

Main Environment Initiatives

For details regarding the main initiatives being carried out, please refer to ESG Report 2022.
https://www.mitsui-fudosan.co.jp/english/esg_csr/report/

Responding to Climate Change

Policy

The Mitsui Fudosan Group recognizes that responding to climate change is a key management issue. We create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases, and we aim to build a low carbon society by taking steps together with our business partners, tenant companies and stores, and customers, to address global warming, such as conservation of energy.

Participation in Initiatives Concerning Response to Climate Change

Climate-Related Financial Disclosure in Accordance with TCFD

• TCFD and Mitsui Fudosan's Position

Our Group endorses the agenda of the Task Force on Climate-related Financial Disclosures (TCFD), which encourages corporations and others to disclose information relating to climate-related risks and opportunities. 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

Our analysis is based on the 1.5°C and 4°C scenarios outlined in the Fifth 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 our 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 our Group, and are also likely to be major recipients of climate change impact.

• Analysis Result 1. Principal Risks and Opportunities

Based on external information, we identified risks and opportunities related to climate change, 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), and identified significant risks and opportunities that may have an impact on our Group's three core businesses between now and 2050.

Under the 1.5°C Scenario, our Housing Business could be affected by an increase in carbon taxes, which would push up the price of raw materials and transport costs. While ZEH and energy conservation renovations would become more widespread, under the 4°C Scenario, an increase in the number of extremely

Significant Risks and Opportunities That May Affect the Three Core Businesses of the Mitsui Fudosan Group by 2050

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.
	Measure	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 ZEH 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 facility 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.

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 emission 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 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 with 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.

• 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 our 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 our 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.

Estimates of Financial Impacts on the Businesses of the Mitsui Fudosan Group in 2050

Type	Principal risks and opportunities	Factors with possible business impact	Results of financial impact estimate	
			4°C Scenario	1.5°C Scenario
Risks	Transition	Major carbon tax increase	Minor	Moderate
		Major increase in raw materials costs	Minor	Moderate
		Energy conservation measures	Moderate	Large
	Physical	Increase in ZEH construction costs	Minor	Moderate
		Average temperature increase	Moderate	Moderate
		Rising sea levels/intensification of abnormal weather patterns	Moderate	Minor
Opportunity	Transition	Major carbon tax increase	Minor	Moderate
		Energy conservation measures	Minor	Moderate
		Creation and sales of carbon credits as a result of ZEH construction	Minor	Minor
	Physical	Customer conduct change	Minor	Moderate
		Propagation of technology for renewable energy and energy conservation	Moderate	Moderate
		Average temperature increase	Moderate	Moderate
Results derived from analysis			Moderate	Moderate

Affiliation with RE100

The Group is a member of RE100, a global initiative committed to utilizing 100% renewable energy. We are also proud to be fighting climate change as a recognized member of the JCLP (Japan Climate Leaders' Partnership), a local partner of RE100.

For more detailed information about RE100, please refer to the following link.
<https://www.there100.org/re100-members>



Acquired SBT Initiative Certification for Greenhouse Gas (GHG) Emission Reduction Targets

Greenhouse gas (GHG) emission reduction targets for the whole Group have been set as the 1.5°C Target, which aims to limit the global average temperature increase to below 1.5°C compared to pre-industrial levels from the international Science Based Targets (SBT) initiative.

For more detailed information about the SBT initiative, please refer to the following link.
<https://sciencebasedtargets.org/companies-taking-action>



External Evaluations

We have been selected for inclusion by CDP, a non-profit organization engaged in international environmental surveys and information disclosure, in the “CDP 2021 Climate Change A List” of top-ranking companies in the climate change category. Through this, we have been recognized as a globally leading company in climate change activities.

Specifically, we were recognized for our actions to reduce CO₂ emissions, reduce climate change risk, and advance the progress of a low-carbon economy, on the basis of data reported in the CDP’s 2021 Climate Change Questionnaire. CDP’s evaluation in

fiscal 2021 covered approximately 12,000 companies worldwide, of which 200 (including 55 Japanese companies) were selected for inclusion in the Climate Change A List.



About CDP

Founded in 2000 in the UK, CDP is a non-profit organization that seeks information disclosure and the promotion of initiatives by companies and local government to tackle climate change, water resource conservation, forest conservation, and other environmental issues. The organization collects, analyzes, and evaluates information on the environmental activities of major companies around the globe, and every year selects companies that excel in climate change

initiatives and information disclosure for inclusion in the Climate Change A List.

CDP’s annual environmental information disclosure and process for its evaluation are widely recognized as global standards for corporate environmental information disclosure. In fiscal 2021, over 13,000 companies, representing over 64% of global market capitalization, responded to the survey.

Water

Policy

We develop buildings and create neighborhoods that help preserve the water environment through measures such as the effective utilization of water and replenishment of subterranean aquifers. We also preserve water resources through water conservation and effective use of water resources together with our business partners, tenants and stores, and customers.

