



A Love for People. A Love for the City.

 **MITSUBISHI ESTATE CO., LTD.**

**About the backcover design**

The back cover shows the award-winning works of art from the fiscal 2018 17th *Kira Kira* Art Competition held by Mitsubishi Estate for children with disabilities.

MITSUBISHI ESTATE GROUP

# Sustainability Report 2019



# “A Love for People. A Love for the City”

Forever Taking On New Challenges—The Mitsubishi Estate Group

## The Spirit of Mitsubishi: Three Principles

<p>“Shoki Hoko” 所期奉公 Corporate Responsibility to Society Strive to enrich society, both materially and spiritually, while contributing toward the preservation of the global environment.</p>	<p>“Shoji Komei” 処事光明 Integrity and Fairness Maintain principles of transparency and openness, conducting business with integrity and fairness.</p>	<p>“Ritsugyo Boeki” 立業貿易 Global Understanding through Business Expand business, based on an all-encompassing global perspective.</p>
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## The Mission of the 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 the creation of a truly meaningful society.

## The Mitsubishi Estate Group Code of Corporate Conduct

In order to carry out the Group’s Mission, we pledge to observe the following Code of Conduct:

### 1. 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.

### 2. 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.

### 3. We will strive to create a vibrant workplace.

While aiming at personal growth, we will respect the human rights and diversity of opinions 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/Revised: April 1, 2018

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## 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 2019, the Group began publishing the Sustainability Report as a means of disclosing information on Group efforts to realize a sustainable world.

To accelerate Group efforts to resolve social issues through its business activities and realize a sustainable world, the Group formulated the Mitsubishi Estate Group Sustainability Vision 2050, a vision of the Group’s future through 2050, and the Mitsubishi Estate Group 2030 Goals for SDGs, which set medium- and long-term targets for achieving its vision for 2050.

### Reporting structure

The Sustainability Site is conceived as a complete version of our Sustainability Report with the full range of information regarding the Group’s sustainability activities, including technical numerical data. The printed digest edition is made available for general readers and provides selected parts of the website’s content. Further details regarding the company profile and performance can be found on the Mitsubishi Estate website.

### Websites

Sustainability: <https://www.mec.co.jp/e/sustainability/index.html>  
Investor Relations: <https://www.mec.co.jp/e/investor/index.html>  
Corporate Information: <https://www.mec.co.jp/e/company/index.html>  
Our Business: <https://www.mec.co.jp/e/business/index.html>

### Scope

The organizations covered by the 2019 Sustainability Report are Mitsubishi Estate and 59 Group companies (48 in Japan and 11 overseas) that share the Mitsubishi Estate Group Code of Conduct.

### Refer to the website for a list of organizations covered in the report

### Period

The report covers fiscal 2018 (April 1, 2018 to March 31, 2019), but also includes information pertaining to other fiscal years.

### Reference guidelines

- GRI Sustainability Reporting Standards (2018 edition), Global Reporting Initiative (GRI)
- Environmental Reporting Guidelines (2018 edition), Ministry of the Environment, Japan
- ISO 26000 Guidance on Social Responsibility, International Organization for Standardization

### Refer to the website for the GRI Standards Content Index

Publication date March, 2020

Next issue The next issue is scheduled for publication in October 2020.

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**We will fulfill social expectations through the enduring values of community development while embracing the new challenge of enhancing sustainability-focused management.**

**Junichi Yoshida**

President & Chief Executive Officer  
Mitsubishi Estate Co., Ltd.

### **Sustainability increasingly important both in and outside Japan**

It has been about a year since Japan began a new Imperial era with the transition from the Heisei to the Reiwa era upon the accession of the new emperor. On the start of this new era, I feel once again that the Mitsubishi Estate Group must strongly emphasize contribution on a global scale in addition to Japanese society. This is felt even more keenly against the backdrop of diverse environmental and social issues emerging both in and outside Japan.

In 2019, several large typhoons and storms, thought to be due to climate change, caused devastation across Japan. Meanwhile, in addition to extreme weather, such as high temperatures and rainfall, a series of natural disasters such as large-scale wildfires have struck around the globe. The problems of refugees and poverty resulting from regional conflicts remain unresolved. In view of food and water issues that will come from future global population growth, as well as transport and waste problems due to urbanization, we realize that “sustainability” has become an even more important keyword inside and outside Japan.

Moreover, there is growing interest and hope surrounding the United Nations Sustainable Development Goals (SDGs) for addressing these issues. Even without needing to cite Goal 17 “Partnerships for the goals,” corporations are working together with diverse stakeholders in Japan and overseas to pursue sustainable business frameworks. In light of this, we must now take on greater responsibilities than ever, both in Japan and in the international community. The Mitsubishi Estate Group, with its core business of urban development, is determined to go beyond the confines of a single company and work with government organizations, local companies, and other partners to articulate a vision for sustainable cities. We hope to enhance our sustainability management with this in mind.

### **Putting the long-term perspective essential for urban development at the heart of management**

Based on this recognition of the social and environmental issues, we hope to focus on two approaches to management to bring about concrete action.

The first approach is implementing management with enduring values and a long-term perspective based on the characteristics and history of urban development.

Drawing on The Spirit of Mitsubishi: The Three Principles of the Mitsubishi Group, the Mitsubishi Estate Group proclaims the mission of contributing to creating a truly meaningful society, by building attractive, environmentally sound communities where people can live, work and relax with contentment. In accordance with this Mission, the Mitsubishi Estate Group has been developing the Marunouchi area for over 120 years and has expanded that area’s spirit and vibrancy to Otemachi and Yurakucho as well as further afield in Japan and overseas. At the heart of this development is the concept that urban development consists not only of the latest infrastructure such as building, utilities, and transportation infrastructure. Rather, its value reaches full potential when the unique attractions of its time and place, including creativity, entertainment, and sense of security take shape. Cities should be places where diverse people come together, interact and create the next new attractions while continuing to grow and develop. In other words, the main actors of a city are the people living through this time and, naturally, there is considerable variability in what makes a truly meaningful society.

Embracing these human values, in the Marunouchi area, for example, we transitioned from an era of



expanding and upgrading office facilities when the Company was established to an era when we enhanced commercial and cultural facilities with the aim of creating a vibrant urban district. Then we moved to drive the strengthening of seismic and disaster preparedness functions and formulation of BCPs in light of the Great East Japan Earthquake. In the interest of sustainability in recent years we have promoted the initiatives for energy and resource conservation, utilization of renewable energy, and ensuring biodiversity. Furthermore, more recently, we have worked on a variety of experimental initiatives to utilize cutting-edge technologies such as AI, IoT, and robotics. Our journey has been one of upgrading our initiatives to, as rightly expressed in SDGs Goal 11, "make cities and human settlements inclusive, safe, resilient and sustainable." As such, I believe our work in urban development is one that gives shape to the concept of sustainability.

### Implementing sustainability-focused management under a long-term vision

Urban development can be described as highly creative work constantly breathing life into cities over 50 or 100 years while engaging new people and realizing high value in social and environmental aspects as well as economic aspects. How do we pass on the Group's



unique asset of value creation capability to the next generation? And how do we maximize this value and creativity as benefits for stakeholders? In order to achieve these aims, we need to incorporate the sustainability perspective into daily management and business activities and deepen our efforts continually and systematically using the PDCA cycle based on clear objectives. This is what our second management approach is about.

To implement this approach, we announced the Mitsubishi Estate Group Sustainability Vision 2050 in February 2020. We formulated this long-term vision not only by developing forecasts based on the strengths we have built up but also by implementing backcasting based on the vision we want to achieve in 2050 and our purpose in society. The vision statement is, "Be the Ecosystem Engineers." We define the spaces and infrastructure in which diverse individuals and corporations are able to coexist sustainably and thrive together as "ecosystems," in which we aspire to leverage our diverse expertise as a developer and the coordination skills we have developed to date to address relevant issues in more conscious and active ways. This is what we mean when we say we are the Ecosystem Engineers.

We have also formulated the Mitsubishi Estate Group 2030 Goals for SDGs in order to realize the vision to which we aspire. Based on the seven material issues we set out in fiscal 2018, we established the four themes of Environment, Diversity & Inclusion, Innovation, and Resilience as the long-term perspective essential for urban development, and we aim to become a corporate group implementing world-class initiatives in these areas in 2030. For example, with respect to the environment, we have formulated individual, concrete action plans and KPIs for areas such as greenhouse gas emissions reductions (target approved by the SBT initiative) and waste emission reductions. In addition, in order to manage these individual initiatives appropriately and to strengthen corporate governance, we joined RE100\*<sup>1</sup> and decided to support the recommendations of TCFD.\*<sup>2</sup> We are also examining the use of ESG information in determining the remuneration of officers and considering the matters deliberated by the Strategic Investment Committee in our aim to further improve trust and evaluation of our company in capital markets.

Naturally, we will continue to strive to improve the sustainability of our urban development in other areas as well. We will establish targets and action plans in the

peripheral domains and promote company-wide projects aimed at achieving sustainability, developing initiatives in each business unit, reforming our organization and raising the awareness of our employees. In addition, by incorporating these initiatives into Long-Term Management Plan 2030, our new management plan starting in April 2020, we will continue with the steady implementation of the PDCA cycle.

\*<sup>1</sup> RE100: An international initiative operated by The Climate Group, an international climate change NGO, in partnership with CDP. Consists of companies aiming to use 100% renewable electricity in their business activities, with 221 members (of which 30 are Japanese companies) joining globally (as of January 2020).

\*<sup>2</sup> The Task Force on Climate Change-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB)\* based on a G20 request to investigate how to disclose climate-related information and respond to financial institutions. The task force issued its final report in June 2017, encouraging companies and others to disclose climate change-related risks and opportunities.

### Passing on our credibility and individual diversity as a corporation

Our human resources are a source of creative power that create something from nothing to achieve innovation and thus play the key role in the Mitsubishi Estate Group's sustainable value creation aimed at achieving this long-term vision. We have established systems for collaborating with startups and for internal proposals of new businesses to enable each and every one of our human resources to demonstrate their full potential. In addition, when we relocated our headquarters in January 2018, we introduced in each unit a free address work environment and increased the number of common areas to facilitate casual conversations. By doing this, we tried to create opportunities for employees to come into contact with others and encounter diverse people throughout the office, allowing for people who have different values and ideas to exchange opinions and ideas freely, thereby leading to the creation of new businesses. The feedback suggests that communication with superiors and people from other departments has increased. Going forward, we plan to reflect the know-how that we have acquired through these accomplishments in new office design. Additionally, in 2019, we established a system for the reemployment of former employees who had left the company for reasons such as raising children, providing nursing care, changing



jobs or starting a business, and we also began operating a system for permitting employees to engage in second jobs in January 2020.

The strengths of the Mitsubishi Estate Group are its credibility as a company cultivated throughout its history and its employment of diverse professionals to realize comprehensive urban development. Based on these strengths, the greatest mission of management is not simply to create a cohesive team, but also to foster a corporate culture in which each and every employee is united on sustainable urban development, creating local communities, and creating international communities through active internal and external interaction, as they work to resolve each of the issues they confront. Taking this mission to heart, we will steadily implement measures related to sustainability-focused management as we strive to enhance corporate value.

**Junichi Yoshida**  
President & Chief Executive Officer  
Mitsubishi Estate Co., Ltd.



**Message from the Director  
Responsible for Sustainability**

**Tetsuji Arimori**  
Executive Vice President  
Mitsubishi Estate Co., Ltd.

**Establishing a Vision for 2050**

The Mitsubishi Estate Group describes its mission as: “By building attractive, environmentally sound communities where people can live, work and relax with contentment we contribute to creating a truly meaningful society.” Throughout our 130 years of history in urban development, we have enhanced our corporate value and prospered as a corporate group by addressing social issues from a long-term perspective and continually creating value for society.

Over the past few years, there has been a growing sense of crisis about the global environment and social sustainability, and there have been calls for corporations to shift to sustainable business models, as set forth in the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015.

The Mitsubishi Estate Group implemented internal working groups throughout all of our business units in fiscal 2018 in order to promote further Group-wide integration of sustainability and management. Through this process, we identified the themes on which the Group should focus in light of the SDGs. We established the seven material issues, the key areas for the Group to pursue in its sustainable management.

Furthermore, together with the Mitsubishi Estate Group Long-Term Management Plan 2030, which we announced in January 2020, we set out the Mitsubishi Estate Group Sustainability Vision 2050, “Be the Ecosystem Engineers.” By backcasting from our Vision 2050, we also formulated the Mitsubishi Estate Group 2030 Goals for SDGs (“the 2030 Goals”) as an action plan for achieving the seven material issues. In order to help realize a sustainable world and provide even more profound value to a wider range of stakeholders, the Mitsubishi Estate Group is focusing on the four key

themes of Environment, Diversity & Inclusion, Innovation, and Resilience.

**Engaging with All Stakeholders in a Responsible Manner**

I am the Director responsible for Sustainability, and I lead the Sustainability Management and Promotion Department in the planning and drafting of measures for promoting sustainability across the Group. We formulate measures following deliberations and reports at the Sustainability Committee, which is chaired by the President of Mitsubishi Estate and composed of the executives from respective business fields and the Corporate Group, as well as presidents of major Group companies, among others.

We manage the concrete details of initiatives and targets for achieving the 2030 Goals at the Sustainability Committee using the PDCA cycle with the aim of continually upgrading them. Moreover, we are also considering introducing periodic progress management by a third-party organization.

Urban development, our core business, involves more than simply erecting office buildings and residential properties. The idea of fostering community while considering the history, culture and traditions of the neighborhood and the desires of the people who live there is key. It is also important to make the utmost effort in such areas as disaster preparedness and barrier-free accessibility so that diverse people can live, work and relax safely and securely. In order to achieve this, the Mitsubishi Estate Group’s idea of urban development involves engaging with customers and local community members to better understand all possible impacts our business activities may have, such as on human rights and the environment. We promote every project in a responsible

manner as we work with all stakeholders including business partners.

**Working with All Stakeholders is Important**

As encapsulated in our Vision 2050 statement, “Be the Ecosystem Engineers,” we aspire to be a corporate group (=engineers) that provides spaces and infrastructure (=ecosystems) where all actors (individuals, corporations, and more) are able to coexist sustainably and thrive together—economically, environmentally, and socially.

In order for the entire Group to work toward achieving a sustainable society, we need to share and unify common values and standards of conduct across the Group. In April 2018, we revised the Mitsubishi Estate Group Code of Conduct, which forms the basis for this, aligning it with a more sophisticated level of globalized corporate social responsibility. Additionally, we joined the United Nations Global Compact to work within the constructs of international initiatives. We have also gained the understanding that initiatives are essential throughout the supply chain from the Group’s business partners and have been sharing and promoting the Mitsubishi Estate Group CSR Procurement Guidelines.

We consider the initiatives on climate change set out in our 2030 Goals are also a critical issue for the international community. In March 2019, we instituted The Mitsubishi Estate Group Medium- to Long-Term

Greenhouse Gas Emissions Reductions Targets, as our contribution to a society with a low-carbon footprint. In April 2019, these targets were approved by the Science Based Targets initiative for being based on scientific evidence for limiting the increase in temperature to well below 2°C above pre-industrial revolution levels, as targeted under the Paris Agreement. Going forward, we will actively adopt new technologies and promote the development of real estate with a high standard of environmental performance as well as working to introduce even more renewable energy. By so doing, we strive to achieve the targets we have instituted.

