

# Corporate Governance

Tokyo Gas works to ensure continued development while consistently earning the trust of customers, shareholders, and society. Based on this philosophy, we aim to achieve a continuous increase in our corporate value through enhancing corporate governance systems. We are endeavoring to develop systems with a commitment to management legality, soundness, and transparency. Tokyo Gas continues to emphasize the importance of accurate and prompt decision making, efficient business operations, strengthening of auditing and monitoring functions, and clarification of management and executive responsibilities.

## Board of Directors

In principle, the Board of Directors meets once a month to discuss and decide important matters regarding business operations. Directors must submit reports to the Board of Directors regarding the status of execution of their duties periodically and when deemed necessary, allowing the board to monitor the performance of directors.

The Board of Directors comprises 11 directors, 3 of whom are outside directors. In addition, the term of directors is set at one year with the goal of further clarifying managerial responsibility.

### Outside Directors

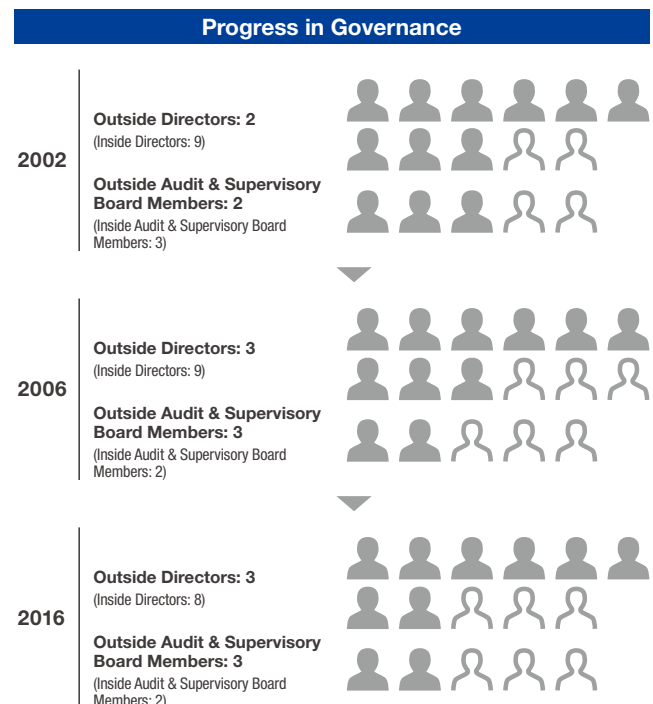
In accordance with their individual experience and knowledge, the outside directors strive to secure the soundness and appropriateness of deliberations and decisions regarding business execution. From an independent viewpoint, the outside directors monitor the performance of duties by the directors and exercise their authority at meetings of the Board of Directors. In this way, the outside directors contribute to the improvement of the rationality and objectivity of the company's business execution and of the deliberations and decisions of the Board of Directors.

In making judgments about matters related to the independence of outside officers, such as capital, transactions, and relationships, we comprehensively verify that they are unlikely to have conflicts of interest with general shareholders and they are in a position that enables them to be objective and neutral, and on that basis we make a judgment on their independence. (The company discloses the Independence Standards for Outside Directors on its website: <http://www.tokyo-gas.co.jp/IR/english/gvnc/pdf/independence.pdf>) The Advisory Committee has confirmed that none of the outside officers has a material conflict of interest with the company—in regard to capital, transactions, or relationships—and has confirmed their independence in accordance with the above standards. The committee's decision has been reported to the Board of Directors, which has designated them as independent officers and reported that designation to the stock exchanges on which the company is listed.

### Realizing Accurate, Rapid Decision Making and Efficient Business Execution

The Corporate Executive Committee, which meets weekly as a general rule, deliberates on provisions stemming from Board of Directors' resolutions and important management-

