2004
TOKYU CORPORATION Social Environmental Report

November 2004
About this Report
Tokyu Corporation has published the “Tokyu Corporation Environmental Report” since 2000, offering an annual description of our involvement with environmental issues as part of our business activities. The title of the report for 2004 has been renamed as Social Environmental Report. This reflects a change of emphasis, and the information has been edited and presented accordingly to show our involvement in society.

Company Overview (As of March 31, 2004)

- **Company Name:** Tokyu Corporation
- **Headquarters:** 5-4, Nampo-dai, Shibuya-ku, Tokyo, 150-8511, Japan
- **Established:** September 2, 1922
- **Capitalization:** ¥108,820 million
- **Operating Revenue in Fiscal 2003:** ¥240,208 million
- **Railway Business:** ¥135,307 million
- **Real Estate Business:** ¥12,571 million
- **Real Estate Business:** ¥12,571 million
- **Other Businesses:** ¥43,857 million
- **Employees:** 3,477
- **Sales Revenue (Non-consolidated):**
  - Railway business: ¥292,631
  - Real estate, other businesses: ¥252,409

Sales Revenue (Non-consolidated) (Unit: ¥1 million yen)

<table>
<thead>
<tr>
<th>Period</th>
<th>Railway business</th>
<th>Real estate, other businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 2000</td>
<td>¥292,631</td>
<td>¥252,409</td>
</tr>
<tr>
<td>Fiscal 2001</td>
<td>¥321,950</td>
<td>¥282,485</td>
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<tr>
<td>Fiscal 2002</td>
<td>¥327,845</td>
<td>¥279,206</td>
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<tr>
<td>Fiscal 2003</td>
<td>¥262,208</td>
<td>¥192,014</td>
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<tr>
<td>Fiscal 2004</td>
<td>¥292,439</td>
<td>¥228,014</td>
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</tbody>
</table>

About the Scope of this Environmental Report
Although this report covers mainly the activities of Tokyu Corporation, it also provides information on the Tokyu Group in separate group columns. Corporate social responsibility issues of the Tokyu Corporation are mainly described in the article titled Communication. Tokyu Corporation’s environmental activities focus on the environmental impact of business activities in Japan. However, this report also contains material concerning work to construct rail overpasses and underpasses contracted out by local authorities, and work commissioned by land readjustment associations, where this relates to environmental activities that fall within the scope of the company’s decision-making processes.

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  - Corporate Governance and Compliance
  - Environmental Policy
  - Tokyo Corporation Eco Up Program
  - Environmental Objectives, Targets and Results
  - Data Relating to Tokyo Corp.'s Environmental Impact

Railway Business
- Initiatives to Prevent Global Warming
- Initiatives Toward a Recycling-oriented Society
- Initiatives to Improve the Environment Along Our Railway Lines

Real Estate Business
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- Communication with Our Customers
- Communication with Governmental Agencies
- Communication with Our Employees

Other Businesses
- Environmental Activities of the Tokyo Group

Group

World’s First Construction of Urban Tunnel by NATM
(New Austrian Tunneling Method)
A two kilometer stretch between Higashihakuran Station and Yokohama Station had to be tunnelled to enable the start of the seamless train route service between the Toyoko Line and Minatomirai Line in February 2004. NATM, a method normally used for mountain tunnels, was selected for this project due to its energy saving and environmental aspects. It differs from cut and cover construction, an above ground method that requires piles and supports for retaining earth. Instead, NATM bores in a similar fashion to an unlined tunnel into the ground, which minimizes the influence on the surrounding environment and ensures the economic viability of a project. The lining of the tunnel was wrapped in a waterproof sheet to prevent water leaks and extend the life of the tunnel.

The construction work carried out below the existing train lines had to meet a safety standard unprecedented in international engineering history of less than 7 mm per 10 m of tunnel deflection. The use of NATM for tunneling under an operating train line was hailed as a new method for using underground space in urban areas and received the Outstanding Civil Engineering Achievement Award in May 2003.

Better Access to Yokohama’s City Center

LED Signs Introduced at Yokohama Station
Signs at Yokohama Station are now illuminated by white LEDs. They produce a more even and brighter light than fluorescent signs, enabling the colorful statement of product information and corporate messages. LEDs have lower environmental impact; compared to fluorescent lighting they reduce energy consumption by 60%, heat generation by 50% and CO2 emissions by 60%. Their 10-year service life is also six times that of a fluorescent tube, which contributes to a reduction in waste.

Environmental Considerations Made for New Yokohama Station
Since the new Yokohama Station is quite large, consisting of five underground floors, air conditioning is limited to the platform level (fifth basement level and the concourse area (third basement level) while access passages on the second basement level are ventilated. To reduce power consumption, heat sources used for air conditioners are split in two time shifts.

The escalators are programmed to operate at slow speed when they go unused for a certain amount of time. The motor is equipped with an inverter to reduce power at startup and save energy.

High frequency inverters are used in 95% of station lighting to conserve energy and turn small daily savings into impressive results.

Eliminating Use of CFCs at Transformer and Distributing Stations
Efforts are underway to eliminate use of CFCs as an insulating material in power generating equipment, to prevent even the slightest possibility of a leak of what is believed to be a greenhouse gas causing global warming. Breakers at the Kami-tanmachi and Shimo-tanmachi transformer substations and the Yokohama Power Distribution Station, newly built to accommodate the reconstruction of the Toyoko Line underground, use dry air instead of CFCs. The environmentally friendly design of the new facilities includes installation of rectifiers and transformers not dependent on CFCs, as well as the use of ecological cables.

This is the first time that white LEDs have been used in station signs. However, all new signs installed in future station renovation work will be LED signs to further reduce environmental impact.

Highlights
Seamless Train Route Service between Toyoko Line and Minatomirai Line Provides Better Access to Yokohama’s City Center
Foreword

Our company’s two main business fields are the railway business, which is highly public in nature, and the urban-development business, which depends on a partnership with local communities, and thus an important management task for us has been to develop our businesses while gaining the trust of society. It is our mission to maintain a safe and easy-to-use transportation system, build an affluent and agreeable social environment and furthermore to implement aggressive environmental initiatives to develop a sustainable society that guarantees a livable world for the next generation.