Moreover, we are currently making preparations for information disclosure that is in accordance with the recommendations of the Task Force on Climate Change-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB).

In order to further accelerate the Group’s initiatives aimed at solving diverse social issues, I believe it is important for us to gain the understanding of stakeholders and work together. Going forward, we will promote dialogue and collaboration with stakeholders and address social needs and the demands and expectations on the Group through our business. While further consolidating our management base through this process of dialogue and collaboration, we steadily work toward achieving the themes set out in our 2030 Goals, to enhance our corporate value and maximize the value we provide to all stakeholders.

**Outside Director’s Message**

**Communicating Efforts Toward SDGs from the People’s Perspective**

Climate change is no longer some distant problem, but an immediate reality. With Japan’s typhoons and torrential rains of recent years, we have come to realize that all of us are being threatened and subjected to real risk by extreme weather conditions. The Mitsubishi Estate Group has established a framework with Medium- to Long-Term Greenhouse Gas Emissions Reduction Targets. The challenge of meeting the SDGs is one of great urgency, and companies face existential questions when looking at the prognosis for business over the long term.

The path to increasing corporate value and a journey to create social value are inextricably coupled with one another. In this regard, the Mitsubishi Estate Group offers a number of invaluable possibilities. The Group’s Sunshine Aquarium, for example, is extremely significant in terms of social education on biodiversity, water resources, and marine life, attracting 1.73 million visitors per year. Beyond mere recreation and entertainment, this facility

serves to teach about life, preserve species, promote research and nurture cultural understanding. One such example is the aquarium’s collaborative project with Onna Village in Okinawa Prefecture to protect and regenerate coral reefs. It also provides a place away from home and work where adults can come to be inspired and moved. In this sense, the aquarium symbolizes Mitsubishi Estate Group’s business model to create value for society.



**Setsuko Egami**  
Outside Director  
Mitsubishi Estate Co., Ltd.

# We will share in growth with diverse stakeholders through urban development that looks 100 years ahead into the future.

In order to grow in partnership with diverse stakeholders, the Mitsubishi Estate Group formulated the Mitsubishi Estate Group 2030 Goals for SDGs by backcasting from the Group's vision for 2050 from the long-term perspective commonly required both for urban development business and addressing issues of the international community. We will implement initiatives targeting each of these goals in our Long-Term Management Plan 2030, which we will launch in April 2020.

Aging society and population decline in Japan

Global population growth and urbanization

Water resource and food shortages

Issues of the International Community

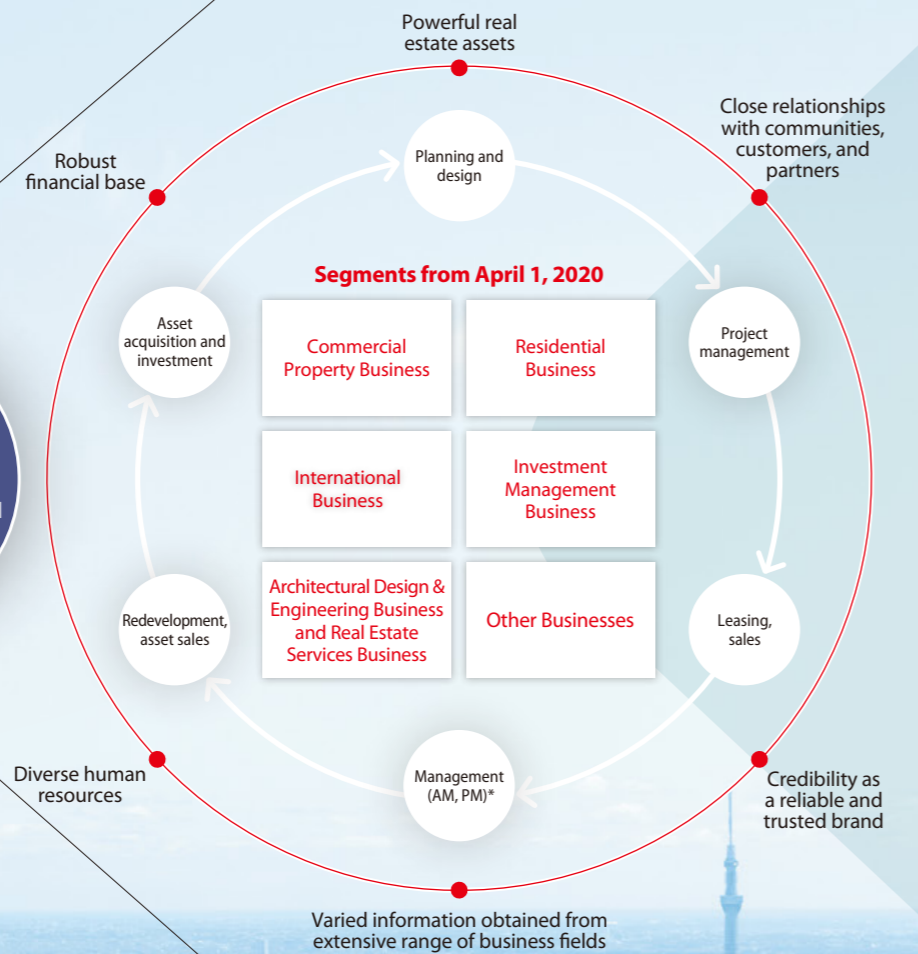
Growing concern about ecosystem and resource sustainability

Mounting concern about human rights problems

Manifestation of climate change

## The Mission of Mitsubishi Estate Group

Creation of a truly meaningful society through urban development



\* AM: Asset management, PM: Property management

### Anticipating Changes in the International Community and Business Environment

In addition to regularly researching needs and trends in the international community and the regions where we operate our business, the Mitsubishi Estate Group continually ascertains the opinions of diverse stakeholders on a daily basis in order to continue to provide new value. The formulation of a medium-to-long term growth strategy with an eye on the United Nations Sustainable Development Goals (SDGs) is also part of this process.



### Demonstrating the Group's Strengths Cultivated through Diverse Business

In formulating our growth strategy, we take advantage of our strengths, which include urban development with an ultra-long-term perspective spanning 50 or 100 years, a legacy of being ahead of the times, a wide range of contact points with stakeholders from residence to business and industry, and far-reaching interests in real estate in Japan and overseas.

Customers

Business partners

Shareholders/ investors

Local communities

Officers/ employees

Competitors

Media

Governments

NGOs, NPOs

Educational institutions

## Overview of the Mitsubishi Estate Group

(Consolidated results for the fiscal year ending March 31, 2019)

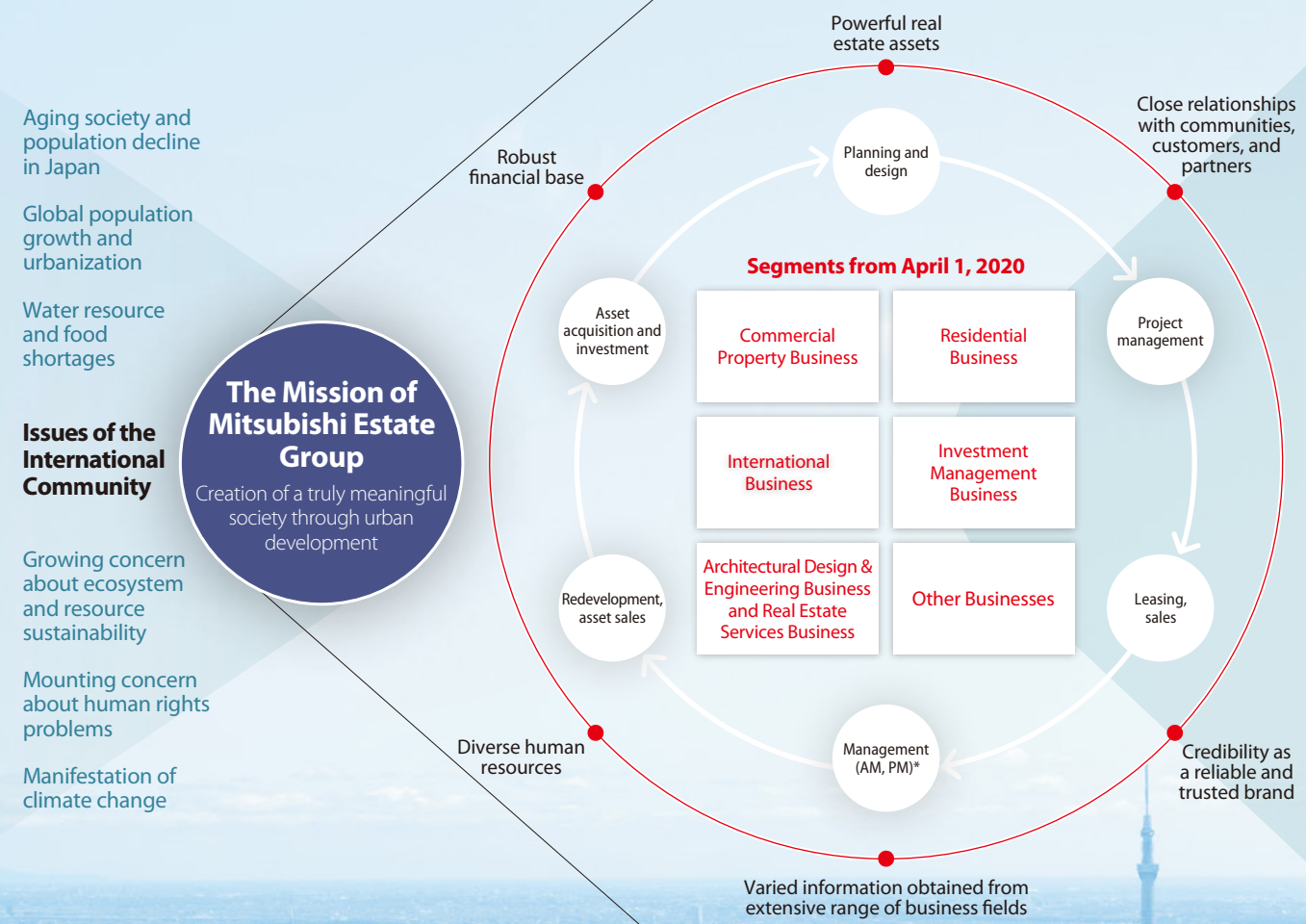
Revenue from Operations  
1,263.2 billions of yen

Total Assets  
5,774.1 billions of yen

Number of Employees  
9,439

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- Aging society and population decline in Japan
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- Customers
- Business partners
- Shareholders/investors
- Local communities
- Officers/employees
- Competitors
- Media
- Governments
- NGOs, NPOs
- Educational institutions

Material Issues	
Environment	P24
Globality	P25
Community	P26
Diversity	P27
Declining Birthrate and Aging Population	P28
Leveraging Existing Properties	P29
Digital Innovation	P30

## Long-Term Management Plan 2030

The Mitsubishi Estate Group will begin working on the Long-Term Management Plan 2030 in April 2020 in order to drive its strategy to increase both social value and shareholder value. Moreover, in order to increase the social value, we will work to achieve the Mitsubishi Estate Group 2030 Goals for SDGs, which consists of four key themes.

» Mitsubishi Estate Group 2030 Goals for SDGs P18

In order to help realize a sustainable world, the Mitsubishi Estate Group prioritizes the four key themes of Environment, Diversity & Inclusion, Innovation, and Resilience and strives to provide even more profound value to a wider range of stakeholders.

<p><b>1 Environment</b></p> <p>Sustainable urban development that proactively addresses climate change and environmental issues</p>	<p><b>2 Diversity &amp; Inclusion</b></p> <p>Urban development that responds to lifestyle and human resources trends and facilitates active participation for all</p>
<p><b>3 Innovation</b></p> <p>Innovative urban development that continuously renews society</p>	<p><b>4 Resilience</b></p> <p>Dynamic, flexible urban development that builds disaster-resilient communities and prioritizes safety and security</p>

ESG Value Creation through Business

Value Propositions	Sustainability Social issue solutions	Quality Of Life Innovative services & experiences
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### » Mitsubishi Estate Group Sustainability Vision 2050

## Be the Ecosystem Engineers

We aspire to be a corporate group (=engineers) that provides spaces and infrastructure (=ecosystems) where all actors (individuals, corporations, and more) are able to coexist sustainably and thrive together—economically, environmentally, and socially.

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### Identifying the Seven Material Issues (see page 16)

In order to ensure its growth strategy, the Mitsubishi Estate Group identified changes in the business environment and the strengths of each of the Group's businesses and then established seven material issues, the key areas for the Group to pursue in its sustainability management based on the future opportunities and risks.

### Achieving the Goals for 2030 and 2050

The Mitsubishi Estate Group formulated the Long-Term Management Plan 2030 in order to provide stakeholders with sustainable value over the long term. It is based on our expected achievement of the numerical targets in the Medium-Term Management Plan (fiscal 2018–2020) and our success in such areas as strengthening capital policy and corporate governance, and it sets out the Mitsubishi Estate Group 2030 Goals for SDGs based on the material issues. In addition, the Group established Sustainability Vision 2050, which illustrates the vision it aims to achieve by 2050, and is implementing initiatives on the four key themes of the 2030 Goals with the aim of achieving this vision.

**Prioritizing Dialogue with Stakeholders**

The Mitsubishi Estate Group's business is built upon the foundation of its relationships with a wide variety of stakeholders. Urban development involves many stakeholders by its 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. Furthermore, going beyond its direct business relationships, the Group pursues active involvement with the tenants of its buildings and the stakeholders in the local

community as partners in building a sustainable community. In the Marunouchi area, the Group maintains interactive communication with the community on a daily basis through the Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho and other organizations. The Group engages in dialogue with stakeholders in various forms, including its investor relations activities, reflecting their feedback in the implementation of sustainability-focused management.

**Methods for Dialogue 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 compliance survey 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>

**Supporting International Initiatives**

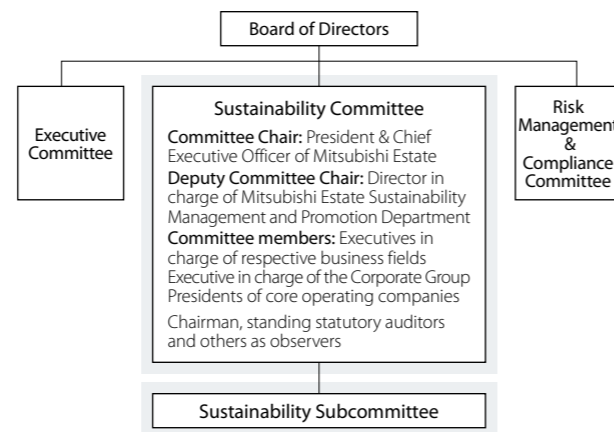
The Mitsubishi Estate Group has set forth the goal of strengthening its international business as a medium-to-long term growth strategy. The Group believes that it is vital for the Group to work with the international community to support global initiatives on sustainability, while promoting communication with overseas stakeholders to smoothly advance international business.

Based on such considerations, the Mitsubishi Estate Group became a signatory to the United Nations Global Compact in April 2018. The Group has established business targets and policies in light of the Ten Principles of the Global Compact including respecting human rights, eliminating unfair labor, protecting the environment, and avoiding corruption. In pursuing these targets and policies using the PDCA management cycle, the Group will continue to contribute to the development of a sustainable world.



