

mitsubishi estate group



CSR Report 2014



A photograph of a tree-lined city street. In the foreground, two women are walking away from the camera on a paved sidewalk. The woman on the left is wearing a light-colored coat and carrying a red bag. The woman on the right is wearing a light-colored coat and carrying a brown bag. The street is lined with tall trees with green leaves, and other people are visible in the background. A red banner is overlaid on the lower half of the image.

A Love for People A Love for the City

Editorial Policy

The Mitsubishi Estate Group began publishing its *Environmental Report* in fiscal 2000. Since fiscal 2005, the Group has published the *CSR Report*, expanding the coverage of the report to include corporate social responsibility.

In fiscal 2013, the Group prioritized a greater integration of its CSR activities with management. Accordingly, the current report is structured based on the five values of BREAKTHROUGH 2020, the Group's long-term vision. Going forward, the Group plans to further augment its CSR activities as well as the content of its reports with reference to the GRI *Sustainability Reporting Guidelines, Version 4*, issued in 2013. We hope that all stakeholders will read this report and share their opinions and impressions with us without hesitation.

Scope

The organizations covered in this report are Mitsubishi Estate and the 46 Group companies listed below.

Business Segment	Company Name
Building Business	Mitsubishi Jisho Property Management Co., Ltd.
	Hokuryo City Service Co., Ltd.
	Yuden Building Kanri Co., Ltd.
	Grand Parking Center Co., Ltd.
	Tokyo Garage Co., Ltd.
	Marunouchi Heat Supply Co., Ltd.
	Sunshine City Corporation
	Sunshine BS Corporation
	Sunshine Enterprise Corporation
	Ikebukuro District Heating and Cooling Co., Ltd.
	Tokyo Kotsu Kaikan Co., Ltd.
	Marunouchi Direct Access Limited
Retail and Logistics Property Business	Mitsubishi Jisho Retail Property Management Co., Ltd.
	Yokohama Sky Building Co., Ltd.
	Yokohama Swimming Center Co., Ltd.
	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.
	Higashinihon 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.
	Towa Nasu Resort Co.
	MEC eco LIFE Co., Ltd.
International Business	Mitsubishi Estate New York Inc.
	Mitsubishi Estate London Limited
	Mitsubishi Estate Asia Pte. Limited
	Mitsubishi Estate (Shanghai) Ltd.
Investment Management	Mitsubishi Jisho Investment Advisors, Inc.
	Japan Real Estate Asset Management Co., Ltd.
Architectural Design and Engineering	Mitsubishi Jisho Sekkei Inc.
	MEC Design International Corporation
Hotel Business	Royal Park Hotels and Resorts Co., Ltd.
	Yokohama Royal Park Hotel Co., Ltd.
	Tohoku Royal Park Hotel Co., Ltd.
	Royal Park Hotel Co., Ltd.
	Royal Park Hotel Management Co., Ltd.
Real Estate Services	Mitsubishi Real Estate Services Co., Ltd.
	Mitsubishi Jisho House Net Co., Ltd.
Corporate Group	MEC Business System Solutions Co., Ltd.
	Keiyo Tochi Kaihatsu Co., Ltd.
	MEC Human Resources, Inc.

Environmental performance data* primarily covers the following organizations, which are among those that have acquired ISO14001 certification.

Property Management and Office Leasing Group and Commercial Asset Management and Development Group of Mitsubishi Estate Co., Ltd. (In April 2014, Mitsubishi Estate underwent an organizational reform, and the scope of organizations with systems certified under ISO14001 was reviewed accordingly.)

- 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 2013 (April 1, 2013 to March 31, 2014), but also includes information pertaining to other fiscal years.

Reference guidelines

- *Sustainability Reporting Guidelines, Version 3.1*, Global Reporting Initiative (GRI)
- *Environmental Reporting Guidelines* (2012 edition), Ministry of the Environment, Japan

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Next issue:

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Interview with the President

“We design and manage communities where many people live and work. Community development is equivalent to creating shared value.”

Hiroataka Sugiyama

President & CEO, Mitsubishi Estate Co., Ltd.



The Mitsubishi Estate Group takes a long-term perspective on urban development and is working hard to realize its BREAKTHROUGH 2020 plan. Ayako Sonoda, President of Cre-en Inc., a consultancy focused on building a more sustainable world, interviewed Hiroataka Sugiyama, President of Mitsubishi Estate, about the company's approach to CSR management as an urban development innovator and his views on the future of social responsibility.

Sonoda:

How do you see the social conditions surrounding the Mitsubishi Estate Group and what are the social issues your company should address? And how do you define CSV, the concept of creating shared value?

Sugiyama:

Japan faces a daunting variety of social issues, such as responding to the needs of rapidly aging society and learning to coexist harmoniously in the global environment, but I don't think this should make us lose heart. Japan still has many very attractive strengths, such as high-quality markets and very sophisticated technical capabilities.

In particular, although there are concerns that Tokyo is slipping somewhat in the competitive ranks of international cities in Asia, the 2020 Tokyo Olympic and Paralympic Games will serve as an opportunity to develop urban communities that can reenergize Japan and position Tokyo at the heart of the drive to spread growth throughout the country.

One of the five values of our medium-to-long-term management plan BREAKTHROUGH 2020, is “global,” and it does not refer simply to expanding our business outside Japan. It also means further enhancing the value of the Marunouchi area in the center of Tokyo as a global city. In sum, “global” expresses our commitment to urban development that creates the world's best business environment in terms of both physical and social infrastructure, leading Japan successfully to 2020 and beyond.

In addition, exporting our expertise in community development, including infrastructure development and environmental measures, from Japan to other countries is an important part of our “global” strategy. A key aspect of community development is not the physical infrastructure, but the overall management of the community to ensure the well-being and happiness of the people who live and work there. I believe that the expertise we have built over the years in this field can make a real difference for people around Asia. My hope is that we can work together with

public and private entities to bring together all of Japan's strengths and build communities throughout Asia that the local people can then run themselves, sustainably.

Our community development involves designing and managing communities where many people live and work, and it is in essence the same as creating shared value.

Sonoda:

The Mitsubishi Estate Group's mission is to “contribute to society through urban development.” Tell us more about this.

Sugiyama:

Our mission is based on Mitsubishi's Three Principles, which encapsulate the spirit we inherit from Mitsubishi's fourth president, Koyata Iwasaki. The values behind the three principles of *shoki hoko* (corporate responsibility to society), *shoji komei* (integrity and fairness) and *ritsugyo boeki* (global understanding through business) have deep roots in the Group.

When we say we want to contribute to society through urban development, we are

talking about accurately identifying society's needs for community development in each era and then meeting those needs with innovative concepts and a unique ability to get challenging things done. In fact, "innovative" is another of the five values we are working on. Accordingly, we are striving to manage Marunouchi so that it is much more than just a place to work, but also becomes an area that offers cultural pleasures and diverse lifestyles. Personally, I would like to see it become an area with diverse attractions including lively side alleys with casual eating and drinking establishments. What is most important here is creating communities that are truly "customer-oriented," which is another of the five values. In order to achieve this, we proactively make use of the sensibilities of our employees who are working on the front lines and incorporate their insights into our business operations. In this way, we stay focused on the future of what our customers want, without being tied down to what worked in the past.

Sonoda:

Mitsubishi Estate released a new medium-term management plan in May 2014. Can you tell us about its direction and focus?

Sugiyama:

The new medium-term management plan reflects the long-term vision and basic strategies set out in BREAKTHROUGH 2020. We restate the five values and actions and reconfirm our strategy of growing the Investment & Development Business by reinforcing value chains. It is under this plan that we will implement various types of initiatives to help enhance the value of the entire community.

One area of our focus is summed up in the term "eco-conscious." The time has come when environmental performance is one of the criteria that inform people's choice of buildings and communities. As an experiment in this direction, we built and have been operating the Kayabacho Green Building, an office building with cutting-edge environmental features. While ensuring that tenants enjoy convenience, we want the building to set the new standard for the environmental performance of office buildings.

Another area of focus is safety and security. Natural disasters have occurred frequently in recent years, but Marunouchi, which is home to many corporate headquarters, must be able to continue operating in any circumstance. We are building resilient communities that can ensure

operations will continue even in the event of a disaster, thanks to district energy management systems and flood prevention measures, among other things.

It is only natural that companies should ensure thorough compliance and risk management, so we consistently identify risks and ensure appropriate measures are in place Group-wide.

There is nothing more important than working in solidarity "as one team"—the last of the five values—capitalizing on the strengths of all of the individuals that comprise our human resources. In our line of work, customers entrust us with major



assets in the form of real estate, which means that not only the company, but also each individual employee, must be trustworthy.

At the same time, we believe that providing an environment in which each employee can work with vitality and fulfillment is the responsibility of those of us in management. Since I was young, I have never liked being asked to fit a mold or being told to act a certain way, and for this reason I want to strive to recognize the uniqueness of each individual and create an energizing climate.

In my personal experience, talking to a wide variety of people from outside the company has been very helpful. A community is created by the presence of many different people, so I think that embracing the diversity and practicing inclusivity when it comes to different values is essential. Currently, we are implementing a range of employee education programs that bring in

individuals from outside the company. I hope that these opportunities to interact with people holding diverse values from in and outside of our industry will help our employees to develop the kind of overall human strength they could never acquire in a classroom lecture.

I also want to say that we need to work "as one team" in the truest sense—not merely "getting along with each other," but really saying what we want to say and then discussing the diverse opinions to determine a certain course of action. I expect those who work on the front lines to be tenacious with their own proposals and try different approaches to persuade their superiors, not giving up easily when the usual approach doesn't seem to be working.

The discussions at our board of directors meetings are quite lively, because we have four external directors with different backgrounds participating. This raises the transparency of management and ensures that we are accountable to our shareholders. Going forward, we want to emphasize this kind of diversity at all levels: among directors, managers and rank-and-file employees.

Sonoda:

How will you implement CSR management that integrates business and social responsibility?

Sugiyama:

At Mitsubishi Estate, CSR means achieving sustainable growth for both the broader society and our Group. We ensure that our employees' growth goes hand in hand with the Group's growth and that our various businesses are fully embraced by society. This will enable us to achieve sustainable growth, which will in turn meet the expectations of our stakeholders.

This fiscal year, we launched a working group tasked with once again identifying the CSR issues that have the greatest materiality for the Group. During this fiscal year, we plan to set key performance indicators on these issues and set up a system to ensure we achieve targets in these areas. We hope to continue to achieve qualitative growth through ongoing dialogue with stakeholders and by delivering the kind of leading social responsibility people have come to expect from Mitsubishi Estate.

I am confident that the companies of the Mitsubishi Estate Group have the strengths needed to be recognized by stakeholders as number one in their respective fields and industries, and I believe that this will certainly translate into the highest acclaim for the Group as a whole.

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.

We put the Mitsubishi Estate Group Code of Corporate Conduct into practice on a daily basis and pursue a management strategy integrated with CSR to achieve our long-term vision. By doing so, we aim to completely integrate contribution to society and corporate growth and enhance corporate value in the fullest sense of the term.

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.

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.

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.

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



A Love for People
Forever Taking on New Challenges

Formulated: December 1, 1997 / Revised: August 1, 2002 / Revised: January 1, 2006

Operational Framework for CSR

Mitsubishi Estate takes an active, group-wide approach to CSR. The Group's CSR Committee is chaired by the company president and ensures group-wide implementation of CSR. The Compliance Subcommittee and the CSR & Environmental Sustainability Subcommittee serve as forums for detailed discussion to prepare for CSR Committee meetings.

CSR Committee

The CSR Committee, chaired by the company president and made up of executives in all business fields, including the major Group companies, discusses and shares information on issues related to CSR at the Mitsubishi Estate Group. In addition to two regular meetings a year, the committee also meets on an ad hoc basis.

Compliance Subcommittee

CSR & Environmental Sustainability Subcommittee

These subcommittees, made up of department managers in all business fields, discuss issues related to compliance and to implementation of environmental management.

Committee Secretariat: Legal & Compliance Department and CSR & Environmental Sustainability Department, Mitsubishi Estate



A Love for the City

The Mitsubishi Estate Group

2020 Long-term Vision

BREAKTHROUGH 2020

Orchestrating Comfortable Cities for the Future— We Create Ideal Urban Environments Worldwide

We have identified the following five values and five actions to articulate what we stand for and guide our actions as we pursue our mission and work to achieve our long-term vision.

Five Values	Five Actions	Page
Innovative	Continue to take on challenges as an innovative urban developer	P12
Eco-conscious	Aim for sustainable growth through advanced environmental initiatives	P18
Customer-oriented	Always think about customer value from a customer perspective	P24
Global	Develop human resources, structure and businesses suitable for global operations	P28
As One Team	Unite as one team and strive to realize BREAKTHROUGH 2020	P30

Medium-term management strategy (2014-2016)

Aiming for 3 years of growth in corporate and asset value

Business themes

- Strengthen urban and business development
- Take advantage of the strength of the group to provide solutions and services and to strengthen the value chain

Group-wide themes

1. Reinforce asset portfolio management and management structure
2. Business portfolio management
3. Group-wide management
4. Human resources development and deployment
5. Risk management and compliance
6. Environmental initiatives
7. Creation of vibrant workplaces and corporate culture

Overview of CSR Committee meetings held in fiscal 2013

First meeting (July 2013, regular meeting)

- Progress of Mitsubishi Estate Group's CSR initiatives and guidelines for future initiatives
- Fiscal 2012 compliance activities and plan for fiscal 2013 compliance promotion activities, other

Second meeting (February 2014, regular meeting)

- Mitsubishi Estate Group's response to restaurant menu labeling incidents
- Earthquake restoration support activities, other

The following two external experts participate as advisors in the regularly scheduled CSR Committee meetings.

Iwao Taka, Ph.D.

Professor, Faculty of Economics and Business Administration, Reitaku University, and Professor, School of Economics and Business Administration, C. Hiroike Graduate School, Reitaku University

Setsuko Egami

Professor, Faculty of Sociology, Musashi University

Mitsubishi Estate Group's Relationships with Stakeholders

The Mitsubishi Estate Group's business is built upon the foundation of its relationships with a wide variety of stakeholders, including customers, shareholders, local communities, government and local authorities, 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.



Globally, populations are becoming more urban, birthrates are declining and demographics are graying. There is also a growing appeal for smart urban planning that ensures resilience in the face of natural disasters. Addressing these vast social changes, the Mitsubishi Estate Group takes the long view in its business.

The Group analyzes social trends in urban planning and the various problems facing society, and then identifies the opportunities and risks with the most materiality for the Group. Its various businesses then work together across the value chain to help build the sustainable society of the future, seeking to achieve long-term growth for the Group by making significant social contributions.

Social and environmental trends

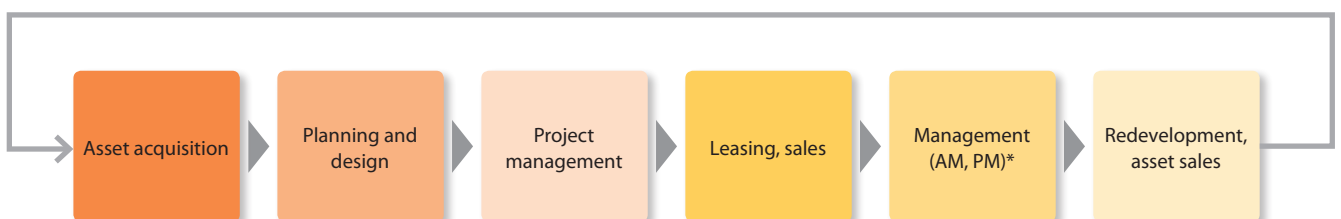
- Global population growth and urbanization
- Declining birth rate and aging society in Japan, as well as decline in the working-age population
- Women's social advancement and diversification of working styles
- Aging infrastructure and growing need for safety and security
- Intensifying competition among Asian cities
- Creation of a global digital network
- Development of technology capable of replacing human labor
- Emergence of a global community that is active 24 hours a day
- Growing corporate influence and development of citizen sector
- Expanding influence of generation with acute social sensitivities
- Need for rejuvenation of community vitality
- Rising resource and energy prices
- Increasingly visible signs of climate change
- Shortages of water resources and food
- Heightened concerns over sustainability of biodiversity and resources

