

# 3

## Our Base for Value Creation

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# Main Environmental Initiatives

For details regarding the main initiatives being carried out, please refer to our website.  
[https://www.mitsuifudosan.co.jp/english/esg\\_csr/environment/](https://www.mitsuifudosan.co.jp/english/esg_csr/environment/)

## 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. With our endorsement now in place, we will 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. 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, as these three categories represent the principal focus of the commercial activities of our Group and are likely to be major recipients of climate change impact.

#### 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>

### 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	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
	Results derived from analysis			Moderate	Moderate

### 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.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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 2023 Climate Change A List” of top-ranking companies in the climate change category (for the third consecutive year since 2021). On the basis of data reported in the CDP’s 2023 Climate Change Questionnaire, we were selected as an A List company, placing us in the top 2% of companies in the world, in recognition of our efforts to promote renewable energy projects, collaboration with suppliers, and other efforts.

Moreover, we announced that we obtained the rank of “5 Stars” for both the GRESB Standing Investment Benchmark and the GRESB Development Benchmark in the GRESB Real Estate Assessment conducted in 2023. Mitsui Fudosan was also selected as a Global Sector Leader under the GRESB Development Benchmark of Diversified for the first time, making us one of the companies to receive the highest rank particularly among global real estate companies and

funds in the sector. Mitsui Fudosan was also highly evaluated for its efforts toward ESG disclosures and received the highest rank of “A Level” for the GRESB public disclosure evaluation, which assesses the adequacy of ESG disclosures.



Main Environmental Initiatives

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.mitsuifudosan.co.jp/english/esg\\_csr/environment/06.html](https://www.mitsuifudosan.co.jp/english/esg_csr/environment/06.html)

Biodiversity Conservation-Related Disclosures (Compliance with the TNFD Guidance)

The Group has endorsed the Taskforce on Nature-related Financial Disclosures (TNFD), an initiative encouraging financial disclosures relating to nature. In April 2024, we completed registration procedures as a TNFD Adopter. As such, we acknowledge the guidance recommended by the TNFD. We aim to make disclosures in line with the TNFD guidance by fiscal 2025 as an early adopter of the TNFD.



Major Initiatives

Activities in Various Organizations

The Company has 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.

Certification as a Nature Harmony Site by Japan’s Ministry of the Environment

The Yudoromap Forests (163.73 ha) in Rumoi, Hokkaido, a part of the Group’s forestland, was certified by the Ministry of the Environment as a “Nature Harmony Site” as of March 18, 2024. In March 2023, the Group created a basic plan on considering biodiversity in Group-owned forestland, appropriately managing man-made forests by planned thinning and maintaining biodiversity through natural forest, riparian trees, and ponds. The Ministry of the Environment determined that the forest contributed to protection of rare plants and animals designated as vulnerable on the ministry’s Red List.

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 on each policy and basic plan, please refer to our website. [https://www.mitsuifudosan.co.jp/english/esg\\_csr/environment/06.html](https://www.mitsuifudosan.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 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.

## Main Environmental Initiatives

## 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. We obtained a second-party opinion from Moody's Japan, an outside institution, and received a Sustainability Quality Score of SQS2 (very good).

## Sustainability-Linked Loan Framework

We have formulated the Sustainability-Linked Finance Framework, which defines the sustainability-linked finance requirements, including SPTs and reporting. We obtained a second-party opinion from Moody's Japan, an outside institution, and received a Sustainability Quality Score of SQS2 (very good).

## Sustainable Finance Track Record (as of the end of fiscal 2023)

## Green Bonds (GB) and Green Loans (GL)

Bonds and loans to be issued for investment in green projects. Issued ¥130 billion in Green Bonds in May 2023, the largest ever in the industry.

## Examples of Properties to which Green Bonds and Green Loans Have Been Allocated

- TOKYO MIDTOWN YAESU Yaesu Central Tower
- 50 Hudson Yards
- Nihonbashi Muromachi Mitsui Tower

## Positive Impact Finance (PIF)

Borrowings to be implemented after evaluation by financial institutions based on medium- to long- term goals and KPIs for corporate activities that have an impact on the environment, society, and the economy.

## Evaluation Themes

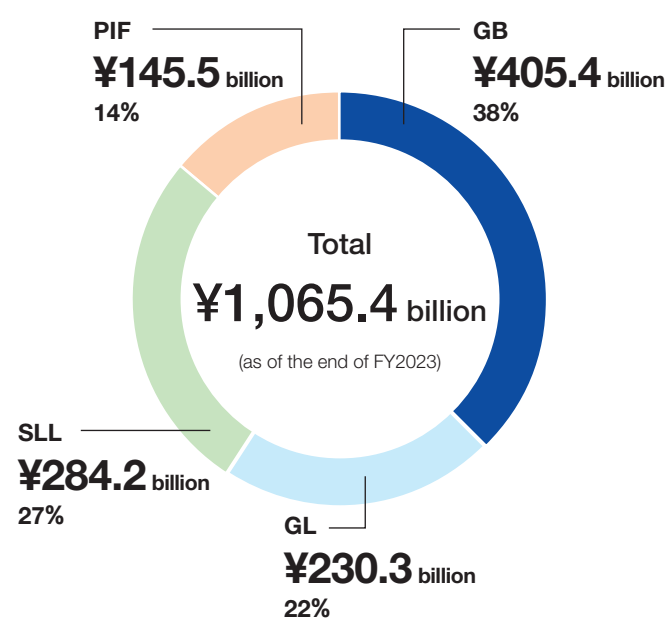
- Reduction of environmental burden and energy generation
- Realization of a "super-smart society" through urban development
- Realization of healthy, safe, and secure lifestyles
- Realization of a society in which diverse human resources can play an active role

## Sustainability-Linked Loans (SSL)

Borrowings with preferential interest rates based on achievement of sustainability goals.

## Targets (SPTs)

Reduce total greenhouse gas emissions in Scope 1 + Scope 2 by 46.2% (compared with fiscal 2019) in fiscal 2023.



Note: Totals might not add up to 100% due to rounding.

## Main Social Initiatives

## Supply Chain Management



For details regarding the main initiatives being carried out, please refer to our website.  
[https://www.mitsuifudosan.co.jp/english/esg\\_csr/society/04.html](https://www.mitsuifudosan.co.jp/english/esg_csr/society/04.html)

## The Mitsui Fudosan Group's Sustainable Procurement Standards

As a corporate group that supports the foundations of life such as offices and housing, the Group recognizes the need to fulfill its social responsibilities at a higher level. To this end, we believe that the entire supply chain should work together to promote sustainable procurement that contributes to the resolution of ESG issues. The Group has formulated the Sustainable Procurement Standards outlining the basic guidelines, and we published these standards on our website in December 2018 and have notified our main business partners. In February 2022, we revised these standards to prepare for human rights due diligence, and include basic guidelines on items to be complied with or actively promoted by both the Mitsui Fudosan Group and its business partners related to ordering.

We share these standards within the Group to build and operate an ordering and contract process in line with the nature of our business,

and notify and request the understanding of our business partners. We address the promotion of sustainable procurement throughout the supply chain to realize a sustainable society.

## Sustainable Procurement Standards Item List

- |  |   |
|--|---|
| 1. Compliance with Laws and Regulations, etc.      | 5. Establishment of Business Ethics               |
| 2. Respect for Human Rights in Business Activities | 6. Ensuring Quality                               |
| 3. Respect for Human Rights Related to Labor       | 7. Consideration for the Environment              |
| 4. Safe and Healthy Working Environment            | 8. Information Security                           |
|  | 9. Crisis Management and Business Continuity Plan |

## Surveys and dialogue with suppliers

As a result of appraisals into human rights risks, for existing suppliers, such as general contractors, that have a great deal of overlap with, and influence on, the Group's ESG issues, we carry out surveys and dialogue in line with our Sustainability Procurement Standards to promote and raise awareness of important themes.

## Future issues

Through the survey, we discovered issues in the following areas at certain companies.

## General contractors &amp; builders

- Measures to address working long hours and health issues that arise from that
- Accurate technical guidance for foreign technical intern trainees
- Thorough compliance with the Labor Standards Act
- Checks at materials suppliers to ensure there are no human rights or environmental problems and measures to ensure no illegally logged lumber in wood procurement
- Corruption prevention

## Security companies &amp; cleaning/equipment management companies

- Measures to address working long hours and health issues that arise from that
- Measures to address occupational accidents such as tripping or falling
- Corruption prevention

## Engagement with suppliers that takes issues into account

Taking on board the results of the surveys, we conducted current status interviews with contractors whose initiatives are lacking in some way, and carried out dialogue and engagement to lead to future improvement. In the future, we plan to continue conducting monitoring and engaging in dialogue.

## Suppliers we have engaged with to make improvements (as of March 2024)

- Medium-sized general contractors: 2
- Small general contractors/builders: 4

## Survey subjects and periods

- FY2021: 6 large general contractors
- FY2022: 3 large security companies  
3 large cleaning/equipment management companies
- FY2023: 22 medium-sized general contractors  
84 small general contractors/builders

## Survey contents

- (1) Questionnaire survey
- (2) On-site inspection
- (3) On-site interviews at the head office



Main Social Initiatives

Human Rights Initiatives

For details regarding the main initiatives being carried out, please refer to our website.  
[https://www.mitsuifudosan.co.jp/english/esg\\_csr/society/03.html](https://www.mitsuifudosan.co.jp/english/esg_csr/society/03.html)

Policy

The Mitsui Fudosan Group respects basic human rights and complies with laws and regulations concerning workers' rights in each country where it conducts business.

Basic Approach to Human Rights

The Mitsui Fudosan Group complies with the laws and regulations of each country and region in which it conducts business activities.

- (1) We will eliminate all discrimination on the grounds of race, nationality, religion, sex, age, disability, or sexual orientation.
- (2) We will not tolerate any form of harassment, including sexual harassment or abuse of power.
- (3) We will not permit child labor or forced labor.
- (4) We respect freedom of association and the right to collective bargaining.
- We also support and respect the basic rights for workers set out in the ILO Declaration on Fundamental Principles and Rights Fiscal 2021. In regard to construction sites believed to have the highest degree of impact, we conducted a questionnaire regarding the overall ESG initiatives, including human rights, of six construction companies, and

conducted an on-site survey at the construction sites of two companies. Alongside an at Work and the UN's Guiding Principles on Business and Human Rights. Furthermore, we pursue methods to ensure that basic human rights are respected in countries and regions that do not adhere to internationally recognized basic human rights.

Initiatives for Raising Human Rights Awareness

Mitsui Fudosan has established a Code of Employee Conduct with regard to human rights. We are also building a Group-wide framework for respecting human rights by establishing the internal Fair Employment Screening and Human Rights Awareness Raising Promotion Committee and organizing Fair Employment Screening and Human Rights Awareness Raising Liaison Conferences with each Group company. In addition, we are continuously working to improve understanding and awareness regarding human rights through initiatives such as holding human rights awareness training for all Mitsui Fudosan employees.

Human rights due diligence

In 2020, we started human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights. As a supplement to the Human Rights Policy, we designated major issues related to human rights. We are continuously evaluating their impact on human rights, and putting in place initiatives to prevent or minimize their impact, and will continue monitoring.

