

SECOND PARTY OPINION

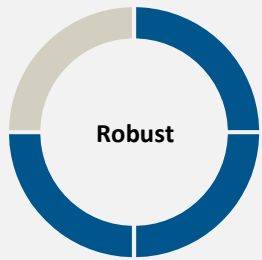
on the sustainability of Tokyu Corporation's Sustainability Bond Framework

Vigeo Eiris is of the opinion that Tokyu Corporation's Sustainability Bond Framework is **aligned** with the four core components of the Green Bond Principles 2018 ("GBP") and the Social Bond Principles 2020 ("SBP").



Framework

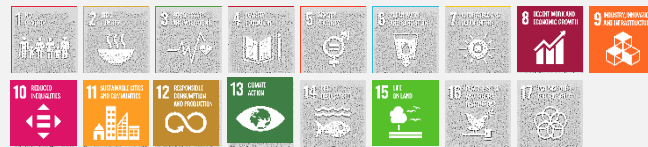
Contribution to Sustainability :



- Advanced
- Limited
- Robust
- Weak

	Weak	Limited	Robust	Advanced
Expected impacts			Robust	
ESG risks management			Robust	

SDG Mapping



Characteristics

Green Project Categories	Clean Transportation Green Building Climate Adaptation
Social Project Categories	Affordable Infrastructure Socioeconomic Advancement and Empowerment
Target Population	All train service users; residents along Tokyu train lines
Project locations	Japan
Existence of framework	Yes
Share of refinancing	100%
Look back period	24 months

Issuer

Controversial Activities

- | | | | |
|---|--|---|--|
| <input type="checkbox"/> Alcohol | <input type="checkbox"/> Civilian firearms | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Fossil Fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Coal | <input type="checkbox"/> Human Embryonic Stem Cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tobacco |

Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Coherence

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Sustainability Bond Framework is coherent with Tokyu Corporation's strategic sustainability priorities and sector issues and contributes to achieving the Issuer's sustainability commitments.

Keys findings

Use of Proceeds

- The **Eligible Categories** are clearly defined.
- The **Environmental and Social Objectives** are clearly defined.
- The **Expected Environmental and Social Benefits** are partially defined.
- The Issuer has provided information on the estimated **share of refinancing** at bond level and has set a maximum **look-back period** of 24 months.

Evaluation and Selection

- The process for **Evaluation and Selection** is clearly defined and the process for selection is publicly disclosed in the framework.
- The **Eligibility Criteria** (selection & exclusion) are clearly defined for a majority of Eligible Categories.
- The Identification and Management of **Environmental and Social Risks** is formalised and combines monitoring and identification commitments and measures

Management of Proceeds

- The **Management Process** for the allocation of net proceeds is clearly defined, detailed and publicly available.
- The **Allocation Period** is 36 months or less.
- The net proceeds of the Bonds **will be tracked** by the Issuer in an appropriate manner and attested to in a formal internal process.
- The Borrower has provided information on the procedure that will be applied in case of **project divestment or postponement**, in which case it has committed to replace the no longer eligible project with a new eligible project or to invest the proceeds in cash or cash equivalents.

Reporting

- The Issuer has **committed to report** on the Bonds annually until full allocation. The report will be **disclosed** on Tokyu's website.
- The **process and responsibilities** for reporting on the Bond are clearly defined.
- The reporting will cover relevant information related to the **allocation of Bond proceeds** and to the expected environmental and social benefits of the eligible categories.
- The **indicators** selected by the Issuer to report on the environmental and social benefits of the eligible projects are clear and relevant.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

Contact

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SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Sustainability Bonds¹ (“Bonds”) to be issued by Tokyu Corporate (the “Issuer”, “Tokyu”) in compliance with the Sustainability Bond Framework (the “Framework”) created to govern their issuances.

Our opinion is established according to Vigeo Eiris’ Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”) voluntary guidelines edited in June 2018, Social Bond Principles (“SBP”) voluntary guidelines edited in June 2020, and Sustainability Bond Guidelines (“SBG”) edited in June 2018.

Our opinion is built on the review of the following components:

- 1) Issuance: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental and social commitments, the Bond’s potential contribution to sustainability and its alignment with the four core components of the GBP 2018, SBP 2020 and SBG 2018 .
- 2) Issuer: we assessed the Issuer’s management of potential stakeholder related ESG controversies and its involvement in controversial activities.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from Vigeo Eiris’ exclusive ESG rating database, and (iii) information provided by the Issuer through documents and interviews conducted with the Issuer’s managers and stakeholders involved in the Bonds issuance, held via teleconference.

We carried out our due diligence assessment from August 4th to September 21st, 2020. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

¹ The “Sustainability Bond” is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name “Sustainability Bond” has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

PART. 1: ISSUANCE

The Issuer has described the main characteristics of the Bonds to be potentially issued within a formalised Sustainability Bond Framework which covers the four core components of the GBP 2018, SBP 2020 and SBG 2018 (the last updated version was provided to Vigeo Eiris on September 18th, 2020). The Issuer has committed to make this document publicly accessible on Tokyu's website² before the Bonds' issuance date, in line with good market practices.

Alignment with the GBP 2018, SBP 2020 and SBG 2018

Vigeo Eiris is of the opinion that Tokyu's Sustainability Bond Framework is aligned with the four core components of the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018.



- **Use of Proceeds:** Vigeo Eiris is of the opinion that Tokyu's Sustainability Bond Framework is **aligned** with the Use of Proceeds component of the GBP 2018, SBP 2020 and SBG 2018.
- **Evaluation and Selection:** Vigeo Eiris is of the opinion that Tokyu's Sustainability Bond Framework is **aligned** with the Evaluation and Selection component of the GBP 2018, SBP 2020 and SBG 2018.
- **Management of Proceeds:** Vigeo Eiris is of the opinion that Tokyu's Sustainability Bond Framework is **aligned** with the Management of Proceeds component of the GBP 2018, SBP 2020 and SBG 2018.
- **Reporting:** Vigeo Eiris is of the opinion that Tokyu's Sustainability Bond Framework is **aligned** with the Reporting component of the GBP 2018, SBP 2020 and SBG 2018.

Contribution to Sustainability

The potential contribution of the eligible categories to environmental and social objectives is expected to be robust.

Expected Impacts

The potential positive Impact of the eligible projects on environmental and social objectives is considered to be robust.