Material opportunities and risks

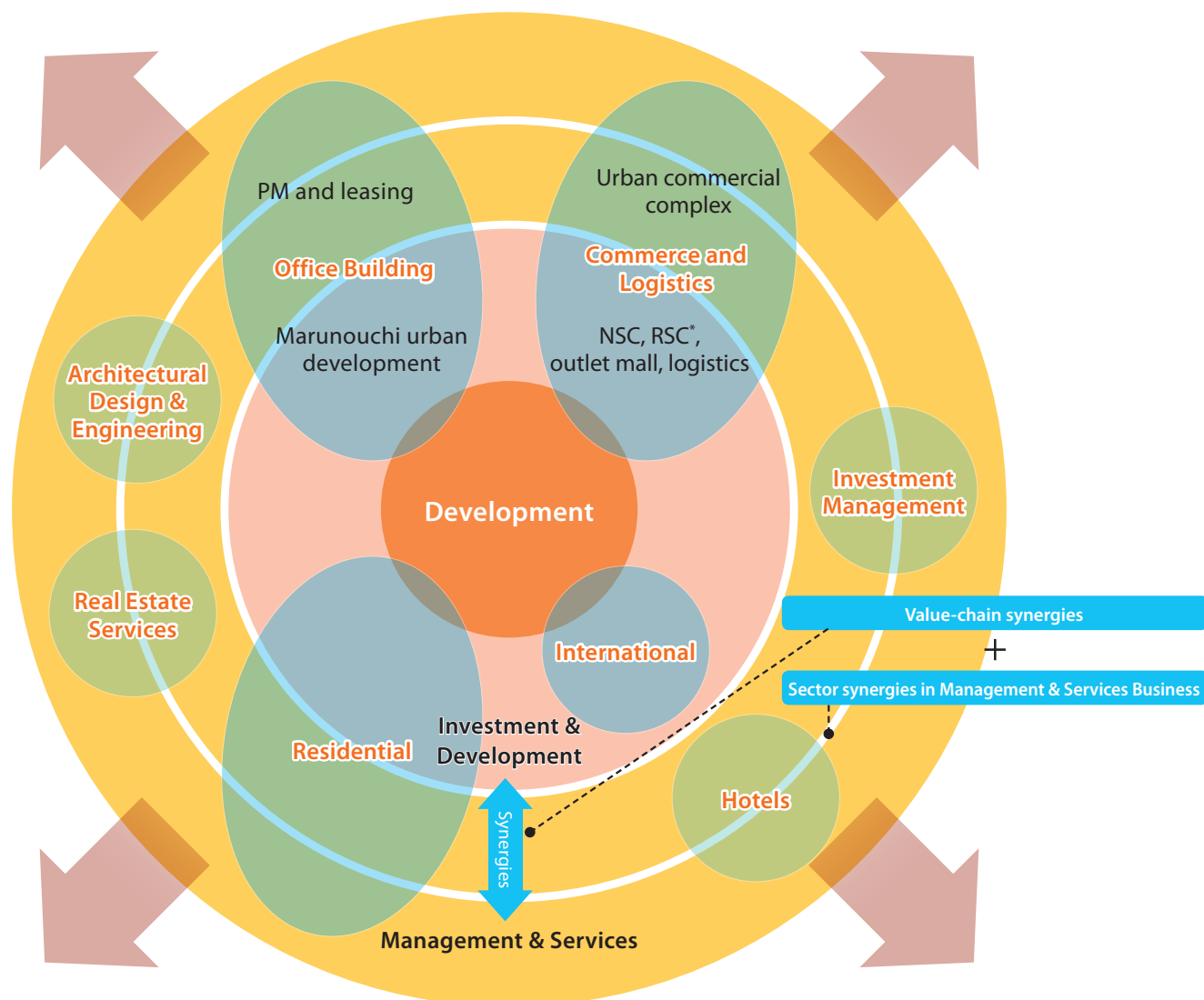
- Improvements in external environment including upturn in rents and lower vacancy rates due to Tokyo's winning bid for the 2020 Olympic and Paralympic Games
- Rise in real estate prices due to ongoing economic recovery in Europe and the U.S.
- Growing demand in real estate market in Asian countries
- Energy conservation and greater use of renewable energy
- Response to changing social conditions, such as declining birth rate and aging society
- Ongoing trend of higher construction costs
- Possibility of diminished presence for Tokyo as a result of the emergence of other Asian cities
- Impact of disasters in Tokyo metropolitan region

Reinforcing the value chain

- Create customer-oriented value by integrating our properties and services
- Provide optimal services to create and support ideal urban environments
- Work steadily to create a wide network and loyal fan base of the Mitsubishi Estate Group



* AM: Asset management
PM: Property management



* NSC: Neighborhood shopping complex
RSC: Regional shopping complex

Major Group Companies (as of July 1, 2014)

Building Business

Sunshine City Corporation
Mitsubishi Estate-Simon Co., Ltd.
Yokohama Sky Building Co., Ltd.
Tokyo Kotsu Kaikan Co., Ltd.
Mitsubishi Jisho Property Management Co., Ltd.
Hokuryo City Service Co., Ltd.
Mitsubishi Jisho Retail Property Management Co., Ltd.
IMS Co., Ltd.
Yuden Building Kanri Co., Ltd.
Grand Parking Center Co., Ltd.
Tokyo Garage Co., Ltd.
Marunouchi Heat Supply Co., Ltd.
Ikebukuro District Heating and Cooling Co., Ltd.
O.A.P. D.H.C. Supply Co., Ltd.
Minato Mirai 21 D.H.C. Co., Ltd.
Marunouchi Direct Access Limited
Marunouchi Hotel Co., Ltd.

Residential Business

Mitsubishi Jisho Residence Co., Ltd.
Mitsubishi Estate Home Co., Ltd.
Mitsubishi Estate Housing Components Co., Ltd.
Prime Truss Co., Ltd.
Izumi Park Town Service Co., Ltd.
Mitsubishi Jisho Community Holdings Co., Ltd.
Mitsubishi Jisho Community Co., Ltd.
Mitsubishi Jisho Marubeni Residence Services Co., Ltd.
MT Community Staff Co., Ltd.
Hokkaido Benny Estate Co., Ltd.
Higashinihon Kaihatsu Co., Ltd.
MEC Urban Resort Tohoku Co., Ltd.
Towa Nasu Resort Co.
Sakura Golf Development Co., Ltd.
MEC eco LIFE Co., Ltd.
Ryoei Life Service Co., Ltd.
Tsunagu Network Communications, Inc.

International Business

Rockefeller Group, Inc.
Mitsubishi Estate New York Inc.
Mitsubishi Estate London Limited
Mitsubishi Estate Asia Pte. Limited
Mitsubishi Estate (Shanghai) Ltd.

Investment Management

Mitsubishi Jisho Investment Advisors, Inc.
Japan Real Estate Asset Management Co., Ltd.

Architectural Design and Engineering

Mitsubishi Jisho Sekkei Inc.
MEC Design International Corporation

Hotel Business

Royal Park Hotels and Resorts Co., Ltd.
Yokohama Royal Park Hotel Co., Ltd.
Tohoku Royal Park Hotel Co., Ltd.
Royal Park Hotel Management Co., Ltd.
Royal Park Hotel Co., Ltd.

Real Estate Services

Mitsubishi Real Estate Services Co., Ltd.
Mitsubishi Jisho House Net Co., Ltd.

Other

MEC Human Resources, Inc.
MEC Business System Solutions Co., Ltd.
Keiyo Tochi Kaihatsu Co., Ltd.
Tokyo Ryutsu Center Inc.

In order to help build the sustainable society of the future, the Group must identify the issues it is best positioned to address and ensure that its business operations help provide the needed solutions. It is also requisite that the Group move steadily ahead with these initiatives and faithfully report the results to the public.

The Mitsubishi Estate Group has been holding a series of discussions with stakeholders to select the key CSR themes that the Group should address over the medium to long term.

Process of selecting important CSR themes

STEP 1

Select themes to be evaluated

In addition to the 46 material aspects laid out in the fourth edition of the GRI Guidelines (G4), we also considered aspects specific to the Group in light of social problems, the Group's strategies and business environment, and selected potentially important CSR themes. After identifying the boundaries or scope of influence for each, we shared the evaluation method group-wide.

STEP 2

Initially evaluate important themes

We assessed the potential important CSR themes selected in step 1 in terms of their materiality to the Group through internal discussion and questionnaires to managers, and devised tentative theories on their relevance to stakeholders.

Working group for selecting key CSR themes formed (May 2014)

A working group was formed to consider the issues with the most materiality to the Group. With the CSR & Environmental Sustainability Department serving as the secretariat, members were chosen from relevant divisions, particularly the Corporate Group, and they discussed important CSR themes from various perspectives.



Questionnaire given to stakeholders (from June 2014)

In order to reflect public opinion, approximately 70 stakeholders with strong ties to the Group, including customers, business partners, shareholders and investors, were asked to fill out a questionnaire and assess the importance of the respective themes.

Web-based questionnaire

Questionnaire form (Japanese, English)



Yoshiaki Okada
General Manager,
CSR & Environmental
Sustainability Department
Mitsubishi Estate Co., Ltd.

Fostering capacity to consider social and environmental issues

In today's increasingly interconnected world, neither companies nor individuals can face social and environmental problems with indifference. The definition of corporate social responsibility has expanded to include the creation of shared value through core businesses. At the Mitsubishi Estate Group, we identify CSR themes with materiality for the Group through dialogue with stakeholders, aiming to address social and environmental issues head-on in all of our businesses. In doing so, we strive to integrate business operations with CSR using the PDCA management cycle. Our corporate brand slogan, "A Love for People, A Love for the City," is naturally deepening into a commitment to social and environmental issues, as well.

STEP 3

Reflect public opinions

In order to reflect a broad range of public opinion, we gave a questionnaire to stakeholders on the importance of the potential important CSR themes. We also conducted individual interviews with external experts and dialogues with top management (roundtable discussions). This deepened understanding of the relevance of each theme from stakeholders' perspective.

STEP 4

Finalize key themes

The themes with the most materiality are decided based on the questionnaire results and stakeholders' opinions (planned for September 2014). After they are selected, implementation systems are set up for each theme, specific action plans and key performance indicators are set, and initiatives are developed further in the PDCA cycle.

Interviews with experts and dialogues

Four experts in each field were interviewed individually to obtain a panoramic perspective on key CSR themes. In July 2014, three experts were invited to hold discussions with three Mitsubishi Estate managers (we plan to report on this in more detail in the 2015 CSR Report).



Theme: What are the important issues in the Mitsubishi Estate Group's implementation of CSR?

Date: July 30, 2014 (Wednesday)

Experts participating (no particular order)

Iwao Taka, Ph.D. (Mitsubishi Estate CSR Committee external advisor)
Professor, Faculty of Economics and Business Administration, Reitaku University, and Professor, School of Economics and Business Administration, C. Hiroike Graduate School, Reitaku University

Mariko Kawaguchi Chief Researcher, Research Division of Daiwa Institute of Research Ltd.
Chief Executive, Japan Sustainable Investment Forum

Ryuichi Horie Principal, CSR Design Green Investment Advisory, Co., Ltd

Experts participating

Hiroataka Sugiyama, President & CEO

Yutaka Yanagisawa, Deputy President

Junichi Yoshida, Senior Executive Officer

Facilitator

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

Creating the World's Most Beautiful City Center — The

Making Marunouchi the world's most interaction-inspiring neighborhood, while ensuring that the new value created here contributes to Japan's sustainable development—this is the hope and vision we have for Marunouchi. Naoto Aiba, the director in charge of the Marunouchi Redevelopment Project, discusses Mitsubishi Estate's aspirations for the redevelopment of Marunouchi and its vision for the future of the area.

Building a community that gives back to society

Of the five values laid out in our medium-to-long-term business plan BREAKTHROUGH 2020, "innovative" is the most fundamental. Our actions are guided by the statement, "Continue to take on challenges as an innovative urban developer." The Marunouchi redevelopment project epitomizes this approach.

Mitsubishi Estate's history goes back to 1890, the middle of the Meiji era, when Mitsubishi purchased land stretching across the Marunouchi area from the government. The bold dreams of the company's managers to transform the area into a business community befitting a modern nation inspired the decision to make such a massive investment in Marunouchi, which was just an

empty field at the time, and launch a new urban development business.

In the successive eras since then, Mitsubishi Estate lined the street with brick buildings, built the Marunouchi Building—the pioneer of the modern office building—and then constructed buildings in the period of rapid economic growth following World War II—projects always tailored to the needs of the time. Former president Yanosuke Iwasaki's dictum that Mitsubishi Estate would never construct a cheaply-made building in Marunouchi has been passed down without wavering ever since then. This is Mitsubishi Estate's heritage, and it still compels us today to strive to give back to society through urban development.

Creating a place that gives rise to new knowledge

The goal of urban development is not just to complete a building and then walk off. Instead, we add, replace or create whatever is necessary to adapt to the changing times. We create new value by fostering the interaction of a diverse range of people, and this further enhances the community's strength. Thus, our urban development work is unceasing and iterative, as we keep adding value to what we did before.

I'm not only referring to the physical infrastructure. Communities made by people should foster human development, too, so the people who benefit from this growth can go on to create new communities. This is what we mean when we say Mitsubishi Estates aspires to create the "world's most beautiful city center." As we work, we are always asking ourselves why we do what we do in our business. Thus, I believe that our role as developer is similar to that of a creative producer, in that we provide the framework for this kind of cycle of human development and community development.

Particularly in urban development, the key is to create as much value-generating potential as possible as we strive to enhance the international competitiveness of an urban area. Currently, the key phrase guiding our community development in Marunouchi is "the

world's most interaction-inspiring neighborhood." We are carrying out a wide range of initiatives to make Marunouchi an attractive urban center that can compete with any other in the world.

One of the projects we are focusing on is the Strategic Growth Center Project, which supports overseas companies that have not entered Japan as well as venture companies in Japan. EGG JAPAN (Entrepreneur Group for Growing Japan), which is housed in the Shin-Marunouchi Building, works to attract companies to Japan and to foster beneficial horizontal ties among companies. It aims to serve as a venue for bringing about new knowledge and then sharing that knowledge across Japan and throughout the world.

Moreover, based on our belief that urban development and environmental symbiosis cannot be separated, we have used renewable energy sources for the Shin-Marunouchi Building and are working with tenants on experiments to demonstrate the feasibility of smart energy. This initiative is based on a new approach that aims to reduce energy consumption while prioritizing the comfort and intellectual productivity of the people who work here—who are the most important assets of the community.

Marunouchi Redevelopment Project



Creating a fast-moving community through public-private partnerships

In April 2014, we started the third stage of the Otemachi Chain Redevelopment Project, which reconstructs the area without interrupting business activities by rebuilding aging buildings one after another in a “chain.” This project is essentially the premier example of public-private partnership (PPP) in Japan.

Urban development is roughly divided into three types of projects: projects that private companies such as Mitsubishi Estate can carry out independently,

projects that the government undertakes, and projects in which a private company approaches the government to achieve a vision. PPP is one approach that facilitates this last type. Recently, initiatives to make better use of public spaces, as with the plans to build open cafés along Marunouchi Naka Dori Avenue, have been in the spotlight. I believe this kind of public-private partnership must be given greater emphasis so that “joint creation” with the public sector can help to energize Japan overall.

Changing the very concept of “the office”

I believe that the role of office buildings will change significantly as people’s work styles continue to change. In the future, offices will not so much be places employees go to work every day, but rather focus more on facilitating human interaction that generates new knowledge. As a result, our role is changing from merely providing offices for companies to providing frameworks in which valuable knowledge can be created.

Given this, Marunouchi, which attracts more people than any other area in Japan, must become a place which is highly efficient in creating knowledge. As things move in this direction, the value of office buildings in the area will no longer be based primarily on their location or floor space, but instead on their capacity to generate valuable knowledge. Once this shift takes place, the area’s potential will be even

greater. In this sense, we see this trend as a major business opportunity.

Tokyo will find itself more and more in the spotlight as the 2020 Olympic and Paralympic Games approach. This represents a great chance for Mitsubishi Estate to introduce the results of its community development approach to the rest of the world. Our task is to constantly take up the challenge of realizing the new possibilities presented by innovative thinking, while closely watching the changing needs of the times and solidifying Marunouchi’s position as a global business center. Mitsubishi Estate’s mission of “contributing to society through urban development” is precisely the effort to give back to society by creating shared value (CSV). We are determined to continue to engage in this kind of innovative urban development.



Naoto Aiba
Representative Director and
Executive Vice President
Mitsubishi Estate Co., Ltd.

Marunouchi by the numbers

Number of business establishments

About 4,000 offices*

Total sales of corporations listed on the first section of the Tokyo Stock Exchange with headquarters in the Otemachi, Marunouchi and Yurakucho area

About 135 trillion yen*
About 10% of Japan’s GDP

Working population

About 230,000*

Railway network

Total of 20 JR and subway lines*

* Data taken from 2014 brochure by The Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho



Special Feature

Building Sustainable Communities to Pass on to Future Generations

At Mitsubishi Estate, we value the traditions and cultures that have been passed down over the centuries. We respect the aspirations of the people who want to gather and live in our communities so that these forms of heritage can be handed down to future generations. We do much more than merely construct buildings to provide the physical infrastructure; we strive to give shape to people's hopes and dreams and build vibrant human communities. This approach requires us to constantly innovate.

In this section, we invite you to explore some initiatives which illustrate the Group's unique approach to creating a sustainable society and ensuring that people's values can be transmitted to future generations.



○ Condominium stock nationwide
Approximately 5,900,000 units^{*1}

○ Office building stock nationwide
5,918 buildings^{*2}

^{*1} Ministry of Land, Infrastructure and Transportation's "Nationwide condominium stock (as of end-fiscal 2012)"

^{*2} Japan Real Estate Institute's "National Survey on Office Buildings (January 2013)"

Adding peace of mind and value to buildings through the Re-building and Condominium Renovation businesses

The kind of residences and buildings that people are looking for has changed dramatically in recent years, following shifts in the social structure such as the declining birth rate and aging population, and heightened awareness. Responding to a diverse set of modern values while efficiently using the resources we have now is an important challenge for society, going forward.

Renovation refers to remodeling an existing building to give it new value. Mitsubishi Jisho Residence, a group company that has been supplying newly-built buildings for more than 50 years, has now entered the renovation business, building upon its achievements, expertise and Group resources.

"Re-building" refers to a business in which Mitsubishi Jisho Residence obtains master leases on old buildings, primarily nearby the Otemachi, Marunouchi and Yurakucho area, carries out anti-seismic work and renovations on the building, and then subleases the buildings

to new tenants. After a set period of time, the buildings are returned to their owners. Society's existing stock of small- and medium-sized aged buildings is rejuvenated to complement newly-built large buildings, enabling Mitsubishi Estate to deliver a multifaceted approach to urban development.

