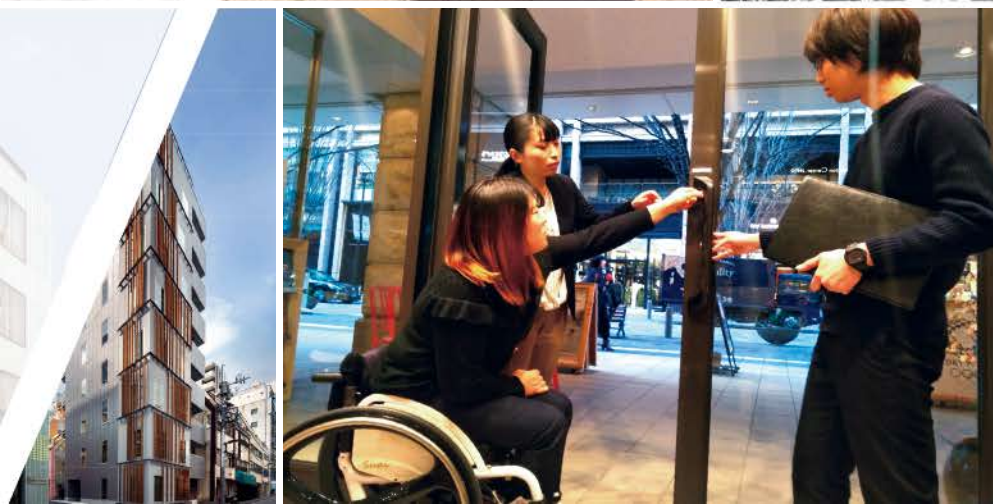


Sustainable Cities
for a Sustainable Earth

MITSUBISHI ESTATE GROUP

Sustainability Report 2020



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

Forever Taking On New Challenges—The Mitsubishi Estate Group

The Spirit of Mitsubishi: Three Principles

“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.

“Shoji Komei”

処事光明

Integrity and Fairness

Maintain principles of transparency and openness, conducting business with integrity and fairness.

“Ritsugyo Boeki”

立業貿易

Global Understanding through Business

Expand business, based on an all-encompassing global perspective.

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, January 1, 2006, and April 1, 2018

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Editorial Policy

The Mitsubishi Estate Group publishes the Sustainability Report as a means of disclosing information on Group efforts to realize a sustainable world.

In Sustainability Report 2020, the Group reports on the main recent initiatives under the four key themes of the Mitsubishi Estate Group 2030 Goals for SDGs set forth as part of the Long-Term Management Plan 2030 aimed at achieving the Mitsubishi Estate Group Sustainability Vision 2050, a vision of the Group's future through 2050. The report on sustainability activities is organized under the environmental, social and governance (ESG) criteria, with care taken to enhance the disclosure of quantitative data, including activity results.

Reporting Structure

The Mitsubishi Estate Group Sustainability Report consists of a website and a digest edition in PDF format. The website is conceived as a complete version and provides comprehensive coverage of content related to the Group's sustainability activities, including detailed numerical data. Starting in fiscal 2020, data related to sustainability activities has been aggregated on the ESG Data page. The digest PDF version (this edition) is designed for a general readership and provides selected parts of the website's content.

For more detailed information on the company and its financial results, please visit 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

- Mitsubishi Estate Co., Ltd.
- 61 Group companies (50 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

In this report, "fiscal 2019" refers to the period from April 1, 2019 to March 31, 2020, and other fiscal years are referred to in a corresponding manner. The report covers fiscal 2019, but also includes information pertaining to other fiscal years.

Reference Guidelines

- Global Reporting Initiative (GRI) Standards
- ISO 26000: Guidance on social responsibility
- *Environmental Reporting Guidelines* (2012 edition), Ministry of the Environment, Japan
- SASB Standards, Sustainability Accounting Standards Board

📄 Refer to the website for the GRI Standards Content Index

Publication date January, 2021

Next issue The next issue is scheduled for publication in January 2022.

Production overseen by Sustainability Management and Promotion Department, Mitsubishi Estate Co., Ltd.

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We contribute to the growth of international society through the unwavering values of urban development while embracing the new challenge of enhancing sustainability-focused management.

Junichi Yoshida

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

Contributing to society through sustainable urban development

In recent years, large typhoons and storms attributed to climate change have caused devastation across Japan. Meanwhile, in addition to extreme weather, such as high temperatures and heavy 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 caused by urbanization and the emergence of new issues with the COVID-19 pandemic significantly impacting the entire world, it is clear that “sustainability” is an ever more important keyword inside and outside Japan.

There is also growing hope and interest in addressing these issues through the United Nations Sustainable Development Goals (SDGs). Even without the need to cite Goal 17, “partnerships for the goals,” which is about revitalizing the global partnership for sustainable development, corporations are working with diverse stakeholders in Japan and overseas to pursue sustainable business frameworks. This requires companies, both in Japan and the international community, to take on more responsibility than ever.

With urban development as its core business, the Mitsubishi Estate Group is determined to move beyond the confines of a single company, working with government organizations, local companies, and other partners to articulate a vision for sustainable cities. Guided by this determination, we continue to strive to enhance our sustainability management.

Making long-term perspective essential for urban development central to management

We bring awareness of these social and environmental issues to two approaches to management. The first is the promotion of management based on unwavering values and a long-term perspective taking into account the business characteristics and history of urban development.

Drawing on The Spirit of Mitsubishi: The Three Principles of the Mitsubishi Group, the Mitsubishi Estate Group proclaims our 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 Group has been engaged in the development of the Marunouchi area for 130 years and has expanded that area’s spirit and vibrancy to Otemachi and Yurakucho, as well as further afield in Japan and overseas.

Urban development does not only consist of the latest infrastructure in the form of buildings, utilities, and transportation infrastructure. Rather, its value reaches full potential when the unique appeal of time and place, which include creativity, entertainment, and sense of security, take shape. Cities should be places that continue to grow and develop as diverse people come together and interact to create the next facet of appeal.

For example, in the Marunouchi area, in addition to enhancing its functions as a business district, we have continued to focus on embracing the sense of values of the times as we promote urban development. This includes such measures as expanding commercial and cultural facilities to create a vibrant urban neighborhood, strengthening seismic and disaster preparedness functions in light of the Great East Japan Earthquake, and achieving sustainability through energy and resource conservation, utilization of renewable energy, and biodiversity preservation. Marunouchi today is an active venue for a variety of experiments focused on achieving a smart city that utilizes such cutting-edge technologies as AI, IoT, and robotics.

Mitsubishi Estate positions urban development for 2020 onward as “Marunouchi NEXT Stage” and promotes urban development designed both to improve the quality of life for individuals and identify and solve social issues by creating innovation and further strengthening digital infrastructure.

We also take as our ongoing mission providing safe and secure urban functions and services. This includes



establishing a business environment that reflects changing social behavior and the new values emerging from our experiences with the COVID pandemic. It is my deep conviction that urban development is a business sector that will continue to manifest the concept of sustainability.

Long-term vision for sustainability-focused management

Urban development can be described as highly creative work, as it must continue to breathe life into cities over a period of 50 or 100 years, while engaging new people and realizing high value in the areas of society, the environment, and the economy. In order to achieve these aims, we need to incorporate a sustainability vision into daily management and business activities and continually and systematically deepen our efforts using the PDCA cycle based on clear objectives for the long term. This is what our second management approach is about.

In April 2020, the Mitsubishi Estate Group established the Long-Term Management Plan 2030, which set out the Group's strategy to increase both social and shareholder value at the heart of its corporate management. With this plan, we articulated an approach that focuses on sustainability as a value provided through our businesses and emphasizes providing value to all stakeholders.

In order to drive this strategy forward, we have also formulated the Mitsubishi Estate Group 2030 Goals for SDGs. Based on the seven material issues we set out in fiscal 2018, we established the four themes of Environment, Diversity & Inclusion, Innovation, and

Resilience to promote the long-term perspective that is essential for urban development. We aim to be a corporate group that implements 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.

Moreover, in order to properly manage these individual initiatives and to strengthen corporate governance, we joined RE100^{*1} and endorsed the recommendations of TCFD.^{*2} We aim to earn more trust and ever better evaluation in capital markets, taking specific steps such as utilizing ESG information in determining the remuneration of officers and considering the matters deliberated by the Strategic Investment Committee.

We have, of course, set targets and formulated action plans for other themes as well, while promoting the development of Group-wide businesses and initiatives in each individual division. Toward this end, we implemented organizational reforms in April 2020, on which we work to raise employee awareness and ensure the highest possible level of sustainability in urban development.

The Mitsubishi Estate Group announced our Mitsubishi Estate Group Sustainability Vision 2050 in February 2020. We formulated this long-term vision to identify what we ought to be today based on what we wish to achieve in 2050 and what we envision our purpose is in society at large. The key to our vision is "ecosystem engineers." We define the spaces and infrastructure in which diverse individuals and corporations are able to coexist sustainably and thrive together in all aspects of the economy, environment, and society as "ecosystems." We aspire to be a Group of "engineers" that leverages our diverse expertise and coordination skills as developers in more conscious and active ways.

^{*1} RE100 is a global corporate initiative led by The Climate Group, an international NGO working to accelerate climate action, in partnership with CDP, an international NGO that provides investors, companies, cities, states and regions with a global disclosure platform to manage their environmental impacts. RE100 brings together influential businesses committed to switching to 100% renewable energy for the electricity they use.

^{*2} The Task Force on Climate-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.



“We will continue to steadily implement measures related to sustainability-focused management as we strive to enhance corporate value.”



Handing down our corporate credibility and diversity of talent

It is our human resources who play the key role in the Mitsubishi Estate Group's sustainable value creation aimed at achieving our long-term goals by envisioning something from nothing to achieve innovation. To enable each and every one of our human resources to demonstrate their full potential, we have established systems for collaborating with startups and for internal proposals of new businesses.

When we relocated our headquarters in January 2018, we introduced a free address work environment to eliminate departmental boundaries and increased common areas to facilitate casual conversations. The purpose behind this was to create more opportunities for people to come into contact with one another and meet a diverse range of people throughout the office to allow employees with different values and ideas to exchange opinions freely, thereby leading to the creation of new businesses.

In taking measures to respond to the COVID-19 pandemic, we also took the opportunity to strongly promote the use of telework and flextime systems, making it possible to seamlessly integrate a diverse range of work styles through online and offline activities. We believe it to be our role in management to provide a working environment that allows our people to continuously create innovation.

In 2019, we established a system for the reemployment of former employees who had left the company for a variety of reasons, including raising children, caring for family members, changing jobs, or starting a business. In January 2020, we also launched a system for permitting employees to engage in second jobs. We will continue to strive to create a comfortable environment that makes it easy for our diverse pool of talent to work and utilize their skills.

The strengths of the Mitsubishi Estate Group are the corporate credibility it has earned throughout its history and its employment of diverse professionals that allow the Group to realize comprehensive urban development. The greatest mission of management is to foster a corporate culture based on these strengths in which each and every employee is united in the goals of achieving sustainable urban development, creating local communities, and creating international communities through active internal and external interaction, as we work to resolve each of the issues we face. Taking this mission to heart, we will continue to 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.

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.

There has been an increasingly strong 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.

In fiscal 2018, in order to promote further Group-wide integration of sustainability and management, the Mitsubishi Estate Group identified the themes on which the Group should focus in light of the SDGs and established the seven material issues, the key areas for the Group to pursue in its sustainable management.

Furthermore, the Group announced the Mitsubishi Estate Group Sustainability Vision 2050, “Be the Ecosystem Engineers,” and also formulated the Mitsubishi Estate Group 2030 Goals for SDGs (“the 2030 Goals”), which serve as milestones that define specific themes and actions in working to achieve this vision. The 2030 Goals set out four key themes aligned with the Group’s seven material issues—that is, Environment, Diversity & Inclusion, Innovation, and Resilience—and the Group is committed to providing even more profound value to a wider range of stakeholders focusing on these four key themes.

We consider the initiatives on climate change are a particularly critical issue for the international community.

In order to help achieve the targets set out in the Paris Agreement and contribute to the realization of a society with a low-carbon footprint, we established the Mitsubishi Estate Group medium- to long-term greenhouse gas emissions reductions targets (approved in April 2019 by the Science Based Targets initiative for being based on scientific evidence) and also joined RE100 (on January 31, 2020).

Moreover, we are striving to further strengthen governance and business strategy related to climate change by providing information disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB).

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 functional and business groups fields and that of the Corporate Group, as well as presidents of major Group companies, among others.

