

## 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.**

#### 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.

### 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

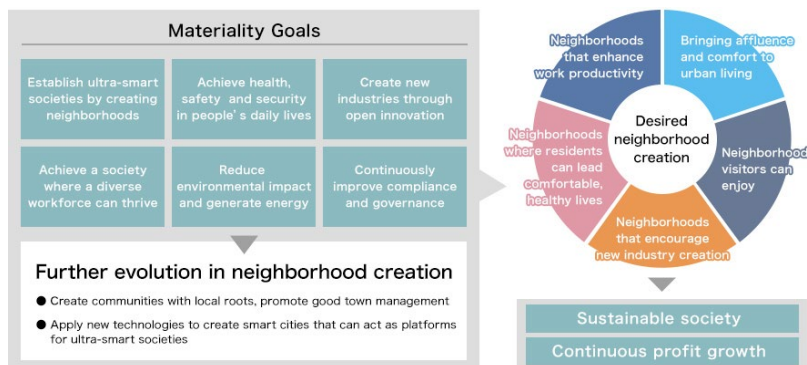


The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society represented by its  corporate logo. Under our **&EARTH** principle, 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 2023 profiles ESG-related efforts by the Mitsui Fudosan Group. The report mainly covers activities undertaken from April 1, 2022 to March 31, 2023. However, details are also provided for certain ongoing development projects both at the design and construction phase. In principle, quantitative data relates to fiscal 2022, the fiscal year from April 1, 2022 to March 31, 2023. 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 2022, which were revised, and which were continued.

## Reference Guidelines

Environmental Reporting Guidelines (2018) issued by Japan's Ministry of the Environment

SASB Standard

SASB Content Index

TCFD Final Report

## Launch/Publication

Website: Primary launch in September 2023

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

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

## 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 <sup>3</sup> ), %	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 Procurement
Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	m <sup>2</sup>	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 <sup>2</sup>	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	—

# Sustainability Promotion Framework

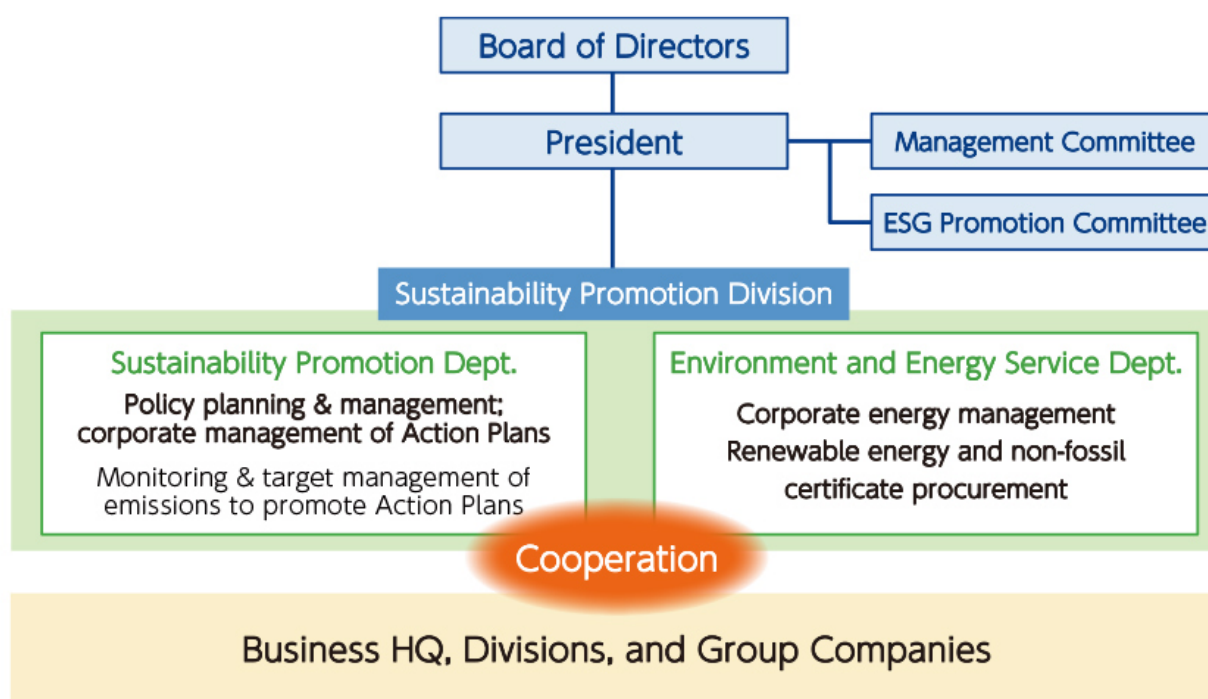
## Sustainability Promotion Framework

With the aim of contributing to ESG promotion and to the achievement of the SDGs, as well as to promote activities related to decarbonization efforts, Mitsui Fudosan has established an ESG Promotion Committee (headed by the President and Chief Executive Officer). The company has also established an ESG Management Committee, subordinate to the ESG Promotion Committee (headed by the Director of the Sustainability Promotion Division). The ESG Promotion Committee manages principles and policy formulation for ESG, SDGs, and decarbonization initiatives. 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 ESG issues 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, the status of ESG-related initiatives is considered in determining management evaluation and compensation.

