

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

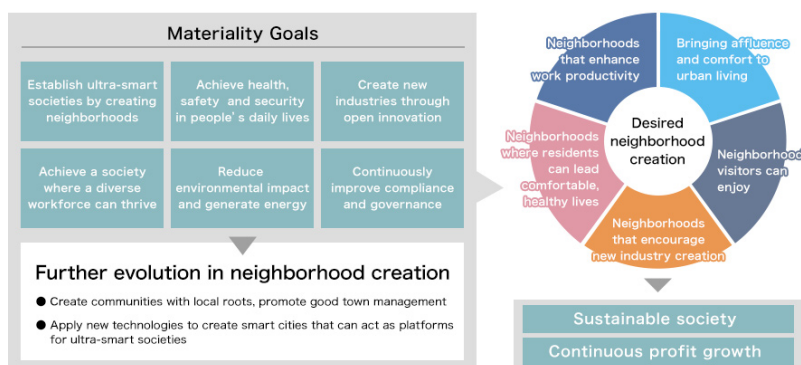


The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society represented by its corporate logo. Under our &EARTH principle, 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 2022 profiles ESG-related efforts by the Mitsui Fudosan Group. The report mainly covers activities undertaken from April 1, 2021 to March 31, 2022. However, details are also provided for certain ongoing development projects both at the design and construction phase. In principle, quantitative data related to fiscal 2021, the fiscal year from April 1, 2021 to March 31, 2022. The period covered for quantitative data outside fiscal 2022 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 2021, 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	ESG Data > Climate Change > Energy Consumption Trends, Scope of Aggregation (Energy Consumption), Greenhouse Gas Emissions (Scopes 1, 2 & 3)
	(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	ESG Data > Climate Change > Energy Consumption Trends, Scope of Aggregation (Energy Consumption), Greenhouse Gas Emissions (Scopes 1, 2 & 3)
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	%	IF-RE-130a.3	ESG Data > Climate Change > Energy Consumption Trends, Scope of Aggregation (Energy Consumption), Greenhouse Gas Emissions (Scopes 1, 2 & 3)
	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 > 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 > 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	ESG Data > Water Usage > Water Usage Trends / Aggregation target range
	(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	ESG Data > Water Usage > Water Usage Trends / Aggregation target range
	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	%	IF-RE-140a.3	ESG Data > Water Usage > Water Usage Trends / Aggregation target range
	Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	IF-RE-140a.4	Environment > Water > 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 > 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 > TCFD

2. Activity Metrics

Number of assets, by property subsector	Number	IF-RE-000.A	ESG Data > Climate Change > Energy Consumption Trends, Scope of Aggregation (Energy Consumption), Greenhouse Gas Emissions (Scopes 1, 2 & 3)
Leasable floor area, by property subsector	m ²	IF-RE-000.B	ESG Data > Climate Change > Energy Consumption Trends, Scope of Aggregation (Energy Consumption), Greenhouse Gas Emissions (Scopes 1, 2 & 3)
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 September 2022

