Environment

Refer to the ESG data at the end of this report for the following environment-related data.

Climate Change

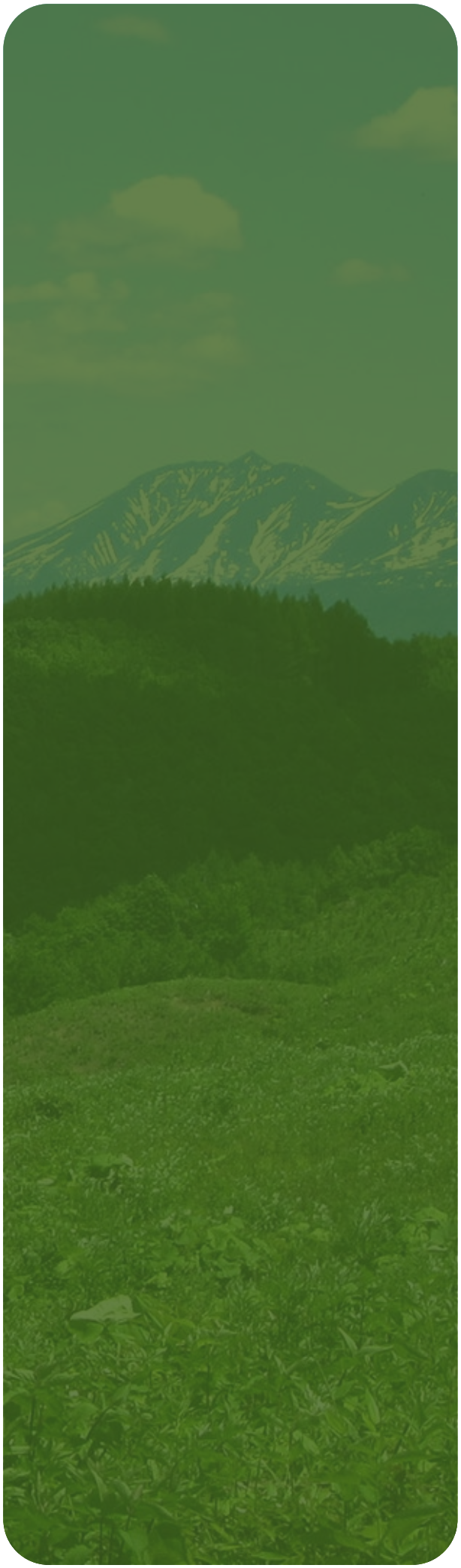
- Activity Indices and Goals, and Progress in Achieving Them
- Office Buildings in Tokyo Certified as Excellent Designated GHG Offices by the Tokyo Metropolitan Government
- List of Company Solar Power Stations
- Trends in the Amount of Energy Consumption
- Boundary for Energy Consumption
- Greenhouse Gas Emissions (Scopes 1, 2 & 3)
- Trends in Three-year Averages for Greenhouse Gas Emissions
- External Certifications

Water

- Trends in Water Usage (Water intake, water recycling rate, and wastewater)
- Boundary for Water Usage

Environmental Pollution and Resources

- Recycled Food Waste (FY2022)
- Tile Carpeting Recycling
- Wastepaper Recycling
- Used Fluorescent Bulb and Battery Recycling
- Hazardous Waste (Specially Controlled Waste) Emissions
- Trends in the Amount of Disposed Non-Hazardous Waste (General Waste and Industrial Waste)
- Boundary for Waste Emissions
- Waste Recycling Ratio (Headquarters)
- Annual Cost for Fines and Penalties Relating to the Environment
- Violation of Laws, Regulations, and Ordinances Relating to Environmental Pollution
- Number of sites covered by recognized environmental management systems such as ISO 14001



Environmental Initiatives Policy

Guided by its Group Environmental Policy, the Group engages in the three core environmental activities of load reduction (reducing the impact of its products and services on the environment), quality improvement (enhancing safety, security, and comfort while ensuring sustainability), and cooperation (collaborating and cooperating with various stakeholders) in an integrated manner.

The Group Environmental Policy (Established November 1, 2001; Revised April 1, 2018)

Environmental Principles

We at Mitsui Fudosan are 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 our logo. Under the principles of the logo, &EARTH represents our Group Vision. &EARTH symbolizes our recognition that urban development is interlinked with the planet and our aim of a society that enriches both people and the planet.

Contributing to the building of a society that realizes the sustainable development of human life is our corporate mission, and we consider this an important business challenge directly related to increasing corporate value. Positioning the promotion of business while addressing collaboration and cooperation with the community, reduction of environmental burden and improvement of security, safety, and comfort as vital to harmonious coexistence with the environment, we endeavor to create urban environments of enrichment and comfort and contribute to the global environment.

Environmental Policy

1. We aim to take countermeasures against global warming and create a recycling society by striving to improve environmental efficiency, reduce environmental burden, conserve energy/resources, reduce waste materials and prevent pollution.
2. We aim to both reduce environmental burden and improve security, safety, and comfort with widespread and comprehensive promotion of water and biodiversity conservation and introduction of diversified and independent energy sources, in addition to low carbon.
3. In collaboration and cooperation with all of society including our customers, local communities, and the government, we proactively address harmonious coexistence with the environment, build a society that realizes sustainable development, and implement highly effective environmental measures.
4. We will expand environment-conscious urban development such as smart cities both at home and abroad and aim to be an environmentally advanced company that plays a leading role in the future of urban development.
5. In addition to adhering to environment-related laws and regulations, we will establish our own standards as necessary and promote harmonious coexistence with the environment.
6. Through environmental training and awareness-enhancing activities, we ensure that all Mitsui Fudosan Group employees have a solid understanding of our Environmental Policy and increase their environmental awareness.
7. We provide full public disclosure of necessary information relating to such matters as our environmental initiatives, and promote open communication with society at large through promotional activities.


Cooperation
Collaboration/cooperation with various stakeholders
Coexistence with the community
Proactively making appeals to tenants and owner
Partnerships and cooperation with design companies, construction companies, energy companies, manufacturers, etc.
Strengthening partnerships and cooperation with the local area, public administration, or research institutions such as universities, etc.
Load reduction
Reduction of environmental load
CO2 reduction (including supporting the use of low carbon transportation)
Water conservation
Reduction of hazardous materials
Resource conservation and waste reduction
Quality improvement
Improving security, safety and comfort as well as ensuring sustainability
Improve safety and security
Preservation and utilization of the natural environment (preservation of biodiversity)
Preservation and utilization of landscape and streetscape
Improve health and comfort

Climate Change

Awareness of Climate Change

Since the Industrial Revolution, an increase in energy consumption has heightened the concentrations of greenhouse gases, such as carbon dioxide (CO_2), in the atmosphere, and global warming is progressing. If warming continues without taking any effective countermeasures, there will be major changes in the earth's climate. This will cause phenomena such as rising sea levels and abnormal weather patterns, and have a great impact on the living environments of people and other organisms. Abnormal weather patterns will also increase the risk of damage to the business activities of the Group. To curb global warming, reduce the risk to the Group due to climate change, protect environments where people and other organisms can live, and build a sustainable, carbon-free society, the Group believes that one of its key social missions as a real estate developer is to create, supply, and operate buildings and neighborhoods which curb energy consumption, and have low emissions of greenhouse gases.

Policy

Based on our Group Environmental Policy, we create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases, and we aim to build a carbon-free society by taking steps together with our business partners, tenant companies and stores, and customers, to address global warming, such as conservation of energy.

In November 2021, we formulated Group action plans. We have been working hard to achieve our greenhouse gas emission reduction goals-a 40% reduction in emissions by FY2030 (compared to FY2019 levels) and net zero by FY2050-and we have been further promoting actions as part of a unified supply chain.

Action Plan 1
Improve environmental performance of new and existing properties
Action Plan 2
Greening of electricity in common areas of properties and areas used by the company
Action Plan 3
Provide Green Menu to tenants and buyers
Action Plan 4
Secure stable renewable energy sources
Action Plan 5
Initiatives to reduce CO_2 emissions during construction
*Other Key Initiatives
Utilization of forests, Open innovation, Acquisition of external certifications, Urban development initiatives, Improvement of internal systems, Introduction of internal carbon pricing (ICP: A mechanism to promote decarbonization by placing a value of 5,000 yen/t-CO_2 on in-house CO_2 emissions), etc.

For more detailed information about Group Action Plan to Realize Decarbonized Society, please refer to the following:
⇒ https://www.mitsuifudosan.co.jp/english/esg_csr/carbon_neutral/

Major Initiatives

Energy Conservation, Creation, and Storage

In addition to energy conservation, the Group is actively engaged in energy creation using solar power and cogeneration systems, and energy storage using large-scale storage batteries. In this way, we create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases. We are also involved in energy-saving activities together with our business partners, tenant companies and stores, and customers.

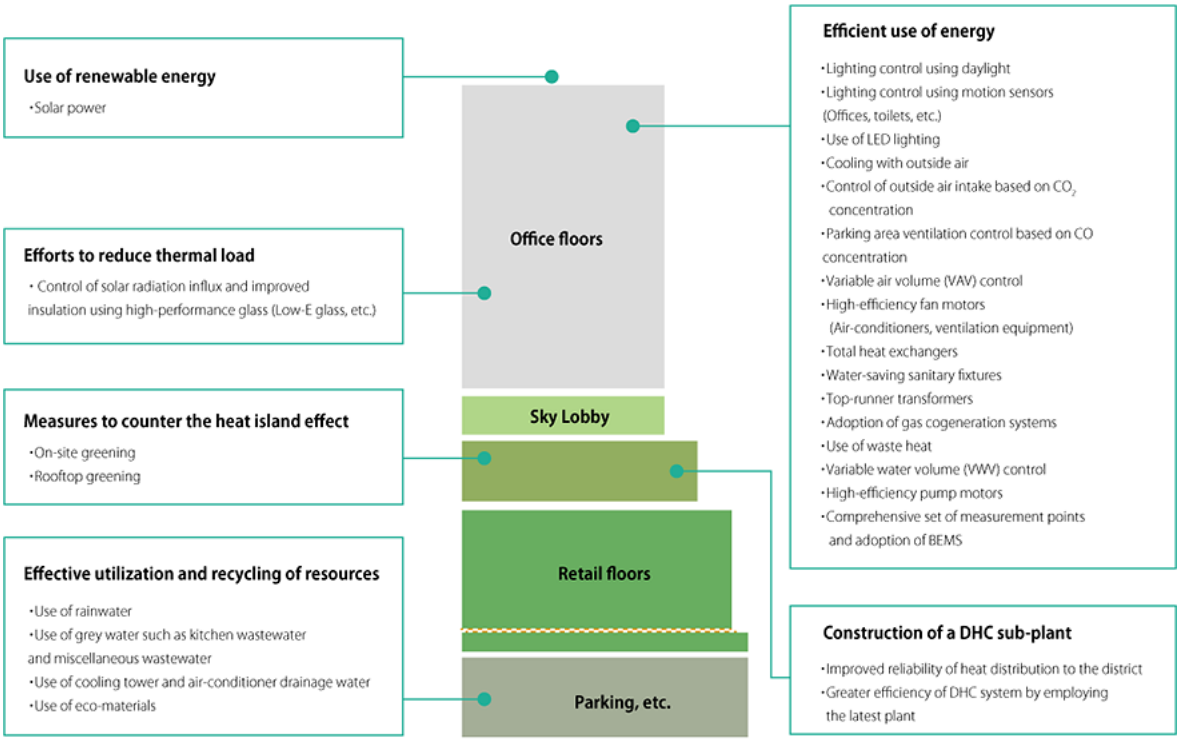
Energy Conservation, Creation, and Storage in Office Buildings

Efforts at TOKYO MIDTOWN HIBIYA

At TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo), we employ an exterior covering and high-performance glass to reduce thermal load, use high-efficiency systems and energy-saving equipment such as lighting control systems that utilize daylight, and make use of waste heat from a gas cogeneration system. We also create energy through the installation of a solar power system (generation capacity approx. 20 kW). By using these energy conservation and creation systems, we have attained Level 3 for Perimeter Annual Load (PAL) and Energy Reduction Ratio (ERR) evaluation in the Tokyo Metropolitan Building Environmental Planning System, and the S Rank under the CASBEE (Comprehensive Assessment System for Built Environment Efficiency) scheme.

We have also installed a new sub-plant for district heating and cooling (DHC), and by linking it with an existing DHC plant in the Hibiya area, we have helped realize a high-efficiency energy supply for the entire district.

