

TOKYO Resilience Bonds Framework

October 2025

Tokyo Metropolitan Government

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1. Issuance of the TOKYO Resilience Bonds

As the world directs increasing attention to achieving sustainable societies, it confronts critical global-scale issues such as the escalating gravity of the climate crisis and other circumstances surrounding the natural environment.

In response to such challenges, the Paris Agreement was adopted as a framework for global actions to address climate change in the period after 2020. It calls not only for efforts toward decarbonization, but also for strengthening adaptation measures and aligning financial flows with these goals.

Against this backdrop, the Tokyo Metropolitan Government (hereinafter referred to as “the TMG”) established the “TOKYO Resilience Project,” which presents a vision of Tokyo in the 2040s as a resilient city and sets out an enhanced set of comprehensive policies to achieve it. By steadily and systematically implementing this project, the TMG seeks to strengthen Tokyo’s resilience and protect the lives and livelihoods of Tokyo residents from increasingly frequent and severe storm and flood damage caused by climate change, while maintaining the functions of Tokyo as the nation’s capital and supporting its role as an international economic hub.

Since urban resilience initiatives, such as infrastructure development, require significant time and cost, it is vital to pursue them with a long-term perspective in a stable and continuous manner. Furthermore, measures against increasingly severe storm and flood disasters are a global challenge, and it is important for the TMG to take the lead in promoting investment in climate change adaptation. In addition, the TMG must actively communicate internationally its disaster resilience and the initiatives supported by advanced technologies to raise awareness of Tokyo as a resilient city.

In line with these perspectives, the TMG will issue the “TOKYO Resilience Bonds” in international markets, with proceeds exclusively allocated to measures against storm and flood damage.

By attracting funds from a diverse range of investors, the TMG aims to become a leading city in “sustainable and resilient finance,” supporting the realization of a sustainable and resilient society from a financial perspective.

The TOKYO Resilience Bonds will be issued as bonds aligned with:

- (i) the Green Bond Principles 2025 (hereinafter referred to as “GBP”), the Social Bond Principles 2025 (hereinafter referred to as “SBP”), and the Sustainability Bond Guidelines 2021 (hereinafter referred to as “SBG”) of the International Capital Market Association (hereinafter referred to as “ICMA”); and
- (ii) the Climate Bonds Standard version 4.3 (hereinafter referred to as “CBS”), the Criteria for Certification under the Climate Bonds Resilience Taxonomy (August 2025) (hereinafter referred to as “CBRT Criteria”), the Water Infrastructure Criteria, and the Electrical Grids and Storage Criteria of the Climate Bonds Initiative (hereinafter referred to as “Climate Bonds”), as a climate resilience investment.

The purpose of issuing TOKYO Resilience Bonds

1. To secure stable funding for urban resilience and strongly promote related measures, backed by the support provided by companies and investors through their investment in TOKYO Resilience Bonds.
2. To present a financing model that channels capital market funds into climate change adaptation measures and resilience projects, thereby accelerating capital flows into this field.
3. To promote Tokyo’s resilience initiatives worldwide by attracting funds from a diverse range of investors both in Japan and overseas, thereby enhancing the city’s status as a safe and secure international metropolis.

2. About the TOKYO Resilience Bonds Framework

For issuance of the TOKYO Resilience Bonds, the TMG has established the TOKYO Resilience Bonds Framework as follows, which comprises components including Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting.

(1) Use of Proceeds

Proceeds from the issuance of the TOKYO Resilience Bonds are scheduled to be allocated to the green and social projects listed in the Appendix.

All of the proceeds will be applied to new expenditures related to these projects and will not be used to refinance existing expenditures.

(2) Process for Project Evaluation and Selection

As stipulated in the Local Government Finance Act and other laws, a local government can issue municipal bonds as provided in the budget.¹ The budget must be approved by the local government's assembly before the start of a fiscal year.²

In addition to these statutory procedures for issuing the TOKYO Resilience Bonds as TMG bonds, the feasibility of the projects and the sustainability of their outcomes are also verified during the process of budgeting. The specific process is as follows:

(a) Evaluation and Selection Criteria

Eligible projects for TOKYO Resilience Bond funding in a fiscal year are selected from those included in the TOKYO Resilience Project. They are then evaluated against the eligibility criteria covering environmental, social, and governance aspects, as listed in the table below.