ESG Risks Management

The identification and management of the environmental and social risks associated with the Eligible Projects is considered robust.

² <https://tokyugroup.jp/english/>

Alignment with the GBP 2018, SBP 2020 and SBG 2018.

Use of Proceeds



The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under three Green Project Categories and two Social Project Categories (“Eligible Categories”), as indicated in table 1.

- **Eligible Categories** are clearly defined. The Issuer has provided the nature of the expenditures, project location and a clear description and eligibility criteria for a majority of the eligible categories.
- The **environmental and social objectives** are clearly defined. They are relevant and set in coherence with sustainability objectives defined in international standards for all Eligible Categories.
- The **expected environmental and social benefits** are clear: they are relevant and measurable for all eligible categories. The Issuer has estimated some of the expected benefits ex-ante and has committed to quantify them for all the eligible categories within reporting.
- The **expected share of refinancing** will be 100% for the first issuance(s), and a **look-back period** equal or of less than 24 months from the issuance date will be applied.

The Issuer has communicated that the following types of expenditure will be eligible for all categories: operating expenditures. The Issuer has communicated that all the Eligible Projects will be located In Japan.

Eligible Categories, Sustainability Objectives and Expected Benefits

ELIGIBLE CATEGORIES	SUB-CATEGORIES	SUSTAINABILITY OBJECTIVES AND BENEFITS	VIGEO EIRIS' ANALYSIS
Clean Transportation	Construction, renovation and upgrade of electrically powered trains <ul style="list-style-type: none"> ✓ 30% energy efficiency compared to old trains ✓ Achieve external noise reduction effect by 10dB compared to previous trains ✓ Increase of passengers ✓ 50% reduction of electricity use for the new trains <ul style="list-style-type: none"> • Den-en toshi Line “2020” • Oimachi Line “6020” • Meguro Line “3020” 	Climate change mitigation Energy efficiency improvement Reduction of GHG emissions External noise reduction	The definition of this category is clear, including description, eligibility criteria, nature of expenditures and location of eligible projects. The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards. The expected benefits are clear, relevant, and measurable. The Issuer has committed to quantify them within reporting.

	<p>Maintenance, renovation and refurbishment of existing train infrastructure</p> <ul style="list-style-type: none"> ✓ Station facility ✓ 3D crossing obstacle detection device ✓ Electricity facility ✓ 3D railroad crossing ✓ Railroad crossing security facility ✓ Maintenance, repair, and renewal of tracks 	<p>Climate change mitigation</p> <p>Energy efficiency improvement</p> <p>Reduction of GHG emissions</p>	<p>The definition of this category is clear, including description, eligibility criteria, nature of expenditures and location of eligible projects.</p> <p>The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, and measurable. The Issuer has committed to quantify them within reporting.</p>
<p>Affordable Infrastructure</p>	<p>Maintenance, repair, and renewal of train infrastructure in order to provide safety and security</p> <p>Target population: All train service users including visually impaired, physically challenged and foreigners</p> <ul style="list-style-type: none"> ✓ Installation of barrier free station with slope, handle, ticket booth adopted to wheelchair, guidance services for visually impaired, barrier free toilets ✓ Installation of platform door, fixed platform fence with sensor, fall detection system ✓ Installation of security camera inside the train ✓ Multi-language guidance within the train ✓ Maintenance, repair, and renewal of facilities for those who are physically challenged 	<p>Access to safest and most user friendly transportation in Japan</p> <p>Safe and affordable transportation for all</p> <p>Reduction of theft, harassment and provision of safety for passengers</p>	<p>The definition of this category is clear, including description, eligibility criteria, nature of expenditures and location of eligible projects.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, and measurable. The Issuer has committed to quantify them within reporting.</p>
<p>Green Building</p>	<p>Construction/acquisition/renewal of buildings with one of the below green building certificates acquired or renewed within the previous 24 months or plan to obtain or renew in the future</p> <ul style="list-style-type: none"> ✓ LEED ND、LEED-BD+C (Building Design and Construction) or LEED-O+M (Building Operations and Maintenance) ✓ CASBEE (New, existing, renovation) or A or B ranking under CASBEE real estate 	<p>Climate change mitigation</p> <p>Reduction of CO2 emission from buildings</p> <p>Energy consumption reduction</p> <p>Ecosystem conservation for part of the green building</p> <p>Reduce automobile dependence for the building users</p>	<p>The definition of this category is clear, including description, eligibility criteria, nature of expenditures and location of eligible projects.</p> <p>The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, and measurable. The Issuer has committed to</p>

	<ul style="list-style-type: none"> ✓ BELS (established by the Ministry of Land, Infrastructure, Transport and Tourism /Building ministry of goods ✓ ZEB Oriented or higher ✓ DBJ Green Building 4 or 5 star <p>Specific Project: Minami-Machida Grandberry Park Town development project that redevelops urban infrastructure, city parks, commercial facilities, and stations integrally.</p> <p>LEED NC Gold certified (June 2020) LEED ND Gold certified (July 2020)</p>		<p>quantify them within reporting.</p>
<p>Climate Adaptation</p>	<p>Costs for maintenance of disaster prevention bases in preparation for natural disasters, namely heavy rains, which tend to occur frequently due to climate change</p> <ul style="list-style-type: none"> ✓ Rainwater regulating pond ✓ Rainwater storage ✓ Disaster prevention tank 	<p>Climate change adaptation</p> <p>Prevention/control of damage caused by urban heavy rain</p> <p>Ensuring the safety of residents along the Tokyu Line and users of the Tokyu Line in the event of a natural disaster</p>	<p>The definition of this category is clear, including description, eligibility criteria, nature of expenditures and location of eligible projects.</p> <p>The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, and measurable. The Issuer has committed to quantify them within reporting.</p>
<p>Socioeconomic Advancement and Empowerment</p>	<p>Expenditure on the development, interior refurbishment of the satellite share office, internal equipment, and operation that meet any of the following conditions:</p> <ul style="list-style-type: none"> ✓ A facility that supports the diverse working styles of residents living along the railway line ✓ A facility that can be used by people with mobility, physical, or time constraints ✓ A facility that secures social distance <p>All facilities are located adjacent to the railway station.</p> <p>Target population: Residents along the Tokyu line in need of diverse working styles</p>	<p>Working condition that enables economic advancement for all and contributes to lowering the risk of contracting infectious disease</p> <p>Realization of diverse working styles under conditions where movement and time are restricted</p> <p>Lower risk of contracting infectious disease by reducing the transportation to work and enabling social distance</p>	<p>The definition of this category is clear, including description, eligibility criteria, nature of expenditures and location of eligible projects.</p> <p>The intended social objective is partially relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are partially clear, relevant, and measurable. The Issuer has committed to assess them within reporting.</p>

	Membership satellite shared office business "New Work" directly managed by Tokyu	
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The Issuer has transparently communicated on the estimated share of refinancing, which will be 100% for the first issuance(s). The Issuer has committed to communicate transparently on the share of refinancing for each bond issuance in the investor presentation. The Issuer has committed that, in case of re-financing, a look-back period of maximum 24 months from the bond issuance date will be applied.

