

CSR

Tokyu Fudosan Holdings Group's CSR

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> Promotion Structure

> Tokyu Fudosan Holdings Group Code of Conduct

> Identification of Materialities & Opportunities and Risks

> Tokyu Fudosan Holdings Group's ESG Management

> Message from the President

+ Create Value for Customers

+ Environmental Conservation Initiatives

+ Contributions to Local Communities

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In order to achieve sustainable growth and increase corporate value over the long term, we have positioned ESG (environment, society, governance) as a key management issue and practice ESG management in accordance with the Group CSR vision of raising the level of satisfaction among stakeholders by finding solutions to social issues through our business activities.

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CSR Vision

We will work on creating solutions for social issues through our business activities and in the process enhance the satisfaction of stakeholders.

We find ourselves surrounded by a host of different challenges, spanning from environmental issues, such as global warming and ecosystem conservation, to social issues, such as aging society and a declining birthrate, as well as the need to reinforce compliance and risk management. Given this, the corporate social responsibility (CSR) of the Tokyu Fudosan Holdings Group is defined as promoting initiatives that leverage resources through its business activities to solve social challenges and enhance the satisfaction of stakeholders in the process. For this reason, we share the Tokyu Fudosan Holdings Group CSR Vision with all subsidiaries and consider CSR to be an important management task for which we are promoting initiatives through our core business.

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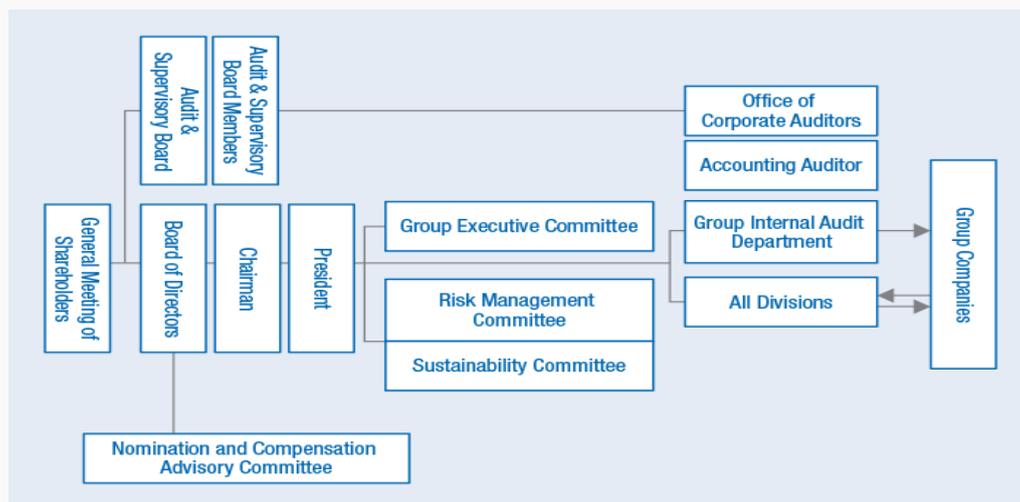
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Promotion Structure

Aiming for continuous value generation, we have made Environmental, Social and Governance (ESG) factors as a vital part of the Group's management. Based on our identified social materiality, our Group's medium-term management has been organized into four themes with KPI targets in terms of ESG aspects, Environment, Work-style reform, Social needs and Corporate Governance. We are making Group-wide effort to achieve the KPI targets for FY2020, the last year of the medium-term management plan.

■ Organization chart of CSR promotion



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Tokyu Fudosan Holdings Group Code of Conduct

We have established the Tokyu Fudosan Holdings Group Code of Conduct as a set of action guidelines for all executives and employees to follow. The Code of Conduct documents action principles for all executives and employees in order for the Tokyu Fudosan Holdings Group to always be trusted by stakeholders. In addition to compliance, the Code of Conduct also addresses the environment and society to encourage responsible efforts within the group for helping society and the group to achieve sustainability.