As we aspire to continually upgrade concrete details of initiatives and targets for achieving the 2030 Goals, we will manage the targets related to the four key themes by incorporating them into the annual plan for each organization and function starting in fiscal 2020 while reviewing the progress at the Sustainability Committee using the PDCA cycle. Moreover, we will also

implement 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. We will also need to address emerging social issues such as the COVID-19 pandemic. In order to achieve this, the Mitsubishi Estate Group's idea of urban development involves engaging with customers and local community members and acting responsibly toward all potential impacts our business activities will may have in areas such as 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.

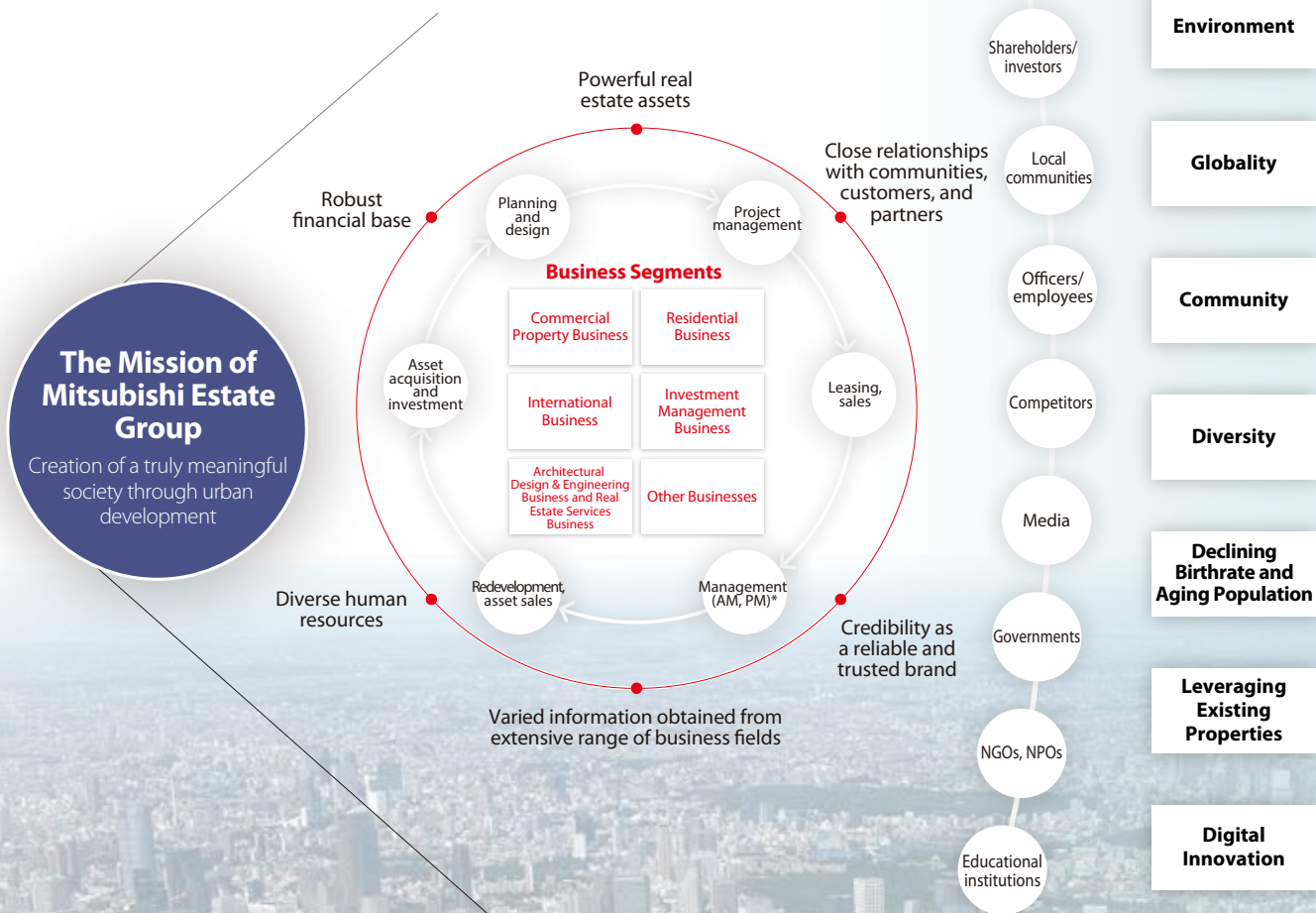
In order for the entire Group to work toward achieving a sustainable society, we need to share and unify common values and standards of conduct across the Group. While living up to the Mitsubishi Estate Group Code of Conduct (revised April 2018), we joined the United Nations Global Compact as we work in line with such international initiatives. We have also established the Mitsubishi Estate Group CSR Procurement Guidelines and share these guidelines with our business partners to foster their understanding that these initiatives are essential throughout the supply chain.

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 as well as 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.



Promoting sustainable urban development with the aim of realizing a sustainable world while increasing social value

In order to promote businesses that help realize a sustainable world while increasing social value, the Mitsubishi Estate Group has established the Mitsubishi Estate Group Sustainability Vision 2050 to move toward a corporate management focused on sustainability by 2050. The Group has also established Mitsubishi Estate Group 2030 Goals for SDGs in its Long-Term Management Plan 2030. These goals serve as milestones that define specific themes and actions in working to achieve the 2050 vision.



The Mission of Mitsubishi Estate Group
Creation of a truly meaningful society through urban development

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.

Mitsubishi Estate Group 2030 Goals for SDGs >> P12

To realize its corporate mission and sustainable growth, the Mitsubishi Estate Group has established the Long-Term Management Plan 2030, which drives its strategy to increase both social value and shareholder value. Moreover, as part of its strategy to increase social value, the Group works to achieve the Mitsubishi Estate Group 2030 Goals for SDGs, which consist of four key themes aligned with the Group’s material issues, to help realize a sustainable world.

Mitsubishi Estate Group 2030 Goals for SDGs

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.

1. Environment

Sustainable urban development that proactively addresses climate change and environmental issues



2. Diversity & Inclusion

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



3. Innovation

Innovative urban development that continuously renews society



4. Resilience

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



ESG Value Creation through Business

Value Propositions

Sustainability

Social issue solutions

Quality Of Life

Innovative services & experiences

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.

The Mitsubishi Estate Group implemented internal working units throughout the Group in fiscal 2018 to promote further Group-wide integration of sustainability and management. In the working units, we newly identified the themes that the Group should focus on in consideration of the SDGs as the seven material issues (key issues in sustainability management) as well as the associated opportunities and risks. Then the Group formulated Mitsubishi Estate Group 2030 Goals for SDGs based on these seven material issues. The Group will work to achieve its key themes derived from this process in its Long-Term Management Plan 2030.

Opportunities and Risks for Each Material Issue

Material issues and their related key themes set out in Mitsubishi Estate Group 2030 Goals for SDGs

Material Issues	Main Opportunities	Main Risks	Related Key Themes in Mitsubishi Estate Group 2030 Goals for SDGs
Environment 	<ul style="list-style-type: none"> Increasing need for acquisition and leasing of real estate with low environmental impact Increasing need for acquisition and leasing of real estate with resilience following natural disasters Decreasing cost of environmental countermeasures and investment with the advancement of technological innovation 	<ul style="list-style-type: none"> Declining asset prices and increasing cost of maintenance and countermeasures due to intensification and increase in disasters (urban flooding, etc.) associated with climate change Increasing cost for new real estate development due to stronger environmental regulations and for countermeasures due to tightening of standards for repair work 	(1) Environment (3) Innovation (4) Resilience
Globality 	<ul style="list-style-type: none"> Increasing opportunities for real estate investment and urban development outside Japan Increasing demand for facilities and services to meet needs of non-Japanese customers Decreasing personnel expenses, including construction costs, and resolution of labor shortages through acceptance of non-Japanese workers 	<ul style="list-style-type: none"> Intensifying global inter-city competition Increasing country-specific risks and compliance risks, including supply chain management 	(2) Diversity & Inclusion (3) Innovation
Community 	<ul style="list-style-type: none"> Increasing need for acquisition and leasing of real estate with high resilience to natural disasters, such as earthquakes Increasing business opportunities taking advantage of regional revitalization and urban development expertise Increasing demand for facilities and services tailored to diverse lifestyles and working and consumption styles, including acceleration of telework and increase in freelancing 	<ul style="list-style-type: none"> Falling asset values and rising expenses for maintenance and countermeasures due to earthquakes and other natural disasters Declining public order and falling asset values for surrounding areas due to aging buildings and rise in vacant housing Declining demand for facilities and services associated with increase in telework, etc. 	(1) Environment (2) Diversity & Inclusion (3) Innovation (4) Resilience
Diversity 	<ul style="list-style-type: none"> Increasing demand for facilities and services tailored to diverse lifestyles and working and consumption styles 	<ul style="list-style-type: none"> Declining demand for facilities and services with inadequate provision for diversified needs 	(2) Diversity & Inclusion (3) Innovation
Declining Birthrate and Aging Population 	<ul style="list-style-type: none"> Increasing demand for facilities and services tailored to new needs accompanying demographic change Increasing need for facilities and services tailored to universal design, including barrier-free access 	<ul style="list-style-type: none"> Decreasing demand for facilities and services accompanying demographic change (decline in working population, etc.) 	(2) Diversity & Inclusion (3) Innovation
Leveraging Existing Properties 	<ul style="list-style-type: none"> Increasing need for renovation and effective use of existing properties Reducing waste accompanying longer demolition/rebuilding span due to effective use of existing properties 	<ul style="list-style-type: none"> Declining need for newly built real estate which is highly priced compared with existing and older properties Increasing expenses for repairs and disaster countermeasures accompanying aging of properties 	(1) Environment (2) Diversity & Inclusion (3) Innovation (4) Resilience
Digital Innovation 	<ul style="list-style-type: none"> Streamlining facility operation and increasing convenience utilizing IT and robots Increasing need and opportunities for utilization in smart communities, residences, and offices 	<ul style="list-style-type: none"> Declining need for physical stores and services accompanying development of online shopping, including e-commerce Declining demand for facilities and services due to delayed provision for introduction of IT and digital innovation 	(1) Environment (2) Diversity & Inclusion (3) Innovation (4) Resilience

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 

Mitsubishi Estate Group Sustainability Vision 2050

Be the Ecosystem Engineers

Mitsubishi Estate Group 2030 Goals for SDGs

Key Theme 1: Environment

>> P14

Sustainable urban development that proactively addresses climate change and environmental issues

- GHG emissions: **35%** reduction by 2030 (compared to FY2017)
*87% reduction by 2050 / Target approved by the SBT initiative
- Renewable power ratio: **25%** in 2030 *100% in 2050 / Joined RE100
- Promote waste recycling and reduction of emissions focusing on food and plastic items
- Waste recycling rate: **90%** in 2030
- Waste disposal: **20%** reduction by 2030 (compared to FY2019, per m²)
- Promote sustainable timber use
- Establish traceability of timber to be used in businesses



Key Theme 2: Diversity & Inclusion

>> P16

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



Key Theme 3: Innovation

>> P18

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



Key Theme 4: Resilience

>> P20

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



Our Action

Key Theme 1

Environment

Sustainable urban development that proactively addresses climate change and environmental issues

Reducing Greenhouse Gases and Promoting Use of Renewable Energy

As part of its effort to help realize a society with a low carbon footprint, The Mitsubishi Estate Group has set out Group-wide medium- to long-term greenhouse gas emissions reductions targets (approved by the SBT initiative^{*1} in April 2019 as being based on scientific evidence) and is steadily working to achieve the targets. Moreover, in January 2020, Mitsubishi Estate joined RE100^{*2} and made a commitment to introduce 100% renewable energy for the electricity used in its business activities by 2050.

These two goals are positioned as important parts of the Environment theme in the Mitsubishi Estate Group 2030 Goals for SDGs, and the Group is working together to deepen its initiatives in these areas.



*1 The Science Based Targets initiative is a joint initiative by the World Wide Fund for Nature (WWF), CDP (an international NGO that provides investors, companies, cities, states and regions with a global disclosure platform to manage their environmental impacts), UN Global Compact, and the World Resources Institute (WRI) to encourage corporations to set science-based targets for achieving the 2°C target under the Paris Agreement.

*2 RE100 is a global corporate initiative led by The Climate Group, an international NGO working to accelerate climate action, in partnership with CDP. RE100 brings together influential businesses committed to switching to 100% renewable energy for the electricity they use.

