



Green Finance Framework for

Mitsui Fudosan Co., Ltd.

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Contents

Overview of the Company	3
Environmental, Social and Governance (ESG) Strategy	4
Green Bond Framework	6
1. Use of proceeds	7
2. Process for project evaluation and selection	8
3. Management of proceeds.....	8
4. Reporting	9
Green Loan Framework	10
1. Use of proceeds	11
2. Process for project evaluation and selection	12
3. Management of proceeds	12
4. Reporting.....	13
External Review	14


Overview of the Company

Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”) is a comprehensive real estate company, which conducts comprehensive neighborhood creation including office buildings, retail properties, hotels and resorts, logistics properties, homes and living, and mixed-use facilities combining these multiple purposes.

Mitsui Fudosan has its origins in Echigo-ya, a clothing store opened in 1673 in what is now the Nihonbashi district of Tokyo. In 1941, the real estate division of Mitsui General Partnership Company (*gomei-kaisha*) was separated and Mitsui Fudosan was established. Through numerous transitional periods in Japan’s economy and real estate markets, the Company began with land reclamation in coastal areas, then developed Japan’s first skyscraper and first genuine outlet mall, listed Japan’s first J-REIT as a fusion of real estate and financing, and otherwise leveraged its spirit of enterprise and customer orientation to create new value.

In accordance with the principles embodied by the “” logo—coexist in harmony with society, link diverse values and achieve a sustainable society—the Mitsui Fudosan Group, including Mitsui Fudosan with its core, leverages its strengths of engagement in every asset class, an expansive value chain, and development capabilities necessary for creating neighborhoods, to solve social issues through neighborhood creation with the aim of achieving a sustainable society and driving sustainable profit growth.

Environmental, Social and Governance (ESG) Strategy

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 the Mitsui Fudosan Group's primary objective as follows: Successfully establish a sustainable society through the creation of neighborhoods. We have also laid out the following six materiality goals.

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 the Mitsui Fudosan 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.

Moreover, in recent years, global interest in and the importance of action against climate change has been increasing, as exemplified by the Paris Agreement, an international framework for the prevention of global warming, and the government's new target for decarbonization set in April 2021. In response to these trends, we have decided to raise the GHG reduction rate target for FY2030 to 40% (compared with FY2019) and formulated the "Group Action Plan to Realize Decarbonized Society (Roadmap)" (Action Plan hereinafter) to achieve net zero emissions in FY2050, in order to take concrete actions.

Mitsui Fudosan Group's New Targets

**Reduce Group GHG emissions by 40% by FY2030 (vs. FY2019)
Net Zero by FY2050**

* SCOPE 1 + SCOPE 2: 46.2% reduction by FY2030 (vs. FY2019)

Former targets: 30% reduction by FY2030 (vs. FY2019), Net Zero by FY2050

Based on the Action Plan, the Mitsui Fudosan Group will expand the scale of its facilities for introducing energy-saving measures and renewable energy, as well as its mega-solar business, looking to FY2030, and will strengthen its partnerships to reduce CO₂ throughout the supply chain. Looking ahead to FY2050, we will work together with various partners to study and promote energy creation businesses by utilizing new technologies such as offshore wind and geothermal power generation, and through open innovation to decarbonize.

Mitsui Fudosan 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, and we disclose information in line with those recommendations. We also became a member of RE100, an international initiative to power business activities with 100% renewable energy, and are promoting related initiatives. In addition, GHG emission reduction targets for the Mitsui Fudosan Group have been set in line with science-based findings from the international Science Based Targets (SBT) initiative.



Green Bond Framework

Green Bonds are dedicated bonds whose proceeds are earmarked and will be exclusively applied to finance and/or re-finance Eligible Green Projects (as defined herein). The Green Bond Framework has been prepared in line with the Green Bond Principles 2021 (GBP) administered by the International Capital Market Association (ICMA) as well as Japanese Green Bond Guidelines 2020 administered by Ministry of the Environment, Government of Japan.

The GBP are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

Japanese Green Bond Guidelines 2020 has been created in accordance with GBP in March 2020.

Mitsui Fudosan Co., Ltd. may from time to time issue Green Bonds in line with the Mitsui Fudosan Green Bond Framework.

This Green Bond Framework follows the GBP and Japanese Green Bond Guidelines 2020 which provides guidelines in the following areas:

Core Components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

Key Recommendations:

- Framework
- External Review

1. Use of proceeds

Mitsui Fudosan intends to allocate an amount equal to the net proceeds of any Green Bonds to projects which meet the eligibility criteria outlined below (“Eligible Green Projects”). Eligible Green Projects may be financed in whole or in part by Mitsui Fudosan, or one of its affiliates.

