

CSR Report *2016*





# A Love for People A Love for the City

## Forever Taking on New Challenges

### 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

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

## 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 2014, in order to identify the key CSR themes that the Mitsubishi Estate Group should address over the medium to long term, the Group solicited opinions from various stakeholders and held thorough internal discussions, ultimately establishing five key CSR themes and key performance indicators. In fiscal 2015, the Group communicated with stakeholders in order to extend these efforts and provide more concrete value to society. This report also provides an overview of this communication process.

We hope that all stakeholders will read this report and share their opinions and impressions with us without hesitation.

### Period

This report covers fiscal 2015 (April 1, 2015 to March 31, 2016), but also includes information pertaining to other fiscal years.

### Reference guidelines

- *G4 Sustainability Reporting Guidelines*, Global Reporting Initiative (GRI) (core option)
- *Environmental Reporting Guidelines* (2012 edition), Ministry of the Environment, Japan

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#### Next issue:

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#### Production overseen by:

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#### Websites

Information on CSR: <http://www.mec.co.jp/e/csr/index.html>  
Investor relations: <http://www.mec.co.jp/e/investor/index.html>  
Corporate information: <http://www.mec.co.jp/e/about/index.html>

### Scope

The organizations covered in this report are Mitsubishi Estate and the 50 Group companies listed below.

Business Segment	Company Name		
Building Business	Mitsubishi Jisho Property Management Co., Ltd.		
	Hokuryo City Service Co., Ltd.		
	Marunouchi Heat Supply Co., Ltd.		
	Sunshine City Corporation		
	Sunshine City Building Management Co., Ltd.		
	Sunshine Enterprise Corporation		
	Sunshine Theatre Co., Ltd.		
	Yuden Building Kanri Co., Ltd.		
	Tokyo Garage Co., Ltd.		
	Marunouchi Direct Access Limited		
Retail and Logistics Property Business	Tokyo Kotsu Kaikan Co., Ltd.		
	Kotsu Kaikan Building Service Co., Ltd.		
	Ikebukuro District Heating and Cooling Co., Ltd.		
	Mitsubishi Jisho Retail Property Management Co., Ltd.		
	IMS Co., Ltd.		
	Mitsubishi Estate-Simon Co., Ltd.		
	Yokohama Sky Building Co., Ltd.		
	Yokohama Swimming Center Co., Ltd.		
	Residential Business	Mitsubishi Jisho Residence Co., Ltd.	
		Towa Nasu Resort Co.	
MEC eco LIFE Co., Ltd.			
Mitsubishi Estate Home Co., Ltd.			
Higashininhon Kaihatsu Co., Ltd.			
Izumi Park Town Service Co., Ltd.			
MEC Urban Resort Tohoku Co., Ltd.			
Ryoel Life Service Co., Ltd.			
Mitsubishi Estate Housing Components Co., Ltd.			
Mitsubishi Jisho Community Holdings Co., Ltd.			
International Business	Mitsubishi Jisho Community Co., Ltd.		
	Hokkaido Benny Estate Co., Ltd.		
	Mitsubishi Jisho House Net Co., Ltd.		
	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 Estate Sekkei Inc.
Mitsubishi Jisho Sekkei Architectural & Engineering Design (Shanghai) Co., Ltd.			
MEC Design International Corporation			
Mitsubishi Jisho Sekkei Asia Pte. Ltd.			
Hotel Business			Mitsubishi Estate New York Inc.
			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.	
		Corporate Group	MEC Business System Solutions Co., Ltd.
			Kiyo Tochi Kaihatsu Co., Ltd.
			MEC Human Resources, Inc.

## Contents

The Spirit of Mitsubishi: The Three Principles / The Mission of Mitsubishi Estate Group / The Mitsubishi Estate Group Code of Conduct / Mitsubishi Estate Group Guidelines for Conduct 2

Editorial Policy / Contents 3

Message from the President 4

### CSR Strategy at the Mitsubishi Estate Group

Message from the director responsible for CSR 7

Providing exceptional value to society 8

Key CSR themes and performance indicators 10

Communication with stakeholders 12

#### Key CSR Theme Urban development together with society

Safe and secure urban development through both physical and social infrastructure advancement together with the local community

FEATURE: Urban development enabling people to live, work and relax—safely and securely 14

FEATURE: Urban development conducive to child-rearing and an aging population 16

FEATURE: Cooperating with local communities 16

Communicating with clients 18

#### Key CSR Theme Cutting-edge community development

Innovative community development tailored to the era of globalism

FEATURE: The globalization of Marunouchi 20

FEATURE: Sharing Mitsubishi Estate Group's urban development with the world 22

#### Key CSR Theme Environment

Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities

FEATURE: Long-Term Environmental Vision and four symbolic initiatives 24

Reducing environmental impact 27

Building a society with a lower carbon footprint 28

Helping society to recycle more 28

Fostering harmony between nature and human society 29

#### Key CSR Theme Human resource development

Support for human resource development and active careers for the creation of communities of the future and support for work styles tailored to individual lifestyles

Initiatives in human resource development 30

Creating a vibrant workplace 31

Respecting human rights and employee diversity 32

Supportive workplaces for employees 33

Data on human resources 35

#### Key CSR Theme Compliance

Promotion of compliance meeting the expectations of clients and society

Corporate Governance 38

Cooperating with Business Partners 39

Serving Shareholders and Investors 40

G4 Sustainability Reporting Guidelines / ISO26000 Content Index 41





“The Mitsubishi Estate Group’s mission is contributing to society through urban development. That’s why we leverage our strengths in urban planning to address social challenges and meet the needs of our times.”

### Hiroataka Sugiyama

President & CEO, Mitsubishi Estate Co., Ltd.

#### Treating urban development as community development: Working every day to help solve today’s pressing social issues

At Mitsubishi Estate, urban development means building both physical and social infrastructure. We constantly ask what kind of developments and communities we should build in Japan’s limited land area, and we have pursued urban development that meets the social needs of the times, of the kind that will be accepted and welcomed by the public. This is precisely what our mission statement—contributing to society through urban development—is all about.

Our Group’s business began in 1890 with the purchase of land in Marunouchi from the government. At that time, the public was asking for a business district that would be the equal of those in Europe and the U.S. so that Japan could rank with the world’s great powers. In about 1960, when Japan’s economic growth was taking off, offices that would enable Japanese companies to compete on a global stage became essential for Japan’s economic development. To meet these needs, we developed Marunouchi into a leading business center, embodying “The Spirit of Mitsubishi: The Three Principles.” However, at that time Marunouchi was only a business district, with no functions for enjoyment. Now that Japan has become prosperous, the public expects urban development to take into account not only work, but also functional, social and environmental considerations.

I believe that our mission as a developer is to resolve social issues through urban development, while accurately identifying trends. Last year we established key CSR themes in dialogue with experts in various sectors and a wide range of stakeholders, seeking to more accurately incorporate contemporary trends and social expectations into our business activities from a CSR perspective. We will continue to pursue our mission by refining this approach, using the PDCA cycle.

#### Pursuing “dynamic harmony”—our concept for bringing diverse people together for sustainable development

We have worked on the Marunouchi redevelopment project since 1988. In August 2015, we updated the urban development concept for the Marunouchi area, based on changes in the external environment, to add “diversity” and “sustainability” to the previous “open,” “interactive” and “network” themes. We also articulated the concept of “Dynamic Harmony—Tokyo Marunouchi” to highlight the appeal of our approach to development to the public in a succinct way. “Dynamic harmony” is about building the Marunouchi urban community in a manner which embraces a wide range of diverse approaches. By bringing people, companies, the broader society, and environmental resources together to create “harmony,” I am confident that we can create an even more amazing community.

We aim to develop communities that attract diverse people and keep developing sustainably. One way we are facilitating this is by establishing organizations to support venture companies and invite companies in from outside Japan, seeking to catalyze innovation.



## Medium-Term Management Plan (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



## Key CSR Themes

### Community development together with society

Safe and secure community development through both physical and social infrastructure advancement together with the local community

### Cutting-edge community development

Innovative community development tailored to the era of globalism

### Environment

Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities

### Human resource development

Support for human resource development and active careers for the creation of communities of the future and support for work styles tailored to individual lifestyles

### Compliance

Promotion of compliance meeting the expectations of clients and society

Our environmental aspirations are on tangible display in the Marunouchi area. First, we have adopted a “smart city” approach and heat island countermeasures, not as extraordinary initiatives, but rather as a standard approach. A second example is the Otomon Tower-JX Building, completed in November 2015, which is built with technology that actually cleans the water in the neighboring moat of the Imperial Place. Or consider the 3x3 Lab Future that we built in the Otomon Tower-JX Building, a venue where not only those who work in Marunouchi but also general visitors can drop in casually and interact. At Mitsubishi Estate, we work with the people who live in Marunouchi, as well as the companies who use the offices and the people who work in them, to create networks for resolving social issues.

Japan’s population is projected to keep declining in the future. This means that determining how society can maintain its vitality will be a key question. We understand that we must foster environments in which all kinds of people can enjoy active lives—for instance, environments where people can work while raising children, or environments where the elderly can enjoy good health and dynamic lives. These are the kinds of social issues which we are determined to help solve in our future urban development efforts.

### Strengthening governance to enhance management speed and transparency

The times are changing at an extremely fast pace, including the external environment facing the real estate industry. In my view, improving governance is part of our effort to adjust how we operate to match this speed. In order to accelerate decision-making, we plan to give authority to individual business units so that they can move ahead with business on their own responsibility, thus raising the speed of management. With this aim, in June 2016 we made the transition to a “Company with Nominating Committee, etc.,” structure, forming three committees—the Nominating Committee, Audit Committee and Remuneration Committee—with the majority of the members of each committee being outside directors. This is intended to raise the transparency and objectivity of management.

Our goals are to get faster on the offensive side of the ball, while also raising transparency to enhance the quality of governance.

### Embracing two channels for globalization to make Tokyo the heartbeat of Asia

Globalization runs in two directions—outbound globalization in which we go overseas ourselves and develop, and inbound globalization in which we globalize Tokyo. In our long-term vision, BREAKTHROUGH 2020, we aim to raise operating income in our international businesses by 20%. We have already achieved growth to 12–13%, and we are working hard to bring it up to 20%. This involves strengthening outbound globalization.

At the same time, in terms of inbound globalization, at the moment, it cannot be said that Tokyo has an overwhelmingly clear advantage over other leading Asian cities. Raising Tokyo’s international competitiveness is essential to preserving Japan’s vitality. Thus, we are pursuing a range of initiatives aimed at making Tokyo a

## 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
<b>Innovative</b>	Continue to take on challenges as an innovative urban developer
<b>Eco-conscious</b>	Aim for sustainable growth through advanced environmental initiatives
<b>Customer-oriented</b>	Always think about customer value from a customer perspective
<b>Global</b>	Develop HR, structure and businesses suitable for global operations
<b>As One Team</b>	Unite as one team and strive to realize BREAKTHROUGH 2020

truly global city. One especially noteworthy step was the July 2016 opening of Global Business Hub Tokyo, which supports the business expansion of foreign companies and other growth companies in Japan, in the Otemachi Financial City Grand Cube building.

We have also started working on the Tokiwabashi District Redevelopment Project, which plays a key role in the Tokyo Metropolitan Government's vision for making Tokyo into an international financial center. Once it is completed, it will be a Tokyo landmark that visitors from all over the world will be sure to visit. Much more than just a landmark, however, we aim to ensure it delivers added value as a financial center for Asia and the world.

#### Keenly aware of risk management, always acting with integrity

Business always comes with risks, which makes the way in which risks are managed extremely important. Scandals are not acceptable. We have used past experiences to demonstrate a sincere response, and I believe that the results have been solid.

When developing business globally, there are regulations in each country that must be observed. Not only must we comply with each country's rules; we must also address all conceivable risks with a keen awareness. Accordingly, our Internal Audit Office carries out thorough checks while working closely with other divisions to ameliorate risk. We will always act with integrity while making the most of this strong internal audit function.

#### Building a business which fosters "personal strengths"—our most essential resource

Above all else, I look for personal strengths in our employees. Real estate is an extremely important asset for the country, companies and individuals. Without human capital that can earn trust from the public, we will not be entrusted with development of such a critical asset. This means that enhancing personal strengths is one of the most important issues for our organization. Of course, this cannot be achieved just by offering lectures. People truly grow by getting involved in projects and gaining experience on site, including experience outside Japan. This is yet another reason why keeping our business successful for the long-term is so important to us—we want to keep growing our people.

In short, we believe that our social mission is to ensure that our business meets social needs, and in so doing provide a venue for our employees to take meaningful action, which translates into human resources development.

#### Making reliable future projections beyond 2020

When I joined Mitsubishi Estate it was only active in Japan, but it has now become a global company. As such, future business expansion will be a fascinating challenge. In order to increase our global reach while transforming Tokyo into a global financial center, we will also need to strengthen our investment management business, in order to give Japanese investors more opportunities to invest in overseas real estate. I see this as a great new business opportunity.

When we launched our medium-term management plan in 2014, we set numerical targets we thought would be extremely challenging to achieve in three years. Thanks to a favorable economic environment and a lot of hard work, however, we were able to achieve the consolidated operating income target one year ahead of schedule. Now, we hope to build on this momentum and pick up the pace even further. We plan to discuss our future vision and draw up projections for the next three years, through 2020—even looking 10 years further out. I invite you to stay tuned as the Mitsubishi Estate Group continues to advance.



## Message from the director responsible for CSR



### Junichi Yoshida

Senior Executive Officer,  
Mitsubishi Estate Co., Ltd.

The Mitsubishi Estate Group's mission is to contribute to society through urban development. More precisely, it is to contribute to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work and relax with contentment. Over its history of more than 100 years in urban development, Mitsubishi Estate has raised its corporate value and prospered by addressing social issues and continuing to create social value. Yet the issues faced by the world today are wide-ranging, including climate change, water and food shortages, and the loss of biodiversity. Meanwhile, in Japan we confront the rapid aging of society as the birth rate declines, face the need to ensure women can play a greater role in society, and are challenged by physical and mental health issues. These issues cannot be resolved without independent initiatives in all sectors. Companies play a major role in this and bear responsibility as well. The Mitsubishi Estate Group is no exception. Given this, we realized that we had to elevate the initiatives we had taken to the priority of key management issues in order to take them to the next level. Accordingly, in 2015, the Group established the five key CSR themes, taking stakeholders' views into account. Objectives and Key performance indicators were set for each theme, and we manage them using the PDCA cycle.

The Mitsubishi Estate Group Code of Conduct and the Mitsubishi Estate Group Guidelines for Conduct form the base of our approach to ensuring that the Group works to resolve social issues independently and proactively. In particular, the Guidelines for Conduct set forth guidelines for ensuring that our corporate activities are conducted with integrity, including prioritizing communication with the public and respecting human rights. These baseline actions are the prerequisite to progress on the key CSR themes such as "community development together with society" and "cutting-edge community development." Indeed, our guidelines are in alignment with the UN Guiding Principles on Business and

Human Rights (Ruggie Framework) and the UN Global Compact, and we assure that our CSR activities are in accordance with these international initiatives.

Urban development is not just constructing infrastructure such as buildings and facilities—it is about providing a place for everyone, from children to the elderly, to live and work in health, comfort and security. This involves paying attention to themes like disaster response and barrier-free design, but we do not limit ourselves only to these. We communicate with customers and local community members involved in key projects, ascertain the potential impact on human rights and the environment that could result from business activities, and respond appropriately to everyone involved—including business partners and our own employees. This is the kind of urban development to which the Mitsubishi Estate Group aspires.

When it comes to the environment, which is one of the key CSR themes, we aim to pursue cutting-edge environmental initiatives to help build a sustainable society as a part of our business. Efforts to address climate change, an issue faced by all humanity, are our most important responsibility. Moreover, the Mitsubishi Estate Group Long-Term Environmental Vision and the Mitsubishi Estate Group's Basic Policy on the Environment advocate the creation of a sound material-cycle society and the fostering of harmony between nature and human society. As such, the entire Group is working as one united team to pursue environmentally responsible management. In our business activities, we promote efforts to reduce the emission of contaminants and waste, efficiently use energy, water and raw materials, and lower the emission of greenhouse gases. We are also working to build smart communities that make more efficient use of electricity, water, transport and logistics. Further, we are encouraging the use of renewable energy in buildings and homes, and intentionally offering buildings and homes with award-winning environmental and social features.

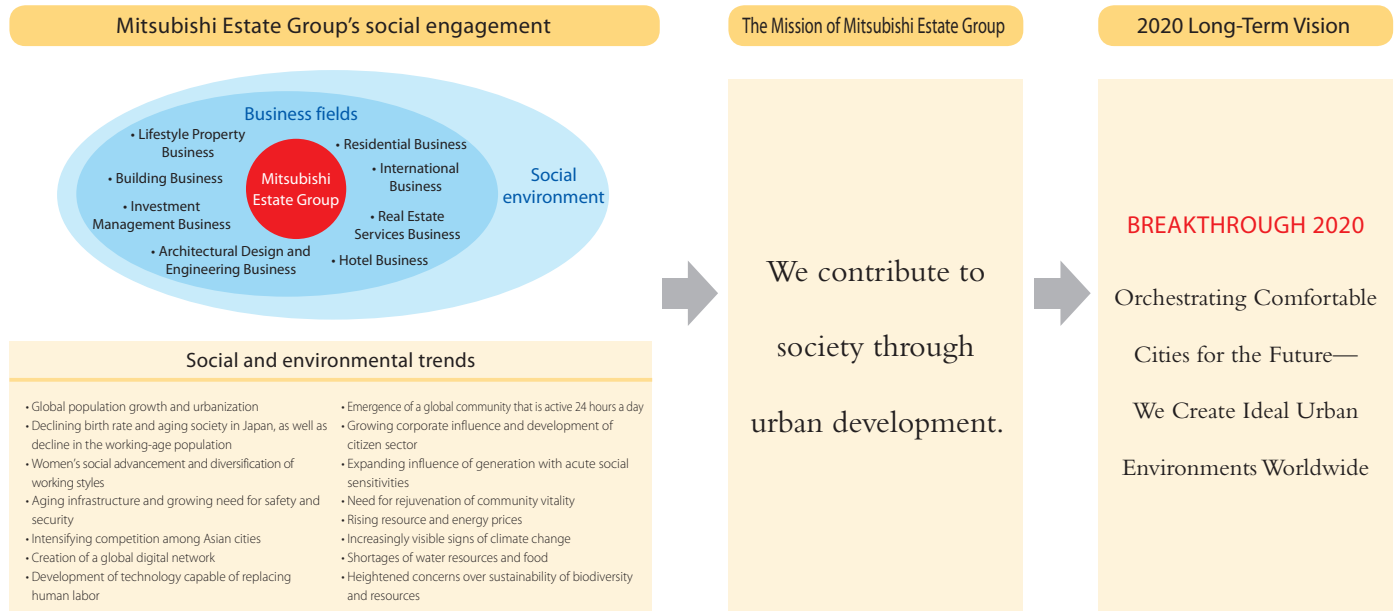
The Group's efforts alone are not enough to solve environmental problems such as climate change, water shortages, environmental contaminants and waste, and resource efficiency. We recognize that we must share our approaches with customers, local communities and business partners, seeking their understanding and involvement in a concerted effort. For this reason, we established the Mitsubishi Estate Group CSR Procurement Guidelines in April 2016, in addition to the previous Mitsubishi Estate Group Green Procurement Guidelines, and the entire Group is working to resolve social issues, including environmental issues, together with our business partners.

As I wrote at the beginning, without the understanding of our stakeholders and their cooperation with our initiatives, we will not be able to address the diverse issues we all face and accelerate our initiatives to address social challenges. Every year, we aim to make our key CSR themes, established in 2015, more effective through communication with our stakeholders. This year we also had the opportunity to directly ask three experts for their opinions. Going forward, we hope to continue benefiting from valuable external opinions like these by putting them into practice in our initiatives.

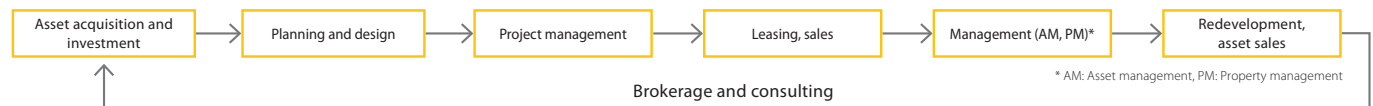
# Providing exceptional value to society

## How the Mitsubishi Estate Group's business generates social value

In order to help build a sustainable society for the future, the Mitsubishi Estate Group identifies the issues it is best positioned to address and works to provide solutions in its business operations. The Group has selected key CSR themes to address over the medium to long term together with its stakeholders, taking social and environmental trends into account. This process is aimed at ensuring that the Group's businesses all provide exceptional value to society.

