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## ESG at the Mitsui Fudosan Group



### Statement, Vision, and Mission

The Mitsui Fudosan Group's Statement, Vision, and Mission embody management's basic philosophy and vision of bringing affluence and comfort to urban living. Since their formulation in 1999, they have guided the Mitsui Fudosan Group as an integrated management policy.

#### GROUP STATEMENT


**The Mitsui Fudosan Group aims to bring affluence and comfort to urban living.**

The Mitsui Fudosan Group's Statement, Vision, and Mission embody management's basic philosophy and vision. Since their formulation in 1999, they have guided the Mitsui Fudosan Group as an integrated management policy.

#### GROUP VISION

### What we want to be

#### The Philosophy

Seeking to link diverse values and coexist in harmony with society, and achieve a sustainable society, as symbolized by the Mitsui Fudosan  logo, we will work to foster social and economic development as well as preservation of the global environment.

- Under **&EARTH**, we will aim for a society that enriches both people and the planet.

## Evolution and value creation

By bringing knowledge and experience together in diverse ways, we seek to advance the real estate business and create new value, both at home and abroad, proactively responding to global changes in social environments and market structures.

## A profitable and growing Mitsui Fudosan Group

We seek to create a profitable and growing Mitsui Fudosan Group, acting honestly and fairly to realize the capabilities of the entire organization.

## GROUP MISSION

### What is expected of us

#### Provide business and lifestyle-related solutions and services

- Maximize urban value creation by providing secure, safe, and attractive urban spaces and soft services that bring enrichment and comfort to urban living.
- Provide variable and innovative solutions that stimulate the real estate investment market.

#### Work in partnership with customers from a global perspective

- Treat customers as the business foundation on which to progress and develop the Company.
- Propose and provide products and services by deploying the collaborative strength of the Group with a multidisciplinary approach that meets the real needs of customers.
- Work in partnership with customers to raise brand value by continuously providing services that are highly valued by them.

#### Raise our corporate value


- Raise corporate value through sustainable profit growth and continual innovation.
- Optimize the allocation and use of available resources and pursue efficient operations.
- Conduct operations while closely monitoring and managing business risks.

#### Create a strong corporate group by building the capabilities of individuals

- Seek to maintain a creative and pioneering spirit by integrating various skills and values.
- Cultivate and institutionalize the professional capabilities of individuals to raise our creative ability for value-added products and services.
- Maintain high awareness of ethical, disciplinary, and compliance issues, and act accordingly.

### The &EARTH Principle



The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society represented by its  corporate logo. Under our **&EARTH** principle, we recognize the need to create neighborhoods that remain in tune with environmental concerns. This principle therefore reflects our aim to help establish a society that enriches both people and the planet.

# Policy for Addressing ESG Issues in VISION 2025

In VISION 2025, our objective is to achieve a sustainable society and drive continual profit growth by addressing ESG issues based on the philosophy of the Mitsui Fudosan & logo.

1. Establish ultra-smart societies by creating neighborhoods
  2. Achieve a society where a diverse workforce can thrive
  3. Achieve health, safety and security in people's daily lives
  4. Create new industries through open innovation
  5. Reduce environmental impact and generate energy
  6. Continuously improve compliance and governance
- Through these efforts, we will help to realize Society 5.0 and achieve SDGs.

<b>E</b> Environment	<b>S</b> Society	<b>G</b> Governance
<p>▶ <b>Materiality Goals</b></p> <ul style="list-style-type: none"> <li>• Establish ultra-smart societies by creating neighborhoods</li> <li>• Achieve a society where a diverse workforce can thrive</li> <li>• Achieve health, safety and security in people's daily lives</li> <li>• Create new industries through open innovation</li> <li>• Reduce environmental impact and generate energy</li> <li>• Continuously improve compliance and governance</li> </ul>		



## Achieving Society 5.0

- IoT will connect all people and things, all sorts of knowledge and information will be shared, and totally new value will be born
- Social issues will be overcome and humans will be liberated from various types of constraints
- AI will free humans from the burdensome work of analyzing huge amounts of information
- The possibilities open to humans will expand through the use of robots, automatic-driving cars, etc.