Green Buildings

New or existing investments in, or expenditures (related to development, construction, renovation, acquisition, and refinancing) on properties, including but not limited to office buildings, retail properties, residentials, logistics and hotels/resorts, which meet at least one of the following requirements:

- i) New, existing or refurbished buildings which have received, within 24 months prior to the date of Green Bond issuance or are expected to receive prior to the maturity date of the Green Bond design stage certification, post-construction certification and/or in-use certification in any of the following building certification schemes at the levels defined below:
 - LEED: “Platinum” or “Gold”
 - BREEAM: “Outstanding” or “Excellent”
 - CASBEE for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE for Real Estate: “S” or “A” or
 - DBJ Green Building Certification: “5” or “4”
 - BELS: “5” or “4”
 - BCA Green Mark Certification: “Platinum” or “Gold”
 - HQE: “Exceptional” or “Excellent”
 - DGNB: “Platinum” or “Gold”
 - Green Star: “6-star” or “5-star”
- ii) Properties that are among the top 15% of the energy-efficient buildings in the applicable region using Climate Bond Initiative’s “Location Specific Criteria for Commercial Buildings & Calculator” and/or “Location Specific Criteria for Residential Buildings & Calculator”. New, existing or refurbished buildings that have been completed, refurbished or financed within the 24 months prior to the issue date of the Green Bond or prior to the maturity date of the Green Bond are eligible.
- iii) Refurbishments to properties, including buildings or building subsystems, that (a) are intended to significantly improve energy efficiency, emission efficiency and/or water efficiency or (b) result in other environmentally beneficial improvements. Such refurbishments contribute to improvement in the environmental efficiencies for entire properties, and it may include, but are not limited to, investments intended to reduce CO₂ or equivalent emissions, reduce water consumption or improve waste conversion rates (e.g. LED and other energy efficient lighting, cool roof and other sustainability-oriented construction materials, smart meters, electric and renewable energy charging stations and batteries, waste diversion, water and energy-saving technologies and materials and improvements recognized by sustainability rating systems). With respect to refurbishments intended to improve energy efficiency and/or emission efficiency, an improvement effect of 20% or more in emissions or energy performance or primary energy demand (PED) over the baseline as compared to the pre-refurbishment level shall be targeted. New, existing or refurbished buildings that have been completed, refurbished or financed within the 24 months prior to the issue date of the Green Bond or prior to the maturity date of the Green Bond are eligible.

2. Process for project evaluation and selection

Application of eligibility criteria in project selection

Projects to which the net proceeds of Green Bonds be allocated will be screened by an environmental and social risk screening process in accordance with the aforementioned eligibility criteria. This process is overseen by both a department responsible for overall promotion of ESG activities and the Accounting and Finance Department which oversees fundraising and investment activities. As a general rule, the list of selected projects will be reviewed at least yearly by the ESG Promotion Committee which is chaired by the President and Chief Executive Officer and is comprised of designated managing officers and chief operating officers representing each business area. The final allocation decision will be made by the managing officer in charge of accounting and finance.

Process to mitigate environmental and social risks

Mitsui Fudosan recognizes that although its Eligible Green Projects on green building have the potential to generate positive environmental impacts and the opportunity to work together with the community to reduce adverse environmental effects and improve safety, security and comfort, such projects are also subject to the risk of negative impacts on society or the environment. Mitsui Fudosan has identified the following potential environmental and social risks related to the development, construction and management of green buildings: water consumption; environmental pollution and use of resources; climate change; threats to biodiversity; environmentally and socially sustainable supply chain. Mitsui Fudosan adheres to the applicable laws and regulations and is committed to (i) performing green assessments and ecosystem impact assessments in compliance with applicable laws and regulations, (ii) monitoring environmental data including energy consumption, water usage, waste generation and GHG emissions, (iii) improving environmental practices across the supply chain, including in compliance with the Group's Sustainable Procurement Standards which incorporate basic guidelines on sustainable procurement to address ESG issues. In addition, when considering new developments, Mitsui Fudosan focuses on proximity to public transport for facilities that can offer convenience and safety. In our management of such facilities, we seek to encourage the visitors at hotels and shopping complexes to use public transport to further minimize CO₂ emissions.

