

[Summary] Contributions to nature positive in Palau Pacific Resort

Dependency on and impact to nature at Palau Pacific Resort

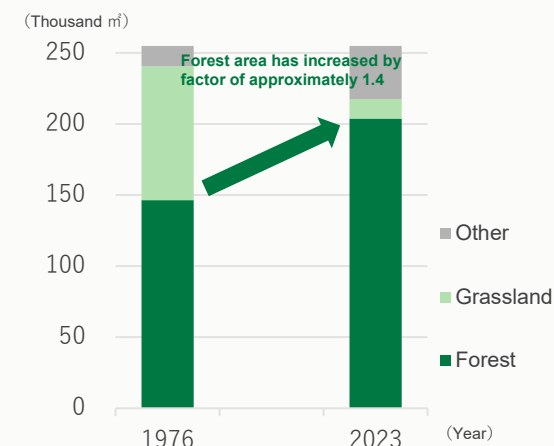
Palau Pacific Resort (PPR), a priority area, both relies on and affects natural ecosystems in multiple ways.

An environmental impact assessment found that **PPR has had a nature-positive contribution by conducting its business while preserving both terrestrial and marine ecosystems**, following its guiding principles of balancing nature conservation with development and contributing to the local community.

A green space assessment at the resort showed that **restored and maintained natural forests** now cover an area far larger than the built-up area [Figure 1].

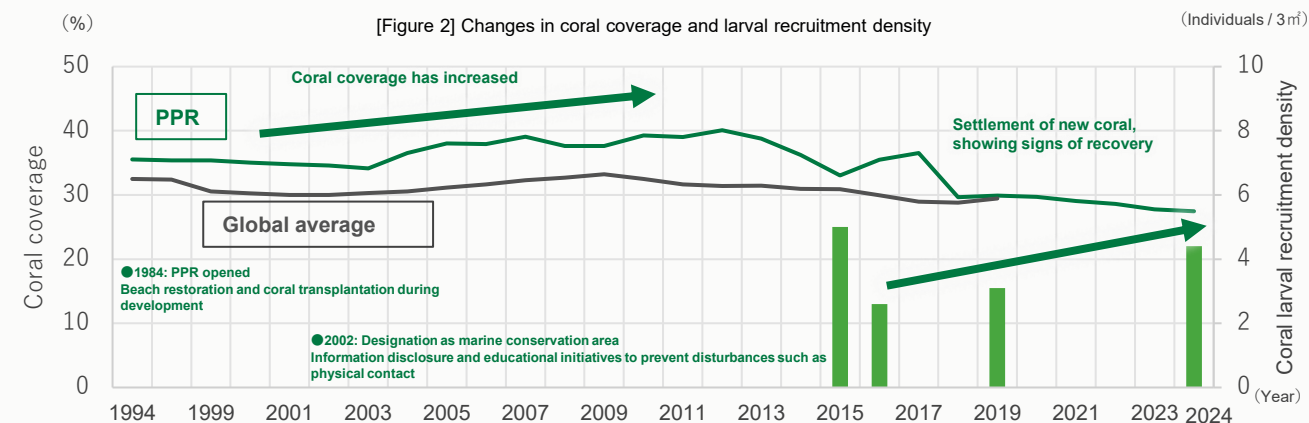
Coral reef assessments indicated that measures, such as establishing a marine protected area, have **steadily increased coral coverage** in the seas in front of the resort. Despite recent environmental pressures from typhoons and predation by marine organisms, **new coral growth continues to expand** [Figure 2]. Furthermore, there has been an **increase in populations of large invertebrates**, including the endangered *Tridacna gigas*, confirming the effectiveness of PPR's conservation and restoration efforts [Figure 3].

[Figure 1] Changes in forest area within resort site



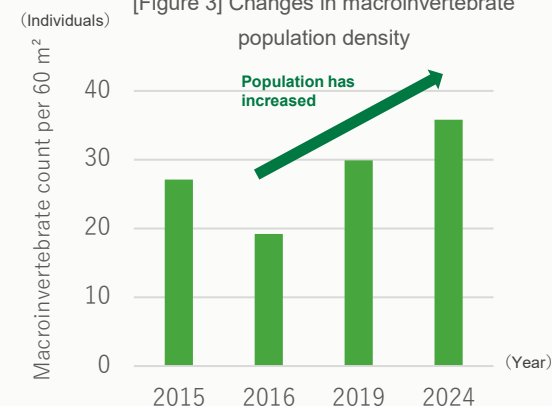
Source) Think Nature Co., Ltd.

[Figure 2] Changes in coral coverage and larval recruitment density



*See text for sources and detailed terminology.

[Figure 3] Changes in macroinvertebrate population density



Source) Reference⁹⁾

Strategy

-Nature-related analysis based on the LEAP approach-

Risks and opportunities in other businesses

Palau Pacific Resort

Palau Pacific Resort (PPR) is a full-service resort hotel developed in the Republic of Palau in harmony with environmental conservation.

- Republic of Palau

The Republic of Palau comprises more than 200 islands and is **located at the western edge of the Micronesian region in the Pacific Ocean**. After officially gaining independence from foreign rule in 1994, Palau's primary industries have been tourism, fisheries, and agriculture. **The resort destination is accessible by a direct flight of approximately four and a half hours from Japan, and there is no time difference**. Encircled by stunning coral reefs, the surrounding seas are internationally recognized as one of the world's most dynamic diving destinations, supporting a wide variety of marine species.

- About "PPR" <https://www.palauppr.com/>

Situated in a prime setting overlooking the World Heritage Site known as the Rock Islands Southern Lagoon, this authentic beach resort allows guests to fully experience Palau's natural environment and culture.

PPR **covers roughly 27 hectares, provides 172 guest rooms, the highest number in Palau**, and diverse accommodation options, including five overwater bungalows and seven pool villas.

Guests can enjoy activities such as snorkeling, stand-up paddleboarding, kayaking, and others along **the approximately 250-m private beach facing the Pacific Ocean**. The grounds also include forested areas inhabited by more than 35 bird species, including endemic and endangered birds, offering opportunities for birdwatching and nature walks.



Diving spot



Hotel exterior



Shellfish and wild bird species



Location map



Facility layout

Palau Pacific Resort

Beginning in 1956, when Tokyu Fudosan Corp.'s first president, Noboru Goto, became the first Japanese civilian to visit Palau after the war, we have continuously developed our business in Palau, often called “the last paradise on earth,” while safeguarding its abundant natural environment, history, culture, and local communities.

- 1956** **First President Noboru Goto visits Palau**
- 1973** **Local subsidiary established**
- 1984** **“PPR” commences operations**
- 1994** **Guest room expansion from 100 to 160 rooms**
- 2002** **Arakabesan Sea area in front of resort designated as marine conservation area**
- 2012** **Rock Islands Southern Lagoon registered as World Heritage Site**
- 2015** **Five overwater bungalows added, first such facilities in Micronesia**
- 2019** **“The Pristine Villas and Bungalows” opens, including Palau’s first seven standalone pool villas**
- 2025** **Luuk Nature Center opens as facility for experiencing natural environment**



Overwater bungalows



The Pristine Villas and Bungalows

Luuk Nature Center (opened December 2025)

In 2025, Luuk Nature Center was launched as a space dedicated to experiencing Palau's distinctive natural environment, offering a special program that enables visitors to explore the rich ecosystems of interconnected mountains and ocean, following the concept of “Connectivity from Ridge to Reef,” all within the resort grounds. While generating appreciation for Palau's dynamic natural scenery, this facility creates new value as an educational space that supports future environmental conservation efforts.

<https://www.palauppr.com/en/naturecenter/>

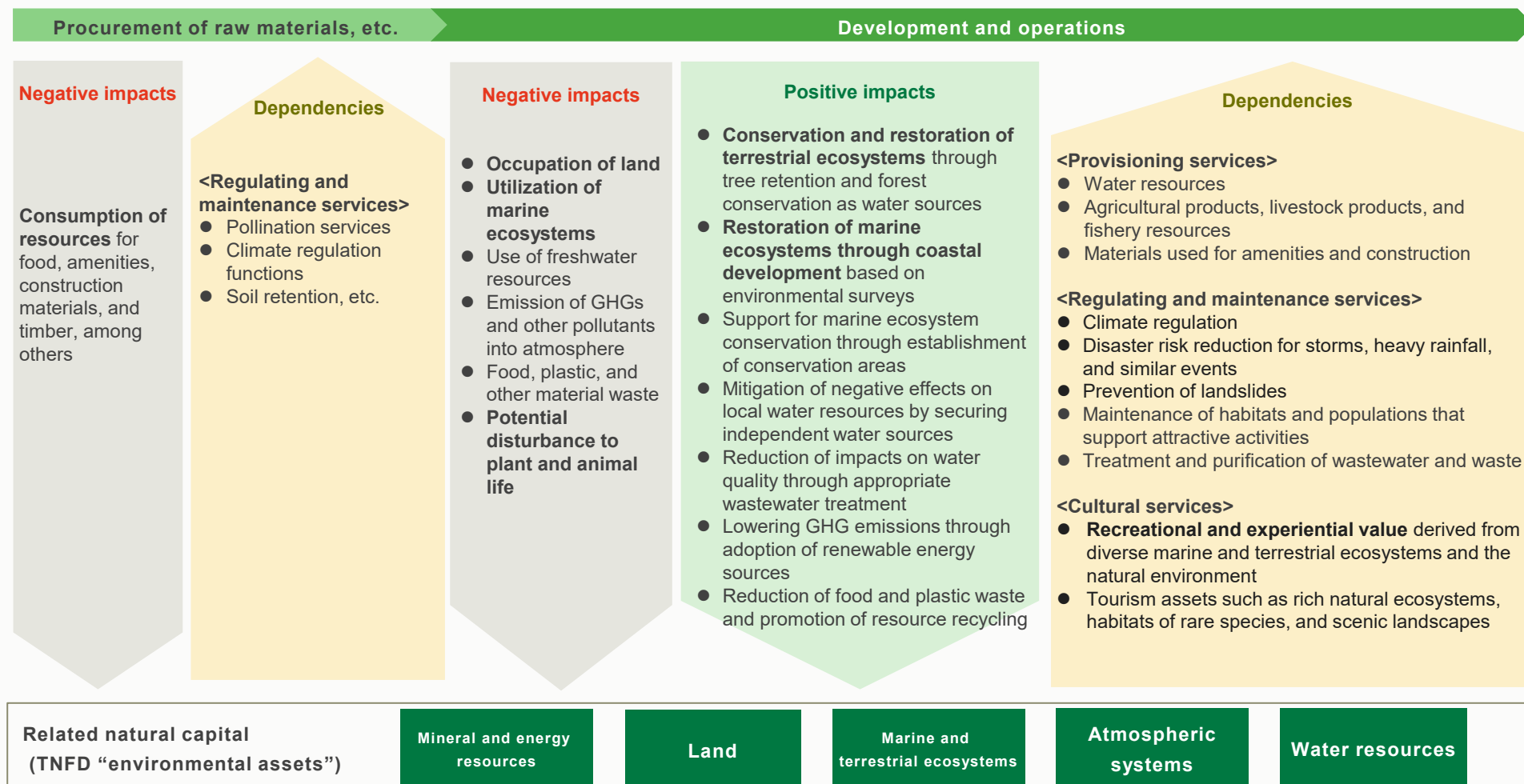


Luuk Nature Center

Major dependencies and impacts of business at “PPR”

The figure below illustrates dependencies and impacts on nature. Although our activities may generate both adverse and beneficial effects on nature, our operations also rely on natural systems in multiple ways.