Human rights impact evaluation

Human rights impact evaluation is carried out for new and existing Group-wide business (predominantly in Japan) in the manner detailed below. This evaluation also covers human rights issues that relate to

labor problems or health and safety. When evaluating impact, we also took advice from Akiko Sato, an attorney. We will ensure that in the future, too, we will continue to have such opportunities to gather feedback periodically.

To select major human rights impacts, we investigated the impact of issues related to our activities or business dealings that would infringe human rights of any of our stakeholders in each business segment (from a total of 202 issues). In line with their severity according to the UN Guiding Principles, and other factors, we narrowed the list down to a total of 42 important human rights issues (human rights impacts) unique to our business.

Human Rights Impact Assessment Procedure



Sample of impact on stakeholders and human rights

		Business				
		Rental	Built-for-sale	Management	Agency	Contracting, etc.
Stakeholders	Group employees	Total for all segments (regular/non-regular)				
	Supplier employees	Total for all segments (regular/non-regular)				
	Tenants' employees, etc.	○	○ (incl. investors)	○	—	—
	Buyers, orderers, etc.	—	○	○	○	○
	Building users, visitors, etc.	○	—	○	—	—
	Local residents, businesses, etc.	○	○	○	—	○

Refining by severity and probability

Probability		Low (less than once a decade)	Medium (more than once a decade, less than once every three years)	High (once or more every three years)
Severity: High	Direct		We selected issues in this area as important human rights issues (human rights impacts)	
	Indirect			
Severity: Medium	Direct			
	Indirect			
Severity: Low	Direct			
	Indirect			

Salient issues related to human rights initiatives

- Prohibition of discrimination, harassment, or other unfair treatment in the workplace
- Ensuring a safe and healthy working environment
- Consideration for safety, security, and health in urban development
- Consideration of minorities and prohibition of unfair discrimination toward them in business activities
- Sufficient communication with clients and other stakeholders in business activities

Survey into the status of initiatives to address human rights issues in our business

As part of the Mitsui Fudosan Group's human rights due diligence, in fiscal 2022, we carried out a questionnaire survey into initiatives to respect human rights at four divisions and 10 Group companies (as well as interviews at a Group company).

The questionnaire looked into 15 issues—those strongly relevant to the work of the divisions and Group companies taken from 42 human rights issues identified during the formulation of the Mitsui Fudosan Group Human Rights Policy—and surveyed internal systems to prevent human rights violations, ensure awareness of manuals and procedures, report on the status of training, etc.

Stakeholder engagement to designate issues that impact on human rights (Conducted on October 26, 2020, and August 2, 2021)

To designate issues that impact on human rights, we engaged with Akiko Sato, an attorney. We have reflected Ms. Sato's opinions as much as possible in the formulation of our Human Rights Policy, amendments to our Sustainable Procurement Standards, and in the implementation of our human rights due diligence. In the future, we hope to have Ms. Sato give feedback on how best to promote initiatives on the theme of business and human rights.

Attorney at Kotonoha Law. Business and Human Rights Liaison Officer, United Nations Development Program (UNDP). Currently, Ms. Sato works to enhance awareness and understanding of business and human rights by providing advice on topics such as human rights policy and human rights due diligence; coordinating stakeholder engagement; and proposing policy to the government.

Akiko Sato



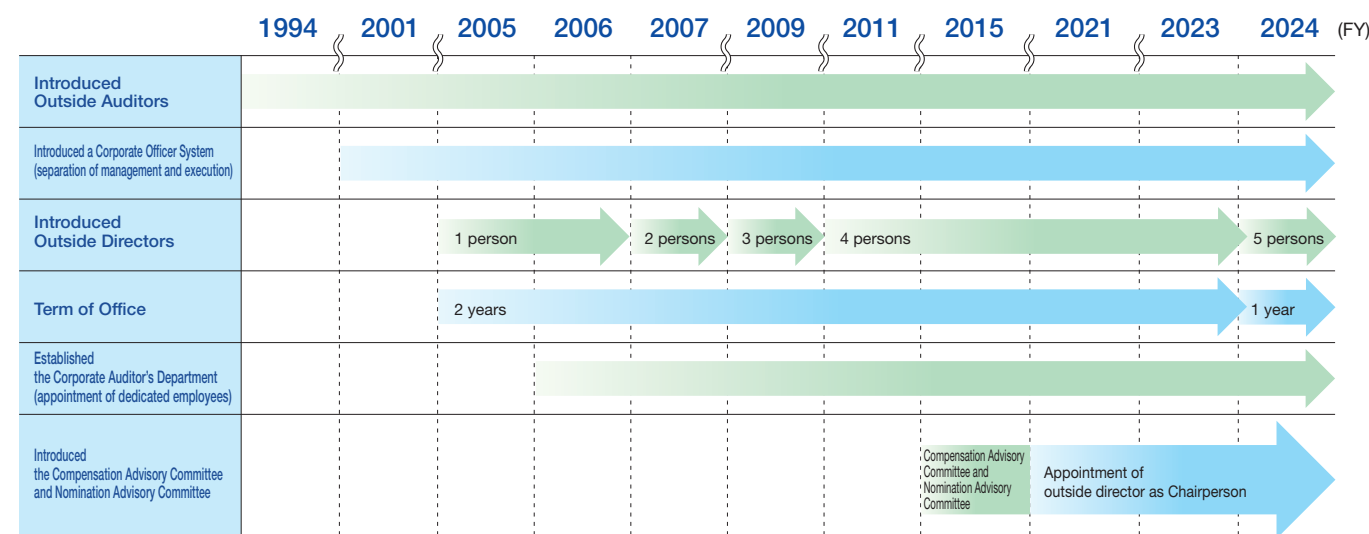
Relief Mechanism Initiatives

The Group is a member of the Platform for Responsible Recruitment of Foreign Workers (JP-MIRAI), originally established in January 2020 by a diverse group of stakeholders for the purpose of providing relief for foreign workers in Japan. We also participate in the Foreign Workers Consultation and Relief Pilot Project, launched by JP-MIRAI in May 2022 (membership of eight private-sector companies, including the Group). This project is the first of its kind in Japan to package an integrated mechanism from provision of information to foreign workers, a multilingual consultation service, and independent and neutral dispute resolution, to feedback on human rights risks to companies. Specifically, JP-MIRAI provides several services to foreign workers at participating companies, including (1) a portal site that provides

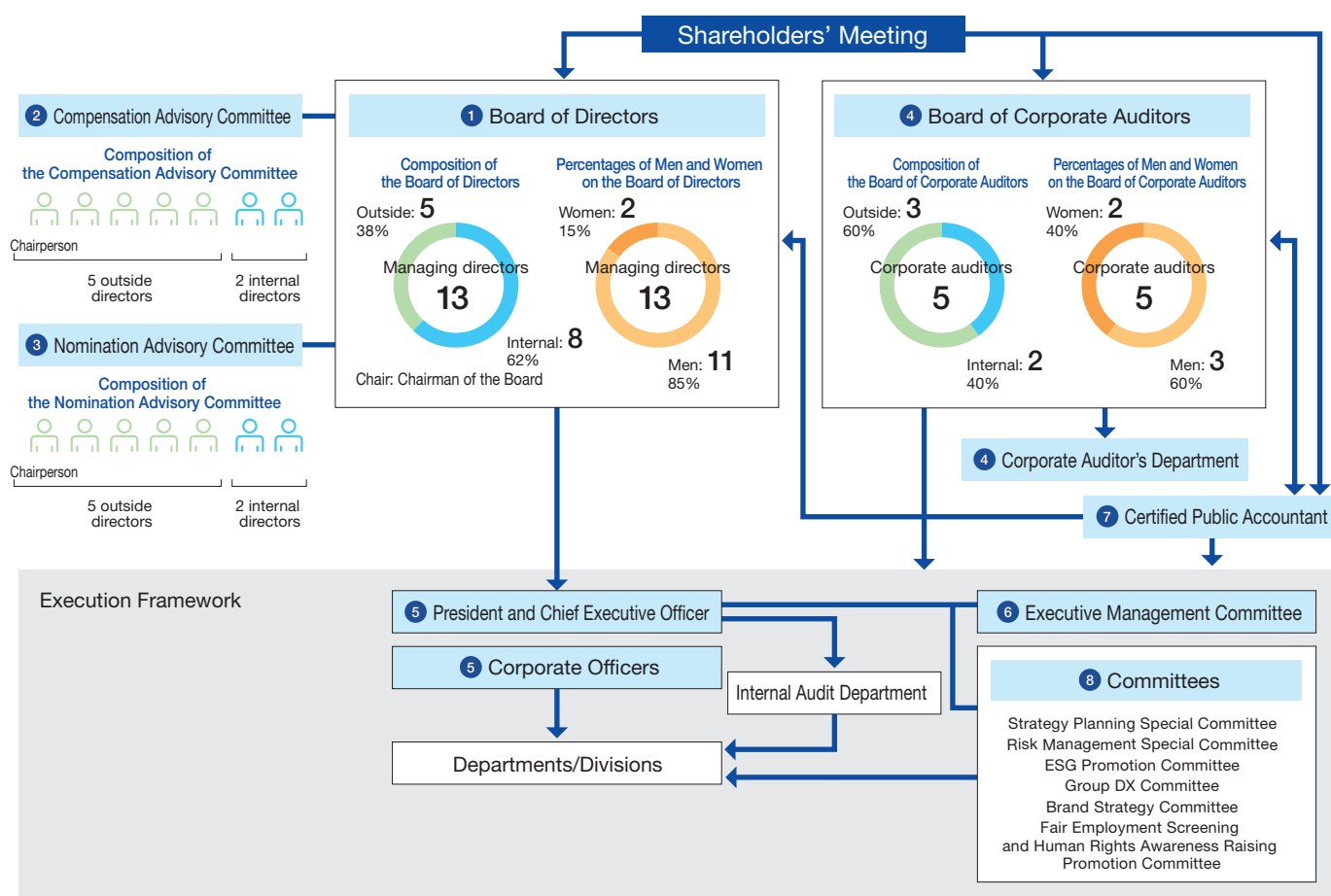
beneficial information to those working in Japan, (2) a consultation service that eases the psychological barriers to making contact by offering help in the workers' native languages, (3) support for problems that are difficult for foreign workers to solve on their own, and (4) a mechanism to resolve disputes outside of court in the event of a disagreement with an employer. At the same time, the project analyzes issues faced by foreign workers based on data collected through the provision of services. We are working to strengthen our supply chain management and human rights due diligence by utilizing the human rights violation risk information regarding foreign workers provided by JP-MIRAI.

# Corporate Governance

## Initiatives for Enhancing Corporate Governance



## Corporate Governance Structure



## Organizations in the Corporate Governance Structure

### 1 Board of Directors

The Board of Directors, headed by Chairperson Masanobu Komoda and comprising 13 members, including eight internal directors (Masanobu Komoda, Takashi Ueda, Takashi Yamamoto, Shingo Suzuki, Makoto Tokuda, Hisashi Osawa, Yutaka Saito, and Nobuhiko Mochimaru) and five outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, Mami Indo, and Takashi Hibino), decides on issues material to Mitsui Fudosan and monitors the execution of business by managing directors. The corporate auditors also attend meetings of the Board of Directors and provide opinions as necessary.