**Operational Framework for Sustainability**

Mitsubishi Estate takes an active, group-wide approach to sustainability. Chaired by the President & Chief Executive Officer of Mitsubishi Estate Co., Ltd., the Group's Sustainability 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 sustainability initiatives. The Sustainability Subcommittee serves as forum for detailed discussion to prepare for Sustainability Committee meetings.



Passing the Legacy of More Than a Century of Urban Development to the Next Generation

Full-scale launch of sustainability management with an eye on 2030 and 2050

In the course of its 130-year history, the Mitsubishi Estate Group has created lively cities and neighborhoods around the world under the Mitsubishi Estate Group Mission: "By building attractive, environmentally sound communities where people can live, work and relax with contentment, we contribute to creating a truly meaningful society." At the same time, the world is beginning to recognize the threat of climate change, and there are growing concerns about water and food supply shortages due to global population growth and issues involving waste and transport resulting from urbanization. In order to continue building upon the Group's legacy of urban development in a sustainable manner, it is important to address issues by understanding the changes in the global environment and local

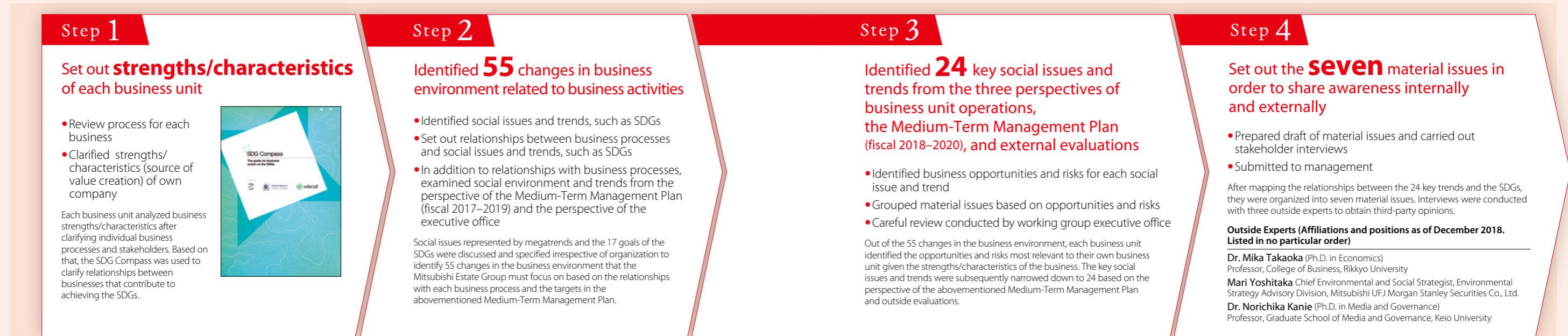
communities over the next 10 or 20 years, while also clearly understanding what needs to be done now, and to steadily manage each and every initiative. Based on this approach, the Mitsubishi Estate Group reviewed its material issues in fiscal 2018. In February 2020, the Group established the Mitsubishi Estate Group Sustainability Vision 2050 as the vision for 2050 and announced the Mitsubishi Estate Group 2030 Goals for SDGs, the goals to be achieved by 2030 obtained by backcasting from the 2050 Vision, categorized into four themes. These goals are reflected in the 2030 Long-Term Management Plan, and the Group will implement the Group-wide initiatives aimed at contributing to achieving a sustainable society while striving for continuous improvement.





## Action 1 | Identifying Material Issues (fiscal 2018)

The Mitsubishi Estate Group implemented internal working units throughout the Group in fiscal 2018 to newly identify seven material issues, the key areas that the Group should focus on in light of the United Nations Sustainable Development Goals (SDGs), while also articulating the associated opportunities and risks.



### 24 Social Issues and Trends

- Worsening of climate change
- Deterioration of the natural environment and depletion of natural resources
- Exhaustion of existing natural resources and resultant changes in energy configuration in society as a whole
- Increase in social unease due to terrorism and crime (including risks from the outbreak of infectious diseases)
- Increase in frequency of natural disasters (including earthquakes)
- Risk of rise in associated costs
- Further penetration of the Internet of Things (IoT) (including virtualization and acceleration of the proliferation of information)
- Improvements in artificial intelligence (AI) (including the spread of automated driving technology)
- Increase in e-commerce and omni-channel commerce, and diversification of payment methods
- Progress of globalization (including increases in inbound and outbound tourism and rise in immigration)
- Economic growth of emerging nations, principally in Asia
- Global population growth and shortage of food supplies
- Rise in interest in physical and mental health, medical care, and wellness
- Decline in the total population and working-age population of Japan
- Acceleration of the aging population and changing position of the elderly in society in Japan
- Emergence of risks in the supply chain (including worsening of human rights issues)
- Progress of the social advancement of women and the diversification of society
- Increase in number of foreign workers in Japan
- Growth in need for social integration and universal design
- Restructuring and revitalization of regional communities (including regional depopulation and population increases of major cities)
- Increase in prevalence of aging public infrastructure and housing stock (including vacant housing)
- Promotion of private sector vitality, as a result of the privatization of public facilities
- Changes in lifestyles and work styles
- Diversification of consumption patterns, such as the sharing economy

### 7 Material Issues

- Environment
- Globality
- Community
- Diversity
- Declining birthrate and aging population
- Leveraging existing properties
- Digital innovation

### Main Opportunities

- Increasing need for development and management of real estate with low environmental impact and resilience following natural disasters
- Increasing opportunities for real estate investment and urban development outside Japan
- Increasing need to accommodate diverse users, including international visitors
- Increasing need for development and management of real estate with advanced security against terrorism and crime
- Increasing demand for facilities and services tailored to diverse lifestyles and working and consumption styles
- Increasing need for cities to respond to demographic changes
- Increasing need for redevelopment and renovation as well as use of existing properties in major cities
- Potential for utilization in smart communities, residences, and offices

### Main Risks

- Falling asset values and rising expenses for maintenance and countermeasures due to large-scale natural disasters
- Intensifying global inter-city competition
- Increasing country-specific risks and compliance risks, including supply chain management
- Declining public order and falling asset values for surrounding areas due to aging buildings and rise in vacant housing
- Changing office needs accompanying decline in working population and spread of diverse workstyles
- Changes in business practices and employment environment due to rise of AI

### Main Values Provided

- Sustainable, resilient, safe and secure urban development
- Urban development managed for climate change, waste, and energy
- Borderless urban development with respect for diverse backgrounds worldwide
- Interactive, value-added urban development based on knowledge-building and networks
- Socially Inclusive Urban Development
- Abundant and comfortable urban development responding to demographic and lifestyle changes
- Efficient and eco-friendly urban development leveraging existing properties
- Cutting-edge urban development with continual open innovation

Goals formulated based on the seven material issues (toward Action 2)

## Action 2 | Formulating the Mitsubishi Estate Group 2030 Goals for SDGs (Announced January 2020)

Together with the Mitsubishi Estate Group Long-Term Management Plan, we set out the Mitsubishi Estate Group 2030 Goals for SDGs based on seven material issues by backcasting from the Mitsubishi Estate Group Sustainability Vision 2050, the vision it aims to achieve by 2050 (see the next page). The Mitsubishi Estate Group will provide even more profound value to a wider range of stakeholders focused on the four key themes of Environment, Diversity & Inclusion, Innovation, and Resilience.

### 1 Environment

Sustainable urban development that proactively addresses climate change and environmental issues

- Reduce GHG emissions 35% by 2030 (compared with FY2017)  
\*87% reduction by FY2050 (target approved by the SBT<sup>1</sup> initiative)
- Renewable power ratio: 25% \*100% in FY2050 (joined RE100<sup>2</sup>)



Continue promoting transition to renewable power. Also, based on technological progress, investigate strengthening of power storage facilities, coordinated heat supply among district heating and cooling plants, and the use of demand-response.

- Promote waste recycling and reduction of emissions focusing on food and plastic items
- Waste recycling rate: 90%
- Waste disposal: 20% reduction (compared to FY2019, per m<sup>2</sup>)

Increase garbage storage facilities and drinking water supply equipment, etc. Enhance provision of information to educate tenants, building visitors and the public. Consider platforms and measures to facilitate garbage sorting.

- Promote sustainable timber use
- Establish traceability of timber to be used in businesses

Promote sustainable use of timber in consideration of human rights and protection of natural resources in logging areas for imported timber



### 2 Diversity & Inclusion

Urban development that responds to lifestyle and human resources trends and facilitates active participation for all

- Strengthen hospitality and realize stress-free cities
- Respect different lifestyles, local customs, religions, and sexual orientation

Provide services that support health promotion and health management, and establish bases where varied people can play active roles



### 3 Innovation

Innovative urban development that continuously renews society

- Innovate business models and maximize performance
- Support the creation of new ideas and businesses from the perspective of urban development, contribute to the growth of cities and industries

Provide advanced workplaces and maximize the value of experience in the city



### 4 Resilience

Dynamic, flexible urban development that builds disaster-resilient communities and prioritizes safety and security

- Enhance disaster preparedness to minimize functional stagnation during disasters
- Enhance BCP function through hardware measures and strengthen neighborhood communication

Further strengthen water stoppage measures, including measures against unexpected flooding, and promote communication within the neighborhood related to disaster prevention

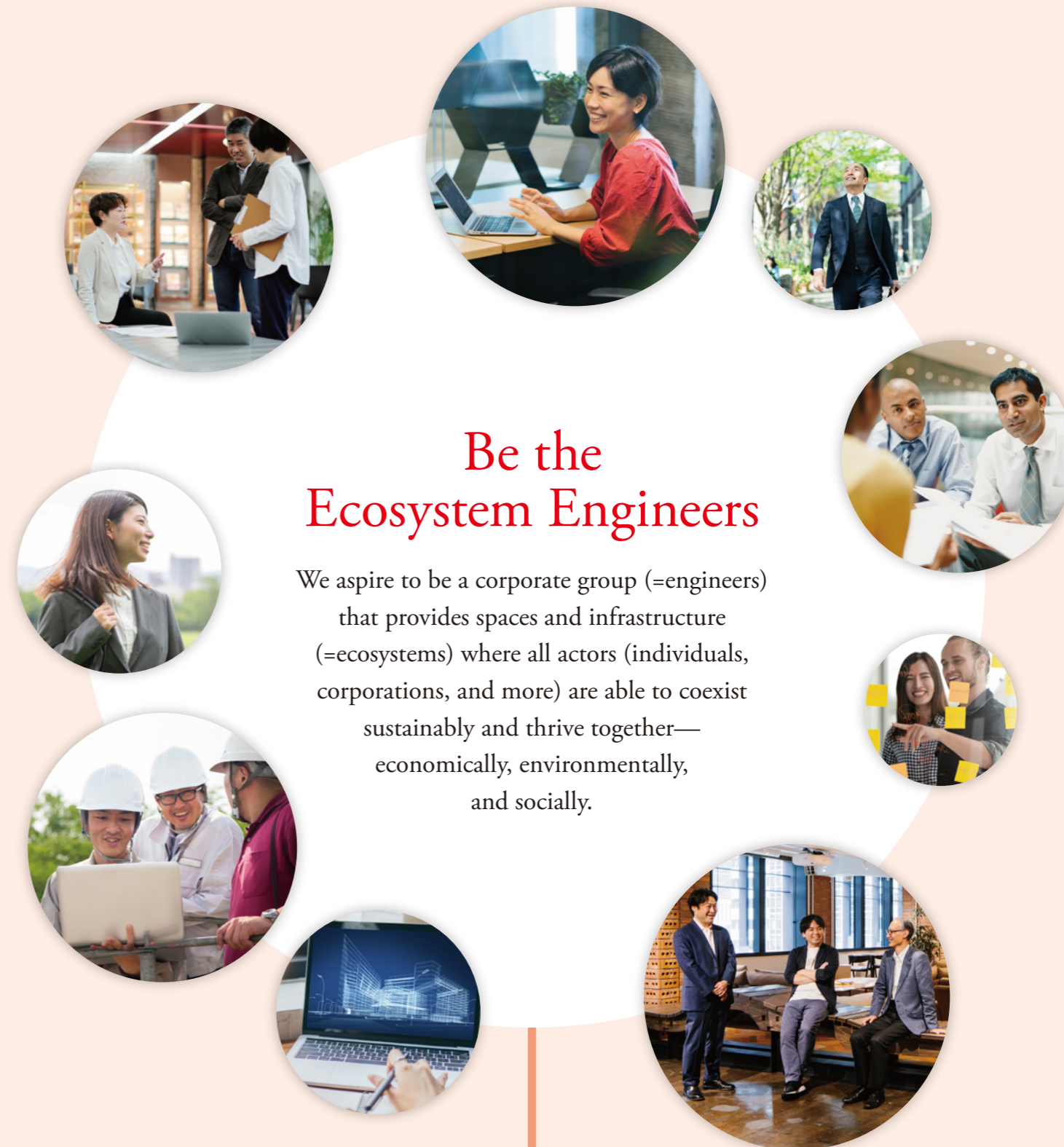


\*1 An acronym for Science Based Targets. In order to achieve the goal of limiting global warming to well below 2°C above pre-industrial levels set under the Paris Agreement, companies establish reduction targets in line with the reduction scenarios based on the UN Intergovernmental Panel on Climate Change (IPCC). The Science Based Target initiative approves the targets.

\*2 An international initiative operated by The Climate Group, an international climate change NGO, in partnership with CDP. Consists of companies aiming to use 100% renewable electricity in their business activities, with 221 members (of which 30 are Japanese companies) joining globally (as of January 2020)

Goals formulated based on the seven material issues

## Action 3 | Formulating the Mitsubishi Estate Group Sustainability Vision 2050 (Announced February 2020)



# Be the Ecosystem Engineers

We aspire to be a corporate group (=engineers) that provides spaces and infrastructure (=ecosystems) where all actors (individuals, corporations, and more) are able to coexist sustainably and thrive together—economically, environmentally, and socially.

Goals formulated by backcasting from the Vision 2050

HIGHLIGHT 1

# Mitsubishi Estate Group Medium- to Long-Term Greenhouse Gas Emissions Reductions Targets Approved by Science Based Targets (SBT) Initiative

## Setting Appropriate Targets Based on Scientific Evidence to Contribute to the Realization of a Sustainable Society

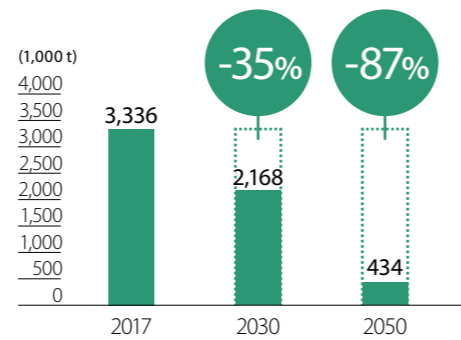
In 2019,\*1 Mitsubishi Estate instituted The Mitsubishi Estate Group Medium- to Long-Term Greenhouse Gas Emissions Reductions Targets for the entire Group, aimed at realizing a sustainable society with a low-carbon footprint. These targets were approved by the SBT initiative\*2 for being based on scientific evidence for limiting the increase in temperature to well below 2°C above pre-industrial revolution levels, as aimed under the Paris Agreement. The Group aims to achieve these goals by actively adopting new technologies and promoting the development of real estate with high environmental performance. The Group will also redouble its efforts to introduce renewable energy, thereby contributing to the realization of a sustainable society.

