

## Climate Change Strategies

### Information Disclosure Based on TCFD Recommendations

On February 3, 2020, Mitsubishi Estate announced its support for the recommendations of TCFD. Going forward, the Company will disclose such information as governance, strategies, risk management, indicators and targets on climate change risks and opportunities in accordance with the framework recommended by TCFD as it works to further improve governance and business strategies pertaining to climate change.

#### Regarding the TCFD Recommendations

In accordance with the TCFD recommendations, we formulated two future scenarios, including the below -2°C scenario, and analyzed the future impact of climate change on our primary businesses (offices, retail facilities, and housing). As follows, we have disclosed an overview of the four themes of corporate governance, strategy, risk management, and metrics and targets set out under said recommendations, taking into consideration the analysis results. See below for details.

► **Information Disclosure Based on TCFD Recommendations**  
[https://www.mec.co.jp/e/sustainability/activities/environment/tcfd/pdf/TCFD\\_Recommendations.pdf](https://www.mec.co.jp/e/sustainability/activities/environment/tcfd/pdf/TCFD_Recommendations.pdf)

#### Corporate Governance

Important matters pertaining to sustainability, including climate change, are deliberated and reported on at meetings of the Sustainability Committee, chaired by the president & chief executive officer of the Company, with the chief sustainability officer (the executive officer in charge of the Sustainability Management and Promotion Department at the Company) as the deputy chair. The deliberations and reports of the committee are also reported to and supervised by the Board of Directors.

#### Strategy

In regard to climate change-related strategy, we have formulated two scenarios in accordance with the extent of the following global response to climate change. We have established a strategy in light of analysis of the impact on our businesses and identification of major risks and opportunities in each scenario.

#### Overview of Scenario Analysis Result / Major Impact / Approach and Strategy Going Forward

(1) 1.5°C–2°C Scenario (scenario in which the response to climate change makes progress due to the strengthening of government regulations and other policies)

#### Scenario overview

- Climate change measures make progress as government environmental regulations are strengthened.

#### Major impact

- Likelihood of a rise in the cost of construction materials, which are carbon intensive, associated with the introduction of a carbon tax.
- Likelihood of a decline in rents as vacancy rates rise for buildings without advanced environmental performance and leasing periods are extended. On the other hand, it is assumed that there would be an opportunity to maintain and increase competitiveness in the market by proactively carrying out additional investments.

(2) 4°C Scenario (scenario in which the response to climate change makes insufficient progress, global warming worsens, and natural disasters intensify and increase)

#### Scenario overview

- Natural disasters intensify and increase as the response to climate change makes insufficient progress.

#### Major impact

- Although there is a likelihood that costs due to temporary flood damage and other disasters would increase, the damage is not expected to be serious given the implementation of industry-leadin measures at Company properties.

#### Approach and strategy going forward

- In addition to switching existing electricity contracts, we are examining a variety of methods for procuring all kinds of renewable energy, including corporate power purchase agreements (PPAs) and green power certificates (including overseas certificates). Moreover, we are looking to leverage new technologies as we aim for further reductions in CO<sub>2</sub> emissions.

#### Risk Management

To achieve the targets set out in the Mitsubishi Estate Group 2030 Goals for SDGs, in managing climate change risks, we incorporate action plans into annual plans for each organization and function and have commenced monitoring and management of the status of their progress since fiscal 2020 at meetings of the Sustainability Committee and the Board of Directors biannually.

#### Metrics and Targets

##### CO<sub>2</sub> Emissions

**Targets** 35% reduction by 2030 and 87% reduction by 2050, compared with 2017  
**Fiscal 2019 result** 4,038,584 t-CO<sub>2</sub>

##### Renewable Energy Rate

**Targets** 2030: 25%  
 2050: 100%\*

\* Targets based on RE100 (signatory as of January 31, 2020)

**Fiscal 2019 result** 1.1%

📖 See Our Action—Key Theme 1: Environment (P14) for details.