

— CSR

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- > Tokyu Fudosan Holdings Group Code of Conduct
- > Identification of Materialities & Opportunities and Risks
- > Tokyu Fudosan Holdings Group's ESG Management
- > A Commitment from Top Management

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In order to achieve sustainable growth and increase corporate value over the long term, we have positioned ESG (environment, society, governance) as a key management issue and practice ESG management in accordance with the Group CSR vision of raising the level of satisfaction among stakeholders by finding solutions to social issues through our business activities.

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CSR Vision

We will work on creating solutions for social issues through our business activities and in the process enhance the satisfaction of stakeholders.

We find ourselves surrounded by a host of different challenges, spanning from environmental issues, such as global warming and ecosystem conservation, to social issues, such as aging society and a declining birthrate, as well as the need to reinforce compliance and risk management. Given this, the corporate social responsibility (CSR) of the Tokyu Fudosan Holdings Group is defined as promoting initiatives that leverage resources through its business activities to solve social challenges and enhance the satisfaction of stakeholders in the process. For this reason, we share the Tokyu Fudosan Holdings Group CSR Vision with all subsidiaries and consider CSR to be an important management task for which we are promoting initiatives through our core business.

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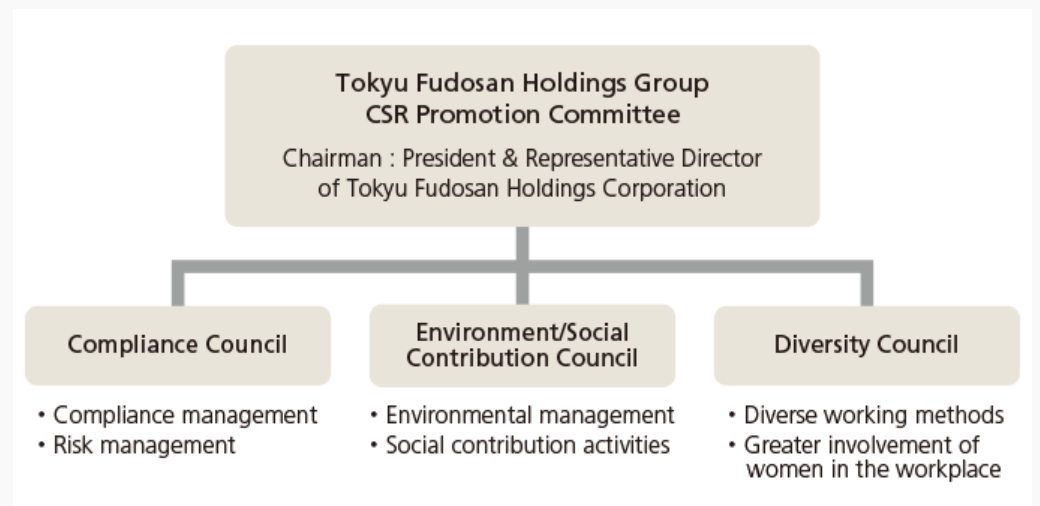


CSR Promotion Structure

The Tokyu Fudosan Holdings Group has established the CSR Promotion Committee headed by the President & Representative Director in order to implement initiatives aimed at addressing various CSR issues.

We have established three councils, namely the Compliance Council, Environment/Social Contribution Council, and Diversity Council, as subcommittees of the CSR Promotion Committee, that lead management activities across the entire Tokyu Fudosan Holdings Group in their respective areas of focus.

Organization chart of CSR promotion



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Tokyu Fudosan Holdings Group Code of Conduct

We have established the Tokyu Fudosan Holdings Group Code of Conduct as a set of action guidelines for all executives and employees to follow. The Code of Conduct documents action principles for all executives and employees in order for the Tokyu Fudosan Holdings Group to always be trusted by stakeholders. In addition to compliance, the Code of Conduct also addresses the environment and society to encourage responsible efforts within the group for helping society and the group to achieve sustainability.

1. Compliance with Laws and Regulations and Fair Trading	2. Ensuring Customer oriented Awareness	3. Suitable Execution of Duties	4. Proper Management of Information	5. Ensuring Good Faith in Business Conduct
<ul style="list-style-type: none"> ● Ensure compliance with applicable laws and regulations. ● Ensure best practice in material procurement and fair trade. ● Ensure compliance with fiduciary responsibility in the execution of duties. ● Never connect with antisocial forces. 	<ul style="list-style-type: none"> ● Identify customer needs and develop products to meet their needs. ● Prompt and dedicated response to customers' comments and requests. ● Customers' safety and security comes first when providing products and services. ● Provide a suitable and appropriate explanation and marketing of our products and services. 	<ul style="list-style-type: none"> ● Responsible execution of duties, keeping concepts of "speed" and "evolution" in mind. ● Nurture organization culture of placing emphasis on "Collective wisdom." ● Take advantage of combined strength of the corporate group. ● Ensure proper decision making process. ● Proper management of rules. ● Proper negotiations with business associates. 	<ul style="list-style-type: none"> ● Operate appropriate document and information management systems. ● Proper management of confidential information and compliance with confidentiality obligation. ● Prohibit insider trading. ● Timely and appropriate information disclosure and PR activities. ● Internal control to ensure proper accounting and financial reporting 	<ul style="list-style-type: none"> ● Preserve corporate assets. ● Ensure a robust, safe, and comfortable working environment. ● Respect human rights. ● Contribution to society and consideration of the environment. ● Reasonable business entertaining and gift-giving. ● Clear distinction between business and personal matters.

