



Management's Commitment




1. Introduction

Tackling global warming is one of the most pressing issues facing humanity. Increasingly severe disasters threaten the sustainability of our cities, and food issues brought about as a result of global warming could cause major disruptions to the foundations of people's lives. Climate change is a global issue, and will clearly have a significant impact on our urban development efforts.


Equally, the myriad sustainability-related issues that the world is facing are also closely linked to urban development. By treasuring biodiversity, we can protect the rich natural environments that breed ecosystems, while promoting diversity and inclusion (D&I) can help boost the lives of people living in cities. Proactively working to resolve sustainability-related issues is the very embodiment of our Group Statement—to bring affluence and comfort to urban living.

The idea behind our  logo is not to choose between conflicting concepts by focusing on "or," but rather to enable coexistence for both. We will accept diversity, and even when there is a conflict of values in terms of common sense, we will overcome that, and realize a sustainable society by coexisting, as summed up by the  logo. This management vision was established in 1991, on the 50th anniversary of our founding, long before issues like sustainability and ESG came to the fore.

Later, in 1999, we came up with our Group Statement—"The Mitsui Fudosan Group aims to bring affluence and comfort to urban living"—to which we added the Group Environmental Policy in 2001, the environmental slogan **&EARTH** that symbolizes our aim of a society that enriches both people and planet in 2010, and the Group Vision in 2012. These concepts are directly linked to the challenges society has faced in recent years, such as coexistence with the planet and diversity and inclusion.

Our redevelopment work in Nihonbashi, inspired by the idea of harmonizing people and nature, tradition and innovation, is exactly the kind of urban development—preserving and revitalizing heritage while creating the future—our  logo represents.


In our history of urban developments, it is possible to see how we have followed the needs of society. Over the years, we have expanded into a range of real estate fields, from land reclamation projects in the period of rapid economic growth after the war, to the Kasumigaseki Building (Japan's first skyscraper), high-rise condominiums, large-scale shopping centers, and more recently Tokyo Dome and other sports and entertainment projects. Looking back at these achievements, at urban development that caters to the wishes of society, I firmly believe that at heart, the Group has acted as a springboard that has assisted the creation of new industries. The Mitsui Fudosan Group provides the locations and opportunities that are the fertile ground for new businesses and ideas.

In Nihonbashi, as well as carrying out the kind of urban development that our  logo embodies, we are working hard to create the environments and chances needed for co-creation that will bring about new businesses and new cultures. By establishing life sciences bases, one of the lines of work in which we're engaged, we encourage smaller startups to integrate, while creating a co-creation ecosystem for startups, universities, hospitals, major pharmaceutical

manufacturers, and others to come together through LINK-J, which is responsible for our community development. In the space-related fields too, Cross U is taking charge of building a community; Nihonbashi is moving forward and evolving into a place where new industries are born.

Looking at the current efforts in Japanese society, it seems highly unlikely the goal of net-zero greenhouse gas emissions will be achieved by 2050 if nothing changes. Without innovation, society's problems cannot be resolved. While we too will conduct studies ourselves into new technologies related to developing and generating renewable energy, we must go further and focus on the entire supply chain. Hand in hand with academia and startups, we will strive toward problem-resolution through open innovation. In our role as springboard—a platform to propel others—we cross paths with a diverse range of players, and so we hope to help create innovation and new industries.

2. Issues to be Addressed by Mitsui Fudosan

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

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

Environment: E

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

Our Tokyo Midtown Yaesu is one of the biggest office buildings in Japan to have acquired ZEB Ready certification, and we are pressing forward with our efforts to gain ZEB certification for retail, logistics, and other facilities. In doing so, we are promoting the development of facilities that take greater consideration of the environment. Mita Garden Hills, slated for completion in 2025, meanwhile, is scheduled to receive ZEH-Oriented certification for all 1,002 of its condominiums, and we plan to introduce services that achieve virtually zero CO₂ emissions for both electricity and gas, through the use of medium-pressure town gas to make it carbon neutral, and electricity that comes from virtually 100% renewable sources.

