



# Tokyo Social Bond

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編集・発行 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/bond/en/en.html>

X (ex-Twitter) @tocho\_seisaku

Note (Global Financial City Tokyo) <https://note.com/gcft>

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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, expectations are held on not only national, but local government initiatives in the fields of economy, society, and the environment.

Following the same path as the SDGs, the Tokyo Metropolitan Government has formulated FutureTokyo: Tokyo's Long-Term Strategy, and is now rolling out initiatives to realize a Tokyo full of diversity and inclusion where people shine.

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 promoting policies for those in need of social support while also striving to stimulate the ESG 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 ESG market through the issuance of social bonds.

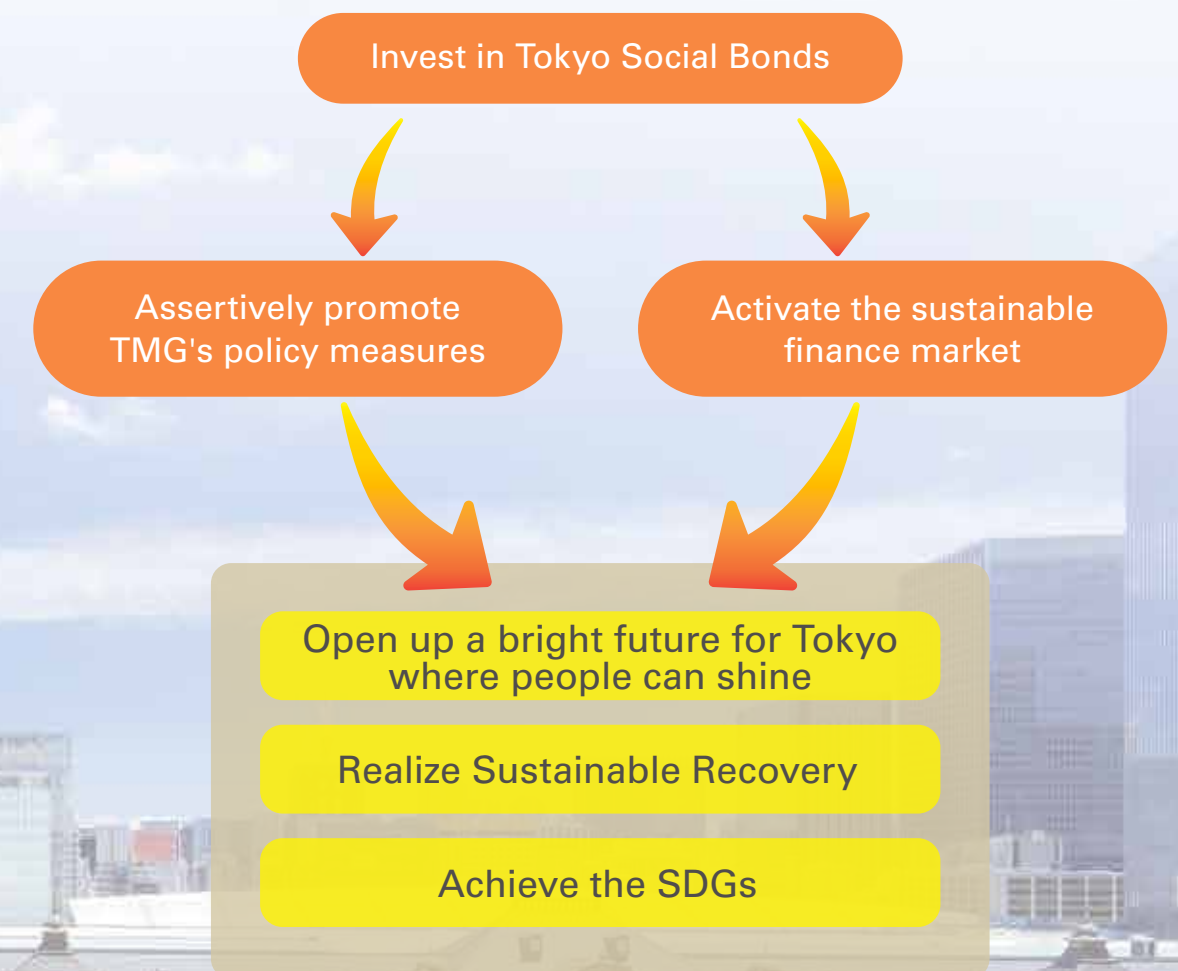
I hope this report will serve to deepen your understanding of Tokyo's social bonds.



