

Management's Commitment



1. Introduction

The world has become more chaotic due to events like the COVID-19 pandemic, economic disarray as we move into the post-COVID era, and the invasion of Ukraine by Russia. In this time of uncertainty, it is crucial to stay focused on corporate principles and universal values. We must return to the roots of Mitsui Fudosan, and recognize our DNA and principles. Only then can we clarify our reason for existence and our social mission, and decide what we must do for the global environment and the society we live in, and what corporate values are needed to achieve that.



2. The Roots and DNA of Mitsui Fudosan, and the Philosophy



(1) The Roots and DNA of Mitsui Fudosan

The father of the Mitsui Group, Takatoshi Mitsui, founded the Mitsui “Echigo-ya” clothing store in Nihonbashi, Edo in 1673. The shop grew dramatically due to his revolutionary new business method of selling goods for cash at inexpensive fixed prices. With his enterprising spirit, Takatoshi Mitsui was the first to implement “customer orientation” in the world of Edo, and this approach was passed down as the DNA of Mitsui Fudosan.


As the Japanese economy and society developed, we restructured the Group’s business and created new values in response to the needs of the times and customer input. I believe this customer orientation, sincerely addressing customer needs, and our enterprising spirit, resolutely tackling the challenge of value creation and innovating in our own business, have been passed down in the Group as an unbroken legacy from Takatoshi Mitsui, and permeated the Company up to the present day, as the DNA of each employee.

(2) The Philosophy

What symbolically encapsulates these elements of our DNA is our management vision: the  philosophy. The idea is not to choose between conflicting concepts by focusing on “or,” but rather to accept diversity, and even when there is a conflict of values in terms of common sense, to overcome that, and realize a sustainable society by coexisting through . This management vision was established in 1991, on the 50th anniversary of our founding, long before issues like sustainability and ESG came to the fore.


Thanks to the  philosophy, the Group has valued coexistence with the global environment and local communities. This is exemplified in the development concept for Nihonbashi, Tokyo, Mitsui’s base of operations: preserving and revitalizing heritage while creating the future. Here we achieved true neighborhood creation based on the  logo,

with coexistence of people and nature, and tradition and innovation—a perfect example of the Company's reason for existence.

I'm convinced the Group will play an increasingly important role as society and the economy develop and we strive to preserve the global environment, and we will continue to channel all our efforts as a group into action based on the  philosophy: coexisting in harmony with society, linking diverse values, and achieving a sustainable society.

3. Issues to be Addressed by Mitsui Fudosan

The previous era where companies were evaluated based only on their financial profile has passed, and going forward, investors will demand management objectives and actions aimed at boosting corporate value on both the financial and non-financial side. As we see when we look back at history, the demands on companies create social value as well as economic value. Naturally, these two sorts of values are compatible, and I believe that contributing to a sustainable society through value creation will be what leads, in the end, to sustained growth of the Company.

Based on the Group's roots, DNA, and the management philosophy of the  logo, we established our Group long-term vision, VISION 2025, in fiscal 2018. Our primary objective is to successfully establish a sustainable society through the creation of neighborhoods, and we also laid out the following six materiality goals, reflecting our commitment to further accelerate the Group's sustainability management.

- Establish ultra-smart societies by creating neighborhoods
- Achieve a society where a diverse workforce can thrive
- Achieve health, safety and security in people's daily lives
- Create new industries through open innovation
- Reduce environmental impact and generate energy
- Continuously improve compliance and governance

Environment: E

Responding to climate change is a social obligation of our Group as a builder and developer of social infrastructure, and we regard efforts to decarbonize as one of the Group's highest priorities. The Company endorses the agenda of the Task Force on Climate-related Financial Disclosures (TCFD) which encourages corporations and others to disclose information relating to climate change risks and opportunities, and we disclose information in line with their recommendations. In addition, we became a member of RE100, an international initiative to power business activities with 100% renewable energy, and are promoting related initiatives. In November 2021, we set a new target of reducing greenhouse gas emissions by 40% (from fiscal 2019 levels) by fiscal 2030, and to net zero by 2050. We also acquired certification as 1.5° C targets (consistent with keeping the rise in average global temperature less than 1.5° C over the level prior to the industrial revolution) by the Science Based Targets (SBT) initiative, which recommends setting reduction targets based on scientific evidence in order to achieve the international framework of the Paris Agreement. Beyond just setting targets, we've established a Group Action Plan to Realize a Decarbonized Society, as required of a leader in the real estate industry.