### 2 Compensation Advisory Committee

The Compensation Advisory Committee, headed by independent outside director Shinichiro Ito as Chairperson and comprising seven members, including five independent outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, Mami Indo, and Takashi Hibino), President and Chief Executive Officer Takashi Ueda, and one internal director (Makoto Tokuda), advises on matters pertaining to the compensation of managing directors when the Board of Directors makes resolutions on such matters. Two meetings were held in fiscal 2023 with all committee members in attendance.

#### <Specific Advisory Matters>

- Recent trends in executive compensation
- Review of the restricted stock compensation system
- Directors' basic compensation, bonuses, and restricted stock compensation paid

### 3 Nomination Advisory Committee

The Nomination Advisory Committee, headed by independent outside director Shinichiro Ito as Chairperson and comprising seven members, including five independent outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, Mami Indo, and Takashi Hibino), President and Chief Executive Officer Takashi Ueda, and one internal director (Makoto Tokuda), advises on matters pertaining to the nomination of managing directors and corporate auditors, as well as the appointment and dismissal of managers when the Board of Directors makes resolutions on such matters. Two meetings were held in fiscal 2023 with all committee members in attendance.

#### <Specific Advisory Matters>

- Division of duties of the executive directors
- Delegation of responsibilities, appointment, and dismissal of corporate officers
- Appointment and dismissal of executive corporate officers and corporate officers and the delegation of responsibilities
- Preliminary selection of director and corporate auditor candidates
- Appointment of Group senior officers and Group corporate officers

### 4 Board of Corporate Auditors

The Board of Corporate Auditors, comprising five corporate auditors, including two internal auditors (Wataru Hamamoto and Yoshihiro Hirokawa) and three outside auditors (Minoru Nakazato, Mayo Mita, and Michiko Chiba), formulates auditing policies and determines assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments. Note that the Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and each corporate auditor has been assigned two dedicated employees.

### 5 Corporate Officers

Mitsui Fudosan has introduced a corporate officer system with the aim of creating a business execution framework that best suits its operating environment and activities. By promoting the separation and reinforcement of the management and executive functions, a role that was previously undertaken by managing directors, the system enhances management soundness and efficiency. In addition, seeking to further reinforce the management of the Mitsui Fudosan Group, we have expanded the range of managers across the Group and introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

### 6 Executive Management Committee

The Executive Management Committee, consisting of executive corporate officers, has been formed to deliberate and report on important matters related to business execution, and supervises internal control and risk management. Full-time corporate auditors also attend meetings to stay informed of important decision-making processes and the status of business execution, and provide opinions as necessary.

### 7 Certified Public Accountant

Mitsui Fudosan has concluded an auditing contract with KPMG AZSA LLC as its certified public accountant, which conducts audits. There is no shared interest between the auditor and the Company, nor between employees conducting operations for the auditor and the Company.

### 8 Committees

Mitsui Fudosan has established committees headed by the President and Chief Executive Officer. The Risk Management Special Committee is an organization that manages work risks, while the Strategy Planning Special Committee is an organization that manages business risks. Through these, we identify and assess risk issues and draft countermeasures. In addition to these, the ESG Promotion Committee manages the Company's initiatives involving sustainability. Moreover, the Group DX Committee, the Brand Strategy Committee, and the Fair Employment Screening and Human Rights Awareness Raising Promotion Committee have been established as advisory bodies to the President and Chief Executive Officer.

## Corporate Governance

## Enhancement of the Effectiveness of the Board of Directors

## Evaluation of Board of Director Effectiveness

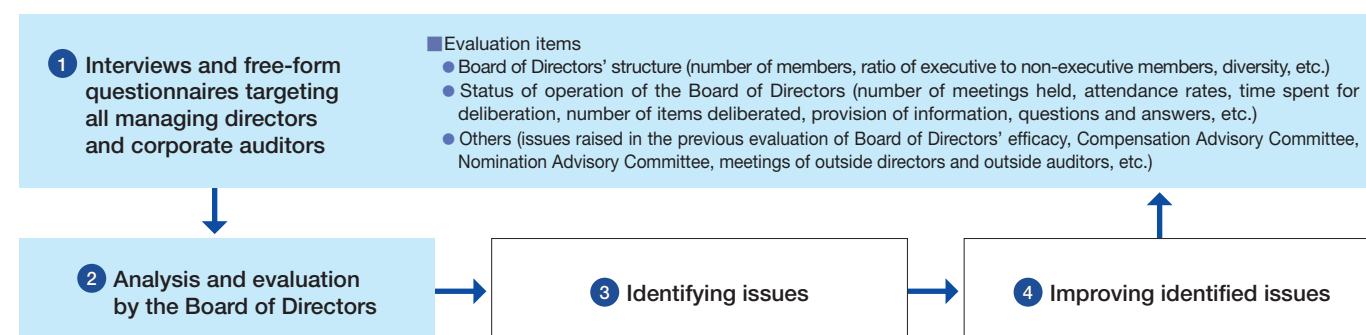
Aiming to further enhance the functions of the Board of Directors, the Company analyzes and evaluates the efficacy of the Board of Directors every year to identify issues and respond to such issues. As a means of analysis and evaluation, the Company uses a third-party organization for preparation and analysis of questionnaires. The evaluation and improvement process for the effectiveness of the Board of Directors is as described in (1) below.

In the evaluation of the effectiveness of the Board of Directors in fiscal 2023 (current year), each evaluation item was generally highly evaluated, as shown in (2) below, and it was confirmed that the Board of Directors' efficacy was properly maintained.

In the future, we will continue to identify issues and formulate action policies as described in (3) below.

## (1) Evaluation and improvement process

Process of utilizing a third-party organization



## (2) Issues identified and actions taken in FY2022 (previous year)

<Issues>	<Details of Improvements>
Report on the status of communication with investors	The status of communication with investors will continue to be reported at Board of Directors' meetings in a timely and appropriate manner, as there was an opinion in this efficacy evaluation that this initiative was appreciated.
Deepening the discussions at Board meetings	The discussion at the execution side was further shared during the explanation of each agenda item and the criteria for the agenda for the Board of Directors was changed so that the discussion time could be used more effectively for the discussion of more important topics.
Discussion on brand and PR strategies	Opportunities were set up at the Board of Directors to report on PR strategies, brand strategies, etc., and discussions at the Board of Directors were fed back to the execution side for action, etc.

## (3) Issues identified and actions taken in FY2023 (current year)

Generally, a high evaluation was given to each evaluation item. The improvement initiatives listed above are being implemented based on the findings of the previous evaluation of Board of Directors' efficacy, and it was confirmed that the Board of Directors' efficacy was properly maintained.

<Issues>	<Initiative Policy>
Monitoring of the Group's Long-Term Vision	The Board of Directors continuously monitors the progress of future plans and other aspects of both financial and business strategies from the perspective of achieving the goals of the Group's Long-Term Vision.
Discussion on priority areas of business strategies and infrastructure to support the strategies	In making progress on the Group's Long-Term Vision, discussions on necessary topics are held through Board of Directors and external officer meetings, etc., and the results are fed back to the execution side.

## Initiatives Aimed at Holding Meaningful Discussions

To aid managing directors and corporate auditors in ably fulfilling their roles, the Company conducts orientations upon appointing new officers, performs regular executive training, and otherwise provides information necessary for the performance of duties.

In addition to creating opportunities for exchanges of opinions between outside officers and top management, assigning staff to

support the Board of Directors and the Board of Corporate Auditors, and distributing materials and providing briefings to outside directors in advance of Board of Directors meetings, the Company bears expenses required by managing directors and corporate auditors in carrying out their roles.

## Practical example

<b>Outside Officer Meetings (conducted five times in FY2023)</b>	We hold Outside Officer Meetings as appropriate to enable exchanges of opinions with corporate auditors, outside directors, and internal directors, including the President and Chief Executive Officer. These meetings address our business strategy and specific businesses.
<b>Project Tours (held four times in FY2023)</b>	The Company holds site tours for outside officers as and when required to deepen their understanding of its projects. (Among a number of sites, outside officers toured the area around Minami-Funabashi and Mita Garden Hills.)

## Board of Directors Decisions and Reports

The following matters are resolved by or reported to the Mitsui Fudosan Board of Directors as stipulated by laws and regulations, the Company's Articles of Incorporation, and Company rules such as those regarding the Board of Directors. Agenda items to be deliberated by the Board of Directors are, in principle, deliberated in advance by the

Executive Management Committee, which is composed of executive corporate officers. Full-time corporate auditors also attend Executive Management Committee meetings to stay informed on important decision-making processes and the status of business execution, and provide opinions as necessary.

## (1) Matters related to shareholders' meetings

## (2) Matters related to managing directors

- Preliminary selection of director candidates
- The appointment and dismissal of the managing director and executive vice president
- The appointment and dismissal of executive directors
- Basic compensation, bonuses, and restricted stock compensation for directors
- Other important matters

## (3) Matters related to the Company's structure

## (4) Important matters related to compliance, etc.

- Formulating a risk management plan for the fiscal year
- Reporting on the results of risk management-related activities implemented during the fiscal year
- Formulating an audit plan for the fiscal year
- Reporting on audit activities implemented during the fiscal year
- Evaluating internal controls concerning financial reporting during the fiscal year and formulating audit-related policy (J-SOX activities)

## (5) Important matters related to personnel

- The appointment and dismissal of corporate officers and executive corporate officers
- The appointment and dismissal of key employees
- Basic compensation, bonuses, and restricted stock compensation for corporate officers, etc.

## (6) Important matters related to finance and assets

## (7) Other matters that are especially important in regard to managing the Company or executing duties

- Fiscal year plan
- ESG plan
- Report on risk management
- Verification of stock holdings regarding strategic shareholdings
- Other important matters



Corporate Governance

Expertise and Experience of Each Director and Corporate Auditor

In April 2024, the Group formulated its long-term vision “& INNOVATION 2030.” Based on this policy, we have identified the following skills that the Board of Directors as a whole should possess to realize the Group’s “ideal state”: “Corporate management,” “Treasury, accounting and finance,” “Risk management,” “Urban development (real estate development, etc.),” “Global,” “Technology and innovation,” “Human resources strategy,” and “Sustainability.”

Skills that the entire Board of Directors should include

The skills that the entire Board of Directors should include are broadly divided into the following three categories.

Management-related skills	Fundamental skills for managing the Company
Core competence	Skills related to urban development, which is the source of the Company's competitive advantage
Expert skills	Expert skills in other individual fields that officers are expected to demonstrate

Skills		Reason for selection of each item
Management-related skills	Corporate management	Having experience in management of companies, etc., is an important skill for supervising the management of the Group, which has diverse business fields.
	Treasury, accounting and finance	Applying appropriate controls on stable and continuous profit growth and efficiency improvement from a finance and accounting perspective is an important skill for achieving management targets.
	Risk management	Appropriately establishing risk management systems is an important skill for ensuring the continuity of business activities and realizing stable profit growth.
Core competence	Urban development (real estate development, etc.)	Urban development is at the heart of the Company's businesses and is the source of its competitive advantage. Decoupling (achieving high profitability regardless of the external environment through differentiation and market creation) is an important skill for realizing stable profit growth of the Company.
Expert skills	Global	The Company considers its overseas business to be one of its core businesses, and realizing stable profit growth in the overseas business is an important skill for achieving the Company's management targets.
	Technology and innovation	Utilizing knowledge of various technologies such as ICT, etc. and appropriately conducting management to realize the establishment of business models combining the real-world and digital and the creation of new industries are important skills for the Company's business strategies.
	Human resources strategy	The Company considers human resources to be the source of value creation. Acquiring and supporting diverse human resources to accelerate innovation and further developing the Group's One-Team organization are important skills for realizing management targets.
	Sustainability	The Company is promoting sustainability management to actively contribute to a sustainable society. Appropriately managing initiatives to realize a decarbonized society, etc. is an important skill required of the Company's managing directors.

