting up compliance system	<ul style="list-style-type: none"> <li>In order to further improve compliance in the Group overall, shared training tools for the Group developed, and measures for activities promoting compliance, such as training for help lines and sexual harassment monitors, implemented</li> </ul>
<b>Cooperating with customers</b> <b>Cooperating with business partners</b>	Standing in the shoes of our customers Promoting initiatives to improve safety and security	<ul style="list-style-type: none"> <li>Maintain and improve service quality in line with customer needs as identified in customer satisfaction questionnaire; employee award system Mitsubishi Estate Residence: Residence Club formed, corporate and marketing manager's NPS (net promoter score) monitored on an ongoing basis, value chain of housing-related Group companies reinforced</li> <li>Royal Park Hotels ranked No. 1 in customer satisfaction for the sixth straight year in JD Power's Japan Hotel Accommodation Customer Satisfaction Survey</li> <li>Safety and security measures from perspective of customers, business partners and employees implemented on an ongoing basis</li> <li>Improvements to operational quality and service through awards for cooperating companies, ongoing implementation of fair assessments of contracting companies</li> </ul>
	Aiming for development together as a partner	
<b>Cooperating with shareholders and investors</b>	Ensuring timely and appropriate information disclosure	<ul style="list-style-type: none"> <li>Proactive participation in corporate briefings for individual investors held by securities companies and others</li> <li>Holding of financial briefings and meetings with domestic and overseas institutional investors</li> <li>Provision of accurate and prompt information to all stakeholders, not only shareholders and investors</li> <li>Regular feedback internally, such as outside response to release of financial statements, and sharing of information both internally and externally</li> </ul>

\* Please refer to the Japanese website version of this report for information on our fiscal 2013 strategies and initiatives. <http://www.mec.co.jp/j/csr/policy/pdf/trackrecord.pdf>



## The meaning of “Creating Shared Value” for the Mitsubishi Estate Group

This report emphasizes the concept of “Creating Shared Value” (CSV). Some outsiders occasionally misunderstand CSV and criticize the stance of companies that emphasize it. This is because they interpret CSV as a calculating approach in which companies decide to address a certain social issue when it seems profitable to do so, but ignore others where there is no advantage for them. The Mitsubishi Estate Group’s stance is not that simple. When any social issue comes up as the Group interacts with its various stakeholders, the Group considers it in terms of whether taking up the challenge would be socially worthwhile. If the Group decides that it would be worthwhile, it tackles the issue boldly. I have observed Mitsubishi Estate’s decision-making process in a range of situations now, and I can say that the question of whether it is socially worthwhile has always been the starting point of the discussion. However, this alone is not what makes Mitsubishi Estate’s approach to CSV so outstanding—its true value is demonstrated in the process following the decision.

The more worthwhile a thing is, the more important it is not to give up on it halfway—the effort must be sustained. This requires the company to ensure that not only external stakeholders, but also investors, understand and agree that addressing the issue is worthwhile. For this reason, once Mitsubishi Estate begins an initiative, the company examines every aspect and utilizes the strengths of NPOs to make the initiative even better. Mitsubishi Estate’s approach to CSV involves thoroughly soliciting wisdom and persevering with its initiatives while making constant refinements. One example is the “Experience Nature” Project, launched five years ago. Its impressive results speak to Mitsubishi Estate’s commitment.



**Iwao Taka, Ph.D.**

Professor, C. Hiroike Graduate School, Reitaku University

## Steadily developing and exploring CSR activities for sustainable corporate success



**Setsuko Egami**

Professor and Dean, Faculty of Sociology, Musashi University

Mitsubishi Estate’s CSR activities have encompassed education programs for its businesses units and Group companies, building systems of information sharing and collaboration, and preparation of operation manuals and standards. In this process, everyone from staff to directors has consistently explored CSR, considering what the company should really accomplish with CSR. The “Creating Shared Value” concept laid out in this CSR report provides one answer to this question. The report expresses the firm resolution to integrate economic value and social value. Real estate development is a business that utilizes natural resources and transforms environmental resources by giving them added value. It is intrinsically a business that consumes many resources, and I believe that acknowledging this fact has led Mitsubishi Estate to its firm conviction that, in essence, creating social value is the only way to sustainably create economic value and ensure long-term corporate success.

