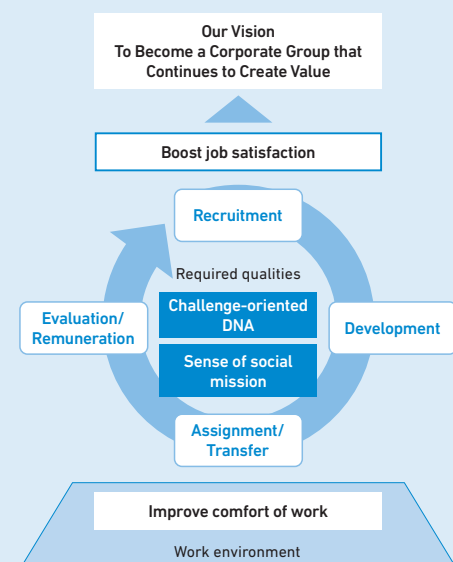


Foundations Supporting Our Sustainable Growth

Human Capital Strategy

To improve our competitiveness it is important that we cultivate an organizational climate under which the spirit of Challenge-oriented DNA is inherited and vitality is generated. Our human capital strategy seek to develop an organizational climate that empowers employees who understand their missions in society to act, with each employee to demonstrating their capabilities to the full.

Basic Approach



In order to continuously provide new value to customers at the Tokyu Fudosan Holdings Group, we believe that our employees should remain highly aware of social issues in their daily activities and take on challenges to address them. To achieve this, we will build a comfortable work environment and have a human capital management utilizing our systems for employment, development, assignment/transfer, and evaluation/remuneration, aiming to improve the job satisfaction of each employee.

Management Structure

- We manage each issue regarding our human capital strategies in a Group-wide manner, through the activities of the Group Human Capital Council and other initiatives.
- We have set target values for each key issue, and examine progress based on KPIs.
- We share labor management information related to occupational health and safety through the Group Labor Liaison Committee.
- We monitor employees to ensure they receive stress checks and health examinations.
- We provide training to raise health awareness.

Division with Authority and Responsibility

Group Human Resources Department

KPI targets

See P.35

Initiatives on Human Capital Management

Recruitment Our policy is to employ human capital who are willing to take on challenges and have a sense of mission and responsibility to solve social issues. Each company employs human capital that have the qualities required by the Group. We also hold Group joint briefing sessions and similar events to create opportunities to recruit and assess a wide range of candidates. In these activities, we attach importance to diversity of values during recruiting activities.

Development We develop human capital who identify social issues and customer needs to suggest new sources of value. We also provide specialized training to develop specialists in each business domain. We intend to improve the DX literacy of our employees through e-learning and other training initiatives, in addition to creating horizontal relationships beyond boundaries that exist between individual companies through joint new employee training programs and other similar efforts.

Evaluation/Remuneration We have established evaluation and remuneration systems that are appropriate for each company and business. Our evaluation is based on not only the achievement of short-term profit targets and initiatives taken from medium- and long-term perspectives, but also activities maintaining an awareness of social issues and a stance that takes on challenges by thinking outside the box. We evaluate individuals from multiple perspectives, including through behavioral evaluations, evaluation of the capabilities they demonstrate, a 360-degree evaluation, and other methods, in our attempt to ensure their development as human capital.

Assignment/Transfer We provide diverse options to support the development of individual employees. Each company has introduced a rotation system, FA/open recruitment program, a Challenge Post system, and other initiatives that enable us to assign diverse, autonomous individuals to the right positions, to increase our organizational strength.

Creation of an Environment for Greater Comfort at Work

Basic Policy With an awareness of the PDCA cycle, we are moving ahead with initiatives to create an environment that enables the Group's diverse human capital to enjoy their work.

Health and Productivity Management The good physical and mental health of employees is the foundation for the sustainable growth of a company, and the extension of healthy life expectancies leads to the fulfillment of demands from society. Tokyu Fudosan Holdings Corporation was selected by the 2020 Health & Productivity Stock Selection program in recognition of the Group's diverse initiatives. In addition, SHIBUYA SOLASTA, where our headquarters is located, has obtained preliminary WELL certification.

Work-Style Reform To improve employee productivity, we are reinforcing our IT infrastructure and improving business efficiency through DX, including a shift to paperless offices and the introduction of RPA. We are also moving ahead with corporate climate reforms with the goal of creating a vibrant workplace.

Diversity and Inclusion We respect the diversity of our employees as we work to utilize our human capital. We have been selected to be a constituent of the MSCI Japan Empowering Women Index (WIN) in recognition of our initiatives promoting the active participation of women.

Improving Engagement We regularly conduct engagement and employee satisfaction surveys, which are designed with the characteristics of each company firmly in mind. We visualize engagement between the organization and its employees to identify issues as they arise aiming to increase organizational strength.

Foundations Supporting Our Sustainable Growth

Social Needs

The Tokyu Fudosan Holdings Group sees the social issues that various stakeholders must resolve, such as neighborhood safety and security, as social needs. We are working to resolve these issues through our businesses and focusing on the development of a sustainable, enriched society.

Basic Approach

The Group believes that creating products and services that can resolve social issues and making them widely available will lead to the development of an enriched society and sustainable companies. We strive to understand increasingly diverse social issues and needs, including the pursuit of safety and security and regional revitalization, and work in collaboration with all stakeholders toward the creation of a sustainable and prosperous society through our business activities.

