To realize our ideal vision, we are engaged in efforts focused around six themes (materialities) through our business activities. These themes were chosen based on the prioritization and analysis of important social issues, and by implementing strategies in line with each theme, we will contribute to the creation of a sustainable society.

Materiality Identification Process

Step 1 Determination, integration, and consolidation of social issues

- Integration and consolidation of 561 social issues into 37 items We created a longlist of 561 social issues and then integrated and consolidated similar and overlapping items into 37 issues
- Social issue longlist inputs Issues recognized in international frameworks (such as the SDGs, ISO 26000, GRI Standards, and SASB), SRI ratings indexes (such as FTSE and DJSI), analyst reports, and by the Japanese government and business organizations, as well as stakeholder feedback, and issues identified in trends regarding other companies and at Group companies

Step 2 Recognition and assessment of stakeholder expectations

- We held interviews with stakeholders to gauge their expectations regarding the 37 social issues
- We organized the interview feedback and the results of Step 1 to evaluate each issue in terms of significance for stakeholders

Step 3 Extraction of high-priority management issues

- For each of the 37 social issues, we confirmed its importance for each Group company, as well as potential risks and opportunities
- We also evaluated its significance for business management in accordance with our long-term management policy and extracted the issues that are of the highest priority to the overall Group

Step 4 Identifying materialities, opportunities and risks

- The Sustainability Committee and Group Executive Committee assessed the identified management issues along two axes: significance for stakeholders and significance for business management
- The Board of Directors designated six key issues that need to be addressed as a priority as the themes of our efforts to create value (materialities)
- We then established the correspondence between each materiality and opportunities and risks, our ideal vision for 2030, KPIs, and SDGs targets

Main social issue (excerpts from the 37 items)

- Diversification of lifestyles and normalization of IT use
- Greater demand for customer/ consumer orientation and disclosure of information on products and services
- · Growing need for the realization of a sustainable society (addressing issues such as disasters, resource shortages, and population
- Increases in Japan's existing housing and building stock and in the number of dilapidated and abandoned houses
- · Reform and revitalization of regional communities
- Growing seriousness of climate change
- Shift to sustainable energy
- Growing need to create innovation and transform business models through DX
- · Advancement of social diversity and the active participation of women in the workforce
- Human resources shortages and the growing need for personnel development
- Diversification of workstyles and an increasing need to improve working conditions and environments
- Growing importance to factor ESG into corporate management

Materialities

Materialities and ideal vision for 2030

SDGs targets



Create a variety of lifestyles

We will help people to enjoy lives that are both physically and mentally vibrant by promoting Lifestyle Creation 3.0, a combination of home, work and play styles.









Create communities and lifestyles that encourage well-being

We will realize a society where everyone can feel happy by building secure, safe and comfortable life infrastructure and creating communities where people help each other.







Create a sustainable environment

As an environmentally advanced company, we will create a carbon-free and recyclingbased society by addressing global issues such as climate change.







Create value in the digital era

We will transform our business models by utilizing digital technologies to create new experience value for customers.







Create an organizational climate under which diverse human capital is enlivened

We will continue to create innovation through an organizational climate that respects human rights and under which diverse human capital can exercise their abilities.







Create governance to accelerate growth

As a group trusted by all stakeholders, we will aim to enhance our corporate value sustainably by increasing management transparency and fairness.



Our approach to sustainable management involves solving issues based on our six materialities to increase outputs and impacts that are beneficial to society. To achieve our vision for 2030, we have identified business opportunities and risks for each of the materialities, formulated relevant strategies and measures, and set KPIs accordingly.

We will leverage the Group's strengths and assets to steadily achieve these KPIs with the aim of realizing the sustainable development of society and growth.