## SDGs

Development goals for achieving a sustainable world in the period from 2016 to 2030, set forth in the 2030 Agenda for Sustainable Development adopted at the UN Summit in September 2015



## Policy for Environmental Initiatives (E)

Guided by its Group Environmental Policy, the Mitsui Fudosan Group engages in the three core environmental activities of load reduction (reducing the impact of products and services on the environment), quality improvement (enhancing safety, security, and comfort while ensuring sustainability), and cooperation (collaborating and cooperating with various stakeholders) in an integrated manner.

### The Group Environmental Policy (Established November 1, 2001; Revised April 1, 2018)

#### Environmental Principles

We at Mitsui Fudosan are committed to social and economic development as well as global environmental preservation under the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society represented by our corporate logo. Under the principles of the logo, **&EARTH** represents our Group Vision. **&EARTH** symbolizes our

recognition that urban development is interlinked with the planet and our aim of a society that enriches both people and the planet.

Contributing to the building of a society that realizes the sustainable development of human life is our corporate mission, and we consider this an important business challenge directly related to increasing corporate value. Positioning the promotion of business while addressing collaboration and cooperation with the community, reduction of environmental burden and improvement of security, safety, and comfort as vital to harmonious coexistence with the environment, we endeavor to create urban environments of enrichment and comfort and contribute to the global environment.

### Environmental Policy

1. We aim to take countermeasures against global warming and create a recycling society by striving to improve environmental efficiency, reduce environmental burden, conserve energy/resources, reduce waste materials and prevent pollution.
2. We aim to both reduce environmental burden and improve security, safety, and comfort with widespread and comprehensive promotion of water and biodiversity conservation and introduction of diversified and independent energy sources, in addition to low carbon.
3. In collaboration and cooperation with all of society including our customers, local communities, and the government, we proactively address harmonious coexistence with the environment, build a society that realizes sustainable development, and implement highly effective environmental measures.
4. We will expand environment-conscious urban development such as smart cities both at home and abroad and aim to be an environmentally advanced company that plays a leading role in the future of urban development.
5. In addition to adhering to environment-related laws and regulations, we will establish our own standards as necessary and promote harmonious coexistence with the environment.
6. Through environmental training and awareness-enhancing activities, we ensure that all Mitsui Fudosan Group employees have a solid understanding of our Environmental Policy and increase their environmental awareness.
7. We provide full public disclosure of necessary information relating to such matters as our environmental initiatives, and promote open communication with society at large through promotional activities.



### Policy for Social Initiatives (S)

Through neighborhood creation, the Mitsui Fudosan Group is actively working to resolve issues in areas such as safety and security, local communities, culture, education, and human rights. We have put in place a Policy for Social Contribution Initiatives to ensure that each Group company and department follows a common and uniform direction. Based on this policy, we are active in four cores areas: the global environment, local communities, culture and education, and international exchange.

## **The Mitsui Fudosan Group's Policy for Social Contribution Initiatives** (Formulated March 27, 2013)

In line with our Group Statement that focuses on efforts to bring affluence and comfort to urban living, we actively contribute to society by revitalizing and creating urban areas while engaging in various activities from a global perspective, to provide affluence and comfort with the aim of achieving the sustained development of society and the economy.

1. We are primarily involved in four areas: the global environment, local communities, culture and education, and international exchange.
2. We strive to achieve harmony with local communities, and
3. We proactively make use of our own resources, including properties, networks, and personnel.

## **Policy for Governance Initiatives (G)**

The Mitsui Fudosan Group aims to create and maintain optimal corporate governance from the standpoint of improving the soundness, transparency and efficiency of management in order to gain the trust of its stakeholders.