Overview of Environmental Efforts at TOKYO MIDTOWN HIBIYA



Efforts at the Nihonbashi Takashimaya Mitsui Building

The Nihonbashi Takashimaya Mitsui Building (Chuo-ku, Tokyo) has attained Level 3 for PAL/ERR evaluation in the Tokyo Metropolitan Building Environmental Planning System.

Office Buildings in Tokyo Certified Again as Excellent Designated GHG Offices by the Tokyo Metropolitan Government

Since fiscal 2010, we have been acquiring and renewing certification for office buildings in the Tokyo metropolitan area based on the standards established by the Tokyo Metropolitan Government for Excellent Designated GHG Offices*.

At these office buildings, we are switching to energy-saving equipment, holding meetings to promote CO_2 reduction, strengthening systems for collaboration with tenants, and promoting energy conservation activities.

As of April 1, 2023, the Company has six office complexes (six buildings) designated as Top Level Offices and four office complexes (six buildings) as Semi-Top Level Offices under the Excellent Designated GHG Offices program.

* Tokyo Metropolitan Government's Excellent Designated GHG Offices: These standards recognize office buildings that have made particular strides in promoting measures designed to combat global warming, according to a 213-point investigation that looks at areas such as greenhouse gas (GHG) emissions management systems, building performance, and how office facilities are operated, in line with provisions by the Tokyo Metropolitan Government. The standards also relax the obligatory rates for GHG emission reductions. Under these standards, buildings can be designated Top-Level Offices or Semi-Top-Level Offices.

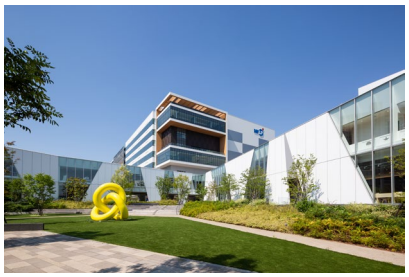
List of Tokyo Metropolitan Government's Excellent Designated GHG Offices Certifications (as of April 1, 2023)

Top Level Offices	Semi-Top Level Offices
· Nihonbashi Mitsui Tower · Tokyo Midtown · Ginza Mitsui Building · Gran Tokyo North Tower · Sumitomo Mitsui Banking Corporation Building · TOKYO MIDTOWN HIBIYA	· Nihonbashi 1-chome Mitsui Building · Shiodome City Center · Muromachi Higashi Mitsui Building · Muromachi Furukawa Mitsui Building · *Muromachi Chibagin Mitsui Building · Iidabashi Grand Bloom
6 office complexes (6 buildings)	4 office complexes (6 buildings)
Total: 10 office complexes (12 buildings)	

*Note: Muromachi Higashi Mitsui Building, Muromachi Furukawa Mitsui Building, and Muromachi Chibagin Mitsui Building are three buildings considered to be one office complex.

Energy Conservation at Large-Scale Logistics Facilities

At its large-scale logistics facilities, Mitsui Fudosan Logistics Parks (MFLP), the Company is installing LED lighting and solar power systems. MFLP is an urban development-type logistics facility that aims to coexist with the local community and create a lively surrounding area, and has reduced its environmental impact by introducing solar power generation facilities on the site and actively utilizing a "green power supply service".



MFLP Funabashi Ⅲ

MFLP Funabashi Ⅲ

MFLP Ichikawa Shiohama Ⅱ

Housing-related Initiatives

In April 2022, Mitsui Home released a new product, IZM, based on the concept of modern design for a decarbonized society. This product meets the ZEH (Net Zero Energy House) standard even in large spaces with large openings and large atrium, and can also be linked to energy generators such as solar power generation systems, energy storage systems, V2H, etc., thereby contributing not only to reduced running costs in daily life but also to improved resilience by securing emergency power sources during emergencies. The design features a linear, modern exterior composed of a newly developed "wing roof" and a symbolic exterior "privacy wall," as well as a "lanai," a semi-outdoor space that provides a borderless connection between the inside and outside of the building. The building offers a variety of spaces that allow customers, especially those with children, to enjoy a free and affluent lifestyle that is unique to them.

The "privacy wall", which shields the building from outside view, is made of wood and integrated with the building. By maximizing the use of wood, a sustainable building resource that is friendly to people and the global environment, reduced construction period and high environmental performance is achieved.

Megasolar Projects

The Company is involved in megasolar power projects, and as of March 31, 2023, operates five megasolar power stations. The total generating capacity for the five stations is 72 MW, and in fiscal 2022 they generated a total of 87,608,446 kWh of power, which is equivalent to the annual power needs of approximately 20,000 homes.

Note: Based on the Ministry of the Environment's FY2021 Survey on the Actual Conditions of Carbon Dioxide Emissions from Residential Sector

Energy Management System

The Group is installing optimal energy management systems at each type of property: office buildings, retail properties, condominiums, and detached housing. We are also introducing area energy management systems to link the energy management systems of individual buildings, and manage energy over an entire block.

Examples of Energy Management System Adoption

Type of building	Type of energy management system	Buildings with Energy Management Systems Installed
Office buildings	BEMS	· TOKYO MIDTOWN HIBIYA · Nihonbashi Takashimaya Mitsui Building etc.
Commercial facilities	BEMS	· LaLaport TOKYO-BAY · LaLaport KOSHIEN · MITSUI OUTLET PARK KITAHIROSHIMA etc.
Built-for-sale condominiums	HEMS (each condominium), MEMS (communal areas, overall)	Mitsui Fudosan Residential's · HARUMI FLAG · Park City Kashiwa-no-ha Campus The Gate Tower · Park Homes Urawa Tokiwa 10-chome · Park Homes Nerima Fujimidai Station Gate etc.
Built-for-sale detached housing	HEMS	Mitsui Fudosan Residential's · Fine Court Eifuku 4-chome · Fine Court Meguro Ookayama etc.
Custom-built detached residence	HEMS	Mitsui Home's · green's II Series · green's ZERO Series · Lucas · Lascene compatible with all above products
Entire block	AEMS, TEMS, etc.	· Kashiwa-no-ha Smart City (Kashiwa-no-ha AEMS) · Nihonbashi Smart Energy Project · Toyosu Smart Energy Project · Yaesu Smart Energy Project · Park City Musashikosugi The Garden etc.

Note:
BEMS: Building Energy Management System
HEMS: Home Energy Management System
MEMS: Mansion Energy Management System
AEMS: Area Energy Management System
TEMS: Town Energy Management System

Toyosu Smart Energy Project Movie

Smart Meters

We have been installing pulse output meters (smart meters) in required locations in all our properties, which makes it easier to understand electricity usage.

Curbing CO_2 Emissions from Automobiles

To restrict CO_2 emissions from automobiles, the Group installs electric vehicle recharging stations and provides services at its retail properties that encourage the use of public transportation. Mitsui Fudosan Realty Co., Ltd. is installing charging stations for electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) at the Mitsui Car Park Leasing pay-by-the-hour parking lots. Charging stations for EVs and PHVs are also being installed in the parking lots of retail properties like LaLaport SHONAN HIRATSUKA (Hiratsuka City, Kanagawa) and built-for-sale condominiums like Park City Musashikosugi The Garden (Nakahara-ku, Kawasaki City).

EV and PHV charging station at the Mitsui Repark Henn na Hotel Maihama Tokyo Bay Parking Lot (Urayasu City, Chiba)

Green Lease System

In order to promote operations of more environmentally friendly facilities, Mitsui Fudosan and Mitsui Fudosan Logistics Park Inc. will gradually introduce green lease clauses into tenants' leasing contracts.
This introduction of the system is one of our efforts to unite with tenants and implement environmentally friendly repairs and building operations. Our aim is to bring in tenants of our property portfolio on our efforts to promote ESG issues.

Climate-related Financial Disclosure in Accordance with TCFD

TCFD and Mitsui Fudosan's Position

The Mitsui Fudosan Group has announced its endorsement of the agenda of the Task Force on Climate-related Financial Disclosures (TCFD), which promotes corporations and others to disclose information relating to climate-related risks and opportunities. VISION 2025, our group Long-Term Vision, states as one of its aims the successful establishment of a sustainable society through the creation of neighborhoods, and we are deploying neighborhood creation and services that contribute to addressing challenges relating to people, neighborhoods, and society. 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

Assumptions and Object of Analysis

Our analysis is based on the 1.5˚C and 4˚C Scenarios outlined in the Sixth Assessment Report issued by the United Nations Intergovernmental Panel on Climate Change. 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 this scenario analysis, we used our Housing, Office Buildings, and Retail Properties businesses as the object of analysis, since these three categories represent the principal focus of the commercial activities of the Mitsui Fudosan Group, and are also likely to be major recipients of climate change impact.

Analysis Process

In accordance with the TCFD final report issued in June 2017, we carried out our analysis in four steps.

(1) Assessment of significant risks and opportunities

Using a variety of relevant sources, we identified climate change-related risks and opportunities having a potentially significant impact on the business of the Mitsui Fudosan Group.

(2) Future world definition

For significant risks and opportunities defined in (1), we used projections from external entities such as scenarios from the Intergovernmental Panel on Climate Change (IPCC), SDS, NPS, and NZE2050 scenarios from the International Energy Agency (IEA), and a number of others to project changes in society, government, customers, and suppliers in 2050 for the 1.5˚C Scenario and the 4˚C Scenario.

(3) Estimate of business impact

Based on external information gathered in (2), we estimated the financial impact on the Mitsui Fudosan Group's businesses. For risks and opportunities where quantitative data was difficult to obtain, we performed a qualitative analysis.

(4) Review of response measures (planned)

We reviewed response measures to climate change-related risks and opportunities with specially significant potential impact. Further review is planned to identify specific measures for adoption.

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). The significant risks and opportunities we identified that may have an impact the Mitsui Fudosan Group's three core businesses between now and 2050 are shown in the table below.

Under the 1.5˚C Scenario, our Housing Business could be affected by an increase in carbon taxes, which would push the price of raw materials prices and transport costs higher. While ZEH and energy conservation renovations would become more widespread, 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 1.5˚C Scenario, our Office Buildings 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 Properties Business, the 1.5˚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 properties situated near the ocean may experience increased risk of damage from high tides and flooding.

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.
Physical	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.
	Acute	Rising sea levels	Certain coastal structures will be damaged by typhoon-generated tidal surges accompanying sea level rise.
		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 the Mitsui Fudosan Group's business in the year 2050. Under the 1.5˚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 the Mitsui Fudosan 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 1.5˚C Scenario we estimated there would be fewer factors with a major financial impact.

Type		Principal risks and opportunities	Factors with possible business impact	Results of financial impact estimate	
				4℃ Scenario	1.5℃ 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
		Rising sea levels / intensification of abnormal weather patterns	Flood damage due to high tides and heavy precipitation accompanying sea level rise	Moderate	Minor
Opportunity	Transition	Major carbon tax increase	Cost control through introduction of low-carbon materials	Minor	Moderate
		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	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 Scenario Analysis				Moderate	Moderate

Results Derived from Analysis

We conclude from the results of our scenario analysis that regardless of whether actual global climate change reflects the 1.5˚C Scenario or the 4˚C Scenario, the businesses of the Mitsui Fudosan Group are sustainable and display a consistent resilience during the period through to 2050. Through reduction of GHG base units, promotion of energy conservation, and other efforts, the Mitsui Fudosan Group is promoting mitigation of the risk of higher carbon taxes, tightened regulations, and other climate-related risk. In addition, by reinforcing our superior market position, for example by deploying environment-conscious urban development in and outside Japan, such as smart cities in collaboration with everyone in our supply chain, including general contractors with construction technology for superior environmental performance, we will expand the business opportunities resulting from transition to the decarbonized society. Our scenario analysis enabled us to once again confirm the direction of our environmental efforts to date. Going forward, Mitsui Fudosan Group will work to enhance its resilience and maximize its opportunities through even more detailed and extensive scenario analysis and promotion of a wide range of response efforts.

Recommended disclosure items	Disclosure in ESG Report
Governance: Disclose the organization's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	Sustainability Promotion Framework
b) Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability Promotion Framework
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Environment > Climate Change > Climate-related Financial Disclosure in Accordance with TCFD
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Environment > Climate Change > Climate-related Financial Disclosure in Accordance with TCFD
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 1.5℃ or lower scenario	Environment > Climate Change > Climate-related Financial Disclosure in Accordance with TCFD
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	Governance > Compliance > Risk Management System
b) Describe the organization's processes for managing climate-related risks	Governance > Compliance > Risk Management System
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Environment > Climate Change > Climate-related Financial Disclosure in Accordance with TCFD
Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	ESG Data > Climate Change > Activity Indices and Goals, and Progress in Achieving Them
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Environment > Climate Change > Climate-related Financial Disclosure in Accordance with TCFD ESG Data > Climate Change > Activity Indices and Goals, and Progress in Achieving Them
c) Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets	ESG Data > Climate Change > Activity Indices and Goals, and Progress in Achieving Them

Other Environmental data

Environmental Data by Prefectural/Municipal Ordinance

The Group wholeheartedly endorses all local government policies relating to climate change, including those of the Tokyo Metropolitan Government, and actively provides environmental data in accordance with prefectural/municipal ordinance.