1. Compliance with Laws and Regulations and Fair Trading	2. Ensuring Customer oriented Awareness	3. Suitable Execution of Duties	4. Proper Management of Information	5. Ensuring Good Faith in Business Conduct
<ul style="list-style-type: none"> ● Ensure compliance with applicable laws and regulations. ● Ensure best practice in material procurement and fair trade. ● Ensure compliance with fiduciary responsibility in the execution of duties. ● Never connect with antisocial forces. 	<ul style="list-style-type: none"> ● Identify customer needs and develop products to meet their needs. ● Prompt and dedicated response to customers' comments and requests. ● Customers' safety and security comes first when providing products and services. ● Provide a suitable and appropriate explanation and marketing of our products and services. 	<ul style="list-style-type: none"> ● Responsible execution of duties, keeping concepts of "speed" and "evolution" in mind. ● Nurture organization culture of placing emphasis on "Collective wisdom." ● Take advantage of combined strength of the corporate group. ● Ensure proper decision making process. ● Proper management of rules. ● Proper negotiations with business associates. 	<ul style="list-style-type: none"> ● Operate appropriate document and information management systems. ● Proper management of confidential information and compliance with confidentiality obligation. ● Prohibit insider trading. ● Timely and appropriate information disclosure and PR activities. ● Internal control to ensure proper accounting and financial reporting 	<ul style="list-style-type: none"> ● Preserve corporate assets. ● Ensure a robust, safe, and comfortable working environment. ● Respect human rights. ● Contribution to society and consideration of the environment. ● Reasonable business entertaining and gift-giving. ● Clear distinction between business and personal matters.

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Identification of Materialities & Opportunities and Risks

When formulating the Medium-Term Management Plan, the Tokyu Fudosan Holdings Group identified key social issues that will be important to the Group over the long term and then identified materialities while taking into consideration the opinions of experts with advanced knowledge regarding the low birthrate and aging society, lifestyles, the environment, work styles, and ESG investment. We verified opportunities and risks in our business activities associated with these key issues with an awareness of social problems that affect the Group. In order to achieve sustainable society and increases in our corporate value, we will undertake measures to address social issues through our business activities in accordance with the Value Frontier 2020 Medium-Term Management Plan.

Identification Process

Step 1 → Determination and Organization of Social Issues

When identifying key issues, the Group ascertained social issues while making reference to the Group's management plans, the GRI Guidelines, ISO 26000, the Sustainable Development Goals, issues recognized by the Japanese government and economic organizations, and other information, and generated a long list comprising 470 items.

Step 2 → Integration and Consolidation of Issues

We integrated and consolidated the 470 social issues by organizing similar items and taking into account relevancy to the Group. Based on the results, we tentatively evaluated importance based on relevancy to the Group's value creation process and stakeholder expectations and demands and selected 31 materialities.

Step 3 → Stakeholder engagement

We conducted interviews of management staff and experts with high levels of knowledge in specialized fields. We also gathered opinions regarding the importance of social issues from within the Group and society.

Management

Comment

President and Representative Director
Yuji Okuma

- Sound and sustainable management requires an emphasis on the opinions of independent outside directors, arrangement of issues, and investigation of the details of measures.
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Director, Operating Officer
Hironori Nishikawa
Responsible for general administration divisions

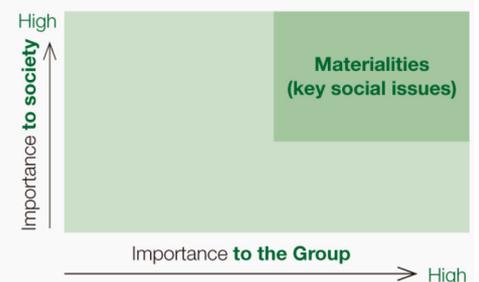
- In a society with an aging population and advances in the Internet of things (IoT), business will be born from services that combine various issues and can be provided in an integrated manner
- When engaging in the resort business, it is necessary to take measures to mitigate environmental impact from business activities with regard to the issue of climate change.