The Mitsui Fudosan Group sets up and manages an internal control system that conforms to the Companies Act. We endeavor to put in place systems to ensure that the execution of business by directors and employees complies with laws and regulations and the Company's Articles of Incorporation. With this in mind, the Board of Directors of Mitsui Fudosan formulated the Basic Policy on the Internal Control System and maintains its proper operation. Moreover, we have also put in place company regulations and systems to ensure that Group directors and employees engage in business activities in an appropriate manner, such as by formulating the Mitsui Fudosan Group Compliance Policy.

### **Basic Policy to Put in Place an Internal Control System That Will Ensure the Proper Execution of Business Activities by a Company Limited by Shares**

#### **1. System to ensure that execution of business by directors conforms to laws and regulations and the Company's Articles of Incorporation**

The Company is working to ensure compliance through formulation and implementation of a compliance promotion plan, based on its Compliance Rules and other internal rules. The Company has also established a Risk Management Special Committee and put in place a compliance structure to prevent violations of laws and regulations and its Articles of Incorporation.

#### **2. System related to storage and management of information concerning the execution of business by directors**

All information is appropriately stored and managed according to internal rules, including the Document Rules, the Information Management Rules and the Information System Management Rules.

#### **3. Regulations and other frameworks related to prevention of losses**

Based on Risk Management Regulations and other internal rules, the Executive Management Committee supervises and controls risk management items concerning the Company or the Mitsui Fudosan Group. It heads two committees charged with uncovering and comprehending risk issues and devising solutions for them-the Strategy Planning Special Committee, which handles business risk management, and the Risk Management Special Committee, which is responsible for management of administrative risk. In addition, the Crisis Management Subcommittee, which reports to the Risk Management Special Committee, was established to meet when necessary to respond to accidents and other highly urgent matters.

#### **4. Framework for ensuring that the business of directors is executed efficiently**

To promote the separation and strengthening of the management and executive functions for which directors are responsible, the Company has adopted a corporate officer system, part of a framework intended to ensure that the business of directors is executed efficiently. Concerning the execution of business based on decisions of the Board of Directors, internal rules, including organizational

rules and rules governing administrative authority, set forth who is in charge and their responsibilities and promote efficient business by also setting forth procedures for execution.

**5. A system to ensure that the execution of business by employees conforms to laws and regulations and the Company's Articles of Incorporation**

The Company is working to ensure compliance through formulation and implementation of a compliance promotion plan, based on its Compliance Rules and other internal rules. The Company has also established a Risk Management Special Committee and put in place a compliance structure to prevent violations of laws and regulations and its Articles of Incorporation. In addition, based on its Internal Control System Rules, the Company has established a point of contact for consultation regarding compliance problems both inside and outside the Company. Further, based on Internal Audit Rules, the Internal Audit Department audits the operation of the compliance framework as well as compliance with laws and regulations, and reports to the Board of Directors and the Board of Corporate Auditors.

**6. Framework for ensuring appropriate business practices by the corporate group comprising the Company and its subsidiaries**

Through appropriate management of its Subsidiaries and Affiliates Administration Rules and Overseas Affiliates Administration Rules, the Company seeks to ensure the efficient execution of business by directors of its subsidiaries, while management is based on approval and monitoring by Mitsui Fudosan. Each Group company also has in place a compliance framework and Internal Control System based on the Mitsui Fudosan Group Compliance Policies. The Internal Audit Department conducts audits of the subsidiaries' compliance frameworks and their compliance with laws and regulations, and reports to the Board of Directors and the Board of Corporate Auditors.

**7. A system for employees to assist auditors with their duties and matters concerning the assurance of independence of these employees from directors and the effectiveness of instructions given to these employees**

The Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and each corporate auditor has been assigned a dedicated employee. Said employee shall be under the chain of command of the corporate auditor, who shall also evaluate the employee's performance. Transfer of said employee shall take place only upon prior discussion with the corporate auditor.