Examples of Initiatives

Installation of Hybrid Power Generation System at Marunouchi Building Reducing CO₂ Emissions Approximately 50%

In March 2019, Mitsubishi Estate installed a new power system at the Marunouchi Building. Developed by Mitsubishi Power, Ltd. (former Mitsubishi Hitachi Power Systems, Ltd.), it is a pressurized hybrid power generation system integrating a solid oxide fuel cell (SOFC) with a micro gas turbine (MGT). Instead of burning fuel, the SOFC generates electricity from the chemical reaction between oxygen in the air and hydrogen and carbon monoxide extracted from the fuel. It is a clean and high-efficiency system, as it reduces CO₂ emissions by approximately 50% compared with conventional purchased electricity. It is a decentralized cogeneration system that contributes to energy conservation and minimizing environmental impact, thus helping to realize a society with a low carbon footprint.



Hybrid power generation system



Marunouchi Building

Marunouchi Building and Otemon Tower-ENEOS Building Begin Using Electricity Derived from Renewable Energy with CO₂ Emission Coefficient of Zero

Mitsubishi Estate concluded an electricity supply agreement with ENEOS Corporation in March 2020 for the supply of electricity derived from renewable energy at the Marunouchi Building and the Otemon Tower-ENEOS Building. Beginning April 1, approximately 60% of the electricity at the Marunouchi Building and approximately 40% of the electricity at the Otemon Tower-ENEOS Building was derived from renewable energy.

Derived from wood biomass and generated by Kawasaki Biomass Electric Power Co., Ltd., the clean electricity meets international standards, including Science Based Targets (SBT) and RE100, in addition to Japan's framework (Energy Conservation Law) as electricity with a CO₂ emission coefficient of zero. Mitsubishi Estate expects a total reduction in CO₂ of approximately 10,000t/year for the two buildings combined.



Otemon Tower-ENEOS Building

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

Japan's forests account for some two-thirds of the country's land mass, with their 40% being planted forests. 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 forests.

Based on this perception, the Mitsubishi Estate Group has set out a goal to promote sustainable timber use under the key theme of Environment in the Mitsubishi Estate Group 2030 Goals for SDGs and is promoting the utilization of Japan-grown timber and certified timber.

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. In recent years, the Group has also been focusing efforts on expanding the use of cross laminated timber (CLT).

CLT consists of large-dimension wooden panels formed by laminating layers of sawn lumber perpendicular to one another. Compared with conventional wooden panels, its strength is more stable, and it also offers outstanding heat insulation. It is gaining attention as a construction 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 fiscal 2017. The unit is working on research and development aimed at commercialization of CLT and has already implemented several projects. In order to move the initiative even further forward, Mitsubishi Estate established MEC Industry Co., Ltd. in January 2020 and began building a plant for timber processing in Yusui Town, Kagoshima Prefecture. As a company engaged in the lumber production, processing, manufacture, assembly, and sale of timber building materials, primarily 2x4s and CLT, an abundance of timber is also used in the construction of the plant itself. In addition, the use of timber grown in Kagoshima, Miyazaki, and Kumamoto prefectures on the production line is believed to contribute to the goal of promoting sustainable timber use.



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



Projects Utilizing CLT

PARK WOOD Office Iwamotocho— an 8-story Office Building Built with CLT

PARK WOOD Office Iwamotocho, an 8-story office building using CLT as a structural material, was completed in March 2020. It is Japan's first office building over six stories to use CLT as a structural material and is also the Mitsubishi Estate Group's first office building to use CLT.

The building was selected for inclusion in the Ministry of Land, Infrastructure, Transport and Tourism's pilot projects for sustainable buildings (wooden structure) and has attracted attention as a model for a high-rise non-residential building using CLT in a built-up area.

Incorporating knowledge gained from achievements in PARK WOOD Takamori, a previous rental apartment project, such as the installation of fire-proof floors, the completed office building delivers the warm feel of wood.

▶ Other projects utilizing CLT

<https://www.mec.co.jp/e/sustainability/goals/environment/cross-laminated-timber/>

PARK WOOD Office Iwamotocho

Our Action

Key Theme 2

Diversity & Inclusion

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

Conducting Corporate Human Rights Due Diligence to Engage in Business Activities with Respect for Human Rights

The Mitsubishi Estate Group has set diversity & inclusion as one of the key themes for the realization of the Mitsubishi Estate Group 2030 Goals for SDGs. Respect for human rights is an essential element in the realization of a sustainable world. In order to fulfill its duty to respect the basic human rights of all stakeholders, the Group formulated the Mitsubishi Estate Group Human Rights Policy in April 2018 and conducted corporate human rights due diligence. Taking the results into consideration, the Group decided to implement the following initiatives to provide solutions for social issues.

1. Using sustainably-sourced timber for structural plywood panels

The structural plywood panels^{*1} used in construction of offices and housing are made of lumber imported from Southeast Asia, such as Malaysia and Indonesia. NGOs and other institutions have said that procurement of some of these materials involves illegal logging, including the taking of indigenous peoples' lands and the destruction of the environment. From the perspectives of human rights and environmental protection, the Mitsubishi Estate Group has started shifting to lumber that complies with the sustainability-oriented procurement code^{*2} (certified lumber/domestic timber) or equivalent since April 2020. The Group aims for 100% of structural plywood panels that it uses to comply by 2030.

*1 Framework composite boards used for concrete casting in the construction of buildings. Ready-mixed concrete is put into frameworks made from composite boards for the construction of concrete-based buildings.

*2 The code, in which international agreements and guidelines for sustainability in different sectors are used as a reference, specifies guidelines and methods of operation aimed at implementing sustainability-oriented procurement, among other matters.

2030 goal

100%

Usage rate of lumber that complies with Sustainable Sourcing Code for Timber or equivalent



Example of use of structural plywood panels

2. Respect the human rights of foreign technical interns

The Group will request its suppliers to instruct and make known to their associates, where it is assumed that many technical interns work, matters in the activities of technical interns that often go unnoticed, such as issues related to pay and daily life, which were revealed in interviews conducted with foreign technical interns.

3. Corporate human rights due diligence concerning overseas businesses

When considering business activities in Asia, where there are many cases of human rights violations in general, the Group will conduct corporate human rights due diligence using checklists to confirm whether there were any issues such as forced evictions in the area. The result will be used in decision-making when participating in business activities.

Please visit the following website for related information.

► Human Rights Initiatives

<https://www.mec.co.jp/e/sustainability/activities/social/human-right/>

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 staffed with support staff and providing consulting services. Mitsubishi Estate works closely with companies using the center and develops new ideas and programs to create a working environment where employees with disabilities further demonstrate their abilities.

▶ **Inclu Marunouchi (Japanese only)**

https://start-line.jp/business/inclu_marunouchi/



Bright entrance of Inclu Marunouchi

Enhancing Universal Design of JNTO Tourist Information Center (TIC) for Overseas Visitors



Braille Neue, a new style of braille that can be read with both the eyes and the fingers



Staff from Inclu Marunouchi checking the braille

Commissioned by the Japan National Tourism Organization (JNTO), Mitsubishi Estate has been operating the JNTO Tourist Information Center for overseas visitors (JNTO TIC) in the Marunouchi area since January 2012.

Since its establishment, Mitsubishi Estate has put efforts into universal design that can be easily accessed by all people including overseas visitors that are elderly or have disabilities. In April 2019, Mitsubishi Estate further enhanced the universal design in terms of both the physical and human environment. In light of the recent increase in the number of elderly and disabled overseas visitors to Japan, Mitsubishi Estate entrusted supervision of the improvements to Inclu Marunouchi, a facility that supports employment for people with disabilities in the Marunouchi area, while also referring to feedback from travelers with disabilities.

In the physical environment, Mitsubishi Estate introduced tactile paving and Braille Neue, a new style of braille that can be read with both the eyes and the fingers by overwriting letters onto braille. Mitsubishi Estate also improved the human environment, which includes the staff of JNTO TIC taking the Universal Manners Test (UMT).

As a progressive tourist information service that can be used in comfort by all visitors to Japan, JNTO TIC will also work to share its knowledge on support for universal design in such ways as hosting inspection tours by tourism information centers from all over Japan.

Our Action

Key Theme 3

Innovation

Innovative urban development that continuously renews society

Participating in the Ministry of Economy, Trade and Industry’s Task Force for Promoting Establishment of Implementation Models of Robots to Accelerate Their Implementation in Urban Development

In fiscal 2018, Mitsubishi Estate established a department to promote reforms to the business model using digital technology—in other words, digital transformation (DX)—across the Group. This department strives to build an eco-system for the co-creation of customer value as it works to accelerate cooperative venture and business tie-ins across industries.

As part of these efforts, the department is actively promoting initiatives aimed at enriching urban development using robots. Facing a future with a declining birthrate and aging population, it promotes various measures to solve issues by introducing autonomous mobile robot systems and combining new technologies to address labor shortages in services such as cleaning, security, and transportation. The department has implemented field testing and the introduction of robots at various facilities owned and operated by the Mitsubishi Estate Group.

In July 2019, Mitsubishi Estate participated in the Task Force for Promoting Establishment of Implementation Models of Robots launched by the Robotics Policy Office, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry. Based on the Plan for Promoting Social Change Taking Advantage of Robots compiled by the Ministry of Economy, Trade and Industry, the goals are to establish a system that involves not only robot manufacturers but also system integrators and users, to develop human resources targeting teachers and students of technology-focused colleges and industrial high schools, and to establish systems for basic and applied research, undertaken collaboratively by the industrial and academic sectors, in order to address mid- to long-term challenges.

By using its expertise gained to date on the utilization of robots, Mitsubishi Estate will continue contributing to the public implementation of robots through its participation in the task force as well as upgrading its facility management through active application of diverse, constantly-evolving new technologies.

Examples of a robot for which Mitsubishi has conducted field testing and introduced



SQ-2 (SEQSENSE, Japan)

Field testing and introduction

Replacing human patrols and guards through advanced autonomous movement functions



Marble (Marble, U.S.)

Field testing

Taking on last-mile logistics in areas where autonomous driving is possible both indoors and outside

Whiz (Softbank Robotics, Japan)

Field testing and introduction

Easy to operate and cleans on its own. Streamlining cleaning operations



EMIEW3 (Hitachi, Japan)

Field testing and introduction

Enabling effective, high value-added customer communication



Launch of Micro STARs Dev., a Pioneering Project to Rebuild the Yurakucho Area

Mitsubishi Estate launched Micro STARs Dev., a pioneering project aimed at rebuilding the Yurakucho area, on December 2, 2019. The Yurakucho area is a Japanese business center, but is also a place where unique personalities are drawn together through its diverse commercial, cultural, and artistic functions. Based on the concept that “people make the city shine,” the project places human activities at the center of urban development and cultivates diverse people, ideas, experiences, and products, as it aims to create a framework for the stars of the next generation and achieve synergies with existing initiatives in the area. Through the project, Mitsubishi Estate will continue striving toward a new urban development model for the 2020s and beyond.

The Yurakucho Micro Food & Idea Market and the Yurakucho SAAI Wonder Working Community are central venues to this project. With its design based on the concept of “a market where curiosity meets up,” the Yurakucho Micro Food & Idea Market is multi-functional market that anyone can visit. In addition to having retail and display areas and a stage where diverse events can be held, the market also provides a deli-style menu using ingredients fresh from various regional areas shipped via Sanchi-Chokuso Ainoribin, a joint food-logistics system.

The Yurakucho SAAI Wonder Working Community is a working community that is mainly for “intrepreneurs” (in-house entrepreneurs). It aims to foster individuality that is not restricted by conventional frameworks and serve as a hub where individuals can thrive in an era of side jobs and businesses.

- ▶ Yurakucho Micro STARs Dev. (Japanese only)
<https://yurakucho-msd.com/>



Launch of Tokyo Marunouchi Innovation Platform to Create Innovation through Industry, Government, Academia, and Local Neighborhoods Leveraging Urban Resources

The Association for Creating Sustainability in Urban Development of the Otemachi, Marunouchi, and Yurakucho Districts (“Ecozeria Association”) established the Tokyo Marunouchi Innovation Platform (TMIP) in August 2019 to support innovation creation to solve social issues through collaboration between industry, government, academia, and local neighborhoods and deliver them to the global market.

TMIP is a member-based organization in which diverse stakeholders from industry, government, academia, and local neighborhoods participate and collaborate. Maximizing the resources and capabilities possessed by member companies and the assets of Tokyo’s Otemachi, Marunouchi, and Yurakucho neighborhoods (collectively known as the Otemachi, Marunouchi and Yurakucho area), it provides support for the business creation process from the formation of teams for collaboration through validation of idea feasibility. The goal is the creation of global innovation and businesses to solve social issues that cannot be solved by one company alone.

