Themes of Our Efforts to Create Value (Materialities)

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 issues
(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 decline)
- 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
- Labor 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
Lifestyle	**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 styles, work styles, and play styles.	5, 8, 10, 12
Livable City	**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.	3, 11
Environment	**Create a sustainable environment** As an environmentally advanced company, we will create a carbon-free and circular society by addressing global issues such as climate change.	7, 13, 15
DX	**Create value in the digital era** We will transform our business models by utilizing digital technologies to create new experience value for customers.	9, 17
Human capital	**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.	5, 8, 10
Governance	**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.	16

Value Provided Through the Six Materialities

We are creating premium value that addresses societal themes by solving issues based on our six materialities.
To achieve our ideal vision for 2030, we have identified the business opportunities and risks for each of the materialities, established relevant strategies and measures, and set KPIs accordingly.
We will leverage the Group's strengths and our financial and non-financial capital to steadily achieve new KPIs set based on Medium-Term Management Plan 2030 with the aim of realizing a future where everyone can be themselves and shine vigorously.

p.24 (Other KPIs) p.81 (Human capital KPIs)

Materialities	Main opportunities	Main risks	Strategies and measures	Main non-financial KPI	FY2030 targets	SDGs targets
Lifestyle	• 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	• Customer satisfaction level*1	90% or more	10.3
				• Products and services that contribute to Lifestyles Creation 3.0*2	150 cases or more (cumulative for FY2021 to FY2030)	5.1 8.8 12.7
Livable City	• 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	• Build communities through area management • Foster resilience to ensure the sustainability of urban functions • Advance measures to swiftly rebuild lifestyles in the event of a disaster	• Measures to revitalize communities	150 cases or more (cumulative for FY2021 to FY2030)	11.3
				• Strengthening building safety and security*3	100%	3.9 11.3 11.5
Environment	• Growing need to respond to a decarbonized and circular society • Increasing funding from ESG investors	• Escalation of climate change and natural disasters • Increasing costs due to environmental restrictions, etc.	• Achieve RE100 target*4 *5 • Enhance environmental performance of buildings (ZEB/ZEH) • Introduce internal carbon pricing • Cultivate a circular society through management, operations, and renovations that extend the service life of buildings	• CO_2 emissions (compared with FY2019)	Quantitative targets Scope 1 and 2: Reduction of 80% or more Scope 3: Reduction of 46.2% or more*6 Qualitative targets Scope 3: Collaborative action with partners (construction companies, etc.) Encourage collection of primary data	13.1
				• Environmental efforts through business	150 cases or more (cumulative for FY2021 to FY2030)	11.6 11.7
DX	• Increasing importance of utilizing customer contact points • Improving scalability of services provided	• 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 AIs for appraising condominium value and for real estate advisors • Make operations more efficient by using AI to train staff and automate the creation of shift schedules	• DX and new business investment amount	¥100.0 billion or more (cumulative for FY2025 to FY2030)	9.1
				• Number of employees trained for DX promotion	10,000 or more	9.5
Human capital	• Increasing opportunities to secure diverse human capital • Emergence of innovation due to diversification	• 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	• Amount of investment in recruitment, training, and improving organizational climates (compared to the previous medium-term management plan period)	1.5 times/year or more	8.2 8.5 8.8
				• Ratio of female managers (ensuring the diversity of core human capital)	20% or more	5.5
				• Ratio of childcare leave taken by male employees	100%	5.1 5.5
Governance	• Strengthening relationships with stakeholders by improving transparency • Increasing funding from ESG investors	• Increasing cost of fund procurement • Declining confidence due to legal violations	• Provide an e-learning course on compliance for Group employees • Carry out evaluations of the effectiveness of the Board of Directors that incorporate a third-party perspective	• Engagement with shareholders and investors	400 cases or more	12.6
				• Improvement of effectiveness of the Board of Directors (third party evaluation)	Implement annually	16.6

Financial KPI (FY2030 targets)

Growth potential and efficiency

ROE
10% or more

ROA
5% or more

EPS
Around ¥170

EPS average growth rate
8%/year

Profit targets

Operating profit
¥220 billion or more

Net profit*7
¥120 billion or more

Financial soundness

D/E ratio
1.8 times or less

EBITDA multiple
8.0 times or lower

Our ideal vision

Realize a future where everyone can be themselves and shine vigorously

The value creation we aim to achieve

Create premium value that addresses societal themes

Experience value
Closely aligned with the individual, we will realize vibrant lifestyles through gratifying experiences

Local value
Collaborating with our partners and government agencies, we will elevate local appeal to community enrichment

Environmental value
We will carry out environmental management into the future by establishing both businesses and solutions to environmental issues

*1 Tokyu Cosmos Members Club questionnaire survey *2 Lifestyle Creation 3.0: The creation of ideal lifestyles for customers through the combination of home styles, work styles, and play styles
*3 Support for people who have difficulty returning home in the event of a disaster in a large, non-residential building, etc.
*4 An international collaborative initiative with the goal of companies procuring 100% of the electric power consumed by their business activities from renewable energy sources *5 Tokyu Land Corporation
*6 Certified Science Based Target (SBT). SBTs are medium- to long-term targets for the reduction of greenhouse gases that have been formulated based on scientific research *7 Profit attributable to owners of parent

Financial and Non-Financial KPI Targets and Results

Figures for fiscal 2024 include data that has yet to undergo third-party verification and is therefore subject to change.

