

Outside Director Dialogue



Masafumi Nogimori

Outside Director

Compensation Advisory Committee Chairperson
Nomination Advisory Committee Chairperson

Eriko Kawai

Outside Director

Compensation Advisory Committee member
Nomination Advisory Committee member

We hope that Mitsui Fudosan will continue to drive society and the economy through the real estate business, as a company that anticipates contemporary needs.

Issues and initiatives to improve the effectiveness of the Board of Directors

What are your impressions regarding the atmosphere and effectiveness of the Board of Directors?

Nogimori My impression is that the Board of Directors has an open atmosphere, but is also well disciplined. It has been effectively developed as a forum for highly transparent and lively debate, but also with an appropriately tense and serious attitude toward management. I, myself, have been able to speak plainly and openly with the other members.

Kawai I became an outside director in June 2021. Although I had no prior experience in the real estate industry at the time of my initial appointment, I have been able to deepen the level of my understanding thanks to the clear and careful advance explanations given before Board meetings. The Board ensures sufficient time for Q&A, and questions are answered with sincerity, not only by those

with responsibility for each specific area, but also by the President, Chairman and other key members of the Company. Having an atmosphere of seriously accepting the objective opinions of outside directors is also key in terms of ensuring the Board's effectiveness. With regard to redevelopment projects and other projects reviewed at Board of Directors meetings, we have been given sufficient opportunities to inspect development areas and properties, allowing us to deepen our understanding of Mitsui Fudosan's urban development efforts. Through these inspections, I have come to feel that Mitsui Fudosan's approach to urban development is an innovative one that combines both real and the digital methods. It is an exciting business that sparks our interest because it is aligned

closely with our everyday lives, and makes us feel that there is a bright future ahead.

Nogimori When I was appointed as an outside director in 2017, I was surprised to see that—in contrast with the real estate agency and sales activities that I had experienced myself—Mitsui Fudosan works together with a wide range of stakeholders to conduct business based on large-scale urban development. I also feel that there is a culture of actively attempting new challenges. This is also reflected in the Company's corporate governance. From the time I was initially appointed, I already had the impression that it was an open company, but I feel that the degree of openness has progressed even further in the past few years. In addition to his role as chairperson at Board meetings, the Chairman of the Board of Directors conducts proceedings in such a way as to enable active discussions, such as by asking questions himself and encouraging other directors to ask questions. There are also many occasions where the President gives a supplementary explanation after the initial explanation of a proposal, which also shows that senior management is taking responsibility in working to enhance corporate governance.

Kawai I think that the opinions of outside directors are also well represented in the agenda items discussed at Board meetings. We work actively to make improvements in responding to opinions raised in evaluations for improving the Board's effectiveness, and I think that we have created a positive cycle in this regard. The



opinions of outside directors are incorporated into the Company's management activities, as opinions given from the perspectives of experts and objective management. I think that all of the outside directors—myself included—are sufficiently fulfilling their roles and functions as members of the Board.

Nogimori Yes, as you say, improvements with regard to effectiveness evaluations are definitely progressing. We also sincerely approach social trends, as well as requests and opinions from external organizations, with the attitude of changing what is necessary within the Company.

Kawai Mitsui Fudosan has a stance of ensuring that any matters which should be dealt with—such as requests for disclosure of its corporate governance code or non-financial information—are handled appropriately, even in the long term, after properly considering the necessity of its responses, and I raCompany highly in this respect

Issues and initiatives relating to decarbonization

In November of last year, we formulated the “Group Action Plan to Realize a Decarbonized Society.” How do you rate this initiative and the discussions that took place during its formulation process?

Nogimori With growing interest surrounding decarbonization, Mitsui Fudosan has also been working quickly to work toward achieving decarbonization. When formulating the “Group Action Plan to Realize a Decarbonized Society,” the Board of Directors held numerous discussions on its contents, and promptly announced details of the plan to the public. Since then, we have been rapidly implementing various measures, such as in acquiring third-party certifications relating to decarbonization and establishing a dedicated headquarters on sustainability, with the aim of enhancing the Company's internal structure for driving its efforts toward decarbonization. We have also been actively communicating details of these measures to the outside, and I think that the Company has been successful in driving its approach to initiatives on decarbonization.