Dependencies and impacts on nature across value chain *Items shown in bold are regarded as especially significant.



Assessment of dependencies on nature as tourism resource (method)

“Biodiversity importance” was assessed to determine the importance of the local area including PPR.

Assessment method

In cooperation with Think Nature Co., Ltd., we analyzed conservation priority as an indicator of biodiversity importance.

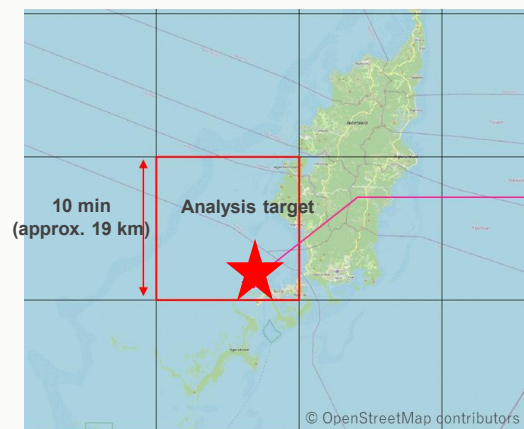
● Conservation priority

The assessment area was divided into grid units; for each grid, the risk of species loss was quantified on a scale from 0 to 1, where 1 represents a rich habitat with the highest risk of loss. **A conservation priority value closer to 1 indicates a greater number/higher presence of species facing extinction.**

This analysis used large-scale species distribution data maintained by Think Nature Co. Ltd.

● Scope of analysis

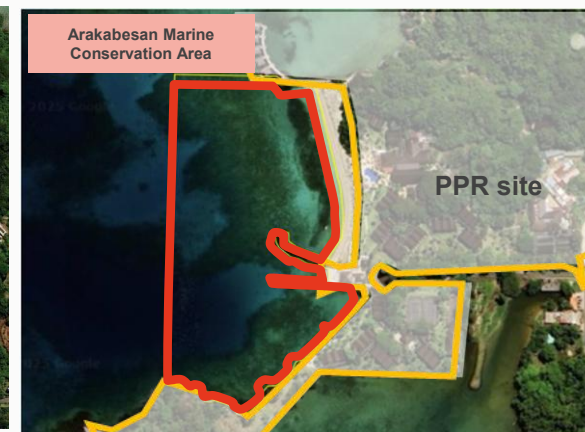
The assessment included the PPR site as well as the adjacent sea area in front of the resort, specifically the Arakabesan Marine Conservation Area.



Analysis target grid



“PPR” site*1



Arakabesan Marine Conservation Area (within red outline)

*1: Refer to p. 153 for the image source.

*The grid divided the target area into square units of a fixed size. Biodiversity assessments were conducted for each of these units.

Source) Think Nature Co., Ltd.

Assessment of dependencies on nature as tourism resource (results)

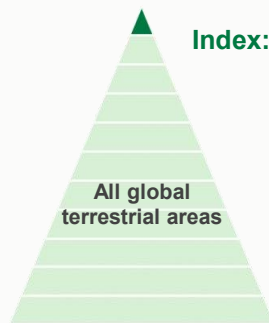
The conservation priority analysis for both land and sea indicated that the **terrestrial and marine areas** possess extremely high biodiversity conservation value, **placing them within the top 1% worldwide in terms of biodiversity importance.**

Relative to the global scale, the area supports a large number of species both on land and in the ocean, including many facing a high risk of extinction.

Importance of terrestrial biodiversity

Top 0.9% of global terrestrial areas

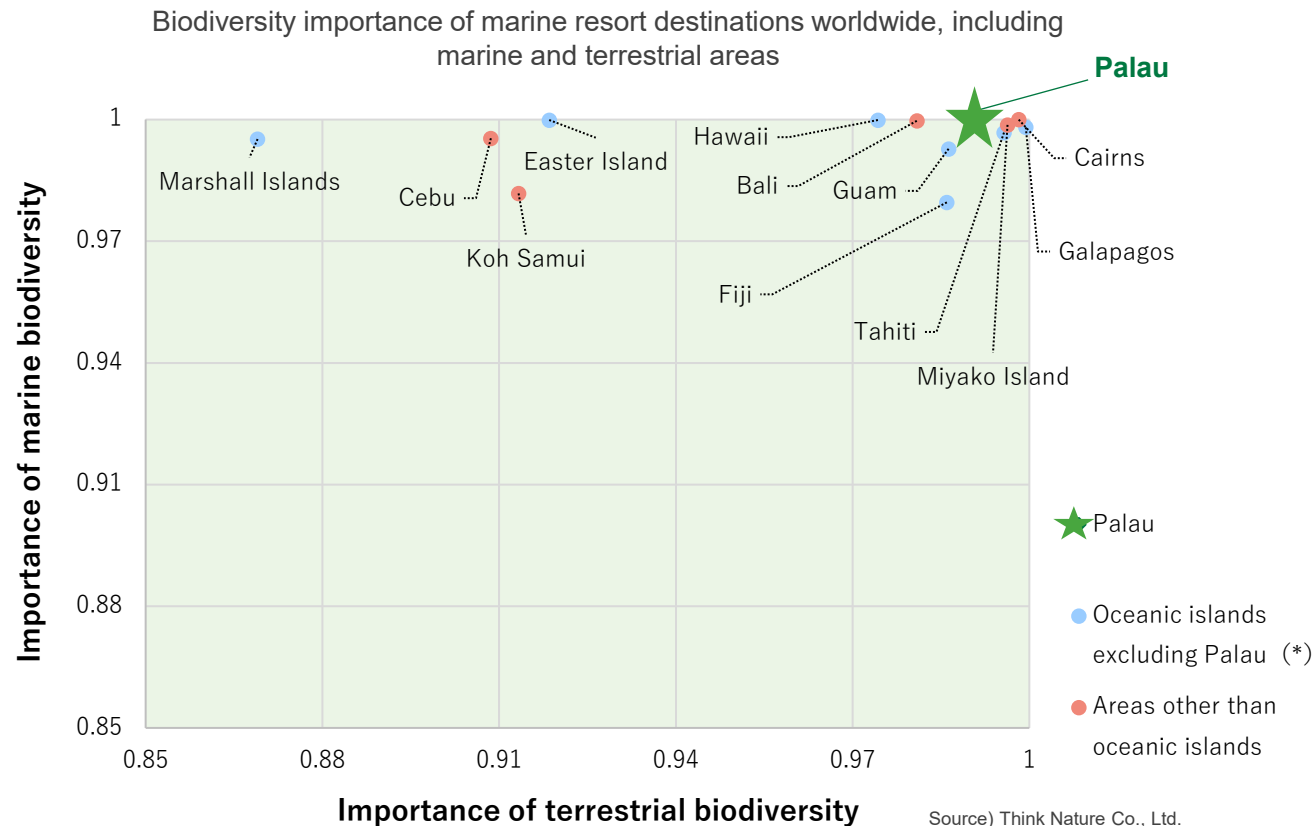
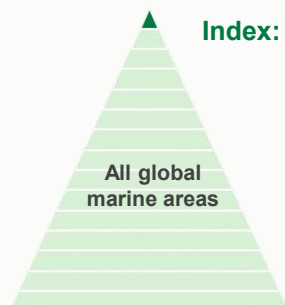
Index: 0.9907



Importance of marine biodiversity

Top 0.1% of global marine areas

Index: 0.9994



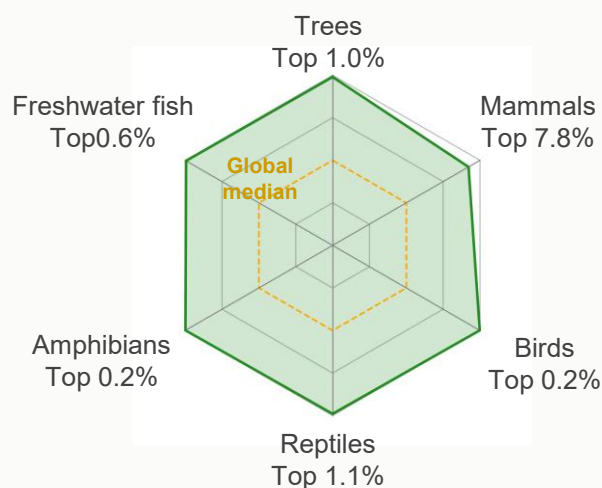
*Oceanic islands: Islands that have never been connected to a continent, including Palau. Generally, land areas with stronger connections to continents support a larger number of species, and thus non-oceanic islands tend to have higher biodiversity importance.