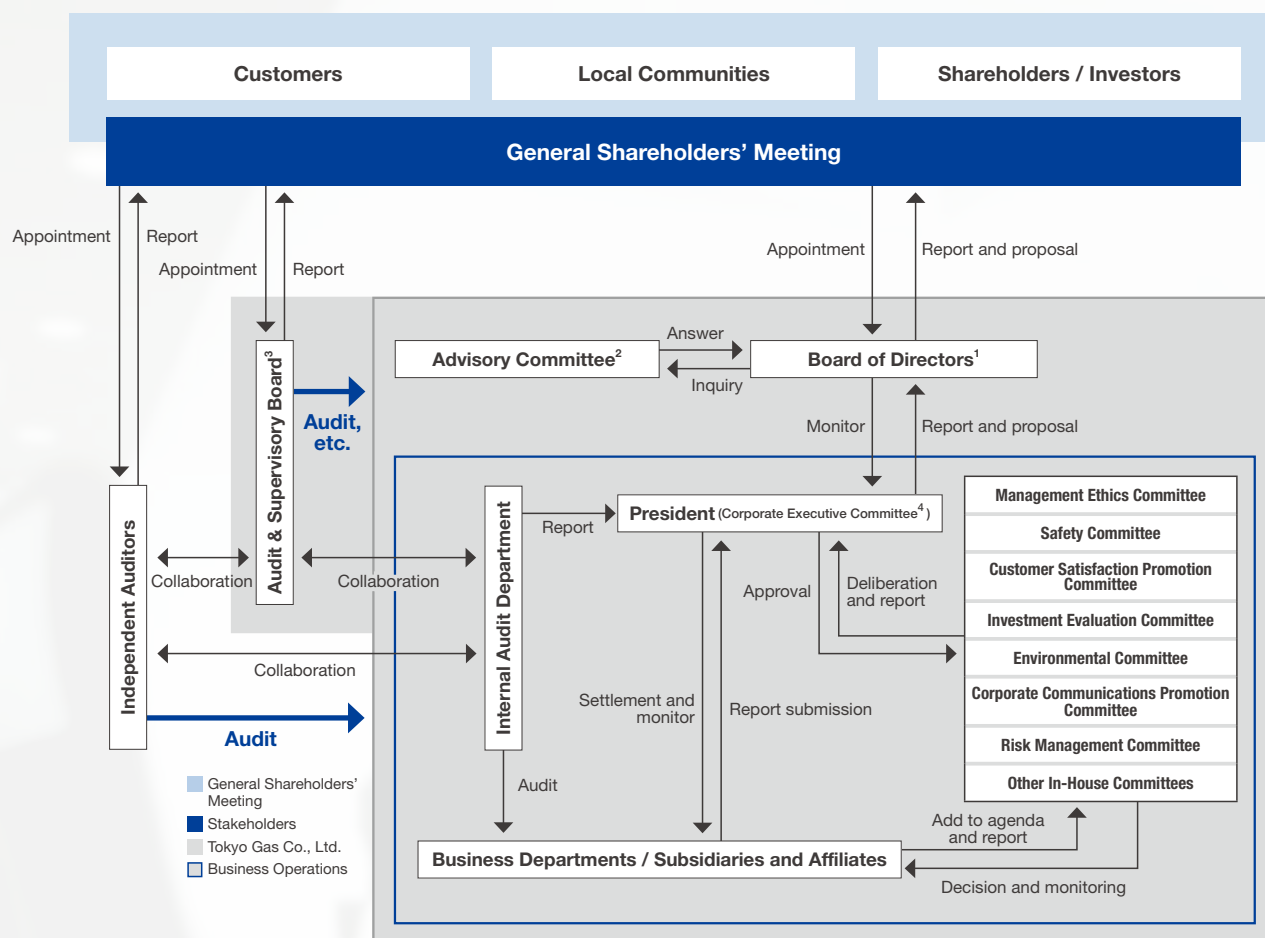
| Reasons for selecting Outside Directors |  |
|---|--|
| Name                                    | Reason for selecting   |
| Akihiko Ide                             | The company's management will benefit from Akihiko Ide's cosmopolitan outlook he has acquired in overseas businesses in the general materials industry, particularly in Asia, as well as the strong management capabilities and deep insight he has acquired through a wide range of business development in resource business and others. |
| Yoshinori Katori                        | The company's management will benefit from Yoshinori Katori's cosmopolitan and broad outlook as well as the deep insight he has acquired over his many years as a diplomat.  |
| Chika Igarashi                          | The company's management will benefit from Chika Igarashi's advanced legal expertise, broad perspective, and deep insight she has acquired over her many years in corporate legal affairs.   |



related issues. The company has introduced an executive officer system for business execution in accordance with decisions of the Board of Directors.

Substantial authority has been delegated to executive officers in their designated areas of responsibility, while directors, as appropriate, receive reports on the status of execution from executive officers and monitor the executive officers. In addition, executive officers report to the Board of Directors as needed. (To clarify management responsibility and executive responsibility, the terms of office of directors and executive officers have been fixed at one year.)