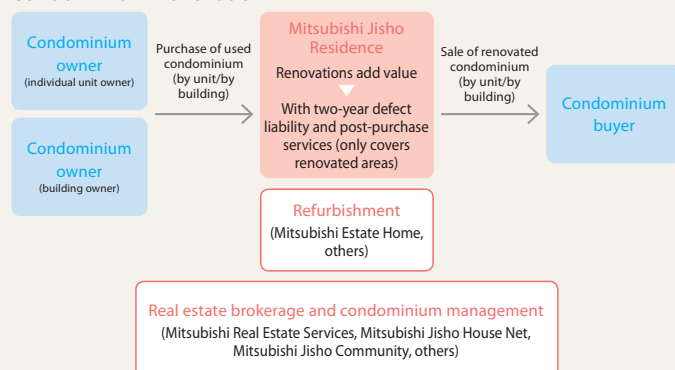
"Condominium Renovation" refers to upgrades done to add value to existing good-quality condominiums that are already built to standards set by Japan's revised seismic design code. Value is enhanced by making design changes and repairs that meet the needs of the customer and the times.

Both of these businesses draw on the potential value of existing buildings as important community assets and seek to offer greater peace of mind and comfort to the people who live and gather there, thus improving the overall appeal of the community.

Re-building



Condominium Renovation



Mitsubishi Estate Group

Tadaaki Obayashi
Director of Renovation
Business, Mitsubishi Jisho
Residence Co., Ltd.

Helping to build communities that pass value down to future generations

The concept of enhancing the value of existing buildings and rejuvenating useful stock, instead of the conventional scrap-and-build approach that has such a heavy environmental impact, is important to both our Re-building and Condominium Renovation businesses. We utilize the expertise we have gained in our newly-built condominium business in these businesses, and supply prime properties in which customers can live with greater peace of mind. In addition, high value-added refurbishments are made possible through cooperative relationships with construction companies and home appliance manufacturers. In property acquisition, exercising the Group's comprehensive strengths, such as the valuable information provided by Mitsubishi Jisho House Net and Mitsubishi Real Estate Services, gives customers a sense of security.

We hope to revitalize housing stock through renovations and further raise its value so that we can enhance the appeal of communities overall, not just the individual buildings. In this way, we will help to foster communities that ensure value is passed down to future generations.



Key characteristics of Izumi Park Town

- Landscape in which people and nature blend in harmoniously
 - 30% of the developed area remains green space
 - Landscape controlled by district plan
 - Streetscape design that prioritizes community formation
- Civil license: right to share the environment

Residents share the community as an asset, and residents themselves are the primary actors in community building
- Realization of complete balance in urban functions

Unique zoning in which homes, various facilities and green space are laid out in good balance
- Total developed area of 1,070ha

Izumi Park Town, a compound-type community boasting diverse lifestyle functions which harmonize with nature

Izumi Park Town, located about 10 kilometers north-west of Sendai Station, is a large-scale new town with a planned population of about 50,000 people. It is made up of five residential areas and three zones for an industrial park, sports and recreation centers and commercial complex and cultural facilities. Based on the concept of “live, work, relax, learn, gather and enjoy,” zones are interlinked, aiming to harmonize all the different functions needed to help people keep living in the town with a good balance.

The main actor in urban development is actually the person who lives in the community. Based on this belief, we have consistently protected the philosophy of “civil license,” whereby residents participate in city planning and grow the community together. As we commemorate the 40th anniversary since sales of

subdivisions first began in 1974, about 86% of the subdivisions have been sold overall, and the Takamori, Teroka, Katsura and Murasakiyama districts are home about 9,700 households and about 26,000 people. These residential zones were built to protect the natural environment and include parks planned to integrate the waterfront and natural forest. This city planning with attention to natural harmony and community formation has received acclaim, and won the Achievement Award from the Japan Association for Real Estate Sciences in November 2013.

We will continue to develop communities that promote harmony between people and nature and value the residents’ aspirations to build a community of value that can be passed down to the next generation.

Stakeholder voice



Teruhisa and Hisako Kimura, among the first residents of Takamori District

Life in this community is an irreplaceable treasure

When we first moved in here, cuckoos sang in the season of new growth, and in the summer unicorn beetles and stag beetles could be caught everywhere. Being able to raise our three children in this kind of natural environment was priceless. When we moved in, an acquaintance told me that it would become Japan’s best housing estate, and he turned out to be exactly right. The natural beauty is still abundant, and it truly is the most livable community in Japan. We hope this community will pass down its history and continue to facilitate communication among residents.

Mitsubishi Estate Group



Yuji Fujioka
President and Representative
Director
Izumi Park Town Service Co., Ltd.

Meeting diverse needs and building a valuable community

Izumi Park Town Service, which is in charge of Izumi Park Town’s administration and management, has always valued the ties it has with residents in its business. Its urban development is supported by residents’ independent activities, and we hope that this kind of climate will be fostered even more, going forward, so that the community remains vibrant and full of energy. Moreover, we hope to be able to support changes in lifestyle and generational shifts as the community matures and residents age together.

To ensure that Izumi Park Town remains a valuable community, we believe that it is important for Group companies to refine their expertise and collaborate as we seek to meet residents’ diverse needs. We will continue to take on the challenge as a Group so that residents are glad they chose this community.



Activity Report



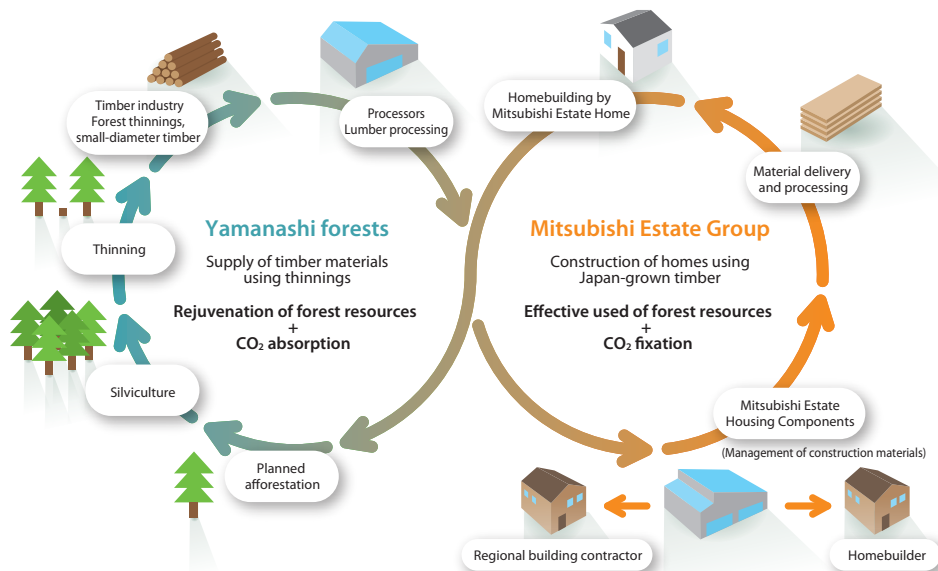
Project to Raise the Value of Japan-Grown Timber—Sustainable Business Model to Revitalize the Forest Economy

The Project to Raise the Value of Japan-Grown Timber is an initiative born out of the “Experience Nature” Project, an activity that has been carried out by the Mitsubishi Estate Group to promote interaction between urban and rural residents. Forest thinnings and small-diameter trees that were previously thrown out are instead processed into high-quality Japan-grown structural material. Mitsubishi Estate Home Co., Ltd. previously used exclusively imported timber for its 2x4 structural materials, but now uses this Japan-grown timber for some of its structural materials. This project contributes to the sustainable development of Japan's timber industry by giving added value to forest resources and ensuring ongoing business.

By concluding an agreement to expand use over the long term with Yamanashi Prefecture, home to the largest forest in Japan to earn FSC

certification, we have been able to ensure a stable supply of Japan-grown timber. At the same time, we have developed a framework for the distribution and processing of this timber that ensures its strength as a structural material. The percentage of Japan-grown timber used in structural materials by Mitsubishi Estate Home now exceeds 50%, putting the company in the top ranks of 2x4 homebuilders in Japan.

We have earned praise for creating a sustainable business model whereby forest thinnings and small-diameter trees are specially processed for active use as Class 1 structural plywood and in other forms at a time when Japan-grown timber is more costly than imported materials. In recognition of this, we received the Good Design Award in fiscal 2013. We are spreading the expertise built up in this initiative to other regions.



Construction sites using Japan-grown timber



Mark certifying that the timber was grown in Yamanashi Prefecture

The FSC® (Forest Stewardship Council®) logo issued by the Forest Stewardship Council certifies that the wood or wood fibers used in a 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. <http://www.fsc.org> FSC-N002014

Initiatives to Support Reconstruction Following the Great East Japan Earthquake

◆ Participation in Yuinoba, an event supporting marine processing industries in disaster affected areas

Yuinoba is an event that matches companies in the regions affected by the Great East Japan Earthquake that need immediately effective reconstruction help with major companies so that resources can be effectively used. The event is organized by the Reconstruction Agency's Miyagi Reconstruction Bureau and local chambers of commerce.

Mitsubishi Estate supports this program and has developed a plan to promote sales and expand sales channels for marine product processors in Ishinomaki and Kesennuma at facilities that the Group operates and manages in Sendai.

Mitsubishi Estate participated in the Yuinoba in Ishinomaki in November 2012 and in Kesennuma in February 2013. In November 2013, the company organized the Yuinoba Marche in Izumi Park Town Tapio, a

direct sales market that links general consumers with eight companies in both regions, as well as the Yuinoba Business Roundtable at Mitsubishi Estate linking 11 companies in both regions with tenants of facilities operated and managed by the Group. We continue to monitor progress and strive to do everything in our power to revitalize local companies and reenergize both regions.



Yuinoba Marche in Izumi Park Town Tapio



Exhibitors in the Marche



◆ Rebirth Tohoku Food Project

The Mitsubishi Estate Group has administered the Rebirth Tohoku Food Project since November 2011. This project supports the foods and the food brands of the Tohoku area, which was severely damaged in the Great East Japan Earthquake, and aids the economic revitalization of the area. The Group has hosted a series of events in collaboration with the Marunouchi Chef's Club to develop new products and menus, and it also held Reconstruction Marche, highlighting the appeal of foods from the affected regions. It has also organized programs to disseminate information and cultivate networks in an ongoing effort to support producers.

In 2013, as the sixth round of this project, in an effort to support fishery and marine processing industries in Ishinomaki and Kesennuma

which have not yet fully recovered from the earthquake, Mitsubishi Estate, the Marunouchi Chef's Club, chefs in the Tohoku region, and the local marine processors worked together to develop and sell two kinds of original canned goods. These two products were a miso stewed Pacific saury with shark's fin and Oshima yuzu, and a hearty vegetable soup with Kinka mackerel and mussels flavored with Japanese pepper. A product presentation was held in March 2014 in Maru Cube on the first floor of the Marunouchi Building as part of the "Eat Heartily Tohoku" series.

We will continue to implement these initiatives linking Marunouchi and the regions affected by the earthquake.



Chef checking the shark's fin, the pride of Kesennuma



Chef with Kinka mackerel fresh from the harbor



Chef is serious about the food tasting



Original canned products in the "Eat Heartily Tohoku" series

New collaborative space created by project

I am so grateful for the opportunity to participate in the sixth round of the Rebirth Tohoku Food Project. This project taught me that there is nothing we can't do—if we pool our strengths together and move in the same direction, we can overcome difficulties and meet our goals. This is when individual growth happens and self-realization occurs, and it enables us to grow together.

In this project, Mitsubishi Estate, Chef Mikuni and the Miyagi team developed canned goods. These products combine the Pacific saury, shark's fin and yuzu that Kesennuma is known for into a single product. Chef Tachibana from Brasserie Au Cochon Bleu, part of the Miyagi team, gave advice, and we tried many trial products before we succeeded. Chef Mikuni selected the miso stew from several proposals. However, this was not just a conventional miso stew. We used the head and tail of the Pacific saury as the broth for our dish so that nothing was thrown out. I encountered many new things, for instance the idea of using yuzu confit as an ingredient. I really struggled to learn how to sear the surface of the Pacific saury properly. We had never learned to do anything like that at our factory, and so I discussed it with the staff and figured it out through the process of trial and error. I really got a sense of the strong feelings and thoughts Chef Mikuni and Chef Tachibana have about food and ingredients in the process of developing this product. It was a sobering experience for me as a person engaged in the food industry, ultimately the same profession as these master chefs.

In the regions affected by the tsunami, factories have been rebuilt, but sales and customers have not returned to previous levels in many cases. Demonstrating the truth of the old saying, "two heads are better than one," it offered us a framework in which different industries with the same goal could collaborate and work together in Kesennuma. This initiative seems to have expanded "scope" in various senses and also extended the reach of the products, so I hope that Mitsubishi Estate will continue to build and support this kind of framework for earthquake reconstruction.

Stakeholder voice



Hisashi Ishiwata
Executive Director,
Ishiwata Shoten Co., Ltd.

Mitsubishi Estate Group



Hiroko Mizuta
Manager, CSR &
Environmental Sustainability
Department
Mitsubishi Estate Co., Ltd.

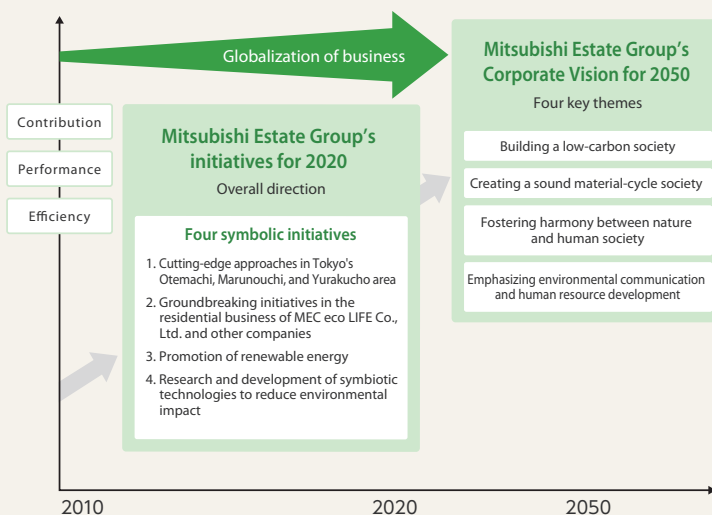
With ongoing support, aiming to speed reconstruction, if even just by a day

While we have implemented a variety of activities in the field of food to support reconstruction, there remain significant differences in the extent of reconstruction, depending on the region. In order to support the fishery and marine processing industry in Miyagi Prefecture's coastal region (Ishinomaki and Kesennuma), which have been particularly slow to bounce back, we developed original canned products using local ingredients in collaboration with local companies. Though it was a really tough challenge, since we had to do everything from concept to product release in only five months, the knowledge and efforts of the many people involved led to success, and we were able to complete the products on time. We hope to continue providing support so that the damaged areas can fully recover as soon as possible.

Long-term Environmental Vision Aiming for Harmony

Mitsubishi Estate Group Long-term Environmental Vision

The Mitsubishi Estate Group has established the Long-term Environmental Vision for 2050 in order to clarify its future goals for environmental management and proactively reduce its environmental impact. The Group's vision for 2050 is articulated in four key themes: building a low-carbon society, creating a sound material-cycle society, fostering harmony between nature and human society, and emphasizing environmental communication and human resource development. The Group also established four symbolic initiatives to achieve each of these. In this section, we introduce the main activities that the Mitsubishi Estate Group is currently engaged in as it works toward this long-term vision.



Case 1

Initiatives in Tokyo's Otemachi, Marunouchi, and Yurakucho area

Use of renewable energy in the Shin-Marunouchi Building—Also contributing to earthquake reconstruction, a recycling-oriented society, and local consumption of local products

Beginning in April 2014, Mitsubishi Estate switched almost half of the Shin-Marunouchi Building's contract demand to renewable energy, namely electricity generated using woody biomass, biogas and solar power.

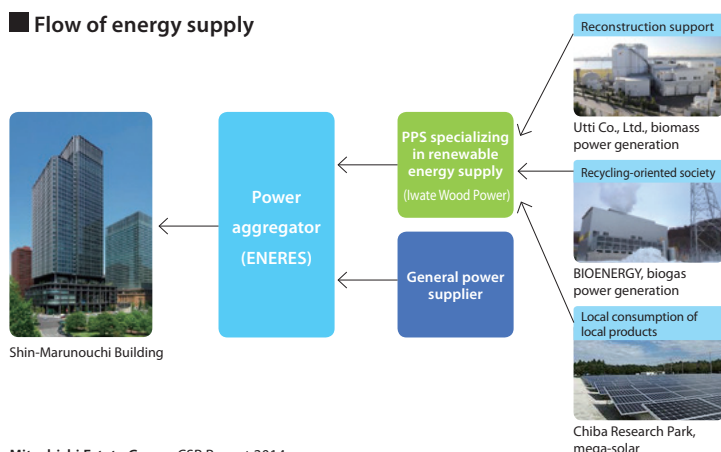
The Shin-Marunouchi building had been relying entirely on renewable energy from wind power and hydroelectric power since 2010, but conditions for power procurement have changed since the start of the feed-in tariff program for renewable energy, making it difficult to purchase power in traditional forms. Accordingly, we concluded a contract for electricity purchase by proxy with ENERES Co., Ltd. so that we could continue using renewable energy by receiving power from both general power suppliers and PPS (power producer and supplier).

The woody biomass power is generated at a biomass power plant constructed by Utti Co., Ltd. in Miyako City, Iwate Prefecture, as one of the

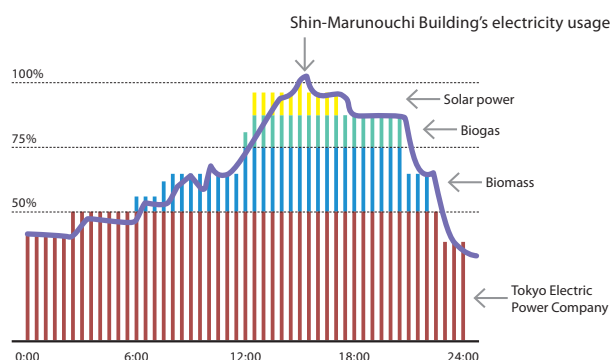
measures supporting reconstruction following the Great East Japan Earthquake. Forest thinnings and other wood scraps are used to generate power. The biogas power is generated by a company called BIOENERGY using the methane gas derived from food waste produced in buildings in the Marunouchi area. The solar power comes from a large-scale solar power plant in Chiba Research Park that Mitsubishi Estate built in Sakura City, Chiba Prefecture.