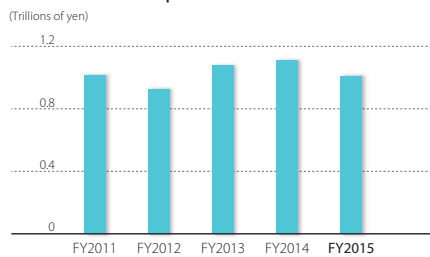


### Mitsubishi Estate Group's value chain

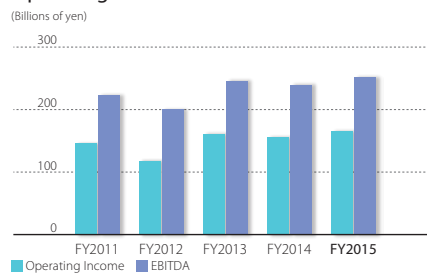


### Financial Information

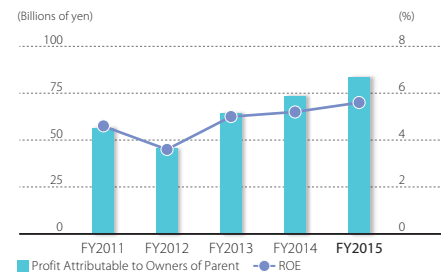
#### Revenue from Operations



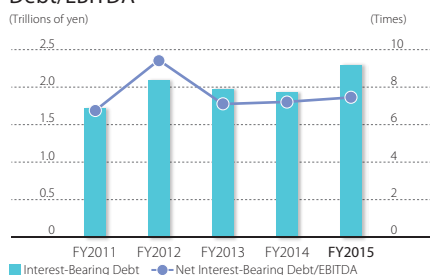
#### Operating Income & EBITDA



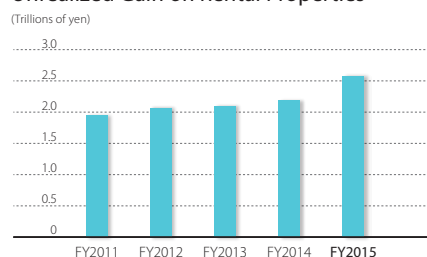
#### Profit Attributable to Owners of Parent & ROE



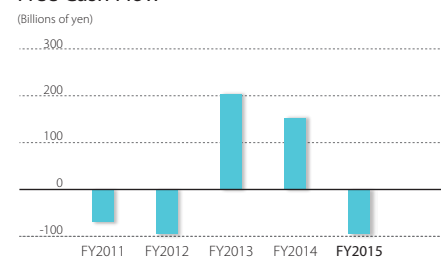
#### Interest-Bearing Debt & Net Interest-Bearing Debt/EBITDA



#### Unrealized Gain on Rental Properties



#### Free Cash Flow





### Mitsubishi Estate Group's businesses

• Building Business • Lifestyle Property Business • Residential Business • International Business • Investment Management Business • Architectural Design and Engineering Business • Hotel Business • Real Estate Services Business

### Medium-Term Management Plan (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 | 4. Human resources development and deployment           |
| 2. Business portfolio management                                 | 5. Risk management and compliance                       |
| 3. Group-wide management   | 6. Environmental initiatives                            |
|  | 7. Creation of vibrant workplaces and corporate culture |

### Key CSR Themes

#### Community development together with society

Safe and secure community development through both physical and social infrastructure advancement together with the local community

#### Cutting-edge community development

Innovative community development tailored to the era of globalism

#### Environment

Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities

#### Human resource development

Support for human resource development and active careers for the creation of communities of the future and support for work styles tailored to individual lifestyles

#### Compliance

Promotion of compliance meeting the expectations of clients and society

### Providing exceptional value to society

Taking action to realize the "Dynamic Harmony—Tokyo Marunouchi" vision



### Dynamic Harmony Tokyo Marunouchi

#### Urban development concepts

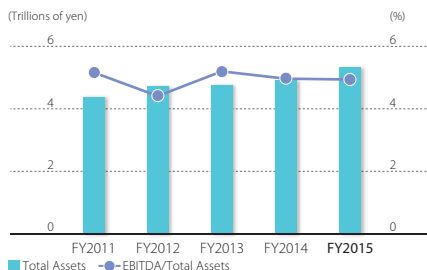
- Open
- Interactive
- Network
- Diversity
- Sustainable

In August 2015, Mitsubishi Estate created the message "Dynamic Harmony" to communicate its approach to urban development in the greater Marunouchi area (Otemachi, Marunouchi, Yurakucho and Tokiwabashi districts). The message focuses on the concepts of "Open," "Interactive," "Network," "Diversity" and "Sustainable." The Group has articulated its vision of Marunouchi as an urban community that "dynamically harmonizes everything and creates new value," and it is now moving forward to share this vision with the world.

The Mitsubishi Estate Group is providing value to society by implementing its medium-term management strategy (2014-2016) and taking initiatives to address its key CSR themes. The Group continues to update the key CSR themes to keep them in step with the changing times and evolving social demands.

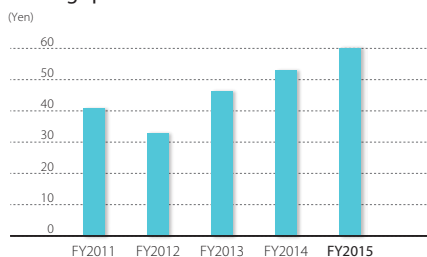
### Non-Financial Information

#### Total Assets & EBITDA/Total Assets\*

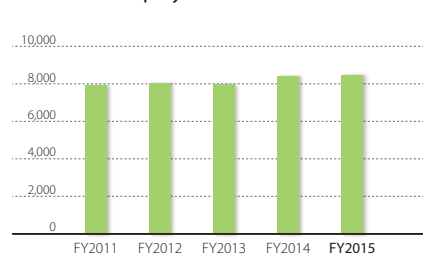


\* EBITDA/Total Assets is calculated based on the average total assets from the beginning to the end of the period.

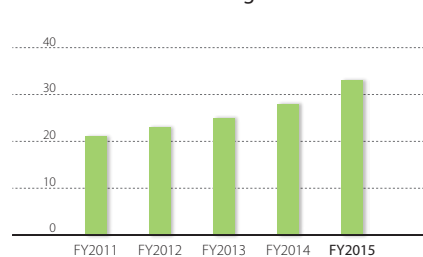
#### Earnings per Share



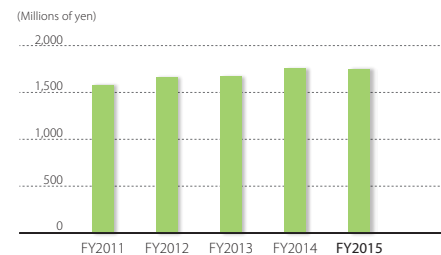
#### Number of Employees



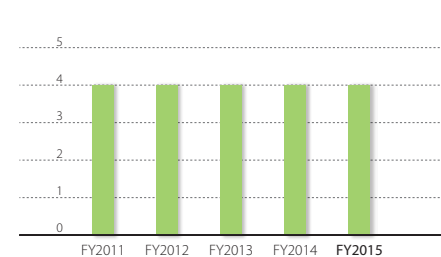
#### Number of Female Managers



#### Cost of Social Contribution Activities



#### Number of Outside Directors



# Key CSR themes and performance indicators

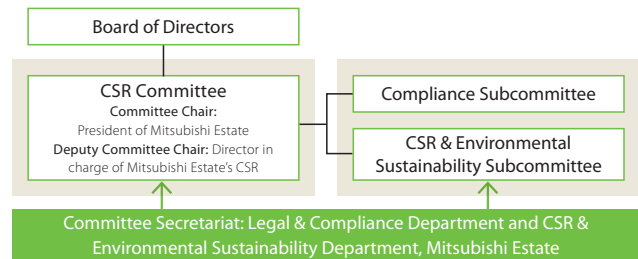
## Looking back, and reporting on progress

In order to help build a sustainable society for the future, the Group believes that it must identify the issues it is best positioned to address and work to provide solutions in its business operations. In fiscal 2015, the Group established the five key CSR themes, after soliciting opinions from its various stakeholders and holding thorough internal discussions. Key performance indicators (KPIs) have been set for each of these themes and progress is being managed accordingly.

In the current fiscal year, Mitsubishi Estate again asked stakeholders for their opinions and made revisions internally in line with changes in the social environment to establish more appropriate indicators. The intention of this exercise was to take initiatives to address the key CSR themes to the next level.

## Operational framework for CSR

Mitsubishi Estate takes an active, group-wide approach to CSR. Chaired by the company president, the Group's CSR Committee comprises executives in charge of respective business fields and the Corporate Group, as well as managers of the major Group companies, and it 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 (as of March 2016).



### Overview of CSR Committee meetings held in fiscal 2015

#### First meeting (July 2015, regular meeting)

- Fiscal 2015 risk management activities
- Fiscal 2014 compliance activities and plan for fiscal 2015 compliance promotion activities, other

#### Second meeting (January 2016, regular meeting)

- Establishment of Mitsubishi Estate Group's CSR Procurement Guidelines
- Second phase of construction of overseas bribery prevention system

## Mitsubishi Estate Group's key CSR themes, goals and performance indicators

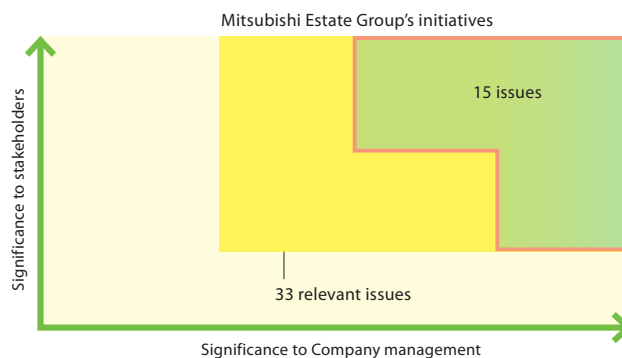
Key CSR themes	Objectives
<p><b>Urban development together with society</b></p> <p>Safe and secure urban development through both physical and social infrastructure advancement together with the local community</p>	<ul style="list-style-type: none"> <li>• We will strive to create communities in which people can live, work and relax in safety and security, with thoughtful consideration of disaster response and barrier-free systems.</li> <li>• We will work to develop communities conducive to raising children and in which the elderly can live comfortably.</li> <li>• We will communicate with the local communities involved in our main businesses, ascertain the impact of our business activities on human rights and the environment, and respond appropriately.</li> </ul>
<p><b>Cutting-edge urban development</b></p> <p>Innovative community development tailored to the era of globalism</p>	<ul style="list-style-type: none"> <li>• We will provide offices, housing and commercial facilities suited to a new work style utilizing information and communications technology.</li> <li>• We will develop a forum for interaction and support venture companies and the creation of a new intellectual property.</li> <li>• We will strengthen the appeal of Tokyo's Marunouchi area and enhance its competitive strengths compared to cities in Asia in cooperation with national and city governments.</li> </ul>
<p><b>Environment</b></p> <p>Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities</p>	<ul style="list-style-type: none"> <li>• We will efficiently utilize energy, water and raw materials and reduce greenhouse gases in our business activities.</li> <li>• We will strive to create a smart community with efficient transportation and distribution systems as well as electricity and water use.</li> <li>• We will expand the use of renewable energy in buildings and residences.</li> <li>• We will proactively provide buildings and residences certified as being environmentally and socially responsible.</li> </ul>
<p><b>Human resource development</b></p> <p>Support for human resource development and active careers for the creation of communities of the future and support for work styles tailored to individual lifestyles</p>	<ul style="list-style-type: none"> <li>• We will select and hire employees equitably, provide appropriate education and training opportunities for the employees responsible for future community development, and will support flexible work styles tailored to individual lifestyles.</li> <li>• We will offer equitable opportunities so that a diverse workforce can succeed in its jobs, regardless of gender, age and/or disability.</li> </ul>
<p><b>Compliance</b></p> <p>Promotion of compliance meeting the expectations of clients and society</p>	<ul style="list-style-type: none"> <li>• We will respond appropriately to prevent bribery, violation of the anti-monopoly law and inappropriate political donations.</li> <li>• In addition to complying with laws and regulations, we will strive to meet the expectations of clients and society, as well as understand and respond appropriately to various business risks.</li> </ul>



## Process for selecting key CSR themes

Since fiscal 2014, the Mitsubishi Estate Group has decided on its key CSR themes by following the following steps.

- STEP 1** **Select themes to be evaluated**  
Potential key themes were selected based on consideration of social problems, the Group's strategies and business environment, as well as the material aspects laid out in the *G4 Sustainability Reporting Guidelines* from GRI.
- STEP 2** **Initially evaluate potential themes**  
The potential themes selected in step 1 were assessed in terms of their materiality to the Group through questionnaires to managers and internal discussions, and devised tentative theories on their relevance to stakeholders.
- STEP 3** **Reflect public opinions**  
A stakeholder questionnaire was conducted, along with individual interviews with external experts and dialogues with top management.
- STEP 4** **Decide on key CSR themes and performance indicators**  
The 15 most relevant themes selected through the steps above were then consolidated to formulate the Mitsubishi Estate Group's five key CSR themes.



- 15 issues**
- Urban development to create safety and security
  - Urban development to support declining birthrates and aging populations
  - Coexisting harmoniously with local communities
  - Cooperating with the government to enhance the international competitiveness of Tokyo and the Marunouchi area compared to other Asian capitals
  - Promoting smart communities
  - Venture company support, intellectual value creation through interaction
  - Providing buildings and homes that are environmentally and socially friendly
  - Expanding the use of renewable energy
  - More efficient use of energy, water, and raw materials and reductions in greenhouse gas emissions
  - Supporting new working and living styles through information and communication technologies
  - Appropriate employment and supporting ways of working that fit individual lifestyles
  - Developing the capabilities of employees
  - Utilizing diverse human resources and providing equal opportunities
  - Preventing corruption, anti-competitive behavior, and improper political involvement
  - Compliance and risk management

\* Refer to website for approach taken to define indicators

No.	Fiscal 2016 key performance indicators (KPI)	Fiscal 2015 results*	Boundary	Page
1	Deepen disaster prevention measures through a system for healthcare collaboration in the event of a disaster and use of neighborhood disaster prevention groups	Refer to text of report	Mitsubishi Estate Group	14
2	Number of buildings that are to take in stranded commuters or serve as tsunami evacuation sites under agreements with local government authorities	19 sites	Mitsubishi Estate Group	14
3	Number of buildings recognized as barrier-free under Barrier Free Law	13 buildings and projects	Mitsubishi Estate Group	16
4	Number of participants in seminars and events held by community development groups	6,741 people a year	Otemachi, Marunouchi and Yurakucho	16
5	Number of participants in "Experience Nature" Projects (single year/cumulative)	251 people/2,025 people	Mitsubishi Estate Group	16
6	Number of offices of foreign financial companies in Otemachi, Marunouchi and Yurakucho area	72 offices	Otemachi, Marunouchi and Yurakucho	20
7	Number of companies participating in EGG JAPAN (Entrepreneur Group for Growing JAPAN), of which the number in parentheses indicates foreign companies	32 (23) companies		
8	Number of buildings connected to optical fiber in Otemachi, Marunouchi and Yurakucho area	63 buildings		
9	Energy use/CO <sub>2</sub> emissions	252,000kl/478,000t a year	Mitsubishi Estate Group	
10	Waste generated/water used	42,728t/5,215,000 m <sup>3</sup> a year	Mitsubishi Estate Group	28
11	Number of projects recognized with CASBEE (new construction design)/Development Bank of Japan (DBJ) Green Building certifications	7/20 buildings and projects	Mitsubishi Estate Group	25
12	Solar power output	About 7,440kW/16 sites	Mitsubishi Estate Group	26
13	Area of green on roofs and walls	About 35,210 m <sup>2</sup>	Mitsubishi Estate Group	25
14	Rate of annual adoption for energy conservation level 4	93%	Mitsubishi Jisho Residence Co., Ltd.	27
15	Rate of annual adoption for <i>soleco</i> system	79%	Mitsubishi Jisho Residence Co., Ltd.	27
16	Rate of adoption for high-efficiency appliances (hot water heaters/LED equipment/ultra-water-conserving toilets)	100%/95%/100%	Mitsubishi Jisho Residence Co., Ltd.	27
17	Small- and medium-sized building renovations/condominium renovations	10 buildings/300 units	Mitsubishi Jisho Residence Co., Ltd.	29
18	Rate of use of Japan-grown timber	Over 50%	Mitsubishi Estate Home Co., Ltd.	29
19	Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours	13/0/33 people a year		33
20	Number of hours of overtime on average per month	24 hours	Mitsubishi Estate Co. Ltd.	34
21	Training time/cost per employee	11.5 hours/77,528 yen a year		30
22	Number of female managers	33 people		32
23	Employment rate for persons with disabilities	2.11%		32
24	Compliance training such as training by level and CSR lectures	Refer to text of report		37
25	Compliance survey "Extent to which Code of Conduct is achieved"	87%	Mitsubishi Estate Group	

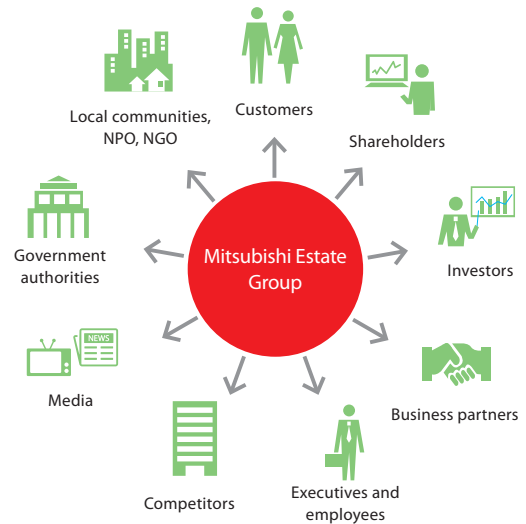
# Communication with stakeholders

## 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.

In particular, the Group's business entails close involvement with the tenants of its buildings and the stakeholders in the local community as partners in building a sustainable community. The Group prioritizes interactive communication on a daily basis through the Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho.

Two of the general principles of Japan's Corporate Governance Code, which the Tokyo Stock Exchange put into effect in June 2015, are "appropriate cooperation with stakeholders other than shareholders" and "dialogue with shareholders." The Group will take a range of initiatives to communicate with stakeholders in various forms and reflect their opinions in management.



### Status of communication with stakeholders

Stakeholders	Definition	Opportunities for dialogue	Primary themes
<b>Customers</b>	Users of tenant buildings, parties to housing and condominium contracts, various subcontractors, etc.	<ul style="list-style-type: none"> <li>Customer satisfaction surveys, questionnaires, etc.</li> <li>Communication through marketing activities</li> </ul>	<ul style="list-style-type: none"> <li>Urban development to create safety and security</li> <li>Quality and safety management for products and services</li> <li>Urban development to support declining birthrates and aging populations</li> </ul>
<b>Community and society</b>	Local community and local residents involved in the Mitsubishi Estate Group's business	<ul style="list-style-type: none"> <li>Meetings with influential stakeholders</li> <li>Dialogues through cooperation with administrations, local government and NPOs</li> <li>Social contribution initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Economic contributions to the community</li> <li>Promoting smart communities</li> <li>Sustainable use of forest resources</li> </ul>
<b>Employees</b>	Mitsubishi Estate Group employees	<ul style="list-style-type: none"> <li>Communication via personnel evaluations</li> <li>Dialogue via cross-sectional task forces and other internal platforms</li> </ul>	<ul style="list-style-type: none"> <li>Developing the capabilities of employees, utilizing diverse human resources and providing equal opportunities</li> <li>Maintaining safety as well as physical and mental health</li> </ul>
<b>Business partners</b>	Construction subcontractors, cooperating companies, suppliers, etc.	<ul style="list-style-type: none"> <li>Communication during operations</li> <li>Subcontractor evaluation systems, training sessions for registered construction firms, quality and safety promotion conferences, other</li> <li>Communication during procurement activities</li> <li>Notification of CSR procurement guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Green procurement</li> <li>Urban development to create safety and security</li> </ul>
<b>Shareholders and investors</b>	Individual and institutional investors	<ul style="list-style-type: none"> <li>Financial results briefings (twice a year)</li> <li>Small group meetings and property tours for analysts</li> <li>Meetings with Japanese and foreign institutional investors</li> <li>Communication using IR tools</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Healthy corporate management</li> </ul>

#### Expert Viewpoint



### Hikaru Kobayashi

Project Professor,  
Graduate School of Media and Governance,  
Keio University

## Take the initiative to enhance Marunouchi's social capital

I think that the key CSR themes Mitsubishi Estate selected were appropriate, but I am concerned about the correspondence between the key themes and the KPIs. Management is essential in achieving the key themes, and finding ways to measure the immeasurable for management purposes remains a challenge. In order to help facilitate progress on the key themes, you might want to give more consideration to KPI setting.

For example, companies will face more and more questions in the future about the sources of the energy they use, including renewable energy, and where it was purchased. Marunouchi has schemes such as district heating and cooling, so I would like to see Mitsubishi Estate pursue more local production and local consumption of energy, in order to realize its key CSR themes. It would be quite interesting if Mitsubishi Estate adopted the "local energy production ratio" for Marunouchi as a KPI.

I also believe that more can be done to highlight the efforts being made to globalize the area.

Marunouchi's social capital can be enhanced by discussing ways to enhance the district's value with a diverse group of people. Going forward, you might want to create a KPI to assess long-term gains in social capital, which would help to stimulate investment in Marunouchi.