Skills matrix for managing directors and corporate auditors

Name / Position		Management-related related skills			Core competence	Expert skills			
		Corporate management	Treasury, accounting and finance	Risk management	Urban development (real estate development, etc.)	Global	Technology and innovation	Human resources strategy	Sustainability
Masanobu Komoda	Chairman of the Board	●	●	●	●	●		●	●
Takashi Ueda	President and Chief Executive Officer	●	●	●	●	●	●		●
Takashi Yamamoto	Managing Director and Executive Vice President	●		●	●	●			
Shingo Suzuki	Managing Director				●		●		●
Makoto Tokuda	Managing Director		●	●	●			●	
Hasashi Osawa	Managing Director		●		●	●			
Yutaka Saito	Managing Director				●			●	
Nobuhiko Mochimaru	Managing Director		●		●		●		●
Tsunehiro Nakayama	Outside Director	●	●	●		●			
Shinichiro Ito	Outside Director	●		●			●	●	
Eriko Kawai	Outside Director		●			●		●	●
Mami Indo	Outside Director	●	●	●					
Takashi Hibino	Outside Director	●	●	●		●			
Wataru Hamamoto	Senior Corporate Auditor		●		●		●		●
Yoshihiro Hirokawa	Senior Corporate Auditor			●	●			●	●
Minoru Nakazato	Outside Auditor		●	●		●			
Mayo Mita	Outside Auditor		●	●		●			
Michiko Chiba	Outside Auditor		●	●					

Note: ● represents an item in which the candidate is expected to demonstrate particular strengths based on their performance and experience inside and outside the Company. It does not represent all expertise and experience.



Corporate Governance

Executive Compensation

Breakdown of Compensation

Managing directors' compensation consists of basic compensation, bonuses as a short-term incentive approved by a resolution at the General Shareholders' Meeting after a comprehensive examination of performance, etc., for each fiscal year, and restricted stock compensation as a medium- to long-term incentive with the purpose of

achieving continuous improvement of the Group's corporate value and encouraging the further sharing of value with shareholders. Compensation paid to outside directors is solely basic compensation. In addition, compensation paid to corporate auditors is solely basic compensation.

Breakdown of Managing Directors' Compensation

Restricted Stock Compensation (Medium- to Long-Term Incentives)	Performance-based: About 50–60%* (about 60–70% for the President)
Bonuses (Short-Term Incentives)	
Basic Compensation	Non-performance-based: About 40–50%* (about 30–40% for the President)

\* Data for all internal directors.

Performance-Based Compensation Indicators

To increase the linkages between managing directors' compensation, performance, and shareholder value, indicators for bonuses and restricted stock compensation, and to strengthen directors' incentives toward increasing corporate value and achieving management targets, the following factors are taken comprehensively into consideration.

- Performance for the fiscal year under review (operating income and profit attributable to owners of parent)
  - Status of ESG initiatives
- Return of profits to shareholders in accordance with the Company's shareholder return policy (actual results of dividends and repurchases of own shares)
  - Progress of the Group's long-term vision, etc.

Executive Compensation Structure

Title	Basic compensation	Short-term incentives	Medium- to long-term incentives
		Bonus	Restricted stock compensation
Managing Directors (excluding outside directors)	○ Up to ¥90 million per month (including ¥10 million per month for outside directors)	○	○ Up to ¥2,000 million and 900,000 shares per year
Outside Directors		—	—
Corporate Auditors	○ Up to ¥20 million per month	—	—

Compensation by Title, Amount of Compensation by Type, and Number of Applicable Executives (FY2023)

Title	Total compensation (Millions of yen)	Amount of compensation by type (Millions of yen)			Number of applicable executives
		Basic compensation	Bonus	Restricted stock compensation	
Managing Directors (of which, outside directors)	1,685 (92)	737 (92)	596 (—)	351 (—)	17 (5)
Corporate Auditors (of which, outside corporate auditors)	162 (55)	162 (55)	—	—	8 (5)
Total (of which, outside officers)	1,847 (148)	900 (148)	596 (—)	351 (—)	25 (10)

Note: The number of persons and the amount of compensation above include five managing directors and three corporate auditors who retired at the conclusion of the 111th Ordinary General Shareholders' Meeting held on June 29, 2023.

Compensation of Executives Exceeding ¥100 million (FY2023)

Name	Title	Company	Amount of compensation by type (Millions of yen)			Total compensation (Millions of yen)
			Basic compensation	Bonus	Restricted stock compensation	
Masanobu Komoda	Chairman of the Board	Mitsui Fudosan Co., Ltd.	138	141	104	384
Takashi Ueda	President and Chief Executive Officer	Mitsui Fudosan Co., Ltd.	138	172	95	405
Takashi Yamamoto	Managing Director and Executive Vice President	Mitsui Fudosan Co., Ltd.	68	67	30	178
	Managing Director	Mitsui Fudosan Residential Co., Ltd.	11	—	—	
Takayuki Miki	Managing Director	Mitsui Fudosan Co., Ltd.	63	51	25	139
Yoshihiro Hirokawa	Managing Director	Mitsui Fudosan Co., Ltd.	47	51	19	118

Note: Executive officer data are for fiscal 2023.

Restricted Stock Compensation System

The Group has introduced a restricted stock compensation system in lieu of stock options as compensation for managing directors, excluding outside directors with the aim of providing an incentive to achieve continuous improvement of the Company's corporate value and to encourage the further sharing of value with shareholders (resolved at the 108th Ordinary General Shareholders' Meeting held on June 26, 2020). Meanwhile, stock acquisition rights that have already been granted as stock options but have not yet been exercised will continue to exist. However, no new stock options will be granted.

- Purpose of introduction

Providing incentives for eligible directors\* to achieve continuous improvement of the Company's corporate value and to encourage the further sharing of value with the shareholders.
- Maximum amount

Up to ¥2 billion/900,000 shares per year
- Restriction period

For the duration of the period until the point immediately after the eligible director loses his or her position as the Company's managing director.
- Other

In addition to the eligible directors, the Company has introduced the system to managing officers and Group officers who do not concurrently serve as managing directors of the Company.

\* Eligible directors: Directors excluding outside directors

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

The Company will strive to achieve stable and continuous improvement of ROE that exceeds the cost of capital by managing with an equal focus on the three key objectives: enhance growth, efficiency, and shareholder returns as follows. For details, please refer to Financial Strategies on page 053.

- Profit growth achieved stable and continuous leasing income growth and realized development added value through the stable and continuous turnover of assets, and Enhancing cash-generating capabilities through business planning, property development, and management capabilities that are the source of the Company's competitive advantage.
- Balance sheet control, by enhancing the quality of the asset portfolio by considering and executing asset turnover reviewing not only real property for sale but also fixed assets and investment securities, and by controlling financial leverage appropriately.
- Expanding shareholder returns through a combination of the improved dividend payout ratio and the flexible and continuous repurchase of own shares.

Corporate Governance

Appointment of Managing Directors/Corporate Auditors and Corporate Officers

Appointment of Managing Directors and Corporate Auditors

Based on the Group's management philosophy and management strategy, the Company performs comprehensive evaluations of character, capabilities, insights, gender, and other factors to appoint persons considered suitable as managing directors and corporate auditors.

Introduction of the Corporate Officer System

Mitsui Fudosan has introduced a corporate officer system with the aim of creating a business execution framework that best suits its operating environment and activities. By promoting the separation and reinforcement of the management and executive functions, a role that was previously undertaken by managing directors, the system enhances management soundness and efficiency.

In addition, seeking to further reinforce the management of the Mitsui Fudosan Group, we have expanded the range of managers across the Group and introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

Attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings

Name/Position		Independent officer	Fiscal 2023 attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings
Masanobu Komoda	Chairman of the Board		Board of Directors Meetings: 12/12
Takashi Ueda	President and Chief Executive Officer		Board of Directors Meetings: 12/12
Takashi Yamamoto	Managing Director and Executive Vice President		Board of Directors Meetings: 12/12
Shingo Suzuki	Managing Director		Board of Directors Meetings: 10/10
Makoto Tokuda	Managing Director		Board of Directors Meetings: 10/10
Hisashi Osawa	Managing Director		Board of Directors Meetings: 10/10
Yutaka Saito*1	Managing Director		—
Nobuhiko Mochimaru*1	Managing Director		—
Tsunehiro Nakayama	Outside Director	○	Board of Directors Meetings: 12/12
Shinichiro Ito	Outside Director	○	Board of Directors Meetings: 12/12
Eriko Kawai	Outside Director	○	Board of Directors Meetings: 12/12

\*1 Newly appointed on June 27, 2024.  
\*2 Newly appointed on June 27, 2024. Attended 10/10 meetings of the Board of Directors as a Director in fiscal 2023.

Name/Position		Independent officer	Fiscal 2023 attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings
Mami Indo	Outside Director	○	Board of Directors Meetings: 10/10
Takashi Hibino*1	Outside Director	○	—
Wataru Hamamoto	Senior Corporate Auditor		Board of Directors Meetings: 9/10
			Board of Corporate Auditors Meetings: 9/10
Yoshihiro Hirokawa*2	Senior Corporate Auditor		—
Minoru Nakazato	Outside Auditor	○	Board of Directors Meetings: 10/10
			Board of Corporate Auditors Meetings: 10/10
Mayo Mita	Outside Auditor	○	Board of Directors Meetings: 9/10
			Board of Corporate Auditors Meetings: 8/10
Michiko Chiba*1	Outside Auditor	○	—

Independence of Outside Directors and Outside Corporate Auditors

Mitsui Fudosan appoints its outside directors with the expectation that they will contribute their extensive experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the audit function of the Board of Directors and ensuring transparency. The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the directors in the performance of their duties, based on their expert knowledge and extensive experience. Note that, in line with Tokyo

Stock Exchange requirements for judging the independence of independent officers, the Company uses the following standards for judging said independence: whether there is a risk of conflict of interest with any of the Company's general shareholders; whether any special interests exist with the Company; and whether in working to enhance the soundness and transparency of the Company's management, the individual is capable of making objective, fair, and impartial judgments.

Strategic Shareholdings

Concept and standard for the classification of investment stocks

Standard (Established February 2023)

Investment stocks held purely for investment purposes

Stocks held as part of business investments for the purposes of benefiting from a medium- to long-term increase in share value, etc.

Investment stocks held for purposes other than purely investment purposes (strategic shareholdings)

Stocks held for purposes other than above

Note: Stocks considered effective in management strategy from a medium- to long-term perspective to improve the Group's corporate value by comprehensively taking into account business strategy, relationships with clients, and other factors.

Approach

In its business model, in addition to investing directly in real estate and benefiting from an increase in value, the Group might also invest in businesses in the form of equity capital and benefit from the increase in share value. Based on our actual business model, we define "investment stocks held for pure investment purposes" as "Stocks, as part of business investments, held for the purposes of benefiting from medium- to long-term increase in share value, etc."

About our investment in Oriental Land Co., Ltd.

