

Various initiatives addressing our three priority issues

We are promoting environmental management as a Group-wide policy under our Environmental Vision. These efforts are focused on the three priority issues related to the environment that are stated in our medium-term management plan, namely decarbonized society, recycling-based society, and biodiversity.

We are engaged in a wide range of business areas, including real estate development and building management and operation, and we have business sites in many different regions. This enables us to solve environmental issues through intra-Group collaboration and to nurture regional environments.

We are also proposing environmental value that appeals to customers' sensitivities through greening efforts and environmental events.

Environmental Vision

Environmental philosophy

We will create value that connects cities and nature, and people with the future.

Environmental policy

We will make efforts to realize harmony between the environment and the economy through our business activities.

Environmental action

We will tackle five environmental issues through three approaches.

• Three approaches

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

• Five environmental issues

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



Creating Cities Co-existing with Nature.
Creating a Future for People.

1998: Basic environmental philosophy formulated

2011: Renamed as the Environmental Vision

Decarbonized society

- Achieve RE100, introduce internal carbon pricing (ICP)
- Introduce ZEB/ZEH, acquire environmental certification
- Engage renewable energy, energy saving, and energy creation

Achieving decarbonization with environmental business as a strength

We will aim to achieve CO₂ emissions reduction targets and advance environmentally friendly urban development by leveraging our strengths as the operator of a renewable energy business.

• Achieving Scope 1 and 2 targets ahead of schedule

In 2021, we became the first development company in Japan to have our CO₂ emission reduction targets approved as 1.5°C-aligned SBT. Through steady decarbonization efforts, we have achieved the following Scope 1 and 2 CO₂ emission reduction targets.

Target: 50% reduction (compared to fiscal 2019 levels) by fiscal 2023

➔ Fiscal 2022 result: 50.6% reduction

Target: Become carbon negative by fiscal 2025

➔ Achieved in fiscal 2021 and 2022

➔ See p. 67

• Internal carbon pricing (ICP)

In fiscal 2021, we introduced an ICP scheme in accordance with the TCFD Recommendations. In fiscal 2022, we started providing visualizations of the scheme as a presentation item for Executive Committee meetings.

• Efforts to achieve RE100

In 2019, Tokyu Land Corporation became the first company in the real estate industry to join the RE100*1 initiative. In December 2022, it also became the first company in Japan to ensure 100% of the electricity used at the 244 facilities it owns, including office buildings and commercial facilities, comes from renewable sources*2. This means that it has fulfilled the RE100 goal and contributed to reducing CO₂ emissions by 156,000 tons per year, equivalent to the emissions generated by approximately 80,000 regular households.

• Participation in the GX League

We participate in the GX League, an initiative led by Japan's Ministry of Economy, Trade and Industry. In fiscal 2021, Tokyo Land Corporation endorsed the league's basic concept and when full-scale operation began in April 2023, leadership of the Group's efforts was switched to Tokyu Fudosan Holdings. Together with other participating companies, we will aim to provide value by transforming social structures with a view to achieving carbon neutrality.



• Developing buildings with high environmental performance

We are enhancing the environmental performance of the buildings we develop to contribute to decarbonization and meet the expectations of stakeholders.

Environmental certification acquisition*3 targets and results

We are working to raise the percentage of buildings we operate that have acquired environmental certification such as CASBEE and DBJ Green Building Certification.

FY2030	FY2025	FY2022
100%	70%	48.7%

ZEB/ZEH level*4 targets and results

We are also advancing decarbonization by introducing initiatives concerning net zero energy buildings (ZEB) and net zero energy houses (ZEH). Going forward, these initiatives will be introduced into building development, including the new construction of residences and office buildings, in order to reduce the amount of energy used by these buildings.

FY2030	FY2025	FY2022
100%	Approx. 50%	25%

Topics Planting sweet potatoes on office building roofs to save energy consumption and create engagement events

At the Unosawa Tokyu Building (Shibuya, Tokyo), we have planted sweet potato plants to green the areas around external air conditioning units, establishing a potato-based external machinery greening system. This system reduces the amount of electricity consumed by the air conditioning system, as transpiration by the plant leaves and the shade they create lowers the air temperature around the units. This saves energy in a way that does not burden building tenants and trials showed a reduction in electricity consumption of around 10 to 15%. It also creates opportunities to engage with tenants through sweet potato harvesting events.



