



ESG Report 2020

Building a Sustainable Society

&EARTH




MITSUI FUDOSAN

Management's Commitment



Accelerating ESG Management Based on the Group Long-Term Vision, VISION 2025

Recent years have seen an acceleration in international initiatives to address social challenges. These include the Paris Agreement, an international framework to respond to climate change, and the UN's Sustainable Development Goals (SDGs) aimed at solving global challenges. As such, it is also becoming increasingly important for enterprises to contribute to sustainable growth through their commercial activities.

Based on the ideals of coexisting in harmony with society, linking diverse values, and achieving a sustainable society, as symbolized by its  logo, the Mitsui Fudosan Group is working to build societies that enrich people's lives and our planet. Under our **&EARTH** byword, we pursue ESG management and conduct business with awareness of our responsibilities with respect to the Environment, Society, and Governance.

Against this background, VISION 2025, our Group long-term vision, established in fiscal 2018, outlines our primary objective as follows: Successfully establish a sustainable society through the creation of neighborhoods. We have also laid out the following six materiality goals, reflecting our commitment to further accelerate the Group's ESG management.

- 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**

We believe that by working toward these objectives, we can contribute in a significant way to the Japanese government's Society 5.0 vision and to the attainment of the UN's SDGs. In addition, we participate in and are a signatory to the UN Global Compact, an international initiative that underlies our Group ideals and objectives. The Compact consists of Ten Principles across the four areas of human rights, labor, environment, and anti-corruption. Our aim is to conform to these principles and, through our commercial activities, work to address the challenges that face society.

Successfully Establish a Sustainable Society Through the Creation of Neighborhoods

The Mitsui Fudosan Group carries on the enterprising spirit the Mitsui Group has maintained since its founding. As we create value by discerning the paradigm shifts that mark every era, we have worked to address social challenges through neighborhood creation.

Neighborhood creation by the Mitsui Fudosan Group is playing a significant role in building a sustainable society through such developments as Kashiwa-no-ha Smart City, which aims to realize environmental harmony, health and longevity, and new industry creation, as well as the Nihonbashi Revitalization Plan, which is stimulating local society and culture and bolstering disaster preparedness across the entire region.

Furthermore, as a Real Estate Development Category Gold Partner for the Olympic and Paralympic Games Tokyo 2020, we are promoting neighborhood creation through the power of sports, working to maintain and enhance people's mental and physical health, and energize the local community.

Each of our neighborhood creation initiatives is helping to address a wide range of social issues, including a falling birthrate, an aging society, and environmental problems, as well as the need for safe and secure lifestyles and new industry creation. We believe that these efforts will lead not only to the creation of social value, but raise our corporate value.

Environment: E

We believe that contributing to the realization of a carbon-free society through the creation of neighborhoods and facilities that consume less energy and emit less greenhouse gases, as well as services and facility management practices with limited environmental impact is our social mission as a developer engaged in neighborhood creation. In particular, we recognize the significant risk to our business that climate change represents, and have positioned efforts to reduce such risk through our commercial activities as an important management task.

In February 2020, based on our awareness of the challenges ahead, we adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which encourages enterprises and other organizations to disclose information relating to climate change-related risks and opportunities. In addition, we became a member of RE100, an international initiative to power business activities with 100% renewable energy. Moreover, we are engaged in active efforts to meet the diverse challenges facing the environment including biodiversity and water resource conservation, environmental pollution prevention, and the reduction of resource consumption and waste generation in all of our business areas, from office buildings and commercial facilities to residences and more. In addition, we see environmental challenges as business opportunities, and are creating such new businesses as the Nihonbashi Smart Energy Project, which helps conserve energy and reduce CO₂ emissions through local energy generation and consumption. Going forward, we will continue to create comfortable environments for customers and local societies, and engage in comprehensive activities to preserve the environment and respond to the challenge of climate change.

Society: S

The Mitsui Fudosan Group understands that making ESG management its highest priority is essential to stop the spread of COVID-19, which has become a global threat. To fulfill our corporate social responsibility, we are taking the lead to collaborate in activities to protect the lives and health of the public along with the revitalization of our economy, with the Group acting in unison toward realization of a sustainable society. In addition, we believe that respect for individual human rights is of paramount importance in offering people settings for business and residential life through neighborhood creation. As well as supporting and respecting the principles embodied in the UN Guiding Principles on Business and Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, we promote respect for human rights throughout every aspect of our business.

Moreover, our Group is engaged in internal workstyle reform activities based on the three pillars of awareness reform, infrastructure improvements, and work reform in organizational units, and we are creating office environments where our employees can work with enhanced motivation. In addition to creating environments where a diverse workforce of individuals can demonstrate their capabilities regardless of race, nationality, religion, gender, age, or other attributes, we are promoting measures to support diverse ways of working to accommodate different life stages, including a work-at-home system, and a financial support system for those balancing work and child/nursing care.

Governance: G

Because we rely on the trust of individuals, neighborhoods, and society, the Mitsui Fudosan Group regards risk management, compliance, and governance as extremely important themes that are fundamental to our business. In particular, with respect to our international business, which has expanded rapidly in recent years, we regard strict compliance and strengthened governance as pressing challenges. In addition to bolstering further the compliance and governance structures at the parent and at our international local corporations, we are working to manage business risk appropriately and practice thorough due diligence. Going forward, and taking a broad view of global trends, changes in the structure of society, changes in stakeholder attitudes toward corporate management, and other factors in our operating environment, we will work to continuously review and strengthen our corporate governance and reinforce the soundness, transparency, and efficiency of our management.

This ESG Report 2020 provides updated information concerning the Mitsui Fudosan Group's ESG policies and activities, to enable our stakeholders to accurately assess our Group corporate value as we work toward the achievement of a sustainable society. We hope this report will be useful in deepening understanding of the Mitsui Fudosan Group, and we look forward to your continued support and valued input.

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

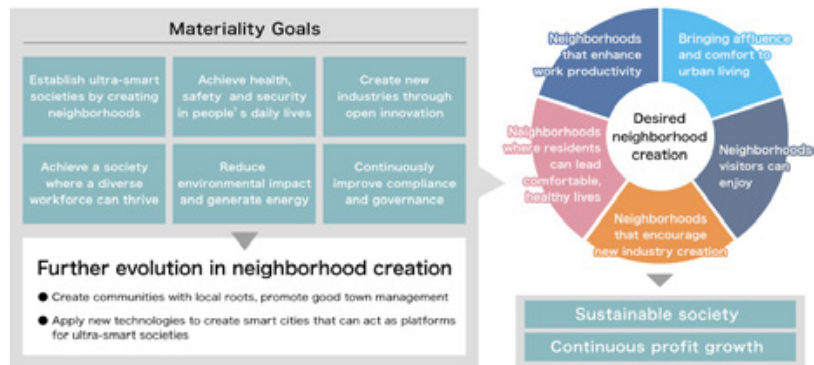


The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society represented by its  corporate logo. Under our **&EARTH** principle,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



Efforts to realize SDGs and Society 5.0

In line with the basic philosophy of its Group Statement, "Bringing affluence and comfort to urban living," the Mitsui Fudosan Group has contributed to the realization of a sustainable society through its corporate activities and neighborhood creation. Going forward, we will keep contributing to the achievement of SDG goals through our Six Materiality Goals. In addition, in line with the 5th Science and Technology Basic Plan proclaimed by the Japanese government, we are aiming to realize ultra-smart societies. This social revolution, which prioritizes innovation, is being called Society 5.0. By maximizing its use of technology and innovating the real estate industry itself, the Group will contribute to realizing ultra-smart societies.



Timeframe and Scope of the Report

The ESG Report 2020 profiles ESG-related efforts by the Mitsui Fudosan Group. The report mainly covers activities undertaken from April 1, 2019 to March 31, 2020. However, details are also provided for certain ongoing development projects both at the design and construction phase. In principle, quantitative data related to fiscal 2019, the fiscal year from April 1, 2019 to March 31, 2020. The period covered for quantitative data outside fiscal 2019 is identified in each instance.

The report indicates which policies, declarations, and commitments for each ESG activity were announced for the first time in fiscal 2019, which were revised, and which were continued.

Rence Guidelines

- Environmental Reporting Guidelines (2018) issued by Japan's Ministry of the Environment
- SASB Standard
- SASB Content Index
- TCFD Final Report

Infrastructure sector : Real Estate

1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Unit of measure	Code	Reference
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area	IF-RE-130a.1	Environment > Climate Change > P34 Energy Consumption Greenhouse Gas Emissions
	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	GJ	IF-RE-130a.2	Environment > Climate Change > P34 Energy Consumption Greenhouse Gas Emissions
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	%	IF-RE-130a.3	Environment > Climate Change > P34 Energy Consumption Greenhouse Gas Emissions
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Percentage (%) by floor area	IF-RE-130a.4	Environment > Climate Change > P30 Major Initiatives
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	n/a	IF-RE-130a.5	Environment > Climate Change > P28 Awareness of Climate Change, Policy
Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Percentage (%) by floor area	IF-RE-140a.1	Environment > Water > P17 Water Usage
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Thousand cubic meters(m ³), %	IF-RE-140a.2	Environment > Water > P17 Water Usage
	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	%	IF-RE-140a.3	Environment > Water > P17 Water Usage
	Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	IF-RE-140a.4	Environment > Water > P16 Policy, Major Initiatives
Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	Percentage (%) by floor area	IF-RE-410a.1	—
	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Percentage (%) by floor area	IF-RE-410a.2	—
	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	n/a	IF-RE-410a.3	Environment > P46 Environmentally Friendly Supply Chain
Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	m ²	IF-RE-450a.1	—
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	n/a	IF-RE-450a.2	Environment > Climate Change > P36 TCFD

2. Activity Metrics

Number of assets, by property subsector	Number	IF-RE-000.A	Environment > Climate Change > P34 Energy Consumption Greenhouse Gas Emissions
Leasable floor area, by property subsector	m ²	IF-RE-000.B	Environment > Climate Change > P34 Energy Consumption Greenhouse Gas Emissions
Percentage of indirectly managed assets, by property subsector	Percentage (%) by floor area	IF-RE-000.C	—
Average occupancy rate, by property subsector	%	IF-RE-000.D	—

Launch/Publication



Website: Primary launch in August 2020

*This website will be updated as required if there are any future additions or changes to information.

Published by & Inquiries: ESG Promotion Department, Mitsui Fudosan Co., Ltd. (Tel: +81-3-3246-3063)

ESG-related Objectives (KPI)

The Mitsui Fudosan Group has established the following objectives with respect to its ESG-related initiatives. Please see the relevant pages for details.

Item	Objective (KPI)	Reference Category
[Short-term goal] Energy consumption per base unit	Annual 1% reduction	P28 Climate Change
[Short-term goal] CO ₂ emissions (Energy-derived CO ₂ emissions by large offices designated to undertake measures with regards to global warming by a Tokyo Metropolitan Government ordinance)	Reductions in energy consumption exceeding those mandated under the Tokyo Metropolitan Environmental Security Ordinance (Plan 1: 8%, Plan 2: 17%, Plan 3: 27%)	P28 Climate Change
[Medium-term goal] Reduction of greenhouse gas (GHG) emissions	30% by fiscal 2030 (compared to fiscal 2019) SBT initiative certification 	P28 Climate Change
[Long-term goal] Reduction of greenhouse gas (GHG) emissions	Net zero greenhouse gas emissions by fiscal 2050	P28 Climate Change
[Long-term goal] RE100 (Proportion of electric power used in business activities derived from renewable energy) 	100% by fiscal 2050	
Clean water and industrial water usage per base unit	Decrease over the previous fiscal year	P16 Water
General and industrial waste emissions per base unit	Decrease over the previous fiscal year	P26 Environmental Pollution and Resources
Waste recycling ratio (at Mitsui Fudosan Co., Ltd. headquarters)	90% by fiscal 2030	P19 Environmental Pollution and Resources
Women in management positions ratio (Mitsui Fudosan Co., Ltd.)	10% by fiscal 2025 20% by fiscal 2030	P57 Promoting Active Roles for Women
Return rate from childcare leave (Mitsui Fudosan Co., Ltd.)	100%	P56 Our Efforts to Realize Diverse Workstyles
Number of paid leave days taken (Mitsui Fudosan Co., Ltd.)	14 days annually	P56 Our Efforts to Realize Diverse Workstyles
Employment rate of people with disabilities (Mitsui Fudosan Co., Ltd.)	2.3% minimum	P51 Employment of People with Disabilities
Health Checkup and Screening Rate (Mitsui Fudosan Co., Ltd.)	100%	P49 Health and Safety

Environment





Environmental Initiatives Policy

Guided by its Group Environmental Policy, the Group engages in the three core environmental activities of load reduction (reducing the impact of its 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.



Scope of Report

Numerical data and other information relating to environmental efforts profiled in the ESG Report 2020 apply mainly to the following Group companies.

Office Buildings Business

Mitsui Fudosan Building Management Co., Ltd.

Mitsui Fudosan Facilities Co., Ltd.

Retail Properties Business

Mitsui Fudosan Retail Management Co., Ltd.

Hotels and Resort Business

Mitsui Fudosan Hotel Management Co., Ltd.

Housing Business

Mitsui Fudosan Residential Co., Ltd.

Mitsui Fudosan Residential Service Co., Ltd.

Mitsui Fudosan Residential Lease Co., Ltd.

Mitsui Fudosan Realty Co., Ltd.

Mitsui Home Co., Ltd.

Mitsui Fudosan Reform Co., Ltd.

Real Estate Solutions Business

Mitsui Fudosan Investment Advisors, Inc.

Other Businesses

Tokyo Midtown Management Co., Ltd.

Mitsui Fudosan Architectural Engineering Co., Ltd.

Daiichi Engei Co., Ltd.



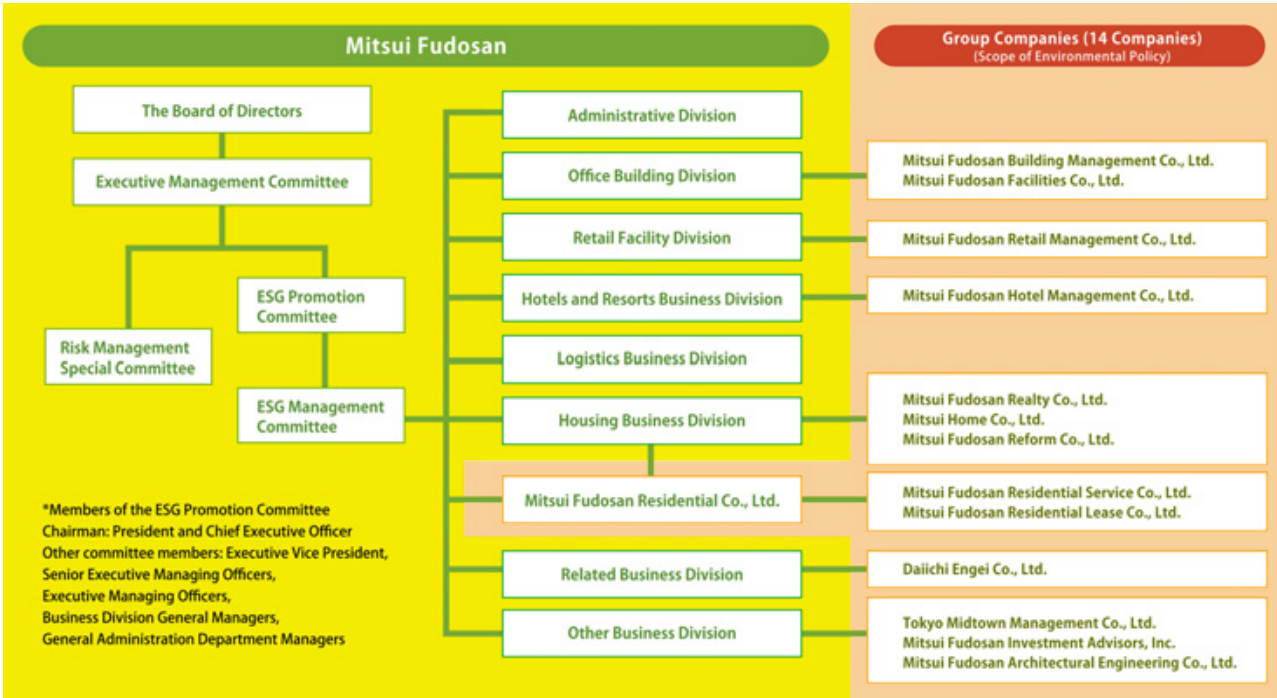
Environmental Management System

Mitsui Fudosan has established an ESG Promotion Committee (headed by the President and Chief Executive Officer) to promote measures relating to the environment, including climate change. The company has also established ESG Management Committee, subordinate to the ESG Promotion Committee (headed by the Director in Charge of ESG). The ESG Promotion Committee manages environmental principles and policy formulation for environment-related activities, including climate change response. The committee also coordinates the goals and planning of environmental promotion activities for each business division, and oversees and evaluates the progress of those activities. To promote these efforts, the ESG Management Committee establishes fiscal year targets for each division in accordance with the Group Environmental Policy, and is carrying out tasks such as progress management. With respect to climate change risk, the ESG Management Committee gathers information through a variety of channels relating to domestic and international trends and demands. Information sources include the Japanese government; regional public organizations; the Japan Federation of Economic Organizations (Keidanren); and real estate associations. The ESG Management Committee, which is equipped with highly specialized expertise, identifies climate-related risk for each business division, while the ESG Promotion Committee evaluates potential adverse effects of that risk. Where there is significant risk, the Risk Management Special Committee considers the potential influence on the company’s business and possible responses through the company’s operations.

Reports on environmental issues including climate change are transmitted to the Board of Directors on a regular basis. Environmental goals and progress are monitored, and as needed, the Board considers whether action may be required. In addition, environmental goals, including those relating to climate change, are considered in determining management evaluation and compensation.

Moreover, environmental initiatives are carried out in a planned fashion alongside Group companies subject to environmental policies. As of April 1, 2020, there are 14 Group companies that fall within the scope of the environmental policy.

Organization of the ESG (Environmental) Management System of the Mitsui Fudosan Group (as of April 1, 2019)



Note: Mitsui Home, Mitsui Fudosan Facilities, Mitsui Fudosan Retail Management, Mitsui Fudosan Hotel Management, and Tokyo Midtown Management promote environmental conservation activities by establishing their own environmental policies based on the Group Environmental Policy. These companies also conduct their own social and environmental reporting.

Policy

Based on our Group Environmental Policy, we develop buildings and create neighborhoods that help preserve the water environment through measures like effective utilization of water and replenishment of subterranean aquifers. We also preserve water resources through water conservation and effective use of water resources together with our business partners, tenant companies and stores, and customers.

Goals and Progress in Achieving Them

We shall strive to reduce clean water and industrial water usage per base unit (of floor area) from the previous fiscal year through measures such as installing water-saving equipment in our newly constructed buildings or switching to such equipment when renovating existing buildings.

Clean water and industrial water usage per base unit (of floor area) in fiscal 2019 was 0.851 m³/m² per year, a 0.3% increase over the previous fiscal year (0.848 m³/m² per year).

(For details on clean water and industrial water usage per base unit [of floor area], please see P17 "Water Usage.")

Major Initiatives

Water Conservation

The Group installs water-saving equipment in newly constructed office buildings and retail facilities. We have also been switching to water-saving equipment in existing buildings when they are renovated, and are making efforts to conserve water during routine building management and operations together with our business partners, tenants, stores, and customers.

Adoption of Water-Saving Equipment

At Tokyo Midtown (Minato-ku, Tokyo), we are saving water by installing water-saving sanitary equipment, automatic faucets and similar facilities.

Large-scale renovation took place at MITSUI OUTLET PARK JAZZ DREAM NAGASHIMA (Kuwana City, Mie), and in the extended area we installed 49 ultra- water-saving toilets (flush volume 5.5 liters).

The built-for-sale and rental condominiums and built-for-sale detached housing which Mitsui Fudosan Residential sell use water-saving toilets and bathing room shower heads with a water stop button.

Use of Well Water for Irrigation

To reduce the use of clean water, well water (ground water) is used to irrigate the greenery areas of Park City Kashiwa-no-ha Campus The Gate Tower (Kashiwa City, Chiba). Water used in this way returns to subterranean aquifers, helping to reduce the impact of water usage.

Use of Rainwater and Grey Water

Mitsui Fudosan aims to effectively use water resources by taking advantage of rainwater and grey water (processed wastewater) at its office buildings, retail properties and built-for-sale condominium buildings.

At TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo), we collect rainwater and drainage water* from air-conditioners in a rainwater utilization tank (water storage capacity approximately 400m³), and after treatment use it as general service water for toilet flushing and similar purposes. We also use grey water, obtained by treating kitchen wastewater, miscellaneous wastewater, and cooling tower blowdown water, as general service water in the same way.

*Drainage water: Excess wastewater from humidifiers of air-conditioners, and water cooled and condensed on cooling pipes.

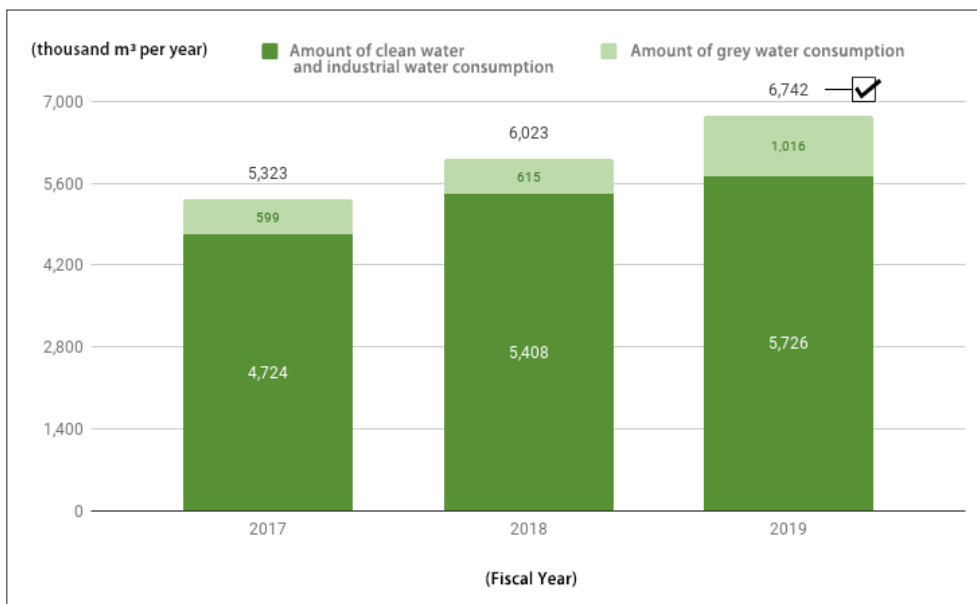
Letting Rainfall Reach the Ground and Preventing Rainfall Runoff

In our office buildings and retail facilities, we direct rainwater underground by utilizing water-permeable paving for parking lots, walkways, on-site roads, and external sections of the building. We also aim to preserve the water environment and prevent flooding with temporary storage tanks and flow adjustment ponds to prevent rainwater runoff in large volumes.

Water Usage

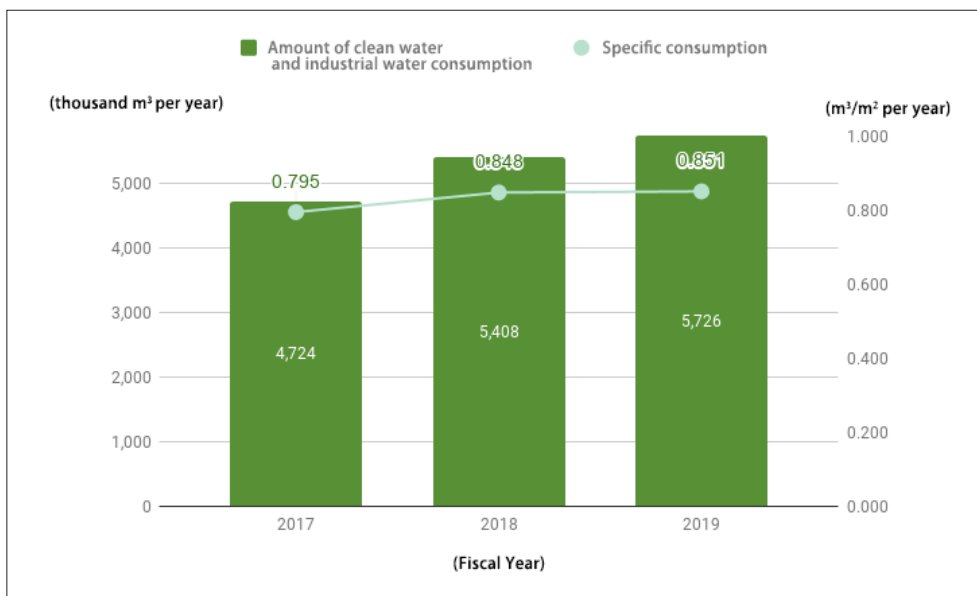
- *1 Total water usage: The total of clean water, industrial water, and grey water usage.
- *2 Clean water and industrial water usage: Clean water and industrial water usage includes well water usage.
- *3 Amount of grey water usage: Amount of grey water usage is the total of kitchen and miscellaneous wastewater, some rain and other water processed, and recycled water purchased from the outside.
- *4 Starting in fiscal 2019, we enhanced the accuracy of reporting data received from each facility relating to usage of grey water and clean and industrial water.

Trends in the Amount of Water Usage



Data with the third-party verification mark has been independently verified.

Trends in Clean Water and Industrial Water Consumption



Scope of Data Calculation

The scope of data calculation for water usage encompasses, in principle, facilities for which disclosure is required under the Act on the Rational Use of Energy. However, some facilities are excluded.

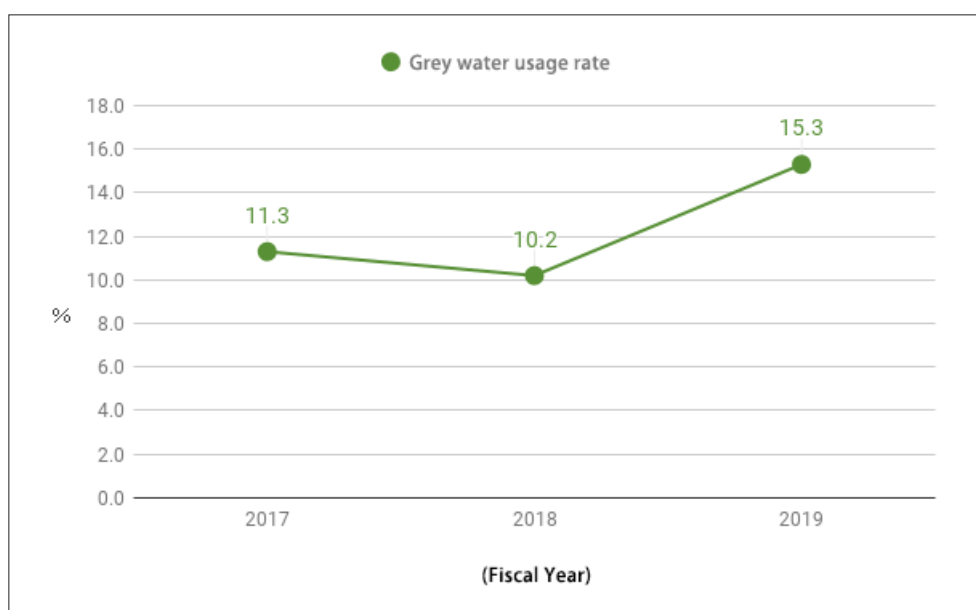
Business Division	Type	Fiscal year		
		2017	2018	2019
Overall	No. of target facilities (facilities)	139	139	146
	Total floor area (m ²)	5,938,901	6,379,120	6,7253,556
Office buildings	No. of target facilities (facilities)	76	70	67
	Total floor area (m ²)	2,648,216	2,886,933	3,036,374
Retail facilities	No. of target facilities (facilities)	43	46	45
	Total floor area (m ²)	2,864,433	2,973,917	2,981,975
Hotels	No. of target facilities (facilities)	12	14	21
	Total floor area (m ²)	150,619	158,761	239,844
Logistics	No. of target facilities (facilities)	3	3	8
	Total floor area (m ²)	265,059	300,630	454,066
Other	No. of target facilities (facilities)	5	6	5
	Total floor area (m ²)	10,574	58,879	11,298

Note:

- Office buildings include Tokyo Midtown (Roppongi) and Kashiwa-no-ha Smart City Gate Square shops and the office building KOIL.
- Resort hotels are included in the scope for hotels.
- Facilities under the control of the General Administration Department as well as each branch have been included in Other.
- Water usage in offices is included.

Water Recycling Ratio

Trends in Water Recycling Rate (Grey Water Usage Rate)



Note:

- Grey water usage rate = Amount of grey water consumption/Amount of water usage x 100
- Scope of Data Calculation is the same as for "Water Usage." Values may change depending on revisions to methods and scope of calculation, etc.

Policy

Based on its Group Environmental Policy, the Group prevents environmental pollution by observing laws, regulations, and ordinances relating to air pollution, water pollution, soil contamination, and hazardous materials, and we work hard to curb emissions of pollutants and contaminants that are not subject to regulation by laws, regulations, and ordinances. We also ensure appropriate management and disposal of hazardous materials when acquiring land as well as in the building design stage, thereby preventing hazardous materials impacts on the environment or building users. Based on our Group Environmental Policy, we aim to create a recycling society by working, together with our business partners, tenant companies and stores, and customers, to conserve resources and reduce waste. At the same time, we will prevent impacts on the environment due to waste through appropriate disposal of any waste that cannot be reused or recycled.

Goals and Progress in Achieving Them

Environmental Pollution

At facilities managed and operated by the Group that are subject to regulation in accordance with laws, regulations, and ordinances relating to air and water pollution, its goal shall be to take appropriate measures in accordance with laws, regulations, and ordinances, comply with regulatory values, and reach even more stringent values. No violations of laws, regulations, and ordinances occurred during fiscal 2019. Our goal shall be to take appropriate measures in accordance with laws, regulations, and ordinances relating to soil contamination, and prevent, as much as possible, soil contamination and dispersal. No violations of laws, regulations, and ordinances occurred during fiscal 2019. Our goal shall be to take proper measures in accordance with laws, regulations, and ordinances relating to chlorofluorocarbons and asbestos, and prevent, as much as possible, adverse impacts on the environment due to these hazardous materials. No violations of laws, regulations, and ordinances occurred during fiscal 2019.

Resources and Waste

We shall promote the 3Rs (reduce, reuse, recycle) and work to reduce general and industrial waste emissions per base unit, and we shall appropriately dispose of wastes in accordance with laws, regulations, and ordinances relating to waste disposal. In addition, our goal is to raise the waste recycling ratio at our headquarters office to 90% by 2030.