\*1 Formulated and published in March 2019, gaining SBT initiative approval in April

\*2 The Science Based Targets initiative is a collaboration between the World Wide Fund for Nature (WWF), CDP, the UN Global Compact, and the World Resources Institute (WRI) to encourage corporations to set targets in order to achieve the target of limiting the rise of temperature to well below 2°C under the Paris Agreement.

Target

Mitsubishi Estate Co., Ltd. commits to reduce absolute scope 1+2+3 GHG emissions 35% by 2030 and 87% by 2050 from a 2017 base-year.



## Examples of the Mitsubishi Estate Group's Greenhouse Gas Emissions Reduction Initiatives



A full-scale rendering of the Tokyo Tokiwabashi Project

### 1 Promoting Acquisition of Environmental Certification

#### Tokyo Tokiwabashi Project Building A to Acquire SITES® Environmental Certification

For the Tokyo Tokiwabashi Project Building A, a project scheduled for completion in 2021, the Mitsubishi Estate Group has implemented a range of initiatives to reduce environmental impact, such as using green electricity for 100% of the power for the water garden and plazas on the premises of the building, in an effort to create a property that is both people and environmentally friendly. With these initiatives, the project aims to acquire the SITES\*\* certification, the first for a city center complex building development project in Japan.

\* Sustainable Sites Initiative (SITES®): a rating system administered by Green Business Certification Inc.™ (GBCI®) (USA) to certify projects with sustainable landscapes. Projects are evaluated from the three perspectives of design (conservation of water resources, soil and plantings, and human health and well-being), construction (material recycling and protection of the air environment during construction), and operation (management plan and explanations to users).

### 2 Developing Real Estate with Low Environmental Impact

#### Taking Measures for a Net Zero Energy Building (ZEB) at Miyako Shimojishima Airport Terminal in Okinawa

Opened in March 2019, the Miyako Shimojishima Airport terminal is Japan's first-ever airport terminal that has earned a Net Zero Energy Building (ZEB) rating. The Group has incorporated a range of sustainable, energy-saving measures. It was designed based on a plan that will make primary energy consumption around 68% less than a comparable structure built to the national standard, and for which the project was accredited with the ZEB Ready rating by the Agency for Natural Resources and Energy of Japan's Ministry of Economy, Trade and Industry. It has also earned the highest ranking of the Building-housing Energy-efficiency Labeling System (BELS), and is the first airport terminal in Japan to actively adopt CLT\* as a structural material for its roof.

\* See page 22–23 for details.



### 3 Installation of Solar Panels on Properties Managed by the Group

#### Installation of Solar Power Panels on Condominiums ("soleco" system)

The Group provides an environmental system known as "soleco" at condominiums it develops. The system combines high-voltage collective power reception with solar power systems to help reduce electricity costs for condominium units and shared areas, making it an environmentally and economically friendly solution.

#### Installation of Solar Panels on Large-Scale Commercial Complexes

Beginning in April 2016, certain Premium Outlets operated by Mitsubishi Estate-Simon switched to renewable energy using Renewable Energy Certificates for a portion of their energy use. The company has also introduced a carport-type solar power generator for captive consumption and uses the privately generated electricity for the communal areas at two Premium Outlet complexes. By implementing these measures, the company is working to reduce energy consumption and greenhouse gas emissions.

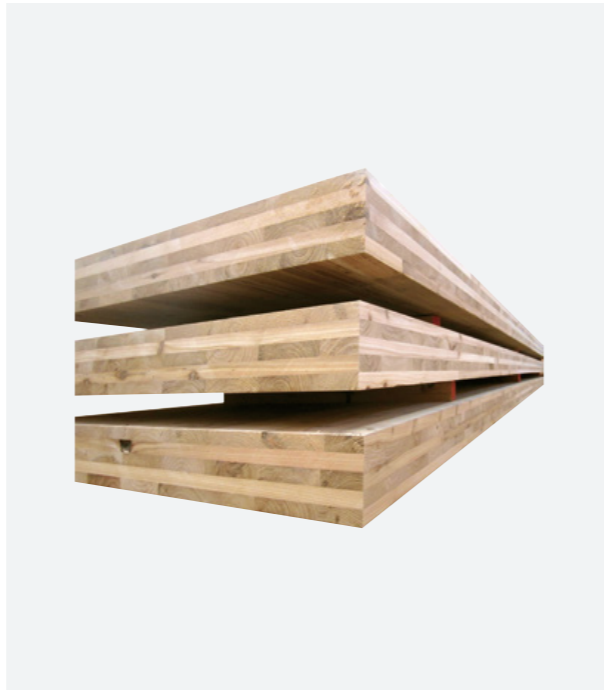
HIGHLIGHT 2

Promoting Utilization of CLT to Further Expand Use of Japan-grown Timber

Contributing to the Environment and Society by Using Japan-grown Timber

Japan's forests account for some two-thirds of the country's land mass, and 40% of these forests are said to be planted. Many such forests were planted after World War II, and today more than half of these planted forests are five decades old or more, having reached their harvestable age. Expanding the use of timber sourced from these forests not only helps promote Japanese forestry, but is also thought to contribute to the preservation of Japan's natural, indigenous forests.

It is against this background that the Mitsubishi Estate Group has promoted the use of Japan-grown timber in construction projects for many years, including the active use of small-diameter trees and timber from forest thinning in 2x4 wooden-frame houses.



CLT material image (courtesy of the Japan Cross Laminated Timber Association)

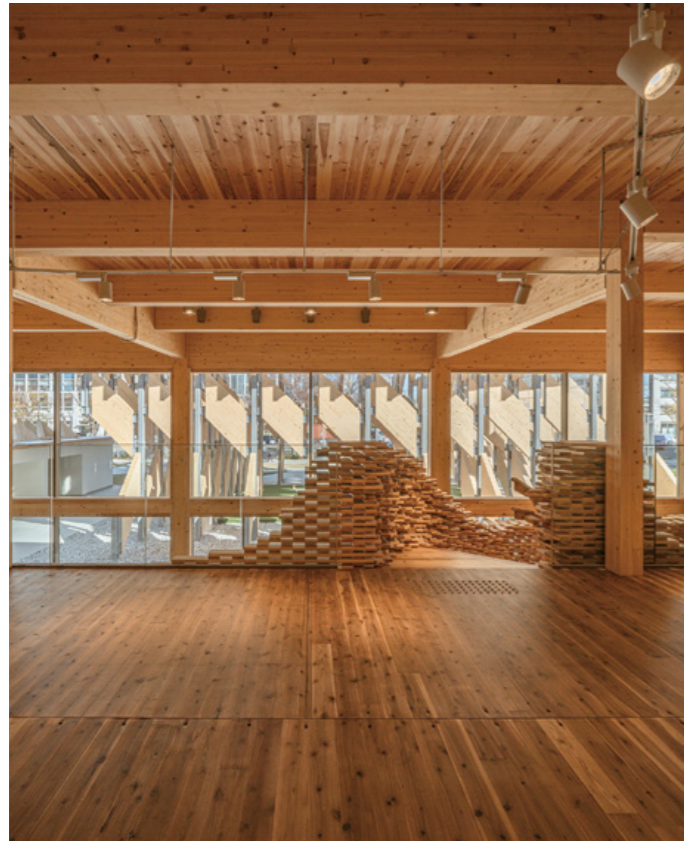
Expanding Timber Usage Opportunities—CLT in Large Structures Such as Airports

Cross laminated timber (CLT) is a wooden building material that the Mitsubishi Estate Group has increasingly utilized in recent years.

CLT consists of large-dimension wooden panels formed by laminating layers of sawn lumber perpendicular to one another. This building material has been developed since about 1995, primarily in Austria. Compared with conventional wooden panels, its strength is more stable, and it also offers outstanding heat insulation. It is gaining attention as a structural material that will expand the applications of timber since it can be used not only for low-rise detached housing, but also for large-scale structures such as condominiums and office buildings. It also has the advantage that any waste can be put to use as biomass fuel or pallet material.

Mitsubishi Estate formed the CLT Unit, a dedicated department in the Residential Business Planning Department, in fiscal 2017. The unit is working on research and development aimed at commercialization of CLT and has already implemented several projects.

CLT PARK HARUMI Exhibition Hall



Projects Utilizing CLT



CLT PARK HARUMI Pavilion

CLT PARK HARUMI

In December 2019, Maniwa City, Okayama Prefecture, Kengo Kuma and Associates, Mitsubishi Jisho Sekkei, and Mitsubishi Estate Home began the joint CLT PARK HARUMI. This project will build a facility in Harumi, Chuo-ku, Tokyo, with design supervised by Kengo Kuma and Associates using CLT produced in Maniwa City.

The facility will be used as a site for the dissemination of culture and information for approximately one year, until autumn 2020, to communicate the attractions of CLT. After that, it is planned to relocate the facility for use in the Hiruzen Highlands in Maniwa City. The project will represent cyclic exchange of natural and cultural resources between the city and regional areas by realizing the application of the CLT panels in a relocatable, sustainable construction system.

PARK WOOD Takamori—Rental Apartments in Izumi-ku, Sendai City

PARK WOOD Takamori, a 10-storey condominium complex completed in Sendai City in February 2019, is Japan's first-ever high-rise building using CLT as a flooring material. From the design stage onward, features such as fire resistance, sound proofing, and earthquake resistance were repeatedly verified to realize a hybrid wood and steel-frame structure through the use of fireproof coatings and other materials.

This project has helped to amass the processes and know-how in design and construction required for building using CLT, thus allowing the Mitsubishi Estate Group to utilize CLT in other projects going forward.



PARK WOOD Takamori



Check in lobby using CLT as structural material for the roof

Miyako Shimojishima Airport Terminal

Miyako Shimojishima Airport Terminal opened in March 2019 on Miyako Island, Okinawa, where there is abundant nature. It is the first airport terminal in Japan to utilize CLT as a structural material for the roof and uses the greatest quantity of CLT of any building in Japan (as reported by the Japan Cross Laminated Timber Association). The CLT was produced with regional wood designated by Okinawa Prefecture, thereby contributing to the vitalization of the regional forestry industry. The project has also implemented a range of energy-saving measures and earned the Net Zero Energy Building (ZEB)\* recognition, the first for airport terminals in Japan.

\* See page 21 for details.

## Working to Improve the Waterfront Environment and Preserve the Ecosystem of the Imperial Palace Moat

The Mitsubishi Estate Group undertakes a lot of projects meant to protect biodiversity and improve the environment in the Marunouchi area. One example is the Moat Project at Hotoria Square, an environmentally symbiotic green space encompassing about 3,000 m<sup>2</sup>, built in front of the Imperial Palace moat. In the years prior to the project, the biota of the Imperial Palace moat had become degraded, hindering the natural generation of its native water plants. In October 2017, Mitsubishi Estate signed an agreement with the Ministry of the Environment to promote use of natural resources of the Imperial Palace Outer Garden, and launched the Moat Project in May 2018. The project aims to improve the waterfront environment of the Imperial Palace moat and conserve the endangered rare water plant species. This is the first such project for a private company, implemented through a collaboration with NGOs and other institutions, including the Ministry of the Environment, the Nature Conservation Society of Japan, the Laboratory of Conservation Ecology at Toho University, and the Natural History Museum and Institute, Chiba.

Water plants and other species from the moat are transferred to a container biotope atop a building owned by Mitsubishi Estate for reproduction. From there they are then moved into green space and water features on the premises of nearby office buildings developed by the Company, thereby creating a water environment alternating with the moat environment. Beyond restoring and preserving the rare species and their habitat in the moat, the project also contributes to the conservation of the environment as it serves as a base for connecting the ecological network in the neighborhood centered on the Imperial Palace.



Hotoria Square, an environmentally symbiotic green space

## Sunshine Aquarium Coral Conservation Activities

Sunshine Aquarium, operated by the Mitsubishi Estate Group, is an urban aquarium located in a high-rise building, and it is the first of its kind in Japan. Since opening in 1978, it has served the four roles of an aquarium: social education, recreation, research, and nature protection. The aquarium is particularly focused on conservation and protection activities, and it has provided visitors with “impressive discoveries” to stimulate their interest in the biological environment. As part of its conservation efforts, the aquarium in 2006 launched the Coral Project in cooperation with Onna Village in Okinawa Prefecture, and has been implementing two initiatives: the Coral Restoration Project and the Coral Reef Regeneration Project.

The coral reefs in Okinawa are in a gradual decline due to factors such as environmental warming and abnormal occurrences of the crown-of-thorns starfish, the natural enemy of coral. In order to remedy this situation, Onna Village in Okinawa Prefecture has been implementing coral conservation activities since 1969. In support of these activities, Sunshine Aquarium launched the Coral Restoration Project, under which the aquarium grows coral in tanks and then returns it to the seas of Okinawa. This makes it possible to preserve the DNA of the coral of Onna Village even if the coral in the Onna sea is damaged due to natural disaster or environmental degradation. Since 2014, the aquarium has also implemented the Coral Reef Regeneration Project, which aims to regenerate coral reefs via sexual reproduction, with the fertilization of coral eggs by sperm.



Coral returned in the Coral Restoration Project



Coral spawning in the Coral Reef Regeneration Project

## Initiatives in Europe

Since the establishment of Mitsubishi Estate London in 1986, the Mitsubishi Estate Group has handled a number of office building development projects for more than 30 years, mainly in the City of London. Signature projects include Warwick Court (Paternoster Square Redevelopment Project), Bow Bells House (redevelopment project in the City of London), and Central St. Giles (redevelopment project in the West End). In 2019, the company completed 245 Hammersmith Road, a redevelopment project in West London.

### New projects in fiscal 2018 8 Bishopsgate (tentative name)

8 Bishopsgate (tentative name) is a high-rise office building in London whose construction began in February 2019, expected to be completed in late 2022. The building is equipped with environment-friendly, sustainable features; for example, the closed double-skin glass façade, which provides good environmental performance and is easy to maintain, and advanced rainwater storage and harvesting systems. The project is expected to earn a BREEAM\* “Excellent” rating.

In an effort to meet London’s diversifying work-style needs, there are plans to develop amenities on the building’s middle floors that will boost productivity, such as shared workspaces, event spaces, and a rooftop terrace. There are also plans to build a shared workspace not only within but also outside of the security area in the lobby on



Artist rendering of 8 Bishopsgate (tentative name)

the entrance floor to improve convenience for tenant companies and visitors. Underground, a large-scale cycle parking lot, shower spaces and lockers will be constructed to support diverse work styles.

\* BREEAM is a system for assessing the sustainability of buildings, conducted by the Building Research Establishment.

## Initiatives in Asia

Following the establishment of Mitsubishi Estate Asia in 2008 in Singapore, the Mitsubishi Estate Group established local subsidiaries in Shanghai, China (2013), and in Taipei, Taiwan (2018). In Thailand, it has partnered with AP (Thailand) Public Co., Ltd., a major local developer, to establish Premium Residence, a joint venture company engaged in the residential business. Today the Group has a presence in eleven countries and regions in Asia/Oceania, and is actively operating business in this area.