BEST PRACTICES

⇒ **The look-back period for refinanced assets is equal or less than 24 months, in line with good market practices**

SDG Contribution

The Eligible Categories are likely to contribute to 7 of the United Nations' Sustainable Development Goals ("SDGs"), namely: SDG 8 Decent work and economic growth, SDG 9 Industry, innovation and infrastructure, SDG 10 Reduced inequalities, SDG 11 Sustainable cities and communities, SDG 12 Responsible consumption and production, SDG 13 Climate action, and SDG 15 Life on land.

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Clean Transportation		9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
		11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
		The Eligible Projects are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.
Affordable infrastructure		9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green building	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
	<p>15 LIFE ON LAND</p>	15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts
Climate Change Adaptation	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
	<p>13 CLIMATE ACTION</p>	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Socioeconomic Advancement and Empowerment	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

<p>10 REDUCED INEQUALITIES</p> 	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities</p>

Evaluation and Selection of Eligible Projects



- The governance and the process for the evaluation and selection of the Eligible Projects are formalised in the Framework.
- The **process for evaluation and selection** of Eligible Projects has been clearly defined and detailed by the issuer and will be publicly disclosed. The roles and responsibilities for project evaluation, selection and monitoring are clearly defined and include relevant internal expertise.
- **Eligibility Criteria for project selection**, including exclusion criteria, are clearly defined and detailed for all eligible categories (Refer to Appendix 1).
- The Issuer reports that it will **monitor continued compliance** of selected categories with eligibility and exclusion criteria specified in the Framework throughout the life of the Bonds, as well as **potential ESG controversies** associated with the bond. In addition, the Issuer has transparently communicated on how it will ensure traceability of decisions taken regarding project evaluation, selection and monitoring.
- Information on the process applied to identify, monitor and manage potentially material E&S risks associated with the eligible categories will be publicly disclosed in this Second Party Opinion.

Process for Project Evaluation and Selection

The evaluation and selection of Eligible Projects are based on relevant internal expertise, with well-defined roles and responsibilities:

- The Financial Strategy Department will pre-select potential eligible projects based on the advice of the Executive Office.
- The Finance Executive will make the final selection of eligible projects while ensuring coherence with Tokyu's sustainability strategy.
- The results will be reported at the Sustainability Promotion committee which is chaired by the President and Chief Executive Officer, and consists of the Executive Officers, full-time Auditor, Supervisory Board Members, Internal Control Office General Manager, and Audit & Supervisory Board Secretariat General Manager.
- Selection and exclusion criteria are based on compliance with the law and with Tokyu's procurement policy.
- An assessment is performed before decisions are taken to ensure that a system is in place for compliance, safety management, human resource management, and environmental assessment for all eligible projects.
- ESG risk identification and management is carried out at least twice a year for each eligible category by ensuring compliance with Tokyu's compliance policy, safety management policy, and human resource management policy, and that an environmental assessment is implemented for all eligible projects.
- ESG controversy check is carried out at least twice a year at the Sustainability Promotion Committee.

The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:

- The framework will be presented to the Board of Directors before its disclosure and the selected eligible projects will be presented to the Sustainability Promotion Committee twice a year.
- Traceability of the decisions made regarding the evaluation and selection of the projects will be ensured throughout the process and through meeting minutes that will be written for each meeting of the Sustainability Committee.

An area for improvement consists in having an external review in order to verify the compliance of the selected Eligible Green and Social projects with the eligibility criteria and process defined in the Framework.

Eligibility Criteria Selection

The process relies on explicit eligibility criteria, relevant to the environmental and social objectives defined for the Eligible Categories.

The selection is based on the Eligible Categories defined in the Use of Proceeds section of the Framework.

Transparency of the Environmental and Social Risks Mitigation Process

The E&S risks identification and mitigation process is publicly disclosed in the SPO and is considered robust (see detailed analysis on page 18).

Below efforts are made to lower environment and social risks related to all eligible categories

- Compliance with the local and federal environmental law where the eligible project is carried out as well as environmental assessment
- Thorough explanation to the local population where the eligible project will be carried out
- Procurement that complies to the sustainable procurement policy which includes; safe management of environmentally hazardous substances and waste, and consideration for human rights.

BEST PRACTICES

- ⇒ The Issuer reports that it will monitor compliance of selected projects/assets with eligibility and exclusion criteria specified in the Framework throughout the life of the instrument and has provided details on content/ frequency/duration and on procedure adopted in case of non-compliance
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects/assets throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on a project

Management of Proceeds



The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

- The **process for the allocation and management** of proceeds is clearly defined and is publicly disclosed.
- The **net proceeds of the Bond will be tracked** by the Issuer in an appropriate manner in general treasury and attested to in a formal internal process. Unallocated proceeds will be temporarily managed in cash or cash equivalents.
- The **allocation period** is 36 months or less.
- The Issuer has committed that, while the Bond is outstanding, **the balance of the tracked net proceeds will be periodically adjusted** to match allocations to eligible projects made during that period.
- The Issuer has provided information on the procedure that will be applied **in case of project divestment or postponement**, in which case it has committed to replace a no longer eligible project with new eligible projects or invest in cash or cash equivalents as soon as possible.

Management Process

- The Financial Strategy Office will track and manage the allocation of proceeds to the eligible projects on a quarterly and semi-annually basis by using the internal accounting system.
- The proceeds will be managed in a general treasury. Proceeds will be managed in cash or cash equivalents until the proceeds of the Sustainability Bonds are fully allocated to the eligible projects. The proceeds will be earmarked to specific eligible projects and tracked. The allocation period is 36 months or less.
- In case of projects postponement or divestment, the Issuer commits to replace a no longer eligible project with a new eligible project or invest in cash or cash equivalents.
- The verification of the tracking methods of the proceeds will be carried out based on accounting regulations, accounting form processing standards and financial processing standards under the same provisions.
- The Issuer has committed that, while the Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects made during that period.
- The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.