In fiscal 2019 for details on emissions, please see P25 "Waste Emission". Wastes are appropriately disposed of in accordance with laws, regulations, and ordinances relating to waste disposal, and there were no violations in fiscal 2019.

Major Environmental Pollution Initiatives

Prevention of Air Pollution

Measures to Address Exhaust Gas at Facilities Producing Soot and Smoke

Boilers, cogeneration systems, and other soot and smoke producing facilities larger than a certain size and installed at office buildings, retail properties, hotels, large-scale logistics facilities, and other properties managed and operated by the Group, are subject to regulation under laws, regulations, and ordinances relating to air pollution. At these regulated soot and smoke producing facilities, we have installed exhaust gas treatment equipment, and we are working to prevent air pollution by curbing emission of air pollutants such as nitrogen oxides and sulfur oxides.

Measures to Address Exhaust Gas at Mitsui Repark Parking Lots

At the Mitsui Repark pay-by-the-hour parking lots of Mitsui Fudosan Realty Co., Ltd., we are working to reduce the in-lot effects of automobile exhaust gas by installing exhaust gas panels on the perimeter. At Mitsui Repark's Enkobashi-cho No. 3 Parking Lot in Hiroshima, exhaust gas panels with photocatalytic filters were installed. When light such as sunlight strikes these panels, a powerful oxidizing effect is produced, and this enables removal of organic compounds and other hazardous materials which come into contact with the panel.



Exhaust gas panel with photocatalytic filter installed at Mitsui Repark's Enkobashi-cho No. 3 Parking Lot in Hiroshima

Prevention of Water Pollution

Wastewater Treatment at Office Buildings, Retail Facilities, and Hotels/Resorts

Restaurants above a certain size in office buildings and retail properties, as well as hotels and resort facilities managed and operated by the Group are subject to regulation under laws, regulations, and ordinances relating to water pollution. At these regulated facilities, we install wastewater treatment equipment, and discharge wastewater into sewage systems, rivers, the ocean, or other public waters only after treatment that ensures it meets regulatory standards.

Lowering Environmental Impact of Cleaning Solutions

Mitsui Fudosan Facilities Co., Ltd. has been using eco-chemicals with low environmental impact based on its own standards, with the exception of chemicals designated by its customers, for cleaning solutions (toilet cleaner, floor and general-purpose cleaner, wax, and removers). As of the end of March 2020, the usage rate of eco-chemicals has risen to more than 90%. Mitsui Fudosan Residential Service Co., Ltd. in principle uses cleaning solutions with low environmental impact based on its own standards for cleaning condominiums, with the exception of some managed properties.

Mitsui Fudosan Residential Service Co., Ltd.'s Standards for Cleaning Solutions with Low Environmental Impact

Cleaning solutions that satisfy the following conditions:

- ◎ More than 60% biodegradable (after 28 days)
- ◎ Chemically neutral
- ◎ Low biochemical oxygen demand (BOD) and chemical oxygen demand (COD)

Responding Appropriately to Soil Contamination

The Mitsui Fudosan Group complies with relevant laws and regulations for surveying soil history. We also implement soil contamination surveys and take measures to remedy contaminated soil as needed.

Reduction of Hazardous Substances

Appropriate Disposal of Chlorofluorocarbons and Asbestos

When equipment containing chlorofluorocarbons is disposed of at our office buildings, retail properties and hotels, it is handled in an appropriate manner in accordance with relevant laws and regulations. In addition, in demolition and repair of buildings, retail facilities, condominiums and other structures, we observe laws and regulations relating to asbestos, and take proper measures such as notifying government agencies, and preventing the dispersion of asbestos.

Sick Building Countermeasures

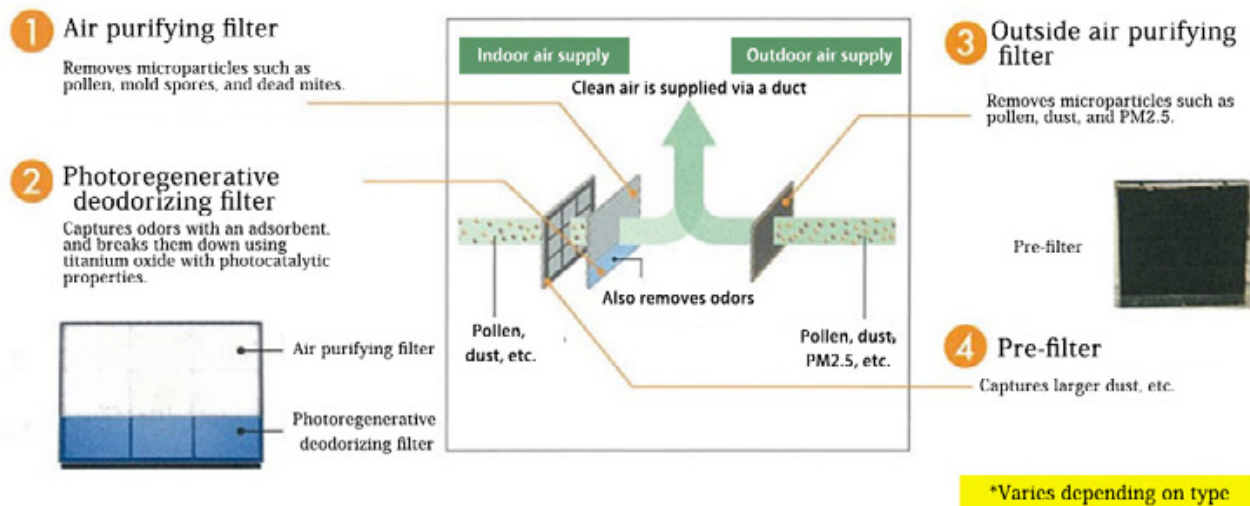
For our office buildings and retail facilities, we have added guidelines for combating sick building symptoms to our eco-specifications (for design, etc.). We make concerted efforts to prevent formaldehyde and other volatile organic compounds (VOCs) from entering our buildings, because they are a cause of sick building syndrome. Mitsui Garden Hotels uses low-formaldehyde building materials* including building components, adhesives, and paints. The housing business promotes the use of low-formaldehyde building materials to limit substances that cause sick building syndrome, such as formaldehyde.

*Low-formaldehyde building materials: Building materials rated by Japanese Industrial Standards (JIS) and Japanese Agricultural Standards (JAS) as having the minimal or second-lowest level of formaldehyde emissions.

Measures to Address Indoor PM2.5 Pollutants

Mitsui Home Co., Ltd. offers Smart Breeze, a healthy air-conditioning system for its custom-built detached residences. Smart Breeze is a 24-hour ventilation system, equipped with a high-performance filter that captures particulate matter of around 2.5 μm in size. This prevents infiltration not only of pollen and dust, but also of PM2.5, an air pollutant thought to have effects on health.

Overview of High-Performance Filter



Principal Resource- and Waste-related Efforts

Initiatives for Sustainable Forest Resource Procurement

To ensure sustainable procurement of forest resources, Mitsui Home Co., Ltd. as a company using such resources has formulated the Mitsui Home Group Resource Procurement Guidelines. The guidelines outline Mitsui Home's procurement policies and their scope of applicability, and are aimed at maintaining abundant ecosystems, sustaining local communities, practicing strictly sustainable procurement of forest resources, and contributing to reducing our global environmental load.

The Mitsui Home Group Resource Procurement Guidelines (Overview)

< Procurement Philosophy >

As a company that draws on trees and forests in the conduct of its business activities, Mitsui Homes adheres strictly to a policy of sustainable forest resource procurement to ensure an abundant ecosystem and to maintain regional society. Moving forward, the company will work diligently to reduce its global environmental load.

< Procurement Policy >

1 Confirm the legality of timber and lumber products

When procuring from countries and regions where the possibility of illegal harvesting exists, the legality of timber and lumber procured are confirmed in advance.

2 Procure sustainable forest resources

We promote procurement of forest resources from sources that practice sustainable harvesting, to protect precious forests, their environments and biodiversity.

3 Protect precious species

We work to protect valuable and endangered tree species.

4 Manage and maintain the supply chain

We work with partners to manage and promote legal, sustainable supply chains.

Extending the Useful Life of Buildings and Revitalizing Structures Built to Outdated Earthquake Resistance Standards

The Group aims to extend the useful life of buildings, including office buildings, condominium buildings (built-for-sale, rental units) as well as detached houses (for-sale and customized), by enhancing their ability to withstand earthquakes, overall durability, and fire resistance, while also designing them so that maintenance and upgrading of plumbing and other equipment can be carried out easily. In addition, we engage in appropriate maintenance and renovations after buildings go into service. For example, Mitsui Home Co., Ltd. offers the Keep Well long-term building support system to maintain quality and performance over the long-term, through a combination of inspection and upkeep every 10 years after building delivery.

Our efforts to extend the useful lifespan of our buildings lead directly to resource conservation and waste reduction.

According to a survey by Japan's Ministry of Internal Affairs and Communications, approximately 17% of the nation's housing does not meet current earthquake resistance standards (as of November 2019). In January 2019, the Ministry of Land, Infrastructure, Transport and Tourism released an updated plan for coping with a major earthquake in or near Tokyo. The plan promoted renovation of structures with substandard earthquake resistance. Dealing with the problem represented by these deteriorating structures has become a pressing social challenge. The Company offers consulting services for revitalizing older buildings. We can show customers how to avoid tearing down structures, instead making them as sound as new buildings. Roughly 80% of the original structural members are retained, which greatly reduces the amount of construction material required compared to a full rebuild. Two structures have been revitalized, one in 2017 and one in 2018, and two more projects are under way.



3Rs Initiatives

The Group is working, together with business partners, tenant companies and stores, and customers, to conserve resources and reduce waste through the 3Rs (reduce, reuse, and recycle), while striving to prolong the useful life of its buildings. We also appropriately dispose of wastes.

Reduce

To reduce the generation of waste, we make every effort to restrict the use of disposable products, and have introduced a metering system. In an attempt to reduce waste from stores, our retail facilities feature a metering system that charges for the volume of waste generated.

Reuse

The Group aims to reuse materials instead of throwing them away to conserve resources and reduce waste. Every year since 2008, we have held the &EARTH Clothing Support Project — Bring a Smile to the World with Your Clothes — at retail properties operated by the Mitsui Fudosan Group. In this project, unneeded clothing is collected, and then donated to refugees and disaster victims in countries all over the world through the NPO Japan Relief Clothing Center. By promoting reuse of clothing, we contribute to the reduction of waste, and by working collaboratively with NPOs active on the international stage, we also help support people who need assistance due to poverty, natural disasters brought on by climate change, and conflicts. (Further details can be found at the following URL.)

⇒ <https://and-earth.mitsuifudosan.co.jp/clothes/> (Japanese version only)



Volunteers

Recycle

Recycling Food Waste

At our office buildings and retail properties, working together with restaurants, food waste from restaurants is recycled into fertilizer and feedstock for livestock, or converted into biomass energy (electricity and gas).

Recycled Food Waste (fiscal 2019)

Category		Office buildings (33)	Retail facilities (28)
Food waste	Waste volume	2,119.6 tons/year	6,023.8 tons/year
	Recycled volume	1,314.1 tons/year	5,936.1 tons/year
	Recycling ratio	62.0%	98.5 %
Recycling applications		Feedstock, power generation	Fertilizer, feedstock, gasification, incineration power generation, carbonization

At the resort hotel HAIMURUBUSHI (Taketomi Town, Yaeyama District, Okinawa Prefecture), we make compost out of coffee grounds from our restaurants, and use this compost to cultivate herbs and vegetables in the hotel gardens. In turn, the herbs and vegetables are served in our restaurants. Other food waste is processed on the premises with a food waste processor that uses microbes. In addition, at TOBA HOTEL INTERNATIONAL (Toba City, Mie), used cooking oil is collected and handed over to an industrial waste disposal company for recycling as fuel. Similarly, NEMU RESORT (Shima City, Mie) has been recycling used cooking oil since fiscal 2005.

At TOKYO MIDTOWN (Minato-ku, Tokyo), we classify wastes into 21 types, and we are working together with shops and tenants to recycle and appropriately dispose of waste. We have a total of 10 separated garbage storage spaces, by building and application, and appropriately store and manage waste until it is carried away from the site. In addition, we are working to ensure proper separation and recycling by installing garbage stations with easy-to-understand separation instructions in the office buildings of Tokyo Midtown Management Co., Ltd.

Recycling of Environmentally Friendly Tile Carpeting

Used tile carpeting from office buildings managed by the Group is collected and recycled into environmentally friendly tile carpeting, which is then reused in office buildings in the Tokyo metropolitan area. This recycling system uses environmentally friendly tile carpeting to conserve resources and reduce incineration waste, which in turn helps reduce CO₂ emissions.

Tile carpeting recycling (fiscal 2019)

- Volume of used tile carpeting collected: 93,759m²
- Volume of environmentally friendly tile carpeting supplied: 224,614m²
- Cumulative volume supplied since fiscal 2002: approx. 1,350,000m²
(1,130,000 m² through fiscal 2018 + 220,000 m² in fiscal 2019)

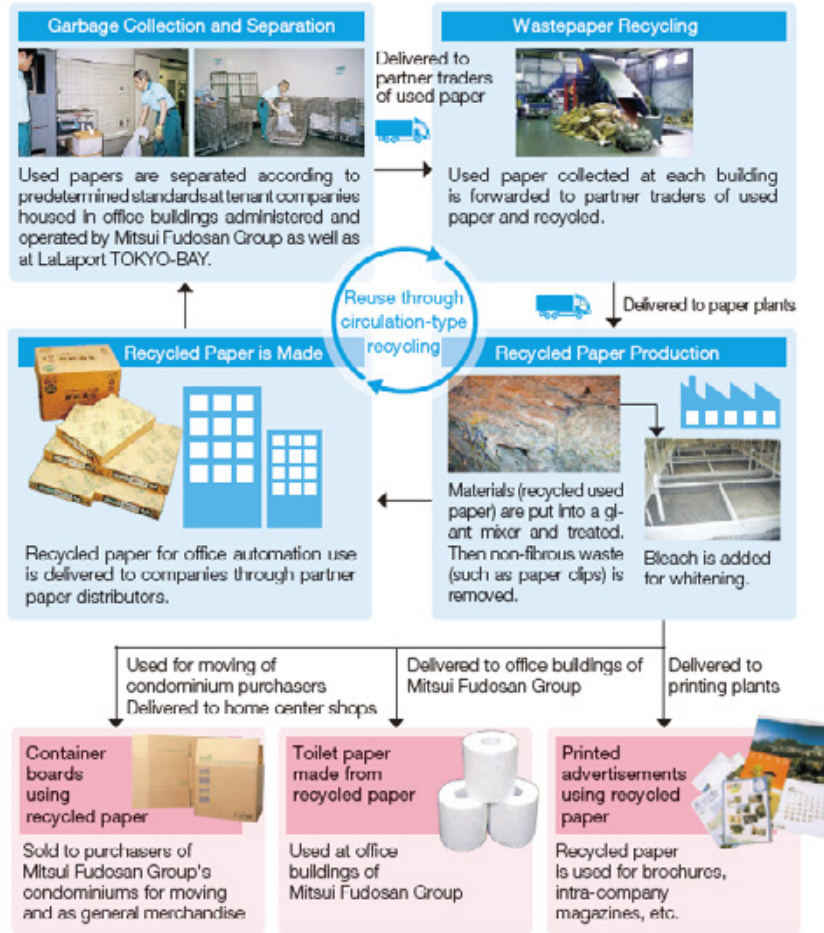
Wastepaper Recycling Loop System

In collaboration with traders of used paper, paper manufacturers, and paper distributors, the Group has created a unique recycling loop system for wastepaper, which is collected from office buildings managed by the Group in Tokyo, and from LaLaport TOKYOBAY (Funabashi City, Chiba). The wastepaper is recycled into original recycled office paper and is reused as toilet paper.

Wastepaper recycling (fiscal 2019)

- Volume of wastepaper collected: total approx. 10,012 tons
(Breakdown) 85 office buildings in Tokyo: approx. 6,833 tons
LaLaport TOKYO-BAY: Approx. 3,179 tons
- Recycled paper purchased (Group's purchase volume) Recycled paper for office use: approx. 172 tons
- Recycled office paper usage ratio (in the Company's offices): 93%

Recycled Food Waste (fiscal 2019)

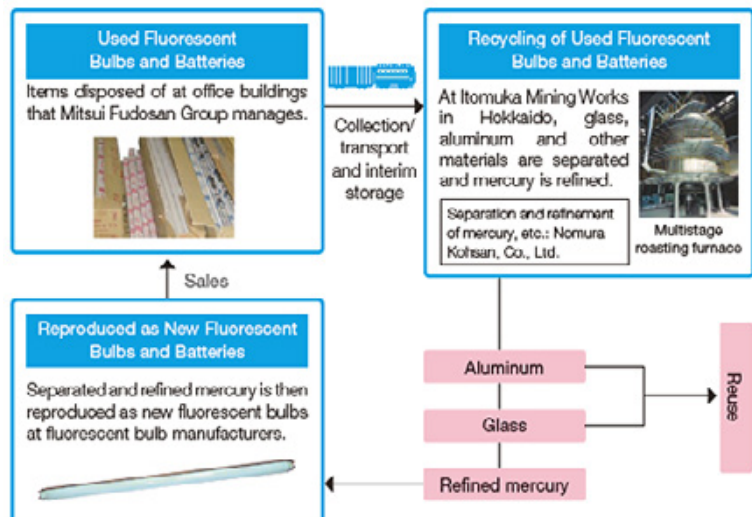


Used Fluorescent Bulb and Battery Recycling System

The Company has established a recycling system for used fluorescent bulbs and batteries in cooperation with four subcontractors including a recycling company and a transport company. Used fluorescent bulbs and batteries at office buildings managed by the Group are recycled through this system. Mercury extracted from the collected used fluorescent bulbs and batteries is reused as a raw material for new fluorescent bulbs. Separated aluminum and glass are also reprocessed into recycled aluminum and glass to recycle everything that can be recycled.

Used fluorescent bulb and battery recycling (fiscal 2019) and schematic

- Number of buildings covered for collections
 Fluorescent bulbs: Total 51 buildings (41 in Tokyo, 10 in Chukyo / Kansai area)
 Batteries: Total 40 buildings (36 in Tokyo, 4 in Chukyo / Kansai area)
- Collection volume
 Fluorescent bulbs: approx. 31.0 tons
 Batteries: approx. 11.6 tons



Efforts to Appropriately Dispose of Waste

The Group promotes the 3Rs, and appropriately disposes of wastes that cannot be reused or recycled based on laws, regulations, and ordinances relating to appropriate disposal of wastes. In the Office Building Division, we make every effort to ensure that waste is disposed of appropriately, and to this end we conduct on-site inspections of our industrial waste management subcontractors, which are required to cooperate based on the Waste Disposal and Public Cleansing Act. In the Retail Properties Division, from fiscal 2011 to fiscal 2012, we confirmed that waste was properly disposed of at our retail properties in Japan, completing any adjustments to our agreements with waste management subcontractors. We audit and inspect numerous retail properties annually to ensure compliance with adjusted waste disposal agreements.

Appropriate Storage, Management, and Disposal of PCB Waste

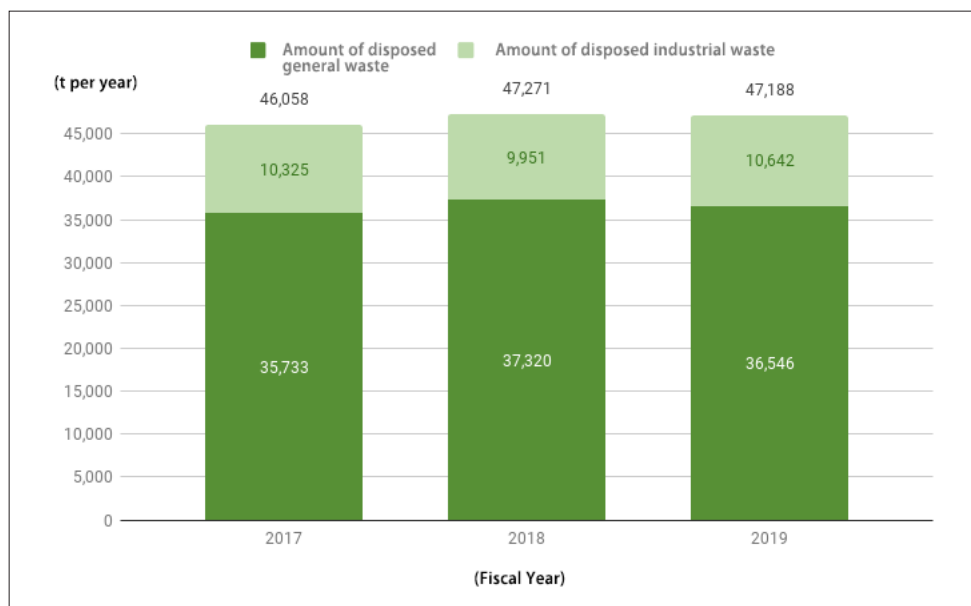
Appropriately stores, manages, and disposes of PCB waste at its office buildings, retail facilities, and hotels based on the Law Concerning Special Measures Against PCB Waste.

Waste Emissions

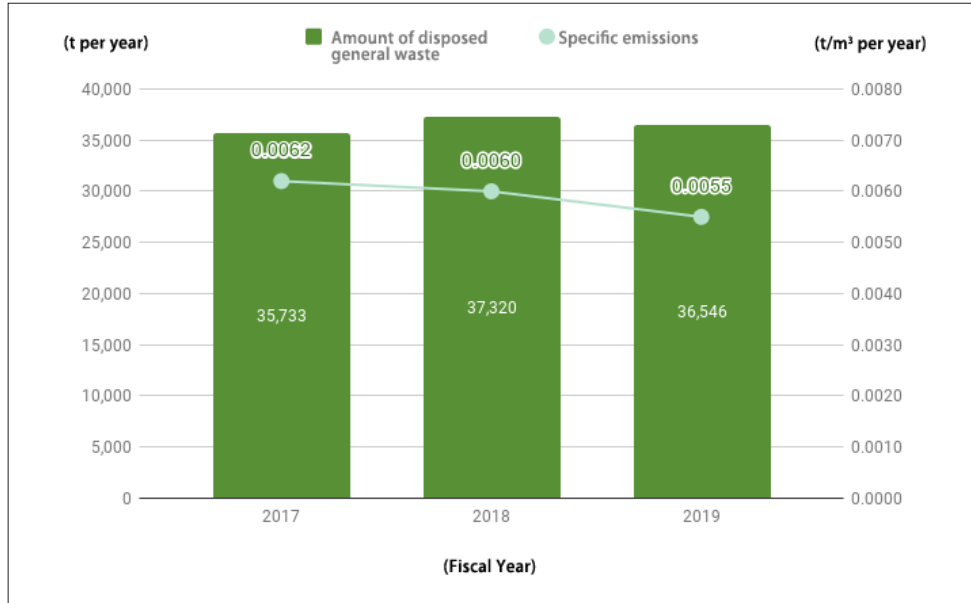
Hazardous Waste (Specially Controlled Waste) Emissions

Emissions in fiscal 2019 of PCB waste, a type of hazardous waste (specially controlled waste), were 0 kg/year.

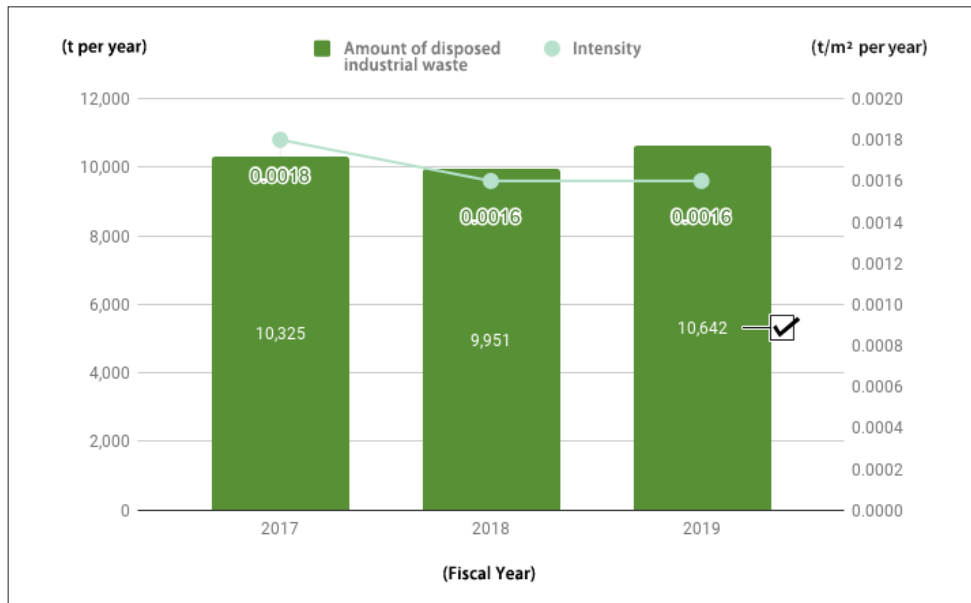
Trends in the Amount of Disposed Non-Hazardous Waste



Trends in Amount of Disposed General Waste



Trends in Amount of Disposed Industrial Waste



Data with the third-party verification mark has been independently verified.

Note: The amount of disposed industrial waste is that which is in accordance with the Waste Management and Public Cleansing Act.

Scope of Data Calculation for Waste Emissions

The scopes of data collation for hazardous and non-hazardous waste emissions encompasses, in principle, facilities for which disclosure is required under the Act on the Rational Use of Energy. However, some facilities are excluded.

Business Division	Type	Fiscal year		
		2017	2018	2019
Overall	No. of target facilities (facilities)	118	121	132
	Total floor area (m ²)	5,803,409	6,247,209	6,665,965
Office buildings	No. of target facilities (facilities)	63	60	63
	Total floor area (m ²)	2,628,289	2,857,052	3,039,590
Retail facilities	No. of target facilities (facilities)	37	39	38
	Total floor area (m ²)	2,754,780	2,872,148	2,958,869
Hotels	No. of target facilities (facilities)	12	14	20
	Total floor area (m ²)	150,619	158,761	237,442
Logistics	No. of target facilities (facilities)	2	3	7
	Total floor area (m ²)	259,537	300,630	419,879
Other	No. of target facilities (facilities)	4	5	4
	Total floor area (m ²)	10,183	58,618	10,183

Note:

1. Office buildings include Tokyo Midtown (Roppongi) and Kashiwa-no-ha Smart City Gate Square shops and the office building KOIL.
2. Resort hotels are included in the scope for hotels.
3. Facilities under the control of the General Administration Department as well as each branch have been included in Other.
4. Waste emissions in offices are included.

Annual Cost for Fines and Penalties Relating to the Environment

In fiscal 2019, annual cost for fines and penalties relating to the environment was 0 yen in areas such as air pollution, water pollution, soil contamination, hazardous materials, and wastes.

Awareness of Climate Change

Since the Industrial Revolution, an increase in energy consumption has heightened the concentrations of greenhouse gases, such as carbon dioxide (CO₂), in the atmosphere, and global warming is progressing. If warming continues without taking any effective countermeasures, there will be major changes in the earth's climate. This will cause phenomena such as rising sea levels and abnormal weather patterns, and have a great impact on the living environments of people and other organisms. Abnormal weather patterns will also increase the risk of damage to the business activities of the Group.

To curb global warming, reduce the risk to the Group due to climate change, protect environments where people and other organisms can live, and build a sustainable, carbon-free society, the Group believes that one of its key social missions as a real estate developer is to create, supply, and operate buildings and neighborhoods which curb energy consumption, and have low emissions of greenhouse gases.

Policy

Based on our Group Environmental Policy, we create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases, and we aim to build a carbon-free society by taking steps together with our business partners, tenant companies and stores, and customers, to address global warming, such as conservation of energy.

Activity Indices and Goals, and Progress in Achieving Them

The Group's indices and goals with respect to climate change as well as progress toward achieving them are as follows.

Item	Objective (KPI)	Fiscal 2019 Level of Progress
[Short-term goal] Energy consumption per base unit	Annual 1% reduction	3.4% reduction (0.04056 kℓ of oil equivalent/m ² per year)
[Short-term goal] CO ₂ emissions (Energy-derived CO ₂ emissions by large offices designated to undertake measures with regards to global warming by a Tokyo Metropolitan Government ordinance)	Reductions in energy consumption exceeding those mandated under the Tokyo Metropolitan Environmental Security Ordinance (Plan 1: 8%, Plan 2: 17%, Plan 3: 27%)	Achieved total reduction of 28.4% against mandated reduction of 11.2%* during the period of Plan 2
[Medium-term goal] Reduction of greenhouse gas (GHG) emissions	30% by fiscal 2030 (compared to fiscal 2019) SBT initiative certification	-
[Long-term goal] Reduction of greenhouse gas (GHG) emissions	Net zero greenhouse gas emissions by fiscal 2050	-
[Long-term goal] RE100 (Proportion of electric power used in business activities derived from renewable energy)	100% by fiscal 2050	-

*Average value of reductions by Company reporting offices, after taking into account mitigation of mandated reduction rate under Tokyo Metropolitan Government's Excellent Designated GHG Offices certification

Participation in Initiatives Concerning Adaptation to Climate Change

Participation in the United Nations Global Compact

The Group supports the UN Global Compact comprising 10 principles relating to human rights, labor, the environment, and anti-corruption advocated by the UN. We signed the compact in December 2018, and participate in the Global Compact Network Japan. In 2001, we established a Group Environmental Policy, and we have helped curb global warming by creating buildings and neighborhoods which conserve energy and have low greenhouse gas emissions, and we have also made efforts in areas such as prevention of environmental pollution, reduction of waste, and conservation of water and biodiversity. As a corporate group supporting office buildings, housing, and other infrastructure necessary for daily life, we will fulfill our social responsibility at an even higher level by making even greater efforts in the future in areas such as environmental conservation. For details on the UN Global Compact, please see the following: ⇒ <https://www.unglobalcompact.org/>

Affiliation with RE100

The Group is a member of RE100, a global initiative committed to utilizing 100% renewable energy. We are also proud to be fighting climate change as a recognized member of the JCLP (Japan Climate Leaders' Partnership), a local partner of RE100. For more detailed information about RE100, please refer to the following link.

⇒ <http://there100.org/companies>



Supporting the Task Force on Climate-related Financial Disclosures (TCFD)

The Group agrees with the disclosure of the associated risks and opportunities regarding climate change proposed by the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, we are also active as a member of the TCFD Consortium, a collective of Japanese companies supporting the TCFD. For more detailed information about the TCFD, please refer to the following link.