Management Structure

- We have established the Sustainability Committee, which is under the direct authority of the president and representative director.
- The committee conducts Group-wide management and promotes individual projects to resolve social issues and create value through business in areas such as urban revitalization, reducing environmental impact, and creating barrier-free buildings.
- Targets are set in each business department and progress is monitored based on KPIs.

Division with Authority and Responsibility

Each business department

KPI targets

See P.35

Initiatives to Ensure Respect for Human Rights

Human Rights Policy and Sustainable Procurement Policy At the Tokyu Fudosan Holdings Group, we have established a Human Rights Policy and a Sustainable Procurement Policy in accordance with the Group's Code of Conduct. We move ahead with business activities to build a sustainable, prosperous society in every stage of the supply chain.

Enhancement of Technical Intern

Training for Foreigners

In 2017, TOKYU BLDG. MAINTENANCE began working with the Technical Intern Training Program in its building cleaning business. As of March 2020, the company has accepted 47 foreign technical interns from Vietnam and Indonesia. The parent company of TOKYU BLDG. MAINTENANCE, TOKYU COMMUNITY CORP., has subsidiaries in these countries. TOKYU BLDG. MAINTENANCE is working to strengthen and enhance its programs, with a view toward these interns applying their knowledge and skills in their home countries and taking other initiatives.



SDG Initiatives

Support for SDG Education for Students In April 2020, NATIONAL STUDENT INFORMATION CENTER CO., LTD. began its SDGs PBL Program, an educational program for students living in Kuritaya Academia, a Kanagawa University residence hall for international students. The goal of the program is to develop human capital who work toward the achievement of the SDGs. NATIONAL STUDENT INFORMATION CENTER CO., LTD. plans and executes basic and practical programs, facilitates overall training programs, and provides other support, in combination with managing the residence hall.

Specific SDG Initiatives TOKYU HANDS INC. engages in specific SDG initiatives through its business, including the introduction of products related to the SDGs. In addition, the company promotes internal understanding of the SDGs and improves its employees proposal activity through activities including training to improve the capabilities of general managers, store managers, and higher-ranked employees and the production of videos by employees to raise their awareness of the SDGs.

Pursuit of Safety and Security

Addressing the Issue of Vacant Homes In 2019, Tokyu Housing Lease Corporation launched its Prepaid Lease, a subleasing plan intended for the owners of condominiums and detached housing in the 23 wards of Tokyo and the areas served by Tokyu Railway Lines. This plan enables a part of five years of rent to be prepaid to owners on the condition that the money is used for the renovation of the property. This gives owners a financial ability they would not have had on their own to renovate their properties, thus promoting the active utilization of vacant homes.

Regional Revitalization

Demonstration of MaaS MaaS, one of the diverse means of providing transportation that is seen as promising, is a service that solves social issues in areas with aging populations. For three months from November 2019, TOKYU LAND CORPORATION and Tokyu Fudosan R&D Center Inc. conducted a MaaS demonstration experiment of between the Shibuya area and Kimi-no-Mori Golf Club. The purpose of this experiment was to make suburban resort facilities accessible to users in urban areas, thereby enriching the user experience. In addition, TOKYO PORTCITY TAKESHIBA, was commissioned by the Tokyo Metropolitan Government to conduct the Demonstration for the constructing a social implementation model of MaaS project. It is working on the project that is aimed at implementing a new mobility service.

Creation of Bustling Activities The Tsuruma Park Life Partners under which ISHIKATSU EXTERIOR INC. serves as the representative company, has been commissioned by the city government of Machida to implement the designated works at Tsuruma Park. Tsuruma Park is a vast urban park approx. 7.1 hectares in area. It is a part of the Minami-Machida Grandberry Park, which has been redeveloped by being integrated with commercial facilities directly connected to the station and other facilities. ISHIKATSU EXTERIOR INC. aims to leverage the expertise it has cultivated to create new bustling activity in the area.



Foundations Supporting Our Sustainable Growth

Environment

The Tokyu Fudosan Holdings Group recognizes that environmental issues such as climate change are important issues that have a major impact on business continuity. Based on our Environmental Vision established in 1998, we are implementing ongoing initiatives to address environmental issues through our business activities.

Basic Approach

The Group understands that five environmental issues – climate change, biodiversity conservation, pollution and resources, water use, and supply chains – can have a major impact on business activities. The Group seeks to actively solve these issues in the development and operation of business sites and office buildings, commercial facilities, resort facilities and other properties. Believing that business which excels in environmental initiatives will enhance competitiveness and create new business opportunities, the Group cooperates with various stakeholders including design companies, construction companies, and customers to carry out ongoing measures.



Management Structure

- We have established the Sustainability Committee, which is under the direct authority of the president and representative director. The committee conducts Group-wide management for each of the environmental issues.
- Targets are set for CO₂ emissions, waste generation, and water use, and progress of KPIs is monitored.

Division with Authority and Responsibility | Related departments in each company | KPI targets | See P.35

Environmental Vision (Basic Policy developed in 1998, revised in 2015)

- Environmental Philosophy** We will create value to connect cities and nature, and people with the future.
- Environmental Policy** We will make efforts to harmonize the environment and the economy through business activities.
- Environmental Action** We will tackle five environmental issues from three viewpoints.

Three Viewpoints

- Publicize a goal and implement action
- Endeavor to implement progressive activities
- Conduct community-based activities in collaboration with local people

Five Environmental Issues

- Climate change
- Biodiversity conservation
- Pollution and resources
- Water use
- Supply chains

Climate Change

Renewable Energy Business TOKYU LAND CORPORATION conducts the renewable energy business under the brand name ReENE and contributes to the reduction of CO₂ emissions through solar power and wind power generation.

