Tokyo Green and Blue Bonds

Impact Report

October 2025

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The increasingly severe impacts of climate change are putting our daily lives at risk. With the aim of overcoming this crisis, the world is advancing toward the common goal raised in the Paris Agreement of limiting global temperature increase to 1.5°C.

With the aim of realizing "Zero Emission Tokyo" to contribute to the world' s goal of achieving net-zero carbon emissions by 2050, the Tokyo Metropolitan Government has announced "Carbon Half," a commitment to halve greenhouse gas emissions by 2030, and has also set a further goal of reducing emissions by at least 60 percent by 2035. Working together with the people and businesses of Tokyo, we are devoting our full resources to addressing this challenge.

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 carbon neutrality, in 2017, the Tokyo Metropolitan Government became the first local government in Japan to issue green bonds. The Tokyo Green Finance Initiative (TGFI), our strategic initiative for the growth of green finance, is positioned at the core of our financial vision. Last fiscal year, the green bonds were issued in an upgraded form as Tokyo Green and Blue Bonds.

Meanwhile, amid the rapid global expansion of green finance, concerns about greenwashing 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 Green and Blue Bond Impact Report to show in an easy-to-understand manner the situation and environmental effects of projects that were allocated funds raised through bond issuance, and also provide a total picture of the environmental goals and individual projects.

As a city standing on the front line of climate change response, along with continuing to take concrete actions for decarbonization, we will also engage in developing the sustainable finance market through the issuance of green and blue bonds.

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

KOIKE Yuriko
Governor of Tokyo

The Future that Tokyo Green and Blue Bonds aim to realize

(From the Tokyo Green and Blue Bonds Series 8 Framework)

1. **Strongly promote the TMG's environmental measures** backed by the support provided by residents, companies and investors through their **investment in Tokyo Green and Blue Bonds**.
2. **Create a virtuous cycle of the environment and the economy** by accelerating the trend of utilizing market funds to find solutions to environmental challenges.
3. Aim to **realize "Zero Emission Tokyo" and other targets,** through these efforts and **contribute to achieving the SDGs**.

Environmental Targets and Initiatives of TMG

Developments related to climate change

Rising anthropogenic CO_2 emissions are having a greater global impact on climate change, including extreme weather events. The climate crisis now affects the world, Japan, and of course Tokyo.

TMG recognizes that we are currently facing a climate crisis and will implement concrete policies and effective measures as well as calling for the understanding and cooperation of all of Tokyo's citizens and continuing to stand against this climate crisis.

Climate change events in recent years

Heavy rain/ flooding

Eastern Spain, October 2024
- One year’s worth of rain fell in just eight hours in some areas.
- This caused flooding, with cars and bridges being swept away.

Heatwaves

Heart of Tokyo, June 2025
- There were 13 hot summer days with the highest temperatures of 30°C or higher.
- The largest number of hot summer days in June since records began.

Actions taken by TMG

2019 **Zero Emission Tokyo Strategy**
A vision, concrete actions and a roadmap to realize Zero Emission Tokyo by 2050, contributing to global net zero CO_2 emissions

2021 **TMG announced "Carbon Half," a commitment to halving GHG emissions by 2030**

2022 **Tokyo Environmental Master Plan was revised**
Setting out specific targets and the shape of initiatives based on the recognition that actions in the period up to 2030 are extremely important to realize the visions for 2050.

2025 **Development of the Zero Emission Tokyo Strategy: Beyond Carbon Half**
The new target of reducing greenhouse gas emissions by 60% or more by 2035 (compared to 2000) and 31 individual targets to achieve the new target were set to promote effective initiatives.

A new program covering solar power generation, thermal insulation, and energy efficiency performance for newly built detached houses and other buildings was launched.

2030 **"Carbon Half" to be achieved**

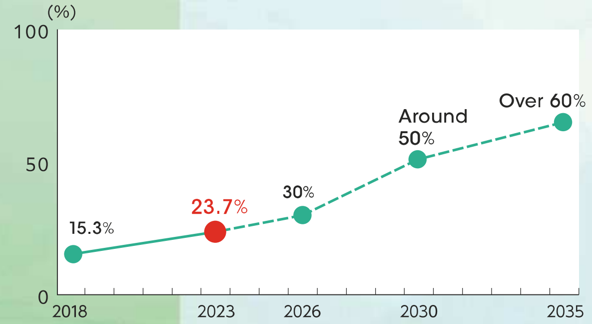
2035 **Reduction of greenhouse gas emissions by 60% or more**

2050 **"Zero Emission Tokyo" to be achieved**

2035 policy goals (excerpts)

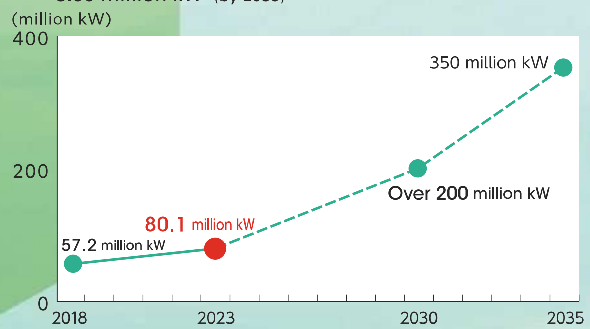
Share of renewable energy in electricity used in Tokyo

Renewable energy utilization ratio: over 60% (by 2035)



Power generation capacity of PV systems installed in Tokyo

Power generation capacity of installed PV systems is 3.50 million kW (by 2035)



Realizing a green and resilient global city Tokyo opening up a future

Principal use of proceeds from Tokyo Green and Blue Bonds

Principal use of proceeds

Realization of zero emissions through decarbonization of energy system and the sustainable use of resources

Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services

Realization of a better urban environment that ensures the safety and health of Tokyo residents

Overview and Framework of the Tokyo Green and Blue Bonds Series 8

■The table below overview of The Tokyo Green and Blue Bonds Series 8 in FY2024.