Assessment of dependencies on terrestrial nature (results)

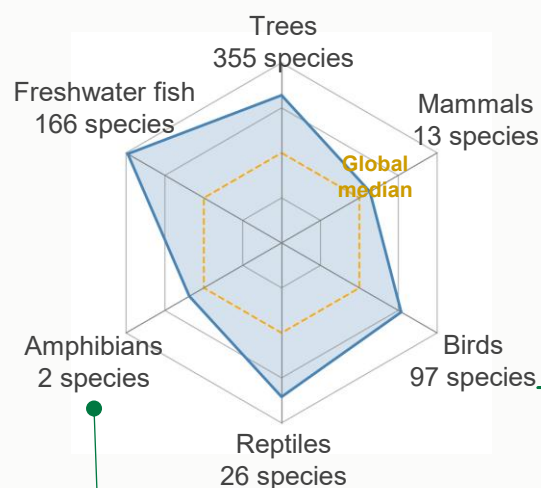
Analysis of Think Nature Co. Ltd.'s biodiversity big data showed that, across all six terrestrial biological groups, **biodiversity importance ranked among the highest globally**, with especially large numbers of freshwater fish and reptile species, as well as many endemic bird species.

The presence of bats and birds listed in the Red List **along with the nature-conscious development at PPR and the restoration of natural forests may contribute to this high level of biodiversity.**

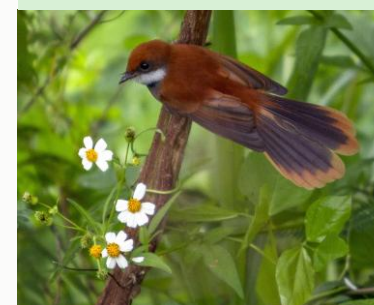
Biodiversity Importance



Number of Species



Palau endemic

*Rhipidura lepida*²

Palau endemic

*Myiagra erythrops*³

Palau endemic, national bird

*Halcyon chloris*⁴*Ptilinopus pelewensis* (Biib)⁵

Palau endemic

*Cornufer pelewensis*⁶

Source) Think Nature Co., Ltd.

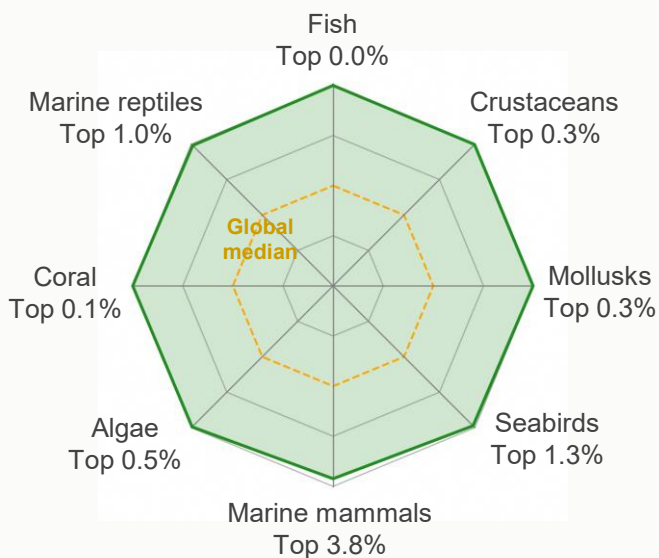
*Palau endemic: Species found only in Palau

*2-6: Refer to p. 153 for image sources.

Assessment of dependencies on marine nature (results)

Analysis of Think Nature Co. Ltd.'s biodiversity big data indicated that the sea area **ranked among the highest worldwide for both biodiversity importance and number of species** across all eight biological groups assessed. Species listed on the Red List include marine mammals such as *Dugong dugon* and *Physeter macrocephalus*, along with *Eretmochelys imbricata* and *Tridacna gigas*. As described later, **efforts under “PPR” to conserve and restore marine and terrestrial ecosystems may contribute to the high level of biodiversity.**

Biodiversity Importance

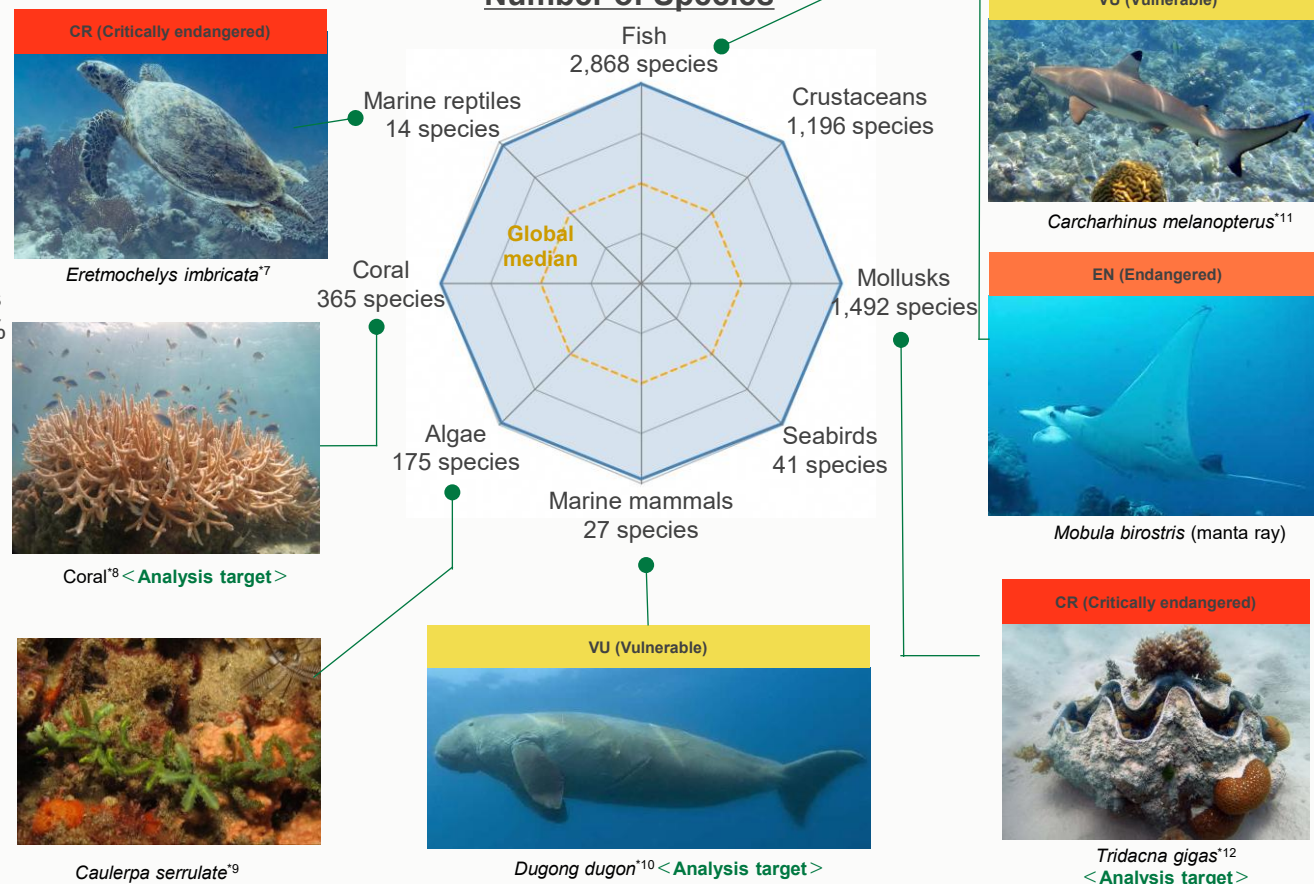


IUCN Red List categories of the International Union for Conservation of Nature (IUCN)

Symbol	Category
CR	Critically endangered
EN	Endangered
VU	Vulnerable
NT	Near threatened

Source) Think Nature Co. Ltd.

Number of Species



*7-12: Refer to p. 153 for image sources.

Reducing negative impacts during development (balancing nature and development)

Over 40 years ago, long before sustainability became a widely recognized concept, PPR was guided by the principles of “achieving balance between nature and development” and “contributing to the local community while being embraced by local residents.” These ideas are reflected in the words of Tokyu Fudosan Corp.’s first president, Noboru Goto, who said to **“not build anything taller than a palm tree”** and **“engage in work that genuinely benefits local people”**.

Terrestrial Development aligned with nature based on comprehensive environmental surveys

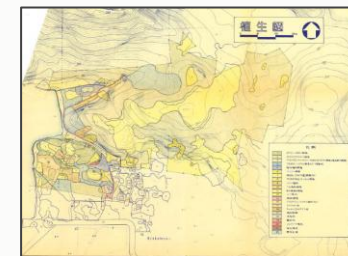
During the war, the PPR site contained military facilities. Instead of clearing forested areas, the current resort was constructed on the former military site, thereby limiting changes to the surrounding natural environment.

Before development began, **detailed environmental surveys focusing on vegetation and terrestrial ecosystems** were conducted. The findings of these surveys guided **extensive preservation of existing trees, along with the cultivation and planting of native plant species**. For instance, a “*Calophyllum inophyllum*/Casuarinaceae community,” unique to sandy coastal areas, was identified on the beach in 1979 and remains intact today. Additionally, **part of the northeastern section of the property has been designated as a water source protection zone** and is also utilized as a trekking area.

Site conditions before and after development



1944 (before development)



Vegetation survey
(Ishikatsu exterior, 1979)



2024 (after development)



Coastal forest

Marine Comprehensive beach restoration, coral transplantation, and initiatives toward marine conservation area designation

Before development, the sea area in front of the resort was affected by sediment runoff from land, creating conditions unsuitable for coral growth.

Guided by environmental surveys, **large-scale beach restoration efforts, including coral transplantation**, were implemented, leading to significant environmental improvements and the successful recovery of coral in the adjacent sea area in front of the resort.

Starting in the late 1990s, **the resort began releasing juvenile endangered *Tridacna gigas* into the sea with guests**, while also carrying out educational programs for both residents and visitors on restrictions against collecting living organisms.

These conservation initiatives enhanced the marine environment and **prompted a request from the state government for marine conservation measures. Consequently, in 2002 the sea area in front of the resort was designated as the Arakabesan Marine Conservation Area, marking the first such designation for a private beach.**



Coral transplantation



Tridacna clam release

Reducing negative impacts during development (contribution to local community)

Guided by the objectives of contributing to the local community and gaining acceptance from local residents, we focused on **community contributions through designs that are in harmony with local culture and traditions, as well as through employment creation and human resource development.**

Design reflecting local culture, traditions, and natural environment

The buildings are limited to a maximum of two stories, remaining lower than surrounding palm trees, and feature roofs inspired by the traditional Palauan *abai*, or community hall. Existing trees were retained, and the architectural design harmonizes with the surrounding ocean and greenery.