As a corporation that makes use of vast resources that are the common property of society, we recognize it as our responsibility to minimize the environmental impact of our business activities.

To date, we have introduced energy-saving railcars, improved operation technology to save energy, improved recycling rates, and developed and provided environmentally sustainable housing. The Administration Department of our company has received ISO 14001 certification and we have resolved to further strengthen our environmental management system and to mobilize the company around the common property of society, we recognize it as our responsibility to minimize the environmental impact of our business activities.

As of the end of March 2004, the Tokyu Group consisted of 324 companies, including 13 publicly traded companies, and nine corporations. Our areas of business involve transport, real estate, distribution, leisure and services, hotels, and construction. We employ a total of approximately 50,000 people and have total sales of about ¥2.5 trillion. *

The purpose of this report is to describe our company’s environmental initiatives and our relationship with society, and to invite feedback. We will continue to make more information available and establish a system for the efficient handling of opinions regarding our efforts toward building a sustainable society. We invite you to respond with your suggestions and opinions.

As the core business of the Tokyu Group, we are committed to implementing the group slogan “toward a beautiful age – the Tokyu Group” and to becoming a company that people love and trust even more than they do today.

* The total number of employees and total sales figures represent the total figures for consolidated financial settlements in the Tokyu Group.

We, as we work together to create and support the Tokyo Group.

Group Slogan

Toward a beautiful age — The Tokyu Group

We will create a beautiful living environment, where each person can pursue individual happiness in a harmonious society.

Work independently and in collaboration to raise Group synergy and establish a trusted and beloved brand.

Fulfill your responsibilities, collaborate to enhance each other’s ability, and reinvent yourself with a global awareness.

Group Philosophy

Mission Statement

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Guidelines for Action

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Management Policy

Work independently and in collaboration to raise Group synergy and establish a trusted and beloved brand.

• Meet current market expectations and develop new ones.
• Manage in harmony with the natural environment.
• Pursue innovative management from a global perspective.
• Value individuality and make the most of each person.

Through these means, we will fulfill our corporate social responsibilities.

Corporate Social Responsibility at Tokyu Corporation

The Tokyu Group’s history dates back to its establishment as the Meguro-Kamata Railway Company in September 1922. Expanding its transport network, the company also became involved in the real estate business and department stores and other distribution operations, with the aim of developing the area around its railway lines. Later as the economy grew, Tokyu branched out into such areas as hotels, resorts, and culture and information related operations, becoming a corporate group involved in a wide variety of businesses.

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Corporate Governance and Compliance

**Governance**

Our Board of Directors consists of 21 members including three outside directors. The Board of Corporate Auditors is made up of five members (four are outside auditors), including two statutory auditors and three non-statutory auditors, and monitors the performance of duties. To strengthen internal audits, staffing at the Compliance Division of Management Headquarters was increased in April 2004.

**Compliance**

More than a mere passive prevention of corporate misconduct, compliance management is about increasing business worth, an effort indispensable to our continued existence as a brand selected by customers.

In April 2000, our company and the Tokyu Group in general determined that compliance should be under group management. In April the same year, the Tokyu Corporation Code of Conduct was enacted to regulate the conduct of corporate officers and employees in the company. This code of conduct was printed in employee pocket notebooks, posted on electronic bulletin boards and became a subject of seminar study to ensure awareness by all employees.

A Compliance Consultation Desk was set up in April 2002 to directly deal with in-house compliance and Code of Conduct infringements as well as submitting problems that could not be brought to the attention of a superior.

A fully-fledged division was established in July 2001 to promote compliance management in the company. In January 2002, basic compliance rules for all corporate officers and employees in the Tokyu Group were formulated as the Tokyu Group Compliance Policy. Compliance administrators were appointed in all departments and divisions in the company and all major group companies.

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**Measures for Complying with Environmental Laws and Regulations**

- **Law for Promotion of Sorted Collection and Recycling of Containers and Packaging**
  The Containers and Packaging Recycling Law was fully implemented in April 2000, making us responsible for recycling the containers and packaging of the products we sell. To comply with this law, we outsourced recycling operations to the Japan Containers and Packaging Recycling Association until FY 2002. With the transfer of some business operations to subsidiaries in FY 2003, the Shibuya and Jiyugaoka branches of ranQueen assumed sole responsibility for recycling.

- **The Construction Waste Recycling Law**
  The Construction Waste Recycling Law was enacted on May 30, 2002. This law requires us to sort, dismantle and recycle waste generated by construction work we commission or undertake. Before the enactment of this law, we recycled materials at construction sites according to our own standards, but now this work is performed according to the recycling law.

- **Storage of PCBs (polychlorinated biphenyls)**
  Tokyo Corporation stores used electrical equipment that contains PCB according to the Waste Management Law and the Law Concerning Special Measures Against PCB Waste.

- **Complying with Provisions of the National Motor Vehicle NOx & PM Emissions Act and Nitrogen Oxide Emissions from Automobiles**

  We are working on measures to prohibit in principle consuming by private car and enforcing cessation of idling of vehicles, including private cars, as stipulated in the Tokyo Metropolitan Government’s Environmental Ordinance to Protect the Health and Safety of Citizens and the Kanagawa Prefectural Government’s Ordinance on Protecting the Health of Citizens, businesses that are classified as being subject to the Global Warming Prevention Countermeasures Program for Businesses are required to submit a plan as per the ordinance and to implement measures to control emissions of greenhouse gases.

- **Complying with the Global Warming Prevention Countermeasures Program for Businesses**

  As stipulated in the Tokyo Metropolitan Government’s Environmental Ordinance to Protect the Health and Safety of Citizens, businesses that are classified as being subject to the Global Warming Prevention Countermeasures Program for Businesses are required to submit a plan as per the ordinance and to implement measures to control emissions of greenhouse gases.