## Corporate Governance System



1 Board of Directors: 11 directors (3 outside directors and 8 internal directors), 5 Audit & Supervisory Board members (3 outside auditors and 2 internal auditors)

2 Advisory Committee: 3 representatives from outside directors and outside Audit & Supervisory Board members, Chairman (1), and President (1)

3 Audit & Supervisory Board: 5 Audit & Supervisory Board members (3 outside auditors and 2 internal auditors)

4 Corporate Executive Committee: President, 2 Executive Vice Presidents, and 10 Senior Executive Officers (3 of the representative directors also serve as President and Executive Vice Presidents)

### Overview of Corporate Governance System (As of June 29, 2016)

|   |      |  |          |
|---|------|--|----------|
| Number of directors   | 11   | Participation of outside directors in determination of director candidates     | Yes      |
| Average age of directors  | 61.7 | Number of meetings of Board of Directors*                                      | 12       |
| Number of outside directors   | 3    | Attendance rate of outside directors at meetings of Board of Directors*        | 91.7%    |
| Number of Audit & Supervisory Board members   | 5    | Term of office of directors  | One year |
| Number of outside Audit & Supervisory Board members   | 3    | Results-linked remuneration  | Yes      |
| Number of independent officers  | 6    | Share purchase system to reflect the perspective of shareholders in management | Yes      |
| Participation of outside directors / outside Audit & Supervisory Board members in determination of remuneration | Yes  |  |          |

\* Total for the period from April 2015 to March 2016

### Working to Promote Transparent Management and Create a Flexible and Open Corporate Culture

In fiscal 2002, the company established the Management Ethics Committee, chaired by the President. We also formed in-house committees to address issues that are important from a management perspective, such as compliance,

safety, customer satisfaction, and risk management. This structure facilitates the sharing of information within the group as well as deliberations and adjustments regarding the group's overall direction.

## Audit & Supervisory Board Members

The Audit & Supervisory Board members meet once a month as a general rule and otherwise as needed. The 5 members of the board, which include 3 outside Audit & Supervisory Board members, conduct deliberations and make reports. In line with the Corporate Auditor's Audit Standards, each Audit & Supervisory Board member conducts effective audits through the following principal initiatives.

The Audit & Supervisory Board members attend meetings of the Board of Directors, the Corporate Executive Committee, and other important meetings. They state their opinions relating to legality and other perspectives when necessary.

The Audit & Supervisory Board members conduct research into the state of operations at the head office, business offices, and subsidiaries and hold discussions with directors to exchange opinions, both on a regular basis and otherwise as needed.

In regard to the internal control system for financial reporting, the Audit & Supervisory Board members receive evaluations of internal control and reports on the status of audits from the Board of Directors, etc., and KPMG AZSA LLC.

### Outside Audit & Supervisory Board Members

The outside Audit & Supervisory Board members conduct audits monitoring from an independent viewpoint and contribute to improving the rationality and objectivity of the company's business execution and of the deliberations of the Board of Directors through their statements at meetings of

the Board of Directors. In addition, through their statements and the exercise of their majority voting rights at meetings of the Audit & Supervisory Board, the outside Audit & Supervisory Board members contribute to assuring and improving the legality, appropriateness, rationality, and objectivity of the audits by the Audit & Supervisory Board members. In addition, with the objective of assuring the effectiveness of audits by the Audit & Supervisory Board members, the company invites outside Audit & Supervisory Board members who have a substantial degree of knowledge about finance and accounting.

In making judgments about matters related to the independence of outside officers, such as capital, transactions, and relationships, we comprehensively verify that they are unlikely to have conflicts of interest with general shareholders and they are in a position that enables them to be objective and neutral, and on that basis we make a judgment on their independence. The Advisory Committee has confirmed that none of the outside officers has a material interest with the company—in regard to capital, transactions, or relationships—and has confirmed their independence in accordance with the above standards. The committee's decision has been reported to the Board of Directors, which has designated them as independent officers and reported that designation to the stock exchanges on which the company is listed.



### Reasons for Selecting Outside Audit & Supervisor Board Members

| Name             | Major concurrent positions                          | Reason for selecting   |
|------------------|---|--|
| Yoshihiko Morita | Outside Director of Kawasaki Heavy Industries, Ltd. | The company's auditing will benefit from Yoshihiko Morita's expansive international way of thinking and deep insight nurtured through work in the fields of international finance and overseas economic cooperation. |
| Kojiro Otani     | -   | The company's auditing will benefit from Kojiro Otani's abundant experience of organizational management acquired in local government as well as his deep insight.   |
| Wako Tojima      | -   | The company's auditing will benefit from Wako Tojima's wealth of expertise and deep insight as a science journalist.   |

## Officer Remuneration

In 2005, the company formulated the basic policy on officer remuneration, which outlines the method of remuneration for directors, etc. At a meeting of the Board of Directors in February 2012, the policy was revised as follows.