Participation in RE100 In 2019, TOKYU LAND CORPORATION joined the global corporate leadership initiative RE100, with a commitment to source 100% renewable energy by 2050.

Initiatives to Reduce CO₂ Emissions SHIBUYA SOLASTA, which was developed by TOKYU LAND CORPORATION, was placed in the S Rank of the CASBEE Smart Wellness Office Certification, a new Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for certifying office buildings designed in consideration of both health and the environment. TOKYU COMMUNITY CORP.'s Tokyu Community Technology Training Center NOTIA acquired Nearly ZEB certification under the Building-Housing Energy-efficiency Labeling System (BELS) led by the Ministry of Land, Infrastructure, Transport and Tourism.

Issuance of Green Bonds To enhance our environmental initiatives, in January 2020 we issued green bonds worth 10 billion yen in relation to SHIBUYA SOLASTA and ReENE Matsumae Wind Power Plant expenses. In addition, Activia Properties Inc. issued green bonds twice, totaling 9.0 billion yen, in fiscal 2019, and Comforia Residential REIT, Inc. issued 1.5 billion yen of green bonds in July 2020.

Biodiversity Conservation

Harmony with Nature SHIBUYA SOLASTA, where TOKYU LAND CORPORATION is a tenant, has established an ecological network and set up nest boxes to enable Parus major, birds commonly known as great tits, to nest on the grounds. The building zoning plan features a diverse selection of plant species on its rooftop terrace and the terraces on each floor to permit birds, insects, and other living organisms to make the property their home. In recognition of this initiative, the building acquired ABINC and *Edo-no Midori Touroku Ryokuchi*, registered green area in Tokyo certifications.

Planting Greenery in Urban Areas TOKYO PORTCITY TAKESHIBA, which was developed by TOKYU LAND CORPORATION and KAJIMA CORPORATION, includes Skip Terrace, which features diverse greenery and open spaces arranged in a stair-like manner. The Skip Terrace highlights *Takeshiba Shin Hakkei* (the eight new landscapes of Takeshiba), which are eight landscaped areas on the themes of the sky, bees, rice paddies, fragrances, vegetable gardens, water, islands, and rain. In creating this green environment, TOKYO PORTCITY TAKESHIBA, also furthers urban biodiversity initiatives in Japan.



Paddy field on the 4th floor of Skip Terrace



Initiatives on the Task Force on Climate-related Financial Disclosures (TCFD)

Support for TCFD Recommendations

We believe that climate change has a significant impact on our business activities and creates new business opportunities as well as risks. In light of the importance of climate-related financial disclosures, we announced our support for the TCFD recommendations* in March 2019. We also participate in the TCFD Consortium, an organization in Japan that discusses TCFD initiatives.



* TCFD recommendations are recommendations from the the Task Force on Climate-related Financial Disclosures, which was established in 2015 by G20's Financial Stability Board, requiring that companies investigate and disclose the financial impact of climate change.

Governance

At the Tokyu Fudosan Holdings Group, we have established the Tokyu Fudosan Holdings Sustainability Committee comprising operating officers and chaired by the president and representative director of Tokyu Fudosan Holdings Corporation. At its regular meetings, this committee evaluates and monitors risks and opportunities related to climate change. Committee agenda items are reported to the Board of Directors for approval.

Strategies

We analyze the risks and opportunities in our businesses created by climate change through the assumption of multiple climate change scenarios with 2030 and 2050 set as target years. Our specific initiatives include the reduction of GHG emissions, promotion of the renewable energy business, efforts to achieve RE100 (100% renewable energy), and the introduction of green bonds.

Assumed environmental changes	Transition risks		Physical risks	
	Introduction of carbon tax	Increasingly serious natural disasters	Rise in average temperature	
	Urban areas (2030 scenario) Greater importance of building environmental performance and BCP readiness		Resort areas (2050 scenario) Greater impact of abnormal weather	
2 °C scenario	<ul style="list-style-type: none"> ↑ Competitive advantage of buildings with high environmental performance ↓ Generation of carbon tax expenses 	<ul style="list-style-type: none"> ↑ Use of renewable energy ↓ Tougher GHG emission regulations for building construction and operation 	<ul style="list-style-type: none"> ↑ Spread of energy-saving technologies 	
4 °C scenario	<ul style="list-style-type: none"> ↑ Competitive advantage created by proactive introduction of BCP measures ↓ Increased damage to buildings caused by winds and floods 	<ul style="list-style-type: none"> ↑ New business opportunities created using existing assets ↓ Constraints on construction sites and building design caused by sea level rise and storm surges 	<ul style="list-style-type: none"> ↑ Differentiation from other facilities through the introduction of environmentally friendly equipment, etc. ↓ Shorter seasons for ski resorts attributed to reduced snowfall 	

2 °C scenario: To keep the climate change within a temperature rise of up to 2 °C, policies are strengthened and laws and regulations are made tougher, resulting in greater use of renewable energy. A scenario including increased regulatory risks is assumed. ↑ Positive financial impact
4 °C scenario: Progress in decarbonization is not achieved, and the average temperature rises by around 4 °C, resulting in increasingly serious natural disasters. A scenario including increased transition risks is assumed. ↓ Negative financial impact

Risk Management

Climate change risks which impact the Tokyu Fudosan Holdings Group are identified, assessed, and managed by the entire Group in an integrated manner through joint meetings of the Sustainability Committee and the Risk Management Committee. We have set KPI targets related to climate change issues by setting 2020 and 2030 as target years, in accordance with the material issues specified in the Medium-Term Management Plan and the Environmental Vision of the Tokyu Fudosan Holdings Group. We assess risk and manage the progress of related initiatives based on the KPI targets.