In addition, to mitigate environmental and social risks associated with project implementation, confirmation is made that the following measures have been taken:

- Compliance with environmental laws and regulations, and implementation of environmental impact assessments where necessary
- Provision of adequate explanations to local residents
- Eco-friendly procurement of materials, implementation of measures for environmentally hazardous substances, waste management, and occupational safety considerations

¹ Local Autonomy Act, Article 230

² Local Autonomy Act, Article 211

(b) Aspects Emphasized in the Eligibility Evaluation

For green projects, the evaluation process confirms a project's alignment with the promotion of climate change adaptation set out in the Tokyo Environmental Master Plan (September 2022). Priority is especially given to E-1 and E-2 (environmental aspects) as listed in the table below.

For social projects, the evaluation process confirms the social issues arising from climate change that the project addresses, and priority is especially given to S-1 and S-2 (social aspects).

In all cases, the evaluation also considers whether the project targets individuals in need of support due to the impacts of climate change, and whether the project is expected to yield clear benefits (generating new benefits or maintaining existing benefits) whose effects can be quantitatively measured.

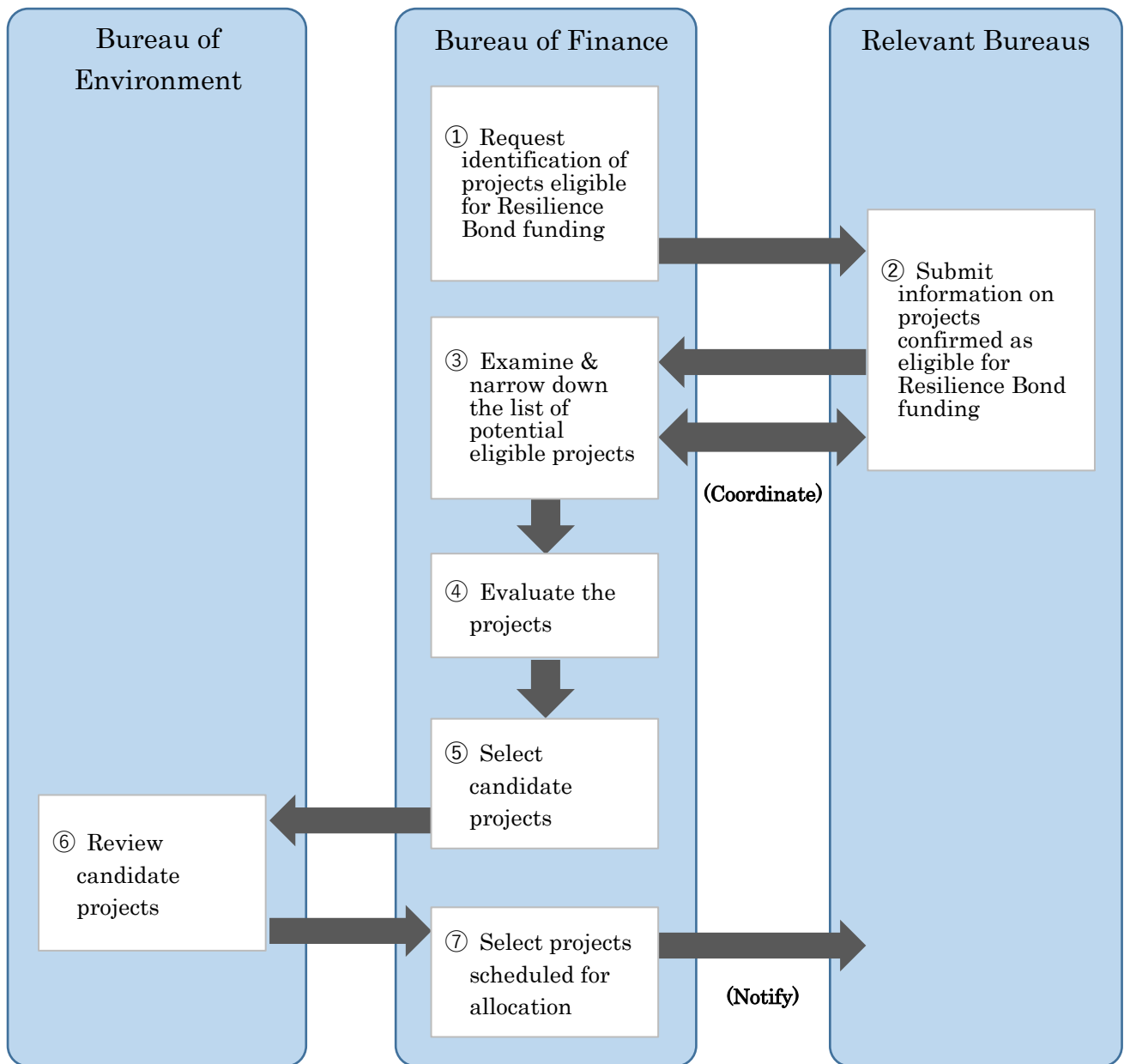
Criteria for the Evaluation & Selection of Eligible Projects