⇒ <https://www.fsb-tcfid.org/tcfid-supporters/>



Acquired SBT initiative certification for greenhouse gas (GHG) emission reduction targets

Greenhouse gas (GHG) emission reduction targets for the whole group have been set in line with science-based findings from the international Science Based Targets (SBT) initiative.

(For more detailed information about the SBT initiative, please refer to the following link.)

⇒ <https://sciencebasedtargets.org/companies-taking-action>



Climate Change Management System

Please see the Company's Environmental Management System.

⇒ To P15 the "Environmental Management System" page

Major Initiatives

Energy Conservation, Creation, and Storage

In addition to energy conservation, the Group is actively engaged in energy creation using solar power and cogeneration systems, and energy storage using large-scale storage batteries. In this way, we create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases. We are also involved in energy-saving activities together with our business partners, tenant companies and stores, and customers.

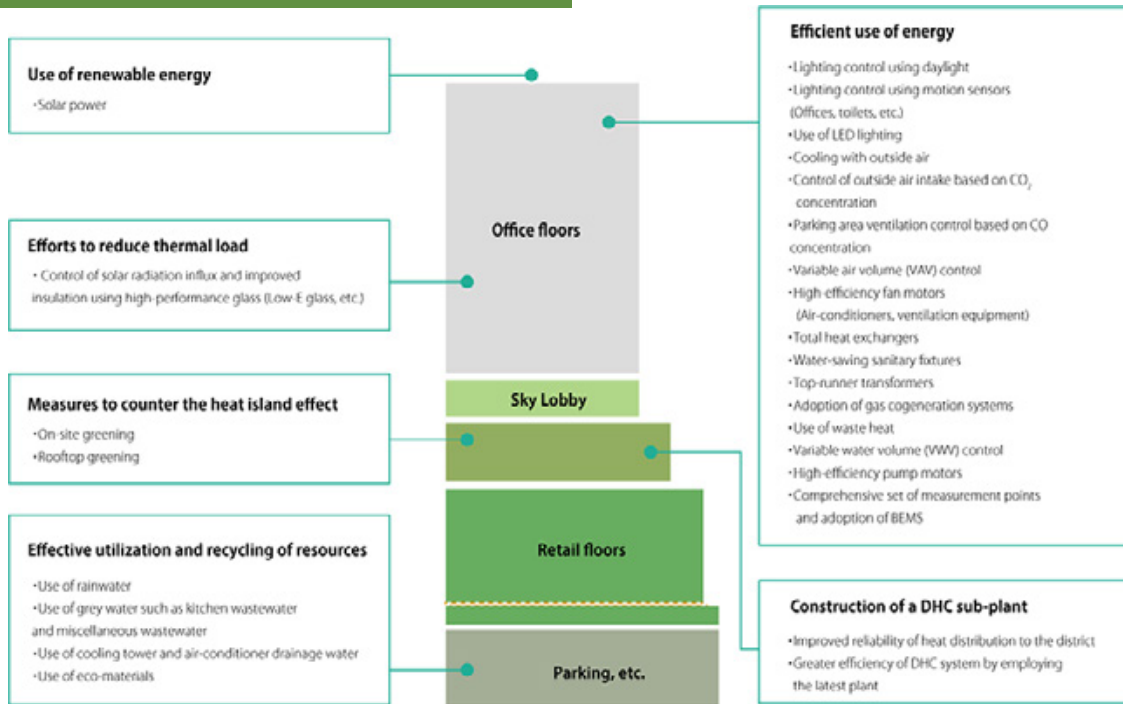
Energy Conservation, Creation, and Storage in Office Buildings

Efforts at TOKYO MIDTOWN HIBIYA

At TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo), we employ an exterior covering and high-performance glass to reduce thermal load, use high-efficiency systems and energy-saving equipment such as lighting control systems that utilize daylight, and make use of waste heat from a gas cogeneration system. We also create energy through the installation of a solar power system (generation capacity approx. 20 kW). By using these energy conservation and creation systems, we have attained Level 3 for Perimeter Annual Load (PAL) and Energy Reduction Ratio (ERR) evaluation in the Tokyo Metropolitan Building Environmental Planning System, and the S Rank in self-assessment under the CASBEE (Comprehensive Assessment System for Built Environment Efficiency) scheme.

We have also installed a new sub-plant for district heating and cooling (DHC), and by linking it with an existing DHC plant in the Hibiya area, we have helped realize a high-efficiency energy supply for the entire district.

Overview of Environmental Efforts at TOKYO MIDTOWN HIBIYA



Efforts at the Nihonbashi Takashimaya Mitsui Building

The Nihonbashi Takashimaya Mitsui Building (Chuo-ku, Tokyo) has attained Level 3 for PAL/ERR evaluation in the Tokyo Metropolitan Building Environmental Planning System.

Office Buildings in Tokyo Certified Again as Excellent Designated GHG Offices by the Tokyo Metropolitan Government

Since fiscal 2010, we have been acquiring and renewing certification for office buildings in the Tokyo metropolitan area based on the standards established by the Tokyo Metropolitan Government for Excellent Designated GHG Offices*.

At these office buildings, we are switching to energy-saving equipment, holding meetings to promote CO₂ reduction, strengthening systems for collaboration with tenants, and promoting energy conservation activities.

As of April 1, 2020, the Company has six office complexes (six buildings) designated as Top Level Offices and eight office complexes (eleven buildings) as Semi-Top Level Offices under the Excellent Designated GHG Offices program.

*Kasumigaseki Building and Tokyo Club Building are two buildings considered to be one office complex. Muromachi Higashi Mitsui Building, Muromachi Furukawa Mitsui Building, and Muromachi Chibagin Mitsui Building are three buildings considered to be one office complex.

List of Tokyo Metropolitan Government's Excellent Designated GHG Offices Certifications (as of April 1, 2020)

Top Level Offices	Semi- Top Level Offices
<ul style="list-style-type: none"> • Nihonbashi Mitsui Tower (Update) • Tokyo Midtown (Update) • Ginza Mitsui Building (Update) • Gran Tokyo North Tower (Update) • Gran Tokyo South Tower (Update) • Sumitomo Mitsui Banking Corporation Building (Update) 	<ul style="list-style-type: none"> • Nihonbashi 1-chome Mitsui Building (Update) • Shiodome City Center (Update) • Gate City Ohsaki (Update) • Akasaka Biz Tower (sub-lease)(Update) • Kasumigaseki Building* (Tokyo Club Building)(Update) • Shinjuku Mitsui Building (Update) • Muromachi Higashi Mitsui Building * (Muromachi Furukawa Mitsui Building, Muromachi Chibagin Mitsui Building) • Iidabashi Grand Bloom
6 office complexes (6 buildings)	8 office complexes (11 buildings)
Total: 14 office complexes (17 buildings)	

*Note: Kasumigaseki Building and Tokyo Club Building are two buildings considered to be one office complex. Muromachi Higashi Mitsui Building, Muromachi Furukawa Mitsui Building, and Muromachi Chibagin Mitsui Building are three buildings considered to be one office complex.

Energy Conservation at Large-Scale Logistics Facilities

At its large-scale logistics facilities, Mitsui Fudosan Logistics Parks (MFLP), the Company is installing LED lighting and solar power systems.



Solar power panels at MFLP Inazawa (generation capacity approx. 1,500 kW)



Solar power panels at MFLP Ibaraki (generation capacity approx. 2,000 kW)

Energy Conservation at Mitsui Repark Parking Lots

Under the Mitsui Car Park Leasing brand of Mitsui Fudosan Realty Co., Ltd., we are creating next-generation parking lots based on the four key concepts of safety/security, innovation, environmental awareness, and disaster recovery assistance.

For instance, we have installed a hybrid solar system at the Mitsui Car Park Leasing Minatomachi Niigata Parking Lot (Chuo-ku, Niigata City) which generates and stores solar power, and then illuminates the LED lighting of signage at night. Not only does the system reduce CO₂ emissions, it also acts as an emergency power source in case of a disaster or power outage.



Solar power panels of the hybrid solar system at the Mitsui Repark Minatomachi Niigata Parking Lot

Megasolar Projects

The Company engages in megasolar power projects. As of April 1, 2020, we operate five megasolar power stations. Planned total generating capacity for the five stations is 72 MW, with approximately 70 million kWh generated in a year, equivalent to the annual power needs of approximately 20,000 typical households.

List of Company Solar Power Stations (As of April 1, 2020)

Facility name	Location	Date operations started	Planned generation capacity
Mitsui Engineering & Shipbuilding and Mitsui Fudosan Oita Solar Power Plant	Oita, Oita Prefecture	1 December 2013	Approx. 21 MW (including 4 MW expansion)
Mitsui Fudosan Sanyo-Onoda Solar Power Plant	Sanyo-Onoda, Yamaguchi Prefecture	1 December 2013	Approx. 13 MW
Mitsui Fudosan Tomakomai Solar Power Plant	Tomakomai, Hokkaido	1 April 2014	Approx. 24 MW
Mitsui Fudosan Hachinohe Solar Power Plant	Hachinohe, Aomori Prefecture	1 October 2014	Approx. 8 MW
Mitsui Fudosan Omuta Solar Power Plant	Omuta, Fukuoka Prefecture	1 December 2014	Approx. 6 MW
			Total: Approx. 72 MW

Energy Management System

The Group is installing optimal energy management systems at each type of property: office buildings, retail properties, condominiums, and detached housing. We are also introducing area energy management systems to link the energy management systems of individual buildings, and manage energy over an entire block.

Examples of Energy Management System Adoption

Type of building	Type of energy management system	Buildings with Energy Management Systems Installed
Office buildings	BEMS	<ul style="list-style-type: none"> • TOKYO MIDTOWN HIBIYA • Nihonbashi Takashimaya Mitsui Building, etc.
Commercial facilities	BEMS	<ul style="list-style-type: none"> • LaLaport TOKYO-BAY • LaLaport KOSHIEN • MITSUI OUTLET PARK KITAHIROSHIMA etc.
Built-for-sale condominiums	HEMS (each condominium), MEMS (communal areas, overall)	<ul style="list-style-type: none"> • Mitsui Fudosan Residential's • Park Tower Nishi-shinjuku M's Port • Park City Kashiwa-no-ha Campus The Gate Tower • Park City Musashikosugi The Garden • HARUMI FLAG etc.
Built-for-sale detached housing	HEMS	<ul style="list-style-type: none"> • Mitsui Fudosan Residential's • Fine Court Keihanna Koen Toshi • Fine Court Todoroki Okeitei etc.
Custom-built detached residence	HEMS	<ul style="list-style-type: none"> • Mitsui Home's • green's II Series • green's ZERO Series etc.
Entire block	AEMS, TEMS, etc.	<ul style="list-style-type: none"> • Kashiwa-no-ha Smart City (Kashiwa-no-ha AEMS) • Nihonbashi Smart Energy Project • Toyosu Smart Energy Project • Park City Musashikosugi The Garden etc.

Note:

BEMS : Building Energy Management System
MEMS : Mansion Energy Management System
HEMS : Home Energy Management System

AEMS : Area Energy Management System
TEMS : Town Energy Management System

Curbing CO₂ Emissions from Automobiles

To restrict CO₂ emissions from automobiles, the Group installs electric vehicle recharging stations and provides services at its retail properties that encourage the use of public transportation. Mitsui Fudosan Realty Co., Ltd. is installing charging stations for electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) at the Mitsui Car Park Leasing pay-by-the-hour parking lots. Charging stations for EVs and PHVs are also being installed in the parking lots of retail properties like LaLaport SHONAN HIRATSUKA (Hiratsuka City, Kanagawa) and built-for-sale condominiums like Park City Musashikosugi The Garden (Nakahara-ku, Kawasaki City).

EV and PHV charging station at the Mitsui Repark Henn na Hotel Maihama Tokyo Bay Parking Lot (Urayasu City, Chiba)

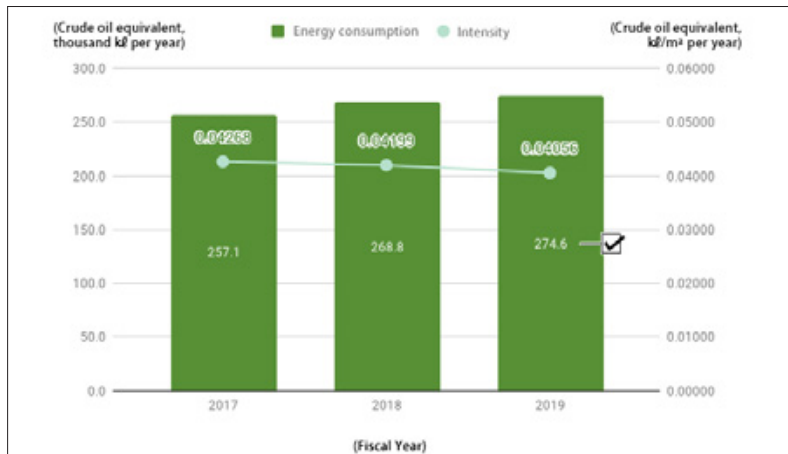


Energy Consumption Greenhouse Gas Emissions

Energy Consumption

Company energy consumption (see Scope of Data Calculation) has been on a slight rising trend since fiscal 2015, and in fiscal 2019 was 274,600 kl of oil equivalent per year, for a 2.1% increase year on year. However, energy consumption per base unit (of floor area) was 0.04056 kl (oil equivalent)/m² per year, a reduction of 3.4% from the previous fiscal year.

Trends in the Amount of Energy Consumption



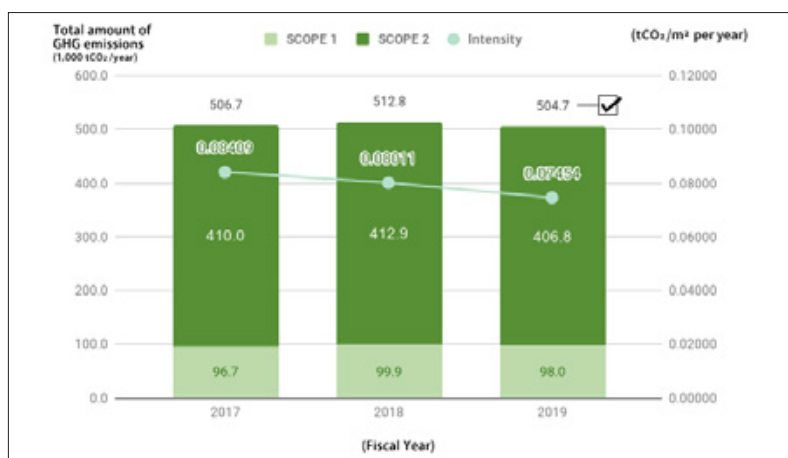
Data with the third-party verification mark has been independently verified.

Note: The amount of energy consumption is calculated in accordance with the Act on the Rational Use of Energy.

Greenhouse Gas Emissions

Greenhouse gases (GHG) emitted due to the Company's business activities (see Scope of Data Calculation) are primarily carbon dioxide (CO₂) resulting from energy consumption. Emitted chlorofluorocarbons (e.g., HFC) also fall under the same category. Company GHG emissions were down 2.2% in fiscal 2019 at 501,400 t-CO₂ per year. In addition, GHG emissions per base unit (of floor area) were 0.07454 t-CO₂/m² per year, representing a 7.0% decrease when compared with the previous fiscal year.

Total greenhouse gas emissionse



Data with the third-party verification mark has been independently verified.

Note: Calculation of CO₂ emissions is done based on the Manual for Calculation and Reporting of Greenhouse Gas Emissions (Ministry of the Environment; Ministry of Economy, Trade and Industry). In calculating CO₂ emissions for each fiscal year, we use the definitive values of CO₂ emissions coefficients for electric power use in each previous fiscal year.

Scope of Data Calculation (Energy Consumption, Greenhouse Gas (CO₂)Emissions)

The scope of data calculation for energy consumption and GHG emissions encompasses, in principle, facilities for which disclosure is required under the Act on the Rational Use of Energy.

Business Division	Type	Fiscal year		
		2017	2018	2019
Overall	No. of target facilities (facilities)	163	157	210
	Total floor area (m ²)	6,024,150	6,400,710	6,770,958
Office buildings	No. of target facilities (facilities)	90	81	121
	Total floor area (m ²)	2,728,958	2,897,021	3,071,514
Retail facilities	No. of target facilities (facilities)	45	46	47
	Total floor area (m ²)	2,864,433	2,973,917	2,981,975
Hotels	No. of target facilities (facilities)	12	14	21
	Total floor area (m ²)	150,619	158,761	239,844
Logistics	No. of target facilities (facilities)	3	3	8
	Total floor area (m ²)	265,059	300,630	454,066
Other	No. of target facilities (facilities)	13	13	13
	Total floor area (m ²)	15,080	70,380	23,560

Note:

- Office buildings include Tokyo Midtown (Roppongi) and Kashiwa-no-ha Smart City Gate Square shops and the office building KOIL.
- Resort hotels are included in the scope for hotels.
- Facilities under the control of the General Administration Department as well as each branch have been included in Other.
- Energy consumption and GHG emissions total floor area data takes into consideration the operating month.
- Energy consumption and GHG emissions at offices are included.
- WORK STYLING properties (satellite offices and service offices) are included from fiscal 2019.

Greenhouse Gas Emissions Based on the SBT Initiative (Scope 1, 2, 3)



The Group's emissions for Scope 1, Scope 2, and Scope 3 for fiscal 2019 based on the SBT initiative are as follows.

*Target group companies are based on actual control standard.

*Values may change depending on revisions to the scope and methods of calculation, etc.

Scope	2019FY
	t-CO ₂
Scope1	104,160
Scope2	380,613
Subtotal(Scope1,2)	484,773
Scope3-1 Products and services purchased	1,198,709
Scope3-2 Capital goods	973,821
Scope3-3 Fuel- and energy-related activities that are not included in Scope 1 and 2	94,885
Scope3-4 Transportation and delivery (upstream)	—
Scope3-5 Waste generated by businesses	125,531
Scope3-6 Business trips	2,623
Scope3-7 Employers' commuting	4,755
Scope3-8 Lease assets (upstream)	—
Scope3-9 Transportation and delivery (downstream)	—
Scope3-10 Processing of products sold	—
Scope3-11 Use of products sold	1,155,020
Scope3-12 Disposal of products sold	9,612
Scope3-13 Lease assets (downstream)	567,141
Scope3-14 Franchise	—
Scope3-15 Investments	—
Subtotal(Scope3)	4,132,097
Total(Scope1,2,3)	4,616,869

Climate-related Financial Disclosure in Accordance with TCFD

TCFD and Mitsui Fudosan's Position

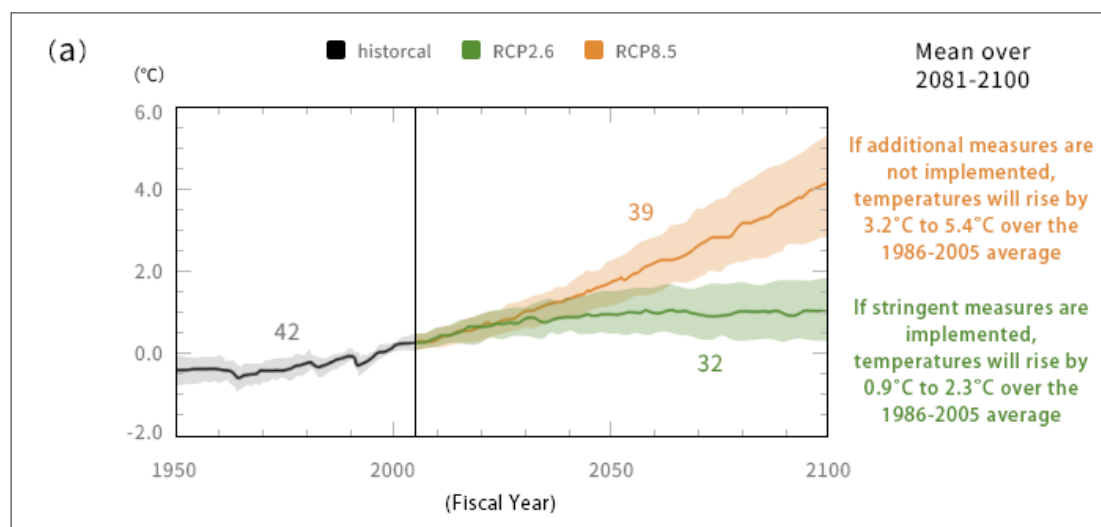
The Mitsui Fudosan Group has announced its endorsement of the agenda of the Task Force on Climate-related Financial Disclosures (TCFD), which promotes corporations and others to disclose information relating to climate-related risks and opportunities. VISION 2025, our group Long-Term Vision, states as one of its aims the successful establishment of a sustainable society through the creation of neighborhoods, and we are deploying neighborhood creation and services that contribute to addressing challenges relating to people, neighborhoods, and society. To mitigate risk through our business activities, including risk of damage from abnormal weather patterns linked to climate change; preserve environments where people and other living creatures can flourish; and establish a sustainable decarbonized society, we are taking the TCFD recommendations as a point of departure to disclose our analysis and response to climate change-related business risks and opportunities, and other related information.

Scenario Analysis

Assumptions and Object of Analysis

Our analysis is based on the 2°C and 4°C Scenarios outlined in the Fifth Assessment Report issued by the United Nations Intergovernmental Panel on Climate Change (see chart below). As the time axis for analysis, we considered the typical life cycle of real estate assets, and calculated the impact of climate change by approximately the year 2050. In this, the first year of our scenario analysis, we used our Housing, Office Buildings, and Retail Properties businesses as the object of analysis, since these three categories represent the principal focus of the commercial activities of the Mitsui Fudosan Group, and are also likely to be major recipients of climate change impact.

Global Average Terrestrial Temperature Change



Source: Prepared with reference to the IPCC Fifth Assessment Report (AR5)

Analysis Process

In accordance with the TCFD final report issued in June 2017, we carried out our analysis in four steps.

(1) Assessment of significant risks and opportunities

Using a variety of relevant sources, we identified climate change-related risks and opportunities having a potentially significant impact on the business of the Mitsui Fudosan Group.

(2) Future world definition

For significant risks and opportunities defined in (1), we used projections from external entities such as RCP 2.6 and RCP 8.5 Scenarios from the Intergovernmental Panel on Climate Change (IPCC), SDS and NPS Scenarios from the International Energy Agency (IEA), and a number of others to project changes in society, government, customers, and suppliers in 2050 for the 2°C Scenario and the 4°C Scenario.

(3) Estimate of business impact

Based on external information gathered in (2), we estimated the financial impact on the Mitsui Fudosan Group's businesses. For risks and opportunities where quantitative data was difficult to obtain, we performed a qualitative analysis.

(4) Review of response measures (planned)

We reviewed response measures to climate change-related risks and opportunities with specially significant potential impact. Further review is planned to identify specific measures for adoption.

Analysis Result 1. Principal Risks and Opportunities

Based on external information, we identified climate change-related risks and opportunities, and gathered future projections for each risk and opportunity. With reference to the TCFD final report as well as other reports and sources relating to climate change, we considered risks and opportunities accompanying the transition to a decarbonized society (measures/regulations, industries/markets, technology) as well as physical risks and opportunities caused by climate change (chronic, acute). The significant risks and opportunities we identified that may have an impact the Mitsui Fudosan Group's three core businesses between now and 2050 are shown in the table below.

Under the 2°C Scenario, our Housing Business could be affected by an increase in carbon taxes, which would push the price of raw materials prices and transport costs higher. While ZEH and energy conservation renovations would become more widespread, under the 4°C Scenario, an increase in the number of extremely hot days would have a variety of impacts, including reduced labor productivity, and the result could be higher new construction costs. Under the 2°C Scenario, our Office Buildings Business is also projected to see an increase in procurement costs. Costs may also rise due to higher GHG emissions taxes and expanded ZEB construction. At the same time, in terms of business opportunities, we would expect increased lease income from properties with superior environmental performance. Under the 4°C Scenario, office air conditioning costs and damage from high tides and flooding are a potential concern. Finally, in our Retail Properties Business, the 2°C Scenario indicates higher costs of the same type as in the other business areas. Lower lighting and heating costs can be expected, thanks to more efficient and renewable energy use by AI-equipped air conditioning and other systems, but under the 4°C Scenario, retail properties situated near the ocean may experience increased risk of damage from high tides and flooding.

Classification		Principal risks and opportunities	Projected future state
Transition	Measure	Major carbon tax increase	In addition to taxes on GHG emissions by the Group, we expect higher costs for raw materials (steel, cement, etc.) which are significant on a base unit basis, as well as for transport and air conditioning. At the same time, low-carbon structures and other properties with superior environmental performance will be better-positioned to compete.
		Energy conservation measures	Energy standards for new and renovated structures will be tightened, requiring additional capital investment. Furthermore, decarbonized energy sources and ZEH will become mandatory, more ZEB properties will be built, and more residential structures will be energy-efficient.
	Market	Customer conduct change	Products with superior environmental performance will be in greater demand and be more competitive.
	Technology	Propagation of technology for renewable energy and energy conservation	The propagation of energy conservation technology will lead to more renovations to enhance energy conservation.
Physical	Chronic	Average temperature increase	On-site operations will be hindered on extremely hot days, leading to higher operational costs and construction delays. In addition, increased use of air conditioning will push up facilities management costs, but these will be offset to some degree by enhanced air conditioning efficiency.
	Acute	Rising sea levels	Certain coastal structures will be damaged by typhoon-generated tidal surges accompanying sea level rise.
		Intensification of abnormal weather patterns	Frequent heavy precipitation and flooding within the confines of levees can result in suspension of on-site operations and construction delays. In addition, customer safety may be threatened, and facilities assets may be damaged.

Analysis Result 2. Estimate of Business Impact

We reviewed available quantitative data and the significance of risks and opportunities. For selected principal risks and opportunities, we estimated the financial impact on the Mitsui Fudosan Group's business in the year 2050. Under the 2°C Scenario, we projected a comparatively large negative impact on costs associated with higher carbon taxes, and the cost of meeting tightened energy conservation standards. At the same time, we estimated that these impacts would be fully offset by opportunities to construct more buildings with superior environmental performance, an area where the Mitsui Fudosan Group maintains a competitive advantage, and by reductions in heating and lighting costs made possible by advanced energy conservation technology. Under the 4°C Scenario, we projected only limited actual losses from high tides and flooding, and overall, relative to the 2°C Scenario we estimated there would be fewer factors with a major financial impact.

Type		Principal risks and opportunities	Factors with possible business impact	Results of financial impact estimate	
				4°C Scenario	2°C Scenario
Risk	Transition	Major carbon tax increase	Tax applicable to company emissions	Minor	Moderate
			Major increase in raw materials costs	Minor	Moderate
		Energy conservation measures	Increase in energy conservation renovation costs due to strengthened energy conservation requirements for buildings	Moderate	Large
			Increase in ZEH construction costs	Minor	Moderate
	Physical	Average temperature increase	Revenue reduction from construction delays due to greater number of extremely hot days	Moderate	Moderate
			Increase in air conditioning load	Moderate	Moderate
		Rising sea levels/intensification of abnormal weather patterns	Flood damage due to high tides and heavy precipitation accompanying sea level rise	Moderate	Minor
Opportunity	Transition	Major carbon tax increase	Cost control through introduction of low-carbon materials	Minor	Moderate
		Energy conservation measures	Share expansion as a result of ZEH becoming requirement	Minor	Moderate
			Creation and sales of carbon credits as a result of ZEH construction	Minor	Minor
		Customer conduct change	Shift to buildings with superior environmental performance	Minor	Moderate
		Propagation of technology for renewable energy and energy conservation	Expansion of energy conservation renovation business	Moderate	Moderate
	Physical	Average temperature increase	Reduced air conditioning costs through AI	Moderate	Moderate
			Reduced lighting and heating costs due to increased energy conservation performance	Moderate	Moderate
Results Derived from Analysis				Moderate	Moderate

Results Derived from Analysis

We conclude from the results of our scenario analysis that regardless of whether actual global climate change reflects the 2°C Scenario or the 4°C Scenario, the businesses of the Mitsui Fudosan Group are sustainable and display a consistent resilience during the period through to 2050. Through reduction of GHG base units, promotion of energy conservation, and other efforts, the Mitsui Fudosan Group is promoting mitigation of the risk of higher carbon taxes, tightened regulations, and other climate-related risk. In addition, by reinforcing our superior market position, for example by deploying environment-conscious urban development in and outside Japan, such as smart cities in collaboration with everyone in our supply chain, including general contractors with construction technology for superior environmental performance, we will expand the business opportunities resulting from transition to the decarbonized society. Our scenario analysis enabled us to once again confirm the direction of our environmental efforts to date. Going forward, Mitsui Fudosan Group will work to enhance its resilience and maximize its opportunities through even more detailed and extensive scenario analysis and promotion of a wide range of response efforts.

Recommended disclosure items	Disclosure in ESG Report 2020
Governance: Disclose the organization's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	Environment > Environmental Management System > P15 Environmental Management System
b) Describe management's role in assessing and managing climate-related risks and opportunities	Environment > Environmental Management System > P15 Environmental Management System
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Environment > Climate Change > P36 Climate-related Financial Disclosure in Accordance with TCFD
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Environment > Climate Change > P36 Climate-related Financial Disclosure in Accordance with TCFD
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Environment > Climate Change > P36 Climate-related Financial Disclosure in Accordance with TCFD
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	Governance > Risk Management > P94 Risk Management System Environment > Climate Change > P36 Climate-related Financial Disclosure in Accordance with TCFD
b) Describe the organization's processes for managing climate-related risks	Governance > Risk Management > P94 Risk Management System Environment > Climate Change > P36 Climate-related Financial Disclosure in Accordance with TCFD
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Environment > Climate Change > P36 Climate-related Financial Disclosure in Accordance with TCFD
Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Environment > Environmental Management System > P15 Environmental Management System Environment > Climate Change > P28 Activity Indices and Goals
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Environment > Climate Change > P36 Climate-related Financial Disclosure in Accordance with TCFD Environment > Climate Change > P28 Activity Indices and Goals
c) Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets	Environment > Climate Change > P28 Activity Indices and Goals

Other Environmental data

Environmental Accounting (Company Office Building Division)

Calculation of Environmental Accounting

Investment and expenses required for environmental conservation were calculated in the environmental conservation costs. In addition, fiscal 2002 is regarded as the base fiscal year for comparisons/calculations.

Expenses for environmental conservation costs include depreciation allowance for equipment, etc. invested in.

Among environmental conservation costs related to administrative activities, expenses for conducting occupational knowledge training and other expenses are posted.

The basis for conversion into CO₂ with respect to environmental conservation effects is as follows. To compare with the base fiscal year, the numerical values for the fiscal year under review and the previous fiscal year were also calculated on the following basis.

CO₂ emissions coefficient (other than electricity):

The CO₂ emissions coefficient indicated in the Enforcement Ordinance of the Act on Promotion of Global Warming Countermeasures (revised in December 2002).