For Institutional Investors

Series name	Tokyo Metropolitan Government Public Bond (Tokyo Green and Blue Bonds (5 yr)) #8
Tenor	5yr
Issue Amount	JPY 10bn
Coupon	0.644%
Spread	JGB＋8bp
Issue price	100.00
Pricing Date / Settlement Date	Thursday, October 10, 2024 / Tuesday, October 22, 2024
Redemption date	Thursday, September 20, 2029
Ratings	A+ (S&P Global Rating Japan Inc.)
External Review	Rating and Investment Information, Inc. (R&I)
Final Demand Subscription rate	1.1 times oversubscribed
Declaration of Investment	From 37 investors

For Private Investors

Series name	Tokyo Metropolitan Government public international bond (Tokyo Green Bonds (international bonds)) #8
Tenor	5yr
Currency	Australian dollar (AUD)
Issue Amount	AUD 104mn (≈JPY 10bn)
Coupon	3.88% (year) (3.091%/year after tax) *Coupon after tax assumes a tax rate of 20.315% including the special income tax for disaster recovery.
Sales price	100.00% of face value
Pricing Date / Settlement Date	Friday, December 6, 2024 -Thursday, December 19, 2024 / Friday, December 20, 2024
Redemption date	Thursday, December 20, 2029
External Review	Rating and Investment Information, Inc. (R&I)

Tokyo Green and Blue Bonds Framework

■ The Tokyo metropolitan government developed the Tokyo Green and Blue Bonds Framework (September 2024) consisting of components including the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting in accordance with the Green Bond Principles of the International Capital Market Association (ICMA) and the Practitioner's Guide for Bonds to Finance the Sustainable Blue Economy published by the ICMA and other organizations.

■ For the issuance of the Tokyo Green and Blue Bonds Series 8 we obtained the review (Second Party Opinion) from Rating and Investment Information, Inc. (R&I) in September 2024, and it shows that the Tokyo Green and Blue Bonds Framework are aligned with the Green Bond Principles etc.

Outline of the Tokyo Green and Blue Bonds Framework

1. Use of Proceeds	■ Projects listed on pages 7–12 and other projects
2. Process for Project Evaluation and Selection	■ Evaluate projects for eligibility using ESG criteria and select projects that qualify for financing through Tokyo Green and Blue Bonds to be issued in the current fiscal year. Priority is placed on E (environment).
3. Management of Proceeds	■ Management by identifying the use of the allocated funds through classification into accounting segments under TMG's budget rules. ■ Funds to be allocated to projects selected for the fiscal year in principle. ■ Documents required for financial statements to be prepared after the end of each fiscal year for approval by the Tokyo Metropolitan Assembly.
4. Reporting	■ 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.

Second Party Opinion

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

■Green Project

Environmental project categories to which proceeds are allocated	Sustainable development goals
Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	6, 7, 9, 11, 12, 13, 14
Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services	11, 15
Realization of a better urban environment that ensures the safety and health of Tokyo residents	11, 13, 15

■Blue Project

Environmental project categories to which proceeds are allocated	Sustainable development goals
Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services	13, 14

*Framework and second-party opinion are available on the TMG website at:
https://www.english.metro.tokyo.lg.jp/w/006-101-000946

Projects Financing and Environmental Impact of the Tokyo Green and Blue Bonds Series 8

Proceeds from the Tokyo Green and Blue Bonds Series 8 in FY2024 were used for financing new projects (about JPY13,888.6 million; hereinafter "New Financing Portion") and for refinancing existing projects (JPY6,163 million to refinance the Tokyo Green Bonds Series 3, issued in FY2019; hereinafter "Refinancing Portion").
The total amount of allocation results (JPY 20.0516 billion) is the sum of the issuance in yen (JPY 10 billion) and the issuance in foreign currency (equivalent to JPY 10.0516 billion), converted at the currency exchange rate prevailing when the issuance conditions were designated.

● New Financing Portion

■The proceeds were allocated to 18 projects in the three environmental categories.

■About 80% of the total proceeds were allocated to the "Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources" category.