3. Management of proceeds

For Eligible Green Projects to be developed by Mitsui Fudosan, an amount equal to the proceeds from the sale of the notes will be allocated by the Finance Group at Mitsui Fudosan's Accounting and Finance Department to the financing/refinancing of existing and/or future projects that meet the above criteria. For Eligible Green Projects to be developed by its affiliates, the proceeds will be loaned to Mitsui Fudosan's affiliates from Mitsui Fudosan. So as long as the Green Bonds remains outstanding, Mitsui Fudosan will maintain a list of all Eligible Green Projects as well as any loans based on the applicable affiliates' internal loan data systems annually. In addition, Mitsui Fudosan's internal management system or a tracking form created separately or the applicable loan records will show, at any time, an amount equal to the net proceeds from the issuance of Green Bonds as allocated to Eligible Green Projects. Pending the full allocation of the net proceeds of Green Bonds, an amount equal to the unallocated balance will be maintained in cash equivalents. Mitsui Fudosan will strive to allocate to Eligible Green Projects within 24 months.

4. Reporting

Mitsui Fudosan will publish a Green Bond Report on its website annually, or on a timely basis in case of substantial material developments, until maturity date from the issuance of any Green Bonds. After the full allocation of the proceeds from a Green Bond issuance, Mitsui Fudosan will report if and when there are any material changes in the allocation. Each Green Bond Report is expected to contain an Allocation Report and an Impact Report. This information will include:

1. Allocation Report

(i) the allocation of the net proceeds of those bonds to Eligible Green Projects, brief description of the Eligible Green Projects funded, current funded amounts, date of funding, and unallocated amounts and expected timeline to allocate if applicable

(ii) a statement by management that an amount equal to the net proceeds of those bonds are invested either in qualifying Eligible Green Projects or cash equivalents.

2. Impact Report

Mitsui Fudosan intends to report metrics such as GHG emission in tons of CO₂ equivalent, water usage and energy consumption as well as the type and level of certification of such Eligible Green Projects respectively. Mitsui Fudosan intends to disclose impact reporting, when feasible and available, on an aggregate basis per each category of Eligible Green Projects.

Green Loan Framework

Green Loans are dedicated loans whose proceeds are earmarked and will be exclusively applied to finance and/or re-finance Eligible Green Projects (as defined herein). The Green Loan Framework has been prepared in line with four core components of the Green Loan Principals 2021 (GLP) jointly administrated by the Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA) as well as Japanese Green Loan and Sustainability Linked Loan Guidelines 2020 administrated by Ministry of the Environment, Government of Japan. The GLP are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Loan market by clarifying the approach for Green Loan Finance.

Mitsui Fudosan and its affiliates* (borrower) may from time to time finance Green Loans in line with this Green Loan Framework.

This Green Loan Framework follows the GLP and Japanese Green Loan and Sustainability Linked Loan Guidelines 2020 which provide guidelines in the following four areas:

Core Components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

**affiliates refer to Mitsui Fudosan's consolidated subsidiary and affiliated companies accounted for by the equity method*

1. Use of proceeds

The borrower intends to allocate the net proceeds of any Green Loan to projects which meet the eligibility criteria outlined below.

Green Building

New or existing investments in, or expenditures (related to development, construction, renovation, acquisition, and refinancing) on properties, including but not limited to office buildings, retail properties, residential, logistics and hotels/resorts, which meet at least one of the following requirements:

- i) New, existing or refurbished buildings which have received, within 24 months prior to the date of Green Loan execution or are expected to receive prior to the repayment due date of the Green Loan, design stage certification, post-construction certification and/or in-use certification in any of the following building certification schemes at the levels defined below:
 - LEED: "Platinum" or "Gold"
 - BREEAM: "Outstanding" or "Excellent"
 - CASBEE for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE for Real Estate: "S" or "A"
 - DBJ Green Building Certification: "5" or "4"
 - BELS: "5" or "4"
 - BCA Green Mark Certification: "Platinum" or "Gold"
 - HQE: "Exceptional" or "Excellent"
 - DGNB: "Platinum" or "Gold"
 - Green Star: "6-star" or "5-star"
- ii) Properties that are among the top 15% of the energy-efficient buildings in the applicable region using Climate Bond Initiative's "Location Specific Criteria for Commercial Buildings & Calculator" and/or "Location Specific Criteria for Residential Buildings & Calculator". New, existing or refurbished buildings that have been completed, refurbished or financed within the 24 months prior to the execution date of the Green Loan or prior to the repayment due date of the Green Loan, are eligible.
- iii) Refurbishments to properties, including buildings or building subsystems, that (a) are intended to significantly improve energy efficiency, emission efficiency and/or water efficiency or (b) result in other environmentally beneficial improvements. Such refurbishments contribute to improvement in the environmental efficiencies for entire properties, and it may include, but are not limited to, investments intended to reduce CO₂ or equivalent emissions, reduce water consumption or improve waste conversion rates (e.g. LED and other energy efficient lighting, cool roof and other sustainability-oriented construction materials, smart meters, electric and renewable energy charging stations and batteries, waste diversion, water and energy-saving technologies and materials and improvements recognized by sustainability rating systems). With respect to refurbishments intended to improve energy efficiency and/or emission efficiency, an improvement effect of 20% or more in emissions or energy performance or primary energy demand (PED) over the baseline as compared to the pre-refurbishment level shall be targeted. New, existing or refurbished buildings that have been completed, refurbished or financed within the 24 months prior to the execution date of the Green Loan or prior to the repayment due date of the Green Loan are eligible.

