

# Tokyo Social Bond Impact Report

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Contact | Bond Section, Budget Division, Bureau of Finance Tokyo Metropolitan Government  
**TEL : 03-5388-2681**  
**Email : S0000063@section.metro.tokyo.jp**

**TMG** <https://www.metro.tokyo.lg.jp/english/index.html>

**Bonds** <https://www.zaimu.metro.tokyo.lg.jp/english/bond>

**X**  
(ex-Twitter) [@tocho\\_seisaku](https://twitter.com/tocho_seisaku)

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- This report is intended to provide general information on Tokyo Social Bonds and not to distribute or offer for subscription any specific bonds.
- Although this report is based on a set of data deemed reliable, we do not guarantee its accuracy or integrity. The future prospects and forecasts contained in this report fall within reasonable range in the view of the TMG; we are not in a position to guarantee their realization.
- The TMG may have published, or may publish going forward, other reports that contradict what is said in this report. The readers are advised to use this report under their own responsibility.





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The Sustainable Development Goals (SDGs) were unanimously adopted at the UN Summit in 2015. In order to realize a world that leaves no one behind, wide-ranging initiatives must be implemented in the fields of economy, society, and the environment at not only the national level, but also the local government level.

In line with the 2030 Agenda for Sustainable Development, the Tokyo Metropolitan Government has formulated Future Tokyo: Tokyo's Long-Term Strategy and is now rolling out initiatives to realize a Tokyo full of diversity and inclusion where people shine. With the goal of making Tokyo the best city in the world, we, together with the people and businesses of Tokyo, will carve out a bright future full of hope.

The power of finance can help find solutions to social problems. New flows in finance open paths for society to take. In order to significantly accelerate actions for the SDGs, in 2021, the Tokyo Metropolitan Government became the first local government in Japan to issue social bonds. With the backing of investment, we are strongly promoting policies for those in need of social support while also striving to stimulate the sustainable finance market.

Meanwhile, amid the rapid global expansion of sustainable finance, concerns about ESG washing are also rising. The quality of sustainability strategy as a whole is in question, making it necessary to secure more transparency, such as confirming the situation of funds procured after bond issuance and better reporting.

The Tokyo Metropolitan Government has prepared the Tokyo Social Bond Impact Report to show in an easy-to-understand manner the situation and social impacts of projects that were allocated funds raised through bond issuance, and also provide a total picture of the goals and individual projects.

Along with continuing to take concrete actions to find solutions to social problems, we will also engage in developing the sustainable finance market through the issuance of social bonds.

I hope this report will serve to deepen your understanding of Tokyo's social bonds.



*KOIKE Yuriko*

KOIKE Yuriko  
Governor of Tokyo

## The Future Tokyo Social Bonds aim to realize

(From the Tokyo Social Bonds Series 5 and 6 Framework)

- 1 **Assertively promote TMG's policy measures** through the additional support derived from Tokyo enterprises' **investment in Tokyo Social Bonds**.
- 2 **Activate the sustainable finance market** by accelerating the trend of utilizing market funds for solving social issues in Japan.
- 3 **Open up a bright future for Tokyo where people can shine** through these efforts and **contribute to achieving the SDGs**.





## ● Targets and Actions of TMG

### Actions taken by TMG

September 2015

## Adoption of the SDGs



The SDGs – Global Goals to be achieved by 2030 – were adopted at a UN summit meeting in September 2015.

Composed of 17 goals to usher in a sustainable world, the SDGs represent common goals to be achieved by all countries, including the developed, as well as developing countries.

March 2021

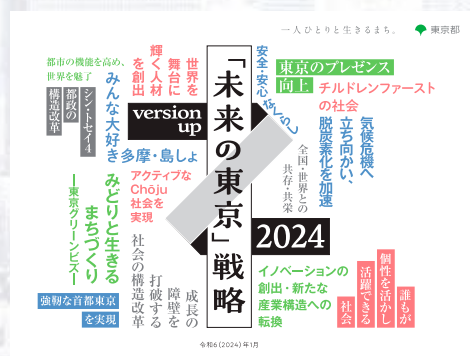
## Formulated of "Future Tokyo"



Against this backdrop, the TMG formulated "Future Tokyo: Tokyo's Long-Term Strategy" in March 2021, providing a vision for Tokyo in the 2040s, and presenting strategies for 2030 and projects for strategy implementation.

Centered on "people," the key driver of Tokyo's development, the Strategy's direction is aligned with the vision of the SDGs to create an inclusive society that leaves no one behind.

### Future Tokyo: Tokyo's Long Term Strategy Version Up 2024 announced in January 2024



Now that the Covid-19 pandemic is over, in January 2024 we announced "Future Tokyo: Tokyo's Long Term Strategy Version Up 2024" in order to accelerate progress toward a sustainable future by taking on challenges that Japan has put off and by unlocking Tokyo's potential.

Promoting sustainable recovery to realize a resilient city that will remain prosperous 50 and 100 years from now

## Bright future of Tokyo where people can shine

## ● Principal Use of Proceeds from Tokyo Social Bonds

### Principal Use of Proceeds



Disaster countermeasures for facilities and infrastructure

Measures for aging public facilities and infrastructure

Promotion of industry and employment continuity and generation

Building an educational environment to fully draw out the individuality and potentials of each student

Developing the foundation of nursing care services

Development of child welfare facilities, etc.

Strengthening the housing safety net

Promoting barrier-free and universal design in public facilities



# Overview and Framework of the Tokyo Social Bonds Series 5 and 6

The table below overview of The Tokyo Social Bonds Series 5 and 6 in FY2023.