CO₂ emissions coefficient (electricity):

The CO₂ emissions coefficient indicated in the Enforcement Ordinance of the Act on Promotion of Global Warming Countermeasures (revised in December 2002) (the numerical value for general electric power suppliers is used).

Targeted properties of the fiscal year under review differ from those of the previous fiscal year and base fiscal year.

Cost of Environmental Conservation (Fiscal 2019)

Scope of calculations: Office buildings that the Company owns or partially owns (targeted: 66 buildings)

Applicable period: April 1, 2019 - March 31, 2020

Base fiscal year: Fiscal 2002

(thousand yen)

Classification		Contents of Major Initiatives	Investment	Current Expenses	Cumulative Expenses from Base Fiscal Year
1	Environmental Conservation Costs to Reduce Environmental Impact Generated through Production/ Service Activities in Business Areas(costs in business areas)	—	426,063	1,189,195	14,488,027
	Breakdown	1-1 Antipollution Costs	18,180	41,086	538,208
		1-2 Global Environment Conservation Costs	390,806	839,422	9,452,783
		1-3 Resource Recycling Costs	17,077	308,687	4,497,036
2	Costs to Reduce Environment Load Generated Upstream or Downstream Due to Production/Service Activities (Upstream/Downstream Costs)	—	0	0	0
3	Environment Conservation Cost in Administrative Activities (Administrative Activity Costs)	Expenses to Comply with Environmental Laws and Ordinances, Expenses to Provide Environmental Education, etc.	0	107,710	1,527,540
4	Environment Conservation Cost in Research and Development Activities (Research and Development Costs)	Environmental-related Research and Development Expenses, Depreciation on Facilities Related to Research and Development Personnel Expenses for Environment related Research and Development	0	0	42,440
5	Environment Conservation Cost in Social Activities (Social Activity Costs)	Planting Refurbishments, Maintenance Expenses for Outdoor Facility Planting, etc.	0	88,942	907,960
6	Costs to Handle Environmental Damage (Environmental Damage Costs)	—	0	0	0
Total			426,063	1,385,847	16,965,967

Environmental Conservation Effects (Fiscal 2019)

Scope of calculations: Office buildings that the Company owns or partially owns (targeted: 67 buildings)

Applicable period: April 1, 2019– March 31, 2020

Base fiscal year: Fiscal 2002

Contents of Effects		Current Fiscal Year	Previous Fiscal Year	Base Fiscal Year	Year-on-year Change (Current fiscal year-Previous fiscal year)	Compared with Base Fiscal year (Current fiscal year-Base fiscal year)	
Energy-saving for Administrative Use	Consumption by Floor Area of Crude Oil Equivalent to Fuel/Electricity for Administrative Use (after correction based on occupancy ratio) [crude oil equivalent kℓ /thousand m ²]* ¹	1.93	2.01	3.16	-0.08	-1.23	
	Consumption by Floor Area of CO ₂ Equivalent to Fuel/ Electricity for Administrative Use (after correction based on occupancy ratio) [equivalent t-CO ₂ /thousand m ²]* ²	2.97	3.1	4.87	-0.13	-1.9	
	Break-down of Each Energy	Electricity: Consumption by Floor Area of Electric Power Consumed for Administrative Use (after correction based on occupancy ratio) [thousand kWh/thousand m ²]* ³	6.51	6.69	10.94	-0.18	-4.43
		Gas: Consumption by Floor Area of Gas Consumed for Administrative Use (after correction based on occupancy ratio) [thousand m ³ /thousand m ²]* ⁴	0.26	0.29	0.32	-0.03	-0.06
		DHC: Consumption by Floor Area of DHC Purchased for Administrative Use (after correction based on occupancy ratio) [MJ/thousand m ²]* ⁵	18,368.61	13,616.79	24,258.57	4,751.82	-5,889.96
Water: Consumption by Floor Area of Water Consumed for Administrative Use (after correction based on occupancy ratio) [t/thousand m ²]* ⁶		25.93	40.78	77.96	-14.85	-52.03	
Consumption by Floor Area of Disposed Waste (after correction based on occupancy ratio) [t/thousand m ²]* ⁷		0.43	0.47	1.19	-0.04	-0.76	
Improvement of Recycling Rate to Total Waste [%]		70.7	72.52	44.77	-1.82	25.93	

*1 Crude oil equivalent to fuel/electricity use [kℓ] / (total floor area [thousand m²] x occupancy ratio)

*2 CO₂ equivalent to fuel/electricity use for administrative use [t-CO₂] / (total floor area [thousand m²] x occupancy ratio)

*3 Electric power consumed for administrative use [thousand kWh] / (total floor area [thousand m²] x occupancy ratio)

*4 Gas consumed for administrative use [thousand m³] / (total floor area [thousand m²] x occupancy ratio)

*5 DHC purchased for administrative use [MJ] / (total floor area [thousand m²] x occupancy ratio)

*6 Water consumed for administrative use [t] / (total floor area [thousand m²] x occupancy ratio)

*7 Amount of disposed waste [t] / (total floor area [thousand m²] x occupancy ratio)

Environmental Data by Prefectural/Municipal Ordinance

The Group wholeheartedly endorses all local government policies relating to climate change, including those of the Tokyo Metropolitan Government, and actively provides environmental data in accordance with prefectural/municipal ordinance.

Environmental Data Based on Ordinances of the Tokyo Metropolitan Government (Bureau of Environment, Tokyo Metropolitan Government Report on Measures against Global Warming)

⇒ <https://www8.kankyo.metro.tokyo.lg.jp/ondanka/ad135gcce/index.php?ac=establishment&type=ent&code=01049&sys=13>
(Japanese version only)

⇒ <https://www8.kankyo.metro.tokyo.lg.jp/ondanka/ad135gcce/>
(Japanese version only)

Environmental Data Based on Ordinances of the Yokohama Municipal Government

⇒ https://www.mitsuiudosan.co.jp/corporate/esg_csr/pdf/2020/env_yokohama_2020.pdf
(Japanese version only)

Environmental Data Based on Ordinances of the Saitama Prefectural Government

⇒ https://www.mitsuiudosan.co.jp/corporate/esg_csr/pdf/2020/env_saitama_2020.pdf
(Japanese version only)

Environmental Data Based on Ordinances of the Hiroshima Municipal Government

⇒ https://www.mitsuiudosan.co.jp/corporate/esg_csr/pdf/2020/env_hiroshima_2020.pdf
(Japanese version only)

Policy

Based on our Group Environmental Policy, we strive to protect the precious natural environment in urban areas and preserve the trees and forests that pass on the memories and history of the land. We also work to create new green spaces in urban areas. Recognizing the maturity that comes with age, we are also working to create and restore greenery and biotopes that are in harmony with the surrounding environment and preserve biodiversity.

Major Initiatives

Member of the Keidanren Committee on Nature Conservation

In fiscal 2014, the Company joined the Keidanren Committee on Nature Conservation. The committee administers a fund that supports nature preservation activities in developing countries as well as Japan. It also encourages such activities on the part of enterprises, and engages in a wide range of related activities.

Biodiverse Regions

Business Activities in National Parks

Among the regions where the Group is engaged in business activities, the resort hotel HAIMURUBUSHI (Yaeyama District, Okinawa) is located in an ordinary zone of Iriomote-Ishigaki National Park, the TOBA HOTEL INTERNATIONAL (Toba City, Mie) in an ordinary zone of Ise-Shima National Park, and the NEMU RESORT and AMANEMU (both in Shima City, Mie) are located in an ordinary zone and a special zone in Ise-Shima National Park. In the regions inside national parks where these four resort hotel facilities are located, we are working to create and restore wildlife habitats lost due to development, and to minimize the impact of business activities on wildlife habitats in these regions. Using these rich natural surroundings, we also strive to provide venues and opportunities for activities in touch with nature.

Group-Managed Forests

The Group owns roughly 5,000 hectares of forest (equivalent to 1,063 Tokyo Domes*) in 31 cities, towns and villages in Hokkaido. Less than 40% is natural forest of trees such as Mongolian oak, and management is kept to a minimum so they can be preserved in their natural state. More than 60% is hand-planted Sakhalin fir and other varieties, and we conduct planned tree-planting and provide appropriate management and care. By using timber from our group-managed forests as building materials, we create "never-ending forests."

Please see below for details on group-managed forests.

⇒ The Mitsui Fudosan Group's Forest Preservation Activities (https://www.mitsuifudosan.co.jp/and_forest/)

*Calculation based on Tokyo Dome covering 4.7 hectares.

Preserving and Creating Greenery in Urban Settings

At TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo), the planted foliage incorporates the same local varieties of trees as the adjacent Hibiya Park located across the road, to ensure harmony with the park's lush greenery. The Parkview Garden (sixth floor), Sky Garden (ninth floor) and other amenities provide approximately 2,000 m² of green space (greening rate* 40%).

*Greening rate: Green area is calculated based on the method outlined in the greenery program of the Tokyo Nature Conservation Ordinance.
Greening rate (%) = (Rooftop green area + Ground green area) / (Site area - Building area + Usable rooftop area) x 100



Greenery plan for TOKYO MIDTOWN HIBIYA



Parkview Garden

TOKYO MIDTOWN HIBIYA



Sky Garden

Preserving and Creating Wildlife Habitats

The neighborhood of Tokyo Midtown (Minato-ku, Tokyo) is a redevelopment of a former Japan Defense Agency (JDA) site in Roppongi. Approximately 140 trees remaining on the former JDA site were preserved and transplanted, and in combination with the adjacent Hinokicho Park (Minato-ku) approximately 40% of the development area (roughly 4 hectares) forms a richly green open space, for a green area about 2.7 times that during the JDA era. A wild bird survey was carried out from October 2016 to June 2017 in these green spaces of Tokyo Midtown, and the results confirmed birds of 6 orders, 18 families, and 25 species. These include the Northern Goshawk, Great Egret, Black Kite, and Bull-Headed Shrike, all of which appear on the Red List of the Tokyo Metropolitan Government, indicating important wildlife species for protection. Moreover, within the premises, a handbook introducing the wild birds discovered in the survey is available for visitors to look at.



Wild Bird Handbook for Tokyo Midtown



Green space in Tokyo Midtown (Midtown Garden)



Japanese Pied Wagtail (lawn)

Japanese Pygmy Woodpecker (tree)

Barn Swallow (sky)

Eastern Spot-Billed Duck (water)

Wild birds living in Tokyo Midtown

Restoring Wildlife Habitats

The resort hotel NEMU RESORT (Shima City, Mie) is located in Ise-Shima National Park, which overlooks Ago Bay. Large parts of the tidal wetlands and seaweed beds in Ago Bay have been lost, and efforts to restore the tidal wetlands and seaweed beds, and thereby rejuvenate a flourishing ocean, are moving forward through a joint project by industry, government, academia, and the local community. At the NEMU RESORT, a project has been underway since fiscal 2012 to restore a roughly two-hectare coastal plot of open land in the park (abandoned agricultural land) as a tidal wetland, and after restoration we are checking habitation by wildlife such as Flathead Grey Mullet, Japanese Black Seabream, and Japanese Intertidal Crab. At AMANEMU (Shima City, Mie) which opened in March 2016, a pre on-site vegetation survey was carried out based on the REFOREST development concept (reclaiming nature on land damaged in the past by repeated development and deforestation). Based on the results, we selected the principal trees of existing forests on the site, and carried out priority planting starting from locations artificially developed with no trees, such as lawns. In this way, we worked to restore the forest in harmony with the natural environment of the region.

River and Waterside Regeneration

In Nihonbashi, which the Mitsui Fudosan Group has positioned as an important redevelopment area, we are planning five redevelopment projects with a total area of 6.7 hectares (approx. 20,000 tsubo) and total floor space of approx. 370,000 tsubo along the Nihonbashi River. River and waterside regeneration is one of the priority initiatives of this plan. We will create a water area and pedestrian network as well as contribute to viable biodiversity.



Certification System for Biodiversity

Harumi 5-chome West District Type 1 Urban Redevelopment Project (HARUMI FLAG, one of the largest comprehensive development projects in Tokyo) has acquired four environmental certifications including ABINC, a certification related to biodiversity.

⇒ <https://www.mitsufudosan.co.jp/corporate/news/2018/1129/download/sumami/20181129.pdf>

(Japanese version only)

*About the ABINC certification

The ABINC certification system aims to promote coexistence between nature and people in corporate activities. Based on guidelines created by Japan Business Initiative for Biodiversity, ABINC (Association for Business Innovation in harmony with Nature and Community) evaluates and certifies corporate initiatives to preserve biodiversity, such as the creation, management, and use of green spaces.

⇒ <https://www3.abinc.or.jp/>

(Japanese version only)

⇒ <http://jbib.org/english/>

Provision of Venues and Opportunities for Activities in Touch with Nature

At the resort hotel NEMU RESORT (Shima City, Mie), we offer programs to experience nature such as Bird Watching Strolls and Satoyama Nature Tours, led by dedicated nature specialists and guides. We also offer programs to experience nature at HAIMURUBUSHI (Yaeyama District, Okinawa) such as Nighttime Park Tours, scuba diving, and snorkeling.

Implementation of Biodiversity Risk Assessments

When carrying out a new development project, the Group confirms the presence of trees, forests, and other elements of the natural environment that should be preserved on development sites, and we preserve, transplant, or conserve trees, forests and other natural features when needed. In developing regions with many natural areas, we assess environmental impact on plants, animals, and ecosystems based on laws, regulations, and ordinances relating to environmental impact assessments and protection of the natural environment.



Policy

As a corporate group supporting office buildings, housing, and other infrastructure necessary for daily life, the Group recognizes its social responsibility to reduce its environmental impact and conserve the environment to an even higher standard. To accomplish this, we believe efforts should be made throughout the entire supply chain to promote environmentally friendly, sustainable procurement. We have formulated Sustainable Procurement Standards summarizing basic guidelines in this area. We published these standards on our website in December 2018, and have notified our main business partners.

Our Sustainable Procurement Standards specify environmental guidelines, as well as basic guidelines on six items—including compliance with laws and regulations and respect for human rights relating to labor—as standards to be complied with or actively promoted by both the Group and its suppliers. The idea is to share these standards within the Group, build and operate an ordering and contract process in line with the nature of its business, and also notify and request the understanding of its business partners. To realize a sustainable society, we will work to promote environmentally friendly sustainable procurement throughout our supply chain.

Procurement Standards for Environmental Awareness(Excerpt from the Mitsui Fudosan Group’s Sustainable Procurement Standards)

5. Consideration for the Environment

- Strive to reduce resource use including energy, CO₂ emissions and water use, etc.
- Manage and reduce in an appropriate manner contaminated substances and generation of waste materials
- Show consideration for biodiversity
- Preserve the environment, including the aforementioned items

For details on the Group’s Sustainable Procurement Standards, see P74 Policy under Social Supply Chain.

Building Management System to Measure the Energy Efficiency of Our Real Estate Properties

⇒ Please see P32 "Climate Change" > "Major Initiatives" > "Energy Management System".

Biodiversity Conservation Project at Our Real Estate Properties

⇒ Please see P43 "Biodiversity" > "Major Initiatives".

Water Usage at Our Real Estate Properties

⇒ Please see P17 "Water" > "Water Usage".

Energy Consumption at Our Real Estate Properties

⇒ Please see P34 "Climate Change" > "Energy Consumption"

Greenhouse Gas Emissions at Our Real Estate Properties

⇒ Please see P34 "Climate Change" > "Greenhouse Gas Emissions".

Major Initiatives

Issuance of Green Bond

In September 2019, the Company issued a Green Bond as an initiative to enable a wide array of stakeholders to gain a higher level of awareness of the Mitsui Fudosan Group's ESG policies, to promote the six materialities (goals) the Group formulated as goals for important issues for action under the group Long-Term Vision, VISION 2025, and to contribute to the realization of a sustainable society.

Outline of Green Bond

Name	Mitsui Fudosan Co., Ltd. 68th Unsecured Bond (with inter-bond pari passu clause) (Green Bond)
Date of issue	September 12, 2019
Term	5 years
Total issued	¥50 billion
Date of determining terms and conditions	September 6, 2019
Use of proceeds	The full amount will be used as refinancing capital to acquire reserved floors in Nihonbashi Muromachi Mitsui Tower
Acquired rating	AA- (Rating and Investment Information, Inc.), AA (Japan Credit Rating Agency, Ltd.)
Second opinion*1	A second opinion has been received from Rating and Investment Information, Inc. (R&I) stating that, based on the R&I Green Bond Assessment methodology*2, Mitsui Fudosan's Green Bond Framework is in compliance with Green Bond Principles 2018 and Green Bond Guidelines 2017, and R&I has assigned the top GA1 rating to the bond.

*1: For details concerning the second opinion received from R&I stating that Mitsui Fudosan's Green Bond Framework is in compliance with Green Bond Principles 2018 and Green Bond Guidelines 2017, see the R&I website:

⇒ https://www.r-i.co.jp/en/news_release_gba/2019/09/news_release_gba_20190906_eng.pdf

*2: A methodology using a five-scale evaluation criteria including items under the Green Bond Principles of the degree to which funds raised by the issue of green bonds are invested in a project that helps solve environmental problems, which is monitored until the maturity date. In conjunction with the assessment, R&I may issue a second opinion regarding the issuer's Green Bond Framework, assessing it for compliance with Green Bond Principles and other rules.

Announcement of Investment in Green Bond

For details of investors announcing investment in Mitsui Fudosan's Green Bond, see:

⇒ <https://www.mitsuifudosan.co.jp/english/corporate/news/2019/0906/>

Profile of Nihonbashi Muromachi Mitsui Tower

A profile of Nihonbashi Muromachi Mitsui Tower is available at:

⇒ https://www.mitsuifudosan.co.jp/english/corporate/esg_csr/special/nihonbashi2.html

Impact Reporting

Please see:

⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/third-party_verification/index.html#date3_E03

⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/environment/04.html#p04

⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/environment/03.html#p01

Society



Policy

The Company regards the health and safety of its employees as an important issue essential for sustained growth, and we are working actively to maintain and promote employee health while striving for a workplace environment where employees can work energetically in accordance with their respective lifestyles.

Management System

The Company has established a Health Committee and Health Management Center-specialized organizations for maintaining and improving employee health-and we are working to achieve goals such as improving the rate at which employees undergo periodic health checkups. We have also set up a Health Consultation Service where employees can discuss health issues freely, and in partnership with the Personnel Department, industrial physicians, public health nurses, and counselors, we are striving to improve the working environment and the physical and mental health of employees. In meetings with our labor unions, we exchange and coordinate views based on a shared understanding that health and safety are important issues.

Board of Director Oversight

Activities relating to employee health and safety, and occurrences of accidents or occupational injuries, are reported to the Board of Directors, and the Director in Charge of Personnel provides management and oversight.

Procurement Standards to Ensure the Health and Safety of Employees and Outside Suppliers(excerpt from the Group's Sustainable Procurement Standards)

2. Respect for Human Rights Related to Labor

- Respect for basic human rights, freedom of association and collective bargaining rights
- Pay at least minimum wage and ensure health and safety
- Do not engage in child labor or forced labor
- Reduce excessive overtime work and prevent overwork
- Ban discrimination and ensure equal opportunity for workers
- Comply with countries' laws and regulations and standards in relation to the aforementioned items when conducting business

For details on the Group's Sustainable Procurement Standards, see P74 Policy under Social Supply Chain.

Goals and Progress

The Company has set health checkup and screening rate goals to help maintain employee health, and we are steadily expanding efforts to improve this rate.

Health Checkup and Screening Rate

- Record in fiscal 2018 : 99.5%
- Record in fiscal 2019 : 99.8%
- Goal for fiscal 2020 : 100%

Data with the third-party verification mark has been independently verified

Note: The health checkup and screening rate is the percentage of all steady-basis employees undergoing health checkups or health screening. The total of all steady-basis employees consists of regular and part-time steady-basis employees as of the end of the fiscal year, excluding those necessarily prevented from undergoing screening (due to international postings, childcare leave, health conditions, etc.).

Major Initiatives

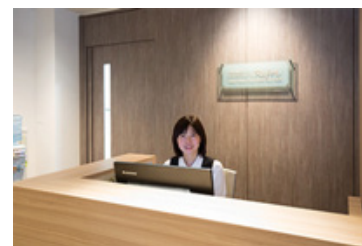
Stress Check

Through stress check tests by Mitsui Sumitomo Insurance Co., Ltd., an outside specialist organization, the Company periodically monitors the mental health of employees, linking these results with efforts to realize improvements.

- In addition to carrying out yearly health checkups, we also offer thorough health screening for all employees over 35 and their spouses, gynecological exams for female employees and the spouses of male employees, and leave to undergo thorough health screening.
- We are also working to ascertain employees' working situation and health status through annual personal interviews between Personnel Department staff and all employees, as well as through stress checks, interviews with an industrial physician for overworked employees, and other programs.
- To help employees recover from fatigue and maintain physical/psychological balance, we have established Refre, a facility where a massage specialist is always on duty and they can refresh themselves with a massage or a nap.



Refreshment Room



Refre reception desk

Excellent Enterprise of Health and Productivity Management

The Company affirms the principles of the Excellent Enterprise in Health and Productivity Management Certification System promoted by the Ministry of Economy, Trade and Industry, and we obtained certification as an outstanding enterprise in 2017. This system recognizes small, medium and large enterprises and other organizations that practice health management with particular excellence, based on efforts to respond to local health issues, and to improve health promoted by Nippon Kenko Kaigi. In recognition of our active engagement in health management, the Company was certified as an Excellent Enterprise of Health and Productivity Management 2020 (White 500) in the large enterprise category.



Excellent Enterprise in Health and Productivity Management System

This system is for commending large firms, small and medium-sized enterprises, and other corporations which practice health management with particular excellence, based on efforts responding to local health issues, and efforts to improve health promoted by the Nippon Kenko Kaigi. (Excerpt from home page of the Ministry of Economy, Trade and Industry)

No. of Employees Attending Seminars on Health and Safety Standards

The Company provides training every year on health and safety for new employees and newly appointed executive managers. In fiscal 2019, 63 new employees and 22 newly appointed executive managers undertook this training.

Percentage of Office Buildings with OHSAS 18001 Certification

At present, no business sites have received OHSAS 18001 certification.



Policy

The Group supports and respects the basic rights for workers set out in the ILO Declaration on Fundamental Principles and Rights at Work. The following labor principles are set forth in this declaration.

- Freedom of association and the effective recognition of the right to collective bargaining
- Elimination of all forms of forced or compulsory labor
- Effective abolition of child labour
- Elimination of discrimination in respect of employment and occupation

Furthermore, we pursue methods to ensure that basic human rights are respected in countries and regions that do not adhere to internationally-recognized basic human rights.

Declarations to Society and Participation in International Initiatives

The Group believes it is important for various stakeholders to work collaboratively to solve social issues. We are working to fulfil our role by making declarations to society and leading the way in participation in various initiatives inside and outside Japan.

Participation in the United Nations Global Compact

The UN Global Compact is a worldwide framework put forward by the UN. Companies and groups participate in this voluntary initiative to be beneficial members of society and realize sustainable growth, by showing responsible, creative leadership. The ten principles of the UN Global Compact-structured around the four areas of human rights, labor, the environment, and anti-corruption-are based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. The Group supports the principles of the UN Global Compact, which we signed in December 2018, and we have also joined the Global Compact Network Japan.

For details on the United Nations Global Compact (UNGCC), please see the following:

⇒ <https://www.unglobalcompact.org/>

Communication of Corporate Policy on Labor Standards

Our Group translates basic policy on labor management into English, and strives to ensure a common framework with employees and local staff working at business locations overseas.

Internships and Employment of People with Disabilities

The Company provides internships for students as an opportunity to improve the quality of their career options. We make a public appeal to undergraduate and graduate students, and accept more than 150 students annually.

First Facilities Challenged Co., Ltd. is a special subsidiary of Mitsui Fudosan Facilities Co., Ltd., established in 2006 based on the Act on Employment Promotion etc. of Persons with Disabilities. The Company promotes employment of persons with disabilities and provides them with work experience opportunities. In addition, the Company aims to raise the employment rate of people with disabilities to 2.3%, and has established a Challenged Center in its Personnel Department, composed of employees with intellectual disabilities as well as full-time advisors, that promotes employment for people with disabilities.

Our Efforts Relating to Equality of Opportunity to Work and to Harassment

The Company has established a Code of Employee Conduct with regard to human rights, and we fulfill our social responsibility regarding human rights problems actively and voluntarily. As an organization for promoting correct understanding and recognition of human rights problems among all employees, we have established the Fair Employment Screening and Human Rights Awareness Raising Committee.

The primary role of the committee is education and guidance, formulating and implementing training plans, investigative research, and supervision, communication, and coordination of issues relating to human rights problems. Specifically, we are implementing educational activities continuously to promote awareness of sexual harassment, abuse of power, other types of harassment, and discrimination. We have also established harassment consultation services inside and outside the company that are available by telephone 24 hours a day. Moreover, each Group company organizes a Fair Employment Screening and Human Rights Awareness Raising Liaison Conference to raise awareness of human rights issues across the Group, and we are actively hiring people with disabilities, local people overseas, and non-Japanese in Japan. In addition, we are continuously working to improve understanding and awareness regarding human rights through initiatives such as holding human rights awareness training for all Company employees.

Our Efforts for Labor Issues

Support for a Living Wage

We conduct labor management while abiding by the labor laws and regulations of each country. In terms of wages, we have adopted a basic policy of not only following rules on minimum wages in each country, but also paying wages that exceed those requirements. In fiscal 2019, the average annual salary paid by the Company in Japan was ¥12.73 million.

System Enabling Dialogue between Labor and Management

The Company works to ensure unity between labor and management by maintaining a framework for dialogue between employee representatives and Company management in which they meet several times a year to discuss the appropriateness of work environments and work conditions. We also exchange views and coordinate based on the shared understanding that employee health and safety is an important issue.

Preventing Child Labor and Forced Labor

The Group has never used child or forced labor. Also, to guarantee that none is used in the future, we ensure that each business location thoroughly complies with the laws and regulations of its host country, and conduct regular monitoring. In the unlikely event that such a violation is suspected to have occurred, we have also established a whistle-blower contact point that employees can report to.

Reducing Excessive Working Hours

The Company has formulated a clear policy and is working to reduce excessive working hours and overtime, as follows.

- Monitoring working hours and conducting interviews with employees
- Notifying both employees and their direct supervisors when they are in danger of overwork
- Utilizing a computer-usage time control system
- Establishing, promoting, and enforcing "no-overtime" days

Sexual Orientation

To prevent discrimination against LGBT (sexual minorities), the Company is making the following efforts.

- We have stated clearly in the Mitsui Fudosan Group Compliance Policies that discrimination on the grounds of sexual orientation is prohibited and inform all employees of this.
- Our harassment consultation services provide consultation of harassment relating to LGBT.
- We have formulated a set of Universal Design Guidelines which conform to the relevant laws, regulations, and ordinances, and established more than one multipurpose toilet in every lobby area for members of the LGBT community. Moreover, these multipurpose toilets have been fitted in areas that are outside the line of sight of others.

Group Employment Situation

(As of March 31, 2020)

Number of Employees by Business Segment (Entire Group)

Business segment	Number of employees	Percentage
Rental	1,188	5.7%
Built-for-sale	1,296	6.2%
Management	11,328	54.3%
Other	6,654	31.9%
Administration*	398	1.9%
Total	20,864	100.0%

*As of March 31, Employees belonging to administration departments who cannot be classified under a specific segment

Employment Situation at Mitsui Fudosan

(As of March 31 of each fiscal year)

Employee Composition

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Male	929	949	1,004
(Regular employees)	728	734	761
(Irregular employees)	201	215	243
Female	597	628	674
(Regular employees)	269	294	320
(Irregular employees)	328	334	354
Total	1,526	1,577	1,678

*Excluding dispatched employees

Employee Composition by Age (Fiscal 2018)

	10s	20s	30s	40s	50s	60s and older
Male	1	159	258	201	292	93
Female	0	169	280	146	68	11
Total	1	328	538	347	360	104

*Excluding dispatched employees

Trends in Number and Percentage of Male and Female Regular Employees

	Fiscal 2017			Fiscal 2018			Fiscal 2019		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
General positions	1,183	1,081	102	1,187	1,067	120	1,227	1,087	140
		91.4%	8.6%		89.9%	10.1%		88.6%	11.4%
Technical positions	27	25	2	40	36	4	56	51	5
		92.6%	7.4%		90.0%	10.0%		91.1%	8.9%
Operational positions	189	0	189	194	0	194	205	0	205
		0.0%	100.0%		0.0%	100.0%		0.0%	100.0%

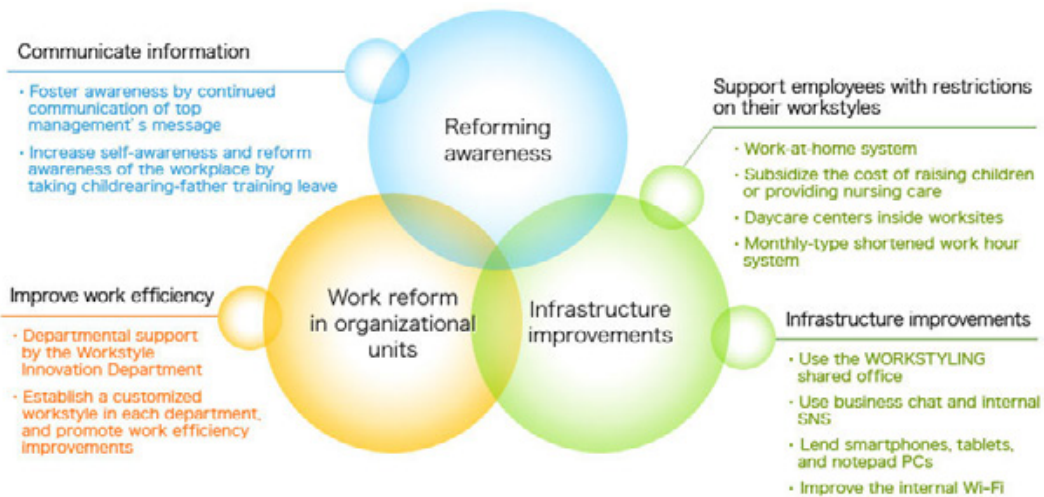
*As of March 31, including dispatched employees

Trends in New and Departing of Regular Employees

	Fiscal 2017	Fiscal 2018	Fiscal 2019
New employees (regular employees)	44	42	51
Mid-career hires (regular employees)	33	33	35
Number of departing regular employees (excluding those rehired, including those departing due to mandatory retirement)	14	15	10
Full time staff voluntary turnover rates	0.79%	0.77%	0.83%

Policy

The logo adopted by the Group as a management philosophy represents the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society. The Company takes workstyle reform as a key initiative, and is building an organization that allows personnel with diverse values, skills, and lifestyles to fully realize their individual capabilities. This will enable us to respond to dramatically changing social needs and create new value. In addition, Mitsui Fudosan is improving work efficiency in all business divisions, thereby reducing employee working hours, and promoting an optimal balance between life and work. We believe appropriate work-life balance ensures a more fulfilling private life for employees, and is very effective for encouraging self-improvement and balancing work with child or family care. As a result, a workplace environment is established enabling diverse employees to fully realize their individual abilities, and this helps us create superior value and achieve sustained growth for our Group.