#### Expert Viewpoint



### Shigenori Kobayashi

Chairman of the Board,  
NPO OMY Area Management Association  
(Ligare)

## Discuss the relationship between culture and urban community, and focus on social capital

The key themes selected by Mitsubishi Estate show a desire to manage the community in a way that revitalizes it, with an understanding of future social trends. I feel that all the necessary conditions are in place. That said, in global terms, urban planning is currently entering a significant transition phase, with an emphasis on augmenting the social aspects of urban planning rather than the infrastructure, and the issues themselves are becoming more diverse. In this sense, I think that "culture" and "urban diversification" are elements missing from the current key themes. In addition to the perspective of disaster prevention and mitigation, I would like to see a message about culture, urban diversification and the people who support them in the effort to create new societies and communities. Discussions about the relationship between urban community and culture lead to personal growth and foster innovative human resources. One of the reasons that London was chosen as the venue for the 2012 Olympics was because the country had the desire to create culture and had the mechanisms to do so.

I also think it would be helpful to include indicators for the creation of "social capital." A wide range of people are already involved in activities at local community-building organizations such as Ecozzeria and Ligare. The results would be completely different if community members were also able to cooperate. Social capital could be created in the Otemachi, Yurakucho and Marunouchi area as nowhere else, and I would like to see Mitsubishi Estate play a role in creating a model for a more sophisticated urban development in which diverse human resources create value.

#### Expert Viewpoint



### One Akiyama

President,  
Integrex Inc.

## Create a community in which everyone can live in comfort and health

The process of identifying key CSR themes is crucial. A company must take into account both the society's expectations and its own business and discuss with stakeholders both within and outside the company. Mitsubishi Estate has adequately implemented this process in devising its key CSR themes, which is commendable. The KPIs seem fine to start with, but there are cases in which they seem bogged down in the details, or diverge from the original objective, so it will be important to work on them without forgetting the original purpose behind establishing the key themes.

The company's efforts to prevent bribery and violations of the anti-trust law appear adequate in the context of operating in Japan, but the conditions are completely different in other countries, entailing greater risk. I would advise you to establish clear guidelines which articulate Mitsubishi Estate's stance in a global context. That would help you stay accountable by having local companies follow these guidelines, rather than leaving the situation up to them when any issue occurs. Investors also take an interest in this.

I hope to see Mitsubishi Estate focus on universal urban planning in the future, going beyond barrier-free design to create communities in which everyone can live in comfort and health. Marunouchi has changed significantly over the past 20 years, and I would like to see it become a community in which the people who work here can do so in comfort and health. This would be difficult for a single company to do on its own, so I would like to see Mitsubishi Estate serve as a "producer," bringing together actors from many sectors.





# Urban development together with society

Safe and secure community development through both physical and social infrastructure advancement together with the local community

### Objectives

- We will strive to create communities in which people can live, work and relax in safety and security, with thoughtful consideration of disaster response and barrier-free systems.
- We will work to develop communities conducive to raising children and in which the elderly can live comfortably.
- We will communicate with the local communities involved in our main businesses, ascertain the impact of our business activities on human rights and the environment, and respond appropriately.

### Key performance indicators

- KPI 1** Deepen disaster prevention measures through a system for healthcare collaboration in the event of a disaster and use of neighborhood disaster prevention groups
- KPI 2** Number of buildings that are to take in stranded commuters or serve as tsunami evacuation sites under agreements with local government authorities
- KPI 3** Number of buildings recognized as barrier-free under Barrier Free Law
- KPI 4** Number of participants in seminars and events held by community development groups
- KPI 5** Number of participants in "Experience Nature" Projects (single year/cumulative)

## Urban development enabling people to live, work and relax—safely and securely

### Holding disaster response drills in private-public collaboration

**KPI 1** Deepen disaster prevention measures through a system for healthcare collaboration in the event of a disaster and use of neighborhood disaster prevention groups

Mitsubishi Estate has been holding comprehensive emergency drills every September for more than 90 years with the participation of all of its executives and employees and many others from Group companies and other parties. This tradition dates back to 1923, when the Great Kanto Earthquake struck Tokyo and 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. The 2015 drill was held on September 1, at 30 buildings owned by the Group, assuming a scenario in which the Marunouchi area is affected by an earthquake similar in magnitude to the Great East Japan Earthquake. With the invocation of the Anti-Disaster System, all employees took the role of disaster response staff and practiced initial response, safety verification, information compilation and equipment operations. In addition, a drill on healthcare collaboration in the event of a disaster was held with medical professionals in the area, and Group engineers gave training in emergency safety checks of buildings. About 1,250 Group employees participated in the drill.

Using the occasion of the five-year mark since the Great East Japan Earthquake in March 2016, the Group used a closed building to hold an experiential disaster preparedness event for nearby employees. There were about 300 participants, which included office workers in the vicinity as well as day care workers and children. The closed building made real-life experiences possible, enabling participants to learn how safety devices on elevators function in the event of an earthquake and what points to watch out for when evacuating a building full of smoke due to a fire.

Scientists say that an earthquake could occur any time in the Tokyo metropolitan area. Precisely because of this area's diversity, the Group will continue to take the initiative to hold such training programs and events to help raise people's awareness of the need for disaster preparedness, while also conveying how well-prepared Marunouchi is.



Emergency safety checks of buildings



Medical support training at St. Luke's MediLocus



Triage space in Otemachi Building



Transport of the injured from Otemachi Building to Otemachi Financial City



Experiential disaster preparedness events for nearby office workers carried out in March 2016



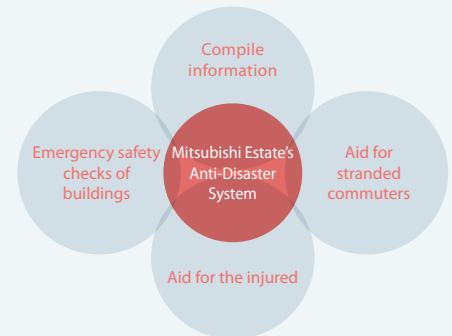
Number of buildings that are to take in stranded commuters<sup>1</sup> or serve as tsunami evacuation sites<sup>2</sup> under agreements with local government authorities

**KPI 2** 19 sites

1. 17 sites in Tokyo  
2. 2 sites in Osaka

## Mitsubishi Estate's Framework of Anti-Disaster Measures and Anti-Disaster System

Mitsubishi Estate prepared its own *Framework of Anti-Disaster Measures* in 1981 to ensure that necessary measures are taken to protect human life and infrastructure in the event of a natural disaster or other emergency and to take appropriate and prompt recovery measures. The manual covers a wide range of measures in a detailed manner, including standard precautionary measures, assignment of responsibilities, plans for drills, plans for emergency measures in the event of a disaster and recovery measures. The Anti-Disaster System is put into action when a large-scale disaster occurs or is expected to occur. The Disaster Management Headquarters is established and all employees then become first-responders as disaster response staff engaging in various operations.



## Collaboration with Jiyou Gakuen started to enhance disaster preparedness at schools

In September 2015, Mitsubishi Jisho Residence Co., Ltd. formed a disaster preparedness agreement with Jiyou Gakuen, an educational institution that has from preschool to higher education offerings. The Group and Jiyou Gakuen have started a program to provide disaster preparedness education together in classes tailored to grade level, from elementary school to college.

The program aims to raise disaster preparedness levels while the students share their own thoughts and worries in a class characterized by two-way communication rather than taking a top-down approach. The Group also hopes that the knowledge obtained by engaging in this new initiative with students can be used to strengthen disaster preparedness for residences.

Before this agreement was concluded, Mitsubishi Jisho Residence held a workshop for 22 12th-grade high school students in July using Sonaeru Karuta, a disaster preparedness card game created by the

Group. In addition, in September workshops were held for 12th-grade female high school students in September and for university students in January 2016.

Mitsubishi Jisho Residence is also considering experiential programs to provide students with chances to try out emergency goods such as toilet coagulant as part of their schools' extracurricular education programs.



Sonaeru Karuta workshop



Students after the workshop

## Operating the Mitsubishi Ichigokan Museum, Tokyo

Mitsubishi Estate runs the Mitsubishi Ichigokan Museum in the Marunouchi area of Tokyo. This museum, which primarily displays modern art dating from the 1850s to the 1950s, is housed in a solid building constructed in 1894 by Mitsubishi as the first Western-style office building. It was designed

by the English architect Josiah Conder at the invitation of the Japanese government. Some of the building's original architectural components from the time it was constructed, such as the handrails for the staircases, have been reused in the interior.

### Message from the Director of Mitsubishi Ichigokan Museum



**Akiya Takahashi**  
Director,  
Mitsubishi Ichigokan  
Museum, Tokyo

### Meet a new side of yourself at Mitsubishi Ichigokan Museum

As a museum open to the community, Mitsubishi Ichigokan Museum aims to establish itself as "a museum at the center of urban life" by prioritizing cultural interaction with the people who work in or visit Marunouchi. New exhibitions are held three times a year, presenting a wide range of genres from paintings and graphic arts to crafts, design, fashion, and photography. Recent exhibitions have featured themes such as cities, women, and the interaction between east and west.

Under the brand slogan "meet a new side of yourself," we aim to operate the museum from a long-term, international perspective while working together and networking with museums in Japan and abroad and nearby cultural institutions.





# Urban development conducive to child-rearing and an aging population

## Marunouchi Kids Academy 2015 held

As in fiscal 2014, Mitsubishi Estate worked with the association Kodomo Kyoiku Sozo Kiko and Alpha Corporation Inc. to hold the Marunouchi Kids Academy 2015, a summer vacation event for the elementary school-age children of those who work in the Marunouchi area.

This program was started to address the need for working parents who did not have any place to send their children during summer vacation. Children commuted to Marunouchi together with their parents, and while parents went to their offices, they participated in a wide range of programs such as work experience and camp. Mitsubishi Estate will continue to augment its support of its diverse employees and create a community in which employees raising children can also thrive.



At the camp



At the lecture

## Creating an “urban salon” in the middle of the business district to provide a pleasant space to socialize

The 1.2 kilometer Marunouchi Naka Dori Avenue extends from south to north right through the center of the Otemachi, Marunouchi and Yurakucho district, Japan’s main business district, where about 230,000 people work. Since the 1990s, urban development programs have been underway in this area, in line with guidelines drawn up through public-private collaboration. Mitsubishi Estate has also worked to improve the landscape of Marunouchi Naka Dori, together with Mitsubishi Jisho Sekkei, and has implemented designs that make the roads and city streets better places for interaction. For example, sidewalks were widened. In addition, Mitsubishi Estate has made the area more accessible by eliminating differences in ground level at building entrances and exits and improving the slope of sidewalks as barrier-free measures. This scheme of area management also made it possible to open pleasant, open-air cafes along the street, and a wide range of events are held along Marunouchi Naka-dori.

This initiative, which combines infrastructure improvements and area management activities, was recognized for its unified vision with the

Good Design Award in fiscal 2014. Mitsubishi Estate will continue to contribute to the creation of a pleasant community by utilizing the street space as a venue for exchange and socializing.



Marunouchi Naka Dori Avenue



Number of buildings recognized as barrier-free under Barrier Free Law

**KPI 3** → **13 buildings and projects**

Number of participants in seminars and events held by community development groups

**KPI 4** → **6,741 people a year**

## Cooperating with local communities

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

The Mitsubishi Estate Group established the Mitsubishi Estate Group Guidelines on Social Contribution Activities in April 2008. In that same period, members of Mitsubishi Estate’s CSR Department participated in a tour of villages facing the problem of aging and declining populations. These tours were held by the NPO Egao Tsunagete (which literally means “connecting smiles” in Japanese), established in 2001 with the aim of revitalizing rural communities through human networking. Empathizing with this NPO’s initiatives and activities, Mitsubishi Estate chose the village of Masutomi, Sutama-cho, located in Hokuto City in Yamanashi Prefecture, out of five potential locations, and this eventually led to the “Experience

Nature” Project. Since then, the Company has held a wide range of experiential tours with the goal of making Japan a place where urban and rural



Use of wood grown in Yamanashi Prefecture forests



Making Marunouchi junmai-shu sake





communities recognize the problems they each face and help to revitalize on another. Mitsubishi Estate has also promoted events and programs that integrate local resources and the Group's management resources to develop products such as homebuilding materials using timber grown in Yamanashi Prefecture forests and a *junmai-shu* sake named Marunouchi. In recent years, the Company has proactively undertaken projects tied to its business activities. Mitsubishi Estate will continue to support activities to foster ties between urban and rural communities and build a more sustainable society in collaboration with Egao Tsunagete's programs that provide opportunities for city residents to interact with people in rural areas.

Number of participants in "Experience Nature" Projects



## Initiatives to support reconstruction following the Great East Japan Earthquake



### Supporting producers in the Tohoku area with Rebirth Tohoku Food Project

The Mitsubishi Estate Group has worked with the Marunouchi Chef's Club\* since November 2011 to administer the Rebirth Tohoku Food Project. This project supports the food and food brands of the Tohoku area, which was severely damaged in the Great East Japan Earthquake. The Group highlights the appeal of foods from the affected regions by developing new products and menus using ingredients from the Tohoku area

and holding the Reconstruction Marché, and continues to disseminate information and cultivate networks to support the Tohoku area's recovery. The Group will continue to offer programs to link the Marunouchi and Tohoku area.

\* The Marunouchi Chef's Club was formed in February 2009, coordinated by Mitsubishi Estate, as a project to make proposals and spread information about food with participation from 26 chefs working in the Marunouchi area with expertise in Japanese, French, Italian and Asian cuisines.

### Eat Heartily Tohoku Project

One of the initiatives in the Rebirth Tohoku Food Project is the Eat Heartily Tohoku canned food series, original canned products developed jointly with chefs in Miyagi Prefecture in the Tohoku area and local marine processing companies in Ishinomaki and Kesenuma beginning in fiscal 2013. The goal is to support the marine product industry and marine processing industry in Miyagi Prefecture, and to foster a new community in the local area while also having an economic effect.

The first series of these canned goods won the Fiscal 2014 Good Design Award and the Japan Management Association's KAICA Project Special Award. In November 2015, the first and second series of original canned goods won an award in the Agricultural, Forestry and Fishery Product Category in the Food Action Nippon Award 2015.\*

In fiscal 2015, two types of real French canned goods were developed for the third series. The first product is a curry made of Ishinomaki frigate tuna and tomatoes. The dish combines the small frigate tuna, a major catch at Ishinomaki Port on the coast of Miyagi Prefecture, with low-acid tomatoes grown also in Ishinomaki, and it is flavored with nine spices and a ginger-soy specialty sauce made by the processing company Kinoya Ishinomaki Suisan. The other product is a lobster bisque with Kesenuma shark, made with shark meat. Kesenuma is a city known as the best producer of sharkfin in Japan, and the shark meat is an ingredient often used to make high-quality processed fish products. The recipe cooks it with soy milk cream, and a matured oyster sauce—a product of the processing company Ishiwata Shoten—adds to the flavor. Both of these superb products are the result of collaboration between chefs in the Marunouchi Chef's Club and local chefs in Miyagi and the integration of products made by processing companies.

\* Held by the Food Action Nippon Award 2015 Committee and co-sponsored by the Ministry of Agriculture, Forestry and Fishery



Food Action Nippon Award 2015 award ceremony



## Seapal Pier Onagawa and Izumi Park Town Tapio sign sister facility agreement

In January 2016, a "sister facility agreement" was signed between Seapal Pier Onagawa, a tenant-type commercial area run by Onagawa Mirai Sozo Co., Ltd., located in Onagawa, Miyagi Prefecture, and Izumi Park Town Tapio (Sendai, Miyagi Prefecture), a commercial complex run by Mitsubishi Jisho Retail Property Management Co., Ltd.

As part of its support for the regions affected by the Great East Japan Earthquake, the Group supported preparations to open Seapal Pier Onagawa. With the aim of providing support that could contribute to sustainable development, Group employees visited the site many times and talked with local residents directly to offer the Group's expertise in facility management.

Seapal Pier Onagawa opened in December 2015. The Group signed a sister facility agreement to continue this connection created through the recovery aid. With Izumi Park Town Tapio taking the central role, the Group will take initiatives supporting the development of both Onagawa and Sendai.



Photo courtesy of "Onagawa Sanpo" by Mayumi Suzuki

Seapal Pier Onagawa



Izumi Park Town Tapio



Signing ceremony for sister facility agreement, with the mascot Seapal-chan

# 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 continue to give customers comfort and peace of mind with every passing year. 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 to construction and completion, not only the items stipulated in the Japanese government's Housing Performance Indication System, but also items under its own standards. Information on this process is disclosed to customers.



Eco EYE'S

### Eco Eyes

#### Commitment to supporting affordable, pleasant, environmentally responsible lifestyles

The company delivers condominiums built in line with the ideal of a home that is gentle on both the environment and the resident, where people can live in an environmentally friendly way without having to take on any major burdens.



CUSTOM EYE'S

### Custom Eyes

#### Commitment to providing homeowners with the pleasure of designing their own living space

The company helps with the home's design after the contract is signed until the home is handed over, aiming to spread the joy of creating a living space that is unique to each resident, giving them the pleasure of selecting and creating their own home.



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” so that customers can live safely and with peace of mind.



COMMUNITY EYE'S

### Community Eyes

#### Commitment to prosperous, refined lifestyles throughout the lifespan

Mitsubishi Jisho Residence wants to continue to foster customer ties that last for the long term, from the time they begin living in their condominium. The company builds personal relationships with residents and provides extensive support to help them live with peace of mind.

Five Eyes provides evidence of painstaking attention to detail, ensuring that The Parkhouse condominiums are residences for a lifetime. The Five Eyes standards are consistently followed in developing condominiums.

## Putting hospitality into practice with the Mitsubishi Jisho Residence Lounge

The Mitsubishi Estate Group opened the Mitsubishi Jisho Residence Lounge on the first floor of the Shin-Yurakucho Building by the JR Yurakucho Station. This one-stop help desk provides a variety of information and services related to residences to customers, bringing together all the strengths of the Group's companies involved in the residential business. With the aim of familiarizing customers with our services and enhancing our appeal to customers through our services, the Residence Lounge offers a wealth of information and services for every phase of residence, including condominium purchase, brokerage, consultations on custom homes, condominium management, renovations, and rental operations. The knowledgeable concierges attentively provide detailed information to meet customer requests. Beginning in September 2015, membership was expanded to include



Mitsubishi Jisho Residence Lounge

residents of The Parkhabio, the Group's rental condominium. The Mitsubishi Estate Group pursues lifetime value for customers in its residential business, and to this end the Group provides high added value that truly lasts.

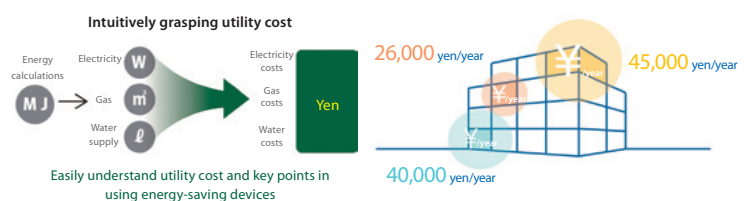
## Condominium Household Account Books

As part of the “Eco Eyes” initiative, Mitsubishi Jisho Residence Co., Ltd. and MEC eco LIFE Co., Ltd. have been distributing Condominium Household Account Books to potential The Parkhouse condominium buyers, a program that started in June 2013. These account books make it easy to ascertain the cost of condominium living after moving in.



The account book presents “home fuel consumption,” which shows the electricity charges for air conditioning and heating depending on use of condominium's energy-saving features; “lifestyle fuel costs” for electricity costs for electrical appliances such as lighting, water and sewage costs and gas rates and “other costs,” which covers maintenance costs for the condominium. This gives a full picture of the total costs of living in a condominium.

This first attempt in the industry has won acclaim for stimulating customers' environmental awareness and creating new standards for selecting condominiums. It was selected for the fiscal 2015 Good Design Best 100, and was chosen from the top 100 for the Design for the Future Award (Ministry of Economy, Trade and Industry's Information Policy Bureau Director's Award). In addition, the Group won the Environment Minister's Award for Global Warming Prevention Activity in fiscal 2015 for its ongoing efforts extending to 8,000 houses.



### Sendai Royal Park Hotel's restaurant with no menu

Sendai Royal Park Hotel proposed a new style of dining based on the concept of a restaurant with no menu, beginning in January 2016. This brings to life the idea of Kazuyuki Ikeda, the hotel's head chef and head chef at Chef's Terrace, that food should be enjoyed with the five senses, using sight, hearing and smell too, as well as his goal to create a space for food in which conversation with customers can also be enjoyed.

The restaurant does not have a detailed menu, but instead customers choose their preferred fish and meat from a "marché area" and the chef uses the best cooking techniques to prepare a dish with these ingredients, which is then served on a counter facing an open kitchen. On evenings when customers want to enjoy wine, they can choose hors d'oeuvres such as uncured ham and escargot from the hors d'oeuvres area, or select sweets and flavored tea from the a la carte menu when they have a taste for something sweet. This eating space enables guests to eat what they want, when they want.