### New projects in fiscal 2018 Singapore-Hangzhou Science & Technology Park Phase 3

In January 2019, the Mitsubishi Estate Group joined the Phase 3 development project for the Singapore-Hangzhou Science & Technology Park, a large-scale complex and office building development being implemented by major Singapore developer CapitaLand Group\* in Hangzhou, China, and scheduled for completion in 2021.

The project is located in the Hangzhou Economic & Technological Development Area, where there is a highly developed cluster of corporations within Hangzhou, the central city of the Yangtze River Delta. The area is a large-scale development that aims to serve diverse office usage needs, and more than 100 Japanese companies have expanded into this area. In addition to plans to establish facilities that will boost the satisfaction levels of office workers, such as restaurants, shops, and fitness gyms on the lower floors, there are also plans to prepare a central plaza to create a lively and vibrant atmosphere.

\* Ascendas-Singbridge Group at the time of the press release on the project. Ascendas-Singbridge Group acquired by CapitaLand Group in June 2019.



Artist rendering of Singapore-Hangzhou Science & Technology Park

## Donation of Rugby Balls Commemorating Rugby World Cup 2019 in Japan

Mitsubishi Estate was an official sponsor of Rugby World Cup 2019 in Japan, held from September to November 2019. The Company began working to build enthusiasm for the event a year before the games began, with the Marunouchi 15-chome Project, which held events that allowed people to experience the emerging appeal of rugby in the Marunouchi neighborhood of Tokyo. Mitsubishi Estate also donated rugby balls to elementary and middle schools in the cities in which the games were to be held, to give back to the community and help popularize rugby.

In fiscal 2018, the Company donated a total of 4,500 rugby balls to the governments of Kumamoto Prefecture, Fukuoka Prefecture, Osaka Prefecture and Sapporo City, and donated a total of 4,400 rugby balls in fiscal 2019 to the governments of Yokohama City, Shizuoka Prefecture, Kobe City, Aichi Prefecture, Kamaishi City, Chiyoda-ku in Tokyo, Kumagaya City, and Oita Prefecture. The balls were distributed to elementary and middle schools in the regions. In Kumamoto Prefecture, a rugby workshop for elementary school children was held in Mashiki, a town severely impacted by the 2016 Kumamoto earthquakes. Mitsubishi Estate employees with rugby experience played a central role in the event.

The Mitsubishi Estate Group hopes that activities such as these will give rugby deep roots in communities and help develop local society.



A rugby ball with the World Cup logo is presented.



Rugby workshop in Mashiki, Kumamoto Prefecture  
TM © Rugby World Cup 2015. All rights reserved

## Works from the *Kira Kira* Art Competition Exhibited in Taiwan for the First Time

In June–July 2018, Mitsubishi Estate collaborated with Nan Shan Life Insurance Co., Ltd. in Taiwan, to hold an exhibit of art work by children with disabilities in Japan and Taiwan at the Taipei Nanshan Plaza skyscraper. A total of 100 works were shown in this collaboration, including the 50 Award for Excellence winners in the Sixteenth *Kira Kira* Art Competition and 50 award winners from the Ninth “Flower Garden of Dreams” Art Competition held by the Yu-Cheng Social Welfare Foundation.

Mitsubishi Estate has been holding the *Kira Kira* Art Competition every year since 2002, in order to support the full potential of children with disabilities. Nan Shan Life is a subsidiary of the Ruentex Group that the Mitsubishi Estate has collaborated with in projects to develop the Ruentex Group’s buildings and condominiums since 2013. The two companies share the same philosophy about sustainability activities, which inspired them to hold this joint exhibit as the first overseas project for *Kira Kira* Art Competition.



View of the exhibit entrance



Board for messages from visitors

## Inclu Marunouchi, a Center for Supporting the Employment of People with Disabilities

Tokyo’s Marunouchi area has about 4,300 companies, each of which supports employee diversity and work-life balance while also providing a working environment that welcomes people with physical and mental disabilities.

The Mitsubishi Estate Group is creating communities it hopes will be areas in which anyone, regardless of disabilities, can work comfortably in the Marunouchi area. As part of these initiatives, the Group opened in October 2018 Inclu Marunouchi, a center for supporting the employment of disabled people and providing information, on the fifth floor of the Shin-Kokusai Building, in cooperation with Startline Co., Ltd., a company offering consultation and support for disabled people.

Inclu Marunouchi provides companies with a wide range of support services utilizing the Marunouchi area’s convenience and sense of community, such as providing information on employment for disabled people, offering satellite offices, and supporting employees with disabilities. Mitsubishi Estate is developing new programs to support companies using the center and to create a working environment comfortable for employees with disabilities.



Bright entrance of Inclu Marunouchi

## Universal Restaurant Embracing Diverse Food Cultures

As more foreigners visit Japan, greater consideration for food cultures and religious food restrictions have become an issue in the hotel and restaurant industry. In particular, more than 1.8 million Muslim people visit Japan every year, and they can only eat halal food, made without alcohol or pork. However, few restaurants provide halal dishes, making such travelers anxious about their dietary needs.

Flora, a restaurant and banquet run by the Yokohama Royal Park Hotel, caters to customers with a range of diets, including vegan and gluten-free, as well as halal, under the concept of “universal food and hospitality.” The restaurant has put together a dedicated team for halal food in an effort to optimize the entire process from the purchase of food ingredients and seasonings to the management and preparation process, and the facilities and equipment. The restaurant has received halal certification from the Japan Halal Foundation, a public organization.



The menu is compatible with a wide range of diets.

# Declining Birthrate and Aging Population

## Fitness Club Supporting the Health of Seniors

Located in Sendai, Miyagi Prefecture, Izumi Park Town\* is an ongoing development project of the Mitsubishi Estate Group. Now, forty-five years since the first sale of subdivisions, and with the aging population becoming a social issue for Japan, expanding services for elderly residents has become an important concern in this town as well.

Izumi Park Town Service, which is responsible for the administration and management of Izumi Park Town, predicted that as the residents in the Takamori area (subdivided in the 1970s), aged, inadequate exercise would become a growing health issue.

With this in mind, Izumi Park Town Service joined forces with the venture company Trirings and opened the Trirings Sendai Izumi, a fitness club studio in Shopping Garden Caraway, a commercial complex managed and operated by Izumi Park Town Service. Trirings advocates fitness focusing on recovering body function with specialized equipment that expands the range of motion in legs and arms, as opposed to hard exercise. After opening, seniors and younger people alike joined the fitness club. Members are communicating not only with other residents, but also with fitness club staff as they improve their health.

\* One of the largest development projects in Japan undertaken by a single private sector developer. The Group has promoted the town's development in partnership with local residents and Sendai City.



Fitness programs that are sustainable for elderly people are offered.

## Introducing the Cotooffice, the Working Space with a Built-In Daycare Center

In an age with an ever increasing number of children on waiting lists for daycare, businesses urgently need to support their child-rearing employees. To meet this social need, in April 2018 Mitsubishi Jisho Property Management opened a new business called "Cotooffice — Working with Your Children in the Office," a working space with a daycare center attached, at the Shin-Kokusai Building in Marunouchi, Tokyo. It is the first such endeavor for the Mitsubishi Estate Group. In addition, Cotooffice Sanno Park Tower was opened as a daycare center for residents of the Sanno Park Tower. In order to address the needs of workers and tenants, Cotooffice is equipped with safe and secure facilities on par with licensed daycare centers. It also works together with Mama Square, a company with experience managing childcare facilities on company premises, to provide safe, reliable childcare services.

Cotooffice provides amenities such as laundry and diaper service\*, and a daycare app, at no extra charge, to reduce the burden on parents commuting to work with their children. They also offer unique education programs such as an intellectual training program created in collaboration with Mitsubishi Ichigokan Museum, Tokyo. Going forward, the company will extend these services and programs to buildings across Japan owned and managed by the Mitsubishi Estate Group.

\*Parents are charged for the cost of the diapers.



Cotooffice in Shin-Kokusai Building



Cotooffice in Sanno Park Tower

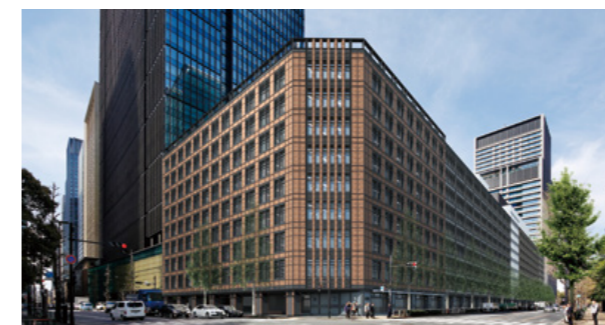
# Leveraging Existing Properties

## Renovation of 60-Plus-Year-Old Otemachi Building as New Business Creation Site

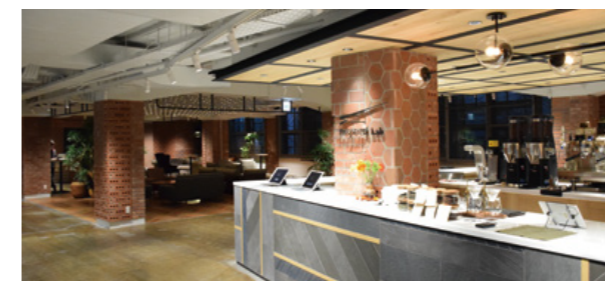
In 2018, Mitsubishi Estate began a major renovation of the Otemachi Building, completed in 1958 and now more than 60 years old. Adjacent to Otemachi Station, where users can take five different subway lines, the building has large floor plates with a shape suitable for subdivision into small parcels to lease. Mitsubishi Estate opted for renovations so that it could quickly create diverse interaction and open innovation, bringing together the cutting-edge technologies of multiple companies.

The renovation includes an overall upgrade of the building itself, with improvements to the exterior walls and interior, and construction of lounge and terrace spaces. The Company also introduced features enabling venture companies and start-ups to interact with large companies. The work also included the expansion of FINOLAB, Japan's first hub for fintech ventures, in response to growing demand for such facilities.

In addition, in February 2019, Mitsubishi Estate partnered with SAP Japan, a subsidiary of the German software company, to open Inspired.Lab in the Otemachi Building. Inspired.Lab is a center for open innovation that serves as a central point for cutting-edge technologies that could potentially change the future industrial structure, while creating an ecosystem to facilitate collaboration between major companies and start-ups and to accelerate innovation.



Otemachi Building after renovation



Inspired.Lab, a hub for interaction of various businesses

## Promoting Effective Use of Building Stock

Since May 2014, Mitsubishi Estate Residence has been involved in the Building Renovation Business (renovation and rental business for building stock), where the company leases old small- and medium-sized buildings, and renovates them to lease as rental properties. As of August 2019, the Re-building Business has 24 properties, including office and residential buildings, with 20 renovations completed.

In 2017, the company finished the renovation of The ParkRex HIRAKAWACHO, the largest project it has undertaken thus far. The structure, more than 40 years old when the repair work started, has been seismically retrofitted and renovated, using the building's bare skeleton frame as a primary feature. A café was created on the street level, helping to enrich the neighborhood. In January 2019, the company also completed The ParkRex HAKATA in Hakata-ku, Fukuoka City, which was its first project outside the Tokyo metropolitan area. The old rotary press room (printing works), which had been owned by a newspaper company, was renovated into office space, reviving the building into a new center for the creation and dissemination of culture in the east Hakata area.

In addition, the company is promoting its Renovation Business, which buys individual units or whole buildings of existing condominiums to be renovated and resold, mainly in the Tokyo metropolitan area.

### The ParkRex HAKATA Work space



Former rotary press room (before renovation)

After renovation

### Fiscal 2018 results

Small- and medium-sized building renovations	Condominium renovations
<b>20 buildings</b>	<b>808 units</b>

# Digital Innovation

## Marunouchi UrbanTech Voyager Speeds up Utilization of Cutting-edge Technology

Mitsubishi Estate offers the premises and buildings of the properties it holds in the Marunouchi area as places where a range of advanced urban planning technologies can be tested for future practical application. The initiative, named "Marunouchi UrbanTech Voyager," promotes various projects with the goal of introducing cutting-edge technologies into future communities.



### Example of testing projects

On-road testing for the next-generation smart mobility device RODEM\* for use by tourists is carried out.



\* Developed and manufactured by tmsuk company limited

Other projects being tested and implemented include Marble (Marble), an automatic delivery robot; Whiz (Softbank Robotics), an AI cleaning robot which is easy to operate and offers high-quality cleaning; and EMIEW3 (Hitachi), which enables advanced customer communication with conversations in multiple languages and autonomous movement.



The autonomous moving security robot SQ-2 uses proprietary 3D laser sensors.

## Initiatives to Bolster Digital Transformation

### Promoting the Use of Robots to Establish Next-Generation Facility Management

Mitsubishi Estate is promoting digital transformation, accelerating cooperative ventures and business tie-ins across industries, and striving to build an eco-system for the co-creation of customer value. As part of this effort, it is currently introducing cutting-edge robots to various facilities owned and operated by the Mitsubishi Estate Group. In so doing, Mitsubishi Estate not only realizes efficient and high-value-added facility management, but also provides robot manufacturers sites on which they can actively introduce their robots for testing and verification, thereby facilitating early development with a high level of practical application.

At the end of August 2019, the autonomous moving security robot SQ-2 was introduced at Otemachi Park Building, the first such trial in Japan. Developed by SEQSENSE, in which Mitsubishi Estate invests, SQ-2 perceives three-dimensional spaces using original laser sensors to automatically identify changes in the environment. These robots can perform patrolling and gatekeeping functions in place of human personnel.



The AI cleaning robot Whiz is easy to operate and cleans on its own. ©SoftBank Robotics

### Promoting Industry-Academia Collaborations

In March 2019, Mitsubishi Estate and the Ritsumeikan Trust reached a strategic DX (digital transformation) partnership agreement. Under this agreement, the two partners will provide demonstrations on the university campus, a microcosm of a city, and share information to develop a new model of how facilities can be managed in Society 5.0,\* in which humans and robots work in tandem. In May 2019, they implemented joint testing of the delivery robot Marble on the university's Biwako-Kusatsu Campus.

\* Society 5.0 refers to a concept of future society advocated in Japan, balancing economic advancement with the resolution of social problems through systems that integrate cyberspace and physical space.

# Corporate Governance

## Corporate Governance Guidelines

The Company has established the "Mitsubishi Estate Co., Ltd. Corporate Governance Guidelines," to set forth the basic policy and framework for the Company's corporate governance, and to serve as guidelines for the development and promotion of the corporate governance system, which contributes to the realization of the Group's basic mission and the enhancement of its corporate value on a medium- to -long term basis.

## Basic Policy

The Company aims to realize the enhancement of corporate value through a harmonious balance between corporate growth and the interests of its various stakeholders by following its brand slogan, "A Love for People. A Love for the City," based on its basic mission of "contributing to society through urban development." The Company shall position the development and promotion of the corporate governance system as one of the most important management issues in realizing this goal.

In developing and promoting the corporate governance system, to bring about greater clarity of roles and the strengthening of functions in both the supervision of management and the execution of business while also fulfilling accountability to our shareholders and other stakeholders, the basic policy shall work to ensure the transparency and objectivity of management.