TMIP creates an environment that makes it easier to achieve the projects of member companies by hosting workshops and events to form an interactive community of members and by implementing initiatives to ease regulations and other measures. Working with partners, including innovation facilities and groups, venture capital, universities and research institutions, and government bodies in the Otemachi, Marunouchi and Yurakucho area as well as advisors in possession of cutting-edge expertise, TMIP is providing comprehensive support for innovation creation.



- ▶ Tokyo Marunouchi Innovation Platform (TMIP)
<https://www.tmip.jp/en/>

Our Action

Key Theme 4
Resilience

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

Information Delivery Testing Conducted Utilizing Disaster Dashboard 3.0 Assuming an Earthquake Directly Beneath Tokyo

As part of disaster preparedness efforts in the Otemachi, Marunouchi, and Yurakucho districts (collectively known as the Otemachi, Marunouchi and Yurakucho area), Mitsubishi Estate conducted a verification test of Disaster Dashboard 3.0 during January 2020 in collaboration with Chiyoda-ku, railway and bus operators, and building management.

Many commuters are expected to be stranded in the area if an earthquake occurs directly underneath the capital. The test was implemented to verify the usefulness of the next-generation disaster preparedness centers^{*1} established in the Otemachi, Marunouchi and Yurakucho area to help in working together with Chiyoda-ku to deal with stranded commuters. The test was conducted to deliver live footage of the area and text information from the Chiyoda-ku Emergency Response Headquarters and the disaster preparedness centers in four languages (English, Chinese, Korean, and Japanese) as well as TV news using approximately 100 digital signage boards of the Marunouchi Vision broadcast network. The test was also conducted to stream vacancy information on facilities that receive stranded commuters as well as the content above through an online version (two types: general use, emergency response agency use).

While Mitsubishi Estate has already signed an agreement with Chiyoda-ku to receive stranded commuters in the Otemachi, Marunouchi and Yurakucho area, going forward, the company aims to achieve information hub functionality at the next-generation disaster preparedness centers and build a framework that enables streamlined information sharing via ICT technologies in case of an earthquake directly beneath the capital. The company also promotes consideration of how ripple effects can be made to affect surrounding areas in order to further strengthen disaster preparedness.

*1 Disaster preparedness centers intended to further enhance disaster contingency plans in the Otemachi, Marunouchi and Yurakucho area as detailed in the Urban Redevelopment Security Plan (explained later^{*2}). In the event of a disaster, these centers provide wide area information and local information as needed to stranded commuters and emergency response agencies via information hub functionality to support rescue efforts of injured individuals and handling of stranded commuters. These centers could also be used for human interaction with emergency response agencies and emergency drills in the area at ordinary times.
*2 At the Otemachi-Marunouchi-Yurakucho Area Urban Redevelopment Security Plan Conference in March 2015, the plan of the same name was approved and launched. Revisions such as information hub functionality were added in March 2019.

Provision of Information Regarding Shelter Location, Operation, and Occupancy

The digital signage version enables access to information such as location, operation, and occupancy of shelter facilities by scanning the URL from the 2D barcode, thereby assisting stranded commuters to find and select facilities on their own.



Disaster Dashboard 3.0 digital signage version



View on a smartphone or maps app

Disaster Resilient Urban Development Leveraging Collaboration Between Mitsubishi Estate Residence and Academia

Mitsubishi Estate Residence and Kyorin University are collaborating on disaster prevention initiatives, contemplating what universities, local governments, and businesses can do to develop contingency plans for the local communities. Together with Portland State University in the U.S., Kyorin University has worked on the Disaster Resilient Urban Development fieldwork program since 2017 in the Sanriku region affected by the Great East Japan Earthquake and in Tokyo in preparation for an earthquake directly striking the capital. A part of this program entailed a tour in June 2019 of a condominium in Kanade no Mori, a residential district offered by Mitsubishi Estate Residence in Narashino, Chiba Prefecture. At this location, visitors studied the efforts by the Mitsubishi Estate Group and shared ideas on urban development focusing on disaster resilience. The company also held a workshop where local residents were invited to the university to work together and discuss disaster contingency plans for the town.

In February 2020, a disaster contingency partnership agreement was signed as a way to further enhance disaster preparedness. In addition to emergency drills, workshops, and lectures, this initiative resulted in greater collaboration in the form of English versions of disaster preparedness tools designed for foreign nationals living in Japan, such as Sonaeru Drill (a disaster preparedness workbook) and Sonaeru Karuta (a disaster preparedness card game).

In order to build disaster-resilient communities, an approach articulated in Resilience, one of the Key Themes of the Mitsubishi Estate Group 2030 Goals for SDGs, the Group collaborates with its partners on disaster preparedness initiatives and promotes disaster resilient communities and urban development.



Industry and academia partnership agreement signing ceremony



Portland State University-Kyorin University fieldwork (Sharing Mitsubishi Estate Group initiatives)



The English version of Sonaeru Drill was released to the general public on March 9, 2020.

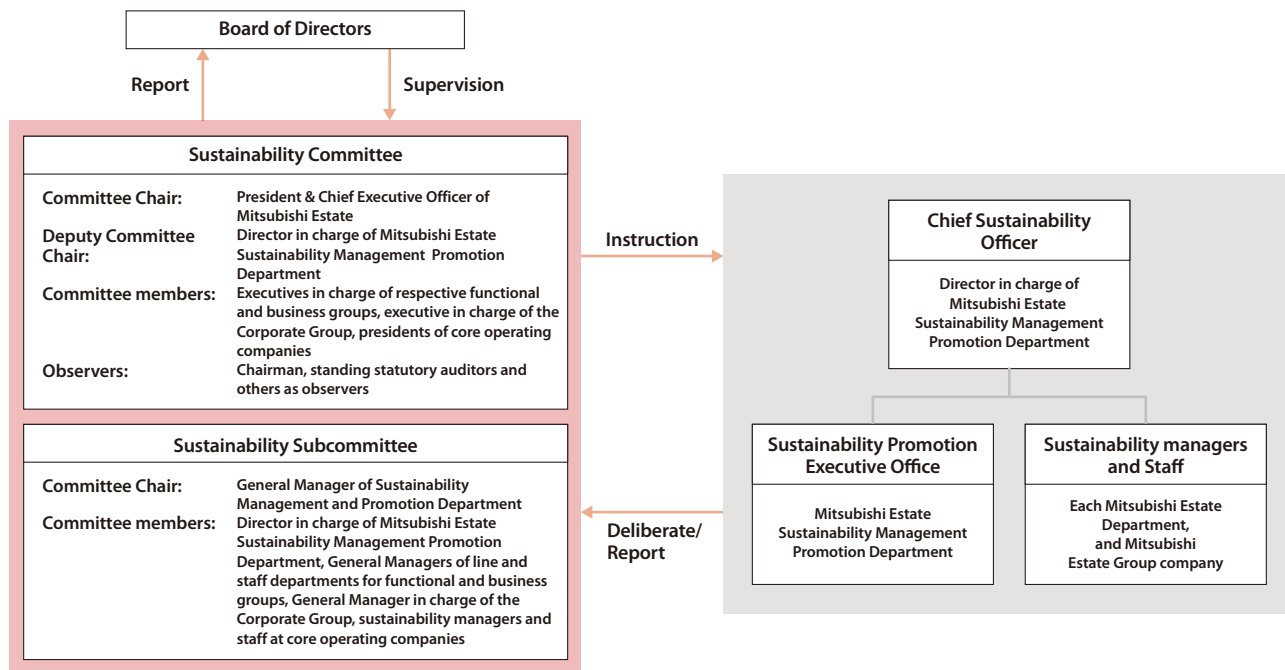
Operational Framework for Sustainability

Mitsubishi Estate takes an active, group-wide approach to sustainability. Chaired by the President & Chief Executive Officer of Mitsubishi Estate with the Director responsible for Sustainability (the Director in charge of the Sustainability Management and Promotion Department at Mitsubishi Estate) as the deputy chair, the Group's Sustainability Committee comprises executives in charge of respective functional and business groups and the executive in charge of the Corporate Group, as well as managers of the major Group companies, and it ensures group-wide implementation of sustainability. The Sustainability Subcommittee serves as forum for detailed discussion to prepare for Sustainability Committee meetings.

The Sustainability Committee typically meets twice a year to deliberate and report on important matters related to sustainability. Prior to the meetings of the Sustainability Committee, the Sustainability Subcommittee conducts preliminary discussions and reporting while compiling information on efforts to promote sustainability made by business groups.

The deliberations of the Sustainability Committee are submitted to the Executive Committee whenever necessary in light of their importance and other factors. The deliberations of the Sustainability Committee are also reported to and supervised by the Board of Directors.

Mitsubishi Estate Group Sustainability Promotion System



Participation in Global Initiatives

● Signed the United Nations Global Compact

In April 2018, the Mitsubishi Estate Group became a signatory to the United Nations Global Compact. Our brand slogan is "A Love for People. A Love for the City" and our Group mission is to contribute to society through urban development. Henceforth the Group will uphold the Ten Principles of the UN Global Compact and endeavor to respect human rights, eliminate unfair labor, protect the environment and avoid corruption as it continues to contribute to the development of a sustainable world by establishing targets and policies suited to its business and pursuing them using the PDCA management cycle.



● Mitsubishi Estate's GHG Reduction Targets Approved by Science Based Targets Initiative

Mitsubishi Estate's group-wide medium- to long-term greenhouse gas emissions reduction targets, which the Group formulated in order to help realize a society of zero carbon emissions, were approved by the Science Based Targets initiative in April 2019 as consistent with scientific knowledge related to achieving the 2°C target under the Paris Agreement.



● Participating in RE100

On January 31, 2020, Mitsubishi Estate joined RE100, a global corporate leadership initiative bringing together businesses committed to 100% renewable electricity.



● Signed on to TCFD

On February 3, 2020, Mitsubishi Estate announced its support for the recommendations of TCFD. In May 2020, the Company disclosed such information as governance, strategies, risk management, indicators and targets on climate change risks and opportunities in accordance with the framework recommended by TCFD. Going forward, the Company will consider expanding the scope of information to be disclosed as it works to further improve governance and business strategies pertaining to climate change based on the results of the scenario analysis.



📖 See Information Disclosure Based on TCFD Recommendations (P24) for details.

ESG Index Inclusion and External Evaluations

Mitsubishi Estate has been selected for inclusion in the following environmental, social and governance (ESG) indices for socially responsible investment (as of December 1, 2020).

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.

- **Dow Jones Sustainability Asia Pacific Index**
- **FTSE4Good Global Index, 19th consecutive year**
- **FTSE Blossom Japan Index, 4th consecutive year**
- **MSCI Japan ESG Select Leaders Index, 4th consecutive year**
- **MSCI Japan Empowering Women Select Index, 3rd consecutive year**
- **S&P/JPX Carbon Efficient Index, 3rd consecutive year**
- **SOMPO Sustainability Index, 9th consecutive year**
- **GRESB Public Disclosure, 4th consecutive year**
- **2020 GRESB Real Estate Assessment**
 - **5-Star Rating in GRESB Standing Investments Benchmark^{*1}**
 - **4-Star Rating in GRESB Development Benchmark^{*2}**

*1 Assessment of the performance of standing investment portfolio
*2 Assessment of the new construction and major renovation portfolio
- **CDP A List, the highest rating according to CDP Climate Change 2020 Questionnaire**

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

FTSE4Good

FTSE Blossom
Japan

S&P/JPX
Carbon
Efficient
Index

2020
Sompo Sustainability Index

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (IWIN)

G R E S B
Public Disclosure 2020

G R E S B
★ ★ ★ ★ ★ 2020

CDP
A LIST
2020
CLIMATE

Obtaining Environmental Real Estate Certifications

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

Please see the following page for more details about the Mitsubishi Estate Group's acquisition of environmental real estate certifications, including DBJ Green Building certification and Comprehensive Assessment System for Built Environment Efficiency (CASBEE).

📖 P37 ESG Data

Climate Change Strategies

Information Disclosure Based on TCFD Recommendations

On February 3, 2020, Mitsubishi Estate announced its support for the recommendations of TCFD. Going forward, the Company will disclose such information as governance, strategies, risk management, indicators and targets on climate change risks and opportunities in accordance with the framework recommended by TCFD as it works to further improve governance and business strategies pertaining to climate change.

Regarding the TCFD Recommendations

In accordance with the TCFD recommendations, we formulated two future scenarios, including the below -2°C scenario, and analyzed the future impact of climate change on our primary businesses (offices, retail facilities, and housing). As follows, we have disclosed an overview of the four themes of corporate governance, strategy, risk management, and metrics and targets set out under said recommendations, taking into consideration the analysis results. See below for details.