For Institutional Investors		
Series name	Tokyo Metropolitan Government Publish Bond (Tokyo Social Bond (5 yr)) #5	Tokyo Metropolitan Government Publish Bond (Tokyo Social Bond (5 yr)) #6
Tenor	5yr	5yr
Issue Amount	JPY 30bn	JPY 30bn
Use of proceeds	Projects for individuals in need of social support (see 7p-14p for details)	
Coupon	0.190%	0.433%
Spread	JGB + 12bp	JGB + 9bp
Issue price	100.00	100.00
Pricing date/ Settlement date	Friday, June 23, 2023 / Tuesday, July 4, 2023	Thursday, February 22, 2024 / Tuesday, March 5, 2024
Redemption date	Tuesday, June 20, 2028	Wednesday, December 20, 2028
Ratings	A+ (S&P Global Rating Japan Inc.)	
External ReView	Rating and Investment Information,Inc.	
Final Demand Subscription rate	2.0 times oversubscribed	2.0 times oversubscribed
Declaration of Investment	From 72 Investors	From 36 Investors

## Tokyo Social Bonds Framework

- In compliance with the International Capital Market Association's (ICMA) Social Bond Principles, the TMG drew up the Tokyo Social Bonds Framework (March 2023) including sections on the use of proceeds, process for project evaluation and selection, management of proceeds and reporting.
- Prior to the 5th and 6th series of public offering of Tokyo Social Bonds, we obtained in June 2023 a second party opinion from Rating and Investment Information, Inc. that the Tokyo Social Bonds Framework complies with the Social Bond Principles.

## Outline of the Tokyo Social Bonds Framework

1. Use of Proceeds	<ul style="list-style-type: none"><li>Proceeds from the issuance of the Tokyo Social Bonds will be allocated to projects that meet the following three criteria:<ul style="list-style-type: none"><li>① The project targets individuals in need of social support;</li><li>② Clear social benefits (generating a new benefit or maintaining an existing benefit) can be expected from the project and such benefits can be assessed quantitatively;</li><li>③ The project may be financed by local bonds under Article 5 of the Local Government Finance Act and other applicable laws and regulations.</li></ul></li></ul>
2. Process for Project Evaluation and Selection	<ul style="list-style-type: none"><li>Projects to be financed shall be selected after coordination between the TMG's Bureau of Finance and the bureau in charge of the project. Any project found to directly cause significant negative impacts on the environment or society shall be excluded from the selection.</li></ul>
3. Management of Proceeds	<ul style="list-style-type: none"><li>Management by classifying the proceeds into accounting categories based on TMG's budget rules to clarify their use.</li><li>Funds to be allocated to projects selected for the fiscal year in principle.</li><li>Documents required for financial statements to be prepared after the end of each fiscal year for approval by the Tokyo Metropolitan Assembly.</li></ul>
4. Reporting	<ul style="list-style-type: none"><li>Information on the amount of funds to be allocated to, and the expected environmental impact of each selected project to be posted on the TMG website before issuance, followed by disclosure of the actual amount allocated to and expected impact of each selected project by the end of the following fiscal year.</li></ul>

## Second Party Opinion





- R&I** |
  - Compliance with the Social Bond Principles
  - All financed projects were recognized as contributing positively to achieving the SDGs (see the table below).

USE OF PROCEEDS	SUSTAINABLE DEVELOPMENT GOALS
Disaster countermeasures for facilities and infrastructure	4, 9, 11, 12, 13
Measures for aging public facilities and infrastructure	4, 6, 9, 11, 12, 13, 14
Promotion of industry and employment continuity and generation	5, 8
Building an educational environment to fully draw out the individuality and potentials of each student	1, 4, 5, 8, 10
Infrastructure development for long-term care services	1, 3
Development of child welfare facilities, etc.	1, 4, 10, 16
Strengthening the housing safety net	1, 11
Universal design for accessible public facilities	9, 11
Enhance of the healthcare provision system	3

\*Framework and second-party opinion are available on the TMG website at: [https://www.zaimu.metro.tokyo.lg.jp/english/bond/gb/tosai\\_ir\\_sb](https://www.zaimu.metro.tokyo.lg.jp/english/bond/gb/tosai_ir_sb)

# Projects Financing and Impact of the Tokyo Social Bonds Series 5 and 6

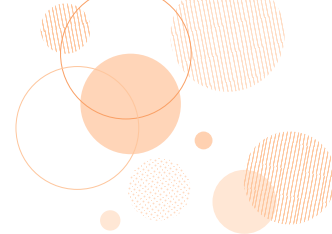
- The proceeds of Tokyo Social Bonds issued in FY2023 were allocated to 32 projects in 8 categories.
- About 40% of the proceeds were allocated to the removal of utility poles and other projects in the "Disaster countermeasures for facilities and infrastructure" category, and about 20% to each of the "Measures for aging public facilities and infrastructure" and "Strengthening the housing safety net" categories to promote the penetration of Tokyo Social Bonds in the market.



