### 1 Role of Officers and Remuneration

The role demanded of officers is to seek to enhance short-, medium-, and long-term corporate value, and officer remuneration shall serve as an effective incentive for them to perform that role.

### 2 Level of Remuneration

The level of officer remuneration shall be suitable for the role, responsibility, and performance of the officer.

### 3 Composition and Other Details of Remuneration Paid to Directors

- (1) Remuneration of directors shall be paid within the scope of the remuneration limit approved at the General Shareholders' Meeting.
- (2) Remuneration of inside directors shall comprise monthly remuneration and bonus. Monthly remuneration shall comprise fixed remuneration paid in accordance with the post of each individual and performance-linked remuneration. A portion of fixed remuneration shall be allocated to the purchase of shares based on a share-purchase guideline and from the standpoints of reflecting the perspectives of shareholders on management and improving shareholder value over the long term. The amount of performance-linked remuneration shall be determined after evaluating company-wide performance and performance of operating units from the standpoints of motivating Inside Directors to execute management strategies and reflecting their performance clearly in their remuneration. The amount of bonus to be paid shall be determined in accordance with the post of each inside director after performance evaluation.

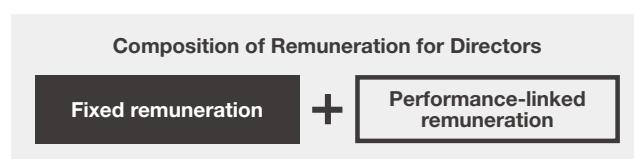
- (3) Remuneration of outside directors shall comprise monthly remuneration and bonus. Monthly remuneration shall comprise only fixed remuneration, while bonus shall be the same as that of inside directors.

### 4 Composition and Other Details of Remuneration Paid to Audit & Supervisory Board Members

- (1) Remuneration of Audit & Supervisory Board members shall be paid within the scope of the remuneration limit approved at the General Shareholders' Meeting and determined through discussions among Audit & Supervisory Board members.
- (2) Remuneration of Audit & Supervisory Board members shall comprise only fixed monthly remuneration.

### 5 Assurance of Objectivity and Transparency of the Remuneration System

The company shall assure the objectivity and transparency of the system of officer remuneration by establishing and operating the Advisory Committee comprising a number of outside directors, outside Audit & Supervisory Board members, and inside directors to govern the system of personnel affairs and remuneration of officers.



\* Monthly remuneration of outside directors are fixed remuneration only.

### Total Remuneration for Directors and Audit & Supervisory Board Members (Fiscal 2015)

|  | Number of officers* <sup>1</sup> | Total value of remuneration | Type (Millions of Yen) |         | Type (Thousands of U.S. dollars* <sup>2</sup> ) |          |         |
|--|----------------------------------|-----------------------------|------------------------|---------|---|----------|---------|
|  |                                  |                             | Base                   | Bonuses | Total value of remuneration                     | Base     | Bonuses |
| <b>Remuneration for directors</b><br>(excluding outside directors)   | 10                               | ¥ 460                       | ¥ 397                  | ¥ 63    | \$ 4,107  | \$ 3,545 | \$ 563  |
| <b>Remuneration for Audit &amp; Supervisory Board members</b><br>(excluding outside Audit & Supervisory Board members) | 3                                | ¥ 74                        | ¥ 74                   | -       | \$ 661  | \$ 661   | -       |
| <b>Remuneration for outside officers</b><br>(outside directors and outside Audit & Supervisory Board members)          | 8                                | ¥ 64                        | ¥ 58                   | ¥ 6     | \$ 571  | \$ 518   | \$ 54   |

\*1 The number of officers included in the total value of remuneration for directors, Audit & Supervisory Board members, and outside officers includes four directors and one Audit & Supervisory Board member (of which two were outside officers) who retired upon the conclusion of the 215th Annual Shareholders' Meeting.

\*2 Equivalent U.S. dollar amounts are included for the convenience of readers outside Japan and are converted at a rate of ¥112 per U.S. dollar, the prevailing exchange rate at the end of March 2016. These conversions should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

## Advisory Committee

In February 2005, we established the Advisory Committee to assure objectiveness and transparency in management. It has been defined that this committee will have no more than 6 members consisting of no more than 3 representatives from outside of the company and no more than 3 internal representatives, and that one of the outside representatives will serve as the committee's chairman.