Indicators and Targets

In the process of assessing and managing climate change risk, we set and disclose indicators and targets regarding CO₂ emissions, energy consumption, water consumption, waste emissions, rate of acquisition of environmental certification among major buildings, rate of the greening of buildings, and the area of the forests that we preserve. We also ensure the accuracy and appropriateness of our Scope 1, 2, and 3 CO₂ emissions through third-party verifications.

Foundations Supporting Our Sustainable Growth

Corporate Governance

The Tokyu Fudosan Holdings Group places the utmost emphasis on ensuring thorough risk management and strict compliance and are enhancing the transparency and accountability of our management. We are constantly endeavoring to strengthen corporate governance in a bid to ensure bold and timely decisions.

Message from the Chairman of the Board of Directors

With the goal of being a corporate group that continues to create value, the Tokyu Fudosan Holdings Group is working to achieve sustainable growth and the medium- and long-term improvement of our corporate value under our Sustainability Vision, which states, "We solve issues in the society through our business activities and work with stakeholders to realize a sustainable society and growth." We are also working to build a governance system that achieves the goal of more agile group management based on sound management and transparency.

Seven years after transitioning to a holding company structure, the environment surrounding corporate management has changed significantly. Society demands good corporate governance more strongly than ever before. In anticipation of this trend, we established the Group Corporate Governance Guidelines in December 2018. We have since continued to push ahead with the optimization of the governance system in view of social conditions and the global business environment.

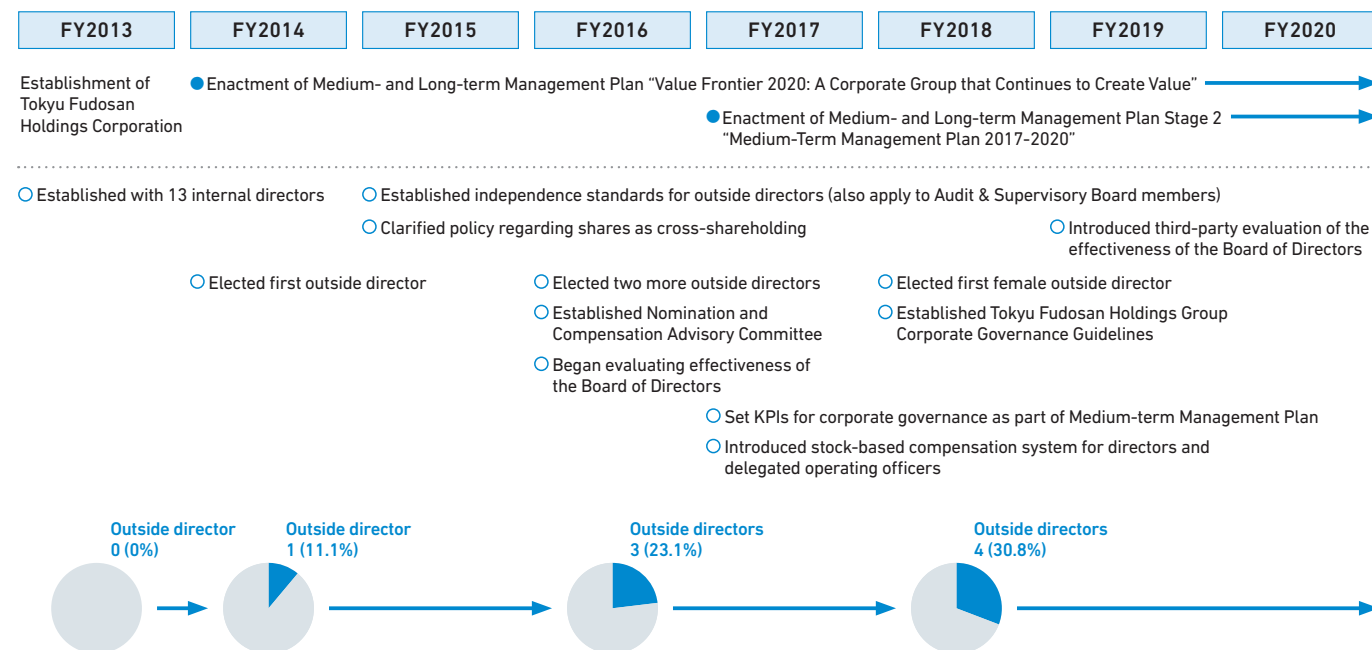
While the evaluations of our Board of Directors' effectiveness has mostly been excellent, we are aware that its ability to supervise the organization needs to be improved in response to the dramatic changes in the business environment, including the COVID-19 pandemic and digital transformation (DX). We will seriously address the issues in as we continue to improve the Board of Directors' effectiveness.

Moving forward, we will continue to provide value to our stakeholders by implementing measures to strengthen the supervisory capabilities of the Board of Directors and enhance corporate value to achieve long-term sustainable growth.