Involved in the establishment of Oriental Land Co., Ltd., in 1960, Mitsui Fudosan invested in a form of equity capital for the purpose of developing urban resorts and engaging in entertainment business activities. This investment was made as part of our core business, real estate investment, and we hold these shares for the purpose of benefiting from a medium- to long-term increase in share value, etc.

Investment stocks held for pure investment purposes

Under & INNOVATION 2030 (the Group's Long-Term Vision), reflecting our track record to date, we will continue to take a flexible and sustainable approach to selling those stocks over time, allocating proceeds to invest for future growth while also taking the share price into account.

Policy Regarding the Reduction of Strategic Shareholdings

Mitsui Fudosan continuously reviews the status of its strategic shareholdings. Upon confirming the significance of shareholdings based on the quantitative rationality of holdings and relationships with business partners, we have decided to reduce our shareholdings. Meanwhile, in overall consideration for business strategy and relationships with business partners, to improve the Group's corporate value, Mitsui Fudosan holds shares considered effective for management strategies as shares for purposes other than net investments (strategic shareholdings) from a medium- to long-term perspective.

Mitsui Fudosan will accelerate efforts to reduce strategic shareholdings, reduce current holdings by 50% over the three-year period to fiscal 2026, and continue to actively reduce strategic shareholdings from fiscal 2026 onward.

Sales Results Related to Strategic Shareholdings

Since establishing this reduction policy in December 2018, the Company has sold 23 stocks totaling 18.86 million shares, amounting to ¥174.5 billion.

[Sales results] (Mitsui Fudosan Co., Ltd. Non-consolidated)

- FY2019: ¥20.3 billion (3.68 million shares, 13 stocks)
- FY2020: ¥45.9 billion (5.06 million shares, 3 stocks)
- FY2021: ¥50.7 billion (3.65 million shares, 4 stocks)
- FY2022: ¥46.5 billion (3.10 million shares, 3 stocks)
- FY2023: ¥10.9 billion (3.34 million shares, 6 stocks)

Verification by the Board of Directors

When verifying the rationality of shareholdings, we verify whether the benefit, risk, etc., associated with the shareholdings are commensurate with the capital cost. Furthermore, in addition to confirming the significance of shareholdings from the perspectives of transaction performance, stable funding, and creation of business opportunities, we verify whether the holdings contribute to improving the medium- to long-term corporate value of the Group. At a meeting held on May 10, 2024, the Board of Directors verified appropriateness with regard to the significance of strategic shareholdings based on the quantitative rationality of holding and relationships with business partners for each stock brand. As a result, for stocks for which the rationality of holding or significance of holding has decreased, we will examine selling by considering factors such as impact on the stock market.

Standard for Exercising Voting Rights

In exercising voting rights, Mitsui Fudosan makes comprehensive decisions based on viewpoints including whether it will lead to improved shareholder returns or enhanced corporate value of the company invested in over the medium to long term. In addition, regarding important matters such as those indicated below, Mitsui Fudosan conducts individual examinations based on internal standards and appropriately determines the approval/disapproval of each matter. (Appropriation of surplus, appointment/dismissal of managing directors and corporate auditors, director compensation and retirement benefits, changes to the Articles of Incorporation, etc.)

Strategic Shareholdings (as of the end of FY2023)

Stockholdings	
Number of stocks owned:	119 (of which, 51 are shares of listed companies)
Amount recorded on balance sheet:	¥270.4 billion (of which, ¥260.3 billion is for shares of listed companies)

For details, please refer to the Corporate Governance Report.  
[https://www.mitsuifudosan.co.jp/english/corporate/governance/download/governance\\_report.pdf](https://www.mitsuifudosan.co.jp/english/corporate/governance/download/governance_report.pdf)



## Corporate Governance

# Outside Directors' Discussion

A roundtable discussion was held among Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, and Mami Indo, all four of whom serve as outside directors, covering themes ranging from their review of the Long-Term Vision: VISION 2025 to their expectations and assessments of & INNOVATION 2030 as the Group's new long-term vision, the effectiveness of the Board of Directors, and the human resource strategies. Details are presented as follows.



## Eriko Kawai

Member of the Nomination  
Advisory Committee  
Member of the Compensation  
Advisory Committee

## Shinichiro Ito

Chairperson of the Nomination  
Advisory Committee  
Chairperson of the Compensation  
Advisory Committee

## Mami Indo

Member of the Nomination  
Advisory Committee  
Member of the Compensation  
Advisory Committee

## Tsunehiro Nakayama

Member of the Nomination  
Advisory Committee  
Member of the Compensation  
Advisory Committee

## Toward Realizing the Group's Long-Term Vision

### Looking Back on VISION 2025, the Group's Long-Term Vision

What are your thoughts on how Mitsui Fudosan has grown thus far through VISION 2025, the Group's Long-Term Vision?

**Ito** I feel that the Company has steadily grown throughout this period. Even as the facility operations business, including retail facilities as well as hotels and resorts, struggled owing to the pandemic, which we failed to predict when initially formulating VISION 2025 in 2018, the office leasing and property sales businesses experienced steady growth and

the logistics properties and other businesses witnessed robust trends. Meanwhile, the retail facilities and facility operations businesses enjoyed an extremely quick positive turnaround following the end of COVID-19, so in this sense, I feel the Company has grown steadily overall. I also believe VISION 2025 produced significant outcomes during this period

in such areas as our evolution into a global company, particularly with the emergence of several large-scale projects in New York, London, and elsewhere that will underpin our bright future.

**Nakayama** I agree. I think the Company has fared well and has shown signs of achieving the aspirations of VISION 2025 well in advance. As Mr. Ito just mentioned, the businesses that struggled the most during the pandemic emerged as engines of growth quite rapidly after COVID-19 came to an end. I feel their ability to release the energy

pent up over this time also benefited the Company. Moreover, having raised the key concepts of "getting better with age" and "real estate as a service" under VISION 2025, another key aspect of this growth was the Company's efforts to evolve its core business of real estate. One outcome of VISION 2025 that left a particularly deep impression on me is that the Mitsui Fudosan Group was able to clearly illustrate its message of keeping one step ahead of the industry.

### & INNOVATION 2030, the Group's New Long-Term Vision

The Company formulated & INNOVATION 2030 as its new long-term vision. What are your expectations and thoughts on such matters as the formulation process and hopes in putting the Vision in place?

**Indo** As Mr. Nakayama mentioned, the Company has achieved the targets it initially laid out under VISION 2025 in terms of numbers and has established the foundation for further evolution. The Board of Directors therefore formulated & INNOVATION 2030 in light of these achievements, particularly by involving us as outside directors in multifaceted discussions on how we will change going forward under the new long-term vision. Looking at both Japan and the world beyond, natural disasters, fluctuations in interest and exchange rates, the emergence of generative AI, and other changes in the external environment are having increasingly profound impacts on management. Against this backdrop, we thoroughly debated the long-term vision from the perspective of how the Company should grow in a manner that goes beyond the framework of a real estate company. Although it might appear that the real estate industry has changed in a relatively moderate way over its long history, the Company is now attempting to significantly transform the industry. And for this reason, we offered a broad range of opinions as outside directors with a diverse range of backgrounds.

**Kawai** I feel the same way. As far as the formulation process is concerned, I was impressed that the Board truly incorporated our opinions as outside directors, and I believe that this created a long-term vision that everyone could accept. While the vision under & INNOVATION 2030 is to contribute to the creation of added value for society as an industry developer, I feel the plan maintains a good balance in progressing toward this bigger picture under the two approaches of business strategies and financial strategies. Moreover, in a positive sense, I am also glad we were able to hammer out aggressive numerical targets.

**Nakayama** As soon as the outside directors became involved in the formulation process, the Company prepared an extensive array of materials, which allowed us to really debate the new vision. I heard the internal management team even lodged together during the process, and it was easy for us to join in the discussions.

**Ito** I believe we were fully prepared to proceed with our discussions from the perspective of deciding what path to take toward 2030, using VISION



Tsunehiro Nakayama | Outside Director

After serving for many years in top management positions in the financial industry, including Representative Director and Deputy President of Mizuho Corporate Bank, Ltd. and Representative Director and Chairperson of Merrill Lynch Japan Securities Co., Ltd., Mr. Nakayama was appointed a director of Mitsui Fudosan in June 2019. He also serves as a member of the Company's Nomination Advisory Committee and Compensation Advisory Committee.

2025 as the launchpad. The term "industry developer" includes the Mitsui Fudosan Group's policy of going beyond the bounds of a real estate developer in a way that allows it to undertake the challenge of entering into new industries. In this sense, I believe this term matches quite well with the new vision.

**Indo** From & INNOVATION 2030, I strongly sense the Company's aspiration to drive innovation in a way that exceeds the framework of the real estate industry. We considered the approaches through which the Company can have a major impact on society, as well as how to create social value, in a manner that goes beyond the bounds of the real estate industry. We also raised the idea of exploring new business domains, as well as further developing and evolving as a platformer, as the methods for achieving these goals. But I feel the term "platformer" is also a central

## Outside Directors' Discussion

keyword that must be considered in concert with the term "industry developer." Specifically, the reason for this is that the Company is not simply stating it will coordinate related parties for the purpose of developing industries, but that this combination of the two terms serves as the Company's declaration that it will become a platformer for this

purpose. I believe this concept is extremely important as the Mitsui Fudosan Group transforms toward more innovative business models in the future.

### What is your assessment of the financial strategies in & INNOVATION 2030?

**Nakayama** Going beyond simply creating social value through its business strategies, & INNOVATION 2030 also presents a path toward the creation of economic value through its financial strategies. As such, I believe the plan as a whole is firmly grounded. Discussions focused entirely on creating social value can without question, however, become somewhat detached. In this regard, the plan lays down concrete numerical targets and financial strategies from the perspective of creating economic value and looks beyond simple profit growth for these strategies, in particular, as a means of indicating ways of giving back the generated profits and improving efficiency. I feel the plan presents a more complete picture and is extremely important, in the sense that, as a private-sector operating company, Mitsui Fudosan has illustrated a cycle whereby it generates profits while contributing to society, and then returns these profits back to society, as well.

**Kawai** The financial strategies are also easy to understand and stand firmly. They serve to strengthen shareholder returns through consistent, sustained profit growth, as well as improvements in asset efficiency based on BS control, for a company like Mitsui Fudosan that is involved in long-term projects.

**Indo** I wholly agree. I feel that working out financial strategies from this kind of overall perspective also helps put the capital markets at ease, yet the quantitative ROE target level of at least 10% for the period around fiscal 2030 is not one the Company will necessarily be able to easily achieve. Even so, I feel the capital markets have high expectations for the Company.

**Ito** I believe these areas fully leverage the President's message, which link the dreams and visions of each individual to reality, as well as the Company's culture. I think President Ueda's leadership here has been particularly impressive.

**Indo** I agree. From a laboratory perspective, Japan and the world beyond are aiming to create new value in the life science and other scientific fields, so these areas readily attract capital. Which is exactly why I feel the Company will be able to demonstrate its full functionality as an industry developer. I have high expectations for the Company here because, in one sense, the term "industry developer" holds the same meaning as creator of industry frontiers. In regard to the data center business, the arrival of the era of AI will drive increased power consumption and give rise to major changes in the very design methods for semiconductors. Against this backdrop, the key points will be how the Company aligns the new assets possessed by the Mitsui Fudosan Group with this era and whether it can lead the world.