By incorporating **traditional architectural elements along with culturally symbolic buildings and sculptures**, the design **enables guests to experience Palau's culture, traditions, and natural landscapes**. This shared appreciation also **fosters pride among employees**, which contributes to higher-quality service.



Hotel exterior



Traditional building, *abai* (community hall)

Contribution to local community

The western coast of Arakabesan Island, where the hotel is located, is also used by local residents, thus the development initially faced opposition. Through the hiring of local residents and by clearly communicating our commitment to developing an environmentally considerate resort, we earned community understanding and proceeded with development.

Today, **approximately 60% of employees are Palauan. In addition to providing employment opportunities, we support the local community through training and development in the hotel and tourism sectors.**

Consequently, strong relationships have been established with the local community, and PPR's initiatives have been met with appreciation.

PPR employees participate in environmental initiatives through the Green Care Committee, **regularly carry out voluntary cleanup activities, such as collecting driftwood and waste such as plastic bottles from roads, bridges, and surrounding sea areas around Arakabesan Island.** Members have a designated leader, with whom they discuss and plan annual activities, and actively conduct cleanup efforts not only on the property but also in nearby areas.



Hotel staff



Green Care Committee

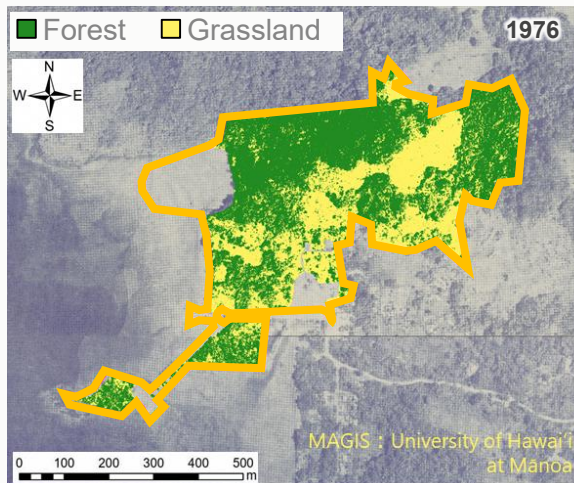
Quantitative evaluation of impacts due to land use (methods)

To assess the project's environmental impact, we conducted a quantitative analysis of **changes in the proportion of forested areas before and after development**, with the support of Think Nature Co., Ltd., and qualitatively confirmed land use changes using aerial photographs and vegetation survey data from the pre-development period.

Methods

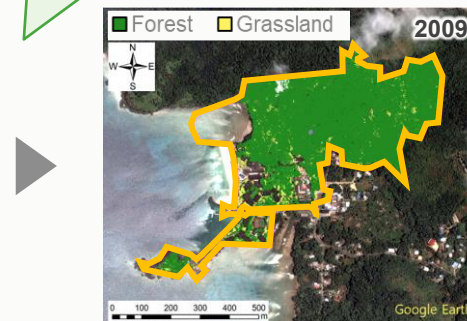
The PPR site was examined for 1976, 2009, and 2023, for which aerial photographs and satellite images were available. Using machine learning, images were classified into forest, grassland, and other land types such as built-up areas, and the extent of forest and grassland coverage was calculated.

Image analysis showed that, before development, natural forest coverage declined and grassland areas were extensive. **Following the development of PPR, land outside the building site was preserved, leading to a transition toward tropical rainforest**, referred to here as "natural forest." Currently, most of the site comprises natural forest, which is considered to contribute to enhanced forest and marine biodiversity, reduced sediment runoff, and improved watershed protection.

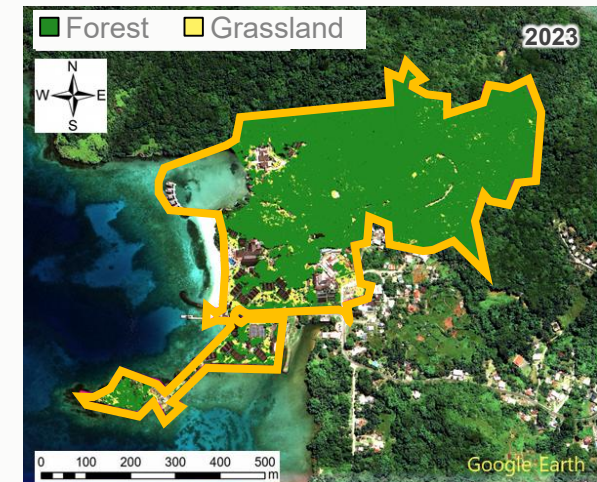


Site contains extensive grassland. Reviewing aerial photographs from 1944 together with vegetation surveys conducted during the development period suggests that areas classified as grassland **had already been cleared and used for military facilities and agricultural land before and during World War II.**

1984: PPR opens



A large portion of the site has since transitioned into dense jungle-like natural forest. Buildings are mainly concentrated along the coastline, but the surrounding areas have been carefully planted with trees and grassland vegetation, maintaining extensive green spaces.

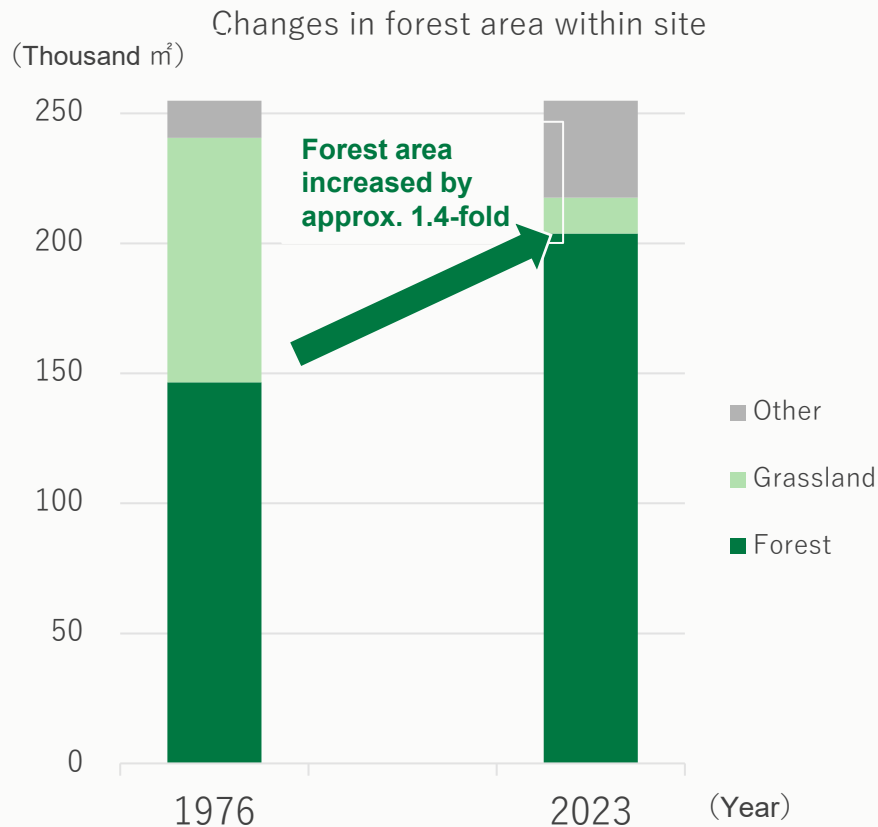


Most of the site is now covered by forest and the proportion of forested land has remained largely unchanged since 2009. **These natural forests help prevent sediment from flowing into the ocean and support the replenishment of water resources.** The forested areas also serve as trekking routes.

Source) Think Nature Co. Ltd.

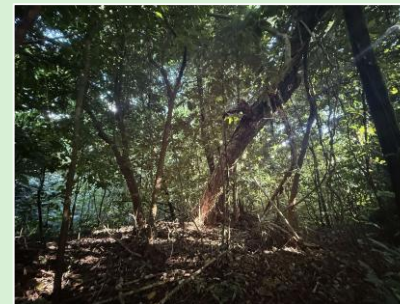
Quantitative evaluation of impacts due to land use (results)

Quantitative analysis showed that, although the area used for buildings increased as development progressed, a far greater area of forest has been restored. **Since the resort opened, the proportion of forested area has grown approximately 1.4-fold.** Development and operations guided by the principle of harmony with nature support the conservation and restoration of natural forests, wildlife habitats, and ecosystem services.



Comparison before and after resort opened in 1984

- Grassland areas declined as they transitioned into natural forest. However, vegetation surveys conducted in 1979 indicated that **these grasslands originated from cleared farmland, and native vegetation is believed to have gradually been restored into tropical rainforest through natural succession.**
- Resort construction increased the area occupied by buildings, **but development took place on the former sites of military facilities, thereby limiting changes to the original natural environment.** Sufficient greenery has been preserved around the facilities, **creating scenery that is in harmony with nature.**



