

Issuance of Tokyu Corporation Sustainability Bonds



The Company issued its first Sustainability Bond in December 2020 to finance businesses that contribute to solving environmental and social issues.

Before issuing the bond, the Company communicated the issuance to investors, and a number of investors participated in the issuance. The Company received support from certain investors who participated in the issuance, and 18 investors have announced investments in the bond.

Overview of Issuance of the Sustainability Bond

Item	Overview	
Bond name	Tokyu Corporation 5th Unsecured Corporate Bond (with a pari passu clause limited to the bonds) (Sustainability Bond)	Tokyu Corporation 6th Unsecured Corporate Bond (with a pari passu clause limited to the bonds) (Sustainability Bond)
Term	Five years	Ten years
Total amount of issuance	10 billion yen	10 billion yen
Issuer rating	A+ (R&I) / AA- (JCR)	
Date of determination of terms	2020/12/4	2020/12/4
Payment date	2020/12/10	2020/12/10
Redemption date	2025/12/10	2030/12/10
Interest rate	0.110%	0.300%

Report of Appropriation of Funds



Status of Appropriation of Funds (as of March 31, 2021)

All funds raised had been appropriated as of March 31, 2021.

	Amount (billion yen)	
Amount raised from the Sustainability Bond issuance	20.0	
Amount appropriated in FY2020	20.0	
New financing	0.0	0%
Refinancing*	20.0	100%
Amount that is not appropriated	0.0	

*The funds raised by refinancing will be used for projects initiated within the last two years of the issuance of sustainability bonds or projects whose environmental performance has been verified.

Eligible Business	(Billion yen)			(%)	Project
	Amount appropriated (A)	Amount yet to be appropriated (B)	Amount to be appropriated (C = A + B)	Ratio of appropriation through Sustainability Bond	
I. Railway business	10.0	0.0	10.0	10.0	—
Clean transportation	5.0	0.0	5.0	10.0	Manufacturing of new train cars, 3D crossing obstacle detectors*
Railway infrastructure for safety and security	5.0	0.0	5.0	10.0	Introduction of fixed platform fences with doors and sensors, installation of surveillance cameras in cars, provision of barrier-free facilities in stations, manufacturing of new cars with barrier-free facilities
II. Urban development business	10.0	0.0	10.0	10.0	
Green buildings	9.0	0.0	9.0	10.0	Minami-machida Grandberry Park**
Response to climate change	1.0	0.0	1.0	10.0	Membership satellite co-working office business
Total	20.0	0.0	20.0	10.0	—

* The Company plans to appropriate funds for projects related to the maintenance, modification and renewal of the existing railway service other than the projects stated above through the issuance of additional bonds. 2

** The Company plans to appropriate funds for projects other than the project stated above through the issuance of additional bonds.

I. Railway business

Clean transportation



▲A new 3020 series train

The railway is said to be a means of mass transit and environmentally friendly transportation. The amount of CO₂ emitted to carry a customer one kilometer (emissions per passenger kilometer) by rail is about a seventh of emissions from a private automobile.

■ Introduction of new train cars

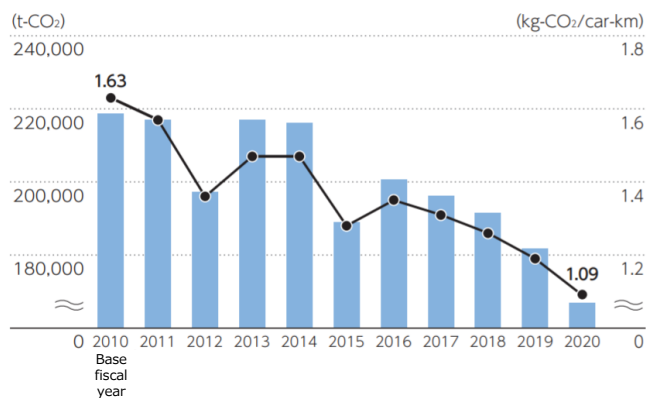
Tokyu Corporation pursues power saving and environmental consideration as well as the reduction of congestion and improved comfort. The main initiative is the introduction of the 2020 series trains on the Oimachi Line Den-en-toshi Line, the 6020 series on the and the 3020 series on the Meguro Line one by one from the spring of 2018. On the environmental front, the Company has introduced a low-noise traction motor and driving system and has reduced noise outside trains along the lines by about 10 dB compared to the older series (8500 series).

