

Corporate Governance

The Mitsubishi Estate Group aims to earn stakeholders' trust through highly transparent management.

Basic concept behind corporate governance

The Mitsubishi Estate Group has established a corporate governance 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 corporate governance

Mitsubishi Estate has developed a highly transparent corporate governance system, through such measures as introducing an executive officer system while maintaining a statutory auditor system to ensure a clear distinction between the oversight and business execution functions. 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. The Company has designated these seven officers as independent officers in line with the stipulations of the Tokyo Stock Exchange and various regulatory bodies, and has submitted notification to that effect.

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 2014, the committee met eight times.

The Group has set up the Executive Committee to deliberate on important matters pertaining to execution of business; it consists 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 51 times in fiscal 2014. 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.

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

Total remuneration, etc., paid to directors (Outside directors)	¥651 million (¥40 million)
Total remuneration, etc., paid to statutory auditors (Outside statutory auditors)	¥88 million (¥53 million)

Note: The figures above include compensation for one director and one statutory auditor who left their positions as of the 115th General Meeting of Shareholders held on June 27, 2014.

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.

Reinforcing internal controls

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

The Group also upgraded, administered and evaluated its internal control system in line with the internal controls over financial reporting which were adopted by listed companies in April 2008 as mandated by Japan's Financial Instruments and Exchange Act. The Internal Control Report concluding that the Group's internal controls over financial reporting were effective as of March 31, 2015 was submitted to the Kanto Local Finance Bureau of the Ministry of Finance on June 26. 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

At Mitsubishi Estate, 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 ensures 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.