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Identification of Materialities & Opportunities and Risks

When formulating the Medium-Term Management Plan, the Tokyu Fudosan Holdings Group identified key social issues that will be important to the Group over the long term and then identified materialities while taking into consideration the opinions of experts with advanced knowledge regarding the low birthrate and aging society, lifestyles, the environment, work styles, and ESG investment. We verified opportunities and risks in our business activities associated with these key issues with an awareness of social problems that affect the Group. In order to achieve sustainable increases in value, we will undertake measures to address social issues through our business activities in accordance with the Value Frontier 2020 Medium-Term Management Plan.

Selection Process

Step 1 Determination and organization of social issues

When identifying key issues, the Group ascertained social issues while making reference to the Group's management plans, the GRI Guidelines, ISO 26000, the Sustainable Development Goals, issues recognized by the Japanese government and economic organizations, and other information, and generated a long list comprising 470 items.



Step 2 Integration and consolidation of issues

We integrated and consolidated the 470 social issues by organizing similar items and taking into account relevancy to the Group. Based on the results, we tentatively evaluated importance based on relevancy to the Group's value creation process and stakeholder expectations and demands and identified 31 materialities.

Step 3 Interviews of management staff and experts

We conducted interviews of management staff and experts with high levels of knowledge in specialized fields. We also gathered opinions regarding the importance of social issues from within the Company and society.

Management	Comment
<p>President and Representative Director Yuji Okuma</p>	<ul style="list-style-type: none"> Sound and sustainable management requires an emphasis on the opinions of independent outside directors, arrangement of issues, and investigation of the details of measures. Sound and sustainable management requires an emphasis on the opinions of independent outside directors, arrangement of issues, and investigation of the details of measures.
<p>Director, Operating Officer Hironori Nishikawa Responsible for general administration divisions</p>	<ul style="list-style-type: none"> In a society with an aging population and advances in the Internet of things (IoT), business will be born from services that combine various issues and can be provided in an integrated manner When engaging in the resort business, it is necessary to take measures to mitigate environmental impact from business activities with regard to the issue of climate change.

Specialized Field Expert	Comment
<p>Low Birthrate, Aging Society Tomoo Matsuda Research Director and Chief Producer Platinum Society Center, Mitsubishi Research Institute, Inc.</p>	<ul style="list-style-type: none"> It is important to create business from means of preventing the elderly from needing nursing care (such as sports, diet, and lifelong learning)—in other words, the perspective of preventing rather than addressing issues. In an aging society, there is potential for the Internet of things (IoT) including the use of big data relating to health to play extremely important roles and become a new growth business.
<p>Living/Lifestyles Research institution (anonymous)</p>	<ul style="list-style-type: none"> It is important to consider what type of space people will come to in order to spend their time. Businesses need to realize that minority groups are becoming the majority (e.g., unmarried persons, double-income no-kids households, at-home workers)
<p>Environment Shiro Wakui Professor, Department of Environmental and Information Studies, Tokyo City University</p>	<ul style="list-style-type: none"> Platform-like spaces and services that can change flexibly according to the diversity of individual consumers will be expected in the future. The key is how to create value with environmental measures.
<p>Work Styles Keiko Tsuchiya General Manager, Personnel Division and Director, Adecco Ltd.</p>	<ul style="list-style-type: none"> With regard to changes in work styles, emphasis will be placed on flexible working styles not limited to a single site, such as work from anywhere (a work style whereby employees can work not just at a single office, but also at home, satellite offices, and other locations). As society becomes increasingly diverse, there will be calls for this to be reflected in buildings and the environment.
<p>ESG Investment Masaru Arai Chairman, Japan Sustainable Investment Forum (JSIF)</p>	<ul style="list-style-type: none"> What is currently being emphasized with regard to ESG investment is governance. Whether boards of directors are functioning properly is being called into question. Policies, plans, and structures must be formulated, PDCA implemented, and the information disclosed.

* Titles are as of June 2016 when the interviews were conducted.

Step 4 Identification of Materialities

Based on the interview results, we verified the appropriateness of the importance of each issue that should be prioritized by the Group. The evaluation results were plotted and organized as a materiality map and categorized into seven groups. The materialities were reported to the Board of Directors by the CSR Promotion Committee and identification was finalized.