Major Initiatives

Our Efforts to Support Work-Life Balance

Reforming Awareness

Utilize internal publicity/broadcasting and a portal site on workstyle reform to conduct educational activities and share expertise, including messages from top management.

Infrastructure Improvements

- Utilize the WORKSTYLING Shared Offices provided by the Company
- Utilize a computer-usage time control system
- Flex-Time System (employees can flexibly determine their time for starting and stopping work within a certain range)
- Return Entry System (system for re-employment after resignation due to transfer involving the move of a spouse)
- Refreshment Leave (5-10 days, and commemorative prize travel tickets award in recognition of a certain number of years worked)
- Cafeteria Plan (a benefit program that can be used by selecting from a variety of options such as self-development or leisure/travel)
- Family Day (a Company event held every year with family participation to help deepen ties between employees and their families)



Family Day

Work Reform in Organizational Units

The Workstyle Innovation Department supports each department's initiatives, establishes customized workstyles, and promotes work efficiency improvements.

Number of paid leave days taken

Goal: 14 days a year

(Units: Days)

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Number of days taken	12.9	14.1	14.9

For regular and contract employees (those registered for the full year)

Our Efforts to Support Childcare

- In-office nurseries
- System for childrearing leave
- Spouse maternity leave
- Subsidy system for babysitter and after-school childcare expenses
- Work-at-home system
- Flex-time system for reduced working hours during childcare
- Childcare leave that can be used for up to three years, longer than the legally mandated period
- Childbirth and childcare interview system
- The Project for Working Side by Side with Children, (conducted in August 2017, a new workstyle experiment balancing childcare and work, where people spend time with their children while working)

Kurumin Certification

To support work balance for employees involved in childcare, we go beyond legally mandated programs, and provide programs such as in-office nurseries, childcare leave longer than the legally mandated period, and subsidies for the costs of raising children. In these and other ways, we are working to put in place an environment where it is easier to work, and employees can more fully realize their capabilities with peace of mind. Through these initiatives, we have continually achieved the target return rate from childcare leave of 100% for over 20 years among regular Company employees. We are also focusing effort on fostering awareness and understanding of childcare among all members of the workplace.



We acquired Kurumin certification from the Ministry of Health, Labour and Welfare in fiscal 2014

Number of Employees Taking Childcare Leave and Childrearing-Father Training Leave (men's childcare leave)

(Unit: People)

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Men	31	29	25
Women	17	15	10

Return Rate of Employees Taking Childcare Leave

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Regular employees	100.0%	100.0%	100.0%
Contract employees	100.0%	87.5%	69.2%

Note: Excludes those departing due to use of the return entry system (system for re-employment of those who have resigned due to transfer of a spouse)

Our Efforts to Support Family Care

To support work balance of employees engaged in family care, we are developing an environment that includes a work-at-home system and a system for subsidizing the costs of family care. In addition, our Care Design Department, which supports lifestyles in later life, collaborates with the Personnel Department to hold Care Seminars for employees and their families, and offer care consulting courtesy of a qualified specialist in family care.

Employees Taking Family Care Leave

(Unit: People)

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Men	-	-	-
Women	-	-	-

Return Rate of Employees Taking Family Care Leave

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Return rate	-	-	-

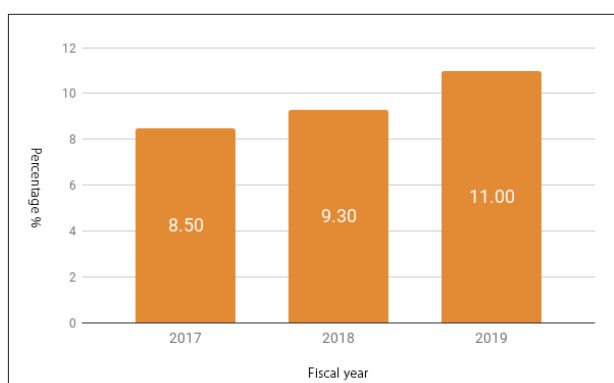
Promoting Active Roles for Women

Percentage of Women in General and Management Positions

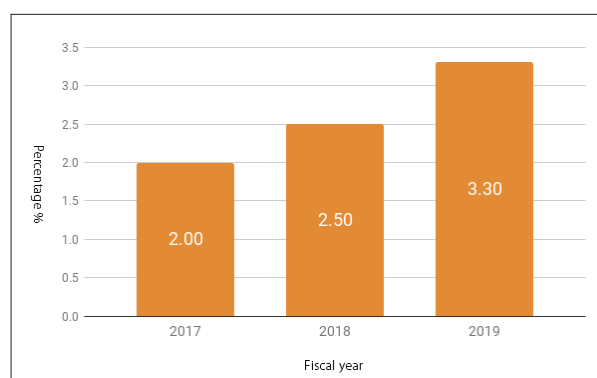
(As of April 1, including dispatched employees)

The Company's goal is for women to hold 10% of management positions by fiscal 2025, and 20% of such positions by fiscal 2030.

General Positions



Management Positions



Eruboshi Certification

The Company has received Eruboshi certification from the Minister of Health, Labour and Welfare. This system allows companies that have filed based on the Act on Promotion of Active Participation by Women in their Work Life, which came into effect on April 1, 2016, and that have met certain criteria, to be certified as outstanding in terms of implementation of measures to promote active roles for women.

Employment of Seniors

The Company has raised the age of mandatory retirement from 60 to 65. We are working actively to provide employment and settings where older workers can continue to demonstrate their wealth of knowledge and experience.

Employment of People with Disabilities

⇒ Please see P51 the Labor Standards and Practices page

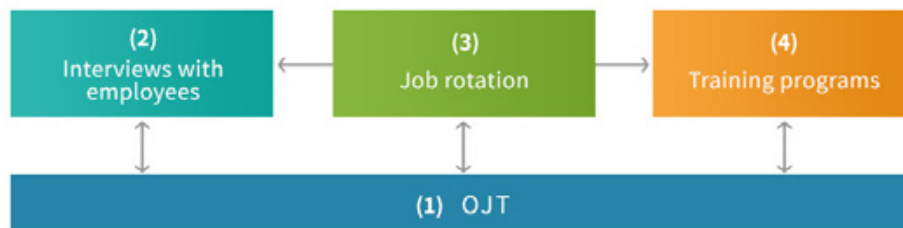
Policy

Under its Group Statement, the Company aims to bring affluence and comfort to urban living. Moreover, since its founding, the Company has inherited and nurtured a progressive spirit together with a free and open corporate culture, and used these as a driver for providing diverse, innovative solutions and services in connection with business and living. We see our people as an asset and the most important drivers in creating new value as a real estate developer. Our basic approach to human resource management is to treat each employee as an individual and create a stage on which they can hone their professional knowledge and abilities, increase their ability to create added-value, and transform team performance through the integration of diverse values and skills.

The Company aims to be a business and lifestyle solutions partner. To do so, Mitsui Fudosan is targeting the development of a diverse group of employees, who are able to make full use of their individual attributes, with both specialized and advanced business knowledge, and a broader perspective. To achieve this goal, we have adopted a basic policy on personnel development that broadens the capabilities of each individual by combining four opportunities for personnel development in accordance with the person's career.



Management System



(1) OJT

We provide On the Job Training through work on-site as the basis for personnel development. Through specific jobs in the workplace and communication between employees, we develop the capabilities necessary for job performance in a planned, continuous fashion.

(2) Interviews with employees

We emphasize face-to-face communication with each individual. As part of our system, we provide employees with numerous opportunities to consult/discuss their career and capability development with the Personnel Department or their department manager. Every year, the Personnel Department conducts individual interviews with each employee, and ascertains information on their problems, development environment, work situation, worries, and other issues. In this way we develop and support capabilities in accordance with the hopes and vision of each employee.

(3) Job rotation

We develop professionals with a wide range of specialties. We conduct job rotation every few years. Our aim is to develop employees and an organization which can adapt to an ever-changing environment, and this is achieved by further deepening the experience and knowledge of each employee through work experience in multiple areas, while bolstering expertise through focus on work the employee is in charge of.

(4) Training programs

We have systematic training programs for improving diverse capabilities of employees. We have systematic, diverse training programs, in areas ranging from basic abilities as a working adult to specialized skills and sharing of management awareness, in accordance with the respective role and capabilities of each employee, their personal progress in capability growth, and other factors.

Examples of Training/Education for Employees' Personal Development

Training programs that involve the sharing of management awareness and corporate culture	MEET21 Training, Cross Expert Training
Broadening/growth of capabilities and perspectives	Long-term temporary assignment training outside the company, Cross Expert Training, training to develop people, MEET21 Training, assistance to pass the Information Technology Passport Examination
Improving work execution capability and specialization	Registered real estate broker training, financial accounting training, various types of distance learning courses
Broadening basic abilities as global personnel	Overseas trainee programs (English-speaking countries, Chinese-speaking countries), overseas management training, global training for young and midlevel employees
Fostering the mindset needed as a working adult	Compliance training, human rights awareness training, CSR training, harassment training
Deepening understanding as a member of an organization	New employee training, new employee development instructor training, follow-up training in 1st and 2nd years after joining company, diversity management training for newly appointed executives

Track record for fiscal 2019

Development of Global Personnel

Rapid growth in our overseas business is a key element of our management strategy, and the market in Japan is becoming more and more globalized. We are therefore working to enhance overseas assignment training and language programs to develop human resources who can act on the global stage.



Training/Education

- Assignment for International Language Training (Global Training for Young and Mid-Level Employees): To build language skills, the ability to cope with different cultures, and international connections, we assign young employees (as a rule, all employees) and mid-level employees to overseas training for periods of 2-8 weeks.
- Trainee System: We have an international trainee system for internships and language training in Europe, the USA, and Asia, for periods of 6 months to one year. Different employees are assigned to this program every year.
- Compliance Training: Compliance training covering issues such as preventing corruption is held regularly at international locations for employees of local subsidiaries and local staff.



Overseas Language Training



Trainee System

Time Spent Developing Employee Abilities

Total time spent by the Company on capability development training and training time per employee in fiscal 2019 was as follows.

Training Time for Capability Development (track record for fiscal 2019)

- Total time for capability development training: 29,772 hours
- Training time per employee: 20.0 hours

Environmental Training and Education

As a part of its environmental efforts, the Company trains and educates its employees about the environment while also providing eco tours (tours of environmentally advanced facilities, etc.) and other activities to increase their interest in the environment.

Environmental Training and Education

Each year, the Company conducts afforestation training for employees at forests owned by the Group in Hokkaido. We also continue to carry out forest conservation work in collaboration with the staff of the Tokyo Metropolitan Government Bureau of Waterworks at Mitsui Fudosan &EARTH FOREST TOKYO, a forest for water resource conservation in Tokyo.

Group companies are also carrying out their own environmental training and education. Mitsui Fudosan Facilities Co., Ltd. provides environmental training as part of new employee training, and Mitsui Fudosan Residential Lease Co., Ltd. and Tokyo Midtown Management Co., Ltd. provide environmental education.



Afforestation training
(Mitsui Fudosan)



Eco Tour
(Mitsui Fudosan Facilities Co., Ltd.)

Environmental Education Activities (fiscal 2019)

	Type of Training	Number of Participants (fiscal year)
Mitsui Fudosan Co., Ltd.	Afforestation training	20
	Forest conservation work at a Tokyo Metropolitan forest for water resource conservation	9
	Shimokawa Town SDGs Training	18
Mitsui Fudosan Facilities Co., Ltd.	Environmental training in new employee training	186
	Environmental training through e-learning	1,535
	Eco Tours (Tour of waste treatment facility)	26
Tokyo Midtown Management Co., Ltd.	Bird watching event for employees and tenant staff	16

Eco Test

The Group encourages its employees to take the Certification Test for Environmental Specialists (Eco Test) administered by the Tokyo Chamber of Commerce and Industry. Mitsui Fudosan Facilities Co., Ltd. and Tokyo Midtown Management Co., Ltd. have made the Eco Test a required certification.

In addition, Mitsui Fudosan Co., Ltd., Mitsui Fudosan Facilities Co., Ltd. and Mitsui Fudosan Residential Lease Co., Ltd. are identified as companies that promote the Eco Test on the Eco Test information site of the Tokyo Chamber of Commerce and Industry.

Cumulative total of employees who have taken and passed the Eco Test (As of the end of fiscal 2019)

Company name	Positioning of Eco Test	Total number of employees who have passed the test	Pass ratio
Mitsui Fudosan Co., Ltd.	Qualifications for recommendation	392	Approx. 18.1% of all employees
Mitsui Fudosan Facilities Co., Ltd.	Required	1,528	Approx. 93.2% of full-time and fixed-term employees, excluding junior employees
Mitsui Fudosan Building Management Co., Ltd.	Qualifications for recommendation	284	Approx. 15.7% of all employees
Mitsui Fudosan Architectural Engineering Co., Ltd.	Qualifications for recommendation	28	Approx. 23.0% of all employees, excluding dispatched employees
Mitsui Fudosan Residential Lease Co., Ltd.	Qualifications for recommendation	93	Approx. 12.9% of all employees
Tokyo Midtown Management Co., Ltd.	Required	74	Approx. 71.8% of all employees
Mitsui Fudosan Residential Service Co., Ltd.	Qualifications for recommendation	47	1.7% of all employees

Policy

The Group respects basic human rights and complies with the laws and regulations concerning worker's rights in each country where we conduct business. We also support and respect the basic rights for workers set out in the ILO Declaration on Fundamental Principles and Rights at Work. The Group complies with applicable laws and regulations in each country and region where we conduct business.

1. Policy Prohibiting Discrimination

We will eliminate all discrimination on the grounds of race, nationality, religion, sex, age, disability, or sexual orientation.

2. Policy Prohibiting Harassment

We will not tolerate any form of harassment, including sexual harassment or abuse of power.

3. Policy to Prevent Child Labor or Forced Labor

We will not permit child labor or forced labor. The Group has never used child or forced labor. To ensure that none is used in the future, we ensure that each business location complies thoroughly with the laws and regulations of its host country and conduct regular monitoring. In the unlikely event that such a violation is suspected to have occurred, we have also established a whistle-blower contact point that employees can report to.

4. Policy to Support Freedom of Association and the Right to Collective Bargaining

We respect freedom of association and the right to collective bargaining.

5. Policy Supporting Rights to a Minimum Wage and Living Wage

The Group conducts labor management while abiding by the labor laws and regulations of each country. In terms of wages, we have adopted a basic policy of not only following rules on minimum wages in each country, but also paying wages that exceed those requirements.


6. Principles and Procedures for Community Investment


The Group carries out business activities that do not infringe on human rights, either inside or outside Japan, by ensuring respect for the human rights of all stakeholders, including local residents and children. Through neighborhood creation, we are striving to form communities and create opportunities for interaction between diverse human resources, ultimately leading to new markets and employment. In this way, we offer various forms of value to the communities where we conduct business. By participating in and funding area management organizations, we invest in local communities, and work to increase the value of real estate.

Furthermore, we pursue methods to ensure that basic human rights are respected in countries and regions that do not adhere to internationally-recognized basic human rights.

The Group has established the Mitsui Fudosan Group Human Rights Policy as detailed below, and is promoting human rights-related initiatives.

Mitsui Fudosan Group Human Rights Policy

Seeking to coexist in harmony with society, link diverse values, and help build a sustainable society, as symbolized by its "  " corporate logo, the Mitsui Fudosan Group strives to help build a society of abundance for both people and the planet.

In order to live up to the philosophy symbolized by our "  " corporate logo, we believe that it is of the utmost importance to ensure that our business always gives due consideration to human rights, so we have established the Mitsui Fudosan Group Human Rights Policy (hereinafter this Policy).

This Policy is based on the Guiding Principles for Business and Human Rights advocated by the United Nations.

1. Respect for international human rights standards

The Mitsui Fudosan Group supports and respects international human rights norms including the Universal Declaration of Human Rights, the International Covenants on Human Rights, and the core labor standards established by the International Labour Organization (ILO) in the ILO Declaration on Fundamental Principles and Rights at Work, which are: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

2. Position of this policy

This policy details initiatives based on the conviction that we must be thorough about ensuring that our business always gives due consideration to human rights in order to achieve the philosophy symbolized by our "🌐" corporate logo-coexistence in harmony with society, linking of diverse values, and helping build a sustainable society.

3. Scope

This policy applies to all of the Mitsui Fudosan Group's officers and employees (all employees directly employed, including temporary employees, part-time workers, etc.). In addition, we ask our business partners to take human rights into consideration in their corporate activities based on this policy and the Mitsui Fudosan Group Sustainable Procurement Standards.

4. Education and training

The Mitsui Fudosan Group provides appropriate education and training to ensure that this policy is taken into account and effectively executed in all its business activities.

5. Human rights due diligence

The Mitsui Fudosan Group assesses in advance any negative impacts on human rights that could affect the various people with a relationship to its business activities (stakeholders) and takes both preventive and improvement initiatives. In addition, we appraise the performance and effectiveness of these initiatives and disclose relevant information.

6. Corrections and remedies

If it becomes clear that the Mitsui Fudosan Group has had a negative impact on human rights due to its business activities, or that it has been complicit in such impact, it works to correct and remedy the situation using appropriate internal procedures. In addition, the Mitsui Fudosan Group maintains a system for reporting and consulting about any acts that have a negative impact on human rights.

7. Dialogue with stakeholders

The Mitsui Fudosan Group continues to improve its human rights initiatives based on this policy, by engaging in dialogue with various stakeholders.

8. Salient issues related to human rights initiatives

Salient issues related to human rights initiatives are listed in an appendix to this policy. As these salient issues may change in response to evolving business and social conditions, we revise them as needed.

Established December, 2020
Masanobu Komoda
President & Chief Executive Officer
Mitsui Fudosan Co., Ltd.

Salient issues related to human rights initiatives

Prohibition of discrimination, harassment, or other unfair treatment in the workplace

We prohibit discrimination and unfair treatment on grounds not related to business performance, including race, nationality, origin, religion, beliefs, sex, age, disability, sexual orientation, gender identity, educational background, marital status, and employment type. We also do not allow any harassment in the workplace, such as sexual harassment or power harassment.

Ensuring a safe and healthy working environment

In addition to complying with laws and regulations related to working hours and occupational health and safety, we create a working environment in which all employees can work enthusiastically without feeling health or safety concerns when working.

Consideration for safety, security, and health in urban development

We conduct thorough quality control to ensure that the safety and health of our clients and the other people who use our facilities and services are not impaired. We also consider the safety and health of the people near the areas where we conduct business.

Consideration of minorities and prohibition of unfair discrimination toward them in business activities

In our business activities, we provide facilities and services that take minorities (social minorities; e.g., people with disabilities or foreigners, etc.) into consideration. In addition, we prohibit unfair discrimination or the promotion of discrimination when providing facilities and services.

Sufficient communication with clients and other stakeholders in business activities

In conducting our business activities, we strive to ensure that information provision and communication are sufficient to gain the understanding of our clients and other stakeholders.

Major Initiatives

Reducing Excessive Work and Overtime Work

The Company has formulated a clear policy and is making the following efforts to reduce excessive working hours and overtime.

- Monitoring working hours and conducting interviews with employees
- Notifying both employees and their direct supervisors when they are in danger of overwork
- Utilizing a computer-usage time control system
- Establishing, promoting, and enforcing "no-overtime" days

Our Efforts for Children's Rights

The Group supports the abolition of child labor inside and outside Japan, and respects the rights of children, namely: (1) The Right to Live, (2) The Right to Be Protected, (3) The Right to Be Nurtured, (4) The Right to Participate. We believe that ensuring healthy development of the children who will be the next generation-through neighborhood creation and operation of facilities-is essential for an affluent future, and based on that idea, we are making various efforts to support the human rights of children in our business activities and projects.

Business Activities and Projects Relating to Children's Rights

Business activities/projects	Summary
KidZania	KidZania is a social education oriented theme park for children, and here we support the growth and independence of children by encouraging them to have fun while experiencing work, and learn about the structure of society.
Mirai Kodomo Gakko	The Mirai Kodomo Gakko (future children's school) is a platform for leaning that provides experience-based content at the Kashiwa-Campus (Kashiwa City, Chiba). A multi-faceted curriculum is provided through close collaboration with local government, the municipal board of education, local universities, and community residents.
Green Tours for Parent-Child Learning	At Tokyo Midtown, we hold Green Tours that allow parents and children to learn about trees, flowers, and other plants as they walk through Midtown Garden, which is located on the site.

Establishment of an Internal Consultation Service

The Company has established internal contact points for consultation. These can be used by regular employees, and anyone engaged in work for the Company on an individual labor contract (contract employee), temporary transfer agreement, worker dispatch contract, part-time contract, or other agreement. Two contact points, internal and external, have been established, and workers can consult with either. The external contact point is provided at a law office, and it accepts consultations from a neutral standpoint,*1 notifies the Company of the consultation content, and encourages a response. Topics for consultation include: wrongful conduct that violates laws, regulations, internal rules, general social norms, or corporate ethics; sexual harassment; abuse of power; other forms of harassment; employment problems; and issues with the workplace environment.*2 The privacy of those who engage in consultation is protected, and there is never any retaliatory action or disadvantageous treatment due to such consultations in terms of personnel decisions. Consultations can be conducted under a real name, or anonymously.*3

*1 Representatives of the law office cannot provide legal opinions as lawyers, or take a stance protecting the consulting person.

*2 Simple expressions of opinion, dissatisfaction with personnel decisions, defamation of others, and similar issues cannot be the subject of consultation.

*3 To achieve early discovery and response to compliance problems-the original purpose of the system-the consulting employee's standpoint and other information are confirmed even in the case of an anonymous consultation.



Policy

The Group strives to coexist and collaborate with local communities and build new communities in accordance with the distinctive characteristics of each area and other factors based on our philosophy of coexisting in harmony with society, linking diverse values, and achieving a sustainable society. Furthermore, 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, each and every member of the Group looks to contribute to society in four core 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.

Management System

The ESG Management Committee under the ESG Promotion Committee, which is headed by the President and Chief Executive Officer, was established to promote social contributions throughout the Group. The ESG Management Committee formulates the principles and policies that define the social contribution activities of the Group. It also keeps up to date the social contribution targets, objectives and plans of each division and Group company while monitoring and evaluating progress toward targets and plans. The Social Contribution Activity Policy was created in March 2013 to serve as common ground for various activities to realize abundance and affluence in society from a global perspective.

Record of Social Contribution Activities

The Company actively supports a wide range of social contribution activities. Specifically, these include activities for culture and education, local communities, international exchange, and the global environment. We also promote a multitude of employee-led initiatives that support community creation.

Record of Social Contribution Activities

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Expenditures on social contribution activities (million yen)	6,033	6,082	6,735
Percentage of ordinary income (%)	2.51	2.39	2.61

As of March 31 of each fiscal year

Culture, Education, and Sports	Mitsui Memorial Museum
	Sumida River Fireworks Festival
	Shiki Theatre Company-Kokoro Theater Project
	Promoting, Restoring and Preserving the Beauty of Japan's Art-Tsumugu Project
	Tokyo 2020 Olympic and Paralympic Games-Real Estate Development Gold Partner
	Support for Sport (Japanese Women's National Basketball Team, Japan Sport Climbing Representative, Japanese Wheelchair Rugby Team, Kawasaki Frontale, Kashiwa Reysol, etc.)
	International Multi-Sport Festival-Corporate Games
	Mirai Kodomo Gakko
	Center for iPS Cell Research and Application
Local Support	Mitsui Memorial Hospital
	Sakura Fes Nihonbashi
	ECO EDO Nihonbashi
	Theater Festival-Hibiya Festival
	Disaster Reconstruction Efforts
International Exchange	&EARTH Clothing Support Project-Bring a Smile to the World with Your Clothes
	&EARTH x SOLTILO FAMILIA SOCCER SCHOOL Soccer Support Project
	Public-Private Cooperative Study Abroad Promotion Campaign-Tobitate! (Leap for Tomorrow) Study Abroad Initiative
	JEES-Mitsui Fudosan Scholarship established
Global Environment	&EARTH DAY (Environmental Education Event)
	&EARTH Classroom (Environmental Education at schools and other facilities)
	Let's Learn! Let's Play! Cool Choice Plaza (Environmental Education Event)

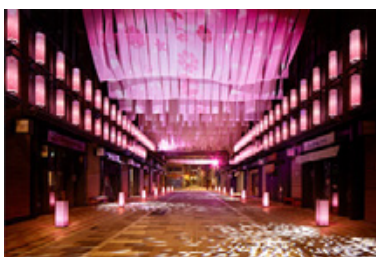
Regional Revitalization and Community Creation

The Company plans and hosts a diverse range of events that promote community creation and regional revitalization. We also carry out activities that help to strengthen family ties, as well as hold various events that educate communities on future society and environmental issues.

Our Efforts in the Nihonbashi Area

Nihonbashi Cherry Blossom Festival

Every year across March and April, Mitsui Fudosan holds the Nihonbashi Cherry Blossom Festival in the Nihonbashi area. The event is highly regarded for its economic ripple effects, its ability to increase customers and non-residents to the region, its effectiveness in disseminating information overseas, and the techniques and creativity that will influence events held in the future.



Nihonbashi Cherry Blossom Festival



Mirai Kidai Shoran

ECO EDO Nihonbashi

Every year between July and September, Mitsui Fudosan holds ECO EDO Nihonbashi, an event featuring goldfish scooping, paper lanterns, summer kimonos, and other ways people in the Edo era kept cool during a Nihonbashi summer.



ECO EDO Nihonbashi 2017, giant goldfish lanterns, scene on Naka Dori Street

Our Efforts in the Kashiwa-no-ha Area

Mirai Kodomo Gakko

The Mirai Kodomo Gakko (future children's school) is a platform for learning that provides experience-based content for students ranging from infants to high school students in the Kashiwa-no-ha Campus area of Kashiwa City, Chiba. With the backing of Kashiwa City, the Kashiwa City Board of Education, the Kashiwa Campus of the University of Tokyo, and Chiba University, a variety of people from throughout the neighborhood have acted as instructors-including teaching staff from elementary schools and universities, students, artists, residents, workers, and others from the local area-and a diverse curriculum has been provided. Since fiscal 2015, the school has been held more than 100 times.



Mirai Kodomo Gakko

Our Efforts at Tokyo Midtown

In Tokyo Midtown (Minato-ku, Tokyo), we participate as volunteers in events organized by the Azabu District General Branch Office of the Minato Ward Office, Tokyo Metropolitan Government. These events are held as part of the Minna De Ecotto Project for fostering concern for nature and living things among children in the area.

Our Efforts at Commercial Facilities

In cooperation with local government, companies, NPOs, and other organizations, the Group holds an experiential learning event for children called "Let's Learn! Let's Play! Cool Choice Plaza" at its commercial facilities, where participants can learn about energy and environmental issues.



Let's Learn! Let's Play! Cool Choice Plaza

Supporting Community Creation through Sport

Tokyo 2020 Gold Partner

As a Tokyo 2020 Gold Partner in the Real Estate Development category, the Company actively supports formation of local communities through fun events and neighborhood creation based on the power of sports. These efforts are based on the slogan BE THE CHANGE: Cities Start World Changes.

Further details can be found at the following URL.

⇒ <https://www.mitsufudosan.co.jp/bethechange/>

&EARTH x SOLTILO FAMILIA SOCCER SCHOOL

This event is hosted in collaboration with the SOLTILO FAMILIA SOCCER SCHOOL—a project designed by professional soccer player Keisuke Honda—and has been held at LaLaport FUJIMI, Urban Dock LaLaport TOYOSU, LaLaport EXPOCITY, and other Group commercial facilities since 2017. During the event, soccer gear no longer in use is collected and donated to children overseas through the NPO Japan Relief Clothing Center. Through their activities, the staff of SOLTILO also contribute to local communities by providing soccer instruction to children inside and outside Japan.



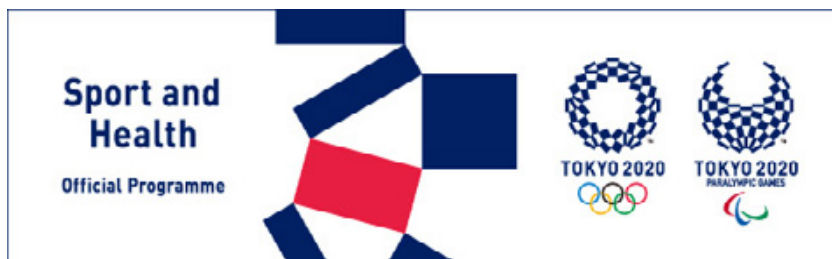
Pre-event



Soccer training held in Cambodia

Mitsui Offices Sports Festival for TOKYO 2020: FUTSAL CUP 2018

Using sports to stimulate interaction within companies and deepen interaction across corporate boundaries, Mitsui Fudosan holds the Mitsui Offices Sports Festival for TOKYO 2020: FUTSAL CUP (a certified Tokyo 2020 Official Programme) for people working at Mitsui Offices.



Futsal competition

Social Contribution through Volunteer Activities

&EARTH Clothing Support Project-Bring a Smile to the World with Your Clothes

The Company and Mitsui Fudosan Retail Management Co., Ltd. hold the &EARTH Clothing Support Project-Bring a Smile to the World with Your Clothes project at commercial facilities run by the Mitsui Fudosan Group. Unneeded clothing is collected, and then donated to refugees and disaster victims in countries all over the world through the NPO Japan Relief Clothing Center.

Together with its customers in each region, the Group seeks to alleviate disparities and poverty, and realize a more affluent society, and as such has held the event twice a year since 2008.

For further details, see (Japanese version only)

⇒ <https://and-earth.mitsuifudosan.co.jp/clothes/>



Volunteers

Held Happy Smile Festival

At Gate City Osaki and COREDO Nihonbashi, we regularly hold events organized by the NPO Group Happy Smile to sell products handmade by people with disabilities from various welfare facilities, with proceeds returned to the creators as wages. The Company and Mitsui Fudosan Building Management Co., Ltd. provide a venue gratis and participate as volunteers. Volunteers from tenant companies also participate, and everyone involved with the building works as a team to make a social contribution.