Today, the Advisory Committee has 5 members: 3 representatives from the outside directors and outside Audit & Supervisory Board members as well as the Chairman and the President. In accordance with inquiries from the Board of Directors, the Advisory Committee deliberates on officer candidates and officer remuneration in a fair and appropriate manner and makes reports to the Board of Directors. The committee also deliberates on the independence of outside officer candidates.

## Internal Control System

To secure management legality, soundness, and transparency and to realize its management philosophy, the company has formulated the "Basic Policy on Development of Corporate Structures and Systems for Ensuring Appropriateness of Operations (Internal Control System) for the Tokyo Gas Group," and the company is applying this policy in an appropriate manner.

Specifically, the company has established systems to ensure that directors and their assistants perform their duties in a manner that is compliant to relevant laws and regulations, the articles of incorporation, and other rules. In addition, crisis management provisions have been formulated to limit losses from risks related to investments and natural disasters. The company also defines guidelines for ensuring the independence of Audit & Supervisory Board members and guaranteeing the effectiveness of the Audit & Supervisory Board.

## Independent Auditors

The company has concluded an auditing contract with KPMG AZSA LLC for auditing services based on the Companies Act and auditing services based on the Financial Instruments and Exchange Act, as well as internal control audits based on the Financial Instruments and Exchange Act, and the company is being audited on that basis. The company's audits are handled by 3 certified public accountants: Teruhiko Tanaka, Shuichi Ikeya, and Yoshihiro Uehara. For each of these auditors, the number of consecutive years of auditing service is seven years or less (as of June 29, 2016).

### Compensation for Independent Auditors (Fiscal 2015)

|  | Millions of yen | Thousands of U.S. dollars* |
|--|-----------------|----------------------------|
| Compensation for auditing services     | ¥ 268           | \$ 2,395                   |
| Compensation for non-auditing services | ¥ 31            | \$ 277                     |
| <b>Total</b>                           | <b>¥ 299</b>    | <b>\$ 2,672</b>            |

\* Equivalent U.S. dollar amounts are included for the convenience of readers outside Japan, and are converted at a rate of ¥112 per U.S. dollar, the prevailing exchange rate at the end of March 2016. These conversions should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

## Compliance

### Compliance Structure

The company has identified the following three points as its basic policy and is promoting compliance on that basis.

- Fostering of a compliance oriented mentality
- Compliance efforts through coordination among divisions based on the fundamental policy
- Establishment of the compliance PDCA cycle

We have established the Management Ethics Committee, chaired by the President. This committee discusses at the management level basic compliance policies and all aspects of compliance initiatives by the company, monitors the implementation of compliance-related measures, and confirms activity programs from the following year and thereafter. We have also established the Compliance Department to support compliance-related activities for each unit. These include development of compliance promotion systems, encouragement awareness and educational campaigns about the code of conduct, compliance risk reduction measures, maintenance of advisory systems, and broad-based distribution of information within and beyond the Tokyo Gas Group companies. To cultivate an understanding of compliance, we promote a thorough awareness of ongoing activities related to our code of conduct. We are also moving forward with a compliance casebook designed for applying the code of conduct to various problems in the workplace, so as to achieve the permeation of compliance.



## Compliance Risk Management

Through the effective operation of internal and external advisory systems, we are endeavoring to ensure that compliance-related problems are discovered and resolved quickly so that our corporate self-regulatory processes will continue to function effectively. We monitor the effectiveness of Group compliance promotion activities by conducting regular compliance awareness surveys of all employees. The results of these surveys are reflected in initiatives for the following years. The Compliance Audit Sect. of the Internal Audit Department conducts audits of the company, its subsidiaries, and its affiliates focusing on the probability that risks will materialize and their degree of importance from the viewpoint of strict compliance with laws, corporate ethics, and social norms. When concerns are identified, the group conducts follow-up audits in the following year to verify progress in tackling those concerns.

## Risk Management System

### Enterprise Risk Management System

In fiscal 2003, the company established an enterprise risk management (ERM) system and drew up risk management regulations, which include documented rules concerning major risks faced by the group.

The Risk Management Committee was established in fiscal 2008 with the aim of tracking progress regarding the establishment and the operational status of the ERM system as well as improving the level of ERM. The committee periodically undertakes risk assessments and checks on the status of the ERM system. It also reports to the Corporate Executive Committee and obtains the necessary approvals. Moreover, in fiscal 2011, the risk management function was made the responsibility of the Corporate Planning Department, and there has been a framework in place for implementing unified ERM in conjunction with operational management. Under the framework, around 120 Risk Management Promotion Officers are deployed in the business departments of Tokyo Gas and its subsidiaries and affiliates in order to promote ERM. Each year, we assess risks and the implementation and improvement status of countermeasures. This system facilitates the steady implementation of the ERM-PDCA (Plan-Do-Check-Act) cycle.