  
KOIKE Yuriko  
Governor of Tokyo

## The Future Tokyo Social Bonds aim to realize

- 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

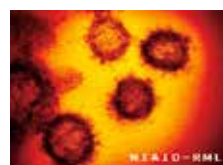
### September 2015 Adoption of the SDGs



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.

#### from December 2019 COVID-19 pandemic



Following the first case reported in December 2019, COVID-19 spread rapidly across the globe.

The world was reminded of the crucial importance of the SDGs as the COVID-19 pandemic disproportionately affected the vulnerable.



Elderly persons



Persons with disabilities



Children



Women

### 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

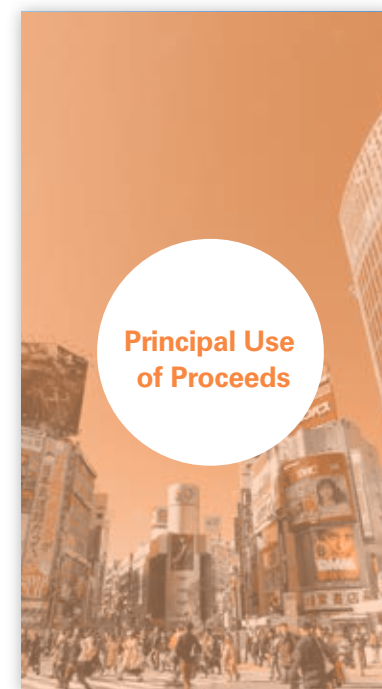
Centered on "people," the key driver of Tokyo's development, the Strategy's direction is aligned with the vision of the SDGs to create an inclusive society that leaves no one behind.



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



#### Promotion of industry and employment continuity

Creating a comfortable working environment



#### Disaster countermeasures

Security of livelihood



#### Improvement of the educational environment

Education to unleash the full potential of each student



#### Improvement of necessary housing

Strengthening the housing safety net



#### Improvement of welfare facilities, etc.

Securing a living environment for everyone



# Overview and Framework of The Tokyo Social Bonds Series 3 and 4

■ The table below overview of The Tokyo Social Bonds Series 3 and 4 in FY2022.

For Institutional Investors		
Series name	Tokyo Metropolitan Government Publish Bond (Tokyo Social Bond (5 yr)) #3	Tokyo Metropolitan Government Publish Bond (Tokyo Social Bond (5 yr)) #4
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	0.110%	0.349%
Spread	JGB + 5.0bp	JGB + 11.0bp
Issue price	100.00	100.00
Pricing date/ Settlement date	Friday, June 24, 2022 / Tuesday, July 5, 2022	Wednesday, February 22, 2023 / Monday, March 6, 2023
Redemption date	Friday, June 18, 2027	Monday, December 20, 2027
Ratings	A+ (S&P Global Rating Japan Inc.)	
External ReView	Rating and Investment Information,Inc.	
Final Demand Subscription rate	4.4 times oversubscribed	1.8 times oversubscribed
Declaration of Investment	From 17 Investors	From 52 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 including sections on the use of proceeds, process for project evaluation and selection, management of proceeds and reporting.
- Prior to the 3rd and 4th series of public offering of Tokyo Social Bonds, we obtained in June 2022 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 identifying the use of the allocated funds through classification into accounting segments under TMG's budget rules.</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	    
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	    
Infrastructure development for long-term care services	 
Development of child welfare facilities, etc.	   
Strengthening the housing safety net	 
Universal design for accessible public facilities	 
Enhance of the healthcare provision system	

\*The Tokyo Social Bonds Framework and second-party opinion are available on the TMG website at: [https://www.zaimu.metro.tokyo.lg.jp/bond/en/ir\\_library/tosai\\_ir\\_sb.html](https://www.zaimu.metro.tokyo.lg.jp/bond/en/ir_library/tosai_ir_sb.html)