## Overview of Corporate Governance System

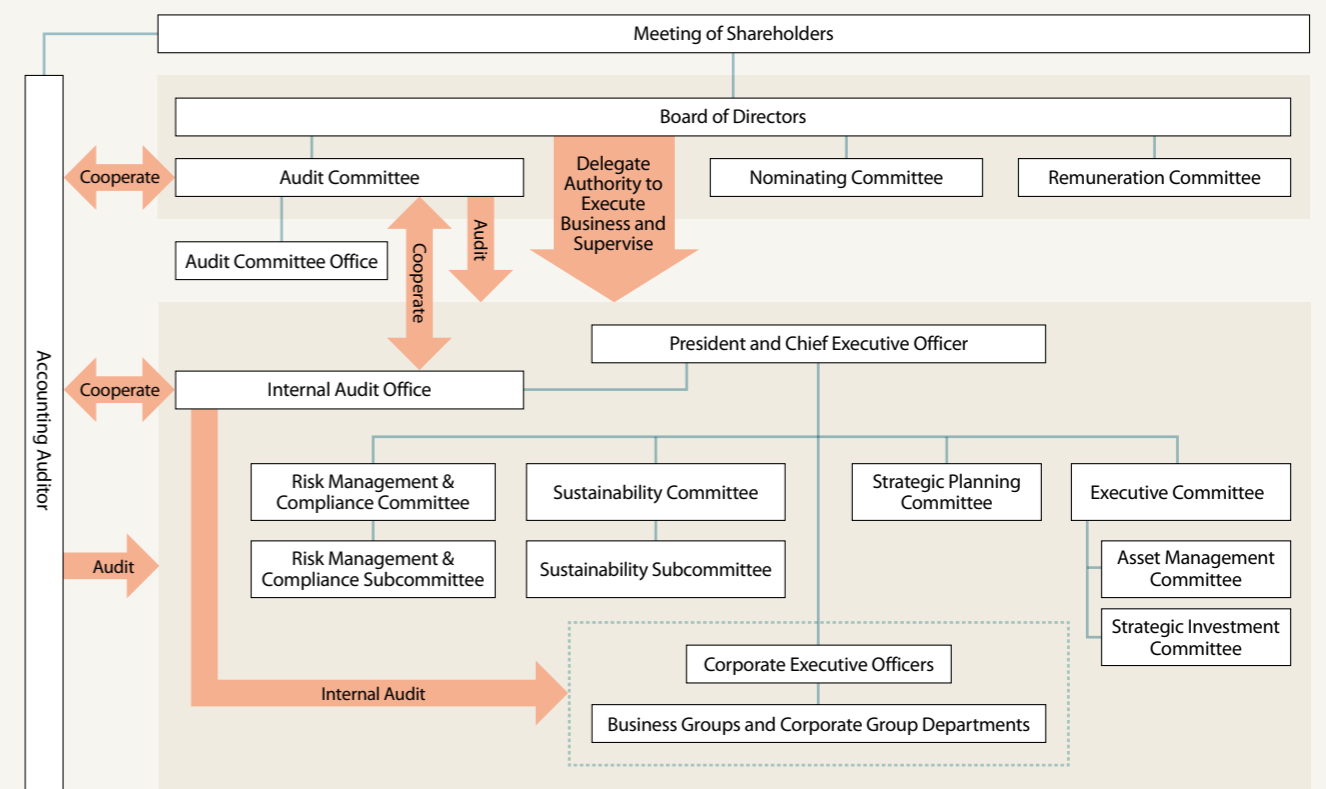
### Organizational Structure

The Company's organizational structure pursuant to the Companies Act shall be a company with Nominating Committee, etc., in order to strengthen the function of management supervision of the Board of Directors as well as promote clarification of authorities and responsibilities and prompt decision-making concerning business execution while improving the transparency and objectivity of management as the primary aim.

### Board of Directors

The Board of Directors makes decisions on both basic management policy and important business execution of the Company, and also carries out supervision of the execution of duties of Directors and Corporate Executive Officers. As of June 27, 2019, the Board of Directors consists of fifteen (15) Directors, of which seven (7) are Outside Directors.

### Corporate Governance Organizational Chart (as of April 1, 2019)





The role of chairman of the Board of Directors is fulfilled by the Chairman of the Board of the Company, who does not concurrently serve as a Corporate Executive Officer. The Board of Directors broadly delegates the authority to execute business on matters other than those to be resolved by the Board of Directors as prescribed in laws and regulations or the Articles of Incorporation to the Corporate Executive Officers, and promotes clarification of responsibilities and authorities and prompt decision-making concerning business execution.

**• Nominating Committee**

The Nominating Committee makes decisions on the details of proposals of the General Meeting of Shareholders relating to the election and dismissal of Directors. As of June 27, 2019, the Nominating Committee consists of four (4) members, of which four (4) are Outside Directors.

**• Audit Committee**

The Audit Committee conducts audits of the execution of duties of the Directors and Corporate Executive Officers, creates the audit reports relating to this, and makes decisions on the details of proposals of the General Meeting of Shareholders relating to the election, dismissal or non-reappointment of the Accounting Auditor. As of June 27, 2019, the Audit Committee consists of five (5) members, of which three (3) are Outside Directors. The Chairman of the Audit Committee is an Outside Director.

**• Remuneration Committee**

The Remuneration Committee makes decisions on the policy concerning remuneration decisions for Directors and Corporate Executive Officers and on the remuneration amounts for each individual. As of June 27, 2019, the Remuneration Committee consists of four (4) members, of which four (4) are Outside Directors.

**• Corporate Executive Officers**

The Corporate Executive Officers are appointed by resolution of the Board of Directors. They make decisions on business execution delegated to them by the Board of Directors and carry out the execution of such business. As of April 1, 2019, the Company has thirteen (13) Corporate Executive Officers.

**Evaluation of the Effectiveness of the Board of Directors**

The Company regularly conducts self-evaluations of each director with regard to the operation of the Board of Directors and the content of deliberation. The results of these evaluations shall be reported to the Board of Directors, and the Board of Directors analyzes and evaluates its effectiveness based on these self-evaluations and other information.

The process and results of the evaluation of the effectiveness of the Board of Directors conducted in fiscal 2019 are as follows.

**1. Process of Evaluation**

**(1) Method of Evaluation**

All directors conducted self-evaluations in the form of a response to a questionnaire relating to the composition, operation, effectiveness, etc., of the Board of Directors and each of the Nominating, Audit, and Remuneration Committees, and taking these results into consideration, they discussed the issues with each other and examined proposed corrective measures at Board of Directors' meetings.

**(2) Items of Evaluation**

<b>Composition of the Board of Directors</b>	Proportion of outside directors, number of members, and diversity
<b>Operation of the Board of Directors</b>	Frequency, required time, selection of agenda items, content of handout materials, materials other than handouts provided, questions and answers, training, etc.
<b>Effectiveness of the Board of Directors</b>	Management plan, delegation of authority to corporate executive officers, risk management systems, dialogue with shareholders and investors, election and dismissal of key management personnel, successor training plan, remuneration paid to officers, composition, operation, cooperation of each of the Nominating, Audit, and Remuneration committees, etc.
<b>Others</b>	Method of the evaluation of the effectiveness of the Board of Directors, etc.

**2. Results of Evaluation and Future Initiatives**

**(1) Main Items Improved Since the Previous Evaluation**

As a result of examination and discussions at Board of Directors' meetings, one point was identified.

- Initiatives were conducted on the selection and scope of topics, revision of reporting frequency, and other areas related to the reporting status of the performance of duties by corporate executive officers in order to enhance deliberations at Board of Directors meetings.

**(2) Main Issues and Future Initiatives Aimed at Further Improvements in Effectiveness**

As a result of examination and discussions at Board of Directors' meetings, two points were identified.

- As we prepare to formulate the next Management Plan commencing from fiscal 2021, the Board of Directors will make time for deliberations and examine matters for deliberation, with the aim of creating a Medium-Term Management Plan based on the Company's vision and goals from a long-term perspective. In addition, the disclosure of information on the current business conditions and issues to outside directors needs to be enhanced.
- With the aim of further improving discussions at Board of Directors' meetings, explanatory meetings on discussions at Board of Directors' meetings and on the Company's business operations, as well as forums for the exchange of opinions centered on outside directors, are to be held on a continuous basis.

**Remuneration**

**Total Remuneration Paid to Directors, Corporate Executive Officers, and Statutory Auditors in Fiscal 2019**

Category	Total remuneration (Millions of yen)	Fixed remuneration (Millions of yen)	Performance-based remuneration (Millions of yen)	Recipients
Internal directors	289	289	—	4
Corporate executive officers	1,142	568	573	14
Outside directors	107	107	—	8

Note: The above amounts include remuneration payments made to two directors, one of whom was an outside director, who retired from their positions as of the end of the 119th Ordinary General Meeting of Shareholders held on June 28, 2018.

**Board Policies and Procedures in Determining the Remuneration of Senior Management and Directors**

**(i) Procedures for Deciding Remuneration Paid to Officers**

The policy concerning decisions on the details of remuneration paid to directors and corporate executive officers of the Company and the details of remuneration for each person shall be decided upon by a resolution at the Remuneration Committee, which comprises solely outside directors.

**(ii) The Basic Policy for Deciding Remuneration for Officers**

The basic policy for deciding remuneration for directors and corporate executive officers of the Company is as follows.

- The remuneration system shall be the one that is linked with our medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and realizes sustained corporate value improvement and the sharing of value with our shareholders.
- The remuneration system shall be the one that allows for giving incentives to management executives' taking up of challenges and appropriate risk taking in line with the strategy's targets and expectations of shareholders and other stakeholders.
- The remuneration system shall be the one that makes it possible to fulfill high accountability for the benefit of our shareholders and other stakeholders through objective deliberations and judgments at the Remuneration Committee.

**(iii) Remuneration Systems for Officers**

The remuneration systems for directors and corporate executive officers shall be separately established in consideration of respective functions and roles to be fulfilled for the purpose of achieving sustained corporate value improvement. In addition, directors who concurrently serve as corporate executive officers shall be paid remuneration as corporate executive officers.

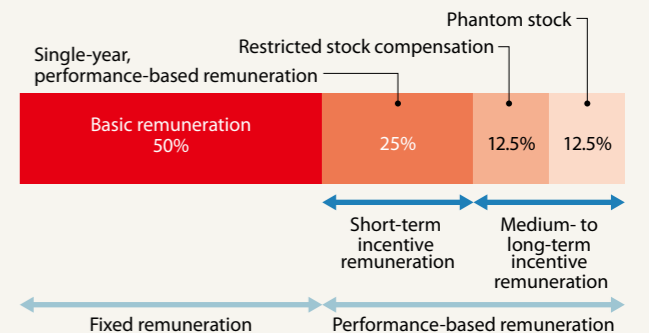
- Directors (excluding directors who concurrently serve as corporate executive officers) In consideration of their function and role of supervising the performance of duties by corporate executive officers and directors, they shall receive, in principle, only basic remuneration in the form of cash, and the standards shall

be decided upon individually taking into account factors such as their position and responsibilities as directors and whether they are full-time or part-time.

**• Corporate executive officers**

In consideration of their function and role of taking charge of business execution of the Company, their remuneration shall, in principle, comprise basic remuneration and variable remuneration. Variable remuneration comprises monetary compensation that is paid based on short-term performance, etc., and stock compensation, etc., (including monetary compensation paid based on indicators such as stock price) that is paid with a view to realizing the medium- to long-term sharing of value with shareholders. The standards and ratio of basic remuneration and variable remuneration, valuation indicators for variable remuneration, and other matters shall be decided upon taking into account medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and factors such as position and responsibilities as corporate executive officers.

**Composition of the Remuneration of Corporate Executive Officers**



**Overview of Performance-Based Remuneration**

**Single-year, performance-based remuneration**

- Form of remuneration: Cash
- Method of evaluating performance: Evaluation based on four financial performance indicators in the previous fiscal year (EBITDA, operating income, ROA, and ROE)

**Medium- to long-term performance-based remuneration (Restricted stock compensation)**

- Form of remuneration: Shares
- Restricted stock period: Approximately three years

**Medium- to long-term performance-based remuneration (Phantom stock)**

- Form of remuneration: Cash
- Performance evaluation period: Three years
- Method of evaluating performance: Evaluation based on the relative ranking of the Company's total shareholder return and the rate of change in common stock price among five peer companies (Nomura Real Estate Holdings, Inc., Tokyu Fudosan Holdings Corporation, Mitsui Fudosan Co., Ltd., Tokyo Tatemono Co., Ltd., and Sumitomo Realty & Development Co., Ltd.)

# Compliance

## Compliance Approach and Policies

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. This is why 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.

## System for Promoting Compliance

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.

In April 2018, the Mitsubishi Estate Group Guidelines for Conduct were revised and the Company stepped up its compliance practices to meet changing demands in society and an expansion in business areas.

The current compliance promotion system is administered by the Risk Management & Compliance Committee and the Risk Management & Compliance Subcommittee. The Risk Management & Compliance Committee is chaired by the Company president and comprises the executives from respective business fields and the Corporate Group and discusses issues concerning Group compliance and risk management. The Risk Management & Compliance 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.

## 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 September 2018, Takeshi Hirano, Standing Governor of Japan Exchange Regulation, spoke on the topic: "Principles for Responding to Corporate Scandals."

## Compliance Surveys

The 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 63 consultations and reports via the Mitsubishi Estate Group help line in fiscal 2018. 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.

## 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

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.

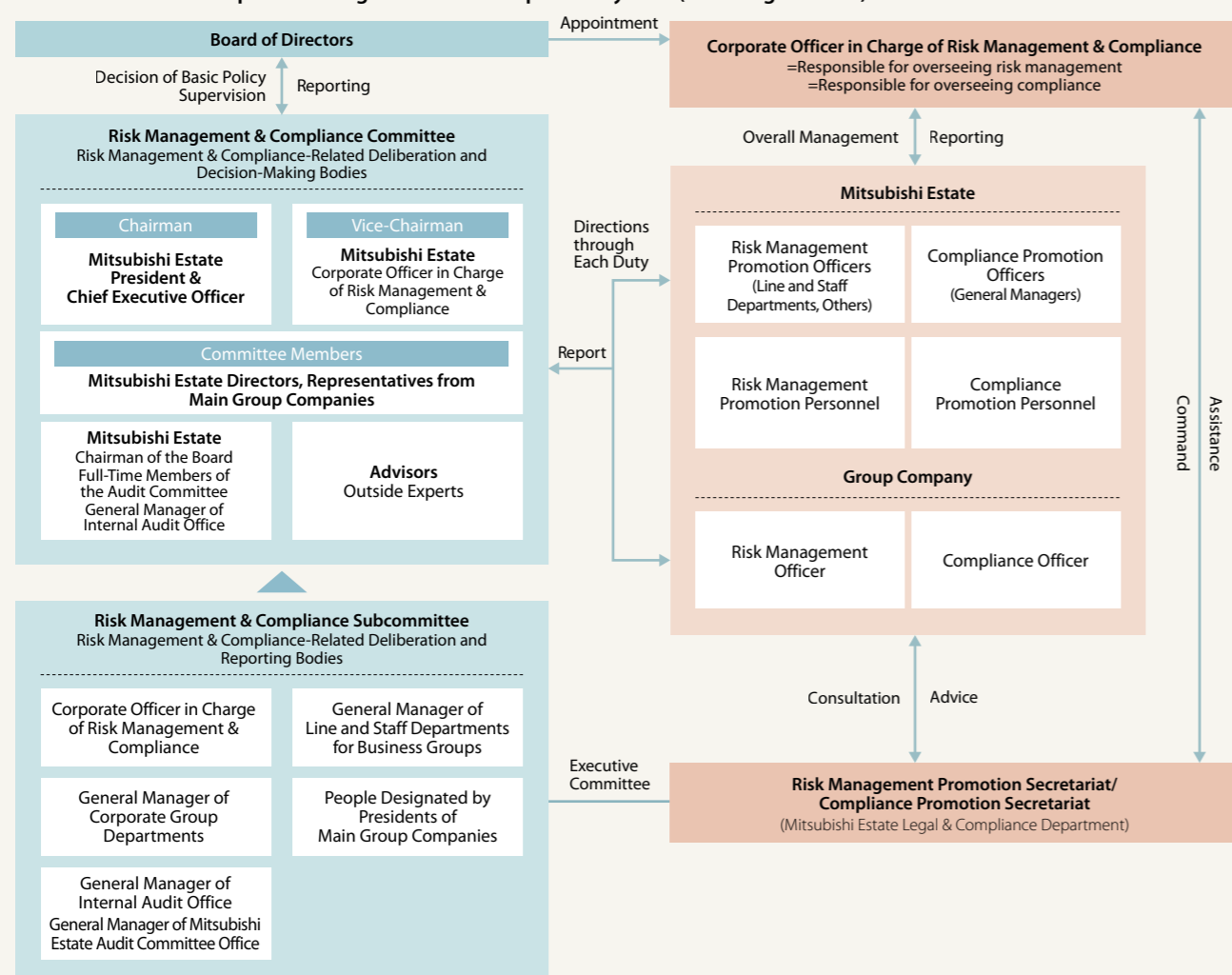
In particular, new hires from major Group companies participate in joint training together to learn about the Code of Conduct and basic compliance issues (333 participants from 21 companies in April 2019).