Materialities	■ Main opportunities	Main risks	Strategies and measures	Non-financial KPI	FY2030 targets	SDGs	Financial KPI FY2030 targets	Value we provid
	Diversification of work styles, home styles and play styles Fusion of all manner of lifestyle scenes	Mismatch to consumer needs Declining efficiency accompanying response to segmentalized needs	Verify feasibility of workations using hotels Establish a portal site for condominium residents and management associations				3	
				• Customer satisfaction level*1	90% or more	10.3		
				Products and services that contribute to Lifestyles Creation 3.0	100 cases	5.1 8.8		
Lifestyle				Froducts and services that contribute to Lifestyles creation 3.0	or more	12.7		
	Increasing importance of community creation Growing need for disaster preparedness and disaster damage reduction Increasing awareness regarding mental and physical health issues	Declining attractiveness of some cities due to intensifying competition between cities Declining attractiveness of cities due to community decline Decreasing asset values due to insufficient maintenance and management	Urban functions Urban and crutilized spaces to hold	Measures to revitalize communities	100 cases	11.3		0
AEEL				• Measures to revitanze communities	or more	11.3		Outputs (Value provided
器直				• Strengthening building safety and security*2	100%	3.9		through business
Liveable City						11.3		Lifestyle Creation
						11.5		A comfortable
		Escalation of climate change and natural disasters Increasing costs due to environmental restrictions, etc.	Achieve RE100 target Enhance environmental performance of buildings (ZEB/ZEH) Introduce internal carbon pricing Cultivate a recycling-based society through management, operations, and renovations that extend the service life of buildings	• RE100*3 *4	To be achieved by 2025	7.2		urban life
				Percentage of renewable energy power usage	60% or more	7.2	Reference	• Safe and secure housing
	Growing need to respond to a decarbonized and recycling-based society Increasing funding from ESG investors			• CO2 emissions (compared with FY2019) (SBT certification*5)	(46.2)%	13.1	indicators	
				• Water usage	Less than the	6.4	ROE	 Mental and physical health
5 1 ×					previous fiscal year	12.2	10% or more	• Fulfilling leisure t
P				Waste volume (compared with FY2019)	(11)%	12.5	ROA 5% or more	 Supply of clean en Impacts (Social value) A future where
Environment				• Environmental certification acquisition* ⁶ (e.g. CASBEE, DBJ)	100%	9.4 15.5		
				• Sustainable procurement (wood materials for molds)	100%	15.2	D/E ratio	
				Midori wo Tsunagu Project (area of forest protected)	3,000 ha	15.2	2.0 times or less	
				Environmental efforts through business	100 cases or more	11.6 11.7	Operating profit	everyone can be themselves, and shine vigorously
	Increasing importance of utilizing customer contact points Improving scalability of	Declining position of real experiences due to enhancement of virtual experiences Appearance of disruptors to existing businesses	Incorporate DX at condominium sales locations Practice data-driven area management Develop an Al for appraising condominium value Introduce voice recognition systems at all Tokyu Stay locations	Number of initiatives utilizing digital technology	100	8.2	¥150 billion or more	 Improvements to
					or more	17.16	9.1 Net profit*8	quality of life • Creation of
DX				• DX investment amount (compared with FY2021)* ⁷	2 times	9.1		
	services provided			 Acquisition of IT passports*⁴ 	100%	4.4	or more	 cooperative comm Achieving the cre
		Intensifying competition and increasing costs in the human capital market Declining reputation due to the occurrence of human rights issues	Accelerate the promotion of female employees and strengthen mid-career recruitment Change rules concerning male employees taking childcare leave and encourage uptake Respect human rights and practice due diligence concerning suppliers Provide a DE&I e-learning course, raise awareness of this issue, and monitor the situation	Ratio of employees who undergo physical examinations	100%	8.5		of a healthy socie
	Increasing opportunities to secure diverse human capital Emergence of innovation due to Diversification			Ratio of women among new graduate hires	50%	5.5	j	• Urban resilience
2 A-A 2				Ratio of female managers (ensuring the diversity of core human capital)	20% or more	5.5		Development of
						5.1		local economies • Preservation of the
Human Capital				Ratio of childcare leave taken by male employees	100%	5.5		global environme
				 Deepening understanding of DE&I (percentage of employees who took an e-learning course) 	100%	10.3		• Creation of a soc
				 Respect for human rights in the supply chain (implementation of due diligence related to forced labor and child labor) 	100%	10.3		with respect for di
	Strengthening relationships with stakeholders by improving transparency Increasing funding from ESG investors	S • Increasing cost of fund procurement • Decline in confidence due to legal violations	Provide an e-learning course on compliance for Group employees Carry out an evaluation of the effectiveness of the Board of Directors that incorporates a third-party perspective	Engagement with shareholders and investors	300 cases	12.6		
Governance				Improvement of effectiveness of the Board of Directors	or more	16.6		
				(third-party evaluation)				
				 Adherence to the compliance code of conduct 	100%	16.5		

^{*1} Tokyu Cosmos Members Club questionnaire survey *2 Support for people who have difficulty returning home in the event of a disaster in a large, non-residential building, etc.

^{*3} An international collaborative initiative with the goal of companies procuring 100% of the electric power consumed by their business activities from renewable energy sources. *4 Tokyu Land Corporation

^{*5} An abbreviation of Science Based Targets. These are medium- to long-term targets for the reduction of greenhouse gases that have been formulated based on scientific research

^{*6} Covers large-scale non-residential owned properties (total floor area of at least 10,000 m²). Excludes some properties, such as joint ventures.