NO.	Environmental category	Project name	Allocation results (million of yen)	Environmental impact	
Green Project					
1	Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	Renovation and repair of metropolitan facilities	4,865	Expected annual capacity of installed photovoltaic facilities	6,693,199kWh
	Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services		823	Expanded green area	3,625.52m²
2	Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	Installation of LED lighting in metropolitan facilities and on roads	806	Reduce energy consumption	6,408,226kWh (annual total)
3		Environmental improvements at Tokyo metropolitan schools (promotion of zero-emissions initiatives)	364	Expected annual capacity of installed photovoltaic facilities	951,679kWh
				Reduce energy consumption	2,794,440kWh (annual total)
4		Installation of storage batteries for the use of renewable energy	189	Battery output	750kW
5		Development of cycling routes and bicycle lanes	6	Develop and extend length	Cycling routes 11.5km 50.7km ameliorated as cycle roads (by the end of FY2030)
6		Development of storm surge protection structures	240	Develop and extend length	Tide embankment: 0.1km
7		Development of structures to protect against sediment disasters and protect shorelines	451.6	Number of facilities constructed	Sediment control facilities: 40 Coastal protection facilities: 2 Steep slope failure prevention works: 12
8		Development of coastal protection structures for the Port of Tokyo and the Tokyo islands	800	Expand development scale and number of facilities	● Tide embankment in Tokyo port area 61.2km ● Water gate in Tokyo port area 15 facilities ● Internal revetment in Tokyo port area 47.9km ● Drainage pump station in Tokyo port area 2 facilities (all by the end of FY2031) ● Coastal conservation facilities in Izu islands 0.1km (by the end of FY2024)

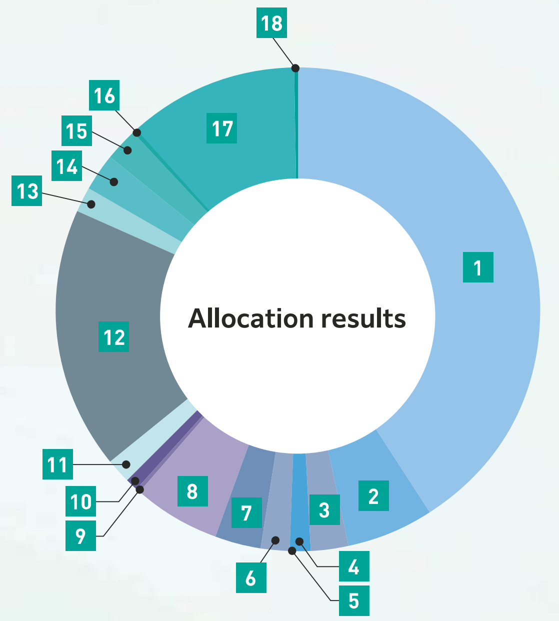
*Environmental impact refers to the positive impact on the environment yielded by the end of FY2024 or expected to be yielded.
*The figures for the impact and allocated results for eligible projects represent the amounts before post-issuance evaluation by a third party.

Projects Financing and Environmental Impact of the Tokyo Green and Blue Bonds Series 8

NO.	Environmental category	Project name	Allocation results (million of yen)	Environmental impact	
9	Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	Adoption of zero emission vehicles (ZEVs)	20	Number of charging facilities constructed	CO_2 reduction rate by replacing existing vehicles with ZEVs PHVs: CO_2 (carbon dioxide): 25.6% Electric motorcycles: NOx (nitrogen oxide): 100% CO (carbon monoxide): 100% HC (hydrocarbons): 100%
10		Measures to turn metropolitan facilities into zero emission buildings (ZEBs)	144	Reduce energy consumption	799,974kWh
11		Decarbonization of water supply facilities	220	Anticipated annual power generation	497,844kWh
12		Energy conservation and global warming mitigation in sewerage services	2,417	Reduce GHG emissions	33,000t-CO_2 / 5 year (capacity) (by the end of FY2025)
13		Improvement of combined sewer systems	241	Capacity of storage facility	1,750,000m³ (by the end of FY2025)
14		Flood countermeasures	342	Avoidance rate from drainage system flooding caused by 50 mm/h rain	73% (by the end of FY2025)
15	Realization of a prosperous society in harmony with the environment that continues to benefit from ecosystem services	Marine park development (Umi-no-Mori park)	320	Expand developed areas	Umi-no-Mori Park (Forest Creation Area) About 60 ha
16	Realization of a better urban environment that ensures the safety and health of Tokyo residents	Restoration of water quality in sections of the outer moat	15	Surface area of restored water	8.3ha (by the mid-2030s)
17		Introduction of eco-friendly buses to the Toei bus fleet	1,600	Reduction of the emission of regulated substances	NOx (nitrogen oxide): 80% PM (particulate matter): 63%
Blue Project					
18	Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services	Development of a blue carbon ecosystem at the Port of Tokyo	25	Area of created seaweed and seagrass beds	130m³
		Total	13,888.6		

*Environmental impact refers to the positive impact on the environment yielded by the end of FY2024 or expected to be yielded.
*The figures for the impact and allocated results for eligible projects represent the amounts before post-issuance evaluation by a third party.

Breakdown of allocated amount



1. Renovation and repair of metropolitan facilities ········· 41.0%
2. Installation of LED lighting in metropolitan facilities and on roads ··· 5.8%
3. Environmental improvements at Tokyo metropolitan schools (promotion of zero-emissions initiatives) ··· 2.6%
4. Installation of storage batteries for the use of renewable energy ··· 1.4%
5. Development of cycling routes and bicycle lanes ········· 0.04%
6. Development of storm surge protection structures ········· 1.7%
7. Development of structures to protect against sediment disasters and protect shorelines ····· 3.3%
8. Development of coastal protection structures for the Port of Tokyo and the Tokyo islands ··· 5.8%
9. Adoption of zero emission vehicles (ZEVs) ········· 0.1%
10. Measures to turn metropolitan facilities into zero emission buildings (ZEBs) ···· 1.0%
11. Decarbonization of water supply facilities ········· 1.6%
12. Energy conservation and global warming mitigation in sewerage services ···· 17.4%
13. Improvement of combined sewer systems ········· 1.7%
14. Flood countermeasures ········· 2.5%
15. Marine park development (Umi-no-Mori park) ········· 2.3%
16. Restoration of water quality in sections of the outer moat ··· 0.1%
17. Introduction of eco-friendly buses to the Toei bus fleet ····· 11.5%
18. Development of a blue carbon ecosystem at the Port of Tokyo ····· 0.2%

*Allocated percentages do not add up to 100% due to rounding.

