

Human Resource Initiatives

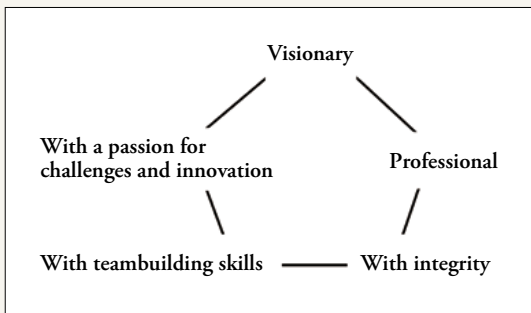
Human Resource Development

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.

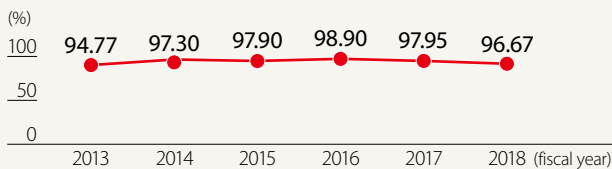
Mitsubishi Estate will continue to augment its training programs in and outside of Japan to ensure that they are useful to and available to employees in a wide range of positions.

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."¹ 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.²

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.

*1 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.).

*2 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
Flextime program	Working hours are as follows <ul style="list-style-type: none"> • 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
Childcare leave of absence	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)
Nursing care leave of absence	Can be used for a maximum of three years (can be divided into shorter durations up to three times)
Nursing care leave of absence for children	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
Nursing care leave of absence for family	Can be used as a special paid leave of absence
Shortened work hours for childcare	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
Shortened work hours for nursing care	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
Flextime program for pregnant women, those caring for children and those nursing family members	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)
“Refresh” vacations	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)
Accumulated vacation	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.
Reemployment program	In the event that an employee retires due to a spouse’s transfer, the former employee can be reemployed within five years of retirement
Hourly paid leave program	Paid leave is available in one-hour units (using eight hours is equivalent to using one day of paid leave)
Teleworking program	It is possible to work at a location other than the Company, such as a satellite office affiliated with the Company or at home
Expense subsidy program based on cafeteria plan	The program provides subsidies for expenses on employee health promotion activities (sports activities and checkups not covered by insurance, etc.)
Consultations with occupational health physician	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
Positive Off Movement	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