

## STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Product name: Mitsubishi Estate Logistics REIT Investment Corporation  
Legal entity identifier: 353800YYSGZU31ICQK38

*The following is the adverse sustainability impact statement of Mitsubishi Estate Logistics REIT Investment Corporation (“MEL”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). MEL has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and entrusts the management and operation of the properties in its portfolio to Mitsubishi Jisho Investment Advisors, Inc. (the “Asset Management Company”). MEL and the Asset Management Company are hereinafter referred to collectively as “we”, “us” or “our” unless noted otherwise. In addition, any “fiscal year” or “FY” hereinafter refers to the fiscal year beginning on April 1 of such year and ending on March 31 of the following year.*

*Please note that SFDR requirements, including the scope of their application to issuers outside the European Economic Area, continue to evolve. We are therefore taking a principles-based approach to compliance with the SFDR disclosure standards, which are subject to change.*

### 1. Summary

*Pursuant to Article 4 of the Delegated Regulation C(2022)1931 supplementing SFDR (the “SFDR Delegated Regulation”), MEL is required to publish on its website the information referred to therein covering the period of one calendar year. MEL is a Japanese real estate investment trust, commonly known as J-REIT, and has no employees, relying on the Asset Management Company for the management and operation of its properties. The Asset Management Company does not operate based on a calendar year, but operates based on fiscal year ending in March of every year. A recalculation and translation of the data into the reference period of one calendar year would most likely lead to inaccuracies and would therefore provide a potentially less accurate overview of the required information than using the approved and validated data for the period from April 1, 2022 to March 31, 2023. This reference period is sufficiently compatible with, and shows results that do not materially differ from, those that would be produced using the calendar year-based reference period noted in the SFDR Delegated Regulation.*

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement of the principal adverse impacts on sustainability factors (“PAI”). The statement covers the reference period from April 1, 2022 to March 31, 2023. The statement will be reviewed at least once during every twelve-month period ending on March 31 of each year.

The Mitsubishi Estate Group (the “Group”), to which the Asset Management Company belongs, conducts sustainable corporate activities with goals of protecting the environment, contributing to society, and maintaining corporate ethics and governance, as a good corporate citizen. We aim to minimize the impact of the Group’s business activities on the environment and to maximize the benefit of all stakeholders.

We use the definition of PAI as described in Recital 20 of SFDR being “those impacts of investment decisions and advice that result in negative effects on sustainability factors”, with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as defined in Article 2 (24) of SFDR.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact on risks and value creation for MEL’s unitholders. To this end, we consider PAI of our investment decisions throughout all major steps of the investment decision and property management process throughout the lifecycle of the properties in MEL’s portfolio.

## 2. Description of principal adverse sustainability impacts

Nearly all types of economic activity have the potential to impact various PAI indicators both positively and adversely. We aim to manage the risks connected to PAI from our investment decisions in several ways, including general screening criteria, due diligence and our ESG initiatives. Some of the PAI indicators listed below are currently already being monitored and reported. As the availability of data improves in the future, we intend to add more indicators.

Table 1

Description of the principal adverse impacts on sustainability factors

*MEL does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-16 as contained in the Table 1 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.*

Adverse sustainability indicator		Metric	Impact in 2022	Impact in 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>Indicators applicable to investments in real estate assets</b>						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	MEL does not invest in real estate assets involved in the extraction, storage, transportation or manufacture of fossil fuels.	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	As of December 31, 2022, 15.3% of MEL's properties were not "Green Buildings" (as defined to the right) based on gross floor area.	As of December 31, 2021, 20.9% of MEL's properties were not "Green Buildings" (as defined to the right) based on gross floor area.	To track the environmental performance of MEL's properties, we rely on environmental certifications issued by third-party organizations such as the Comprehensive Assessment System for Built Environment Efficiency	We have set a key performance indicator ("KPI") target of increasing the proportion of Green Buildings in MEL's portfolio to 100% by FY2030.

					(“CASBEE”) certification, Building Energy-efficiency Labeling System (“BELS”) certification, the Development Bank of Japan’s (“DBJ”) Green Building certification and other equivalent certifications. We consider a property to be a “Green Building” if it has received any of such environmental certifications, and consider a property to be an “energy-inefficient real estate asset” if it has not received any such environmental certification.	
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Table 2

Additional climate and other environmental-related indicators.