Projects Financing and Environmental Impact of the Tokyo Green and Blue Bonds Series 8

● Refinanced Portion

■The proceeds were allocated to 6 projects in the two environmental categories.

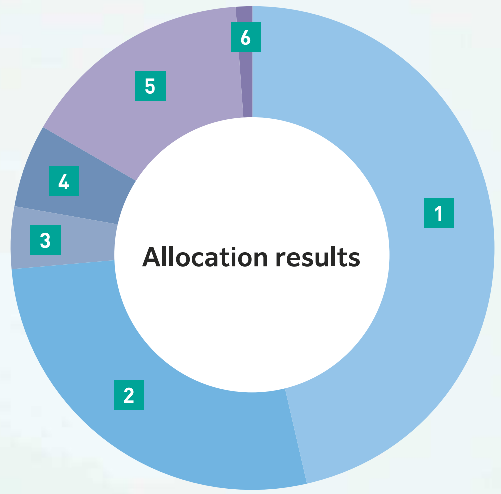
■About 90% of the total proceeds were allocated to the "Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources" category.decarbonization and the sustainable use of resources" category.

NO.	Environmental category	Project name	Refinanced amount (million of yen)	Environmental impact		number of years elapsed	Remaining period of permission (years)
1	Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	Renovation and repair of metropolitan facilities	1,422	Expected annual capacity of installed photovoltaic facilities	568,387kWh	5	25
	Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services		1,446	Expanded green area	4,513㎡		
2	Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	Installation of LED lighting in metropolitan facilities and on roads	1,677	Reduce energy consumption	6,856,946kWh	5	10
3		Development of cycling routes and bicycle lanes	260	Develop and extend length	Cycling routes 7.5km 15.7km ameliorated as cycle roads (both completed at the end of FY2020)	5	5
4		Development of storm surge protection structures	346	Develop and extend length	Tide embankment: 0.17km Revetment: 0.15km	5	25
5		Development of coastal protection structures for the Port of Tokyo and the Tokyo islands	952	Expand development scale and number of facilities	● Tide embankment in Tokyo port area 60.3km ● Water gate in Tokyo port area 17 facilities (completed at the end of FY2019) ● Internal revetment in Tokyo port area 45.6km ● Drainage pump station in Tokyo port area 4facilities (all by the end of FY2021) ● Detached breakwater on the coast of Kozushima Port (artificial reef) 0.3km (completed at the end of FY2019)		
6		Decarbonization of water supply facilities	60	Reduce energy consumption	2,200,000kWh (annual total)		
		Total	6,163				

*Environmental impact refers to the positive impact on the environment yielded by the end of FY2019 or expected to be yielded.
*The figures for the impact and refinanced amount for eligible projects represent the amounts before post-issuance evaluation by a third party.
*Remaining period of permission refers to the period of permission (redemption) declared to the Ministry of Internal Affairs and Communications at the time of issuance of the local government bond (within the limit of the life period of the public or official facilities whose construction is to be financed by the local government bond) or the redemption period determined within such life period, minus the number of years elapsed since the completion of the asset.
*The remaining permit periods for the projects "Renovation and repair of metropolitan facilities" and "Installation of LED lighting in metropolitan facilities and on roads" vary depending on the detail of the allocated facilities or roads. Therefore, the number of years for the project with the largest allocated amount is listed.
*Decarbonization of water supply facilities" project is part of "Energy Conservation in Water Supply and Sewerage Facilities " in the Tokyo Green Bond for fiscal 2019.

These projects, assessed and selected before the bond issue, were made public in September 2024 in line with the process for project evaluation and selection and the reporting method specified in the Tokyo Green and Blue Bonds Framework.
The proceeds of some JPY20 billion from the Tokyo Green and Blue Bonds Series 8 were managed according to the management method set forth in the Framework and allocated in their entirety to those projects in FY2024.

Breakdown of refinanced amount



1 Renovation and repair of metropolitan facilities ··· 46.5%
2 Installation of LED lighting in metropolitan facilities and on roads ··· 27.2%
3 Development of cycling routes and bicycle lanes ··· 4.2%
4 Development of storm surge protection structures ··· 5.6%
5 Development of coastal protection structures for the Port of Tokyo and the Tokyo islands ··· 15.4%
6 Decarbonization of water supply facilities ··· 1.0%

*Allocated percentages do not add up to 100% due to rounding.

Tokyo Metropolitan Nakano Technical High School

Installation of Solar Power Generation Equipment

Realizing zero emissions

Rationale for the project

- TMG is promoting **the use of renewable energy** to achieve Carbon Half by 2030 and a Zero Emission Tokyo by 2050.
- Tokyo, with its many buildings,* has great potential for photovoltaic generation as solar panels can be placed on its buildings. The installation of photovoltaic facilities is also beneficial for building users in terms of **greater resilience and economic efficiency.**
- TMG is trying hard to win the hearts and minds of citizens, businesses, associations and other stakeholders by **taking the initiative in installing photovoltaic facilities.**

*Buildings account for some 70% of CO_2 emissions from Tokyo.