▶ **Information Disclosure Based on TCFD Recommendations**
https://www.mec.co.jp/e/sustainability/activities/environment/tcdf/pdf/TCFD_Recommendations.pdf

Corporate Governance

Important matters pertaining to sustainability, including climate change, are deliberated and reported on at meetings of the Sustainability Committee, chaired by the president & chief executive officer of the Company, with the chief sustainability officer (the executive officer in charge of the Sustainability Management and Promotion Department at the Company) as the deputy chair. The deliberations and reports of the committee are also reported to and supervised by the Board of Directors.

Strategy

In regard to climate change-related strategy, we have formulated two scenarios in accordance with the extent of the following global response to climate change. We have established a strategy in light of analysis of the impact on our businesses and identification of major risks and opportunities in each scenario.

Overview of Scenario Analysis Result / Major Impact / Approach and Strategy Going Forward

(1) 1.5°C–2°C Scenario (scenario in which the response to climate change makes progress due to the strengthening of government regulations and other policies)

Scenario overview

- Climate change measures make progress as government environmental regulations are strengthened.

Major impact

- Likelihood of a rise in the cost of construction materials, which are carbon intensive, associated with the introduction of a carbon tax.
- Likelihood of a decline in rents as vacancy rates rise for buildings without advanced environmental performance and leasing periods are extended. On the other hand, it is assumed that there would be an opportunity to maintain and increase competitiveness in the market by proactively carrying out additional investments.

(2) 4°C Scenario (scenario in which the response to climate change makes insufficient progress, global warming worsens, and natural disasters intensify and increase)

Scenario overview

- Natural disasters intensify and increase as the response to climate change makes insufficient progress.

Major impact

- Although there is a likelihood that costs due to temporary flood damage and other disasters would increase, the damage is not expected to be serious given the implementation of industry-leadin measures at Company properties.

Approach and strategy going forward

- In addition to switching existing electricity contracts, we are examining a variety of methods for procuring all kinds of renewable energy, including corporate power purchase agreements (PPAs) and green power certificates (including overseas certificates). Moreover, we are looking to leverage new technologies as we aim for further reductions in CO₂ emissions.

Risk Management

To achieve the targets set out in the Mitsubishi Estate Group 2030 Goals for SDGs, in managing climate change risks, we incorporate action plans into annual plans for each organization and function and have commenced monitoring and management of the status of their progress since fiscal 2020 at meetings of the Sustainability Committee and the Board of Directors biannually.

Metrics and Targets

CO₂ Emissions	
Targets	35% reduction by 2030 and 87% reduction by 2050, compared with 2017
Fiscal 2019 result	4,038,584 t-CO ₂
<hr/>	
Renewable Energy Rate	
Targets	2030: 25% 2050: 100%*
* Targets based on RE100 (signatory as of January 31, 2020)	
Fiscal 2019 result	1.1%

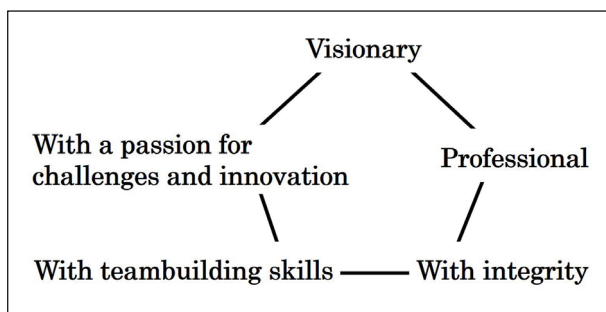
📖 See Our Action—Key Theme 1: Environment (P14) for details.

Human Resource Development

Approach to Human Resource Development

Mitsubishi Estate believes that human resources are an essential management asset and recognizes that employee growth is crucial to the Group's continued growth. It 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 in line with each individual's career stage, combining training programs with job rotations and coordinated programs at workplaces.

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 basic skill development programs, Mitsubishi Estate has established a range of elective skill development programs that give employees the opportunity to choose at their own initiative.

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 (MBO) 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 Level 3 management career employees and re-employed contract employees), aiming to solicit their views and requests of the company as well as to promote skill development.

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 provides programs such as short-term overseas language training and has introduced a system to subsidize second-language studies. 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.

Occupational Health and Safety / Health Management

Policy on Occupational Health and Safety and Health Management

Mitsubishi Estate advocates health management, in which it considers employee health from a management perspective and works on it strategically. Based on this perspective, Mitsubishi Estate established the Health Management Declaration in October 2016 to systematize initiatives and plans the company and the health insurance union has carried out thus far, articulate the top management's commitment, and ensure further improvements in maintaining and improving employee health.

Mitsubishi Estate Health Management Declaration

Mitsubishi Estate believes that the source of corporate vitality is maximizing employee performance through both mental and physical health.

With the aim of creating a vibrant workplace advocated in the Mitsubishi Estate Group Code of Conduct, the company will further develop the activities to maintain and improve employee health that it has worked on thus far and continue to promote health as we work together with the health insurance union, the Mitsubishi Estate Labor Union, employees and their families.

In addition, based on the Mission of the Mitsubishi Estate Group to contribute to society through urban development, we will continue contributing to the society at large by supporting health promotion for the people who live, work and relax in the communities.

In implementing its health management, Mitsubishi Estate has appointed the executive with responsibility for human resources as the health management promotion officer. 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.

Preventing Excessive Work

Mitsubishi Estate has introduced a work management system that is linked with computer log-on/off times so that supervisors can follow employees' work conditions. Supervisors can 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.


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, the company introduced an hourly paid leave program and a tele-working program. The company is also making efforts to create a healthy and innovative working environment led by the BxS Promotion Committee, an organization under the direct supervision of the President established in the same year.

*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.

▶ List of work-life balance and employee health promotion programs and welfare initiatives (Mitsubishi Estate)

 <https://www.mec.co.jp/e/sustainability/activities/social/work-life-balance/>

Winning Recognition under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program

Mitsubishi Estate was recognized as an outstanding organization in health management under the large enterprise category in the 2020 Certified Health & Productivity Management Organization Recognition Program run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



Realizing Diverse Workstyles

Hiring of Persons with Disabilities


Mitsubishi Estate actively seeks to hire persons with disabilities, in response to social demands to ensure their employment opportunities. The company 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 improve the ratio of female managers. The company will continue to promote diversity, including the success of women in the workplace.

▶ Overview of Action Plan to Promote Women's Success

 <https://www.mec.co.jp/e/sustainability/activities/social/work-life-balance/>

Programs to Encourage Open Innovation

In order to promote business in a social and economic environment that is changing at an increasingly rapid speed, Mitsubishi Estate is engaging in business model innovation. In October 2019, Mitsubishi Estate established new personnel programs for the purpose of encouraging open innovation and expanding further the possibilities for independent career choices by individuals.

• Secondary Job Program (from January 2020)

Mitsubishi Estate has established a secondary job program* based on a permit system to help employees maximize their own potential through diverse experience and encourage them to accept various challenges that lead to their growth or career advancement. In so doing, the company aims not just to help the knowledge and connections obtained through a secondary job be returned into the core business, but also to create an environment for employees to work with more satisfaction through self-actualization.

* Excludes businesses that involve a conflict of interest with Mitsubishi Estate, such as competitors. Working hours up to 50 hours in any single month.

• Open Recruitment of Human Resources with Secondary Jobs and Dual Employment in Some Businesses (from October 2019)

In some of its businesses, primarily new ones, Mitsubishi Estate has begun accepting human resources with secondary jobs and dual employment* through open recruitment to hire a broad range of human resources that possess knowledge not present in its existing businesses. As the first step, in the meditation studio operation business, which was established in April 2019 through the new business proposal program, Mitsubishi Estate recruited and employed* human resources with responsibility for planning brand and marketing strategy from among human resources with secondary jobs and dual employment.


* Assumes once weekly employment based on an individual outsourcing agreement with Mitsubishi Estate.

Human Rights Initiatives

Policy on 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, throughout its supply chain.

▶ Mitsubishi Estate Group Human Rights Policy

 <https://www.mec.co.jp/e/sustainability/activities/social/human-right/>

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 and diversity promotion initiatives, exchange views on ways to improve programs, review that fiscal year's activity plan and share knowledge on recent human rights conditions and promotion of diversity.

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.

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' requirement 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.

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. The human rights lecture in fiscal 2019 was presented by an attorney on the theme of Responding to LGBT from the Corporate Perspective in order to promote active participation by diverse human resources and was attended by 90 employees.

Moreover, the Group provided new hire joint training to 350 new hires from 24 Group companies, as well as a lecture to explain regulations on the prevention of sexual harassment, which has been held annually since fiscal 2017. 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.

for large projects are placed and holds discussions concerning compliance. It met three times in fiscal 2019.

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 ensure 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 and Green 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 these guidelines. Going forward, Mitsubishi Estate will continue with its efforts to ensure the dissemination throughout the supply chain.

► CSR Procurement Guidelines

 <https://www.mec.co.jp/e/sustainability/activities/social/supply-chain/>

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

Corporate Governance

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 its corporate governance system as one of the most important management issues in realizing this goal.

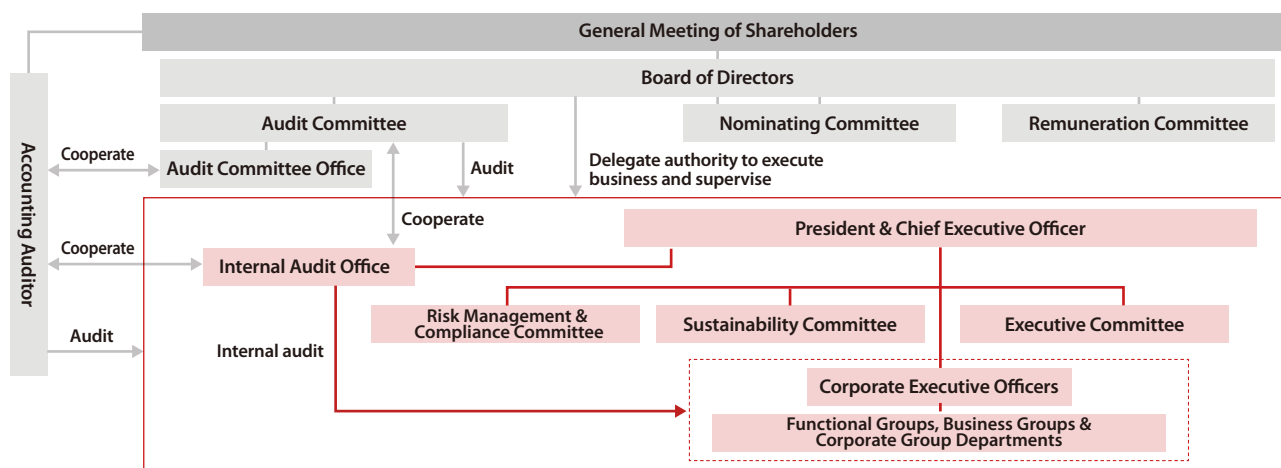
In developing and promoting our corporate governance system, to bring about greater clarity with regard to roles and the strengthening of functions in both the supervision of management and the execution of business while also fulfilling accountability to our shareholders and other stakeholders, the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

Evolution of Corporate Governance System

	2015	2016	2017	2018	2019
Organizational structure, outside directors	• Change in outside directors (improvement of independence and gender diversity)	• Transition to "Company with Nominating Committee, etc.," structure • Increase in ratio of outside directors (7 of 15)		• Making of all committee members into non-executive directors • Membership of Remuneration Committee comprising exclusively outside directors	• Change of chairperson of Audit Committee to outside director • Membership of Nominating Committee composed completely of outside directors
Officer remuneration		• Introduction of Restricted Stock Compensation System		• Introduction of performance-based incentive system (the "Phantom Stock Plan")	
Other aspects of corporate governance			• Commencement of evaluations of the effectiveness of the Board of Directors • Establishment of the "Mitsubishi Estate Co., Ltd., Corporate Governance Guidelines"		• Introduction of the flexible capital policy based on market conditions (execution of share buybacks totaling approximately ¥100.0 billion) • Decision not to renew the countermeasure program regarding possible hostile takeover attempts

System Structure

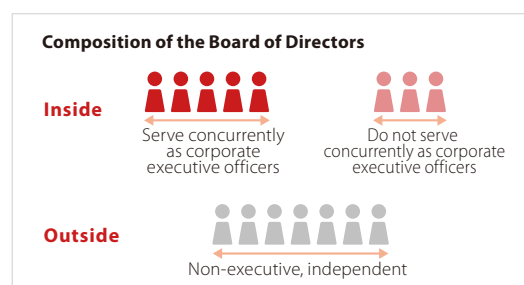
As a "Company with Nominating Committee, etc.," Mitsubishi Estate has established the Nominating Committee, the Audit Committee, and the Remuneration Committee, which are positioned under the Board of Directors and are membered by a majority of outside directors. These committees help promote high standards and ensure transparency of the decision-making process.



