

**CORPORATE GOVERNANCE**

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of Mitsubishi Estate Co., Ltd., which is reported to the Tokyo Stock Exchange. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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An Overview of Corporate Governance at Mitsubishi Estate Co., Ltd. (the “Company”) is Described Below.

**1 Basic Policy Regarding Corporate Governance, and Capital Structure, Corporate Attributes and Other Basic Information**

**1. Basic Policy**

The Company aims to realize the enhancement of corporate value through a harmonious balance between corporate growth and the interests of its various stakeholders by following its brand slogan, “A Love for People. A Love for the City,” based on its basic mission of “contributing to society through urban development.” The Company shall position the development and promotion of its corporate governance system as one of the most important management issues in realizing this goal.

In developing and promoting our corporate governance system, to bring about greater clarity with regard to roles and the strengthening of functions in both the supervision of management and the execution of business while also fulfilling accountability to our shareholders and other stakeholders, the basic policy shall work to ensure the transparency and objectivity of management.

Moreover, the Company has established and published on its website the “Mitsubishi Estate Co., Ltd. Corporate Governance Guidelines” (hereinafter the “Company’s Guidelines”) as provided in Attached sheet 1 attached at the end of this corporate governance report. They aim to set forth the basic policy and framework for the Company’s corporate governance, and serve as guidelines for the development and promotion of the corporate governance system, which contributes to the realization of the Mitsubishi Estate Group (the “Group”)’s basic mission and the enhancement of its corporate value on a medium- to long-term basis.  
<https://www.mec.co.jp/en/ir/governance/>

**[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The Company complies with every principle of the Corporate Governance Code.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

The Company makes disclosures based on the Corporate Governance Code after the revisions made in June 2021, including content for the Prime Market.

**\* Principle 1.3 Basic Strategy for Capital Policy [updated]**

Please refer to Article 19 (Basic Strategy for Capital Policy) of the Company’s Guidelines.

In the Mitsubishi Estate Group Long-Term Management Plan 2030 formulated in January 2020, the Company decided regarding shareholder returns to introduce a progressive dividend of ¥3 every fiscal year in principle (until FY2030) and on continuous and flexible share buybacks, in an aim for more stable and predictable shareholder returns. The Company has announced that it would flexibly adjust the shareholder return methods and sense of scale to meet the real estate market conditions, investment environment, share price, ROE and EPS.

In order to improve capital efficiency and shareholder value as part of the capital policy in the Long-Term Management Plan 2030, the Company conducted a treasury stock purchase of around ¥30.0 billion in FY2021, and of around ¥100.0 billion from FY2022 to FY2023 through market purchase on the Tokyo Stock

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Exchange. In addition, at the Board of Directors meeting held on May 10, 2024, a resolution was passed to buy back the Company's common stock by means of market purchase on the Tokyo Stock Exchange from May 13, 2024 to November 11, 2024, with the maximum number of shares to be purchased being 32,000,000 shares and the maximum amount to be paid for the buyback being 50.0 billion yen.

**\* Principle 1.4 Shares Held for Strategic Purposes (Policy Regarding Strategic Shareholdings)** [updated]  
Please refer to Article 20 (Cross-Shareholdings), paragraph 1 and 2 of the Company's Guidelines.

Note that in regard to listed shares that the Company holds as shares held for strategic purposes, it verifies the significance of holding the shares from the perspective of whether it facilitates the smooth progress of the Group's business activities by looking at the history of the Company's acquisition of such shares, the track record of business transactions, the status of cooperative partnerships, dividend performance, and other factors. The Company then reports to its Board of Directors, at least as frequently as once a year, the details of such findings, the reductions in shares held for strategic purposes and the reduction guidelines that the Company follows regarding future strategic shareholding reduction, and, where necessary, proceeds with the sale of such shares.

In the last five-year period between FY2019 and FY2023, the Company has sold shares held as strategic shareholdings worth about ¥63.0 billion.

**\* Principle 1.4 Shares Held for Strategic Purposes (Standards for Exercising Voting Rights on Shares Held for Strategic Purposes)**

Please refer to Article 20 (Cross-Shareholdings), paragraph 3 of the Company's Guidelines.

**\* Principle 1.7 Related Party Transactions**

Please refer to Article 21 (Related Party Transactions) of the Company's Guidelines.

**\* Supplementary Principle 2.4.1 Diversity of Human Resources** [updated]

The Group recognizes that the accommodation of diverse human resources and workstyles and respect for human rights are crucial to management and business activities. Accordingly, the "Mitsubishi Estate Group Guidelines for Conduct" include provisions related to the respect for human rights and diversity and empowerment of individuals, and the Group has steadfastly promoted initiatives to realize these guidelines. [Mitsubishi Estate Group Code of Conduct]

<https://www.mec.co.jp/en/company/charter/>

In terms of promoting women's participation and advancement in the workplace, we have set targets for the ratio of female managers and worked to build an environment with greater women's participation and advancement where women can continue to work without leaving their jobs due to a life event. In FY2021, we re-evaluated the Company's future vision and made upward revisions to the target for the ratio of female managers, to 20% by FY2030, 30% by FY2040, and 40% by FY2050.

In January 2024, the Company expressed its support for the "Women's Empowerment Principles" (WEPs) formulated by the United Nations, and is working on initiatives for promoting women's participation in accordance with international standards.

In order to achieve these targets, we will continue to strengthen hiring of female employees, introduce a human resources system that allows for flexible workstyles, hold internal roundtable discussions aimed at balancing work and child rearing, hold external seminars, etc. Please refer to the following for details, including the contents of specific initiatives.

[Diversity promotion initiatives]

<https://mec.disclosure.site/e/sustainability/activities/social/diversity/>

[Action plan based on Japan's Act on the Promotion of Female Participation and Career Advancement in the Workplace]

[https://mec.disclosure.site/e/sustainability/activities/social/diversity/pdf/Empowerment\\_of\\_Women\\_EN.pdf](https://mec.disclosure.site/e/sustainability/activities/social/diversity/pdf/Empowerment_of_Women_EN.pdf)

Furthermore, under the Long-Term Management Plan 2030 created considering the rapid changes in the business environment and market trends, in addition to our traditional mainstay Domestic Asset Business, we have put forth a growth strategy centered on the International Asset Business and the Non-Asset Business (proactive use of the latest technologies including AI and robotics and the promotion of fee business models). To implement this growth strategy, we recognize that it will be more important than ever to secure diversity from the standpoint of experience and skill, and we are proactively pursuing mid-career hiring based on this understanding. Furthermore, to support mid-career hires with smooth onboarding and ensure that they quickly become accustomed to and deepen their understanding of the Company shortly after being hired, we have introduced online training courses, an internal mentor system (monthly one-on-one exchanges between

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the mid-career hire and an employee from outside of their division), an instructor system (one-on-one support for learning the operations provided to the mid-career hire by an employee within their division), and networking events that promote exchanges among employees with career experience who were hired during the same period.

In terms of diversity of human resources in nationality, in addition to overseas offices engaging in hiring independently, starting in FY2019, the Company began hiring foreign nationals as part of our new-career hires in a separate framework from the selection of Japanese students, and we plan to continue this policy.

Regarding the setting of numerical targets for manager position hiring, as only a few years have passed since we strengthened foreign-national and mid-career hiring, we plan to move forward with proactive hiring at present while evaluating the merits of target setting going forward.

### **\* Principle 2.6 Roles of Corporate Pension Funds as Asset Owners**

The Company, in working to realize the stable formation of assets for employees and fulfill the role expected of it as an asset owner, has formulated the “Basic Guidelines on Pension Asset Management,” which set forth the guidelines related to the asset management committee, asset portfolio composition, and the selection and evaluation of asset managers of corporate pension funds etc., and is going about managing assets in line with the aforementioned guidelines.

### **\* Principle 3.1 Full Disclosure**

i) Company objectives (e.g., business principles), business strategies and business plans;

(1) Business Principles

In “The Mission of the Mitsubishi Estate Group,” the Company defines its mission as follows: “By building attractive, environmentally sound communities where people can live, work and relax with contentment, we contribute to the creation of a truly meaningful society.” Furthermore, to realize this mission, the Company defines “The Mitsubishi Estate Group Code of Corporate Conduct” and “Mitsubishi Estate Group Guidelines for Conduct,” which are publicized on the Company’s website.

<https://www.mec.co.jp/en/company/charter/>

(2) Business Strategies and Business Plans

The Company formulated the Long-Term Management Plan 2030 with a start date of April 2020, which is publicized on the Company’s website.

<https://www.mec.co.jp/en/ir/plan2030/>

ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;

The Company’s basic views are described in “I 1. Basic Policy” of this corporate governance report and in the Article 2 (Basic Policy) of the Company’s Guidelines.

Aiming to set forth the basic policy and framework for the Company’s corporate governance, and serve as guidelines for the development and promotion of the corporate governance system, which contributes to the realization of the Group’s basic mission and the enhancement of its corporate value on a medium- to long-term basis, the Company defines the Company’s Guidelines, which are publicized on the Company’s website.

iii) Board policies and procedures in determining the remuneration of the senior management and Directors; Please refer to “\* Board policies and procedures in determining the remuneration of the senior management and Directors” within “II 1. [Directors’ and Corporate Executive Officers’ Remuneration]” of this report.

iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of Directors candidates; and

Please refer to Article 12 (Process of Nominating the Candidates for Directors) and Article 14 (Process of Appointment and Dismissal of Corporate Executive Officers) of the Company’s Guidelines.

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

Career histories of individual Director candidates are contained in the Notice of Convocation of the General Meeting of Shareholders and securities report and the reasons for election of individual Director candidates are contained in the Notice of Convocation of the General Meeting of Shareholders and the Company’s website.

The reasons for appointment of individual Outside Director Candidates are contained in this corporate governance report under “II 1. [Items Relating to Outside Directors] Relationship with the Company (2).”

Career histories of individual Corporate Executive Officers are stated in the securities report, and the

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reasons for appointment of individual Corporate Executive Officers are contained in the Company's website.  
<https://www.mec.co.jp/en/ir/governance/overview/>

### \* Supplementary Principle 3.1.3 Sustainability [updated]

#### 1. Sustainability initiatives and disclosure status

As stated in "The Mission of the Mitsubishi Estate Group," "We contribute to society through urban development." As such, the Group has long engaged in business activities with an awareness of contributing to society. In January 2020, the Group established the Mitsubishi Estate Group Sustainability Vision 2050 focused on sustainability management in 2050. Behind our slogan of "Be the Ecosystem Engineers," we pledge to aspire to be a corporate group (engineers) that provides spaces and infrastructure (ecosystems) where all actors (individuals, corporations, and more) are able to coexist sustainably and thrive together—economically, environmentally, and socially.

Furthermore, as milestones that establish specific themes and actions to achieve this vision, we have established key themes related to sustainability in our strategies for increasing social value under the Long-Term Management Plan 2030 formulated in 2020. However, as part of the revision of those themes in FY2024, we made a new start under "Sustainability of the Mitsubishi Estate Group and Society: Four Key Themes" while also conducting a review of material issues. In this review, we organized the social issues according to their relationship with the Group's businesses, evaluated the importance according to the two axes of "impact on the Group's growth" and "impact on the society surrounding the Group," taking into account the opinions exchanged with a total of more than 60 internal and external stakeholders, and identified material issues and specified four key themes. For each of the four key themes of "Pursue tangible and intangible urban development for the next generation," "Maintain commitment to reducing environmental impact," "Consider people, empathize with people, protect people" and "Create and circulate new value," we identified the risks and opportunities, and set targets, etc.

We disclose specific initiatives and the state of progress in the above themes on the Company's website, in our annual Sustainability Report, and in our Integrated Report.

Please refer to the following for details.

[Website]

<https://mec.disclosure.site/e/sustainability/>

[Sustainability Report]

<https://mec.disclosure.site/e/sustainability/report/>

[Integrated Report]

<https://www.mec.co.jp/en/ir/annual/>

#### 2. Investing in human capital

In terms of investing in human capital, the Group believes that human resources are an essential management asset and recognizes that employee growth is crucial to the Group's continued growth. Moreover, while improving the five ideal traits that the Group seeks in its human resources, the Group has established a policy to develop human resources who can play a role in creating enhancement multipliers through collaboration by taking an ultra-long-term perspective and leveraging its forward-looking DNA, as well as a role of creating value through high specialization, as its human resource development policy for achieving the Long-Term Management Plan 2030.

Please refer to the following for details.

[Website]

<https://mec.disclosure.site/e/sustainability/activities/social/human-resource/>

[Integrated Report]

<https://www.mec.co.jp/en/ir/annual/>

#### 3. Investment in and use of intellectual property and intangible assets

The Group considers intellectual property to be a key management resource, and aims to acquire and utilize intellectual property appropriately in order to further increase its presence in the real estate industry and gain new revenue opportunities.

We believe that in addition to our own efforts, collaboration with multiple companies within the Group, as well as with outside companies and individuals, will expand our knowledge in new areas and potentially enable the creation of more valuable intellectual property. The Group has established a "Basic Policy for Appropriate and Effective Use of Intellectual Property" for the entire Group, and communicates to employees the importance of effective use of intellectual property as a management resource, in addition to preventing infringement of others' rights.

To realize our Long-Term Management Plan 2030 that began in FY2020, we are working to develop non-asset businesses and new business focused on BtoC/BtoBtoC services to expand our revenue-earning

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opportunities. The Group has established the Innovation and Business Transformation Group to be responsible for new business creation functions that can be laterally applied across the Group and invested human resources to promote new value creation in the area of business model innovation. In addition to streamlining and improving real estate operations using technology, we search for new earning opportunities by accumulating and analyzing the data that we can collect both online and offline on latent needs against the backdrop of social issues. Additionally, using the knowledge that we have accumulated in the real estate business, we expand our business domains through proactive collaboration with external partners, and as evaluation fields for the business concepts born from that process, we utilize the diverse real estate stock owned and managed by the Group.

Furthermore, in addition to promoting open innovation by implementing proactive investment and our Accelerator Program, using the Mitsubishi Estate Group Innovation Challenge (“MEIC”) that identifies new business seeds internally, we are promoting the creation of new business both internally and externally.

#### 4. Disclosures based on the TCFD recommendations

In May 2020, the Company disclosed such information governance, strategies, risk management, indicators and targets on climate change risks and opportunities in accordance with the framework recommended by TCFD. These contents, which include the results of the analysis utilizing the Carbon Risk Real Estate Monitor (CRREM) methodology to evaluate transition risks, have been updated in May 2023 and disclosed on the Company’s website and in our Integrated Report.

Please refer to the following for details.

[Website]

<https://mec.disclosure.site/e/sustainability/activities/environment/tcfd/>

[Integrated Report]

<https://www.mec.co.jp/en/ir/annual/>

#### \* **Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors**

Please refer to Article 4 (Roles of the Board of Directors) of the Company’s Guidelines.