Happy Smile Festival venue

Participation as Volunteers in Kokoro Theater

In full support of its mission, Group employees participate as volunteers in the Kokoro Theater Project, an initiative organized by the Butai Geijutsu Center and the Shiki Theatre Company, held to enable children to enjoy the emotionally moving experience of theater.



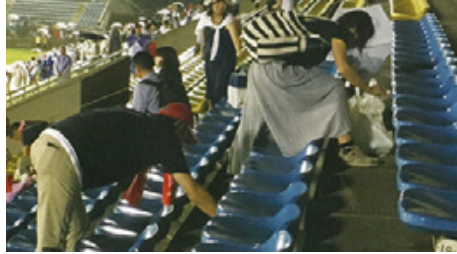
A scene from the musical

Stadium Beautification Activities: KEEP THE STADIUM CLEAN

As part of its environmental conservation activities, the Group takes part in the KEEP THE STADIUM CLEAN initiative. The aim is to cultivate a litter-free neighborhood culture at sports stadiums, and to communicate this to the surrounding community as a legacy for future generations. Spectators are handed garbage bags and called upon to clean the stadium and around the spectator seating area after the game.



Distribution of garbage bags



Picking up garbage after a game

Participation in Cleaning the Famous Nihonbashi Bridge

Every year in July, Company employees and their families voluntarily take part in activities to clean the famous Nihonbashi bridge, the starting point of the Five Routes of the Edo period and one of Japan's most renowned bridges. The Meikyo Nihonbashi Preservation Council is an organization that aims to restore the view of Nihonbashi, whose beauty was lost when it was covered by the Shuto Expressway, and pass the bridge on in good condition to future generations. In accordance with this purpose, this event is a summer tradition in the Nihonbashi area that has continued since 1959, with the participation of local residents and company employees.



Bridge cleaning



Participating employees

Communicating with Local Communities Following the Great East Japan Earthquake

Watasu Nihonbashi: A Center for Exchange with Earthquake Affected Regions

Watasu Nihonbashi (Chuo-ku, Tokyo) was opened in March 2015 as a result of encounters with the people of Minamisanriku Town following the Great East Japan Earthquake. The center plays a role as an intermediary linking Tohoku and Nihonbashi, and includes the Watasu Dining & Bar (1F/2F) featuring ingredients from Minamisanriku and other parts of Tohoku, and the Watasu Room interaction space (3F) for online exchange with junior high school students from the local area, events and workshops relating to reconstruction, and other programs. Junior high school students from Minamisanriku Town visit Watasu Nihonbashi and the Nihonbashi 1-chome Mitsui Building as part of their school trips and, among other activities, they exchange information relating to disaster prevention. Watasu Nihonbashi is continuing to broaden its efforts with local communities.



Junior high school students from Minamisanriku Town visiting Watasu Nihonbashi

CSR Training in Earthquake Affected Regions

CSR training has been conducted continuously since 2013 to improve awareness of disaster preparedness through experience of the situation in earthquake affected regions, and create opportunities for voluntary efforts and contribution to social issues. Employees visit Minamisanriku Town and regions within Fukushima Prefecture, both areas affected by the Great East Japan Earthquake.



CSR training in earthquake affected regions

Policy

As a corporate group supporting offices, housing, and other infrastructure necessary for daily life, we recognize that it is our duty to fulfill our social responsibilities at an even higher level. To accomplish this, we believe efforts should be made throughout the entire supply chain to promote sustainable procurement and thereby help resolve ESG issues. We have formulated Sustainable Procurement Standards summarizing basic guidelines in this area. We published these standards on our website in December 2018, and have notified our main business partners. As items to be complied with or actively promoted by both the Group and its suppliers, our Sustainable Procurement Standards incorporate basic guidelines on (1) Compliance with Laws and Regulations, etc.; (2) Respect for Human Rights Related to Labor; (3) Secure Corporate Ethics; (4) Ensuring Quality; (5) Consideration for the Environment; (6) Information Security; and (7) Risk Management. The idea is to share these standards within the Group, build and operate an ordering and contract process in line with the nature of our business, and notify and request the understanding of our business partners. To realize a sustainable society, we will work to promote sustainable procurement throughout our supply chain.

Mitsui Fudosan Group, Sustainable Procurement Standards (Established in December 2018)

1. Compliance with Laws and Regulations, etc.

- Comply with laws and regulations of the countries in which business is undertaken, international treaties and social norms.

2. Respect for Human Rights Related to Labor

- Respect for basic human rights, freedom of association and collective bargaining rights
- Pay at least minimum wage and ensure health and safety
- Do not engage in child labor or forced labor
- Reduce excessive overtime work and prevent overwork
- Ban discrimination and ensure equal opportunity for workers
- Comply with countries' laws and regulations and standards in relation to the aforementioned items when conducting business

3. Secure Corporate Ethics

- Engage in fair and just trade
- Disclose corporate information in a timely manner
- Avoid business with anti-social forces
- Prevent corruption and do not engage in bribery
- Build an internal reporting system
- Show consideration for the protection of those making internal reports

4. Ensuring Quality

- Strive to ensure achievement and improvement of necessary levels of quality

5. Consideration for the Environment

- Strive to reduce resource use including energy, CO₂ emissions and water use, etc.
- Manage and reduce in an appropriate manner contaminated substances and generation of waste materials
- Show consideration for biodiversity
- Preserve the environment, including the aforementioned items

6. Information Security

- Handle appropriately and protect confidential information and personal information

7. Risk Management

- Build a risk management framework for accidents and disasters

Diverse Collaborative Efforts

In its Environmental Initiatives Policy, the Group strives for cooperation (collaborating and cooperating with various stakeholders). We respect human rights in our business activities through collaboration and cooperation with customers, business partners, local communities, government, and other involved parties.

Our Efforts to Improve Customer Satisfaction (CS)

The Group emphasizes communication with customers, and we address customer feedback and requests with great seriousness. By working to resolve and address various consumer issues, we will promote neighborhood creation from the customer's perspective, and improve the quality of services provided to customers.

Major Initiatives

Listening to Customers

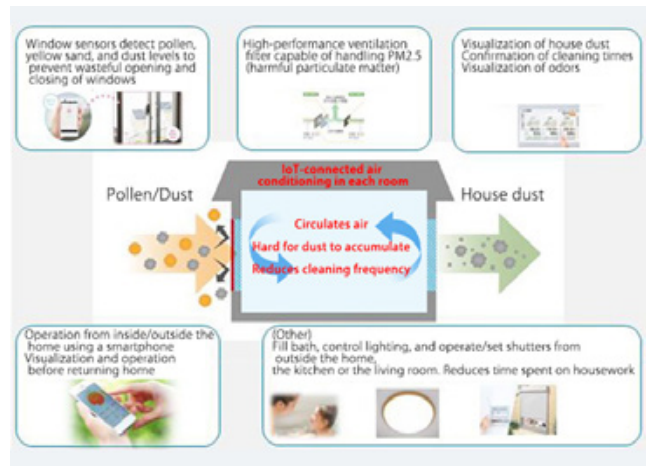
The Group undertakes a variety of activities as a part of efforts to listen to customers' comments. CS surveys are conducted encompassing a wide area including office building tenant companies and residents of condominiums and detached housing as well as hotel guests. The feedback gained through these surveys is extremely helpful in improving the Group's initiatives. We carefully monitor customer feedback received through boxes placed for this purpose at some of our retail properties. These opinions and comments are used to improve operations in facilities and other areas, including store planning and design.

Facility name	Examples of improvements
Office Buildings	<ul style="list-style-type: none"> • Crime prevention, smoking area separation • Improvements to common-use areas • Improvements to elevator operating programs • Improvements to restroom facilities • Meetings to observe elevator rescue drills • Tours to observe building facilities
Retail Facilities	<ul style="list-style-type: none"> • Installation of additional coin lockers and larger coin lockers • Refurbishments/enlargements made to kids' spaces • Installation of air purifiers in baby rooms • Installation of microwave ovens • Installation of curtains in diaper changing rooms • Replacement of flooring materials and wallpaper in nursing rooms • Refurbishments to women's restrooms • Increase in number of stroller pick-up locations (increase number of strollers) • Increase in stroller drop-off locations • Increase in cart drop-off locations, improvements to parking lot signs • Installation of additional benches and signs within each property, improvements to smoking room doors • Changes to rules on pets (reassess areas where pets are allowed)
Logistics Facilities	<ul style="list-style-type: none"> • Improvements to smoking areas in common areas, increase in vehicle/bicycle parking areas • Enhancement of shared amenities (setting up of Christmas trees, Kadomatsu Japanese New Year's decorations, message cards, etc.)

Barrier-Free and Universal Design

For all aspects of life, whether it be work, home life, recreation, or relaxation, the Group promotes the creation of urban environments and buildings that are easy for everyone to use, regardless of their cultural background, language, nationality, age, sex, or disability. Moreover, in our office buildings and other development projects, we examine ease of access using public transport, and evaluate accessibility for people with disabilities. We ensure our measures are within the scope stipulated by laws and regulations, and in some cases make additional efforts.

Mitsui Home's endeavor to make temperature and humidity equipment barrier-free was selected as a fiscal 2017 Leading Project for Sustainable Homes by the Ministry of Land, Infrastructure, Transport and Tourism. Seeking to make home life more healthy, secure, and convenient, the system combines duct-type air conditioning systems and IoT technology to suppress indoor dust and thereby reduce cleaning frequency. The project also enables users to do such things as remotely fill their bathtubs. In this way, the burden of housework and time spent are lessened.



All-Japan Customer Service Role-Playing Contest

Every August, Mitsui Fudosan Retail Management Co., Ltd. holds the All-Japan Customer Service Role-Playing Contest for representatives who qualify through preliminary competitions at nationwide commercial facilities. The contest aims to increase the value of visiting retail properties for customers by raising the quality of customer interaction and service that can only be found at real stores.



Contest participants

11th All-Out CS Contest

On February 20, 2019, Mitsui Fudosan Hotel Management Co., Ltd. held its 11th All-Out CS (Customer Satisfaction) Contest. A total of 20 participants took to the stage and demonstrated the customer service skills they have refined through their daily work in the form of roleplay, and reaffirmed the pleasure and importance of greeting the customer with a smile.



Contest participants

CASBEE-WO Certification

In May 2020, Nihonbashi Muromachi Mitsui Tower was awarded the S rank, the highest rank in the CASBEE-WO (Wellness Office) Certification System. At the same time, it achieved a total score of 92.0, the highest of any leased office building certified to date. We also conducted a CASBEE construction self-evaluation, and in recognition of the building's overall evaluation of superior environmental performance, it received certification as a CASBEE Smart Wellness Office.* Nihonbashi Muromachi Mitsui Tower promotes safe, reliable neighborhood creation and BCP. In addition to the installation of an energy plant, which itself was Japan's first initiative to provide electricity and heat to an existing urban area using an independent distributed power source, the tower also incorporates the latest seismic structural control devices. Furthermore, it offers facilities and a full range of programs to promote worker health, and these initiatives have received comprehensive positive recognition.



&Well Festa health promotion event at the Roofed Outdoor Plaza (July 2019)

* A system administered by the Institute for Building Environment and Energy Conservation (IBEC) to certify office initiatives in both tangible and intangible aspects. The system evaluates not only factors with a direct influence on worker health and comfort, but also those contributing to enhanced intellectual productivity as well as features relating to safety and reliability.

Tools for Communication with Our Customers

The Group offers a variety of communication tools to help build relationships with customers. In terms of content, these tools actively disseminate and exchange information primarily in areas such as housing, and support for improved customer safety, security and environmental awareness.

Company name	Communication tools
Mitsui Fudosan Residential Lease Co., Ltd.	Guide Book for Residential Life A guidebook for customers issued by Mitsui Fudosan Residential Lease summarizes the key points of life in rental housing.(Japanese version only) ⇒ http://mfhl.mitsui-chintai.co.jp/nyukyo/guide/
Mitsui Fudosan Residential Co., Ltd.	31sumai (Mitsui's residence) A comprehensive information website for housing operated by Mitsui Fudosan Residential.(Japanese version only) ⇒ https://www.31sumai.com/
	Everyone's Home A communication forum where everyone talks about homes.(Japanese version only) ⇒ https://37sumai.31sumai.com/
Mitsui Fudosan Group Co., Ltd.	Healthy Forests and the Secrets of Trees This family-oriented pamphlet showcases the Mitsui Fudosan Group's forest conservation activities.(Japanese version only) ⇒ https://www.mitsuifudosan.co.jp/and_forest/ebook/
Mitsui Home Co., Ltd.	Environmental and Social Activities(Japanese version only) ⇒ http://www.mitsuihome.co.jp/company/kankyo/
Tokyo Midtown Management Co., Ltd.	On the Green(Japanese version only) ⇒ http://www.tokyo-midtown.com/jp/about/csr/

Efforts to Improve Employee Satisfaction (ES)

By providing better work environments for employees in Mitsui Fudosan Group facilities, whom we regard as important partners, and in turn improving employee satisfaction (ES), we believe we can also enhance the level of customer service to lead to improved customer satisfaction (CS).

Going forward, we will continue to improve our system and the functionality of facilities used by employees, and work to provide an environment where all employees can comfortably work.

Major Initiatives

To improve the ES of employees working at commercial facilities, we are remodeling employee lounges. These cheerful, spacious lounges with a café atmosphere are decorated in a highly individualized style for each facility, and are restful spaces where employees can spend some relaxing time. Convenience has been enhanced by installing vending machines for food and convenience store products.



LaLaport TOYOSU



LAZONA Kawasaki plaza

Creating New Value and Markets through Neighborhood Creation

The Group seeks to create new value and markets through the creation of neighborhoods with outstanding function and quality, while in constant pursuit of cutting-edge approaches. As such, we summarize our basic stance toward neighborhood creation with the following three points. The first is to integrate diverse functions and features, which involves promoting mixed use (combining applications and functions) and integrating the tangible and intangible aspects of the Group's operations. The second is to create communities, which entails connecting people who reside or gather in, or visit a particular area within that region, and the third is to work beyond the simple creation of neighborhoods to address specific needs as neighborhoods mature with age year after year through town management. By establishing a virtuous cycle that comprises these three activity goals, we strive to create new value.

Major Initiatives

Our Efforts at TOKYO MIDTOWN HIBIYA

Further details are available here.

⇒ https://www.mitsuifudosan.co.jp/english/corporate/esg_csr/special/culture.html

Our Efforts at Mitsui Fudosan Logistics Park (MFLP)

Connecting Values Together with Customers and Creating New Values Together with Customers—based on this logistics business statement formulated in 2016, Mitsui Fudosan Logistics Parks (MFLP) are committed to creating value unbounded by existing categories. To that end, the Company is pursuing a wide range of measures. MFLP locations are advanced logistics facilities delivering not only enhanced efficiency, but also diverse benefits for the surrounding community. They create job opportunities at tenant enterprises, provide consulting support for recruiting and retaining personnel, create jobs for local construction firms, and generate economic activity for businesses located near the parks and their workforce.

These logistics parks are attracting attention as mixed-use facilities offering added value that suits conditions in surrounding communities.



Exterior perspective, Mitsui Fudosan Logistics Park Funabashi

Our Efforts in the Nihonbashi Area

Further details are available here.

⇒ https://www.mitsuifudosan.co.jp/english/corporate/esg_csr/special/nihonbashi.html

Our Efforts to Eliminate Redeliveries

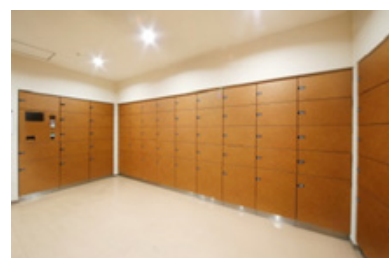
In response to the sharp increase in package delivery volume, which is becoming a social challenge, Mitsui Fudosan Residential Co., Ltd. and Fulltime System Co., Ltd. have formulated a project to improve efficiency of delivery lockers at condominiums. The measures are outlined below:

1. Expand the number of delivery lockers to meet current needs through redesign
2. Raise the turnover rate of packages being placed in and removed from lockers
3. Reduce the number of deliveries made to lockers
4. Offer a locker status check service

These four measures will be progressively introduced at selected Mitsui Fudosan Residential Co., Ltd. properties to enhance delivery locker efficiency, beginning with Park Tower Harumi, a large-scale residence completed in 2019.



Park Tower Harumi is introducing measures to enhance efficiency



Delivery lockers (concept)

Safe and Secure Neighborhood Creation

The Group aims to ensure safety and security by creating disaster-resilient neighborhoods, while working to raise awareness of disaster countermeasures through routine training, inspection, and education. We go beyond simply protecting the safety of employees, tenants, and customers, and strive to expand and improve measures for disaster preparedness in collaboration with local communities.

Disaster Countermeasures System

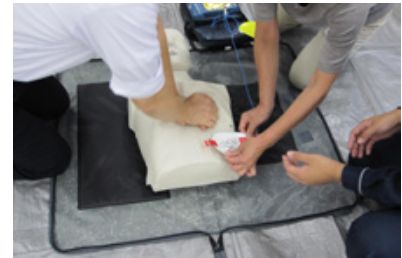
To ensure safety and security for the employees, tenant companies, and visitors to buildings and facilities managed by the Group, Mitsui Fudosan is promoting disaster countermeasure drills and lectures, and business continuity planning (BCP). To ensure the safety of our employees and tenants, we implement training based on disaster countermeasure manuals and BCPs as part of our disaster countermeasures.

The Company maintains a dedicated Disaster Countermeasure Headquarters at the Nihonbashi Muromachi Mitsui Tower (Chuo-ku, Tokyo). Power is generated with gas from a medium-pressure line, which is highly reliable in disasters. This supplies the power required by the building's BCP, even in emergencies.

In the event of a major earthquake, we have in place measures to set up an emergency headquarters that reports directly to the president. To ensure that we are better prepared to respond to any disaster, employees in the disaster center take shifts and remain on duty during weekday nights and holidays. Our disaster response system coordinates with Group companies to ascertain the safety of employees and the status of damage to properties. Employees train in lifesaving procedures using automated external defibrillators (AED). By ensuring that there are certified employees at each worksite, we are working to raise the resuscitation rate for cardiac arrest.



Disaster Countermeasure Headquarters



AED training

Disaster Countermeasures and BCP at Our Buildings

Since the Great East Japan Earthquake, tenant needs have increased for safety, security and business continuity planning (BCP). In response, Mitsui Fudosan is implementing disaster countermeasures and BCP measures in its existing and newly built buildings to improve preparedness during normal times and responsiveness during emergencies.

Main Initiatives at Mitsui Offices

● **Securing electric power to maintain key functions for 72 hours after infrastructure shut-down**

- (1) Emergency power generation equipment that can operate for 72 hours made standard in key buildings (also enabling exclusive power supply for specific areas)
- (2) Ability to maintain and quickly restore key functions (elevators, toilets, and ventilation systems, etc.) strengthened
- (3) The introduction of building damage evaluation systems expanded

● **Strengthening capacity to aid people unable to return home after a disaster**

- (1) Deployment of disaster stockpiles enhanced
 - Provision of a set amount of food and water for people unable to return home
 - Provision of one days' rations of food and water per employee to tenants free of charge
- (2) Information dissemination enhanced (digital information signage installed)

● **Establishing a permanent Crisis Management Center to act as a control center during disasters**

- (1) A permanent Crisis Management Center that enables unified information management during disasters has been established
- (2) Fully equipped with multiple emergency communication devices, including new video communication systems with dedicated channels
- (3) On-duty monitoring 24 hours a day, 365 days a year

● **Publication of disaster-related guidebooks**

A Disaster Preparedness Handbook, and a Guide to Preventing Office Fixtures from Falling or Overturning, have been issued to tenant companies to communicate the Company's disaster preparedness initiatives and the importance of measures for preventing falling and overturning of office fixtures

Nihonbashi and Toyosu Smart Energy Projects

Details about the Nihonbashi Smart Energy Project are available here.

⇒ https://www.mitsui-fudosan.co.jp/corporate/esg_csr/special/nihonbashi2.html

The Toyosu Smart Energy Project realizes a compact, independent distributed energy supply for our Toyosu area station-front facilities. In addition to Toyosu Bayside Cross Tower, a large-scale redevelopment situated across from Toyosu Station, the project will supply power and heat to the Toyosu Center Building, which will soon celebrate its 30th anniversary. The CGS* incorporated into this project will generate energy using gas supplied through welded-joint pipe, whose superior flexibility is capable of withstanding ground deformation. In addition, this large-scale CGS can provide 50% peak power levels required by the BCP in case of wide-area power outages. Moreover, the Energy Center is situated on an above-ground floor as a flood damage risk mitigation measure.

*CGS: Cogeneration System. A high total-energy efficiency system in which power and heat are generated from a heat source (municipal gas).



Mitsui Fudosan General Disaster Countermeasure Training

The Group carries out disaster countermeasure training based on its disaster countermeasure manuals and business continuity plan (BCP). In coordination with Group companies and tenants, Company-wide disaster countermeasure training for a large-scale earthquake is carried out twice a year, mainly on September 1 (Disaster Prevention Day) and March 11.



Joint general disaster countermeasures drill for tenants of Shinjuku Mitsui Building (Shinjuku-ku, Tokyo)

Disaster Countermeasures and BCP at Our Retail Facilities

At retail facilities operated by the Group, we have enhanced practical measures—such as preparing disaster manuals compatible with all facilities and publicizing customers' guided evacuation procedures as part of our initial disaster responses—and we pursue disaster countermeasure initiatives at our facilities.

Company-wide Disaster Countermeasure Training: Assembly on Foot

The Company and Mitsui Fudosan Retail Management Co., Ltd. carry out company-wide disaster countermeasure training twice a year to verify coordination between facilities in the event of a disaster.

Disaster Preparedness Program

At Tokyo Midtown Management Co., Ltd., all employees take part in practical simulation training at the Disaster Preparedness Training Center located in Tokyo Midtown (Minato-ku, Tokyo). Through the three-day, eight-hour program, the goal is to develop disaster countermeasure skills including combatting fires, administering first aid, and carrying out rescue operations.



Disaster preparedness lecture



Disaster preparedness training

Quizzes and Workshops to Promote Disaster Awareness Among Local Residents

In cooperation with local governments, fire departments, and other entities, the Company and Mitsui Fudosan Retail Management Co., Ltd. hold a series of disaster-related informational events, dubbed &EARTH Learn About Disaster Prevention!—BOSAI Stamp Rally, at retail facilities around the Tokyo metropolitan area, including LaLaports.



Survival kitchen



AED lecture

Disaster Countermeasures and BCP (MFLP, Logistics Facilities)

At Mitsui Fudosan Logistics Parks (MFLP), which are large-scale logistics facilities managed by the Company, we are engaged in the following efforts to bolster our BCP measures.

- **Seismic Isolation Structure**

Placing a layer of special rubber in a building's foundations insulates them from the ground and, in turn, minimizes damage to buildings during large earthquakes.

- **Emergency Power Generators**

We have installed emergency power generators as a backup electricity supply for lighting in common areas and office sections not only during blackouts but in cases of earthquakes and fires.

- **Vending Machines During Disasters**

We have installed vending machines set to provide free drinks during disasters.

- **Disaster Stockpiles**

We maintain disaster stockpiles at multi-tenant warehouses (sufficient for one to three days depending on the property).

- **Remote Monitoring Using Surveillance Cameras**

We have installed a surveillance camera system that enables disaster countermeasure headquarters to determine the situation on the ground.



MFLP Ibaraki



MFLP Inazawa

Disaster Countermeasures and BCP (Hotels)

To help ensure business continuity in our hotels, we have ensured that all of the elevators we operate are seismically resistant. All hotels are equipped with emergency backup generators capable of operating for approximately 24 hours, and a surveillance system connected with headquarters to monitor conditions at each site.

Disaster Countermeasures Together with the Community and Society

In addition to bolstering disaster preparedness in its buildings and facilities, the Group is working to strengthen preparedness in surrounding communities and neighborhoods. We are engaged in a wide range of activities to raise awareness of disaster preparedness among residents and those working in the area.

The Community Comes Together to Participate in Nihonbashi Hands-on Disaster Preparedness Training

With help from Tokyo's Chuo City government, the Company and Nihonbashi Muromachi Area Management carry out disaster preparedness training in the Nihonbashi Area every March in conjunction with Fire Prevention Campaign Week in the spring.



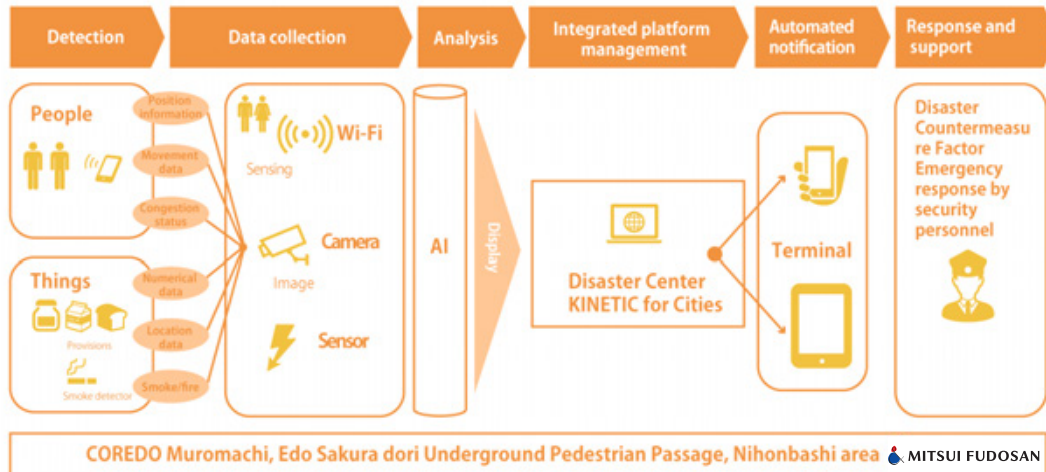
Nihonbashi Hands-on Disaster Preparedness Training

Kumamoto Earthquakes Research Report Distributed to Related Government Ministries and Agencies as Well as Universities

Since the Great Hanshin Earthquake of 1995, Mitsui Home Co., Ltd. has carried out inspections of all of its residences exposed to shaking of intensity 7 or greater. After the Kumamoto earthquakes of 2016, we sent over 1,600 people to investigate 1,263 Mitsui Home residences in the affected area, and published the findings in a research report. Of the buildings investigated, none were completely destroyed, and only 10 were slightly damaged. This result demonstrates the outstanding seismic resistance of Mitsui Home Co., Ltd.'s 2x4 design and construction methods. We distributed the report, published in February 2017, to related government ministries and agencies as well as universities, to share this earthquake-related data.

Field Testing for Enhanced Disaster Preparedness Utilizing ICT

In January 2018, the Company teamed with Cisco Systems to form a committee to enhance safety and security during disasters in the Nihonbashi Muromachi Area, and has since carried out field testing of disaster response services utilizing information and communications technology (ICT). The goal of the testing is to apply ICT when disasters occur to quickly ascertain conditions in our buildings and facilities as well as the whereabouts and safety of visitors and residents, provide optimal support in guiding people to shelters, and offer shelter to those who have been stranded due to public transport interruptions.



ICT/IoT Utilization Concept for Safe, Reliable Nihonbashi

Improving the Quality of Urban Development

The Group works diligently to ensure the quality management of its buildings as well as every other facet of its business operations, including products and services, as the foundation for providing safety, security, and comfort to its customers. We are convinced that the delivery of quality-based security, safety, and comfort is a prerequisite for realizing customer satisfaction (CS).

Each business draws up its own design guidelines, manuals, etc. on quality management and puts them into practice to ensure that quality is managed thoroughly. The guidelines, manuals, etc. are also reviewed and revised as needed to reflect customer feedback, problems that have taken place, etc. Reviews of safety-related matters are carried out from time to time as well as following a disaster.

Principal Guidelines, etc. of Each Business Area

Division	Guidelines, etc.
Office Buildings Business	<ul style="list-style-type: none"> • Office Building Design Manual (including BCP design manuals) Provides direction for planning and design by organizing and combining know-how on product planning and operational management. • Office Building Business Standard Operation Flowchart • Office Building Sign Planning Guidelines • Office Building Backyard Standards • Various Construction Quality Management Forms • CO₂ Reduction Measure Explanation Sheet
Retail Properties Business	<ul style="list-style-type: none"> • Retail Properties Design Request Form Provides direction for planning and design by organizing and combining know-how on product planning and operational management. • LaLaport Sign Planning Guidelines • Tenant Interior Design Manual • Design Criteria
Built-for-Sale Condominium Business	<ul style="list-style-type: none"> • Total Quality Project Management (TQPM)
Built-for-Sale Detached Residence Business	<ul style="list-style-type: none"> • Detached Housing Design Standards Unique design standards based on the Building Standards Act, the Japan Housing Finance Agency standards, and our abundant experience and achievements, to provide high-quality housing.
House Leasing Business	<ul style="list-style-type: none"> • PAX-M A quality management manual, compiled in fiscal 2007 and revised in March 2013, is still being used.
Custom-Built Detached Residence Business	<ul style="list-style-type: none"> • Design Standards • Product Specifications
Hotel Business	<ul style="list-style-type: none"> • TQPM Manual: Hotel Version Manual concerning the design and construction of Mitsui Garden Hotels.
Logistics Business	<ul style="list-style-type: none"> • Logistics Facilities Design Request Form • Mitsui Fudosan Logistics Parks Sign Planning Guidelines • Mitsui Fudosan Logistics Parks Facility Design Guidelines

Condominium Quality Management Process: Total Quality Project Management (TQPM)

Having the seller's responsibility to hand over the condominiums promised to its customers by the dates promised, Mitsui Fudosan Residential Co., Ltd. utilizes the TQPM System, its proprietary quality management system, to fulfill that responsibility. The system serves to confirm whether design and construction management have been undertaken in accordance with the respective roles of the designer, supervisor and builder. Mitsui Fudosan works to ensure a consistent level of quality management at all Mitsui built-for-sale condominiums. Under the TQPM System, there is compliance with design and construction standards and a design gate management process at the design stage as well as the witnessing of Key Quality Items (KQIs) and document verification at the construction stage.

Performance Evaluations by Evaluation Bodies

With the exception of certain properties, Housing Performance Indication System evaluation reports are obtained at both the design and construction stages for built-for-sale condominiums from a third party organization registered with Japan's Minister of Land, Infrastructure, Transport and Tourism as an objective evaluation of quality management. In addition, the custom-built detached residences of Mitsui Home are also constructed to perform to the high standards of the Housing Performance Indication System.

Basic Urban Development Design

The Group realizes outstanding function and quality in basic designs for neighborhood creation, while always pursuing innovation. Our aim is to create new value for the future of the people who live in these neighborhoods.

Our Efforts at Kashiwa-no-ha Smart City

The Group has positioned Kashiwa-no-ha Smart City (Kashiwa City, Chiba) as a cutting-edge model city to respond to a wide range of social challenges, including environmental challenges, a super-aging society, and economic stagnation. We are promoting the development of next-generation neighborhoods with participation from the public, private, and academic sectors.