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

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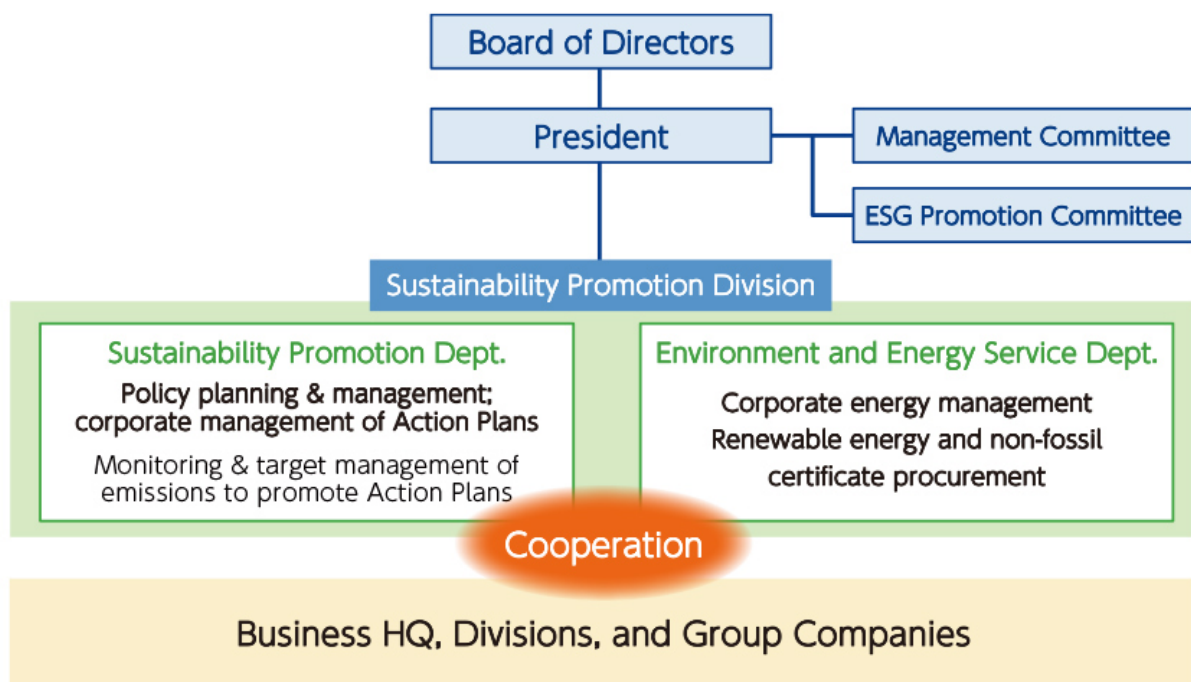
Sustainability Promotion Framework

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.

Organization of the ESG (Environmental) Management System of the Mitsui Fudosan Group (as of April 1, 2021)




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.



ESG-related Objectives (KPI) of the Group and Progress in Achieving Them

The following is a summary of ESG-related targets and progress.

① – ⑥ : KPIs for Mitsui Fudosan (unconsolidated)

⑦ – ⑭ : KPIs for the entire Mitsui Fudosan Group

Unconsolidated KPIs			Progress status				Main results for FY2021	
Evaluation indicator	Period	Numerical target	FY2019	FY2020	FY2021	Change from previous fiscal year		
① Women in management positions ratio (D&I)* ¹	By 2025 By 2030	: 10% : 20%	4.5%	5.7%	6.8%	1.1%	Making steady progress toward target	<p>- Selected for the first time as a Nadeshiko Brand by the Ministry of Economy, Trade and Industry as a company that ably promotes active roles for women * (the only company in the real estate industry to be awarded)</p>  <p>Selected for inclusion in the MSCI Japan Empowering Women (WIN) Select Index for the fifth consecutive year 2021 CONSTITUENT MSCI日本株女性活躍指数 (WIN)</p>
② Ratio of hires of women (D&I)	Annual	40%	-	-	40.5%	-	Target met	
③ Return rate from childcare leave (D&I)	Annual	100%	100%	100%	100%	-	Target met	
④ Number of paid leave days availed (D&I) Annual	Annual	14 days annually	14.9 days	13.8 days	15.0 days	1.2 days	Target met	
⑤ Employment rate of people with disabilities (legally mandated rate* ²)	Annual	2.3% or more	2.07%	2.03%	2.50%	0.47%	Goal achieved.	
⑥ Health checkup and screening rate	Annual	100%	99.8%	99.5%	100%	0.5%	Goal achieved.	

