





CHAPTER 4

Foundation for Value Creation

We describe not only our environmental and social initiatives but also the corporate governance structure that forms our foundation for sustainable value creation.

Accelerating Our Response to Three Priority Issues as an Environmentally Advanced Company

Environmental Vision

Environmental philosophy
We will create value that connects cities and nature and people with the future.

Environmental policy
We will make efforts to realize harmony between the environment and the economy through our business activities.

Environmental action
We will tackle five environmental issues through three approaches.

Creating Cities Co-exisiting with Nature.
Creating a Future for People.

1998: Formulated basic environmental philosophy
2011: Renamed as Environmental Vision

Three approaches
- Publicize goals and implement action
- Endeavor to implement progressive activities
- Conduct community-based activities in collaboration with local people

Five environmental issues
- Climate change
- Pollution and resources
- Supply chains
- Biodiversity
- Water use

Under our Environmental Vision, first formulated in 1998 as a basic environmental philosophy, we promote a Group-wide policy of environmental management as an environmentally advanced company. We have identified three priority issues—decarbonized society, circular society, and biodiversity—and leverage our entire value chain to create environmental value together with stakeholders. Across the wide-ranging business areas in which we engage, including real estate development, building management and operation, and logistics, and at our business sites in each region, we work to solve environmental issues through Group-wide collaboration in a way that nurtures and strengthens regional environments.

Environmental management is part of our Group policy in Medium-Term Management Plan 2030, and under this policy, we are strengthening initiatives that contribute to the creation of environmental premiums in a way that links to solutions to social issues. ▸ P.33

Decarbonized society
We will contribute to global decarbonization by leveraging our renewable energy business as a strength and through environmentally friendly real estate development and operation. At the same time, we will brighten the lives of people across Japan by revitalizing local industries and supporting community formation.

Circular society
We will advance business activities predicated on utilizing existing stock with maximum effectiveness and conserving and reusing resources to promote the creation of a circular economy. We will also work to form local recycling-based communities in each area to support safe, secure, and long-term operations that are unique to each region.

Biodiversity
We will collaborate with communities in each region to engage in activities that protect the local ecosystems of each municipality and region. Also, by reflecting local natural characteristics in our services, we will broadly communicate a social approach that supports the coexistence and abundance of all life.

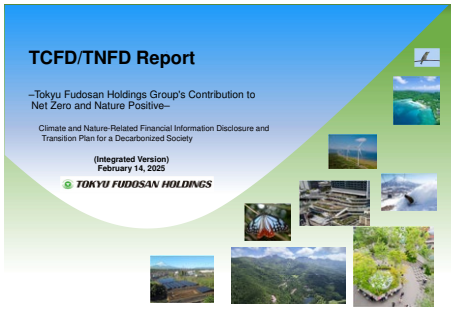
Integrated disclosure concerning the TCFD and TNFD

In order to raise corporate value through environmental engagement, we have positioned environmental management as part of our Group policy and work to achieve environmental and economic harmony through our business activities. We understand that nature-related issues such as climate change and biodiversity present risks to the Group's business activities, but we also believe that they contain business opportunities.

Regarding climate change, in recognition of the importance of disclosing climate change-related financial information, in March 2019 we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and began practicing disclosure accordingly. We also joined the TCFD Consortium, an organization in Japan that discusses matters related to TCFD engagement.

Regarding nature-related issues, in June 2023 we joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum in order to clearly disclose the dependencies, impacts, risks, and opportunities related to natural capital in our business. In August 2023, we became the first entity in the Japanese real estate industry to carry out disclosure based on TNFD recommendations, starting with our real estate business in Japan. In July 2026, we issued the third edition of the TCFD/TNFD Report, an integrated document combining our TCFD disclosure, transition plan for a decarbonized society, and TNFD report.

For details, refer to the TCFD/TNFD Report.



Environment

Comprehensive Disclosure of Climate and Nature-Related Issues

● Climate-related ● Nature-related
■ (1) 1.5°C and nature-positive scenario ■ (2) 3°C and intensified transition due to nature loss ■ (3) 4°C and severe nature loss scenario
Time frames: Short term (1–2 years), medium term (3–9 years), long term (10–25 years) /
Likelihood: High (occurs several times a year), moderate (occurs about once a year), low (occurs less than once a year) /
Impact: High (impact of 10% or more on operating profit), medium (5%–10%), low (less than 5%)

Important Climate- and Nature-Related Risks and Opportunities

Given that climate change and the loss of natural capital affect each other, the Tokyu Fudosan Holdings Group conducted a scenario analysis that takes an integrated view of climate and nature.