The restaurant offers a range of locally-produced ingredients in season that give a taste of the bounty of the land and sea of Tohoku, and serves dinners during which customers can talk with the chefs.



### Experiential events held in collaboration with tenant shops

IMS Co., Ltd. holds experiential events that deepen communication with customers in collaboration with tenant shops in the "field life zones" of the commercial complex IMS (Fukuoka, Fukuoka Prefecture). Utilizing the expertise of the stores, which sell fitness wear and outdoor and cycling products, IMS has launched the IMS Jogging Circle, Mountain Climbing Club and Handcrafts Club. IMS staff are actively involved in running events, which builds a trusting relationship with the shops and also provides a valuable opportunity to directly identify customers' needs while talking with them. Given customers' demand for added value in each product in the form of experiences



Jogging Circle



Handcrafts Club

and stories, new endeavors will be sought out for this commercial facility which can create fans through direct interaction between customers, shops and the facility.

### Reconstruction of Dai Nagoya Building to carry on a half century of history

Since it was built in 1962, the Dai Nagoya Building has been beloved as the face of the area in front of Nagoya Station and a symbol of the city. In the redevelopment of this building, Mitsubishi Estate gave priority to carrying on the history of the former building, which witnessed the history of the area for 50 years. The familiar name of the building was kept and the name plate on the exterior of the new building used the same font. In addition, the mosaic mural in the entrance hall and the marble—symbols of the former building—were reused in the new building. Nagoya City made an exception and allowed the old address system to be used unchanged, so the former building name plate with the building name and location could be hung at the office entrance to greet the returning tenants. The new building integrates old-fashioned and familiar parts with a sophisticated new design that has been praised by local residents for its nostalgic feel and capacity to recall the past. This building began creating a new history in fall 2015 as a space that connects the past and the future.



Building name plate using same font as former Dai Nagoya Building

Mosaics in entrance hall reusing symbolic parts of old building



Former



New

### 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" mainly 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' service and the design's quality and substance at each stage, from sales to completion, and this has raised customers' assessments.





# Cutting-edge community development

## Innovative community development tailored to the era of globalism

### Objectives

- We will provide offices, housing and commercial facilities suited to a new work style utilizing information and communications technology.
- We will develop a forum for interaction and support venture companies and the creation of a new intellectual property.
- We will strengthen the appeal of Tokyo's Marunouchi area and enhance its competitive strengths compared to cities in Asia in cooperation with national and city governments.

### Key performance indicators

- KPI 6** Number of offices of foreign financial companies in Otemachi, Marunouchi and Yurakucho area
- KPI 7** Number of companies participating in EGG JAPAN (Entrepreneur Group for Growing JAPAN)
- KPI 8** Number of buildings connected to optical fiber in Otemachi, Marunouchi and Yurakucho area

## The globalization of Marunouchi

### Bringing Marunouchi to the world and the world to Marunouchi— Creating future markets by providing business support

At Mitsubishi Estate, we believe that the key to international competitiveness in urban development is the value-generation capacity we can build into an area. That's why we work in so many different ways to ensure that the Marunouchi area's appeal can compete with any other top global city.

#### Urban development to foster sustainable development

Marunouchi is an urban community where the dynamic interaction and potent combinations of different elements creates new value. One of the initiatives that best illustrates Mitsubishi Estate's approach to Marunouchi is the Entrepreneur Group for Growing Japan (EGG JAPAN). This is a business development platform which supports overseas companies looking to enter Japan as well as small- and medium-sized venture companies in Japan that want to expand their business overseas.

Housed in the Shin-Marunouchi Building, EGG JAPAN is made up of the Business Development Office, which provides tenants with business development support tailored to their needs, and the Tokyo 21c Club, a members-only business club. The Business Development Office offers a range of business support options designed to create more business growth possibilities for tenants. These include introducing potential clients and experts, and providing support for PR and event planning. The Tokyo 21c Club counts among its roughly 600 members not only entrepreneurs and new business managers at large companies, but also a diverse range of professionals with expertise in intellectual property, funding, human resources, law, accounting, academics and more. This fosters the formation of new businesses and dynamic networking that transcends the barriers between individual companies and organizations. EGG JAPAN aspires to invigorate industry in Tokyo and throughout Japan, to help create jobs, and to attract more companies to the Marunouchi area in order to drive greater demand for office space.



## EGG JAPAN

### Marunouchi's globalization, by the numbers

Number of offices of foreign financial companies in Otemachi, Marunouchi and Yurakucho area

**KPI 6** → **72** offices

Number of companies participating in EGG JAPAN, of which the number in parentheses indicates foreign companies As of April 1, 2016

**KPI 7** → **32(23)** companies

Number of buildings connected to optical fiber in Otemachi, Marunouchi and Yurakucho area

**KPI 8** → **63** buildings



## Launch of Global Business Hub Tokyo

Mitsubishi Estate is engaged in a wide range of initiatives to transform Marunouchi into a compelling urban center that can compete with any major city around the world. In July 2016, it opened the Global Business Hub Tokyo\* in the Otemachi Financial City Grand Cube, an office building connected to Otemachi Station. The hub provides business support to up-and-coming companies from overseas and cutting-edge Japanese venture businesses.

As part of the Otemachi Chain Redevelopment Project, Mitsubishi Estate has established centers for international interaction and centers providing international medical services and financial education interaction. The new hub is designed to attract foreign companies and support new business creation, thereby helping to strengthen Tokyo's international competitiveness.

Global Business Hub Tokyo has a floor space of 2,500 m<sup>2</sup>. In addition to 50 furnished sectional office units, it offers event space, conference rooms and a common use lounge. It also offers tenants business matching at events and opportunities for business networking, mostly in the Marunouchi area. Conveniently located in Otemachi, the hub facilitates business expansion by supporting both physical and social infrastructure. Utilizing the networks and expertise gained at EGG JAPAN, run by Mitsubishi Estate, the hub will provide various kinds of innovative businesses support.

\* Run by the General Incorporated Association Global Business Hub Tokyo

## Global Business Hub Tokyo



Terrace Lounge



BD Office: Office spaces available in different sizes, to accommodate from 2 to 20 people



Community Lounge

### Context for efforts to globalize Marunouchi

Mitsubishi Estate believes that the value created by urban planning is the key to global competitiveness. We strive to create communities that dynamically harmonize diverse elements and create new value. Mitsubishi Estate plays an active role in providing business development support to foreign companies looking to enter the Japanese market and small- and medium-sized venture companies in Japan aspiring to expand overseas. These efforts are intended to ensure that Marunouchi, the heart of the Japanese business world in central Tokyo, continues to attract businesses establishing a foothold in Asia.

### A new shared work space for fintech firms

In February 2016, Mitsubishi Estate opened the "FinTech Center of Tokyo, FINO LAB" in Marunouchi with the cooperation of Dentsu Inc. and Information Services International-Dentsu, Ltd.

Financial technology ("fintech"), a new industry integrating IT and financial services, is in the spotlight, especially in the U.S. and Europe, and fintech businesses are expected to grow rapidly in Japan, as well. FINO LAB, opened for fintech companies, is a shared-service office providing furnishings such as desks and chairs, as well as IT equipment. In addition to shared work space, seminar rooms are also available. This is expected to spur innovation among users of the lab, as well as to engage users and others in collaborative efforts. Moreover, the "Finovators,"\* a group established by professionals aspiring to create a business ecosystem that will revolutionize Japan's financial sector, have set up their base here, where they plan to employ their impressive networks and expertise to mentor fintech companies.

FINO LAB aims to bring together fintech companies in the Otemachi area, the center of Japan's financial industry, expecting to create new businesses by capitalizing on synergies with the major

companies that drive the Japanese economy. By creating a place where people can interact across company lines, Mitsubishi Estate will strive to develop a community with a focus on the people playing a leading role in spurring the cycle of innovation and corporate growth.

\* General Incorporated Association Finovators

## FINOLAB

THE FINTECH CENTER OF TOKYO



### A bit of hospitality for travelers from around the world: Japanese culture experience corner set up at tourist information center

Mitsubishi Estate helps to operate the Tourist Information Center (TIC) in the Shin-Tokyo Building, where it has set up a corner where foreign visitors in Marunouchi can experience aspects of Japanese culture such as the kimono, free of charge and without reservations.

Here, visitors can put on a simplified kimono that goes on easily over their clothes, and then take a commemorative photograph on Marunouchi Naka Dori Avenue.

In Marunouchi, history and modernity blend together seamlessly. The Imperial Palace gives a taste of the Edo period, the Mitsubishi Ichigokan Museum and Tokyo Station evoke the Meiji and Taisho periods, and the surrounding streets are full of skyscrapers. This service was created based on staff ideas, hoping to delight travelers with a chance to take a commemorative photograph against a background of the Marunouchi streets, with their multifaceted allure.

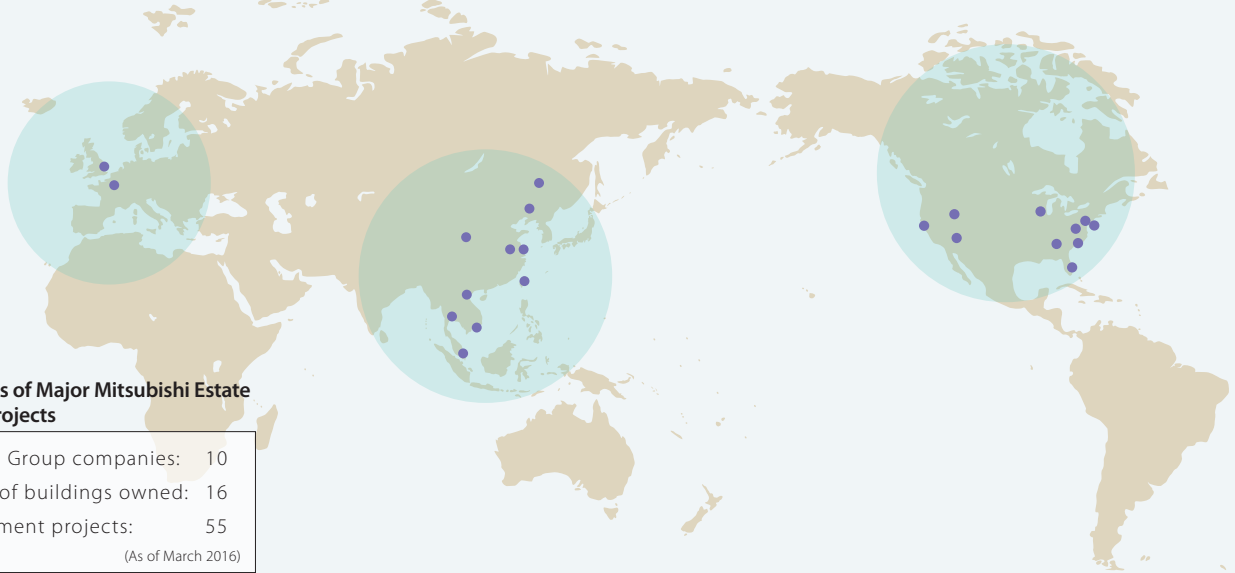
The number of tourists in Marunouchi using this modest service has increased, and it has helped to deepen their understanding of the appeal and history of Japan and the Marunouchi area. All of the staff at the center work together to augment its service.





# Sharing Mitsubishi Estate Group's urban development with the world

The Mitsubishi Estate Group operates globally. Since Mitsubishi Estate New York was established in 1972, 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.



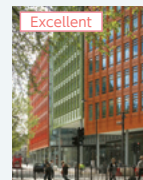
## Europe

### Acquiring environmental certification when developing new properties

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, a complex development project in the West End. In April 2016, the Group completed 8 Finsbury Circus in the City of London, a redevelopment of an office building. Currently, we own eight office buildings in London, UK, and one in Paris, France, and we continue to make aggressive investments. When developing new properties, we proactively seek BREEAM\* certification.

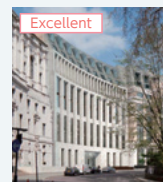
\* UK's Building Research Establishment's environmental assessment method for buildings

### Projects earning certification



#### 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 66,000m<sup>2</sup> 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.



#### 8 Finsbury Circus, London

This project is a redevelopment of an office building located in the City of London, completed in April 2016. It achieved a BREEAM "Excellent" rating.

### Working with the community

#### Cooperation with charity event "Cycle to MIPIM"

Mitsubishi Estate London Limited co-sponsors "Cycle to MIPIM," a charity event held every March in which participants cycle about 1,500 km from London to Cannes. The event coincides with MIPIM, the world's largest real estate



convention, held in Cannes. Two employees rode in the event. The sponsorship money and the contributions collected by the riders are given to charity groups that support adoptions for disadvantaged children in the UK.

### Comments from staff



**Shinichi Kagitomi**  
Mitsubishi Estate London Limited

Thirty years have passed since Mitsubishi Estate established its London branch. During this time, the global business environment has changed significantly, and work styles have also evolved with technological progress. Mitsubishi Estate leverages the resources it has built up locally over many years and takes the initiatives to drive further business growth, always considering ways to contribute to the surrounding area and the lives of the people who work here.



# 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 International Inc. (RGI). 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.

\* An environmental certification system administered by the U.S. Green Building Council

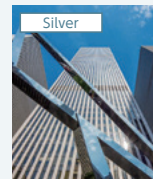
### Working with the community

#### Support for sick children through the Make-A-Wish Foundation

RGI has partnered with the NPO Make-A-Wish Foundation, which supports seriously ill children, and collects donations for the foundation from employees. The Make-A-Wish Foundation is a philanthropic organization that aims to grant the wishes of children with illnesses that are difficult to treat. For example, Jonathan, shown in the photograph (far left), received support from Make-A-Wish thanks to donations from RGI employees, and his wish to visit Japan was granted. RGI employees are extremely interested in this initiative, and donations from all employees totaled US\$62,250 (about 6.3 million yen), enough for Make-A-Wish to help Jonathan and five other children.



### Projects earning certification



#### 1221 Avenue of the Americas, New York

This building was completed in 1972 in Manhattan. Although it was LEED certified in 2009, it was awarded a Silver LEED rating in 2014 for improvements made to use water more efficiently.



#### Florham Park, New Jersey

This is a major development consisting of offices, hotels, commercial facilities and homes. 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.

### Comments from staff



#### Daniel Bower

Rockefeller Group International Inc.

Currently, we are busy with a large-scale renovation of 1271 Avenue of the Americas. This project will not only raise the value of the building, which is an iconic Manhattan landmark, but also reduce energy use by more than 30% compared to before. With this improvement, we aim to raise the rating of the building from LEED Silver to LEED Gold.

# Asia



## Environmentally sound community planning in growing Asia

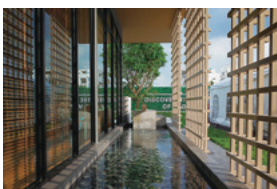
Mitsubishi Estate Asia was established in 2008. Currently, we operate office and housing development businesses in Singapore, Vietnam, Thailand and Malaysia. We work actively to acquire Green Mark certification\* for our development projects. We also established Mitsubishi Estate (Shanghai) Ltd. in 2013 and are involved in built-for-sale condominium projects in Shanghai, Suzhou and Chengdu and the development of a commercial complex in Taiwan. We strive to develop high-value-added communities that are environmentally sound.

\* An environmental assessment program for buildings run by Singapore's Building and Construction Authority

### Working with the community

#### First built-for-sale condominium company established in Thailand by a Japanese company

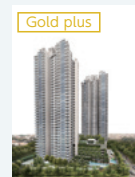
In March 2016, Mitsubishi Jisho Residence established Premium Residence, the first built-for-sale condominium company established in Thailand by a Japanese company, joining forces with the local developer, AP (Thailand) Public Company Limited. Four employees were sent over to the new company in Bangkok. The need for built-for-sale condominiums is rising in Thailand's leading city as incomes rise, people migrate to the city and nuclear families become more common. With



Life Pinklao sales center, incorporating Japan's tastes

the establishment of the company, Mitsubishi Jisho Residence will be able to capitalize upon the expertise built in its joint endeavors with AP since 2014 while offering new value to Bangkok's housing market and providing products that make life more convenient for city dwellers.

### Projects earning certification



#### Sky Vue, Singapore

Sky Vue is a built-for-sale condominium complex jointly developed by Mitsubishi Estate Asia and CapitaLand Group. The complex earned Green Mark Gold Plus certification.



#### Sky Habitat, Singapore

Sky Habitat is a built-for-sale condominium complex jointly developed by Mitsubishi Estate Asia, CapitaLand Group and Shimizu Corporation. It also earned Green Mark Gold Plus certification.

### Comments from staff



#### Ryuichi Shibata

Mitsubishi Estate Asia Pte. Ltd.

Concern about the environment is growing day by day, not only in Singapore, but in other Southeast Asian countries as well. Mitsubishi Estate does business in the region primarily via partnerships with local companies. We aim to share our expertise with our partners and to benefit from theirs, as well, while working together to build more environmentally friendly cities.



# Environment

## Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities

### Objectives

- We will efficiently utilize energy, water and raw materials and reduce greenhouses gases in our business activities.
- We will strive to create a smart community with efficient transportation and distribution systems as well as electricity and water use.
- We will expand the use of renewable energy in buildings and residences.
- We will proactively provide buildings and residences certified as being environmentally and socially responsible.

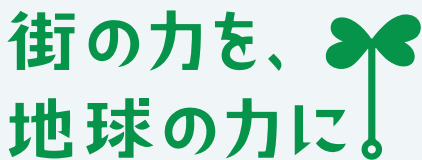
### Key performance indicators

- KPI 9** Energy use/CO<sub>2</sub> emissions
- KPI 10** Waste generated/water used
- KPI 11** Number of projects recognized with CASBEE (new construction design)/Development Bank of Japan (DBJ) Green Building certifications
- KPI 12** Solar power output
- KPI 13** Area of green on roofs and walls
- KPI 14** Rate of annual adoption for energy conservation level 4
- KPI 15** Rate of annual adoption for *soleco* system
- KPI 16** Rate of adoption for high-efficiency appliances (hot water heaters/LED equipment/ultra-water-conserving toilets)
- KPI 17** Small- and medium-sized building renovations/condominium renovations
- KPI 18** Rate of use of Japan-grown timber

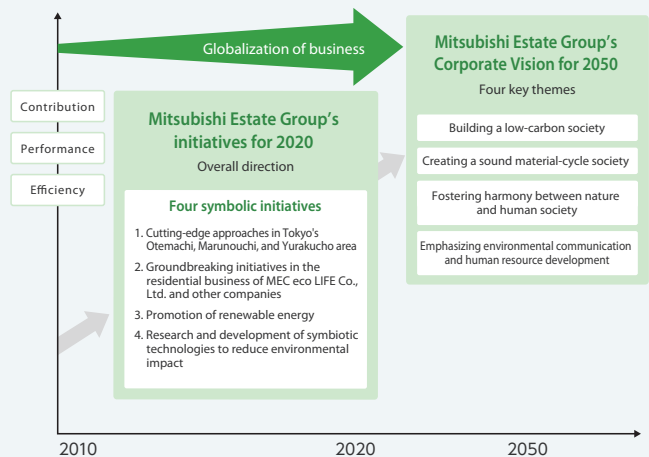
## Long-Term Environmental Vision and four symbolic initiatives

### Mitsubishi Estate Group Long-Term Environmental Vision

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Long-Term Environmental Vision, based on the Mitsubishi Estate Group's Basic Policy on the Environment, to constructively address environmental issues going forward. This vision clearly lays out the Group's stance on actively contributing to society by reducing environmental impact.



The Mitsubishi Estate Group environmental logo features the slogan, "For Sustainable Cities, For the Sustainable Earth."



### 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.

Established on May 1, 2004  
Revised on January 1, 2006 and April 1, 2010

## Four symbolic initiatives

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

#### Completion of Otemon Tower-JX Building, equipped with water purification facility for Imperial Palace moat

In November 2015, Mitsubishi Estate completed the Otemon Tower-JX Building, a 22-story high-rise developed jointly with JX Holdings, Inc. This building is particularly unique because it was the first private-sector project to introduce a rapid water purification facility and large-scale reservoirs, which are designed to improve the water quality in the Imperial Palace moat.

In recent years, the quality of the water in the Imperial Palace moat has deteriorated significantly as a result of algae blooms attributable to a chronic lack of fresh water. The purification facility installed in the basement of this building will take in water from the Imperial Palace moat and purify it at a fast speed of about 0.18m<sup>3</sup> of water every five seconds (equivalent to the volume of water in a household bath). This amounts to about 500,000m<sup>3</sup> annually. To prevent water from stagnating as a result of low water levels in the moat, a massive water reservoir (about 3,000m<sup>3</sup>, equivalent to about six 25m pools) was installed to release water into the moat. This initiative is intended to improve the water quality around Otemon Gate in particular, thereby helping to enhance the urban environment around the Outer Gardens of the Imperial Palace.

In addition, some floors are equipped with LED lighting systems with image sensors that automatically adjust illumination and color temperature, and radiant air conditioning and desks with individual heating and cooling units to maintain a calm and pleasant office environment with few temperature irregularities, all the while conserving energy. By adopting environmentally friendly exteriors and facilities, the Company expects to reduce CO<sub>2</sub> emissions per unit of floor space in the office area by about 36%. This is equivalent (at the implementation and design stage) to the S class under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE).