#### \* **Principle 4.8 Effective Use of Independent Directors**

The Company’s policy regarding the composition of the Board of Directors is described in the Article 5 (Composition of the Board of Directors) of the Company’s Guidelines. The policy regarding the independence of Outside Directors is described in the Article 12 (Process of Nominating the Candidates for Directors) of the Company’s Guidelines.

The Company’s Board of Directors comprises 14 Directors. Of those, 7 (50.0%) are Outside Directors and 3 are Directors who do not concurrently serve as Corporate Executive Officers. As such, 71.4% (10 of 14) of the Board of Directors are composed of non-executive Directors, realizing a system with sufficient independence and effectiveness for the entire Board of Directors. The role of chairman of the Board of Directors is fulfilled by the Chairman of the Board of the Company, who does not concurrently serve as a Corporate Executive Officer.

#### \* **Principle 4.9 Independence Standards and Qualification for Independent Directors**

Please refer to “\* [Independence Standards and Qualification for Independent Directors]” within “II 1. [Independent Directors]” of this report.

#### \* **Principle 4.10.1 Voluntary Committees**

Please refer to Article 9 (Nominating Committee), Article 10 (Audit Committee) and Article 11 (Remuneration Committee) of the Company’s Guidelines, and “II 2. \* Overview of Corporate Governance Structure” of this report.

#### \* **Supplementary Principle 4.11.1 View on the Board of Directors Composition [updated]**

Please refer to Article 5 (Composition of the Board of Directors) of the Company’s Guidelines.

Of the 14 current Directors, to ensure a diverse background, seven (7) Directors are Outside Directors, two (2) of whom are women.

In January 2020, the Company formulated its Long-Term Management Plan 2030 based on its medium- to long-term management direction and business strategies. To realize the plan, the Company has identified the skills (knowledge, experience, capabilities) needed for the Company’s Board of Directors to exercise its management oversight function and monitoring function effectively. These skills and the skills of each Director are disclosed on the Company’s website.

Persons with the required skills as well as the qualities and capabilities that contribute to the medium- to long-term, sustainable enhancement of corporate value are appointed as candidates for Director.

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[Website]

<https://www.mec.co.jp/en/ir/governance/overview/>

[Notice of convocation (Appointment Standards for Candidates for Directors: P.24 and Skill Matrix: P.8)]

[https://www.mec.co.jp/assets/img/shareholder/shareholder125\\_e.pdf](https://www.mec.co.jp/assets/img/shareholder/shareholder125_e.pdf)

### \* Supplementary Principle 4.11.2 Status on Concurrent Position of Directors

The Company's policy regarding concurrent position of Directors is described in the Article 13 (Concurrent Position of Directors) of the Company's Guidelines.

The status on concurrent position, including as Outside Directors to listed companies, of the Company's Directors is indicated in the Notice of Convocation of the General Meeting of Shareholders and business report as Significant Positions Concurrently Held.

<https://www.mec.co.jp/en/ir/stock/shareholder/>

### \* Supplementary Principle 4.11.3 Summary of the Results of Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole [updated]

(Purpose of evaluating the effectiveness of the Board of Directors)

To confirm that the Board of Directors is functioning effectively through its oversight function to realize enhanced corporate value on a medium- to long-term basis and to enhance corporate governance, through an annual evaluation by each Director, the Company's Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole, and in addition to disclosing a summary of those results, where necessary, it formulates and implements policies to enhance its effectiveness.

(Initiatives undertaken thus far toward the desired role of the Board of Directors)

In June 2016, the Company transitioned to a Company with Nominating Committee, etc. The main roles of the Board of Directors shall be to make decisions on both basic management policy and important business execution and to supervise the performance of duties by Directors and Corporate Executive Officers from the standpoint of greater clarity of roles and a strengthening of functions in both the supervision of the management and the execution of business.

Thus far, based on the results of the analysis of the annual evaluation of effectiveness, issues are carefully reviewed, and the management plan is discussed in detail. Additionally, the Board of Directors ensures that there are sufficient reporting opportunities and details from the Corporate Executive Officers and that provision of thorough information and other measures are carried out with respect to Outside Directors, implementing initiatives that ensure that roles are suitably fulfilled.

From FY2020, based on the Long-Term Management Plan 2030 formulated and released in January 2020, from the position of appropriately monitoring management to increase shareholder value and social value from a long-term standpoint, in addition to the existing evaluation items, we added items related to future initiatives to be improved.

Furthermore, we received advice from third-party evaluation organizations at each phase, including creating a questionnaire, analyzing the responses and results, and sharing issues. Following is a summary of the process and results of the evaluation of the effectiveness of the Board of Directors that we implemented.

i) Process of evaluation

(1) Method of evaluation

All Directors provided self-evaluation in the form of a response to a questionnaire relating to the composition, operation, effectiveness, etc. of the Board of Directors and each of the Nominating, Audit, and Remuneration Committees, and taking these results into consideration, they shared the issues with each other and examined proposed corrective measures at the Board of Directors meetings.

(2) Items of evaluation

In terms of evaluation items based on the Long-Term Management Plan 2030, we have confirmed "diversity to exercise monitoring and management oversight functions" with respect to the composition of the Board of Directors, and "topics to be fleshed out in future discussions for monitoring and the nature of reports on the status of business execution from Corporate Executive Officers" with respect to the effectiveness and operation of the Board of Directors. With questions surveying "satisfaction levels with the status quo" and "opinions on the direction for making improvements" designed to gauge the relevance and degree of room for improvement, the latest effectiveness evaluation increased the number of questions surveying "directors' opinions on the direction for making improvements" to sound out their opinions on the direction for realizing the Company's overall policies.

- Roles and composition of the Board of Directors (roles of the Board of Directors and its chairperson, the proportion of Outside Directors, membership size, diversity, and skills)
- Effectiveness of the Board of Directors (management planning, monitoring of business execution (including business risk assessment), internal control and risk management, sustainability, dialogue with

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and information disclosure to shareholders and investors, operation of the Nominating, Audit, and Remuneration committees, etc.)

- Operation of the Board of Directors (holding method, frequency, required time, report on status of business execution of Corporate Executive Officers, provision of information outside of Board of Directors meetings, questions and answers, training, etc.)
- Others (method of the evaluation of the effectiveness of the Board of Directors, etc.)

### ii) Results of evaluation and future initiatives

(Evaluation results)

The Company analyzed the responses and results to the questionnaire, and as a result of discussions at the Board of Directors meetings on the evaluation results, the Board of Directors deemed that it was “functioning effectively.”

(Analysis results)

In the questionnaire on the evaluation of Board effectiveness completed by each director, despite an increase in the number of comments pointing out challenges in the methods for monitoring changes in the business environment and in the degree to which the level of discussion can be improved, a high proportion of respondents rated the majority of items as “appropriate.”

In analyzing the results, identifying issues, and examining measures for remediation, the Board of Directors held discussions that took into account recommendations and comments on issues from directors on various evaluation items while referencing the analysis results and advice on issues provided by the third-party organization. In particular, with respect to appropriate monitoring of the Long-Term Management Plan 2030, we saw a high level of awareness of the issues in the contents of reporting on the status of business execution of Corporate Executive Officers, themes for improving the strength of monitoring, the balance between the time for briefings and the time for deliberation, and other matters.

#### (1) Main items improved since the previous evaluation

In the previous fiscal year’s evaluation of effectiveness, “continued evaluation of expanding and improving our monitoring is to be implemented to deepen supervision of the implementation of business strategies in response to changes in the business environment, such as geopolitical risks and price fluctuations, and increased site visits to promote better understanding of the business by outside directors” were given as main issues and future initiatives aimed at further improving the effectiveness of the Board of Directors. In terms of the state of improvement in the current fiscal year, as a result of examination and discussion at the Board of Directors meetings, the following points were identified.

- The number of inside directors who concurrently serve as corporate executive officers was reduced so that the proportion of directors, which had been a majority of inside directors, becomes split equally between inside and outside directors of the Company, aimed at further improving the transparency and effectiveness of the Board of Directors.
- Site visits, which were not possible during the pandemic, were increased and opportunities to confirm the status of execution in response to changes in the business environment were increased to promote a better understanding of the business by outside directors.

#### (2) Main issues and future initiatives aimed at further improvements in effectiveness

As a result of examination and discussion at the Board of Directors meetings, following points were identified.

- Further evaluation and summarization of the methods for providing information so that such information can be used by outside directors to further enhance their knowledge, the monitoring method, and the points that should be discussed by the Board of Directors, towards improvement of the current status, to deepen supervision of the implementation of business strategies in response to changes in the business environment, such as geopolitical risks and price fluctuations.
- Continued evaluation of the composition and diversity of the Board of Directors is to be implemented to further improve its effectiveness.

### \* **Supplementary Principle 4.14.2 Director Training**

Please refer to Article 17 (Training for Directors and Corporate Executive Officers) of the Company’s Guidelines.

### \* **Principle 5.1 Policy for Constructive Dialogue with Shareholders** [updated]

Please refer to Article 18 (Dialogue with Shareholders and Investors) of the Company’s Guidelines.

In order to help shareholders and investors understand our long-term management direction, we conduct interviews in an ESG-integrated manner, focusing on ESG and other non-financial aspects, with approximately 30 companies annually, mainly major shareholders. We feed back the opinions, requests, and proposals we receive through this dialogue to management through the Board of Directors, and aim to achieve sustainable growth by incorporating dialogue into the PDCA cycle of management.

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Please refer to the following page for details on the dialogue conducted in the most recent fiscal year. In addition to the above, we hold approximately 400 IR meetings annually with over 100 companies in order to explain our management strategies, capital policy and financial policy.

[Website]

<https://www.mec.co.jp/en/ir/governance/others/>

[Measures to realize management with an awareness of cost of capital and share price] [updated on July 10<sup>th</sup>, 2024]

The Company has been promoting the Long-Term Management Plan 2030 since FY2020, aiming to enhance its corporate value, and practices management based on both “strategies for increasing social value” and “strategies for increasing shareholder value” for the realization of sustainable growth. For “strategies for increasing shareholder value,” the Company has set KPIs (targets), which are ROA (5%) as an efficiency indicator for total assets, ROE (10%) as an efficiency indicator for shareholders’ equity, and EPS (¥200) as the share value. Specifically, we aim to achieve profit growth of ¥50.0 billion in each business, the Domestic Asset Business, International Asset Business and Non-Asset Business, as set forth in the Long-Term Management Plan 2030, and to build the business portfolio, making it more efficient and resilient to changes in market conditions through balance sheet control. Furthermore, by introducing a progressive dividend of ¥3 every fiscal year in principle (until FY2030), while allocating resources to growth investments, and implementing a flexible capital policy based on market trends, including shareholder returns by continuing to flexibly purchase treasury stock, as well as through initiatives to respond to environmental concerns and other social issues and by increasing social value through the enhancement of human capital, we will increase market valuation, which will lead to an improved PBR.

For information on the state of progress of the Long-Term Management Plan 2030, please refer to pages 15 to 27 of the materials for the FY2023 IR Presentation posted on the Company’s website.

[Website]

[https://www.mec.co.jp/ir/library/2024/4Q/presentation\\_2023\\_4\\_en\\_1.pdf](https://www.mec.co.jp/ir/library/2024/4Q/presentation_2023_4_en_1.pdf)

## 2. Capital Structure

Ratio of Shares Held by Foreigners	30% or more
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### [Major Shareholders] [updated]

Name or Designation	Number of Shares Held (Shares)	Investment Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	220,501,900	17.41
Custody Bank of Japan, Ltd. (Trust Account)	77,429,900	6.11
Meiji Yasuda Life Insurance Company	42,194,580	3.33
STATE STREET BANK WEST CLIENT - TREATY 505234	24,244,373	1.91
SSBTC CLIENT OMNIBUS ACCOUNT	21,828,536	1.72
TAKENAKA CORPORATION	18,150,000	1.43
Obayashi Corporation	16,422,796	1.29
SHIMIZU CORPORATION	16,367,780	1.29
JP MORGAN CHASE BANK 385781	16,165,133	1.27
JP MORGAN CHASE BANK 385632	14,645,593	1.15

Controlling Shareholder (Excluding Parent Company)	—
Parent Company	None

### Supplementary Explanation [updated]

\* The investment ratio is calculated after deducting the shares of treasury stock from the issued shares of the Company.

### \* Substantial Shareholding Reports

On April 17, 2023, Mitsubishi UFJ Financial Group, Inc. provided a substantial shareholding report of share certificates, etc. for public viewing. However, as of March 31, 2024, the Company is unable to completely confirm the status of actual shareholdings. Accordingly, this company is not included in the above list of major shareholders.

On December 5, 2022, BlackRock Japan Co., Ltd. provided a substantial shareholding report of share



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certificates, etc. for public viewing. However, as of March 31, 2024, the Company is unable to completely confirm the status of actual shareholdings. Accordingly, this company is not included in the above list of major shareholders.

On July 4, 2019, Sumitomo Mitsui Trust Asset Management Co., Ltd. provided a substantial shareholding report of share certificates, etc. for public viewing. However, as of March 31, 2024, the Company is unable to completely confirm the status of actual shareholdings. Accordingly, this company is not included in the above list of major shareholders.

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#### 3. Corporate Attributes

Stock Exchange Listings and Market Classification	Prime Market, Tokyo Stock Exchange
Fiscal Year-end	March
Industry	Real Estate
Number of Employees as of March 31, 2024 (consolidated)	1,000 or more
Net Sales (Consolidated) for the Fiscal Year Ended March 31, 2024	¥1 trillion or more
Number of Consolidated Subsidiaries as of March 31, 2024	100 or more and less than 300

#### 4. Guideline on Protection of Minority Shareholders in Conducting Transactions with Controlling Shareholders

#### 5. Other Exceptional Circumstances that Might Have a Material Impact on Corporate Governance

The Company has no listed subsidiary.

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## II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision

### 1. Items Relating to Organization Structure and Operations, etc.

Form of Organization	Company with Nominating Committee, etc.
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#### [Directors]

Number of Directors Stipulated in the Articles of Incorporation	18
Term of Office of Directors Stipulated in the Articles of Incorporation	One year
Chairperson of the Board of Directors	Chairman (except when concurrently serving as President)
Number of Directors	14

#### [Items Relating to Outside Directors]

Number of Outside Directors	7
Number of Outside Directors Designated as Independent Directors	7

#### Relationship with the Company (1) [updated]

Name	Attributes	Relationship with the Company *											
		a	b	c	d	e	f	g	h	i	j	k	
Masaaki Shirakawa	Other												
Tetsuo Narukawa	Coming from another company												
Tsuyoshi Okamoto	Coming from another company								△				
Melanie Brock	Coming from another company												
Wataru Sueyoshi	Attorney												
Ayako Sonoda	Coming from another company								○				
Naosuke Oda	Coming from another company								△				

\* Selection criteria regarding relationship with the Company

\* Under each item, ○ denotes current or recent relationship and △ denotes past relationship for the individual in question.