Category		Description of risks and opportunities	Impact on business model and value chain	Areas where risk is concentrated	Climate / nature	Time frame / Likelihood	Scenario	Financial impact: Short term	Financial impact: Medium term	Financial impact: Long term	Examples of responses to risks and opportunities
Transition	Risks	■ Higher costs due to stricter ZEB/ZEH regulations, energy conservation standards, and regulations on reducing buildings' life cycle emissions, as well as higher carbon prices ■ Lower rents and higher vacancy rates at non-ZEB facilities due to growing tenant and customer needs for ZEB properties	■ Under Scenario (1), stricter ZEB/ZEH standards and tighter future emissions-reduction regulations, including carbon prices, may increase costs when constructing and renovating offices, commercial facilities, housing, and logistics facilities and during the operation of hotels and leisure facilities. ■ Similarly, future changes in tenant needs regarding buildings' decarbonization performance may lower rents and raise vacancy rates at non-ZEB buildings, thereby reducing profits. ■ The impact is less severe under Scenario (2) and limited under Scenario (3).	■ Among our assets, the impact of ZEB conversion costs is greatest, and the risk most concentrated, in offices and commercial facilities. The impact of increasing costs due to carbon prices is concentrated at the construction stage of each facility. ■ Because the majority of the Group's assets are located in Japan, Japanese government climate-related policies and market trends may affect the entire portfolio.	●	Medium term	(1)	—	High	Medium	P.41 P.59
							(2)	—	Medium	Medium	
						High	(3)	—	—	—	
		■ Tighter regulations on land-use modification and resource extraction in new developments to protect nature	■ Under Scenarios (1) and (2), tighter future regulations on land-use modification and development may, at the development and construction stages, reduce business opportunities by making it more difficult to secure land and could possibly lower demand for new developments. ■ Similarly, tighter future nature-related regulations when procuring minerals such as iron, aluminum, and cement, as well as timber, may increase costs during the construction of offices, commercial facilities, and housing. ■ Under Scenario (3), these risks are not anticipated.	■ With regard to tighter regulations on land-use modification, transition risk may be concentrated particularly in renewable energy facilities and logistics facilities, which can require large sites. Since the majority of the Group's assets are located in Japan, trends in Japanese government nature-related policies may affect the entire portfolio.	●	Medium term	(1)	—	High	High	P.59
							(2)	—	High	High	
						High	(3)	—	—	—	
	Opportunities	■ Increase in revenue due to expansion of the renewable energy market	■ The expansion of the renewable energy market toward decarbonization has already increased earnings in our renewable energy business. Under Scenarios (1) and (2), further market expansion may heighten the future profitability of the business, whereas under Scenario (3) opportunities for market expansion are limited.	■ Opportunities may arise in the renewable energy business. ■ Because the majority of the Group's assets are located in Japan, stronger government policies to promote renewable energy in Japan may lead to business opportunities.	●	Short term	(1)	Low	High	High	P.39
							(2)	Low	High	High	
						High	(3)	—	—	—	
		■ Higher rents, lower vacancy rates, and higher sales prices due to increased tenant and customer needs for ZEB/ZEH properties and properties with high decarbonization performance	■ Under Scenario (1), future changes in customer needs regarding buildings' decarbonization performance may increase profits through higher rents, lower vacancy rates, and rising sales prices concerning offices, commercial facilities, housing, and logistics facilities. ■ Under Scenario (2), the potential upside of these opportunities is moderate, and under Scenario (3), opportunities are limited.	■ Since the majority of the Group's assets are located in Japan, stronger Japanese government climate-related policies and changes in market trends may improve earnings throughout the entire portfolio.	●	Medium term	(1)	—	High	Medium	P.41 P.59
							(2)	—	Medium	Medium	
						High	(3)	—	—	—	
		■ Increase in revenue due to growing need for real estate and services in harmony with nature	■ Under Scenarios (1) and (2), facilities and services that have a positive impact on nature may increase profits in the future through higher rents, lower vacancy rates, rising sales prices, and higher unit prices for services. ■ Under Scenario (3), opportunities are limited.	■ As the majority of the Group's assets are located in Japan, market changes in step with growing calls for Japan to become nature positive may improve earnings throughout the entire portfolio.	●	Medium term	(1)	—	Low	High	P.33 P.59
							(2)	—	Low	High	
						High	(3)	—	—	—	