Utilizing these sources of renewable energy in this unique way not only reduces environmental impact, but also supports earthquake reconstruction efforts and helps to make energy use more efficient by repurposing food waste and encouraging local consumption of local products.

Flow of energy supply



Power use illustration



with the Environment

Case 2

Research and development of symbiotic technologies to reduce environmental impact

Unique approaches in the Kayabacho Green Building—An office building for the new era that uses Japan-first, cutting-edge technologies

The Kayabacho Green Building, which epitomizes the Mitsubishi Estate Group's vision for next-generation office buildings, was completed in May 2013. This was the first tenant-occupied building in Japan to adopt a wide range of cutting-edge technologies that completely change the conventional office environment.

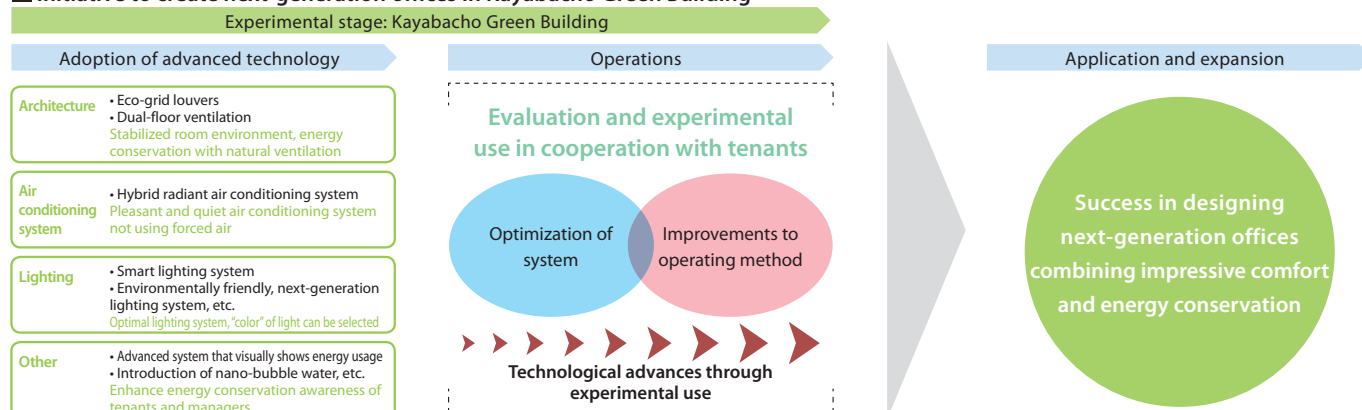
This building has introduced sophisticated technology such as hybrid radiant air conditioning systems that the Group tested out internally, a smart lighting system that provides optimal lighting to match each individual's working conditions, and an innovative system that presents energy-use data in a visual format to encourage workers to conserve energy. These systems

create an office environment that ensures the intellectual productivity of employees and also achieves a high level of environmental performance.

These systems are expected to reduce energy use by about 45% compared to a typical office building, and earned the S rank (working design step) in the CASBEE system.

Going forward, we will strive to establish optimal operation of the building in light of actual use by tenants, aiming to make the most of the potential of those cutting-edge technologies. In so doing, we hope to provide a model next-generation office that delivers more comfort and better environmental performance at the same time.

Initiative to create next-generation offices in Kayabacho Green Building



Case 3

Initiatives in the residential business

Largest solar power generation business in Japan utilizes roofs of existing multi-family buildings

MEC eco Life, the company that runs the environmental programs of the Mitsubishi Estate Group's residential business, launched a solar power generation business that uses the roofs of 25 rental homes in New Town Oyamada Sakuradai, Urban Renaissance (UR) rental housing in Machida, Tokyo (to be completed in March 2015).

MEC eco Life has installed solar panels on 8,200m² of roof space on 25 UR rental houses, and will use the feed-in tariff program for renewable energy to sell the power it generates. This is expected to reduce greenhouse gases by 500 tons a year in terms of CO₂, and is the largest-scale solar power project to utilize the roofs of existing multi-family residences.



Solar power panels on roofs of UR rental housing

Case 4

Promotion of renewable energy

Use of renewable energy at Takanawa Forum training center

Takanawa Forum is a training center for Group employees that was opened in 2013 as a model project epitomizing the Group's basic environmental policy. It features large-scale solar power generators and hot water supply equipment using solar heat collection, as well as car sharing for electronic vehicles, LED lighting and an irrigation system using rain water. This facility, which brings together the Mitsubishi Estate Group's collective strengths, has become a place of exchange for Group employees. In 2014, this facility won the Grand Prize in the Ministry of the Environment's Fourth Energy-Efficient Lighting Design Award (fiscal 2013) in the "community, housing and other" category.



Of partial wood construction, the building uses about 10 times the amount of Japan-grown timber stipulated by the timber usage criteria based on Minato Ward's Minato Model Carbon Fixation Accreditation Program. This was the first building to earn the highest rank of three stars, including private-sector and public buildings in the ward.

Activity Report

Basic Policy and Performance Highlights

■ Mitsubishi Estate Group Basic Environmental Policy

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Basic Environmental Policy, which is based on its corporate mission. The entire Group works together to implement sound environmental management.

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.

■ Environmental slogan and logo

The Mitsubishi Estate Group developed an environmental slogan and logo to strengthen dissemination of information on environmental coexistence and to raise environmental awareness internally and outside the company. Under the slogan, "For Sustainable Cities, For the Sustainable Earth," the Group will proactively develop measures that contribute to environmental coexistence and create a truly meaningful community, as articulated in its mission.

街の力を、
地球の力に。



■ Operational framework for environmental management

The Mitsubishi Estate Group appoints an Environmental Director at Mitsubishi Estate to take responsibility for promoting the Group's environmental management, and also appoints Environmental Management Officers in each of Mitsubishi Estate's business groups and each Group company. The CSR Committee and CSR & Environmental Sustainability Subcommittee, which conducts deliberations on environmental issues and on CSR overall, meet twice a year to discuss and share information on the status of each organization's environmental initiatives and environmental objectives.

■ Development and administration of the environmental management system

The Mitsubishi Estate Group has acquired ISO14001 certification for organizations with relatively significant environmental impact, and has also developed and is administering an independent Environmental Management System corresponding to ISO14001 at organizations with relatively small environmental impact. In fiscal 2013, five organizations* from the Mitsubishi Estate Group operated an environmental management system certified under ISO14001 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. In terms of specific programs, the corporate organizations—particularly those that have acquired ISO14001 certification—set their own environmental targets, and pursue programs to realize a low-carbon society and build a recycling-oriented society in line with these targets.

* Mitsubishi Estate's Office Building Group (concurrent certification with Mitsubishi Jisho Property Management 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.). In April 2014, Mitsubishi Estate underwent an organizational reform, and the scope of organizations with systems certified under ISO14001 was reviewed accordingly. Yokohama Sky Building Co., Ltd. and Mitsubishi Estate Home Co., Ltd. relinquished their ISO certification in April 2011 and in September 2014, respectively. These companies will continue to set environmental objectives and goals for each fiscal year and run and manage their environmental program under their own systems in line with the Group's Basic Environmental Policy.

■ 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.

Building a Low-Carbon Society

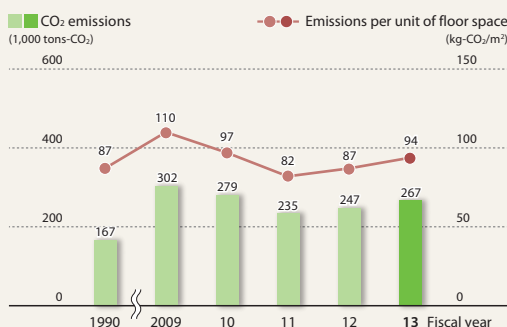
■ Building management programs to reduce CO₂ emissions

In fiscal 2013, the energy consumption of Mitsubishi Estate's 29 ISO14001-certified buildings* stood at 5,763,681 GJ, and CO₂ emissions totaled 267,265 tons-CO₂. Compared to fiscal 2012 results, energy consumption decreased by 15,595 GJ, and CO₂ emissions increased by 20,017 tons-CO₂. The increase in the CO₂ emissions is attributed to an increase in the emissions coefficient used. In ISO14001-certified buildings, the Group took a range of energy-saving measures, including partially shutting off the hot water supply and using air conditioners/heaters efficiently, not just in summer months but throughout the year. As a result of these efforts, energy use per unit of floor space in fiscal 2013 was maintained almost at the same level as in fiscal 2012, at 2.03 GJ/m², while CO₂ emissions per unit of floor space increased 7kg-CO₂/m² to 94kg-CO₂/m².

In fiscal 2014, Mitsubishi Estate is working toward its target for reducing energy consumption in each building to 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. These goals drive the effort to keep reducing energy consumption.

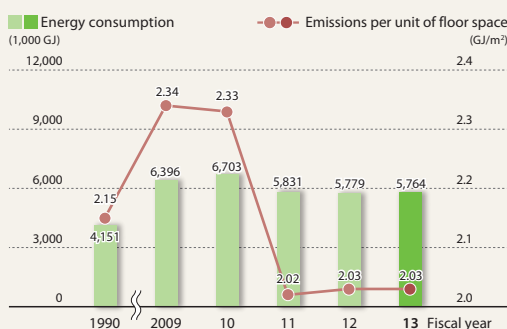
* CO₂ emissions are calculated for the 29 buildings that had acquired ISO14001 certification as of March 2014. The names of the applicable buildings are provided on the Mitsubishi Estate website in Japanese.

CO₂ emissions and CO₂ emissions per unit of floor space from Mitsubishi Estate's ISO14001-certified buildings



* CO₂ emissions are calculated using the emissions coefficients determined for individual electrical power suppliers, reflecting actual status.
 * The number of ISO-certified buildings may change each 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 ISO14001-certified buildings



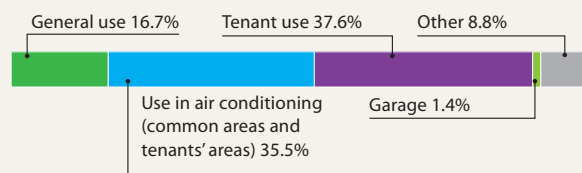
* The number of ISO-certified buildings changes each fiscal year due to renovations and sales/purchases.

■ Collaborating with tenants to conserve energy

By type of energy, electricity accounted for about 70% of the energy consumed in buildings managed by Mitsubishi Estate, whereas by application, tenant use accounted for the majority of energy consumption. Given this, Mitsubishi Estate has been regularly holding a Global Warming Mitigation Measures Committee made up of tenants since 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, to present and discuss progress and outcomes in reducing CO₂ emissions and energy use in compliance with the Tokyo Metropolitan Ordinance on Environmental Preservation and the Act on the Rational Use of Energy. 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.

Fiscal 2013 energy consumption by application (for 29 ISO14001-certified buildings)



■ Recognized as "top-level installation" under the Tokyo Metropolitan Ordinance on Environmental Preservation

In February 2014, the Marunouchi Park Building (including Mitsubishi Ichigokan) was recognized as a "top-level installation" in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. This program relaxes the mandatory reductions in greenhouse gas emissions for buildings that have implemented excellent measures to counter global warming on their own. Mandatory reductions are cut by half for "top-level installations" and by one-fourth for "near-top-level installations."

Since the cooperation of the tenant companies is essential in reducing the environmental impact of office buildings, we formed the Global Warming Mitigation Measures Committee, made up of tenant companies, and set up a promotion system. The building also features equipment with a low environmental impact, such as high-efficiency lighting and air conditioning systems and a reclaimed water purification system. We also took exhaustive measures to reduce CO₂ emissions in the way the building is operated. These wide-ranging initiatives have received high acclaim, leading to this recognition.

In addition to the Marunouchi Park Building, eight other buildings developed by Mitsubishi Estate have been recognized as "top-level installations" and "near-top-level installations."

Activity Report

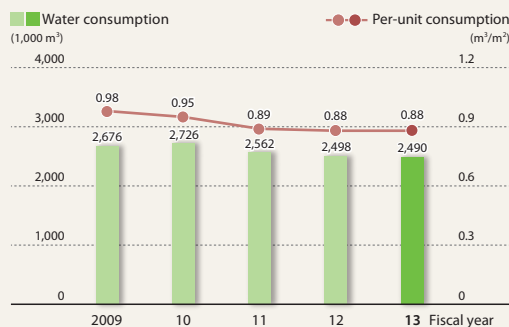
Creating a Sound Material-Cycle Society

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 2013, water consumption totaled 2,490,851m³ in Mitsubishi Estate's ISO14001-certified buildings, down 0.3% compared to fiscal 2012. Also, in an effort to conserve water resources, the company is effectively using reclaimed water by treating used water such as cooling tower blow water and kitchen wastewater and reusing it as toilet flush water. In fiscal 2013, the amount of reclaimed water used at buildings using reclaimed water as of March 2014* totaled about 626,404m³.

*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

Water consumption and water consumption per unit of floor space in ISO14001-certified buildings

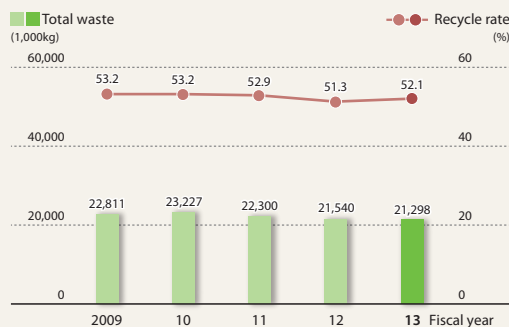


* Number of buildings included in scope of data may differ by fiscal year due to renovations and sales/purchases.

Disposal of 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. Moreover, in fiscal 2013, there were no leaks that would have a marked impact on the surrounding environment, such as toxic substances.

Total waste and recycle rates for ISO-certified buildings



* CO₂ emissions are calculated using the emissions coefficients determined for individual electrical power suppliers, reflecting actual status.

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

Fostering Harmony between Nature and Human Society

"Business Innovation in Harmony with Nature and Community" certification earned

The Otemachi 1-1 Project (tentative name), Dai Nagoya Building, the third-phase of the Otemachi Chain Redevelopment Project, and the "MARK IS minatomirai" projects, which are being developed and run by the Mitsubishi Estate Group, earned the "Business Innovation in Harmony with Nature and Community" certification (city and SC version) from the Association for Business Innovation in Harmony with Nature and Community (ABINC) as office buildings and commercial facilities that respect biodiversity.

This certification program was created to encourage corporate activities that promote coexistence between people and nature. ABINC provides third-party assessments and certifications based on the Japan Business Initiative for Biodiversity's *Guidelines for Sustainable Business Sites*.

The Otemachi 1-1 Project (tentative name) was recognized for its harmony with the water and greenery of the Imperial Palace and outer gardens and the community plaza, in which many plants native to the region are planted. MARK IS minatomirai has been praised for its participatory, experience-based events with customers.



Dai Nagoya Building



MARK IS minatomirai

Biological monitoring in Marunouchi area

The Marunouchi area is close to the Imperial Palace and moat, as well as natural beauty such as Hibiya Park, giving visitors the chance to observe living creatures year-round. Mitsubishi Estate carries out biological monitoring surveys in Marunouchi and published the results in the *Marunouchi Biological Handbook* in June 2013. The living creatures that have made Marunouchi their home are introduced with pictures according to themes such as seasons, waterside animals and animals that come out at night. The handbook also includes suggestions for ways in which even individuals can preserve biodiversity, as well as columns written by experts on nature in the city. It is distributed to area visitors free of charge. The handbook is also intended as a PDCA tool for ecological management in the region that can be used to promote efforts to preserve biodiversity.

This program won the Japan Committee for United Nations Decade on Biodiversity Prize at the Tokyo Biodiversity at the GTF Green Challenge Awards 2013's Greater Tokyo Biodiversity Competition, sponsored by the Greater Tokyo Festival's GTF Committee.



Marunouchi Biological Handbook

Reducing Environmental Impact

Initiatives to earn DBJ Green Building Certification

Mitsubishi Estate considers the society and environment in its real estate business and proactively publicizes information. In fiscal 2013, eight buildings owned by Mitsubishi Estate earned Development Bank of Japan (DBJ) Green Building Certification.

This certification program assesses buildings with impressive environment and social awareness ("green buildings") 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 its development projects environmentally friendly.

With growing expectations and interest in eco-friendly buildings, Mitsubishi Estate will continue to develop valuable real estate properties and respond to stakeholder tenants and investors.

Logiport Sagamihara earns highest ranking of Platinum

Logiport Sagamihara, Japan's largest logistics facility, was developed jointly by Mitsubishi Estate and LaSalle Investment Management, and it earned the highest ranking of Platinum 2013 in the DBJ Green Building certification program.

Logiport Sagamihara was commended for its ability to meet a wide range of tenant needs with ample basic specifications, the use of an anti-seismic structure, and anti-disaster measures such as emergency generators that can be used for 72 hours. In addition, property management and administration takes into account the convenience and comfort of people working in the facility with stores and break rooms, while LED lighting and sandwich panel and double-folded plates with high heat insulation capacity are used in offices and common areas. These environmentally friendly features won high acclaim from the DBJ, and the building was recognized as "a logistics center that exhibits environmental and social awareness at the highest level in Japan."