Kiyoshi Kanazashi
Chairman, Chairman of the Board of Directors
Tokyu Fudosan Holdings Corporation

Progress in Strengthening Corporate Governance



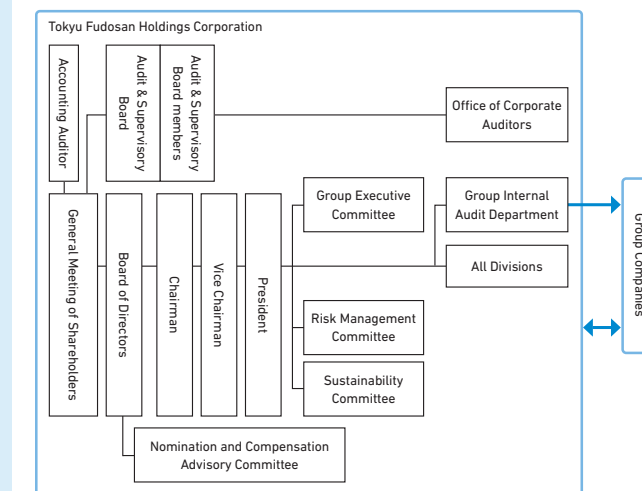
Basic Approach

In order to fulfill its responsibility to its stakeholders surrounding Tokyu Fudosan Holdings Group, including shareholders, customers, business partners, local communities and employees, Tokyu Fudosan Holdings Corporation strives to ensure its sustainable growth and increase corporate value over the medium and long term by engaging in social issues through its business. To that end, the Company will work to ensure soundness and transparency of management and build a corporate governance system that contributes to expediting decision making.

Corporate Governance Guidelines

In December 2018, we organized/systemized our governance initiatives into the Tokyu Fudosan Holdings Group Corporate Governance Guidelines, which we then approved and enacted as guidelines for our future initiatives and a basic policy that will facilitate constructive dialogue with shareholders and investors. At the same time, we also set out the Group's basic approach to corporate governance.

Corporate Governance Structure



Roles of Key Organizations

Nomination and Compensation Advisory Committee The Nomination and Compensation Advisory Committee, chaired by an independent outside director, was established as an advisory body to the Board of Directors to increase the fairness and transparency of procedures for matters related to the election of directors and operating officers and matters relating to their compensation. The Board of Directors consults the Nomination and Compensation Advisory Committee before passing resolutions on matters relating to the nomination of director candidates and operating officers and matters relating to the compensation of directors and operating officers, etc., among other matters. In fiscal 2019, the Nomination and Compensation Advisory Committee met twice, with 100% of its members attending.

Composition of Nomination and Compensation Advisory Committee (as of June 25, 2020)

- Koichi Iki (Independent Outside Director, Chair of Nomination and Compensation Advisory Committee)
- Makoto Kaiami (Independent Outside Director)
- Kiyoshi Kanazashi (Chairman)
- Hironori Nishikawa (President and Representative Director)

Board of Directors The Board of Directors functions as a supreme decision-making body second to the General Meeting of Shareholders, and makes decisions on important issues related to business operations. The Board of Directors develops internal rules such as the Board of Directors Regulations and the Duty Authority Regulations in addition to the matters stipulated in laws and regulations and the Articles of Incorporation. Based on these rules, the Board of Directors makes decisions on important matters related to the Group's management, such as management policies, business plans, and large-scale investment plans. Authority for the execution of business and decisions relating to the execution of duties for issues other than the important matters listed above is delegated to the Group Executive Committee and other subordinate meeting bodies, officers and others in charge of business operations. Meanwhile, the Board of Directors supervises the performance of duties by the meeting bodies as well as officers and others. In principle, the Board of Directors meets once a month. Extraordinary meetings are held as and when necessary. In order to clarify the management responsibility of directors and establish a system that is able to respond rapidly to changes in the management environment, the term of office of directors is set at one year. In

addition, regular internal training on laws and regulations, ESG, and other themes is given to officers, aiming to improve their knowledge for the good of future management. In fiscal 2019, training was held focusing on the theme of environmental problems.

Audit & Supervisory Board The Company has adopted a statutory auditor system. Under this system, Audit & Supervisory Board members attend important meetings including those of the Board of Directors to receive business reports from directors and other officers. Audit & Supervisory Board members peruse documentation on important decisions and listen to reports as well as other presentations from the Internal Audit Department, subsidiaries, other parties, and the accounting auditor as a part of their audit of the status of business execution at the Company, its subsidiaries, and related companies. Audit & Supervisory Board members form fair audit opinions by accurately grasping information based on on-site visits and other activities, which are mainly conducted by full-time Audit & Supervisory Board members, and effectively audit directors in the performance of their duties as an independent body under the mandate of shareholders by utilizing the fast responsiveness and flexibility of the Audit & Supervisory system.

Group Executive Committee The Group Executive Committee was set up as an entity to deliberate, discuss and report on matters in two areas: important plans and proposals relating to Group management policy, management strategies and Group management; and important investment plans and proposals as well as business strategy proposals for subsidiaries. Comprising the chairman and representative director, president and operating officers from directors on down, the Group Executive Committee convenes, in principle, once a month.

Succession Plan Director candidates are elected based on the belief that directors should have integrity, moral character and good health. Each candidate's qualification regarding the knowledge, judgment, and management capabilities they have acquired through their work experience as a person responsible for two or more segments, based on their achievement of management indexes in the medium and long-term management plan. At the same time, their aptitude is evaluated objectively by a third party. Then, the president and representative director creates a proposal regarding the members of senior management for the following fiscal year and consults the Nomination and Compensation Advisory Committee before a decision is made by the Board of Directors.