In March 2023, we were able to announce the fact that we had acquired seven sites that would be used for megasolar projects able to produce around 23 GWh per annum. The plan is for electricity generated in this way to be distributed through a self-consignment scheme to Tokyo Midtown Hibiya and our other properties using distribution networks owned by power distribution companies. We expect about 30% of the electricity used in common areas of Tokyo Midtown Hibiya to come from solar power generation. Our aim is for the solar power created at the seven sites to

reduce annual CO₂ emissions by 10,000 tonnes.

In order to resolve tenant companies' ESG issues and meet demand for renewable energy procurement, we are working on our Green Energy Supply Service. We are making use of a range of energy greening systems and non-fossil fuel certificates with energy tracking to provide tenant companies with electricity that is virtually 100% from renewable energy sources. More than 100 companies have already concluded contracts with us for the service.

In March 2022, we drew up a Manual for Calculating GHG Emissions Produced during Construction in collaboration with designers, and knowledgeable, experienced experts. We will strive to contribute to the industry as a whole by sharing this with a wide-range of stakeholders, including academic societies, industry associations, other companies in the industry (real estate companies, architectural design offices), construction companies, and construction material and equipment manufacturers. In June 2023, we also helped with the publication of a manual by the Real Estate Companies Association of Japan.

We are also proactively involved in sustainable financing, and in May 2023 we issued a green bond worth 130 billion yen, one of the largest in the industry's history. We are also one of the biggest in terms of Japanese real estate companies, too, with a cumulative total lending of around 600 billion yen. Another aim is to better understand trends in technical innovation related to decarbonization, and to discover and co-create with startups in the field. We were also the first real estate developer in Japan to invest in a venture capital fund comprising startups with strengths in decarbonization.

Biodiversity is another area that we are actively tackling. In March 2023, we formulated the Mitsui Fudosan Group Biodiversity Policy. Through this policy, we endorsed the Kunming-Montreal Global Biodiversity Framework that was created in December 2022. It also supports our vision of living in harmony with nature and concepts such as Nature Positive. We also joined the 30by30 Alliance, which aims to effectively conserve at least 30% of the Earth's land and oceans by 2030 as a sound ecosystem, and is also involved in protecting natural forests with consideration toward biodiversity in the roughly 5,000 hectares of forest we own in Hokkaido. We are also working toward sustainable forestry in our manmade forest, through a cycle of planting saplings, raising them appropriately, and then using them. In order that employees could experience this cycle for themselves, since 2009 we have been carrying out tree-planting activities. In 2022, these activities were endorsed by Save the Snow: Be Active project—which was launched by The Winter Industry Revitalization Agency and the Japanese Olympic Committee (JOC) Athletes' Committee in March 2022—and eight Olympians, including members of the JOC Athletes' Committee, took part in the tree-planting. Elsewhere, in December 2022, we opened Otemachi One Garden, a 6,000 m² green space—one of the largest of its kind—in the famed office district of Otemachi. We have considered the biota of the imperial palace and the region's potential vegetation, while also contributing to greater biodiversity to create a space that combines water and greenery such as bamboo-leaved oak and Japanese maples. Additionally, in the Jingu Gaien redevelopment, we will preserve four rows of ginkgo trees, and also plan diverse tree planting, and currently plan to increase the number of trees at the site from 1,904 to 1,998 trees, which will increase the ratio of greenery from the current status of approximately 25% to approximately 30%. We plan to circulate greenery by replacing trees with young trees over the next 100 years.

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

As a result of these efforts, we were recognized as a CDP2021 A List company, the highest ranking in the climate change category, for the second year in a row. Since 2022, we have also been a participant in the GRESB real estate ratings, a benchmark that measures consideration for the ESG topics in the real estate sector.

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

Society: S

As a real estate developer, the asset that drives our ability to keep creating new value is our human resources. It is through all employees—with their diverse value systems—recognizing and encouraging one another that they can offer new value as an optimal team. It is this that enables us to create products and services that contribute to society. Human resources that can take on difficult challenges are also key to resolving our priority issues.

We have positioned D&I as our foremost personnel strategy. As customers' needs and value systems diversify, and

societal issues become more complex, embracing our own diversity will be an indispensable part of our response. Based on the Diversity & Inclusion Declaration and Initiative Policy that we drew up in November 2021, we are creating environments where a diverse workforce of individuals can demonstrate their capabilities regardless of race, nationality, religion, sex, age, disability, gender identity, sexual orientation, or other attributes.