The Unosawa Tokyu Building's potato-based greening system

*1. Based on the industry classifications used for companies listed on the First Section of the Tokyo Stock Exchange at the time *2. Excludes financial institutions

*3. Covers large-scale non-residential owned properties (total floor area of at least 10,000 m²). Excludes some properties, such as joint ventures.

*4. Percentage of Tokyu Land Corporation's facilities, including condominiums and offices, with building performance that meets or exceeds ZEB/ZEH Oriented levels (as of commencement of construction work)

Various initiatives addressing our three priority issues

Recycling-based society

- Reduce waste generation and water usage
- Utilize stock
- Advance projects that coexist with local communities and the environment

Helping to create a recycling-based business cycle and sustainable local communities

We are aiming to reduce environmental footprints and realize local recycling-based communities by using resources effectively in all our businesses.

• Building a circular economy

We aim to create attractive facilities with a greater awareness of resource recycling by incorporating resource-saving and reuse into plans. These efforts include using eco-friendly construction materials during construction and regenerative architecture, as well as installing equipment and facilities that curb water use. We are also focusing on extending the service life of buildings through high-quality building management and renovations while encouraging the effective reuse of waste at facilities we operate.

• Realizing regional revitalization through cooperation with regional communities and local governments

We will contribute to the revitalization of regions through our business to build a sustainable, recycling and coexistence-oriented society.

Topics

Renovating company-owned housing as urban rental residences

In September 2022, work was completed on COMFORIA Takashimadaira, a rental condominium building that was Tokyu Land Corporation's first renovation of an existing building. The project reused the structural frame of the 27-year-old building owned by the company for housing employees, while thinned timber and waste wood from Group-owned forests were used for the interiors and communal spaces. Other initiatives involving the building include a composting scheme to reduce food waste, with the compost being used as fertilizer for a communal vegetable garden.

As a result of the improved insulation performance provided by the refitted insulation, the building has received BELS certification*1, which is rare for renovated buildings.



"Upcycling lifestyles,"
the concept behind
COMFORIA
Takashimadaira

CHOICE—Large-scale renovation products

Tokyu Community Corp. is working toward the creation of a society with a healthy housing stock through the development of CHOICE, buildings with long warranty periods that enable an extension of the period between large-scale renovations of a condominium from the previous 12 years to a maximum of 18 years. These buildings employ creative measures in areas such as work specifications and methods to extend the warranty period for building exterior work by 1.5 to 2 times, contributing to a long-term reduction in the number of times work is required, as well as overall construction costs.

Biodiversity

- Plant greenery in urban areas and perform long-term upkeep and maintenance
- Conserve and utilize forests
- Practice sustainable procurement

Contributing to the preservation of regional ecosystems by utilizing the characteristics of cities and regions

We are working to preserve ecosystems in regions where we conduct business by utilizing local characteristics.

• Contributing to becoming nature positive

We are advancing urban development that is considerate of both people and nature, such as building an ecological network in the Greater Shibuya area. Also, in our nationwide leisure business, we are developing leisure facilities that are in harmony with the local environment, including carrying out conservation activities and ecosystem surveys of forests and oceans in accordance with regional characteristics.

• Formulating related policies and advancing initiatives

We formulate policies and manuals, such as a Biodiversity Policy and a Sustainable Procurement Policy and collaborate with stakeholders to reduce the global environmental impact of our entire supply chain. We have also joined the 30by30 Alliance for Biodiversity*2 and the TNFD Forum*3. In August 2023, we disclosed a report under the TNFD framework.

[→ To our TNFD Report](#)



Topics

J-Credit certification

Tokyu Resort Town Tateshina is advancing the MORIGURASHI® concept of local sustainable recycling. As part of this, it is encouraging the growth of local forest through activities such as proper tree thinning. It has received J-Credit*4 certification for the 50 tons of CO₂ emissions per year that are absorbed by the forest.