The Company has also reduced power consumption about 50% compared to the older series, achieving high-efficiency driving of the traction motor, using a controller using a next-generation semiconductor device, and using LED lights for all lights inside the train, headlights and tail lights. The Company introduced 84 cars in the new series in FY2019 and 50 cars in FY2020 and reduced CO₂ emissions and noise. Please click [here](#) for the details.

■ Maintenance, modification and renewal of existing railway system

Tokyu Corporation aims to provide safer, more secure and more convenient transportation services that contribute to environmental protection and continue to respond to customers' growing environmental awareness. In FY2013, Tokyu Corporation started to install high-accuracy 3D crossing obstacle detectors that detect obstacles in the entire crossing area. The detector has been installed at 95 crossings. Given large amounts of capital expenditure for the maintenance, modification and renewal of the railway system, the Company has the smallest number of railway accidents among the 16 major private railway companies and maintains the highest level of safety. (*) FY2019

▼ Trends in CO₂ emissions and emission intensity in the railway business (Tokyu lines)



■ CO₂ emissions in the railway business (Tokyu lines) (left-hand scale)
● Emission intensity (CO₂ emissions per car per 1 km) (right-hand scale)

Results		FY2019	FY2020
Power consumption in railway business	Total	389,988,000 kWh	366,667,000 kWh
	(Breakdown)		
	Operational power consumption	283,704,000 kWh	276,939,000 kWh
	Ancillary power consumption	106,284,000 kWh	89,728,000 kWh
Number of new series train cars introduced		84	50

Effects of new series	
Energy reduction rate compared to the older series*	Approx. 50%
Noise reduction compared to the older series	Approx. 10 dB

* The reduction rate is calculated based on a change in control system and a reduction in the weight of a car. Energy is reduced about 50% compared to the older car.
(Reference) Power consumption of the old 8500 series: 2.5 kWh per car per km

I. Railway business



Railway infrastructure for security and safety



▲Doors on a platform

Tokyu Corporation strives to ensure safety, the basis of its business, at a high level to provide safe and secure railway service to every customer, particularly the elderly* and the disabled living along the areas served by the railways. * Number of people aged 65 or more as of January 1, 2020: Approx. 1.15 million

■ Installation of fixed platform fences with doors and sensors

To reduce the number of falls from platforms to zero, the Company started installing platform fences with doors at all 64 stations on the Toyoko Line, Den-en-toshi Line and Oimachi Line as safety measures on platforms from FY2014. In FY2019, the Company became the first major private railway company to install fixed platform fences with doors and sensors at all stations**. The number of falls from platforms has decreased significantly. Please click [here](#) for the details.

■ Installation of surveillance cameras in trains

To improve security in the trains, Tokyu Corporation completed the installation of surveillance cameras in all of its 1,247 train cars, on July 25, 2020. Surveillance cameras had been installed in all 1,253 cars as of March 2021. Tokyu Corporation is the first railway company*** that has installed surveillance cameras having a 4G data communication function that are attached to LED fluorescent lamps. Please click [here](#) for the details.

** Excluding the Setagaya Line and the Kodomonokuni Line *** Based on a survey of the Company

■ Development of barrier-free facilities

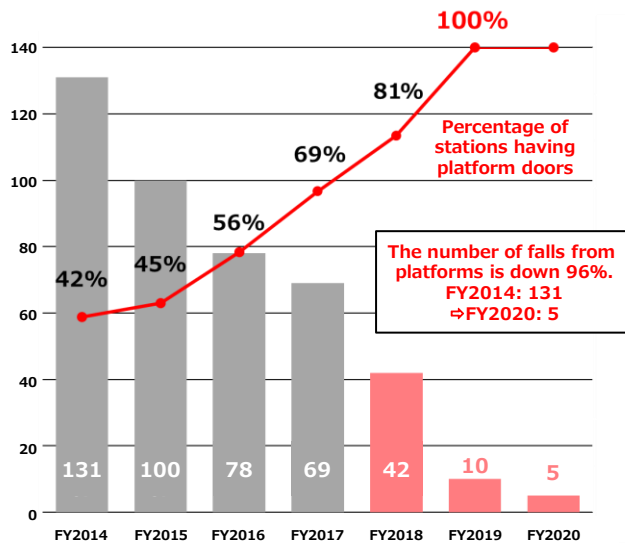
To provide train services that are easy to use for everyone, Tokyu Corporation is actively developing barrier-free facilities.

