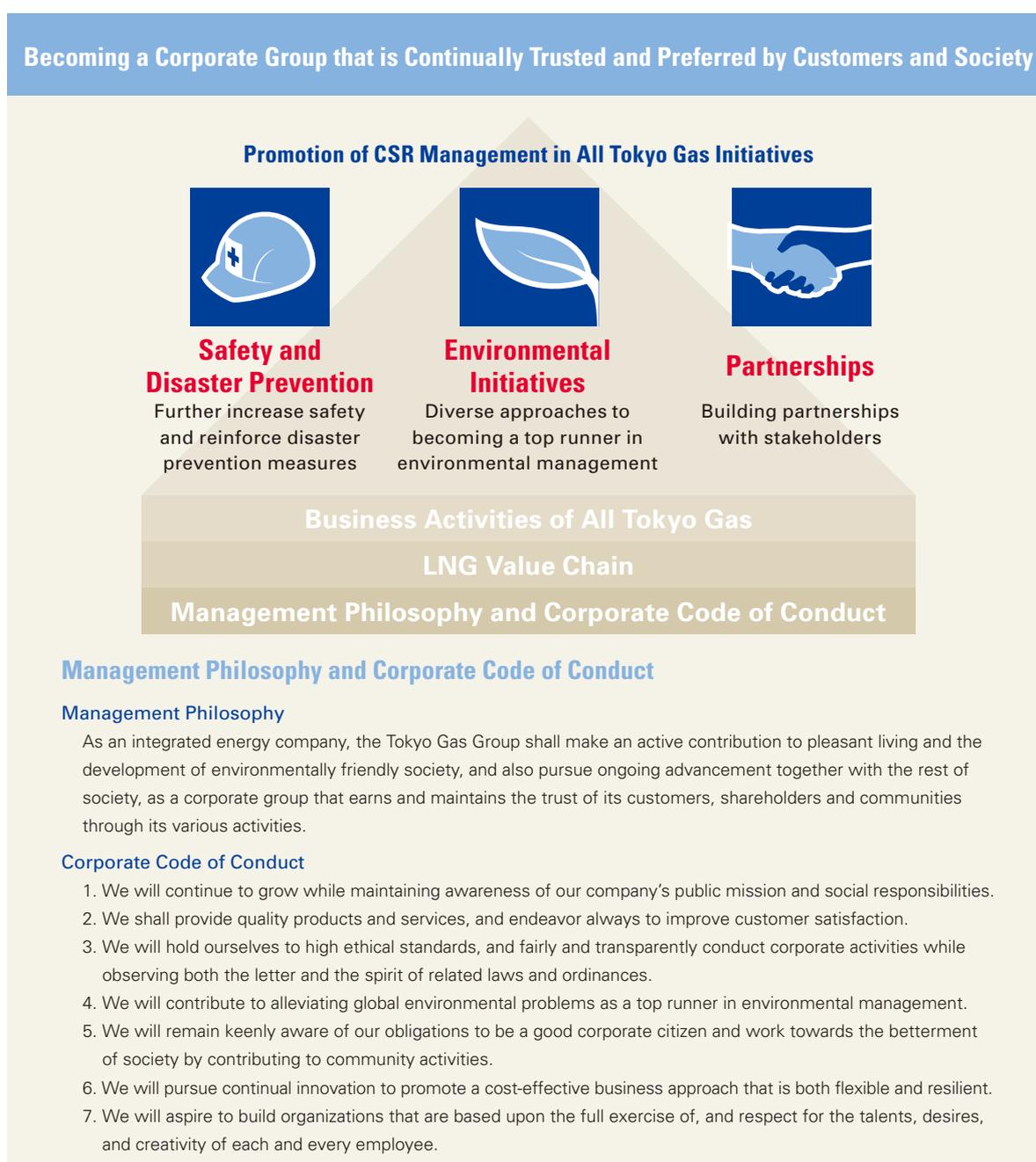


# CORPORATE SOCIAL RESPONSIBILITY

## Tokyo Gas Group CSR

The Tokyo Gas Group has declared its commitment to promoting CSR management that facilitates the realization of its CSR objectives and its public mission. These objectives are achieved through the Group's daily business activities. On that basis, we will continue to work earnestly in such areas as corporate governance, compliance, and risk management. As a public institution, we will strive to earn the continued trust of our stakeholders. Specifically, the Group's number one priorities will be to continue to advance "safety and disaster prevention," "environmental initiatives," and "building partnerships" as its focus CSR activities and to establish relationships of trust with local communities. In these ways, we will endeavor to make an ongoing contribution to society through our daily business activities.