(Note) Physical risks such as disasters are anticipated. However, owing to countermeasures based on said risks and the diversification of our business portfolio and real estate assets, the impact over the periods covered is anticipated to be moderate or lower, and no especially important Group-wide risks or opportunities were identified.
The main risks and opportunities for each business are described in the TCFD/TNFD Report. The size of the financial impact is based on Company estimations, taking into account scenario analyses, of the impact on profit at a future point in time for the purpose of evaluating risks and opportunities. It is not a forecast concerning future earnings.

Impact of Climate Change Risks and Opportunities on Major Business Strategies and Financial Plans

As described below, the Tokyu Fudosan Holdings Group is responding to climate change risks and opportunities in terms of their impact on its business strategies and financial plans.

Impact on business strategies

Category	Impact and response
Products and services	■ Improve the energy-saving performance of buildings ■ Strengthen business continuity planning (BCP) at managed facilities and condominiums ■ Promote ZEB/ZEH ■ Expand and promote the ReENE renewable energy business (Tokyu Land Corporation)
Supply and value chain	■ Upstream: Reduce carbon emissions during the construction of buildings through collaboration with major construction companies ■ Downstream: Make condominiums GX ZEH-compliant and rental housing ZEH-compliant and introduce electricity derived from renewable energy sources
Research and Development Investment	■ Make existing office buildings ZEB-compliant
Facility operation	■ Use electricity from renewable energy in the Company's own businesses (Tokyu Land Corporation) ■ First operating company in Japan to achieve RE100 (Tokyu Land Corporation)

Impact on financial plans

Category	Impact and response
Indirect costs	Early introduction of electricity from renewable energy sources at operated facilities
Capital allocation	Position the expansion of the renewable energy business as a climate change-related opportunity and thus invest proactively
Liabilities	Formulated the WE ARE GREEN Bond Policy, Japan's first policy for the long-term issuance of ESG bonds
Assets	Manage the business portfolio based on the long-term vision, GROUP VISION 2030

Examples of responses

1 Climate change initiatives

Strengthening Scope 3

■ For BRANZ condominiums,*1 the Ministry of Economy, Trade and Industry's new GX ZEH standard is applied to projects whose design began in October 2025 or later.

Please see here for details. (Japanese only)

■ At the LOGI'Q Hiroshima logistics facility,*1 in addition to installing a rooftop solar power plant and storage batteries, we realized a renewable energy circular-use model in which components manufactured using electricity derived from our own renewable energy power plants were used during construction.

Please see here for details. (Japanese only)

Supporting decarbonization of customers

■ Using EM Dock,*2 which advances proposals for acquiring ZEB and BELS certification, we diagnose buildings' current energy-saving performance and propose measures to improve building safety and asset value.

Please see here for details. (Japanese only)

*1 Tokyu Land Corporation *2 Tokyu Community Corporation

2 Nature-related initiatives

Coexistence with nature at Palau Pacific Resort

The Palau Pacific Resort was first conceived in 1956, when Noboru Goto, the first president of Tokyu Land Corporation, set out the principles of balancing nature and development and coexisting with the local community. Based on an environmental survey by Ishikatsu Exterior Inc., the resort opened in 1984, making use of existing trees and transplanting coral. We subsequently encouraged the state government to protect the surrounding waters, and in 2002 the sea area in front of the resort was designated a marine-protected area. We have since contributed to environmental conservation across Palau, including the inscription of the nearby waters on the World Heritage List in 2012. In 2025, we opened the Luuk Nature Center, a nature experience facility that serves as a place for learning about environmental protection. Working with research institutions in Japan and overseas, we aim to make it a hub for communicating research activities.