Working with communities to support biodiversity

At Hyatt Regency Seragaki Island Okinawa, we are cooperating with a local university to nurture and conserve clownfish populations. We are also contributing to efforts to protect coral reefs as part of Onna Village's marine conservation efforts by sponsoring the Honey & Coral Project, an initiative that aims to solve the issue of red soil sediment from agricultural land being washed into the sea by rainfall, which is having a negative impact on the reefs and ruining ocean views.



Conserving rhododendron quinquefolium

Nasu Mt. Jeans, which is operated by Tokyu Resorts & Stays, is located in Japan's largest habitat for rhododendron quinquefolium, a native azalea species. It is helping these flowers thrive by collaborating with a local volunteer group on activities such as removing shrubbery that is blocking sunlight.

*1. A system operated by the Association for Evaluating and Labeling Housing Performance that evaluates and certifies the energy saving performance (energy consumption) of buildings

*2. An alliance that aims to conserve or protect 30% of Japan's land and sea areas by 2030 in order to achieve the Ministry of the Environment's goal of stemming the destruction of biodiversity and moving toward its recovery by 2030

*3. An international organization that acts as a stakeholder providing specialist knowledge to support discussion related to the Taskforce on Nature-related Financial Disclosures (TNFD) in order to build a framework for corporate risk management and disclosure concerning nature

*4. Credits certifying the amount of greenhouse gas emissions (such as CO₂) reduced or absorbed by an initiative, issued under the J-Credit Scheme operated by Japan's Ministry of Economy, Trade and Industry, Ministry of the Environment, and Ministry of Agriculture, Forestry and Fisheries

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

Climate change presents a grave global risk, and we recognize it as an important management issue that could have a significant impact on the Group's business. We are tackling this issue sincerely and looking to contribute to its solution by advancing various climate change-related measures and actively disclosing information based on the TCFD recommendations.



Under the Group's Environmental Philosophy (now referred to as our Environmental Vision)*¹ formulated in 1998, we have been working to harmonize the environment and the economy through business activities. Additionally, climate change has become an urgent global issue, so we have set achieving the 1.5°C-aligned SBT by fiscal 2030 and net zero emissions by 2050 as climate change-related targets, while we are implementing various initiatives based on the TCFD recommendations.

While climate change does pose a risk to the Group's business activities, we recognize that it also presents new business opportunities. Understanding the importance of climate-related financial information disclosure, in March 2019 we endorsed the TCFD recommendations and joined the TCFD Consortium, an international organization that discusses matters related to TCFD engagement.

In accordance with the TCFD recommendations, we are advancing measures for each of its thematic areas, namely governance, strategy, risk management, and metrics and targets.

*1. Name changed to Environmental Vision in 2011

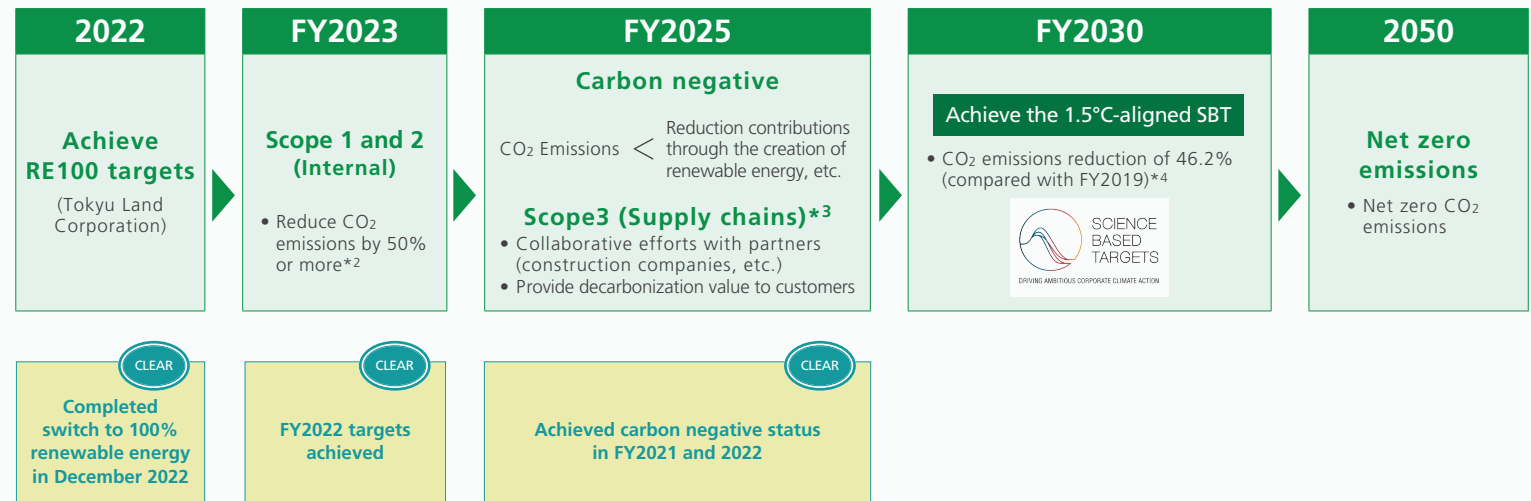
*2. Set at the same time as the medium-term management plan (2022)