- **Complying with the PRTR (Pollutant Release and Transfer Register) Law**

  Offices which have responsibility for the use of fuel, paint, lubrication oil and other substances, which include some hazardous materials, used in maintaining and repairing railway cars must carefully manage the volume of emissions and transfer of these substances. During FY 2003, the amount of PRTR substances used did not reach the volume (1 ton) that requires us to report.

- **Environment-related Litigation**

  Tokyo Corporation was not involved in any environment-related litigation in FY 2003.
Environmental Policy

Aware that our business activities have the potential to cause significant impacts on the global environment, we work in the following ways to create systems that support sustainable society, in order to avoid causing environmental deterioration and to ensure that we bequeath a safe and comfortable living environment to future generations:

1. We assess the environmental impacts of all our business activities, and work to reduce our environmental burden and prevent pollution by:
   - establishing environmental objectives and targets under our environmental management systems, and seeking continuous improvements by monitoring progress and revising the objectives;
   - reducing waste, and using resources and energy efficiently;
   - complying with environmental laws and regulations, and the commitments made by this company; and
   - promoting green procurement, in cooperation with the relevant organizations.

2. We promote environmental management throughout the Tokyu Group, while working to provide products and services in ways that reduce society's overall environmental burden.

3. We value our relationships with all our stakeholders and strive for constructive dialogue with them.

By working to ensure that all employees share these policies, we will promote the creation of a sustainable society.

December 1, 2003

Kiyofumi Kamijo
President & Representative Director
Tokyu Corporation

Promoting Environmental Management

Our Environment Policy was established on December 1, 2003. This policy integrated two earlier policies to simplify and unify our environmental policies.

The earlier policies were the Tokyu Corporation Eco Policy, established to reflect Tokyu Group management policies formulated when environmental activities were first organized in 1995, and the Tokyu Corporation Headquarters Environment Policy, established with the objective of meeting the standards required to achieve ISO 14001 certification by our headquarters in 2000.

The new policy was designed to put in place an effective environmental program by raising the level of our involvement, further reducing environmental impact and establishing a system for the entire Tokyu Group that can answer vital social needs and thoroughly review our involvement in environmental issues. We also intend to broaden the scope of our involvement by cooperating with society to tackle environmental issues that we cannot handle alone.

This year's report entitled Social Environmental Report details the greater involvement of our business activities in society. The relationship between business and society is of increasing importance and our involvement in environmental issues must be considered in the framework of society. Global environmental problems are a major threat to the safe development of society and we intend to work with society to overcome these problems.

Tokyu Corporation Eco Up Program

In July 1998, our company set up the Environmental Activities Committee (now the General Affairs & Environmental Division), a full-time body that promotes unified environmental activities throughout the company. This committee developed the "Tokyu Corporation Eco Up Program" to institute numerical targets for each workplace and to undertake activities to protect the environment.

From within the company structure, our headquarters obtained ISO 14001 certification in November 2001 (general administrative departments and administrative departments of all divisions). Not only are initiatives being advanced at the headquarters level, but the managerial functions of the Headquarters Divisions are being used to promote environmentally-friendly activities throughout the workplace. We also plan to implement an environmental management system based on ISO 14001 standards, and aim to improve the overall quality of the "Tokyu Corporation Eco Up Program."

Every year, the "Tokyu Corporation Eco Up Program" selects 10 model workplaces to promote involvement in environmental issues in cooperation with the Environmental Office, and the results are distributed to related workplaces.

The Environmental Management Conference and the Environmental Management Promotion Committee convene twice annually to deliberate and reach decisions on environmental management issues as well as exchange and share information with all levels of the company.

Promotion Structure
Environmental Objectives, Targets and Results

### Targets for FY 2003 and 2004

<table>
<thead>
<tr>
<th>Waste</th>
<th>Targets for FY 2003</th>
<th>Achievements</th>
<th>Targets for FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>All of head office</td>
<td>Thoroughly promote waste separation/collection and improve recycling rate</td>
<td>1% improvement over FY 2002 results (77.8%)</td>
<td>Maintain FY 2003 result of 82.1%</td>
</tr>
<tr>
<td>Green procurement</td>
<td>Determine procurement ratio</td>
<td>FY 2003 results: 59.2%</td>
<td>3.8% improvement over FY 2003 results (53.2%)</td>
</tr>
<tr>
<td>Electric power</td>
<td>Monitor item</td>
<td>FY 2003: 2,757,506 kWh → FY 2003: 2,562,526 kWh (6.4%)</td>
<td>Monitor item</td>
</tr>
<tr>
<td>Copy paper</td>
<td>Monitor item</td>
<td>FY 2002: 10,867,750 sheets → FY 2003: 10,133,125 sheets (6.8%)</td>
<td>Monitor item</td>
</tr>
</tbody>
</table>

### Electric power

#### Railway Headquarters

- Railway Operation Division
  - Raise the efficiency of electricity consumption (4% reduction compared to FY 2002 results)
  - FY 2003 results: 2,302 kWh/km (6.1%)
  - 6.5% reduction compared to FY 2002 results

#### Railway headquarters

- Railway Operation Division
  - Reduce the efficiency of electricity consumption (4% reduction compared to FY 2002 results)
  - FY 2003 results: 2.930 kWh/km (6.1%)
  - 5% reduction compared to FY 2002 results

- Railway Operation Division
  - Reduce the efficiency of electricity consumption (5.7% reduction compared to FY 2002 results)
  - FY 2003: 2.1% improvement over FY 2003 results
  - 15% reduction compared to FY 2002 results

### Affiliation

<table>
<thead>
<tr>
<th>Business worksites</th>
<th>Environmental objective</th>
<th>Environmental target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway Management Division</td>
<td>Omachi Station</td>
<td>Raise environmental awareness</td>
</tr>
<tr>
<td>Railway Headquarters</td>
<td>Urayasu Line Office</td>
<td>Raise environmental awareness</td>
</tr>
<tr>
<td>Residential Real Estate Division</td>
<td>Takanawa Station</td>
<td>Reduce environmental impact by launching 3R campaigns</td>
</tr>
<tr>
<td>Communication Division</td>
<td>Shibuya branch</td>
<td>Reduce environmental impact by launching 3R campaigns</td>
</tr>
</tbody>
</table>