## SAFETY AND DISASTER PREVENTION

### Our Responsibility

Our customers have provided valuable feedback in regard to the use of gas, such as “I would like you to develop safe gas appliances,” “I want you to figure out a way to prevent careless mistakes in using gas appliances,” and “After your work is done, I would like you to explain what you did.” At the Tokyo Gas Group, we have three key themes in promoting the safe use of gas. The first is promoting the utilization of facilities that decrease the likelihood of accidents, gas leaks, or damage and of functions to control such incidents (tangible countermeasures). The second is fostering knowledge of correct usage and implementing periodic inspections (intangible countermeasures). The third is establishing an emergency response system for use in the unlikely event of a gas leak (emergency response countermeasures). To foster prompt gas supply in the event of an earthquake or other natural disaster, we are implementing “prevention,” “emergency,” and “restoration” initiatives. We continue working to minimize the influence of such an event on the lives of our customers.

### Initiatives

To promote the early replacement of water heaters and bathtub water heaters that have not been equipped with incomplete combustion avoidance devices, since January 2007 we have instituted a “replacement promotion campaign,” which incorporates special visits, free inspections, and replacement support. As of the end of March 2010, we had invested about ¥5.5 billion and replaced about 180,000 devices out of a total of 300,000 that need replacement. In particular, we have replaced about 74% of small water heaters that lack incomplete combustion avoidance devices and about 62% of CF devices\*. The campaign has ended, but we continue to provide support for replacement. Through such opportunities as “periodic gas facility safety checks” and “gas valve opening,” we will continue working toward the reduction of these appliances. At the same time, we will endeavor to provide accurate information about the safety, environmental friendliness, and convenience of gas, and to implement enhanced communications so that we can best meet the needs of our customers.

In gas supply, in January 2007 there was an accident in the city of Kitami in Hokkaido. We continue moving forward aggressively with the necessary measures, aiming to replace about 1,200 km of gray cast-iron pipes and galvanized gas pipes. In fiscal 2009, we invested ¥11.1 billion and replaced 166 km of pipe. There are still about 800 km of these gray cast-iron pipes and galvanized gas pipes that need to be replaced, and we plan to complete the replacement work by fiscal 2015. Moreover, the replacement of aged galvanized gas pipes in buildings that is important in terms of public safety is a key safety initiative. We are aiming to finish this task by fiscal 2015, and with the understanding of customers we are striving to advance this deadline as much as possible. In fiscal 2009, we spent about ¥1.8 billion on these measures.

\* CF devices: Gas appliances that use indoor air for combustion and emit exhaust through an exhaust duct with the aid of natural ventilation.

## TOPICS

### SUPREME (Super-dense Real-time Monitoring of Earthquakes)

Under the SUPREME initiative, which began in July 2001, we have installed earthquake sensors (SI sensors) in all district supply governors (regulators)



in approximately 4,000 locations throughout our supply area. With one SI sensor in about every square kilometer, this earthquake damage prevention system has a high level of sensor density. It is unparalleled anywhere in the world. Under SUPREME, our service area is divided into “blocks” of a certain size. In the event of a major earthquake, gas supply will be continued to areas that have not suffered damage to gas facilities. In areas in which gas facilities have suffered substantial damage, gas supply can be rapidly cut off on a block by block basis, making it possible to prevent fires and other secondary damage.

In fiscal 2009, with the objective of decreasing block sizes in order to minimize the area in which supply is interrupted, we increased the number of blocks from 101 to 136. In this way, we are taking steps to facilitate the restoration of gas service as rapidly as possible after an interruption. In the future, Tokyo Gas will continue to move ahead with block size reductions, with a goal of completing this task by the fiscal year ending March 31, 2013 and establishing a system with about 170 blocks. In this way, we will aim for even more rapid restoration of service in times of disaster.