Kawai In the early 2000s, when I myself was in Switzerland, I had the impression that Japan was lagging behind Europe with regard to environmental initiatives. But now there are very urgent calls for commitment and corporate response to decarbonization. Mitsui Fudosan's decarbonization initiatives—including aspects of decarbonization that are unique to the real estate business—were explained in a very careful, clear and easily understandable manner at Outside Officer Meetings, before subsequent discussion by the Board of Directors. Through our discussions, I have also been able to deepen my understanding of extremely complex future forecasts.

Nogimori We have set proper numerical targets, but especially within the major theme of urban development we need to involve stakeholders from outside the Company. As a real estate company, Mitsui Fudosan is in a key position as the central driving force for projects in the field of urban development. But as a wide range of stakeholders from the construction industry and its contractors work together as a team to implement such projects, it is not easy for the Company to instill and implement its approach to decarbonization among all stakeholders.

Kawai While I believe that the construction industry and others are also working actively to resolve environmental issues, if they make efforts to achieve Mitsui Fudosan's decarbonization targets then there are some parts that will also lead to cost increases, and there is a possibility that those increases may be passed on to end users. It is a difficult problem. Will the Japanese people, who have a tendency to emphasize economic rationality, see their way to paying extra for the added value of care and consideration for the environment? But I regard Mitsui Fudosan highly for its efforts in this area.

Nogimori It is true that in Japan there is a strong sense of pursuing economic rationality, but I think in the end it is necessary for us all to recognize the value of consideration for the environment, even if it takes time. I think that it is necessary, not for Mitsui Fudosan to do this alone, but to take it in the direction of creating a social trend.

Issues and initiatives regarding women's empowerment/female participation

Mitsui Fudosan has made a “Diversity and Inclusion Declaration.” In terms of initiatives to promote empowerment and active participation for women, we have set targets for increasing the percentage of female employees in managerial positions to 10% by 2025 and 20% by 2030, and for increasing percentage recruitment of women to 40%.

How do you rate the progress of this initiative?

Kawai I do rate the fact that Mitsui Fudosan's top-level management is committed to promoting diversity and inclusion and has set numerical targets. In particular, they have positioned female participation and advancement in the workplace as a key initiative and are developing various strategies. For example, working groups composed of female employees are identifying issues relating to female participation, and I get the impression that the Company is responding to the issues identified properly, such as conducting training sessions on unconscious bias aimed at raising the awareness of superiors and the workplace as a whole. The Company is also engaged in other initiatives such as encouraging male employees to take childcare leave, and I believe that in promoting diversity and inclusion they will focus not only on women, but work toward creating a working environment where it is easy for all employees to work, regardless of gender. Work at Mitsui Fudosan also requires employees to enjoy life as consumers, and to be creative. Everyday experiences such as raising children, traveling, shopping and dining out at restaurants can lead to a greater understanding of consumer needs, and creative ideas may take shape in various scenes and situations in daily life. Thinking about it that way, in the real estate industry—which provides places for people to live their daily lives—it is also very important

to consider things from a female perspective, and it's not unusual for more women to be playing an active role. As we continue to advance various measures related to women's empowerment, I would like Mitsui Fudosan to meet its numerical targets.

Nogimori Even within the real estate business, the kind of urban development projects that Mitsui Fudosan is involved with are wide-ranging, so I think that there must be many opportunities for women to play an active role. At the same time, the number of female employees in mid-level positions within the Company is quite low, due to the fact that the number of women being hired in the real estate industry in the past was low in general. Given these circumstances, I do not think that Mitsui Fudosan's target for percentage of female employees in managerial positions is low by any means. But in order to achieve it, I do believe that it will be necessary to continue to reform awareness regarding female participation. With regard to the target for female recruitment ratio, the image of the industry as a whole and of Mitsui Fudosan has improved in comparison with the past, and the Company is relatively popular among students seeking employment. So, I believe that it will not be difficult to achieve the target ratio for recruitment of female employees while hiring good human resources.

Kawai Support for female employees is also generous, and it seems that female managers now also have division heads (aside from their own direct superiors) of divisions that relate to them as mentors or sponsors who follow up with consultations and advice, and take them to places that lead to opportunities for growth as human resources, such as exchanges with other companies.

Nogimori Regardless of gender, I think that it is necessary to have diverse experiences, including exchanges with those outside the Company, in the sense of investing in people. When we talk about diversity, the focus tends to fall on women, but we must also work to promote diversity in the same way, from perspectives other than gender. Mitsui Fudosan is a company where employees get along well together. In one sense, there is an aspect of uniformity among employees, and I think that there are many situations in which work is carried out based on mutual chemistry or unspoken understanding. There is no need to eliminate this, but to promote diversity and inclusion I think it is necessary to change the way in which we communicate.