### Model Worksites in FY 2003 Eco Up Program

<table>
<thead>
<tr>
<th>Affiliation</th>
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<tbody>
<tr>
<td>Railway Management Division</td>
<td>Tokyu Ginza Building, Tokyu Minami Line Office</td>
<td>Reduce waste (railway station office)</td>
<td>FY 2003 results: 30.3% reduction</td>
</tr>
<tr>
<td>Railway Operation Division</td>
<td>compact Center</td>
<td>Reduce electricity consumption (2% reduction compared to FY 2002 results)</td>
<td>FY 2003 results: 83,743 kWh (33.5%)</td>
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<tr>
<td>Residential Real Estate Division</td>
<td>Denenchofu Station</td>
<td>Reduce electricity consumption (2% reduction compared to FY 2002 results)</td>
<td>FY 2003 results: 84,737 kWh (33.5%)</td>
</tr>
<tr>
<td>Communication Division</td>
<td>BE Shibuya</td>
<td>Hold lectures on environmental issues (twice yearly)</td>
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</tr>
<tr>
<td>Railway Management Division</td>
<td>Tsukiji shop</td>
<td>Reduce electricity consumption (3% reduction compared to FY 2002 results)</td>
<td>FY 2003 results: 31,690 kWh (33.5%)</td>
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<td>Residential Real Estate Division</td>
<td>Dazaifu Station</td>
<td>Reduce waste (railway station office)</td>
<td>FY 2003 results: 31,690 kWh (33.5%)</td>
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<td>Higashi-Matsuyama</td>
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<td>FY 2003 results: 31,690 kWh (33.5%)</td>
</tr>
<tr>
<td>Residential Real Estate Division</td>
<td>Higashi-Matsuyama</td>
<td>Reduce electricity consumption (3% reduction compared to FY 2002 results)</td>
<td>FY 2003 results: 31,690 kWh (33.5%)</td>
</tr>
</tbody>
</table>

*Tokyu Hotel Management is within the scope of Tokyu Corporation EMS (Environmental Management System).*

*Monitored item: Monitored and measured item for which no targets or goals are set.*
Environmental Impact Data

Our business activities, of which the railway business forms a major part, are intimately related to society and the environment. Consequently, initiatives that contribute to building a sustainable society are determined by the characteristics of each individual business. The following is an overview of our activities aimed at reducing our environmental impact to ensure the trust of our customers and all members of the local communities we serve.

Energy consumption
- Total: 1,586,968 GJ
  - Electricity: 1,453,428 GJ
  - Gas: 49,940 GJ
  - Heavy oil: 50,270 GJ
  - Kerosene: 18,798 GJ
  - Gasoline: 10,075 GJ
  - Light oil: 4,357 GJ

Resources consumption
- Photocopy paper: 138,000 sheets
- Water: 955,000 m³

Company vehicles
- Railcars: 1,086
- Gasoline-fueled vehicles: 127
- Diesel-powered vehicles: 41
- Hybrid vehicles: 7
- Electric vehicles: 1
- Traction vehicles: 2
- Forklift trucks: 11

Handling of hazardous or harmful materials
- Storage of electrical equipment containing PCBs
- Installation of fire extinguishers containing halon
- CFCs (installation of transformers, VVF equipment, air conditioning equipment)
- Use and storage of agricultural chemicals, fuels, cleaning fluids for train cars, acetylene gas, and organic solvents
- Use and storage of pharmaceutical products and gases for medical care at Tokyu Hospital

Data Relating to Tokyu Corp.'s Environmental Impact

To determine the environmental impact of our business, we undertake an investigation each fiscal year into the size of the impact generated by each place of business. The following are the investigation results for FY 2003 and the previous three fiscal years.

Investigation period:
Fiscal year April 1 to March 31

Objectives:
The investigation targets all workplaces and other places of business directly operated by the company, but does not include buildings it leases to tenants.

Notes:
- Some data for waste volumes has not been ascertained; this has not been corrected by means of estimated values.

Energy and Resources Used and Wasted (waste generated) in FY 2003

<table>
<thead>
<tr>
<th>Company</th>
<th>Electricity</th>
<th>Propane</th>
<th>Gasoline</th>
<th>Light oil</th>
<th>Heavy oil</th>
<th>Kerosene</th>
<th>Generation of waste</th>
<th>Total CO2 emission (t-CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway business</td>
<td>403,730,000 kWh</td>
<td>10,066,652 m³</td>
<td>2,356</td>
<td>391</td>
<td>301</td>
<td>5,568</td>
<td>10,834,994 kg</td>
<td>176,383</td>
</tr>
<tr>
<td>Other businesses</td>
<td>101,935,081</td>
<td>94,735,050</td>
<td>92,377,277</td>
<td>35,515,631</td>
<td>230,318</td>
<td>14,274</td>
<td>1,453,428</td>
<td>32,004</td>
</tr>
<tr>
<td>Total</td>
<td>505,665,081</td>
<td>195,796,542</td>
<td>184,754,954</td>
<td>120,832,648</td>
<td>750,886</td>
<td>29,500</td>
<td>15,287,420</td>
<td>208,457</td>
</tr>
</tbody>
</table>

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Notes:
- Some data for waste volumes has not been ascertained; this has not been corrected by means of estimated values.

Energy and Resources Used and Wasted (waste generated) in FY 2003

<table>
<thead>
<tr>
<th>By waste type</th>
<th>Amount used/generated</th>
<th>CO2 emission (Unit: t-CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>By business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste generated from business operations 10,334 t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycling rate 45.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business places that generate specially controlled industrial waste

Nagatsuta Rolling Stock Maintenance Center, Tokyu Hospital

Waste generated from building construction 39,847 t (Recycling rate 76.8%)

Noise, vibrations, interruptions to radio signals, wind hazards, etc.
We are implementing a number of measures to reduce electric power consumption to help prevent global warming. Regenerative brakes were designed to enable railcars to utilize electric power more efficiently. By adding power generator technology in the future. We predict that this percentage will increase as a result of our efforts to improve the energy efficiency of our operations. In addition to the above, we are working to promote the reduction of noise and vibration generated by railway operations, and are taking measures to recycle more of the waste materials generated by construction projects.