Natural forest



Development in harmony with nature

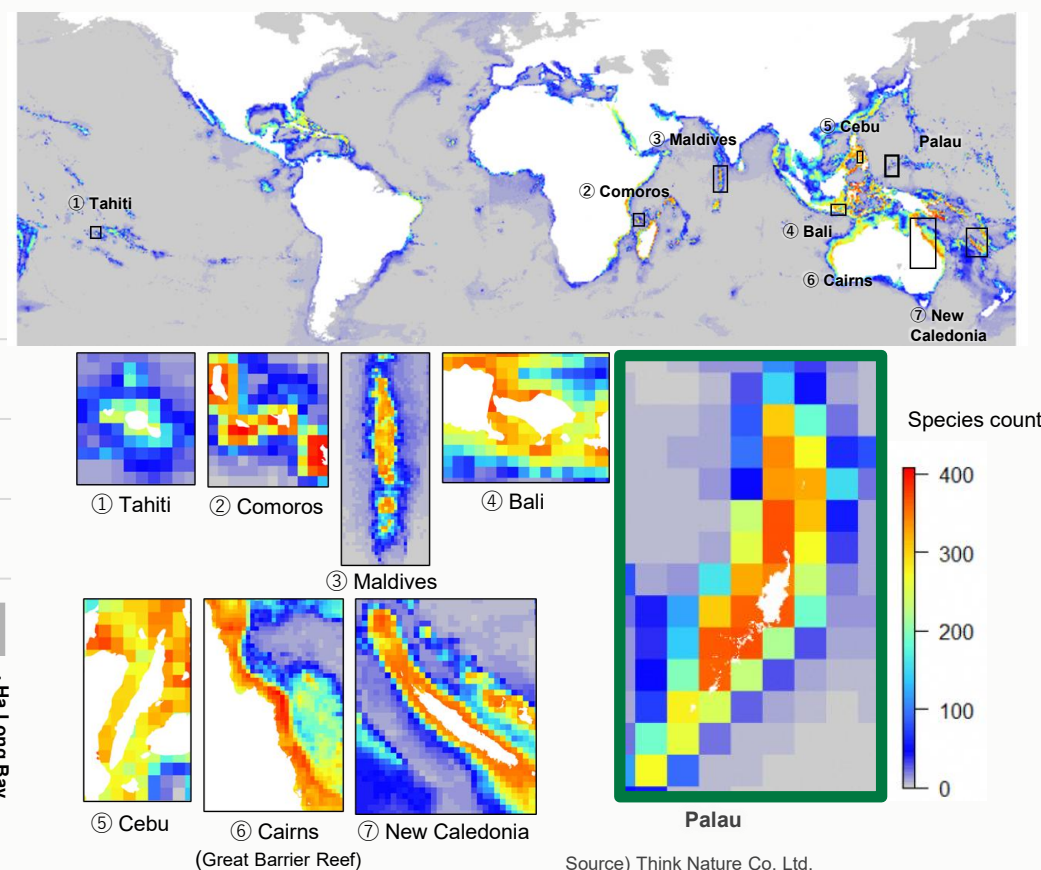
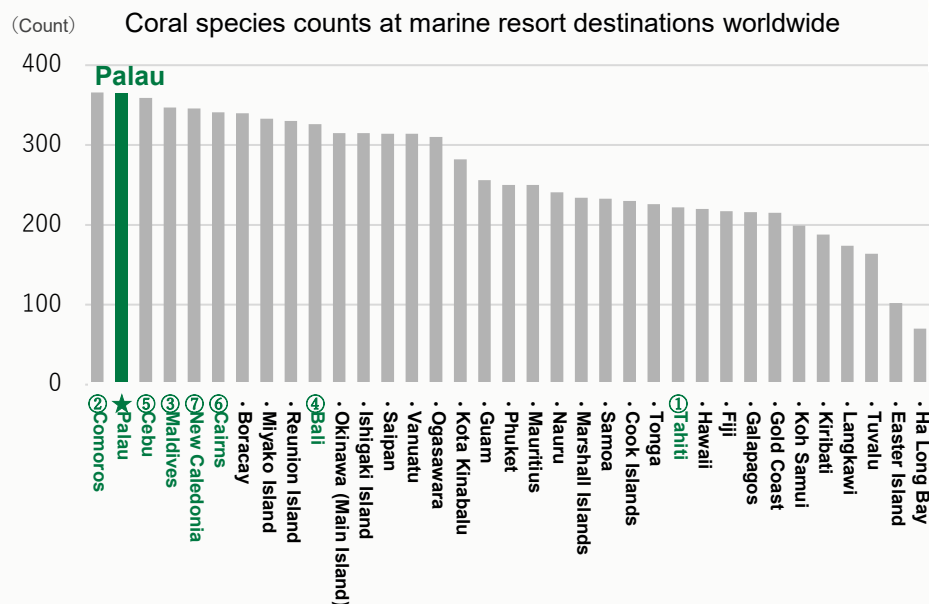
Source) Think Nature Co. Ltd.

Quantitative evaluation of natural impacts in marine areas <coral>

Palau possesses some of the most abundant coral reef systems in the world, which draw many visitors and represent important tourism resources. Coral reefs function as biodiversity-rich “oases” and have **high biodiversity importance**. They also serve **as important natural assets upon which PPR's business depends**. Accordingly, we conducted a quantitative assessment of coral reefs using Think Nature Co. Ltd.'s biodiversity big data.

Assessment of coral species counts

Analysis of **coral species counts** showed that Palau supports more than 350 species of reef-building corals out of 722 species assessed, which is a notably high figure for an oceanic island. **Compared with other resort destinations** known for coral reefs, **Palau exhibits a particularly rich diversity**.



Quantitative evaluation of natural impacts in marine areas

<coral>

Assessment of coral coverage

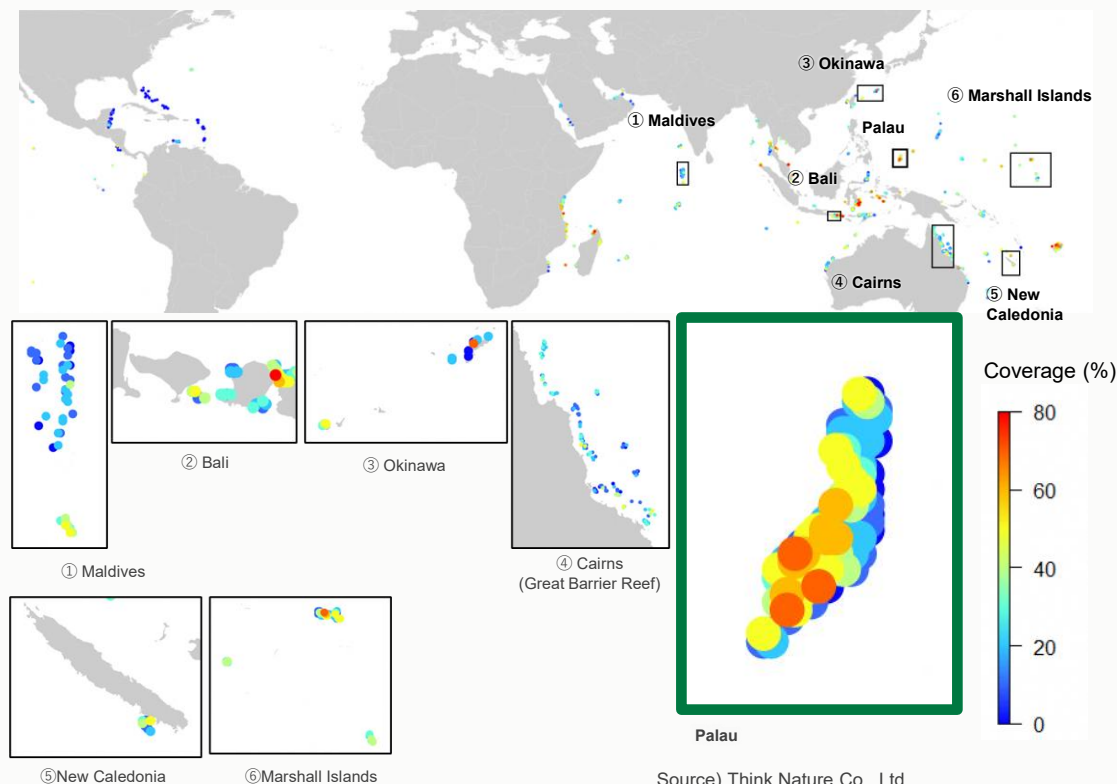
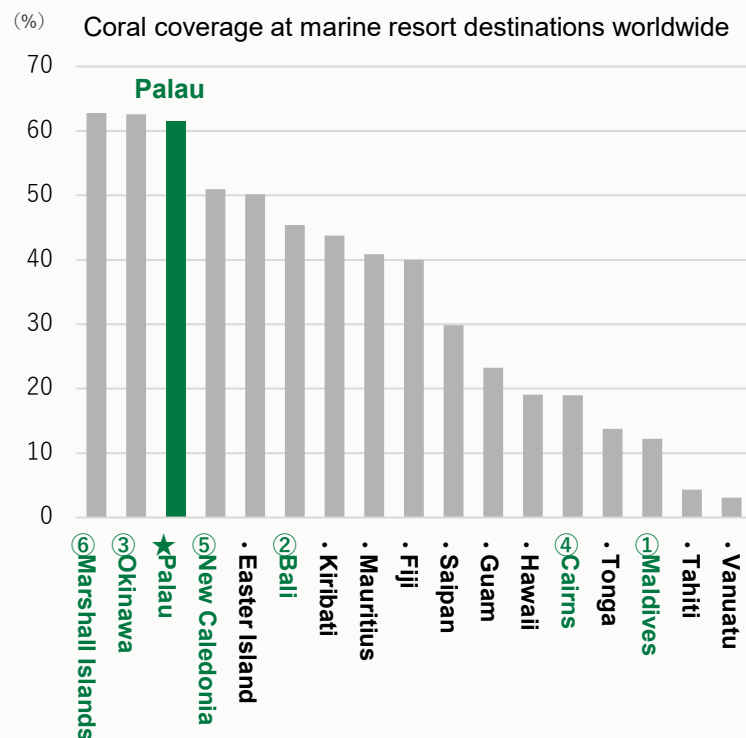
We collected and organized **coral coverage** data from a range of existing studies and visualized the results.

Palau includes sea areas where coral coverage exceeds 60%, placing it within the top 1% worldwide, **surpassing other resort regions known for abundant coral reefs**. In particular, the southwestern seas adjacent to “PPR” exhibit the highest coral coverage levels within Palau.

● Coral coverage

Coral coverage represents the proportion of the seabed area that is covered by living coral.

It is the most fundamental indicator of coral reef ecosystem abundance and health.



Source) Think Nature Co., Ltd.

Quantitative evaluation of natural impacts in marine areas <coral>

As part of assessing the impact of our business activities on nature, we conducted a quantitative analysis of **coral coverage trends** in collaboration with Think Nature Co. Ltd. and reviewed the findings of **on-site monitoring conducted within marine conservation areas**.