In addition, the project makes the most of its proximity to the green areas of the Imperial Palace's Outer Gardens. The building, together with the adjacent Otemachi Park Building, which will be completed in November 2017, creates green space equivalent to about 45% of the buildings' external area, thus providing a relaxing area for workers. The Otemon Tower-JX Building epitomizes a cutting-edge office space that delivers both energy conservation and comfort.



Number of projects recognized with CASBEE (new construction design)/Development Bank of Japan (DBJ) Green Building certifications

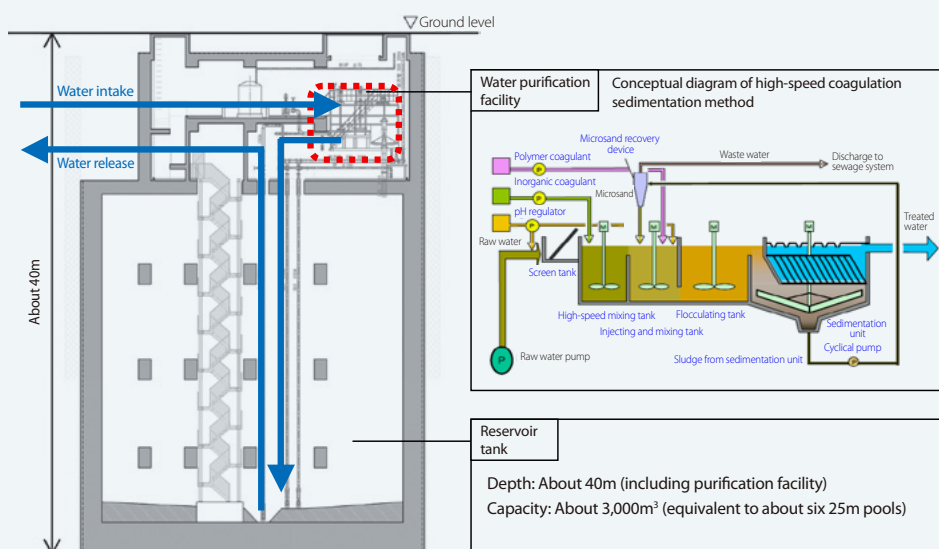
KPI 11

7/20 buildings and projects

Area of green on roofs and walls

KPI 13

About 35,210m<sup>2</sup>





Initiatives in the residential business

### Experimental biodiversity initiatives at Setagaya House

To explore ways to conserve biodiversity and create more appealing outdoor areas for visitors at properties developed and operated by the Mitsubishi Estate Group, in 2015 Mitsubishi Estate renovated the outdoor area around Setagaya House, a condominium owned by Mitsubishi Estate, making it into an “experimental garden” to test various approaches. This earned the Company certification from the Association for Business Innovation in Harmony with Nature and Community (ABINC; condominium category).\*

After transforming the inner courtyard into an environment that values biodiversity, Mitsubishi Estate has used this experimental garden to test various methods of maintaining and managing this kind of environment, while deepening residents’ understanding of biodiversity. These measures include maintenance and management, monitoring, and communication programs involving resident participation. The Company intends to use the experience gained through these initiatives in operation of its ABINC-certified properties after completion.



\* A certification program started in 2013 for office buildings and commercial facilities which intends to make biodiversity initiatives in land use visible and easier to understand. In fiscal 2014, certification was extended to condominiums and factories.



Experimental garden

Promoting and popularizing renewable energy

### Four Premium Outlets switch to renewable energy

The four Premium Outlets operated by Mitsubishi Estate-Simon Co., Ltd. (in Gotemba in Shizuoka Prefecture, Sano in Tochigi Prefecture, Ami in Ibaraki Prefecture and Shisui in Chiba Prefecture) switched to renewable energy using Renewable Energy Certificates for some of their energy consumption, starting in April 2016.

As a result, 8 million kWh, equivalent to 20% of the 40 million kWh in annual electricity consumption at the four complexes, is now covered by renewably energy. This is the largest such initiative for commercial facilities in Japan.

In addition, Mitsubishi Estate-Simon has introduced a carport-type solar power generator for captive consumption that produces an estimated 1.15 million kWh in power annually at its Ami Premium Outlet. The company will continue to focus on building energy-saving facilities to contribute to reductions in environmental impact.



Ami Premium Outlet's carport-type solar power generator for captive consumption

Solar power output

KPI 12 About 7,440kw/16 sites

Pursuing R&D into environmentally symbiotic technology

### Opening of 3x3 Lab Future

In March 2016, 3x3 Lab Future, a new hub for business generation based on the key concepts of economy, society and the environment, opened on the first floor of the Otemon Tower-JX Building.

This facility, which is positioned as a “third type” venue that is neither home nor work, holds activities promoting interaction such as seminars and events and publicizes information on environmental initiatives to a broad audience. In addition, 3x3 Lab Future functions as an experimental laboratory in pushing forward the research that Mitsubishi Estate has carried out thus far on next-generation office spaces. The next-generation office used as an office by the Ecozeria Association, in which Mitsubishi Estate participates, has introduced office desks with individual heating and cooling units and chairs with sensors for health conditions for further testing and validation.

Mitsubishi Estate will continue to research various themes to help resolve the issues of the local community and broader society.



3x3 Lab Future Communication Zone

## Reducing environmental impact

### Diverse initiatives to improve environmental performance of condominiums

Mitsubishi Jisho Residence Co., Ltd. employs the Five Eyes process to ensure the quality of its residences, and Eco Eyes is one of the five. The company is taking various approaches to improving environmental performance.

#### 1. Soleco power systems save electricity and money

Soleco is an environmental system that balances environmental friendliness with affordability by reducing electricity costs for condominium units and shared areas. This is achieved by combining high-voltage collective power systems with solar power systems in condominiums.



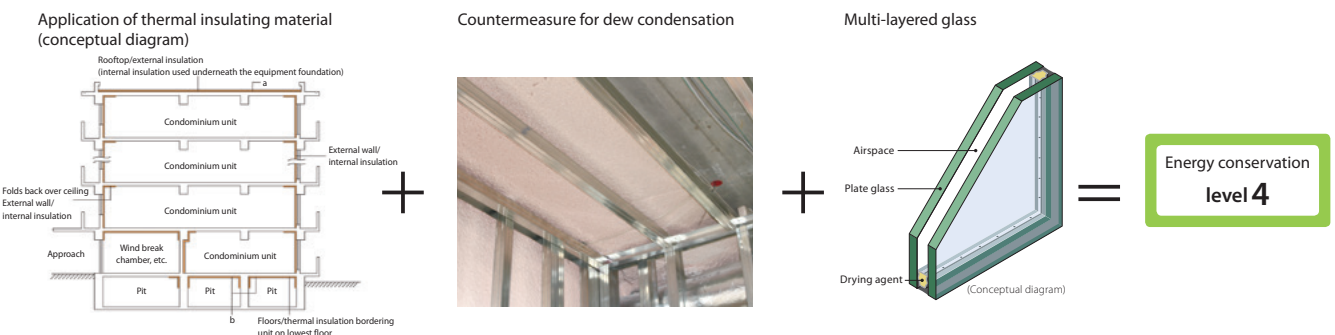
Rate of annual adoption for soleco system

KPI 15 **79%**

#### 2. Various techniques enhance insulation effectiveness

We have incorporated a range of techniques to enhance insulation effectiveness, such as applying external and internal insulation, taking measures to prevent dew condensation and using multi-layered glass. The result was a residence product worthy of energy conservation level 4 in the next-generation energy conservation standards established by the Japanese government in 1999.

In line with the 2013 energy conservation standards for residences that went into full effect on April 1, 2015, we aim to earn insulation performance level 4 and primary energy consumption level 4 for all the residences for which we make application for building confirmation thereafter.



Rate of annual adoption for energy conservation level 4 (based on the next-generation energy conservation standards established by the government in 1999)

KPI 14 **93%**

#### 3. Highly efficient devices save energy

In the condominiums sold by the company, high-efficiency equipment is adopted, such as shower heads that conserve hot water, faucets that conserve hot water, bathtubs that retain heat and toilets that conserve water. This contributes to the creation of a pleasant lifestyle that takes both the environment and economy into account.

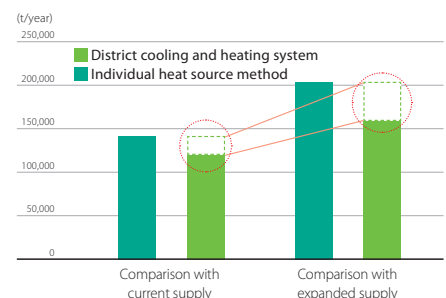
Rate of adoption for high-efficiency appliances (hot water heaters/LED equipment/ultra-water-conserving toilets)

KPI 16 **100/95/100%**

### Reductions in heat discharge, the cause of the heat island phenomenon

Marunouchi Heat Supply Co., Ltd. operates large-scale district cooling and heating systems, an energy system that protects the urban environment. At the company's plants, heat for heating and cooling use is produced and managed collectively, and supplied to the Otemachi, Marunouchi and Yurakucho area. By using district cooling and heating systems, air pollution can be prevented and CO<sub>2</sub> emissions reduced compared to levels when each building is cooled and heated individually. In addition to saving energy, the system also reduces the amount of heat emitted to the atmosphere and thus helps mitigate the heat island phenomenon, a state in which the temperature in cities is higher than surrounding areas. Moreover, cities can be beautified once cooling towers and smoke stacks on top of buildings are no longer needed. We will continue to move ahead with initiatives to help conserve the environment.

#### Comparison of environmental effect of district cooling and heating system and individual heat source method



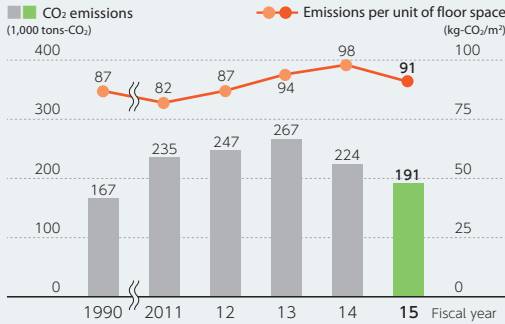
Currently, CO<sub>2</sub> reductions achieved with district cooling and heating systems are equivalent to about 3,100ha of forest. If this system is introduced to all companies in the area, the reductions would amount to about 4,200ha, and the reductions would improve by 35%.

## Building a society with a lower carbon footprint

### Initiatives to reduce CO<sub>2</sub> emissions in building operations and management and energy consumption

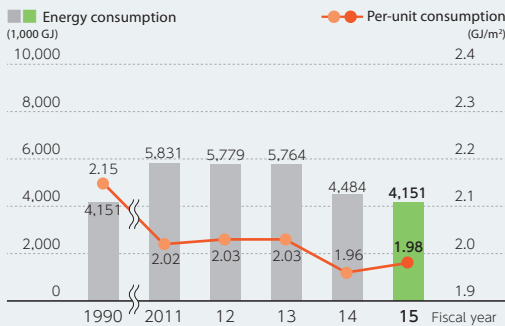
The CO<sub>2</sub> emissions and energy consumption of Mitsubishi Estate's 21 ISO14001-certified buildings\* in fiscal 2015 are shown in the graphs below. Energy consumption per unit of floor space has been on the decline since the 2011 Great East Japan Earthquake as a result of repairs to facilities to raise energy conservation performance (such as replacing lights with LED lighting) and other energy-saving activities. In fiscal 2016, Mitsubishi Estate continues to work to reduce energy consumption in each building, targeting the stricter of either a 1.0% reduction compared to fiscal 2015 or the reduction mandated by the Tokyo Metropolitan Ordinance on Environmental Preservation.

#### CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per unit of floor space from Mitsubishi Estate's ISO14001-certified buildings



\* CO<sub>2</sub> emissions are calculated using the emissions coefficients determined for individual electrical power suppliers.  
 \* The number of buildings covered in fiscal 2015 (21) amounts to 47.2% of all buildings managed by Mitsubishi Estate.  
 \* The data for 1990 includes buildings prior to renovations (such as the former Marunouchi Building).

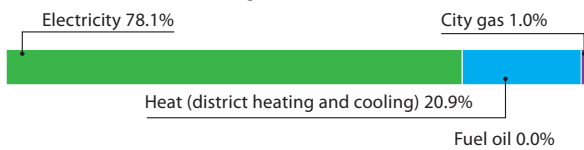
#### Energy consumption and energy consumption per unit of floor space in Mitsubishi Estate's ISO14001-certified buildings



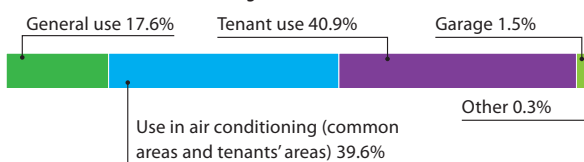
\* The number of ISO-certified buildings changes each fiscal year due to renovations and sales/purchases.  
 \* The number of buildings covered in fiscal 2015 (21) amounts to 47.2% of all buildings managed by Mitsubishi Estate.

### Collaborating with tenants to conserve energy

#### Fiscal 2015 energy consumption by use (for 21 ISO14001-certified buildings)



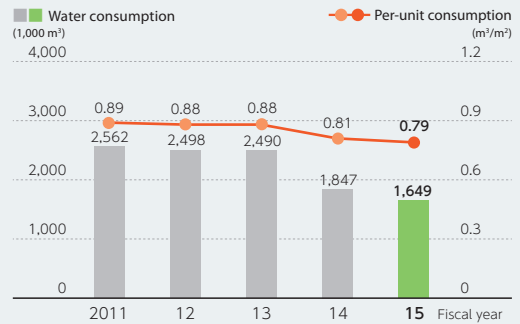
#### Fiscal 2015 energy consumption by application (for 21 ISO14001-certified buildings)



## Helping society to recycle more

### Effective consumption of water resources in buildings

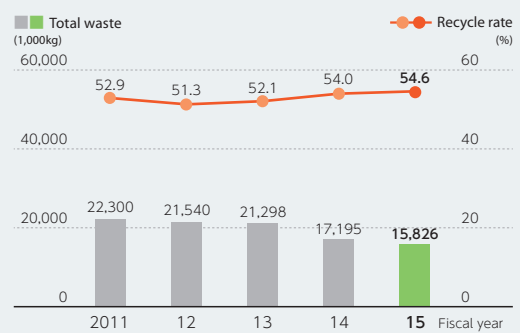
#### Water consumption and water consumption per unit of floor space in Mitsubishi Estate's ISO14001-certified buildings



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

### Waste reduction and recycling initiatives in buildings

#### Total waste and recycle rates for Mitsubishi Estate's ISO-14001 certified buildings



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

### Mitsubishi Estate Group's environmental data

#### Energy use and CO<sub>2</sub> emissions reported under Japan's Energy Conservation Law (fiscal 2015)

	Overall	Office buildings	Commercial facilities	Hotels	Other
Energy use (1,000 kl/year)	252	192	42	15	4
Unit consumption (kl/m <sup>2</sup> per year)	0.035	0.036	0.046	0.066	0.006
CO <sub>2</sub> emissions (1,000 t-CO <sub>2</sub> /year)	478	358	84	27	9
Unit emissions (t/m <sup>2</sup> per year)	0.067	0.067	0.094	0.122	0.013
Number of target facilities (buildings)	106	63	18	8	17
Floor area (1,000 m <sup>2</sup> )	7,100	5,317	899	220	664

\* Compiled for main buildings for which information on energy-saving measures is reported in compliance with the Energy Conservation Law (excluding small buildings with a floor area less than 1,000 m<sup>2</sup>).  
 \* This table is prepared on the basis of the information submitted by Group companies in compliance with the Energy Conservation Law, with some additions, and may differ from the actual figures submitted.

#### Energy use/CO<sub>2</sub> emissions

**KPI 9** 252,000kl/478,000t a year

#### Waste generated/water used

**KPI 10** 42,728t/5,215,000m<sup>3</sup> a year



## Completion of renovation of first condominium project in the Re-building Business

Since May 2014 Mitsubishi Jisho Residence Co., Ltd. has been involved in the Re-building Business, in which old small- and medium-sized buildings are renovated and rented.

Up until now the company has primarily worked on office buildings, but in January 2016 the Park Rex Toyochō, its first condominium renovation, was completed. With the theme of “homes that grow alongside children,” the building offers spaces in which parents and children can enjoy each other’s company, such as a “play lounge” with a hammock and ping pong table in the common area, a small communal vegetable garden, and an atelier for crafts with a workshop. In the individual units, one wall in the living and dining room is customizable, made of laminated boards made of larch so that shelves can be put up as the resident wishes. Also featured are sliding doors with a black-board surface that children can draw on. The project aims to meet the needs of the generation raising children by installing these features.

This Re-building Business aims to effectively use existing stock by taking an approach that is completely different than building demolition and new construction, which have a substantial environmental impact. In addition, the poor seismic resistance of older small- and medium-sized offices and condominiums can be improved by working with the building owner on seismic retrofits. This initiative earned the company the Good Design Award Best 100 in fiscal 2015.



Communal vegetable garden



Atelier for crafts



Play Lounge

Small- and medium-sized building renovations/  
condominium renovations

KPI 17 → 10 buildings/300 units

Fostering harmony between nature and human society

## Expanding the use of Japan-grown timber Project to Raise the Value of Japan-Grown Timber

Mitsubishi Estate Home Co., Ltd. proactively uses forest thinnings and small-diameter trees for its 2x4 structural materials, aiming to expand the use of Japan-grown timber in wood-frame homes overall. The percentage of Japan-grown timber used in structural materials by the company now exceeds 50%, which is one of the highest among builders of 2x4 homes in Japan.

Mitsubishi Estate Home is also effectively utilizing and expanding its use of timber grown in Yamanashi Prefecture as part of the Project to Raise the Value



Examples of use of domestic timber

of Japan-Grown Timber. The project works in affiliation with the “Experience Nature” Project, an activity that promotes interaction between urban and rural residents in Hokuto City in Yamanashi Prefecture.

Mitsubishi Estate Housing Components Co., Ltd. promotes the use of Japan-grown timber in structural materials for single-family homes, and in August 2010 the company obtained FSC-CoC certification, an international standard for distinguishing sustainably-grown timber from other timber during the processing and distribution stages.

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

Website: <http://www.fsc.org>

Rate of use of  
Japan-grown timber

KPI 18 → Over 50%

## BIO NET INITIATIVE, an effort by The Parkhouse to protect biodiversity, expanded to 50 properties nationwide

Mitsubishi Jisho Residence has expanded the BIO NET INITIATIVE, The Parkhouse’s biodiversity protection initiative launched in February 2015, to a total of 50 condominiums under The Parkhouse brand nationwide. The company plans the trees and plants for each property in a manner that will protect biodiversity, regardless of the property’s size and land area. This creates a green space that serves as a stopover for plants and animals by linking the surrounding green space with the street’s greenery. The company expects these condominiums to help to create an ecological network in their neighborhoods.

Following the certification of three buildings from the Association for Business Innovation in Harmony with Nature and Community (ABINC) in the condominium category, the company earned certification for a total of five buildings in fiscal 2015 in the condominium category, including The Parkhouse Takarazuka, the first in the Kansai area.

Mitsubishi Jisho Residence will continue to promote this initiative to protect biodiversity in all of the neighborhoods where The Parkhouse is located through the stable supply of these condominiums.



Biodiversity Action Award Japan 2015 “Let’s Select Award”



# Human resource development

Support for human resource development and active careers for the creation of communities of the future and support for work styles tailored to individual lifestyles

## Objectives

- We will select and hire employees equitably, provide appropriate education and training opportunities for the employees responsible for future community development, and will support flexible work styles tailored to individual lifestyles.
- We will offer equitable opportunities so that a diverse workforce can succeed in its jobs, regardless of gender, age and/or disability.

## Key performance indicators

KPI 19

Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours

KPI 20

Number of hours of overtime on average per month

KPI 21

Training time/cost per employee

KPI 22

Number of female managers

KPI 23

Employment rate for persons with disabilities

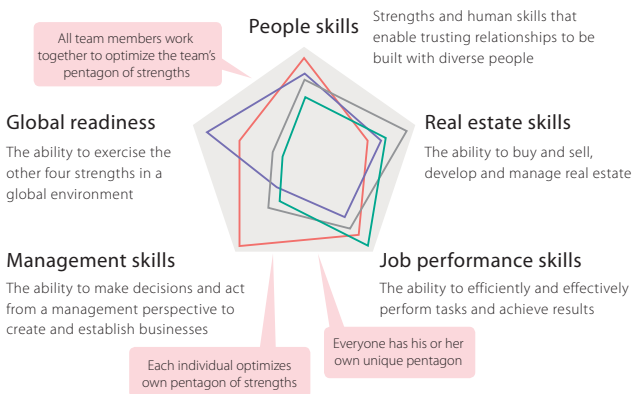
## Initiatives in human resource development

### 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.

### Five strengths



### Consultations for career development

At Mitsubishi Estate, employees set their own work goals and skill development goals, and then review their achievements every six months via management by objective (MBO) consultations with supervisors. Salary changes are decided primarily based on the results of these consultations. The company also regularly holds human resource development consultations with every employee, with the exception of senior managers, aiming to provide a venue for them to express their views and requests as well as to promote skill development.