Traceability and Verification

Traceability and verification of both the tracking method and allocation of the proceeds are ensured throughout the process:

- Allocation of the proceeds will be tracked based on accounting regulations, accounting form processing standards and financial processing standards under the same provisions.
- The Financial Strategy Office will track and manage the allocation of proceeds to the eligible projects on a quarterly and semi-annually basis by using the internal accounting system.

BEST PRACTICES

⇒ The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.

Monitoring & Reporting



The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Projects.

- Allocation status of proceeds to the eligible projects will be reported annually until the proceeds are fully allocated on Tokyu's website, annual report and to various stakeholders. First allocation report will be released within one year from bond issuance. Any major changes to allocated proceeds, including ESG controversies associated with the Eligible Projects, will be reported in a timely manner.
- The Issuer commits to report on the allocation of proceeds at the eligible project level, and impact indicators at the eligibility category level. The indicators selected by the Issuer to report on the environmental and social benefit of the Eligible Projects are clear and relevant.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Projects will be disclosed through the website to the investors.

Reporting Process

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in internal documentation. An area for improvement is formalizing these processes in the Framework.

- The processes are structured and based on relevant internal expertise and involve relevant departments of the Issuer.
- The company's monitoring system will be used to monitor the financial aspects of the projects.
- The relevant Business lines will be responsible for monitoring the environmental and social benefits data associated to the Eligible Projects they manage in their portfolio.
- Internal verification of the reporting is conducted by the Corporate Planning Division and CEO office through data collection and monitoring.
- Monitoring and reporting process is in place for both the financial and non-financial data. Financial data is collected, analyzed, and reviewed at the Financial Strategy Office. Non-financial data is collected, confirmed and monitored in the Corporate Planning Office and the President's Office.

The Issuer has committed to report annually and until the maturity of the Bonds, and later in case of material changes, through the annual Reports which will be made publicly accessible on Tokyu's website. The reporting will be at project level for allocation of proceeds and at category level for Impact indicators.

Indicators

The Issuer has committed to transparently communicate at Eligible Project level, on:

- Allocation of proceeds: the selected reporting indicators are clear and relevant although not exhaustive.

REPORTING INDICATORS

- ⇒ Declaration of co-financing in case it was applied
- ⇒ Amount of proceeds allocated to eligible projects as well as unallocated proceeds
- ⇒ The list of Eligible Projects (re)financed, including a brief description
- ⇒ Timing of allocation for unallocated proceeds
- ⇒ Ratio of finance and refinance

- Environmental and Social benefits: the selected reporting indicators are clear and relevant.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES (KPI)	IMPACT INDICATORS
Clean Transportation	<ul style="list-style-type: none"> • Description of eligible category • Name and quantity of train infrastructure for which maintenance, renovation, or refurbishment was carried out • Electricity consumption per annum by the train business <ul style="list-style-type: none"> ➢ Total for all trains ➢ Operation electricity ➢ Accessories • Annual number of new trains • Annual sound reduction ratio • Annual energy consumption of new trains vs previous trains 	<ul style="list-style-type: none"> • CO2 reduction per annum as a result of train operation • Annual noise reduction ratio of new train cars VS old train cars
Affordable Infrastructure	<ul style="list-style-type: none"> • Total number of stations with the refurbishments of platform door, fixed platform fence with sensor • Percentage of trains with security cameras installed • Percentage of barrier-free trains 	<ul style="list-style-type: none"> • Reduction of number-of accidents on platform due to fall compared to 2014 • Usage report of the elderly population
Green Building	<ul style="list-style-type: none"> • Description of eligible category • Level of certificate • Date of certification • Date for re-certification 	<ul style="list-style-type: none"> • CO2 emission reduction amount per building <ul style="list-style-type: none"> ➢ as a result of LED usage ➢ as a result of CO2 absorption by the trees • CO2 emission reduction amount at portfolio level <ul style="list-style-type: none"> ➢ as a result of LED usage ➢ as a result of CO2 absorption by the trees
Climate adaptation	<ul style="list-style-type: none"> • Description of eligible category • Amount of rainwater stored for: <ul style="list-style-type: none"> ➢ Total of all disaster prevention bases ➢ Individual disaster prevention bases 	<ul style="list-style-type: none"> • Flood incidents as a result of rain prior to maintenance VS after maintenance • Number of flood incidents during reporting year vs Average of 5 years prior to maintenance
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> • Description of eligible category • User feedback and their experience • Number of satellite offices • Number of total users annually of satellite office • Description of measures taken such as change in layout and sanitary conditions 	<ul style="list-style-type: none"> • Qualitative survey of satellite office users who were able to achieve diverse working condition and social distancing <ul style="list-style-type: none"> ➢ Number of respondents ➢ Percentage of users

Process for controlling monitoring & reporting

Data collection, confirmation and monitoring will be carried out by Business Development Department and CEO office.

BEST PRACTICES

- ⇒ The Issuer report will be publicly available at least until bond maturity
- ⇒ The Issuer will report on allocation of proceeds and on environmental and social benefits at project level
- ⇒ The Issuer has also committed to report on material development related to the projects, including ESG controversies

Contribution to sustainability

Expected Impacts

The potential positive Impact of the eligible projects on environmental and social objectives is considered to be **robust**.