# Projects Financing and Impact of The Tokyo Social Bonds Series 3 and 4

- The proceeds of Tokyo Social Bonds issued in FY2022 were allocated to 27 projects in 8 categories.
- About 60% of the proceeds were allocated to removal of utility poles and other projects in the "Disaster countermeasures for facilities and infrastructure" and "Measures for aging public facilities and infrastructure" categories, and about 20% to the "Strengthening the housing safety net" category 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	•Strengthening urban disaster management functions •Securing safe and enjoyable walking spaces •Create a scenic city	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	13,220	Length completed	12.85km	 
	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	100	Number of upgraded parks	14 parks	 
	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 (local residents)	4,016	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	61	Number of completed facilities	5 facilities	  
	Earthquake resistance of Tokyo metropolitan high schools	Securing the safety of the students in the event of a disaster	children, students	55	Number of completed schools	7 schools	  
	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	Water service users	947	Percentage of water supply that can be secured during a large-scale power failure	92% (by the end of FY2030)	
	Earthquake response in sewage operations	Securing sewer functions and transportation functions such as disaster response routes in the event of a major earthquake directly striking Tokyo	Citizens of Tokyo and sewage service users	2,000	(1) Number of facilities that have upgraded their sewer pipes for earthquake resistance (2) Number of facilities that have completed earthquake-proofing all of their sewer systems to keep them functioning in the event of an earthquake	(1) 5,515 facilities (by the end of FY2025) (2) 41 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 including particularly persons with disabilities and the elderly	440	Number of stations with platform doors installed	4 stations	 
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	6,050	Cumulative number of life-extension projects begun	180 bridges (cumulative) (by the end of FY 2030)	 
	Life extension of port facilities	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Port facility users including local residents	40	Cumulative number of life-extension projects begun	4 facilities	 
	Port renovation	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Port facility users including local residents	905	Number of ports upgraded	13 ports	 
	Fishing port renovation	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Fishing port users including local residents	105	Number of fishing ports upgraded	14 fishing ports	 
	Renovation of Tokyo metropolitan libraries	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Citizens of Tokyo and facility users	30	Number of facility users	Approx. 336,000 users (actual data for FY2018)	
	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	1,705	Number of facility users	Approx. 420,000 users (actual data for FY2021)	 
	Upgrade of police facilities	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Citizens of Tokyo (local residents)	660	Number of upgraded facilities	1 facility	 
	Upgrade of fire stations	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Citizens of Tokyo (local residents)	3,940	Number of upgraded facilities	22 facilities	 
	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	Water service users	1,069	(1) Stable water supply securement rate (2) Number of water supply station construction works	(1) 89% (by the end of FY2030) (2) 2 new, 4 upgraded	 
	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	3,500	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 FY2022.

\*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 Series3 and 4

Project categories	Projects for allocation	Social issues addressed	Target Populations	Allocation results (millions of yen)	KPI	Impact	Related SDGs
3 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	37	Number of facility users	Number of Tokyo Shigoto Center users Approx. 220,000 users in total (actual data for FY2022)	 
4 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	3,540	School capacity	9,880 students (by the end of FY 2029)	   
	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	1,125	School capacity	School capacity classes for students requiring 73 classes , 350 students Physical disability: around 84 classes , 312 students Special health care needs 12 classes , 33 students Hearing disability 43 classes , 187 students (by the end of FY 2026)	    
5 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	110	Number of supporting facilities	4 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	4,380	Number of supporting facilities	50 facilities	 
6 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	Mainly intellectually disabled children	2,785	Number of users of facilities	80 children	    
7 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 reconstructed houses	FY 2022 reconstructed units: 2,858 units (actual data for FY2022)	 
8 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	160	Length completed	5,333m	 
	Increase barrier-free routes	Developing an environment where anyone can comfortably move with peace of mind	Station users including particularly persons with disabilities and the elderly	20	Number of units installed	2 elevators (by the end of FY 2025)	 
Total				60,000			

\*Impact refers to the positive impact obtained, or expected to be obtained, by the implementation of the project as at the end of FY2022.  
\*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



These projects, assessed and selected before the bond issue, were made public in June 2022 (Series3) and February 2023 (Series4) in line with the project assessment and selection process and the reporting method specified in the Tokyo Social Bond Framework.  
The total proceeds of 60 billion yen from the Tokyo Social Bonds Series3 and 4 were managed in line with the management method specified in the Framework and allocated in their entirety to those projects by the end of FY2022.