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.

## 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.

Mitsubishi Estate Group Risk Management and Compliance System (as of August 2019)



# Risk Management

## Risk Management Approach and Policies

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 to focus on based on a risk analysis, and carry out activities throughout the year to reduce the risks identified.

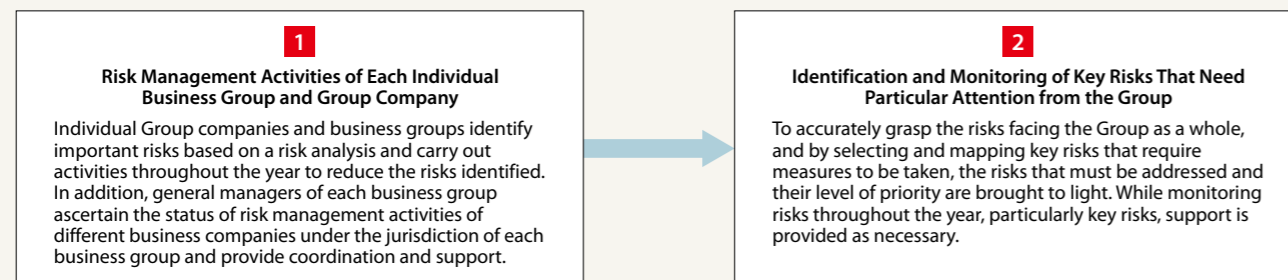
### (2) Group-wide priority risk management activities

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.

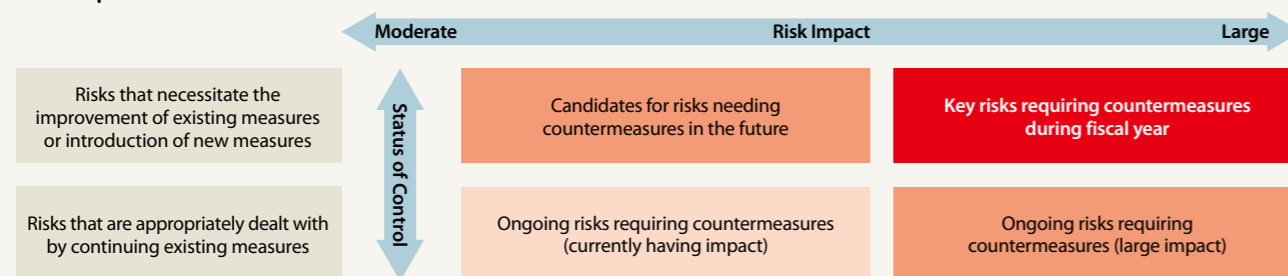
## Risk Management Activities

The Mitsubishi Estate Group has established the Risk Management & Compliance Committee to oversee the

### Risk Management Activities



### Risk Map



Group's risk management and formed the Risk Management & Compliance Subcommittee as a working-level consulting body responsible for such matters as the collection of risk management-related information. The corporate officer in charge of risk management is appointed by resolution of the Board of Directors to take responsibility for overseeing risk management, and general managers of each business group and general managers from Group departments have been designated as risk management officers. We promote risk management activities through the Mitsubishi Estate Legal & Compliance Department, which serves as the secretariat.

We have also established and implemented action guidelines, contact and initial response systems, and business continuity planning for use in times of crisis.

\* See Mitsubishi Estate Group Risk Management and Compliance System (P34) for details.

## Risk Management Related to Investment Projects

Among the various risks recognized by the Group, risks related to investment projects are based on the assessment of business viability by Companywide research functions and under investment decision rules of the Strategic Investment Office. Prior to the deliberation of important investment projects by the Executive Committee, which is chaired by the president and CEO and is responsible for strategic planning for the entire Group and monitors the progress of each business toward realizing this strategy, the Strategic Investment Committee deliberates and evaluates profitability, the nature of risks and related countermeasures, and other matters. At each phase, risk assessments are also conducted from legal and financial aspects in order to grasp an overall picture of the risks.

## Dealing with Major Risks

Below are some examples of risks that have come to light in the Group through risk management activities and various business activities and countermeasures that have been taken.

### Major Risks

<b>Risks of Information Security</b>	In light of society's growing concerns over the appropriate protection of personal information and information management, the Mitsubishi Estate Group comprehensively revised its rules related to information management in 2018 and updated its information management systems to ensure scrupulous management. We are aiming to further improve information management through continuous monitoring and supervision. Moreover, in order to raise the IT security level of the entire Group, we have positioned Mitsubishi Estate's DX (Digital Transformation) Promotion Department at the center of efforts to standardize the Group's IT systems and make it more secure. We are also enhancing collaboration among DX Promotion Department personnel and between the department and external security companies, thereby providing Group-wide support.
<b>Risks of Corruption</b>	The prevention of corruption is an important issue for our businesses both in Japan and overseas. To that end, we have established and announced the Mitsubishi Estate Group Anti-Corruption Guidelines and developed a system to prevent corruption across the organization. Under these guidelines, the Group has declared and put into practice several specific corruption prevention initiatives while thoroughly preventing any acts of bribery or acts that may be suspected as such. These initiatives include carrying out due diligence on counterparties deemed to meet certain conditions, incorporating corruption prohibition clauses into contracts, and establishing approval and reporting procedures for the provision of entertainment, gifts, and donations. In addition, we are seeking to gain a greater understanding of rules related to the prevention of corruption through training for directors and are also constantly monitoring this position.
<b>Risks of Natural and Man-Made Disasters, etc.</b>	The occurrence of such natural disasters as earthquakes, floods, or climate change or man-made disasters including accidents or fires may impact the performance, financial position, or other aspects of the Group's business. The Group is redeveloping its properties to install advanced disaster-management functions and has established disaster-response measures through area management.
<b>Risks of Fluctuations in Exchange Rates</b>	In addition to those held in Japan, the Group is developing and holding assets in the United States, Europe, and Asia, for which the book values and income are accounted for in local currencies. Consequently, any fluctuation in exchange rates would affect the yen conversion rate used for foreign currency-denominated assets and liabilities and business transactions. The Group minimizes these risks of fluctuations in interest rates using such methods as borrowing funds in local currencies when procuring assets overseas.
<b>Risks of Fluctuations in the Real Estate Market</b>	The real estate market is closely correlated with movements in the economy. Deterioration in the economy has a strong impact on declines in real estate prices and rental fees and the increase in vacancy rates. In view of this correlation, the basic policy of the Group is to conclude relatively long-term lease contracts with customers in its office building leasing business. The prospects of stable lease revenue mitigate to a certain degree the risk of sharp movements in the economy.
<b>Risks of Increases in Interest Rates</b>	The Group acquires funding for its operations by borrowing from financial institutions or issuing corporate bonds. The Bank of Japan (BOJ) has implemented a policy of quantitative and qualitative monetary easing in response to the credit crunch in financial markets and the slowdown in the global economy. Should interest rates rise, however, because of a change in the BOJ's policy or a deterioration in the demand-supply balance for Japanese government bonds (JGBs) caused by growth in the issuance of JGBs, it may negatively affect the performance, financial position, or other aspects of the Group's business. The Group hedges interest rate risk on a certain portion of its variable interest rate financing through interest rate swaps to convert its interest rate payments into fixed payments. In the future, the Group plans to manage its interest rate risk by procuring funds based on a consideration of its fixed and variable interest rate borrowings and its outstanding corporate bond balances.

## Human Resource Initiatives

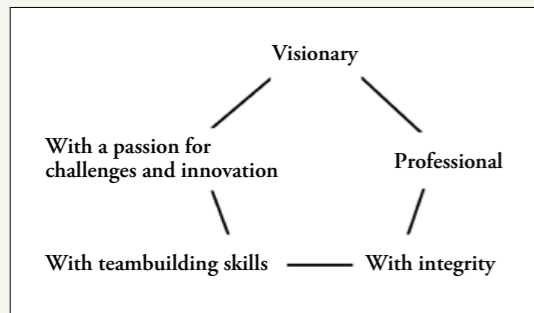
### Human Resource Development

#### Approach to Human Resource Development

Mitsubishi Estate believes that human resources are a very important management asset and recognizes that employee growth is essential to the Group's continued growth. Accordingly, it upgraded its human resource development programs in 2017.

Mitsubishi Estate has defined the ideal traits it seeks in its human resources: visionary, professional, with integrity, team-building skills, and a passion for challenges and innovation. Mitsubishi Estate develops its employees' skills using multiple approaches, combining training programs with job rotations and coordinated programs at the workplace level.

#### The Five Traits



#### Offering a Wide Range of HR Development and Training Programs

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

In addition to skill development programs aimed at raising basic skills, Mitsubishi Estate has established elective self-development support programs that give employees the opportunity to choose their own classes.

#### Consultations for Career Development

At Mitsubishi Estate, employees set goals for their own work, their contributions to the organization, and their skill development. They then review their achievements every

six months via management by objective (MOB) consultations with supervisors. They also confirm the evaluation of their performance in these consultations, and salary changes are decided based on the results of these appraisals. The Company also holds human resource consultations with every employee (with the exception of general managers), aiming to solicit their views and requests of the Company as well as to promote skill development.

#### Equitable Salary System (fiscal 2018)

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 at Mitsubishi Estate (fiscal 2018)

Average annual salary of employees	12,476,724 yen
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#### Initial salaries at Mitsubishi Estate (fiscal 2018)

Initial salary (monthly salary)	Comparison to minimum wage*
240,000 yen	160%

\* Calculated with reference to the Regional Minimum Wage Revision Conditions data for 2018 (Tokyo metropolitan area) published by the Ministry of Health, Labour and Welfare

#### Global Human Resource Development Initiatives

As part of the Global Basic Skill Strengthening options to develop human resources capable of thriving on the global stage, Mitsubishi Estate has introduced a system to subsidize language skill training for all employees. It also provides short-term overseas language training for some employees. Additionally, under the Global Business Skills Strengthening option, employees can take part in a training system where they gain practical experience at Group companies in the U.S., the U.K. and Asia. There are also study-abroad and business school programs available so they can develop the capabilities needed to perform in a global environment.

In addition to medium- and long-term dispatch programs, there is also a lineup of short-term programs lasting approximately one month, making it easy for employees who are unable to leave the workplace for long periods of time to participate. Moreover, internal debriefing sessions are held after the training so that results and lessons can be shared widely with other employees, helping everyone see how a global mindset is relevant to their own work.

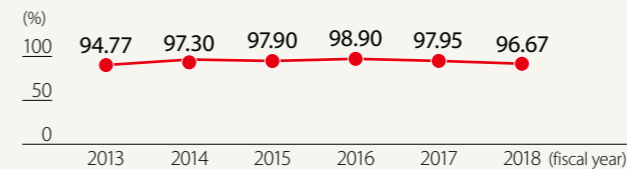
Mitsubishi Estate will continue to augment its training programs in and outside of Japan to ensure that they are useful to and available to employees in a wide range of positions.

## Occupational Health and Safety

#### Managing Employee Health through Medical Examinations

Mitsubishi Estate carries out a scheduled medical examination once a year for all employees to help them maintain and improve their health. In 2016, the company added electrocardiographs and stomach ultrasounds (for persons 35 and older) to further improve detection of lifestyle diseases. We also take the time to provide follow-up examinations, urgent examinations and meetings with occupational physicians depending on the results of the medical examinations. To improve the screening rate, individual notices with information about medical examinations are sent to people who miss their examinations. (Fiscal 2018 medical examination rate: 96.67%)

#### Rate of personnel undergoing medical examinations (headquarters)



#### Promoting Health Management

Mitsubishi Estate issued the Health Management Declaration in October 2016 to systematize the initiatives and plans that the Company and the health insurance union had carried out thus far, articulate top management's commitment, and ensure further improvements in maintaining and improving employee health. The Company also 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 times so that supervisors can follow employees' work conditions. Supervisors also meet one-on-one with their subordinates to discuss workload and task difficulty so they can understand conditions that may impact their health. Any employee, including those in managerial positions, who works more than 80 hours of overtime in a month is encouraged to have a checkup with an occupational physician. This is a part of Mitsubishi Estate's commitment to helping employees manage their health. Moreover, beginning in fiscal 2017 a subsidy program was set up for health-promoting programs (sports activities, checkups not covered by health insurance, etc.) for employees with the "Cafeteria Plan."<sup>\*1</sup> Under the plan, the Company provides a free breakfast to prevent missed meals. It also strives to raise employees' awareness of health by holding health-related in-house exercise events and seminars, including a physical improvement competition.<sup>\*2</sup>

In order to promote work-life balance, the Company adopted a flex-time schedule for all employees in fiscal 2016 and implemented initiatives such as the "positive off movement" to help employees make plans to take days off and

encourage them to take paid leave. In fiscal 2017, an hourly paid vacation program was introduced as part of the Company's efforts to create a comfortable working environment.

<sup>\*1</sup> This program enables employees to use points allotted to them to choose programs from a menu set by the company (sports activities, checkups not covered by health insurance, etc.).

<sup>\*2</sup> Five-member teams representing each department compete for rankings, with changes in fat and muscle mass and number of steps taken over the last two months converted into points.

### Diversity in the Workplace

#### Hiring of Persons with Disabilities

Mitsubishi Estate actively seeks to hire persons with disabilities, in response to social demands to ensure their employment opportunities. As of the end of fiscal 2018, Mitsubishi Estate's employment rate of persons with disabilities was 2.21%, higher than the legally recommended rate of 2.2%. Mitsubishi Estate strives to create a workplace in which all employees can demonstrate their unique skills without regard to their disability and provide the environment they need for success.