### Initiatives to Prevent Global Warming

Electric power consumed by the railway business accounts for 86% of our company’s CO2 emissions generated by energy consumption. We are implementing a number of measures to reduce electric power consumption to help prevent global warming. Target: 8% Reduction of Electricity Consumption Unit* on the Figure for FY 2000 to FY 2005

*Energy consumption unit: electric power consumed by operating trains divided by riders per km

#### Overview

The company runs a railway business that operates a total of eight railway lines and one streetcar line – between south-western Tokyo and eastern Kanagawa Prefecture, which are used by many customers each day, mainly for commuting to work and school in the south-western part of the metropolitan area.

- **Lines**
  - Railway: Toyocho Line*, Meguro Line, Den-en-toshi Line, Oimachi Line, Berni Line, Tokyo Tamagawa Line, Kodomoozenki Line (facility owned by Tokyobike Manzai) and operated by Tokyo Metro
  - Streetcar: Setagaya Line
- **Number of stations** 98 (88 railway stations and 10 streetcar stations)
- **Distance covered** 100.1 km (railway: 95.1 km, streetcar: 5.0 km)
- **Number of passengers** 984.75 million annually (figure for FY 2003)

In terms of the number of passengers carried, Tokyo is number one out of the 15 major private railway companies. About 2.69 million passengers use our services every day. Moreover, our operating profit arising from this is ¥15.8 billion, which accounts for 56.8% of the company’s income from all its businesses, making it the linchpin of our operations.

*The Toyocho - Railfan-cho section was closed after the last scheduled train on January 30, 2004.

#### Measures to Reduce Electricity Consumption in the Railway Business Sector

Public rail transportation is highly energy efficient, and we believe that its promotion is an effective way to curb global warming. To encourage more people to use public rail transportation, we must make rail transportation more convenient and comfortable for passengers, to convert them from other modes of transportation. At the same time, we must improve energy conservation to boost energy efficiency. In FY 2003, electricity consumption by our railway business accounted for 86% of our company’s CO2 emissions generated by energy consumption. We predict that this percentage will increase as a result of our efforts to improve the energy efficiency of our operations. In addition to the above, we are working to promote the reduction of noise and vibration generated by railway operations, and are taking measures to recycle more of the waste materials generated by construction projects. We established the Environmental Committee in the Railway Division in 2000 and various subcommittees in order to deal with these issues in the most effective manner. We are firmly dedicated to improving the living environments of communities that lie along Tokyo-operated railways.

### Recycling Stainless Steel Railcars

Currently all railcars in operation on our lines are made from stainless steel. Unlike steel railcars, stainless steel railcars do not need to be painted due to their excellent corrosion resistance. Therefore, they have less of an impact on the environment.

In August 2001, the Keikyu Line was divided into two lines, the Meguro Line and Tokyo Tamagawa Line. This created a redundancy of 52 railcars, 30 of which were transferred to Toyocho Railway Co., Ltd., and 8 railcars were transferred to Towada Kanko Electric Railway Co., Ltd. Three railcars were dismantled in FY 2001. Later in FY 2002, 18 railcars and in FY 2003, 45 railcars were dismantled. In FY 2004, 14 railcars are scheduled to be dismantled. To minimize the environmental impact during dismantling, the air conditioning equipment is removed first to prevent emissions of chlorofluoro-carbon into the atmosphere. Then the glass in the windows is removed and is followed by the removal of the seat material. Measures are also taken to reduce waste, for example, by selling some articles to railway fans.

### Recycling Train Tickets

Paper tickets, plastic train passes, and Passnet cards purchased by our customers are collected by the automatic ticket gates or by our customers. Since they are coated with a magnetic material to enable use in the automatic ticket gates, tickets could not be recycled as paper until recently. Since FY 2001, tickets have used special technology to separate the magnetic material from the pulp, which is recycled as toilet paper for use in station toilets. Train passes and Passnet cards can be used as raw materials (reducing agents) in steel mill blast furnaces or recycled as station benches.

### Initiatives Toward a Recycling-oriented Society

A number of measures have been implemented to reduce waste generated by business activities in the railway business.

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Initiatives to Improve the Environment Along Our Railway Lines

Since the train lines are located in densely populated areas, coexistence with communities along railway lines and preservation of the environment in these areas are important issues. A number of initiatives in this regard are being undertaken.

### Eliminating Railroad Crossings

Our efforts to eliminate railroad crossings started with the overhead crossing near Nakanobu Station on the Oimachi Line in 1954. The overthrow of the transportation network that took place for the Tokyo Olympics speeded up the elimination of railroad crossings from the early 1960's. As a result, all railroad crossings on the Den-En-choji Line disappeared. The construction of quadruple track lines on the Tokiwa Line between Musashino and Hiyoshi, and overpass crossings between Meguro and Senzoku on the Meguro Line are heading towards completion as we make continued efforts to eliminate railroad crossings.

### Changes in the Number of Railroad Crossings

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>490</td>
</tr>
<tr>
<td>1970</td>
<td>250</td>
</tr>
<tr>
<td>1996</td>
<td>160</td>
</tr>
</tbody>
</table>

### Making our Stations Barrier-free

We are creating more barrier-free stations to make our trains more user-friendly. Greater ease of access to our trains will make more people rely on trains for transportation (generate a modal shift*) and help reduce the environmental impact of the whole of society.

*In transportation of people or goods, a modal shift refers to changing from one form of transportation that has a lower environmental impact, such as switching from use of a private car to rail use.

### Installation of Elevators and Escalators

We are doing our best to increase the number of barrier-free stations by installing more elevators and escalators. Now, 57 stations out of a total of 85 that need them have been provided with elevators and escalators.

### Certified Care-fitters

Since April 2003, our station staff have been acquiring qualification as Certified Care-fitters to assist elderly and handicapped passengers and making it easier and safer for them to use our stations. As of the end of April 2004, 270 of our staff had acquired the certified qualification of the Handicapped qualification of the Nippon Care-Fit Service Association (a non-profit organization).