Environmental Data Based on Ordinances of the Tokyo Metropolitan Government (Bureau of Environment, Tokyo Metropolitan Government Report on Measures against Global Warming)
⇒ https://www8.kankyo.metro.tokyo.lg.jp/ondanka/ad135gcce/index.php?ac=establishment&type=ent&code=01049&sys=13
⇒ https://www8.kankyo.metro.tokyo.lg.jp/ondanka/ad135gcce/

Environmental Data Based on Ordinances of the Yokohama Municipal Government
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2021/env_yokohama_2021.pdf

Environmental Data Based on Ordinances of the Saitama Prefectural Government
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/env_saitama_2022.pdf

Environmental Data Based on Ordinances of the Hiroshima Municipal Government
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/env_hiroshima_2022.pdf

Environmental Data Based on Ordinances of Tokyo Metropolitan Area Minato City Municipal Government (Relevant Mitsui Fudosan Places of Business No. 435–438) (Japanese version only)
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/env_minatoku_2022.pdf

Water

Policy

There are concerns that the number of natural disasters resulting from climate change, itself caused by global warming, are on the rise, and that there are likely to be a whole range of adverse effects, including in the area of water resources. It is predicted that by 2050, around 40% or more of the global population could face severe water shortages and water-stress. Water quality and availability also impact on such areas as securing health and stable food supplies, the sustainability of energy, urban communities, employment, and ecosystems.
While paying attention to sustainable water management and conservation, we have been developing buildings and creating neighborhoods, based on our Group Environmental Policy, that help preserve the water environment through measures like reducing water use or improving efficiency and replenishing subterranean aquifers. We will also preserve the water environment through water conservation and effective use of water resources via neighborhood creation together with our business partners, tenants of our property portfolio, stores, and customers.

Goals and Progress in Achieving Them

We shall strive to reduce water intake per base unit (of floor area) from the previous fiscal year through measures such as installing water-saving equipment in our newly constructed buildings or switching to such equipment when renovating existing buildings.

Major Initiatives

Water Conservation

The Group installs water-saving equipment in newly constructed office buildings and retail facilities. We have also been switching to water-saving equipment in existing buildings when they are renovated, and are making efforts to conserve water during routine building management and operations together with our business partners, tenants, stores, and customers.

Adoption of Water-saving Equipment

At Tokyo Midtown (Minato-ku, Tokyo), we are saving water by installing water-saving sanitary equipment, automatic faucets and similar facilities.
Large-scale renovation took place at MITSUI OUTLET PARK JAZZ DREAM NAGASHIMA (Kuwana City, Mie), and in the extended area we installed 49 ultra-water-saving toilets (flush volume 5.5 liters). LaLaport Toyosu (Koto-ku, Tokyo), LaLa Garden Kawaguchi (Kawaguchi City, Saitama), and Treage Shirahata (Fujisawa City, Kanagawa) are also upgrading to super water-saving equipment as they become due for renewal. At MIYASHITA PARK (Shibuya-ku, Tokyo), a commercial facility integrated with a park, WOSH, a water circulation type hand washing stand, was installed as part of hygiene measures.
The built-for-sale and rental condominiums and built-for-sale detached housing which Mitsui Fudosan Residential sell use water-saving toilets and bathing room shower heads with a water stop button.

Use of Well Water for Irrigation

To reduce the use of clean water, well water (ground water) is used to irrigate the greenery areas of Park City Kashiwa-no-ha Campus The Gate Tower (Kashiwa City, Chiba). Water used in this way returns to subterranean aquifers, helping to reduce the impact of water usage.

Use of Rainwater and Grey Water

Mitsui Fudosan aims to effectively use water resources by taking advantage of rainwater and grey water (processed wastewater) at its office buildings, retail properties and built-for-sale condominium buildings.
At TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo), we collect rainwater and drainage water* from air-conditioners in a rainwater utilization tank (water storage capacity approximately 400 m^3), and after treatment use it as general service water for toilet flushing and similar purposes. We also use grey water, obtained by treating kitchen wastewater, miscellaneous wastewater, and cooling tower blowdown water, as general service water in the same way.

*Drainage water: Excess wastewater from humidifiers of air-conditioners, and water cooled and condensed on cooling pipes.

Letting Rainfall Reach the Ground and Preventing Rainfall Runoff

In our office buildings and retail facilities, we direct rainwater underground by utilizing water-permeable paving for parking lots, walkways, on-site roads, and external sections of the building. We also aim to preserve the water environment and prevent flooding with temporary storage tanks and flow adjustment ponds to prevent rainwater runoff in large volumes.

Water Stress Assessments

Using the World Resources Institute's Aqueduct assessment tool, we conducted assessments of water stress and water risks. As a result, we found that none of our domestic properties were in regions where water risks were "high" or above. Conversely, some of our properties overseas were in regions where water risks were "high" or above. We will continue to conduct regular investigations and ensure appropriate water usage while consulting with the relevant parties.

Environmental Pollution and Resources

Policy

Based on its Group Environmental Policy, the Group prevents environmental pollution by observing laws, regulations, and ordinances relating to air pollution, water pollution, soil contamination, and hazardous materials, and we work hard to curb emissions of pollutants and contaminants that are not subject to regulation by laws, regulations, and ordinances. We also ensure appropriate management and disposal of hazardous materials when acquiring land as well as in the building design stage, thereby preventing hazardous materials impacts on the environment or building users. Based on our Group Environmental Policy, we aim to create a recycling society by working, together with our business partners, tenant companies and stores, and customers, to conserve resources and reduce waste. At the same time, we will prevent impacts on the environment due to waste through appropriate disposal of any waste that cannot be reused or recycled.

Goals and Progress in Achieving Them

Resources and Waste

We shall promote the 3Rs (reduce, reuse, recycle) and work to reduce general and industrial waste emissions per base unit from the previous fiscal year, and we shall appropriately dispose of wastes in accordance with laws, regulations, and ordinances relating to waste disposal. In addition, our goal is to raise the waste recycling ratio at our headquarters office to 90% by 2030.

Major Environmental Pollution Initiatives

Prevention of Air Pollution

Measures to Address Exhaust Gas at Facilities Producing Soot and Smoke

Boilers, cogeneration systems, and other soot and smoke producing facilities larger than a certain size and installed at office buildings, retail properties, hotels, large-scale logistics facilities, and other properties managed and operated by the Group, are subject to regulation under laws, regulations, and ordinances relating to air pollution. At these regulated soot and smoke producing facilities, we have installed exhaust gas treatment equipment, and we are working to prevent air pollution by curbing emission of air pollutants such as nitrogen oxides and sulfur oxides.

Prevention of Water Pollution

Wastewater Treatment at Office Buildings, Retail Facilities, and Hotels/Resorts

Restaurants above a certain size in office buildings and retail properties, as well as hotels and resort facilities managed and operated by the Group are subject to regulation under laws, regulations, and ordinances relating to water pollution. At these regulated facilities, we install wastewater treatment equipment, and discharge wastewater into sewage systems, rivers, the ocean, or other public waters only after treatment that ensures it meets regulatory standards.

Lowering Environmental Impact of Cleaning Solutions

Mitsui Fudosan Facilities Co., Ltd. has been using eco-chemicals with low environmental impact based on its own standards, with the exception of chemicals designated by its customers, for cleaning solutions (toilet cleaner, floor and general-purpose cleaner, wax, and removers). Mitsui Fudosan Residential Service Co., Ltd. in principle uses cleaning solutions with low environmental impact based on its own standards for cleaning condominiums, with the exception of some managed properties.

Mitsui Fudosan Residential Service Co., Ltd.'s Standards for Cleaning Solutions with Low Environmental Impact

Cleaning solutions that satisfy the following conditions:

◎ More than 60% biodegradable (after 28 days)

◎ Chemically neutral

◎ Low biochemical oxygen demand (BOD) and chemical oxygen demand (COD)

Responding Appropriately to Soil Contamination

The Mitsui Fudosan Group complies with relevant laws and regulations for surveying soil history. We also implement soil contamination surveys and take measures to remedy contaminated soil as needed.

Reduction of Hazardous Substances

Appropriate Disposal of Chlorofluorocarbons and Asbestos

When equipment containing chlorofluorocarbons is disposed of at our office buildings, retail properties and hotels, it is handled in an appropriate manner in accordance with relevant laws and regulations. In addition, in demolition and repair of buildings, retail facilities, condominiums and other structures, we observe laws and regulations relating to asbestos, and take proper measures such as notifying government agencies, and preventing the dispersion of asbestos.

Sick Building Countermeasures

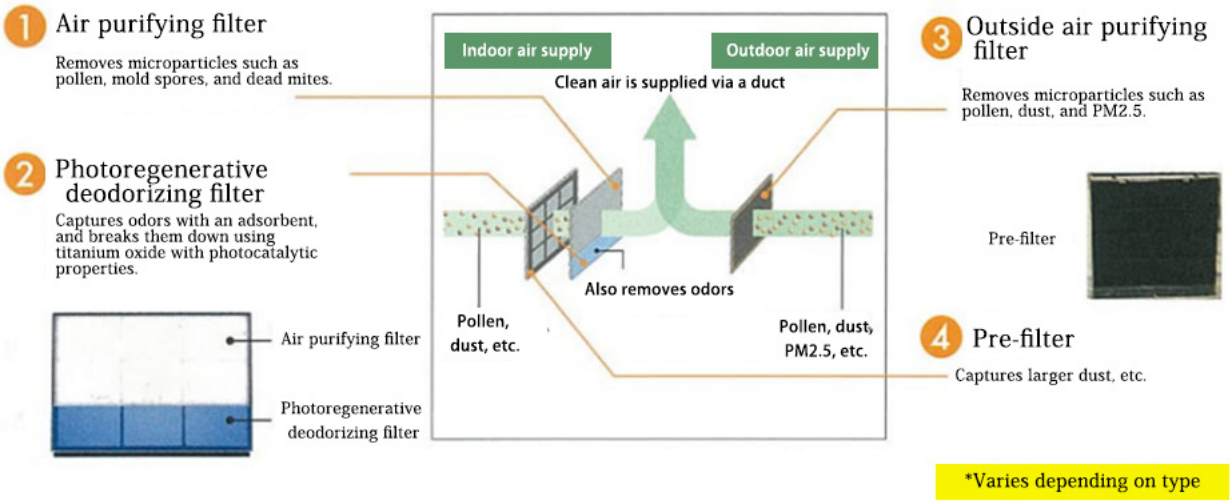
For our office buildings and retail facilities, we have added guidelines for combating sick building symptoms to our eco-specifications (design request form, etc.). We make concerted efforts to prevent formaldehyde and other volatile organic compounds (VOCs) from entering our buildings, because they are a cause of sick building syndrome. Mitsui Garden Hotels uses low-formaldehyde building materials* including building components, adhesives, and paints. The housing business promotes the use of low-formaldehyde building materials to limit substances that cause sick building syndrome, such as formaldehyde.

*Low-formaldehyde building materials: Building materials rated by Japanese Industrial Standards (JIS) and Japanese Agricultural Standards (JAS) as having the minimal or second-lowest level of formaldehyde emissions.

Measures to Address Indoor PM2.5 Pollutants

Mitsui Home Co., Ltd. offers Smart Breeze, a healthy air-conditioning system for its custom-built detached residences. Smart Breeze is a 24-hour ventilation system, equipped with a high-performance filter that captures particulate matter of around 2.5 μm in size. This prevents infiltration not only of pollen and dust, but also of PM2.5, an air pollutant thought to have effects on health.

Overview of High-Performance Filter



Principal Resource- and Waste-related Efforts

Initiatives for Sustainable Forest Resource Procurement

To ensure sustainable procurement of forest resources, Mitsui Home Co., Ltd. as a company using such resources has formulated the Mitsui Home Group Resource Procurement Guidelines. The guidelines outline Mitsui Home's procurement policies and their scope of applicability, and are aimed at maintaining abundant ecosystems, sustaining local communities, practicing strictly sustainable procurement of forest resources, and contributing to reducing our global environmental load.