Specialized Field Expert	Comment
<p>Low Birthrate, Aging Society Tomoo Matsuda Research Director and Chief Producer Platinum Society Center, Mitsubishi Research Institute, Inc.</p>	<ul style="list-style-type: none"> It is important to create business from means of preventing the elderly from needing nursing care (such as sports, diet, and lifelong learning)—in other words, the perspective of preventing rather than addressing issues. In an aging society, there is potential for the Internet of things (IoT) including the use of big data relating to health to play extremely important roles and become a new growth business.
<p>Living/Lifestyles Research institution (anonymous)</p>	<ul style="list-style-type: none"> It is important to consider what type of space people will come to in order to spend their time. Businesses need to realize that minority groups are becoming the majority (e.g., unmarried persons, double-income no-kids households, at-home workers)
<p>Environment Shiro Wakui Professor, Department of Environmental and Information Studies, Tokyo City University</p>	<ul style="list-style-type: none"> Platform-like spaces and services that can change flexibly according to the diversity of individual consumers will be expected in the future. The key is how to create value with environmental measures.
<p>Work Styles Keiko Tsuchiya General Manager, Personnel Division and Director, Adecco Ltd.</p>	<ul style="list-style-type: none"> With regard to changes in work styles, emphasis will be placed on flexible working styles not limited to a single site, such as work from anywhere (a work style whereby employees can work not just at a single office, but also at home, satellite offices, and other locations). As society becomes increasingly diverse, there will be calls for this to be reflected in buildings and the environment.
<p>ESG Investment Masaru Arai Chairman, Japan Sustainable Investment Forum (JSIF)</p>	<ul style="list-style-type: none"> What is currently being emphasized with regard to ESG investment is governance. Whether boards of directors are functioning properly is being called into question. Policies, plans, and structures must be formulated, PDCA implemented, and the information disclosed.

* Titles are as of June 2016 when the interviews were conducted.

Step 4 Identification of Materialities

Based on the interview results, we verified the appropriateness of the importance of each issue that should be prioritized by the Group. The evaluation results were plotted and organized as a materiality map and categorized into seven groups. The materialities were reported to the Board of Directors by the Sustainability Committee and finalized.



Materialities and Our SDGs of the Tokyu Fudosan Holdings Group

Our SDGs	Materialities	Major Opportunities and Risks		Value Provided to Society
		Opportunities	Risks	
	Economic, political, and regulatory changes Issues of social security by the Japanese government, privatization, uncertainty in the global economy, and other factors will have major impacts on business opportunities and capital procurement.	<ul style="list-style-type: none"> ● Capturing new business opportunities 	<ul style="list-style-type: none"> ● Risk of long-term interest rate increases 	Increasing the value of real estate / Stable social infrastructure
 	Diversification and globalization of lifestyles Factors such as the diversification of lifestyles and consumer needs and the revitalization of regional communities significantly affect our business opportunities as an urban development company.	<ul style="list-style-type: none"> ● Expanded inbound demand ● Expanded opportunities for overseas business 	<ul style="list-style-type: none"> ● Decline in total domestic demand (diversification of demand) 	Improving quality of life / Creating communities
 	Safety and security in local communities and urban areas As a real estate developer, the increase and aging of existing stock and rising need to respond to disasters will have a major impact on business opportunities.	<ul style="list-style-type: none"> ● Expansion of markets related to existing stock, and accelerated privatization of public asset processing and operation 	<ul style="list-style-type: none"> ● Issue of vacant homes ● Deterioration of existing stock 	Contributing to local economies / Disaster-resistant city Risks planning
 	Progression of a low birthrate and aging society As a Group that develops business in residences and senior housing, the low birthrate, aging population, and declining population in Japan will have a major impact on business opportunities.	<ul style="list-style-type: none"> ● Increasing demand related to senior citizens 	<ul style="list-style-type: none"> ● Falling demand in conjunction with the decline of the working age population 	Increasing life expectancy
	IoT & Innovation As a company that provides both products and services, advances in IoT technology will have a major impact on innovation and changes in business models.	<ul style="list-style-type: none"> ● Business innovation 	<ul style="list-style-type: none"> ● Lowering of barriers to entry into existing business fields, delayed market entry, and increasingly rigorous information security and control 	Contributing to smart cities
  	Changes in the natural environment As a company that performs urban development, changes in infrastructure development and investor interests in conjunction with intensifying climate change will have a major impact on business opportunities and continuity.	<ul style="list-style-type: none"> ● Expansion of environmental markets 	<ul style="list-style-type: none"> ● Expansion of climate change risks 	Preserving the natural environment / Reducing environmental burden
 	More stringent social demands Diverse demands from consumers, corporate governance, and various other factors will have a major impact on management systems.	<ul style="list-style-type: none"> ● Increase in non-financial value 	<ul style="list-style-type: none"> ● Increasingly stringent responses to various types of risk 	Social inclusion