Distribution of earthquake sensors  
(red dots: Tokyo Gas SI sensors; blue frameworks: blocks)



Earthquake sensor (SI sensor)

## ENVIRONMENTAL INITIATIVES

### Our Responsibility

Our environmental philosophy is as follows. The Tokyo Gas Group will promote more positive ways of energy use to contribute to the protection of regional and global environments as well as to the sustainable development of society. Our environmental policies are to (1) reduce the environmental impact of customers' energy use, (2) reduce the total environmental impact of Tokyo Gas' business activities, (3) strengthen environmental partnerships with local and international communities, and (4) promote environment-related technology R&D programs.

### Initiatives

Targeting the realization of a low-carbon and resource-recycling society and the conservation of biodiversity, the Tokyo Gas Group has formulated environmental protection guidelines for six areas, such as global warming prevention. On that basis, the Group is moving forward with the implementation of specific initiatives.

For example, we will continue working in an active and sustained manner to prevent global warming by promoting the use of environmentally friendly natural gas and by providing equipment and systems with high efficiency and low environmental impact. In comparison with the 2005 levels, we will strive to reduce CO<sub>2</sub> emissions at customer sites by 3 million tons by the fiscal year ending March 31, 2016 and by 4.5 million tons by the fiscal year ending March 31, 2021.

In the development of a recycling-oriented society, the Tokyo Gas Group will take a comprehensive approach to reducing environmental burden by implementing efficient, effective environmental management activities; by reducing, reusing, and recycling waste in our operational activities; and by aggressively promoting green purchasing. In addition, targeting the establishment of a society that coexists with nature, we recognize the importance of the benefits of biodiversity, and we are working to track and analyze the influence of our operating activities on biodiversity. Moreover, from a CSR perspective, we are also promoting activities that contribute to the conservation of biodiversity in ways that are unrelated to our business activities.

## TOPICS

### Power Generation Initiatives

Ogishima Power



Kawasaki Natural Gas Power Generation



In electric power, Kawasaki Natural Gas Power Generation Co., Ltd. (Tokyo Gas: 49%, two 420 MW units) began commercial operation in April 2008. Ogishima Power Co., Ltd. (Tokyo Gas: 75%, three 407 MW units) began commercial operation of its first unit in March 2010 and its second unit in July 2010. Each of these has the latest gas turbine combined-cycle power generation facilities, with peak efficiency of 58% (low heating value (LHV) standard / gross generating efficiency). In these ways, we are working to support the efficient supply of energy.

In addition, Agatsuma Bio Power Co., Ltd. (Tokyo Gas: 4.44%) is a biomass power generation enterprise using wood chips as fuel. Commercial operation is scheduled to start in fiscal 2010. Agatsuma Bio Power is expected to reduce CO<sub>2</sub> emissions by 60,000 tons\*<sup>1</sup> through the generation of 85 MWh\*<sup>2</sup> of electricity a year.

\*1 Calculated in comparison to an average of 0.69 kg CO<sub>2</sub>/kWh for thermal power generation, for which Agatsuma Bio Power's operations will be a substitute.

\*2 13.6 MW power generation facility

### Overseas Environmental Cooperation

Since October 2004, Tokyo Gas has participated in power generation operations in Bajio, Mexico, which is 260 km north-west of Mexico City, the capital of Mexico. The Bajio power plant is an IPP (Independent Power Producer) natural gas combined cycle plant (Tokyo Gas: 49%). Power is supplied to Mexico's federal electricity commission—Comision Federal de Electricidad—and to customers in the surrounding area.

In addition, in June 2010, in cooperation with Mitsui & Co., we completed acquisition of five Mexican thermal power generation companies as well as a pipeline company. As a result, we have reinforced our foothold in power generation operations in Mexico. These are gas-fired, combined cycle IPP power plants, with an aggregate total generating capacity of 2,233 MW (Tokyo Gas: 30%). Power will be supplied under 25-year term contracts with the Comision Federal de Electricidad. Through these projects, Tokyo Gas will have total generating capacity of about 960 MW in Mexico and will play a role in the stable supply of power in Mexico.



