SUSTAINABILITY

Message from the Officer in Charge

Sustainability Strategy

(Published September 2025)

We will strengthen earning power by creating premium value to increase our true corporate value

Reflecting on our sustainability management

The Group has a history of focusing on value creation that connects cities and nature, and people and the future. The Group's origins trace back to the establishment of the Denen Toshi Company in 1918. From the start, it was our stance to solve social issues through business, and since then we have grown with a focus on real estate development emphasizing harmony and symbiosis with the environment and local communities. Meanwhile, Tokyu Land Corporation established its Basic Environmental Philosophy and clearly stated its commitment to harmony between the environment and its business activities all the way back in 1998.

Operating Officer
Supervisor for the Group Sustainability Promotion Department and Corporate Communication Department
Tokyu Fudosan Holdings Corporation
Yumi Nakano

Today, the word "sustainability" is common parlance, and almost all listed companies advocate sustainability management. We established a specific department for the promotion of sustainability in 2022, but we are proud of the fact that even before "sustainability" was a part of every business manager's lexicon, pursuing growth while seeking to be in harmony with the natural environment, society, and the economy was the obvious course of action for our Group.

We place great importance on integrated reporting as a tool for communicating our management strategies. Since we published our first integrated report in 2016, I have been involved in its production in my role supervising investor relations. At that time, our CSR department, the predecessor of the current Group Sustainability Promotion Department, brought together people in charge of the corporate planning, IR, and general administration departments to begin working on the integrated report under a cross-functional structure. Through repeated discussions on the Group's value creation story from the perspective of the integrated reporting framework and the "six capitals," intra-Company boundaries were spanned and mutual understanding deepened. Further, integrated thinking that looked at the Group as a whole as well as a shared idea of turning nonfinancial capital into future financial capital took root. When we formulated our long-term management policy by backcasting from 2030, I believe our discussions on the philosophy and materiality, etc., proceeded so smoothly because we were able to leverage the thought processes we had originally cultivated through working on integrated reporting.

It has been exactly 10 years since our first integrated report was published. Through integrated reporting, we hope to communicate our essential corporate value enhancement story to gain the understanding and support of shareholders, investors, and other stakeholders. We will continue working to communicate our management strategy in ways that are easy to understand through our integrated reports and other means.

We define “environmental premium creation” as increasing our corporate value

Under our medium-term management plan 2030, announced in May, we have upgraded our environmental management. In our longterm management policy formulated in 2021, we set environmental management as Group policy in anticipation of a time when products and services would be selected based on their environmental friendliness. At the time, it was rare for a real estate developer to explicitly place the environment at the forefront of its business, and even as we launched our environmental management, there was some hesitation in the Group. Today, four years later, efforts to address environmental issues are being implemented in all Group company business units. Balancing environmental contributions and profits in our business activities, however, remains a perpetual challenge. That is why we have decided to shift our approach, from adding environmental contributions to our business activities when reserves allow, to monetizing environmental value by establishing businesses predicated on contributing to the environment in the first place.

The medium-term management plan 2030 defines the theme of environmental management as “environmental premium creation.” Using the three environmentfocused challenges of a decarbonized society, a circular society, and biodiversity as a starting point and combining these with the resolution of social issues which we have positioned as a priority theme, we will provide high added value and strengthen our profitability. Environmental value, experience value, asset value, and more—we will pursue the added values that can only be generated in the multifaceted real estate industry. The key point will be the strengthening of our profitability. We can boast that we are truly engaging in environmental management only when our environmental efforts are linked to financial figures and contribute to our business performance. Since the criteria for measuring the improvement of corporate value basically come down to EPS and ROE, we are keenly aware of the need to elevate sustainability management to something that can be explained in terms of EPS and ROE.

Being an environmentally advanced company enhances our competitive advantages

Since we began promoting environmental management, we have often been asked whether it really provides financial benefits. In fact, environmental management is becoming a major part of the Group’s differentiation strategy. For example, we have earned high external recognition, including being selected for inclusion in the CDP Climate Change and Water Security A Lists. Meanwhile, Tokyu Land Corporation, the core company of the Group, was the first Japanese operating company to receive official certification for achieving the targets of RE100. Tokyu Land Corporation provides the environmental value of decarbonization to its customers through the office buildings, commercial facilities, and hotels it owns and operates. While contributing tangibly to environmental issues such as decarbonization and energy conservation helps secure ongoing business from our customers, we also benefit in multiple ways, including reduced CO_2 emissions, improved brand image, the creation of business opportunities, and, ultimately, improved recruitment and employee engagement.

Among the three Key Themes of medium-term management plan 2030, the establishment of a GX business model is one that typifies our commitment to environmental management. Establishing a unique business model that is difficult for other companies to imitate will increase the resilience of the Group’s business portfolio. We believe that, as a real estate company, our GX initiatives will have an impact on society, including the realization of a decarbonized society, the further spread of renewable energy, the revitalization of local economies (see the column at right regarding our TENOHA facilities), and the creation of new industries.

Under the medium-term management plan 2030, we intend to accelerate growth by combining businesses in which we have a competitive advantage. We want to make our sustainability strategy a driver of growth by speeding up our implementation of environmental management to create high added value in each of the Group's businesses, making them our customers' first choice and strengthening our profitability. We also want to share "a future where everyone can be themselves and shine vigorously" with all our stakeholders. I will work to instill the concept of creating premium value throughout the Group and play my part in enhancing our corporate value.