Objective of the TMG (planned)

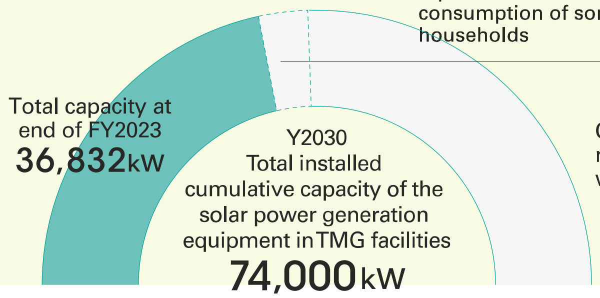
FY2030 : Total of TMG-owned facilities (departments reporting to the Governor, three public enterprise departments and Tokyo public housing complexes)
Cumulative capacity of photovoltaic facilities installed: 74,000kW

FY2030 : 100% of installing solar power generation equipment at all of the TMG facilities (departments reporting to the Governor, etc.)

Impact **Estimated annual output of solar power generation equipment** (installed in FY2024)

7,722,607 kWh (7,749kW)

Equivalent to the annual power consumption of some 1,975 general households



Cumulative capacity as at the end of FY2024 represents an estimate. The definite value will be announced at the end of this fiscal year

Effect of photovoltaic generation

CO_2 reduction through 4kW of photovoltaic generation is equivalent to carbon absorption by 2,000m² of cedar forest (some 200 trees).

Installed in FY2024

- **Tokyo Metropolitan Nakano Technical High School, Tokyo Metropolitan Fuchu High School, Tokyo Metropolitan Tachikawa Midori High School, Tokyo Metropolitan Akiruno Gakuen**
- **Arakawa Fire Station, Omori Fire Station**
- **Shinjuku Police Station**

Contribution to SDGs

Umi-no-Mori Park

Development of marine park(Umi-no-Mori Park)

Realization of biodiversity

Rationale for the project

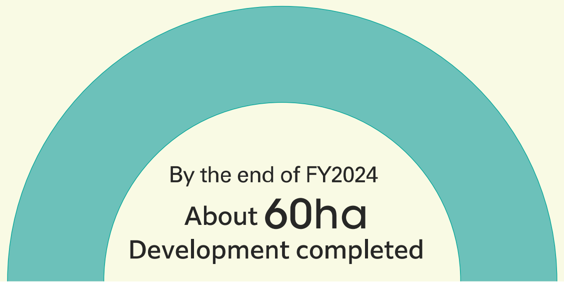
- The Tokyo metropolitan government promotes **the development of marine parks where Tokyo residents can experience the ocean and nature and enjoy sports and recreational activities.**
- Umi-no-Mori Project is **a project to turn** a garbage island in the middle of the Port of Tokyo **into a beautiful forest with Tokyo residents** based on the two concepts of “resource recycling” and “collaboration”.
- By creating and conserving green spaces in the park where people can **enjoy nature and greenery,** the project will **contribute to CO_2 reduction and the mitigation of the heat island effect.**

Objective of the TMG (planned)

FY2024 Grand Opening

Impact **Expand developed areas**

About **60**ha **Development completed**



Grand Opening on March 28, 2025

Grand opening of Umi-no-Mori Park

- The event commemorating the opening of Umi-no-Mori Park featured a petting zoo, one-day camping experience, special stage, food trucks, and Umi-no-Mori environmental forum.
- Many Tokyo residents, including families with children, visited the park on that day.

Installed in FY2024

- **Umi-no-Mori Park**

Contribution to SDGs

(Image for illustrative purposes)

Development of a blue carbon* ecosystem at the Port of Tokyo

Realization of biodiversity

Rationale for the project

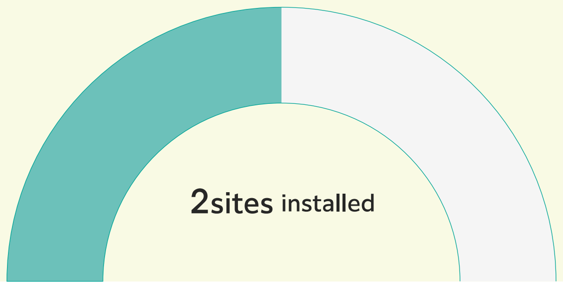
- **The CO_2 absorbed** by marine ecosystems **through photosynthesis and then stored in the ocean floor or deep ocean waters** is called **blue carbon.**
- Blue carbon now attracts attention as a new option for addressing global warming, and blue carbon initiatives are expanding around the world.
- At the Port of Tokyo, **efforts are being made to create a bed of seaweed and seagrasses,** such as wakame seaweed and eelgrass, **making up a blue carbon ecosystem** that acts as a CO_2 sink and a habitat for various organisms and provides opportunities for environmental learning.