^{*7} Infrastructure-related costs incurred since fiscal 2021, including the new development and introduction of apps and zero trust measures *8 Profit attributable to owners of parent

Our Ideal Vision Financial and Non-financial KPI Targets and Results

Figures for fiscal 2023 include data that has yet to undergo third-party verification and is therefore subject to change.

	Category	Materiality	KPI		FY2030 target	FY2025 target	FY2023 results
Financial targets			ROE		10% or more	9%	9.6%
			ROA		5% or more	4%	4.2%
	Finance		D/E ratio		2.0 times or less	2.2 times or less	2.1 times
			Operating profit		¥150 billion or more	¥120 billion	¥120.2 billion
			Net profit*1		¥75 billion or more	¥65 billion	¥68.5 billion
Non- financial targets			Customer satisfaction level*2		90% or more	90% or more	92.8%
	S Society	Create a variety of lifestyles	Products and services that contribute to Lifestyles Creation 3.0 (cumulative)		100 cases or more	50 cases or more	60 cases
	S Society	Create communities and lifestyles that encourage well-being	Measures to revitalize communities (cumulative)		100 cases or more	50 cases or more	64 cases
			Strengthening building safety and security*3		100%	100%	100%
	Environment	Create a sustainable environment	RE100 to be achieved by 2025*4		Achieved	Achieved	Achieved*5
			Percentage of renewable energy power usage		60% or more*6	65%*7	84.1%
			CO ₂ emissions (compared with FY2019)	Scope 1 and 2	(46.2)% (SBT certification)* ⁶	FY2023 (50)%* ⁷	(69.7)%
				Scope 3 (Categories 1, 2, and 11)	(46.2)% (SBT certification)	Qualitative target: Collaborative initiatives with partners (construction companies, etc.)	(0.1)%
			Water use		Less than the previous fiscal year	Less than the previous fiscal year	+7.5%
			Waste volume (compared with FY2019)		(11)%	(6)%	(16.6)%
			Environmental certification acquisition*6 (e.g., CASBEE, DBJ)		100%	70%	65.0%
			Sustainable procurement (wood materials for molds)		100%	30%	9.7%
			Midori wo Tsunagu Project (area of forest protected)		3,000 ha	2,400 ha	2,145 ha
			Environmental efforts through busi	iness (cumulative)	100 cases or more	50 cases or more	70 cases
	S Society	Create value in the digital era	Number of initiatives utilizing digital technology (cumulative)		100 or more	50 or more	58
			DX investment amount (compared with FY2021)*9		2 times	1.5 times	5.2 times
			Acquisition of IT passports*4		100%	80%	84.3%
			Ratio of employees who undergo physical examinations		100%	100%	99.9%
	S Society	Create an organizational climate under which diverse human capital is enlivened	Ratio of women among new graduate hires		50%	42%	45.9%
			Ratio of female managers (ensuring the diversity of core human capital)		20% or more	9%	8.0%
			Ratio of childcare leave taken by male employees		100%	100%	88.7%
			Deepening understanding of DE&I (percentage of employees who took an e-learning course)		100%	100%	96.2%
			Respect for human rights in the supply chain (implementation of due diligence related to forced labor and child labor)		100%	50%	58.9%
		Create governance to accelerate growth	Engagement with shareholders and investors		300 cases or more	290 cases or more	325 cases
	G Governance		Improvement of effectiveness of the Board of Directors (third-party evaluation)		100%	100%	100%
			Adherence to the compliance code of conduct		100%	100%	98.4%

^{*1} Profit attributable to owners of parent *2 Tokyu Cosmos Members Club questionnaire survey *3 Support for people who have difficulty returning home in the event of a disaster in a large, non-residential building, etc. *4 Tokyu Land Corporation

^{*5} Excludes electricity generated through cogeneration involving private power generation (0.2% of overall electricity consumption), as there are no gases on the Japanese market that are recognized as green gases under the RE100 technical criteria.

^{*6} Set at the same time as the long-term management policy (fiscal 2021) *7 Set at the same time as the medium-term management plan (fiscal 2022)

^{*8} Covers large-scale non-residential owned properties (total floor area of at least 10,000 m²). Excludes some properties, such as joint ventures

^{*9} Infrastructure-related costs incurred since fiscal 2021, including the new development and introduction of apps and zero trust measures. The result for fiscal 2021 is ¥1.4 billion