At all 97 stations where steps needed to be eliminated, barrier-free routes have been completed.

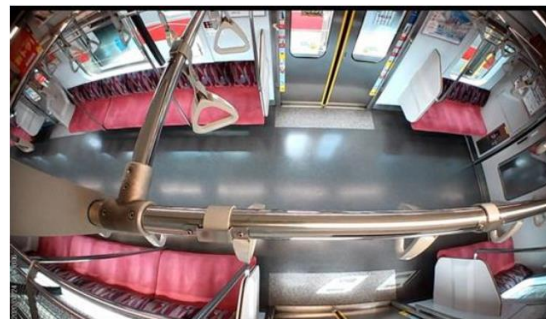
To support customers with impaired vision, all station facilities have fare tables in braille and tactile information boards.

In line with the barrier-free development guidelines, the Company is installing audio guidance equipment telling the positions of staircases leading to exits and the positions of ticket gates.

Each car of the new series train has free space, and digital signage provides multiple-language guidance and a wealth of information.



▲Number of falls from platforms



▲An image shot by a surveillance camera in a train



▲An image of a surveillance camera in a train

II. Urban development business



Green building (Minami-machida Grandberry Park)



▲ Minami-machida Grandberry Park Station



▲ A promenade in the Park Life Site

Minami-machida Grandberry Park is a park with a natural environment that many people enjoy visiting. It opened in November 2019 and is a new hub in everyday life. Urban infrastructure, retail facilities, a city park and a station, among other facilities, have been redeveloped and restructured through a public-private partnership. The park has won awards and achieved certification and is well received in the public.

■ **Achieved LEED NC Gold and LEED ND Gold certificate**

The Company made efforts to achieve LEED, an international environmental certificate program, certification and achieved LEED NC (new construction) Gold certification in June 2020 and LEED ND (neighborhood development) Gold certification in July 2020. The Company is the first in Japan to have achieved Gold for a station building and the first to have achieved Gold for a development area including the station building. Please click [here](#) for the details.

■ **Winning Green City Award (Minister of Land, Infrastructure, Transport and Tourism Award) and Platinum Vision Award (Urban Development in a New Era Award)**

The Minami-machida Grandberry Park area won the 40th Green City Award (Minister of Land, Infrastructure, Transport and Tourism Award) and the Eighth Platinum Vision Award (Urban Development in a New Era Award) in October 2020. Walkable urban development in open space in a city and the use of trees that have grown in a city in urban development earned high marks. Please click [here](#) for the details.



▲ LEED Gold certification logo*

Effects

Green buildings	Estimated annual reduction in emissions due to the use of LED lighting	51 tCO ₂
	Estimated annual absorption by green space and trees	101 tCO ₂

* The LEED® certification trademark is owned by the U.S. Green Building Council® and is used with the permission of the council.

Response to climate change (Minami-machida Grandberry Park)

■ **Initiatives to address climate change**

We take measures to protect residents and visitors from urban flooding due to heavy rains, which have been occurring more frequently in recent years, among other natural disasters. The Company has increased the capacity of the regulating reservoir from 9,000 m³ to 20,000 m³ to bolster flood protection. We have created rainwater storage tanks, including the one under the large staircase in the station building, to temporarily prevent rainwater from flowing into the sewer system. In addition to the reservoir expansion and the creation of rainwater storage tanks, we have worked out a rainwater management plan to develop green infrastructure for the entire area. We use the park as a disaster prevention base to prevent or mitigate damage caused by urban flooding due to heavy rains and ensure the safety of local residents and users of the Tokyu line in case of natural disasters.

Effects

Response to climate change (Regulating reservoir)	Reservoir capacity	Approx. 20,000 m ³
	Occurrences of flood damage in the Tsuruma area of Machida, Tokyo**	0 in 2020
	Occurrences of flood damage in 17 cities and wards served by Tokyu's railway lines**	0 in 2020

** Based on published government data

II. Urban development business



Satellite co-working office (NewWork)



▲▼Images of NewWork interior



NewWork is satellite co-working offices operated by the Company. The number of offices is among the largest in the industry. NewWork is expanding its network of offices in the Tokyo area and other areas nationwide. The Company aims to provide more comfortable and worker-friendly environments, responding to new ways of working and helping strike a work-life balance, increase productivity and reduce commuting stress. Please click [here](#) for the details.