Thermal power generation facilities acquired in June 2010 (Rio Bravo II / III / IV)

## BUILDING PARTNERSHIPS

### Our Responsibility

Tokyo Gas conducts business operations that have a strong public welfare element, and the Group has a social mission. Tokyo Gas endeavors to move forward in tandem with its stakeholders, including not only shareholders but also customers, employees, suppliers and partners, and local communities. Contributing to the development of society is one of our most important tasks. Accordingly, we continue our sincere efforts to build, sustain, and develop relationships with all of our stakeholders.

### Initiatives

By enhancing communications in capital markets through our IR activities, we are working to secure management soundness and transparency, to reflect the expectations of capital markets in our management, and to improve the understanding of and the trust in the Tokyo Gas Group.

In our relationships with customers, in order to ensure that All Tokyo Gas continues to be the preferred choice, we emphasize “whether the customer is satisfied” rather than “what we provide to the customer.” In accordance with this approach, we have identified the customer satisfaction (CS) mindset as the fundamental stance of All Tokyo Gas and have documented it in our code of conduct. Moving forward, we will continue working to be a customer-focused Group by thoroughly communicating this fundamental stance to everyone involved with All Tokyo Gas.

For our employees, we are striving to enhance their motivation and to create “workplaces that are easy to work in” and in which employees can exercise their abilities to the fullest extent. Accordingly, we have established a variety of systems and are devoting resources to education so that the systems are used effectively. Furthermore, we are moving ahead with initiatives in the area of healthy, safe work environments.

In our relationships with suppliers and partners, we are taking steps to fulfill our public welfare and social missions, such as formulating action guidelines for purchasing activities and working to build relationships of trust.

In addition, our relationships with local communities involve working toward the realization of a society that is pleasant and comfortable to live in and striving to resolve issues related to our daily lives. In these ways, we are implementing activities that make the most of our strengths.

## TOPICS

### Tokyo Gas Environment Support Fund



Providing support for Inbanuma water-quality improvement activities through the Inba Yasai Ikada no Kai, an NPO.

With a grant from Tokyo Gas to the Japan Environment Association, this fund was established in December 2007 in commemoration of Tokyo Gas reaching the milestone of 10 million customers in September 2007. Through the fund, we have provided ongoing support for non-profit, private-sector organizations that engage in environmental conservation activities. The objective of this support has been to express our gratitude to a wide range of local communities while at the same time contributing to the resolution of regional and global environmental problems and to the realization of a sustainable society.

In the fiscal year ending March 31, 2011, applications were received from 58 organizations and a total of ¥10 million is to be provided to 14 recipients. Since the fiscal year ended March 31, 2009, a cumulative total of ¥30 million has been provided to 40 organizations.

### Overseas Environmental Cooperation

Since 1993, Tokyo Gas has been actively involved in the Donguri (Acorn) Project, working together with the Donguri (Acorn) Club, a non-profit organization (NPO), and with local administrations. In the midst of a trend toward a re-appreciation of the importance of forests and natural woodlands, this project serves as a countermeasure to global warming while facilitating experience-based education. The project encourages participants to think about the natural environment through a cycle of activities—gathering acorns, planting seedlings, and caring for trees.

Since 2005, experience-based environmental educational activities have been conducted at Nagano Tokyo Gas Forest in Kitasaku-gun, Nagano Prefecture, offering participants the opportunity to learn about the relationship between their daily lives and the forest. At the Donguri (Acorn) School, forest management activities are combined with a range of experience-based nature programs in spring, summer, and fall.

In the fiscal year ended March 31, 2010, Donguri (Acorn) School sessions were held in spring, summer, and fall, and a total of about 200 participants gathered and experienced a range of activities. These included animal tracking, where they walked through the forest while looking for animal signs, and carpentry work using thinned wood.



Environmental education activities at the Donguri (Acorn) School