Board of Directors

The Board of Directors decides the basic policy of the Company's management, and it also carries out supervision of the execution of duties by directors and corporate executive officers. As of June 26, 2020, the Board of Directors consists of 15 directors, of whom seven are outside directors. The role of chairman of the Board of Directors is held by the chairman of the Board of the Company, who does not concurrently serve as a corporate executive officer.

The membership of the Board of Directors is appropriately balanced with members from a diverse range of backgrounds.



Nominating Committee, Audit Committee, and Remuneration Committee

	Nominating Committee	Audit Committee	Remuneration Committee
Committee Duties	<ul style="list-style-type: none"> Decision of the details of the proposals to the general meeting of shareholders related to the appointment and dismissal of directors 	<ul style="list-style-type: none"> Auditing and compilation of audit reports pertaining to the performance of duties by corporate executive officers and directors Decision of the details of the proposals to the general meeting of shareholders related to the appointment, dismissal, and non-reappointment of the accounting auditor 	<ul style="list-style-type: none"> Formulation of remuneration policies for corporate executive officers and directors Decision of remuneration amounts for individual corporate executive officers and directors
Committee Activities	<ul style="list-style-type: none"> Five meetings in fiscal 2019 Determination of the details of director nomination proposals based on standards established for nominating director candidates formulated by the Nominating Committee Reports and deliberations with regard to the nomination of corporate executive officers prior to the resolution by the Board of Directors 	<ul style="list-style-type: none"> Fifteen meetings in fiscal 2019 Performance of audits through coordination with the accounting auditor and internal audit divisions based on audit standards and plans Attendance at important meetings, review of important documents, and visits to internal divisions, branches, and subsidiaries by full-time members of the Audit Committee 	<ul style="list-style-type: none"> Six meetings in fiscal 2019 Decision of individual remuneration amounts based on remuneration systems
Membership*	4 (4 outside)	5 (2 inside, 3 outside)	4 (4 outside)
Chairperson	Tsuyoshi Okamoto (Outside Director)	Tetsuo Narukawa (Outside Director)	Shin Ebihara (Outside Director)

* All three committees are composed solely of non-executive directors.

Attendance Rates of Outside Directors in Fiscal 2019 and Contributions Made

Name	Attendance at Meetings of the Board of Directors and Committees	Contributions Made
Tsuyoshi Okamoto	Board of Directors 8/8 Nominating Committee 5/5 Remuneration Committee 4/4	Tsuyoshi Okamoto poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his management experience at a comprehensive energy company.
Shin Ebihara	Board of Directors 10/10 Nominating Committee 5/5 Remuneration Committee 6/6	Shin Ebihara poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his wealth of international experience and knowledge gained through his extensive years as a diplomat.
Tetsuo Narukawa	Board of Directors 10/10 Audit Committee 12/12 Remuneration Committee 2/2	Tetsuo Narukawa poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his international experience as well as management experience at financial institutions and real estate companies.
Masaaki Shirakawa	Board of Directors 9/10 Nominating Committee 5/5 Remuneration Committee 6/6	Masaaki Shirakawa poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his knowledge in finance and economics, among other fields, gained through his experience working at a central bank.
Shin Nagase	Board of Directors 10/10 Audit Committee 15/15	Shin Nagase poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his management experience at an airline company.
Setsuko Egami	Board of Directors 10/10 Nominating Committee 5/5 Remuneration Committee 6/6	Setsuko Egami poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging her abundant knowledge of corporate strategy, marketing strategy, and human resource development.
Iwao Taka	Board of Directors 10/10 Audit Committee 14/15	Iwao Taka poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his extensive knowledge regarding business ethics and compliance, among other fields.

Independence Standards for Independent Outside Directors

Candidates for the outside director position shall fulfill a duty of care as a prudent manager toward the Company; understand the Group's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work, and relax with contentment; apply their qualities and capabilities to contribute to enhancing medium-to long-term sustainable corporate value, as well as their experience and knowledge in specialized fields such as global business, finance, and risk management, in view of the Group's business characteristics, such as supporting urban development in the Marunouchi area; and have personality and knowledge enabling objective and fair judgments, based on the perspective that they shall contribute to the common interests of shareholders without bias toward the interest of any particular party of interest. However, as a general principle, candidates are not elected if the Tokyo Stock Exchange's standards for independence and the following independence standards for outside directors apply to them.

- (1) A shareholder or executive member of an entity holding voting rights exceeding 10% of total voting rights of the Company.
- (2) A transaction party or executive member of an entity whose transactional amounts in the most recent fiscal year have exceeded 2% of consolidated revenue from operations of the Company.
- (3) A representative employee, employee, or member of staff of the Company's accounting auditor.
- (4) An attorney, certified public accountant, tax accountant, consultant, or other party who has received compensation from the Company exceeding ¥10 million in the most recent fiscal year.

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 contents of deliberations. 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

Composition of the Board of Directors	Proportion of outside directors, number of members, and diversity
Operation of the Board of Directors	Frequency, required time, reports on execution of business by corporate executive officers, information provided outside of Board of Directors' meetings, questions and answers, training, etc.
Effectiveness of the Board of Directors	Management plan, monitoring of execution of business and risk management systems, dialogue with shareholders and investors, appointment and dismissal of key management personnel, successor training plan, remuneration paid to officers, operation of the Nominating, Audit, and Remuneration committees, etc.
Others	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

Through a process of examination and discussion at Board of Directors' meetings, two points were identified.

- The outside directors received information on the current circumstances of the Company and sufficient time to hold discussions and exchange opinions in order to contribute to management plans reflecting the long-term vision and goals of the Company under Long-Term Management Plan 2030 that started in fiscal 2020.
- Measures to further enhance discussions at Board of Directors' meetings were carried out. Steps were taken to continuously enable discussions at presentation meetings of the Company's business for outside directors and meetings composed mostly of outside directors, at which opinions can be exchanged.

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

Through a process of examination and discussion at Board of Directors' meetings, the following points were identified.

- Initiatives aimed at further improving diversity of the Board of Directors are to be continuously implemented, with efforts mainly by the Nominating Committee.
- Appropriate monitoring is to be performed at Board of Directors' meetings concerning the progress status of Long-Term Management Plan 2030.

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
Inside directors	260	260	—	3
Corporate executive officers	1,081	551	529	13
Outside directors	108	108	—	8

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.

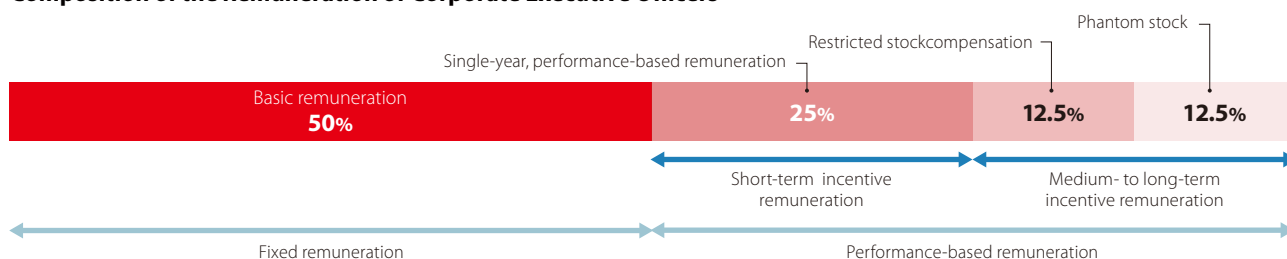
- The remuneration system shall be linked with our medium- to long-term performance targets, etc., aimed at in management strategies and Medium-term management plans and realize sustained corporate value improvement and the sharing of value with our shareholders.
- The remuneration system shall allow for the giving of incentives to management executives to encourage them to take on challenges and conduct appropriate risk-taking in line with the above strategies' targets and expectations of shareholders and other stakeholders.
- The remuneration system shall make it possible to fulfill high accountability for the benefit of our shareholders and other stakeholders through objective deliberations and judgments by 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 management strategies and the current 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: Quantitative evaluation looking at the previous fiscal year's figures for consolidated operating income, EBITDA, ROA, ROE, and operating income from respective divisions; assessment of contributions to medium- to long-term performance; and qualitative evaluation examining ESG initiatives, etc.

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: Approximately 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

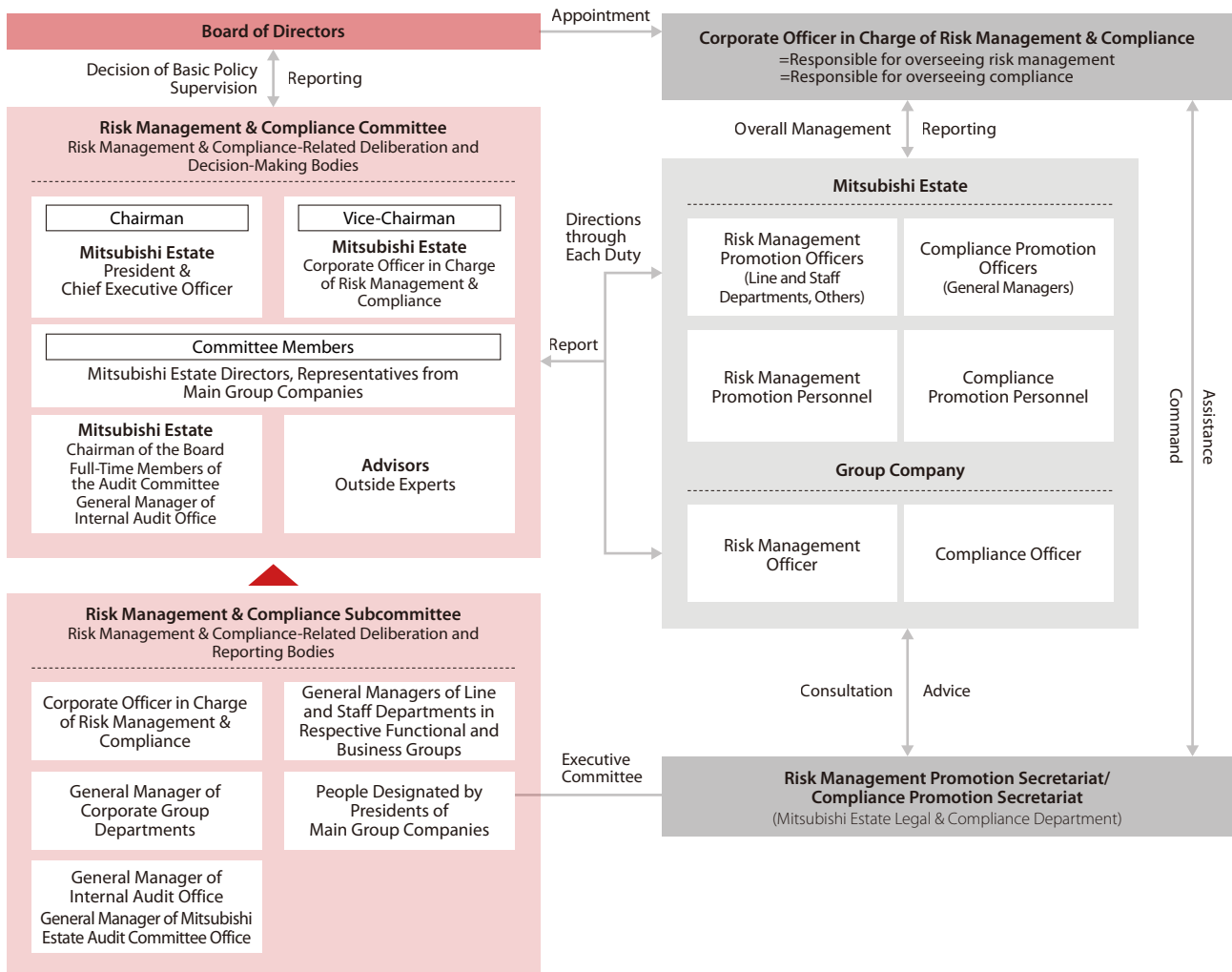
a standard of conduct. This is why the Mitsubishi Estate Group Guidelines for Conduct were revised in April 2018 with the hope that they will increase true corporate value by being applied to the daily actions of individual employees and executive officers.