*MEL does not invest in investee companies, but invests in real estate. As additional climate and other environment-related indicators 1-17 as contained in Table 2 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.*

<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>		
<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors (qualitative or quantitative)</b>	<b>Metric</b>
<b>Indicators applicable to investments in real estate assets</b>		
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets
	Scope 1 GHG emissions generated by real estate assets in MEL's portfolio were 0.4 t-CO <sub>2</sub> (in FY2021) and 0.3 t-CO <sub>2</sub> (in FY2022).	Scope 2 GHG emissions generated by real estate assets
	Scope 2 GHG emissions generated by real estate assets in MEL's portfolio were 9,891.5 t-CO <sub>2</sub> (in FY2021) and 2,849.0 t-CO <sub>2</sub> (in FY2022).	Scope 3 GHG emissions generated by real estate assets
	Scope 3 GHG emissions generated by real estate assets in MEL's portfolio were 10,726.9 t-CO <sub>2</sub> (in FY2021) and 19,369.5 t-CO <sub>2</sub> (in FY2022).	Total GHG emissions generated by real estate assets
	Total GHG emissions generated by real estate assets in MEL's portfolio were 20,619 t-CO <sub>2</sub> (in FY2021), and 22,218 t-CO <sub>2</sub> (in FY2022).	
	Total GHG emissions intensity generated by real estate assets in MEL's portfolio were 0.016 t-CO <sub>2</sub> /m <sup>2</sup> (in FY2021) and 0.016 t-CO <sub>2</sub> /m <sup>2</sup> (in FY2022), each based on gross floor area.	
	We have set KPI targets of (i) reducing the combined Scope 1 and Scope 2 GHG emissions by 42% by FY2030 from the base level in FY2021, and (ii) reducing GHG emissions intensity by 30% by FY2030 from the base level in FY2017 (0.025 t-CO <sub>2</sub> /m <sup>2</sup> ).	
Energy consumption	19. Energy consumption intensity	Energy consumption in kWh of owned real estate assets per square meter.
	The energy consumption intensity from real estate assets in MEL's portfolio were 38.49 kWh/m <sup>2</sup> in FY2021 and 37.95 kWh/m <sup>2</sup> in FY2022, each based on gross floor area.	
	We have set a KPI target of reducing energy consumption intensity by 15% by FY2030 from the base level in FY2017 (50.20 kWh/m <sup>2</sup> ).	
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
	The recycling rate of MEL's portfolio was 62.3% in FY2021 and 70.2% in FY2022.	

	<p>In addition to tracking the recycling rate, we also track the amount of waste discharged by weight from MEL's portfolio. The total weight of waste discharged was 3,939 tons in FY2021 and 4,802 tons in FY2022.</p> <p>We have set a KPI target of increasing the recycling rate to 70% or higher by FY2030.</p>	
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Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

*MEL has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on the Asset Management Company to manage and operate the properties in MEL's portfolio. Accordingly, additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in this PAI statement pertain to the Asset Management Company, to the extent available.*

<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>		
<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors (qualitative or quantitative)</b>	<b>Metric</b>
<b>Indicators applicable to the Asset Management Company</b>		
Social and employee matters	<p>6. Insufficient whistleblower protection</p> <p>All persons engaged in our business, including retirees and temporary employees, are provided whistleblower protection.</p> <p>We have established a consultation desk for legal violations, violations of internal rules, harassment, and other matters that are contrary to ethical and social standards. All persons engaged in our business, including retirees and temporary employees, can report to and consult with us. This system complies with the Whistleblower Protection Act.</p>	Share of investments in entities without policies on the protection of whistleblowers
	<p>7. Incidents of discrimination</p> <p>No material or serious incident of discrimination (including any leading to sanctions) has been reported among the employees of the Asset Management Company in FY2022 and FY2021.</p> <p>Based on the Group's human rights policy, the Asset Management Company is committed to respect the human rights of all parties involved, including those we encounter through our businesses. Furthermore, the Group's code of conduct explicitly rejects</p>	<p>1. Number of incidents of discrimination reported in investee companies expressed as a weighted average</p> <p>2. Number of incidents of discrimination leading to sanctions in investee</p>