Objective of the TMG (planned)

Installed 2 sites

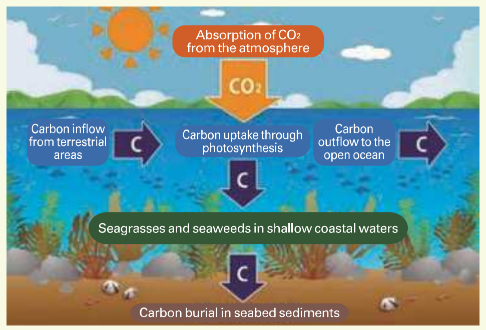
Impact

FY2024 **1 site started**



***About blue carbon**

- Blue carbon ecosystems, such as seagrasses and seaweed, absorb the CO_2 that is dissolved in seawater through photosynthesis and bury the carbon in ocean sediments (see the figure below).
- As a result, CO_2 levels in the ocean decrease, and CO_2 absorption from the atmosphere is accelerated, which contribute to addressing global warming.



Installed in FY2024 ・Tokyo Port

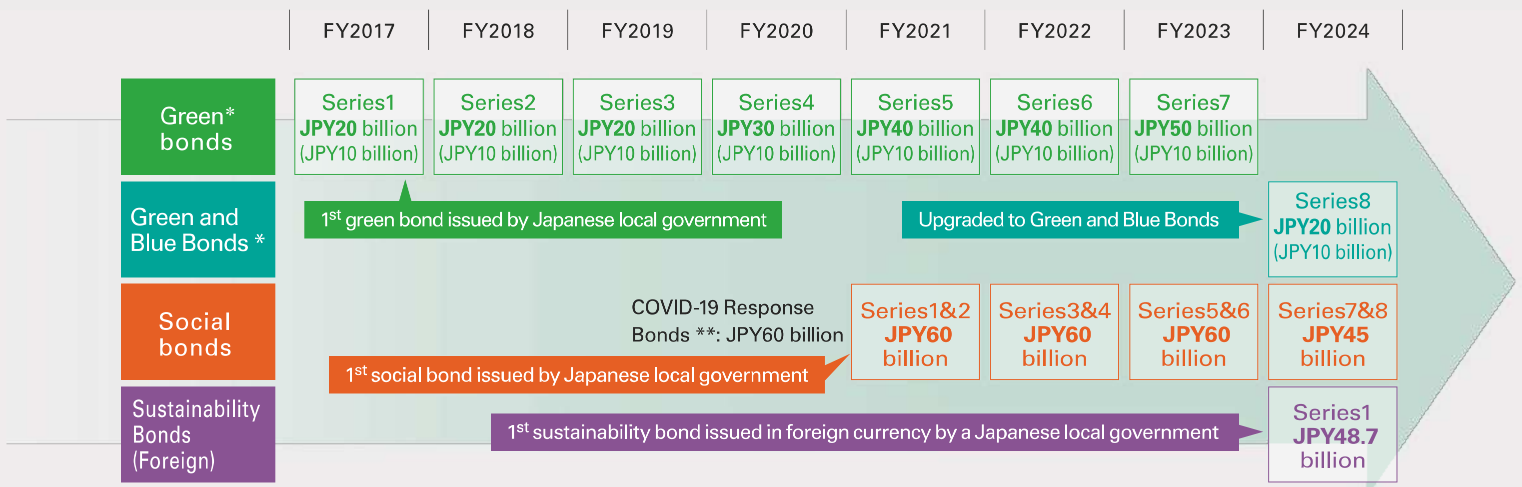
Contribution to SDGs

15 LIFE ON LAND

14 LIFE BELOW WATER

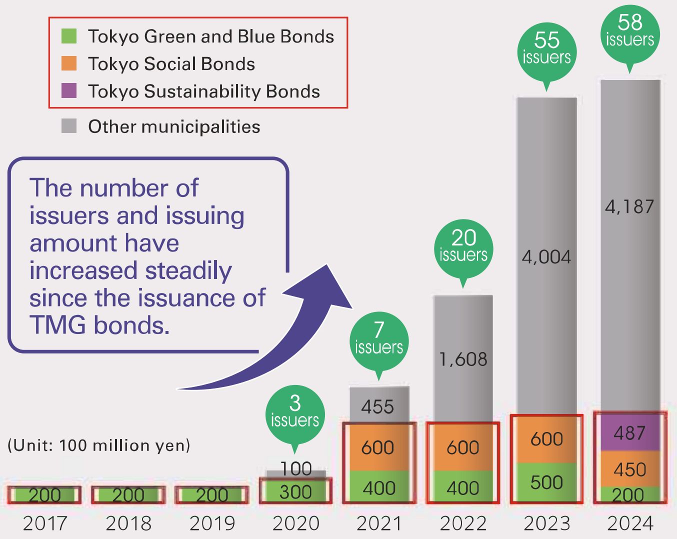
Issuance Result of TMG's Sustainable Bonds (Appendix)

- 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 were issued in FY2024, and Tokyo Sustainability Bonds in foreign currency were also issued. In FY2025, we will upgrade the Tokyo Sustainability Bonds and issue the TOKYO Resilience Bonds in international markets. By continuing to issue sustainable bonds, we aim to become a leading city in "Sustainable and Resilient Finance," supporting the realization of a sustainable and resilient society from a financial perspective.



*The figures shown in parentheses ( ) are the amounts of the Tokyo Green Bonds and Tokyo Green and Blue Bonds issued for individual investors (estimated amounts converted to yen, bonds worth 10 billion yen are issued every year).
**All bonds have been certified by a third party excluding those issued in FY2020 to finance measures against COVID-19 (JPY60 billion).