Logiport Sagamihara

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 various initiatives that the Group undertakes to reduce environmental impact and pursue harmony with the environment. 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 from *Environmental Initiatives*

Environmental education for employees

We also focus on employees' environmental education to raise the level of our environmental activities. The Mitsubishi Estate Group publishes an environmental information publication for employees entitled, *For Sustainable Cities, For the Sustainable Earth*, twice a year. By integrating environmental information and sharing this information about the Group's environmental programs and environmental conservation activities, we strive to raise environmental awareness and promote activities.

Moreover, Mitsubishi Estate provides environmental education through e-learning every year. Employees learn by going through four chapters covering general environmental problems as well as environmental management systems and the environmental impact of Mitsubishi Estate's business activities. Employees complete the e-learning program with a comprehensive test. As of fiscal 2013, 1,107 employees had completed this training. The participating employees stated that, thanks to the training, "I realized again the issues facing the Mitsubishi Estate Group" and "My understanding of the issues that should be addressed when planning global expansion has deepened."



Environmental information publication *For Sustainable Cities, For the Sustainable Earth*

Activity Report

Communicating with Clients

■ "Five Eyes" to create quality residences

Mitsubishi Jisho Residence Co., Ltd. strives to ensure the quality of its residences and provide prestigious condominiums that give customers a comfortable standard of living and peace of mind. The Company uses "Five Eyes," a unique quality management standard used to ensure the quality of residences from various perspectives, to ensure that all customers continue to feel the same joy in their home, particularly as the purchase of a condominium is a satisfaction that should last a lifetime.

The Five Eyes are Check Eyes, Eco Eyes, Custom Eyes, Life Eyes and Community Eyes.



CHECK EYE'S

Check Eyes**Commitment to solid building quality**

Mitsubishi Jisho Residence checks quality from the design stage until after the move-in date and discloses information to customers in order to give residents a secure and comfortable lifestyle.



ECO EYE'S

Eco Eyes**Commitment to supporting affordable, pleasant, environmentally responsible lifestyles**

The company enhances environmental performance in condominiums with a range of approaches, such as offering features to raise the heat insulating effect, introducing eco-friendly appliances and making lifestyle proposals.



CUSTOM EYE'S

Custom Eyes**Commitment to providing homeowners with the pleasure of designing their own living space**

The company provides a wide range of services for each property by offering total coordinating by experts and giving the customer color choices and options to make creating their own home even more enjoyable.



LIFE EYE'S

Life Eyes**Commitment to safety and security to protect customers' lifestyles**

Mitsubishi Jisho Residence provides fire prevention and crime prevention measures based on the key words "protect," "monitor," and "prepare."



COMMUNITY EYE'S

Community Eyes**Commitment to prosperous, refined lifestyles throughout the lifespan**

Customers' lifestyles are supported through post-purchase services and management services in order to ensure that they can live in permanent security.

Mitsubishi Jisho Residence consistently follows the Five Eyes standards, which informs every aspect of The Parkhouse condominiums it develops, so that customers can always feel pride and happiness in their homes.

■ Introduction of NPS scheme to visualize customer satisfaction

Condominiums are a major lifetime purchase for the customer. Mitsubishi Jisho Residence has introduced the Net Promoter Score (NPS), a method of visualizing customer satisfaction, to ensure long-term customer satisfaction after the move-in date, not just before purchase. A questionnaire is given at each phase—the initial stage, contract conclusion, transfer, after service in first year and second year of residence—in which customers are asked to measure the degree to which customers would recommend the property and give reasons. The results are used as feedback for the relevant divisions. Occasionally, the company receives harsh opinions, but these are also shared with all project members, who use them as a valuable resource in its efforts to further boost customer satisfaction.

■ Eyes Plus to reflect customer opinions in products

Mitsubishi Jisho Residence's aspiration is to listen to customers' views and develop products that will truly delight them. The company launched Eyes Plus in June 2013 to give shape to this goal.

Eyes Plus is a program that ensures customer opinions are utilized in product development. Customer opinions obtained through various channels, such as interviews, questionnaires, views submitted to website columns, and opinions given after service visits and from the sales floor, are reflected in product development. These activities are based in the Eyes Plus Lab, the company's product development research lab. Actual products are created by combining customer opinions with professional expertise. The lab also serves as a venue for communication with customers by offering exhibitions of completed products and round-table talks examining prototypes.

Customers' perspectives are already being reflected in actual products. For example, Eyes Plus Kitchen, a kitchen design based on feedback from the Eyes Plus program, has already been implemented at number of properties, including The Parkhouse Yokohama Shinkoyasu Garden, which celebrated its grand opening in November 2013.



Eyes Plus Kitchen, launched in June 2013



Eyes Plus Shoe Storage, launched in April 2014

■ *sumai LAB*, a site for mutual communication, holds competition on lifestyle ideas and planning

MEC eco Life conducts research and makes proposals on the environment and design of The Parkhouse, a line of built-for-sale condominiums offered by Mitsubishi Jisho Residence. A competition for ideas on condominium lifestyle planning and designs was held in which scenarios and sketches depicting appealing lifestyles from the consumers' perspective were solicited.

Submissions based on the theme "richness of living together in a community" began to be accepted in July 2013 at *sumai LAB*, a web site created by MEC eco Life to facilitate interactive communication with customers, and via other channels. This attracted ideas on lifestyles from many different perspectives, such as communities that value personal ties in light of lessons learned from the Great East Japan Earthquake, as well as relationships in housing complexes as a distinct lifestyle model. In October 2013, seven winning entries were announced out of the 113 entries, including the grand prize-winning entry entitled "Desk Island." MEC eco Life will continue working to foster mutual communication and devise products that satisfy customers.

■ Preparing *Users' Smart Guide*

Mitsubishi Estate House Net Co., Ltd. has been providing the *Users' Smart Guide*, a guidebook for residents of its rental condominiums, since June 2012. The company distributes the guide to residents, primarily at the PARK HABIO condominiums, which were completed in and after October 2012. It is a single volume with the information deemed the most important based on the urgency and frequency of call center inquiries across topics.

The guide includes a variety of helpful information, such as a move-in checklist, an outline of move-in procedures, and basic rules for living in a rental condominium. It also covers maintenance methods, what to do when having problems, crime and fire prevention, and how to stay calm in an emergency.

This handbook has been enthusiastically received by residents for its easy-to-understand style and illustrations.



Users' Smart Guide

■ Voting for "best hotelier," going beyond job categories

The management philosophy at Royal Park Hotel Co., Ltd. is "best for the guest." The hotel believes that its value lies in valuing each and every encounter and providing a warm reception to each individual guest.

The Royal Park Hotel asked its customers to vote for the "best hotelier"—the staff whose memory remained with them—to commemorate the 25th anniversary of their founding in June 2014. In fiscal 2013, the vote was held three times and three staff members were chosen as "best hotelier."

Although some hotel staff have little opportunity to interact with customers, all staff were eligible for this vote to inspire the sense that all staff are working together to mark the 25th anniversary. In both the first and second rounds, a member of the kitchen staff won the vote for

outstanding ingenuity with food ingredients, and in the third round a banquet service staff member won.

This was a good opportunity to deepen communication with customers, and also served to raise staff motivation, gave staff an awareness of the aspects that customers most appreciated and created a mutual understanding of operations going beyond divisions and job categories. This program helped to refine hospitality as the Royal Park Hotel heads into another 25 years of outstanding service.

■ Aiming to raise customer satisfaction with architectural design and engineering operations

Mitsubishi Jisho Sekkei Inc. strives to raise customer satisfaction as part of its ISO 9001 quality management system. The company has compiled a list of "don'ts" in architectural design and engineering operations, and shared this information via intranet. In addition, review meetings are held for each project so that customer requests can be addressed across the company. Questionnaires are given to customers on the managers' manners and the design's quality and substance at each stage, from sales to completion, and this has raised customers' assessments.

■ Responding to problems with ingredients used and menu presentation at Royal Park Hotels

In November 2013 and April 2014 it was discovered that the ingredients being used in certain dishes were not accurately represented on menus at four hotels of the Royal Park Hotel Group. The Group sincerely apologizes for the trouble this incident caused to customers and everyone involved.

The Royal Park Hotel Group apologized and responded sincerely to the customers involved while reporting the matter promptly to Japan's Consumer Affairs Agency. In order to prevent similar problems from happening, it increased the rigor of the menu editing process, ensured that employee education was thorough, and took measures to establish a monitoring system for the Group.

Activity Report

Safe and Secure Urban Development

■ Implementation and updating 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 90 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 an ongoing manner.

The manual 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 and recovery 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.

■ Prompt building assessments and restoration after disasters

When major disasters such as earthquakes occur, a prompt response with building assessments and restoration work is essential. In addition to the specialized engineering staff at Mitsubishi Jisho Sekkei Inc., Mitsubishi Estate has built a cooperative system with construction companies to reinforce its efforts to ensure the safety and security of tenant companies and visitors.

The Mitsubishi Estate Group owns and manages many large buildings in the Marunouchi area and other districts. Accordingly, the Group has built a system in which many construction companies provide support with repair work, such as daily building maintenance. Utilizing the strengths unique to the Mitsubishi Estate Group, which has the advantage of specialized engineering staff posted in its buildings, the Group has developed a system for prompt building assessment and reconstruction in the event of a disaster, based on the cooperative relationships it builds on a daily basis.

Specifically, the Group works with a total of 22 construction companies so that it can respond in the event of a disaster with emergency safety checks of buildings (inspections of building exterior, areas at risk of fire and important equipment), emergency repairs to ensure building safety, inspections to assess damage to the building and its equipment, drafting of disaster recovery plans and provision of emergency response equipment, all without impeding companies' BCP programs.

Major emergency drill held utilizing stamp books

Mitsubishi Jisho Community Co., Ltd., which manages built-for-sale condominiums, held a large-scale emergency drill using stamp books in September 2013 at the Belista Higashi-Yodogawa Daido condominium complex in Osaka.

Since this was the first disaster drill held at this large-scale complex, which is home to many families, the company made it easy for participants by giving them stamp books that they could fill up at each stage of the drill, which also fostered a sense of community among residents. The drill aimed to strengthen ties among participants while practicing firefighting procedures using water extinguishers and resuscitation using AED.

The participants, a total of about 400 people from 140 households, lauded the training for providing a fun way to practice disaster drills. This event succeeded in creating the awareness that the management company and residents come together as a team to create a sense of security and safety in a condominium.



Firefighting drill using fire extinguishers

■ Sheltering stranded commuters in the event of a major disaster

In the event of a major disaster, many commuters are likely to be stranded in central Tokyo. 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, we concluded a formal agreement with Chiyoda Ward in August 2012 to take in disaster victims in the event of a major disaster.

In the agreement, Chiyoda Ward designates buildings that will serve 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. Using the buildings designated as temporary shelters, Mitsubishi Estate will bring the entire area together to help stranded commuters.



Stranded commuters sheltered after the Great East Japan Earthquake

■ 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) to prevent any interruption of important operations in the event of a disaster or accident and rapidly resume 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. These documents are regularly reviewed and updated to enhance their conformity with the *Framework of Anti-Disaster Measures*. Maintaining daily readiness using a PDCA cycle approach, we ensure that we are prepared to ensure the safety of Mitsubishi Estate Group customers and employees. We will continue to improve the BCP to fulfill our social responsibilities.

■ Building safety management initiatives

Mitsubishi Estate has established a Building Safety Management Office in its Office Building Management 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 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.

■ More AEDs added to buildings

The disaster control centers in each of Mitsubishi Estate's buildings have been equipped with automated external defibrillators (AEDs) since 2004 to ensure readiness in the case of emergencies. Since March 2009, as use of AEDs has become more common, the company has provided additional AEDs for the entrance lobbies and other places in its buildings so that tenants and visitors can access them easily. We will continue to install them as new buildings are completed.

Responsible Information Provision for Everyone

■ Building signage planning and universal design

Town and building signage must be easy for everyone to understand, even at first glance. Accordingly, Mitsubishi Estate has created a *Sign Design Book* and applied it to install standardized signage on the inside and outside of its buildings, primarily in the Otemachi, Marunouchi and Yurakucho district. The company takes care to create informational signs with color and design concepts that make them very easy to understand. Since 2010, the company has been installing signage for the underground passageways and facilities to provide clearer guidance.

Mitsubishi Estate has also been proactive in installing signage 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.

Through efforts like these, we work to ensure that all visitors can enjoy walking through the district with peace of mind.



■ Responsible advertising activities

Mitsubishi Jisho Residence Co., Ltd. has prepared a *Real Estate Advertising Production Manual* and revises it as necessary. This manual explains advertising rules for real estate such as the Fair Competition Code for Real Estate Representation and the Fair Competition Code on Restrictions on Premium Offers in the Real Estate Industry, while organizing it so that it is tailored to actual operations. This manual explains ways of handling various cases, given cases experienced thus far, in a succinct and easily applicable manner.

This manual is used not only as a guidebook for advertising production and sales, but also as a reference enabling people working in the real estate industry to act independently in accordance with high ethical standards. Mitsubishi Jisho Residence ensures that its staff never betray trust by conveying anything that might give the customer unrealistic expectations or by concealing information that could be disadvantageous to the customer.

Special Feature

Sharing Mitsubishi Estate Group's Urban Development

The Mitsubishi Estate Group operates globally. Since Mitsubishi Estate New York was established in 1974, we have expanded our real estate development and rental business in the U.S., the UK and Asia, making the most of our track record and wide-ranging network. We are engaged in socially and environmentally conscious urban planning with people in these regions.

United Kingdom

Environmental certification acquired for new property

In London, the Mitsubishi Estate Group has participated, through Mitsubishi Estate London Limited, in the Paternoster Square Redevelopment Project, the redevelopment of a complex in the financial center of the City of London, the Bow Bells House Redevelopment Project, a joint project with Mitsubishi Corporation, and the Central St. Giles Redevelopment Project, which consists of offices, commercial venues and residences in the West End. Currently, we own seven office buildings and continue to make aggressive investments, primarily in office buildings. When developing new properties, we proactively seek BREEAM* certification.

*BREEAM (BRE Environmental Assessment Method): UK's Building Research Establishment's environmental assessment method for buildings.

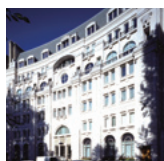
Project certification **BREEAM®**



Excellent

Central St. Giles, London

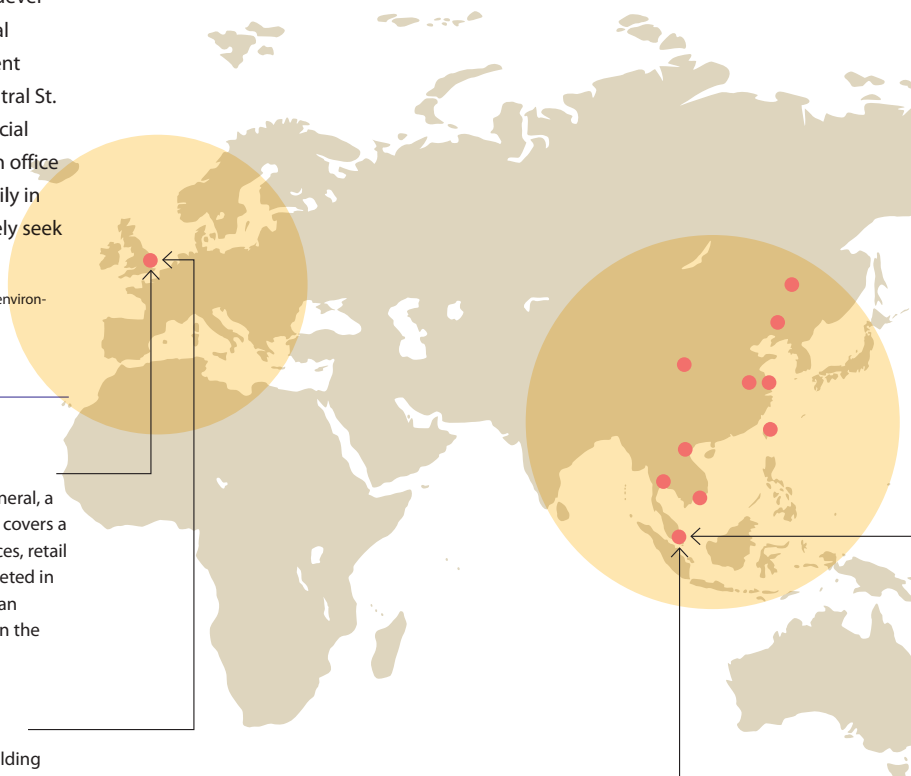
A joint redevelopment project with Legal & General, a major UK life insurance company, this complex covers a total floor area of 66,000m² and comprises offices, retail shops and residences. Construction was completed in April 2010. On application, this project earned an assessment of "Excellent," the highest ranking in the BREEAM certification program.



Excellent

8 Finsbury Circus, London

This project is a redevelopment of an office building originally built in 1987. The building is expected to achieve a BREEAM "Excellent" rating.



Contributing to communities and the broader society

Improving the environment of elementary schools

In Central St. Giles, which Mitsubishi Estate developed jointly with UK insurance company Legal & General, we formed a partnership to improve the school facilities to raise the school rating of St. Joseph's Primary School, the nearby elementary school, as part of our effort to give back to the community. In addition, we offer the lobby of Central St. Giles for the student choir to perform and encourage building tenants to proactively help with the school to provide opportunities for work-study in tenant facilities and hold storytelling events. In addition, we contribute maintenance funds for the neighboring church garden. We truly strive to make broad-ranging contributions to the community.



Asia

Environmentally sound community planning in growing Asia

Mitsubishi Estate Asia was established in 2008. Currently, we operate office and housing development businesses in Singapore, Vietnam and Thailand. We work actively to acquire Green Mark certification* for our development projects.

We also established Mitsubishi Estate (Shanghai) Ltd. in 2013 and are involved in built-for-sale condominium projects in Shanghai, Suzhou and Chengdu and the development of an outlet mall, Shenyang Park Outlet. We strive to develop high-value communities that are environmentally sound.