Group-wide KPIs			Progress status				Main results for FY2021	
Evaluation indicator	Period	Numerical target	FY2019	FY2020	FY2021	Change from previous fiscal year		
⑦ CO ₂ and other emissions reductions (compared to FY2019) ⁻³	By FY2030 By FY2050	: 40% decrease : Virtually zero	4,383	4,690	4,199	10.5% decrease	More details can be found in the section 2. Progress Toward Greenhouse Gas Emission Reductions	<p>- Highest rating in CDP2021 Selected for the CDP2021 Climate A List and Supplier Engagement Leader</p>  
⑧ CO ₂ emissions reduction rate (energy-derived CO ₂ emissions by large offices designated to undertake measures with regards to global warming by a Tokyo Metropolitan Government ordinance) ⁻⁴	By FY2024	Rate exceeding that mandated under the ordinance (Plan 3: 27%)	28.4%	38.4%	37.3%	1.1% decrease	Target met	
⑨ Proportion of electric power used in business activities derived from renewable energy	By FY2050	100%	0.1%	0.1%	2.8%	2.7% increase	Improved through procurement of non-fossil fuel certificates	
⑩ Energy consumption per base unit ⁻⁵	Annual	1% reduction annually	0.041	0.035	0.039	12.1% increase	⁻⁹	
⑪ Clean/industrial water use per base unit ⁻⁶	Annual	Less than the previous fiscal year	0.851	0.708	0.671	5.2% decrease	Target met	
⑫ General waste emissions per base unit ⁻⁷	Annual		0.006	0.004	0.006	26.1% increase	Making progress toward target	
⑬ Industrial waste emissions per base unit ⁻⁷	Annual		0.0016	0.0010	0.0011	5.7% increase	⁻⁹	
⑭ Waste recycling ratio (at Mitsui Fudosan Co., Ltd. headquarters)	By FY2030	90%	80.3%	75.3%	72.4%	2.9% decrease	Due to the pandemic, total waste decreased and as such the recycling rate also decreased	

*1 Figures for each fiscal year are those for the beginning of the fiscal year starting April 1 of the following year

*2 The legally mandated rate rose from 2.2% to 2.3% in March 2021. Figures for each fiscal year are those for the beginning of the fiscal year starting April 1 of the following year

*3 The unit of measurement is 1,000 t-CO₂

*4 Plan 1 (FY2010-2014): 8% reduction; Plan 2 (FY2015-2019): 17% reduction; Plan 3 (FY2020-2024): 27% reduction. Progress is measured using a five-year average

*5 The unit of measurement is kℓ of oil equivalent/m² per year

*6 The unit of measurement is m³/m² per year

*7 The unit of measurement is t/m² per year

*8 Targets shaded green are those that have been met in FY2021

*9 Due to the pandemic, this metric increased slightly compared to the previous fiscal year, although it was still down on pre-pandemic 2019 levels

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 to "1.5° C" based on the international Science Based Targets (SBT) initiative.

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

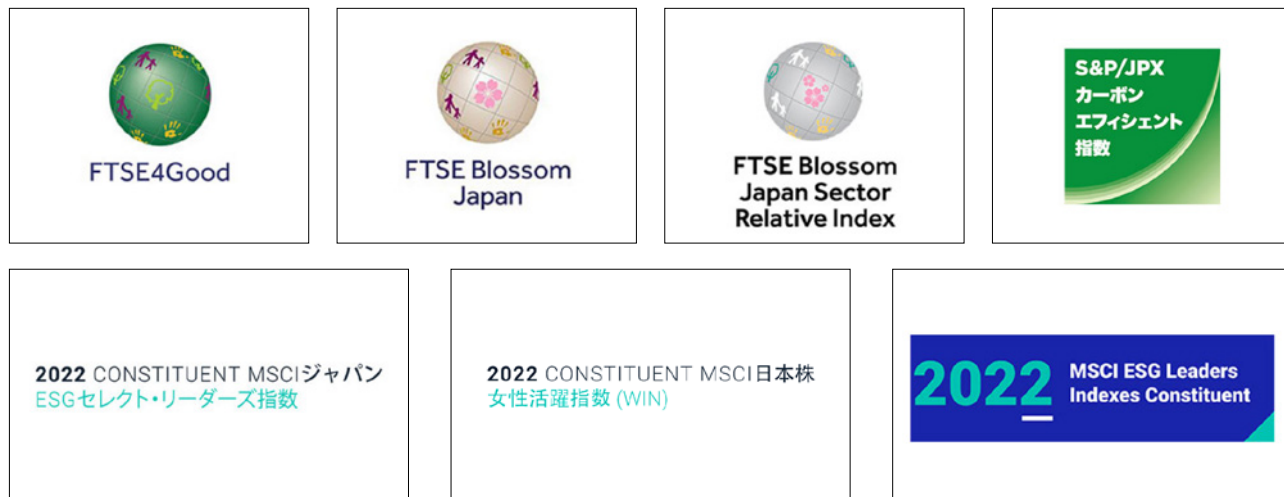
⇒ <https://sciencebasedtargets.org/companies-taking-action>





Inclusion in ESG indices

As of May 31, 2022



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Various evaluations and certifications on sustainability

As of May 31, 2022