Materialities of the Tokyu Fudosan Holdings Group TOKYU

Materialities	Opportunities	Risks
<p>Economic, political, and regulatory changes</p> <p>Issues of social security by the Japanese government, privatization, uncertainty in the global economy, and other factors will have major impacts on business opportunities and capital procurement</p>	<ul style="list-style-type: none"> • Capturing new business opportunities 	<ul style="list-style-type: none"> • Risk of long-term interest rate increases
<p>Diversification and globalization of lifestyles</p> <p>As an urban development enterprise, diversification in life and work styles, increasing importance of multifaceted responses to consumer needs, invigoration of local communities, and other changes will have major impacts on business opportunities.</p>	<ul style="list-style-type: none"> • Inbound demand • Expanded Opportunities for Overseas Business 	<ul style="list-style-type: none"> • Decline in total domestic demand (diversification of demand)
<p>Safety and Security in Local Communities and Urban Areas</p> <p>As a real estate developer, the increase and aging of existing stock and rising need to respond to disasters will have a major impact on business opportunities</p>	<ul style="list-style-type: none"> • Expansion of markets related to existing stock • Accelerated privatization of public asset processing and operation 	<ul style="list-style-type: none"> • Issue of vacant homes • Deterioration of existing stock
<p>Progression of a low birthrate and aging society</p> <p>As a Group that develops business in residences and senior housing, the low birth rate, aging population, and declining population in Japan will have a major impact on business opportunities</p>	<ul style="list-style-type: none"> • Increasing demand related to seniors 	<ul style="list-style-type: none"> • Falling demand in conjunction with the decline of the working age population
<p>IoT & Innovation</p> <p>As a company that provides both products and services, advances in IoT technology will have a major impact on innovation and changes in business models</p>	<ul style="list-style-type: none"> • Business Innovation 	<ul style="list-style-type: none"> • Lowering of barriers to entry into existing business fields, delayed market entry, and increasingly rigorous information security and control
<p>More stringent social demands</p> <p>Diverse demands from consumers, corporate governance, and various other factors will have a major impact on management systems</p>	<ul style="list-style-type: none"> • Increase in non-financial value 	<ul style="list-style-type: none"> • Increasingly stringent responses to various types of risk
<p>Changes in the natural environment</p> <p>As a company that performs urban development, changes in infrastructure development and investor interests in conjunction with intensifying climate change will have a major impact on business opportunities and continuity</p>	<ul style="list-style-type: none"> • Expansion of environmental markets 	<ul style="list-style-type: none"> • Expansion of climate change risks



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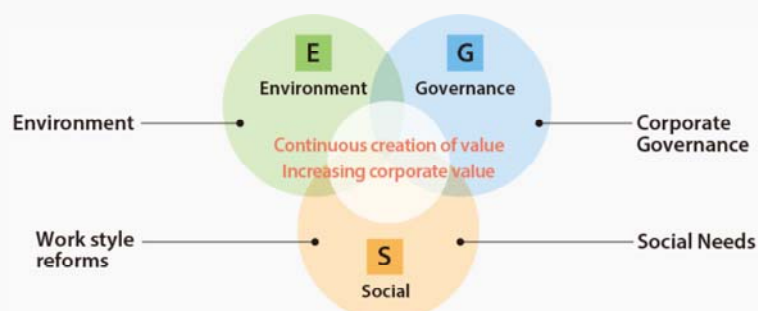
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Tokyu Fudosan Holdings Group's ESG Management



KPI Targets for Fiscal

Item		Fiscal 2020 Targets	Fiscal 2016 results	
E Environment	Environment	CO ₂ emissions	25% reduction compared to fiscal 2005	-20% reduction compared to fiscal 2005
		Water use	25% reduction compared to fiscal 2005	+10% reduction compared to fiscal 2005
		Waste emissions	25% reduction compared to fiscal 2005	+0.7% reduction compared to fiscal 2005
		Acquisition of environmental certifications such as CASBEE and DBJ	100%	100%
		Green buildings (roofs, walls, etc.)	100%	100%
		Midori wo Tsunagu Project	2,000ha	1,223ha
		S Social	Work style reforms	Working hours
Percentage of employees who undergo stress tests	100%			85.3%
Percentage of female hires	At least 30%			41.6%
Percentage of female managers	(Internal target)			5.7%
Percentage of disabled employees	2.2%			1.96%
Percentage of employees who undergo physical examinations	100%			98.2%
Social needs	Securing space for use during disasters* ¹			100%
	Building certified under the Barrier Free Act* ¹	100%	100%	
	Condominiums with stockpiles of disaster relief goods* ²	100%	100%	
	Persons who are nursing care workers or have other professional qualifications* ³	80%	67%	



Item		Fiscal 2020 Targets	Fiscal 2016 results	
G Governance	Corporate governance	Number of outside directors	At least 1/3 (approximately 33%) 3/13 (23%)	
		Board of Directors meeting attendance rate	100%	100%
		Female directors	At least one person	0
		Compliance with the Compliance Code of Conduct	100%	94%
		Awareness of the Compliance Helpline Counter	100%	74%

*1. Tokyu Land Corporation office buildings, commercial facilities, and new large properties

*2. Tokyu Land Corporation new condominiums

*3. Nursing care workers