Target

Marine conservation area in front of resort (Arakabesan Marine Conservation Area) and surrounding sea areas of Rock Island

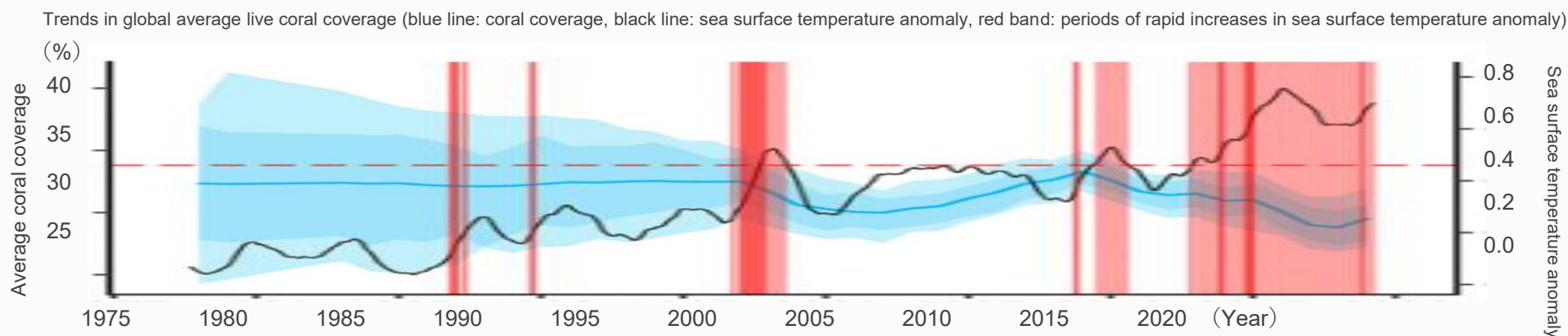
Method

- Quantitative analysis by Think Nature Co. Ltd.: Machine learning techniques were used to estimate changes in coral coverage based on satellite imagery and field survey data collected since 1994
- Verification of coral conditions using survey results from Arakabesan Marine Conservation Area

Reference

Global status of coral reefs

Coral reefs are highly sensitive to environmental changes such as climate change and ocean acidification, as well as human-driven pressures including land-based pollution from agriculture, nutrient and sediment inflows, marine pollution, overfishing, and destructive fishing methods. Consequently, they are considered at risk of global decline. Reports from the United Nations Environment Programme (UNEP) and other organizations indicate that **roughly 14% of the world's coral reefs were lost between 2009 and 2018**, with major contributing factors including large-scale bleaching, excessive coastal development, pollution, and typhoons.



Source) ICRI, GCRMN, Australian Institute of Marine Science, UNEP, "Status of Coral Reefs of the World 2020"

*Coral coverage estimates are derived from data provided by more than 300 institutions worldwide. The blue line indicates the estimated global average coral cover, with 80% confidence intervals shown in dark blue and 95% confidence intervals in light blue.

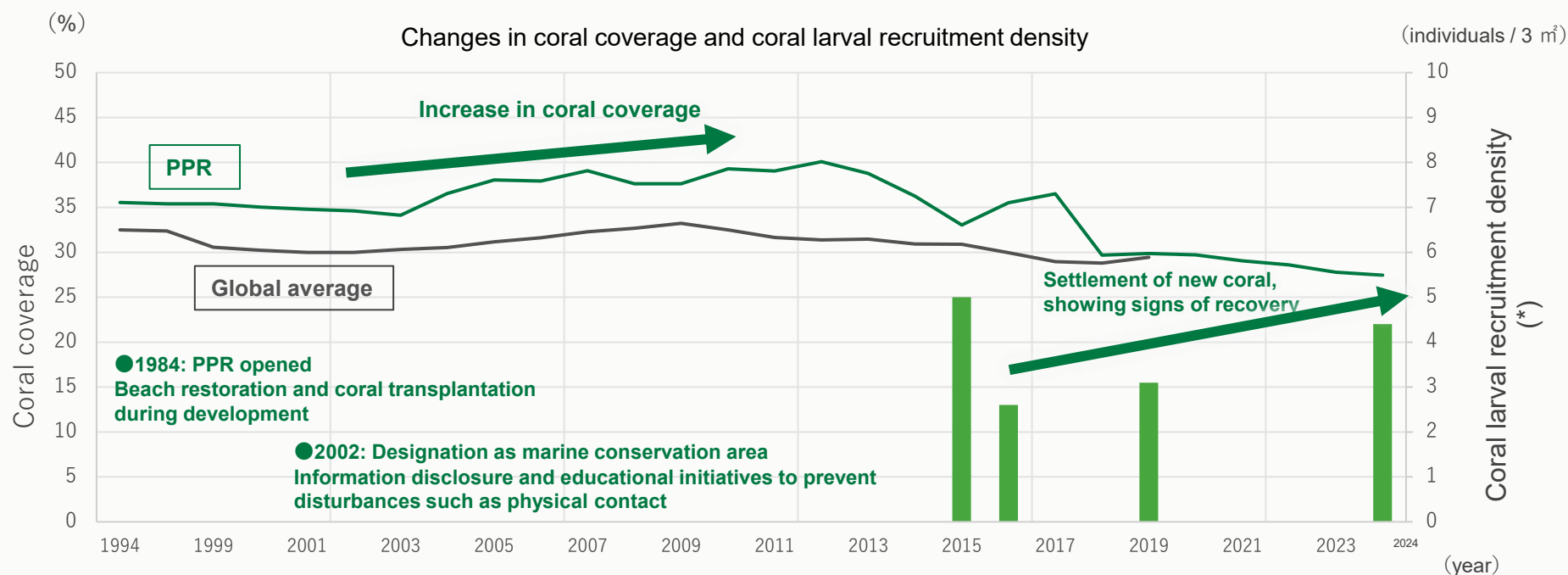
*Sea surface temperature anomaly refers to the deviation from average sea surface temperatures. The red banded areas indicate periods of rapid increases in the sea surface temperature anomaly.

Quantitative evaluation of natural impacts in marine areas <coral>

The **coral coverage trends** are presented below. **Since development began**, PPR has undertaken **initiatives such as beach enhancement, coral transplantation, and the designation of a marine conservation area**. These efforts led to a **steady increase in coral coverage** up to around 2012. However, coral coverage can fluctuate due to multiple factors, and a slight decline has been observed in line with global trends caused by external factors such as rising sea temperatures, the approach of Typhoon Haiyan in 2013, extremely low tide events, and predation by coral-feeding organisms.

Coral coverage remains a high priority, and we have **initiated a large-scale coral reef restoration project** to restore coral abundance, a critical resource supporting our business activities.

Monitoring surveys conducted in the Arakabesan Marine Conservation Area in front of the resort showed an **increase in the settlement of new coral individuals, known as larval recruitment***, indicating that coral coverage may further recover as these larvae grow.



*Settlement of new coral individuals referred to as larval recruitment

Source: Coral coverage trends for the Rock Islands and PPR, Think Nature Co. Ltd.
Global average coverage based on ICRI, GCRMN, Australian Institute of Marine Science, and UNEP, "Status of Coral Reefs of the World 2020"
Coral larval recruitment density: PICRC (2025)⁹⁾

Quantitative evaluation of natural impacts in marine areas <coral>

Coral reef coverage is declining worldwide. Recognizing the importance of coral reefs for both biodiversity and PPR's business, we are collaborating with partners to conserve and restore these ecosystems through a range of initiatives.

Past initiatives

Beach improvement and coral transplantation during development

Because sediment runoff had made the sea area in front of the resort unsuitable for coral growth, **large-scale beach restoration works** were undertaken, **including coral transplantation**. These environmental improvement efforts led to the **successful restoration of the reef**.

Education and awareness activities to prevent impacts from human activity

To reduce physical damage to coral, such as trampling, warning signs and notices have been installed. In addition, **environmental education programs are provided** to explain basic coral reef ecology and the importance of conservation. Guests who meet safety requirements, such as through snorkeling lessons led by instructors, are also given opportunities to observe coral reefs directly.



Beach following restoration



Warning sign for hotel guests

New initiatives

Coral reef restoration project in partnership with Asian Development Bank (ADB)

In 2025, a **coral reef restoration initiative was launched in cooperation with ADB** to restore coral coverage and increase coral populations in the sea area in front of the resort, thereby enhancing ecosystem resilience and biodiversity. To encourage coral growth and the propagation of heat-tolerant coral species, **a coral nursery is being installed** using electrical stimulation, also known as mineral addition technology.

Predators of coral such as *Acanthaster planci* are being managed, restoration outcomes are being **monitored** to assess effectiveness, and **capacity-building** efforts are being conducted to ensure long-term sustainability. PPR plays an active role in implementing the project by supporting the installation and management of the local coral nursery and by conducting **education and awareness activities for local residents and guests through the newly established Luuk Nature Center**.

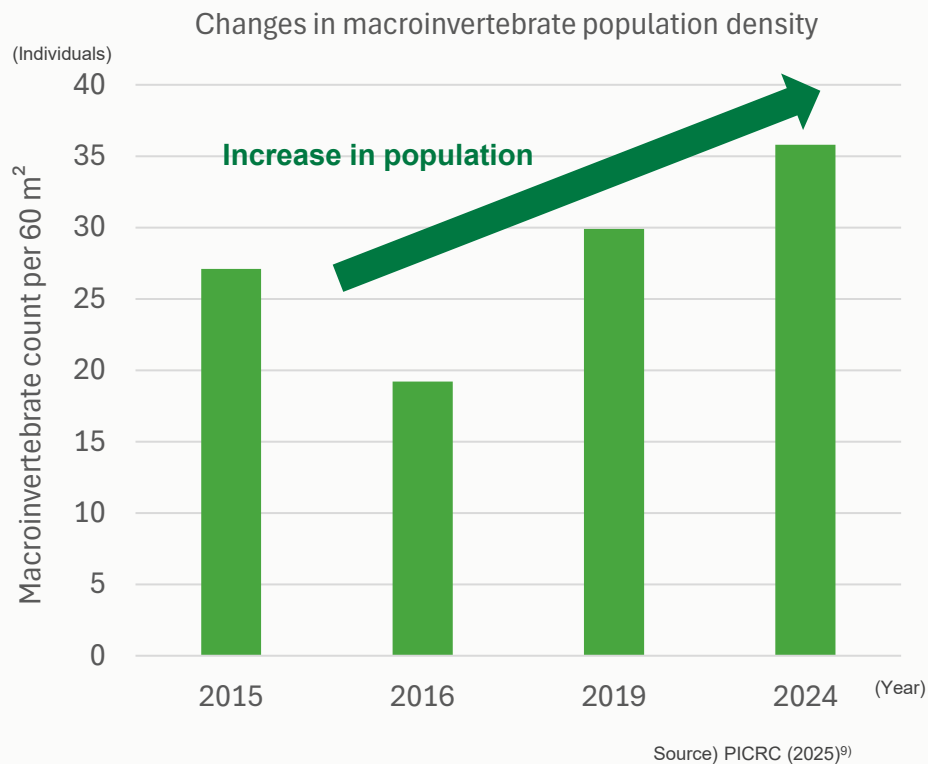


Coral nursery facility (aquaculture facility)

Quantitative evaluation of natural impacts in marine areas <Tridacna>

***Tridacna gigas* inhabit coral reef ecosystems** and are closely associated with corals, as both maintain symbiotic relationships with photosynthetic algae known as zooxanthellae.