Project categories	Projects for allocation	Social issues addressed	Target Populations	Allocation results (millions of yen)	KPI	Impact	Related SDGs
1 Disaster countermeasures for facilities and infrastructure	Removal of utility poles	<ul style="list-style-type: none"> <li>Strengthening urban disaster management functions</li> <li>Securing safe and enjoyable walking spaces</li> <li>Create a scenic city</li> </ul>	People who could be affected by road blocks, power cuts, etc. due to fallen electric poles during natural disasters Road users including stroller and wheelchair users	15,600	Length completed	25.78km	 
	Development of facilities for parks designated as emergency evacuation sites	Securing sites for evacuation, and rescue and relief activities in the event of a disaster	Park users including local residents	80	Number of upgraded parks	7 parks	 
	Earthquake and water resistance of river facilities	Securing seismic and water resistance of river facilities in order to protect the low-lying eastern part of Tokyo from flooding in case of earthquake-triggered tsunami and other causes	Residents of the low-lying eastern part of Tokyo	1,926	Length completed	3.7km	
	Construction of waste disposal sites in the Port of Tokyo (Shinkaimen Landfill Site, Outer Central Breakwater Reclamation Area)	Constructing waste landfill sites that are difficult to secure in the crowded area of inland Tokyo	Citizens of Tokyo	1,764	Area of constructed landfill sites	67ha (by the end of FY2025)	 
	Subsidize costs for safety measures (earthquake resistance of private schools)	Securing the safety of the students in the event of a disaster	Infants, children, students	6	Number of subsidized buildings	1 facilities	  
	Installation and reinforcement of emergency backup power generation systems at water supply and other facilities	Securing stable water supply in an emergency such as a large-scale power failure	local residents	893	Percentage of water supply that can be secured during a large-scale power failure	92% (by the end of FY2030)	
	Duplication and renewal of raw water conveyance facilities	<ul style="list-style-type: none"> <li>Securing stable water supply in the event of a disaster or accident</li> <li>Renewing old raw water conveyance facilities</li> </ul>	local residents	309	Percentage of duplicated raw water conveyance facilities	88% (by the end of FY2030)	
	Earthquake countermeasures for water reclamation centers and pumping facilities	Securing sewer system functions in the event of a large earthquake directly striking Tokyo, etc.	Citizens of Tokyo and sewage service users	1,860	Number of facilities that have installed emergency backup power generation systems to ensure stable operations even in a power failure	89 facilities (by the end of FY2025)	  
	Installation of platform doors at stations	Securing the safety and security of station users, including persons with disabilities and the elderly	Station users, particularly including persons with disabilities and the elderly	1,000	Number of stations with platform doors installed	11 stations	 
	Upgrade to elevators equipped with restart functions	Securing the safety and security of users (reducing the risk of being trapped in elevators in the event of an earthquake, etc.)	People vulnerable to natural disasters	100	Number of elevator units installed	5 units	  
2 Measures for aging public facilities and infrastructure	Life extension of bridges	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Municipal road users including local residents	8,200	Cumulative number of life-extension projects begun	180 bridges (cumulative) (by the end of FY2030)	 
	Life extension of port facilities	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Port facility users including local residents	68	Cumulative number of life-extension projects begun	5 facilities (by the end of FY2030)	 
	Port renovation	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Local residents	1,100	Number of ports upgraded	14 ports	 
	Fishing port renovation	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Local residents	500	Number of fishing ports upgraded	16 fishing ports	 
	Airport redevelopment	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Local residents	20	Number of airports upgraded	6 airports	 
	Renovation of cultural facility (renovation of the Edo-Tokyo Museum)	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Citizens of Tokyo and facility users	20	Number of facility users	Approx. One million users (actual data for FY2019)	 
	Upgrade of fire stations	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Citizens of Tokyo (local residents)	200	Number of upgraded facilities	23 facility	 
	Improvement of the internet environment on Tokyo's islands	Securing a stable internet environment on Tokyo's islands	Local (island) residents	387	Number of upgraded islands	2 islands (by the end of FY2025)	 
	New establishment, expansion and renewal of water supply stations	Securing a stable water supply by resolving uneven distribution of service reservoir capacity of water supply stations	Local residents	553	Stable water supply securement rate	89% (by the end of FY2030)	 
	Reconstruction of facilities in water reclamation centers and pumping stations	Securing stable sewage services by reconstructing aging facilities	Citizens of Tokyo and sewage service users	2,640	Number of main equipment renewed	2,771 units (by the end of FY2025)	  

\*Impact refers to the positive impact obtained, or expected to be obtained, by the implementation of the project as at the end of FY2023.  
 \*The figures for the impact and allocated results for eligible projects represent the amounts before post-issuance evaluation by a third party.



