



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

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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*¹ and decided to support the recommendations of TCFD.*² 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.

*1 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).

2 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.

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