**Nakayama** As far as these new challenges for the next generation, including new business domains, are concerned, there is no need to achieve the same profit margins in the same time frame for each new domain. Although this approach requires calm, calculated monitoring, I think it would be interesting for the Company if all goes well.



Eriko Kawai | Outside Director

Ms. Kawai serves as Professor Emeritus of Kyoto University. Active overseas for many years, and with a wealth of experience as a management consultant at various international organizations, including the Bank for International Settlements (BIS) and the Organization for Economic Cooperation and Development (OECD), Ms. Kawai was appointed a director of Mitsui Fudosan in June 2021. She also serves as a member on the Company's Nomination Advisory Committee and Compensation Advisory Committee.

## Effectiveness of the Board of Directors and Dialogue with Capital Markets

### Please tell us about your future roles as outside directors.

**Indo** One of our roles as outside directors is to thoroughly monitor the Company and ensure that it does not exceed risk tolerances while observing the progress in the business strategies we have discussed thus far. I feel that one of the obligations of the Board of Directors, and of us as the outside directors in particular, is to observe whether the Company remains on-balance even as it creates social value through the long reach of the Mitsui Fudosan Group.

**Nakayama** I feel the same way. Our stance as outside directors is to make sure the discussions on the executive side remain on track and are sustainable from the viewpoint of socially accepted common sense. Thoroughly monitoring management is therefore the role of the outside directors. The current Board of Directors includes an additional outside director, which means that five of the 13 directors are now outside directors. Yet I think we must also continue discussing this composition based on the perspective of the skills matrix for the entire Board of Directors. At the same time, we must also listen closely to feedback from the capital markets, where the standpoint of investors will serve as an opportunity for us to gain a new awareness. Moreover, I feel it is important for us as outside directors to share the feedback of the capital markets at Board of Directors' meetings and to deepen our discussions based on this feedback.

**Ito** Mitsui Fudosan has raised lofty targets for fiscal 2030, so I feel that

society is watching with interest as to whether the Company will be able to clearly indicate its progress in numbers as it moves toward these goals in the future. I also hope that we can spend much more time discussing these themes further at the Board of Directors.

**Kawai** I agree. In addition to our discussions at the Board of Directors, we use the Outside Officer Meeting to take up themes that we have deemed important. This gives us more time to spend on debate, after which we provide the results of our discussions as feedback to the executive side. I feel this also serves as an effective form of monitoring, and as a good opportunity to reflect in management the various areas of knowledge possessed by the outside officers. I am convinced that the responsibilities of the outside directors are only going to grow more important over time.

### What are your expectations in terms of expanding into new asset classes and exploring new business domains as worked out in the business strategies?



Shinichiro Ito | Outside Director

After serving for many years in top management positions, including President & Chief Executive Officer, Representative Director and Chairperson of the Board, Representative Director of ALL NIPPON AIRWAYS CO., LTD. and ANA HOLDINGS INC., Mr. Ito was appointed a director of Mitsui Fudosan in June 2019. He also chairs the Company's Nomination Advisory Committee and Compensation Advisory Committee.

**Nakayama** I feel there is significant room for growth in regard to creating neighborhoods that harness the power of sports and entertainment, which was raised as a new asset class.

**Indo** I think so, too. After I toured the completed LaLa arena TOKYO-BAY in Funabashi, Chiba, I gained a completely new perspective on the value I had placed on arenas up until that point. The jumbotrons that show the arena can be seen comfortably from any seating level, regardless of where you sit, thereby creating the sense of a live performance. In this regard, the facility offers a lot of added value.

**Ito** I think the impacts of the Tokyo Dome coming under the umbrella of the Mitsui Fudosan Group have also shown up in a major way in these kinds of facilities.

**Nakayama** That makes sense. In addition, the new asset classes covering the rental labs and office buildings, as well as data centers, are domains in which the Company has introduced its intention of demonstrating its abilities as an industry developer and platformer.

**Indo** The rental labs and office buildings businesses will go beyond providing social value to create economic value as well. In fact, the Company has already established a track record in creating aerospace business-related networks such as LINK-J and cross U.



## Outside Directors' Discussion

## What are your thoughts on the initiatives for ensuring the effectiveness of the Board of Directors?

**Nakayama** I believe that the changes we made to some of the debate criteria for the current Board of Directors was a positive move in terms of further enhancing discussions. Naturally, for the Company, deciding whether to debate a topic at the Board of Directors is not simply an issue of money. And, obviously, I think the Company should raise topics that it feels are important in terms of management at the Board of

Directors. So, I believe the Board should have this kind of flexibility. In this respect, I think we need to continue studying both the debate criteria and the necessary format for Board of Director discussions.

## Human Resource Strategies for Realizing the Vision

## Finally, what are your thoughts on the human resources who will support the Company's drive for innovation as it aims to realize its vision?

**Kawai** My impression is that Mitsui Fudosan presents a sense of stability through management policies based on long-term perspectives, values its people, and sincerely engages in efforts to develop human resources. It is therefore an excellent company at which all employees can work with abandon. So, I am glad to see the Company striving through work style reforms in recent years in an attempt to create stress-free work environments for women as well.

**Ito** It seems so to me, as well. The Company has a high level of employee engagement, and, under the leadership of President Ueda

and his banner of dream, vision, reality, I think it has cultivated the soil to nurture vibrant employees.

**Kawai** On the other hand, I think the Company might need to further enhance its flexibility in regard to human affairs, particularly in terms of better attracting innovative personnel. The innovative class beyond the walls of the Company is highly fluid in terms of manpower. Even so, I think that Mitsui Fudosan should leverage its currently high level of engagement and aspire to be a company that balances these two aspects of fluidity and engagement.

**Nakayama** I have heard from employees that President Ueda has gone directly to the offices and sites where they work to explain the new long-term vision. And these employees have also commented that this action by the President is highly refreshing and felt it was good that his thoughts reached them directly.

**Indo** Human resource strategies tend to focus on the viewpoint of where and how to assign employees. I feel, however, that it is extremely important that these strategies take the fundamental perspective of how to ensure employees are satisfied with their work and become part of a team while working without stress.

**Ito** I fully agree. On another point, many of the workplaces at the Company's facilities are led by employees from Group companies, so I also think these strategies must incorporate the perspective of strengthening engagement across the entire Group.



**Mami Indo** | Outside Director

Having worked as an analyst and consultant at Daiwa Securities Co. Ltd. and Daiwa Institute of Research Ltd. and as a member of the Securities and Exchange Surveillance Commission, Ms. Indo has a wealth of experience and broad insight. Appointed as a director of the Company from June 2023, she is a member of the Nomination Advisory Committee and Compensation Advisory Committee.

## Message from a Newly Elected Outside Director

## Takashi Hibino

Outside Director



After serving as President and Chairperson of Daiwa Securities Group Inc., Mr. Hibino was appointed as outside director of Mitsui Fudosan in June 2024. He possesses a broad range of knowledge and extensive experience in finance, the capital markets, and management in general.

## — What is your impression of the Company?

I feel that one of the factors that sets the Company apart from its competitors in the real estate industry is its strengths in neighborhood creation, including the MIDTOWN series and Kashiwa-no-ha Smart City, for example. And as mentioned in the Group's new long-term vision, & INNOVATION 2030, I have experienced the Company's culture of going beyond simple real estate development to create social and industrial infrastructure itself. As experts in neighborhood creation, the Company has advanced its business under the unwavering concept of creating neighborhoods that include sports, commercial facilities, and other aspects that allow people to enjoy fruitful lives. It seems to me that this approach is just now starting to spread.

Daiwa Securities Group also relocated its head offices to GRANTOKYO NORTH TOWER, which the Company developed in 2009. Relocating the major part of Daiwa Securities along with its group companies to a centralized location served to create synergy and helped strengthen consolidated group management. And the excellent location, being directly connected to Tokyo Station, and the ability to work in a high-spec office environment have naturally bolstered the motivation of its employees, as well as led to other positive outcomes, including attracting talented personnel. This experience clearly revealed to me the Company's extensive property development strengths.

## — Please tell us about your career to date.

After joining Daiwa Securities in 1979, I established a career centered on the market departments for both bonds and stocks, as well as the corporate planning department, which also included a five-year stint in the United Kingdom. Looking back, from the time I began working professionally in 1979 through around 2012, when Abenomics got its start, the financial industry transitioned through a period of change that went beyond securities to engulf both banks and insurance companies. Following the collapse of its bubble economy at the start of the 1990s, Japan experienced a financial crisis with the implosion of one major domestic financial institution after another, as well as the Asian financial crisis. Over this period, I was responsible for addressing many aspects of this crisis working together with the management team. After being appointed as a director at Daiwa Securities Group in 2004, I continued to face a succession of critical phases, including the Lehman shock in 2008. Against this backdrop, I aimed to transition Daiwa Securities to a more stable management structure that would be resistant to changes in the market. Throughout this process, as a manager I engaged in various efforts to reorganize the earnings structure, transition to a company with a nominating committee, and release the first medium-term management plan for a securities company in Japan, among others. Based on this store of experience, I hope to contribute to the management of the Company.

## — Please tell us about your aspirations for the future.

Although the financial and real estate industries border each other, I am very excited to have the opportunity to become involved in the Company's management as it engages in real-world projects on the huge scale of neighborhood creation. Starting at the first Board of Directors' meeting I attended the other day, I have witnessed the Company's careful approach to studying discussion proposals and sensed the well-balanced nature of its management. Under the Company's long-term management vision, energies will be directed toward firmly grasping its core businesses and focusing on initiatives that will nurture new industries as an industry developer, even as the Company further expands and develops the sports, entertainment, and other domains. In this manner, I feel the Company is working to enhance economic and social value in a well-balanced manner. Meanwhile, as the attention of investors in Japanese companies grows to unprecedented levels worldwide, calls for management to pay closer attention to the perspectives of investors are similarly mounting. From the perspective of the capital markets built on my past experience and the viewpoint of stock and bond investors, I will monitor the Company's management and work alongside the executive team so that it can engage in business with confidence.