Corporate Governance

Strengthening the Functions of the Board of Directors and Ensuring Its Effectiveness

Evaluating the Effectiveness The Group Executive Committee was set up as an entity to deliberate, discuss and report on matters in two areas: important plans and proposals relating to Group management policy, management strategies and Group management; and important investment plans and proposals as well as business strategy proposals for subsidiaries. Comprising the chairman and representative director, president and operating officers from directors on down, the Group Executive Committee convenes, in principle, once a month. Forward, these issues will be addressed and the status of improvements will be continuously verified through annual assessments. As one example, revisions made in areas evaluated as inadequate, such as the method and timing of provision of information to directors and Audit & Supervisory Board members, led to improvement in the evaluation of initiatives for following year.

In addition, in fiscal 2019, we introduced a third-party evaluation of effectiveness conducted by a lawyer, who is not our corporate lawyer. The results of this evaluation were that "The continuous initiatives for improving effectiveness are praiseworthy because they have resulted in increased effectiveness." We will continue striving to improve effectiveness.

Diverse Composition We believe that a key to increasing the effectiveness of the Board of Directors is to ensure that board members are diverse in their knowledge, experience and abilities. One precondition for election as director is that candidates have the moral character and integrity required of a director and have no health issues. We also consider the overall balance of the board to ensure sufficient gender diversity and diversity in other attributes.

Independent Outside Directors For the Company's corporate governance, independent outside directors should have rich experience in management and a high level of discernment and character as well as other pertinent attributes together with an understanding of the Group's wide-ranging business fields and the value they create. They are to provide advice from a broad, high-level perspective, while appropriately supervising executives from an independent position. We currently have four independent outside directors who have vast experience of their own specialist areas, including management, legal affairs and accounting, etc. To enable appropriate and flexible decision-making on business activities and the supervision of execution, the Company considers it advantageous for the Board of Directors to be composed of directors from inside the Company who have specialist capabilities and insight into business fields, management plans, personnel, finance and accounting, and so forth, and independent outside directors who are able to proactively offer opinions on growth strategies as well as the enhancement of governance, and raise concerns, from the perspectives of diverse stakeholders and society. Candidates for outside director are selected based on the premise that they will not hold concurrent positions as a director, corporate auditor, or executive officer at more than five listed companies other than the Company.

Criteria for Determining Independence

The Company deems independent outside directors to be independent when, in addition to meeting the independence standards for independent officers stipulated by the Tokyo Stock Exchange, they have not been any of the following for any of the previous three fiscal years.

1. An executive of a business partner to which the Company's net sales account for 2% or more of the Company's consolidated net sales
2. An executive of a business partner whose net sales to the Company account for 2% or more of the business partner's net sales
3. An executive of a lender from which the Company borrows funds that account for 2% or more of the Company's consolidated total assets
4. An executive of a major shareholder or investor of the Company with an investment ratio of 10% or more
5. A consultant, accounting professional, or legal professional who receives compensation of more than ¥10 million a year from the Company besides officer compensation
6. A spouse or relative within two degrees of kinship of a director, etc. of the Company or a consolidated subsidiary

System of Remuneration for Officers

The system of remuneration for officers (excluding outside directors and non-executive directors) consists of fixed remuneration, performance-based remuneration and stock-based compensation. Fixed remuneration is a consideration for the day-to-day execution of internal operations, whereas performance-based remuneration takes into consideration the business results in a single fiscal year and the achievement level of management plans. Stock-based compensation is designed to have officers share the benefits and risks of stock price fluctuations with shareholders and increase the contribution to the improvement of medium- and long-term earnings performance and corporate value. Also, for the levels of remuneration for officers (excluding outside directors and non-executive directors), first, the level of remuneration for the president and representative director is determined, and then, the levels of remuneration for other directors and Audit & Supervisory Board members are determined based on fixed differences in positions. The level of remuneration for the president and representative director (monetary compensation plus stock-based compensation) is set around 0.1% of the operating profit for the previous consolidated fiscal year, as consolidated operating profit is adopted as the target index under the Medium-Term Management Plan. Their level of contribution to the achievement of plans, ESG initiatives, and other initiatives is also considered comprehensively.

Target percentages for fixed remuneration and variable remuneration and the approach to determining the remuneration of each officer are as shown in the following table.

Item	Variable Remuneration		
	Fixed Remuneration	Bonus	Stock-based Compensation
Positioning	Monthly Remuneration	Bonus	Stock-based Compensation
Target percentage of total remuneration	60%	30%	10%
Group level: Approach to fluctuation	Basic remuneration	Short-term incentive	Medium-to-long-term incentive
Group level: Fluctuation from base amount	Linked to business results in a single fiscal year	Linked to stock price	Linked to stock price
Individual level: Approach to fluctuation	Determined with reference to employees' bonuses	Linked to stock price	Linked to stock price
Individual level: Fluctuation from base amount	Linked to performance evaluation	-	Linked to stock price
	60-140%		

A remuneration proposal prepared by the president and representative director based on the above is referred to the Nomination & Compensation Advisory Committee and compensation is determined within the limits of the total compensation amount by a resolution of the Board of Directors. For stock-based compensation, a transfer restriction period of three years from the time of delivery of the stock is set. The compensation of Audit & Supervisory Board members is determined within the limits of the total amount of compensation through consultation among Audit & Supervisory Board members. The following table contains the total amount of remuneration, etc. in fiscal 2019.