2. Process for project evaluation and selection

Application of eligibility criteria in project selection

Projects to which the net proceeds of Green Loans be allocated will be screened by an environmental and social risk screening process in accordance with the aforementioned eligibility criteria. This process is overseen by both an ESG-related department responsible for overall promotion of the borrower's ESG activities and the Accounting and Finance Department which oversees Mitsui Fudosan group's fundraising and investment activities. The final allocation decision will be made by the managing officer or the department head of Mitsui Fudosan and/or CEO or CFO of its affiliates such as local subsidiaries and project-based companies, after discussions within the borrower's related departments.

Process to mitigate environmental and social risks

The borrower recognizes that although its Eligible Green Projects on green building have the potential to generate positive environmental impacts and the opportunity to work together with the community to reduce adverse environmental effects and improve safety, security and comfort, such projects are also subject to the risk of negative impacts on society or the environment. The borrower has identified the following potential environmental and social risks related to the development, construction and management of green buildings: water consumption; environmental pollution and use of resources; climate change; threats to biodiversity; environmentally and socially sustainable supply chain. The borrower adheres to the applicable laws and regulations and is committed to (i) performing green assessments and ecosystem impact assessments in compliance with applicable laws and regulations, (ii) monitoring environmental data including energy consumption, water usage, waste generation and GHG emissions, (iii) improving environmental practices across the supply chain, including in compliance with the Group's Sustainable Procurement Standards which incorporate basic guidelines on sustainable procurement to address ESG issues. In addition, when considering new developments, the borrower focuses on proximity to public transport for facilities that can offer convenience and safety. In our management of such facilities, we seek to encourage the visitors at hotels and shopping complexes to use public transport to further minimize CO₂ emissions.

3. Management of proceeds

An amount equal to the proceeds from the Loan will be allocated by the borrower to the financing/refinancing of existing and/or future projects that meet the above criteria. The allocation status is tracked and managed annually by the borrower's internal management system, its internal loan data systems or a tracking form created separately. So as long as the Green Loan remains outstanding, the borrower will maintain a list of all Eligible Green Projects as well as any loans managed by the internal management system, the internal loan data systems or the tracking form. In addition, the borrower's internal management system or the tracking form will show, at any time, an amount equal to the net proceeds from the Green Loans as allocated to Eligible Green Projects. Pending the full allocation of the net proceeds of Green Loans, the unallocated balance will be maintained in cash equivalents. The borrower will strive to allocate to Eligible Green Projects within 24 months.

4. Reporting

The borrower will publish a Green Loan Report on their website annually, or on a timely basis in case of substantial material developments, until the repayment due date of any Green Loans, from a Green Loan execution. After the full allocation of the proceeds from a Green Loan execution, Mitsui Fudosan will report if and when there are any material changes in the allocation. Each Green Loan Report is expected to contain an Allocation Report and an Impact Report. This information will include:

1. Allocation Report

The allocation of the net proceeds of Green Loans to Eligible Green Projects, brief description of the Eligible Green Projects funded, current funded amounts, date of funding, and unallocated amounts and expected timeline to allocate if applicable

2. Impact Report

The borrower intends to report metrics such as GHG emission in tons of CO2 equivalent, water usage and energy consumption as well as the type and level of certification of such Eligible Green Projects respectively. The borrower intends to disclose impact reporting, when feasible and available, on an aggregate basis per each category of Eligible Green Projects.

External Review

Second Party Opinion

Mitsui Fudosan has retained Sustainalytics to provide a Second Party Opinion (SPO) on the environmental benefits of this Green Finance Framework, as well as its alignment to the GBP, Japanese Green Bond Guidelines 2020, the GLP and Japanese Green Loan and Sustainability Linked Loan Guidelines 2020. The SPO is available on Sustainalytics' website.

(URL: <https://www.sustainalytics.com/sustainable-finance/our-work/>)

Verification

Mitsui Fudosan will appoint an independent third-party to provide assurance that an amount equal to the net proceeds of the Green Bonds has been allocated in compliance with the eligibility criteria as set out in this Green Bond Framework. This review will be conducted on an annual basis until all net proceeds from outstanding Green Bonds have been fully allocated.