Category		Materiality	KPI	FY2030 target (new medium-term management plan)	FY2030 target (previous medium-term management plan)	FY2025 target	FY2024 results
Financial targets	Finance		ROE	10% or more	10% or more	9%	9.9%
			ROA	5% or more	5% or less	4%	4.5%
			EPS	**Around ¥170**	–	¥90 or more	¥108.69
			EPS average growth rate	**8%/year**	–	–	–
			Operating profit	¥220 billion or more	¥150 billion or more	¥120 billion or more	¥140.8 billion
			Net profit*1	¥120 billion or more	¥75 billion or more	¥65 billion	¥77.6 billion
			D/E ratio	1.8 times or less	2.0 times or less	2.2 times or less	2.1 times
			EBITDA multiple	**8.0 times or less**	–	10 times or less	8.9 times
Non-financial targets	S Society	Create a variety of lifestyles	Customer satisfaction level*2	90% or more	90% or more	90% or more	91.9%
			Products and services that contribute to Lifestyles Creation 3.0*3 (cumulative)	**150 cases or more**	100 cases or more	50 cases or more	83 cases
	S Society	Create well-being communities and lifestyles	Measures to revitalize communities (cumulative)	**150 cases or more**	100 cases or more	50 cases or more	90 cases
			Strengthening building safety and security*4	100%	100%	100%	100%
	E Environment	Create a sustainable environment	RE100 to be achieved by 2025*5	Achieved	Achieved	Achieved	Achieved (certified in April 2024)*6
			Percentage of renewable energy power usage	60% or more	60% or more*7	65%*8	89.3%
			CO_2 emissions (compared with FY2019) — Scope 1 and 2	**Reduction of 80%**	Reduction of 46.2% (SBT certification)*7	FY2023 Reduction of 50%*8	Reduction of 77.4%
			CO_2 emissions (compared with FY2019) — Scope 3 (Categories 1, 2, and 11)	**Update of initiative targets (encourage collection of primary data)**	Reduction of 46.2% (SBT certification)	Qualitative target: Collaborative initiatives with partners (construction companies, etc.)	Reduction of 30.0%
			CO_2 emission reduction contribution	**Carbon negative 10 times**	–	Carbon negative 1 time	Carbon negative 3 times
			Water use volume and intensity	**Reduction of 7% compared to FY2023 (reduction compared to FY2019)**	Less than the previous fiscal year	Less than the previous fiscal year	Reduction of 11.8%
			Waste volume and intensity	**Reduction of 7% compared to FY2023 (reduction of 22% compared to FY2019)**	Reduction of 11%	Reduction of 6%	Reduction of 11.8%
			Environmental certification acquisition*9 (e.g., CASBEE, DBJ)	100%	100%	70%	70.3%
			Sustainable procurement (wood materials for molds)	100%	100%	30%	23.3%
			The Green Connection Project (cumulative area of forest protected)	3,000 ha	3,000ha	2,400 ha	2,304ha
			Environmental efforts through business (cumulative)	**150 cases or more**	100 cases or more	50 cases or more	105 cases
	S Society	Create value in the digital era	Number of initiatives utilizing digital technology (cumulative)	**Initiatives contributing profit 100 cases**	100 cases or more	50 cases or more	77 cases
			DX and new business investment amount	**Cumulative total ¥100 billion or more (FY2025–FY2030)**	2 times*10	1.5 times*10	6.4 times*10
			Number of employees trained for DX promotion	**10,000 or more**	–	–	–
			Acquisition of IT passports*5	100%	100%	80%	92.8%
	S Society	Create an organizational climate under which diverse human capital is enlivened	Amount of investment in recruitment, training, and improving organizational climates (compared to the previous medium-term management plan period)	**1.5 times/year or more**	–	–	–
			Ratio of female managers (ensuring the diversity of core human capital)	20% or more	20 % or more	9 % or more	8.8%
			Ratio of women among new graduate hires	50%	50%	42%	39.5%
			Ratio of childcare leave taken by male employees	100%	100%	100%	92.9%
			Deepening understanding of DE&I (percentage of employees who took an e-learning course) *11	100%	100%	100%	95.1%
			Ratio of employees who undergo physical examinations	100%	100%	100%	100%
			Respect for human rights in the supply chain (implementation of due diligence related to forced labor and child labor)	100%	100%	50%	59.9%
	G Governance	Create governance to accelerate growth	Engagement with shareholders and investors	**400 or more**	300 cases or more	290 cases or more	367 cases
			Evaluation of effectiveness of the Board of Directors (third-party evaluation)	Implement annually	Implement annually	Implement annually	Implemented
			Adherence to the compliance code of conduct	100%	100%	100%	98.7%
			Percentage of employees who received compliance training	**100%**	–	–	–

*1 Profit attributable to owners of parent *2 Tokyu Cosmos Members Club questionnaire survey *3 Lifestyle Creation 3.0: The creation of ideal lifestyles for customers through the combination of home styles, work styles, and play styles *4 Support for people who have difficulty returning home in the event of a disaster in a large, non-residential building, etc. *5 Tokyu Land Corporation *6 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 *7 Set at the same time as the long-term management policy (fiscal 2021) *8 Set at the same time as the medium-term management plan (fiscal 2022) *9 Covers large-scale non-residential owned properties (total floor area of at least 10,000 m²). Excludes some properties, such as joint ventures *10 Represents the ratio in comparison with the DX investment amount of ¥1.4 billion in fiscal 2021 (previous medium-term management target) *11 In fiscal 2022, "deepening understanding of LGBT" was changed to "deepening understanding of DE&I"