\* Under each item, ● denotes current or recent relationship and ▲ denotes past relationship for close relatives of the individual in question.

- An executive officer of a listed company or its subsidiary
- An executive officer or non-executive director of a listed company's parent company
- An executive officer of a listed company's fellow subsidiary company
- Person whose major business partner is a listed company or an executive officer of the same
- A major business partner of a listed company or an executive officer of the same
- A consultant, accounting specialist or legal specialist that receives significant financial reward or other assets from a listed company in addition to director or auditor remuneration
- A major shareholder of a listed company (or an executive officer of a corporation, where the major shareholder is a corporation)
- An executive officer of a company that has a business relationship with a listed company (where d, e, and f are not applicable; individual in question only)
- An executive officer of a company that has reciprocal outside director or outside auditor appointments with the Company (individual in question only)
- An executive officer of a company receiving donations from a listed company (individual in question only)
- Other

## CORPORATE GOVERNANCE

## Relationship with the Company (2) [updated]

Name	Committee Participation			Independent Director	Supplementary Explanation Relating to These Items	Reason for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Masaaki Shirakawa	○	○		○	—	<p>Through the execution of the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his knowledge on finance and economy, etc. gained through his experience in a central bank, he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis.</p> <p>Furthermore, the Company deems that he has the personality, knowledge and capability enabling objective and fair judgments, based on the perspective that he would fulfill duty of care of a prudent manager toward the Company and contribute to the common interests of its shareholders without bias toward the interests of management or any particular party of interest. The Company also deems that he is independent as a Director of the Company (without being at risk of having a conflict of interest with general shareholders) because his personal history does not infringe upon the standards indicated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc.," which are criteria used by the Tokyo Stock Exchange to determine whether a conflict of interest with general shareholders may occur, and the standards for independence stipulated by the Company.</p>

## CORPORATE GOVERNANCE

Name	Committee Participation			Independent Director	Supplementary Explanation Relating to These Items	Reason for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Tetsuo Narukawa			○	○	—	<p>Through the execution of the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his international experience as well as management experience in financial institutions and real estate companies, he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis.</p> <p>Furthermore, the Company deems that he has the personality, knowledge and capability enabling objective and fair judgments, based on the perspective that he would fulfill duty of care of a prudent manager toward the Company and contribute to the common interests of its shareholders without bias toward the interests of management or any particular party of interest. The Company also deems that he is independent as a Director of the Company (without being at risk of having a conflict of interest with general shareholders) because his personal history does not infringe upon the standards indicated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc.," which are criteria used by the Tokyo Stock Exchange to determine whether a conflict of interest with general shareholders may occur, and the standards for independence stipulated by the Company.</p>

## CORPORATE GOVERNANCE

Name	Committee Participation			Independent Director	Supplementary Explanation Relating to These Items	Reason for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Tsuyoshi Okamoto	○	○		○	<p>The Company enters into transactions for real estate leasing, etc. with Tokyo Gas Co., Ltd., where Tsuyoshi Okamoto had served as Director, Chairman of the Board until March 2018. However, because the amounts involved in these transactions between Tokyo Gas Co., Ltd. and the Company come to less than 1% of the consolidated revenue from operations of either company, the Company judges that there is no risk of this having impact on his independence.</p>	<p>Through the execution of the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in an integrated energy company, he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis.</p> <p>Furthermore, the Company deems that he has the personality, knowledge and capability enabling objective and fair judgments, based on the perspective that he would fulfill duty of care of a prudent manager toward the Company and contribute to the common interests of its shareholders without bias toward the interests of management or any particular party of interest. The Company also deems that he is independent as a Director of the Company (without being at risk of having a conflict of interest with general shareholders) because his personal history does not infringe upon the standards indicated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc.," which are criteria used by the Tokyo Stock Exchange to determine whether a conflict of interest with general shareholders may occur, and the standards for independence stipulated by the Company.</p>

## CORPORATE GOVERNANCE

Name	Committee Participation			Independent Director	Supplementary Explanation Relating to These Items	Reason for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Melanie Brock	○	○		○	—	<p>Through the execution of the supervision and check functions regarding the Company's management from a global perspective and based on her objective viewpoint independent from management executives in charge of business affairs by leveraging her extensive knowledge regarding marketing, business strategy, and diversity promotion activities, etc., cultivated through international consulting activities, she is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis.</p> <p>Furthermore, the Company deems that she has the personality, knowledge and capability enabling objective and fair judgments, based on the perspective that she would fulfill duty of care of a prudent manager toward the Company and contribute to the common interests of its shareholders without bias toward the interests of management or any particular party of interest. The Company also deems that she is independent as a Director of the Company (without being at risk of having a conflict of interest with general shareholders) because her personal history does not infringe upon the standards indicated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc.," which are criteria used by the Tokyo Stock Exchange to determine whether a conflict of interest with general shareholders may occur, and the standards for independence stipulated by the Company.</p>

## CORPORATE GOVERNANCE

Name	Committee Participation			Independent Director	Supplementary Explanation Relating to These Items	Reason for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Wataru Sueyoshi			○	○	—	<p>Through the execution of the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his knowledge on corporate legal affairs, risk management, governance, etc. gained through his experience as an attorney, he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis.</p> <p>Furthermore, the Company deems that he has the personality, knowledge and capability enabling objective and fair judgments, based on the perspective that he would fulfill duty of care of a prudent manager toward the Company and contribute to the common interests of its shareholders without bias toward the interests of management or any particular party of interest. The Company also deems that he is independent as a Director of the Company (without being at risk of having a conflict of interest with general shareholders) because his personal history does not infringe upon the standards indicated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc.," which are criteria used by the Tokyo Stock Exchange to determine whether a conflict of interest with general shareholders may occur, and the standards for independence stipulated by the Company.</p>



## CORPORATE GOVERNANCE

Name	Committee Participation			Independent Director	Supplementary Explanation Relating to These Items	Reason for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Ayako Sonoda	○	○		○	<p>The Company has transactions with Cre-en Inc., where Ayako Sonoda currently serves as Representative Director &amp; Chairman. However, because the amounts involved in these transactions between Cre-en Inc. and the Company come to less than 5 million yen, which is less than 1% of the consolidated revenue from operations of either company, the Company judges that there is no risk of this having impact on her independence.</p>	<p>Through the execution of the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging her extensive knowledge regarding ESG, SDGs, CSR, etc., cultivated through consulting activities related to sustainable management, she is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis.</p> <p>Furthermore, the Company deems that she has the personality, knowledge and capability enabling objective and fair judgments, based on the perspective that she would fulfill duty of care of a prudent manager toward the Company and contribute to the common interests of its shareholders without bias toward the interests of management or any particular party of interest. The Company also deems that she is independent as a Director of the Company (without being at risk of having a conflict of interest with general shareholders) because her personal history does not infringe upon the standards indicated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc.," which are criteria used by the Tokyo Stock Exchange to determine whether a conflict of interest with general shareholders may occur, and the standards for independence stipulated by the Company.</p>

## CORPORATE GOVERNANCE

Name	Committee Participation			Independent Director	Supplementary Explanation Relating to These Items	Reason for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Naosuke Oda			○	○	<p>The Company enters into transactions for real estate leasing, etc. with JFE Shoji Corporation, where Naosuke Oda had served as President and CEO until March 2021. However, because the amounts involved in these transactions between JFE Shoji Corporation and the Company come to less than 1% of the consolidated revenue from operations of either company, the Company judges that there is no risk of this having impact on his independence.</p>	<p>Through the execution of the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in a steel company, he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis.</p> <p>Furthermore, the Company deems that he has the personality, knowledge and capability enabling objective and fair judgments, based on the perspective that he would fulfill duty of care of a prudent manager toward the Company and contribute to the common interests of its shareholders without bias toward the interests of management or any particular party of interest. The Company also deems that he is independent as a Director of the Company (without being at risk of having a conflict of interest with general shareholders) because his personal history does not infringe upon the standards indicated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc.," which are criteria used by the Tokyo Stock Exchange to determine whether a conflict of interest with general shareholders may occur, and the standards for independence stipulated by the Company.</p>

## CORPORATE GOVERNANCE

## [Committees]

## Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nominating Committee	4	0	0	4	Outside Director
Remuneration Committee	4	0	0	4	Outside Director
Audit Committee	5	2	2	3	Outside Director

## [Corporate Executive Officers]

Number of Corporate Executive Officers	15
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## Status of Additional Duties [updated]

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Remuneration Committee Member	
Atsushi Nakajima	Yes	Yes	×	×	No
Kenji Hosokane	Yes	No	×	×	No
Yuji Fujioka	Yes	No	×	×	No
Bunroku Naganuma	Yes	Yes	×	×	No
Yutaro Yotsuzuka	Yes	No	×	×	No
Ryozo Kawabata	Yes	No	×	×	No
Keiji Takano	No	No	×	×	No
Toru Kimura	No	No	×	×	No
Ikuo Ono	No	No	×	×	No
Naoki Umeda	No	Yes	×	×	No
Haruhiko Araki	No	No	×	×	No
Masato Aikawa	No	No	×	×	No
Hirofumi Kato	No	No	×	×	No
Toru Takeda	No	No	×	×	No
Mikihito Hirai	No	Yes	×	×	No

## [Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Yes
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## Matters Related to the Independence of Such Directors and/or Staff from Corporate Executive Officers

The Company has established an Audit Committee Office as an organization to assist the duties of the Audit Committee, and it assigns the personnel required to assist the duties of the Audit Committee to this office where they serve under the full-time General Manager of the office. The General Manager of the Audit Committee Office directs the personnel assigned to the office in accordance with the instructions of the Audit Committee and executes the duties delegated to that position.

The personnel relocation and/or disciplinary punishment, etc. of the General Manager of the Audit Committee Office shall require an accord of the Audit Committee. The personnel relocation and/or disciplinary punishment, etc. of the staff of the Audit Committee other than the General Manager of the Audit Committee Office shall require prior consultation with the General Manager of the Audit Committee Office.

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### Cooperation among Audit Committee, Accounting Auditors and Internal Audit Divisions [updated]

Full-time Members of the Audit Committee promote cooperative relationships with the Accounting Auditor (Ernst & Young ShinNihon LLC) through regular meetings which are held to receive reports on such matters as audit plans, the status of auditing programs and audit results as well as exchange opinions and information.

Full-time Members of the Audit Committee endeavor to promote cooperative relationships with the Internal Audit Department through regular meetings which are held to receive reports on internal audit plans, the status of internal auditing programs and audit results, with one (1) member of the Internal Audit Department also concurrently serving in the Audit Committee Office, a section aiding the performance of Audit Committee's duties.

In addition, the Audit Committee receives reports from the Accounting Auditor and the Internal Audit Department on audit plans, the system of auditing programs and audit results, thereby promoting cooperative relationships.

The Internal Audit Department and the Accounting Auditor share information on their respective audit plans and results. The Internal Audit Department also serves as an administrative office handling reports on internal controls regarding financial reports by management and conducts such jobs as the evaluation of internal controls relative to financial reports in cooperation with audits by the Accounting Auditor.

### [Independent Directors]

Number of Independent Directors	7
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### Other Information on Independent Directors

The Company designates all Outside Directors who meet the requirements of Independent Directors as Independent Directors.

The Company's Appointment Standards for Candidates for Directors and Standards for the Independence of Outside Directors are described in the Article 12 (Process of Nominating the Candidates for Directors) of the Company's Guidelines.

#### \* Independence Standards and Qualification for Independent Directors

The candidates for Outside Directors shall fulfill duty of care of a prudent manager toward the Company, understand the Group's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work and relax with contentment, have the skills necessary to implement the management strategies, apply their qualities and capabilities to contribute to enhancing the medium- to long-term sustainable corporate value, as well as utilize their own operational and management experience and their experience and knowledge in specialized fields such as global business and risk management, in view of the Group's business characteristics such as supporting urban development in the Marunouchi area, and have personality and knowledge enabling objective and fair judgments, based on the perspective that they would contribute to the common interests of the shareholders without bias toward the interest of any particular party of interest. However, as a general principle, candidates are not elected if the Tokyo Stock Exchange's standards for independence and the following standards for the independence of Outside Directors apply to them.

- (1) A shareholder or executive member of an entity holding voting rights exceeding 10% of total voting rights to the Company.
- (2) A transaction party or executive member of an entity whose transactional amounts in the most recent fiscal year have exceeded 2% of consolidated revenue from operations of the Company.
- (3) A representative employee, employee or staff of the Company's Accounting Auditor.
- (4) An attorney, certified public accountant, tax accountant, consultant or other party who has received compensation from the Company exceeding ¥10 million in the most recent fiscal year.

#### \* Insignificance Criteria Related to Relationships with the Company

In relationships with the Company, transactions corresponding to the below-stated insignificance criteria are omitted.

- Transactions with entities from which Outside Directors hail: Transactions with amounts totaling less than ¥10 million per year
- Transactions with Outside Directors themselves: Transactions with amounts totaling less than ¥2 million per year

**CORPORATE GOVERNANCE**

**[Incentives]**

Status of Implementation of Measures to Grant Incentives to Directors	Introduction of performance-based remuneration system and other systems
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**Supplementary Explanation Relating to These Items**

In its provision of remuneration to Corporate Executive Officers (including Corporate Executive Officers concurrently serving as Directors), apart from basic remuneration, the Company also provides monetary compensation that is paid based on short-term performance, etc. and stock compensation, etc. (including monetary compensation paid based on indicators such as stock price) that is paid with a view to realizing the medium- to long-term sharing of values with shareholders. The standards and ratio of basic remuneration and variable remuneration, valuation indicators for variable remuneration and other matters shall be decided upon taking into account medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and factors such as position and responsibilities as Corporate Executive Officers. An overview, etc. of performance-based remuneration is as follows.

(i) Performance-Based Remuneration by Cash

With the aim of achieving further corporate growth and greater efficiency while guaranteeing financial soundness, the amount of remuneration varies depending on consolidated business profit, ROA, ROE, EPS and the target level of business profit, etc. in the divisions for which the individual Officers are responsible. When determining remuneration, the amount is calculated using the actual indicators, etc. for the previous fiscal year, to which is added an evaluation of qualitative aspects, established during interviews with the President, including the degree of contribution to performance over the medium to long term, the status of ESG-related initiatives, and progress on each business (domestic, international, and non-asset) in the Long-Term Management Plan 2030, with the final remuneration amount being decided by the Remuneration Committee.