*3. Our SBT-approved reduction targets cover categories 1, 2, and 11

*4. Set at the same time as the long-term vision (2021)

Category	Group initiatives → For details, see our website
Governance	<ul style="list-style-type: none"> The Sustainability Committee, which is chaired by the President and Representative Director, deliberates on important matters related to climate change and reports the results to the Board of Directors.
Strategy	<ul style="list-style-type: none"> In each business of Urban Development, Leisure, Residential, and Renewable Energy, risks and opportunities in the medium-term (2030) and long-term (2050) are assessed based on three scenarios, 1.5°C, 3°C and 4°C. We are promoting ZEB/ZEH, expanding the renewable energy business, and implementing green financing among other initiatives
Risk management	<ul style="list-style-type: none"> 2030 KPIs for climate change have been set as material issues in the long-term management policy, and their progress is managed by the Sustainability Committee. We recognize climate change as a risk of high importance and have integrated it into our Group-wide risk management activities.
Metrics and targets	<ul style="list-style-type: none"> For greenhouse gas (GHG) emissions, we have acquired SBT approval for the 1.5°C level as a fiscal 2030 target and declared that we will achieve net zero emissions internally and across our supply chain by 2050. Tokyu Land Corporation has made an RE100 declaration and aims to achieve 100% renewable energy in 2022 ahead of schedule. Reduction in water usage and waste, and the acquisition of environmental certifications for buildings and the area of forests that we preserve have been set as KPI targets.

Climate change-related targets



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

Priority climate-related issues

We recognize the following climate-related issues as being particularly material to the Group

Category	Type	Material issues	Major impact
Transition risks	Current regulation	Energy conservation reporting requirement, energy efficient building standards	
	Emerging regulation	More stringent GHG emission reduction regulations, carbon taxation	○
	Technology	Increase in cost for ZEB / ZEH construction / renovation	○
	Legal cost	Credit purchase under the Tokyo Cap-and-Trade Program	
	Market	Delayed response to price trends reflecting environmental value, increasing energy costs	○
	Reputation	Changing customer / investor behavior	
Physical risks	Acute	Intensified extreme weather events	
	Chronic	Rising temperatures / sea levels	
Opportunities	Resource efficiency	Transition to high-efficiency buildings, recycling	
	Energy source	Wider use of renewable energy sources, government subsidies	○
	Products / services	Expansion of low carbon products / services	
	Market	Utilization of ESG finance	○
	Resilience	Energy efficient renovations of operating assets, BCP compliance	

Scenario analysis overview

In each of our four business units (Urban Development, Leisure, Residential, and Renewable Energy), we carry out scenario analysis that assesses both medium-term (2030) and long-term (2050) climate change-related risks and opportunities, and the results are reflected in business strategy. This analysis references the scenarios proposed

by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) for three possibilities: a temperature rise of 1.5°C (successful transition to a decarbonized society), 3°C (each country meets its individual targets) and 4°C (expansion of governments, technologies, and markets, etc. as an extension of current trends).