### Equitable salary system

At Mitsubishi Estate, regular wage raises were discontinued in 2000, and a salary increase system based on skill development was adopted. A performance-based bonus system based on MBO and an objective performance evaluation and promotion system have also been adopted to raise employees' motivation to improve their work and skills. There are no salary discrepancies based on gender.

### Average annual salary of employees

11,302,584 yen

### Initial salaries at Mitsubishi Estate Co., Ltd.

Initial salary (monthly salary)	Comparison to minimum wage
210,000 yen	52% higher

### Offering a wide range of HR development and training programs

The Mitsubishi Estate Group has established a wide range of training programs to develop employees' capabilities and raise their awareness about compliance and human rights.

The Group holds joint Group training for new hires and newly appointed managers to ensure that group companies can work together to achieve impressive results. Mitsubishi Estate also has optional programs aimed at enhancing skills, in which employees select classes on their own.

### Mitsubishi Estate's total annual hours of human resource development training (fiscal 2015)

Total training hours per year	18,462 hours
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\* This does not include the time for overseas dispatch, English language training, correspondence courses, and other optional programs chosen by employees.

### Training time/cost per employee

KPI 21 **11.5 hours/77,528 yen a year**

### 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 sent employees to the Asia Business Leader Development Endowment Course organized by Kyoto University.

Providing short-term programs lasting two months, 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, so that everyone sees how a global mindset is relevant to their own work.

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.

#### Voices of a training participant



**Tomoya Godai**  
Americas and Europe Business Department, Mitsubishi Estate Co., Ltd.

I applied for a trainee program in the UK, and was sent for six months in June 2015. I focused on work at the UK subsidiary, but also got to experience many programs there, including internships at four local real estate companies with which Mitsubishi Estate does business and real estate courses for the general public offered at a university. I also met many people outside of the training on occasions such as parties at the home of my supervisors at the companies I interned with and industry networking events. My days were really full, and through the various programs I absorbed language, industry customs and lifestyles. This was an amazing opportunity to really experience London's dynamically changing real estate market first-hand. I want to make use of these experiences and become a business person who can perform on the global field.

### Creating a vibrant workplace

#### Mitsubishi Estate Group's Hito-Machi Award

The Group established the Hito-Machi Award (literally, "People and the City Award") in 2011 to recognize efforts by employees at group companies to enhance the Group's corporate brand. This award is intended to encourage the shared sense throughout the Group that building a strong corporate brand is not a special activity, but rather an integral part of everyone's daily work. In its fifth year, the award attracted 241 entries from 24 group companies in 2015. A total of 30 groups of winners were selected for the Sincerity and Trust Award, Customer-Oriented Award, Value Creation Award, and Challenge Award. Moreover, four groups were chosen to receive the President's Award, taking into account the results of a vote by Group employees.

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.

#### Voice of a Hito-Machi Award winner

#### Mitsubishi Estate Home Juku secretariat members Mitsubishi Estate Home Co., Ltd.

#### Mitsubishi Estate Home Juku established as internal educational organization

Mitsubishi Estate Home Co., Ltd. established Mitsubishi Estate Home Juku ("Mitsubishi Estate Home Seminar") as an internal educational organization for all employees. This is meant to enhance young employees' potential, serve as a forum for personal interaction that goes beyond the boundaries of age and organizations and strengthen the human resource development skills of middle-ranking and veteran employees. Employees active on the front lines of business and employees with advanced expertise in a specific field serve as instructors to convey their views on work through lectures. One of the objectives is to create a venue that will help young employees understand the significance of working for the company. After the course, optional get-togethers and other events were also organized to facilitate networking.

In fiscal 2015, a total of four courses with about 40 participants in each were held. Many middle-ranking employees also attended, seeking hints on personal growth from the instructors. The courses also had the effect of encouraging young employees to ask questions of veteran employees during the course of their daily work and communicate across divisions.



Mitsubishi Estate Home Juku lecture

#### Establishment of action plan to promote women's success

Mitsubishi Estate has established an action plan in accordance with Japan's Act on Promotion of Women's Participation and Advancement in the Workplace, which went into effect in April 2016.

As the number of women hired and their years of continuous employment increase, the number of female candidates for managerial positions has risen and the ratio of female managers has also improved. Mitsubishi Estate believes that creating an environment conducive to the performance of both male and female employees will raise the ratio of female managers. The Company will continue to promote diversity, including the success of women in the workplace.

#### Overview of action plan

##### Objectives

1. Raise the percentage of female employees at the level of section head to about 20% by fiscal 2020, with the aim of bringing the percentage of female employees who are managers to more than 10% by 2030.
2. By fiscal 2020 or before,
  - (1) encourage men to take childcare leave and raise the percentage of men taking childcare leave to 13% or more and
  - (2) encourage employees to actively take paid leave to raise the rate of those taking leave to 60% or more.

##### Initiatives

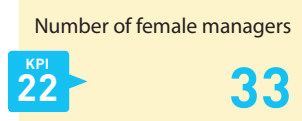
1. Reinforce mid-career hire of female employees at the section head level who can be candidates for managerial positions
2. Aim to further augment support for balancing childcare and work
3. Carry out initiatives to encourage employees to take paid leave
4. Continue to take measures to cut overtime





### Ratio of female managers to all managers

April 2012	April 2013	April 2014	April 2015	April 2016
3.2%	3.4%	3.8%	4.2%	4.4%



#### Voice of a female manager



**Chika Kanamori**  
Invest Management Business Department  
Mitsubishi Estate Co., Ltd.

#### Aiming to boost organizational strength by training human resources

I am often asked if I'm anxious about being a female manager since there isn't much precedent for it, but I view gender differences as simply another facet of individuality. I have never felt that I'm acting differently because I am a woman. I don't think that you can lump male managers together in a single profile either, so I just try to be true to myself.

Since I became a manager, I've tried to prioritize human resource development. I'm particularly aware of the importance of (1) teaching subordinates how to think for themselves rather than waiting for direction and guidance from supervisors, (2) creating an environment in which the team's strength can be exercised to its maximum potential and (3) encouraging employees to become people of character and not focus exclusively on work. Developing subordinates doubles or even triples the team's strength. Going forward, I hope to keep working as a manager to maximize the organization's strength.

### Respecting human rights and employee diversity

#### Basic approach to human rights

The Mitsubishi Estate Group respects the basic human rights of all people, and believes that a workforce where people respect one another's diverse values and cultures is the cornerstone of corporate success. Respect for human rights is part of the Mitsubishi Estate Group Guidelines for Conduct, which all employees are expected to follow on a daily basis. Meanwhile, we offer training and other programs designed to foster employees' awareness of human rights.

#### Ongoing human rights programs

The Mitsubishi Estate Group provides training on human rights as part of its training for new employees on an ongoing basis.

In addition to training tailored by job grade, Mitsubishi Estate carries out group training on specific themes related to human rights for all employees. Human rights lectures are also given every year to executives such as the Company's president, directors and department managers, as well as group companies' presidents. In fiscal 2015, training on corporate management and human rights was given by Suehiro Kitaguchi, a professor at the Center for Human Rights, Kindai University. He lectured on the approach to universal human rights, from population fluctuations and social issues to government policy and recent social integration issues.

Also in fiscal 2015, the Group provided new hire joint training to 302 new hires from 21 group companies, and Mitsubishi Estate and some group companies also carried out training on the prevention of workplace harassment and on social integration. By raising participants' awareness of discrimination, this training sought to cultivate a greater sense of human rights.

#### Total hours of annual human rights training at Mitsubishi Estate

(fiscal 2015)

Total training hours, per year	3,710 minutes (61 hours)
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#### Mitsubishi Estate's human rights training (fiscal 2015)

##### Themes

- Power harassment
- Sexual harassment (including LGBT issues)
- Social integration
- Issues faced by people with disabilities

Total number of participants: 516 people

#### Mitsubishi Estate Group's human rights training results\* (fiscal 2015)

50 participants from 22 companies received human rights training for a total of 1,329 minutes (22 hours)

\* External human rights training sessions offered via Mitsubishi Estate liaison to group company employees.

#### 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, review that fiscal year's activity plan and share knowledge on recent human rights conditions.

The Mitsubishi Estate Group has joined the Industrial Federation for Human Rights, Tokyo, and the Corporate Federation for Dowa and Human Rights Issues, Osaka. In addition to participating in training on social integration issues and other human rights issues, the Group independently provides human rights training and participates in activities such as information compilation to expand this training to group companies.

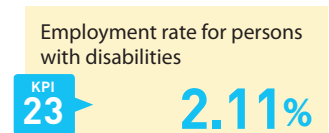
#### Helpline system

The Mitsubishi Estate Group has set up a helpline that employees of the Group, regardless of their employment status, as well as group companies' business partners, can use to discuss issues related to compliance. In addition, Mitsubishi Estate set up a separate hotline for employees internally so that they can discuss harassment and other issues. This is intended to prevent problems.

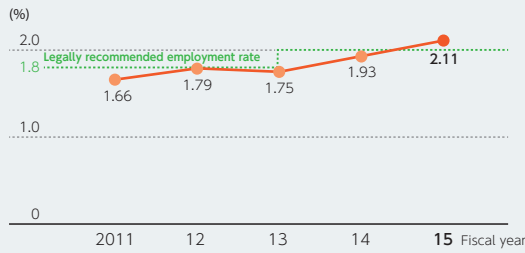
All reports and consultations are treated confidentially, and are dealt with appropriately after confirming and investigating all of the facts. In addition, the Group implements training tailored to hotline operators at group companies on how to respond to consultations.

#### 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 and the Mitsubishi Estate Group Guidelines for Conduct. As of the end of fiscal 2015, Mitsubishi Estate's employment of people with disabilities was 2.11%, above 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 all employees can make the most of their unique skills.



### Employment rate of persons with disabilities



### Reuse initiatives

In November 2014, Mitsubishi Estate started to reuse office equipment at its headquarters with the twin goals of expanding the scope of work as part of its effort to promote the hiring of people with disabilities and of encouraging reuse internally. Office equipment that is no longer used in divisions is regularly collected, and objects that can be reused are offered to internal divisions free of charge. Currently two employees with disabilities are in charge of this initiative, while also carrying out other responsibilities. About 50,000 to 200,000 yen per month is saved, compared to what it would cost to buy new equipment. Divisions buy new office equipment only after considering reusing items. Employees of various internal divisions



visit the room in which the items available for reuse are displayed, which facilitates interaction with the employees in charge of this initiative.

### 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 or flexible 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 or flexible 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 for childcare on its intranet.

In light of Japan's changing social structure, the company enables employees to take nursing care leave for three years, and they can now work flexible hours as well as shorter hours while providing nursing care to family

members. In addition, a nursing guidebook is issued to offer information on caring for family members. Since January 2013, the company has established a new program to enable 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.

In fiscal 2015, 100% of employees returned to work after taking childcare leave, and the retention rate one year after the return to work was also 100%.

Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours

KPI 19 **13/0/33** people a year

#### Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours for childcare

		Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Childcare leave	Men	0	0	0	0
	Women	17	22	23	13
	Total	17	22	23	13
Nursing care leave	Men	0	0	0	0
	Women	0	0	0	0
	Total	0	0	0	0
Shortened work hours for childcare	Men	0	1	0	0
	Women	25	29	32	33
	Total	25	30	32	33

#### List of work-life balance programs and welfare programs

Name of program	Overview of program
Childcare leave of absence	Can be used until the end of the fiscal year in which the child turns three years old (14 days of paid leave from the day on which childcare leave starts)
Nursing care leave of absence	Can be used for a maximum of three years
Nursing care leave of absence for children	Can be used until the end of the March after the child enters the third grade in elementary school Can be used as a special paid leave of absence until the child enters elementary school
Nursing care leave of absence for family	Can be used as a special paid leave of absence
Shortened work hours for childcare	Can be used until the end of the March after the child enters the third grade in elementary school Daily work hours can be shortened by up to 2.5 hours in increments of 15 minutes
Shortened work hours for nursing care	Can be used for up to 93 days per family member Daily work hours can be shortened by up to 2.5 hours in increments of 15 minutes
Flextime program for pregnant women, those caring for children and those nursing family members	Can be used until the end of the March after the child enters the third grade in elementary school (Stipulated work hours can be shortened by up to one hour in increments of 15 minutes)
"Refresh" vacations	Special paid vacations are given every five years after five consecutive years of employment Company pays travel costs after 25 years of consecutive employment (upper limit imposed)
Accumulated vacation	Employees can accumulate up to 90 days of paid vacation that was not used. This can be used for the employee's or family member's illness, a spouse's childbirth, to participate in volunteer activities, childcare or nursing care for family members, among others.
Reemployment program	In the event that an employee retires due to a spouse's transfer, the former employee can be reemployed within five years of retirement.

Note: Each program has its own unique conditions, such as applicable job types.



Voice of an employee who took childcare leave



**Yukako Kawano**  
Legal & Compliance Department  
Mitsubishi Estate Co., Ltd.

I had a baby in 2014 and took childcare leave after maternity leave. Since my child was born early, I took childcare leave for one year on the assumption that I would put my child in daycare in April of the following year. Since the timing of my return to work would depend on when I was able to put my child into daycare, this flexibility in the duration of childcare leave was very reassuring. Currently, I am working on a flex-time schedule with shorter working hours. This flex-time system is helpful because it gives me flexibility with my schedule, for example when I have to take my child to the doctor. There are also times when I have to take a day off unexpectedly, for example when my child gets a fever, but my colleagues understand the situation and give me support, which I'm really grateful for.

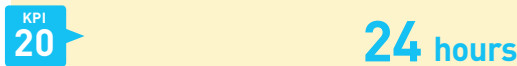
Protecting the health and safety of employees

Mitsubishi Estate makes commitments to safety and hygiene in its labor agreements, and strives to protect employee health and safety through health checkups and safety education.

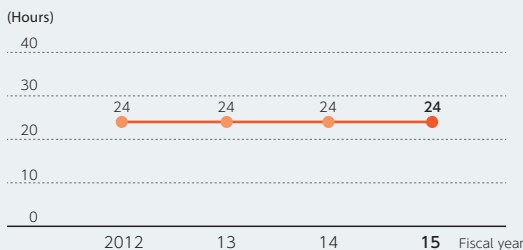
The Company has introduced a work management system that is linked with computer log-on/off time so that supervisors can follow employees' work conditions. Supervisors meet one-on-one with their subordinates to discuss workload and task difficulty, seeking to understand conditions that may impact their health. Any employee who works more than 90 hours of overtime in a month is encouraged to have a checkup with an occupational physician. As such, Mitsubishi Estate is dedicated to taking measures that help employees manage their health.

Beginning in fiscal 2016, the Company adopted a flex-time schedule for all employees, and implemented initiatives such as "early return days" whereby people set days to go home early and manage objectives accordingly, and the "positive off movement" to help employees make plans to take days off and encourage them to take paid leave. These new measures are intended to improve productive, promote work-life balance and enhance health.

Number of hours of overtime on average per month



Overtime hours worked, per month, per person



Support for employees' life plans

Mitsubishi Estate has set a retirement age of 60, but has introduced a job matching program to reemploy employees that want to continue working after this retirement age.

This program enables employees of retirement age who meet certain conditions to continue working, which not only supports employees' life plans, but also enables veteran employees to pass on the skills, expertise and personal connections built up over years of experience, thus helping to maintain service quality. Currently, these veterans are registered as advisors.

Expectations for this second phase of life are varied, and individuals make diverse choices. For this reason, the company provides life planning seminars, training on planning for life after retirement. In addition, the second life support program has been set up, enabling employees two years away from retirement to embark on a fulfilling "second life" with early retirement.

Retirement allowance program

The Mitsubishi Estate Group's domestic companies have adopted a defined-benefit pension plan, and offer both savings-type and non-savings-type lump sum retirement grants, defined-benefit pension plans and defined-contribution pension plans.

Mitsubishi Estate has established a defined-benefit lump sum retirement grant program and a corporate pension program, and as of March 31, 2016, its corporate pension plan had total assets of 40.8 billion yen, while its liability reserve was 35 billion yen.

Dialogue with employees

Mitsubishi Estate supports the right to group negotiation and also emphasizes problem-solving together with labor unions. About 70%, or 608, of the 849 employees, excluding employees in managerial positions, are members of the Mitsubishi Estate Labor Union (as of April 1, 2016). The Company forms labor agreements and discusses issues that need to be resolved and the right course of development for the Company to take on the basis of trust, in order to build positive relationships.

The labor agreement stipulates that any changes that would have a major impact on the employee, such as employee cuts and changes to labor conditions resulting from a contraction and consolidation of the Company's business, are discussed in advance and that policies and standards are clarified. Moreover, internal management standards are stipulated in cooperation with the labor union so that employees' working hours are not excessive, with the Group and labor union working together.

Voice of the labor union president



**Koji Kawamoto**  
Executive President,  
Mitsubishi Estate Labor Union

At the Mitsubishi Estate Labor Union, we strive to make work more rewarding and easier to accomplish for employees. Not merely requesting improvements in wages and benefits, which do translate into job satisfaction, the labor union also makes various proposals to enhance the work environment, including actions such as making work times and places more flexible, reviewing existing work conventions, and improving intranet and other operational infrastructure. Listening to employees' opinions, sharing them with the company and working together to explore solutions in order to make improvements are all standard responsibilities of the labor union, but the steady reiteration of these actions is the essence of what we do.



## Data on human resources

### Mitsubishi Estate Group's employment conditions

#### Number of employees (Mitsubishi Estate Group overall)

	FY2012	FY2013	FY2014	FY2015
Total number of employees	8,001	7,952	8,388	8,474
(Men)	-	-	6,012	6,082
(Women)	-	-	2,326	2,256

\* Data covers consolidated subsidiaries in fiscal 2015 (the number of companies differs depending on the fiscal year).  
 \* There were 194 consolidated companies in fiscal 2015 (46 in Japan and 148 overseas).  
 \* Some companies do not provide data by gender.

#### Number of employees by region (Mitsubishi Estate Group overall)

	Japan	UK	US	China	Singapore
Total number of employees	7,941	11	508	-	14

\* Data covers consolidated subsidiaries in fiscal 2015.  
 \* Employees on loan are included in region in which the affiliated company is located.

#### Number of employees by business division and percentage of total (Mitsubishi Estate Group overall)

Segment	Number of employees	Percentage
Building Business	1,626	19%
Lifestyle Property Business	321	4%
Residential Business	3,116	37%
International Business	405	5%
Investment Management	266	3%
Architectural Design and Engineering	596	7%
Hotel Business	1,248	14%
Real Estate Services	487	6%
Other	164	2%
Corporate Group (Mitsubishi Estate)	245	3%
Total	8,474	100%

\*As of March 31, 2016

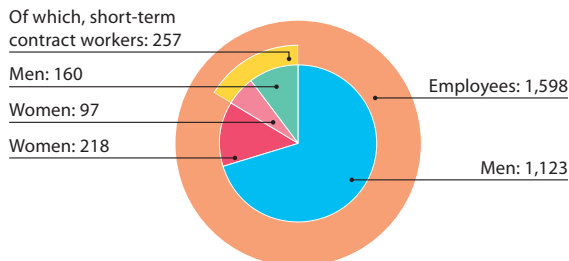
#### Number of new hires and people leaving the company (Mitsubishi Estate Group overall)

	FY2014	FY2015
New employees	856	1,012
Number of employees leaving company (including those retiring at mandatory retirement age)	628	1,003

### Employment at Mitsubishi Estate

#### Workforce breakdown

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



\* As of March 31, 2016 (including employees seconded to Group companies)

	FY2011	FY2012	FY2013	FY2014	FY2015
Men	1,383	1,344	1,319	1,294	1,283
(Of which, regular employees)	1,177	1,159	1,150	1,131	1,123
(Of which, short-term contract workers)	206	185	169	163	160
Women	304	314	321	313	315
(Of which, regular employees)	201	206	212	217	218
(Of which, short-term contract workers)	103	108	109	96	97
Total	1,687	1,658	1,640	1,607	1,598

#### Workforce profile, by age bracket (fiscal 2015)

	20-29	30-39	40-49	50-59	60 and over
Men	155	209	392	397	130
Women	59	84	112	51	9
Total	214	293	504	448	139

#### Number of new hires and people leaving the company (Mitsubishi Estate, non-consolidated)

	FY2011	FY2012	FY2013	FY2014	FY2015
New graduate hires	60	58	48	58	50
New employees	33	33	31	33	33
Mid-career hires	1	4	4	5	4
Rehired contract employees	26	21	13	20	13
Number of employees leaving company (including those retiring at mandatory retirement age)	58	50	38	49	40
Rate of employees leaving for personal reasons	0.6%	0.3%	0.5%	0.4%	0.4%

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

	March 2012			March 2013			March 2014			March 2015			March 2016		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Main career track N positions	1,181	1,088	93	1,185	1,085	100	1,195	1,087	108	1,205	1,089	116	1,201	1,081	120
Main career track A positions*	—	92.1%	7.9%	—	91.6%	8.4%	—	91.0%	9.0%	—	90.4%	9.6%	—	90.0%	10.0%
Of which, section/division managers	731	710	21	729	706	23	738	713	25	745	717	28	743	712	31
Clerical workers	—	97.1%	2.9%	—	96.8%	3.2%	—	96.6%	3.4%	—	96.2%	3.8%	—	95.8%	4.2%
	108	0	108	106	0	106	104	0	104	101	0	101	98	0	98

\* 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.