## Projects Financing and Impact of the Tokyo Social Bonds Series5 and 6

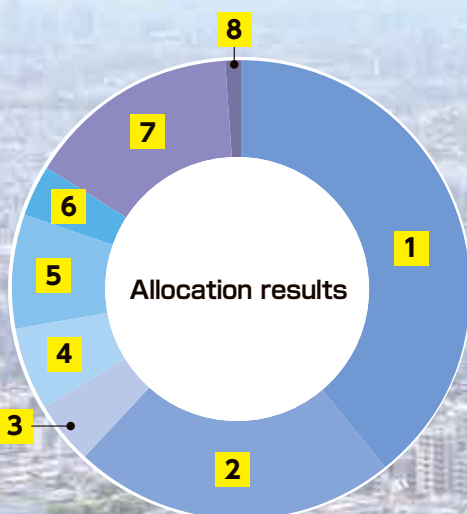


Project categories	Projects for allocation	Social issues addressed	Target Populations	Allocation results (millions of yen)	KPI	Impact	Related SDGs
<b>3</b> Promotion of industry and employment continuity and generation	Renovation employment and job placement promotion facilities, etc. (renovating facilities such as Tokyo Shigoto Center)	Providing employment and job placement support to Tokyo's residents	People who need employment support	2,698	Number of facility users	Number of Tokyo Shigoto Center users Approx. 230,000 users in total (actual data for FY2023)	 
<b>4</b> Building an educational environment to fully draw out the individuality and potentials of each student	Construction and renovation of Tokyo Metropolitan Schools	Achieving education that leaves no one behind and allows all children to hold hopes for the future and to take the initiative to grow	children, students	2,859	School capacity	7,520 students (by the end of FY2029)	   
	Construction and renovation of schools for special needs education	Supporting proactive efforts toward the independence and social participation of young children, students with disabilities	Infants, children, students with handicaps	572	School capacity	School capacity classes for students requiring: 1,274 students Physical disability: 153 students Visual disability: about 71 individuals (by the end of FY2030)	    
<b>5</b> Developing the foundation of nursing care services	Provision of subsidies to develop geriatric health services facilities	Promoting a return to home living for elderly persons needing nursing care	Elderly persons needing nursing care	45	Number of facilities subsidized	2 facilities	 
	Provision of subsidies to develop special nursing homes for the elderly	Providing services such as personal care and rehabilitation care to senior citizens who have difficulty living at home	Elderly persons needing nursing care	4,790	Number of facilities subsidized	33 facilities	 
<b>6</b> Development of child welfare facilities, etc.	Construction and renovation of facilities for individuals (children) with intellectual disabilities	Supporting severely intellectually disabled children with challenging behavior requiring medical care	Primarily individuals (children) with disabilities	150	Number of users of facilities	80 children	   
	Provision of subsidies to develop facilities for individuals (children) with disabilities	Providing support for securing necessary services and promoting the development of infrastructure for realization of a society where individuals (children) with disabilities can live in their communities with peace of mind	Individuals (children) with disabilities	2,000	Number of users of facilities	Short-stay facilities, day-care facilities for severely disabled children (individuals): 52	   
	Construction and renovation of child welfare facilities	Addressing the needs of children requiring support for transitioning to independent living	Children requiring support for transitioning to independent living	90	Number of facilities subsidized	Residential care facilities for individuals (children) with disabilities, group home facilities, etc.: 37 facilities	   
<b>7</b> Strengthening the housing safety net	Construction of public housing	Construction of public housing who are truly unable to maintain a minimum standard of living by themselves due to poverty	Low-income persons who are truly unable to find a place to live	9,000	Number of users of facilities	2,149 units (actual data for FY2023)	 
<b>8</b> Promoting barrier-free and universal design in public facilities	Make sidewalks barrier-free	Securing walking spaces everyone can use safely, securely and comfortably	All persons including the elderly and the disabled	70	Number of users of facilities	4,848m	 
	Increase barrier-free routes	Developing an environment where anyone can comfortably move with peace of mind	Station users, particularly including persons with disabilities and the elderly	20	Length completed	2 elevators (by the end of FY2025)	 
	Introduction of people-friendly Toei subway cars	Introducing subway cars that are safe and comfortable for everyone to use	Toei Subway users	480	Daily average number of passengers	676,730 (actual number for April 2021-March 2022)	
Total				60,000	Number of train formations introduced	8 formations	

\*Impact refers to the positive impact obtained, or expected to be obtained, by the implementation of the project as at the end of FY2023.

\*The figures for the impact and allocated results for eligible projects represent the amounts before post-issuance evaluation by a third party.

### Allocation results



<b>1</b>	Disaster countermeasures	39.2%
<b>2</b>	Measures for aging	22.8%
<b>3</b>	Industry and employment	4.5%
<b>4</b>	Educational environment	5.7%
<b>5</b>	Nursing care services	8.1%
<b>6</b>	Child welfare	3.7%
<b>7</b>	Housing safety net	15.0%
<b>8</b>	Accessible public facilities	1.0%

These projects, assessed and selected before the bond issue, were made public in May 2023 (Series 5) and February 2024 (Series 6) in line with the project assessment and selection process and reporting method specified in the Tokyo Social Bonds Framework. The total proceeds of JPY60 billion from the Tokyo Social Bonds Series 5 and 6 were managed in line with the management method specified in the Framework and allocated in their entirety to those projects by the end of FY2023.





Before



After

New Okutama Avenue (6-chome,  
Shibasakicho, Tachikawa City)

## Removal of Utility Poles

Disaster countermeasures for infrastructure

### Rationale for the project

- The many utility poles in Tokyo\* not only obstruct the daily movement of **wheelchair/stroller users and older persons** but also **affect the movement of residents and life-saving activities in the aftermath of a disaster**, etc., especially if they **collapse onto the street** in an earthquake or other disaster.
- For this reason, we are promoting the maintenance of the removal of utility poles by storing the electric wires that are **stretched on the road underground**.
- We are also removing utility poles from coastal roads in the Tokyo Port area, etc. **to prevent disruptions in the transport of emergency aid and containerized international transportation in the event of a disaster**.

### Objective of the TMG (planned)

**2040s Tokyo metropolitan roads\*<sup>1</sup>\*<sup>2</sup> — 2,328km cleared of utility poles**  
**Coastal roads, etc. (Tokyo Port area)\*<sup>2</sup> — 85.3km cleared of utility poles**

\*1 Targeted Tokyo metropolitan roads, ports and airports

\*2 The lengths indicate the segments of roads cleared of utility poles and not the total lengths of the roads covered.

**Impact** Length cleared of utility poles by the end of FY2023

Tokyo metropolitan roads

**27.52km**

Coastal roads, etc.

**1.9km**

Length cleared of utility poles by the end of FY2022

Tokyo metropolitan roads about **1,067km**

Coastal roads, etc. about **41km**

Length to be cleared of utility poles in the 2040s  
Tokyo metropolitan roads **2,328km**

Coastal roads, etc. **85.3km**

Length cleared of utility poles by the end of FY2023  
Tokyo metropolitan roads about **1,094km**

Coastal roads, etc. about **43km**

Created in FY2023

- Loop Road No.7, New Okutama Avenue, etc.
- Tokyo Port (Oi area, Central Breakwater area)

Contribution to SDGs



Itabashi Fujimicho Apartment No.3, Itabashi Ward

## Construction of public housing

Strengthening the housing safety net

### Target

**Low income residents who are unable to secure adequate housing on their own (mainly older persons living alone\*)**

\* People in Metropolitan housing complexes are aging, with almost 70% of tenants already aged 65 or over.