Businesses covered by scenario analysis

2018:

Urban Development (medium-term), Leisure (long-term)

2020:

Urban Development, Leisure, Residential and Renewable Energy (medium- and long-term for all four businesses)

2023:

Urban Development, Leisure, Residential and Renewable Energy (medium- and long-term for all four businesses)

Excerpt → See website for details	1.5°C	3°C	4°C
<ul style="list-style-type: none"> • Transition risks Policy and legal, technology, markets, reputation • Opportunities Energy sources, products and services, market 	<p>Risks and opportunities / financial impact</p> <ul style="list-style-type: none"> • Financial impact is considerable in the medium term due to carbon pricing and ZEB/ZEH compliance costs, but in the long term, ZEB conversion will be completed, securing a competitive advantage and increasing rental income. • Demand for renewable electricity grows. <p>Strategy</p> <ul style="list-style-type: none"> • Expand business in response to increasing demand for renewable electricity. Leisure business to utilize local natural energy. • Promote conversion of new buildings to ZEB/ZEH and upgrades of equipment at existing operating facilities. Differentiate through the early introduction of renewable electricity. 	<p>Risks and opportunities / financial impact</p> <ul style="list-style-type: none"> • In the medium term, ZEB/ZEH conversion is less pronounced and has less financial impact than in the 1.5°C scenario, but the impact of ZEB/ZEH conversion continues to increase in the long-term. • Demand for tenant offices shrinks due to the spread of remote work. • Demand for renewable electricity grows. <p>Strategy</p> <ul style="list-style-type: none"> • Expand business in response to increasing demand for renewable electricity. Leisure business to utilize local natural energy. • Each business differentiates in the same way as in the 1.5°C scenario. • Expand satellite offices in anticipation of the spread of remote working. 	<p>Risks and opportunities / financial impact</p> <ul style="list-style-type: none"> • The effects of climate change are limited in the medium term, but in the long term, the intensification of natural disasters and rising temperatures have a considerable financial impact • Higher temperatures increase construction costs and air conditioning costs during operating hours. Demand for high-efficiency housing grows. • Demand for tenant offices shrinks due to the spread of remote work. • Policy support for renewable electricity is feeble, and market trends are uncertain. <p>Strategy</p> <ul style="list-style-type: none"> • Expand business in response to increasing demand for renewable electricity. • Each business differentiates in the same way as in the 3°C scenario, including measures for mitigating the effects of rising temperatures. • Leisure business to offer new resort lifestyles, such as workations.
<ul style="list-style-type: none"> • Physical risks Acute, Chronic • Opportunities Resilience 	<p>Risks and opportunities / financial impact</p> <ul style="list-style-type: none"> • In the long term, natural disasters due to extreme weather events will increase moderately, but the financial impact will be low. <p>Strategy</p> <ul style="list-style-type: none"> • Differentiate by carefully selecting building locations and strengthen BCP/LCP through collaboration with tenants and residents. 	<p>Risks and opportunities / financial impact</p> <ul style="list-style-type: none"> • Climate change progresses faster and has a greater financial impact than in the 1.5°C scenario. <p>Strategy</p> <ul style="list-style-type: none"> • Each business differentiates in the same way as in the 1.5°C scenario. • Leisure business to concentrate investment in high-latitude ski resorts and use heat-tolerant turf at managed golf courses to differentiate from competing facilities. 	<p>Risks and opportunities / financial impact</p> <ul style="list-style-type: none"> • In the long term, the impact of the rise in sea levels is greater than in the 3°C scenario. Drastic increase in damage to facilities due to natural disasters. <p>Strategy</p> <ul style="list-style-type: none"> • Each business differentiates in the same way as in the 3°C scenario. • Renewable energy business to maintain power generation efficiency by installing storage batteries and focus on facilities adapted for climate change.

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

Response in terms of business strategy

Our business strategies in response to climate change risks and opportunities are as follows.