No.	Evaluation Aspect	Evaluation Item	Perspective
E-1	Environmental	Clarity of positive impact	The project's positive environmental outcomes are clear and/or can be quantitatively measured.
E-2	Environmental	Reduction of negative impact	Measures are in place to mitigate the negative impacts of the project.
S-1	Social	Clarity of positive impact	The project's positive social outcomes are clear and/or can be quantitatively measured.
S-2	Social	Reduction of negative impact	Measures are in place to mitigate the negative impacts of the project.
G-1	Governance	Policy & regulatory compliance	The project's plan complies with laws and guidelines such as the Tokyo 2050 strategy and Japan's Local Government Finance Act.
G-2	Governance	Feasibility /urgency	Special note is made of the feasible and urgent nature of the project.
G-3	Governance	Effect sustainability	The positive environmental/social outcomes of the project will be sustainable.

(c) Evaluation and Selection Procedures and Division of Roles

- ① The Bureau of Finance requests the relevant bureaus to identify projects that could be eligible for TOKYO Resilience Bond funding.
- ② The relevant bureaus confirm projects that meet the requirements of TOKYO Resilience Bond funding and submit information on these potential projects to the Bureau of Finance.
- ③ The Bureau of Finance examines the content of the projects and narrows down the list of potential eligible projects.
- ④ The Bureau of Finance evaluates each of the projects. In the evaluation, based on information submitted on a project, it is confirmed that the project addresses an environmental or social issue, and evaluations are conducted using criteria such as eligibility from the environmental, social, and governance aspects. The Bureau also confirms the measures to mitigate environmental and social risks associated with the implementation.
- ⑤ The Bureau of Finance selects candidate projects.
- ⑥ The Bureau of Environment reviews candidate projects from an environmental standpoint.
- ⑦ The Bureau of Finance selects the projects to be allocated funds (and notifies the relevant bureaus of its decision).

Evaluation and Selection Flow for Eligible Projects



(d) Monitoring

In cooperation with the bureaus and other parties, confirmation that the projects are properly implemented will be made at least once during the following fiscal year. Should any problems arise, the situation will be discussed with the relevant bureau and action will be taken promptly to improve the situation.

(3) Management of Proceeds

Local governments must cover the expenditures of each fiscal year with revenues of the same fiscal year.³ Therefore, in principle, all proceeds of the TOKYO Resilience Bonds are allocated to eligible projects within the same fiscal year. Prior to the bond issuance, the Bureau of Finance will determine the projects intended for allocation and the respective allocation amounts after confirming relevant matters, including their implementation status, with the responsible bureau. This information will then be publicly disclosed.

The Bureau of Finance manages the progress of the projects so that the situation of TOKYO Resilience Bonds fund allocation can be tracked when necessary. In the following fiscal year, the Bureau confirms that all proceeds have been allocated to the projects, and discloses this information based on the methods of “(4) Reporting.”

After the TOKYO Resilience Bonds are issued, the proceeds will be managed by classifying them into accounting categories based on the TMG’s budget rules to clarify their use. Until the proceeds are allocated, they will be managed under the TMG Public Money Management Policy⁴. Moreover, at the end of each fiscal year, for all revenue and expenditures, including those related to projects funded by the TOKYO Resilience Bonds, settlement-related documents will be prepared and submitted to the Tokyo Metropolitan Audit and Inspection Commissioners for their inspection. The documents, together with the commissioners’ opinion, will be submitted to the Tokyo Metropolitan Assembly for certification.⁵

³ Local Autonomy Act, Article 208

⁴ The TMG Public Money Management Policy sets forth the principles and methods for managing public funds, under which the safekeeping and investment of such funds must ensure safety, liquidity, and efficiency. For safekeeping and investment purposes, funds are managed in two categories: those which, in principle, are kept as deposits and similar instruments within a single fiscal year, and those which are invested for a period of up to ten years.

⁵ Local Autonomy Act, Article 233

(4) Reporting

By the end of the fiscal year following the year the TOKYO Resilience Bonds were issued, the outcomes and other information regarding the projects to which the proceeds were allocated will be disclosed. Specifically, the TMG will disclose the information on its website according to the following procedures. The contents of the disclosures are shown in the table below.