Urban Design Center Kashiwa-no-ha (UDCK) Received Minister of Land, Infrastructure, Transport and Tourism Award

UDCK received the 6th Minister of Land, Infrastructure, Transport and Tourism Award for Urban Design Corporations (Urban Design Leader Support Category). Through public-private-academic collaboration, UDCK formulated project plans, coordinated designs, conducted post-project space management, and deployed organizations to implement these and relevant management methods to other regions. In this way, UDCK contributed to energizing projects as a whole by supporting leaders of neighborhood creation. The award recognized these contributions.



Urban Design and Management through Public-Private-Academic Collaboration Received the Ishikawa Award

The Urban Design Center Kashiwa-no-ha (UDCK) is a public-private-academic cooperative effort between Kashiwa City, Mitsui Fudosan, the University of Tokyo, and Chiba University. The center's urban design and management work was awarded the fiscal 2016 Ishikawa Award bestowed by the City Planning Institute of Japan.

Award recipients (from right: Hiroya Mimaki, Vice President, UDCK), Atsushi Deguchi (President, UDCK), Hiroyasu Akiyama (Mayor of Kashiwa City), Takeshi Ueno (Vice President, UDCK), Yoshikazu Kitahara (Executive Vice President, Mitsui Fudosan Co., Ltd.)



Our Efforts at Mitsui Fudosan Residential

Mitsui Fudosan Residential Co., Ltd.'s built-for-sale condominiums Park Court Aoyama The Tower and Park Court Akasaka Hinokicho The Tower received the Japan Institute of Design Promotion's Good Design award in fiscal 2018. This was the 19th consecutive year that Mitsui Fudosan Residential Co., Ltd. has received this award.



Model room

Our Efforts at Nihonbashi

The Nihonbashi Revitalization Plan for Preserving and Revitalizing Heritage while Creating the Future

Nihonbashi (Chuo-ku, Tokyo) has flourished as a center of commerce and culture since the Edo period. The Group's over three-hundred year history is closely associated with this area. To express our love and appreciation for Nihonbashi, we have begun the Nihonbashi Revitalization Plan with the concept of creating while retaining and reviving , to stimulate the area and make it even more attractive. We are collaborating with government, private enterprise, and local residents to create a new neighborhood that combines tradition and renewal.

Fukutoku Garden was established as a spacious plaza covering more than a thousand square meters among the buildings of Nihonbashi that are undergoing redevelopment. It is a restful spot which utilizes the nature of Japan to reproduce the history and tradition the area has fostered. The greenery surrounding the adjacent Fukutoku Shrine and its approach enables visitors to enjoy the beauty of the four seasons.



Fukutoku Garden

Creating Neighborhoods by Creating Roads in Nihonbashi

Nihonbashi in Tokyo flourished as the starting point of the five major highways leading to other parts of Japan. The Company is following a policy of Building Neighborhoods by Building Roads to avoid unplanned redevelopment in this area and ensure coexistence with the culture and tradition that is a product of Nihonbashi, with its historic buildings. As a first step, we are preserving the appearance of the area by unifying the height of the lower floors of buildings along Nihonbashi's iconic main street at 31 meters. Furthermore, by developing facilities and creating green spaces suited to the characteristics of the streets that have been loved in the area from the distant past, we are creating spaces for people to gather and enjoy themselves. Edo was known for its extensive network of canals, and by restoring some of this network as well, we are using the creation of roads as a point of departure to create the Nihonbashi of the future.



Nihonbashi, Chuo-dori (main street)

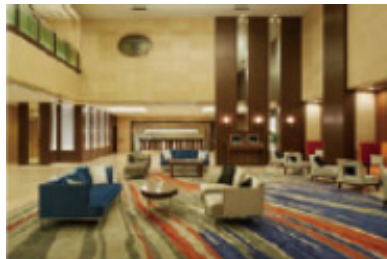
Hotel-related Initiatives

In renovation of the Mitsui Garden Hotels managed by the Group, our designs incorporate the special characteristics of the locality.

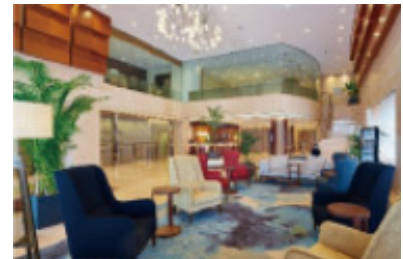
For Mitsui Garden Hotel Kyoto Sanjo (Nakagyo-ku, Kyoto City), we selected a scarlet hue, highly prized since ancient times, as the hotel's interior theme color. The renovated design is a fusion of traditional Japanese character with an exotic atmosphere that international travelers will appreciate. The inner garden is replete with Japanese atmosphere and the colors of the changing seasons, while printed silk wall art conveys the flavor of Kyoto, transforming the hotel into a place of refuge for the heart. For the renovation of Mitsui Garden Hotel Hiroshima (Naka-ku, Hiroshima City), the fresh breeze from the Inland Sea and the local specialty, oysters, were used as a design motif throughout the hotel, creating a characteristic Hiroshima interior atmosphere. At Mitsui Garden Hotel Kumamoto (Chuo-ku, Kumamoto), the design incorporates the rich natural environment and culture of Kumamoto, and guest room layouts were modified to create even more functional, comfortable spaces. Guest rooms have a Land of Fire or Land of Water motif, and for families, there are the popular guest rooms with a Kumamon (the mascot of Kumamoto) motif. Lobby and restaurant furniture and fabrics were completely renewed, with artwork with motifs of temari balls, a traditional craft product of Kumamoto, as well as other folk craft toys.



Mitsui Garden Hotel Kyoto Sanjo Lobby

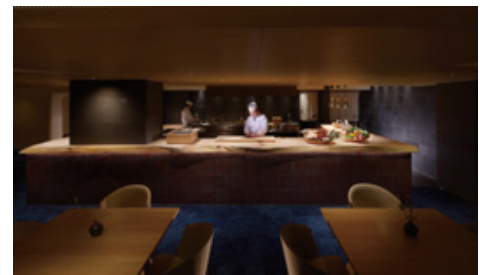


Mitsui Garden Hotel Hiroshima Lobby



Mitsui Garden Hotel Kumamoto Lobby

Local wood products and ceramic materials from Mie Prefecture were used in renovation of Mondo Misaki, the Japanese restaurant of the TOBA HOTEL INTERNATIONAL (Toba City, Mie). With the help of expert craftsmen from the prefecture, the interior design incorporates traditional Japanese techniques. Tiles are traditional Mie banko ware, the single-plank counter was fashioned from an Ise cypress over 300 years old, and interior fittings include traditional Japanese woodwork decorations.



Single-plank Ise cypress counter

Housing-related Initiatives

Barrier-free Temperature and Humidity Equipment Project by Mitsui Home

Mitsui Home's endeavor to make temperature and humidity equipment barrier-free was selected as a fiscal 2017 Leading Project for Sustainable Homes by the Ministry of Land, Infrastructure, Transport and Tourism. Seeking to make home life more healthy, secure, and convenient, the system combines duct-type air conditioning systems and IoT technology to suppress indoor dust and thereby reduce cleaning frequency. The project also enables users to do such things as remotely fill their bathtubs. In this way, the burden and time spent on housework is lessened.

Mute 45-50: Mitsui Home's High Sound-Insulating Floor System

Mitsui Home's highly sound-insulating floor system Mute 45-50 received an award in the Designs Contributing to the Safety and Security of Children category at the 11th Kids Design Awards. The system boasts excellent floor sound insulation and shock absorbing performance—at the highest level in the housing industry—which allows families rearing children to live freely, without worrying about sounds being transmitted to lower floors. Due to its outstanding shock absorbing performance, Mute 45-50 can also be used outside homes in nurseries, kindergartens, and medical facilities to reduce impact on the body and improve safety in case of falls.



Housing complex incorporating Mute 45-50

City Redevelopment Projects

The Group aims to realize the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society. Furthermore, our stance toward neighborhood creation encompasses the following three activity goals.

- Integration of diverse functions and features by promoting mixed use (combining applications and functions) and integrating the tangible and intangible aspects of the Group's operations.
- Creation of communities by connecting regions with the people who reside, gather in, or visit the area.
- Working beyond the simple creation of neighborhoods to address, through town management, specific needs as neighborhoods mature with age year after year.

In office buildings and all other developments, we take into account access to public transport. With locations near transport hubs, we offer convenience and safety, and also promote environmentally friendly use of public transportation at retail facilities, hotels, and other places where many people gather, to contribute to the reduction of CO₂ emissions. Moreover, in all development, we evaluate accessibility for people with disabilities, take measures within the scope stipulated by laws and regulations, and in some cases make additional efforts.

Main Redevelopment Projects

Tokyo Nihonbashi Area

In collaboration with the local community, the Group strives to energize the Nihonbashi area by strengthening its function as a life science hub, while making use of the history and culture passed down from the Edo period in neighborhood creation and events.

Further details can be found at the following URL.

⇒ https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/special/nihonbashi.html

Kashiwa-no-ha Smart City

The Group has positioned Kashiwa-no-ha Smart City (Kashiwa City, Chiba) as a cutting-edge model city to respond to a wide range of social challenges, including environmental challenges, a super-aging society, and economic stagnation. We are promoting the development of next-generation neighborhoods with participation from the public, private, industrial, and academic sectors.

Further details can be found at the following URL.

⇒ https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/special/smart.html

TOKYO MIDTOWN HIBIYA

TOKYO MIDTOWN HIBIYA (Minato-ku, Tokyo), which opened on March 29, 2018, aims to create new future-oriented experiences and value while carrying on the history and tradition of Hibiya, which first developed as a setting for social interaction and relaxation in the Meiji era, and played a major role in the modernization of Japan.

Further details can be found at the following URL.

⇒ https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/special/culture.html

Create New Industries Through Open Innovation



Policy

In order to resolve social issues and create new value, the Group is working to promote innovation and create new industries by collaborating and cooperating with a variety of government bodies and companies inside and outside the Group.

Creating New Value and Markets

Innovation Hubs: Organizations and Structures to Promote Business Innovation

Against the backdrop of rapid changes in the business environment, companies face a need to transform their management and their business models through IT technology and digital transformation. Mitsui Fudosan is working to create new industries under a structure to create innovation within and outside the Group, through collaboration that leverages the strengths of five organizations: the Industry-Academia Collaboration Department (established in 2020), DX Division (established in 2020), Business Innovation Planning Department (established in 2020), Venture Co-creation Department (established in 2015), and Life Science Innovation Department (established in 2017).

In-House Hub Organizations That Support Innovation

DX Division

We strengthened the IT Innovation Division and are promoting digital transformation, including transformation of existing businesses, system enhancement, new business support, and better use of data, through the latest digital technology and support from digital experts. Because of our active efforts to promote DX, we were designated as a Competitive IT Strategy Company Stock in 2019 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



Industry-Academia Collaboration Department

At the Mitsui Fudosan Tokyo University Lab established with The University of Tokyo, we engage in research and proposals related to the next generation of cities. We also work to create new industries in collaboration with venture companies from The University of Tokyo.

Business Innovation Planning Department

This department engages in new business development with a focus on the real estate tech domain. It also promotes the creation of new businesses through its MAGiC business proposal system, which solicits a wide range of business ideas from throughout the company.

Life Science Innovation Department

This department constructs ecosystems in the field of life science by building communities, developing opportunities, and providing funds to support the creation of innovation. The Life Science Innovation Business Division is also building LINK-J, a platform for bringing together humans and sharing information for professionals in the field of life science.



Venture Co-creation Department

This department engages in startup investment, promotion of collaboration, ecosystem restoration, and support for intrapreneur training in large companies, with the aim of creating new industries through open innovation. The Venture Co-creation Department is deploying 31VENTURES, which provides comprehensive backing for startup growth centered on community, support, and funding, by utilizing the Group's wide-ranging domestic and international business domains. We also launched BASE Q, a nexus for business creation, in TOKYO MIDTOWN HIBIYA. As a place where people seeking to create new value and address social challenges can gather to create new businesses, BASE Q offers a diverse range of facilities and events where advanced technologies and innovative ideas intersect.



A Framework for Using Digital to Promote the Creation of New Industries The MAG!C Business Proposal System

To activate Mitsui's spirit of entrepreneurship and its DNA of sparking innovation while promoting the creation of new businesses by drawing out the ideas of individual employees, we enhanced our business proposal system in terms of budget, personnel, and incentives to create MAG!C. This system launched in fiscal 2018, and received 80 entries in its first year. In fiscal 2019, we expanded its scope to encompass Group companies and received 147 entries, significantly more than in the initial year, and in fiscal 2020, GREENCOLLAR Inc. was launched as the first internal startup company to result from this system. GREENCOLLAR produces and markets fresh grapes in Japan and New Zealand.

“Tanren-juku” Business Incubation Training Program

Under mentoring by multiple outside partners, this incubation program provides powerful support for the development and commercialization of business seeds that have passed the final screening of the MAG!C business proposal system.

WARP Studio Open Innovation Hub

In the Yaesu area of Chuo-ku, Tokyo, we established the WARP Studio open laboratory under the concept of accelerating creative ideas by getting away from the head office. The studio is used by several different project teams, including those of new business projects created under the MAG!C business proposal system and DX projects that combine Group companies and partner venture companies. Here we work to create an open and creative atmosphere and to accelerate innovation, allowing mixed internal and external teams to function effectively.



WARP Studio open innovation hub

Governance



Compliance

Basic Policy

In accordance with the Mitsui Fudosan Group Compliance Policies, 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.

Mitsui Fudosan Group Compliance Policy (established April 28, 2005; revised August 1, 2018)

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, race, creed, gender, age, disability, sexual orientation, or gender identity (i.e., LGBT).

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?

Compliance Structure

The officer in charge of general administration assumes overall responsibility for compliance, receiving reports from the Compliance Management Department and others. Matters deemed to be of particular importance are reported to or submitted for review by the Board of Directors or the Executive Management Committee. Said officer is also responsible for formulating a compliance-related action plan each fiscal year, including the enactment, revision or repeal of company rules; training in such areas as laws and regulations as well as company rules; and the monitoring of, and issuance of reports regarding, compliance with same. Said officer is also responsible for overseeing compliance activities based on this plan. Group companies are required to formulate and implement compliance promotion plans, and these are reported upon by the officer in charge of general administration and verified by the Company at fiscal year end.

Compliance Training

Mitsui Fudosan provides compliance training to new employees, newly appointed executive managers and directors, including officers, with the aim of improving compliance awareness. It also implements e-learning-based training for all corporate officers.

Main Training and Awareness-Raising Initiatives (Company)

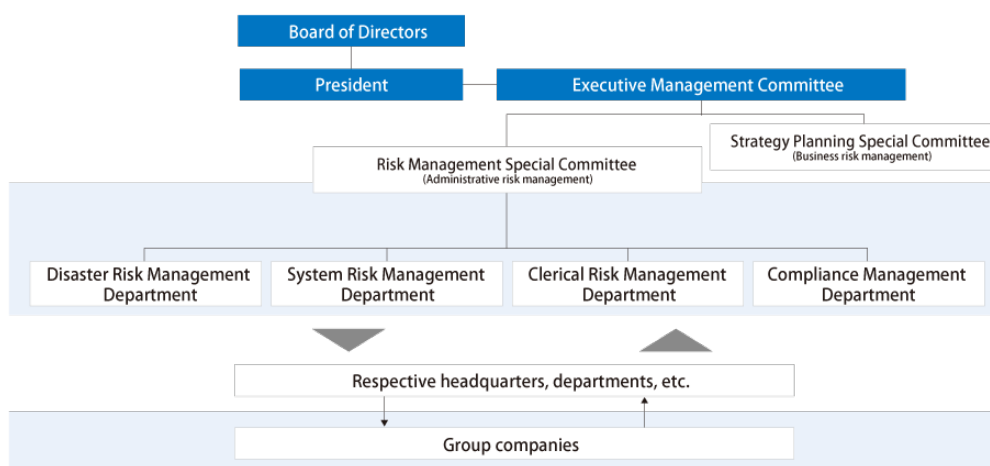
	Initiative	Target	Content
Internal training	New employee training	New employees	(April) *Implemented at the beginning of every month for dispatch and contract employees
	Newly appointed executive manager training	Newly appointed executive managers	Study sessions on preventing bribery, restrictions on dealing with Antisocial Forces, information security, preventing insider trading, etc. (March)
	Officer compliance training	Directors, executive managing officers, full-time corporate auditors, etc.	(September)
	Overseas compliance training	Overseas Business Division, employees assigned to overseas subsidiaries	Explanation of compliance violation case studies including cases involving overseas companies, education regarding the importance of preventing bribery, etc. (December)
	Training for local staff at overseas subsidiaries	Local staff at overseas subsidiaries	Training on bribery prevention, personal information protection, and on the internal whistle-blower system, etc. (October, February)
	Companywide compliance training (e-learning)	All staff, including managing officers	(June, November)
Awareness-Raising Initiatives	Internal bulletins	All directors and employees	Mitsui Fudosan Group Compliance Policies shared through internal bulletins and handbooks
	Compliance news	All employees	Information issued on such topics as eliminating contacts with Antisocial Forces, awareness of the dangers posed by ransomware, and others requiring the exercise of caution during the course of business (April, July, October, February)

Risk Management

Risk Management System

Under the Executive Management Committee, which supervises overall risk management for the Group, the Strategy Planning Special Committee and the Risk Management Special Committee manage business risk and administrative risk respectively.

The Managing Director acts as the person in charge of legal affairs and compliance, the Chief Risk Officer, the Chief Legal Affairs Officer, and the Chief Officer for Compliance, and he belongs to the Board of Directors and Risk Management Special Committee, and periodically reports on risk management to the Board of Directors.



Major Risks

Business risk

- Economic environment risk
- Interest rate risk
- Funds procurement risk
- Real estate business competition risk
- Real estate development risk
- Lease income risk
- International business risk
- Competitor risk
- Asset valuation risk
- Cost of revenue from operations risk
- Climate change transition and physical risk
- Natural and man-made disaster risk
- Environmental risk
- Pandemic risk

Administrative risk

- Legal compliance risk
- Legal and policy change risk
- Litigation and conflict risk
- Conflict of interest risk
- Internal controls and accounting risk
- Cybersecurity risk

Supervision on Code of Conduct and ESG Risks

The Board of Directors also monitors the conduct of the Company's business activities as well as environmental, social, and governance (ESG) risk.

Response to climate-related issues

The Company examines, annually in principle; whenever there are significant changes in regulations, the legal system, technology, or market trends; and whether or not there have been significant changes to risks specified in business plans, or any short-term risks that must be dealt with. As an example relating to an existing regulation, we have determined that the possibility of the scope of greenhouse gases set forth in the Tokyo Metropolitan Environmental Security Ordinance being expanded, and/or of rules relating to permitted emission levels being tightened, represent an important risk. In another example, effective from April 2017, only large-scale structures of 2,000 m² and larger have been required to meet the energy efficiency standards set forth in the Building Energy Efficiency Act. However, we assume that these standards will be raised to be commensurate with those in the EU at some point in the future, and we are monitoring this closely. In yet another example, we have considered the degree of impact that climate change may have on our overall business activities, and we recognize that the amount of CO₂ emissions we generate in the course of our activities is a priority issue. Since electric power-related emissions account for the largest proportion of total CO₂ emissions, we are a member of the RE100 initiative, among other efforts.

Strategy Planning Special Committee

The goal of the Strategy Planning Special Committee is to manage business risk by reviewing management plans and specific management issues, and managing the execution of responses to such issues.

The Strategy Planning Special Committee provides the following functions for Mitsui Fudosan and the Mitsui Fudosan Group.

1. Formulation and review of Group strategies
2. Medium- to long-term business planning and fiscal-year planning, prior review, and coordination
3. Review of policy responses to specific management issues, and promotion and management of such policies
4. Planning, proposal formulation, and review of organizational structures, staffing, etc.
5. Supervision of business risk management for Mitsui Fudosan and the Mitsui Fudosan Group
6. Review of other important matters

Risk Management Special Committee

To manage business risk, the Risk Management Special Committee formulates risk management policies and plans, identifies and assesses risks, formulates response measures, and issues instructions.

The Risk Management Special Committee implements a PDCA cycle to comprehensively manage administrative risk, and it also precisely engages in preventative risk management while standing at the ready to respond in a crisis. When a compliance violation occurs, the Compliance Committee orders an investigation and response, and monitors the situation.

The Risk Management Special Committee fulfills the following functions for Mitsui Fudosan and its Group companies.

1. Formulating risk management policies and plans
2. Improving risk management-related organizations, and clarifying roles and responsibilities
3. Understanding and assessing risks that require management, formulating response measures, and issuing instruction
4. Understanding and assessing the status of risk management, formulating improvement measures, and issuing instruction
5. Deliberating response measures and issuing instruction in cases of business risk arising from emergency incidents, accidents, etc.

In fiscal 2019, the Risk Management Special Committee met, in principle, on a once a month basis, to identify and grasp risk issues, and then evaluate and propose preventative and response measures. As necessary, the committee conveyed information to the Mitsui Fudosan Group.

Main Agenda Items of the Risk Management Special Committee

Report on condition of risk (incidents, accidents, etc.)

Report on legal issues and compliance

Plan and report on J-SOX compliance

Plan and report on protection of personal information

Inspect and report on information systems security

Response to Compliance Violations

When the Compliance Management Department determines that a particular matter involves a compliance problem, it conducts an investigation in collaboration with the relevant Company department. If necessary, appropriate action is taken with respect to the individuals who are out of compliance, as well as those individuals' departments, after deliberation by the Risk Management Special Committee.

Establishment of an Internal Consultation Service

The Company has established internal contact points for consultation. These can be used by regular employees, and anyone engaged in work for our company based on an individual labor contract (contract employee), temporary transfer agreement, worker dispatch contract, part-time contract, or other agreement. Two contact points, internal and external, have been established, and workers can consult with either. The external contact point is provided at a law office, and it accepts consultations from a neutral standpoint,*1 notifies the Company of the consultation content, and encourages a response.

Topics for consultation include: wrongful conduct violating laws, regulations, internal rules, general social norms, or corporate ethics, sexual harassment, abuse of power, other forms of harassment, employment problems, and issues with the workplace environment.*2 The privacy of those who engage in consultation is protected, and there is never any retaliatory action or disadvantageous treatment due to such consultations in terms of personnel decisions. Consultations can be conducted under a real name, or anonymously.*3

*1: Representatives of the law office cannot provide legal opinions as lawyers, or take a stance protecting the consulting person.

*2: Simple expressions of opinion, dissatisfaction with personnel decisions, defamation of others, and similar issues cannot be the subject of consultation.

*3: To achieve early discovery and response to compliance problems—the original purpose of the system—the consulting employee's standpoint and other information are confirmed even in the case of an anonymous consultation.

No. of Compliance Violations

Fiscal 2019

· Cases handled by Risk Management Special Committee: 14 violations

Our Commitment to Auditors

Mitsui Fudosan has established the Compensation Advisory Committee and the Nomination Advisory Committee to enhance transparency of the nomination process for corporate auditors. To ensure appropriate operation of the auditing function, we rotate our auditors in an appropriate way.

The Audit Department periodically conducts audits to review observance with the Code of Conduct and Code of Ethics, and identify any compliance violations.

Complying with the Antimonopoly Act

The Group closely monitors its purchases from vendors for conformance with its Group Compliance Policies, and makes efforts to strictly comply with the Antimonopoly Act.

The Company will comply with all relevant laws, such as the Antimonopoly Act, and will avoid any conduct that could result in unfair transactions or unjust competition. We will engage with business connections sincerely as an equal partner and handle the procurement of goods and services based on fair standards.

Responding to Antisocial Forces

The Mitsui Fudosan Group Compliance Policies states, "We shall take an uncompromising stance toward antisocial organizations, and reject any relationship whatsoever," and we ensure that all employees are aware of this policy.

The Company strictly forbids any kind of connection to organized crime and as a company, takes a firm stance in dealing with such groups. Each division of the Company also investigates and confirms that a transaction partner is not involved in organized crime before the transaction begins. Should the unlikely situation occur that forces the Company to face unwarranted demands or violent behavior from such organizations, it will contact the relevant police department and take any other action necessary, including legal measures.

Information Security Management System

The Company appoints the chairperson of the Risk Management Special Committee as a general director of information security management. Under the general director's supervision, a chief administrator, manager, group leader and other leadership are assigned at each organizational level to manage information security risk.

Personal Information Protection Initiatives

To appropriately utilize and manage personal information, in line with the Information Security Management System, the Group implements and manages its Personal Information Protection Policy in accordance with applicable laws and regulations.

Moreover, we strive to reinforce the system and cultivate awareness through the following efforts.

- Formulation and application of Guidelines for Personal Information Protection
- Training through e-learning
- Formulation of personal information protection plan
- Thorough management of subcontractors
- Enhancing personal information protection by Group companies

Tax Transparency

Policy

Based on its compliance policies, the Group acts in strict compliance with all applicable international tax laws. Further, it conforms to the guidelines and standards, etc., laid forth by international organizations regarding taxation and conducts fair and highly transparent corporate activities.

Compliance with Tax Laws

The Group conducts its corporate activities in strict compliance with all applicable tax laws, as well as guidelines from international organizations such as the OECD, the EU, the UN, etc. Furthermore, it pays all prescribed taxes by their designated due dates in accordance with their country of origin.

Minimizing Tax Risks

In the interests of providing the best returns to its shareholders, the Group aims to obey any changes in international tax regulations and administration appropriately in order to minimize tax risks.

Transfer Pricing

With regard to dealings among its international partners, the Group will take into consideration the arm's length price and appropriately distribute earnings based on the degree to which each party contributed, as well as on analysis of the functions, assets, and risks of the relevant subsidiary and country.

Eliminating Double Taxation

In order to avoid tax on the same economic gains being applied across numerous countries, the Group will adhere to the tax treaties of those countries in which it is conducting its business.

Securing Transparency

The Group will disclose its policies regarding taxes, and take care to provide easy-to-understand explanations and maintain a high level of transparency for each respective country's taxation authorities.

Relationships with Taxation Authorities

The Group will obey each respective country's tax administration and tax collection procedures. Further, it will maintain healthy and normal relations with relevant taxation authorities, and will not offer any inappropriate benefits or provisions.

Organizational Structure

The Group will not utilize tax havens for the purpose of tax avoidance, nor will it adopt an organizational structure that is not in line with its business goals or actual conditions in order to avoid taxes.

Tax Payments by Country

The Group's tax payments by country for FY2019 are as follows.

Tax Payments by Country

Country	Amount (million yen)
Japan	32,647
US	932
Luxembourg	860
UK	768
Thailand	551
Malaysia	193
Taiwan	189
Canada	97
Singapore	56
Philippines	51
China	43
Total	36,387



Policy to Prevent Bribery and Corruption

The Group positions compliance as a management issue of the highest priority, and makes concerted efforts to maintain and improve its compliance structure. The Mitsui Fudosan Group Compliance Policies sets forth the relevant compliance definitions and conduct guidelines, and the detailed rules in the Compliance Manual outline conduct guidelines in areas such as eliminating organized crime, preventing money laundering, eliminating unfair transactions, preventing insider trading, prohibiting gifts and entertainment, and forbidding contributions to politicians and political organizations. In this way, we make consistent efforts to ensure compliance and prevent bribery and corruption.

Mitsui Fudosan Group Compliance Policy (Excerpt)

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.
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⇒ To P93 Mitsui Fudosan Group Compliance Policy

Enhanced Compliance

The employee handbook includes a clear description of Group Compliance Policies. We also strengthen compliance and ensure broad dissemination of information by issuing Compliance news to all employees when appropriate. This news covers topics specified in the Compliance Manual (based on the Mitsui Fudosan Group Compliance Policy) such as eliminating organized crime, preventing money laundering, eliminating unfair transactions (abuse of superior bargaining position), preventing insider trading, prohibiting gifts and entertainment, and duty of confidentiality regarding company information.



Group Compliance Policies recorded in an employee handbook

Prohibiting Bribery and Handling of Gifts and Entertainment

Mitsui Fudosan has prohibited the illicit provision of benefits to public officials and other individuals in similar positions. Also, in dealings with business connections and affiliates, etc., a rule has been established preventing the giving or receiving of excessive gifts, entertainment, and the like. Also, the Company has established a structure and rules to be followed to prevent bribery and has formulated and is implementing Regulations for Preventing Bribery with the aim of preventing such conduct before it occurs.

Our Efforts at Preventing Corruption

- The Company uses e-learning to train employees in corruption prevention and other issues. This training covers issues set forth in our Compliance Manual such as eliminating organized crime, preventing money laundering, eliminating unfair transactions (abuse of superior bargaining position), preventing insider trading, and prohibiting gifts and entertainment.
- We work to prevent corruption by providing the internal whistleblower system.
- We assess corruption risk and endeavor to control it when selecting new domestic and international business partners and entering new regions and business areas. We ask our prospective business partners to fill out a basic check sheet and a compliance check sheet, and also have our legal compliance department confirm the absence of any violations. In this way, we carry out a comprehensive examination in areas such as eliminating organized crime, preventing money laundering, eliminating unfair transactions, preventing insider trading, prohibiting gifts and entertainment, and forbidding contribution to politicians and political organizations.
- Businesses deemed to be at high risk of corruption are monitored closely by the Executive Management Committee and the Strategy Planning Special Committee, and they decide on an appropriate response in each case.
- The Board of Directors closely monitors the Corruption Prevention Policy. The Risk Management Special Committee supervises such areas as eliminating organized crime, preventing money laundering, eliminating unfair transactions, preventing insider trading, prohibiting gifts and entertainment, and forbidding contribution to politicians and political organizations, and regularly reports to the Board of Directors.

Political Donations

Mitsui Fudosan does not provide donations for political activities to any parties other than official political parties and political fund-raising organizations. Furthermore, support for activities by political organizations is conducted appropriately in accordance with the Political Funds Control Law, laws and regulations connected to the Public Offices Election Law, and other relevant laws and regulations.

Fiscal 2015–2019

- One donation each year, to The People's Political Association. Amount: ¥20 million

Related Fines, Surcharges, and Arbitrations

There were no major instances of legal non-compliance with our bribery prevention rules in 2019. As such, no fines, surcharges, or arbitration payments were made.