### Crisis Management System

Because the company provides public services that comprise a lifeline, for many years it has also had a crisis management system that serves as a response system in case an accident or other risk-related event actually occurs. Specifically, we have formulated Emergency Response Organization



Regulations. In case of crises, including major natural disasters, such as earthquakes, or production or supply disruptions arising from major accidents at pipelines or terminals, as well as influenza, terrorism, failures in mission-critical IT systems, and compliance problems, the Emergency Response Organization responds to the situation immediately in accordance with the Emergency Response Organization Regulations. Periodic training is conducted in relation to major risk response measures. Moreover, the company has also formulated a business continuity plan (BCP), outlining its responses in the event of a major earthquake of the magnitude assumed by Japan's Cabinet Office, a major accident disrupting gas supply, a widespread blackout, an outbreak of influenza, etc. This plan is in place to reinforce the company's risk management system.

# Board of Directors As of June 29, 2016



**Tsuyoshi Okamoto**  
Director, Chairman

- April 1970 Joined the company
- June 1997 Deputy Chief Executive of Northern Regional Business Div.
- June 1998 General Manager of Documents Dept.
- June 1999 Assistant to Director in charge of General Administration Dept.
- June 2002 Executive Officer and General Manager of Corporate Planning Dept. of Strategic Planning Div.
- April 2004 Senior Executive Officer and Chief Executive of Strategic Planning Div.
- June 2004 Director, Senior Executive Officer and Chief Executive of Strategic Planning Div.
- April 2006 Director, Senior Executive Officer, Chief Executive of Corporate Communication Div. and in charge of Compliance Dept. and Internal Audit Dept.
- April 2007 Representative Director, Executive Vice President and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept.
- April 2009 Representative Director, Executive Vice President and in charge of Personnel Dept., Secretary Dept., General Administration Dept. and Compliance Dept.
- April 2010 Representative Director, President
- April 2014 Director and Chairman of the Board (Current position)
- June 2016 Outside director of JAPAN POST BANK Co., Ltd



**Michiaki Hirose**  
Representative Director,  
President

- April 1974 Joined the company
- April 2004 Executive Officer and Assistant to Chief Executive of Corporate Communication Div.
- April 2006 Executive Officer and General Manager of Corporate Planning Dept. of Strategic Planning Div.
- April 2007 Senior Executive Officer and in charge of Corporate Planning Dept., Infrastructure Project Dept., Finance Dept., Accounting Dept. and Affiliated Companies Dept.
- April 2008 Senior Executive Officer and in charge of Corporate Planning Dept., Investor Relations Dept., Finance Dept., Accounting Dept., Affiliated Companies Dept. and Gas Industry Privatization Research Project Dept.
- April 2009 Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept.
- June 2009 Director, Senior Executive Officer and in charge of Corporate Planning Dept., Corporate Communications Dept. and Affiliated Companies Dept.
- January 2010 Director, Senior Executive Officer and in charge of Corporate Planning Dept., Project Management Dept., Corporate Communications Dept. and Affiliated Companies Dept.
- April 2012 Representative Director, Executive Vice President and Chief Executive of Living Energy Div.
- April 2013 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div.
- April 2014 Representative Director, President (Current position)



**Yutaka Kunigo**  
Representative Director

- April 1977 Joined the company
- April 2004 General Manager of Gas Resources Dept. of Energy Resources Business Div.
- April 2007 Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div.
- April 2008 Executive Officer and General Manager of Industrial Gas Sales Dept. of Energy Solution Div.
- April 2010 Senior Executive Officer and Chief Executive of Energy Resources Business Div.
- April 2013 Senior Executive Officer and Chief Executive of Energy Production Div.
- June 2013 Director, Senior Executive Officer and Chief Executive of Energy Production Div.
- April 2014 Representative Director, Executive Vice President, Chief Executive of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div.
- April 2015 Representative Director, Executive Vice President and in charge of Power Business Planning Dept., Business Restructuring Project Dept., Gas Business Deregulation Project Dept., and Sales Innovation Planning Dept.
- April 2016 Representative Director, Executive Vice President, Head of Power Business, Chief Executive of Regasification & Power Generation Div. and in charge of Power Business Planning Dept. (Current position)