# Compliance

## Promotion of compliance meeting the expectations of clients and society

### Objectives

- We will respond appropriately to prevent bribery, violation of the anti-monopoly law and inappropriate political donations.
- In addition to complying with laws and regulations, we will strive to meet the expectations of clients and society, as well as understand and respond appropriately to various business risks.

### Key performance indicators

- KPI 24** Compliance training such as training by level and CSR lectures
- KPI 25** Compliance survey "Extent to which Code of Conduct is achieved"

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

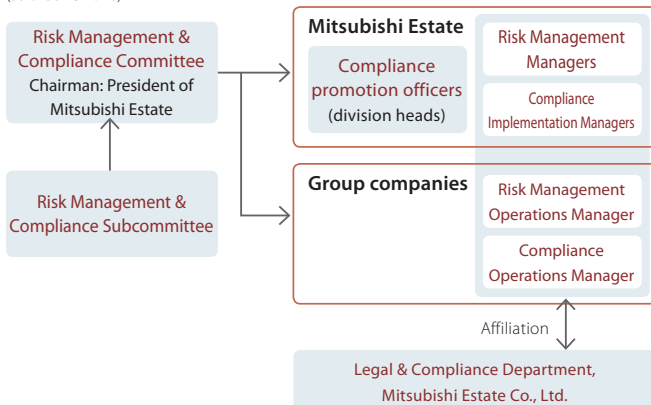
### System for promoting compliance

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. The Code of Corporate Conduct was formulated to define the company's basic commitment to reform, and was further refined in 2002. 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.

The current compliance promotion system is administered by the Risk Management & Compliance Committee, which discusses issues concerning Group compliance and risk management, and the Risk Management & 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.

### Mitsubishi Estate Group's compliance system

(as of June 2016)



### 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, by establishing the Mitsubishi Estate Group Basic Regulations on Information Management Compliance and the Mitsubishi Estate Group Policy on Personal Information Protection. Coupled with thorough monitoring and oversight, the company continues to reinforce its information management.

With the start of the My Number personal identification system in Japan, Mitsubishi Estate established the Basic Guidelines for the Appropriate Handling of Specific Personal Information and the Regulations for Handling Personal Numbers and Specific Personal Information.

### Holding CSR lectures

Mitsubishi Estate holds a CSR Lecture every year in October, which is CSR Promotion Month, for managers and executives, including those at Group companies.

The lecture topic is chosen from a wide range of CSR genres in light of social conditions in that particular year. In fiscal 2015, Masahiko Kawamura, a researcher at NLI Research Institute, spoke on "Background and Direction of Japan's CSR: Impact of Social Issues on Business in a Global Era" in November.



At the lecture

### Providing compliance training

The Mitsubishi Estate Group uses opportunities such as training sessions for new hires and new managers to provide compliance training to raise compliance awareness among all executives and employees. In particular, new hires from major Group companies participate in joint training

together to learn about the Code of Conduct and basic compliance issues (295 participants from 23 companies in April 2015).

Moreover, Mitsubishi Estate provides compliance education during training for newly appointed managers and deputy general managers, and trains all employees in compliance via e-learning.

**KPI 24** Compliance training such as training by level and CSR lectures

### Compliance surveys

Mitsubishi Estate 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.

**KPI 25** Compliance survey "Extent to which Code of Conduct is achieved" **87%**

### Reinforcing compliance at the Mitsubishi Estate Group

Mitsubishi Estate issues the Compliance Newsletter, a monthly publication for all Group directors and employees with the aim of raising the Group's compliance awareness. In addition to compliance training tailored to each group company's particular business, the Group develops training menus and tools covering topics that all Group employees should learn, focusing on themes such as harassment and compliance fundamentals.



Compliance Newsletter

### 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. To ensure that employees know about the help line, information is provided in internal publications and on posters. A helpline exclusively for business partners has also been set up.

There were 50 consultations and reports via the help line in fiscal 2015. Depending on the substance of the inquiries, they are studied and the situation is confirmed so that an appropriate response can be made.

### 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 & Compliance Committee (held four times a year), which oversees implementation

of risk management and compliance for the Group, and the Risk Management & Compliance Subcommittee (held four times a year), 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 Group departments have been designated as Risk Management Managers. Each group company has also designated its own Risk Management Operations Manager. It is under this system that the Group implements and integrates the management of risk.

In fiscal 2015, the Group systematically carried out a risk management program focused on the following two activities.

#### Individual risk management activities

Individual group companies and business groups identify risks of focus based on a risk analysis, and carry out activities throughout the year to reduce the risks identified.

#### Group-wide priority risk management activities

The Group identifies priority risks that require new countermeasures from the entire Group, taking into account the risks of focus identified by individual group companies as described above and social trends, and carries out activities throughout the year to reduce these risks.

There were no fines or penalties for corruption.

\* Please refer to the annual report for information on risks involved in business.

### Preventing corruption

The Mitsubishi Estate Group has declared that it will carry out equitable, transparent corporate activities with a primary emphasis on earning trust. The Group Code of Conduct forbids not just actions that could be construed as collusion with government officials or other actions considered illegal, but also entertainment and gift-giving to politicians and government employees that could be deemed ethically inappropriate for going beyond the bounds of social convention.

Moreover, when providing support related to the activities of political groups, the Group decides on the appropriate response in accordance with relevant laws and regulations such as the Political Funds Control Law and the Public Office Election Law, as well as internal regulations such as the Mitsubishi Estate Group's Code of Conduct.

In 2013, the Group established the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption to put in place a system to prevent corruption across the organization. In 2016, the Group established the Rules on Corruption Risk Assessment and Corruption Due Diligence, which require that the risk of corruption be assessed for each contract and mandates due diligence in the case of counterparties with which transactions are deemed high risk. Moreover, the Group strives to ensure that directors and employees are well-versed in regulations related to corruption prevention by providing training, and also monitors the status of operations.

### 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.



# 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 endeavored to ensure transparent and objective management while segregating and systematizing the execution of operations and auditing/supervision by adopting an executive officer system and appointing multiple outside directors under a "Company with a Board of Statutory Auditors" structure. However, after approval at the Ordinary General Meeting of Shareholders held on June 29, 2016, the Company made the transition to a "Company with Nominating Committee, etc." structure, forming three committees—the Nominating Committee, Audit Committee and Remuneration Committee—with the majority of the members of each committee being outside directors. The Board of Directors is made up of 15 directors, of which seven are outside directors, and the chairman is a director who is not a managing director. This was intended to further reinforce the management oversight function of the Board of Directors and also to clarify the authority and responsibilities for executing operations and accelerate decision-making, as well as to improve the transparency and objectivity of management.

## 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 2015, the committee met six 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 48 times in fiscal 2015. 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.

Beginning in fiscal 2016, the Group established the Asset Management Committee, which serves as a sub-committee for the Executive Committee and discusses business strategy in each business group in the investment and development business field. Moreover, the members making up each organization were reviewed when the Group made the transition to the "Company with Nominating Committee, etc." structure.

## 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.

## Compensation for directors and officers (fiscal 2015)

Total remuneration, etc., paid to directors (Outside directors)	¥677 million (¥40 million)
Total remuneration, etc., paid to statutory auditors (Outside statutory auditors)	¥90million (¥55 million)

Note: The figures above include compensation for three directors and two statutory auditors who left their positions as of the 116th General Meeting of Shareholders held on June 26, 2015.

Moreover, since Mitsubishi Estate made the transition to the "Company with Nominating Committee, etc." structure after the decision by the Ordinary General Meeting of Shareholders held on June 29, 2016, the Company has adopted a system whereby the Compensation Committee, made up by a majority of outside directors with an outside director serving as chairman, decides on compensation for its directors and officers.

Compensation consists of a base salary and variable compensation. This variable compensation consists of compensation paid based on short-term performance evaluation and stocks and others paid based on medium- to long-term performance evaluation. The compensation paid to external directors, who are independent from the execution of operations, only consists of a base salary.

## Reinforcing internal controls

Mitsubishi Estate's Board of Directors has adopted the Basic Policy on Establishment of 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, 2016 was submitted to the Kanto Local Finance Bureau of the Ministry of Finance on June 29. 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

Mitsubishi Estate's Board of Directors decides on basic policies for management and also supervises the execution of operations by directors and officers. The Audit Committee supervises the business execution of directors and officers through the attendance of standing statutory auditors at important meetings such as the Executive Committee and oversight of the status of business execution at each division or Group company. In addition, an Audit Committee Office has been established to support the Audit Committee's 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 Executive Committee, Audit Committee and other relevant parties.

The company also emphasizes follow-up after audits, confirming that problems indicated in internal audit results have been improved.

# 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.

## Mitsubishi Estate Group Order Action Guideline

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 and contracts are administered 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.

This Order Action Guideline is shared by the entire Group, and, based on it, order and contract processes are established and administered to suit the businesses of individual companies.

## Establishment of CSR Procurement Guidelines

The Mitsubishi Estate Group believes that, in order for it to contribute to the creation of a truly meaningful society through its business activities, it is crucial that it consider CSR not only for itself but also in cooperation with business partners across the entire supply chain. Based on this idea, in April 2016, it established the Mitsubishi Estate Group CSR Procurement Guidelines.

### Mitsubishi Estate Group CSR Procurement Guidelines

#### CSR Procurement Standards

##### 1. Comply with Legal and Social Norm

- We comply with both local laws and regulations in the countries and regions in which we do business, as well as with international agreements and social norms.

##### 2. Respect Human Rights

- We respect the human rights of our employees; maintain appropriate working hours; allow sufficient holidays and vacation time; and make every effort to create healthy and safe working environments for employees.
- We respect human dignity and diversity; strictly prohibit any behavior or discriminatory language that violates human rights and/or causes emotional or physical suffering, including discrimination with regard to gender, ethnicity, nationality, age, religion, disability, marital status, physical appearance, or sexual orientation; and have zero tolerance for harassment of any kind.
- We strictly prohibit unfair labor practices of any kind, including child and forced labor.

##### 3. Practice Corporate Ethics

- We engage only in fair and equitable business activities. We do not engage in practices that interfere with free competition or in inappropriate competition practices.
- We establish a framework for internal reporting to prevent problems from arising and ensure that potential problems are detected early on. At the same time, we protect the anonymity of those filing internal reports and assure employees that they will not suffer retaliation or any other type of punishment for reporting problems.
- We uphold Japan's Anti-Organized Crime Law and eschew all contact with organized criminal elements.
- We make every effort to disclose corporate information in a timely and appropriate fashion.
- We make every effort to prevent any form of corruption, including bribery and other such practices.

##### 4. Ensure and Improve Product Quality

- In delivering products and services, we establish appropriate quality control and assurance systems and ensure that we deliver the level of quality that customers demand, while continuously working to improve the quality of our products.
- We make every effort to deliver products that perform to higher safety standards than socially required or expected. We also make public the results of our product safety surveys as needed.
- We make every effort to deliver products and services at an appropriate, competitive market price and meet construction deadlines with appropriate management of our work process.

##### 5. Protect the Environment and Reduce Environmental Impact

- We make every effort with all of our products, services, designs, and construction work to uphold the Mitsubishi Estate Group Green Procurement Guidelines.
- At every stage of our production and construction work, we exclude the use of raw materials produced by illegal means; actively seek materials for use that are certified or otherwise traceable; and make every effort to engage in sustainable production and procurement.

##### 6. Guarantee Information Security

- We establish and enforce management systems to ensure that information assets (confidential information, personal information, intellectual property, etc.) either entrusted to us by business partners or other third parties or belonging to the Group are appropriately managed and protected. We take every precaution to prevent inappropriate disclosure of information, including taking measures to protect against threats to our computer networks, to ensure that these information assets are not leaked or used in an unfair or inappropriate manner.

##### 7. Establish Disaster Risk Management Systems

- We actively prepare for disaster by incorporating disaster risks into our business continuity plans (BCP).

In effect as of April 1, 2016

## Ensuring familiarity with guidelines within and outside Group

To ensure familiarity with the CSR Procurement Guidelines both within and outside the Group, the Mitsubishi Estate Group makes the guidelines available on the Company web site and also directly notifies about 300 of its major business partners. Group employees learn about the guidelines in briefings and training.

## Compliance checks in the order and contract process

The Mitsubishi Estate Group applies the same approach as in the Mitsubishi Estate Group Code of Conduct to its suppliers in regards to environmental problems, labor problems and corruption, among other issues.

At Mitsubishi Estate, when orders are placed with construction companies, the business organization and ordering organization are clearly separated. Appropriate orders and contracts are ensured by requiring that employees use a check sheet to self-verify compliance, after which Mitsubishi Estate's Legal & Compliance Department provides objective confirmation. The Orders Surveillance Committee, chaired by the president, meets when orders for large projects are placed (it met two times in fiscal 2015) and holds discussions in terms of compliance.

## Evaluations of business partners in each business

Business	Social and environmental assessment
Building Business	Mitsubishi Estate has adopted an evaluation system for subcontractors that assesses from multiple perspectives the quality, safety and hygiene, and environmental initiatives of construction companies engaged in subcontracted work in its Building Business. The subcontractors are given feedback on the results of the assessment, and asked to make improvements if necessary.
Condominium Business	Mitsubishi Jisho Residence Co., Ltd. utilizes a Contractor Interview Sheet when selecting new subcontractors with which to partner, and confirms the subcontractors' conditions, including the headquarter organization's on-site support system. In addition, in order to enhance the quality of construction and ensure safety and hygiene on-site, the company asks the subcontractors to submit work schedules and construction plans to ensure in advance and places orders with an appropriate construction schedule. The company also strives to make improvements by ensuring good communication with subcontractors, such as meeting with the head of the construction site before the start of work at each site and evaluating the contractor when the work is completed. Moreover, self-check system interviews have been implemented to confirm the status of the implementation of compliance training, check the reporting system for errors, and verify help line implementation. The company reviews the status as needed and responds appropriately.
Custom-Built Housing Business	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. 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.

 The Mitsubishi Estate Group CSR Procurement Guidelines (full text): [http://www.mec.co.jp/e/csr/pdf/mec160518\\_csr\\_procurement\\_guidelines.pdf](http://www.mec.co.jp/e/csr/pdf/mec160518_csr_procurement_guidelines.pdf)  
Green Procurement Guidelines (in Japanese): <http://www.mec.co.jp/j/csr/environment/green/index.html>

# 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 Communications 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 (about 430 such meetings held in fiscal 2015). In fiscal 2011, the Group announced the BREAKTHROUGH 2020 long-term management strategies through fiscal 2020. 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.



IR Information for Mitsubishi Estate:  
Japanese: <http://www.mec.co.jp/j/investor/index.html>  
English: <http://www.mec.co.jp/e/investor/index.html>



Analysts' conference (November 2015)

## External evaluation

In July 2015, Mitsubishi Estate was included in the FTSE4Good Global Index, an index of sustainable companies all over the world, for the 14th consecutive year. Moreover, in September 2015, 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.



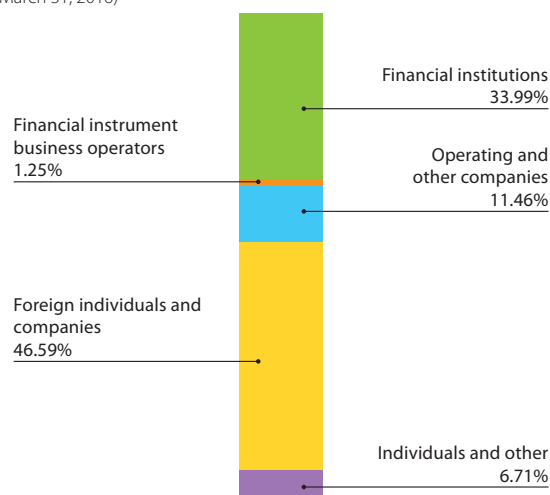
MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

## Stock details (as of March 31, 2016)

Number of authorized shares:	1,980,000,000
Number of shares issued and outstanding: (Of which treasury stock)	1,390,397,097 (2,957,749)
Number of shareholders:	57,967

## Stock composition (shareholding percentage)

(as of March 31, 2016)



This CSR Report has been prepared in accordance with the core option of the *G4 Sustainability Reporting Guidelines* from the Global Reporting Initiative (GRI). The reference table below provides the location on the Company's web site or page number in this report for each item presented in the Mitsubishi Estate Group CSR Report 2016 corresponding to these guidelines.

GRI Items	GRI Index	Location on the Company's Japanese-language web site	Page in the report	ISO 26000 core subjects and issues
<b>GENERAL STANDARD DISCLOSURES</b>				
<b>1. Strategy and Analysis</b>				
G4-1	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.	Message from the President Message from the director responsible for CSR	4-6 7	4.7 6.2
G4-2	Description of key impacts, risks, and opportunities.	Message from the President Message from the director responsible for CSR Providing exceptional value to society ◆ Mitsubishi Estate Group Annual Report > Risk Management	4-6, 7, 8-9	7.4.2
<b>2. Organizational Profile</b>				
G4-3	Name of the organization.	◆ Corporate Information > Profile of Mitsubishi Estate > Corporate Data	Back cover	6.3.10 6.4.1-6.4.2
G4-4	Primary brands, products, and/or services.	◆ Corporate Information > About Mitsubishi Estate	9	6.4.3 6.4.4 6.8.5
G4-5	Location of organization's headquarters.	◆ Corporate Information > Profile of Mitsubishi Estate	Back cover	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Cutting-edge community development > Feature: Sharing Mitsubishi Estate Group's urban development with the world ◆ Corporate Information > About Mitsubishi Estate > International Business	22-23	
G4-7	Nature of ownership and legal form.	◆ Corporate Information > Profile of Mitsubishi Estate	-	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	◆ Corporate Information > About Mitsubishi Estate	-	
G4-9	Scale of the organization.	◆ Corporate Information > Profile of Mitsubishi Estate > Corporate Data Financial and Non-Financial Information	8-9	
G4-10	Total number of employees by employment contract and gender. Total number of permanent employees by employment type and gender. Total workforce by employees and supervised workers and by gender. Total workforce by region and gender. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Human resource development > Data on human resources	35	
G4-11	Percentage of total employees covered by collective bargaining agreements.	Human resource development > Supportive workplaces for employees	-	
G4-12	Organization's supply chain.	Providing exceptional value to society	8-9	
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	<i>Not applicable</i>	-	
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>				
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	Message from the director responsible for CSR Environment > Mitsubishi Estate Group Basic Environmental Policy and its operational framework Environment > Long-Term Environmental Vision Cooperating with business partners ◆ Mitsubishi Estate Group Annual Report > Risk Management	7, 24, 39	7.8
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	-	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: ● Holds a position on the governance body ● Participates in projects or committees ● Provides substantive funding beyond routine membership dues ● Views membership as strategic	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	-	



GRI Items	GRI Index	Location on the Company's Japanese-language web site	Page in the report	ISO 26000 core subjects and issues	
<b>3. Identified Material Aspects and Boundaries</b>					
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	◆ Corporate Information > Profile of Mitsubishi Estate	-	5.2 7.3.2 7.3.3 7.3.4	Recognizing social responsibility Determining relevance and significance of core subjects and issues to an organization An organization's sphere of influence Establishing priorities for addressing issues
G4-18	Process for defining the report content and the Aspect Boundaries. How the organization has implemented the Reporting Principles for Defining Report Content.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	10-11		
G4-19	Material Aspects identified in the process for defining report content.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	10-11		
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	10-11		
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	10-11		
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	<i>Not applicable</i>	-		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Initiatives to reduce CO <sub>2</sub> emissions in building operations and management	28		
<b>4. Stakeholder Engagement</b>					
G4-24	Stakeholder groups engaged by the organization.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	12	5.3	Stakeholder identification and engagement
G4-25	Basis for identification and selection of stakeholders with whom to engage.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	12		
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management Environment: Building a society with a lower carbon footprint Urban development together with society	10-11, 12-13, 14-17, 28		
G4-27	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. Report the stakeholder groups that raised each of the key topics and concerns.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management Environment: Building a society with a lower carbon footprint Urban development together with society	10-11, 12-13, 14-17, 28		
<b>5. Report Profile</b>					
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Editorial Policy for the CSR Website	3	7.5.3	Types of communication on social responsibility Enhancing the credibility of reports and claims about social responsibility
G4-29	Date of most recent previous report (if any).	Editorial Policy for the CSR Website	3	7.6.2	
G4-30	Reporting cycle (such as annual, biennial).	Editorial Policy for the CSR Website	3		
G4-31	Contact point for questions regarding the report or its contents.	Editorial Policy for the CSR Website	3		
<b>GRI CONTENT INDEX</b>					
G4-32	"In accordance" option the organization has chosen. GRI Content Index for the chosen option. Reference to the External Assurance Report, if the report has been externally assured.	<i>Core option</i> Editorial Policy for the CSR Website GRI Content Index	3		
<b>ASSURANCE</b>					
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, scope and basis of any external assurance provided. Relationship between the organization and the assurance providers. Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	Editorial Policy for the CSR Website	-		
<b>6. Governance</b>					
<b>GOVERNANCE STRUCTURE AND COMPOSITION</b>					
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance	38	6.2 7.4.3 7.7.5	Organizational governance Building social responsibility into an organization's governance, systems and procedures Improving performance
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	10		
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	10		
G4-37	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Serving shareholders and investors > Company executives give briefings for shareholders, investors and analysts	40		
G4-38	Composition of the highest governance body and its committees.	Corporate Governance ◆ Annual Report > Outline of Corporate Governance	38		
G4-39	Whether the Chair of the highest governance body is also an executive officer.	◆ Annual Report > Corporate Governance	-		
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Corporate governance	38		
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Corporate Governance ◆ Corporate Governance Report > Items Relating to Organization Structure and Operations, etc.	38		
<b>HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY</b>					
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Message from the director responsible for CSR CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	7, 10		