(ii) Restricted stock compensation (fixed and variable portions)

With the objectives of creating an incentive to work for sustainable growth of corporate value, and of promoting more complete sharing of values with shareholders, a stock compensation plan with a restricted transfer period until the time of resignation as officers has been adopted. When shares are allotted, the amount of monetary compensation claims is determined by the Remuneration Committee. For the payout calculation and major evaluation items in the variable portion, the same evaluation indicator used in (i) Performance-Based Remuneration by Cash will be used.

(iii) Medium- to long-term performance-based remuneration (phantom stock)

With the objectives of creating an incentive to work for sustainable growth of corporate value, and of promoting more complete sharing of values with shareholders, the amount of remuneration will vary depending on the share price and on an indicator based on the total shareholder return (TSR) ranking relative to five (5) other companies in the same industry with a performance evaluation period of approximately three years. The base amount for each position and the final amount of remuneration shall be determined by the Remuneration Committee.

Grantees of Stock Options	
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**Supplementary Explanation Relating to These Items**

**[Directors' and Corporate Executive Officers' Remuneration]**

Disclosure Status (of Individual Directors' Remuneration)	Only a certain portion of individual Directors' remuneration is disclosed.
Disclosure Status (of Individual Corporate Executive Officers' Remuneration)	Only a certain portion of individual Corporate Executive Officers' remuneration is disclosed.

**Supplementary Explanation Relating to These Items [updated]**

**\* Remuneration paid to Directors and Corporate Executive Officers**

Remuneration for Directors and Corporate Executive Officers of the Company in FY2023 was as follows:

- (1) Amount for remunerations of each category of Directors and Corporate Executive Officers, amount by type of remuneration, and number of relevant people

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Category	Amount Paid (Millions of yen)	Fixed Remuneration (Millions of yen)	Performance-based Remuneration (Millions of yen)	Number of Persons
Directors (excluding Outside Directors)	376	376	–	5
Corporate Executive Officers	1,496	614	881*	16
Outside Directors	143	143	–	9

Note: \* Performance-based remuneration includes restricted stock compensation that corresponds to “non-monetary remuneration, etc.” stipulated in the Regulation for Enforcement of the Companies Act. Figures presented in the above table are performance-based remuneration amounts for service in FY2023 and exclude medium- to long-term performance-based remuneration (phantom stock remuneration) for service in prior fiscal years.

An additional amount (¥15 million) of remuneration calculated based on TSR ranking and share price at the end of FY2023 is considered to be medium- to long-term performance-based remuneration (phantom stock remuneration) that belongs to the performance-based remuneration for service in the prior fiscal year (FY2021) and it was recorded as Directors’ and Corporate Executive Officers’ remuneration for FY2023.

An additional amount (¥38 million) of remuneration calculated based on TSR ranking and share price at the end of FY2023 is considered to be medium- to long-term performance-based remuneration (phantom stock remuneration) that belongs to the performance-based remuneration for service in the prior fiscal year (FY2022) and it was recorded as Directors’ and Corporate Executive Officers’ remuneration for FY2023.

An estimated amount (¥190 million) of remuneration calculated based on TSR ranking and share price at the end of FY2023 is considered to be medium- to long-term performance-based remuneration (phantom stock remuneration) that belongs to the performance-based remuneration for service in FY2023 and it was recorded as Directors’ and Corporate Executive Officers’ remuneration for FY2023.

## (2) Aggregate amount of one Director’s remuneration that exceeds ¥100 million

Name	Fixed Remuneration (Millions of yen)	Performance-based Remuneration (Millions of yen)	Amount Paid (Millions of yen)
Junichi Yoshida (Director)	177	–	177
Atsushi Nakajima (Corporate Executive Officer)	79	98*	178
Futoshi Chiba (Corporate Executive Officer)	51	73*	125
Kenji Hosokane (Corporate Executive Officer)	51	72*	123
Yuji Fujioka (Corporate Executive Officer)	42	65*	107
Bunroku Naganuma (Corporate Executive Officer)	42	68*	111

Note: \* Performance-based remuneration includes restricted stock compensation that corresponds to “non-monetary remuneration, etc.” stipulated in the Regulation for Enforcement of the Companies Act. Figures presented in the above table are performance-based remuneration amounts for service in FY2023 and exclude medium- to long-term performance-based remuneration (phantom stock remuneration) for service in prior fiscal years.

An additional amount of remuneration calculated based on TSR ranking and share price at the end of FY2023 is considered to be medium- to long-term performance-based remuneration (phantom stock remuneration) that belongs to the performance-based remuneration for service in the prior fiscal year (FY2021) and it was recorded as Directors’ and Corporate Executive Officers’ remuneration for FY2023 as follows:

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Atsushi Nakajima:	¥0.8 million
Futoshi Chiba:	¥1 million
Kenji Hosokane:	¥1 million
Yuji Fujioka:	¥0.8 million
Bunroku Naganuma:	¥0.8 million

An additional amount of remuneration calculated based on TSR ranking and share price at the end of FY2023 is considered to be medium- to long-term performance-based remuneration (phantom stock remuneration) that belongs to the performance-based remuneration for service in the prior fiscal year (FY2022) and it was recorded as Directors' and Corporate Executive Officers' remuneration for FY2023 as follows:

Atsushi Nakajima:	¥2 million
Futoshi Chiba:	¥2 million
Kenji Hosokane:	¥2 million
Yuji Fujioka:	¥2 million
Bunroku Naganuma:	¥2 million

An estimated amount of remuneration calculated based on TSR ranking and share price at the end of FY2023 is considered to be medium- to long-term performance-based remuneration (phantom stock remuneration) that belongs to the performance-based remuneration for service in FY2023 and it was recorded as Directors' and Corporate Executive Officers' remuneration for FY2023 as follows:

Atsushi Nakajima:	¥24 million
Futoshi Chiba:	¥15 million
Kenji Hosokane:	¥15 million
Yuji Fujioka:	¥13 million
Bunroku Naganuma:	¥13 million

**Means of Disclosure**

The information on Directors' remuneration provided in the Company's corporate governance report is disclosed in its securities report and the business report as well.

Policy for Deciding the Amounts or Calculation Method of Remuneration	Yes
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**Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration**

**\* Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors**

The policy for deciding the amounts or calculation method of remuneration, etc. of the Company's corporate officers is as follows.

The aforementioned policy is also contained in the Article 16 (Remuneration for Directors and Corporate Executive Officers) of the Company's Guidelines.

**i) Procedures for Deciding Remuneration Paid to Officers**

The policy concerning decisions on the details of remuneration paid to Directors and Corporate Executive Officers of the Company and the details of remuneration for each person shall be decided upon by a resolution at the Remuneration Committee which is comprised solely of Outside Directors.

**ii) The Basic Policy for Deciding Remuneration for Officers**

The basic policy for deciding remuneration for Directors and Corporate Executive Officers of the Company is as follows.

- The remuneration system shall be the one that is linked with our medium- to long-term performance targets, etc. aimed at in the management strategy and the Medium-Term Management Plan and realizes sustained corporate value improvement and sharing of values with our shareholders.
- The remuneration system shall be the one that allows for giving incentives to management executives' taking up of challenges and appropriate risk taking in line with the strategy targets and expectations of shareholders and other stakeholders.
- The remuneration system shall be the one that makes it possible to fulfill the high accountability for the benefit of our shareholders and other stakeholders through objective deliberations and judgments at the Remuneration Committee.

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iii) Remuneration systems for Officers

The remuneration systems for Directors and Corporate Executive Officers shall be separately established in consideration of respective functions and roles to be fulfilled for the purpose of achieving the sustained corporate value improvement. In addition, Directors who concurrently serve as Corporate Executive Officers shall be paid remuneration as Corporate Executive Officers.

- Directors (excluding Directors who concurrently serve as Corporate Executive Officers)

In consideration of their function and role of supervising performance of duties by Corporate Executive Officers and Directors, they shall receive, in principle, only basic remuneration in the form of money, and the standards shall be decided upon individually taking into account factors such as position and responsibilities as Directors and whether they are full-time or part-time.

- Corporate Executive Officers

In consideration of their function and role of taking charge of business execution of the Company, their remuneration shall, in principle, be comprised of basic remuneration and variable remuneration. Variable remuneration is comprised of monetary compensation that is paid based on short-term performance, etc. and stock compensation, etc. (including monetary compensation paid based on indicators such as stock price) that is paid with a view to realizing the medium- to long-term sharing of values with shareholders.

The standards and ratio of basic remuneration and variable remuneration, valuation indicators for variable remuneration and other matters shall be decided upon taking into account medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and factors such as position and responsibilities as Corporate Executive Officers.

**[Support System for Outside Directors]**

As part of the support system for the Outside Directors, the administrative offices for the Board of Directors and each committee provide explanation and information when appropriate or necessary by coordinating with relevant departments.

The roles of administrative offices are performed by the General Affairs Department in the case of the Board of Directors, Nominating Committee and Remuneration Committee; and by the Audit Committee Office in the case of the Audit Committee.

**[Status of Persons Who Have Retired from a Position Such as Representative Director and President]**

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
Takeshi Fukuzawa	Honorary Adviser	* Maintaining and expanding positive relationships with stakeholders, etc.	Working Form: Part-time Conditions: Unpaid	March 31, 2001	————
Shigeru Takagi	Honorary Adviser	* Maintaining and expanding positive relationships with stakeholders, etc.	Working Form: Part-time Conditions: Unpaid	June 28, 2005	————
Keiji Kimura	Senior Corporate Adviser	* Activities in the financial industry and at industry organizations * Maintaining and expanding positive relationships with stakeholders, etc. * Activities etc. that contribute to society or the public good, etc.	Working Form: Full-time Conditions: Paid	March 31, 2011	————



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Hiroataka Sugiyama	Senior Corporate Adviser	* Activities in the financial industry and at industry organizations * Maintaining and expanding positive relationships with stakeholders, etc. * Activities etc. that contribute to society or the public good, etc.	Working Form: Full-time Conditions: Paid	March 31, 2017	————
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Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company	4
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**2. Items Relating to Functions of Business Execution, Audit and Supervision, Nomination, and Decision on Remuneration, etc.**

**\* Overview of Corporate Governance Structure [updated]**

1) Board of Directors

The Board of Directors decides the basic policy of the Company's management, and it also carries out supervision of the execution of duties of Directors and Corporate Executive Officers. As of April 1, 2024, the Board of Directors consists of fourteen (14) Directors, of which seven (7) are Outside Directors. The role of chairman of the Board of Directors is fulfilled by the Chairman of the Board of the Company, who does not concurrently serve as a Corporate Executive Officer. The Board of Directors broadly delegates the authority to execute business on matters other than those to be resolved by the Board of Directors as prescribed in laws and regulations or the Articles of Incorporation, to the Corporate Executive Officers and promotes clarification of authorities and responsibilities and prompt decision-making concerning business execution. Moreover, the Board of Directors met nine (9) times in FY2023, of which eight (8) times with all Directors attending, and of which one (1) time with one (1) Director being absent.

2) Committees

i) Nominating Committee

The Nominating Committee decides the details of the proposals of the General Meeting of Shareholders relating to the election and dismissal of Directors. As of April 1, 2024, the committee consists of four (4) members, all the four (4) members are Outside Directors. Furthermore, the committee met five (5) times in FY2023, with all committee members attending every meeting.

ii) Audit Committee

The Audit Committee's responsibilities include conducting audits of the execution of duties of the Directors and Corporate Executive Officers, creating the audit reports relating to this, and deciding on the details of proposals of the General Meeting of Shareholders relating to the election, dismissal or non-reappointment of the Accounting Auditor. As of April 1, 2024, the committee consists of five (5) members, three (3) of whom are Outside Directors. In addition, the committee chairman is selected from among the Outside Directors. Furthermore, the committee met fifteen (15) times in FY2023, with all committee members attending every meeting.

iii) Remuneration Committee

The Remuneration Committee decides on the policy relating to remuneration decisions for Directors and Corporate Executive Officers and on the remuneration amounts for each individual. As of April 1, 2024, the committee consists of four (4) members, all the four (4) members are Outside Directors. Furthermore, the committee met six (6) times in FY2023, with all committee members attending every meeting.

3) Corporate Executive Officers

The Corporate Executive Officers are appointed by resolution of the Board of Directors. They make decisions on business execution delegated to them by the Board of Directors and carry out the execution of such business. As of April 1, 2024, the Company has fifteen (15) Corporate Executive Officers.

4) Executive Officers and Group Executive Officers

The executive officers and group executive officers are appointed by resolution of the Board of Directors. They carry out the execution of business for the division or Group company to which they belong. As of April 1, 2024, the Company has nine (9) executive officers and nine (9) group executive officers.

5) Overview of Various Conference Bodies

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The Corporate Strategy Committee provides opportunities to carry out discussions relating to the overall management strategy of the entire Group. The committee consists of the president, the deputy president, officers responsible for corporate staff of the Company, and any person designated by the president, and it is held regularly. The Executive Committee is a deliberation body to carry out important decisions relating to the business execution of the Group. Its membership consists of the president, controlling officers, officers responsible for corporate staff of the Company, Full-time Members of the Audit Committee and any person designated by the president, and it is generally held once a week.

To promote a high standard in discussions and management decisions at the Executive Committee, the Company has established, as subordinate bodies to the Executive Committee, the Group Strategy Committee to discuss and check on progress regarding important management policy, particularly formulation of business strategies of each functional group and each business group, and the Strategic Investment Committee to discuss particularly important investment proposals before they are discussed at the Executive Committee and summarize the points at issue.

The Sustainability Committee is a body that oversees the promotion of sustainability within the Group, and is composed of the Company's president (the Chairman of the Committee), the person with responsibility for overseeing sustainability (Vice Chairman), controlling officers, officers in charge, and the presidents of the major Group companies, etc., with the Chairman of the Board and Full-time Members of the Audit Committee also attending. The committee holds scheduled meetings twice a year, and holds extraordinary meetings as appropriate.

The Risk Management & Compliance Committee is the body in charge of risk management and compliance promotion within the Group. It consists of the Company's president (the Chairman of the Committee), officers responsible for risk management and compliance (Vice Chairman), controlling officers, officers in charge, as well as the presidents of the major Group companies, etc. The Company's Chairman of the Board, the Full-time Members of the Audit Committee and the General Manager of the Internal Audit Department also participate. The Risk Management & Compliance Committee holds regular meetings three times per year and extraordinary meetings as necessary.

### **\* Status of Audit Committee Audits, Internal Audits and Accounting Audits [updated]**

#### **i) Status of Audit Committee Audits**

The Audit Committee audits consist of five (5) Audit Committee Members and Noboru Nishigai and Hiroshi Katayama as Full-time Members of the Audit Committee have been appointed from the perspective of ensuring effectiveness of audits. Furthermore, Hiroshi Katayama has experience working for the accounting department of the Company and considerable knowledge of finance and accounting.