Kawai By improving communication among employees, problems such as failure of mutual understanding will decrease. In terms of management, a uniform organization may be more efficient, but creating innovation requires employees who have grown up in different environments, with different and diverse opinions and ways of thinking.



Masafumi Nogimori

Graduated from the Faculty of Pharmaceutical Sciences, The University of Tokyo, then joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.). Served as President and CEO of Astellas Pharma Inc. from 2006, and Chairman from 2011. Served as Chairman of The Federation of Pharmaceutical Manufacturers' Associations of Japan (FPMAJ) from 2014 to 2016, then retired from Astellas Pharma Inc. in June 2016. Was appointed as an outside director of Mitsui Fudosan in June 2017.

Nogimori Even looking at internal PR, there are articles where the President stands at the forefront, boldly committing to the Company's diversity and inclusion declaration. I think that employees seeing such content will feel the importance of the issue, so it is

important to send out such messages from the top.

Kawai Of course, I agree that the attitude of top management is important. In addition, the awareness of the Company as a whole—including middle management—must also change.

Further breakthroughs as a global corporation

In VISION 2025, we set the goal of increasing the percentage of consolidated operating income accounted for by overseas business operations to around 30%. What is your assessment of the Company's current state of global expansion?

Nogimori I get the impression that Mitsui Fudosan's global expansion is progressing steadily. “Global” is not as easy as it sounds. The real estate business is rooted in the land. Just because a company is a heavyweight in Japan, it does not mean that it can suddenly engage in business from greenfield sites overseas. In real estate transactions and real estate development, we often cooperate with partners. At the same time, however, in development projects that require our own unique know-how—such as LaLaport—we may proceed internally, without partnering with local partners. I think this is a very good strategy.

Kawai I also approve of this strategy. When collaborating with overseas partners, we can also expect to absorb know-how—such as environmentally friendly construction expertise—from advanced overseas developers into the Company.

Nogimori From the perspective of overseas expansion areas, there should be business opportunities rolling around in every country in the world. But different countries pose different risks, so I don't think there is any need for the Company to rush out into every part of world.

Kawai In contrast with securities investments, investments in the real estate business cannot be withdrawn immediately, so it is necessary to firmly assess the geographical, political and economic stability of the region, and invest from a long-term perspective. Given that the global situation changes in various ways, as exemplified by the invasion of Ukraine by Russia, I think it is safer and more sensible to expand into developed countries with low risks, even if the profit margin is a little lower. Emerging countries are expected to experience economic turmoil due to issues such as food problems, interest rates and currency depreciation. Even if the returns are high, the risks are also correspondingly high, so expansion into such countries calls for difficult management decisions.

Nogimori As you say, many of Mitsui Fudosan's business operations are in developed countries. Whatever countries we expand into,



Eriko Kawai

Obtained her bachelor's degree from Harvard University (USA) and her MBA from INSEAD (France) before working at several corporations in Europe, including the Paris branch of McKinsey & Company. After subsequently working at international organizations such as The Bank for International Settlements (BIS) and the Organisation for Economic Co-operation and Development (OECD), she now holds positions as Professor Emeritus at Kyoto University and specially appointed professor to the Social Innovation Center (SIC), Graduate School of Advanced Integrated Studies in Human Survivability (GSAIS), Kyoto University. She became an outside director of Mitsui Fudosan in June 2021.

I think that the target cities will be mainly the capitals of those countries. There are not many overseas examples of development based on concepts such as those seen in Mitsui Fudosan's urban development projects. I think that if we proceed with overseas expansion then in the future overseas real estate developers will actually begin to approach us themselves.

Expectations for Mitsui Fudosan

Kawai Although Mitsui Fudosan is a private company, it is also a company that engages in large-scale urban development from a long-term perspective, and I believe that it has a great impact on Japanese society. I have high hopes and expectations for Mitsui Fudosan as a company that is ahead of its time, actively incorporating new technologies such as high-rise buildings made of wood and working to create urban environments that are also friendly to the global environment.

Nogimori I also believe that the urban development projects in which Mitsui Fudosan engages are works of national development. In that sense, I think that we are doing a very rewarding job. Further, I believe that we have the power to actualize a large-scale vision of how to move the world through the real estate business, with an eye on the future.

Note: This interview was conducted while taking COVID-19 infection prevention measures.