

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.

Step 1

Set out **strengths/characteristics** of each business unit

- Review process for each business
- Clarified strengths/characteristics (source of value creation) of own company

Each business unit analyzed business strengths/characteristics after clarifying individual business processes and stakeholders. Based on that, the SDG Compass was used to clarify relationships between businesses that contribute to achieving the SDGs.



Step 2

Identified **55** changes in business environment related to business activities

- Identified social issues and trends, such as SDGs
- Set out relationships between business processes and social issues and trends, such as SDGs
- In addition to relationships with business processes, examined social environment and trends from the perspective of the Medium-Term Management Plan (fiscal 2017–2019) and the perspective of the executive office

Social issues represented by megatrends and the 17 goals of the SDGs were discussed and specified irrespective of organization to identify 55 changes in the business environment that the Mitsubishi Estate Group must focus on based on the relationships with each business process and the targets in the abovementioned Medium-Term Management Plan.

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

Step 3

Identified **24** key social issues and trends from the three perspectives of business unit operations, the Medium-Term Management Plan (fiscal 2018–2020), and external evaluations

- Identified business opportunities and risks for each social issue and trend
- Grouped material issues based on opportunities and risks
- Careful review conducted by working group executive office

Out of the 55 changes in the business environment, each business unit identified the opportunities and risks most relevant to their own business unit given the strengths/characteristics of the business. The key social issues and trends were subsequently narrowed down to 24 based on the perspective of the abovementioned Medium-Term Management Plan and outside evaluations.

Step 4

Set out the **seven** material issues in order to share awareness internally and externally

- Prepared draft of material issues and carried out stakeholder interviews
- Submitted to management

After mapping the relationships between the 24 key trends and the SDGs, they were organized into seven material issues. Interviews were conducted with three outside experts to obtain third-party opinions.

Outside Experts (Affiliations and positions as of December 2018. Listed in no particular order)

Dr. Mika Takaoka (Ph.D. in Economics)
Professor, College of Business, Rikkyo University







Mari Yoshitaka Chief Environmental and Social Strategist, Environmental Strategy Advisory Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

Dr. Norichika Kanie (Ph.D. in Media and Governance)
Professor, Graduate School of Media and Governance, Keio University


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 SBT¹ initiative)
- Renewable power ratio: 25% *100% in FY2050 (joined RE100²)



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 m²)

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