The Mitsui Home Group Resource Procurement Guidelines (Overview)

<Procurement Philosophy>

As a company that draws on trees and forests in the conduct of its business activities, Mitsui Home adheres strictly to a policy of sustainable forest resource procurement to ensure an abundant ecosystem and to maintain regional society. Moving forward, the company will work diligently to reduce its global environmental load.

<Procurement Policy>

1 Confirm the legality of timber and lumber products

When procuring from countries and regions where the possibility of illegal harvesting exists, the legality of timber and lumber procured are confirmed in advance.

2 Procure sustainable forest resources

We promote procurement of forest resources from sources that practice sustainable harvesting, to protect precious forests, their environments and biodiversity.

3 Protect precious species

We work to protect valuable and endangered tree species.

4 Manage and maintain the supply chain

We work with partners to manage and promote legal, sustainable supply chains.

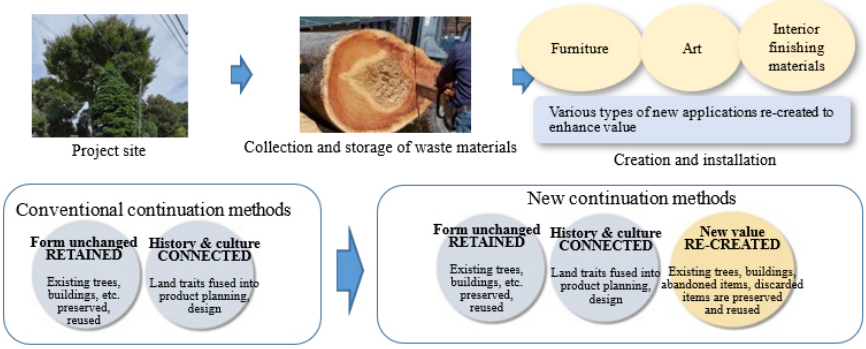
Life Cycle Analysis (LCA)

We are working to reduce the environmental impact of our buildings across their life cycle by analyzing every stage from their design, construction and management to their disassembly and disposal.
We also conduct life cycle analyses to reduce the environmental impact of our buildings during the planning and design of real estate development projects, and have received CASBEE certification as a result.
Further, to extend the service life of our buildings, in addition to improving their earthquake resistance, durability, and fire resistance, we design them so that the maintenance, management, and renewal of piping and other equipment can be undertaken with ease. Additionally, Mitsui Fudosan Residential Co., Ltd. expects to revise the cycle of large-scale repair work from 12 to 18 years by adopting highly durable part materials in condominiums for sale. This is expected to reduce the number of large-scale repairs and the accompanying labor and burden on the condominium management association, as well as reduce life-cycle CO_2 emissions at the operational stage by reducing the amount of waste materials processed and the number of vehicles used for transportation, etc. In addition, we conduct appropriate maintenance and renovations after buildings go into service. For example, Mitsui Home Co., Ltd. offers the Keep Well long-term building support system to maintain quality and performance over the long term through a combination of inspection and upkeep every 10 years after building delivery.
Also, to reduce the frequency of building disassembly and disposal, we have been working to improve structures built to old earthquake-resistance standards. Specifically, we are using the Refining Architecture method, which transforms old structures into like-new buildings using the same frame. In a Refining Architecture project we worked on with Shigeru Aoki Architect & Associates (on a rental property built in 1971 in Shinjuku-ku) we reused approximately 84% of the existing frame. With the cooperation of Shigeru Aoki Architect & Associates, we conducted joint research for this project to evaluate the effect of the Refining Architecture method on the reduction of CO_2 emissions with Professor Tsuyoshi Seike of the Graduate School of Frontier Sciences at The University of Tokyo. It was found that the method would reduce CO_2 emissions by 72% compared to when building a new structure of the same size.

Upcycling in the Housing Business

Mitsui Fudosan Residential Co., Ltd. is now working to upcycle sites or items left in existing buildings that were unfortunately scrapped because they were difficult to reuse. We also recognize that project sites and surrounding areas have their own original “memories” that comprise the sites’ history and characteristics, the design blueprints during construction of existing buildings, the methods used to create the materials, the production location for the finishing materials, the ideas of previous owners, and other factors. We apply these to product planning.

Upcycling



3Rs Initiatives

The Group is working, together with business partners, tenant companies and stores, and customers, to conserve resources and reduce waste through the 3Rs (reduce, reuse, and recycle), while striving to prolong the useful life of its buildings. We also appropriately dispose of wastes.

Reduce

To reduce the generation of waste, we make every effort to restrict the use of disposable products, and have introduced a metering system. In an attempt to reduce waste from stores, our retail facilities feature a metering system that charges for the volume of waste generated.

Reuse

The Group aims to reuse materials instead of throwing them away to conserve resources and reduce waste. Every year since 2008, we have held the &EARTH Clothing Support Project — Bring a Smile to the World with Your Clothes — at retail properties operated by the Mitsui Fudosan Group. In this project, unneeded clothing is collected, and then donated to refugees and disaster victims in countries all over the world through the NPO Japan Relief Clothing Center. By promoting reuse of clothing, we contribute to the reduction of waste, and by working collaboratively with NPOs active on the international stage, we also help support people who need assistance due to poverty, natural disasters brought on by climate change, and conflicts.
(Further details can be found at the following URL.)
⇒ https://and-earth.mitsuifudosan.co.jp/clothes/
(Japanese version only)

Volunteers

Recycle

Recycling Food Waste

At our office buildings and retail properties, working together with restaurants, food waste from restaurants is recycled into fertilizer and feedstock for livestock, or converted into biomass energy (electricity and gas).
At the resort hotel HAIMURUBUSHI (Taketomi Town, Yaeyama District, Okinawa Prefecture), we make compost out of coffee grounds from our restaurants, and use this compost to cultivate herbs and vegetables in the hotel gardens. In turn, the herbs and vegetables are served in our restaurants. Other food waste is processed on the premises with a food waste processor that uses microbes. In addition, at TOBA HOTEL INTERNATIONAL (Toba City, Mie), used cooking oil is collected and handed over to an industrial waste disposal company for recycling as fuel. Similarly, NEMU RESORT (Shima City, Mie) has been recycling used cooking oil since fiscal 2005.
At TOKYO MIDTOWN (Minato-ku, Tokyo), we classify wastes into 21 types, and we are working together with shops and tenants to recycle and appropriately dispose of waste. We have a total of 10 separated garbage storage spaces, by building and application, and appropriately store and manage waste until it is carried away from the site. In addition, we are working to ensure proper separation and recycling by installing garbage stations with easy-to-understand separation instructions in the office buildings of Tokyo Midtown Management Co., Ltd.

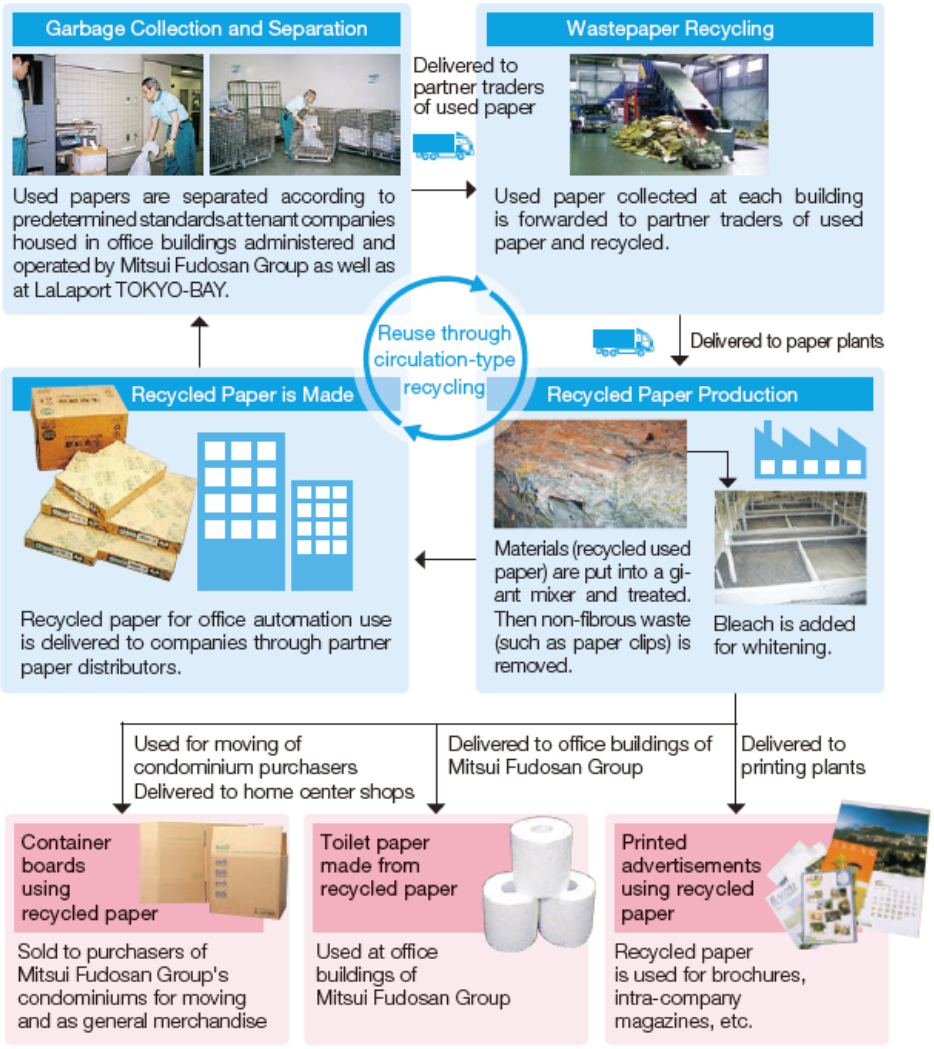
Recycling of Environmentally Friendly Tile Carpeting

Used tile carpeting from office buildings managed by the Group is collected and recycled into environmentally friendly tile carpeting, which is then reused in office buildings in the Tokyo metropolitan area. This recycling system uses environmentally friendly tile carpeting to conserve resources and reduce incineration waste, which in turn helps reduce CO_2 emissions.

Wastepaper Recycling Loop System

In collaboration with traders of used paper, paper manufacturers, and paper distributors, the Group has created a unique recycling loop system for wastepaper, which is collected from office buildings managed by the Group in Tokyo, and from LaLaport TOKYO-BAY (Funabashi City, Chiba). The wastepaper is recycled into original recycled office paper and is reused as toilet paper.

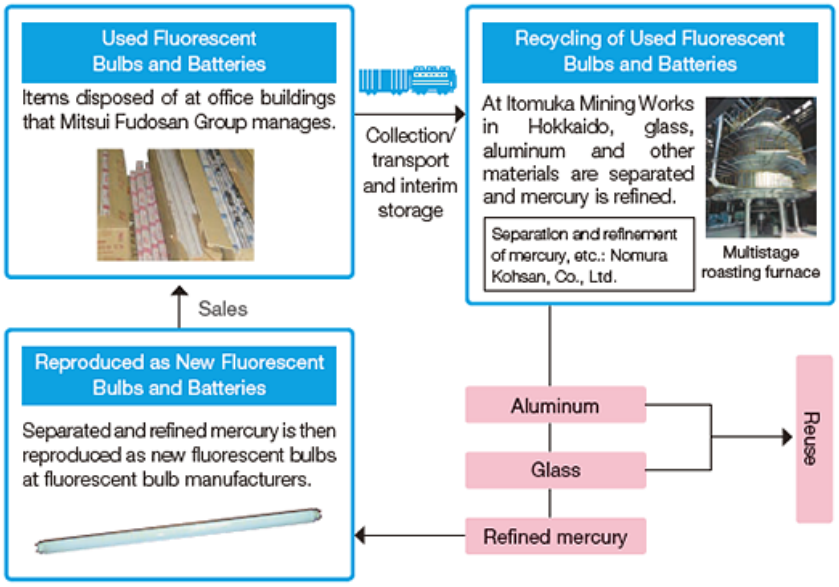
Outline of Wastepaper Recycling Loop System



Used Fluorescent Bulb and Battery Recycling System

The Company has established a recycling system for used fluorescent bulbs and batteries in cooperation with four subcontractors including a recycling company and a transport company. Used fluorescent bulbs and batteries at office buildings managed by the Group are recycled through this system. Mercury extracted from the collected used fluorescent bulbs and batteries is reused as a raw material for new fluorescent bulbs. Separated aluminum and glass are also reprocessed into recycled aluminum and glass to recycle everything that can be recycled.