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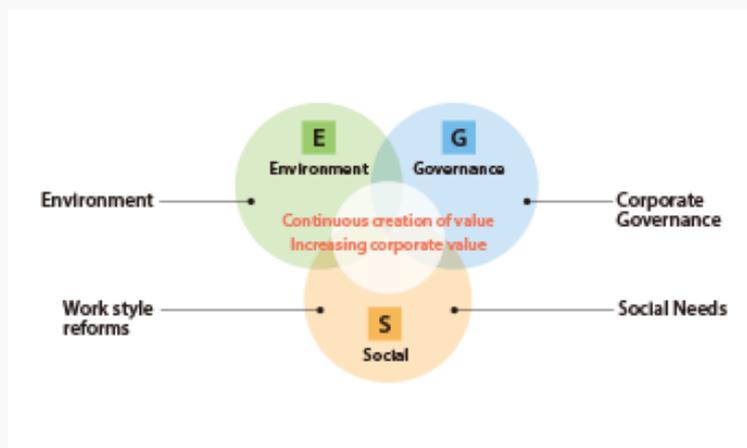
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Tokyu Fudosan Holdings Group's ESG Management

We have established ESG as a significant management issue. In our Medium-Term Management Plan, we specified our Group materiality (key social issues), and formulate four themes from the perspective of ESG: work-style reform, social needs, environment, and corporate governance. We established KPI goals for fiscal 2020 for each of these themes, and we are progressing across the Group with initiatives aimed at achieving these goals, while following the PDCA cycle.



KPI Targets for Fiscal

Item		Fiscal 2018 results	Fiscal 2020 Targets
E Environment	CO ₂ emissions	27.9% reduction compared to fiscal 2005	25% reduction compared to fiscal 2005
	Water use	0.9% reduction compared to fiscal 2005	25% reduction compared to fiscal 2005
	Waste emissions	23.6% reduction compared to fiscal 2005	25% reduction compared to fiscal 2005
	Acquisition of environmental certifications such as CASBEE and DBJ	100%	100%
	Green buildings (roofs, walls, etc.)	100%	100%
	Midori wo Tsunagu Project (Area of Forest Protected)	1,423ha	2,000ha

S Social	Work style reforms	Working hours (Over time)	14.4 hours	(Internal target)
		Percentage of employees who undergo stress tests	91.9%	100%
		Percentage of employees who undergo physical examinations	99.0%	100%
		Percentage of female hires	39.5%	At least 30%
		Percentage of female managers	8.3%	(Internal target)
		Percentage of disabled employees	2.23%	2.2%
	Social needs	Securing space for use during disasters*1	100%	100%
		Building certified under the Barrier Free Act*1	100%	100%
		Condominiums with stockpiles of disaster relief goods*2	100%	100%
		Persons who are nursing care workers or have other professional qualifications*3	72%	80%
G Governance	Corporate governance	Number of outside directors	4/13 (approximately 31%)	At least 1/3 (approximately 33%)
		Board of Directors meeting attendance rate	99%	100%
		Female directors	1	At least one person
		Compliance with the Compliance Code of Conduct	99%	100%
		Awareness of the Compliance Helpline Counter	80%	100%

*1. Tokyu Land Corporation office buildings, commercial facilities, and new large properties

*2. Tokyu Land Corporation new condominiums

*3. Nursing care workers

Signatory to Initiatives

Tokyu Land Capital Management Inc. became a signatory of the Principles for Responsible Investment (PRI) as of June 2019, in agreement with the underlying concept.

The PRI is a set of investment principles established for the financial industry in 2006 under the leadership of the then United Nations Secretary-General Kofi Annan. The aim is for companies to include ESG factors in their decision-making processes on investment and enhance the long-term investment performance of their beneficiaries.

Signatory of:



Tokyu Land Capital Management Inc.