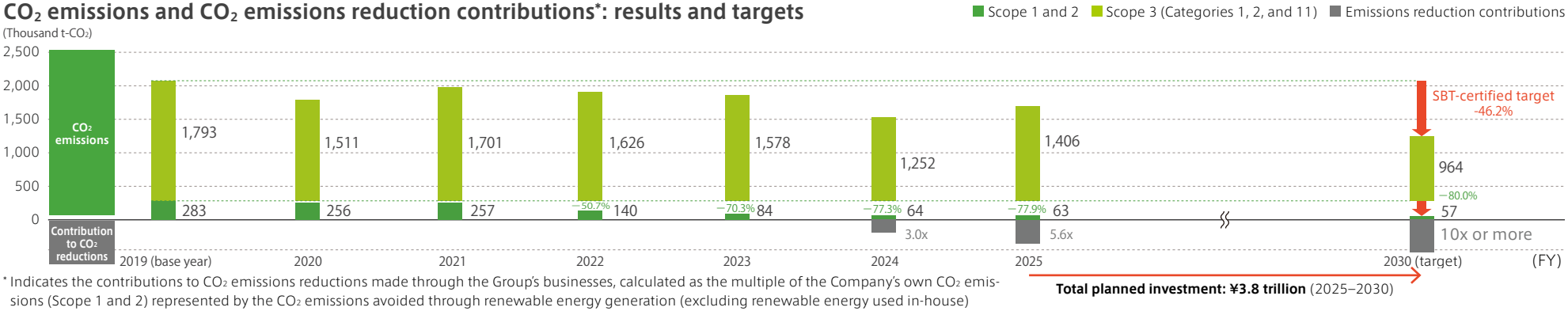


The beach in front of the hotel

Climate-Related Results, Plans, and Key Issues

To address the climate change risks evaluated through scenario analysis, the Tokyu Fudosan Holdings Group manages results for each metric. The Group has committed to achieving net-zero emissions by 2050 and, based on its transition plan for reaching said goal, is promoting decarbonization initiatives suited to the characteristics of its businesses. Under the previous medium-term management plan, we targeted a 50% reduction in Scope 1 and 2 CO_2 emissions in fiscal 2023. However, by drawing on our capacity to operate our own renewable energy business, we achieved a 50.7% reduction in fiscal 2022, surpassing the target one year ahead of schedule. Under Medium-Term Management Plan 2030, we revised the fiscal 2030 target upward to a reduction of 80% or more, and in fiscal 2025 we had reduced Scope 1 and 2 emissions by 77.9%. Scope 3 emissions were down 21.6% in fiscal 2025.

CO_2 emissions and CO_2 emissions reduction contributions*: results and targets



* Indicates the contributions to CO_2 emissions reductions made through the Group's businesses, calculated as the multiple of the Company's own CO_2 emissions (Scope 1 and 2) represented by the CO_2 emissions avoided through renewable energy generation (excluding renewable energy used in-house)

Please refer to page 41 of *Environmental Management Report 2025* for details on calculation methods.

Measures toward realizing a decarbonized society

The Group is strengthening measures to achieve its CO_2 emissions reduction targets. Tokyu Land Corporation completed the switch to 100% renewable energy* for the electricity used at its business sites and owned facilities in December 2022, and in April 2024 it became the first operating company in Japan to be certified as having achieved RE100.

We will continue to promote ZEB- and ZEH-level performance for our facilities and the acquisition of environmental certifications therefor.

* Excluding certain scenarios, such as joint projects

Measures	Targets	Results	Topics
Scope 1 and 2			
RE100	Achieved in 2022 (Tokyu Land Corporation)	Completed the switch to 100% renewable energy in December 2022; RE100 certification already obtained	Utilizing renewable energy generation capacity that is among the highest in Japan Fastest achievement among operating companies in Japan*3
Scope 3			
ZEB/ZEH standard*1	Fiscal 2030: 100%	100% achieved (fiscal 2024)	March 2022: All new buildings to reach ZEB standard, in principle September 2022: ZEH made the standard specification for all BRANZ condominiums, in principle October 2025: GX ZEH made the standard specification for all BRANZ condominiums
Other measures			
Acquisition of environmental certifications*2	Fiscal 2025: About 70% Fiscal 2030: 100%	97.3% (fiscal 2025)	Examples of certifications acquired: Properties awarded five stars under DBJ certification TOKYO PORTCITY TAKESHIBA, Shibuya Solasta, and Hibiya Parkfront
ICP	Fiscal 2023: Introduced into management decision-making	Efforts to heighten visualization of management meetings commenced (fiscal 2022)	

*1 Percentage of Tokyu Land Corporation's facilities, such as condominiums and offices, with building performance equivalent to or exceeding ZEB/ZEH Oriented (based on construction starts) *2 Covers large non-residential owned properties (total floor area of 10,000 m² or more), excluding certain scenarios, such as joint projects *3 According to the list at the end of the RE100 Annual Disclosure Report 2022