#### Establishment of Action Plan to Promote Women's Success

Mitsubishi Estate has established and published an action plan in accordance with Japan's Act on Promotion of Women's Participation and Advancement in the Workplace.

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 help raise the ratio of female managers. The Company will continue to promote diversity, including the success of women in the workplace.

\* Refer to website for details of the action plan.

#### Establishment of Work Reform Promotion Committee—Renamed BxS Promotion Committee

On April 1, 2017, Mitsubishi Estate upgraded its efforts to reform the corporate culture, streamline work processes from the top down and create new value by increasing productivity by establishing the Work Style Reform Promotion Committee, which is chaired by and reports directly to the president.

Beginning in August 2018, this committee was renamed the BxS Promotion Committee with an intention to drive a "borderless" and "socializing" work environment that would maximize the value created from ties made among people and revitalize workstyle reform efforts.

Under the five themes of "open and flat," "encouragement from others to try new things," "natural gatherings of people,"

“choosing a range of ways to spend time,” and “healthy living,” Mitsubishi Estate is setting up an office environment and system company-wide and across divisions so that each individual employee can work in a way that provides additional added value.

Further, in fiscal 2019, Mitsubishi Estate set up a new program that requires 10% or more of work time to be devoted to activities other than regular work in order to promote business model innovations (for example, new business proposals and improvements to existing operations). This is aimed at promoting further reforms in individual work styles.

#### Work-Life Balance Programs

Name of program	Overview of program
<b>Flextime program</b>	Working hours are as follows •Core time (time period when eligible employees are required to attend work) → 10:00–15:00 •Flexible time (time period when eligible employees can work according to their choice) → Period for starting work: 06:00–10:00, period for ending work: 15:00–20:00
<b>Childcare leave of absence</b>	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)
<b>Nursing care leave of absence</b>	Can be used for a maximum of three years (can be divided into shorter durations up to three times)
<b>Nursing care leave of absence for children</b>	Can be used until the end of 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
<b>Nursing care leave of absence for family</b>	Can be used as a special paid leave of absence
<b>Shortened work hours for childcare</b>	Can be used until the end of 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
<b>Shortened work hours for nursing care</b>	Can be used within three years of the start of use for each person in the eligible family Daily work hours can be shortened by up to 2.5 hours in increments of 15 minutes
<b>Flextime program for pregnant women, those caring for children and those nursing family members</b>	Can be used until the end of March after the child enters the third grade in elementary school (Work hours can be shortened by up to 1 hour in increments of 15 minutes)
<b>“Refresh” vacations</b>	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)
<b>Accumulated vacation</b>	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.
<b>Reemployment program</b>	In the event that an employee retires due to a spouse’s transfer, the former employee can be reemployed within five years of retirement
<b>Hourly paid leave program</b>	Paid leave is available in one-hour units (using eight hours is equivalent to using one day of paid leave)
<b>Teleworking program</b>	It is possible to work at a location other than the Company, such as a satellite office affiliated with the Company or at home
<b>Expense subsidy program based on cafeteria plan</b>	The program provides subsidies for expenses on employee health promotion activities (sports activities and checkups not covered by insurance, etc.)
<b>Consultations with occupational health physician</b>	An initiative to provide consultations with an occupational health physician for employees, including managers, who have exceeded the 80 hours of statutory monthly overtime work
<b>Positive Off Movement</b>	An initiative to set targets for the number of days of paid leave taken and to encourage employees to take paid leave

(Note) Each has conditions attached such as the type of occupation, etc.

## Human Rights Initiatives

### Basic Approach to Human Rights

As a member of society, the Mitsubishi Estate Group is keenly aware of the importance of respect for human rights. To fulfill our responsibility to respect the basic human rights of all stakeholders, not only those involved in Group businesses, we set up the Mitsubishi Estate Group Human Rights Policy on April 1, 2018. 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. These Guidelines stress the importance of respect for human rights and diversity, which means that employees show concern for human rights and the environment in the course of their business activities. The Human Rights Policy is intended to ensure that we, as a good corporation, understand that internationally mandated human rights are a bare minimum that we must go beyond, that we reaffirm the importance of supporting, protecting and respecting human rights and that we work to respect the fundamental human rights of every single person involved in the Group’s businesses.

### Ongoing Human Rights Programs

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

In addition to training for management career track positions, Mitsubishi Estate also carries out group training on the prevention of workplace harassment. Human rights lectures are also given every year to executives such as the Company’s president, directors and department managers, as well as Group company presidents. In fiscal 2018, the Group invited Kazuo Tase, the President and CEO of SDG Partners, Inc., and held a lecture titled, “The New Idea of Business and Human Rights and Great Change Required of Business,” focusing on the global standards of human rights. Topics included current issues, such as United Nations’ Guiding Principles on Business and Human Rights, and the significance of companies’ involvement in addressing human rights. Moreover, the Group provided new hire joint training to 335 new hires from 22 Group companies, as well as a lecture to explain regulations on the prevention of sexual harassment, which has been held annually since fiscal 2017. As of the end of 2018, all eligible employees completed the lecture. Mitsubishi Estate and some Group companies also organized training on themes such as social integration. These training sessions all sought to cultivate a greater sense of human rights by raising participants’ awareness of discrimination.

### The Human Rights Education & Diversity Promotion Committee Meets

Mitsubishi Estate holds an annual meeting of its Human Rights Education & Diversity Promotion Committee (chaired by the director in charge of human resources) 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 Tokyo Industrial Federation for Human Rights, the Corporate Federation for Dowa and Human Rights Issues, Osaka, and the Mitsubishi Human Rights Enlightenment Council. In addition to participating in training on social integration and other human rights issues, the Group is committed to addressing human rights issues, and participates in activities such as information gathering to expand this training to Group companies.

## Supply Chain Management

### Mitsubishi Estate Group Order Action Guidelines

In accordance with the Mitsubishi Estate Group’s Mission and Code of Conduct, Mitsubishi Estate has established the Order Action Guidelines, 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 Guidelines are intended to ensure objectivity and economic rationality, but they also include rules on environmental conservation, information management and avoidance of any involvement with organized criminal elements. These Order Action Guidelines are shared by the entire Group, and order and contract processes are established and administered to suit the businesses of individual companies based on them.

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, corruption and 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 and holds discussions concerning compliance. It met once in fiscal 2018.

### 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 ensures responsible procurement 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.

In order to ensure the dissemination of its CSR Procurement Guidelines both in and outside of the Group, Mitsubishi Estate publishes these guidelines on its corporate website. The Company also works with its Group companies to notify the Group’s key suppliers of the CSR procurement guidelines. Going forward, Mitsubishi Estate will continue with its efforts to ensure the dissemination throughout the supply chain.

Number of key suppliers notified of the CSR procurement guidelines:

Fiscal 2016: 3,326

Fiscal 2017: 721 (added anew)

Fiscal 2018: 792 (added anew)

\* Refer to website for details of the CSR Procurement Guidelines.

### Launch of the Construction and Real Estate Human Rights Due Diligence Study Group

In September 2018, as a facilitator, Mitsubishi Estate launched the Seminar on Construction and Real Estate Human Rights Due Diligence Study Group, drawing participation from eight real estate and construction companies.

The United Nation’s Guiding Principles on Business and Human Rights call on companies to not only to avoid causing and exacerbating a direct negative impact on human rights, but also to avoid and reduce infringements of a wide range of human rights along the value chain. However, this requires efforts that encompass the supply chain, and there are limits to the impact that Mitsubishi Estate can have by itself. In light of this, Mitsubishi Estate launched a study group to develop mechanisms for human rights due diligence, in collaboration with other companies in the real estate and construction industries.

At the study group, participants identify the impact that business activities have on human rights and study relevant laws to address them, in order to fulfill the Guiding Principles on Business and Human Rights’ requirements and taking responsible steps to “avoid infringing on the human rights of others” and “address adverse human rights impacts with which they are involved.” In fiscal 2019, the study group has been conducting deliberations on specific human rights due diligence approaches, focusing on issues on construction materials (concrete forms) and foreign workers on construction sites.

## External Evaluations

### Inclusion in SRI Indices

Mitsubishi Estate has been selected for inclusion in the following socially responsible investment (SRI) indices. (as of the end of January 2020)

- FTSE4Good Global Index \*18th consecutive year
- FTSE Blossom Japan Index \*3rd consecutive year
- MSCI Japan ESG Select Leaders Index \*3rd consecutive year
- MSCI Japan Empowering Women Select Index
- S&P/JPX Carbon Efficient Index
- SNAM Sustainability Index \*8th consecutive year
- GRESB Public Disclosure \*3rd consecutive year
- GRESB Real Estate 2019 Three Star/Green Star rating
- Score A- according to CDP Climate Change 2019 Questionnaire

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 sustainability as we pursue sustainable corporate management.



### Obtaining DBJ Green Building/ CASBEE Certification

Mitsubishi Estate endeavors to be socially conscious and environmentally friendly in its real estate dealings and to proactively communicate its environmental initiatives.

As of the end of April 2019, 15 of our properties had obtained the DBJ Green Building certification administered by the Development Bank of Japan (DBJ). Under this certification system, the DBJ comprehensively evaluates environmentally and socially conscious real estate

properties (green buildings) on five factors: the building's environmental performance, the comfort of tenant users, risk management, consideration for the surrounding environment and community, and cooperation with stakeholders. The building then receives certification with one of five rankings (from one star to five stars) based on its score, which shows the positive feedback given to the environmentally friendly initiatives undertaken by our company's developed properties.

Furthermore, 11 of the Company's buildings obtained Comprehensive Assessment System for Built Environment Efficiency (CASBEE) certification. CASBEE is a certification system under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism which ranks and evaluates buildings on various aspects including comfort and environmental performance. Going forward, we will continue to develop valuable real estate and promote them to tenants, investors and other stakeholders in response to increased interest in and expectations of environmentally conscious buildings.

CASBEE certification (new construction design)	DBJ Green Building certification	ABINC certification
11 projects	15 projects	15 projects

### Issued the Mitsubishi Estate Green Bond

In June 2018, to raise funds for the Tokyo Station Tokiwabashi Project currently underway in front of the Nihonbashi exit of Tokyo Station, Mitsubishi Estate issued the Mitsubishi Estate Green Bond, the first in Japan from an integrated real estate company. The Mitsubishi Estate Green Bond was issued based on a framework in accordance with the Green Bond Principles published by the International Capital Market Association (ICMA), and Mitsubishi Estate obtained an opinion on compliance with the principles from a third-party certification institution.

The Mitsubishi Estate Green Bond also obtained the highest GA1 rating in an R&I Green Bond Assessment carried out by Rating and Investment Information, Inc., which evaluates the extent to which proceeds from the issuance of a green bond are used to invest in projects that contribute to solving environmental problems.

Moreover, Tower A in the Tokyo Station Tokiwabashi Project has earned the DBJ Green Building certification in recognition as a building with outstanding environmental and socially conscious features in Japan (certified on March 29, 2019).

\*Refer to website for outline of the Mitsubishi Estate Green Bond.



A full-scale rendering of the Tokyo Tokiwabashi Project

## ESG Data Highlights

### E: Environmental Data

Index	Targets	Fiscal 2018 results	Boundary
GHG emissions reduction in line with the SBT commitment to address climate change	From fiscal 2017 2030: 35% reduction 2050: 87% reduction	3,588,345t-CO <sub>2</sub>	Mitsubishi Estate Group
Recycled water usage rate	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Group
Rate of adoption for water-conserving appliances* *Automatic faucets, water-conserving toilets	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Group
Rate of annual adoption for heat insulation functions level 4	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Residence
Rate of annual adoption for primary energy consumption level 4	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Residence
Rate of annual adoption for high-efficiency appliances* *LED equipment, water-conserving toilets	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Residence
Japan-grown timber usage rate	100% (Fiscal 2030 ongoing goal)	50.0%	Mitsubishi Estate Home
Rate of installation of electric vehicle charging stations	100% (Fiscal 2030 ongoing goal)	92.0%	Mitsubishi Estate Group
Rate of provision of bicycle parking areas	100% (Fiscal 2030 ongoing goal)	92.0%	Mitsubishi Estate Group

### S: Social Data

Index	Targets	Fiscal 2018 results	Boundary
Ratio of female managers	Over 10% (Fiscal 2030)	5.92% (100 female managers)	Mitsubishi Estate Group <sup>*1</sup>
Rate of female employees taking childcare leave of absence	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Group <sup>*1</sup>
Rate of male employees taking childcare leave of absence	100% (Fiscal 2030 ongoing goal)	12.6%	Mitsubishi Estate Group <sup>*1</sup>
Employment rate of persons with disabilities	2.2% (Fiscal 2020 ongoing goal)	2.22%	Mitsubishi Estate Group <sup>*1</sup>
Rate of reinstatement to work after maternity/childcare leave	100% (Fiscal 2030 ongoing goal)	96.7%	Mitsubishi Estate Group <sup>*1</sup>
Rate of provision of accessible toilets	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Group
Rate of barrier-free buildings	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Group
Rate of employees with first aid provider qualification	100% (Fiscal 2030 ongoing goal)	64.0%	Mitsubishi Estate Group <sup>*2</sup>
Rate of awareness of Mitsubishi Estate Group CSR Procurement Guidelines	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate Group

### G: Governance-related Data

Index	Targets	Fiscal 2018 results	Boundary
Compliance e-learning attendance rate	100% (Fiscal 2030 ongoing goal)	97.8%	Mitsubishi Estate Group <sup>*3</sup>
Attendance rate at meetings of the Board of Directors	100% (Fiscal 2030 ongoing goal)	100%	Mitsubishi Estate
Employee absentee rate	0% (Fiscal 2030 ongoing goal)	0.83%	Mitsubishi Estate Group <sup>*1</sup>

\*1 Made up of five companies: Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Estate Residence, Mitsubishi Jisho Sekkei, and Mitsubishi Real Estate Services

\*2 Made up of three companies: Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Jisho Retail Property Management

\*3 Made up of four companies: Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Estate Residence, Mitsubishi Real Estate Services

### Estimate of GHG Emissions of Mitsubishi Estate Group

\*Scope of calculations: the entire Mitsubishi Estate Group

	2018				2017 (base year)		
	Emissions (t-CO <sub>2</sub> )	Percentage of total emissions	Percentage of Scope 3 breakdown	Percentage change from 2017 (base year)	Emissions (t-CO <sub>2</sub> )	Percentage of total emissions	Percentage of Scope 3 breakdown
Total GHG emissions (Scope 1 + Scope 2 + Scope 3)	3,588,345	100%	—	7.5%	3,336,472	100%	—
Scope 1	108,289	3.0%	—	-10.2%	120,634	3.6%	—
Scope 2	564,033	15.7%	—	-2.0%	575,262	17.2%	—
Scope 1 + Scope 2	672,322	18.7%	—	-3.4%	695,896	20.9%	—
Scope 3	2,916,023	81.3%	100%	10.4%	2,640,576	79.1%	100%
- Category 11	1,714,888	47.8%	58.8%	22.7%	1,398,021	41.9%	52.9%
- Category 2	975,004	27.2%	33.4%	-1.5%	990,329	29.7%	37.5%
- Category 1	77,035	2.1%	2.6%	3.6%	74,329	2.2%	2.8%
- Other	149,095	4.2%	5.1%	-16.2%	177,897	5.3%	6.7%