This action plan calls for not only improving the environmental performance of owned and operated properties, and greening electricity of common areas, but also measures to secure stable renewable energy sources, and service to supply green power to private areas at the request of tenant companies. These steps respond to our customers' efforts to decarbonize, and differentiate the Company's business, and thus develop our business through the social value of realizing decarbonization and the economic value of ensuring the Company's competitive advantage. In March 2022, we drew up a Manual for Calculating GHG Emissions Produced during Construction in collaboration with designers, and knowledgeable, experienced experts. In the future, we will strive to contribute to the industry as a whole by sharing this with a wide-range of stakeholders, including academic societies, industry associations, other companies in the industry (real estate companies, architectural design offices), construction companies, and construction material and equipment manufacturers.


In fiscal 2021, the first fiscal year of the action plan, we achieved an 8% reduction in greenhouse gas emissions in terms of the 3-year average from fiscal 2019 to fiscal 2021 (compared to the average for fiscal 2018–2020), and a 10% reduction

for a single fiscal year (compared to fiscal 2019). We were also recognized as a CDP2021 “A List” company, the highest ranking in the climate change category.

We are actively responding in all of our business areas, from office buildings and commercial facilities to residences and more, not only to the issue of climate change, but to all the diverse challenges facing the environment including biodiversity and water resource conservation, environmental pollution prevention, and reduction of resource consumption and waste generation.

Going forward, we will continue to create comfortable environments for customers and local communities, and engage in comprehensive activities to preserve the environment and respond to the challenge of climate change.

Society: S

One of the ideas contained in the  logo is linking diverse values, i.e., the diversity and inclusion (D&I) which has been emphasized in recent years for ensuring diversity in corporate management. This too is positioned as a top priority of the Group, just like responding to climate change. In November 2021, we drew up a Diversity & Inclusion Declaration and Initiative Policy, positioned female participation in particular as an important theme, and established quantitative and qualitative targets for the Group. In addition to creating environments where a diverse workforce of individuals can demonstrate their capabilities regardless of race, nationality, religion, sex, age, disability, gender identity, sexual orientation, or other attributes, we are promoting measures to support diverse workstyles to accommodate different life stages, including a work-at-home system, and a financial support system for those balancing work and child/nursing care. The biggest driver supporting value creation by companies is human assets, and with that in mind, we aim to improve diversity by employing more women and international talent than ever before, and by capitalizing on the diverse opinions and knowledge which arise from such diversity, we hope to create new business opportunities.

In terms of progress in fiscal 2021, the women in management positions ratio improved by 1.1% over the previous year to 6.8%, and we are moving steadily toward our goals of 10% in 2025 and 20% in 2030. We also achieved yearly quantitative goals for the ratio of hires of women, return rate from childcare leave, and paid leave days taken.

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. In fiscal 2021, we administered questionnaires to six construction companies representative of our business supply chains, and since May 2022, we have participated in a pilot project, launched by JP-MIRAI, to provide consultation and other support for foreign workers. Through steps like these, we are strengthening our efforts in the areas of supply chain management and human rights due diligence.

In the future, we will continue working to expand engagement with diverse stakeholders including our supply chain, customers, and local communities.

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.

As part of our efforts to develop and organize optimal corporate governance, we are working to provide incentives that link managing directors’ compensation with improvement of our corporate value. Also, in light of the fact that creating social value through ESG is the foundation of our management, we decided, starting in 2021, to have the Compensation Advisory Committee check and evaluate ESG efforts, and reflect this in calculation of performance-based compensation, i.e., bonuses and restricted stock compensation.

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.

4. In Conclusion

I believe the social value created by the Group can be summed up in these terms: emotionally moving people, enriching their lives, and realizing a sustainable society.

Going forward, the Group will continue to promote sustainability management with a long-term perspective, focusing on two key pillars: creating social value and creating economic value. In April 2022, we established an organization for accelerating the group-wide effort to realize sustainability management—integrating the Sustainability Promotion Department, which oversees ESG efforts, and the Environment and Energy Service Department, which handles tasks such as company-wide energy management and renewable energy procurement, into a new Sustainability Promotion Division.

We are also actively working to disclose information on our ESG activities and respond to third-party assessment organizations, and starting in fiscal 2022 we will participate in GRESB Real Estate, an international benchmark for acquiring green building certification and conducting ESG assessment of the real estate sector.

In the future, we will continue dialogue with all our stakeholders, and contribute to the sustainability of society, while striving to share long-term values.