GRI Items	GRI Index	Location on the Company's Japanese-language web site	Page in the report	ISO 26000 core subjects and issues	
<b>HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION</b>					
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	10-11	6.2 7.4.3 7.7.5	Organizational governance Building social responsibility into an organization's governance, systems and procedures Improving performance
<b>HIGHEST GOVERNANCE BODY'S ROLE IN RISK MANAGEMENT</b>					
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Compliance > Risk management ◆ Corporate Governance Report > Basic policy on and status of internal governance system	37		
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Compliance > Risk Management	37		
<b>HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING</b>					
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	-		
<b>HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE</b>					
G4-49	Process for communicating critical concerns to the highest governance body.	Serving shareholders and investors > Company executives give briefings for shareholders, investors and analysts	40		
<b>REMUNERATION AND INCENTIVES</b>					
G4-51	Remuneration policies for the highest governance body and senior executives for the below types of remuneration.	Corporate Governance	38		
G4-52	Process for determining remuneration.	Corporate Governance	38		

## 7. Ethics and Integrity

G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	CSR-Driven Management at the Mitsubishi Estate Group Environment > Long-Term Environmental Vision Environment > Mitsubishi Estate Group Basic Environmental Policy and its operational framework Urban development together with society > Providing value to society	2, 5, 6, 8, 9	4.4 6.6.3	Ethical behavior Anti-corruption
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Compliance	37		
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Compliance	37		

## SPECIFIC STANDARD DISCLOSURES

### 8. Generic Disclosures on Management Approach

G4-DMA	Why the Aspect is material.	The themes the Company deems material are reported on in the Medium-Term Management Plan, Selecting Key CSR Themes, CSR-Driven Management at the Mitsubishi Estate Group, 2020 Long-Term Vision, Mitsubishi Estate Group Long-Term Environmental Vision, Mitsubishi Estate Group Basic Environmental Policy and Guidelines on Social Contribution Activities. CSR-Driven Management at the Mitsubishi Estate Group Providing exceptional value to society Environment > Long-Term Environmental Vision Environment > Mitsubishi Estate Group Basic Environmental Policy and its operational framework Urban development together with society > Providing value to society	7-11, 24	6 7.3.1 7.4.3 7.7.3 7.7.5	Guidance on social responsibility core subjects Due diligence Building social responsibility into an organization's governance, systems and procedures Reviewing an organization's progress and performance on social responsibility Improving performance
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## CATEGORY: ECONOMIC

### Aspect: Economic Performance

G4-EC1	Direct economic value generated and distributed.	CSR-Driven Management at the Mitsubishi Estate Group > CSR Management	-	6.8.1-6.8.2 6.8.3	Community involvement and development Wealth and income creation
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	◆ Mitsubishi Estate Group Annual Report > Risk Management	-	6.8.7 6.8.9 6.5.5	Community involvement Social investment Climate change mitigation and adaptation
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Human resource development > Supportive workplaces for employees	-		

### Aspect: Market Presence

G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Human resource development > Initiatives in human resource development	30	6.3.7 6.3.10 6.4.3 6.4.4 6.8.1-6.8.2	Discrimination and vulnerable groups Fundamental principles and rights at work Employment and employment relationships Conditions of work and social protection Community involvement and development
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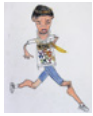
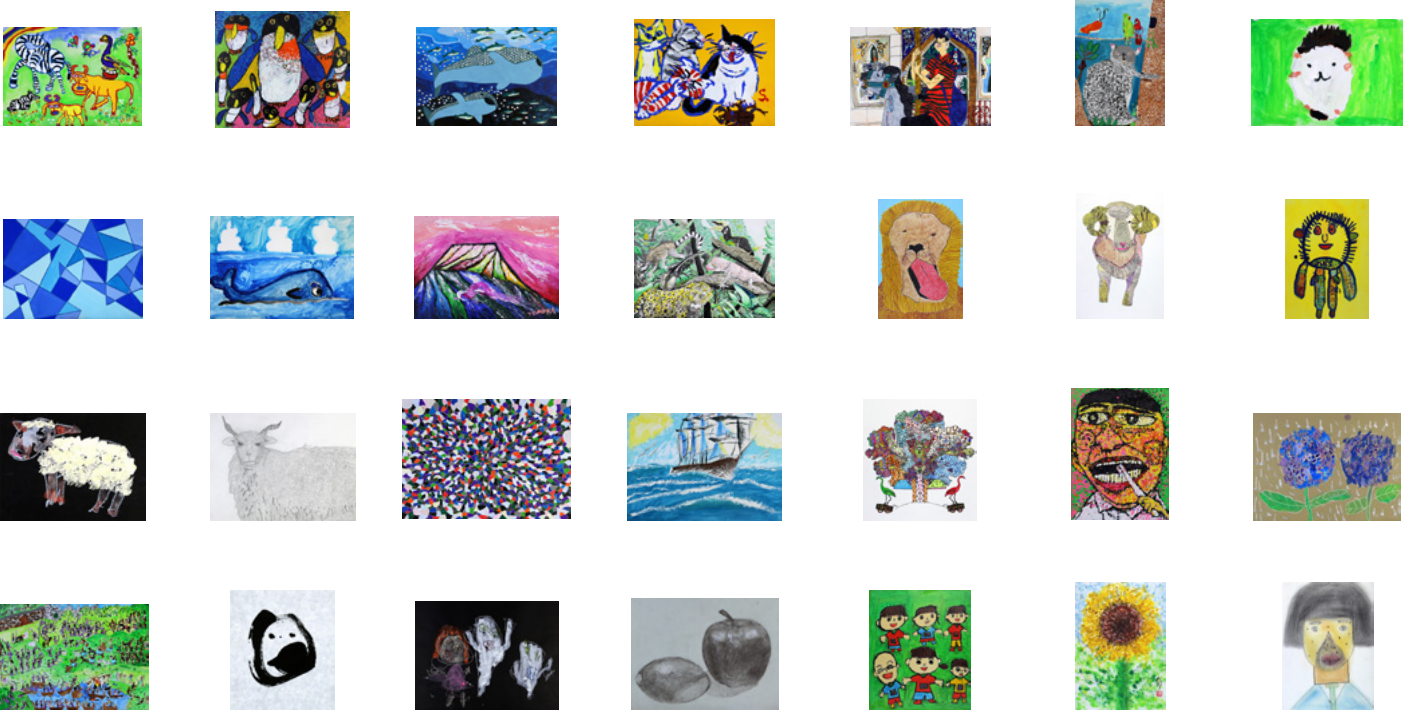
GRI Items	GRI Index	Location on the Company's Japanese-language web site	Page in the report	ISO 26000 core subjects and issues
<b>Aspect: Indirect Economic Impacts</b>				
G4-EC7	Development and impact of infrastructure investments and services supported.	Urban development together with society Cutting-edge community development Environment > Building a society with a lower carbon footprint	14-17, 20-23, 27-28	6.3.9 6.8.1-6.8.2 6.8.7 6.8.9 Economic, social and cultural rights Community involvement and development Wealth and income creation Social investment
<b>CATEGORY: ENVIRONMENTAL</b>				
<b>Aspect: Materials</b>				
G4-EN1	Materials used by weight or volume.	Usage of major structural materials in fiscal 2015 by Mitsubishi Estate Home, which procures its own raw materials, totaled 12,636 m <sup>3</sup> .	-	6.5.4 Sustainable resource use
<b>Aspect: Energy</b>				
G4-EN3	Energy consumption within the organization.	Environment > Building a society with a lower carbon footprint	28	6.5.4 6.5.5 Sustainable resource use Climate change mitigation and adaptation
G4-EN4	Energy consumption outside of the organization.	Construction sub-contractors are outside the scope of this report.	-	
G4-EN5	Energy intensity.	Environment > Building a society with a lower carbon footprint	28	
G4-EN6	Reduction of energy consumption.	Environment > Building a society with a lower carbon footprint	28	
G4-EN7	Reductions in energy requirements of products and services.	Environment > Four symbolic initiatives Environment > Reducing environmental impact Environment > Building a society with a lower carbon footprint Environment > Helping society to recycle more Environment > Fostering harmony between nature and human society	25-29	
<b>Aspect: Water</b>				
G4-EN8	Total water withdrawal by source.	Environment > Helping society to recycle more	28	6.5.4 Sustainable resource use
G4-EN9	Water sources significantly affected by withdrawal of water.	Environment > Fostering harmony between nature and human society	-	
G4-EN10	Percentage and total volume of water recycled and reused.	Environment > Helping society to recycle more	-	
<b>Aspect: Biodiversity</b>				
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Environment > Fostering harmony between nature and human society	-	6.5.4 Sustainable resource use
G4-EN12	Description on significant impacts on activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Environment > Fostering harmony between nature and human society	-	
G4-EN13	Habitats protected or restored.	Environment > Fostering harmony between nature and human society	29	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	<i>Not applicable</i>	-	
<b>Aspect: Emissions</b>				
G4-EN15	Direct greenhouse gas (GHG) emissions (SCOPE 1).	Environment > Building a society with a lower carbon footprint	28	6.5.5 6.5.3 Climate change mitigation and adaptation Prevention of pollution
G4-EN18	Greenhouse gas (GHG) emissions intensity.	Environment > Building a society with a lower carbon footprint	28	
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	<i>Not applicable</i>	-	
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	Environment > Building a society with a lower carbon footprint	28	
G4-EN20	Emissions of ozone-depleting substances (ODS).	The Mitsubishi Estate Group strives to manage emissions appropriately in line with related legislation. The Group is carrying out a survey in order to disclose emissions in line with the revised Fluorocarbon Law, which went into effect in April 2015.	-	
G4-EN21	NOx, SOx, and other significant air emissions.	The Mitsubishi Estate Group manages emissions appropriately in line with the Air Pollution Control Act and other related legislation. There were no emissions exceeding the applicable standard values for any of these items.	-	
<b>Aspect: Effluents and Waste</b>				
G4-EN22	Total water discharge by quality and destination.	Environment > Helping society to recycle more	28	6.5.3 6.5.4 Prevention of pollution Sustainable resource use
G4-EN23	Total weight of waste by type and disposal method.	Environment > Helping society to recycle more	28	
G4-EN24	Total number and volume of significant spills.	<i>Not applicable</i>	-	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	<i>Not applicable</i>	-	
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	Environment > Fostering harmony between nature and human society	-	

GRI Items	GRI Index	Location on the Company's Japanese-language web site	Page in the report	ISO 26000 core subjects and issues
<b>Aspect: Products and Services</b>				
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Environment > Reducing environmental impact	27	6.5.3 Prevention of pollution
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	Not applicable	-	6.5.4 Sustainable resource use 6.5.5 Climate change mitigation and adaptation 6.7.5 Sustainable consumption
<b>Aspect: Compliance</b>				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not applicable	-	
<b>Aspect: Overall</b>				
G4-EN31	Total environmental protection expenditures and investments by type.	Environment > Environmental Management System	-	6.5.1-6.5.2 The environment
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	Not applicable		
<b>Aspect: Supplier Environmental Assessment</b>				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Cooperating with Business Partners	39	6.3.5 Avoidance of complicity
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Cooperating with Business Partners	39	6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence
<b>CATEGORY: SOCIAL</b>				
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>				
<b>Aspect: Employment</b>				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Human resource development > Data on human resources	-	6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.8.7 Health and income creation
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Human resource development > Supportive workplaces for employees	-	
G4-LA3	Return to work and retention rates after parental leave, by gender.	Human resource development > Supportive workplaces for employees	33	
<b>Aspect: Occupational Health and Safety</b>				
G4-LA5	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.	Not applicable	-	6.4.6 Health and safety at work 6.8.8 Health
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	This is not disclosed as the workplaces, which are primarily offices, of Mitsubishi Estate Group employees expose them to little risk of occupational disease or injury, and there are very few workplace accidents.	-	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	Not applicable	-	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Human resource development > Supportive workplaces for employees	-	
<b>Aspect: Training and Education</b>				
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Human resource development > Initiatives in human resource development	30	6.4.7 Human development and training in the workplace 6.8.5 Employment creation and skills development
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Human resource development > Initiatives in human resource development Human resource development > Supportive workplaces for employees	-	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Human resource development > Initiatives in human resource development	-	
<b>Aspect: Diversity and Equal Opportunity</b>				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	◆ Mitsubishi Estate Group Annual Report > Corporate Governance Human resource development > Data on human resources	35	6.2.3 Decision-making processes and structures 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships
<b>Aspect: Equal Remuneration for Women and Men</b>				
G4-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.	Human resource development > Initiatives in human resource development	-	6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection
<b>Aspect: Supplier Assessment for Labor Practices</b>				
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	Cooperating with business partners	39	6.3.5 Avoidance of complicity
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Cooperating with business partners	39	6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence



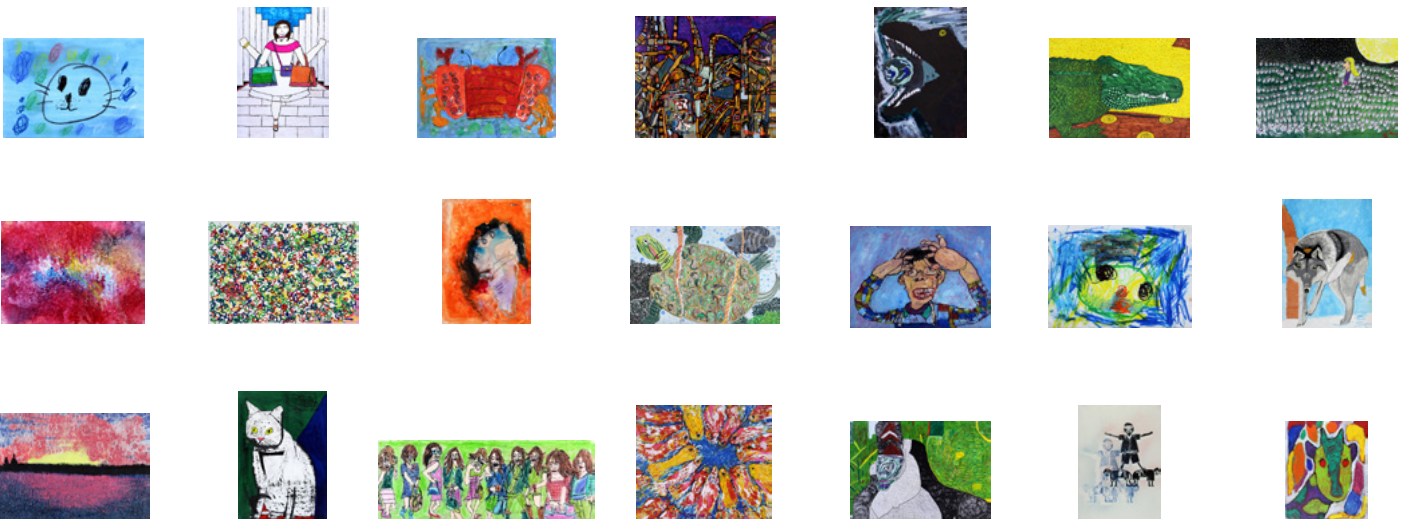
GRI Items	GRI Index	Location on the Company's Japanese-language web site	Page in the report	ISO 26000 core subjects and issues	
<b>SUB-CATEGORY: HUMAN RIGHTS</b>					
<b>Aspect: Investment</b>					
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Human resource development > Respecting human rights and employee diversity	-	6.3.3 6.3.5	Due diligence Avoidance of complicity
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Human resource development > Respecting human rights and employee diversity	-	6.6.6	Promoting social responsibility in the value chain
<b>Aspect: Non-discrimination</b>					
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	Human resource development > Respecting human rights and employee diversity	-	6.3.6 6.3.7 6.3.10 6.4.3	Resolving grievances Discrimination and vulnerable groups Fundamental principles and rights at work Employment and employment relationships
<b>Aspect: Child Labor</b>					
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	<i>Not applicable</i> (Business involving development and construction is primarily carried out in Japan, where laws against child labor are thoroughly enforced and cases of it occurring are extremely rare, and as such there is nothing to specify as having significant risk for incidents of child labor or forced labor.)	-		
<b>Aspect: Forced or Compulsory Labor</b>					
G4-HR6	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.	<i>Not applicable</i> (Business involving development and construction is primarily carried out in Japan, where laws against forced labor are thoroughly enforced and cases of it occurring are extremely rare, and as such there is nothing to specify as having significant risk for incidents of child labor or forced labor.)	-		
<b>Aspect: Security Practices</b>					
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	Human resource development > Respecting human rights and employee diversity	32		
<b>Aspect: Supplier Human Rights Assessment</b>					
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	Cooperating with business partners	-	6.3.3	Due diligence
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Cooperating with business partners	-	6.3.4 6.3.5 6.6.6	Human rights risk situations Avoidance of complicity Promoting social responsibility in the value chain
<b>SUB-CATEGORY: SOCIETY</b>					
<b>Aspect: Local Communities</b>					
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Urban development together with society	14-17	6.3.9 6.5.1-6.5.2	Economic, social and cultural rights The environment
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	In the event that transfers are requested as the result of rebuilding, development and other projects, appropriate steps are taken after discussion with all parties.	-	6.5.3 6.8	Prevention of pollution Community involvement and development
<b>Aspect: Anti-corruption</b>					
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Compliance	36-37	6.6.1-6.6.2 6.6.3	Fair operating practices Anti-corruption
G4-S04	Communication and training on anti-corruption policies and procedures.	Compliance	36-37	6.6.6	Promoting social responsibility in the value chain
G4-S05	Confirmed incidents of corruption and actions taken.	<i>Not applicable</i>	-		
<b>Aspect: Public Policy</b>					
G4-S06	Total value of political contributions by country and recipient/beneficiary.	Compliance	-	6.6.1-6.6.2 6.6.4	Fair operating practices Responsible political involvement
<b>Aspect: Anti-competitive Behavior</b>					
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	<i>Not applicable</i>	-		
<b>Aspect: Compliance</b>					
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Compliance	-		
<b>Aspect: Supplier Assessment for Impacts on Society</b>					
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society.	Cooperating with business partners	-		
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>					
<b>Aspect: Customer Health and Safety</b>					
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Urban development together with society > Safe and secure community development	-	6.7.1-6.7.2 6.7.4	Consumer issues Protecting consumers' health and safety
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	<i>Not applicable</i>	-	6.7.5 6.8.8	Sustainable consumption Health

GRI Items	GRI Index	Location on the Company's Japanese-language web site	Page in the report	ISO 26000 core subjects and issues
<b>Aspect: Product and Service Labeling</b>				
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Urban development together with society > Information for everyone Urban development together with society > Communicating with clients Environment > Fostering harmony between nature and human society	-	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome.	<i>Not applicable</i>		4.6 6.7.1-6.7.2 6.7.3 6.7.4 6.7.5 6.7.9 Respect for the rule of law Consumer issues Fair marketing, factual and unbiased information and fair contractual practices Protecting consumers' health and safety Sustainable consumption Education and awareness
G4-PR5	Results of surveys measuring customer satisfaction.	Urban development together with society > Communicating with clients	-	6.7.1-6.7.2 6.7.6 Consumer issues Consumer service, support, and complaint and dispute resolution
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	Cutting-edge community development > Feature: Sharing Mitsubishi Estate Group's urban development with the world Environment > Four symbolic initiatives Environment > Building a society with a lower carbon footprint	22-23, 25	6.7.1-6.7.2 6.7.7 Consumer issues Consumer data protection and privacy
<b>Aspect: Marketing Communications</b>				
G4-PR6	Sale of banned or disputed products.	<i>Not applicable</i>	-	4.6 6.7.1-6.7.2 6.7.3 Respect for the rule of law Consumer issues Fair marketing, factual and unbiased information and fair contractual practices
G4-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.	Urban development together with society > Information for everyone	-	
<b>Aspect: Customer Privacy</b>				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<i>Not applicable</i>	-	
<b>Aspect: Compliance</b>				
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	<i>Not applicable</i>	-	



A Love for People. A Love for the City.

 **MITSUBISHI ESTATE CO., LTD.**



About the cover design

The back cover shows the award-winning works of art from the fiscal 2015 fourteenth Kira Kira Art Competition held by Mitsubishi Estate for children with disabilities.

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