Noteworthy initiatives include the Group’s efforts to develop new technologies based on its long-term environmental vision. The company also laid out a scheme based on resolving social issues for its urban development business. Also worth special mention are its efforts to revitalize the domestic timber industry, protect biodiversity and promote domestically-grown timber resources. Mitsubishi Estate’s initiatives are all steadily gaining ground.

## Benefitting from external insights



Professor Iwao Taka and Professor Setsuko Egami, the external advisors on our CSR Committee, always provide precise opinions and observations on the social issues that the Mitsubishi Estate Group is called on to address. This leads to lively debate and new insights.

With a shift in the significance of our activities from CSR to CSV, the sustainability of our activities becomes increasingly important. This means that the meaning of our activities moves and deepens from the world of “charity” and “obligation” to a company’s “value-creating activities.” In other words, linking these activities to our core businesses is the key to ensuring the sustainability of our success.

It has become even more essential that the Group utilize its management resources and create new forms of shared value while tackling social issues with resolve and making constant refinements. We will continue to implement our basic mission to contribute to society through urban development while addressing the vital needs of the age, aspiring to sustainable corporate and social development.

**Toru Okusa**

Director, Senior Executive Officer responsible for the CSR & Environmental Sustainability Department  
Mitsubishi Estate Co., Ltd.

# GRI Content Index

The table below indicates the pages in the Mitsubishi Estate Group CSR Report 2013 that correspond to items indicated in the *Sustainability Reporting Guidelines Version 3.0* issued by the Global Reporting Initiative (GRI).

## 1. Strategy and Analysis

Item	Index	Pages
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	4–5
1.2	Description of key impacts, risks, and opportunities.	37–38

## 2. Organizational Profile

Item	Index	Pages
2.1	Name of the organization.	3
2.2	Primary brands, products, and/or services.	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	
2.4	Location of organization's headquarters.	3
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	
2.6	Nature of ownership and legal form.	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	
2.8	Scale of the reporting organization.	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	
2.10	Awards received in the reporting period.	18, 23, 25

## 3. Report Parameters

Item	Index	Pages
<b>Report Profile</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	3
3.2	Date of most recent previous report (if any).	
3.3	Reporting cycle (annual, biennial, etc.).	3
3.4	Contact point for questions regarding the report or its contents.	3
<b>Report Scope and Boundary</b>		
3.5	Process for defining report content.	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	3
3.7	State any specific limitations on the scope or boundary of the report.	3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	22, 23, 24
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	
<b>GRI Content Index</b>		
3.12	Table identifying the location of the Standard Disclosures in the report.	41–44
<b>Assurance</b>		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	40

## 4. Governance, Commitments, and Engagement

Item	Index	Pages
<b>Governance</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	34–35
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	34–35
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	34–35

4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	30, 36
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	34
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	16, 20, 37
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	34–35
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	38
<b>Commitments to External Initiatives</b>		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	27, 34
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	32
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	
<b>Stakeholder Engagement</b>		
4.14	List of stakeholder groups engaged by the organization.	38
4.15	Basis for identification and selection of stakeholders with whom to engage.	38
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	17, 22, 38
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	17, 22, 38

## 5. Management Approach and Performance Indicators

Item	Index	Pages
<b>Economic Performance Indicators</b>		
Aspect: Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	16
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	
EC3	Coverage of the organization's defined benefit plan obligations.	
EC4	Significant financial assistance received from government.	
Aspect: Market Presence		
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Published December 2013

**About the cover design**

The front cover features a view of Marunouchi Naka Dori Avenue, and the back cover shows the award-winning works of art from the fiscal 2012 Eleventh Dazzling Art Competition held by Mitsubishi Estate for children with disabilities.