Category	Impact and response
Products and services	Mitigation measures: We are enhancing the energy efficient performance of buildings, promoting ZEB/ZEH, and expanding and developing the ReENE renewable energy business. Adaptation measure: We are strengthening BCP at facilities under management.
Supply and value chains	Upstream: We are incorporating climate change into the Sustainable Procurement Policy and have started discussions with major construction companies concerning low-carbon construction processes. We are also participating in the Real Estate Companies Association of Japan's efforts to formulate a manual for calculating GHG emissions generated during construction. Downstream: We are ensuring condominiums and rental housing meet ZEH standards and promoting the introduction of renewable energy.
R&D investment	We are responding to technological innovation by advancing progressive initiatives, including acquiring Nearly ZEB certification for NOTIA, Tokyu Community Corp.'s technical training center
Facility operation	In response to growing demand for renewable electricity, Tokyu Land Corporation committed to the RE100 initiative and in December 2022, it completed the switch to 100% renewable energy at its offices and facilities.

• Promoting ZEB/ZEH

We are working to enhance the environmental performance of condominiums, offices, and other properties owned by Tokyu Land Corporation.

ZEB/ZEH levels	FY2030 target	FY2025 target	FY2022 result
	100%	Approx. 50%	25%

We are also strengthening engagement by setting the following new targets for each of our businesses.

	Targets at formulation of medium-term management plan	Current targets
ZEH levels (as of commencement of construction work)	<ul style="list-style-type: none"> BRANZ condominiums: FY2025 50% FY2030 100% 	<ul style="list-style-type: none"> BRANZ condominiums: FY2023 100% (moved ahead of schedule) L'GENTE condominiums: FY2024 100% (scope expanded) COMFORIA urban rental residences, Campus Village student residences: FY2025 100% (scope expanded)
Environmental certification (as of commencement of construction work)	<ul style="list-style-type: none"> Excludes residential properties Only covers large-scale non-residential owned properties 	<ul style="list-style-type: none"> BRANZ condominiums: FY2023 100% (new) (all properties to acquire certification as low-carbon buildings)

Reflection in financial plans

When formulating our climate change-related strategies, we assigned each risk and opportunity a level based on the size of its potential financial impact, as shown on the right. This information is disclosed on our website (in the financial impact section of each scenario analysis). [➔ For details, see our website](#)

High	10% or more of consolidated operating revenue
Medium-high	10% or more of operating revenue of a specific business
Medium	5 to 10% of operating revenue of a specific business
Medium-low	2 to 5% of operating revenue of a specific business
Low	Less than 2% of operating revenue of a specific business

Category	Impact and response
Indirect costs	After estimating increases in indirect costs associated with switching to renewable energy, such as electricity purchase costs, in fiscal 2022, we switched to purchasing electricity for the facilities we operate from our own renewable energy business with the aim of achieving the RE100 goal ahead of schedule.
Capital allocation	We have positioned the growth of our renewable energy business as a climate change-related opportunity and we are actively investing in its expansion.
Liabilities	In addition to advancing initiatives to address environmental issues, we have established a bond policy to inform bond investors of these initiatives, and after setting a target to increase the proportion of ESG bonds within total bond issuance, we have made ESG bonds an ongoing part of our financing activities. We are also accessing Positive Impact Finance, which is funding that is dependent on the results of assessments of the impact of our initiatives (positive and negative) on the environment and society.
Assets	When carrying out portfolio management based on our long-term vision, we use environmental impact as an indicator for evaluating assets.

• Formulating a bond policy

We have formulated a policy covering the long-term issuance of ESG bonds, based on our long-term vision.

"WE ARE GREEN" Bond Policy

Purpose	We will obtain the comprehensive and continual understanding and approval of the Group's ESG initiatives from bond investors and other stakeholders. We will consistently provide bond investors with opportunities to invest in ESG bonds and will expand our financing base through these bonds.
Target	Ratio of ESG bonds to outstanding Group-issued bonds End of FY2025: 50% or more End of FY2030: 70% or more
Deepening engagement	We will hold regular meetings with bond investors to inform them of the status of the Group's ESG initiatives and report on the progress of ESG bonds, among other matters. Feedback from these meetings will be shared with senior management and reflected in ESG initiatives.
Types of ESG bonds	Green bonds, social bonds, sustainability bonds, and sustainability-linked bonds.