### Rationale for the project

- We are reconstructing aging housing units to be leased at affordable prices** to low income residents who are unable to secure adequate housing on their own.
- Approx. 80,000 units are currently in need of reconstruction mainly due to aging, accounting for almost 30% of the total public housing units managed by the TMG (as at the end of FY2023).
- We are systematically reconstructing aging Metropolitan housing units due to the serious need for **disaster risk reduction and fireproofing, among others**.

### Objective of the TMG (planned)

**3,800 Municipal housing units to be reconstructed in FY2024**

### Impact

FY2023  
2,149 units reconstructed  
→ **48,149** units reconstructed in total

As at the end FY2022  
**46,000** units  
reconstructed in total  
(FY2008~FY2022)

Housing complexes  
still to be reconstructed  
about **80,000** units

Housing complexes  
reconstructed by the mid-1970s  
about **131,000** units\*

### Public housing

#### <Eligibility (units for families)>

- 1 Resident of Tokyo
- 2 Living with at least one family member
- 3 Meeting the stated income criteria\*
- 4 In need of housing
- 5 Other

\* Income criteria (examples)

- Living with 1 family member:  
Annual income of 1.99 million yen or less
- Living with 3 family members:  
Annual income of 2.66 million yen or less

\*Number of housing complexes covered by the public housing replacement policy developed in 2008

Created in FY2023

- Kirigaoka 2-chome Housing Complex
- Shinmachi 1-chome Housing Complex, Setagaya Ward, etc.

Contribution to SDGs







Before



After

Kohoku Overpass

## Life extension of bridges

Measures for aging infrastructure

### Rationale for the project

- Many of the bridges managed by TMG were built in the period of rapid economic growth, which means that they will need reconstruction almost at the same time.
- The life extension project is intended to take measures for improving the **performance of bridges at the time of construction**, to be followed by **adequate maintenance and management**.
- Through this project, we **aim to use the bridges for over 100 years**, thereby **staggering the timing of replacement and reducing the total cost of reconstruction**.

### Objective of the TMG (planned)

**Life extension of 180 bridges to start by the end of FY2030**

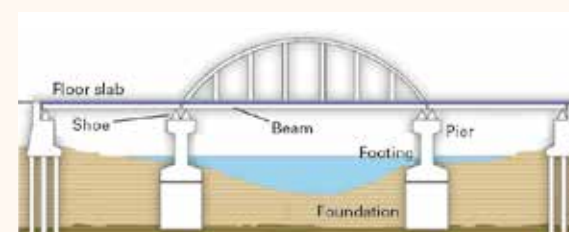
### Example of techniques adopted in the life extension project

#### <Floor slab\* replacement>

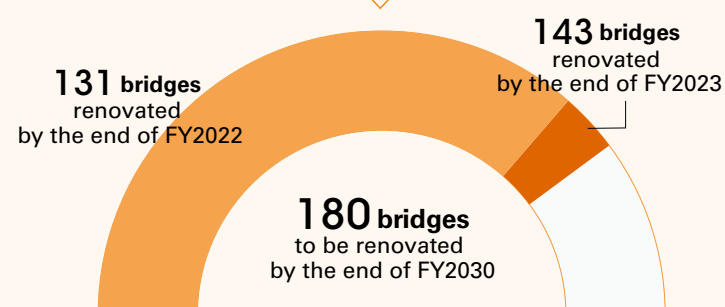


Replace the floor slab to maintain the safety and durability of the bridge.

\* Floor slab, a component of the superstructure of a bridge, supports the weight of passing vehicles.



Impact  
Renovation of **12** bridges started in FY2023



Bridges for which renovation started in FY2023

• Tennozu Bridge, Miyaji Overpass, Koran Bridge, Hirayama Overpass

Contribution to SDGs



Before



After

Nishi-Magome Station

## Installation of platform doors at Toei Subway stations

Disaster countermeasures for facilities

### Target

**Visually-disabled, elderly** and other station users during rush hours

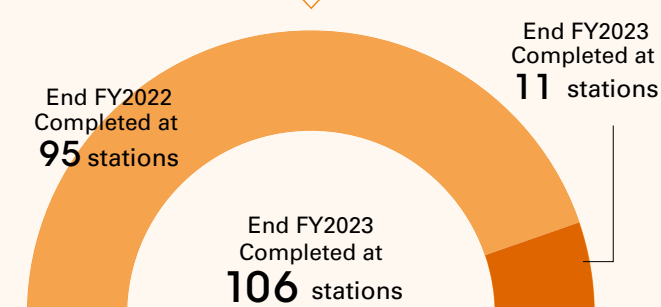
### Rationale for the project

We are installing platform doors at all Metropolitan Metro stations to **prevent accidents at stations such as passengers falling from the platform or being hit by an oncoming train**, with the goal of eliminating those accidents.

### Objective of the TMG (planned)

**Platform doors to be installed at all Toei subway stations (106) by the end of FY2023**

Impact  
Installation completed at all **106** Toei subway stations



### \*Platform doors at Toei Subway stations

Platform doors have been installed at all stations along the Mita, Oedo, Shinjuku and Asakusa Lines.