Management Team

Members of the Board (as of June 27, 2024)



**Masanobu Komoda**  
Chairman of the Board  
Shares in Company:  
397 thousand shares  
  
Apr. 1978 Joined the Company  
Apr. 2023  
Chairman of the Board  
(Representative)



**Takashi Ueda**  
President and  
Chief Executive Officer  
Shares in Company:  
247 thousand shares  
  
Apr. 1983 Joined the Company  
Apr. 2023  
President and Chief Executive Officer  
(Representative)



**Takashi Yamamoto**  
Managing Director and  
Executive Vice President  
Shares in Company:  
121 thousand shares  
  
Mar. 1990 Joined the Company  
Apr. 2023 Managing Director  
(Representative)



**Shingo Suzuki**  
Managing Director  
Shares in Company:  
78 thousand shares  
  
Apr. 1987 Joined the Company  
Jun. 2023 Managing Director



**Makoto Tokuda**  
Managing Director  
Shares in Company:  
55 thousand shares  
  
Apr. 1987 Joined the Company  
Jun. 2023 Managing Director



**Hisashi Osawa**  
Managing Director  
Shares in Company:  
66 thousand shares  
  
Apr. 1987 Joined the Company  
Jun. 2023 Managing Director



**Yutaka Saito**  
Managing Director  
Shares in Company:  
90 thousand shares  
  
Apr. 1990 Joined the Company  
Jun. 2024 Managing Director



**Nobuhiko Mochimaru**  
Managing Director  
Shares in Company:  
59 thousand shares  
  
Apr. 1990 Joined the Company  
Jun. 2024 Managing Director



**Tsunehiro Nakayama**  
Managing Director  
Shares in Company:  
14 thousand shares  
  
Outside Independent  
Jun. 2019 Managing Director



**Shinichiro Ito**  
Managing Director  
Shares in Company:  
12 thousand shares  
  
Outside Independent  
Jun. 2019 Managing Director



**Eriko Kawai**  
Managing Director  
Shares in Company:  
0 shares  
  
Outside Independent  
Jun. 2021 Managing Director



**Mami Indo**  
Managing Director  
Shares in Company:  
900 shares  
  
Outside Independent  
Jun. 2023 Managing Director



**Takashi Hibino**  
Managing Director  
Shares in Company:  
0 shares  
  
Outside Independent  
Jun. 2024 Managing Director



**Wataru Hamamoto**  
Senior Corporate Auditor  
Shares in Company:  
99 thousand shares  
  
Apr. 1984 Joined the Company  
Jun. 2023 Senior Corporate Auditor



**Yoshihiro Hirokawa**  
Senior Corporate Auditor  
Shares in Company:  
98 thousand shares  
  
Apr. 1984 Joined the Company  
Jun. 2024 Senior Corporate Auditor



**Minoru Nakazato**  
Corporate Auditor  
Shares in Company:  
0 shares  
  
Outside Independent  
Jun. 2023 Corporate Auditor



**Mayo Mita**  
Corporate Auditor  
Shares in Company:  
0 shares  
  
Outside Independent  
Jun. 2023 Corporate Auditor



**Michiko Chiba**  
Corporate Auditor  
Shares in Company:  
0 shares  
  
Outside Independent  
Jun. 2024 Corporate Auditor

Corporate Auditors (as of June 27, 2024)

Corporate Officers (as of April 1, 2024)

President and Chief Executive Officer	<b>Takashi Ueda</b>
Executive Vice President	<b>Takashi Yamamoto</b>
Senior Executive Managing Officers	<b>Yasuki Kaibori</b> <b>Shingo Suzuki</b> <b>Makoto Tokuda</b>
Executive Managing Officers	<b>Yutaka Kawamura</b> <b>Retsu Togashi</b> <b>Motoyasu Kato</b> <b>Kazunori Yamashita</b> <b>Hisashi Osawa</b> <b>Chiharu Fujioka</b>

Executive Managing Officers	<b>Yutaka Saito</b> <b>Nobuhiko Mochimaru</b> <b>Mizuho Wakabayashi</b> <b>Tetsuya Matsufuji</b>
Managing Officers	<b>Takashi Furuta</b> <b>Yugo Ono</b> <b>Tatekazu Nakamura</b> <b>Atsumi Kanaya</b> <b>Jiro Ueda</b> <b>Takao Sakiyama</b> <b>Mikiko Utsunomiya</b>

Managing Officers	<b>Hiroyuki Shinozuka</b> <b>Hirotaka Uematsu</b> <b>Kyosuke Hosoda</b> <b>Akiko Kaito</b> <b>Tomoo Nakamura</b> <b>Hideaki Takanami</b> <b>Tadahiro Murata</b> <b>Masakazu Hida</b> <b>Tomohiko Okuue</b>
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Group Officers (as of April 1, 2024)

Group Senior Officers	<b>Yasushi Endo</b> <b>Toru Kamura</b> <b>Hiroki Saito</b> <b>Akira Ikeda</b>	[Mitsui Fudosan Realty Co., Ltd.] [Mitsui Fudosan Residential Co., Ltd.] [Mitsui Fudosan Investment Advisors, Inc.] [Mitsui Home Co., Ltd.]
Group Officers	<b>Yosuke Seko</b> <b>Osamu Obayashi</b> <b>Takao Yamada</b> <b>Mitsuhiro Kodama</b> <b>Ken Aoki</b> <b>Hiroshi Murakami</b> <b>Kazuyuki Hiruta</b> <b>Hidetoshi Nojima</b> <b>Daijiro Eguchi</b>	[Mitsui Fudosan Residential Services Co., Ltd.] [Mitsui Fudosan Retail Management Co., Ltd.] [Mitsui Fudosan Residential Co., Ltd.] [Mitsui Fudosan Realty Co., Ltd.] [Mitsui Fudosan Residential Co., Ltd.] [Mitsui Fudosan Building Management Co., Ltd.] [Mitsui Fudosan Residential Co., Ltd.] [Mitsui Home Co., Ltd.] [Mitsui Fudosan (Asia) Pte. Ltd.]

Note: The Company conducted a 3-for-1 stock split of its common shares on April 1, 2024; therefore, the number of the Company's shares owned is based on the shares after the stock split.

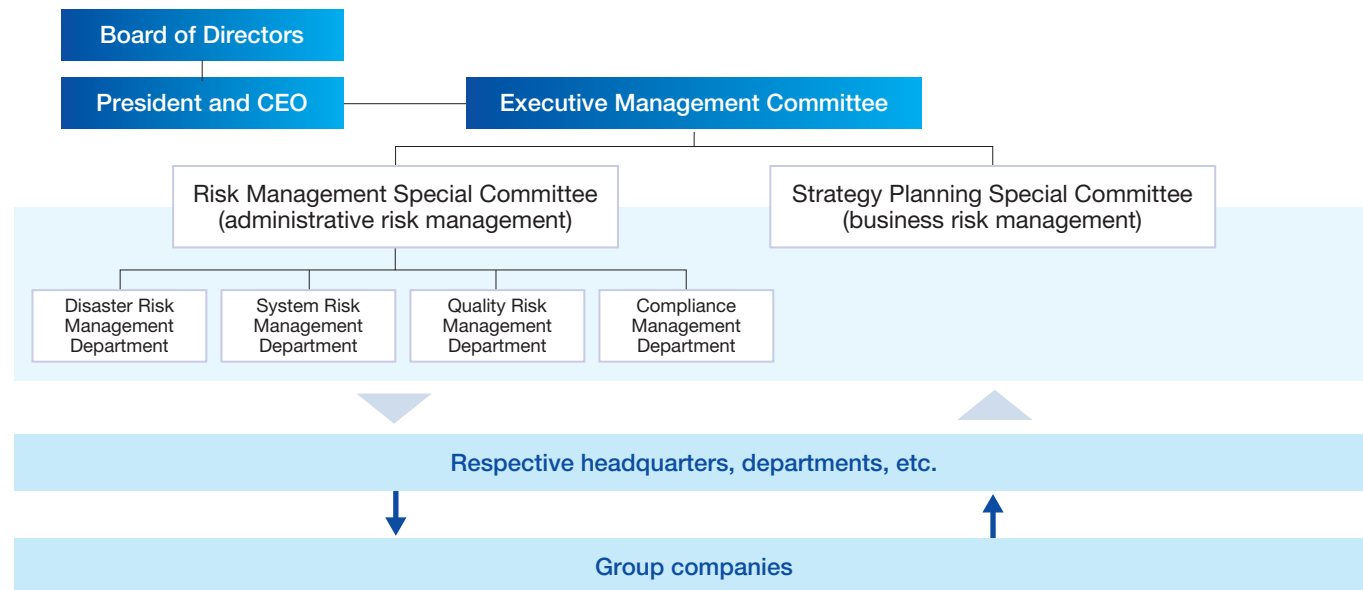


# Risk Management

## Risk Management System

The Executive Management Committee supervises overall risk management for the Group, and the President and Chief Executive Officer, who chairs the Executive Management Committee, supervises risk management. Under their supervision, the Strategy Planning Special Committee and the Risk Management Special Committee manage business risk and administrative risk, respectively, and these

risk management systems are supervised by the Board of Directors. The Risk Management Special Committee meets in principle once a month to identify and delineate risk issues and evaluate and propose preventive and response measures. Where required, the committee shares information and/or communicates in other ways with the Mitsui Fudosan Group.



## Major Risks

See our annual securities report for details (In Japanese only).  
[https://www.mitsui-fudosan.co.jp/corporate/ir/library/fs/pdf/YUHO\\_2403.pdf](https://www.mitsui-fudosan.co.jp/corporate/ir/library/fs/pdf/YUHO_2403.pdf)

### Business Risk: Business risk is primarily risk associated with advancing business and earning profits.

Name of risk	Overview	Action
Risk due to change in the business environment	<ul style="list-style-type: none"><li>Changes in business environment in general (exchange rate fluctuations, rising interest rates, declining birth rate and aging population, etc.)</li><li>Changes in customer needs (lifestyle changes following the spread of the coronavirus infection, etc.)</li></ul>	<ul style="list-style-type: none"><li>Strengthen coordination between Group companies</li><li>Develop products that anticipate customer needs</li><li>Further strengthen neighborhood creation</li><li>Provide new business infrastructure to customers</li><li>Promote DX</li><li>Develop a location strategy that takes into account population and supply trends</li><li>Build a strategic asset portfolio including overseas assets, etc.</li></ul>
Risk associated with market interest rates	<ul style="list-style-type: none"><li>Rising fund procurement costs associated with rising interest rates</li><li>Deterioration in the Company's performance associated with rising interest rates (falling housing sales prices, rising investor yield expectations)</li></ul>	<ul style="list-style-type: none"><li>Procure the necessary funding with a focus on long-term, fixed-rate interest loans that are comparatively resistant to rising market interest rates</li><li>Pay close attention to fluctuations in housing loan interest rates and capitalization rates resulting from interest rate trends</li><li>Mitigate the risk of rising interest rates by appropriately controlling balance sheets</li></ul>
Risk associated with exchange rate fluctuations	<ul style="list-style-type: none"><li>Cost fluctuations through import prices</li><li>Impact of the inclusion of the PL/BS statements of overseas business</li><li>Decrease in rent revenues due to the impact of tenant companies' performance</li></ul>	<ul style="list-style-type: none"><li>Control various costs by paying close attention to cost fluctuations, including changes in exchange rates, and by taking appropriate action</li><li>Leasing business: Reduce decreases in revenue, etc., by maintaining product competitiveness and by strengthening efforts to attract tenants</li><li>Overseas business: Reduce exchange rate fluctuation risk by procuring funds backed by local currencies and through portfolio decentralization</li></ul>
Risk associated with climate change	<ul style="list-style-type: none"><li>Large-scale climate change</li><li>Changes in needs that take climate change risks into account</li></ul>	<ul style="list-style-type: none"><li>Position action on climate change as a key management issue</li><li>Formulate the Group Action Plan to Realize a Decarbonized Society, and strengthen forecasting and action on climate change</li></ul>
Geopolitical risk	<ul style="list-style-type: none"><li>Impact of countries/areas concerned</li><li>Impact of supply chain disruptions, etc.</li></ul>	<ul style="list-style-type: none"><li>Appropriately decentralize the portfolio by area and product</li><li>Make investment decisions and promote business in consideration of risk on an individual project basis</li></ul>