*Green Mark is an environmental assessment program for buildings run by Singapore's Building and Construction Authority.

with the World

United States

Enhancing the value of real estate through environmental performance

In the U.S., the Mitsubishi Estate Group carries out a wide range of projects, primarily through the Rockefeller Group. In addition to owning and running large-scale office buildings in areas such as Manhattan in New York, Mitsubishi Estate runs approximately 30 development projects in 10 states in the U.S., including offices, distribution facilities and residences. The Group aims to raise the value of real estate with a focus on environmental performance and therefore works to acquire LEED certification* on its new development buildings and existing buildings and to improve existing LEED scores.

*LEED certification is an environmental certification system administered by the U.S. Green Building Council.

Project certification



Silver

Time and Life Building, New York

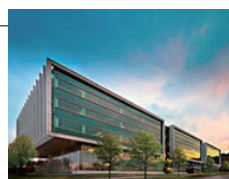
The Time and Life Building was completed in 1959 in Manhattan. The building earned a Silver rating in 2011 as a building with particularly impressive environmental performance.



Platinum

Florham Park, New Jersey

This is a major development consisting of offices, hotels, commercial facilities and residences. The BASF headquarters building in Florham Park earned a Double Platinum LEED rating and was recognized as one of the most sustainable office projects in North America.



Contributing to communities and the broader society

Employee-driven volunteer activities

The U.S.-based Rockefeller Group proactively supports employee volunteer activities in a way befitting a company that has grown together with its local community. Every year, many employees voluntarily participate in social contribution activities. The volunteers help to address a wide range of social issues in the U.S. by participating in programs such as the God's Love We Deliver Program, which provides food to people with HIV and other serious diseases, Toy Joy, a program that gives toys to children living in institutions at Christmas, and the Backpack Program, which provides school supplies for children living in homeless shelters.



Pursuing harmony with the environment

Striving to increase symbiosis with nature using unique cutting-edge technology

Countries in Asia are expanding their economies, but they often find that this development brings with it a range of social problems, such as pollution and forest destruction. The development projects that the Mitsubishi Estate Group is involved in are environmentally sound, ensuring a balance between improved convenience for people and environmental conservation. CapitaGreen, an office building currently under development by Mitsubishi Estate Asia with CapitaLand Group, is a cutting-edge, environmentally friendly building with unique design characteristics. The building has greenery on every floor and 55% of the building exterior is covered with green plants. It features a "cool void" that runs through the building core through which cool air taken in from above is supplied to office floors. This kind of sophisticated, unique technology aims to ensure symbiosis with the natural environment.



Locations of Major Mitsubishi Estate Group Projects

Overseas Group companies: 5
Number of buildings owned: 14
Development projects: 41

(as of March 2014)



Project certification

Platinum

CapitaGreen, Singapore

CapitaGreen is an office building developed jointly by Mitsubishi Estate Asia and CapitaLand. It was designed by Toyo Ito & Associates, Architects.



Gold plus

Sky Habitat, Singapore

Sky Habitat is a built-for-sale condominium complex jointly developed by Mitsubishi Estate Asia and CapitaLand Group.



Activity Report

Initiatives in Human Resource Development

■ Human resource development programs

Mitsubishi Estate believes that human resources are a very important management asset and recognizes that their growth is essential to the Group's continued growth. Accordingly, it upgraded its human resource development programs in April 2009.

The company defines 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's human resources programs aim to raise the company's performance as a professional organization with a distinctive personality while enabling individuals to 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.

■ Initiatives to educate a global workforce

Mitsubishi Estate defines a "global employee" as an employee who not only has linguistic skills and an understanding of foreign markets and customs, but also can demonstrate the people skills (ability and aptitude to build trusting relationships with people from different backgrounds), real estate skills, job performance skills and management skills needed to perform in a global environment.

In addition to systematic human resource development measures taken in Japan through on-the-job and off-the-job training, the company provides many overseas training programs to develop this kind of employee. Employees are sent to training programs for group companies in the U.S. and UK, real estate courses for the general public at New York University and short-term programs at European business schools. The company also established a new trainee program in China in fiscal 2013.

Providing short-term programs lasting about two weeks, in addition to medium- and long-term dispatch programs, makes it easy for employees in managerial positions who are unable to leave the workplace for long periods to participate. Moreover, after the training, internal debriefing sessions are held so that the results and learning can be shared widely with other employees.

Mitsubishi Estate will continue to augment its training programs in and outside of Japan to ensure they can be used by employees in a wide range of positions and globalize its workforce.

Creating a Vibrant Workplace

■ Mitsubishi Estate Group's Hito-Machi Award

The Mitsubishi Estate Group's brand slogan is "A Love for People, A Love for the City." The Group established the Hito-Machi Award (literally, "People and the City Award") in 2011 to recognize the efforts of group companies. This award is intended to inspire group companies to consider all stakeholders involved with the Mitsubishi Estate Group—those who live, work and visit our communities—and to work for their sake to contribute to society through these communities. Through this recognition, 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 to enhance the sense of community.

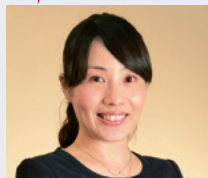
In its third year, the award attracted 201 entries in 2013. A total of 24 groups of winners were selected for the Sincerity and Trust Award, Customer-Oriented Award, Value Creation Award, and Challenge Award. Three groups were chosen from among these to receive the President's Award.

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.



Award ceremony

Voice of a Hito-Machi Award winner



General vote at hotel to select "best hotelier" across 78 different job types and positions

Kaoruko Yamaoka
Royal Park Hotel Co., Ltd.

Involvement by all staff

Our hotel asked customers to vote for the "best hotelier" to commemorate the 25th anniversary of the hotel's founding. Focusing on involvement by all staff, we made everyone in every department eligible for the vote, including staff that usually have little opportunity to interact with customers. This really raised motivation of staff in all job positions and attracted our guests' attention, which resulted in the number of votes doubling in the second round of voting.

I was so happy that the project won the Hito-Machi Award as a result of everyone's participation. I hope to continue doing my job with an emphasis on teamwork.

■ Cross-sectional task force convened

Mitsubishi Estate has convened cross-sectional task forces regularly since September 2007 as an informal forum in which mid-career and junior employees can work with executive officers to discuss and analyze management issues from a broad perspective apart from everyday job responsibilities.

Starting in fiscal 2011, Mitsubishi Estate extended the scope of this program to all group companies, seeking to encourage mutual understanding, shared values and a sense of unity among group employees. Eighteen employees from 10 group companies participated in the task forces held in fiscal 2013, where they exchanged views on the Group's medium-term business plan.

Overview of cross-sectional task forces

Objectives

- (1) To provide a place in which leadership can be exhibited through team operations
- (2) To encourage a cross-cutting perspective and company-wide perspective through joint work with employees of different backgrounds
- (3) To raise participating employees' awareness of their potential as candidates for managerial positions through their interaction with executive officers, initiatives addressing company-wide issues and advice to managers
- (4) To raise management's awareness of the importance of fostering candidates for managerial positions
- (5) Mutual understanding between Group company employees, shared values and sense of unity

Summary of meetings

Team composition: 2 teams (each team has 2 leaders and 6-7 members)

Mentor: One executive officer

Time: May-July 2013

Theme: Recommendations to Mitsubishi Estate Group on future growth areas and next medium-term business plan

Group companies that have participated thus far:

Mitsubishi Estate Building Management Co., Ltd., Mitsubishi Jisho Property Management Co., Ltd., Mitsubishi Jisho Retail Property Management Co., Ltd., Mitsubishi Jisho Residence Co., Ltd., Mitsubishi Jisho Community Co., Ltd., Mitsubishi Estate Home Co., Ltd., Mitsubishi Jisho Investment Advisors, Inc., Mitsubishi Jisho Sekkei Inc., MEC Design International Corporation, Royal Park Hotel Co., Ltd., Mitsubishi Real Estate Services Co., Ltd., MEC Business System Solutions Co., Ltd., MEC Human Resources, Inc. (to be further expanded going forward)

Example projects based on recommendations from the task forces

- Installation of a communication room
- Launch of a Group portal website
- Preparation of employee contact book with employee photos
- Implementation of study abroad and trainee programs

■ Putting more women in management

Mitsubishi Estate has been 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.

Percentage of women in management positions (main career track)

March 2011	March 2012	March 2013	March 2014
1.9%	2.9%	3.2%	3.4%

* Main career track positions include Track N positions, which do not have a specified work location, and Track A positions, which do have a specified work location.

Respecting Human Rights and Employee Diversity

■ Human rights programs

Mitsubishi Estate provides training on human rights for all group company employees. Human rights training was provided during the usual joint training for new hires, in which 16 group companies and 148 employees participated, and to 88 employees at Royal Park Hotels' new hire joint training. In addition, in fiscal 2013, all 682 employees at Mitsubishi Estate headquarters received training on preventing harassment in the workplace (power harassment) with the aim of fostering a vibrant workplace.

Following up on the previous fiscal year, group companies gave human rights training on the topic of social integration. The training, intended to make the participants more aware of the issue and foster a commitment to eradicating discrimination, was attended by 415 participants from Mitsubishi Estate Real Estate Services, as well as 47 employees from Mitsubishi Estate Residence.

■ Human Rights Education Committee meets

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.

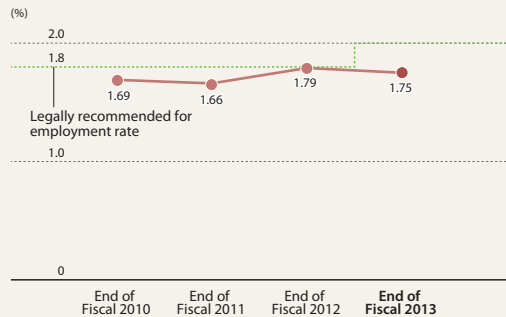
■ Hiring of people with disabilities

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 2013, after an increase in the legal rate* and some employees reaching mandatory retirement age, Mitsubishi Estate's employment of people with disabilities was 1.75%, falling short of the legally recommended employment rate of 2.0%. Mitsubishi Estate will continue to expand its hiring of people with disabilities, while striving to create a workplace in which employees can exercise their own skills.

*The legally recommended employment rate of people with disabilities at private-sector companies was raised from 1.8% to 2.0% in April 2013.

Activity Report

Employment rate of persons with disabilities



Supportive Workplaces for Employees

Programs to foster work-life balance

Mitsubishi Estate respects its employees' individuality and values, and believes that it is important to ensure a balance between work and home life in order to provide a workplace in which each individual employee can perform to potential. Mitsubishi Estate has established a leave of absence program for childcare and nursing care, as well as a program that allows employees to work shorter hours, so that they can select from diverse work styles.

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 compliant with the Japanese law called the "Act on Advancement of Measures to Support Raising Next-Generation Children" so that employees can balance work and childcare. It has also issued 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 nursing care leave for three years and work shorter hours while providing nursing care to family members. 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 who meet certain conditions to apply for reemployment.

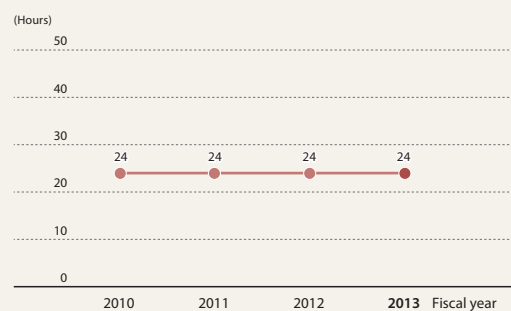
Number of employees taking childcare and nursing care leave

	FY2011	FY2012	FY2013
Childcare leave of absence	11	17	22
Shortened work hours for childcare	19	25	30
Nursing care leave of absence	0	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. It has also introduced a work management system that is linked with computer log-on/off time to help ascertain employees' work conditions. 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. Mitsubishi Estate is earnestly striving to help employees manage their health.

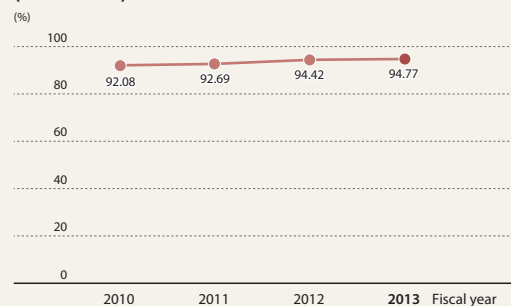
Overtime hours worked, per month, per person



Managing employee health with medical checkups

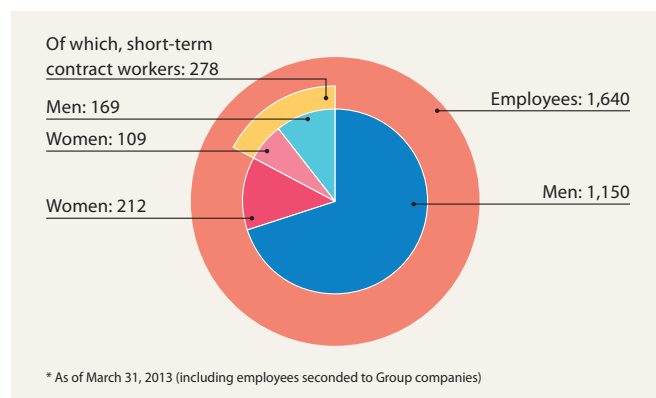
Mitsubishi Estate gives regular medical checkups to all employees once a year to maintain and promote employee health. The company has expanded examinations for lifestyle diseases, and employees are given secondary exams and special exams as the results warrant. Those who have not received a checkup are followed up with individually. As a result of these efforts, the examination rate improved 0.35 points in fiscal 2013 from the previous year to 94.77%.

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



Data on human resources

The breakdown of Mitsubishi Estate's workforce is as follows.



	(number of people)			
	FY2010	FY2011	FY2012	FY2013
Men	1,404	1,383	1,344	1,319
(Of which, regular employees)	1,199	1,177	1,159	1,150
(Of which, short-term contract workers)	205	206	185	169
Women	305	304	314	321
(Of which, regular employees)	204	201	206	212
(Of which, short-term contract workers)	101	103	108	109
Total	1,709	1,687	1,658	1,640

Workforce profile, by age bracket (fiscal 2013)

	(number of people)				
	20-29	30-39	40-49	50-59	60 and over
Men	166	187	456	373	137
Women	58	101	108	50	4
Total	224	288	564	423	141

Number of employees (Mitsubishi Estate Group overall) (number of people)

	2011	2012	Fiscal 2013
Total number of employees	7,904	8,001	7,952

* The companies included in total are consolidated companies and equity method affiliates as of March 31 in the respective year (the number of companies differs depending on fiscal year).

* There were 169 consolidated companies in fiscal 2013 (46 in Japan and 123 overseas).

Workforce profile, by business segment

Segment	Number of employees	Percentage
Building Business	1,855	23%
Residential Business	2,604	33%
Commercial Property Development & Investment Business	64	1%
International Business	473	6%
Investment Management	101	1%
Architectural Design and Engineering	567	7%
Hotel Business	1,251	16%
Real Estate Services	664	8%
Other	159	2%
Corporate Group	214	3%
Total	7,952	100%

New hires and people leaving the company (Mitsubishi Estate, non-consolidated)

	(number of people)			
	2010	2011	2012	2013
New graduate hires	59	60	58	48
New employees	32	33	33	31
Mid-career hire	3	1	4	4
Rehired contract employee	24	26	21	13
Number of employees leaving company (including those retiring at mandatory retirement age)	56	58	50	38
Rate of employees leaving for personal reasons	0.3%	0.6%	0.3%	0.5%

Number and percentage of employees overall, by gender (Mitsubishi Estate, non-consolidated)

	March 2011			March 2012			March 2013			March 2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Main career track N positions	1,188	1,101	87	1,181	1,088	93	1,185	1,085	100	1,195	1,087	108
Main career track A positions*	—	92.7%	7.3%	—	92.1%	7.9%	—	91.6%	8.4%	—	91.0%	9.0%
Of which, section/division managers	724	710	14	731	710	21	729	706	23	738	713	25
	—	98.1%	1.9%	—	97.1%	2.9%	—	96.8%	3.2%	—	96.6%	3.4%
Clerical workers	116	0	116	108	0	108	106	0	106	104	0	104

* 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

Note: Data is as of March 31 for each fiscal year.