Created in FY2023

**Toei Subway Asakusa Line**

• Asakusabashi Station, Kuramae Station, Asakusa Station, Honjo-Azumabashi Station, Takanawadai Station, Gotanda Station, Togoshi Station, Nakanobu Station, Magome Station, Nishi-Magome Station, Oshiage Station

Contribution to SDGs

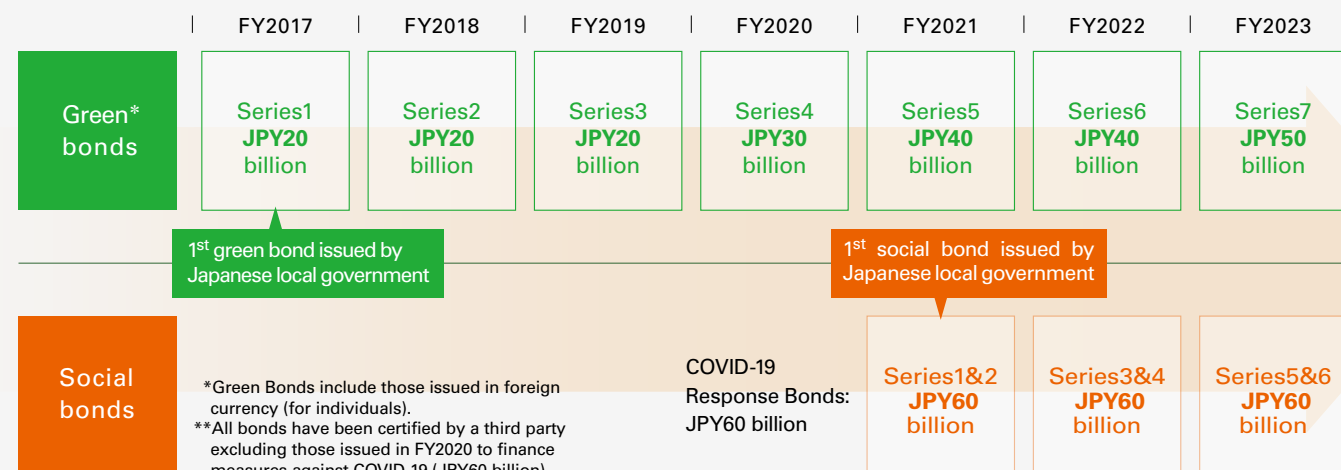




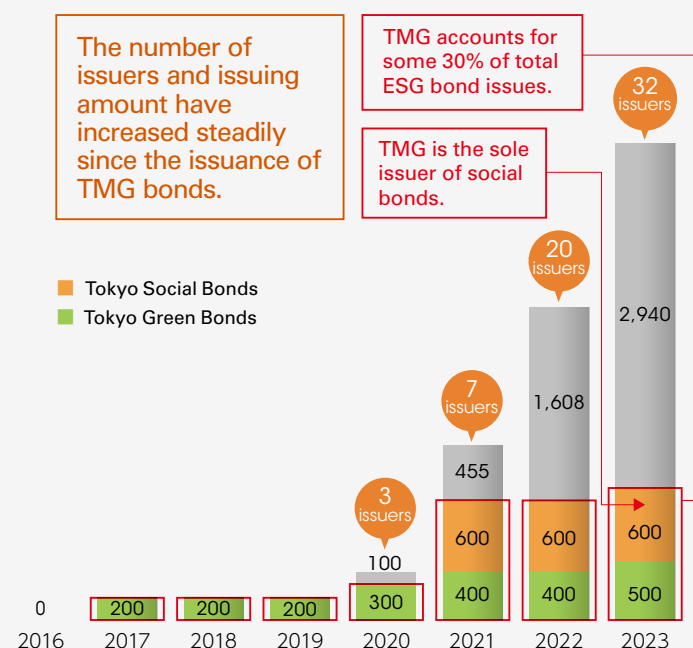
# Issuance Result of TMG's SDGs Bonds

(Appendix)

- To capture the momentum of the SDGs and ESG, TMG issued Tokyo Environmental Supporter Bonds in FY2016.
- With the issuance of Tokyo Green Bonds in FY2017, the TMG became the first local government in Japan to issue green bonds, thus contributing to the development of the domestic market since its inception.
- In response to the momentum toward sustainable recovery both in Japan and overseas, in FY2020 TMG issued bonds earmarked for action to cope with the COVID-19 pandemic. In FY2021, TMG launched Tokyo Social Bonds – the first of its kind for a Japanese local government – to assist Tokyo residents and businesses in need of social support.
- TMG has also gradually scaled up the issuance of bonds since the initial offer of JPY20 billion. In addition to the continued issuance of Tokyo Social Bonds, Tokyo Green and Blue Bonds and Tokyo Sustainability Bonds in foreign currency will be newly issued in FY2024. By continuing to issue SDGs bonds, we will contribute to further growth of the sustainable finance market.