Name of risk	Overview	Action
Risk associated with the spread of infectious diseases	<ul style="list-style-type: none"><li>Business restrictions due to the spread of the coronavirus infection</li><li>Decrease/change in customer needs due to the spread of the coronavirus infection</li></ul>	<ul style="list-style-type: none"><li>Formulate Mitsui Fudosan 9BOX Infection Control Measure Standards for the purpose of mitigating and preventing damages from infectious diseases</li><li>Maintain and strengthen competitiveness through measures that consider the impact of infectious diseases</li><li>Take a well-balanced approach to business activities in a way that also prioritizes the protection of human life in the event new infectious diseases emerge</li></ul>
Risk from competition in the real estate industry	<ul style="list-style-type: none"><li>Competition with other companies in each business</li><li>Disruptive innovation</li></ul>	<ul style="list-style-type: none"><li>Strengthen coordination between Group companies</li><li>Develop products that anticipate customer needs</li><li>Further strengthen neighborhood creation</li><li>Provide new business infrastructure to customers</li><li>Promote DX</li><li>Enhance the value of existing facilities</li><li>Use the Group's capabilities to seize business opportunities, etc.</li></ul>
Risk associated with rental income	<ul style="list-style-type: none"><li>Decrease in rental income due to tenant cancellations/rent reductions, contract cancellations, tenant bankruptcies, etc.</li></ul>	<ul style="list-style-type: none"><li>Strengthen coordination between Group companies</li><li>Develop products that anticipate customer needs</li><li>Further strengthen neighborhood creation</li><li>Provide new business infrastructure to customers</li><li>Promote DX</li><li>Enhance the value of existing facilities</li><li>Strengthen and promote tenant leasing</li></ul>
Risk of changes in asset values	<ul style="list-style-type: none"><li>Falling asset values due to declining demand for housing/rising investor yield expectations</li></ul>	<ul style="list-style-type: none"><li>Build a risk-resistant business platform by optimizing balance sheets and portfolios</li><li>Mitigate the risk of asset value fluctuation by ascertaining changes in market-based asset values and by strengthening market competitiveness</li></ul>
Cost fluctuations risk	<ul style="list-style-type: none"><li>Price fluctuations in costs for construction, energy, labor, etc.</li></ul>	<ul style="list-style-type: none"><li>Control various costs by ascertaining market cost fluctuations and by taking appropriate action on an individual project basis</li></ul>
Fund procurement risk	<ul style="list-style-type: none"><li>Increase in funding costs due to changes in the lending attitudes of financial institutions, etc.</li><li>Rise in market interest rates</li><li>Financial market turmoil</li><li>Downgrading of the Company's credit rating, etc.</li></ul>	<ul style="list-style-type: none"><li>Maintain financial soundness through D/E ratio management</li><li>Secure stable funding through capital procurement that ensures sufficient liquidity</li></ul>
Real estate development risk	<ul style="list-style-type: none"><li>Cost increases and schedule delays due to a variety of circumstances during development (weather, disasters, buried objects, soil contamination, etc.)</li></ul>	<ul style="list-style-type: none"><li>Promote projects and engage in construction management based on investment decisions that consider risk</li><li>Build a governance framework that can rapidly and appropriately take action in preparation for problems that impact business</li></ul>
Risk associated with overseas business	<ul style="list-style-type: none"><li>Business environments in overseas countries (inflation, exchange rates, civil wars/conflicts, impact of geopolitical risks on countries/areas concerned, etc.)</li><li>Financial status, etc. of local partner companies</li></ul>	<ul style="list-style-type: none"><li>Collect the necessary information for overseas business expansion</li><li>Select local partner companies that are well-versed in local matters</li><li>Formulate the Global Governance Guidelines as a standard governance policy for overseas businesses</li><li>Implement appropriate risk management through a three-tiered approach consisting of overseas subsidiaries, the Head Office's International Division, and Head Office staff</li></ul>
Risk related to property portfolio location	<ul style="list-style-type: none"><li>Occurrences of natural disasters, man-made disasters or acts of terrorism (earthquakes, typhoons, missiles, etc.) that cause damage to areas where our assets are concentrated</li></ul>	<ul style="list-style-type: none"><li>Decentralize portfolio areas</li><li>Enhance building durability</li><li>Introduce damage assessment systems</li><li>Commission emergency generators that can operate for 72 hours</li><li>Promote BCP measures for the special power business, etc.</li></ul>
Risk associated with changes to laws, regulations, and government policy	<ul style="list-style-type: none"><li>Changes to business structure and fund procurement methods in response to changes in laws and regulations</li></ul>	<ul style="list-style-type: none"><li>Take appropriate action upon collecting and analyzing information regarding trends in domestic and overseas legal and regulatory environments, and after sharing this information with each organization as necessary</li></ul>
Risk associated with securing diverse human resources	<ul style="list-style-type: none"><li>Insufficient human resource development and recruitment to respond to changes in the business environment and changing needs</li></ul>	<ul style="list-style-type: none"><li>Position the promotion of diversity and inclusion as a key management issue</li><li>Formulate the Diversity and Inclusion Declaration, and Initiative Policy</li></ul>

### Administrative Risk: Operational risk associated with administrative duties

Name of risk	Overview	Action
Disaster risk	<ul style="list-style-type: none"><li>Natural disasters (earthquakes, wind and flood damage, etc.)</li><li>Man-made disasters (war, acts of terrorism, etc.)</li></ul>	<ul style="list-style-type: none"><li>Formulate a business continuity plan (BCP) for each disaster type</li><li>Prepare a framework that minimizes the impact of disasters</li><li>Regularly conduct disaster response training assuming large-scale earthquakes</li><li>Prepare a 24-hour, year-round system based on a day and night shift system</li><li>Implement measures to design disaster-resistant facilities</li></ul>
System risk	<ul style="list-style-type: none"><li>Systems failures and data leaks due to cyberattacks, etc.</li><li>IT systems</li><li>Control systems</li></ul>	<ul style="list-style-type: none"><li>Conduct systematic security diagnoses and inspections of information and control systems</li><li>Improve the environment for handling cyberattacks and information leaks</li><li>Establish Information Management Rules and Confidential Information Handling Rules, and conduct regular educational and awareness raising activities regarding personal information</li></ul>
Compliance risk	<ul style="list-style-type: none"><li>Violations of laws, company rules, social norms, etc.</li><li>Violations of laws and regulations in business execution</li><li>Violations of laws and regulations for employee personal gain</li></ul>	<ul style="list-style-type: none"><li>Formulate the Mitsui Fudosan Group Compliance Policies and other internal regulations, and thoroughly inform employees of these through regular training</li><li>Formulate an operations flow for legal compliance, and implement regular voluntary inspections</li></ul>
Quality risk	<ul style="list-style-type: none"><li>Caused by product/service/operation quality</li><li>Properties/real estate</li><li>Management and operation business</li><li>Other business</li></ul>	<ul style="list-style-type: none"><li>Real estate development business: Establish proprietary Group quality standards, ensure compliance among construction companies, verify construction progress, and implement quality inspections</li><li>Operational quality for leased and managed facilities: Formulate and apply manuals according to operational details</li><li>Insure against damages</li></ul>

# Compliance

## Basic Policy

Based on the Mitsui Fudosan Group Compliance Policies, the Mitsui Fudosan Group has positioned compliance as a key issue in Group management and works to comply with laws, regulations, and social norms, and implement fair and highly transparent corporate activities in accordance with corporate ethics.

## Compliance Structure

Mitsui Fudosan has made the officer in charge of general administration the person responsible overall for compliance. In this role, the officer receives reports from the Compliance Management Department and others, and particularly important matters are reported to or submitted for discussion by the Board of Directors or the Executive Management Committee. Said officer is also responsible for formulating a compliance-related action plan each fiscal year, including the enactment, revision, or abolition of Company rules; the implementation

of training regarding laws, regulations, or Company rules; and the surveying and reporting of the situation regarding compliance with laws, regulations, or Company rules. Said officer is also responsible for implementing compliance activities based on this plan. Group companies are also required to formulate and implement risk management plans, and this is reported to and confirmed by the Company at the end of the fiscal year.

## Internal Consultation Service

Mitsui Fudosan has established two points of contact providing consultation for employees of the Company, an internal contact and an external law firm. These contacts can provide consultation on issues regarding compliance with laws and regulations, as well as matters pertaining to the work environment.

## Compliance Training

Mitsui Fudosan provides compliance training to new employees and various directors and management-level employees of the Company, including newly appointed executive managers and officers, with the aim of improving compliance awareness. It also implements e-learning for all employees.

### ■ Main Training and Awareness-Raising Initiatives (Mitsui Fudosan)

Initiative		Target	Content
Training	New employee training	New employees, contract/dispatch employees, and career employees	Overall compliance
	Company-wide training (e-learning)	All employees	Overall compliance (Topics based on social trends, etc.)
	Newly appointed executive manager training	Newly appointed executive managers	Overall compliance
	Officer training	Officers/Group officers, etc.	Select themes and lecturers each fiscal year based on social trends
	Overseas onsite training	Employees assigned to overseas subsidiaries, etc.	General details on global governance guidelines, etc.
Awareness-raising activities	Mitsui Fudosan Group Compliance Policies	All employees	Display on the in-house portal site and employee handbook
	Compliance poster	All employees	Display on in-house bulletin boards, etc.
	Compliance news	All employees	Distribute information on items that require particular attention in the course of business in light of social trends (6 times/year)

## Preventing Improper Conduct

### In Interactions between the Company and Society and the Economy

#### Eliminating Interactions with Organized Crime

Mitsui Fudosan strictly forbids any kind of connection to organized crime and, as a company, takes a firm stance in dealing with such groups. Each division of the Company also investigates and confirms that a transaction partner is not involved in organized crime before the transaction begins. Should the unlikely situation occur that forces the Company to face unwarranted demands or violent behavior from such organizations, it will contact the relevant police department and take any other action necessary, including legal measures.

#### Ensuring Fair Transactions and Competition

Mitsui Fudosan will comply with all relevant laws, such as the Antimonopoly Act, and will avoid any conduct that could result in unfair transactions or unjust competition. We will engage with business connections sincerely as an equal partner and handle the procurement of goods and services based on fair standards.

#### Preventing Corruption

##### (1) Prohibiting Bribery and Handling of Gifts and Entertainment

Mitsui Fudosan has prohibited the illicit provision of benefits to public officials and other individuals in similar positions. Also, in dealings with business connections and affiliates, etc., a rule has been established preventing the giving or receiving of excessive gifts, entertainment, and the like.

Also, the Company has established a structure and rules to be followed to prevent bribery and has formulated and is implementing Regulations for Preventing Bribery with the aim of preventing such conduct before it occurs.

##### (2) Donations to Politicians and Political Organizations

Mitsui Fudosan does not provide donations for political activities to any parties other than official political parties and political fundraising organizations. Furthermore, support for activities by political organizations is conducted appropriately in accordance with the Political Funds Control Law, laws and regulations connected to the Public Offices Election Law, and other relevant laws and regulations.

### In Interactions between the Company and Its Employees Respecting Human Rights

Mitsui Fudosan does not discriminate due to sex, age, birthplace, nationality, race, ethnicity, creed, religion, disability, or any other grounds. The Company respects human rights and strives to maintain fair workplaces.

#### Managing Company Information Appropriately

Mitsui Fudosan recognizes the importance of managing documents and information and strives to implement appropriate management based on its Information Management Rules, Document Rules, Information System Management Rules, and the like.

#### Other

- (1) Decision-making according to rules
- (2) Prohibition of sexual and power harassment
- (3) Separation of public and private