ELIGIBLE CATEGORIES	LEVEL OF EXPECTED IMPACT	ANALYSIS
Clean Transportation	ADVANCED	Clean Transportation is highly relevant in responding to the key environmental issues of Japan including high energy consumption as well as urban and noise pollution. It has positive impact on their local and global stakeholders.
Green Building	ROBUST	Green building is relevant to key environmental issues of Japan including energy consumption and CO2 emission. The green building certifications acquired by Tokyu covers all the environmental issues including energy consumption, bio-sourcing, air quality.
Climate Adaptation	ROBUST	Maintenance of disaster prevention from heavy rains, which tend to occur frequently due to climate change, is relevant. It has a positive impact on their stakeholders as the train station becomes inaccessible without measure to adapt to heavy rain. The project does not incur any negative impact related to claimed objective.
Affordable Infrastructure	ROBUST	Affordable infrastructure is included in SDG 11. The progress made in SDG 8 in Japan verifies that "challenges remain" for Japan. The project targets the population most in need including the elderly and handicapped and empowers them to travel independently at an affordable cost.
Socioeconomic advancement	ROBUST	Social economic advancement is included in SDG 5. The progress made in SDG 5 in Japan verifies that "major challenges remain" for Japan. The satellite offices provides long term solution for woman and general working population in need of diversified working condition and social distancing.
OVERALL		ROBUST

Relevance of ESG Risks Identification and Management systems in place at project level

ESG risks Materiality of and management

The identification and management of the environmental and social risks associated with the Eligible Projects are considered robust.

ENVIRONMENTAL RISKS

Environmental Strategy - (Environmental Management System)

Tokyu headquarters and its 9 consolidated subsidiary companies acquired ISO 14001 certification on November 2010. One of Tokyu's consolidated subsidiary company acquired the "Eco Action21"³ which is an EMS established by Japan's Ministry of Environment, and 2 of the consolidated subsidiary company acquired the "Green Management Certification System".

Tokyu promotes environmental management for its whole group based on the group philosophy and contributes to the society by addressing environmental issues through its business. This environmental management system includes:

1. Contribution to climate change mitigation: Through the promotion of energy savings and the active use of renewable energies, Tokyu pursues the optimal use of energy and the reduction of greenhouse gas emissions.
2. Contributions to a recycling-based-society: Tokyu pursues the reuse and recycling of resources by promoting their effective use at all stages of business.
3. Contribution to a society in harmony with nature: Considers the impact of their business on the natural environment and promises to reduce pollutants and pursue the conservation of biodiversity.
4. Compliance with environmental laws and regulations: complies with environment-related laws and regulations and with requirements deemed necessary to address changes in society.

³ http://www.env.go.jp/policy/j-hiroba/PRG/pdfs/e_eco_action.pdf

5. Promotion of environmental communication: strives for good communication in order to meet their stakeholders' expectations for the environment.
6. Goal setting and continuous improvement: Sets environmental goals and make continuous improvements through regular reviews.

Environmental Impact Assessment (EIA)

Tokyu conducts environmental impact surveys on all their consolidated subsidiaries to gain quantitative understanding of the impact of their business activities. Tokyu complies with environmental customary laws including the Energy Saving Law (law regarding rationalization of energy use) and, since it is designated as a specified transportation company, it is obliged to carry out periodic reports as required by the Energy Conservation Law. Every year, periodic reports and medium- and long-term plans are sent to the ministries and agencies in charge of businesses.

Tokyu's activities are carried out mainly in Tokyo and Kanagawa prefectures and therefore are compliant to the local laws including "Ordinance on Environment for ensuring the health and safety of Tokyo residents", "Kanagawa Prefecture Global Warming Countermeasures Promotion Ordinance", and "Yokohama living environment conservation, etc.". Tokyu appropriately responds to global warming countermeasures based on the local regulations on the environment. Under the Construction Recycling Law, dismantling and recycling are mandatory for the construction works.

Biodiversity

Chapter 3 of Tokyu's Environmental Policy "3. Contribution to a society in harmony with nature" includes the conservation of biodiversity. Tokyu acquired several certifications which prove its commitment to the protection of biodiversity concerning their projects such as the world's first gold certification in the "Community Development Division" under LEED as well as gold certification for LEED "New Building Division" which evaluates the "conservation of ecosystems".

The Minami-Machida Grandberry Park was certified LEED ND (Community Development Division) Gold in 2019 for its efforts in public-private collaboration to create a walking environment separated from cars and to design sites that incorporated green infrastructure in the area of Minami-Machida Grandberry Park.

Energy use and GHG emission reduction

Tokyu's commitments to reduce emission can be seen through its promotion of environmental management that addresses environmental issues through its businesses.

Tokyu declares the "low-carbon, recycling-based society" as one of its material sustainability themes, and promotes environmental management through its business to "contribute to the creation of a low carbon and a carbon-free society through energy savings and the optimized use of renewable energies" and to "contribute to the creation of a recycling-based society by promoting the effective use of resources and consideration for ecosystems."

According to the 2019 Environmental Report, Tokyu joined the RE100⁴ and made a commitment to eliminate CO₂ emission and source electricity used in all its business activities from 100% renewable energy use by 2050. Mid-term environmental goal includes, 30% reduction of the total CO₂ emitted by using electric power by 2030. (Reference years: 2010 for the railway business (Tokyu train lines); 2015 for the real estate and other businesses).

For the railway business, Tokyu will replace carriages with new energy-efficient models, and in the urban development business, an environmental certification programs will be introduced. Energy uses besides electricity will be explored in order to reduce CO₂ emissions, while keeping an accurate handle on technological trends as alternative energies such as biofuel, hydrogen fuel and fuel cells.

Prevention and mitigation of environmental pollution and environmental/industrial accident

Chapter 4 of Tokyu's Environmental Policy "Compliance with environmental laws and regulations" stipulates regulations and requirements in response to changes in the society.

For the FY2018, there were no reports of soil contamination that fell under laws and ordinances, "The Soil Contamination Control Act." Such investigation is necessary and reported only when there is a risk of adverse effects on people's health. In consideration of the possible contamination, Tokyu performs soil analysis as well as asbestos usage survey to confirm safety. Chapter 4 of Tokyu's Environmental Policy also addresses the prevention of local pollution. According to the 2019 Environmental Report, the train business adopted a main motor and drive system that generates low noise. As a result, the exterior noise of the train car has decreased by 10dB compared with the old vehicle (8500 series).

⁴ <https://www.there100.org>

Waste Management (End-of-life environmental impacts and dismantling of the equipment and infrastructure)

Chapter 2 of the Environmental Policy "Contribution to a recycling-oriented society", promotes Tokyu's effective use of resources at all stages of their business as well as reuse and recycling. Under the Environmental Policy, "3. Contribution to a society that coexists with nature", the impact of the business on the natural environment should be considered to reduce pollutants and promote the conservation of biodiversity. According to the Construction Recycling Act, decommissioned assets are required to be separated, dismantled and recycled. Such requirements are also applied to businesses not covered under this act. In addition to reducing the amount of waste generated in each of the businesses, division and recycling of construction waste related to railway and real estate business construction are thoroughly enforced.