	<p>discrimination and harassment in any form. In order to gain a better understanding of discrimination and to foster a greater awareness of human rights, we conduct training on human rights, focusing on the prevention of harassment.</p>	<p>companies expressed as a weighted average</p>
<p>Human Rights</p>	<p>9. Lack of a human rights policy</p> <p>The Mitsubishi Estate Group, including the Asset Management Company, has a human rights policy.</p> <p>Under the Group’s human rights policy, we uphold and respect international standards related to human rights, such as the International Bill of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.</p>	<p>Share of investments in entities without a human rights policy</p>
<p>Anti-corruption and anti-bribery</p>	<p>15. Lack of anti-corruption and anti-bribery policies</p> <p>The Asset Management Company has compliance policies addressing anti-corruption and anti-bribery that apply to all of its officers and employees.</p> <p>The Group has declared its corporate activities to be fair, transparent and trustworthy. The Group’s Action Guidelines prohibit not only suspected political and administrative cohesion and illegal activities but also entertainment and gifts that deviate from social norms.</p> <p>When support is provided for the activities of a political organization, appropriate measures are taken in light of the Political Funds Regulation Law, the Public Offices Election Law, and other relevant laws and regulations, as well as internal rules such as the Mitsubishi Estate Group Action Guidelines.</p> <p>We have also established a system to prevent bribery. In 2013, the Mitsubishi Estate Group Basic Rules on Anti-Bribery were established, and in 2018, the Mitsubishi Estate Group Anti-Bribery Guidelines were introduced.</p> <p>To prevent bribery, we provide training for Group managers and employees, and acquire pledges from Group managers and employees to the Anti-Bribery Guidelines. In addition, bribery prevention lectures are held annually, and the Risk Compliance Committee monitors the operation of the anti-bribery system annually, and the status of the monitoring by the Risk Compliance Committee is also reported to the Board of Directors.</p>	<p>Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption</p>

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For descriptions of actions which MEL takes and will take with respect to PAI indicators, please refer to our ESG website: <https://mel-reit.co.jp/en/esg/index.html>

### **3. Description of policies to identify and prioritize principal adverse sustainability impacts**

Subject to data availability, we monitor the selected PAI indicators for the existing properties in MEL's portfolio. Prior to our investment in a property, we conduct due diligence review of the property, including ESG due diligence, which includes selected PAI indicators. The due diligence findings related to selected PAI indicators are reported and reviewed prior to the investment decision.

In order to realize sustainability in our asset management while maximizing MEL's portfolio value, we consider ESG factors in our investment and asset management processes. In particular, MEL has established a green finance framework for debt financing (the "Green Finance Framework") and a green equity framework for equity financing (the "Green Equity Framework," together with the Green Finance Framework, the "Frameworks"). When determining whether to acquire or invest in properties under the green finance framework, we rely on the CASBEE, BELS and DBJ Green Building certifications. We can use green financing to acquire properties that receive (i) B+ Rank or higher out of the CASBEE ranking system, (ii) three stars or higher out of BELS's five-star ranking system and (iii) three stars or higher out of DBJ Green Building's five-star ranking system or to refinance borrowings required for acquiring such assets.

For further information, please refer to our ESG website: <https://mel-reit.co.jp/en/esg/index.html>

### **4. Engagement policies**

#### *Due Diligence and Screening*

When investing in properties using proceeds raised through the Frameworks, MEL does not invest in properties that fail to meet the green eligible criteria under the Frameworks. In addition, we prioritize properties designed and constructed in an environmentally thoughtful way and assessed to have low environmental burdens. We also investigate the presence of harmful substances, the history of past land usages and the existence of soil contamination when investing in properties.

We monitor ESG-related data and disclose such ESG-related data at least once a year at our website: <https://mel-reit.co.jp/en/esg/environment/>

#### *Engagement*

We strive to operate in accordance with the items stipulated in the Group's green procurement guidelines, which promotes the procurement of materials and equipment with a low environmental impact. Furthermore, we require our business partners to adhere to the Mitsubishi Estate Group Code of Corporate Conduct, which requires adherence to fair employment practices including, for example, establishing work environments free from discrimination and harassment. The Mitsubishi Estate Group Code of Corporate Conduct also explicitly prohibits the use of unlawful child labor for our own operations and by our suppliers.

### **5. Reference to international standards**

In March 2020, the Asset Management Company became a signatory to the Principles for Responsible Investment ("PRI"), which consists of an international network of investors that works to realize the Six Principles established for the finance industry in 2006. PRI is promoted through the United Nations Environment Program and the United Nations Global Compact, and encourages investors to incorporate ESG issues into investment decision-making processes.

In December 2021, the Asset Management Company also signed on as an official supporter of the Task Force on Climate-related Financial Disclosures (“TCFD”) as a guiding framework for companies to show how they are responding to climate change and provides disclosures of our alignment with TCFD’s four core elements: governance, strategy, risks & opportunities and targets & metrics. The Asset Management Company also joined the TCFD consortium, an organization bringing together TCFD supporters in Japan. In March 2023, MEL has formulated the roadmap for reducing GHG emissions based on the TCFD recommendations, and disclosed the disclosure items based on the four core elements of the TCFD recommendations on our website: <https://mel-reit.co.jp/en/esg/environment/climate.html>.

## **6. Historical comparison**

See Table 1, Table 2 and Table 3 above.