Share of TMG ESG bonds in the domestic ESG local bond market (Unit: 100 million yen)



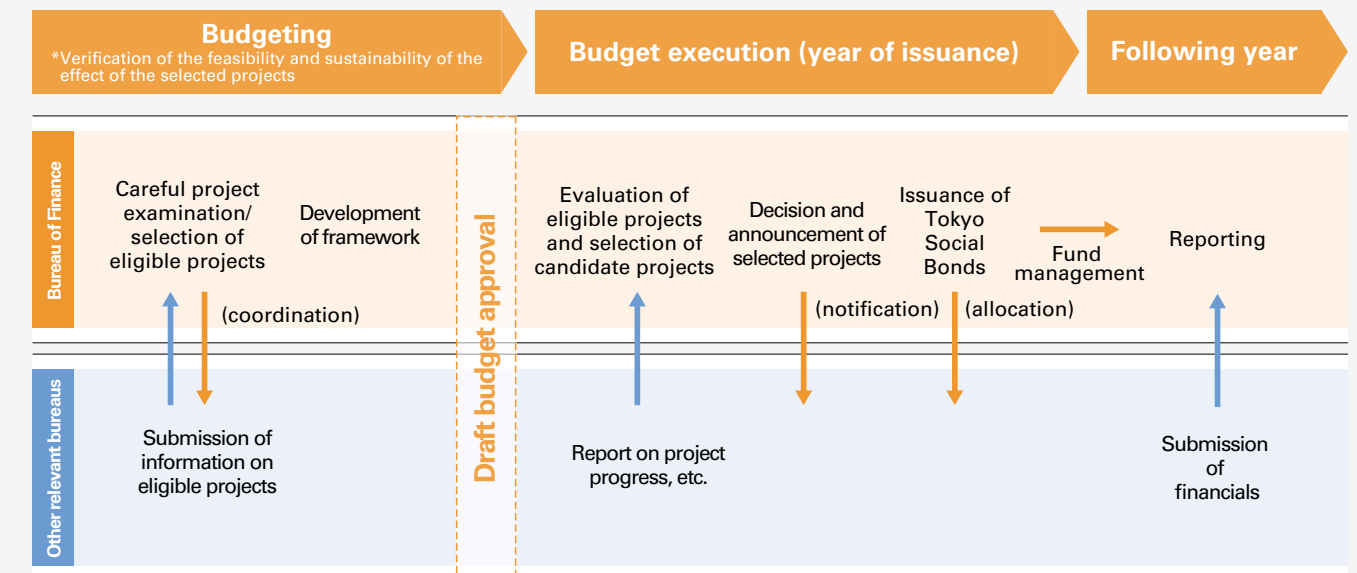
## Awards won

- Refinitiv Japan, K.K.**  
**"DEALWATCH AWARDS2022"**  
**Sustainable Finance Issuer of the Year**  
 "TMG made its presence felt by **proactively engaging in financing with ESG bonds**. It attracted immense demand by enhancing communication both in Japan and overseas and gaining **endorsement from investors**."
- Japan Times**  
**"Sustainable Japan Award2023"**  
**Jury's Special Award, ESG Category**  
 "Including Green and Social Bond issues, **the forward-looking initiatives of TMG substantially contribute to the activation of the local government ESG bond market.**"
- Environmental Finance (British journal specialized in environmental finance),**  
**"Environmental Finance Bond Awards 2023"**  
**Social Bond of the Year – local authority/municipality**  
 "As the first local government to participate in the sustainable bond market, TMG demonstrated a wide range of use of proceeds by expanding the scope of financed projects in its June 2022 issue."



# Process from Project Selection to Reporting

(Appendix)



## <Budget planning phase>

- The Bureau of Finance selects eligible projects and the projects to be financed by the proceeds in consultation with the bureau responsible for each project and the department responsible for the environment.
- Where stipulated by the applicable law, such as the Local Government Finance Act, a local government may issue local bonds as specified in the budget, which needs to be adopted by the local assembly before the start of the fiscal year concerned. TMG bonds, including Tokyo Social Bonds, are issued in accordance with this procedure. The feasibility of the selected projects and the sustainability of their effects are also verified in the budgetary process.

## <Budget execution phase>

- We manage the allocation of proceeds to selected projects following the issuance of Tokyo Social Bonds while clarifying the use of the allocated funds by classifying the revenue budget into accounting segments under the TMG budget rules.

## <Fiscal year after issuance>

- Regarding reporting, we publish the results of fund allocation by the end of the fiscal year following the issuance of Tokyo Social Bonds.
- With regard to the revenues and expenditures of the TMG, including those pertaining to the projects financed by the proceeds of Tokyo Green Bonds, documents required for financial statements are prepared after the end of the fiscal year, reviewed by the Audit and Inspection commissioners, and then submitted to the Tokyo Metropolitan Assembly for approval, along with the commissioner's opinion.
- Throughout this process, the TMG ensures the appropriateness and transparency of the evaluation and selection of financed projects as well as fund management.



