

Main Environmental Initiatives

For details regarding the main initiatives being carried out, please refer to ESG Report 2023. https://www.mitsuifudosan.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 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 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 hot days

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
	Measure	Energy conservation measures
	Market	Customer conduct change
	Technology	Propagation of technology for renewable energy and energy conservation
Physical	Chronic	Average temperature increase
	Acute	Rising sea levels
		Intensification of abnormal weather patterns

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
		Energy conservation measures	Moderate	Large
	Physical	Average temperature increase	Moderate	Moderate
		Rising sea levels/intensification of abnormal weather patterns	Moderate	Minor
		Major carbon tax increase	Minor	Moderate
		Energy conservation measures	Minor	Moderate
Opportunity	Transition	Creation and sales of carbon credits as a result of ZEH construction	Minor	Minor
		Customer conduct change	Minor	Moderate
	Physical	Propagation of technology for renewable energy and energy conservation	Moderate	Moderate
		Average temperature increase	Moderate	Moderate
		Reduced lighting and heating costs due to increased energy conservation performance	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 nonprofit organization engaged in international environmental surveys and information disclosure, in the "CDP 2022 Climate Change A List" of top-ranking companies in the climate change category (for the second consecutive year following 2021). 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

2022 Climate Change Questionnaire. Approximately 15,000 companies worldwide were covered, of which 287 (including 75 Japanese companies) were selected for inclusion in the Climate Change A List.



About CDP

Founded in 2000 in the United Kingdom, CDP is a nonprofit 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 2022, a record number of approximately 18,700 companies disclosed information through the CDP.

Biodiversity Conservation

Policy

Coexistence with nature, which is home to a diverse range of living creatures, adds significant value to communities, such as by providing places of enrichment and relaxation. On the other hand, the development of real estate by the Group and the extraction of natural resources used as raw materials for building materials in the supply chain are altering ecosystems and impacting biodiversity. In light of this, we believe that consideration of the impact on biodiversity is one of the most important management issues, and have recently established the "Mitsui Fudosan Group Biodiversity Policy." Based on this policy and a separately established basic plan, we will promote a wide range of integrated environmental initiatives, including the conservation of biodiversity.

In addition, we will proactively disclose information while referring to the Taskforce on Nature-related Financial Disclosures (TNFD), a framework built for the disclosure of nature-related risks and opportunities.

Policy and Basic Plan with Regard to Biodiversity (Formulated in Fiscal 2022)

"Mitsui Fudosan Group Biodiversity Policy"
"Biodiversity Conservation Basic Plan"

* For details on each policy and basic plan please refer to our website. https://www.mitsui-fudosan.co.jp/english/esg_csr/environment/06.html

Major Initiatives

Activities in Various Organizations

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. We are also a member of the 30by30 Alliance for Biodiversity, an initiative driven by the Ministry of the Environment, which serves as secretariat, that 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.



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 forest's 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 the "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	31 municipalities (70 forests*) *Forests: One grouping of trees
Area	4,942.47 ha (including 63% that are artificial, 36% natural)
Usage situation	Every year, approximately 100 to 200 hectares of timber are harvested (including thinning, etc.). This timber is used as building materials for the Group's real estate business and in office furniture.
External certifications	• Sustainable Green Ecosystem Council (SGEC) certification for sustainable forest management, and is mutually recognized as a member of the Programme for the Endorsement of Forest Certification (PEFC). • FORESTOCK certification

With Regard to the Relationship between Group-Owned Forests and Biodiversity

Locate The Importance of the Geographic Location of Group-Owned Forests

Of our 70 forests, those where biodiversity conservation requires particular attention due to the following four perspectives 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
- (4) Level of contribution to forestry management

Evaluate Impact on Ecosystems and Biodiversity and Dependence

The impact and dependence of forestry operations on ecosystems and biodiversity in the Group's forest holdings are identified and analyzed based on the results of on-site surveys of flora and fauna and interviews with local authorities.

Assess Risks and Opportunities Related to Biodiversity

In line with the knowledge we have gained 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 life cycle	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

Note: 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.