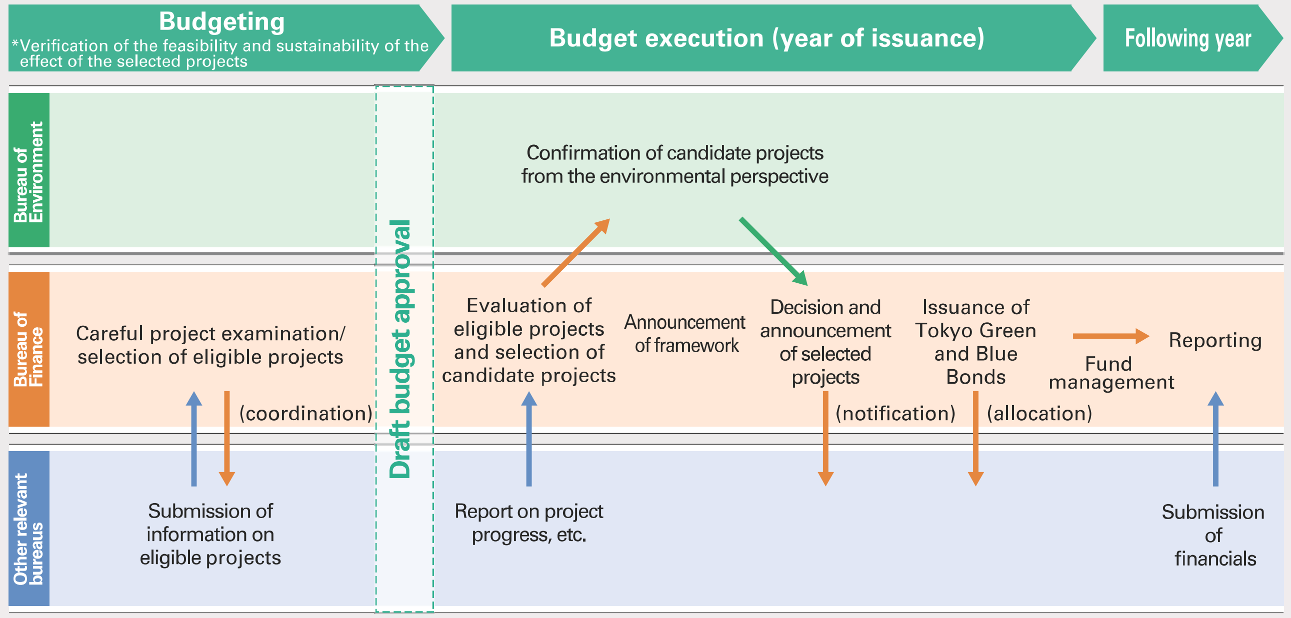
TMG sustainable bonds' share in the domestic sustainable municipal bond market



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."
  - **"Sustainable Debt Award 2025"**
    Sustainability Bond of the Year – local authority/municipality
    The Tokyo Sustainability Bonds are the first ESG-labeled foreign bonds for the Tokyo metropolitan government, and Moody's provided a second party opinion that "the bonds demonstrate a significant contribution to sustainability and the expected impact of the eligible projects is significant."

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 Green and Blue 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 Green and Blue 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 Green and Blue Bonds.
- With regard to the revenues and expenditures of the TMG, including those pertaining to the projects financed by the proceeds of Tokyo Green and Blue 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.

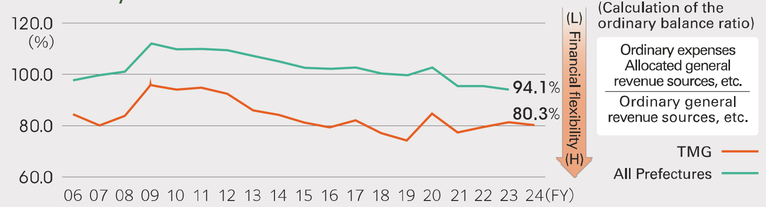
Financial Standing of TMG (Appendix)

*Based on financial results of ordinary account for FY2024

- TMG's ordinary balance ratio and ratio of expenses for public bonds in FY2024 stood at 80.3% and 5.1%, respectively, highlighting greater financial flexibility than the prefectural average.
- Assets and liabilities on the balance sheet come to total ¥37,173.4 billion and ¥6,195.1 billion, respectively, resulting in a total net worth (difference between assets and liabilities) of ¥30,978.2 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 ¥51,039.1 billion, total liabilities of ¥13,071.3 billion, and a total net worth of ¥37,967.7 billion.

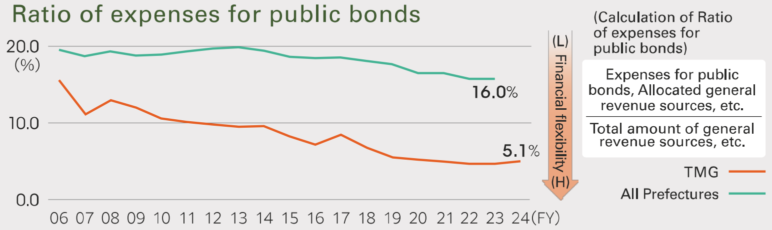
* "Ordinary account" refers to the accounts of each local government systematically restructured under the standards set by the Ministry of Internal Affairs and Communications to understand the financial status of local governments and analyze all local finance plans, among others.