Before



After

Loop Road No.7 (1-chome Ohara Setagaya Ward)

## Removal of Utility Poles

Disaster countermeasures for infrastructure

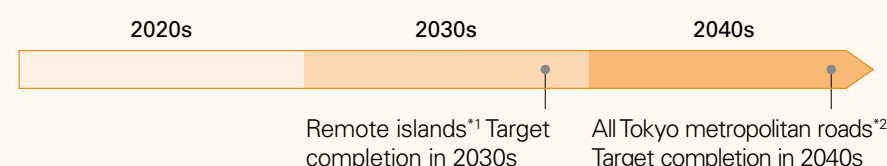
### Rationale for the project

- 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 in the island areas of Tokyo Metropolis to **prevent power cuts and communication failures in case of a natural disaster such as a typhoon or earthquake**.

\*Some 53,300 utility poles remain in Tokyo (tokyo metropolitan roads) (at end of FY2022).

### Objective of the TMG (planned)

#### Target for removing utility poles in Tokyo Metropolis



\*1 Targeted Tokyo metropolitan roads, ports and airports  
\*2 Tokyo metropolitan road with a sidewalk width of at least 2.5m completed with the planned width.

### Impact

Length of roads cleared of utility poles

**12.85km** (of which tokyo metropolitan roads account for 12.55km)

End FY2022  
Length of pole-less tokyo metropolitan roads about **1,067km**

End FY2021  
Length of pole-less tokyo metropolitan roads about **1,043km**

2040s  
All tokyo metropolitan road cleared of utility poles\*2 **2,328km**

Created in FY2022

• Loop Road No.7 (1-chome Ohara Setagaya Ward), etc

Contribution to SDGs



Conceptual image of a special nursing home for the elderly

## Provision of subsidies to develop special nursing homes for the elderly

Infrastructure development for long-term care services

### Target

**Elderly persons requiring long-term care (certified long-term care need of Level 3-5)**  
(capacity of special nursing homes: 52,000 persons as at the end of FY2021)

### Rationale for the project

- Infrastructure for long-term care services needs to be strengthened as population aging inevitably leads to more **elderly persons requiring long-term care**.
- Special nursing homes\* are institutions designed to **accommodate elderly persons with higher levels of certified long-term care need who have difficulty living at home**. They provide **services such as personal care and rehabilitation care**.

### Objective of the TMG (planned)

**Secure capacity for 64,000 in special nursing homes for elderly persons in Tokyo by the end of FY2030.**

### Impact

Number of subsidized facilities in FY2022

**50 facilities**

Capacity at end FY2021 **52,060**

Capacity at end FY2022 **53,096**

Capacity at end FY2030 **64,000**

### \*Special nursing homes for the elderly

#### <Trend of elderly population in Tokyo>

- The number of Tokyo citizens aged 65 and over is expected to increase from **3.12 million in 2022** to **3.81 million in 2040**.
- **One in 5 citizens** aged 65 and over in Tokyo are **certified as requiring long-term care or support**.

#### <Special nursing homes for the elderly>

- Limited to those with certified long-term care need of Level 3-5\* in principle

\* Persons certified as requiring long-term care  
Under the Long-Term Care Insurance System, long-term care services are provided for those who need constant nursing care due to being bedridden or demented (i.e. in need of nursing care) and those who need support in daily life including for housework and dressing where the provision of care prevention services would be particularly effective (i.e. in need of support).

Created in FY2022

• Social welfare corporations and municipalities in Tokyo

Contribution to SDGs







Nijuku 4-chome Apartment, Katsushika 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.

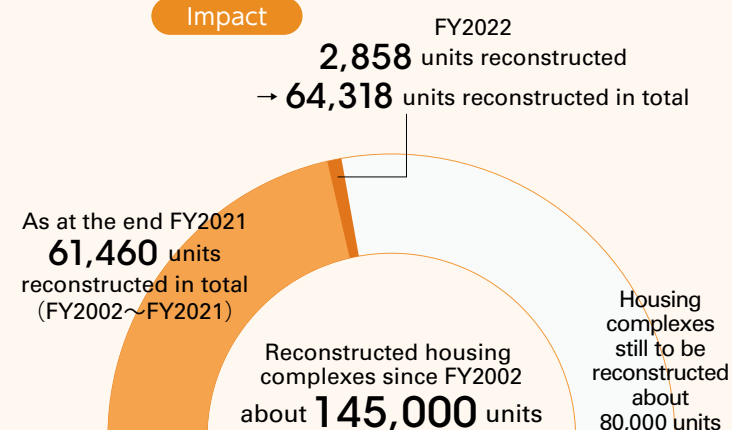
### Rationale for the project

- **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 FY2022).
- We are systematically reconstructing aging Municipal 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



### 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

Created in FY2022

- Kirigaoka 2-chome housing complex
- Tama New Town Suwa 4-chome Apartment, etc.

