


PRINCIPAL ADVERSE IMPACT STATEMENT

The following is the adverse sustainability impact statement of Mitsui Fudosan Logistics Park Inc. (“MFL”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). MFL 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 Mitsui Fudosan Logistics REIT Management Co., Ltd. (the “Asset Management Company”), to manage and operate the properties in MFL’s portfolio. MFL and the Asset Management Company are hereinafter referred to collectively as “we”, “us” or “our”. References to “fiscal year” or “FY” are to the 12 months began or beginning April 1 of the year, unless noted otherwise.

1. Summary

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 February 1, 2022 to July 31, 2022. The statement will be reviewed at least once during every year.

Mitsui Fudosan Co., Ltd. and its subsidiaries and affiliates (collectively, the “Group”), to which we belong, is committed to social and economic development as well as global environmental preservation under the principles of harmony and coexistence, while working to link diverse values and achieve sustainable society as represented by its “” corporate logo. Under the Group’s “&EARTH” principle, the Group recognizes the need to create neighborhoods that remain in tune with global environmental concerns. This principle therefore reflects the Group’s aim to establish a society that enriches both the people and the planet. Pursuant to the Group’s long-term management vision, VISION 2025, the Group is working to achieve sustainable society by addressing environmental, social and governance, or ESG, issues while driving continual profit growth. MFL and the Asset Management Company share the Group’s ESG management principles and are proactively implementing ESG initiatives.

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 to risk and value creation for our 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 our portfolio.

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.

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 risk 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, it is our intention that more indicators will be added.

Table 1

Principal adverse sustainability impacts statement

MFL does not invest in investee companies, but invest in real estate. As adverse sustainability indicators 1-16 as contained in the Regulatory Technical Standard pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact in 2021 (From January 1, 2021 to December 31, 2021)	Impact in 2020 (From January 1, 2020 to December 31, 2020)	Explanation	Actions taken
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	We do not invest in real estate assets involved in the extraction, storage, transport 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, 2021, 10.3% of our properties, including properties in which we hold quasi co-ownership interests, were not “Green Buildings” (as defined to the right) based on gross floor area (we count properties with expired certifications unless there is reason to believe that	As of December 31, 2020, 19.9% of our properties, including properties in which we hold quasi co-ownership interests, were not “Green Buildings” (as defined to the right) based on gross floor area (we count properties with expired certifications unless there is reason to believe that	To track the environmental performance of our properties, we rely on certifications issued by third-party organizations, such as the Development Bank of Japan’s (“DBJ”) Green Building Certification, Building Energy-efficiency Labeling	We implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining environmental certifications such as DBJ or CASBEE. After receiving 5 stars from BELS for Yokohama Daikoku

			such properties are no longer environmentally friendly to the same degree as Green Buildings).	such properties are no longer environmentally friendly to the same degree as Green Buildings).	System (“BELS”) certification, and other equivalent certifications. We call our property that receives sufficient level of such certifications a “Green Buildings”. With respect to DBJ certifications, we consider a property to have sufficient environmental certification if it received 3 stars or higher out of DBJ’s 5-star ranking system. With respect to BELS, we consider a property to have sufficient environmental certification if it received 4 stars or higher out of BELS’ 5-star ranking system.	Building, we installed LED lighting on the property, which resulted in ZEB Ready status. We are steadily working toward acquiring DBJ/BELS certifications so that 95% of our logistics properties will be certified.
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Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
Indicators applicable to investments in real estate assets		