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.

Mitsubishi Estate Group Risk Management and Compliance System (as of April 2020)



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 president of Mitsubishi Estate and comprises the executives from respective functional and business groups as well as 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 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.

Besides the normal reporting lines provided through the help line and other systems for consultation and reporting on compliance violations by Group employees, temporary employees, and part-time employee, and various other part-time staff, the Group has established procedures for direct consultation and reporting to the Legal & Compliance Department. Depending on the substance of the inquiries, they are studied and the situation is confirmed with the aim of improving the working environment. When a compliance violation is suspected, a meeting of the Disciplinary Committee is held as needed to take the appropriate action. In an unlikely event of a serious compliance violation, action is taken in accordance with the Emergency Response Manual.

In accordance with the Mitsubishi Estate Group Management Rules, systems for consultation and reporting have been established for any compliance violations that occur at Group companies.

A compliance survey is implemented for all Group officers and employees, including Group employees, temporary employees, part-time employees, and various other part-time staff, every two years to conduct a regular internal review of the status of adherence to the Mitsubishi Estate Group's Basic Mission, the Code of Conduct, and Guidelines for Conduct. In addition, in order to promote understanding of the Code of Conduct, the Group obtains a pledge from employees as an expression of adherence to the guidelines.

Preventing Corruption

The Mitsubishi Estate Group has declared that it will carry out equitable, transparent corporate activities with a primary emphasis on earning trust. The Group's Guidelines for Conduct forbid not just actions that could be construed as collusion with government officials or other actions considered illegal, but also entertainment and gift-giving that goes beyond the bounds of social convention.

When providing support related to the activities of political groups, the Group ensures it is appropriate in accordance with relevant laws and regulations such as the Political Funds Control Act and the Public Offices Election Act, as well as internal regulations such as the Mitsubishi Estate Group Guidelines for Conduct.

Moreover, in 2013, the Group established the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption to put in place a system to prevent corruption across the organization. In 2018, the Group established and published the Mitsubishi Estate Group Anti-Corruption Guidelines. The Guidelines document expectations of business partners with the aim of ensuring compliance throughout the supply chain based on the cooperation of all of the Group's business partners. The Group provides training on corruption prevention to officers and employees and obtains pledges on the Guidelines on the Prevention of Corruption from officers and employees. The Group also holds annual lectures on corruption prevention, particularly for departments and Group companies engaged in international business.

▶ Mitsubishi Estate Group Guidelines for Conduct

<https://www.mec.co.jp/e/company/charter/>

▶ Notice of the establishment of Mitsubishi Estate Group Anti-Corruption Guidelines

https://www.mec.co.jp/e/sustainability/activities/governance/compliance/pdf/anti_corruption_guideline_201903.pdf

Consultation and Reporting

In addition to establishing a help line as a point of contact for consultation on matters relating to compliance, including corruption prevention, the Mitsubishi Estate Group has set up a help line exclusively for business partners to receive consultations and reports from business partners of Group companies.

Risk Assessment

The Group has established and operate the Rules on Corruption Risk Assessment and Corruption Due Diligence, which require that the risk of corruption be assessed for each contract and mandate due diligence in the case of counterparties with which transactions are deemed high risk.

In 2017, an external organization assessed the Mitsubishi Estate Group's corruption prevention system as a whole. The Group has been working to further strengthen the corruption prevention system by responding to the issues identified through the assessment.

Monitoring

The Risk Management & Compliance Committee monitors the operational status of the corruption prevention system each year, and the status of monitoring by the Risk Management & Compliance Committee is also reported to the Board of Directors.

Also, in order to maintain and continue the effectiveness of the corruption prevention system, the Group implements internal audits periodically to assess and review the corruption prevention management system.

Education

The Mitsubishi Estate Group strives to make the rules on corruption prevention widely known through training for Group officers and employees engaged in overseas business.

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.

Augmenting the Help Line

The Mitsubishi Estate Group has established a compliance help line to receive inquiries and consultations on compliance issues. Officers and employees can consult the help line about suspected compliance violations or other issues of concern that have to be addressed, such as harassment, human relationships in the workplace, labor relations, and corruption. Group company employees, temporary employees, part-time employees, and various other part-time staff can also use the help line. 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. To ensure that employees know about the help line, information is provided in the Compliance Newsletter and on posters.

There were 75 reports via the Mitsubishi Estate Group help line in fiscal 2019. About half of the 75 reports were anonymous, and about half were made under the caller's name. Depending on the substance of the consultations received, they are studied and the situation is confirmed to respond appropriately and improve the workplace environment. Of the consultations for which the response was completed in fiscal 2019, 21 cases were identified as problems in need of improvement as a result of a study and confirmation of the situation. Depending on the results, the Group took the appropriate actions such as providing guidance for the person involved.

The Mitsubishi Estate Group has also established help lines at individual Group companies and regularly collates data to confirm trends. In 2019, there were 119 consultations.

In addition, a help line exclusively for business partners has been set up to receive consultations and reports on compliance from the business partners of Group companies.

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 (437 participants from 26 companies in April 2020).

Moreover, Mitsubishi Estate provides compliance education during training for newly appointed managers and level 2 professional career hires, and also trains all officers and employees in compliance via e-learning.

Holding Risk Management and Compliance Lectures

Mitsubishi Estate holds risk management and compliance lectures for managers and executives, including those at Group companies. The lecture topic is chosen from genres related to risk management and compliance, in light of social conditions in that particular year. In December 2019, Yoshiaki Honpo, Chief of the UN World Tourism Organization (UNWTO) Regional Support Office for Asia and the Pacific, spoke on the topic of "Mitsubishi Estate Group Risk Management Associated with the Rapid Rise in Inbound Visitors."

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.

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 respective functional and business groups identify risks of focus based on a risk analysis, and carry out activities throughout the year to reduce the risks identified.

(2) Group-wide priority risk management activities

The Group identifies priority risks that require new countermeasures from the entire Group, taking into account the risks of focus identified by individual Group companies as described above and social trends, and carries out activities throughout the year to reduce these risks.

System for Promoting Risk Management

Mitsubishi Estate has established the Risk Management & Compliance Committee to oversee the 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 at Mitsubishi Estate 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.

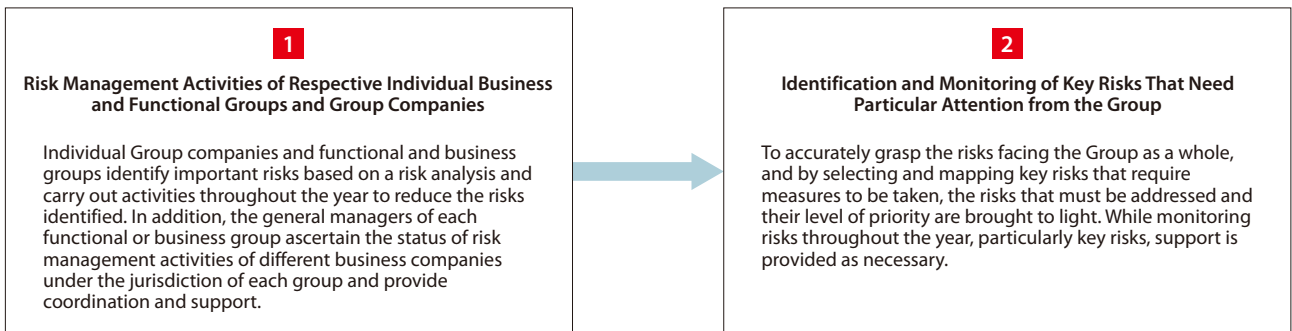
We have also established and implemented action guidelines, contact and initial response systems, and business continuity planning for use in times of crisis.

* See Mitsubishi Estate Group Risk Management and Compliance System (P32) for details.

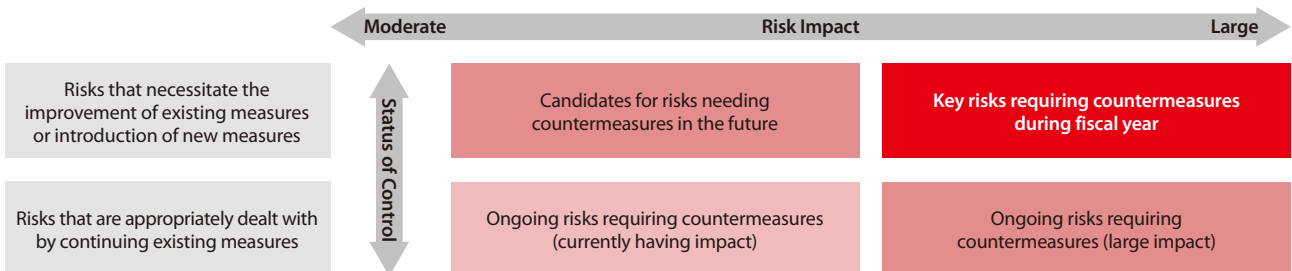
Risk Management Related to Investment Projects

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 of Mitsubishi Estate 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.

Risk Management Activities



Risk Map



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

<p>Risks of Information Security</p>	<p>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.</p> <p>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 Groupwide support.</p>
<p>Risks of Corruption</p>	<p>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.</p>
<p>Risks of Natural and Man-Made Disasters, etc.</p>	<p>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 aspect 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.</p>
<p>Risks of Fluctuations in Exchange Rates</p>	<p>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.</p> <p>The Group minimizes these risks of fluctuations in interest rates using such methods as borrowing funds in local currencies when procuring assets overseas.</p>
<p>Risks of Fluctuations in the Real Estate Market</p>	<p>The real estate market is closely correlated with movement 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.</p>
<p>Risks of Increases in Interest Rates</p>	<p>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.</p> <p>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. Going forward, the Group will 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.</p>

Risks Arising from the COVID-19 Pandemic

In fiscal 2019, performance in the Mitsubishi Estate Group's hotel, commercial facility, and airport operations felt the impacts of the global COVID-19 pandemic during February and March 2020. Moreover, the pandemic threatens to adversely impact the Group's business activities and performance centered on these operations in fiscal 2020. Based on the trends surrounding the pandemic, performance forecasts for fiscal 2020 were set assuming that Japan's state of emergency declaration would be lifted by May 31, 2020, and that the operating environment of businesses would gradually recover by the end of September. In some businesses, the impact is expected to continue throughout the fiscal year. However, should it become clear that the anticipated recovery trend will not occur, due to factors such as the prolongation of the pandemic or intermittent waves of subsequent infections, and if it is judged that performance forecasts need to be revised, prompt notification will be issued.

Environmental Data (KPI/Other Data)

KPI

1. Climate Change (GHG Emissions and Energy Management)

	Targets	Target year	Fiscal 2017	Fiscal 2018	Fiscal 2019	Unit	Boundary
GHG emissions reduction in line with the SBT commitment to address climate change	From base year (FY2017*) (1) 35% reduction (2) 87% reduction *FY2017 actual: 3,336,472t-CO ₂	(1) 2030 (2) 2050	3,336,472	3,588,345	4,038,584	t-CO ₂	Mitsubishi Estate Group*
Renewable Energy Rate	(1) 25% (2) 100%	(1) 2030 (2) 2050	-	1.3%	1.1%		Mitsubishi Estate Group*
Energy consumption	-	-	-	1,138,078	1,242,153	MWh	
- Renewable energy consumption	-	-	-	14,685	14,005	MWh	
- Renewable electricity usage	-	-	-	12,585	11,731	MWh	
- Renewable Energy Certificate usage	-	-	-	2,100	2,274	MWh	

* As a general rule, target group companies are selected based on actual control approach. Properties in which the Mitsubishi Estate Group's ownership or trust beneficiary rights are less than 50% are not included in data calculations.
(However, under GRESB, properties in which the Group's ownership or trust beneficiary rights are 20% and over are included.)

2. Resources (Waste, Water, Forestry Resources, etc.)

	Targets	Target year	Fiscal 2018	Fiscal 2019	Unit	Boundary
Waste generated per unit of floor space	20% reduction from FY2019 FY2019 actual: 7.1kg/m ²	2030	11.1	7.1	kg/m ²	Mitsubishi Estate Group ^{*1}
Waste generated	-	-	74,595	54,114	t	
- Japan	-	-	74,595	52,081	t	
- Overseas	-	-	-	2,033	t	
Area floor	-	-	6,750,610	7,591,269	m ²	
Recycling rate	90%	2030	45.5%	55.2%		Mitsubishi Estate Group ^{*1}
Waste recycled	-	-	33,923	29,878	t	
- Japan	-	-	33,923	29,351	t	
- Overseas	-	-	-	527		
Recycled water usage rate	100%	Fiscal 2030 ongoing goal	100%	100%		Newly constructed ^{*2} , large-scale ^{*3} office buildings and commercial facilities in Japan
Japan-grown timber usage rate	100%	Fiscal 2030 ongoing goal	50.0%	71.8%		Mitsubishi Estate Home (structural materials and floor materials for detached housing)

*1 Target organizations are selected based on actual control approach. As a general rule, properties in which the Mitsubishi Estate Group's ownership or trust beneficiary rights are less than 50% are not included in data calculations.