Contribution to SDGs



Takaracho Station

## Installation of platform doors at Metropolitan Metro stations

Disaster countermeasures for facilities

### Target

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

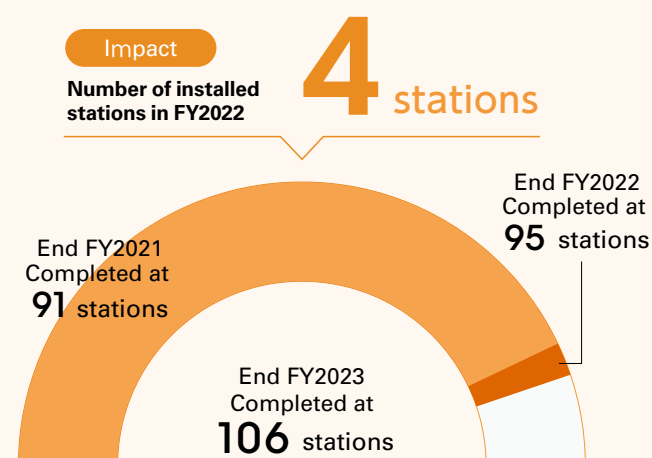
### Rationale for the project

- 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.
- We proceeded with installation along the Asakusa Line in FY2022, to **be completed by the end of FY2023**.

### Objective of the TMG (planned)

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

### Impact



#### \*Platform doors at Metropolitan Metro stations

- Among the 4 Metropolitan Metro lines, platform doors have been installed at all stations along the Mita, Oedo and Shinjuku Lines.

Created in FY2022

- Metropolitan Metro Asakusa Line**
- Takaracho Station
  - Nihonbashi Station
  - Ningyocho Station
  - Higashi-nihonbashi Station

Contribution to SDGs

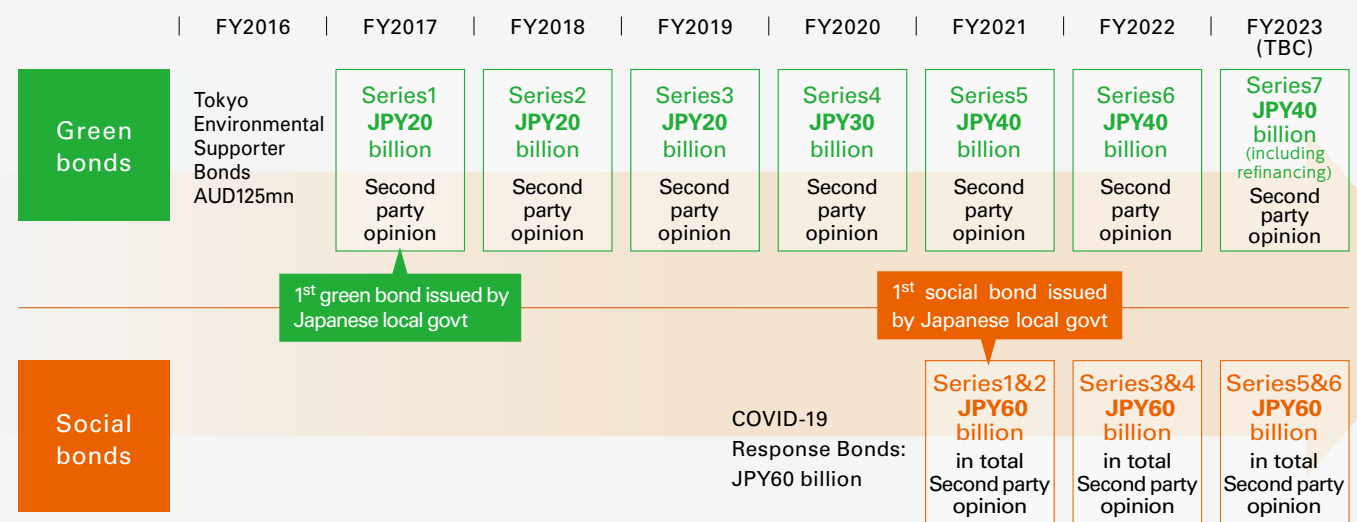




# Issuance Result of TMG's ESG Bonds

(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 scaled up the issuance of bonds since the initial offer of JPY20 billion. In FY2023, the total amount of Tokyo Green Bonds and Tokyo Social Bonds issued is expected to reach JPY110 billion, effectively contributing to further growth of the ESG bond market.