Climate change	<p>18. GHG emissions</p> <p>Scope 1 GHG emissions generated by real estate assets were 15 t-CO₂ (in FY2020) and 16 t-CO₂ (in FY2021). Scope 2 GHG emissions generated by real estate assets were 3,451 t-CO₂ (in FY2020) and 3,799 t-CO₂ (in FY2021). Scope 3 GHG emissions generated by real estate assets were 17,499 t-CO₂ (in FY2020) and 19,905 t-CO₂ (in FY2021). Total GHG emissions generated by real estate assets were 20,965 t-CO₂ (in FY2020) and 23,720 t-CO₂ (in FY2021).</p> <p>We aim to reduce GHG emissions intensity of our portfolio by 30% between FY2016 and FY2030.</p> <p>We have also increased use of renewable energy through installation of solar panels. The amount of electricity generated by the solar panels installed at our properties (12 properties) was 18.9 GWh in FY2021.</p>	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
Waste	<p>20. Waste production in operations</p> <p>The total weight of waste emissions generated from our portfolio was 13,322 t (in FY2020) and 14,187 t (in FY2021).</p> <p>To make effective use of limited water resources, we promote efforts to save water and have introduced water-saving equipment at our properties (4 properties). We also contribute to the establishment of a recycling-oriented society with 3R (reduce, reuse and recycle) efforts to curb the use of wastewater and waste materials discharged from buildings. We are working with tenants to raise awareness of our 3R and water conservation efforts by displaying posters in buildings (11 properties with such posters). 4 of our properties are equipped with facilities to reuse well water, and we are working to reduce the amount consumed from water sources.</p>	<p>Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract</p> <p>All of our properties have been equipped with facilities for waste sorting and are covered by a waste recovery or recycling contract.</p>

Table 3

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

MFL 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 our 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 and the tenants of the properties in our portfolio, to the extent available.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
Indicators applicable to investments to the Asset Management Company or tenants		
Social and employee matters	<p>4. Lack of a supplier code of conduct</p> <p>We require vendors in our supply chain not only to efficiently deliver to us goods and services, but also to consider their impact on the environment and society. When purchasing goods or services and/or selecting a vendor, we consider their impact on sustainability and the vendor's sustainability initiatives before making decisions on whether to make the purchase or enter into a relationship with the vendor.</p>	<p>Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)</p> <p>The Asset Management Company has a supplier code of conduct.</p>
	<p>5. Lack of grievance/complaints handling mechanism related to employee matters</p> <p>In cooperation with the Group and tenants, we conduct a tenant satisfaction survey once every 3 years in order to gather feedback, which is used to ensure that our properties provide comfortable, safe and secure space for tenants and other facility users.</p>	<p>Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters</p> <p>The Asset Management Company has a grievance/complaints handling mechanism, which is also available for all of our tenants.</p>
	<p>6. Insufficient whistleblower protection</p> <p>The Asset Management Company has established internal and external contact points for consultation based on its internal consultation and whistleblowing regulations. The system enables officers and employees to anonymously report organizational or individual behavior that violates applicable laws and regulations (behavior that violates or is suspected of violating laws, corporate ethics, and internal rules such as the compliance manual) to the Chief Compliance Officer (or for matters concerning the Chief Compliance Officer, the President) or outside counsel. These regulations are designed to help ensure compliance with applicable laws and regulations. We are required to determine and execute appropriate measures for reported matters, and whistleblowers are protected by the Whistleblower Protection Act of Japan.</p>	<p>Share of investments in entities without policies on the protection of whistleblowers</p> <p>All of the Asset Management Company's officers and employees are provided whistleblower protection.</p>
	<p>7. Incidents of discrimination</p>	<p>1. Number of incidents of discrimination reported in investee</p>