Ordinary balance ratio



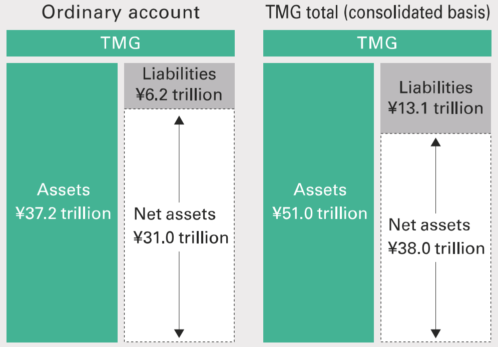
*The ratio for each prefecture is a weighted average, and it was calculated excluding followings from the regular general revenue sources. FY 2006: tax reduction compensation bonds and temporary fiscal countermeasure bonds. FY 2007–2019: the special portion of revenue shortfall compensation bonds and temporary fiscal countermeasure bonds. FY 2020–2021: the special portion of revenue shortfall compensation bonds, and special deferral bonds and temporary fiscal measures bonds. FY 2022–2023: the special portion of revenue shortfall bonds and temporary fiscal measures bonds.

Ratio of expenses for public bonds

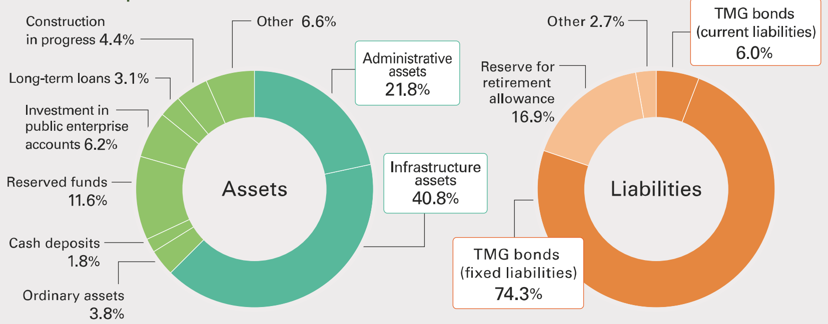


*The ratio for all prefectures represents a weighted average excluding partial administrative cooperation associations, etc.

Balance sheet



Composition of assets and liabilities

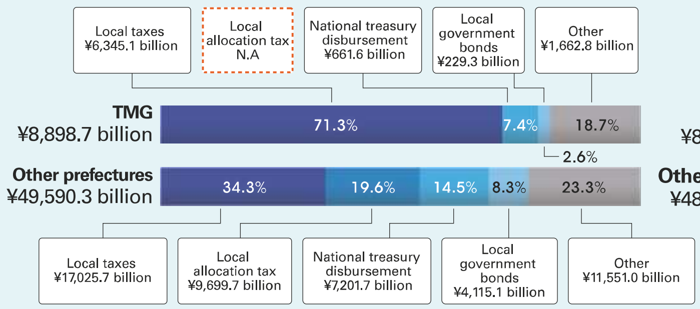


*Percentages do not add up to 100% due to rounding.

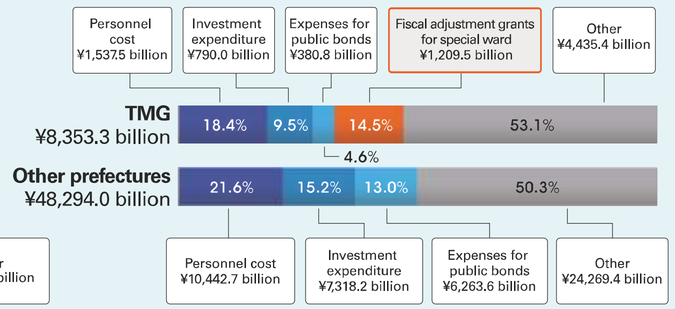
Characteristics of TMG finance

- 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 FY2023)



Comparison of spending structure with other prefectures (financial results for FY2023)



For further information on the results of ordinary account in FY2024, please visit:
https://www.zaimu.metro.tokyo.lg.jp/zaisei/kessan/r6/6nenjizaimuhoukokusho (TMG Annual Financial Report, FY2024).

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 5% of the publicly offered local government bonds by amount issued, and some 8% 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%

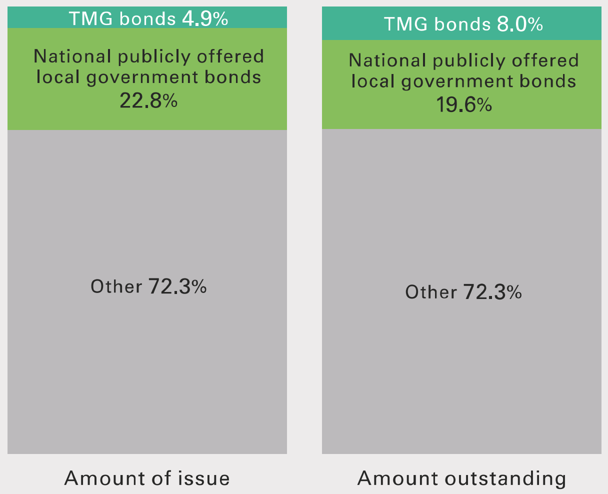
Rating of TMG bonds

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

Rating obtained from S&P Global Rating Japan Inc.

Publicly offered local government bond market

(FY2024)



*Excluding citizen participatory-type public market offering bond.