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



## Awards

- Capital Eye, Limited, "Best Deals of 2021" Best Issuer of 2021 in the local bond category**
  - First local government in Japan to issue social bonds
  - Leading local governments in the issuance of SDGs bonds, including green bonds, contributing to the diversification and expansion of the market
- Refinitiv Japan, K.K., "Dealwatch Awards 2022" Sustainable Finance Issuer of the Year**
  - Leading ESG bond issues as the largest local government issuer
  - Creation of premium with Social Bonds issued in March 2023 (Series 4)
  - First local government to win an award in the sustainable finance category
- Environmental Finance (British journal specialized in environmental finance), "Environmental Finance Bond Awards 2023"**
  - First Japanese local government to enter the sustainable bond market
  - The jury appreciated the fact that Social Bonds allowed wider resource allocation by expanding the scope of eligible projects as compared with the previous series.

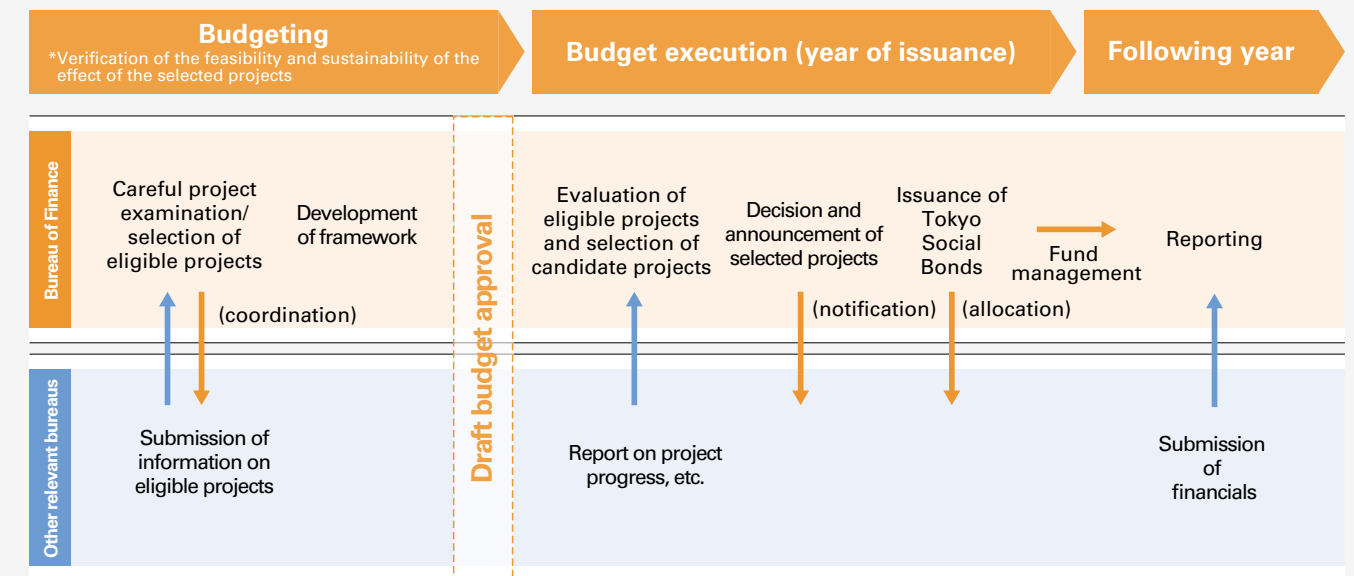
\*Compiled by TMG from data available on local government websites, etc.

\*Includes ESG bonds issued for private investors. (The amount of Tokyo Green Bonds issued for personal investors is an estimate converted to yen.)

\*Excludes ESG bonds that have not obtained an external review pertaining to compliance with the ICMA Principles.