Schematic diagram of used fluorescent bulb and battery recycling

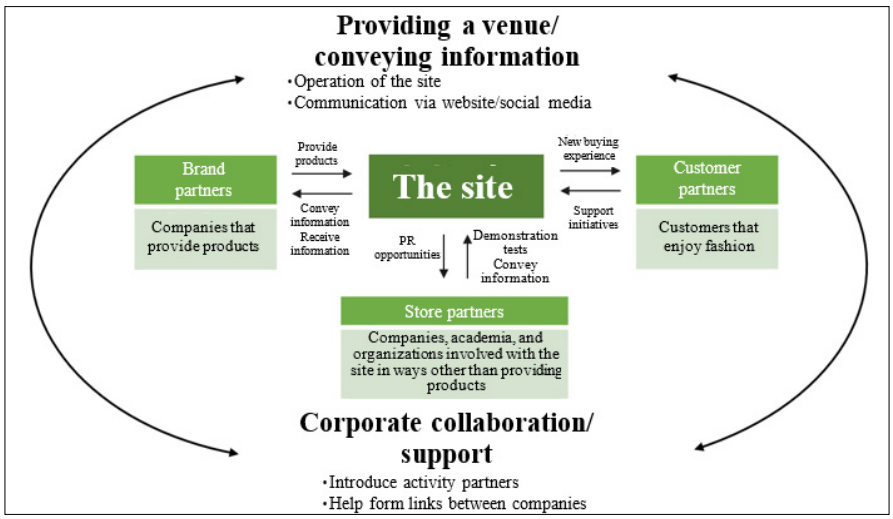


Kisarazu Concept Store , a venue for clothing recycling

Issues in the fashion industry include how best to reduce the amount of leftover stock and how to develop supply chains with minimal environmental impact; we opened this store to work to address these issues along with the tenants of our commercial facilities and others, by utilizing items that could not previously be offered to consumers through conventional sales channels—items such as seconds or dead stock languishing in warehouses. By introducing new materials and ways to create new items through upcycling or similar, we have enabled new shopping experiences.

By promoting initiatives aimed at recycling clothing into soil and environmentally friendly fuels and the like, and by offering support to activities by companies and organizations researching these technologies, we are playing a part in making society more sustainable.

We provide a forum where a range of participants—brands, consumers, and the companies, academics, and organizations researching and developing new technologies—can come together and connect with one another. This venue will also provide a starting point for us to create a cycle of information sharing and corporate support.



Efforts to Appropriately Dispose of Waste

The Group promotes the 3Rs, and appropriately disposes of wastes that cannot be reused or recycled based on laws, regulations, and ordinances relating to appropriate disposal of wastes. The Commercial Facilities Division completed the optimization of contracts with waste disposal companies. Since then, to maintain proper disposal, annual waste checks at all facilities and on-site inspections at one randomly selected property have been conducted. In addition, waste checks are always conducted when engaging new business partners or changing business partners.

Appropriate Storage, Management, and Disposal of PCB Waste

Appropriately stores, manages, and disposes of PCB waste at its office buildings, retail facilities, and hotels based on the Law Concerning Special Measures Against PCB Waste.

Biodiversity

Policy

Understanding that considering its impact on biodiversity on a global scale is a key management issue, the Group engages in efforts to protect biodiversity throughout its business activities while also considering the impact that its supply chains have on biodiversity.

As part of our business activities, based on our Group Environmental Policy, we strive to protect precious natural environments in urban areas and preserve the trees and forests that pass on the memories and history of the land. We also work to create new green spaces in urban areas. Further, recognizing the maturity that comes with age, we are also working to create and restore greenery and biotopes that are in harmony with the surrounding environment and that protect biodiversity.

Moving forward, we will proactively disclose information on initiatives such as these while referring to the Taskforce on Nature-related Financial Disclosures (TNFD) framework, a tool for the disclosure of information on nature-related risks and opportunities.

Mitsui Fudosan Group Biodiversity Policy (Established March 31, 2023)

In the Mitsui Fudosan Group's urban development business, ecosystems are something that must be protected at all costs. In addition, natural environments that are home to diverse living organisms provide places for enjoyment and relaxation in the city, and as such they also add significant value to urban spaces. However, the Group's development of real estate and extraction of natural resources for use as building materials in the supply chain can alter ecosystems and in turn negatively impact biodiversity. As such, we have positioned our impact on biodiversity as a key management issue, and as part of the Group Environmental Policy we are committed to a broad and comprehensive range of environmental initiatives, including the protection of biodiversity.

In light of the above, we have established the Mitsui Fudosan Group Biodiversity Policy.

1. Commitment

- In addition to making every effort to avoid any negative impact on biodiversity caused by our businesses or supply chains, we will strive to keep any unavoidable impact to a minimum.
- To increase our positive impact on biodiversity, we will engage in initiatives to restore and regenerate biodiversity and nature, and aim to eliminate any new net negative impacts caused by our business activities (no net loss).
- When conducting business in locations that are near important biodiversity areas, we will apply the mitigation hierarchy by first working to avoid any negative impact, then minimizing any unavoidable impact, before finally offsetting any remaining impact through restoration and regeneration activities.
- We will fully support the "living in harmony with nature" vision of the Kunming-Montreal Global Biodiversity Framework, a global target to achieve the goals of the UN Convention on Biological Diversity, as well as the global Nature Positive goal.

2. Assessment and Monitoring of Risks and Opportunities

- We will assess the impacts and dependencies on nature, including biodiversity, that our businesses and supply chains have, and also assess and appropriately respond to those risks and opportunities.
- Further, to accurately manage these risks and opportunities, we will establish indicators and targets as necessary and monitor the results.

3. Stakeholder Engagement and Information Disclosure

・We will work with our suppliers, experts, NGOs, and other external stakeholders as necessary.

・We will proactively disclose information on our initiatives in line with this policy.

4. Education and Training

・To ensure effective implementation of this policy, we will implement appropriate education and training to further understanding of the relationship between our businesses and nature/biodiversity among our executives and employees.

Implementation of Biodiversity Risk Assessments

The Group interacts with ecosystems in various ways due to the wide-ranging nature of its business activities. As such, we believe it is essential to assess our impact on biodiversity alongside the associated risks.

When carrying out new development projects, we check for the presence of trees, forests, and other elements of the natural environment on the development site, and protect, transplant, or conserve them as necessary. For development projects in regions with an abundance of nature, we assess the impact our activities have on plants, animals, and ecosystems based on laws, regulations, and ordinances concerning environmental impact assessments and protection of the natural environment.

In fiscal 2022, we conducted on-site investigations at our Group-owned forests to identify any negative impacts our business activities have on ecosystems and biodiversity. In addition to creating a Biodiversity Conservation Basic Plan for the future, we also used the results of the survey to identify relevant risks and opportunities.

Moving forward, we will continue to assess the risks and opportunities related to biodiversity in our business activities, as well as in resource extraction and other supply chain activities.

Major Initiatives

Member of the Keidanren Committee on Nature Conservation

The Company joined the Keidanren Committee on Nature Conservation. The committee administers a fund that supports nature preservation activities in developing countries as well as Japan. It also encourages such activities on the part of enterprises, and engages in a wide range of related activities.

Participation in the 30by30 Alliance for Biodiversity

In April 2022, the Group joined the 30by30 Alliance for Biodiversity, operated by an executive office of the Ministry of the Environment. This alliance aims to conserve and protect at least 30% of Japan's terrestrial and marine areas with the goal of halting and restoring biodiversity loss by 2030 (Nature Positive). We will also protect healthy forests and practice sustainable use of trees in the forests owned by our group in Hokkaido by creating a "never-ending forest" cycle (planting, cultivating and using).

With a view to obtaining OECM (Other Effective area-based Conservation Measures) certification, in March 2023 we formulated the biodiversity action plan for our Group-owned forests.

Initiatives at Group-owned Forests

The Group owns roughly 5,000 hectares of forest in Hokkaido, and every year cuts down a certain amount of timber to use in building materials for its real estate business. Around 40% of this total is natural forest and generally this remains untouched, and as such we believe that here there is minimal impact on the forests' ecosystems through our business activities. However, the remaining 60% is artificial forest, and here we recognize that the varying ages and types of trees, as well as other factors, are impacting ecosystems and biodiversity.

In line with the above, in March 2023 we formulated a Biodiversity Conservation Basic Plan for our Group-owned forests and disclosed information on the relationships between our forests and biodiversity as per the LEAP approach of the TNFD framework.

Overview of the Mitsui Fudosan Group-owned Forests

Locations	The Group owns 70 forests in 31 municipalities in Hokkaido. The majority are at altitudes of less than 500 meters and originally deciduous broad-leaved forests or mixed coniferous and broad-leaved forests.
Area	The forests cover a total of 4,942.47 hectares. 63% is artificial, and the remaining 36% is natural.
Tree age	While in the natural forests the majority of the trees are over 70 years old, in the artificial forests the majority are Sakhalin fir that are between 40 to 55 years old.
Usage situation	Every year we cut down timber and thin trees across approx. 100 to 200 hectares of forest. This timber is used as building material for the Group's real estate business and in office furniture.
External certification	All Group-owned forests have received the Sustainable Green Ecosystem Council (SGEC) certification for sustainable forest management. The SGEC has joined and been endorsed by the Programme for the Endorsement of Forest Certification (PEFC). Moreover, our Group-owned forests have also received Forestock certification for their absorption of CO_2 and biodiversity conservation.

Biodiversity Consideration Basic Plan on Mitsui Fudosan Group' Forests

Purpose of this plan

This basic plan arranges the issues surrounding biodiversity at our Group-owned forests, setting goals and indicating matters to be addressed in our forest management.

Basic Policy

To ensure we can benefit from the diverse ecosystem services provided by forest ecosystems, we will engage in sustainable forest management with an emphasis on the following perspectives.

- Long-term perspective: We will engage in forest development from a long-term perspective with the knowledge that today's forest management will create an environmental foundation for the next 50 to 100 years.
- Integrated perspective: In addition to producing timber, we will move forward with forest development with the understanding that forest management is essential to ensuring we can benefit from diverse ecosystem services including carbon sequestration and soil protection.
- Adaptive management: As nature is a complex system, even if our forest management and biodiversity conservation does not produce the expected results, we will adapt our forest management methods to get as close as possible to our goals.
- Science-based approach: As we proceed with adaptive forest management, we will periodically monitor forest conditions, and use the data gained to conduct scientific assessments and reflect the results back into our business activities.
- Community-based approach: Activities at our Group-owned forests are closely linked to the surrounding nature and the lives of local citizens. Further, as biodiversity issues are often region-specific, we will engage in business activities while listening to the opinions of regional stakeholders.

Vision

To protect and develop the natural environments in our forests and contribute to the Nature Positive goal while using them as sites for timber production.

Initiatives to Achieve Vision

The two central pillars to achieving this vision are: (1) Reducing our negative impact on nature; and (2) Increasing our positive impact on nature. We have therefore put together several matters to be addressed for each pillar.

(1) Reducing our negative impact on nature (avoidance, reduction)

- Avoid cutting down trees in natural forests and forests near mountain streams
- Avoid planting non-native species
- Reduce landscape homogenization (standardization of tree ages)
- Reduce impact from tree-cutting (reduce scale)
- Prevent simplification of forest structure (leave natural trees, withered trees, and tree hollows untouched)
- Reduce ground surface disturbance from forestry operation
- Prevent ruin from lack of management
- Reduce chemical contamination

(2) Increasing our positive impact on nature (regenerate, restore)

- Regenerate natural forests
- Improve habitats for plant and animal life
- Protect endangered species

Mission

· Even if the types and structures of trees in a small section of artificial forest are limited, broader sections of natural forest contain a variety of tree types (environments), from those that have just been cut down to mature stands. We will therefore aim to carefully protect and maintain natural forests.

· We will aim to create forests that have minimal negative impact on biodiversity, such as by reducing clearcutting and leaving withering/dead trees and tree hollows untouched.

Promotion Framework

The department in charge of sustainability at Mitsui Fudosan will be responsible for administrative supervision.
Specific activities at each Group-owned forest will be outsourced to local forestry cooperatives by the Group company in charge of forest management (Minato Estate Co., Ltd.).
The challenges to tackle at each forest will be prioritized based on the forest's characteristics, and action plans for biodiversity conservation will be formulated and implemented for each.
Forests where biodiversity conservation requires particular attention will be designated as priority areas.
The status of biodiversity conservation at each forest will be monitored (audited) by experts and experienced academics.
Details on the timing and method of the above audits will be determined separately.