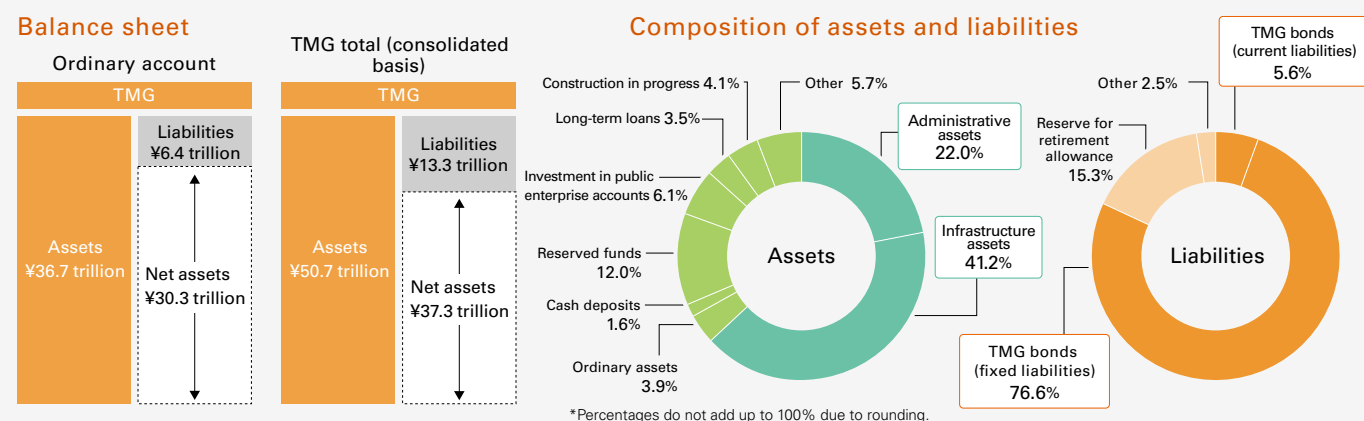


# Financial Standing of TMG (Appendix)

\*Based on financial results of ordinary account for FY2023

- TMG's ordinary balance ratio and ratio of expenses for public bonds in FY2023 stood at 81.3% and 4.7%, respectively, highlighting greater financial flexibility than the prefectural average.
- Assets and liabilities on the balance sheet come to total ¥36,725.4 billion and ¥6,397.9 billion, respectively, resulting in a total net worth (difference between assets and liabilities) of ¥30,327.5 billion.
- The aggregate balance sheet of the TMG, including special accounts and public enterprise accounts and policy cooperation bodies, etc., as well as ordinary account, shows total assets of ¥50,668.8 billion, total liabilities of ¥13,345.0 billion, and a total net worth of ¥37,323.8 billion.

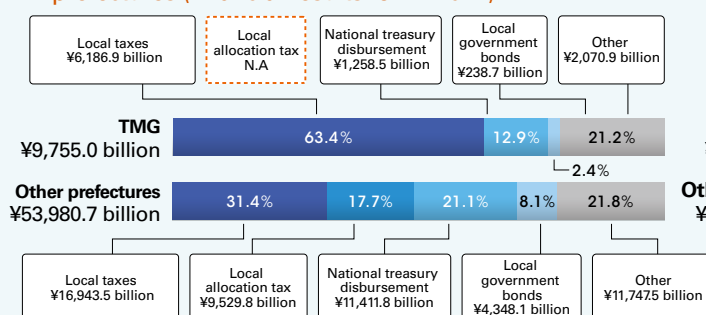
\* "Ordinary account" refers to the accounts of each local government systematically restructured under the standards set by the Ministry of Internal Affairs and Communications to understand the financial status of local governments and analyze all local finance plans, among others.



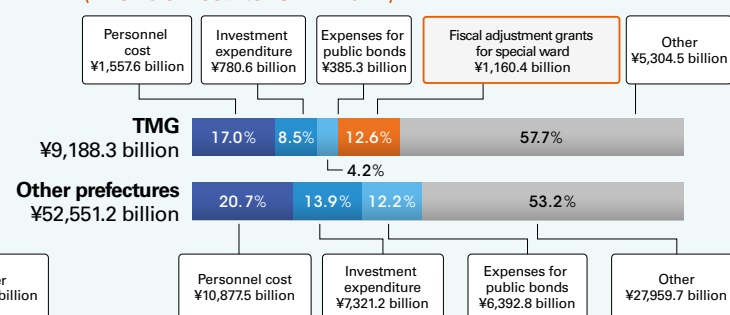
## Characteristics of TMG finance

- As compared with the local finance plan, the revenue structure of TMG has the following characteristics: (1) high dependence on local taxes; (2) no local allocation tax granted from the national government; (3) low dependence on national treasury disbursement; and (4) low dependence on local government bonds. All these characteristics indicate considerably higher financial autonomy and flexibility than other local governments in general.
- As regards the structure of expenditure, one of the characteristics of the TMG is the disbursement of grants for financial adjustments under the Special Ward System. The low ratio of expenses for public bonds, mainly for redemption of local bonds, also indicates greater financial flexibility than other prefectures.

### Comparison of revenue structure between TMG and other prefectures (financial results for FY2022)



### Comparison of spending structure with other prefectures (financial results for FY2022)



For further information on the results of ordinary account in FY2023, please visit:  
<https://www.zaimu.metro.tokyo.lg.jp/zaisei/kessan/r5/5nenjizaimuhokokusho> (TMG Annual Financial Report, FY2023).

# Safety and Liquidity of TMG Bonds (Appendix)

## <Safety>

- The TMG is capable of financing the redemption of its bonds in a stable manner as it depends mostly on its own sources of revenue, such as local taxes, which it has power to impose.
- The BIS applies 0% risk weighting to local government bonds, including TMG bonds, because the national government guarantees necessary funding for the repayment of principal and interest, for example by setting the total amount of the local allocation tax at a level to ensure a balance between total expenditure, including public bond costs, on the one hand, and total revenue on the other.
- In recognition of its disciplined fiscal administration, the TMG enjoys from S&P Global Ratings Japan Inc. the A+ rating in the long-term issuer credit, and the aa+ rating in the stand-alone credit profile, or rating specific to the TMG, net of any influence from the national government.

## <Liquidity>

- TMG bonds account for some 6% of the publicly offered local government bonds by amount issued, and some 7% by amount outstanding.

### BIS risk weighting

Japanese govt bonds	Govt-backed bonds	TMG bonds	FILP agency bonds	Bank debenture Finance bonds
0%	0%	0%	10%	20%

### Rating of TMG bonds

Issuer credit rating	Stand-alone credit file
<b>A+</b> (Capped by the national government's rating)	<b>aa+</b>

Rating obtained from S&P Global Rating Japan Inc.

### Publicly offered local government bond market (FY2023)

Amount of issue	Amount outstanding
TMG bonds 5.8% National publicly offered local government bonds 18.9% Other 75.3%	TMG bonds 7.3% National publicly offered local government bonds 19.9% Other 72.8%

\*Excluding citizen participatory-type public market offering bond.

