

# Main Environment Initiatives

For details regarding the main initiatives being carried out, please refer to ESG Report 2021. [https://www.mitsui-fudosan.co.jp/english/corporate/esg\\_csrf/](https://www.mitsui-fudosan.co.jp/english/corporate/esg_csrf/)

## Responding to Climate Change

### Climate Change Engagement Policy

The Mitsui Fudosan Group recognizes that responding to climate change is a key management issue. We create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases, and we aim to build a low carbon society by taking steps together with our business partners, tenant companies and stores, and customers, to address global warming, such as conservation of energy.

### Selected for Inclusion in the CDP Climate Change A List (Highest Evaluation)

We have been selected for inclusion by CDP, a non-profit organization engaged in international environmental surveys and information disclosure, in the CDP 2021 Climate Change A List of top-ranking companies in the climate change category. Through this, we have been recognized as a globally leading company in climate change activities.

Specifically, we were recognized for our actions to reduce CO<sub>2</sub> emissions, reduce climate change risk, and advance the progress of a low-carbon economy, on the basis of data reported in the CDP's 2021 Climate Change Questionnaire. CDP's evaluation in fiscal 2021 covered approximately 12,000 companies worldwide, of which 200 (including 55 Japanese companies) were selected for inclusion in the Climate Change A List.



#### About CDP

Founded in 2000 in the UK, CDP is a non-profit organization that seeks information disclosure and the promotion of initiatives by companies and local government to tackle climate change, water resource conservation, forest conservation, and other environmental issues. The organization collects, analyzes, and evaluates information on the environmental activities of major companies around the globe, and every year selects companies that excel in climate change initiatives and information disclosure for inclusion in the Climate Change A List.

CDP's annual environmental information disclosure and process for its evaluation are widely recognized as global standards for corporate environmental information disclosure. In fiscal 2021, over 13,000 companies, representing over 64% of global market capitalization, responded to the survey.

### Climate-Related Financial Disclosure in Accordance with TCFD

#### TCFD and Mitsui Fudosan's Position

Our Group endorses the agenda of the Task Force on Climate-Related Financial Disclosures (TCFD), which encourages corporations and others to disclose information relating to climate-related risks and opportunities. 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

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 our scenario analysis, we used our Housing, Office, and Retail businesses as the object of analysis, since these three categories represent the principal focus of the commercial activities of our Group, and are also likely to be major recipients of climate change impact.

#### 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), and identified significant risks and opportunities that may have an impact on our Group's three core businesses between now and 2050. Under the 2°C Scenario, our Housing Business could be affected by an increase in carbon taxes, which would push raw materials prices and transport costs higher and ZEH and energy conservation renovations would

become more widespread, but 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 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 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 facilities situated near the ocean may experience increased risk of damage from high tides and flooding.

### Significant Risks and Opportunities That May Affect the Three Core Businesses of the Mitsui Fudosan Group by 2050

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.
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.
Physical	Rising sea levels	Certain coastal structures will be damaged by typhoon-generated tidal surges accompanying sea level rise.
	Acute 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 our 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 our 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.

### Estimates of Financial Impacts on the Businesses of the Mitsui Fudosan Group in 2050

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	
Opportunity	Transition Rising sea levels/intensification of abnormal weather patterns	Flood damage due to high tides and heavy precipitation accompanying sea level rise	Moderate	Minor
		Major carbon tax increase	Cost control through introduction of low-carbon materials	Minor
	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
	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

### 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.  
<https://www.there100.org/re100-members>



### 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>



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Water

### 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, tenants and stores, and customers.

## Environmental Pollution and Resources

### Policy

We prevent environmental pollution by observing laws, regulations, and ordinances relating to air pollution, water pollution, soil contamination, and hazardous materials, and we also work hard to curb emissions of pollutants and contaminants that are not subject to regulation by laws, regulations, and ordinances. In addition, we take hazardous materials into consideration when acquiring

land as well as in the building design stage. We also ensure appropriate management and disposal, and thereby prevent impacts due to hazardous materials on the environment or building users. Furthermore, when advancing construction, we strive to procure materials that lessen global environment load and reduce the amount of waste produced.

## Biodiversity Conservation

### Policy

When carrying out a new development project, the Mitsui Fudosan 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.