CSR Activities in Fiscal 2013 and Guidelines for Fiscal 2014 Initiatives

The Mitsubishi Estate Group carried out its CSR activities in accordance with the following framework, while reviewing activities for each fiscal year and updating the direction of initiatives for the following fiscal year. Beginning in

CSR initiatives		Fiscal 2013 initiatives and results
Priority CSR issues for the near term		
Promoting environmental management	Promoting environmental management and providing environmental education	<ul style="list-style-type: none"> Introduced the Association for Business Innovation in Harmony with Nature and Community (ABINC) certificate (launched in fiscal 2013) to support biodiversity conservation; acquired certificates for four buildings, the most in the industry Won the grand prize in the Chiyoda Ward Global Warming Action Plan Program for employee education programs Issued <i>Marunouchi Biological Handbook</i> Won the Japan Committee for United Nations Decade on Biodiversity Prize in the GTF Greater Tokyo Biodiversity Competition Put together <i>Manual on Responding to Alien Species</i> and began implementing it Selected as a business supporting the Ministry of the Environment's Supply Chain Greenhouse Gas Emission Accounting, and ascertained Scope 3 greenhouse gas emissions
	Setting up and running system for compliance with environment-related laws	<ul style="list-style-type: none"> Energy conservation expertise shared throughout the company via the Energy Conservation Liaison Committee Group environment questionnaire survey put together and PDCA implemented (promotion of purchase of FSC-certified paper, etc.)
	Initiatives by Business Groups	<p>Building Business</p> <ul style="list-style-type: none"> Marunouchi Park Building and Mitsubishi Ichigokan certified as "top-level installations" by the Tokyo Metropolitan Government Conserved energy, primarily by saving electricity, in order to reduce building costs and adapt to electricity supply/demand conditions during suspended operation of nuclear reactors Kayabacho Green Building completed; collection of environmental measurement data and tenant evaluations started Verification tests started (Shin-Marunouchi Building demand response, Yokohama Smart City Project [YSCP]) Implemented planning and design for interior, facilities and exhibition content for Business Eco-City Center (BEC) (tentative name) Worked with Mitsubishi Jisho Sekkei to revise standard specifications in order to incorporate further environmental considerations and disaster preparedness; established guidelines for product planning Obtained DBJ Green Building certification on newly developed buildings and existing buildings <p>Residential Business</p> <ul style="list-style-type: none"> Launched small- and medium-sized building renovation projects MEC eco Life promoted solar power generation projects using roofs of 25 UR rental buildings Started mega-solar power generation at Chiba Research Park and Higashi Fuji Research Park <p>Architectural Design and Engineering Business</p> <ul style="list-style-type: none"> Environmental design tailored to building conditions implemented for JP Tower, Kayabacho Green Building, Grand Front Osaka and Kabukiza Theatre First Three Star rank achieved in the Minato Ward's Minato Model Carbon Fixation Accreditation Program for the use of wood construction and domestically-grown timber in the Takanawa Forum's research building
Promoting environmental management	Implementing group-wide social contribution initiatives	<p>"Experience Nature" Project</p> <ul style="list-style-type: none"> 14th experience-based tour held (including four "Experience Nature" Club events) Established Egaotsunagete Corporate Farm Council "Experience Nature" Project to Raise the Value of Japan-grown Timber wins Fiscal 2013 Good Design Award Egaot Tsunagete wins grand prize in the "food bridge" category in the Japan Agriculture Awards <p>Rebirth Tohoku Food Project</p> <ul style="list-style-type: none"> Developed original canned foods (two types) and started general distribution As part of "Yuinoba" activity, held a marché shopping event at Izumi Park Town Tapio and held a business matching event at the Tohoku branch <p>Support for culture and arts in Marunouchi</p> <ul style="list-style-type: none"> Provided cultural and artistic support for venues and programs such as the Mitsubishi Ichigokan Art Museum, Geidai Arts in Tokyo Marunouchi, and Art Award Tokyo; sponsored La Folle Journée au JAPON and convened area concerts <p>Kira Kira Art Competition</p> <ul style="list-style-type: none"> Won the Special Award in the 2013 Mécénat; held the twelfth Kira Kira Art Competition (2,050 entries, 524 employees participated as judges)
	Pursuing collaboration with local communities on projects that demonstrate the uniqueness of the Mitsubishi Estate Group	<p>Number of female managers increased as more women were hired for main career track positions and more reached levels making them candidates for managerial positions [As of April 1, 2014: 28 female managers (increase of 3), of which 8 are deputy directors (no increase)]</p> <ul style="list-style-type: none"> Employment of people with disabilities was 1.6% (as of June 1, 2014), falling short of the legally recommended rate of 2.0% Implemented Mitsubishi Estate Group joint training sessions, with a focus on younger employees (including joint training for new hires and third-year training) Established new training program in Shanghai, in addition to current program, to train global human resources As a mental health measure, provided information on line care (in which supervisors help their direct reports manage stress) and self-care in the Group joint training for newly appointed managers and new hires Construction of a dormitory for single new male Group employees (this dormitory housed 57 new employees of nine Group companies in fiscal 2013) to promote interaction within the Group Training to prevent harassment in the workplace (power harassment) held to foster a vibrant workplace, with 682 participants (99% attendance rate) Human rights training on the topic of social integration given at Mitsubishi Jisho Residence and Mitsubishi Real Estate Services; training on the prevention of harassment in the workplace (power harassment) held at MEC Human Resources and Mitsubishi Jisho Community Continued to implement the internal Hito-Machi Award (201 entries from 24 Group companies in 2013, the third year) Continued to implement the New Business Proposals and Open Job Application System
	Creating a more vibrant workplace and fostering a dynamic workforce	
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	
	Supporting an open-minded, forward-thinking organization	
Basic themes		
CSR overall	Promoting CSR communication	<ul style="list-style-type: none"> Held CSV Management, a CSR lecture presentation for managers Prepared revised draft after identifying revisions to fourth edition of GRI Guidelines, trends at other companies and areas needing improvement at Mitsubishi Estate in order to revise the CSR report overall
Corporate governance	Reinforcing internal controls	<ul style="list-style-type: none"> Augmented support in terms of laws, compliance and risk management in conjunction with global expansion of business
Compliance	Strengthening risk management	<ul style="list-style-type: none"> Strengthened Group development such as information dissemination to Group companies and Group employees and augmenting training functions
	Building and setting up compliance system	<ul style="list-style-type: none"> Reinforced mechanism for providing accurate risk information to decision makers
Cooperating with customers	Standing in the shoes of our customers	<ul style="list-style-type: none"> Maintained and improved service quality (system and human aspects) in line with customer needs as identified in customer satisfaction questionnaire; used customer opinions to provide steady feedback; proposal-based marketing; improved relationships of trust with customers; improved operations and implemented employee award system
Cooperating with business partners	Promoting initiatives to improve safety and security	<ul style="list-style-type: none"> Mitsubishi Jisho Residence: Residence Lounge opened, NPS (Net Promoter Score) monitored on an ongoing basis, Eyes Plus Lab launched Mitsubishi Estate Home: Implemented owners' questionnaire Mitsubishi Jisho Community: Environmental Conservation and Energy Conservation Plan proposed to management associations (61 proposals) MEC eco Life: Condominium Household Account Book passed out, competition held over lifestyle planning ideas via "sumai LAB" website Mitsubishi Jisho House Net: Distribution of Users' Smart Guide Royal Park Hotel: "Best Hotelier" vote carried out
	Aiming for development together as a partner	<ul style="list-style-type: none"> Safety and security measures from perspective of customers, business partners and employees steadily implemented on an ongoing basis (response in event of emergency, prevention, etc.) <p>Building Business:</p> <ul style="list-style-type: none"> Revisions to building safety design guidelines made, safety management system launched Agreements formed for healthcare collaboration in the event of a disaster and drills held with Chiyoda Medical Association and St. Luke's MediLocus Improvements made to operational quality and services in conjunction with cooperating companies and business partners; implementation of fair assessments, fair contracts Building Business: Continued to ensure shared perspective among Mitsubishi Estate, property management companies and business partners by holding meetings and going through assessment cycle for contracting companies Mitsubishi Estate Home: Training sessions held for registered construction companies (10 sessions with 2,791 participants) Mitsubishi Jisho Community: Quality and Safety Promotion Rally held, selected construction projects representing excellent or most excellent work
Cooperating with shareholders and investors	Ensuring timely and appropriate information disclosure	<ul style="list-style-type: none"> Participated in seminars sponsored by and held by securities exchanges and securities companies and continued to hold corporate briefings for individual investors Financial results briefings held twice a year; conferences held with analysts; property tours given, and met actively with institutional investors in and outside Japan; over 400 meetings held a year (474 in fiscal 2013) Provided accurate and prompt information to all stakeholders, not only shareholders and investors

fiscal 2015, the Group will set specific action targets for each CSR issue of high materiality—currently being selected—and continue to pursue further progress.

Guidelines for fiscal 2014 initiatives		Pages in booklet
<ul style="list-style-type: none">• As part of research into environment-friendly research, work with MEC eco Life and begin testing an air conditioning system that uses floor chambers aimed at the mass market in company housing• Environment Promotion Liaison Organization confirms progress made with the long-term environmental vision and continues implementation• Contribute to establishment of multi-family housing version of ABINC certificate• Carry out biological monitoring survey in Marunouchi area and ABINC certified facilities• Implement company-wide environmental e-learning and expand it to Group companies• Implement and continue Environmental Month, CSR Promotion Month, environmental lectures and visits to study advanced environmental practices at other companies	P18-23	
<ul style="list-style-type: none">• Continue to monitor trends in regulatory changes, familiarize Group companies with information on the establishment of and revisions to environmental regulations, and share this information and responding• Take steps to encourage management of waste and amount of water used by implementing Group environmental questionnaire survey	P20-21	
<ul style="list-style-type: none">• Assess and review reduction methods for the first phase of the Tokyo ordinance (final fiscal year) and draft measures with a view to achieving the mandatory reduction in the second phase• Review system of operations after 15 years of ISO management• Collect information on new environmental technology, examine introduction, and review demand response in Otemachi 1-1 Project demonstration office• Decide on feasible menu for the future, following an examination of new technology and assessment of verification tests• Continue to review BEC exhibition content, consider management, and carry out interior construction work• Continue to work on acquiring environmental certification for individual projects and compile information on environmental certification programs overall	P18-23	
<ul style="list-style-type: none">• Operate and expand specific projects for small- and medium-sized building renovation, review brand system with a view to the future• Promote smart systems at condominiums (Smart soleco) with ongoing adoption of soleco (combination of collective-access high-voltage power receiving system with solar panels) and new adoption of soleco jozu (a hot water supply system using solar heat)• Promote Eco Eyes action (introduction of eco-friendly equipment)	P14, 15, 19	
<ul style="list-style-type: none">• Steadily implement new EMS (began operating in fiscal 2013), implement specific EMS Project and Advanced Environmental Design Project• Continue to build track record by winning orders for LEED projects and achieving solid CASBEE evaluations	P18-19	
<ul style="list-style-type: none">• 24 experience-based tours with 850 participants are planned• Pursue CSV (consideration of project to form communities in condominiums)• Deepen and expand "Experience Nature" community (trips in which participants weed paddy fields, etc.)• Make regional contributions (installation of electric fence) and consider joint projects by Corporate Farm Cooperative	P16	
<ul style="list-style-type: none">• Make the Mitsubishi Ichigokan Art Museum a core cultural institution for the area and work with nearby art museums with the aim of giving the community an affection for the museum	P16, 17	
<ul style="list-style-type: none">• Review judges in light of the Cultural Agency's measures to promote art by people with disabilities, develop effective publicity measures, utilize art work	—	
<ul style="list-style-type: none">• Continue canned food project (expand sales network, consider ongoing production and new product development)• Accurately ascertain needs in areas affected by earthquake and provide ongoing support	Back cover	
<ul style="list-style-type: none">• Promote human resource development using a multifaceted approach incorporating augmented training and self-development programs, employee rotations, and human resource development at the workplace level	P30, 31	
<ul style="list-style-type: none">• Expand employment of people with disabilities by utilizing referral services, provide workplace support to ensure retention	P31, 32	
<ul style="list-style-type: none">• Review goals and target of training by level and position to tailor it to management strategy and organization's conditions• Steadily implement new overseas training program and refine the system by examining results	P30	
<ul style="list-style-type: none">• Link work management system with computer log-on/off time in order to ensure compliance with Article 36 of the Japanese Labor Standards Act, ascertain employees' work conditions and prevent health problems• Give lectures on work management and mental health at Group joint training for new managers• In fiscal 2014, 63 new male employees from eight companies began living in the dorm for single men, increasing the total to 117, thus promoting interaction within the Group	—	
<ul style="list-style-type: none">• Provide training to prevent power harassment for managers at Mitsubishi Estate, its branches and some Group companies; provide training to prevent sexual harassment to those who did not attend previous training• Continue to implement human rights training on the topic of social integration at Mitsubishi Jisho Residence, Mitsubishi Real Estate Services and Mitsubishi Jisho House Net• Make summer lecture on social integration and human rights an opportunity for interaction between Group companies	P31	
<ul style="list-style-type: none">• Continue implementation of Hito-Machi Award in current fiscal year; prepare and distribute a pamphlet as a tool to share best practices in employees' daily work within the Group	P30	
<ul style="list-style-type: none">• Continue to foster corporate culture where employee initiatives to take on challenges are recognized	—	
<ul style="list-style-type: none">• Integrate CSR and corporate management in 2014 CSR Report and make revisions for compliance with GRI's <i>G4 Sustainability Reporting Guidelines</i>• Specify materiality (important CSR theme) and set key performance indicators (KPI)	P10-11	
<ul style="list-style-type: none">• Continue to pursue risk management activities• Augment support in terms of laws, compliance and risk management in conjunction with global expansion of business• Strengthen Group development such as education, awareness-building, information dissemination and training functions for Group companies and Group employees• Continue to avoid any contact with organized criminal elements	P38-40	
Mitsubishi Jisho Residence: In order to improve NPS after handover, integrate customer support services from time of contract; expand Residence Club membership Mitsubishi Estate Home: Enhance level of quality of interaction through ongoing implementation of model home inspections ("undercover" inspections) Mitsubishi Jisho Community: Continue holding meetings of Community Eyes Forum; continue proposing events for the association such as emergency drills and events promoting a sense of community	P24-25	
Building Business: Deepen system for healthcare collaboration in the event of a disaster with Chiyoda Medical Association and St. Luke's MediLocus and establish specific procedures; establish guidelines for BCP power source operation, including cogenerators Mitsubishi Estate Home: Regularly implement guidance for cooperating construction companies and share information with them; encourage systematic attendance at lectures and skills courses on health and safety Mitsubishi Jisho Community: Begin proposing establishment of disaster prevention base and disaster headquarters within condominium, linked to BCP (community continuity plan [CCP], BCP for condominium management associations)	P26-27	
<ul style="list-style-type: none">• Implement supply chain management with consideration for the environment and social problems	P36	
<ul style="list-style-type: none">• Identify investor trends in Japan and overseas; create a more reliable system with a view to global business expansion; carry out prompt, accurate and fair information disclosure from perspective of shareholders and investors• Publish IR information in English for foreign investors; augment fact book• Deploy senior executives on PR missions, conduct overseas IR (U.S., Europe, Asia); participate in conferences in Japan; reinforce one-on-one meetings; increase number of property tours held for investors• Disseminate information on new medium-term business plan	P37	

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 three times in fiscal 2013) and holds discussions to verify compliance in the order process.

■ Pursuing high-quality maintenance and management in the Building 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 Building Business 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.

■ Fair evaluation of construction companies

Mitsubishi Estate Home Co., Ltd. has established guidelines for its initiatives with business partners that take into account the unique characteristics of its business. The basic order unit price that will serve as the benchmark is set in agreement with the supplier as we strive to ensure equitability for the supplier.

Business partners in the architecture, facility and electronics industries are evaluated comprehensively and fairly on the basis of a questionnaire given to the employees who are their point of contact, and also taking into account the number of customer referrals, workmanship and credit conditions. The number of buildings with which they will be entrusted is decided based on this evaluation along with the fixed unit price. Business partners were given advance notice of the

areas to be evaluated in April, the evaluations were carried out from January through February of the following year, and evaluation results were released by March. Employees in the sales division also evaluate business partners with the aim of raising customer satisfaction through better post-purchase services.

In addition, clearly separating the manufacturer's product costs and the distribution costs until the product reaches the final delivery destination raises the transparency of product costs and distribution costs, enabling a fair evaluation of the material supplier and the manufacturer. When deciding on construction amounts, the costs of construction and operating expenses are accounted for separately, and efforts are made to prevent simple price competition.

■ Quality and Safety Promotion Rally

Mitsubishi Jisho Community Co., Ltd. held a Quality and Safety Promotion Rally in September 2013, bringing together 130 site agents, sales managers, technical employees and others from the construction companies slated to carry out large-scale repair work on condominiums managed by the company.

Mitsubishi Jisho Community explained the fiscal 2012 fall safety patrol reports and countermeasures taken, the future expansion of the private license system that trains and certifies professional technicians in painting and waterproofing, and the CS questionnaire results and CS etiquette.

The company also provided more in-depth information on points to watch out for in facility construction and its personal information protection policy.

After the rally, the construction projects representing excellent and most excellent work were selected based on CS questionnaires, managers' evaluations and the status of efforts with the private license. Certificates of thanks were awarded to the site agents, and certificates of recognition given to the 14 technicians who had passed the technical exam for the primary license (painting, waterproofing) at the gold level. The company will continue to provide safe, high-quality work with a customer-oriented perspective.



Quality and Safety Promotion Rally

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 2013, the IR Office held about 470 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. In fiscal 2014, the Group published a new medium-term management plan for fiscal 2014–2016. 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.

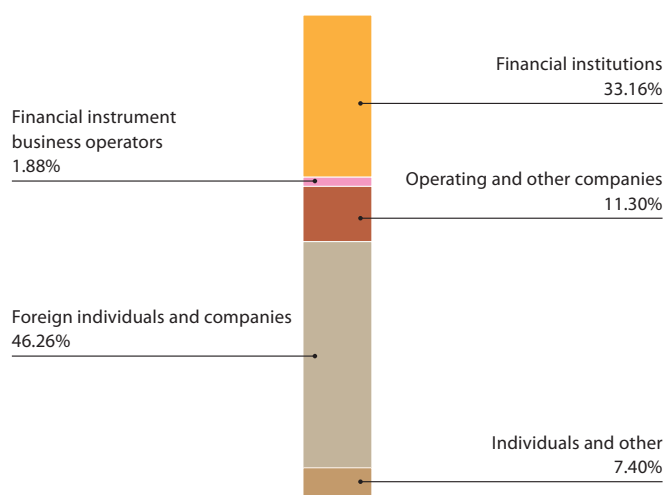
The company also proactively participates in seminars organized by the stock exchange and securities companies to provide briefings for individual investors to enhance information disclosure and make it more broadly accessible to the investor community.

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.

Stock Details (as of March 31, 2014)

Number of authorized shares:	1,980,000,000 shares
Number of shares issued and outstanding:	1,390,397,097 (Of which treasury stock: 2,780,825)
Number of shareholders:	64,417 (Decrease of 3,221 shareholders compared with the end of the previous fiscal year)

Stock Composition (Shareholding Percentage) (as of March 31, 2014)



External evaluation

In March 2013, Mitsubishi Estate was included in the FTSE4Good Global Index, an index of sustainable companies all over the world, for the 12th consecutive year. Moreover, in September 2013, the company was again selected for inclusion in the Dow Jones Sustainability Indexes (DJSI).