In accordance with the audit standards, audit policies and audit plans prescribed by the Audit Committee, the Full-time Members of the Audit Committee participate in meetings of the Board of Directors and other important meetings, and also receive reports from Directors, Corporate Executive Officers and employees, etc. in relation to the status of execution of their duties, view important authorized documents, etc., and investigate the status of the Company's operations and assets at headquarters, branches and major subsidiaries (including overseas).

The Company has established an Audit Committee Office as an organization to assist the duties of the Audit Committee, and as of June 27, 2024 it has eight (8) members, consisting of a dedicated General Manager and other staff members, including support staff members who work concurrently on duties on other departments. For the Audit Committee audits, reports on the audit plan, audit implementation system and audit results are received from the Accounting Auditor and Internal Audit Department, reports on the status of settlement of accounts at the end of quarterly and annual financial periods are received from the Finance & Accounting Department, and reports on the status of risk management and related matters are received from the Legal & Compliance Department. In addition, after the Full-time Members of the Audit Committee share the information gained on those activities, the exchange of opinions and discussions of important matters are carried out in the committee.

#### **ii) Status of Internal Audits**

The Internal Audit Department conducts internal audits in accordance with annual and mid-term audit plans devised based on company-wide risk analysis. Then, it verifies if the internal control development and management status is appropriate. The Internal Audit Department reports all audit results to the president and, after reporting to the president, it explains the contents to the Full-time Members of the Audit Committee and the compliance officer as well. Furthermore, the Internal Audit Department reports a summary of this to the Executive Committee and the Audit Committee, and reports important matters to the Board of Directors. When any issues are found in the course of an audit, the Internal Audit Department reports the issue to the business group or department subject to the audit together with a request for action to rectify the situation. The Internal Audit Department then verifies the status of that rectification.

The Internal Audit Department and the Accounting Auditor mutually share information concerning their

## **CORPORATE GOVERNANCE**

respective audit plans and audit results. The Internal Audit Department also functions as administrative office relating to the reporting of internal controls on the management's financial reporting, and in this capacity, it promotes evaluation, etc. of internal controls on financial reporting by coordinating with the audits conducted by the Accounting Auditor. As of June 27, 2024, including its General Manager, the Internal Audit Department currently has nine (9) staff members.

iii) Status of Accounting Audits

• Name of accounting firm:

Ernst & Young ShinNihon LLC

• Continuous audit period:

20 years

• Certified public accountants who have executed business:

Designated and engagement partner; Kazunori Takenouchi, Chihiro Yasunaga, Teruyo Okubo

• Audit operations assistants:

Certified public accountants: 9; CPA assistants and others: 36

• Reasons, etc. for selecting accounting firm

The reasoning behind the decision of the Audit Committee to the effect that it was appropriate to reappoint Ernst & Young ShinNihon LLC, is that, as a result of consideration of the standards for the Audit Committee's audit set out by the Audit Committee, the policy on decisions of dismissal or non-reappointment of the Accounting Auditor, and the standards for the appointment, dismissal or non-reappointment of the Accounting Auditor, it was judged that there were no problems with the reasonableness of the audit methods and audit results, and the independence of the accounting auditor, the status of compliance with laws and regulations, etc., or with the system for the execution of duties, and that Ernst & Young ShinNihon LLC was therefore able to appropriately execute its duties.

• Policy regarding decisions to dismiss or not reappoint an Accounting Auditor

If it is deemed that any circumstance stipulated in Article 340 of the Companies Act applies to the Accounting Auditor and its dismissal is deemed appropriate, the Accounting Auditor will be dismissed based on the unanimous approval of all members of the Audit Committee. Furthermore, the Audit Committee shall, if it is found that execution of duties by the Accounting Auditor will be difficult and there is a need for a change in Accounting Auditor, decide on the content of a proposal to submit to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the Accounting Auditor.

**\* Remuneration Paid to Accounting Auditors [updated]**

i) Remuneration payable by the Company and its consolidated subsidiaries to the Accounting Auditor, etc. (FY2023)

Fees based on audit services:

¥399 million

Fees based on non-audit services:

¥19 million\*

\* The non-audit services involve creation of comfort letters pertaining to issuance of corporate bonds, agreed-upon procedural (AUP) work and other services.

ii) Fees to the same network as Ernst & Young ShinNihon LLC (excluding "i)" above)

Fees based on audit services:

¥440 million

Fees based on non-audit services:

¥140 million\*

\* The non-audit services involve advisory services on tax and other services.

iii) Description of other fees for important audit services

Not applicable

iv) Policy for determining audit fees

The amount of remuneration paid to the Accounting Auditor, etc., Ernst & Young ShinNihon LLC, is determined after taking into account the number of days of auditing plans, the Company's business scale and attributions, in consultation with the Accounting Auditor, etc. and by agreement of the Audit Committee.

v) The Audit Committee's reason for agreeing to remuneration, etc. payable to Accounting Auditor

The Audit Committee has decided to consent to the amount of remuneration, etc. to be paid to the Accounting Auditor as it judged that the audit plan of the Accounting Auditor, the execution of auditing duties, the basis for calculating remuneration estimate, etc. are all appropriate for implementing the accounting audit of the Company as a result of verification necessary for determining whether they are appropriate or not.

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**\* Outline of the Liability Limit Agreement with Outside Directors [updated]**

The Company has entered into agreements, in accordance with Article 427, Paragraph 1 of the Companies Act, with the seven (7) Outside Directors (Masaaki Shirakawa, Tetsuo Narukawa, Tsuyoshi Okamoto, Melanie Brock, Wataru Sueyoshi, Ayako Sonoda and Naosuke Oda) to limit their liabilities to compensate damages under Article 423, Paragraph 1 of the Companies Act. Limitation on liability of each Outside Director to compensate damages under such agreements is set out to be either ¥10 million or the respective amounts set forth under the laws and regulations, whichever is higher.

**3. Reason for Adopting the Current Governance System**

As stated in Article 3 (Organizational Structure) of the Company's Guidelines, the Company has adopted the Company with Nominating Committee, etc. organizational structure pursuant to the Companies Act, and has accordingly been working to bring about greater clarity of roles and a strengthening of functions in both the supervision of the management and the execution of business by having the Board of Directors not only take on the function of management supervision but also delegate decision authority on individual business execution to the Corporate Executive Officers wherever possible and promoting clarification of authorities and responsibilities concerning business execution and prompt decision-making. In addition, three committees (the Nominating Committee, Audit Committee, and Remuneration Committee—a majority of each of whose membership are Outside Directors) nominate the candidates for Director, decide remuneration of corporate officers, and perform audits on the execution of duties of the Directors and Corporate Executive Officers, etc., and thereby promote high standards and ensure transparency of the decision-making process. Accordingly, we deem that in so doing the Company undertakes the mandate of its stakeholders, especially its shareholders, while also contributing to achieving medium- to long-term improvement in its corporate value.

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**III Status of Implementation of Measures Related to Shareholders and Other Stakeholders**

**1. Measures Toward Revitalization of the General Meeting of Shareholders and Facilitation of Exercise of Voting Rights [updated]**

	Supplementary Explanation
Prompt Delivery of Notice of Convocation of the General Meeting of Shareholders	As a general rule, we shall endeavor to forward the Notice of Convocation at least three (3) weeks prior to the date of the General Meeting of Shareholders.
Exercise of Voting Rights by Electromagnetic Means	The exercise of voting rights via the Internet has been available since the Ordinary General Meeting of Shareholders held in 2004. Further, the Company has participated in the electronic exercise of voting rights platform for institutional investors operated by ICJ, Inc., since the Ordinary General Meeting of Shareholders held in 2006.
Efforts to Encourage Participation in the Electronic Voting Platform and Enhance Other Environments for the Exercise of Voting Rights by Institutional Investors	To provide early disclosure for the Notice of Convocation of the General Meeting of Shareholders and the Reference Documents for the General Meeting of Shareholders and related materials (including the English translations), the Company endeavors to provide early disclosure of this information on the Company website and on the electronic exercise of voting rights platform operated by ICJ Inc. For FY2024, the Company disclosed the respective materials one week before dispatching the Notice of Convocation of the General Meeting of Shareholders.
Provision of a Summarized Notice of Convocation of the General Meeting of Shareholders in English	To provide early disclosure for the Notice of Convocation of the General Meeting of Shareholders and the Reference Documents for the General Meeting of Shareholders and related materials (including the English translations), the Company endeavors to provide early disclosure of this information on the Company website and on the electronic exercise of voting rights platform operated by ICJ Inc. For FY2024, the Company disclosed the respective materials one week before dispatching the Notice of Convocation of the General Meeting of Shareholders.

**2. Investor Relations Activities [updated]**

	Supplementary Explanation	Explanation by Representative
Establishment and Publication of Disclosure Policies	<p>○ Basic Stance Concerning Information Disclosure</p> <p>Seeking to become a corporate group that values the views of its stakeholders and creatively works on behalf of society, the Group strives to gain the understanding of its shareholders and investors through accurate and prompt information disclosure.</p> <p>○ Information Disclosure Policy</p> <p>With respect to the disclosure of important information, including with regard to decisions, events and earnings results, that affects the investment decisions of shareholders and investors, the Group discloses information in accordance with Security Listing Regulations standards (hereinafter “timely disclosure standards”) established by the Tokyo Stock Exchange and other stock exchanges, and in accordance with Article 27-36 of the Financial Instruments and Exchange Act (hereinafter “fair disclosure rules”). In addition, when it believes it would be useful to shareholders and investors, the Group tries to actively disclose information even when it does not fall under the category of important information communicated to parties involved in the transaction (hereinafter “important information”), and for which disclosure is not required by the timely disclosure standards or the fair disclosure rules.</p>	

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	Supplementary Explanation	Explanation by Representative
	<p>○ Information Disclosure Methods Corporate information (hereinafter “timely disclosure information”) that requires disclosure within the timely disclosure standards and important information are released through the Tokyo Stock Exchange’s “TDnet” (Timely Disclosure network) and is promptly posted on our website. Moreover, information that is useful to shareholders and investors, even information that does not fall under the category of timely disclosure information, is promptly and impartially posted on our website.</p> <p>○ Information Disclosure System Each business group and functional group of the Group has appointed a person in charge of information disclosure (or a person to be in charge of information disclosure) and a system is in place in which important information from each business group and functional group is consolidated in the Company’s Corporate Communications Department (and IR Office), the department in charge of information disclosure. In addition, an Information Disclosure Committee is charged with the primary duty of managing and overseeing an appropriate information disclosure system and its operation, and deliberating on whether to disclose other than the timely disclosure information evaluating the possibility of a major impact on the Company’s performance and trustworthiness.</p> <p>○ Policy for Dealing with Ambiguous Information In the event of the circulation of rumors and newspaper reports concerning the corporate information of the Group, realizing that such rumors and reports could affect the investment decisions of shareholders and investors, appropriate disclosure is conducted through TDnet when it is necessary to clarify the authenticity of the information contained therein.</p> <p>○ Quiet Period To prevent the leakage of earnings information and ensure fairness, the Company has established a quiet period dating from two (2) weeks before the day that earnings are announced to the time of the earnings announcement. During this period, the Company refrains from answering questions or commenting about said earnings. However, in the event of a significant discrepancy between actual performance and the most recently announced performance forecast, the Company will answer questions after appropriately disclosing information over TDnet, even during the quiet period.</p>	
Holding Regular Briefings for Analysts and Institutional Investors	The president conducts Corporate Results Presentations in May each year and Presentations of the Second Quarter Results in November for analysts and institutional investors.	Yes

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	Supplementary Explanation	Explanation by Representative
Posting Investor Relations Materials on the Company website	Investor relations materials including <i>kessan tanshin</i> (brief results announcements), fact sheets, IR presentation materials, IR data books, securities reports, quarterly summary of financial statements, “To Our Shareholders” (formerly, the “Business Report”), corporate governance reports, integrated reports, and the Long-Term Management Plan 2030 are posted regularly on the following website: <a href="https://www.mec.co.jp/en/ir/">https://www.mec.co.jp/en/ir/</a>	
Establishment of Investor Relations Department (Liaison)	The Company’s designated IR unit is the IR Office, Corporate Communications Department. Its designated IR officer is Senior Executive Officer, Naoki Umeda. The IR business liaison officer is Toru Watanabe, head of the IR Office.	

3. Measures to Respect the Position of Stakeholders [updated]

	Supplementary Explanation
Provisions of Internal Regulations to Respect the Position of Stakeholders	The Company has formulated the Group’s Mission, Code of Corporate Conduct and Guidelines for Conduct to help foster respect for the position of its respective stakeholders and adopt a creative approach to society.
Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities	In accordance with the Group’s Mission and Code of Corporate Conduct, etc., the Group is promoting sustainability based on three (3) main concepts—acting with integrity, earning the trust of our clients and creating a vibrant workplace. The Sustainability Management and Promotion Department works as the administrative office for the sustainability promotion system, and a Sustainability Committee has been set up with the President as the chairman, with a Sustainability Subcommittee established beneath that, in addition to which a person with responsibility for overseeing sustainability has been appointed. There is also the Company’s Sustainability Report, published annually, which outlines its efforts to address sustainability issues. In 2020, aiming to promote business aimed at realizing a sustainable society, the Company established the Mitsubishi Estate Group Sustainability Vision 2050 with a view to corporate management focused on sustainability by 2050. Under the slogan “Be the Ecosystem Engineers,” the Company declared its aspiration to be a corporate group (=engineers) that provides spaces and infrastructure (=ecosystems) where all actors from different standpoints (individuals, corporations, and more) can sustainably construct relationships of coexistence in all perspectives—economically, environmentally and socially. In addition, as specific themes and actions to help achieve the Sustainability Vision 2050, we have established key themes related to sustainability in our strategies for increasing social value under the Long-Term Management Plan 2030. However, in conjunction with the revision in FY2024, we made a new start under “Sustainability of the Mitsubishi Estate Group and Society: Four Key Themes.” Based on the four key themes of “Pursue tangible and intangible urban development for the next generation,” “Maintain commitment to reducing environmental impact,” “Consider people, empathize with people, protect people” and “Create and circulate new value,” we will pursue improvement in the correlation between sustainability measures and our business, and aim to establish the sustainability of our business activities while creating a truly meaningful society, which is “The Mission of the Mitsubishi Estate Group.”
Establishment of Policy Concerning Disclosure of Information to Stakeholders	“Mitsubishi Estate Group Guidelines for Conduct” places great importance on dialogue with such stakeholders as customers, business partners, shareholders and investors, and local communities, and outlines the policy for proper and appropriate disclosure of information related to its operations. Not only do they contain provisions calling for disclosure based on the Stock Exchange’s rules on timely disclosure of corporate information, but by prescribing information disclosure regulations as a Company Code so that information useful to shareholders and