LEAP approach

1. Locate: The Importance of the Geographic Location of Group-owned Forests

The locations of our Group-owned forests are incredibly important in terms of biodiversity for the following reasons, and we understand that particular care must be taken to ensure that our forestry operations do not have any negative impact on natural habitats. Of our 70 forests, those where biodiversity conservation requires particular attention due to the following have been designated as priority forests: (1) Ratio of natural forest; (2) Variation in tree age in artificial forests; (3) Position relative to nature reserves and protected forests; and (4) Level of contribution to forestry management.

(1) Position relative to nature reserves

Of our 70 forests, one has a nature reserve on site, while another 14 are within two kilometers of a nature reserve. At these forests, special attention must be paid to our impact on nearby ecosystems.

(2) Presence of endangered species in each municipality

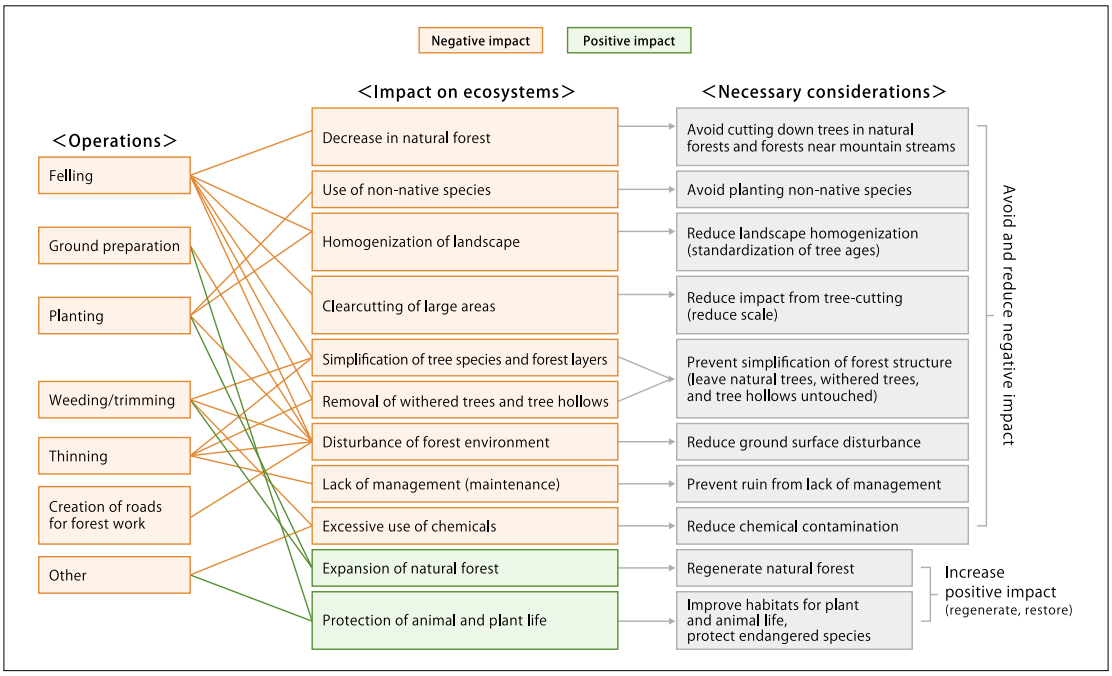
According to the Hokkaido Red List and other related documents, of the 31 municipalities where our Group-owned forests are located, there are 13 endangered bird species, one endangered amphibian/reptile species, and 44 endangered plant species that could be impacted by our forestry operations.

2. Evaluate: Impact and Dependence on Ecosystems and Biodiversity

The impact that our forestry operations have on ecosystems and biodiversity, as well as their dependence on one another, are shown in the diagram below. To counter the impact that forestry operations have on ecosystems, considerations must be made to both reduce negative impact and increase positive impact. Meanwhile, forestry depends on ecosystems and their services to ensure stable timber production and to boost social reputation, for example.

In July 2022, we conducted on-site investigations at the Rumoi Yudoro, Owada 12, and Obira Kifu forests. At these sites we conducted biota surveys (to confirm what biota exists as a result of our forestry operations), stakeholder surveys (interviews with local administrations and forest users), and impact surveys (interviews on what kinds of forestry operations impact biodiversity).

Impact on ecosystems caused by forestry operations



	Dependence	Reference data (FY2021)
Provisioning services	· Timber production (building material, furniture, etc.) · Wild vegetable and mushroom picking by local residents	Amount of timber produced from Group-owned forests: 13,985m^3
Regulating services	· Prevention of invasive, non-native species, reduction of diseases and pests through diversity · Prevention of sediment runoff through forest maintenance · Water source protection functions · Absorption of CO_2, prevention of global warming	Amount of CO_2 absorbed at Group-owned forests: 21,315 t-CO_2/year

Notes:
· Wild vegetable and mushroom picking by local residents can also be included in the forest ecosystem's cultural services.
· Preventing sediment runoff halts any negative impact on fisheries caused by sediment being discharged into the sea.
· The figures for the amount of CO_2 absorbed at Group-owned forests have been certified by Forestock.

3. Assess: Risks and Opportunities Related to Biodiversity

In line with the knowledge we have gained from on-site investigations regarding our forests' impact on ecosystems and their mutual dependence, as well as international movements surrounding biodiversity, we have identified, on a trial basis, our biodiversity-related risks and opportunities.

	Risks and opportunities related to biodiversity	Resulting economic impacts
Risks	Tree-cutting in forests near ridges could cause sediment runoff, and in turn lead to the loss of trees and other woodland ecosystems	The amount of timber production could fall as a result
	In artificial forests, if the simplification of tree species and forest layers and the disturbance of forest environments progress, it could lead to the loss of biodiversity	The resulting biodiversity imbalances could cause an increase in certain types of vermin, diseases, and pests, and in turn reduce the amount of timber produced
Opportunities	Market growth for wooden structures, which are said to have minimal environmental impact throughout their lifecycle	Enhanced ability to respond to changes in consumer needs, improved competitive advantage, and higher revenue
	Introduction of financial incentives for nature conservation areas that have received OECM and other certifications	Possibility to lower operational costs

Notes:

The risks and opportunities above are examples of those anticipated for Group-owned forests.

We will continue to conduct detailed assessments (such as quantitative analyses) of potential risks and opportunities.

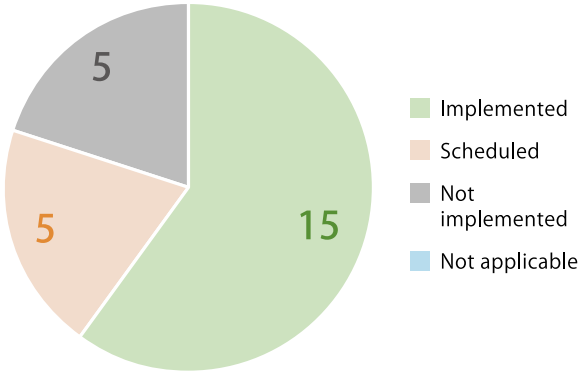
4. Prepare: Implementation of Biodiversity Conservation Measures

In February 2022, we conducted surveys of all 25 of the forestry cooperatives to which we outsource forest management, investigating their implementation of biodiversity conservation measures. When looking at the matters to be addressed as part of our Basic Biodiversity Conservation Plan, a comparatively large number of cooperatives are implementing the measures they can within small sections of their forest.

On the other hand, due to the comparatively low number of cooperatives implementing wide-area measures and measures that require a combination of both efficiency and safety, we will work to make improvements through the Basic Biodiversity Conservation Plan for Group-owned Forests.

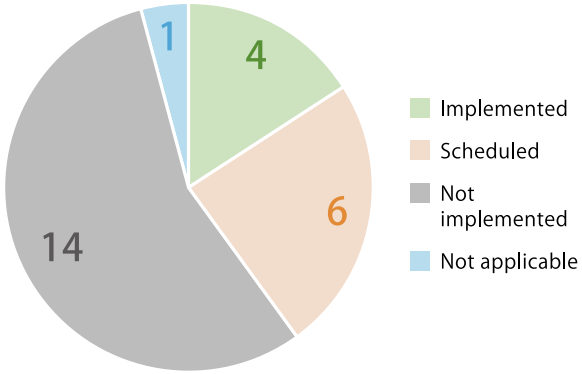
Improvement of habitats for plant and animal life

We will partially stack and leave the tree tips and branches from our cutting operations.



Reduction of landscape homogenization (standardization of tree ages)

We do not cut trees in neighboring areas in consecutive years, and ensure that forests of different ages are positioned in a staggered pattern.



Preserving and Creating Greenery in Urban Settings

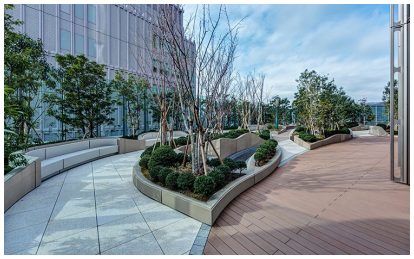
At TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo), the planted foliage incorporates the same local varieties of trees as the adjacent Hibiya Park located across the road, to ensure harmony with the park's lush greenery. The Parkview Garden (sixth floor), Sky Garden (ninth floor) and other amenities provide approximately 2,000 m^2 of green space (greening rate* 40%).

*Greening rate: Green area is calculated based on the method outlined in the greenery program of the Tokyo Nature Conservation Ordinance.

Greening rate (%) = (Rooftop green area + Ground green area) / (Site area - Building area + Usable rooftop area) x 100

Greenery plan for TOKYO MIDTOWN HIBIYA

Parkview Garden

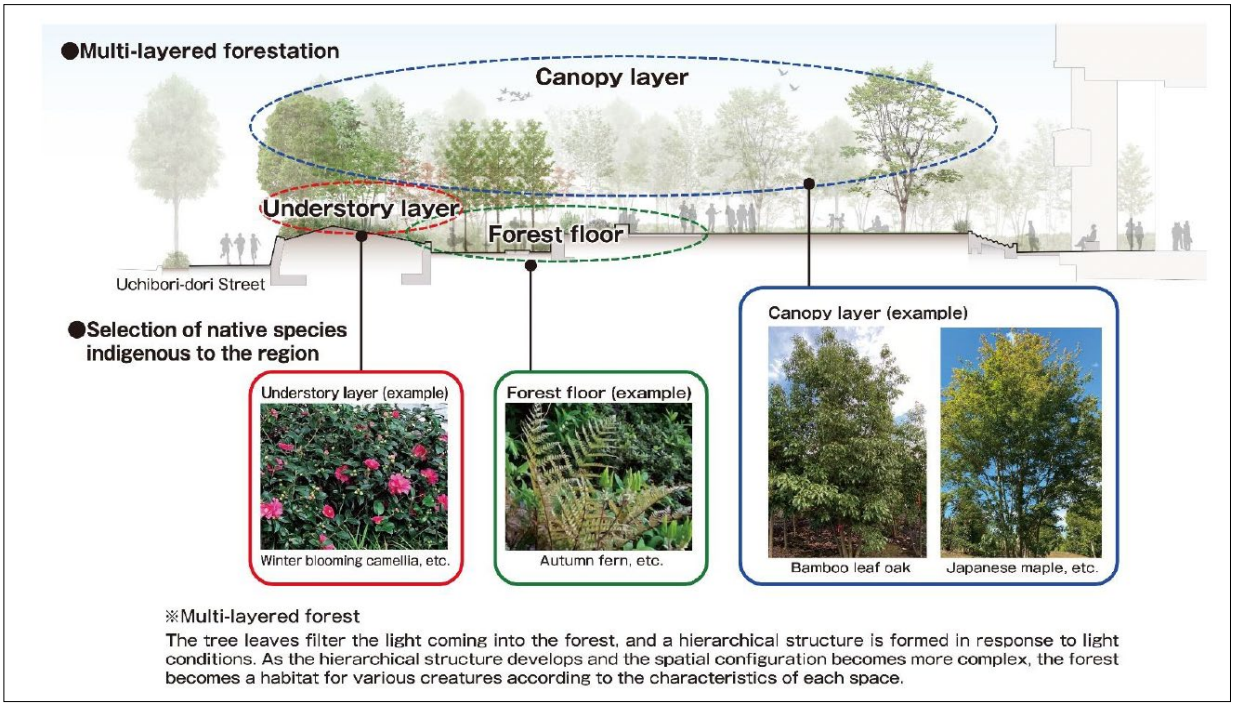


Sky Garden

Otemachi One Garden is a large-scale, 6,000 m^2 green space, which controls heat rises on its surface. We estimate the garden will fix around 11 tonnes of CO_2 a year. We have considered the biota of the imperial palace and the region's potential vegetation, while also considering biodiversity to create a space that combines water and greenery such as bamboo-leaved oak and Japanese maples. We also plan to hold environmental education events throughout the year, including eco tours based in the green space in Otemachi, in order to raise awareness of the environment in the Otemachi-Marunouchi-Yurakucho (OMY) district.