Since 1998, PPR has been **releasing juvenile *Tridacna gigas*, an endangered species**. Monitoring surveys conducted in the marine protected area in front of the resort have indicated that **macroinvertebrate populations (*), including *Tridacna gigas*, are increasing**, suggesting that protection and restoration efforts have been effective.



*Macroinvertebrates are large animals that do not have a backbone.

<*Tridacna gigas* transplantation and release initiative>

Since 1998, juvenile *Tridacna gigas*, an endangered species, have been released with the participation of guests, after the individuals reach a certain size in captivity



Juvenile *Tridacna gigas* release



Tridacna gigas release



Tridacna gigas

Quantitative evaluation of natural impacts in marine areas <Dugong dugon>

Dugong dugon are globally endangered, and Palau supports the only independent population within Micronesia. The seagrass meadows that form *Dugong dugon* habitats are also critically important for many other marine species. Accordingly, *Dugong dugon* serve as indicator species for the health and biodiversity of coastal environments.

We assessed habitat suitability in terms of the survival of *Dugong dugon* in the surrounding waters.

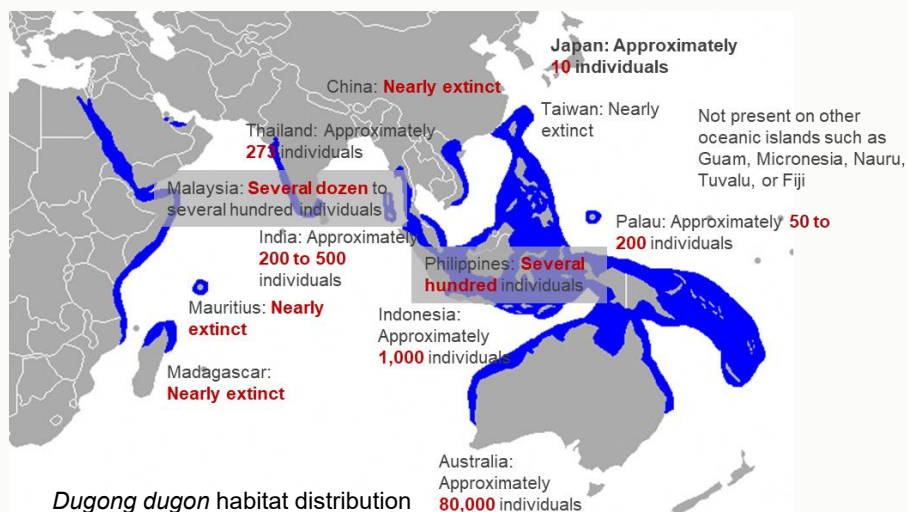
Methods

We used information on *Dugong dugon* distribution, environmental data such as water depth, and satellite imagery to identify suitable *Dugong dugon* habitats and calculate habitat suitability for the sea area surrounding “PPR.”

Dugong dugon in Palau

Dugong dugon inhabit subtropical and tropical coastal seas and are endangered in nearly all parts of their range.

Palau hosts the only isolated *Dugong dugon* population in Micronesia.



Dugong dugon habitat distribution

Source) Think Nature Co. Ltd.

Dugong dugon and seagrass beds

Dugong dugon are obligate herbivores that rely almost entirely on seagrass for food, making seagrass beds their sole feeding grounds. The existence of dense seagrass beds is therefore essential for survival.

Seagrass beds are areas of shallow seafloor where seagrass grows in meadow-like formations. They provide abundant food and habitat for a variety of marine organisms, including *Dugong dugon*, and represent a critical ecosystem for the survival of many species.



Dugong dugon*10



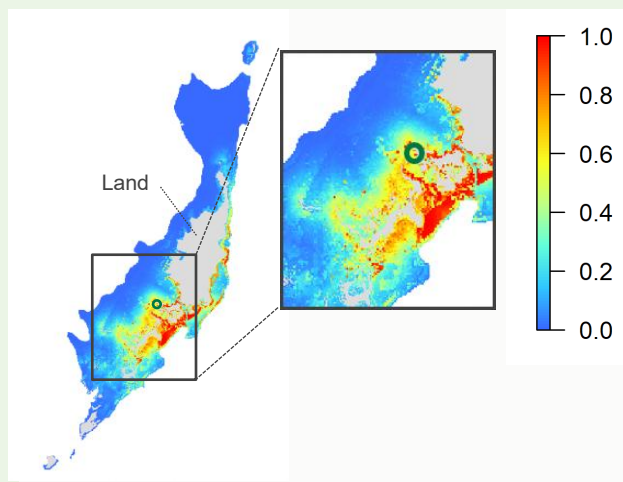
Seagrass beds

*10: See p. 153 for image source.

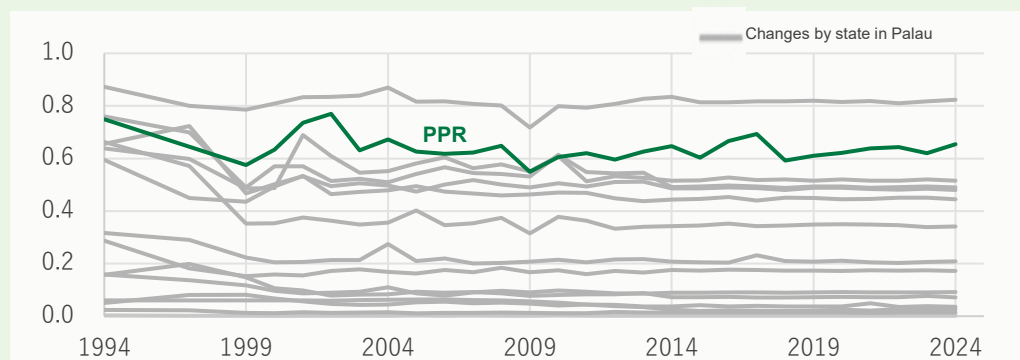
Quantitative evaluation of natural impacts in marine areas <Dugong dugon>

The southeastern region of Palau showed the highest suitability for *Dugong dugon*, with the area surrounding “PPR” ranking among the most consistently suitable locations in the country. These habitats support not only *Dugong dugon* but a variety of marine organisms, including fish and crustaceans, as reflected in the rich and diverse marine ecosystem in the surrounding seas of the resort.

[Figure 1] Comparison of *Dugong dugon* habitat suitability in 2024



[Figure 2] *Dugong dugon* habitat suitability trends in seas in front of “PPR”



- “PPR” is situated in an area of Palau with high *Dugong dugon* habitat suitability [Figure 1].
- The *Dugong dugon* habitat suitability at “PPR” has remained consistently high and transitioned in a stable manner compared to other states, except for Koror State, where “PPR” is located [Figure 2].

Research from literature also shows that Palau has avoided accidental capture by fishing, seagrass bed degradation, and water quality decline due to urbanization, key factors causing *Dugong dugon* population declines elsewhere.

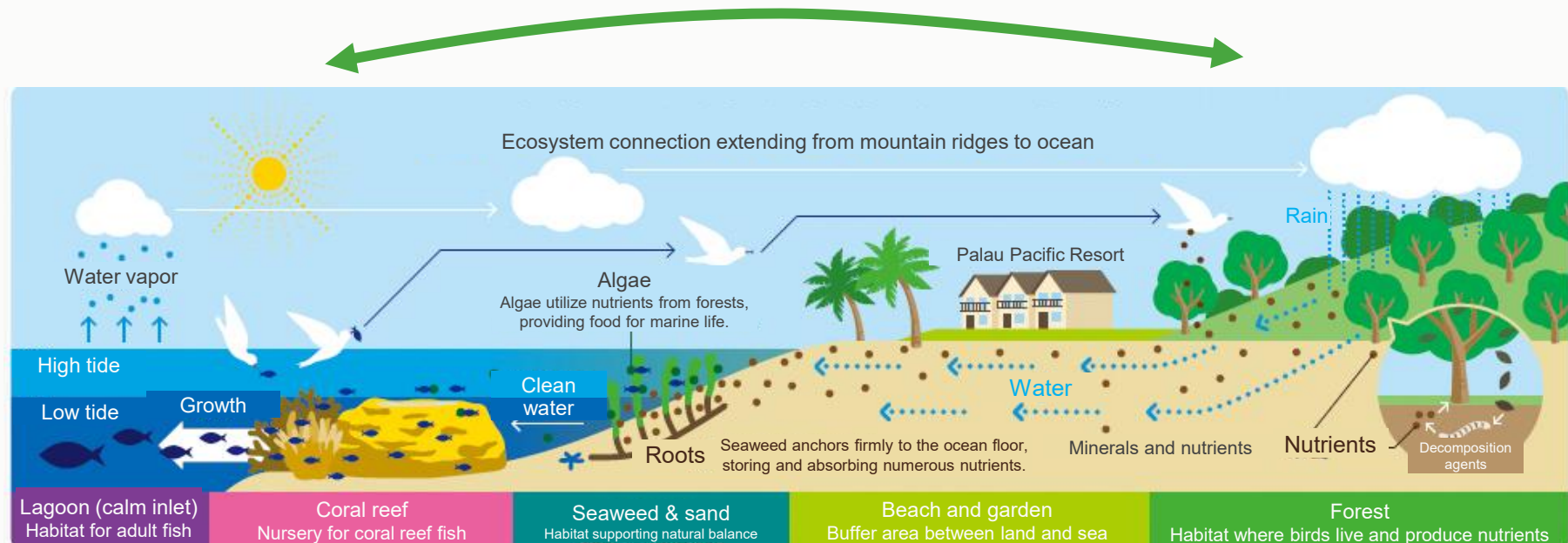
These findings suggest that resort operations, including “PPR,” have contributed to Palau's economic growth, and that the country's tourism-focused development has supported the preservation of natural environments that form the foundation of the country's economy, thereby maintaining rich marine ecosystems suitable for *Dugong dugon* habitats.