Category	Number of Persons	Total Amount of Remuneration (Millions of yen)
Directors*1	15	239
(of which, independent outside directors)	5	43
Audit & Supervisory Board members	5	67
(of which, outside Audit & Supervisory Board members)	2	9
Total	20	306
(of which, outside officers)	7	52

*1. Includes the two directors who retired and an auditor who resigned at the close of the 6th Ordinary General Meeting of Shareholders held on 26th June 2019.

Dialogue with Shareholders and Investors

The Company engages in constructive dialogue with shareholders and other investors to contribute to sustainable growth and the improvement of corporate value over the medium- to long- term. In addition to individual meetings with shareholders and investors, the Company regularly holds results briefings for institutional investors and analysts, and for individual directors and departments actively engage in dialogue. The views aired by shareholders and investors during these events are regularly reported to the Board of Directors and used in improving the Company's management.

Risk Management

Basic Stance on Risk Management Guided by its Basic Risk Management Policy, the Company has put in place and maintains a risk management structure and systems. The Company recognizes as potential risks all internal and external factors that negatively impact the Group's business operations resulting in financial loss, damage to its brand or reputation, or interruption and suspension of activities as a going concern. The Company evaluates, analyzes, and manages all relevant risks in each Group company.

The Company has classified the aforementioned risks into three broad categories: operating and management risks; business process risks, and; other major risks including crisis management. The Company manages each risk on an individual basis as follows.

Basic Risk Management Policy

The Company makes every effort to clearly identify all major risks as they apply to the Group as a whole and takes systematic and continuous steps to implement all necessary measures on a priority basis in order to comprehensively manage all risks that have the potential to hinder the Group from achieving its objectives or to create a loss.

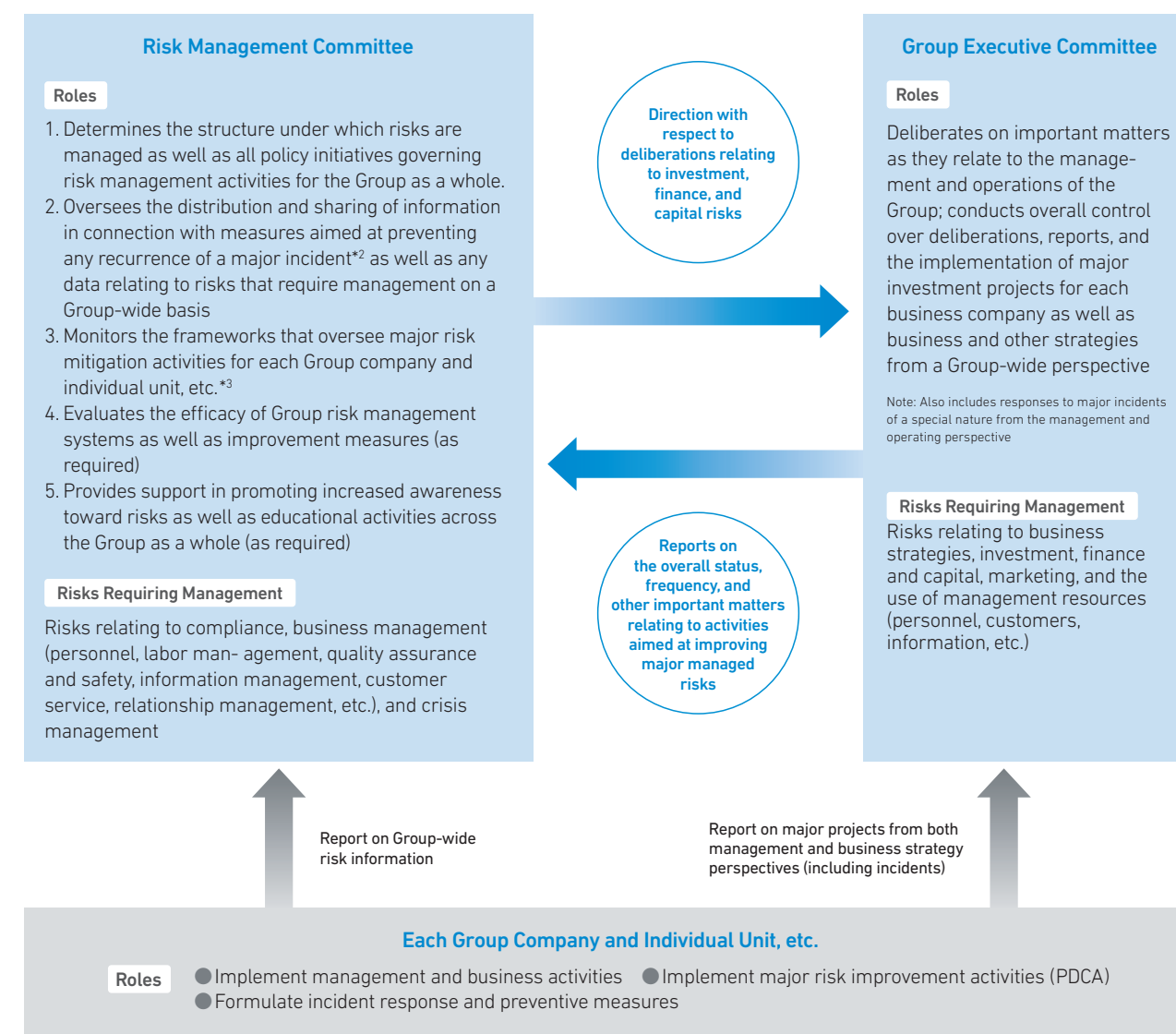
Highly significant risks

- Investment risks
- Financial and capital risks
- Personnel and labor risks
- Climate change risks