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	<p>investors can be actively disclosed in a timely and proper manner, they also reinforce the Company’s internal system.</p>
<p>Other</p>	<p>○ Promoting Women’s Participation and Advancement in the Workplace Concerning the promotion of women’s participation and advancement in the workplace, the Company formulates and announces a general business owner action plan pursuant to the “Act on Promotion of Women’s Participation and Advancement in the Workplace,” which took effect in April 2016, and the “Act on Advancement of Measures to Support Raising Next-Generation Children.” The Company endeavors to create a workplace in which all employees can comfortably work. The Company will continue to develop an environment in which diverse human resources can play active roles and will promote diversity in the Company through efforts that include promoting women’s participation. <a href="https://mec.disclosure.site/e/sustainability/activities/social/diversity/">https://mec.disclosure.site/e/sustainability/activities/social/diversity/</a></p> <p>○ Human Rights Initiatives As a member of society, the Group is keenly aware of the importance of respect for human rights. To fulfill our responsibility to respect the basic human rights of all stakeholders, not only those involved in Group businesses, we set up the “Mitsubishi Estate Group Human Rights Policy.” The Group also conducts human rights due diligence by identifying and addressing Group-wide issues while collaborating across industries through the construction and real estate “Human Rights Due Diligence Promotion Council,” as well as by working on eliminating human right risks in each business, namely the real estate development business, international business, and hotel business. <a href="https://mec.disclosure.site/e/sustainability/activities/social/human-rights/">https://mec.disclosure.site/e/sustainability/activities/social/human-rights/</a></p> <p>○ Supply Chain Management In order to help realize a sustainable and truly meaningful society through its business activities, the Group believes it is important to promote efforts across the supply chain. As such, the Group established the “Mitsubishi Estate Group Supplier Code of Conduct” based on the Code of Corporate Conduct and Guidelines for Conduct. To promote greater efforts related to sustainability and ESG across the entire supply chain, the Group confirms the level of compliance with the Supplier Code of Conduct using an interview sheet. <a href="https://mec.disclosure.site/e/sustainability/activities/social/supply-chain/">https://mec.disclosure.site/e/sustainability/activities/social/supply-chain/</a></p> <p>○ Health Management The Company advocates health management, in which it considers employee health from a management perspective and works on it strategically. Based on this perspective, the Company established the “Health Management Declaration” in October 2016 to systematize initiatives and plans that the Company and the health insurance union have carried out thus far, articulate the top management’s commitment, and ensure further improvements in maintaining and improving employee health. In implementing its health management, the Company has appointed the officer responsible for human resources as the health management promotion officer. The Company also makes commitments to safety and hygiene in its labor agreements and strives to protect employee health and safety through health checkups and safety education. In FY2020, the Company formulated Health Management 2030, complementing the ESG initiatives in the Long-Term Management Plan 2030, and is working to achieve improvements in employees’ health. <a href="https://www.mec.co.jp/e/sustainability/activities/social/health-safety/">https://www.mec.co.jp/e/sustainability/activities/social/health-safety/</a></p>



## **IV Basic Policy and Status of Implementation of the Internal Control System**

### **1. Basic Policy and Status of Implementation of the Internal Control System [updated]**

\*Basic Policy of Establishment of the Internal Control System

#### 1. Systems to Keep and Manage Information pertaining to the Execution of Duties by Corporate Executive Officers

Pursuant to the “Mitsubishi Estate Group Basic Rules on Information Management,” in order to appropriately handle information assets held by the Group and improve information security and enhance its level on an ongoing basis, the Company shall appoint the Officer responsible for the risk management as Chief Information Security Officer and the Officer responsible for the DX Promotion Department as Chief Information Technology Officer and Chief Information System Security Officer, and the Risk Management & Compliance Committee shall be in charge of company-wide control of information storage and management.

The Company shall, under such organizational systems, develop regulations on basic matters for the management procedures necessary for the protection and handling of information held by the Company, matters related to document storage and abolition including the storage method and period for documents and abolition rules, matters related to the protection of the information system and electronic information, and matters related to the response in the event that an information incident occurs. The Company shall appropriately store and manage relevant information pertaining to the execution of Corporate Executive Officers’ duties by operating these internal regulations.

#### 2. Rules and Other Systems Regarding Loss Risk Management in the Company and Its Subsidiaries

In the group-wide corporate management, the Group shall practice diverse risk management measures for all business operations of the Group in order to properly evaluate and manage internal and external risk factors related to its businesses and to maintain and raise the corporate value of the Group.

Specifically, the Company has established the “Mitsubishi Estate Group Risk Management Rules” to realize appropriate risk management through establishing systems for risk management to be carried out by all the executives and employees of the Group. Moreover, under the Risk Management Rules above, at the Company, the Risk Management & Compliance Committee shall be in charge of controlling the promotion of risk management activities at the group level, whereas the Risk Management & Compliance Subcommittee shall work as a practical collegial body to collect and streamline risk management-related information. In addition, the Officer responsible for the risk management appointed by the resolution of the Board of Directors shall be assigned the responsibility for risk management to develop and promote the risk management system.

In the meantime, with these risk management systems as a basis, at the Company, the Strategic Investment Committee, an advisory body of the Executive Committee, shall preliminarily deliberate especially important investment subjects in making decisions thereof prior to the deliberations by the Executive Committee to check the content and degree of risk factors as well as countermeasures, etc. in preparation for possibly realizing risk.

Furthermore, the Company shall appoint an Officer responsible for disaster prevention by resolution of the Board of Directors to maintain the most updated action principles, communications and initial measures to be taken and system for business continuity program in case of the occurrence of any emergency. The officer formulates and implements manuals, guidelines, etc., and conducts training as well as reviews and improvements of systems and plans on a periodic basis.

The Internal Audit Department shall conduct internal audit activities in accordance with the “Internal Audit Rules” to raise the effectiveness of risk management.

#### 3. Systems to Ensure Efficient Execution of Duties by Corporate Executive Officers of the Company and Directors, etc. of Its Subsidiaries

The Group shall continue improving managerial system that has been designed to fit the Group, to ensure the efficient execution of duties by Corporate Executive Officers of the Company and directors, etc. of its subsidiaries in the course of fulfilling the CSR of the Group. Under this policy, the Company aims to reinforce the management oversight function and the business execution function as well as management efficiency and expedited decision making by adopting the organizational structure of a Company with Nominating Committee, etc., thereby largely delegating authority relating to business execution decisions to Corporate Executive Officers. In addition, the Company shall take such actions as to appoint controlling officers and officers in charge, adopt the Executive Officer System and the Group Executive Officer System and improve the rules related to the authority and decision making in accordance with internal regulations,

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so as to allow for more efficient execution of duties.

4. Systems to Ensure Compliance of the Execution of Duties by Corporate Executive Officers and Employees of the Company and Directors, etc. and Employees of Its Subsidiaries with Laws, Regulations and the Articles of Incorporation

The Group has established and intends to thoroughly disseminate “The Mission of the Mitsubishi Estate Group,” “The Mitsubishi Estate Group Code of Corporate Conduct” and “Mitsubishi Estate Group Guidelines for Conduct” to present conduct standards by which executives and employees should abide. The Company conducts, as a Company with Nominating Committee, etc., management oversight by the Board of Directors and audits by the Audit Committee.

In addition, while the Risk Management & Compliance Committee conducts group-wide supervision and the Risk Management & Compliance Subcommittee conducts practical discussions in accordance with the “Mitsubishi Estate Group Compliance Rules,” the officer responsible for compliance appointed by the resolution of the Board of Directors shall be assigned the responsibility for compliance to take such actions as to manage and promote overall compliance at the Group. The Group also ensures that the execution of duties by Corporate Executive Officers and employees complies with laws and regulations and the Articles of Incorporation through such means as preventive legal activities, risk management promotion activities and internal audit practices.

To handle compliance-related consulting and whistleblowing on concerns, the dedicated Help Lines shall be established and operated internally and externally as contact windows for the Group and business partners.

5. Systems for Reporting Matters Related to the Execution of Duties by Directors, etc. of Subsidiaries to the Company, and Other Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company, Its Parent Companies and Subsidiaries

The Group shall endeavor to practice group-wide compliance-based management and business ethics and ensure the propriety of business operations by establishing “The Mission of the Mitsubishi Estate Group,” “The Mitsubishi Estate Group Code of Corporate Conduct” and “Mitsubishi Estate Group Guidelines for Conduct,” etc., all of which are the standards of conduct for the Group, and thoroughly disseminating them under the control of the Risk Management & Compliance Committee.

In addition, the Company specifies the department in charge of operations related to group companies, such as promoting the corporate management of the respective group companies and supporting the staff function, thereby establishes a system to link the company-wide management plan and the measures concerning group companies. Meanwhile, group management shall be enhanced toward the achievement of maximized corporate value of the Group by promoting the propriety and efficiency improvement and upgrading risk management of group-wide corporate management by operating the “Mitsubishi Estate Group Management Rules,” through measures such as compulsory consultations and exchange of information between the Company and group companies for certain important matters.

Furthermore, the “Mitsubishi Estate Group Basic Guidelines on Internal Control Regarding Financial Reporting (Basic Rules)” shall be formulated to ensure the reliability of financial reports inside the Group with the aim of appropriately responding to the internal control reporting system for financial reports, as required to follow under the Financial Instruments and Exchange Act.

6. Matters Related to Employees to Support the Duties of the Audit Committee, and Matters Related to Ensuring the Effectiveness of Instructions Given to Such Employees by the Audit Committee
- The Audit Committee Office shall be established as a subsidiary organ to assist the Audit Committee in the execution of its duties pursuant to the relevant provisions such as “Job Ladder.” The Company shall assign a dedicated General Manager and persons necessary for supporting the Audit Committee’s duties. The General Manager of the Audit Committee Office shall supervise other employees assigned to the office and execute his or her business duties in accordance with the instructions of the Audit Committee.

7. Matters Related to Independence of Employees in the Preceding Item from Corporate Executive Officers
- The personnel relocation and/or disciplinary punishment, etc. of the General Manager of the Audit Committee Office shall require an accord of the Audit Committee. The personnel relocation and/or disciplinary punishment, etc. of the staff of the Audit Committee Office other than the General Manager of the Audit Committee Office shall require prior consultation with the General Manager of the Audit Committee Office.

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8. Systems for Directors, Corporate Executive Officers and Employees of the Company, Directors, etc. and Employees of Its Subsidiaries, and Individuals Who Receive Their Reports to Provide Reports to the Audit Committee, and Other Systems Related to Reporting to the Audit Committee

In the case where the occurrence of breach of any laws and regulations or the Articles of Incorporation or significantly unreasonable matter is revealed, anybody shall, either Directors, Corporate Executive Officers or employees, immediately report thereof to the Audit Committee. An obligation shall be established by internal regulations to have important documents such as those requiring approval circulated to Full-time Members of the Audit Committee, and a whistleblower program with Audit Committee members serving as contact windows shall be established. Moreover, matters that may be judged necessary in performing the duties of the Audit Committee, including results of internal audits, the status of compliance promotion activities, the status of risk management promotion activities, and the status of operation of Help Lines established internally and externally as contact windows for Group companies and business partners for consultations and whistleblowing on concerns about compliance, shall also be periodically reported to the Audit Committee. In addition, in accordance with the “Mitsubishi Estate Group Management Rules,” matters reported by the Directors, etc. and employees of Group companies shall be shared with the Executive Committee and other meetings attended by the Full-time Members of the Audit Committee.

9. Systems to Ensure Individuals Who Make the Reports in Item 8 Are Not Treated Unfavorably for Making Those Reports

In accordance with the “Mitsubishi Estate Group Risk Management Rules,” all executives and employees of the Group are responsible for ensuring compliance in accordance with the “Mitsubishi Estate Group Compliance Rules,” and are responsible for collecting and reporting risk information. Also, based on the Whistleblower Protection Act, regarding a whistleblower program with Audit Committee Members serving as contact windows and the Group’s internal or external Help Lines, the Company develops and operates rules related to the policy for protection of whistleblowers and notification of redress procedures in order to ensure individuals who make the reports in Item 8 are not treated unfavorably for making those reports.

10. Matters Related to Policy for Handling Costs and Debts Incurred by Audit Committee Members in the Course of Executing Their Duties

In accordance with the audit standards established by the Audit Committee, the Audit Committee Members may invoice the Company beforehand for any costs deemed necessary for the execution of duties of the Audit Committee. The Audit Committee Members may also seek subsequent reimbursement for costs incurred in emergency or special situations.

Based on invoices received from the Audit Committee Members, the Company shall pay costs necessary for the Audit Committee to execute its duties.

11. Other Systems to Ensure Effective Audits by the Audit Committee

In accordance with audit standards established by the Audit Committee, the Full-time Members of the Audit Committee shall have periodic meetings with the management executives of the Company including the President and Chief Executive Officer, the Internal Audit Department, other departments determined necessary according to the duties of the Audit Committee and the Accounting Auditor to exchange opinions with each other.

The Full-time Members of the Audit Committee shall attend the important conferences such as the Executive Committee.

Please refer to the Attached sheet 2 “Mitsubishi Estate Group Corporate Governance System.”

**CORPORATE GOVERNANCE**

**2. Basic Policy and Status of Implementation of Efforts Toward Exclusion of Antisocial Forces** [updated]

1. Basic Policy Toward Exclusion of Antisocial Forces

The Group refuses to countenance any relationship with antisocial forces.

2. Status of Implementation of Efforts Toward Exclusion of Antisocial Forces

The Group set out policies in relation to its refusal to countenance relationships with antisocial forces in “Mitsubishi Estate Group Guidelines for Conduct” and strives to ensure such policies are rigorously followed. As part of its Internal System, it has also established a special department with overall responsibility for countermeasures in relation to the exclusion of antisocial forces and appointed a responsible person for prevention of unreasonable demands, and a responsible person and a manager in charge of compliance duties that include the exclusion of antisocial forces for each department.

The Company maintains efforts toward collecting information in relation to antisocial forces by attending training sessions hosted by organizations affiliated with the Tokyo Metropolitan Police Department and cooperates with external specialist bodies including the police and lawyer to reject relationships with these antisocial forces.

In addition, it periodically provides reminders to managers and general staff and shares cases of unreasonable demands by antisocial forces.

Furthermore, in response to ordinance for the elimination of organized crime and prevent and deter the risk of having business relations with antisocial forces, the Group has not only formulated “Guidelines Relating to Model Clauses for Exclusion of Gang Groups and Other Antisocial Forces” to be inserted into business contracts used by the Group and “Guidelines for Checking Compliance of Business Partners and Others,” which prescribe the Group’s internal structure to check for anti-social characteristics of business partners and others, it is also striving to prevent money laundering through rigorous checking at the time of the transaction.