*2 Completed in 2002 onward

*3 Floor area: 100,000m² or more

Other Data

Basic Data on Target Properties

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Total floor area (m ²)	6,761,510	6,750,610	7,591,269
Number of target properties	90	97	112

1. Climate Change (GHG Emissions and Energy Management)

	Fiscal 2018				Fiscal 2019			
	Emissions (t-CO ₂)	Per unit (t-CO ₂ /m ²)	Percentage of total emissions	Change from 2017 (base year)	Emissions (t-CO ₂)	Per unit (t-CO ₂ /m ²)	Percentage of total emissions	Change from 2017 (base year)
Total GHG emissions (Scope 1+Scope 2+Scope 3)	3,588,345	0.5316	100%	7.5%	4,038,584	0.5320	100%	21.0%
Scope 1	108,289	0.0160	3.0%	-10.2%	118,351	0.0156	2.9%	-1.9%
Scope 2	564,033	0.0836	15.7%	-2.0%	584,832	0.0770	14.5%	1.7%
Scope 1+Scope 2	672,322	0.0996	18.7%	-3.4%	703,184	0.0926	17.4%	1.0%
Scope 3	2,916,023	-	81.3%	10.4%	3,335,400	-	82.6%	26.3%

* Target group companies are based on actual control standard. As a general rule, facilities in which the Mitsubishi Estate Group's ownership or trust beneficiary rights are less than 50% are not included in data calculations.

2. Water

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Water usage (m³)	6,262,549	6,879,376	7,834,387
- Tap water (m ³)	5,445,722	5,777,904	6,366,171
- Recycled water (m ³)	816,827	1,101,472	1,335,830
- Well water (m ³)	-	-	132,387
Sewerage (m ³)	2,683,751	5,658,971	5,721,372

* Scope: the same as for the SBT scope (Target organizations are selected based on actual control approach. As a general rule, properties in which the Mitsubishi Estate Group's ownership or trust beneficiary rights are less than 50% are not included in data calculations.)

3. Green Building Certification

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Boundary
CASBEE certification (includes self-certifications and expired certifications)	7	8	10	Mitsubishi Estate Group* ¹
- Certification rate (ratio of total floor area to the SBT-target properties)	15.4%	18.0%	16.6%	
Development Bank of Japan (DBJ) Green Building certification	7	9	9	Mitsubishi Estate Group* ¹
- Certification rate (ratio of total floor area to the SBT-target properties)	11.2%	13.8%	12.8%	
LEED	2	2	2	Mitsubishi Estate Group* ¹
- Certification rate (ratio of total floor area to the SBT-target properties)	6.1%	6.1%	5.4%	
Total*²	10	13	15	Mitsubishi Estate Group* ¹
- Certification rate (ratio of total floor area to the SBT-target properties)	21.9%	27.1%	25.2%	

*¹ Scope: the same as for the SBT scope (Target organizations are selected based on actual control approach. As a general rule, properties in which the Mitsubishi Estate Group's ownership or trust beneficiary rights are less than 50% are not included in data calculations.)

*² When both CASBEE and DBJ Green Building certification have been obtained for the same property, it is counted as one property so as to calculate the total value without any duplication.

Social Data (KPI)

Diversity & Inclusion

	Targets	Target Year	Fiscal 2018	Fiscal 2019	Boundary
Paid leave utilization	5% increase from fiscal 2018 (66.0%)	2020	72.9%	68.0%	Mitsubishi Estate
Average number of used paid leave days	12 or more	Every year	13.6	12.4	Mitsubishi Estate
Ratio of female managers	Above 10%	2030	5.9%	5.8%	5 Group companies*
Rate of male employees taking childcare leave of absence	100%	Fiscal 2030 ongoing goal	12.6%	17.1%	5 Group companies*
Rate of female employees taking childcare leave of absence	100%	Fiscal 2030 ongoing goal	100%	98.7%	5 Group companies*
Rate of reinstatement to work after maternity/childcare leave	100%	Fiscal 2030 ongoing goal	96.7%	93.8%	5 Group companies*
Employment rate of persons with disabilities	2.20%	Fiscal 2030 ongoing goal	2.22%	2.23%	5 Group companies*

* Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Estate Residence, Mitsubishi Jisho Sekkei, Mitsubishi Real Estate Services

Resilient Urban Development

	Targets	Target Year	Fiscal 2018	Fiscal 2019	Boundary
Rate of employees with first aid provider qualification	100%	Fiscal 2030 ongoing goal	64.0%	61.0%	3 Group companies*

* Mitsubishi Estate, Mitsubishi Jisho Retail Management, Mitsubishi Jisho Property Management

Other

	Targets	Target Year	Fiscal 2018	Fiscal 2019	Boundary
Employee absentee rate	0%	Fiscal 2030 ongoing goal	0.8%	0.8%	5 Group companies ¹
Rate of provision of accessible toilets	100%	Fiscal 2030 ongoing goal	100%	100%	Newly constructed ² , large-scale ³ office buildings and commercial facilities in Japan
Rate of barrier-free buildings	100%	Fiscal 2030 ongoing goal	100%	100%	Newly constructed ² , large-scale ³ office buildings and commercial facilities in Japan
Rate of awareness of Mitsubishi Estate Group CSR Procurement Guidelines	100%	Fiscal 2030 ongoing goal	100%	100%	Newly constructed ² , large-scale ³ office buildings and commercial facilities in Japan

¹ Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Estate Residence, Mitsubishi Jisho Sekkei, Mitsubishi Real Estate Services

² Completed in 2002 onward

³ Total floor area: 100,000m² or more

Governance Data (KPI)

Corporate Governance

	Targets	Target Year	Fiscal 2018	Fiscal 2019	Boundary
Attendance at Board of Directors meetings	100%	Fiscal 2030 ongoing goal	100%	99.3%	Mitsubishi Estate
- Total number of attendees	-	-	150	149	
- Total number of people	-	-	150	150	
- Target number of people	-	-	15	15	
Number of Board of Directors meetings	-	-	10	10	

Risk Management and Compliance

	Targets	Target Year	Fiscal 2018	Fiscal 2019	Boundary
Compliance e-learning attendance	100%	Fiscal 2030 ongoing goal	97.8%	98.3%	Mitsubishi Estate*

* Excludes advisors and dispatched employees. Outside Directors included.

Information Disclosure Based on SASB Standards

Note

- We are classified in the Real Estate industry under the Infrastructure sector according to SICS®, so we disclose the following information based on the standards for this industry.
- The property subsectors are aligned with the 2018 GRESB Real Estate Assessment Reference Guide as stipulated in the SASB standards.
- The scope of the following information covers only Mitsubishi Estate Co., Ltd. (not its Group's companies), which is different from the coverage of the scope used for the SBT and RE100 reporting.
- The following information has not been verified by a third party.

Fiscal 2018 Sustainability Disclosure Topics & Accounting Metrics (for the period from April 1, 2018 to March 31, 2019)

<Energy Management>

	UNIT OF MEASURE	CODE	Retail, High Street	Retail, Shopping Centers	Office	Health Care	Parking (Indoors)	Other
Energy consumption data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area	IF-RE-130a.1	100	100	100	100	100	100
Total energy consumed by portfolio area with data coverage	GJ	IF-RE-130a.2	15,308	104,454	1,183,481	2,810	2,295	614
Percentage grid electricity	GJ	IF-RE-130a.2	0	0	0	0	0	0
Percentage renewable	%	IF-RE-130a.2	0	0	0.75	0	0	0
Like-for-like percentage change in energy consumption for the portfolio area with data coverage	%	IF-RE-130a.3	-4.91	-0.70	1.71	-14.12	-	2.84
Percentage of eligible portfolio that has an energy rating	Percentage (%) by floor area	IF-RE-130a.4	0	0	0	0	0	0
Percentage of eligible portfolio that is certified to ENERGY STAR	Percentage (%) by floor area	IF-RE-130a.4	0	0	0.28	0	0	0
	UNIT OF MEASURE	CODE	Contents					
Description of how building energy management considerations are integrated into property investment analysis and operational strategy	n/a	IF-RE-130a.5	On January 31, 2020, we joined RE100 and committed to switching to 100% renewable energy for the electricity we use by 2050. Based on this goal, we are going to consider how we can use renewable energy in many aspects of our business from diverse points of view. Also, we have a policy of working hard to obtain green building certifications such as DBJ Green Building and CASBEE certifications.					

<Water Management>

	UNIT OF MEASURE	CODE	Retail, High Street	Retail, Shopping Centers	Office	Health Care	Parking (Indoors)	Other
Water withdrawal data coverage as a percentage of total floor area	Percentage (%) by floor area	IF-RE-140a.1	100	100	100	100	100	100
Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress	Percentage (%) by floor area	IF-RE-140a.1	Not disclosed					
Total water withdrawn by portfolio area with data coverage	Thousand m ³	IF-RE-140a.2	57	533	2,552	16	7	4
Percentage in regions with High or Extremely High Baseline Water Stress	%	IF-RE-140a.2	Not disclosed					
Like-for-like percentage change in water withdrawn for portfolio area with data coverage	%	IF-RE-140a.3	5.25	-0.20	-5.47	-0.69	-7.06	-7.89
	UNIT OF MEASURE	CODE	Contents					
Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	IF-RE-140a.4	We purify rainwater and wastewater in a recycling system; after that the treated recycled water* is used to flush toilets inside the building. In order to drive the use of recycled water, we have set a KPI for taking the recycled water usage rate to 100%, and this goal will continue until 2030. * Water reclaimed from used tap water and treated for recycling. It is used for flushing toilets, watering greenery, air conditioning systems and other such facility water needs, as well as for cleaning, before being discharged into the sewage system.					

<Management of Tenant Sustainability Impacts>

	UNIT OF MEASURE	CODE	Retail, High Street	Retail, Shopping Centers	Office	Health Care	Parking (Indoors)	Other
Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	Percentage (%) by floor area	IF-RE-410a.1	Not disclosed					
Associated leased floor area, by property subsector	m ²	IF-RE-410a.1	Not disclosed					
Percentage of tenants that are separately metered or submetered for grid electricity consumption	Percentage (%) by floor area	IF-RE-140a.2	0	0	0	0	0	0
Percentage of tenants that are separately metered or submetered for water withdrawals	Percentage (%) by floor area	IF-RE-140a.2	Not disclosed					
	UNIT OF MEASURE	CODE	Contents					
Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	n/a	IF-RE-410a.3	To drive energy-saving actions with our tenants, we created a guidebook which introduces examples of energy-saving methods to them, and we introduced green leases into the template of our contracts. Also, we hold yearly Global Warming Prevention Council meetings collaborating with the tenants in each of our ISO14001-certified buildings in the Tokyo Metropolitan area to explain GHG emission reduction, energy-saving actions, and to provide updates on the progress in these efforts, and so on.					

<Climate Change Adaptation>

	UNIT OF MEASURE	CODE	Retail, High Street	Retail, Shopping Centers	Office	Health Care	Parking (Indoors)	Other
Area of properties located in 100-year flood zones, by property subsector	m ²	IF-RE-450a.1	Not disclosed					
	UNIT OF MEASURE	CODE	Contents					
Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	n/a	IF-RE-450a.2	Please refer to "(2) Strategy" in our "Information Disclosure Based on TCFD Recommendations" on our website. (URL: https://www.mec.co.jp/e/sustainability/activities/environment/tcfd/pdf/TCFD_Recommendations.pdf)					

Activity Metrics

	UNIT OF MEASURE	CODE	Retail, High Street	Retail, Shopping Centers	Office	Health Care	Parking (Indoors)	Other
Number of assets, by property subsector	Number	IF-RE-000.A	3	8	49	2	1	1
Leasable floor area, by property subsector	m ²	IF-RE-000.B	52,378	607,603	4,717,870	11,657	21,430	3,387
Percentage of indirectly managed assets, by property subsector	Percentage (%) by floor area	IF-RE-000.C	0	0	0	100	0	0
Average occupancy rate, by property subsector	%	IF-RE-000.D	98.14	98.14	98.34	100	-	100



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 2019 18th *Kira Kira* Art Competition held by Mitsubishi Estate for children with disabilities.