Moreover, environmental initiatives are carried out in a planned fashion alongside Group companies subject to environmental policies.

### Sustainability promotion organizational structure of the Mitsui Fudosan Group (As of April 1, 2023)



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.

①～⑩: KPIs for Mitsui Fudosan (unconsolidated)

⑪～⑱: KPIs for the entire Mitsui Fudosan Group

Targets shaded green are those that have been met in FY2022

Unconsolidated KPIs			Progress				Main results in FY2022
Evaluation indicator	Period	Numerical target	FY2020	FY2021	FY2022	Change from FY2021	
① Employee engagement (D&I)*1	Annual	80% or more	—	—	92%	—	Added as a KPI for FY2023 onward
② Training time per employee (D&I)*2	Annual	Same level as previous year's results	—	—	28.2 hours	—	Added as a KPI for FY2023 onward
③ Training expenses per employee (D&I)*3	Annual	Same level as previous year's results	—	—	131,000 yen	—	Added as a KPI for FY2023 onward
④ Women in management positions ratio (D&I)*4	By 2025 By 2030	: 10% : 20%	5.7%	6.8%	7.7%	+0.9%	Active recruitment of mid-career personnel and internal promotion to management positions contributed to improvements · Selected for the second year in a row as a Nadeshiko Brand by the Ministry of Economy, Trade and Industry as a company that ably promotes active roles for women
⑤ Ratio of female hires (D&I)	Annual	40%	—	40.5%	44.1%	+3.6%	Added as a KPI for FY2021 onward
⑥ Return rate from childcare leave (D&I)	Annual	100%	100%	100%	100%	0.0%	100% for 23 consecutive years
⑦ Percentage of male employees taking childcare leave, etc. (D&I)*5	Annual	100%	—	—	122.9%	—	Added as a KPI for FY2022 onward
⑧ Number of paid leave days taken (D&I)	Annual	14days annually	13.8days	15.0days	16.2days	+1.2 day	Increased due to the setting and publicizing of recommended leave days, and recommendation communication to relevant individuals or their immediate superiors
⑨ Employment rate of people with disabilities (legal employment rate *6) (D&I)	Annual	2.3% or more	2.07%	2.14%	2.52%	+0.38%	Active recruitment of people with disabilities contributed to improvements
⑩ Health checkup and screening rate	Annual	100%	99.5%	100%	100%	0.0%	



· Selected for inclusion in the MSCI Japan Empowering Women (WIN) Select Index for the sixth consecutive year

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



Group KPIs			Progress					Main results in FY2022
Evaluation indicator	Period	Numerical target	FY2019	FY2020	FY2021	FY2022	Change from FY2021	
⑪ CO <sub>2</sub> and other emission reduction rate (1,000 t-CO <sub>2</sub> )	By FY2030 By FY2050	: 40% decrease compared to FY2019 : Virtually zero	4,383	4,690	4,199	5,503	+1,304 (+31.1%)	Compared to FY2019: 1,120 increase (+25.6%) Increased due to an increase in completed/sold properties, etc.
⑫ Energy-derived CO <sub>2</sub> emission reduction rate by Tokyo Metropolitan Government's Specified Global Warming Prevention Business Establishments*7	By FY2024	Rate exceeding that mandated under the ordinance (Plan 3: 27% reduction)	28.4% decrease	38.4% decrease	37.3% decrease	35.8% decrease	+1.5%	Achieved
⑬ Proportion of electric power used in business activities derived from renewable energy (RE100)	By FY2050	100%	0.1%	0.1%	3.0%	11.3%	+8.3%	Improved through active use of renewable energy
⑭ Energy consumption per base unit (k $\ell$ /m <sup>2</sup> per year)	Annual	1% reduction annually	0.041	0.035	0.039	0.039	0.0%	Due to increased activity by people as the effects of the pandemic lessen
⑮ Clean/industrial water use per base unit (m <sup>3</sup> /m <sup>2</sup> per year)	Annual	Less than the previous fiscal year	0.851	0.708	0.671	0.855	+27.4%	Due to increased activity by people as the effects of the pandemic lessen and the increase in the number of buildings that the indicators cover
⑯ General waste emissions per base unit (t/m <sup>2</sup> per year)	Annual		0.0055	0.0044	0.0055	0.0059	+7.3%	*For FY2019 and FY2020, which buildings are covered by these indicators is based on the Act on the Rational Use of Energy; for FY2021 onward, the number of buildings covered has increased to include those covered by Science-Based Targets (SBTs)
⑰ Industrial waste emissions per base unit (t/m <sup>2</sup> per year)	Annual		0.0016	0.0010	0.0011	0.0016	+45.5%	
⑱ Waste recycling ratio (at Mitsui Fudosan Co., Ltd. headquarters)	By FY2030	90%	80.3%	75.3%	72.4%	69.1%	3.3% decrease	Paper waste (which can be recycled) is decreasing as we move to paperless operations; the amount of waste that cannot be recycled, meanwhile, has plateaued. Moreover, the total amount of waste is decreasing.