■ Addressing social issues

To solve social issues in the labor market in Japan, the Company provides satellite co-working offices in convenient places, urban centers and places close to stations in suburban areas, and comfortable working environments. The Company thereby helps users reduce commuting times and improve operational efficiency and improve work quality by working near their home and avoiding commuting in rush hours. NewWork also helps those who have time constraints due to childcare and nursing care to work and helps users have flexible work styles and work in many different ways.

■ Increasing the number of offices and the number of booths

To promote flexible, different ways of work, the Company is increasing the number of offices. In response to a sharp increase in the prevalence of online meetings amid COVID-19, the Company is introducing private booths with a seat for online meetings at directly managed offices one by one from March 2021. The number of private booths was 130 as of July 31. NewWork now enables comfortable online meetings as well as paperwork. Please click [here](#) for the details.

■ Infection control

Considering infection risk, including the risk of being infected with COVID-19, the Company took measures for users to use NewWork in a safe and secure way and continued to provide a high quality working environment. The Company expanded the network of offices and provided to more people the options to work near their home and avoid commuting during rush hours, and as a result, contributed to minimizing movements and reducing infection risk.

Number of NewWork offices	End of FY2019	End of FY2020	End of September 30, 2021
Directly managed offices	47	84	98
Total	163	256	278

Numbers of NewWork registered users and users	FY2019	FY2020	As of September 2021
Number of registered users (as of the end of the fiscal year)	172,180	263,633	293,331
Total annual number of users	271,022	272,622	233,667

Customer voices (excerpt)

- The greatest benefit is that I can **reduce commuting times** and **work full time** without reducing working hours.
- NewWork is convenient. When children do not feel well and the day-care center is likely to call me, I can use **NewWork, from which I can reach the day-care center soon**, instead of going to the company.
- NewWork is very convenient. I **can use NewWork when means of transportation are disrupted** due to typhoons and other natural disasters.

Conformity with the Green Bond Principles (2018), Social Bond Principles (2020) and Sustainability Bond Guidelines

The Tokyu Group issued the Sustainability Bond in December 2020 in a framework developed in line with the four core elements of the Green Bond Principles (2018), Social Bond Principles (2020) and Sustainability Bond Guidelines.

■ Appropriation of funds

The Tokyu Group has appropriated the amount equivalent to that of Sustainability Bonds issued by the Group for the eligible businesses, the railway business and urban development business. If the funds raised through the Sustainability Bond are applied to existing businesses, they shall be applied to businesses that started within the past two years from issuance or businesses whose environmental performance has been verified. The appropriation of the funds is in compliance with the constraint.

The funds appropriated for the projects for which the funds raised through the Sustainability Bond were appropriated do not include any funds raised by other means.

The Company engages in projects other than those for which the funds raised through the Sustainability Bond are appropriated, including the green buildings and response to climate change projects in the eligible businesses in the framework. The Company will expand the scope of projects for which funds from the Sustainability Bond will be appropriated and the scope of reporting.

■ Process of evaluation and selection of projects

The Company's Finance & Accounting Strategy Headquarters determined candidates for projects for which funds from the Sustainability Bond will be appropriated based on the eligibility criteria that specify the uses of funds and the advice of the Corporate Affairs Headquarters.

The director in charge of finance then gave final approval to the candidates that were determined in consideration of their consistency to the Group's sustainable management policy. The result was reported to the Sustainability Promotion Committee, which is chaired by the President and consists of Executive Officers, full-time Corporate Auditors, Internal Control & Audit Office General Manager, and Office of Corporate Auditors General Manager at a meeting held in November 2020.

The Company has confirmed that all candidate eligible projects are reducing environmental and social risks and are not involved in any ESG controversies.

■ Management of the procured funds

The Company's Finance & Accounting Strategy Headquarters manages the funds procured from the Sustainability Bond and appropriates them to the eligible projects.

The Finance & Accounting Strategy Headquarters tracks and manages the funds procured through the issuance of the Sustainability Bond in the framework quarterly using the internal accounting system to confirm that the amount equivalent to the amount of the bonds issued is appropriated for any of the eligible projects. The internal accounting system determines and manages the appropriation of funds to each eligible project. The funds procured are managed in the general account and are managed in cash and cash equivalents until the funds procured through the issuance of the Sustainability Bond are appropriated for the eligible projects.

■ Reporting

The Group will report the status of the appropriation of funds for eligible projects and the projects' environmental and social impact, as stated in this report, on the Company's website.