Other risks

- Legal and compliance risks
- IT strategy risks
- Information management and leakage risks
- Crisis management risks

Risk Management Structure



*2. Incident: Incidents accidents or injuries that have occurred or are likely to occur

*3. Includes Tokyu Fudosan Holdings Corporation, each unit (Urban Development, Residential, Wellness, Investment) of TOKYU LAND CORPORATION, other businesses (ISHIKATSU EXTERIOR INC.), TOKYU COMMUNITY CORP., TOKYU LIVABLE, INC., TOKYU HANDS INC., Tokyu Housing Lease Corporation and NATIONAL STUDENTS INFORMATION CENTER CO., LTD.

Corporate Governance

Risk Management

Risk Management System In addition to the Group Executive Committee and Board of Directors, the Company has established the Risk Management Committee to ensure the proper management of risks on a comprehensive Group-wide basis (See **Risk Management Structure on the previous page**). A department has also been formed to oversee individual risks within the Company. This department is responsible for ascertaining, evaluating, and analyzing the Group's risk management structure and systems as well as the status of operations.

Complementing these initiatives, the Company takes steps to confirm the efficacy of its risk management structure and systems as well as its risk management operations through internal audits. Audits of major risks are systematically undertaken in accordance with their priority. In the event of a major loss or emergency that could cause serious damage to the Group, the Company takes appropriate steps in line with its Emergency Response Provisions. These include the distribution of information and decisive action as necessary to minimize damage.

Risk Management Process The Company takes steps to identify the wide variety of risks to which the Group is susceptible. At the same time, the Company undertakes an evaluation and analysis of risks in line with the degree of impact and likelihood of occurrence. Based on the results of evaluations and analyses, the Risk Management Committee has identified the following parameters with respect to the continuous management of major risks.

Major Risks

- Occurrence of an accident that negatively impacts the safety of customers, business partners, and/or employees
- Leakage or loss of confidential or personal information
- Prolonged working hours and unpaid overtime
- Inadequate customer service and product quality
- Breach of statutory or regulatory requirement (industrial, financial, commercial, and other legislation) or compliance
- Inadequate crisis management systems
- Improper or inappropriate work-related conduct by officers and employees
- Inadequate internal control system development and operation

Major Risks Relating to Investment and Financing Capital

- Deviations from or delays in new investment strategies
- Inappropriate decision-making with respect to changes in the external environment
- Changes in economic and business conditions
- Delays in the application of Group management resources (personnel, customers, information, etc.); errors in the use, education, or training of human capital
- Sharp rise in personnel and raw material prices including the prices of lumber; changes in construction costs
- Inadequate medium- and long-term IT strategies; errors in systems investment
- Slump in overseas business development
- Drop in the values of assets held (drop in operating rents)
- Errors in identifying customers' needs

Compliance

The Company has positioned the establishment of risk management through compliance-based management as a priority management issue. We are keenly aware that the practice of such risk management is the foundation of our operations, and we undertake educational measures so that all officers and employees not only comply with laws and regulations applicable to our corporate activities, but also make decisions and act in accordance with the Tokyu Fudosan Holdings Group Code of Conduct.

The Company also created the Tokyu Fudosan Holdings Group Compliance Manual as a concrete manual for understanding the Tokyu Fudosan Holdings Group Code of Conduct and putting it into practice. All officers and employees are thoroughly informed about compliance through periodic training. Compliance helplines were established at the Company and individual Group companies for consultations and whistleblowing relating to violations of laws and regulations, internal rules, and the Tokyu Fudosan Holdings Group Code of Conduct. This helpline can be used by all Group employees (including contract employees, temporary employees, and part-time workers). There is an internal whistleblowing office that allows anonymous reports to be made and an external whistleblowing office, where cases are handled by a lawyer who is not our corporate lawyer. The aim of these offices is to discover and rectify violations at the earliest possible time. A total of 151 consultations and reports including consultations and questions on minor matters were received by the Company and Group companies in fiscal 2019.

Reinforcing Information Security

The Company has established rules on proper information retention and management, and as a part of its efforts to raise information security levels even further and reinforce development of the internal control environment, we adopted a fundamental policy on information management, reorganized the Fundamental Rules on Information Management, and put them into practice on April 1, 2017. The Fundamental Rules on Information Management clarify responsibility for information management and specify basic requirements and principles of information management pursuant to the fundamental policy on information management.

In addition, a Group Information Security Committee was established. The committee is establishing PDCA cycles including receipt of reports on annual activities from each Group company. Similar rules have been established by each company of the Tokyu Fudosan Holdings Group, and measures are being taken throughout the Group.

Internal Control

The Tokyu Fudosan Holdings Group has taken active steps to put in place and implement internal control systems for all members of the Group, including the Board of Directors and other organizations, management and employees, with the aims of thoroughly implementing compliance-based management, ensuring proper business operations, achieving management priorities such as earnings targets by raising the levels of efficiency and effectiveness, and undertaking the appropriate disclosure of information; all of which will contribute to the sustainable development of the Group and the consistent improvement of its corporate value. In addition, Audit & Supervisory Board members are monitoring and validating the progress of developments in its internal control system in accordance with the Audit Practice Standards for Internal Control Systems.