Our D&I Promotion Department—a full-time, dedicated organization—takes the lead on efforts toward female participation, and we are raising the effectiveness of such initiatives through discussions by organizations under the ESG Promotion Committee, which I chair as president, and at the Board of Directors, and through measures such as consultations with female outside directors. Furthermore, to promote female participation as a united Group, we carry out regular policy sharing or progress checks through Group meetings on promoting active roles for women, which are attended by presidents of Group companies. As a qualitative action plan to promote such roles, we are working toward two key areas: (1) creating an environment where people want to work long-term, where everyone can respect each other's values and lifestyles, including whether they care for children or others, regardless of gender; and (2) promoting female participation to change awareness within the organization and raise those female employees' motivation and support their career development. As specific examples of our initiatives, there are our efforts to support a balance between work and caring for children or adults, and to that end we have been encouraging employees of both sexes to take childcare leave. The uptake rate for male employees has risen to 100% and for 23 years now we have achieved a 100% rate for employees returning to work after childcare leave. We have been praised for our various female participation initiatives, and as a company that is particularly good at promoting it, we have been recognized under the Nadeshiko Brand initiative—jointly organized by METI and the TSE—for two years in a row.

As part of our personnel training and skill enhancement efforts, we conduct on-the-job training, direct interviews, job rotations, and training programs so as to enable career development where each employee is treated as an individual. To support career visions based on employees' diverse value systems, we are putting in place a number of systems, including a personal statement system related to changing official duties or wishes to change department. Beyond that, to deepen understanding of our businesses, as one effort to develop experience in business domains separate from our existing businesses, we are looking to establish systems that include a business proposal system, a side-job system to help create innovation and make a social contribution, a return-to-work system, a leave system whereby employees can take time to study at graduate school, and a graduate school tuition fee subsidy system. Through these measures, we will help cultivate issue-resolution capabilities and enable employees to create added-value in a business environment that sees a great deal of change.

We need to have an environment in place where our human resources, who each have their own diverse value systems, talents, and lifestyles, find it easy to work and to that end we are promoting measures to support diverse workstyles to accommodate different life stages, including a work-at-home system, and a financial support system for those balancing work and child/nursing care. In addition, we are working to raise task effectiveness in all departments, optimizing the allocation of tasks, and shortening working hours. By doing so, we will promote an optimal work-life balance.

We promote health and productivity management to support employees with their own health and safety, and as such we were selected as 2023 Health & Productivity Stock, under a program run jointly by METI and the TSE. The program selects enterprises deemed exceptional in terms of health and productivity management from among the listed companies on the TSE, with one enterprise generally selected per industry. It is not just our own efforts in this area, we also carry out mutual support for management, personnel departments, and workers and offer the &well solutions service, so that we can help tenant companies achieve health and productivity management as well as diverse ways of working.

Meanwhile, we are also working to improve employee engagement, and such efforts have led to more than 90% of our employees say that they are proud to work for Mitsui Fudosan, and the rate of people leaving the Company is also low.

The biggest driver supporting value creation by companies is human assets, and with that in mind, we aim to improve diversity by employing more women and international talent than ever before, and by capitalizing on the diverse opinions and knowledge which arise from such diversity, we hope to create new business opportunities.

In addition, we believe that respect for individual human rights is of paramount importance in offering people settings for business and residential life through neighborhood creation. As well as supporting and respecting the principles embodied in the UN Guiding Principles on Business and Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, we promote respect for human rights throughout every

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

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

Governance: G

Because we rely on the trust of individuals, neighborhoods, and society, the Mitsui Fudosan Group regards risk management, compliance, and governance as extremely important themes that are fundamental to our business. In particular, with respect to our international business, which has expanded rapidly in recent years, we regard strict compliance and strengthened governance as pressing challenges. In addition to bolstering further the compliance and governance structures at the parent and at our international local corporations, we are working to manage business risk appropriately and practice thorough due diligence.

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

Going forward, and taking a broad view of global trends, changes in the structure of society, changes in stakeholder attitudes toward corporate management, and other factors in our operating environment, we will work to continuously review and strengthen our corporate governance and reinforce the soundness, transparency, and efficiency of our management.