### Soundproofing Measures

Elevated bridges are provided with a 1.5m high sound-insulating wall to prevent noise from reaching the surrounding area. In FY 2003, recycled board was used as a sound insulating material to cover the side and bottom areas of the steel bridge between Gangoide-daigaku and Toritsu-daigaku Stations to lower noise levels.

### Effective Communication with Communities Along Our Train Lines

To make our railways safer, we are eliminating railroad crossings, installing safety equipment and improving the quality of maintenance and inspection work. However, despite our best efforts accidents and failures cannot be entirely eliminated. The number of accidents and failures that have occurred on our train lines and the time spent waiting for resumption of service are shown below.

### Measures to Reduce Noise and Vibrations

- Noise levels.
- Elevators are provided with a 1.5m high sound-insulating wall.
- Overhead bridges are equipped with noise-reducing windows.
- Insulation materials are used in the walls.

### Initiatives for a Harmonious Coexistence with the Environment

Our Dresser series of apartments are built with environmental consciousness being a key consideration from the planning stage and each project starts with determination of the best way to integrate it with the environment. An example is described below. (Project features depend on the specific property.)

### Features of Environment Consciousness in the Design of the Dresser Series

- **Energy Saving**
  - High-performance heat-insulating materials
  - Insulation of solar panels
  - Use of discarded concrete as recycled aggregate
  - Use of old wood recycled as building materials and particle boards
  - Use of recycled materials
  - Use of steel frames

- **Efficient Use of Resources**
  - Building garderns
  - Use of permeable paving pavement blocks

- **Protection of the Environment**
  - Internal design specifications to minimize indoor air changes
  - Water-saving toilets, low flush toilets and low-flush toilets
  - Energy-saving equipment and fixtures
  - Ventilation system to prevent sick house syndrome

### Real Estate Business

Famous for Tokyo Tama Den-en-toshi, our real estate business has been structurally reorganized by merging the urban development, building, and distribution businesses into the Urban Development Headquarters to create a business based on a new concept.

While we are continuing to provide comfortable apartments and houses in the Tama Den-en-toshi, we also face the need for increased recycling due to the environmental impact of the construction waste that all residential land development generates. We recognize that it is our responsibility to develop homes that are, throughout their life, environment-friendly from energy-conservation and waste-reduction perspectives.

Our building leasing business has in the past left recycling and energy conservation activities up to individual tenants. In the future, however, we plan to take a more aggressive stance toward encouraging tenants to participate in environmental activities.

### Environment Conscious Houses (NeUE Series)

A series of ready-built houses, NeUE is designed around three “E” concepts, Ecology, Enjoy, and Elegant. Harmony with the environment was the main concept in the design of NeUE Wakakusadai, a development consisting of 10 houses built in FY 2001. It features a high-level of “air tightness” and “thermal insulation,” “anti-sick house syndrome measures” to ensure the health of its occupants and housing with a long life span to save resources. The Exterior Insulation and Finish Systems is a characteristic of NeUE Wakakusadai. Whereas the internal insulation fills the walls with insulation material and construction material, the exterior insulation is sandwiched between each layer of construction material. Since the construction material is not directly exposed to air, the building lasts longer. In the internal insulation, electric cables, gas pipes, and water pipes in walls and construction material break up the insulation material in a way the exterior insulation, which achieves uniform insulation for the entire wall surface, does not. The internal insulation relies on glass wood and similar fibrous substances while the exterior insulation employs plastic insulation with independent air bubbles that facilitate insulation, making it suitable for houses with central air conditioning. A house with a longer life translates into a reduction in the use of construction materials, an essential advantage in reducing the environmental impact of housing. At NeUE Wakakusadai, some of the westen-style rooms in each house have flexible partitions to enable changes to the layout to suit different life styles. A change in the location of the partitions makes it possible to accommodate different needs, thereby eliminating the need for additional reconstruction work. While the houses we build are environmentally-conscious in saving energy and resources, we are also aware that the comfort of the occupants is an essential factor.
Abundant Plant Life Adorning the Forest Floor

This spring more species of protected trees such as Lycopsis sangunnea, Ajuga nipponensis and Disporum sessile were discovered adorning the forest floor than during the initial environmental assessment.

Before the start of the project, rare plants like Lilium auratum, Cymbidium goeringii, and Helwingia japonica were moved out of the project area and into the care of universities and local research groups. Acorns from sawtooth oak or quercus serrata are often seen operating on the forest floor. These seedlings will be replanted in conjunction with a local event to recreate the sloping areas of Satoyama, where there are few trees.

Joint Management by Local Residents and the Local Government

Planned for opening in October 2005, the park will be jointly maintained by Kawasaki City and local residents. Until then rare plants will be replanted and monitored while maintenance will be performed on an experimental basis to work out an ideal arrangement under realistic circumstances.

Rare Creatures Protected and Returned to Water Courses and Marshes

Fireflies, “hotoke” laches, quillwort, and other rare organisms in the care of local residents, elementary schools, and research centers were returned to water courses and marshes specially constructed for them, and their living conditions will be monitored. In November 2003, an excursion was arranged for local elementary school children to witness the fireflies feeding on released semisulcospira.

50th Anniversary of Tokyo Tama Den-en-toshi

More than half a century has now passed since the company issued the Statement of Intent Regarding Jonan Area Development in 1953, that marked the start of the Tokyo Tama Den-en-toshi Project. Realizing at an early stage that Tokyo would continue to grow, the company planned the Tokyu Tama Den-en-toshi Project as an ideal new city construction initiative to provide superior residential housing. To reflect the opinions of local residents and to ensure that land use benefited the entire area, Tama Den-en-toshi was developed under the management of a land readjustment project. This project currently covers an area of 3,574 hectares with a population of more than 560,000 inhabitants and ranks as one of the most popular residential areas. We will continue to create attractive living conditions while ensuring that the natural environment is a natural part of daily life.