	<p>The Asset Management Company prohibits discrimination or unfair treatment based on nationality, social status, race, belief, gender, age, disability, sexual orientation, gender identity, education, marriage status, employment type or any other reason not related to business. In addition, no harassment in any form is allowed in the workplace.</p> <p>The Asset Management Company holds regular training on harassment and discrimination for employees.</p>	<p>companies expressed as a weighted average</p> <p>No discrimination has been reported by any of the Asset Management Company's officers or employees.</p>
		<p>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</p> <p>No discrimination has been reported by any of the Asset Management Company's officers or employees.</p>
Human Rights	<p>9. Lack of a human rights policy</p> <p>We and the Asset Management Company have adopted the sustainable procurement standards and human rights policy established by Mitsui Fudosan Co., Ltd, our sponsor (the "Sponsor"). In addition, we and the Asset Management Company support the Universal Declaration of Human Rights and the International Covenant on Human Rights, and support and respect the fundamental rights related to labor set forth in the ILO Declaration on Fundamental Principles and Rights at Work.</p>	<p>Share of investments in entities without a human rights policy</p> <p>The Asset Management Company has a human rights policy.</p>
	<p>14. Number of identified cases of severe human rights issues and incidents</p> <p>The Asset Management Company's Sustainable Procurement Policy incorporates respect for human rights into the selection and evaluation standards used to choose services and business partners in the portfolio value chain.</p> <p>There was no serious violation of labor-related laws or regulations during the period from April 1, 2021 to March 31, 2022.</p>	<p>Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis</p> <p>No severe human rights issue or incident has occurred at the Asset Management Company.</p>
Anti-corruption and anti-bribery	<p>15. Lack of anti-corruption and anti-bribery policies</p> <p>We and the Asset Management Company have established the Compliance Manual to prohibit entertaining or giving gifts to business partners or related parties in excess of moderation, entertaining or giving gifts for the purpose of influencing the judgment of the other party, and entertaining or giving gifts to public officers or employees.</p> <p>The Compliance Manual also prohibits receiving entertainment or gifts exceeding moderation within the</p>	<p>Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption</p> <p>The Asset Management Company has compliance policies</p>

	<p>company or from business partners or related parties, or accepting, requesting or promising bribes (entertainment or gifts that exceed moderation) to business partners or related parties, or making special arrangements based on the foregoing.</p>	<p>addressing anti-corruption and anti-bribery that apply to all of its officers and employees.</p>
	<p>17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws</p> <p>We and the Asset Management Company have established the Compliance Manual to prohibit entertaining or giving gifts to business partners or related parties in excess of moderation, entertaining or giving gifts for the purpose of influencing the judgment of the other party, and entertaining or giving gifts to public officers or employees.</p> <p>The Compliance Manual also prohibits receiving entertainment or gifts exceeding moderation within the company or from business partners or related parties, or accepting, requesting or promising bribes (entertainment or gifts that exceed moderation) to business partners or related parties, or making special arrangements based on the foregoing.</p> <p>There were no serious violations of applicable laws or regulations or fines, surcharges or settlements from April 1, 2021 to March 31, 2022 for violation of anti-corruption and anti-bribery laws.</p> <p>No employees were disciplined or dismissed for violation of anti-corruption and anti-bribery laws from April 1, 2021 to March 31, 2022.</p>	<p>Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies</p> <p>Neither the Asset Management Company nor, to the best of our knowledge, tenants have been subject to any convictions or fines for violations of anti-corruption or anti-bribery laws.</p> <p>None of the Asset Management Company or its officers and employees have been convicted or fined for violations of anti-corruption or anti-bribery laws.</p>

For descriptions of actions which MFL takes and will take with respect to the PAI indicators, please refer to our ESG website with respect to MFL: <https://www.mflp-r.co.jp/en/sustainability/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 our 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 taken into consideration as one of the factors in making a comprehensive investment decision.

In January 2021, we strengthened our funding base through the establishment of a Sustainable Finance Framework, which allows us to expand our investor base to include those interested in ESG investment and financing and further promote our sustainability.

To track the environmental performance of our properties, we rely on “Green Buildings” certifications. With respect to DBJ certifications, we consider a property to have sufficient environmental certification if it received 3 stars or higher out of DBJ’s 5-star ranking system. With respect to Comprehensive Assessment System for Built Environment Efficiency (“CASBEE”) certification, we consider a property to have sufficient environmental certification if it received an A Rank or higher out of the CASBEE ranking system featuring Rank S (excellent), Rank A (very good), Rank B+ (good), Rank B- (slightly inferior) and Rank C (inferior). With respect to BELS certification, we consider a property to have sufficient environmental certification if it received a 4 stars or higher out of BELS’ 5-star ranking system. With respect to Zero Energy Building (“ZEB”) certification, we consider a property to have sufficient environmental certification if it received ZEB Ready or higher out of the ZEB ranking system featuring ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented. ZEB Ready is awarded to buildings that achieve primary energy reduction of 50% or higher. As of July 31, 2022, 92.5% of our properties were Green Buildings and 52.0% of our properties, including properties in which we hold quasi co-ownership interests, had obtained ZEB based on gross floor area (including properties with expired certifications unless there is reason to believe that such properties are no longer environmentally friendly to the same degree as Green Buildings).

