



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.

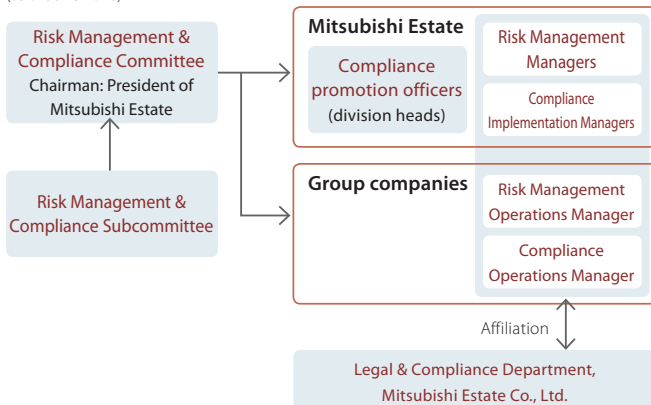
System for promoting compliance

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.