Harmony between Service and the Environment

Businesses other than our two major businesses, railways and real estate, are referred to as “other businesses.” These include management of resorts, golf courses, and sports facilities. They are service-related operations where we provide services in attractive surroundings while ensuring that the natural environment is not adversely affected.

Recycling of Food Waste at Den-en Tennis Club

Located in Den-en-chofu, a quiet suburb of Tokyo, the Den-en Tennis Club was founded in 1934. The tennis club takes a number of measures to reduce the amount of waste generated or recycle it. The 2 to 3 kg of food waste that is produced every day is fermented, first separately and then a second time with lean soil, to finally be used as compost in flower beds, an effort that is praised by all club members.

Recycling of Old Tennis Balls

The tennis school at Tokyu Kenzai Sports Garden runs through a lot of tennis balls. Since 2002, it has donated old tennis balls to elementary schools and junior high schools. This was an idea proposed by the Global Sports Alliance (chairman: Tadashi Yamamoto), a non-profit organization.

Old tennis balls are recycled as noise-reduction pads picked up by their hearing-aid manufacturers which is difficult for them to concentrate on the lesson. This effort has reduced noise and contributed to a better learning environment.
Creating Equal Employment Opportunity in the Work Place

With the enactment of the Equal Employment Opportunity Law in April 1999 and the revision of the Labor Standards Law, we have started to include female station staff in our 24-hour/alternate day shifts. As of the end of March FY 2003, there were 25 employees at six stations, and since April 2004, the Setagaya Line has 34 female train attendants on duty.

Male/Female staff

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>252</td>
<td>325</td>
</tr>
<tr>
<td>2001</td>
<td>252</td>
<td>323</td>
</tr>
<tr>
<td>2002</td>
<td>251</td>
<td>322</td>
</tr>
</tbody>
</table>

Male/Female managers

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2001</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2002</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2003</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

As of end of March FY 2003 (as of April 2004, 34 female train attendants on Setagaya Line)

Respect for individuality and making the best use of people
Creating a climate in which our employees can work dynamically

Basic Human Resources Philosophy

<table>
<thead>
<tr>
<th>Year</th>
<th>道理</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>理由</td>
<td>理由</td>
<td>理由</td>
<td>理由</td>
<td>理由</td>
<td>理由</td>
</tr>
</tbody>
</table>

Number of occupational accidents

| Year  | 12 | 10 | 8 | 11 | 12 |

Objectives for Five-year Period

1. Observe laws and make sure they are appropriately enforced
2. Strengthen occupational safety and health management systems
3. Make sure occupational safety and health staff are aware of their responsibilities and perform their professional duties
4. Volunteer participation by staff in occupational safety and health activities

Seventh Zero Accident, Zero Illness Campaign
April 1, 2004 to March 31, 2009

Objective:
1. Observe laws and make sure they are appropriately enforced
2. Strengthen occupational safety and health management systems
3. Make sure occupational safety and health staff are aware of their responsibilities and perform their professional duties
4. Volunteer participation by staff in occupational safety and health activities

“Tokyu Will” Our Aims to Stimulate Employment of the Handicapped

The ratio of our employees who are handicapped reached 1.88% in October 2003, thus exceeding the 1.8% legal employment ratio. On April 1, 2004, we established a new company, Tokyu Will, to promote the employment of the handicapped. It currently has eight handicapped employees.
Environmental Activities of the Tokyu Group

Under the slogan “Toward a beautiful age - The Tokyu Group,” the Tokyu Group is actively involved in activities related to environmental conservation and cultural support toward the goal of realizing the group ideals. Group initiatives such as giving support for acquisition of ISO 14001 certification are being actively pursued, and we are striving to achieve significant results through environmental activities that highlight the merits of the group.

The Tokyu Group Overall Environmental Management System

■ The Tokyu Group Environmental Management Promotion Committee

To ensure that our group upholds its societal responsibilities by reducing its impact on the environment and ensuring compliance with environmentally-related regulations and laws, and to manage risk related to the environment, we inaugurated the “Tokyu Group Environmental Management Promotion Board” in 2003. The environmental management directors in our consolidated and publicly traded companies will work with environmental issues at the management level.

■ Tokyu Group Environmental Information Exchange Forum

The Tokyu Group Environmental Information Exchange Forum was established in 1999 to improve the environmental activities of each company through the exchange of information relating to the various businesses. The Forum was held twice in 2003, and has been held a total of 12 times since its inception.

■ Eco Action 21 (EA21)

The Ministry of Environment is working to have its Eco Action 21 (EA21), a simple environment management system, generally adopted. Tokyu Bus Corporation in the Tokyu Group became a registered participant in this action plan on August 30, 2002. This direct involvement in environmental activities was recognized with the reception of the Outstanding Performance Award in the Environmental Action Plan Category of the 6th Environmental Report Awards in January 2003 (sponsored by the Global Environment Forum).

In FY 2004, Ueda Kotsu Corporation and Tokyu Hakuba Corporation are also expected to receive certification.

■ Promoting the Acquisition of ISO 14001 Certification

The Tokyu Group is actively working on the creation of an environmental management system. The group has a system through which the environmental management officers from Tokyu Corporation and other group companies with experience in attaining this certification help companies in the group that are trying to acquire ISO 14001 certification.