• Selected for the CDP Climate A List, the highest ranking, for the second year in a row, and as a Supplier Engagement Leader



\*1 The proportion who responded to the statement "I am proud to work for this company" with a 4 or 5 out of a five-point scale of agreement

\*2 Calculated by dividing the total number of training hours in FY2022 by the total number of permanent employees

\*3 Calculated by dividing the total amount of training expenses in FY2022 by the total number of permanent employees

\*4 Figures for each fiscal year are those for the beginning of the fiscal year starting April 1 of the following year

\*5 Calculated based on the number of male employees whose partner gave birth in the relevant fiscal year, and the number of male employees who used the leave system to take time off work during that fiscal year at the time of their child's birth, as childcare leave, or other time off for the purpose of spending time with their child. Where there are male employees who take childcare leave, etc. in a different fiscal year from that of their child's birth, this rate may exceed 100%.

\*6 The legal employment rate rose from 2.2% to 2.3% in March 2021. Figures for each fiscal year are those for June 1 of the relevant fiscal year

\*7 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

## Declarations to Society and Participation in International Initiatives

### Participation in the United Nations Global Compact

The Group supports and signed the UN Global Compact (UNGC), which comprises 10 principles relating to human rights, labor, environment, and anti-corruption. Further, based on Group management's commitment, we have participated in its local network in Japan called the Global Compact Network Japan (GCNJ) and have been conducting our business in consideration of its 10 principles.

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 have been fighting against climate change as a recognized member of the Japan Climate Leaders' Partnership (JCLP), a coalition of Japanese business associations that aims to make society more sustainable and is a local partner of RE100. Through our participation in JCLP, we will collaborate with other companies that are aiming to bring about a decarbonized society and make policy proposals, etc., to the government.

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-tcf.org/tcf-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>



## Signing up to the Principles for Responsible Investment

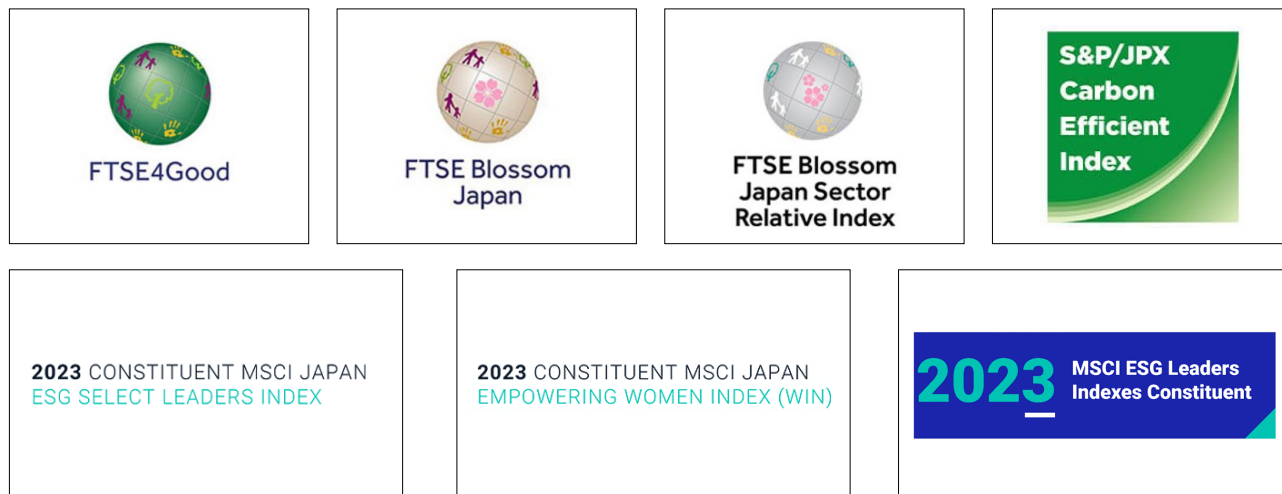
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Nippon Building Fund Management Ltd. is in agreement with, and a signatory to, the Principles for Responsible Investment (PRI). The PRI advocate the incorporation of ESG issues into the investment decision-making process, and by including these perspectives, the goal is to improve the performance of long-term investments and further fulfill responsibilities as a trustee.

# External Evaluation of Sustainability

## Inclusion in ESG indices

As of August, 2023



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## Various evaluations and certifications on sustainability

As of August, 2023