Prepare Implementation of Biodiversity Conservation Measures

Based on the analysis conducted to date, we performed surveys of all 25 of the forestry cooperatives to which we outsource forest management, investigating their implementation of biodiversity conservation measures. While many cooperatives are implementing the measures they can within small sections of their forest, relatively few have implemented initiatives in wide areas or taken initiatives that require a combination of efficiency and safety in operations, which will be improved in the future.

* For details regarding the content and results of the various analyses, please refer to our website. https://www.mitsui-fudosan.co.jp/english/esg_csr/environment/06.html

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.

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.

Features of the Framework

Green Finance Framework

We have formulated the Green Finance Framework as we look to issue green bonds and execute green loans flexibly. The framework has set both domestic and global environmental certifications as eligibility criteria, allowing for investment in both domestic and global projects.

Sustainability-Linked Loan 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 SLL.

Main Achievements of Sustainable Finance

We are aggressive in the use of sustainable finance to raise funds, and in fiscal 2022, of the approximately ¥320.0 billion* in yen amounts raised in Japan, 96%, or a total of ¥309.0 billion was procured through sustainable finance.

* Excluding non-recourse loans and short-term borrowings

Green Finance

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

| Fiscal 2022

•Green loans

Project name	Procurement amount	Amount allocated	Amount unallocated
TOKYO MIDTOWN YAESU	¥48.0 billion	¥48.0 billion	—
TOKYO MIDTOWN HIBIYA	¥92.5 billion	¥92.5 billion	—

•Green bonds

Project name	Procurement amount	Amount allocated	Amount unallocated
TOKYO MIDTOWN YAESU	¥80.0 billion	¥80.0 billion	—

| Prior to fiscal 2021

•Green bonds

Year of procurement	Project name	Procurement amount	Amount allocated	Amount unallocated
2021	50 Hudson Yards	\$300 million	\$300 million	—
2019	Nihonbashi Muromachi Mitsui Tower	¥50 billion	¥50 billion	—

| Allocation Review

We obtain "Allocation Reviews" from an external reviewer with regard to our compliance with the eligibility criteria set forth in the framework for each use of funds and the status of the proceeds' appropriation.

| Green Project Case Study

•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 space: Approx. 289,750 m² (total of 2 blocks)
Uses: Offices, retail facilities, hotel, elementary school, bus terminal, parking lots, etc.
Schedule: Completed in August 2022

• 50 Hudson Yards

50 Hudson Yards is an office building development project in Manhattan, New York in which we participated through our U.S. subsidiary Mitsui Fudosan America, Inc. The building has a prime location directly connected to the 34th Street-Hudson Yards Station on the subway's No. 7 Line, has a park in front of the building entrance, large-sized floor plates that are preferred by a wide range of tenants, multiple dedicated lobby areas for the headquarters needs of large tenants, and valet parking service and a fixed number of parking spaces, which are rare in Manhattan. It is also state-of-the-art in terms of environmental performance and is scheduled to receive LEED Gold certification.



Overview of the property
Location: 50 Hudson Yards, New York, NY
Scale of the building: 58 floors above ground and 3 floors below ground
Total floor space: Approx. 2,842,000 sf (approx. 264,000 m²)
Uses: Offices, retail facilities
Schedule: Completed in June 2022

Sustainability-Linked Loans

For our sustainability-linked loans, which sets targets consistent with the ESG strategy of a borrower and for which the interest changes 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 our SLLs.

•Fiscal 2022 Achievements

Number of executions	Total amount
7	¥69.5 billion

•Fiscal 2021 Achievements

Number of executions	Total amount
12	¥69.0 billion

Positive Impact Finance

In December 2022 the Company entered into an agreement with Sumitomo Mitsui Trust Bank, Limited for "Positive Impact Financing" to be provided by that company (amount covered: ¥19.0 billion).

Positive Impact Financing is a method of financing in which financial institutions comprehensively analyze and evaluate the environmental, social, and economic impacts (both positive and negative) of corporate activities in accordance with the Positive Impact Financing Principles proposed by the United Nations Environment Programme and Finance Initiative (UNEP FI), and provide loans to support such activities on an ongoing basis. This evaluation has obtained a third-party opinion from Japan Credit Rating Agency, Ltd. regarding the compliance of the procedures for the evaluation with the Positive Impact Financial Principles and the reasonableness of the evaluation indicators utilized.