**Takashi Uchida**  
Representative Director

- April 1979 Joined the company
- June 2006 General Manager of Pipeline Planning Dept. of Pipeline Network Div.
- April 2009 General Manager of Corporate Planning Dept.
- April 2010 Executive Officer and General Manager of Corporate Planning Dept.
- April 2012 Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., Compliance Dept. and Internal Audit Dept.
- April 2013 Senior Executive Officer and Chief Executive of Energy Resources Business Div.
- June 2015 Director, Senior Executive Officer and Chief Executive of Energy Resources Business Div.
- April 2016 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div. (Current position)



**Hiroaki Kobayashi**  
Director

- April 1980 Joined the company
- April 2005 General Manager of Technology Development Dept.
- April 2006 General Manager of Product Development Dept.
- April 2007 Assistant to Chief Executive of Living Energy Div.
- October 2007 General Manager of Area Development Planning Dept.
- April 2008 General Manager of Customer Safety Dept.
- April 2009 Executive Officer and General Manager of Customer Safety Dept.
- April 2010 Executive Officer and General Manager of Residential Fuel Cell Business Development Dept.
- April 2012 Senior Executive Officer and Chief Executive of Technology Development Div.
- April 2013 Senior Executive Officer, Chief Executive of Technology Development Div. and in charge of Smart Energy Business Development Dept.
- June 2014 Director, Senior Executive Officer, Chief Executive of Technology Development Div. and in charge of Smart Energy Business Development Dept.
- April 2015 Director, Senior Executive Officer, Chief Executive of Pipeline Network Div. (Current position)



**Satoru Yasuoka**  
Director

- April 1979 Joined the company
- April 2006 General Manager of Industrial Gas Sales Dept. of Energy Sales and Service Div.
- April 2008 General Manager of Gas Resources Dept. of Energy Resources Business Div.
- April 2010 Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div.
- April 2011 Executive Officer and General Manager of Sales Marketing 1 Dept. of Living Corporate Sales and Services Div.
- April 2012 Senior Executive Officer and Chief Executive of Regional Development Marketing Div.
- April 2015 Senior Executive Officer and Chief Executive of IT Div. and in charge of Environmental Affairs Dept. and Fundamental Technology Dept.
- June 2015 Director, Senior Executive Officer, Chief Executive of IT Div. and in charge of Environmental Affairs Dept. and Fundamental Technology Dept.
- April 2016 Director, Senior Executive Officer, Chief Executive of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div. (Current position)



**Fumio Murazeki**  
Director

- April 1979 Joined the company
- April 2009 General Manager of Residential Sales Planning Dept. of Living Energy Div.
- April 2010 Executive Officer and General Manager of Residential Sales Planning Dept. of Living Energy Div.
- April 2013 Senior Executive Officer and Head of Sales Marketing of Energy Solution Div.
- October 2014 Senior Executive Officer, Head of Sales Marketing of Energy Solution Div. and General Manager of Energy Sales & Service Planning Dept.
- April 2015 Senior Executive Officer, Chief Executive of Energy Solution Div. and General Manager of Volume Sales Dept.
- April 2016 Senior Executive Officer of the company President, Representative Director of Tokyo Gas Liquid Holdings Co., Ltd.



**Masaru Takamatsu**  
Director

- April 1980 Joined the company
- April 2005 General Manager of Home Service Planning Dept. of Home Service Div.
- April 2006 General Manager of Business Partnership Support Dept. of Home Service Div.
- April 2010 General Manager of Lifeval Project Management Dept. of Living Energy Div.
- April 2011 Executive Officer and General Manager of Lifeval Project Management Dept. of Living Energy Div.
- April 2012 Executive Officer and General Manager of Corporate Planning Dept.
- April 2014 Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept.
- April 2015 Senior Executive Officer and in Charge of Corporate Planning Dept., Personnel Dept., Chiba-Ibaraki Project Dept., Group Management Project Dept., and Group Personnel System Project Dept.
- April 2016 Senior Executive Officer and in Charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept.



