

Compliance

Promotion of compliance meeting the expectations of clients and society



Basic Concept and Approach

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. After Mitsubishi Estate was found to have violated some stipulations of the Commercial Code of Japan in 1997, the Mitsubishi Estate Group Basic Mission and Mitsubishi Estate Group Code of Corporate Conduct were formulated to reflect the company's resolve to never repeat the same mistakes. The Code of Conduct and Basic Mission were revised in 2006 as part of a serious and humble response to the discovery of soil and groundwater contamination problems at Osaka Amenity Park (OAP) in 2005. The company regards compliance as one of its most pressing issues to address. Moreover, as the company continues to expand its businesses domestically and internationally, its social responsibilities increase in sophistication and global scale. This has led to a greater need for the whole group to share a sense of values and a standard of conduct. Therefore the Mitsubishi Estate Group Guidelines for Conduct were revised in April 2018 with the hope that they will increase true corporate value by being applied to the daily actions of individual employees and executive officers. The Mitsubishi Estate Group aspires to build trusting relationships with its stakeholders through a highly transparent management system and reinforced compliance. Not only does the Group comply with laws and regulations but it also works hard to meet all the expectations of clients and society as it strives to achieve its basic mission of contributing to society through urban development. The Group also identifies and responds appropriately to various business risks.

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.

Management System

The Mitsubishi Estate Group designates the corporate officer in charge of compliance appointed by decision of the Board of Directors as the person responsible for overall compliance, designates all department head in Mitsubishi Estate as compliance promotion officers and also selects compliance officers at each Group company to create a structure for promoting and monitoring compliance. The Group has also established a Risk Management & Compliance Committee and a Risk Management & Compliance Subcommittee as councils which formulate plans discuss issues concerning Group compliance and risk management.
(Note) A detailed structure chart is available online

Compliance in Practice

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

Revising and Publishing the Compliance Guidebook

To accompany the revision of the Mitsubishi Estate Group Guidelines for Conduct in April 2018, the Compliance Guidebook was revised and published as a training tool. The Guidebook uses illustrations and a Q&A format to explain the Mitsubishi Estate Group's five most important values in an easy-to-follow format. It was distributed to all Group officers and employees and helps to increase knowledge and understanding of what compliance involves.

Providing Compliance Training KPI 1

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 (336

participants from 21 companies in April 2018).

Moreover, Mitsubishi Estate provides compliance education during training for newly appointed managers and level 2 professional career hires, and also 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 July 2017, Professor Iwao Taka of the School of Economics and Business Administration at Reitaku University (and also a Mitsubishi Estate outside director) spoke on the topic: "Foreign Corrupt Practices as a Global Risk."

Compliance Surveys KPI 2

Mitsubishi Estate Group gives compliance surveys every two years to its approximately 16,000 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 business group and company, to plan activities to improve compliance.

Augmenting the Help Line

The Mitsubishi Estate Group has established a compliance help line to receive inquiries and consultations on compliance issues. In January 2018 the Mitsubishi Estate Group help line consultation window was changed and unified with external organizations to make it possible for it to receive calls on weekday evenings and weekends and holidays as well. 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.

There were 64 consultations and reports via the Mitsubishi Estate Group help line in fiscal 2017. Depending on the substance of the inquiries, they are studied and the situation is confirmed so that an appropriate response can be made. A help line exclusively for business partners has also been set up.



Leaflet on help line exclusively for business partners

Risk Management

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Risk Management Rules and has set up and operates a risk management system to manage risk in all its business activities.

The Group systematically carries out risk management programs, focusing on the following two types of activities.

- 1 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.
- 2 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.

Rigorous Information Management

The Mitsubishi Estate Group Guidelines for Conduct include stipulations on information management. As such the company is committed to obtaining information appropriately, managing it strictly and protecting personal information to the greatest extent of its capabilities. In April 2018 the Group's internal regulations on information management were completely revised. In addition to appointing an officer with maximum authority over information management for the whole group, a chief information system management officer was also appointed and the Group strengthened its information security across board. To support this revision in regulations, the Group's employees and executive officers were trained in information management in order to ensure the proper handling of information. Mitsubishi Estate works to improve information handling by conducting Information Management e-learning training for all employees and officers and reexamining the way information is handled in all departments.

The Mitsubishi Estate Group Basic Policy on Personal Information Protection is available on the company's website (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, the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption were established as a system to prevent corruption throughout the organization. The risk of corruption is assessed for each contract and due diligence is mandated in the case of parties considered high risk. This due diligence is accompanied by monitoring in the course of operations. The Group also drew up and published the Mitsubishi Estate Group Anti-Corruption Guideline in July 2018. It also conducted training for Group officers and employees involved in its international businesses to ensure their full understanding of the company's anti-corruption regulations.

The Group was not subject to any fines or penalties for corruption in fiscal 2018.

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.

Fiscal 2017 KPI results

- Compliance training such as training by level and CSR lectures
- Rate of participation in compliance e-training (Mitsubishi Estate Group*)

99% (Fiscal 2030 ongoing goal: 100%)

* Four companies: Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Jisho Residence and Mitsubishi Real Estate Services

KPI 1

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

88%

KPI 2

Please visit the website for details.

<http://www.mec.co.jp/e/csr/compliance/index.html>