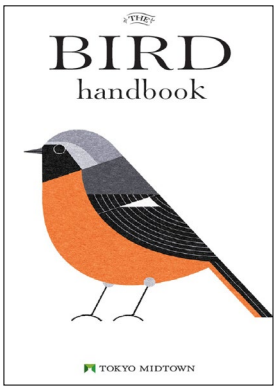
Otemachi One Garden has been positioned as an element of the area's green infrastructure in the Basic Policy for the Promotion of Green Infrastructure in the Otemachi-Marunouchi-Yurakucho District formulated by the Council for Area Development and Management of Otemachi, Marunouchi, and Yurakucho—of which both Mitsui & Co. and Mitsui Fudosan are members.

■ Basic Policy for the Promotion of Green Infrastructure in the Otemachi-Marunouchi-Yurakucho District https://www.tokyo-omy-council.jp/wp/wp-content/uploads/2022/05/omy-greeninfra.pdf



Preserving and Creating Wildlife Habitats

The neighborhood of Tokyo Midtown (Minato-ku, Tokyo) is a redevelopment of a former Japan Defense Agency (JDA) site in Roppongi. Approximately 140 trees remaining on the former JDA site were preserved and transplanted, and in combination with the adjacent Hinokicho Park (Minato-ku) approximately 40% of the development area (roughly 4 hectares) forms a richly green open space, for a green area about 2.7 times that during the JDA era. In Tokyo Midtown, birds of 6 orders, 18 families and 25 species—including northern goshawks, great egrets, black kites, and bull-headed shrikes—, which are listed on the Red List of Important Wildlife Species for Protection by the Tokyo Metropolitan Government, have been confirmed. Moreover, within the premises, a handbook introducing the wild birds discovered in the survey is available for visitors to look at.



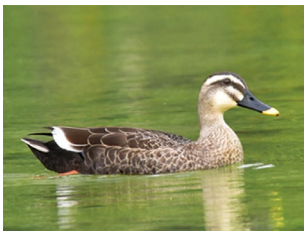
Wild Bird Handbook for Tokyo Midtown


Green space in Tokyo Midtown (Midtown Garden)


Japanese Pied Wagtail (lawn)


Japanese Pygmy Woodpecker (tree)


Barn Swallow (sky)


Eastern Spot-Billed Duck (water)

Wild birds living in Tokyo Midtown

Restoring Wildlife Habitats

Among the regions where the Group is engaged in business activities, the resort hotel HAIMURUBUSHI (Yaeyama District, Okinawa) is in an ordinary zone of Iriomote-Ishigaki National Park, Toba Hotel International (Toba City, Mie) in an ordinary zone of Ise-Shima National Park, and NEMU RESORT and AMANEMU (both in Shima City, Mie) in an ordinary zone and a special zone respectively in Ise-Shima National Park. In these regions, we are working to create and restore wildlife habitats lost due to development, and to minimize the impact of business activities on wildlife habitats. Using these rich natural surroundings, we also strive to provide platforms and opportunities for people to interact with nature.
NEMU RESORT (Shima City, Mie) is in Ise-Shima National Park, which overlooks Ago Bay. Large parts of the tidal wetlands and seaweed beds in Ago Bay have been lost, and efforts to restore them and in turn revitalize the ocean environment are moving forward through a joint project by industry, government, academia, and the local community. At NEMU RESORT, a project has been underway since fiscal 2012 to convert a roughly two-hectare coastal plot of open land in the park (abandoned agricultural land) as a tidal wetland, and after restoration we are checking habitation by wildlife such as flathead grey mullet, Japanese black seabream, and Japanese intertidal crab.
At AMANEMU (Shima City, Mie), an on-site vegetation survey was carried out prior to the facility's development based on the REFOREST development concept (reclaiming nature on land damaged in the past by repeated development and deforestation). Based on the results, we selected the principal trees of existing forests on the site, and carried out priority planting starting from locations artificially developed with no trees, such as lawns. In this way, we worked to restore the forest in harmony with the natural environment of the region.
The resort hotel, Halekulani Okinawa (Kunigami District, Okinawa), meanwhile, has cooperated and teamed up with Onna Village-which has announced its Village of Coral Declaration and been selected as an SDGs Future City-the Onna Village Fisheries Cooperative, and the Tropical Biosphere Research Center at the University of the Ryukyus to launch the Coral Nurturing Program. Recently, climate change, pest damage, and other factors have caused coral in waters around the hotel to die, and so the program's goal is to restore the area by planting new coral in these areas. It is an activity that guests at the hotel can participate in.

Provision of Venues and Opportunities for Activities in Touch with Nature

At the resort hotel NEMU RESORT (Shima City, Mie), we offer programs to experience nature such as Bird Watching Strolls and Satoyama Nature Tours, led by dedicated nature specialists and guides. We also offer programs to experience nature at HAIMURUBUSHI (Yaeyama District, Okinawa) such as Nighttime Park Tours, scuba diving, and snorkeling.

River and Waterside Regeneration

In Nihonbashi, which the Mitsui Fudosan Group has positioned as an important redevelopment area, we are planning five redevelopment projects with a total area of 6.7 hectares (approx. 20,000 tsubo) and total floor space of approx. 370,000 tsubo along the Nihonbashi River. River and waterside regeneration is one of the priority initiatives of this plan. We will create a water area and pedestrian network as well as contribute to viable biodiversity.

Certification System for Biodiversity

Harumi 5-chome West District Type 1 Urban Redevelopment Project (HARUMI FLAG, one of the largest comprehensive development projects in Tokyo) has acquired four environmental certifications including ABINC, a certification related to biodiversity.

⇒ https://www.mitsuifudosan.co.jp/corporate/news/2018/1129/download/sumami/20181129.pdf
(Japanese version only)

About the ABINC certification

The ABINC certification system aims to promote coexistence between nature and people in corporate activities. Based on guidelines created by Japan Business Initiative for Biodiversity, ABINC (Association for Business Innovation in harmony with Nature and Community) evaluates and certifies corporate initiatives to preserve biodiversity, such as the creation, management, and use of green spaces.

⇒ https://www3.abinc.or.jp/ (Japanese version only)
⇒ http://jbib.org/english/

Environmentally Friendly Procurement

Policy

As a corporate group supporting office buildings, housing, and other infrastructure necessary for daily life, the Group recognizes its social responsibility to reduce its environmental impact and conserve the environment to an even higher standard. To accomplish this, we believe efforts should be made throughout the entire supply chain to promote environmentally friendly, sustainable procurement. We have formulated Sustainable Procurement Standards summarizing basic guidelines in this area. We disclosed these standards and have shared them with our main business partners to establish a system that supports environmentally friendly procurement.

Our Sustainable Procurement Standards specify environmental guidelines, as well as basic guidelines on nine items-including compliance with laws and regulations and respect for human rights relating to labor-as standards to be complied with or actively promoted by both the Group and its suppliers. These also take into account the areas in which we request cooperation to implement the Sustainable Procurement Standards. The idea is to share these standards within the Group, build and operate an ordering and contract process in line with the nature of its business, and also notify and request the understanding of its business partners. To realize a sustainable society, we will work to promote environmentally friendly sustainable procurement throughout our supply chain.

Procurement Standards for Environmental Awareness

(Excerpt from the Mitsui Fudosan Group's Sustainable Procurement Standards)

7. Consideration for the Environment

Companies shall proactively address global environmental issues such as resource depletion, climate change, and environmental pollution, while also considering local environmental issues to ensure the health and safety of the people in the communities involved.

7.1 Addressing climate change

Companies shall work continuously to reduce their energy consumption and greenhouse gas emissions by striving to improve energy efficiency and introduce renewable energy.

7.2 Efficient use of resources and waste management and reduction

Companies shall comply with laws and regulations and engage in appropriate waste management. They shall also pursue reduction, reuse, and recycling in order to ensure resources are efficiently used and minimize the generation of waste.

7.3 Prevention of pollution and management of chemical substances

Companies shall comply with relevant laws and regulations and implement appropriate measures to reduce the release of hazardous substances into the air, water, soil, etc.

In addition, companies shall manage hazardous chemical substances in order to ensure that they are identified, labeled, handled safely, transported, stored, used, recycled or reused, and disposed of in compliance with laws and regulations.

7.4 Reduction of water usage

Companies shall comply with laws and regulations, monitor the sources, uses, and discharge of the water used, and conserve water.

7.5 Conservation of biodiversity

In order to conserve the natural environment and ecosystems where diverse organisms live, companies shall work to reduce negative impacts of their business activities on them.

7.6 Provision of environmentally-friendly products and services

Companies shall be proactive in providing environmentally-friendly products and services. They shall also comply with all laws and regulations and customer requirements regarding chemical substances contained in products.

For details on the Group's Sustainable Procurement Standards, see Policy under Supply Chain Management.

⇒ For details on the Supply Chain Management
https://www.mitsuifudosan.co.jp/esg_csr/society/04.html

Sustainable Finance

Policy

As the international movement on environmental and social issues accelerates, further substantial efforts are required to achieve a decarbonized society. Sustainable finance to support the realization of such a society is becoming increasingly important. By proactively engaging in sustainable finance, we intend to raise more awareness of the Group's policy among a wide range of stakeholders and promote the diversification of financing and the realization of a decarbonized society.

Establishment of Framework

Sustainability Linked Loan Framework

Features of the Framework

The Sustainability Linked Loan (SLL) Framework is a comprehensive SLL framework that uniformly defines SLL requirements such as sustainability performance targets (SPTs), applicable interest rates, and reporting. This will allow us to universally apply the framework to each financial institution's standard loan agreements in individual transactions, making it easier for both us and financial institutions to engage in SLL.

We compiled our SLL Framework, with the assistance of Sumitomo Mitsui Banking Corporation, our sustainability coordinator, in line with the Sustainability Linked Loan Principles (May 2021 edition)-jointly published by international financial organizations the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA)-and Japan's Ministry of the Environment's Green Loan and Sustainability Linked Loan Guidelines (2020 edition). To verify conformity with these, we acquired a second opinion from a third-party body, Rating and Investment Information, Inc. (R&I).

Second Opinion (Japanese only)

⇒ https://www.r-i.co.jp/news_release_suf/2022/01/news_release_suf_20220114_jpn_01.pdf

Green Finance Framework

Features of the Framework

We have formulated the Green Finance Framework as we look to issue green bonds and execute green loan flexibly.

The framework has set both domestic and global environmental certifications as eligibility criteria, allowing for investment in both domestic and global projects.

We have established our Green Finance Framework in line with the Green Bond Principles 2021 administered by the ICMA (International Capital Market Association) Green Bond Guidelines 2020 established by Japan's Ministry of the Environment, four core components of the Green Loan Principles 2021 jointly administered by LMA (Loan Markets Association) and APLMA (Asia Pacific Loan Market Association) and the Green Loan and Sustainability Linked Loan Guidelines 2020 established by Japan's Ministry of the Environment. We obtained a second-party opinion (SPO) from Sustainalytics as an external reviewer.

Green Finance Framework

⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2021/greenbond_jpn.pdf

Second-party opinion

⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/greenbond_spo_jpn.pdf

Sustainability Linked Loans

In the Sustainability Linked Loan Framework, we have set ourselves, as SPTs, the target of reducing greenhouse gas emissions (in Scopes 1 and 2) for the entire Group by 46.2% compared to FY2019 levels by FY2030, which we announced in the Group Action Plan to Realize a Decarbonized Society we formulated in November 2021.

To see our Group Action Plan to Realize a Decarbonized Society, please click the link below.
⇒ https://www.mitsuifudosan.co.jp/esg_csr/carbon_neutral/

FY2022 Achievements

Total number of loans	Total loan amount
7	¥69.5 billion

FY2021 Achievements

Total number of loans	Total loan amount
12	¥69 billion

Green Finance

We proactively engage in green loan and green bond by utilizing green projects that meet the eligibility criteria set forth in the Green Finance Framework.