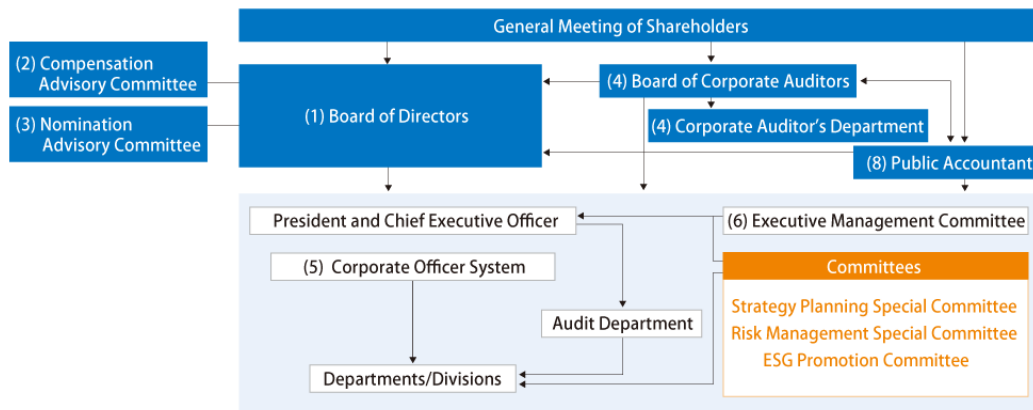
Corporate Governance System

The 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.

Mitsui Fudosan has both a Board of Directors and a Board of Corporate Auditors. To ensure transparency with respect to director compensation and appointments of directors and auditors, we maintain a Compensation Advisory Committee and a Nomination Advisory Committee. In addition, we have adopted a corporate officer system to enhance the soundness and efficiency of management by separating and strengthening management and executive functions. Mitsui Fudosan also invites and appoints outside directors in order to strengthen the oversight functions of the directors and enhance management transparency.

In addition, auditors conduct audits in a bid to evaluate the status of business execution by directors while coordinating with the Corporate Auditor's Department, which serves as the internal audit department of the Company, as well as certified public accountants. Moreover, steps have been taken to put in place the Mitsui Fudosan Group Compliance Policy as well as a structure that will ensure that Group directors and employees engage in business activities in an appropriate manner.

Corporate Governance Structure



(1) Board of Directors

The Board of Directors is headed by Chairman of the Board and Chief Executive Officer (Representative) Hiromichi Iwasa, and consists of eight internal directors (Hiromichi Iwasa, Masanobu Komoda, Yoshikazu Kitahara, Kiyotaka Fujibayashi, Yasuo Onozawa, Takashi Yamamoto, Takashi Ueda, and Wataru Hamamoto) and four outside directors (Masako Egawa, Masafumi Nogimori, Tsunehiro Nakayama, and Shinichiro Ito) and makes decisions on material issues of Mitsui Fudosan and monitors the business execution status of directors. In addition, under Article 373 (1) of the Companies Act, Mitsui Fudosan has designated a special managing director who may pass judgment on the urgent acquisition of assets via bidding, etc., when so empowered by the Board of Directors under Article 362 (4) of the Companies Act. The corporate auditors also attend meetings of the Board of Directors and provide opinions as necessary.

Eleven Board of Directors meetings were held between June 26, 2019, and May 22, 2020, and each director achieved an attendance rate of over 90%.

Number of Directors and Auditors (as of June 30, 2020)	
Directors	12
Independent outside directors	4
Female directors	1
Auditors	5
Independent outside auditors	3

(2) Compensation Advisory Committee

The Compensation Advisory Committee, headed by President and Chief Executive Officer Masanobu Komoda, comprises one internal director (Yasuo Onozawa) and four outside directors (Masako Egawa, Masafumi Nogimori, Tsunehiro Nakayama, and Shinichiro Ito), for a total of six directors, and meets on matters pertaining to the compensation of managing directors.

(3) Nomination Advisory Committee

The Nomination Advisory Committee, headed by President and Chief Executive Officer Masanobu Komoda, comprises one internal director (Yasuo Onozawa) and four outside directors (Masako Egawa, Masafumi Nogimori, Tsunehiro Nakayama, and Shinichiro Ito), for a total of six directors, and meets on matters pertaining to the nomination of managing directors and corporate auditors.

(4) Board of Corporate Auditors/Corporate Auditor's Department

The Board of Corporate Auditors, headed by senior corporate auditor Masatoshi Sato, comprises two internal auditors (Masatoshi Sato and Hiroyuki Ishigami) and three outside auditors (Yoshitaka Kato, Yasushi Manago, and Yukimi Ozeki), for a total of five auditors, and formulates auditing policies and determines assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments. Note that the Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and there are two dedicated employees.

(5) Corporate Officer System

Mitsui Fudosan has introduced a corporate officer system with the aim of creating a business execution framework that best suits its operating environment and activities. By promoting the separation and reinforcement of the management and executive functions, a role that was previously undertaken by company directors, the system enhances management soundness and efficiency. In addition, seeking to further reinforce the management of the Mitsui Fudosan Group, we have expanded the range of managers across the Group and introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

(6) Executive Management Committee

The Executive Management Committee, consisting of executive corporate officers, has been formed to deliberate and report on important matters related to business execution and supervises internal control and risk management. Full-time corporate auditors also attend meetings to stay informed of important decision-making processes and the status of business execution, and provide opinions as necessary.

(7) Financial Auditing

Mitsui Fudosan has concluded an auditing contract with KPMG AZSA LLC as its certified public accountant, which conducts audits. There is no shared interest between the auditor and the Company, nor between employees conducting operations for the auditor and the Company.

Strategy Planning Special Committee

Formulates and deliberates Group strategy and management plans and supervises risk management, with the goal of discussing and managing the execution of those plans and other specific management issues.

Risk Management Special Committee

Manages business risk by formulating risk management policies and plans; tracking, evaluating and formulating responses to risk issues; issuing instructions, etc.

ESG Promotion Committee

Formulates ideas and policies, sets goals, creates activity plans, manages progress and evaluates results in order to promote action that contributes to ESG activities and the achievement of the SDGs.

Board of Director Decisions and Reports

The following matters shall be resolved by or reported to the Mitsui Fudosan Board of Directors as stipulated by laws and regulations, the Company's Articles of Incorporation, and company rules such as those regarding the Board of Directors.

- (1) Matters related to shareholders' meetings
- (2) Matters related to directors
 - Preliminary selection of director candidates
 - The appointment and dismissal of representative directors
 - The appointment and dismissal of executive directors
 - Compensation and bonuses for directors
 - Other important matters
- (3) Matters related to the Company's structure
- (4) Important matters related to compliance, etc.
 - Formulating a compliance promotion plan for the fiscal year
 - Reporting on the results of compliance promotion activities implemented during the fiscal year
 - Formulating an audit plan for the fiscal year
 - Reporting on audit activities implemented during the fiscal year
 - Evaluating internal controls concerning financial reporting during the fiscal year and formulating audit-related policy (J-SOX activities)
- (5) Important matters related to personnel
 - The appointment and dismissal of corporate officers and executive corporate officers
 - The appointment and dismissal of key employees
 - Compensation and bonuses for corporate officers, etc.
- (6) Important matters related to finance and assets
- (7) Other matters that are especially important in regard to managing the Company or executing duties

Internal control

The Group has set up and manages an internal control system that conforms to the Companies Act. Mitsui Fudosan endeavors 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 formulated the following basic policy and maintains its proper operation.

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.

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 also maintains a Risk Management Special Committee and 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 inside and outside the Company.

Further, based on Internal Audit Rules, the Internal Audit Department monitors 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 Policy. 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 Control System, of each Group company are also reported to the Company's corporate auditors as appropriate via the Risk Management Special Committee or the department concerned. Rules regarding each Group company's Internal Control 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.

Internal Auditing System

The Audit Department verifies the effectiveness of risk management and internal control systems from the perspective of the entire Group. At the same time, the Department puts in place audit activity plans in order to evaluate and improve risk management and internal control systems, and undertakes internal audits following authorization by the Board of Directors. Results of the internal audits are reported to the officers in charge with feedback directed to the appropriate departments. Thereafter, follow-up activities are undertaken to assess the status of improvement progress. Moreover, details of audit activities are reported every six months to the Executive Management Committee, Board of Directors, and Board of Corporate Auditors. Every effort is made to share information and coordinate with auditors. Based on Japan's Financial Instruments and Exchange Law, Mitsui Fudosan evaluates the status of internal control relating to the current Group financial report at the end of each period. An Internal Control Report is then submitted and disclosed publicly. Results of the most recent Internal Control Report have been audited by KPMG AZSA LLC and deemed as appropriate.

Reasons for Selecting Outside Directors and Their Attendance

Mitsui Fudosan appoints its outside directors with the expectation that they will contribute their extensive experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the audit function of the Board of Directors and ensuring transparency.

The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the directors in the performance of their duties, based on their expert knowledge and extensive experience. Note that, in line with Tokyo Stock Exchange requirements for judging the independence of independent officers, the Company uses the following standards for judging said independence: whether there is a risk of conflicts of interest with any of the Company's general shareholders; whether any special interests exist with the Company; and whether in working to enhance the soundness and transparency of the Company's management, the individual is capable of making objective, fair and impartial judgments.

Reason for Selection as Outside Directors and Corporate Auditors

Name	Reason for Appointment	Fiscal 2019 Attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings
Managing Director Masako Egawa	As a current outside director of the Company, Masako Egawa has properly fulfilled her duty of strengthening supervisory functions and ensuring the transparency of the Board of Directors. The Company has reappointed her as an outside director and independent officer in the expectation that she will make further contributions in this role, in addition to the fact that there are no concerns regarding conflict of interest with general shareholders.	11/12
Managing Director Masafumi Nogimori	As a current outside director of the Company, Masafumi Nogimori has properly fulfilled his duty of strengthening supervisory functions and ensuring the transparency of the Board of Directors. The Company has reappointed him as an outside director and independent officer in the expectation that he will make further contributions in this role, in addition to the fact that there are no concerns regarding conflict of interest with general shareholders.	12/12
Managing Director Tsunehiro Nakayama	The Company has appointed Tsunehiro Nakayama as an outside director and independent officer in the expectation that he will use his wealth of experience as a manager and wide-ranging views to contribute various opinions that will strengthen supervisory functions and ensure transparency of the Board of Directors. There are also no concerns regarding conflict of interest with general shareholders.	10/10
Managing Director Shinichiro Ito	The Company has appointed Shinichiro Ito as an outside director and independent officer in the expectation that he will use his wealth of experience as a manager and wide-ranging views to contribute various opinions that will strengthen supervisory functions and ensure transparency of the Board of Directors. There are also no concerns regarding conflict of interest with general shareholders.	9/10
Corporate Auditor Yoshitaka Kato	As a current outside corporate auditor of the Company, Yoshitaka Kato has demonstrated sufficient ability to audit the directors' execution of their duties. The Company has reappointed him as a corporate auditor and independent officer in the expectation that he will make further contributions in this role, in addition to the fact that there are no concerns regarding conflict of interest with general shareholders.	Board of Director Meetings: 11/12 meetings Board of Corporate Auditor Meetings: 11/12 meetings
Corporate Auditor Yasushi Manago	As a current outside corporate auditor of the Company, Yasushi Manago has demonstrated sufficient ability to audit the directors' execution of their duties. The Company has reappointed him as a corporate auditor and independent officer in the expectation that he will make further contributions in this role, in addition to the fact that there are no concerns regarding conflict of interest with general shareholders.	Board of Director Meetings: 11/12 meetings Board of Corporate Auditor Meetings: 11/12 meetings
Corporate Auditor Yukimi Ozeki	As a current outside corporate auditor of the Company, Yukimi Ozeki has demonstrated sufficient ability to audit the directors' execution of their duties. The Company has reappointed him as a corporate auditor and independent officer in the expectation that he will make further contributions in this role, in addition to the fact that there are no concerns regarding conflict of interest with general shareholders.	Board of Director Meetings: 10/12 meetings Board of Corporate Auditor Meetings: 10/12 meetings

Executive Compensation

Managing directors' compensation consists of basic compensation in an amount within the scope set and approved by resolution of the 106th Ordinary General Shareholders' Meeting, bonuses paid as short-term incentives, and restricted stock compensation paid as medium- to long-term incentives. Compensation paid to managing directors (outside directors) is solely basic compensation.

Compensation paid to corporate auditors is solely basic compensation in an amount within the scope set and approved by resolution of the 106th Ordinary General Shareholders' Meeting.

In addition, the Company has established the Compensation Advisory Committee, comprising two internal directors and four independent outside directors. Managing directors' compensation is not set at the discretion of the president, but with input from the Committee before being set by the Board of Directors.

Compensation for the Company's directors and corporate auditors for fiscal 2019 was as shown below.

Compensation by Title, Amount of Compensation by Type and Number of Applicable Executives

Title	Total Compensation (Millions of Yen)	Amount of Compensation by Type (Millions of Yen)			Number of Applicable Executives
		Basic Compensation	Bonus	Stock Options	
Internal directors	1,089	579	428	82	9
Internal corporate auditors	106	106	-	-	3
Outside directors and corporate auditors	96	96	-	-	9

Compensation of Executives Exceeding ¥100 million

Name	Title	Amount of Compensation by Type (Millions of Yen)			Total Compensation (Millions of Yen)
		Basic Compensation	Bonus	Stock Options	
Hikomichi Iwasa	Chairman of the Board and Chief Executive Officer (Representative)	120	93	16	230
Masanobu Komoda	President and Chief Executive Officer (Representative)	120	93	16	230
Yoshikazu Kitahara	Managing Director (Representative)	75	52	10	139
Kiyotaka Fujibayashi	Managing Director	28	39	8	111
	President and Chief Executive Officer (Representative) of Mitsui Fudosan Residential Co., Ltd.	34	-	-	
Yasuo Onozawa	Managing Director	58	39	8	106
Hiroyuki Ishigami	Managing Director	63	39	7	110
Takashi Yamamoto	Managing Director	63	39	7	110

Analysis and Evaluation of Board of Director Effectiveness

Each year, the Company analyzes and evaluates the efficacy of the Board of Directors, aiming to further enhance its functions.

An overview and results of our evaluation of the Board of Directors' efficacy are provided below.

(1) Evaluation method

The Company conducted interviews with all directors and auditors and asked them to complete free-response questionnaires regarding Board of Directors' efficacy, conducting an analysis and evaluation at the Board of Directors meeting held on May 24, 2019.

(2) Evaluation items

- Board of Directors structure (number of members, ratio of executive to non-executive members, diversity, etc.)
- Status of operation of the Board of Directors (number of meetings held, attendance rates, time spent for deliberation, number of items deliberated, provision of information, questions and answers, etc.)
- Other (issues raised in the previous evaluation of Board of Directors' efficacy; Compensation Advisory Committee; Nomination Advisory Committee; meetings of outside directors and outside corporate auditors; etc.)

(3) Evaluation results and future response

To achieve sustained increases in the Group's corporate value, it was confirmed that the Board of Directors efficacy was properly maintained. The results of this evaluation will be used to further improve the functioning of the Board of Directors.

Shareholder Voting Rights

- The principle of one vote per share of stock shall be applied to all corporate voting matters
- Disclosure of voting results
- Shareholder appointment and dismissal of directors

Third-party Verification

Independent Third-party Verification Report

To enhance the reliability of the ESG data disclosed in the 2020 ESG Report, selected data has undergone third-party verification by Deloitte Tohmatsu Sustainability Co., Ltd.

In the information given below, the mark indicates fiscal year 2019 data that has undergone third-party verification.

- [Water Usage](#)
- [Disposed Industrial Waste](#)
- [Energy Consumption](#)
- [Greenhouse Gas Emissions](#)
- [Health Checkup and Screening Rate](#)

Deloitte.
デロイト トーマツ
(TRANSLATION)

Independent Practitioner's Assurance Report

March 24, 2021

Mr. Masanobu Komoda,
President and CEO,
Mitsui Fudosan Co., Ltd.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the data indicated with for the year ended March 31, 2020 on the Third-party Verification section (the "Sustainability Information") included in the "ESG Report 2020" (the "Report") of Mitsui Fudosan Co., Ltd. (the "Company").

The Company's Responsibility
The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Sustainability Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Toyoake Tohmatsu Limited

Environmental Data

Water Usage

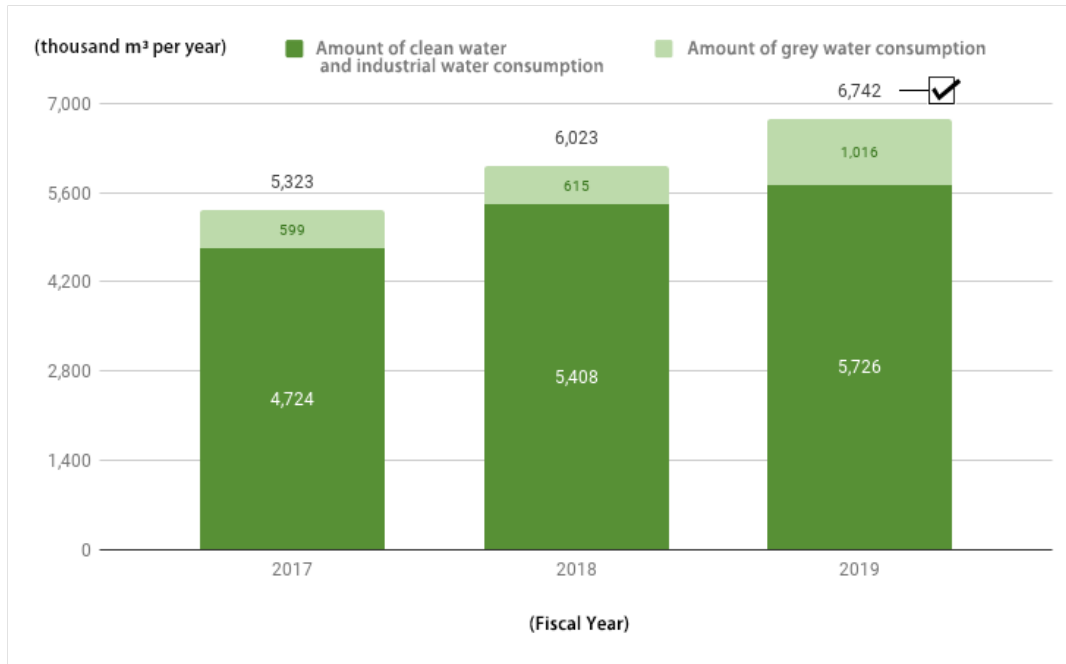
*1 Total water usage: The total of clean water, industrial water, and grey water usage.

*2 Clean water and industrial water usage: Clean water and industrial water usage includes well water usage.

*3 Amount of grey water usage: Amount of grey water usage is the total of kitchen and miscellaneous wastewater, some rain and other water processed, and recycled water purchased from the outside.

*4 Starting in fiscal 2019, we enhanced the accuracy of reporting data received from each facility relating to usage of grey water and clean and industrial water.

Trends in Amount of Water Usage



Data with the third-party verification mark has been independently verified.

Scope of Data Calculation

The scope of data calculation for water usage encompasses, in principle, facilities for which disclosure is required under the Act on the Rational Use of Energy. However, some facilities are excluded.

Scope of Data Calculation (Water Usage)

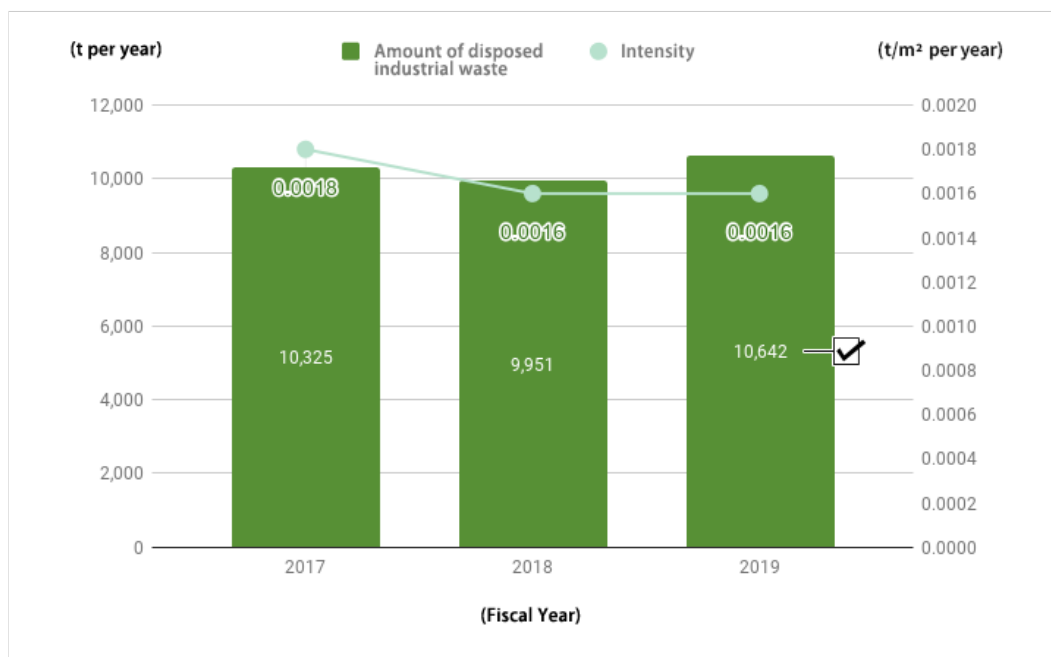
Business Division	Type	Fiscal year		
		2017	2018	2019
Overall	No. of target facilities (facilities)	139	139	146
	Total floor area (m ²)	5,938,901	6,379,120	6,723,556
Office buildings	No. of target facilities (facilities)	76	70	67
	Total floor area (m ²)	2,648,216	2,886,933	3,036,374
Retail facilities	No. of target facilities (facilities)	43	46	45
	Total floor area (m ²)	2,864,433	2,973,917	2,981,975
Hotels	No. of target facilities (facilities)	12	14	21
	Total floor area (m ²)	150,619	158,761	239,844
Logistics	No. of target facilities (facilities)	3	3	8
	Total floor area (m ²)	265,059	300,630	454,066
Other	No. of target facilities (facilities)	5	6	5
	Total floor area (m ²)	10,574	58,879	11,298

Note:

1. Office buildings include Tokyo Midtown (Roppongi) and Kashiwa-no-ha Smart City Gate Square shops and the office building KOIL.
2. Resort hotels are included in the scope for hotels.
3. Facilities under the control of the General Administration Department as well as each branch have been included in Other.
4. Water usage in offices is included.

Disposed Industrial Waste

Trends in Amount of Disposed Industrial Waste



Data with the third-party verification mark has been independently verified.

Note: The amount of disposed industrial waste is that which is in accordance with the Waste Management and Public Cleansing Act.

Scope of Data Calculation

The scopes of data Calculation for hazardous and non-hazardous waste emissions encompasses, in principle, facilities for which disclosure is required under the Act on the Rational Use of Energy. However, some facilities are excluded.

Scope of Data Calculation (Waste Emissions)

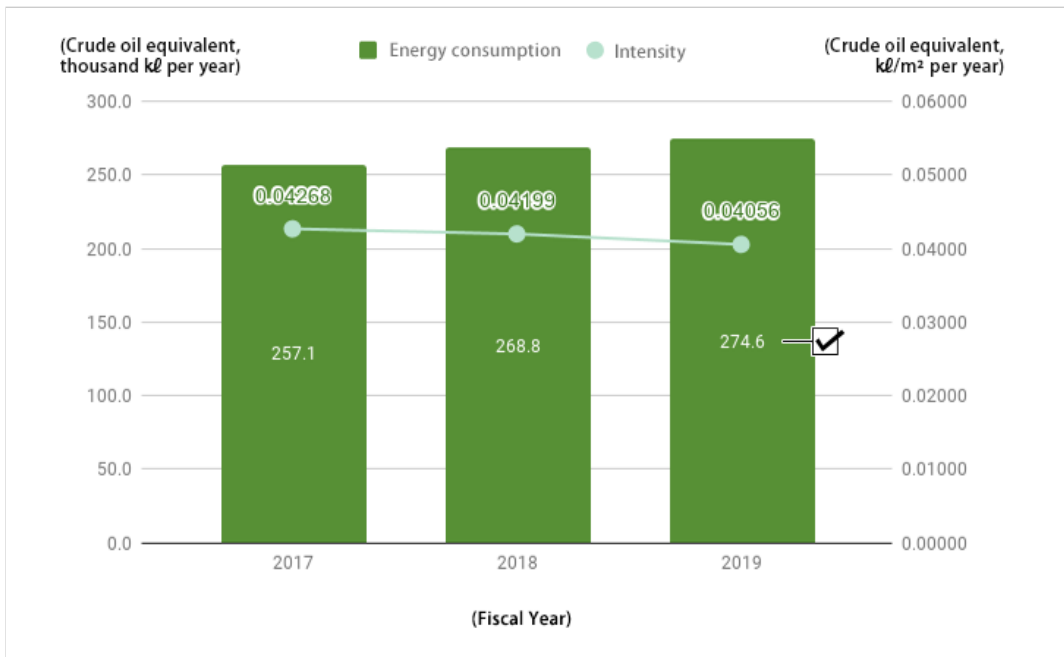
Business Division	Type	Fiscal year		
		2017	2018	2019
Overall	No. of target facilities (facilities)	118	121	132
	Total floor area (m ²)	5,803,409	6,247,209	6,665,965
Office buildings	No. of target facilities (facilities)	63	60	63
	Total floor area (m ²)	2,628,289	2,857,052	3,039,590
Retail facilities	No. of target facilities (facilities)	37	39	38
	Total floor area (m ²)	2,754,780	2,872,148	2,958,869
Hotels	No. of target facilities (facilities)	12	14	20
	Total floor area (m ²)	150,619	158,761	237,442
Logistics	No. of target facilities (facilities)	2	3	7
	Total floor area (m ²)	259,537	300,630	419,879
Other	No. of target facilities (facilities)	4	5	4
	Total floor area (m ²)	10,183	58,618	10,183

Note:

1. Office buildings include Tokyo Midtown (Roppongi) and Kashiwa-no-ha Smart City Gate Square shops and the office building KOIL.
2. Resort hotels are included in the scope for hotels.
3. Facilities under the control of the General Administration Department as well as each branch have been included in Other.
4. Waste emissions in offices are included.

Energy Consumption and Greenhouse Gas Emissions

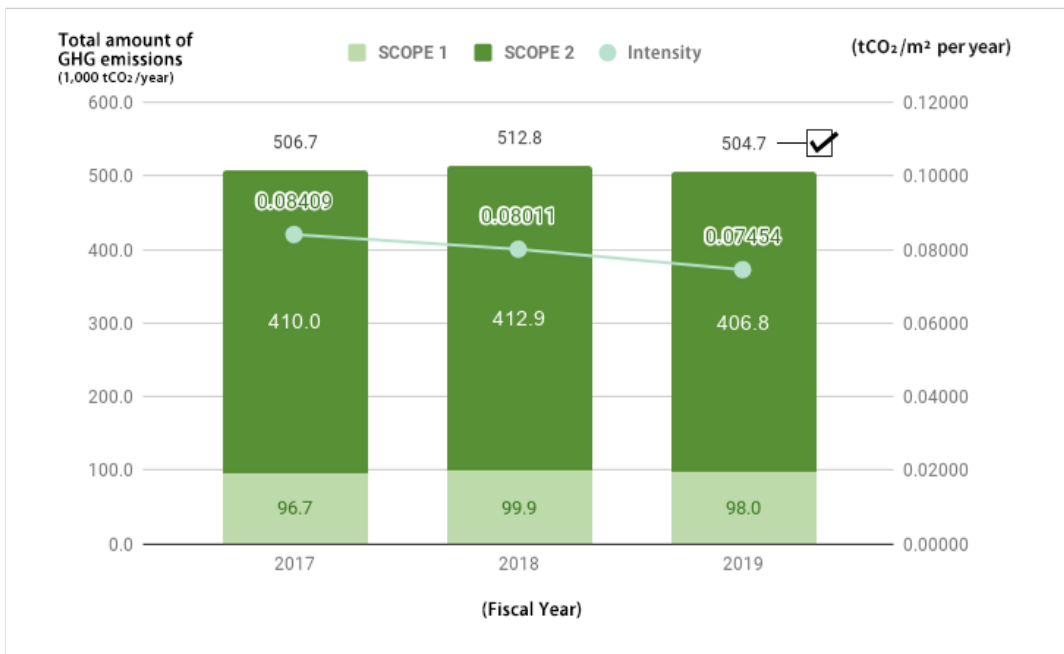
Trends in Amount of Energy Consumption



Data with the third-party verification mark has been independently verified.

Note: The amount of energy consumption is calculated in accordance with the Act on the Rational Use of Energy.

Trends in Total Greenhouse Gas Emissions by Scope



Data with the third-party verification mark has been independently verified.

Note: Calculation of CO₂ emissions is done based on the Manual for Calculation and Reporting of Greenhouse Gas Emissions (Ministry of the Environment; Ministry of Economy, Trade and Industry). In calculating CO₂ emissions for each fiscal year, we use the definitive values of CO₂ emissions coefficients for electric power use in each previous fiscal year.

Scope of Data Calculation

The scope of data calculation for energy consumption and GHG emissions encompasses, in principle, facilities for which disclosure is required under the Act on the Rational Use of Energy.

Business Division	Type	Fiscal year		
		2017	2018	2019
Overall	No. of target facilities (facilities)	163	157	210
	Total floor area (m ²)	6,024,150	6,400,710	6,770,958
Office buildings	No. of target facilities (facilities)	90	81	121
	Total floor area (m ²)	2,728,958	2,897,021	3,071,514
Retail facilities	No. of target facilities (facilities)	45	46	47
	Total floor area (m ²)	2,864,433	2,973,917	2,981,975
Hotels	No. of target facilities (facilities)	12	14	21
	Total floor area (m ²)	150,619	158,761	239,844
Logistics	No. of target facilities (facilities)	3	3	8
	Total floor area (m ²)	265,059	300,630	454,066
Other	No. of target facilities (facilities)	13	13	13
	Total floor area (m ²)	15,080	70,380	23,560

Note:

- Office buildings include Tokyo Midtown (Roppongi) and Kashiwa-no-ha Smart City Gate Square shops and the office building KOIL.
- Resort hotels are included in the scope for hotels.
- Facilities under the control of the General Administration Department as well as each branch have been included in Other.
- Energy consumption and GHG emissions total floor area data takes into consideration the operating month.
- Energy consumption and GHG emissions at offices are included.
- WORK STYLING properties (satellite offices and service offices) are included from fiscal 2019.

Social data

Health and Safety

Health Checkup and Screening Rate

- Record in fiscal 2018: 99.5%
- Record in fiscal 2019: 99.8%
- Goal for fiscal 2020: 100%

Data with the third-party verification mark has been independently verified.

Note: The health checkup and screening rate is the percentage of all steady-basis employees undergoing health checkups or health screening.

The total of all steady-basis employees consists of regular and part-time steady-basis employees as of the end of the fiscal year, excluding those necessarily prevented from undergoing screening (due to international postings, childcare leave, health conditions, etc.).



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