Socially responsible investing is an approach to investing in companies that takes into consideration their environmental and social initiatives and corporate governance as well as economic aspects. We will continue to integrate our business with CSR as we pursue sustainable corporate management.



MEMBER OF
**Dow Jones
Sustainability Indexes**
In Collaboration with RobecoSAM

The Mitsubishi Estate Group aspires to build trusting relationships with its stakeholders through a highly transparent management system and reinforced compliance.

■ Basic concept behind corporate governance

The Mitsubishi Estate Group has established a management system built to attain its fundamental mission of “contributing to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work and relax with contentment.” At Mitsubishi Estate, we believe we must achieve a high level of integration between corporate growth and benefit to diverse stakeholders.

■ Committed to highly transparent management

Mitsubishi Estate has developed a highly transparent management system, with an executive officer system that clearly defines the oversight and business execution functions coupled with a statutory auditor system. In order to reinforce the management and oversight functions of the Board of Directors, four outside directors are selected with a term of one year and three outside auditors are selected with a term of four years. Legal notification that the seven aforementioned officers are serving as independent officers has been submitted.

■ Managerial decision-making process

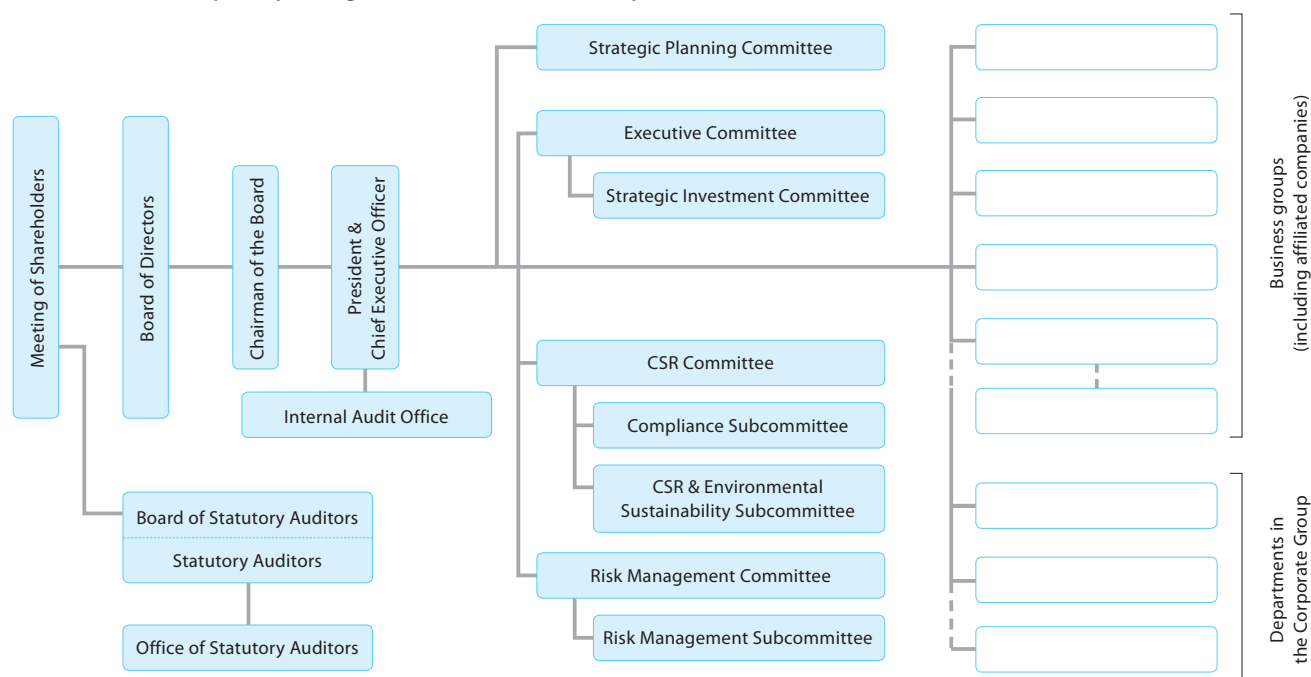
The Mitsubishi Estate Group has established the Strategic Planning Committee, which is chaired by the president and consists of the directors (excluding outside directors), the deputy president, the executive vice presidents, and the president’s appointees, to discuss the Group’s management strategies. In fiscal 213, the committee met nine times.

The Group has set up the Executive Committee, consisting of the chairman of the board, president, the executives of each business group, standing statutory auditors and other persons designated by the president. The committee meets, as a general rule, once a week, and met 47 times in fiscal 2013. The Strategic Investment Committee, which functions as a subordinate body to the Executive Committee, gathers to discuss important investment proposals and summarize the points at issue before the Executive Committee meets, which enables the Executive Committee to discuss and make management decisions at a more sophisticated level.

■ Risk management

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Risk Management Rules and has set up a risk management system to manage risk in all its business activities. The company has reinforced its risk management system by setting up the Risk Management Committee, which oversees implementation of risk management for the Group, and the Risk Management Subcommittee, a working-level consultative body consisting of department managers including those from major Group companies. The Executive Director of Risk Management has been appointed by decision of the Board of Directors to take responsibility for overseeing risk management, and general managers of each business group and general managers in the Corporate Staff Departments have been designated as Risk Management Officers. Each group company has also designated its own Risk

Mitsubishi Estate Group's corporate governance structure (as of April 2014)



Management Operating Officer. It is under this system that the Group implements and integrates the management of risk.

With these systems in place, the Group implements risk management activities systematically by thoroughly identifying risks at the job site and using the plan-do-check-act (PDCA) cycle for everything from planning and implementing reform measures to monitoring by the Risk Management Subcommittee.

■ Reinforcing internal controls

The Mitsubishi Estate Group's Board of Directors adopted the Basic Policy on Establishing 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, 2014 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.

■ Policy for determining remuneration for directors and statutory auditors

Mitsubishi Estate has adopted a remuneration system that combines performance-linked remuneration and deferred remuneration stock options for its directors and statutory auditors. Since outside directors are independent of the execution of operations, they only receive fixed remuneration. Statutory auditors also only receive fixed remuneration in accordance with their roles as standing or non-standing statutory auditors as determined by discussion among the statutory auditors.

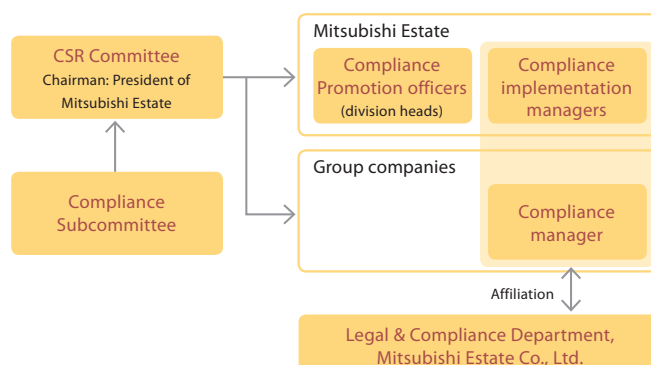
Total remuneration paid to directors and statutory auditors

Total remuneration, etc., paid to directors (outside directors)	¥606 million (¥40 million)
Total remuneration, etc., paid to statutory auditors (outside statutory auditors)	¥88 million (¥53 million)

■ 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 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.

Mitsubishi Estate Group's compliance system



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.

■ Reinforcing compliance at the Mitsubishi Estate Group

The Mitsubishi Estate Group not only offers compliance training tailored to each of its company's particular businesses, but also devises training menus and tools covering topics that all Group employees should learn, such as harassment and compliance fundamentals. In fiscal 2013, training was provided to managers of Group companies'

help lines and managers of consultation services for employees (primarily new managers) to deepen understanding of basic whistleblowing and appropriate responses.

The Mitsubishi Estate Group gives compliance surveys every two years 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 21 consultations and reports via the help line in fiscal 2013. Depending on the substance of the inquiries, they are studied and the situation is confirmed so that an appropriate response can be made.



Help line exclusively for business partners

■ Incident response at The Park House Grand Minamiaoyama Takagicho

In December 2013, serious construction defects were discovered in the Park House Grand Minamiaoyama Takagicho, a condominium building project whose owner was Mitsubishi Jisho Residence Co., Ltd. and which was designed and had construction supervised by Mitsubishi Jisho Sekkei Inc. As a result, it was determined that the units could not be handed over to the buyers. To meet its responsibilities as the project owner, Mitsubishi Jisho Residence has decided to dismantle and rebuild the building.

We offer our sincere apologies for the great concern and inconvenience these events have caused to contract holders, neighbors and other parties.

Mitsubishi Jisho Sekkei aims to reinforce its construction management system and Mitsubishi Jisho Residence to strengthen operations of its Check Eyes system in order to prevent any similar event from occurring in the future.

Opinions by the External Advisors on the CSR Committee



Iwao Taka, Ph.D.

Professor, School of Economics and Business Administration, C. Hiroike Graduate School, Reitaku University

Uncompromising honesty

The Mitsubishi Estate Group manages its CSR in keeping with its mission “to contribute to society through urban development.” The phrase “through urban development” is not equivalent to “through the real estate business.” “Urban development” implies more broad-ranging, multi-faceted activity that is gentle on the environment and society and helps people realize their dreams. This report was written to convey this point to a wide audience. Over the past year, I have observed the Group’s initiatives as an external advisor. I came away with the impression that the Group always acts in keeping with its CSR management. This is because the Group always ensures that its three core values of “act with integrity,” “trust from clients” and “vibrant workplace” permeate both its business activities and CSR activities.

Of course, these three core values do not guarantee that the Company is always perfect. Last fiscal year, unfortunately, Mitsubishi Jisho Residence discovered a defect in the construction of condominiums it was selling at that time. This error was the fault of the construction contractor, but Mitsubishi Jisho Residence disclosed the problem to the buyers and decided to rebuild the condominiums.

I believe that companies must practice “uncompromising honesty.” Seeing the Mitsubishi Estate Group’s response from close-up reaffirmed my belief that the Group’s mission, “to contribute to society through urban development,” is much more than a slogan.



Setsuko Egami

Professor, Faculty of Sociology, Musashi University

Readiness to commit to the global society

As companies expand their operations globally today, their business activities are carried out in societies and markets in which political, economic, human rights, environmental and technical problems are intertwined in complex ways. Thanks to legal reforms, mechanisms ensuring sound disclosure of financial information now ensure that companies are held accountable in this area. This is welcome, but it did not put an end to social problems generated by non-financial factors. Disclosure of non-financial information related to decision-making, corporate philosophy, management principles and organizational culture is extremely important. Moreover, solid improvements in the overseas sales ratio are indispensable to a company’s sustainable growth. Therefore, establishing global corporate governance systems is an urgent issue for Japanese companies.

Mitsubishi Estate describes its resolution to do so in this report. Its management policy is to pursue CSR activities that are integrated with its business operations, as laid out in its long-term plan, and to make this a key contributor to corporate value. In this scheme, Mitsubishi Estate takes up the challenge of resolving global social issues through its corporate activities, and by doing so, seeks to achieve economic growth. I have had the chance to see reports on the Group’s specific CSR activities and witness its work from the front lines for over eight years, and it seems to me that this decision was built upon the painstaking implementation of these CSR activities and their results, as well as the resolution to continue them.

I believe that this new CSR management is essentially a commitment to the global society.

Benefiting from external insights



Junichi Yoshida

Senior Executive Officer responsible for CSR and Environmental Sustainability, Mitsubishi Estate Co., Ltd.

Professor Iwao Taka and Professor Setsuko Egami, the CSR Committee’s external advisors, give specific and accurate opinions and perceptions based on social trends on the issues that the public expects the Group to act on. This leads to important observations in sustainably advancing CSR activities that are integrated with business operations.

Over the past few years, we have seen the concept of creating shared value (CSV) take hold as a means for companies to address social issues through their core business by creating new value, thereby contributing to corporate revenue. We believe that our mission of contributing to society through urban development is equivalent to the CSV concept.

We will continue to live up to the expectations and trust of our stakeholders and faithfully and diligently implement CSR management with the aim of achieving the sustainable growth of the Group and the broader society through urban development.

GRI Content Index

The table below indicates the pages in the Mitsubishi Estate Group CSR Report 2014 that correspond to items indicated in the *Sustainability Reporting Guidelines Version 3.1* issued by the Global Reporting Initiative (GRI).

 CORPORATE INFORMATION
http://www.mec.co.jp/index_e.html

 INVESTOR RELATIONS
<http://www.mec.co.jp/e/investor/index.html>

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.	P04-05
1.2	Description of key impacts, risks, and opportunities.	P08-09

2. Organizational Profile

Item	Index	Pages
2.1	Name of the organization.	(Corporate Information)
2.2	Primary brands, products, and/or services.	(Corporate Information)
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	(Corporate Information)
2.4	Location of organization's headquarters.	(Corporate Information)
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.	P28-29
2.6	Nature of ownership and legal form.	(Corporate Information)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	(Corporate Information)
2.8	Scale of the reporting organization.	(Corporate Information)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	
2.10	Awards received in the reporting period.	P15, 16, 19, 21, 22, 23

3. Report Parameters

Item	Index	Pages
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	P03
3.2	Date of most recent previous report (if any).	
3.3	Reporting cycle (annual, biennial, etc.).	P03
3.4	Contact point for questions regarding the report or its contents.	P03
Report Scope and Boundary		
3.5	Process for defining report content.	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	P03
3.7	State any specific limitations on the scope or boundary of the report.	P03
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.	P03, 21, 22
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.	P03, 21, 22
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	P42-45
Assurance		
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).	

4. Governance, Commitments, and Engagement

Item	Index	Pages
Governance		
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.	P38

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).	P38
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.	P38
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	P37, 40
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).	P39
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	P39
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.	P06-07, 18, 20
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.	P38
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	P26-27, 36
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	P03, 20
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	P07
4.15	Basis for identification and selection of stakeholders with whom to engage.	P07
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	P07, 10-11, 21, 25
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.	P07, 21, 25

5. Management Approach and Performance Indicators

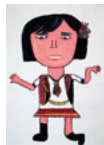
Item	Index	Pages
Economic Performance Indicators		
Management Approach		
Aspect: Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	(Investor Relations)
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.	(Investor Relations)
EC4	Significant financial assistance received from government.	
Aspect: Market Presence		
EC5	Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation.	
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	P36
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	
Aspect: Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	P12-17
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	
Environmental Performance Indicators		
Management Approach		
Aspect: Materials		
EN1	Materials used by weight or volume.	
EN2	Percentage of materials used that are recycled input materials.	
Aspect: Energy		
EN3	Direct energy consumption by primary energy source.	P21
EN4	Indirect energy consumption by primary source.	P21
EN5	Energy saved due to conservation and efficiency improvements.	P21
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	P18-19
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	P21
Aspect: Water		
EN8	Total water withdrawal by source.	P22
EN9	Water sources significantly affected by withdrawal of water.	
EN10	Percentage and total volume of water recycled and reused.	P22

Item	Index	Pages
Aspect: Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	P22
EN13	Habitats protected or restored.	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	
Aspect: Emissions, Effluents, and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	P21
EN17	Other relevant indirect greenhouse gas emissions by weight.	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P18-19, 21
EN19	Emissions of ozone-depleting substances by weight.	
EN20	NOx, SOx, and other significant air emissions by type and weight.	
EN21	Total water discharge by quality and destination.	P22
EN22	Total weight of waste by type and disposal method.	P22
EN23	Total number and volume of significant spills.	P22
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	
Aspect: Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	P18-19
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	
Aspect: Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	
Aspect: Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	
Aspect: Overall		
EN30	Total environmental protection expenditures and investments by type.	
Labor Practices and Decent Work Performance Indicators		
Management Approach		
Aspect: Employment		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	P33
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	P33
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	
LA15	Return to work and retention rates after parental leave, by gender.	
Aspect: Labor/Management Relations		
LA4	Percentage of employees covered by collective-bargaining agreements.	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	
Aspect: Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	
LA9	Health and safety topics covered in formal agreements with trade unions.	
Aspect: Training and Education		
LA10	Average hours of training per year per employee by gender, and by employee category.	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	P30
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	
Aspect: Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	P33
Aspect: Equal Remuneration for Women and Men		
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	
Human Rights Performance Indicators		
Management Approach		
Aspect: Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	

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HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P31
Aspect: Non-discrimination		
HR4	Total number of incidents of discrimination and corrective actions taken.	
Aspect: Freedom of Association and Collective Bargaining		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	
Aspect: Child Labor		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	
Aspect: Forced and Compulsory Labor		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	
Aspect: Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	
Aspect: Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	
Aspect: Assessment		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	
Aspect: Remediation		
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	
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Management Approach		
Aspect: Local Communities		
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	
S09	Operations with significant potential or actual negative impacts on local communities.	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	
Aspect: Corruption		
S02	Percentage and total number of business units analyzed for risks related to corruption.	P38
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	P40
S04	Actions taken in response to incidents of corruption.	
Aspect: Public Policy		
S05	Public policy positions and participation in public policy development and lobbying.	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	
Aspect: Anti-competitive Behavior		
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	
Aspect: Compliance		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	
Product Responsibility Performance Indicators		
Management Approach		P24
Aspect: Customer Health and Safety		
PR1	Life-cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	P24-25, 27
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	
Aspect: Product and Service Labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	P24, 27
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	P25
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PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	P27
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	
Aspect: Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	
Aspect: Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	



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About the cover design

The back cover shows the award-winning works of art from the fiscal 2013 twelfth Kira Kira Art Competition held by Mitsubishi Estate for children with disabilities.

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