

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.
Real Estate Services	Royal Park Hotel Management Co., Ltd.
	Mitsubishi Real Estate Services Co., Ltd.
Corporate Group	Mitsubishi Jisho House Net Co., Ltd.
	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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Production overseen by:

CSR & Environmental Sustainability Department
Mitsubishi Estate Co., Ltd.

Contact address:

Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8133 Japan
Tel: +81-3-3287-5780 Fax: +81-3-3211-5658

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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.