**CORPORATE GOVERNANCE**

**V Others**

**1. Presence or Absence of Introduction of Takeover Defense**

Introduction of Takeover Defense	Not introduced
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**Supplementary Explanation Relating to These Items**

Set out below are outlines of the contents of the basic policy regarding the persons who control decisions on the Company's financial and business policies.

By drawing up, and steadily implementing, a management plan to contribute to the growth of the Company, while at the same time working to strengthen corporate governance, etc., the Company will strive to enhance corporate value and protect the common interests of shareholders. In addition, in response to persons attempting a large-scale acquisition of the shares of the Company, we will devise appropriate measures that are compliant with the Financial Instruments and Exchange Act, the Companies Act and other laws, by requesting necessary and sufficient information to allow shareholders to come to a conclusion as to whether the large-scale acquisition is appropriate or not, by disclosing the opinion of the Board of Directors, which takes into account the views of the independent Outside Directors, and working for sufficient time and information to enable consideration by shareholders.

**2. Other Items Relating to Corporate Governance System, etc. [updated]**

The Company's internal system for the timely disclosure of corporate information was as follows.

**1. Internal System for the Timely Disclosure of Corporate Information**

The Group formulated "The Mission of the Mitsubishi Estate Group," "The Mitsubishi Estate Group Code of Corporate Conduct" and "Mitsubishi Estate Group Guidelines for Conduct," in which we declare that the Group strives to gain the understanding of its shareholders and investors through accurate and prompt information disclosure, seeking to become a corporate group that values the views of its stakeholders and creatively works on behalf of society. These form the basis for our attitude toward information disclosure to be taken by the employees of Mitsubishi Estate and the Mitsubishi Estate Group companies.

In line with the abovementioned basic attitude, several internal regulations\* including the "Information Disclosure Regulations" have been formulated to define the Group standards, so that the Group can actively, timely and properly disclose information that is useful to shareholders and investors, besides information that fall under the timely disclosure standards category established by the Tokyo Stock Exchange and other stock exchanges. These regulations prescribe the gathering and reporting of information, the drafting of documents, their presentation to conference bodies and organizations for discussion, and for notification and consultation with related departments, in order to establish a structure whereby important information from business groups, including Group companies, is delivered to and consolidated by the Corporate Communications Department, the department in charge of information disclosure, as well as the Company's management. (Please refer to the Attached sheet 3 for the structure of the disclosure system and the flow of information.)

\* Board of Directors Regulations, *Ringi* Rules, Executive Committee Regulations, Mitsubishi Estate Group Management Rules, Internal Information Management Regulations, etc.

Specifically, the internal disclosure system works as follows.

(1) A person in charge of information disclosure, who is appointed by each business group, gathers information, including timely disclosure information from each business group (including Group companies), and reports that to the Corporate Communications Department. (2) The Corporate Communications Department consults with the department in charge of the information, which provided by the persons in charge of information disclosure or any other sources, as well as with other related departments, including the Corporate Planning Department and the General Affairs Department, to determine whether the information falls under the disclosure standards established by stock exchanges or whether it is information that does not fall under such standards and should be disclosed voluntarily. The Corporate Communications Department then analyzes and determines specific methods for disclosure, for which it obtains approval from the corporate officer and department in charge of the information before disclosing the information. (3) When the corporate officer deems it necessary, an Information Disclosure Committee meeting is held to determine whether the information should be disclosed. The primary purpose of the Information Disclosure Committee is the management and oversight of an appropriate information disclosure system and its operation as stipulated in the "Information Disclosure Regulations," and deliberating on whether to disclose other than the timely disclosure information, evaluating the possibility of

## **CORPORATE GOVERNANCE**

a major impact on the Company's performance and trustworthiness. The Committee consists of the Officers and the General Managers of the Corporate Planning Department, the Sustainability Management and Promotion Department, the Finance & Accounting Department, the Corporate Communications Department, the General Affairs Department and the Legal & Compliance Department.

Documents concerning the decision on information disclosure are also circulated to the Internal Audit Department and the Full-time Members of the Audit Committee.

Aside from the timely disclosure information, the statutory disclosure information, including financial statements and other accounting and financial information, as stipulated by the Financial Instruments and Exchange Act and the Cabinet Office Ordinance on Disclosure of Corporate Information, etc., is documented by the Finance & Accounting Department, which then obtains approval internally and submits it to the designated finance bureau or elsewhere to make it available for public inspection.

### 2. Supervisory Functions for the Internal System for Timely Disclosure

The Company has the Internal Audit Department, which methodically conducts internal audits of the overall business operations of the Company and its Group companies. This Department is designed to provide useful information for making decisions on business management, based on the results of evaluating the internal systems for managing and operating various business activities and the status of operation performance from the standpoints of legal compliance and reasonableness, and to offer advice and proposals to improve and streamline internal management systems on a continuous basis, thereby contributing to the realization of business goals. Audits are carried out by this Department in a planned manner.

Audits by the Internal Audit Department provide daily confirmation that the Group's systems and rules are effective in providing appropriate internal controls and management as required by laws and regulations, the code of corporate conduct, company regulations, management plans, etc., and that an effective implementation of such systems and rules is taking place. The results of the audits are regularly reported to the Executive Committee and/or the Audit Committee, etc. to help prevent the concealment of information and careless failures of communication.

Moreover, the Company has not only established a Legal & Compliance Department, which provides on a daily basis advice for preventing failures of compliance, instructions concerning operation manuals and educational activities to raise the awareness of compliance, it has also established the Risk Management & Compliance Committee to serve as an organ for taking charge of the promotion of risk management and compliance. Due to these efforts, if material negative information exists at all, it will be promptly communicated to the top management, enabling its fair and timely disclosure.

See the Attached sheet 3 "Internal System for the Timely Disclosure of Corporate Information."

**CORPORATE GOVERNANCE**

<Attached sheet 1>

**Mitsubishi Estate Co., Ltd.**  
**CORPORATE GOVERNANCE GUIDELINES**

**Chapter I General Provisions**

**Article 1 Purpose**

The purpose of the “Mitsubishi Estate Co., Ltd. Corporate Governance Guidelines” is to set forth the basic policy and framework for the Mitsubishi Estate Co., Ltd. (the “Company”)’s corporate governance, and serve as guidelines for the development and promotion of the corporate governance system, which contributes to the realization of the Mitsubishi Estate Group (the “Group”)’s basic mission and the enhancement of its corporate value on a medium- to long-term basis.

**Article 2 Basic Policy**

1. The Company shall aim to realize enhancement of its genuine corporate value through a harmonious balance between corporate growth and the interests of our various stakeholders by following its brand slogan “A Love for People. A Love for the City,” based on its basic mission of “contributing to society through urban development.” The Company shall position the development and promotion of the corporate governance system as one of the most important management issues in realizing this goal.
2. In developing and promoting the corporate government system, to bring about greater clarity of roles and a strengthening of functions in both the supervision of the management and the execution of business while also fulfilling accountability to our shareholders and other stakeholders, the basic policy shall work to ensure the transparency and objectivity of management.

**Article 3 Organizational Structure**

The Company’s organizational structure pursuant to the Companies Act shall be a company with Nominating Committee, etc., in order to strengthen the function of management supervision of the Board of Directors as well as promote clarification of authorities and responsibilities and prompt decision-making concerning business execution while improving the transparency and objectivity of management as the primary aim.

**Chapter II Board of Directors**

**Article 4 Roles of the Board of Directors**

1. The main roles of the Board of Directors shall be to make decisions on both basic management policy and important business execution and to supervise the performance of duties by Directors and Corporate Executive Officers from the standpoint of greater clarity of roles and a strengthening of functions in both the supervision of the management and the execution of business.
2. To appropriately fulfill the roles prescribed in the preceding paragraph, the Board of Directors shall broadly delegate the authority to execute business on matters other than those to be resolved by the Board of Directors as prescribed in laws and regulations or the Articles of Incorporation to the Corporate Executive Officers and receive regular reports on the execution of business from the Directors and the Corporate Executive Officers, the specific details of which are provided for within the Company Code, including the Board of Directors Regulations.

**Article 5 Composition of the Board of Directors**

1. The Board of Directors shall consist of no more than 18 Directors, as stipulated in the Articles of Incorporation, and the overall Board of Directors shall ensure a diverse background and an appropriate balance among individual Directors for their experience and knowledge in specialized fields.
2. One third or more of members of the Board of Directors shall be Outside Directors.
3. A majority of members of the Board of Directors shall be Directors who do not concurrently serve as Corporate Executive Officers (including Outside Directors, hereinafter “Non-executive Director”).

**CORPORATE GOVERNANCE**

**Article 6 Chairman of the Board**

1. The Chairman of the Board shall be appointed by resolution of the Board of Directors, in accordance with the provisions of the Articles of Incorporation.
2. The Chairman of the Board shall be a Non-executive Director.
3. In accordance with the provisions of the Articles of Incorporation, the Chairman of the Board shall serve as the Chairperson of the Board of Directors, and to improve the effectiveness of the Board of Directors through thorough deliberation, play a leading role in such matters as the selection of agenda brought to the Board of Directors, the evaluation of the Board of Directors, and the promotion of coordination among the Outside Directors, the Corporate Executive Officers and others.

**Article 7 Evaluation of the Board of Directors**

Once yearly, the Board of Directors shall conduct an analysis and evaluation of the effectiveness of the entire Board of Directors based on evaluations of the individual Directors, and in addition to disclosing a summary of those results, formulate and implement policies to increase the effectiveness of the Board of Directors as required.

**Article 8 Meetings of only Outside Directors**

1. By exchanging information and sharing understanding on a broad range of matters not limited to the agenda brought to the Board of Directors, the Outside Directors shall aim to suitably execute their management supervision function, and where necessary, may convene and hold meetings composed only of Outside Directors.
2. Where the meetings prescribed in the preceding paragraph are held, the Outside Directors may request of the Company the sharing of required information, as well as the attendance of Inside Directors, Corporate Executive Officers and others.

**Chapter III Nominating, Audit, and Remuneration Committees**

**Article 9 Nominating Committee**

1. The Nominating Committee shall decide the details of the proposals of the General Meeting of Shareholders relating to the election and dismissal of Directors.
2. The Nominating Committee shall consist of around five (5) Directors, and all of them shall be Outside Directors.
3. The appointment of the Chairman of the Nominating Committee shall be made by a resolution of the Board of Directors.

**Article 10 Audit Committee**

1. The Audit Committee shall conduct audits of the execution of duties of the Directors and Corporate Executive Officers, create the audit reports relating to this, and decide on the details of proposals of the General Meeting of Shareholders relating to the election or dismissal, etc. of the Accounting Auditor.
2. The Audit Committee shall consist of around five (5) Non-executive Directors, and a majority thereof shall be Outside Directors. Furthermore, Full-time Members of the Audit Committee shall be appointed from among members of the Audit Committee.
3. The Chairman of the Audit Committee shall be appointed from among Outside Directors. The appointment shall be made by a resolution of the Board of Directors.

**Article 11 Remuneration Committee**

1. The Remuneration Committee shall decide on the policy concerning decisions on the details of remuneration, etc. for each Director and Corporate Executive Officer and the details of remuneration, etc. for each Director and Corporate Executive Officer.
2. The Remuneration Committee shall consist of around five (5) Directors, and all of them shall be Outside Directors.
3. The appointment of the Chairman of the Remuneration Committee shall be made by a resolution of the Board of Directors.



**CORPORATE GOVERNANCE**

**Chapter IV Directors and Corporate Executive Officers**

**Article 12 Process of Nominating the Candidates for Directors**

1. The candidates for Directors shall be nominated by the Nominating Committee following deliberation based on the “Appointment Standards for Candidates for Directors” (Exhibit 1) and the “Standards for the Independence of Outside Directors” (Exhibit 2) established by the Nominating Committee.
2. The reasons for the nominations of individual candidates for Directors shall be appropriately disclosed in the contents of the Notice of Convocation of the General Meeting of Shareholders or through other suitable means.

**Article 13 Concurrent Position of Directors**

To ensure the required time for the performance of their duties, Directors of the Company may not concurrently serve as directors, auditors, or corporate executive officers of more than three (3) listed companies in addition to the Company.

**Article 14 Process of Appointment and Dismissal of Corporate Executive Officers**

1. The appointment of Corporate Executive Officers, and among them, the selection of the Representative Corporate Executive Officer and of the President and Chief Executive Officer and Corporate Executive Officers with special titles, and the decisions on the division of duties of Corporate Executive Officers, shall be conducted through resolution of the Board of Directors following deliberation by the Nominating Committee.
2. The Board of Directors shall decide the President and Chief Executive Officer based on the “Succession Plan for the President and Chief Executive Officer” prescribed in Article 15, paragraph 1.
3. The Board of Directors shall decide Corporate Executive Officers following a consideration of the appointment standards for candidates for Inside Directors in the “Appointment Standards for Candidates for Directors” (Exhibit 1) listed in Article 12, paragraph 1.
4. The reasons for the appointment of individual Corporate Executive Officers shall be appropriately disclosed in the contents of the Company’s website or through other suitable means.
5. If the Corporate Executive Officers (including the Representative Corporate Executive Officer, the President and Chief Executive Officer and Corporate Executive Officers with special titles) are deemed inappropriate in light of these Guidelines, other laws and regulations, the Articles of Incorporation, or the Company Code, etc., they shall be dismissed by the Board of Directors following deliberation by the Nominating Committee.

**Article 15 Succession Plan for the President and Chief Executive Officer**

1. The Board of Directors shall establish the “Succession Plan for the President and Chief Executive Officer” following deliberation by the Nominating Committee in order to develop the next-generation management personnel who support sustainable growth of the Company.
2. The Nominating Committee shall regularly check on the status of activities carried out in regard to the “Succession Plan for the President and Chief Executive Officer” prescribed in the preceding paragraph, ascertain the necessity of revision and consider other relevant matters for the said plan, and report these details to the Board of Directors.

**Article 16 Remuneration for Directors and Corporate Executive Officers**

The details of the remuneration, etc. for each Director and Corporate Executive Officer shall be decided by the Remuneration Committee based on the “Policy Concerning Decisions on the Details of Remuneration, etc. for each Director and Corporate Executive Officer” (Exhibit 3) following deliberation by the Remuneration Committee.

**Article 17 Training for Directors and Corporate Executive Officers**

1. Based on the “Appointment Standards for Candidates for Directors” prescribed in Article 12, paragraph 1 and the “Succession Plan for the President and Chief Executive Officer” prescribed in Article 15, paragraph 1, among others, the Company shall make use of external specialists and outside seminars, etc. to conduct periodic training for Inside Directors and Corporate Executive Officers in relation to laws and regulations, and corporate management.