Status of ISO 14001 and EA21 Certification

Status of ISO 14001 Certification (as of March 31, 2004)

<table>
<thead>
<tr>
<th>Business</th>
<th>Date of Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shiroki Corporation / Nagoya Plant</td>
<td>Nov. 29, 2000</td>
</tr>
<tr>
<td>Miyoshi Institute of Technology / Yotsuba Campus</td>
<td>Oct. 22, 2000</td>
</tr>
<tr>
<td>Shiroki Corporation / Fukuoka Plant</td>
<td>Dec. 25, 1998</td>
</tr>
<tr>
<td>Tokyo Corporation, Tokyo Railway Service / Negahata Rolling Stock Maintenance Center</td>
<td>Mar. 19, 1999</td>
</tr>
<tr>
<td>Tokyo Construction Co., Ltd. / Institute of Technology</td>
<td>Sep. 22, 1999</td>
</tr>
<tr>
<td>Tokyo Construction Co., Ltd. / Works in Japan</td>
<td>Mar. 22, 2000</td>
</tr>
<tr>
<td>Tokyo Community Corp. / Building Management Division</td>
<td>Mar. 31, 2000</td>
</tr>
<tr>
<td>Tokyo Corporation / Headquarter</td>
<td>Mar. 28, 2001</td>
</tr>
<tr>
<td>Nagoya Hotel Tokyo</td>
<td>Mar. 28, 2001</td>
</tr>
<tr>
<td>Tokyu Logistics Co., Ltd. / Kinshu branch</td>
<td>Jun. 27, 2001</td>
</tr>
<tr>
<td>Tokyu Logistics Co., Ltd. / Todabashi branch</td>
<td>Jun. 27, 2001</td>
</tr>
<tr>
<td>Tokyu Facility Service Co., Ltd. / Tokyu Higashiyama Building</td>
<td>Sep. 26, 2001</td>
</tr>
<tr>
<td>Tokyo Agency Inc. / Headquarter</td>
<td>Feb. 22, 2002</td>
</tr>
<tr>
<td>Tokyu Logistics Co., Ltd.</td>
<td>Jul. 24, 2002</td>
</tr>
<tr>
<td>Sales Department 1 (Tokyo Area)</td>
<td>Apr. 12, 2003</td>
</tr>
<tr>
<td>Tokyo Architects &amp; Engineers Inc. / Head Office, Osaka Office</td>
<td>Feb. 1, 2003</td>
</tr>
<tr>
<td>Tokyo Station Retail Service Co., Ltd. / Head Office</td>
<td>Mar. 31, 2003</td>
</tr>
<tr>
<td>Tokyu Store Sales Co., Ltd. / Headquarter Higashiyama</td>
<td>Jul. 30, 2003</td>
</tr>
<tr>
<td>Tokyu Foods Inc. / Headquarter</td>
<td>Feb. 26, 2004</td>
</tr>
<tr>
<td>Tokyo Department Store Co., Ltd. / Headquarter (excluding Saijo Branch Distribution Center)</td>
<td>Feb. 27, 2004</td>
</tr>
<tr>
<td>Corporate Sales Division</td>
<td>Apr. 12, 2004</td>
</tr>
<tr>
<td>Tokyo Bay Hotel Tokyo</td>
<td>Mar. 31, 2004</td>
</tr>
</tbody>
</table>

Status of EA 21 certification (as of March 31, 2004)

<table>
<thead>
<tr>
<th>Business</th>
<th>Date of Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Bus Corporation / Headquarter, Kawasaki, Higashiyama, Operation Office, Higashiyama Plant</td>
<td>Aug. 30, 2002</td>
</tr>
<tr>
<td>Ueda Kotsu Corporation</td>
<td></td>
</tr>
<tr>
<td>Tokyu Hakuba Corporation</td>
<td></td>
</tr>
</tbody>
</table>

Tokyo Foundation for Inbound Students

The Tokyo Foundation for Inbound students was established as a non-profit organization in October 1975 with funding contributed by Tokyu Group companies and other backers, with the objective as expressed by the late founder Noboru Goto, “to foster human resources with an international understanding that will promote cultural exchange between Japan and foreign countries and bring about true good-neighborly relations. The scholarships are offered to foreign students from Asian and Pacific countries studying at Japanese graduate schools, to enable them to accomplish their educational goals. The objective of the foundation is not limited to financial support, but to build a human network for furthering the understanding of Japan by establishing close relationships among the students, employees from the Tokyu Group and members of the foundation, and conducting a variety of exchange activities. Up to FY 2004, 674 students from 25 countries have received scholarships from the foundation.

Tokyu Corporation Environmental Information Report


- Students (including those given group membership approval)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>305</td>
</tr>
<tr>
<td>Korea</td>
<td>118</td>
</tr>
<tr>
<td>Taiwan</td>
<td>114</td>
</tr>
<tr>
<td>China</td>
<td>124</td>
</tr>
<tr>
<td>Other countries (23 countries and regions)</td>
<td>220</td>
</tr>
</tbody>
</table>

Palan Pacific Resort

At Palan Pacific Resort, a resort hotel in the Republic of Palau in the western Pacific, we are engaged in a number of environmental initiatives, one of which is sea cultivation of giant clams. Four times a year we have hotel guests place 20 to 30 giant clams (about 20 cm long) in the sea off the hotel beach. On these occasions, researchers from the Marine Culture Research Center of the Palau government come to give lectures on giant clams and environmental protection. After the lectures, hotel guests are taken 60 meters offshore to place the giant clams at a depth of 3 meters. We have conducted this activity since 1984 and some of the clams have grown as long as 1 meter.

Tokyu Hotel Management

We have started a “Green Coin” campaign at our three hotel brands, Excel Hotel Tokyu, Tokyu Inn, and Tokyu Resort throughout Japan. Guests who do not use the complimentary items in the bathroom, can put the “Green Coin” placed with the amenities into a collection box at the reception desk. The value of one coin is roughly equivalent to that of a tree sapling and the equivalent amount is donated to the “Children’s Forest” project, a global forestation program run by the OSBA (Organization for Industrial, Spiritual, and Cultural Advancement).

When the program was started in FY 2001, the monetary equivalent of 93,541 saplings was donated within five and a half months, the monetary equivalent of 159,564 saplings was donated in 2002, and the monetary equivalent of 156,642 saplings was donated in 2003, bringing the total contribution to an amount equivalent to 385,547 saplings.

The OSBA “Children’s Forest” project teaches children of the Asian and Pacific regions the importance of forests, and instills in them a love of greenery. The saplings are planted at schools, enabling the children to raise the resulting small forests.

Guests who participated in the “Green Coin” environmental initiative are given the opportunity to realize the significance of forests and reducing environmental impact, without sacrificing their comfort.

Guests who did not initially notice the campaign and were unable to contribute a coin often expressed a wish to cooperate with the project on a future visit.

Tokyu Hotels website: http://www.tokyuhotels.co.jp >