Source) Think Nature Co. Ltd.

Quantitative evaluation of natural impacts (connecting land and ocean)

Qualitative and quantitative assessments of terrestrial and marine ecosystems indicated that **PPR's activities positively impact both terrestrial and marine ecosystems**. Preserving terrestrial ecosystems helps enrich marine ecosystems through the ecological connection between land and sea, known as an ecotone.

- Supplying essential nutrients to sea areas through restoration of natural forests
- Supporting healthy material cycles via movement of organisms between land and sea



< Marine conservation >

- Beach restoration
- Coral transplantation
- Designation of marine protected areas
- Awareness programs etc.

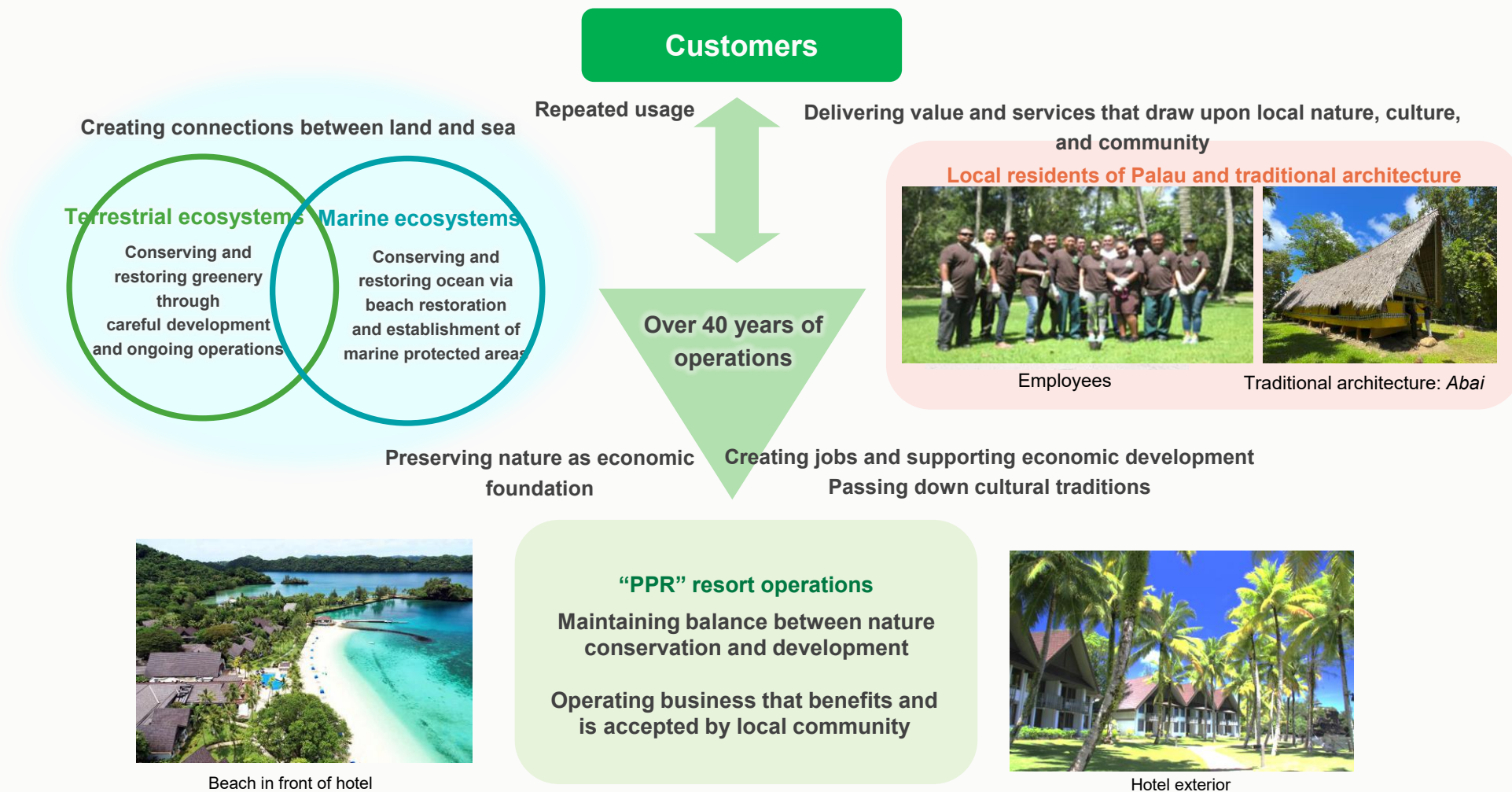
**World-class terrestrial
and marine biodiversity**

< Forest conservation >

- Preservation of trees
- Development in harmony with nature, based on detailed environmental surveys
- Regeneration and restoration of natural forests etc.

Strong connections between nature and stakeholders

Qualitative and quantitative analyses of PPR's operations and its connection with nature showed that the resort has adhered to its original vision and has operated for more than 40 years while respecting both the environment and local communities, **highlighting its long-term contributions to nature-positive initiatives.**



Important risks and opportunities in marine hotel and leisure sector (transition risks and opportunities)

An assessment of potential nature-related risks and opportunities in the marine hotel and leisure industry, with a focus on “PPR,” showed that, although there are expected physical risks, such as a reduction in resort attractiveness and tourist appeal due to declining ecosystem services, as well as transition risks arising from regulatory and market changes, numerous nature-related opportunities may emerge.

Category			Major dependencies and impacts	Risk and opportunity details
T r a n s i t i o n	Risks	Policies and regulations	Other resource consumption and waste	Increased costs for countermeasures due to stricter regulations on resource management, including recycling plastics and reducing food waste
		Technology	CO2 emissions and water resource usage	Higher expenses from implementing new equipment and technologies that enhance efficiency of energy and water usage
		Market	Resource consumption	- Increased procurement costs due to greater demand for sustainably certified products and sustainably produced food, including agricultural, livestock, and seafood items, as well as amenities for hotels and restaurants - Rising prices for certified products and sustainable alternatives due to higher demand for materials such as biomass plastics
		Reputation	General impacts	Possible reputational damage if facility's operations negatively affect surrounding environment
	Opportunities	Resource efficiency	Reduction of negative impacts such as land alteration, pollution, resource use, and waste discharge	Cost savings through adoption of renewable energy
		Capital		Potential to generate biodiversity credits in future
		Products and services		Enhanced business performance by utilizing area's unique natural attractions; boosting Palau's tourism appeal and increasing visitor numbers
		Reputation	Positive contributions to nature and biodiversity	- Improved reputation resulting from efforts to preserve and restore marine ecosystems, including coral conservation - Strengthened reputation and local community relations through economic and social contributions
		Nature protection, recovery, and restoration		- Support ecosystem services through development and operations conducted in harmony with nature - Indirect positive effects on nature through heightened environmental awareness among facility users via various educational experiences offered at site

Important physical risks and opportunities for marine hotel and leisure industry (physical risks)

Category			Major dependencies and impacts	Risk description
P h y s i c a l	Risks	Acute/ chronic	Water resources	Water shortages caused by climate change and decreased recharge capacity of forests that provide water
			Water supply, pollination, and climate regulation	- Shortages of water, extreme weather, and natural disasters may result in food supply issues, reduced quality, and price increases for hotels and restaurants - Reduced availability of ocean and river resources, deteriorating ecosystems, and declining seafood catches can cause shortages and higher prices
			Soil retention, storm mitigation, and climate regulation	- Increased physical risk to facilities, guests, and visitors due to more frequent typhoons and rising sea levels driven by climate change - Greater risk of landslides and flooding due to forest degradation
			Climate regulation, population maintenance, habitats, and cultural services	- Loss of natural landscapes, including coral reefs, endemic and rare species, and ecosystems from rising air and sea temperatures, reducing the resort's appeal - Decline in biodiversity, including marine life, birds, and plants, caused by climate change and human impacts, leading to reduced attractiveness of nature-based activities such as diving and snorkeling

Initiatives in hotel, leisure and overseas business: marine conservation

Establishment of Katsuura City Seaweed Bed Conservation Council

In August 2025, our group launched the Katsuura City Seaweed Bed Conservation Council in partnership with Katsuura City, Chiba Prefecture, the Shinkatsuura City Fisheries Cooperative Association, and related organizations. Katsuura City sits at the junction of warm and cold currents. Its coast features deep waters and numerous rocky reefs where seaweed thrives, supporting **diverse marine life**. However, recent climate change and the rise in herbivorous fish populations have worsened coastal denudation, causing declines in the quality of seaweed beds. The Council promotes initiatives to **maintain and recover high-quality seaweed beds**, control herbivorous fish populations, and **generate blue carbon credits**.



Katsuura City coast

Collaboration between industry, government, and academia at Hyatt Regency Seragaki Island, Okinawa

The Hyatt Regency Seragaki Island, operated by a company in which we hold an investment, is conducting the **“Seragaki Island Clownfish Cultivation Project”** in **partnership with the Okinawa Institute of Science and Technology (OIST)** in the waters around Seragaki Island in Onna Village, located on the central west coast of Okinawa Island (Main Island). Since 2021, the project has involved **hatching, rearing, and releasing clownfish**, which are sensitive to temperature changes and whose global populations are reportedly declining, **into breeding areas**.

To preserve the coral reef ecosystem that attracts tourists to the resort, we collaborate with Onna Village, designated a “Coral Village” in 2018, and the local fishing cooperative to implement initiatives such as introducing Green Fins, an environmentally friendly diving guideline.



Clownfish

Community contribution activities in Indonesia

Our group has operated in Indonesia since 1975, developing approximately 5,000 single-family homes and around 2,200 mid- to high-rise residential units. Alongside these urban development projects, we have engaged in long-term community initiatives including **coral conservation** in marine tourist areas, **sea turtle conservation**, and tree planting in the suburbs of Jakarta.



Coral planted in cooperation with a nature conservation organization