

Promotion of compliance meeting the expectations of clients and society

The Mitsubishi Estate Group aspires to build trusting relationships with its stakeholders through a highly transparent management system and reinforced compliance. Not only complying with laws and regulations, the Group works hard to meet all the expectations of clients and society. The Group also identifies and responds appropriately to various business risks.

The Mitsubishi Estate Group has established the Risk Management & Compliance Committee and the Risk Management & Compliance Subcommittee, which discuss issues concerning Group compliance and risk management. In addition, an executive director has been appointed by decision of the Board of Directors to take responsibility for overseeing and promoting compliance. All Mitsubishi Estate departments and Group companies are working closely with Mitsubishi Estate's Legal & Compliance Department to pursue compliance in a coordinated manner.

The Mitsubishi Estate Group works hard to build trusting relationships with its stakeholders by employing a highly transparent management system and continually strengthening 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.

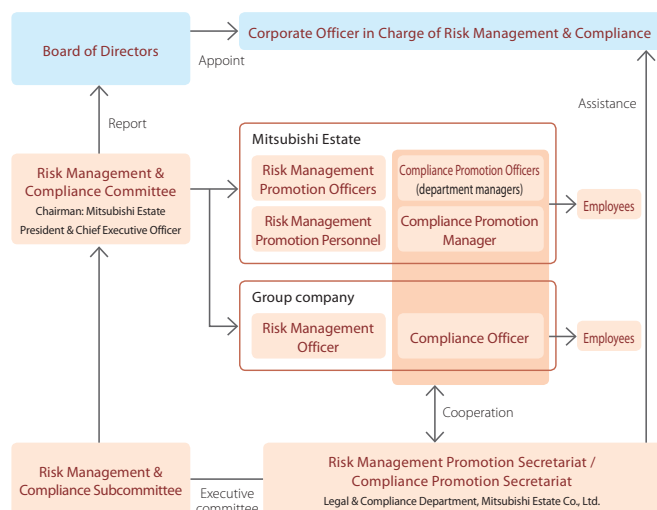
Subcommittee, which comprises general managers, holds discussions before the CSR Committee meets. In addition, an executive director has been appointed by decision of the Board of Directors as the Executive Director of Compliance to take responsibility for overseeing and promoting compliance. All Mitsubishi Estate departments and Group companies are working closely with the Legal & Compliance Department, which serves as the executive committee, to pursue compliance in a coordinated manner.

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. In June fiscal 2017, the risk management and compliance system was revised as shown below in order to support coordinated execution of risk management and compliance.

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.

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.

Mitsubishi Estate Group's risk management and compliance system
(as of June 2017)



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 (306 participants from 22 companies in April 2016).



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

Holding Risk Management and Compliance Lectures

Mitsubishi Estate holds risk management and compliance lectures for managers and executives, including those at Group companies.

The lecture topic is chosen from genres related to risk management and compliance, in light of social conditions in that particular year. In November 2016, Haruhiko Higuchi, a professor at the National Police Academy, spoke on "Corporate Misconduct and Lessons to be Learned."

Reinforcing Compliance at the Mitsubishi Estate Group

Mitsubishi Estate issues the Compliance Newsletter, a publication for all Group executives and employees, with the aim of raising the Group's compliance awareness (published bimonthly in fiscal 2017). 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

Compliance Surveys

Mitsubishi Estate Group gives compliance surveys every two years to its approximately 14,500 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 business group and company, to plan activities to improve compliance.

Compliance survey "Extent to which Code of Conduct is achieved"

KPI

88%

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 the Compliance Newsletter and on posters. A helpline exclusively for business partners has also been set up.

There were 39 consultations and reports via the help line in fiscal 2016. Depending on the substance



Leaflet on help line exclusively for business partners

of the inquiries, they are studied and the situation is confirmed so that an appropriate response can be made.

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. Coupled with thorough monitoring and oversight, the company continues to reinforce its information management.

With Japan's amended Act on the Protection of Personal Information taking effect in May 2017, Mitsubishi Estate revised the Mitsubishi Estate Group Basic Policy on Personal Information Protection and the Regulations for Handling Personal Information. The company familiarized its officers and employees with the updates in order to ensure proper handling of personal information.

The Mitsubishi Estate Group Basic Policy on Personal Information Protection is available on the company's web site (in Japanese).
<http://www.mec.co.jp/j/specific/index.html>

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's 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 ensures it is appropriate 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. The Group ensures that its officers and employees are well-versed in regulations related to corruption prevention by providing training, such as programs for those engaged in international business, and also monitors the status of operations.

The Group was not subject to any fines or penalties for corruption in fiscal 2016.

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.