**8. Frameworks for enabling directors and employees to report to the corporate auditors, for other reporting to the corporate auditors, and for ensuring that audits by the corporate auditors are conducted effectively**

Corporate auditors attend meetings of the Board of Directors. Full-time corporate auditors also attend meetings of the Executive Management Committee, which oversees internal controls and risk management, receives reports when necessary, and shares these at meetings of the Board of Corporate Auditors. In addition, the corporate auditors receive regular audit reports from the Internal Audit Department and the Company's certified public accountant, and exchange information to build cooperation. Matters that have become subject to internal consulting are reported to the corporate auditors as appropriate via the Risk Management Special Committee, and the Internal Control System Rules contain provisions stating that the act of consulting itself will not be reason for detrimental treatment of the person requesting consultation.

**9. Framework for enabling directors, auditors and employees of subsidiaries, or individuals receiving reports from those listed, to report to corporate auditors, and for ensuring that individuals providing such reports will not, by reason of having made said report, be subject to detrimental treatment as a result**

Full-time corporate auditors attend meetings of the Executive Management Committee, which oversees internal controls and risk management, receives reports as necessary, and shares them with the Board of Corporate Auditors. They also work to exchange information as appropriate with the directors and auditors of the Company's subsidiaries, either directly or through relevant departments, and receive progress reports on implementation of internal audits at subsidiaries. Matters subject to internal consulting under the internal consulting system of each Group company are also reported to the Company's corporate auditors as appropriate via the Risk Management Special Committee. Rules regarding each Group company's internal consulting system contain provisions stating that the act of consulting itself will not be reason for detrimental treatment of the person requesting consultation.

**10. Policies regarding procedures for prepayment or reimbursement of expenses arising in the execution of the corporate auditors' duties or related to processing of other expenses and liabilities arising from execution of those duties**

Expenses required for the execution of the corporate auditors' duties shall be borne by the Company at cost.

## **Introduction**

We have engaged in fair business activities based on the highest corporate ethics and worked diligently to garner trust and build a robust brand. However, these tireless efforts to build a robust brand strength can be lost in an instant by the erroneous actions of a single individual. As a result, proper decision-making and behavior will continue to increase in importance. To accomplish this, we regard the practice of compliance as one of our highest priorities for Group management and implement fair and highly transparent corporate activities in accordance with corporate ethics, in addition to observing laws and regulations as well as social norms.

## **Definition of Compliance**

Ensuring legitimate and fair corporate activities by observing laws, regulations, and internal rules, and giving proper consideration to norms of ordinary society, and corporate ethics.

## **Aims for Compliance**

### **Honest Conduct**

1. We shall aim not simply to comply with laws and regulations, but rather recognize our company's social responsibility and be a good corporate citizen.
2. We shall ensure mutual respect of human rights, personalities, and values.
3. Even if news is bad, it shall be promptly reported to top management, and we shall strive to respond properly.
4. In carrying out work, the top priority shall be placed on the safety of customers and the workplace environment.

### **Fair Conduct**

1. We shall carry out corporate activities with fairness and a high degree of transparency, in accordance with corporate ethics.
2. We shall properly disclose information to society and ensure the transparency and soundness of our management.
3. We shall take an uncompromising stance toward antisocial organizations and reject any relationship whatsoever.
4. We shall not engage in wrongful discrimination based on nationality, social status, beliefs, sex, age, disability or sexual orientation/gender identity (so-called LGBT), etc.

### **Abiding by Rules**

1. We shall abide by all relevant laws, regulations, and internal rules, and give proper consideration to social norms and corporate ethics.
2. We shall carefully protect and manage personal information and other information requiring confidentiality.
3. We shall not exchange gifts or provide entertainment to obtain illegitimate advantages.
4. We shall not pursue personal gain by using undisclosed or internal information.
5. We shall avoid conduct that may negatively affect our company's reputation or operations even outside of working hours.

### **When Unable to Decide, Ask Yourself the Following...**

1. Is my conduct honest?
2. Is my conduct fair?
3. Is it conduct you can explain to your family, friends, and the society at large without being ashamed?