Environmental Pollution and Resources

Policy

We prevent environmental pollution by observing laws, regulations, and ordinances relating to air pollution, water pollution, soil contamination, and hazardous materials, and we also work hard to curb emissions of pollutants and contaminants that are not subject to regulation by laws, regulations, and ordinances. In addition, we take hazardous materials into consideration when acquiring land as well as in the building design stage. We also ensure appropriate management and disposal, and thereby prevent impacts due to hazardous materials on the environment or building users. Furthermore, when advancing construction, we strive to procure materials that lessen global environment load and reduce the amount of waste produced.

Biodiversity Conservation

Policy

When carrying out a new development project, the Mitsui Fudosan Group confirms the presence of trees, forests, and other elements of the natural environment that should be preserved on development sites, and we preserve, transplant, or conserve trees, forests and other natural features when needed. In developing regions with many natural areas, we assess environmental impact on plants, animals, and ecosystems based on laws, regulations, and ordinances relating to environmental impact assessments and protection of the natural environment.

Sustainable Finance

Policy

We have formulated a Green Finance Framework and a Sustainability-Linked Loan Framework in order to promote the “Group Action Plan to Realize a Decarbonized Society” formulated in November 2021 from the aspect of financing. By proactively engaging in sustainable finance, we will continue to contribute to the diversification of financing and the realization of a sustainable society.

Main Achievements

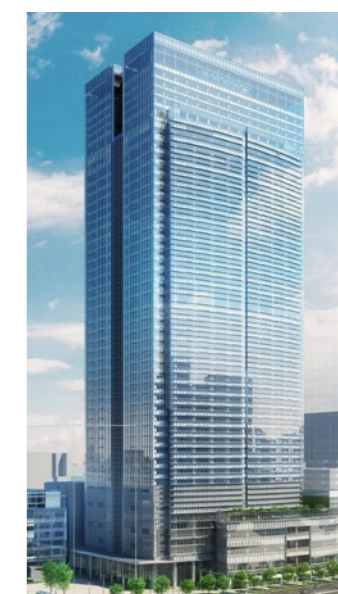
Issued Green Bond

Based on the framework, for procurement of funds, we issued green bonds, for which the use of proceeds is limited to projects that contribute to solving environmental problems, three times in the past, utilizing our highly environmentally friendly green buildings.

• TOKYO MIDTOWN YAESU

Date of issue	July 14, 2022
Tenure	5 to 10 years
Total Amount of Issue	¥80 billion
Use of Proceeds	The full amount will be used as investment capital to fund TOKYO MIDTOWN YAESU

TOKYO MIDTOWN YAESU is a large-scale, mixed-use redevelopment project that will be the start of the ongoing redevelopment project in front of Tokyo Station. As for environmental certification, TOKYO MIDTOWN YAESU has received the highest (S) rating under Japan’s CASBEE-architecture certification for new buildings and plans to obtain either the highest (Five-Star) or the second-highest (Four-Star) rating in the DBJ Green Building Certification. In addition, as a way to utilize green energy to realize a carbon-free society, Mitsui Fudosan will launch the “Green Energy Supply Service” in response to the needs of tenants. The service provides tenants a green energy environmental value of “Non-fossil Fuel Energy Certificates with Tracking,” which means that the energy is derived from the five solar power generation facilities owned and developed by Mitsui Fudosan.



Overview of the property
 Location: Yaesu 2-chome, Chuo-ku, Tokyo
 Scale of the Building:
 • 45 floors above ground and 4 floors below ground (Block A-1)
 • 7 floors above ground and 2 floors below ground (Block A-2)
 Total floor area: Approx. 289,750 m² (total of 2 blocks)
 Uses: Offices, retail facilities, hotel, elementary school, bus terminal, parking lots, etc.
 Schedule: Completion in August 2022 (planned)

• 50 Hudson Yards

Date of issue	January 21, 2022
Tenure	10 years
Total Amount of Issue	US\$300 million
Use of Proceeds	The full amount will be used for refinancing the development project costs of 50 Hudson Yards

• Nihonbashi Muromachi Mitsui Tower

Date of issue	September 12, 2019
Tenure	5 years
Total Amount of Issue	¥50 billion
Use of Proceeds	The full amount will be used for refinancing the purchase of reserve floor space for Nihonbashi Muromachi Mitsui Tower

Note: Issued based on the framework at the time of issuing these bonds

Execution of Sustainability-Linked Loan

For our sustainability-linked loan, which sets targets consistent with the ESG strategy of a borrower and changes the interest rate depending on the achievement of the targets, we execute loans based on our SLL Framework. In this, we have set a reduction target of 46.2% by fiscal 2030 in Scope 1 and 2 emissions (compared with fiscal 2019) announced in our “Group Action Plan to Realize a Decarbonized Society” formulated in November 2021. The following is a summary of SLL.

Number of executions	13	Total amount	¥79 billion
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(As of the end of July 2022)