# 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.





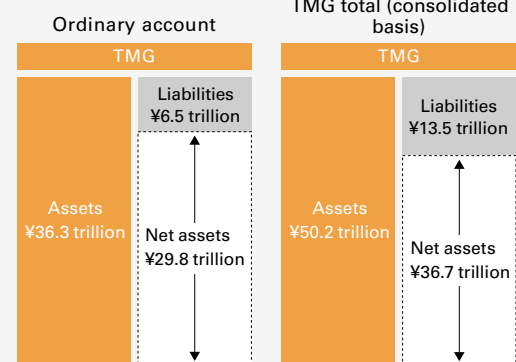
# Financial Standing of TMG (Appendix)

\*Based on financial results of ordinary account for FY2022

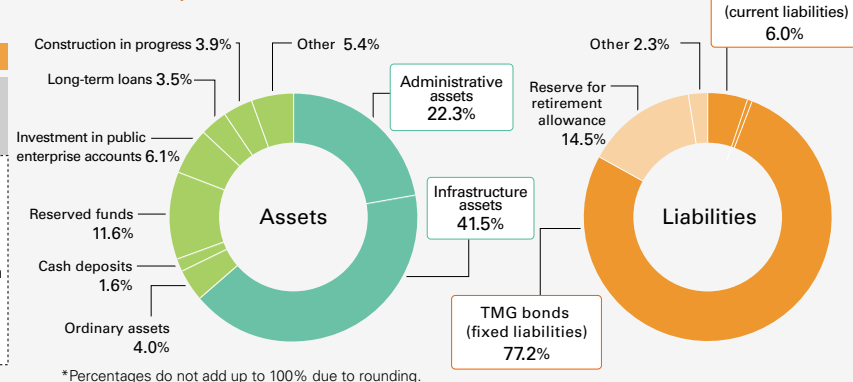
- TMG's ordinary balance ratio and ratio of expenses for public bonds in FY2022 stood at 79.5% and 4.7%, respectively, highlighting greater financial flexibility than the prefectural average.
- Assets and liabilities on the balance sheet come to total ¥36,303.3 billion and ¥6,518.7 billion, respectively, resulting in a total net worth (difference between assets and liabilities) of ¥29,784.5 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 ¥50,194.6 billion, total liabilities of ¥13,507.3 billion, and a total net worth of ¥36,687.3 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.

## Balance sheet



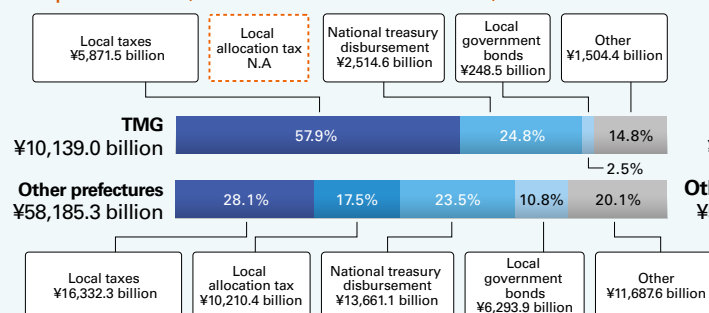
## Composition of assets and liabilities



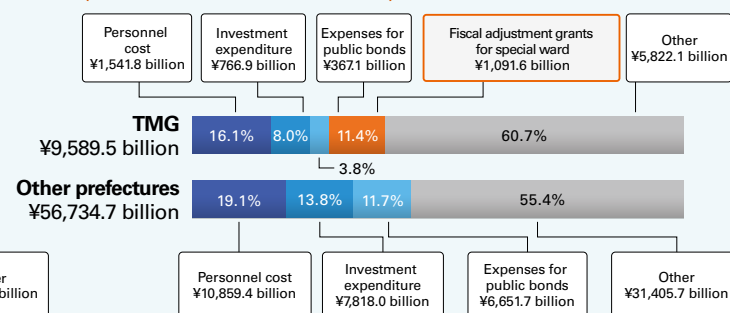
## Characteristics of TMG finance

- 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 FY2021)



### Comparison of spending structure with other prefectures (financial results for FY2021)



For further information on the results of ordinary account in FY2022, please visit:  
[https://www.zaimu.metro.tokyo.lg.jp/syukei1/zaisei/4nenjizaimuhoukokusho\\_index.html](https://www.zaimu.metro.tokyo.lg.jp/syukei1/zaisei/4nenjizaimuhoukokusho_index.html) (TMG Annual Financial Report, FY2022).

# 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 8% of the publicly offered local government bonds by amount issued, and some 9% 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 (FY2022)

TMG bonds 8.3%	TMG bonds 7.5%
National publicly offered local government bonds 21.8%	National publicly offered local government bonds 20.4%
Other 69.9%	Other 72.1%

Amount of issue

Amount outstanding

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