SOCIAL RISKS

Respect of Fundamental Human and Labour Rights

Chapter 17 of Tokyu's Code of Conduct " Respect for Human Rights" details the requirement for carrying out business activities that respect basic human rights and the creation of healthy working environment free from discrimination and harassment. Tokyu is the first enterprise group with a railway business to sign up signatory of the Global Compact in April 2019 and a commitment was made to support ten principles in the areas of human rights, labour, the environment, and anti-corruption. As part of the compliance requirement, Tokyu ensures that all executive and employees are compliant by providing e-learning and a helpline has been set up for concerned persons.

Chapter 1 of Tokyu's Procurement Policy, "Prohibit child labor and forced labor, comply with relevant laws and social norms, respect workers' rights" and Chapter 2 "Prohibit discrimination and respect human rights" is established to reduce labor, human rights and environmental risks in the supply chain, and to engage in optimal procurement activities for a sustainable society.

When choosing where to procure materials, Tokyu prioritize suppliers who can comply with the above policy and who can work in fulfilling corporate responsibilities demanded by society. At regular intervals, Tokyu checks ongoing suppliers for compliance with the above policy, and where necessary, urge them to make improvements.

Health and Safety

Tokyu Corporation and its consolidated companies work together to actively promote safety effectively. The Sustainability Promotion Committee fulfils the function of safety promotion, sharing important safety-related information and directing the company to take appropriate action. The safety management for Tokyu Railways covers the top management to frontline employees and is based on the Safety Management Regulations.

In February 2016, Tokyu Corporation established the position of Chief Health Officer (CHO) and issued the Health Declaration which includes (1) the health of employees and their families, (2) promoting the health of residents who live along Tokyu's railway lines, and (3) social contribution. The physical and mental health management of the employees remains a priority as well.

Under the direction of CHO, health management promotion is structured around the Human Resources Headquarters, which plays a central role in promoting initiatives, collaborating with the Tokyu Hospital, and providing medical support.

Community Involvement

Community development is part of Tokyu's DNA that has been passed down from generation to generation.

Since its establishment, Tokyu Group has been developing public transportation and residential areas and has proposed new living value ahead of other companies while balancing the needs of the public, business and creation of a sustainable city.

Main focuses for community development include:

- Employees acquire the certificate for "Service Assistant" in order to improve the services at the train stations for the elderly and handicapped.
- Balance between urban access convenience and suburban living environment based on the "rural city theory" by Ebenezer Howard in the United Kingdom
- Urban development that integrates transportation and residential areas
- Development of practical facilities and services in response to subsequent social conditions and the stages of development of the city
- Leveraging the urban development expertise from Japan to overseas
- Social contribution activities through school and foundations

- Contribution to local communities, international exchange, the environment, culture, and education through school corporations and various foundations
- Helping people with difficulty returning home from around Shibuya Station
- Cooperation with local crime prevention and disaster prevention activities
- Creating local facilities that promote exchange
- Suburban residential development by integrating industry, science, the public, and the private community (next-generation suburban town planning)
- Signed an agreement on the promotion of new town development around Fuji-gaoka Station
- New suburban residential areas by integrating working facilities

Business Ethics

Chapter 13 of Tokyu's Code of Conduct "Prohibition of bribery and severing entertainment and gifts" prohibits Tokyu from offering or accepting bribes, entertainment or gifts that may cause suspicion or distrust in the society. To familiarize employees with the Code of Conduct, Tokyu conducts company-wide training through e-learning platforms. Compliance to this code is a central focus of lectures given during group training for new recruits and job-specific training for new appointees. For the early detection and swift rectification of compliance related issues, including fraud and scandals, an internal reporting system has been set up. Helpline is geared to receive reports on violations of laws, regulations and internal rules, as well as field requests for advice on conduct that could be a compliance issue. Such helpline has contact points both within the company and at a lawyer's office, ready to respond to reports and consultations from concerned persons, including Tokyu employees and personnel at the consolidated companies.

	ELIGIBLE CATEGORIES				
	GREEN TRANSPORTATION	AFFORDABLE INFRASTRUCTURE	GREEN BUILDING	CLIMATE ADAPTATION	SOCIALECONOMIC ADVANCEMENT AND EMPOWERMENT
Environmental Management System	X	X	X	X	N/A
Environmental Impact Assessment	X	X	X	X	N/A
Biodiversity	X	N/A	X	X	N/A
Energy use and GHG emission reduction	X	X	X	X	N/A
Waste Management	X	X	X	X	X
Prevention and mitigation of environmental pollution and environmental/industrial accident	X	N/A	X	X	X
Respect of fundamental human and labour rights	X	X	X	X	X
Health and Safety	X	X	X	X	X
Community Involvement	X	X	X	X	X
Business Ethics	X	X	X	X	X
Overall Assessment	Advanced	Robust	Robust	Robust	Advanced

PART 2: ISSUER

Tokyu Corporation was established in 1922 as 'Meguro-Kamata Electric Railway Company' and its business activities include transportation, real estate, living services, hotel & resort. Various businesses concerning the daily life are carried out with the "Urban Planning" at the core essential concept of all.

Tokyu Corporation originated from "Den-en-toshi Company" who's underlying goal was to create an ideal city. Such ideal city included a town development which integrated nature, city as well as entertainment and cultural education facilities. This ideology was inherited by the "Tama Den-en toshi" city which created a long-term sustainable business model that enabled drastic improvements to living condition and transportation.

Tokyu Corporation's DNA is to tackle social issues and provide new value through "Community Development."

Tokyu Corporation's private railway business model involves a uniquely Japan model where the urban planning and public transportation is developed by a private company. Tokyu Corporation continuously pursues a prosperous society through a comprehensive development in corporation with the local government and a tireless pursuit of a unique and attractive urban development that integrates "Live", "Play", "Work".

The forecasted population increase by 2035 is also expected to enter an era of population stagnation.

With the further evolution of the business model of their private railways, Tokyu Corporation will create a city for the next generation (the "City as a Service" initiative) by further digital integration as well as an establishment of an autonomous urban structure in which cities with work and living functions are interconnected.

Level of ESG performance

As requested by Tokyu Corporation, this document does not contain information on its ESG performance at company level.