Under our Sustainable Finance Framework, a property that has received or is expected to receive any of the following certifications from a third-party certification program is an “Eligible Green Asset”:

- 1) DBJ Green Building Certification: 3 stars or higher (top 3 certification levels)
- 2) BELS Certification: 3 or more (top 3 certification levels)
- 3) CASBEE Appraisal: B+ or higher (top 3 certification levels)
- 4) LEED Certification: Silver, Gold or Platinum (top 3 certification levels)
- 5) Top 3 certification levels from any other third-party certification program

When conducting due diligence review of a property, we also consider the property’s social value. Under our Sustainable Finance Framework, any new or existing property that meets 2 or more of the following criteria is an “Eligible Sustainable Asset”:

- Urban development: The land contributes to urban development (*machi-zukuri*) of the surrounding area such as by providing recreational green space that meets the needs of the local community;
- Access to essential services for daily life: (i) real estate with adequate countermeasures to disasters, for example, based on its use as an evacuation center, or has emergency supplies for local residents; or (ii) real estate that contributes to the local community, for example, based on its use as an authorized nursery center; and
- Socio-economic improvement and empowerment: Contributions to local community and economy such as through tenants’ job creation and use of local companies in construction projects.

For further information, please refer to our ESG website: <https://www.mflp-r.co.jp/en/sustainability/index.html>

4. Engagement policies

Due diligence and screening

The Asset Management Company's investment decision-making process involves assessment of material ESG-related risks and opportunities to ensure that our sustainable investment strategy is implemented. With each acquisition opportunity, we and the Asset Management Company review ESG-related due diligence findings and take into account the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment. These findings are required to be considered by the Management Committee chaired by the President of the Asset Management Company before a final decision is made on the investment. We will not invest in properties which have environmental hazardous substances or land pollution beyond an established threshold.

We monitor energy consumption, electricity consumption, water consumption, waste as well as CO2 emissions, the data with respect to which are reviewed by outside experts on a regular basis to reduce our environmental burden. We also conduct a tenant satisfaction survey once every 3 years to gather feedback used to ensure that our properties provide comfortable, safe and secure space for tenants and other facility users.

Engagement

We have standardized environmental provisions, which we refer to as "Green Lease" provisions, in the leases with our tenants. Our Green Lease provisions include a clause for our tenants to collaborate with us to implement measures for energy conservation and environmental preservation. Our Green Lease provisions require the tenant to provide us with data on the use of the property (including, but not limited to, data on electricity, gas, and water used in the property). We strive to proactively increase the number of lease agreements with Green Lease provisions by negotiating with new tenants or, at the time of lease renewal, existing tenants.

In the procurement of goods and services for our businesses, we require vendors in our supply chain not only to efficiently deliver to us goods and services, but also to consider their impact on the environment and society. When purchasing goods or services and/or selecting a vendor, we consider their impact on sustainability and the vendor's sustainability initiatives before making decisions on whether to make the purchase or enter into a relationship with the vendor.

5. References to international standards

The Sponsor has joined the United Nations Global Compact, endorsed the Task Force on Climate-related Financial Disclosure, and signed RE100. We and the Asset Management Company share the same ESG principles expressed through these international standards and have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") since January 2022, which works to promote disclosure of risks and opportunities faced by companies in relation to climate change. And the Asset Management Company is also active in the TCFD Consortium, which brings together Japanese companies who have endorsed the TCFD recommendations.

6. Historical comparison

See Table 1 and Table 2 above.