- (a) The Bureau of Finance confirms the expenditures status of projects scheduled for allocation with the relevant bureaus.
- (b) The Bureau of Finance finalizes the breakdown of the allocated proceeds of the TOKYO Resilience Bonds.
- (c) The outcomes of the allocation are compiled and the impact report is prepared.
- (d) The report of (c) is disclosed on the TMG website.
- (e) If TOKYO Resilience Bond proceeds will be allocated to a single project over multiple fiscal years, related information will also be disclosed.

Contents of Information Disclosure on TOKYO Resilience Bonds

No.	Content	Timing
1	TOKYO Resilience Bonds Framework	At all times
2	Details of the decision on projects to be allocated proceeds • Project category • Project name • Expected impact • Amount or percentage to be allocated	Before issuance
3	Project allocation outcome and impact report • Project category • Project name • Impact • Amount allocated	Fiscal year following issuance
4	Details of any significant events such as a change in a project scheduled for allocation	Upon occurrence of an event

3. External Review

(1) Pre-issuance External Review

The TMG has obtained a second party opinion from Moody's Japan K.K., an independent external review organization, on the alignment with the ICMA's GBP, SBP, and SBG.

In addition, the TMG has obtained a verification report from Rating and Investment Information, Inc., an approved external review provider accredited by Climate Bonds, regarding the alignment of bonds issued under this framework with the CBS, the CBRT Criteria, the Water Infrastructure Criteria, and the Electrical Grids and Storage Criteria. Based on this, the TMG will seek certification from Climate Bonds as a climate resilience investment.

These documents are available on the TMG website.

(2) Post-issuance External Review

In the fiscal year following issuance, the TMG will select an organization to conduct an external review and provide the organization with relevant information, including the contents described in "2 (4) Reporting."

An external review report will be obtained and disclosed on the TMG website.

No.	Project Category	Project	Issue addressed	Target Population	Substantial Contribution to Resilience	Impact Reporting Metrics	SDG Mapping	Green Project	Social Project
1	To prevent flooding caused by heavy rain, and storm surges, and other related hazards to the greatest extent possible	Upgrading small and medium-sized rivers to enhance flood resilience	Protect residents and urban functions from flooding caused by heavy rainfall and other events, ensuring safety and security	Local residents and others living near rivers	✓ Reduced physical vulnerability due to increased storage capacity during heavy rainfall and reduced flood inflow risk into urban areas	Completion of river development (%), Storage capacity of regulating reservoirs (m³)	 	✓	
		Developing and upgrading coastal protection facilities for the Port of Tokyo and remote islands	Prepare for large-scale typhoons and earthquakes; protect residents and urban functions from flooding, ensuring safety and security	Local residents and others living in coastal areas	✓ Reduced physical vulnerability due to the elevation of sea walls and other coastal protection structures against storm surges and related coastal hazards	Length completed (km) Number of structures developed	 	✓	
		Reinforcing river infrastructure to strengthen water and seismic resilience	Securing seismic and water resistance of river facilities in order to protect the low-lying eastern part of Tokyo from flooding caused by storm surges and related events	Residents of the low-lying eastern part of Tokyo	✓ Reduced physical vulnerability due to seismic and water-resistance measures against storm surges	Length completed (km)	 	✓	
2	To prevent damage from strong winds and heavy rain caused by typhoons and other severe storms	Undergrounding utility poles to prevent collapse in the event of a disaster	Protect residents and urban functions from the risk of utility pole collapse due to storms and strengthen urban disaster resilience	Those who may be affected by blocked roads or power line breaks due to collapsed utility poles in the event of a natural disaster (Road users including those who use strollers and wheelchairs)	✓ Reduced physical vulnerability due to minimized risk of utility pole collapse during storms ✓ Reduced physical vulnerability due to protection of power lines from storm and flood damage	Length completed (km) Number of airports upgraded Number of ports upgraded	 	✓	
		Developing and upgrading sediment disaster prevention and coastal protection facilities	Prevent landslides and coastal erosion	Residents living in areas at risk of landslides Residents living in areas at risk of tsunamis or storm surges	✓ Reduced physical vulnerability due to controlled movement of unstable slopes ✓ Reduced physical vulnerability due to dissipation of wave energy before reaching shore	Number of structures developed/upgraded	 	✓	
		Renovating port facilities to protect remote islands vulnerable to typhoons and coastal hazards	Maintain sustainable infrastructure and ensure the safety and security of users	Local residents and others who use port facilities	✓ Reduced physical vulnerability due to strengthened coastal structures against storm and flood forces	Number of ports upgraded	  		✓