Management of ESG Controversies

As of today, the review conducted by Vigeo Eiris did not reveal any ESG controversy faced by Tokyu Corporation over the last four years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco. The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

PART 3: COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the Framework is coherent with Tokyu Corporation’s strategic sustainability priorities and sector issues and contributes to achieving the Issuer’s sustainability commitments.

Tokyu Corporation’s business consists of mainly private railway and real estate. Minimising environmental impacts from energy use is among key environmental issues for mass transportation companies as their operations are considered a major source of CO₂ emissions contributing directly to climate change. Customer safety is also a key issue, given the increasing exposure of customer to safety hazards and the stringent regulatory framework of the sector. As for real estate activities, the main sector challenges include energy use, CO₂ emissions, pollution as well as nuisance to the local community.

According to the Intergovernmental Panel on Climate Change (IPCC), transport is the second largest source of global Greenhouse Gas Emissions after electricity production. Transport is responsible for 23% of all energy-related CO₂ emissions worldwide and 14% of total greenhouse gas emissions.⁵ According to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Japan transportation accounts for 18.5% of carbon dioxide emission, of which 3.9% comes from the railway transportation.⁶ The MLIT is implementing the Eco Rail Line Project, to support rail operators who are reducing power consumption and carbon emissions by using renewable energy. The “Eco Rail Mark” was established in 2005 to certify companies who are making the effort to achieve low environmental impact rail freight transport.

Moreover, the Association of Japanese Private Railways, an association of railway operators in Japan has put forth a plan for a low carbon society which targets to reduce power usage base units in 2020 by 5.7% in comparison to 2010 in 2030 by over 5.7% in comparison to 2010.⁷ MLIT also announced the “Noise Countermeasure Guidelines” for the new construction and large-scale improvement of local railways which lays out the roadmap towards counteracting noise pollution by switching to continuous welded rails and implementing other measures to satisfy its guidelines.

In addition, the safety remains one of the main challenges for Japan’s public transportation in order to accommodate the aging and handicapped population. According to the Ministry of Health, Labor and Welfare, there are 9.3 million, 7.4% of the population, who are handicapped and about 25% of the population is above 65 and this will increase to 40% by 2060. Their ability to use public transportation is vital to Japan’s socioeconomic development plan and in May 2018, the Act on the Partial Amendment of the Act on Promotion of Smooth Transportation, etc., of Elderly Persons, Disabled Persons was enacted by MLIT to create barrier free transportation.⁸

With regards to the Real Estate sector, according to United Nations estimate, it accounts for about 40 % of the world’s energy consumption and 33% of all carbon emissions.⁹ Japan is the world’s 5th largest producer of carbon dioxide emissions, and its building sector makes up about 33% of the total energy use in the country.¹⁰ In May 2016, Japan has committed to achieve the mid-term objective to achieve a 26% decrease in the FY2013 level of greenhouse gases by FY2030, and the long-term objective to reduce emissions 80% by 2050.¹¹ As such, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) launched the Building Energy Efficiency Act in 2015, as a means of increasing the efficiency of buildings.¹²

Under the plan formulated by the Japanese Government, 2018 Basic Energy Plan¹³, Japan also aims to reduce the average net primary energy consumption of newly constructed buildings and houses to zero by 2030 and plans to improve the energy efficiency of buildings through 100% use of LED lights and installation of 5.3m fuel cells in homes by 2030.

Other challenges for the sector include creating offices that will enable flexible working conditions. In light of the recent COVID 19 pandemic, diversifying the working environment to provide safety for all workers has been a key challenge for the country and the sector. In 2018, Ministry of Health Labor and Welfare revised the “Act on the Arrangement of Related Acts to Promote Work Style Reform” (Act No. 71 of 2018) in order to promote work style reform comprehensively and create a society that allows people to choose a preferred work style that suits their circumstances.¹⁴

⁵ <https://www.ipcc.ch/site/assets/uploads/2018/02/ar4-wg3-chapter5-1.pdf>

⁶ https://www.mlit.go.jp/k-toukei/transportation_statistics.html

⁷ <https://www.mintetsu.or.jp/>

⁸ <https://www.mlit.go.jp/common/001325169.pdf>

⁹ <https://www.worldgbc.org/sites/default/files/2019%20Global%20Status%20Report%20for%20Buildings%20and%20Construction.pdf>

¹⁰ <https://www.mhlw.go.jp/english/>

¹¹ <https://www.mlit.go.jp/common/001325170.pdf>

¹² <https://www.mlit.go.jp/common/001134876.pdf>

¹³ https://www.meti.go.jp/english/press/2018/0703_002.html

¹⁴ <https://www.mhlw.go.jp/english/policy/employ-labour/labour-standards/dl/201904kizyun.pdf>

Tokyu Corporation has contributed to solving environmental and social issues through railway and real estate development. As a signatory of Global Compact since April 2019, Tokyu joined the Global Compact Network Japan, supporting 10 initiatives within the 4 domains including Human Rights, Labour, Environment and Anti-Corruption.

Tokyu adopted the goal of RE100¹ which sets out to achieve 100% procurement of electric power consumed for their businesses from renewable energies by 2050. Other main targets include:

- 2030, 30% reduction of the total CO2 emitted by using electric power
- 2050: Complete elimination of CO2 emitted by using electric power
 - Reference years: 2010 for railway business (Tokyu train lines) and 2015 for the real estate

As part of the overall CO2 emission reduction, Tokyu will also look to convert electric power through the introduction of alternative energies such as biofuel, hydrogen fuel and fuel cells.

For its railway business, Tokyu's vision for 2030 is to tirelessly pursue "safety, security and comfort" and this includes the realization of public transportation services that are safest in Japan and easy to use. Specific initiatives includes accident prevention through improvements to the platform doors, installation of 3D obstacle detection services and in-car security cameras. An absolute commitment can be seen by their target to install platform screen doors on 100% of the trains by the fiscal year 2019. Today, 100% of the trains have installed platform doors, rails and cameras, underscoring Tokyu's industry leadership in the commitment to customer safety. Tokyu will also replace carriages with new energy-efficient models. According to the three year mid-term plan (2018 base year), Tokyu plans to invest 260 billion yen in existing business, with 160 billion yen or 60% being allocated to railway business. Priority is placed on improving travel stability and comfort by allocating 96 billion yen of this for safety-related measures.