**CORPORATE GOVERNANCE**

2. At the time of their appointment, the Company shall conduct lectures for Outside Directors providing an overview of the Group, its basic mission, management plans and other topics. Following their appointment, the Company shall also provide presentations as appropriate related to the content of its operations and involve them in inspections of Group-related properties and facilities.

**Chapter V Relationship with Stakeholders**

**Article 18 Dialogue with Shareholders and Investors**

1. In an appropriate and timely manner, the Company shall disclose useful information to shareholders and investors that contributes toward their investment decisions and decisions regarding the exercise of their rights, and actively engage in dialogue with them.
2. The President and Chief Executive Officer, as well as corporate officers and the department in charge of engaging in dialogue with and disclosing information to shareholders and investors, shall promote various opportunities for dialogue with shareholders and investors, including through General Meetings of Shareholders, Corporate Results Presentations and meetings with individual investors, in cooperation with other corporate officers and departments as necessary.
3. Information obtained through dialogue with shareholders and investors, as well as opinions and requests and other information shall be shared with the appropriate corporate officers and departments and reported periodically to the Board of Directors.
4. In the event that insider information is generated, such information shall be managed appropriately in accordance with the Company's internal regulations. Unpublicized insider information shall not be disclosed during meetings with shareholders and investors. Regardless of whether insider information exists, the Company shall establish the two weeks prior to the announcement of financial results as a quiet period. During this period, the Company shall refrain from responding to questions or commenting about financial performance.

**Article 19 Basic Strategy for Capital Policy**

1. From a medium- to long-term perspective, the Company shall strive to maintain an appropriate balance between profitability, and capital and debt in order to create a robust, stable and sustainable financial bases to support urban development in the Marunouchi area and other business activities from a medium- to long-term perspective while taking into consideration the risks associated with business activities and capital efficiency for retaining the ability to respond flexibly to fluctuations in the real estate market, as well as financial and capital markets.
2. The Company's fundamental stance on the allocation of profits shall be to ensure an appropriate return of profits by comprehensively considering the performance levels, business environment such as conditions in the real estate market, and other factors, while taking into account the capital demands for developing the Group's business.

**Article 20 Cross-Shareholdings**

1. The Company shall conduct transactions in and hold shares for reasons other than purely investment purposes (hereinafter, "Cross-Shareholdings") if the Company deems such shareholdings to be useful in facilitating the Group's business activities smoothly in cases such as when seeking to maintain or reinforce medium- to long-term transactional relationships or found it useful for stable fund procurement.
2. The status of Cross-Shareholdings (including, for important holdings, the status by individual issue) shall be reported periodically to the Board of Directors, which verifies the significance and the rationality of such holdings. Based on such verification, the Company shall consider its response, including sales, of issues for which the significance and rationality of holdings is low.
3. When exercising voting rights on Cross-Shareholdings, the Company shall exercise its rights appropriately after determining the overall rationality of proposals from the perspective of enhancing the corporate value of the investee company and the Company and such factors as the purpose of shareholding. In particular, the Company shall carefully examine the proposals when exercising voting rights by such means as engaging in dialogue with the investee company if required in cases where the proposals that have the possibility of impairing the corporate value of the investee company and the Company (for example, third-party allotment of shares or granting of retirement benefits to retiring corporate officers) or where important concerns relating to corporate governance are recognized, such as when serious illicit conduct in the investee company is revealed.

**CORPORATE GOVERNANCE**

**Article 21 Related Party Transactions**

Competitive transactions or conflict-of-interest transactions by Directors and Corporate Executive Officers of the Company and transactions involving the Company and its major shareholders shall require advance approval by the Board of Directors, as well as post-transaction reporting to the Board of Directors concerning the significance of such transactions.

**Chapter VI Revision and Abolishment**

**Article 22 Revision and Abolishment**

1. The revision or abolishment of these Guidelines shall require a resolution of the Board of Directors.
2. Notwithstanding the preceding paragraph, the revision or abolishment of the “Appointment Standards for Candidates for Directors” (Exhibit 1) and the “Standards for the Independence of Outside Directors” (Exhibit 2) shall require a resolution of the Nominating Committee. The revision or abolishment of the “Policy Concerning Decisions on the Details of Remuneration, etc. for each Director and Corporate Executive Officer” (Exhibit 3) shall require a resolution of the Remuneration Committee.

(Enacted) September 28, 2017  
(Revised) March 29, 2018 (Exhibit 3)  
December 20, 2018  
June 27, 2019  
December 16, 2021 (Exhibit 1)  
June 29, 2022 (Exhibit 1)  
June 29, 2023 (Exhibit 1)  
February 15, 2024 (Exhibit 1)  
June 27, 2024 (Exhibit 1)

### **Appointment Standards for Candidates for Directors**

#### **1. Purpose**

These Standards shall establish standards for the nomination of candidates for Directors by the Nomination Committee.

When nominating director candidates, the committee shall strive to ensure diversity and an appropriate balance in the backgrounds of directors, such as experience, specialist knowledge, and expertise, for the Board of Directors as a whole, as stipulated in Article 5 (Composition of the Board of Directors) of Mitsubishi Estate's Corporate Governance Guidelines.

#### **2. Candidates for Directors**

The candidates for Directors shall fulfill the duty of care of a prudent manager toward the Company, understand the Group's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work and relax with contentment, and have the skills necessary to implement the management strategies, while possessing the qualities and capabilities to contribute to enhancing the Company's medium- to long-term, sustainable corporate value, in view of its business characteristics such as supporting urban development in the Marunouchi area.

##### **(1) Candidates for Inside Directors**

For Directors from within the Company, in addition to displaying the above-mentioned qualities and capabilities of being especially outstanding in integrity, leadership, foresight, etc., candidates to be nominated shall be officers responsible for the Company's business group or officers responsible for corporate staff who have extensive knowledge and experience related to the Group's business, who can perform oversight roles with a company-wide perspective, and who are highly trained, or, alternatively, personnel with this experience or personnel with translatable experience.

##### **(2) Candidates for Outside Directors**

For Outside Directors, in addition to the above-mentioned qualities and capabilities, candidates shall be nominated for their operational and management experience, their application of their experience and knowledge in specialized fields such as global business and risk management, for having the personality and knowledge enabling objective and fair judgments, based on the perspective that they would contribute to the common interests of the shareholders without bias toward the interest of any particular party of interest, and for satisfying the "standards for the independence of Outside Directors."

#### **3. The revision or abolishment of these standards shall require a resolution of the Nominating Committee.**

## CORPORATE GOVERNANCE

## Board of Directors Skill Matrix

In January 2020, the Company formulated its Long-Term Management Plan 2030 based on the Group's medium-to long-term management strategy and business strategies. To realize the plan, the Company has identified the skills (knowledge, experience, capabilities) needed for the Company's Board of Directors to exercise its management oversight function and monitoring function effectively.

The skills of the Company's Directors are provided below.

		Long-term vision on Urban Development (the industry insight)	Corporate management experience	Organizational strategy / Business strategy	International knowledge or Internationality	Treasury, accounting and finance	Compliance / Risk management	ESG / Sustainability
Inside Directors	Junichi Yoshida	●	●	●			●	●
	Atsushi Nakajima	●	●		●	●		●
	Bunroku Naganuma	●		●		●		●
	Naoki Umeda	●			●	●		
	Mikihito Hirai	●					●	●
	Noboru Nishigai	●		●			●	●
	Hiroshi Katayama	●			●	●	●	
Outside Directors	Masaaki Shirakawa			●	●	●		
	Tetsuo Narukawa	●	●			●		
	Tsuyoshi Okamoto		●			●		●
	Melanie Brock			●	●			●
	Wataru Sueyoshi			●			●	●
	Ayako Sonoda			●			●	●
	Naosuke Oda		●	●			●	

\* To clarify the skill balance of the Board of Directors, from the skills possessed by each Director, we have narrowed down relatively superior skills here, and all skills (knowledge, experience, capabilities) are not listed.

**Standards for the Independence of Outside Directors**

As a general principle, candidates shall not be elected if the Tokyo Stock Exchange's standards for independence and the following standards for the independence of Outside Directors apply to them.

- (i) A shareholder or executive member of an entity holding voting rights exceeding 10% of total voting rights to the Company.
- (ii) A transaction party or executive member of an entity whose transactional amounts in the most recent fiscal year have exceeded 2% of consolidated revenue from operations of the Company.
- (iii) A representative employee, employee or staff of the Company's Accounting Auditor.
- (iv) An attorney, certified public accountant, tax accountant, consultant or other party who has received compensation from the Company exceeding ¥10 million in the most recent fiscal year.

**Policy Concerning Decisions on the Details of Remuneration, etc. for each Director and Corporate Executive Officer**

(i) Procedures for deciding remuneration paid to Officers

The policy concerning decisions on the details of remuneration paid to Directors and Corporate Executive Officers of the Company and the details of remuneration for each person shall be decided upon by a resolution at the Remuneration Committee which is chaired by an Outside Director and majority of which is comprised solely of Outside Directors.

(ii) The basic policy for deciding remuneration for Officers

The basic policy for deciding remuneration for Directors and Corporate Executive Officers of the Company is as follows.

- The remuneration system shall be the one that is linked with our medium- to long-term performance targets, etc. aimed at in the management strategy and the Medium-Term Management Plan and realizes sustained corporate value improvement and sharing of values with our shareholders.
- The remuneration system shall be the one that allows for giving incentives to management executives' taking up of challenges and appropriate risk taking in line with the strategy targets and expectations of shareholders and other stakeholders.
- The remuneration system shall be the one that makes it possible to fulfill the high accountability for the benefit of our shareholders and other stakeholders through objective deliberations and judgments at the Remuneration Committee.

(iii) Remuneration systems for Officers

The remuneration systems for Directors and Corporate Executive Officers shall be separately established in consideration of respective functions and roles to be fulfilled for the purpose of achieving the sustained corporate value improvement. In addition, Directors who concurrently serve as Corporate Executive Officers shall be paid remuneration as Corporate Executive Officers.

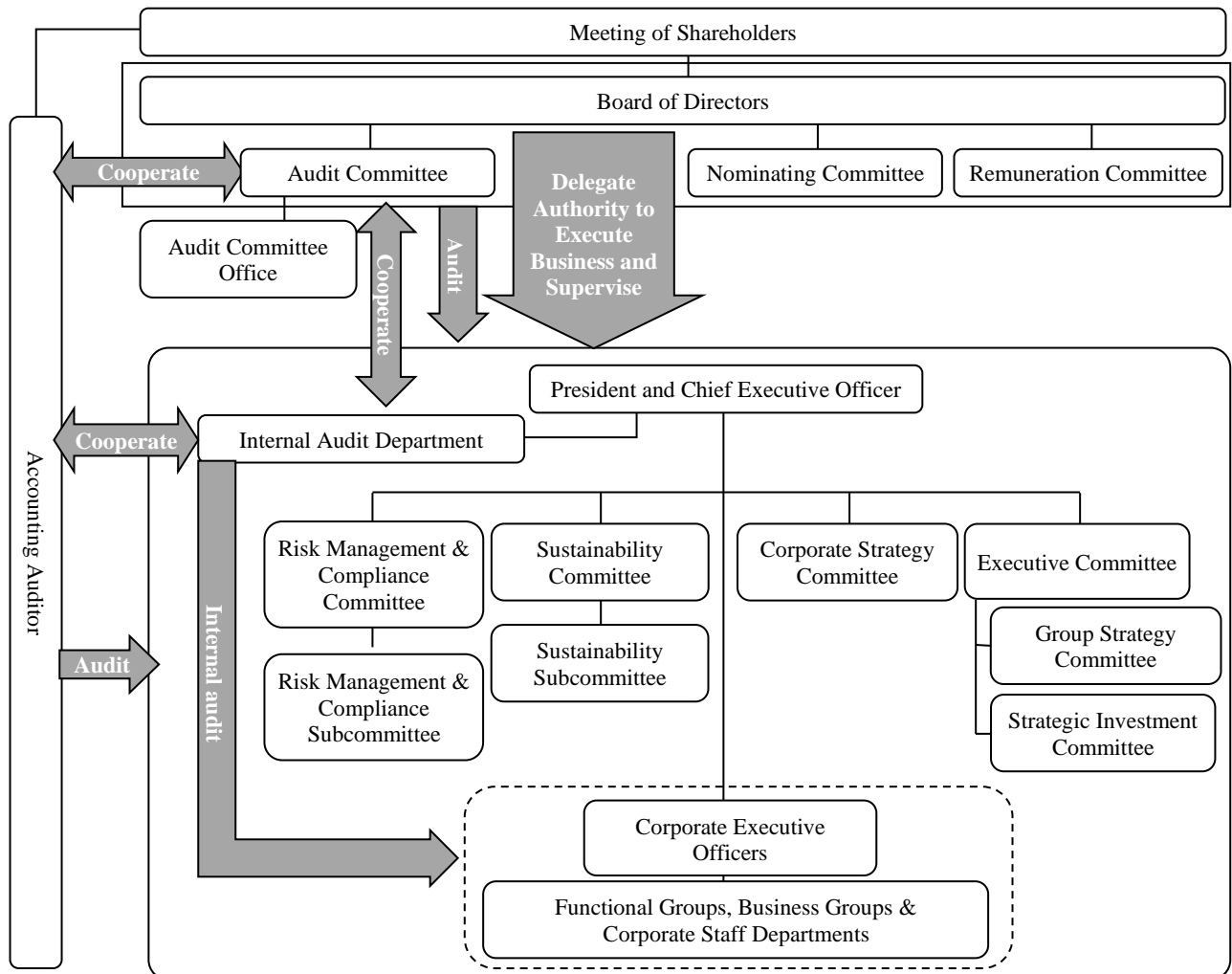
- Directors (excluding Directors who concurrently serve as Corporate Executive Officers)  
In consideration of their function and role of supervising performance of duties by Corporate Executive Officers and Directors, they shall receive, in principle, only basic remuneration in the form of money, and the standards shall be decided upon individually taking into account factors such as position and responsibilities as Directors and whether they are full-time or part-time.
- Corporate Executive Officers  
In consideration of their function and role of taking charge of business execution of the Company, their remuneration shall, in principle, be comprised of basic remuneration and variable remuneration. Variable remuneration is comprised of monetary compensation that is paid based on short-term performance, etc. and stock compensation, etc. (including monetary compensation paid based on indicators such as stock price) that is paid with a view to realizing the medium- to long-term sharing of values with shareholders.  
The standards and ratio of basic remuneration and variable remuneration, valuation indicators for variable remuneration and other matters shall be decided upon taking into account medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and factors such as position and responsibilities as Corporate Executive Officers.

CORPORATE GOVERNANCE

<Attached sheet 2>

April 1, 2024

Mitsubishi Estate Group Corporate Governance System





**CORPORATE GOVERNANCE**

<Attached sheet 3>

June 29, 2016

**Internal System for the Timely Disclosure of Corporate Information**