Allocation Report

FY2023

Green Bond

Name of project	Amount financed	Amount allocated	Amount unallocated
Yaesu Central Tower, Tokyo Midtown Yaesu	¥26.5 billion	¥26.5 billion	¥- billion
Otemachi One Tower	¥60.2 billion	¥60.2 billion	¥- billion
Nihonbashi Muromachi Mitsui Tower	¥43.3 billion	¥43.3 billion	¥- billion

FY2022

Green Loan

Name of project	Amount financed	Amount allocated	Amount unallocated
Yaesu Central Tower, Tokyo Midtown Yaesu	¥48 billion	¥48 billion	¥- billion
Tokyo Midtown Hibiya	¥92.5 billion	¥92.5 billion	¥- billion

Green Bond

Name of project	Amount financed	Amount allocated	Amount unallocated
Yaesu Central Tower, Tokyo Midtown Yaesu	¥80 billion	¥80 billion	¥- billion

Until FY2021

Green Bond

Procurement fiscal year	Name of project	Amount financed	Amount allocated	Amount unallocated
2021	50 Hudson Yards	$300 million	$300 million	$- million
2019	Nihonbashi Muromachi Mitsui Tower	¥50 billion	¥50 billion	¥- billion

Allocation Review

We obtained an Allocation Review from Sustainalytics, an external reviewer, on our compliance with the eligibility criteria set forth in the framework for each use of funds and on the status of proceeds' appropriation.

FY2022
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/greenbond2022_greenloans2022_annualreview2022_jpn.pdf
FY2021
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/greenbond2022_annualreview2022_50hudsonyards_jpn.pdf
FY2019
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/greenbond2019_annualreview2022_nihonbashi_jpn.pdf

For more information on management assertion, please see the link below.
FY2023 (Yaesu Central Tower, Tokyo Midtown Yaesu; Otemachi One Tower; Nihonbashi Muromachi Mitsui Tower)
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2023/assertion_on_allocation_of_proceeds_yaesu_jpn.pdf
FY2022 (Yaesu Central Tower, Tokyo Midtown Yaesu)
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2022/assertion_on_allocation_of_proceeds_yaesu_jpn.pdf
FY2021 (50 Hudson Yards)
⇒ https://www.mitsuifudosan.co.jp/corporate/esg_csr/pdf/2021/assertion_on_allocation_of_proceeds_jpn.pdf

Impact Report

Category	FY2022 achievements			Property name	Certification acquisition
	Greenhouse gas emissions	Amount of water used	Amount of energy consumption		
Office buildings	28,364t-CO_2	214,015m^3	75,893kWh	Tokyo Midtown Yaesu Yaesu Central Tower	DBJ Green Building Certification (5-star)
				Otemachi One Tower	DBJ Green Building Certification (5-star)
				Nihonbashi Muromachi Mitsui Tower	DBJ Green Building Certification (5-star)
				Tokyo Midtown Hibiya	DBJ Green Building Certification (5-star)
				50 Hudson Yards	LEED GOLD certification

Introduction to Green Projects

Yaesu Central Tower, Tokyo Midtown Yaesu

＜Property＞
Location
Yaesu 2-Chome, Chuo-ku, Tokyo

Date of Completion
August 2022

Environmental Initiatives
・DBJ Green Building Certification (5-star), CASBEE Smart Wellness Office Certification (S rank) and ZEB Ready certification (office-use area only).
・Green Power Supply Service introduced. Contributes to solving tenant companies' decarbonization challenges.
・Established Yaesu Energy Center. Contributes to reductions in energy usage and CO_2 emissions through local production for local consumption.

A profile of Yaesu Central Tower, Tokyo Midtown Yaesu is available at:
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2022/0915_01/#outline

50 Hudson Yards

＜Property＞
Location
50 Hudson Yards, New York, NY

Date of Completion
June 2022

Environmental Initiatives
・Acquired LEED GOLD certification.

A profile of 50 Hudson Yards is available at:
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2022/1020/#outline

Otemachi One Tower

＜Property＞
Location
2-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo

Date of Completion
February 2020

Environmental Initiatives
・DBJ Green Building Certification (5-star).
・In the Otemachi One area, the Otemachi One Garden, a green space of approximately 6,000 m^2, one of the largest in the area, has been developed. Contributes to the creation of cool spots and ecosystem conservation.

A profile of Otemachi One Tower is available at:
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2020/0305/#outline

Nihonbashi Muromachi Mitsui Tower

＜Property＞

Location
3-2-1 Nihonbashi Muromachi, Chuo-ku, Tokyo

Date of Completion
March 2019

Environmental Initiatives
・DBJ Green Building Certification (5-star), CASBEE Smart Wellness Office Certification (S rank).
・Green Power Supply Service introduced. Contributes to solving tenant companies' decarbonization challenges.
・Established Nihonbashi Energy Center. Contributes to reductions in energy usage and CO_2 emissions through local production for local consumption.

A profile of Nihonbashi Muromachi Mitsui Tower is available at:
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2019/0328/#outline

Tokyo Midtown Hibiya

＜Property＞
Location
Yurakucho 1-Chome, Chiyoda-ku, Tokyo

Date of Completion
February 2018

Environmental Initiatives
・DBJ Green Building Certification (5-star).
・Approximately 40% of the area is covered with a green space, such as Hibiya Step Plaza and Park View Garden.

A profile of Tokyo Midtown Hibiya is available at:
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2021/0511_02/#outline

Positive Impact Finance

FY2022 Achievements

Total number of loans	Total loan amount
1	¥19 billion

On December 21, 2022, we concluded an agreement with Sumitomo Mitsui Trust Bank, Limited, under which the bank provides us with positive impact finance (in the form of funding for companies that is not restricted to certain uses) to the amount of ¥19 billion.

Positive impact finance is a type of funding that aims to continuously support corporate activities that have an impact (positive or negative) on the environment, society, or the economy, as comprehensively analyzed and evaluated by the providing financial institution, in line with the Principles for Positive Impact Finance*1 published by the UN Environment Programme Finance Initiative (UNEP FI).*2 The biggest characteristics of this sort of finance is that the evaluation criterion that financial institutions use is the level of contribution that a company makes to the achievement of the UN's Sustainable Development Goals (SDGs) through its corporate activities and products or services, and that the financial institution monitors these based on disclosed information, and engages with the company to support its activities.

This evaluation receives third-party feedback from the Japan Credit Rating Agency, Ltd. on the conformance of evaluation procedures with the Principles for Positive Impact Finance and the conformance of evaluation indicators that are applied.

*1 United Nations Environment Programme Finance Initiative:

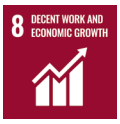
The United Nations Environment Programme (UNEP) is a supplementary body to the UN, and was established in 1972 to implement the Declaration of the United Nations Conference on the Human Environment and the Action Plan for the Human Environment. UNEP FI is a broad, close-knit partnership between UNEP and more than 200 financial institutions from around the world that was set up in 1992. Since that time, UNEP FI has worked with financial institutions and policy and regulatory bodies, to promote a shift to a coordinated financial system that considers economic development and ESG (environmental, social, and corporate governance) themes.

*2 Principles for Positive Impact Finance:

These principles were established by UNEP FI in January 2017 as a finance framework to help achieve the SDGs. Participating banks evaluate the positive impact that a company makes toward the achievement of the SDGs-as disclosed via KPIs-and provide them with funding. In this way, the framework encourages recipient companies to maximize their positive impact and minimize their negative.

The banks that carry out this funding, as responsible financial institutions, monitor indicators to verify that the recipients are continuing to make a positive impact.

Theme	Content	Goals and indicators (KPIs)	SDGs
Reduce environmental impact and generate energy	· Contribute to achieving a decarbonized society by reducing energy usage and greenhouse gas emissions · Transition to renewable energy for electricity used in business operations · Build rich natural environments that get better with time	**(a) Promotion of the Group Action Plan to Realize a Decarbonized Society** **Goals** (i) Reduce the Group's overall greenhouse gas emissions (Scopes 1-3) by 40% by FY2030 (compared to FY2019) and achieve net zero by FY2050 (ii) Reduce the Group's overall greenhouse gas emissions (Scopes 1 & 2) by 46.2% by FY2030 (compared to FY2019) (iii) Achieve ZEB/ZEH*-standard environmental performance for all new buildings *Buildings that meet the BEI standard (a standard with higher environmental performance than ZEB/ZEH Oriented), excluding some buildings. (iv) Switch all electricity used in common areas at our owned and operated properties by FY2030 to green energy* *Energy that virtually entirely comes from renewable sources, using non-fossil-fuel energy certificates (v) Generate a total output of 380 GWh/year from mega-solar by FY2030 (vi) Encourage reduced CO_2 emissions produced during construction **Indicators (KPIs)** (i) The Group's overall greenhouse gas emissions (Scopes 1-3) (ii) The Group's overall greenhouse gas emissions (Scopes 1 & 2) (iii) Spread of ZEB/ZEH-standard environmental performance among new buildings (iv) Proportion of green energy used in common areas at our owned and operated properties (v) Total output from mega-solar (vi) Status of efforts to accurately grasp CO_2 emissions produced during construction **(b) Reduction of the amount of water used** **Goals** Reduce water intake per base unit to less than the previous fiscal year **Indicators (KPIs)** Water intake per base unit **(c) Reduce waste emissions** **Goals** Reduce general and industrial waste emissions per base unit to less than the previous fiscal year **Indicators (KPIs)** General and industrial waste emissions per base unit **(d) Conserve biodiverse environments** **Goals** Formulate a biodiversity action plan (during FY2022) with a view to acquiring OECM certification for forests owned by the Mitsui Fudosan Group **Indicators (KPIs)** Status of the biodiversity action plan	

Theme	Content	Goals and indicators (KPIs)	SDGs
Establish ultra-smart societies by creating neighborhoods	· Leverage technologies to solve individuals' and neighborhoods' problems by building communities and places for people to gather and support one another	**Goals** Promote smart cities **Indicators (KPIs)** Creation of new services that help to promote smart cities	 
Achieve health, safety and security in people's daily lives	· Provide healthy, highly productive workplaces · Develop and operate resilient, safe, and secure facilities that protect people from threats such as disasters and infectious diseases	**(a) Provide assets and soft services that meet the needs of diverse working styles** **Goals** (i) Contribute to diverse working styles for office tenants (ii) Increase Health Management Support Service "&well" membership to 150,000 by FY2025 **Indicators (KPIs)** (i) Status of promotion efforts for initiatives contributing to increasing office productivity (ii) Membership of Health Management Support Service "&well" **(b) Spread of disaster preparedness that is coordinated with regional communities** **Goals** Contribute to urban disaster preparedness **Indicators (KPIs)** Introduction status for smart energy projects	  
Achieve a society where a diverse workforce can thrive	· Establish a foundation for everyone to live the life they choose	**(a) Promote diversity and inclusion** **Goals** (i) Increase women in management positions ratio to 10% by FY2025 and 20% by FY2030 (ii) Increase ratio of female hires to 40% by FY2030 (iii) Ensure a return rate from childcare leave of 100% every year (iv) Ensure number of paid leave days taken (per year) is 14 or more (for Mitsui Fudosan Co., Ltd. (non-consolidated)) **Indicators (KPIs)** (i) Women in management positions ratio (ii) Ratio of female hires (iii) Return rate from childcare leave (iv) Number of paid leave days taken (per year) **(b) Respect human rights** **Goals** Strengthen supply chain management **Indicators (KPIs)** (i) No. of industries and companies subject to supplier questionnaires or supplier surveys (workplace inspections) (ii) Response to necessary areas for improvement identified in the questionnaires/surveys in (i) above	  

Third-party conformance evaluations, etc.
Note: https://www.jcr.co.jp/download/7dab648a6f7fdccc23eb667666313cd961ec616dc6c3179b9d/22d1153.pdf

News Release of Sustainable Finance

May 31st, 2023

Biggest Green Bond Issue in Industry History: ¥130 billion
Sustainable Financing Totals Approximately ¥600 billion
⇒ https://www.mitsuifudosan.co.jp/english/corporate/news/2023/0531/download/20230531.pdf

July 8th, 2022

Mitsui Fudosan Issues ¥80 Billion in Biggest Green Bond Deal in Japan's Real Estate Industry
The Net Proceeds will be Allocated to Invest in Tokyo Midtown Yaesu, Promoting Sustainable Finance towards Decarbonized Society
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2022/0708_01/download/20220708_01.pdf

January 14th, 2022

- The Promotion of Sustainable Finance -
Mitsui Fudosan establishes Green Bond Framework and Sustainability-Linked Loan Framework
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2022/0114/download/20220114.pdf

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- A Measure to Accelerate the Mitsui Fudosan Group's Promotion of ESG Management -
Conditions Determined for Mitsui Fudosan's Green Bond
⇒ https://www.mitsuifudosan.co.jp/corporate/news/2019/0906/