Tokyu's vision for the future for 2050 outlines their urban development plans which highlights the concept of "City as a Service" where flexible ways of working, living and moving will be achieved. Tokyu also strives to realize and manage cities that are unique and attractive in terms of all aspects of life including "live play and work" and promotion of "living close to work" in suburban residential areas¹⁵.

By issuing a Bond, in line with its Sustainability Bond Framework to refinance green buildings, clean transportation, affordable infrastructure, climate adaptation, and socioeconomic advancement and empowerment, Tokyu coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of sustainable development.

¹⁵ https://www.tokyu.co.jp/ir/english/upload_file/m002-m002_09/Tokyu_Integratedreport_2019E.pdf

APPENDIX 1 – ELIGIBLE CATEGORIES

CLIENT'S FRAMEWORK		
ELIGIBLE CATEGORY	DEFINITION AND ELIGIBILITY CRITERIA	OBJECTIVES AND BENEFITS
Clean Transportation	<p>Construction, renovation and upgrade of electrically powered trains</p> <ul style="list-style-type: none"> • 30% energy efficiency compared to old trains • Achieve external noise reduction effect by 10dB for external noise compared to previous trains • Increase of passengers • 50% reduction of electricity use for the new trains <ul style="list-style-type: none"> ○ Den-en-toshi Line “2020” ○ Oimachi Line”6020” ○ Meguro Line “3020” 	<p>Climate change mitigation</p> <p><i>Energy efficiency improvement</i></p> <p><i>Reduction of GHG emissions</i></p> <p><i>External noise reduction</i></p>
	<p>Maintenance, renovation and refurbishment of existing train infrastructure</p> <ul style="list-style-type: none"> • Station facility • 3D crossing obstacle detection device • Electricity facility • 3D railroad crossing • Railroad crossing security facility • Maintenance, repair, and renewal of tracks 	<p>Climate change mitigation</p> <p><i>Energy efficiency improvement</i></p> <p><i>Reduction of GHG emissions</i></p>
Affordable Infrastructure (transportation)	<p>Maintenance, repair, and renewal of train infrastructure in order to provide safety and security</p> <p>Target population: All train service users including visually impaired, physically challenged and foreigners</p> <ul style="list-style-type: none"> • Installation of barrier free station with slope, handle, ticket booth adopted to wheelchair, guidance services for visually impaired, barrier free toilets • Installation of platform door, fixed platform fence with sensor, fall detection system • Installation of security camera inside the train • Maintenance, repair, and renewal of facilities for those who are physically challenged • Maintenance, repair and update of multi-language guidance within the train 	<p>Access to safest and most user-friendly transportation in Japan</p> <p><i>Safe and affordable transportation for all</i></p> <p><i>Reduction of theft, harassment and provision of safety for passengers</i></p>

CLIENT'S FRAMEWORK		
ELIGIBLE CATEGORY	DEFINITION AND ELIGIBILITY CRITERIA	OBJECTIVES AND BENEFITS
Green Building	<p>Construction/acquisition/renewal of buildings with one of the below green building certificates acquired or renewed within the previous 24 months or plan to obtain or renew in the future</p> <ul style="list-style-type: none"> Platinum or Gold certified for LEED ND, LEED-BD+C (Building Design and Construction) or LEED-O+M (Building Operations and Maintenance) CASBEE (New, existing, renovation) or A or B ranking under CASBEE real estate Four or five stars for BELS (established by the Ministry of Land, Infrastructure, Transport and Tourism /Building ministry of goods) ZEB Oriented or higher Four or five stars for DBJ Green Building <p>Specific Project: Minami-Machida Grandberry Park: Town development project that redevelops urban infrastructure, city parks, commercial facilities, and stations integrally. LEED NC Gold certified (June 2020) LEED ND Gold certified (July 2020)</p>	<p>Climate change mitigation</p> <p><i>Reduction of CO2 emission from buildings</i></p> <p><i>Energy consumption reduction</i></p> <p><i>Ecosystem conservation for part of the green building</i></p> <p><i>Reduce automobile dependence for the building users</i></p>
Climate Adaptation	<p>Costs for maintenance of disaster prevention bases in preparation for natural disasters, namely heavy rains, which tend to occur frequently due to climate change</p> <ul style="list-style-type: none"> Rainwater regulating pond Rainwater storage Disaster prevention tank 	<p>Climate change adaptation</p> <p><i>Prevention/control of damage caused by urban heavy rain</i></p> <p><i>Ensuring the safety of residents along the Tokyu Line and users of the Tokyu Line in the event of a natural disaster</i></p>
Socioeconomic Advancement and Empowerment	<p>Expenditure on the development, interior refurbishment of the satellite share office, internal equipment, and operation that meet any of the following conditions:</p> <ul style="list-style-type: none"> A facility that supports the diverse working styles of residents living along the Tokyu railway line A facility that can be used by people with mobility, physical, or time constraints A facility that secures social distance <p>All facilities are located adjacent to the railway station.</p> <p>Target population: Residents along the Tokyu line in need of diverse working styles</p> <p>Membership satellite shared office business "New Work" directly managed by Tokyu</p>	<p>Working condition that enables economic advancement for all and contributes to lowering the risk of contracting infectious disease</p> <p><i>Realization of diverse working styles under conditions where movement and time are restricted</i></p> <p><i>Lower risk of contracting infectious disease by reducing the transportation to work and enabling social distance</i></p>

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, Vigeo Eiris provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Project Manager, Quality Reviewer and final review and validation by a Senior Supervisor). A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, Vigeo Eiris' Scientific Council. All employees are signatories of Vigeo Eiris' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

PART 1. ISSUANCE

Alignment with the Green Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by Vigeo Eiris according to the ICMA's Green Bond Principles ("GBP") voluntary guidelines edited in June 2018, Social Bond Principles ("SBP") voluntary guidelines edited in June 2020, Sustainability Bond Guidelines ("SBG") edited in June 2018, and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. Vigeo Eiris evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by Vigeo Eiris on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by Vigeo Eiris on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

Vigeo Eiris' assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;

iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);

iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of Vigeo Eiris' ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

PART 2. ISSUER

Issuer's ESG performance

As requested by Tokyu Corporation, this document does not contain information on its ESG performance at company level.

Management of stakeholder related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

PART 3. COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. Reasonable level of risk management & using innovative methods to anticipate new risks.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of assurance of risk management is weak to very weak.

Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

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