**Akihiko Ide**  
Outside Director

- April 1965 Joined Mitsubishi Metal Mining company Ltd. (Current Mitsubishi Materials Corporation)
- June 1994 General Manager of General Affairs & Administration Dept. at Mitsubishi Materials Corporation
- June 1997 Director of Mitsubishi Materials Corporation
- June 2000 Managing Director of Mitsubishi Materials Corporation
- June 2002 Executive Vice President of Mitsubishi Materials Corporation
- June 2004 President of Mitsubishi Materials Corporation
- June 2010 Chairman of Mitsubishi Materials Corporation Director of Sakai Chemical Industry Co., Ltd.
- April 2015 Senior Advisor of Mitsubishi Materials Corporation
- June 2015 Advisor of Mitsubishi Materials Corporation Director of the company (Current position)



**Yoshinori Katori**  
Outside Director

- April 1973 Joined Ministry of Foreign Affairs
- August 2004 Director-General of Consular Affairs Bureau
- August 2005 Press Secretary/Director-General for Press and Public Diplomacy of Minister's Secretariat
- August 2006 Ambassador Extraordinary and Plenipotentiary to the State of Israel
- October 2008 Ambassador for ASEAN, and Science and Technology Cooperation, Ministry of Foreign Affairs
- April 2010 Director-General of Foreign Service Training Institute, Ministry of Foreign Affairs
- March 2011 Ambassador Extraordinary and Plenipotentiary to the State of Indonesia
- October 2014 Retired from Ministry of Foreign Affairs
- June 2015 Director of the company (Current position)



**Chika Igarashi**  
Outside Director

- April 1997 Registered as an attorney at law
- April 1997 Joined a law firm in Tokyo Metropolitan area
- July 2006 Joined Asahi Law Office (Currently Nishimura & Asahi)
- June 2007 Registered as an attorney at law in New York State, USA
- June 2016 Director of the company (Current position)



## Audit & Supervisory Board Members As of June 29, 2016



**Tsutomu Oya**  
Audit & Supervisory  
Board Member

- April 1975 Joined the company
- June 2002 General Manager of the International Affairs Dept. of the Strategic Planning Div.
- April 2004 Executive Officer, General Manager of Urban Energy Business Dept. of Energy Sales and Service Div., and Acting General Manager of Volume Sales Dept. of Energy Sales and Service Div.
- April 2006 Senior Executive Officer and Division Manager of Energy Resources Div.
- June 2009 Director, Senior Executive Officer, and Division Manager of Energy Resources Div.
- April 2010 Director, Senior Executive Officer, and Division Manager of Energy Production Div. and in charge of the Environmental Affairs Dept.
- April 2012 Director, Senior Executive Officer, and Division Manager of Energy Production Div.
- April 2013 Director
- June 2013 Audit & Supervisory Board Member



**Hideaki Obana**  
Audit & Supervisory  
Board Member

- April 1978 Joined the company
- July 2003 General Manager of Marketing Dept., Living Planning Div.
- April 2004 General Manager of Home Service Planning Dept., Home Service Div.
- April 2005 General Manager of Kanagawa Branch, Corporate Communication Div.
- April 2007 General Manager of Corporate Communications Dept.
- April 2009 Executive Officer and General Manager of Corporate Communications Dept.
- April 2012 Senior Executive Officer and in charge of Purchasing Dept., Real Estate Management Dept., Major Site Development Dept.
- April 2013 Senior Executive Officer and in charge of Purchasing Dept., Real Estate Management Dept., Personnel Dept., Internal Audit Dept.
- March 2015 Retired as Senior Executive Officer
- June 2015 Audit & Supervisory Board Member



**Yoshihiko Morita**  
Outside Audit &  
Supervisory Board  
Member

- April 1969 Joined Export-Import Bank of Japan
- October 1999 Full-time Auditor of Japan Bank for International Cooperation
- October 2000 Director of Japan Bank for International Cooperation
- October 2004 Vice Governor of Japan Bank for International Cooperation
- October 2008 Representative Director and Senior Managing Executive Officer of Japan Finance Corporation Deputy CEO of Japan Bank for International Cooperation
- June 2011 Retired as Deputy CEO of Japan Bank for International Cooperation
- December 2011 Advisor of Sumitomo Mitsui Banking Corporation
- June 2012 President (Chief Executive Officer) of Japan Institute for Overseas Investment  
Outside Audit & Supervisory Board Member of the company
- June 2013 Outside Director of Kawasaki Heavy Industries, Ltd.  
Retired as Advisor of Sumitomo Mitsui Banking Corporation
- December 2014 Retired as President (Chief Executive Officer) of Japan Institute for Overseas Investment



**Kojiro Otani**  
Outside Audit &  
Supervisory Board  
Member

- March 1971 Joined Yokohama City Hall
- April 2003 Director General of General Affairs Bureau of Yokohama City Hall
- April 2006 Director General of Waterworks Bureau of Yokohama City Hall
- July 2008 Vice President of Kanagawa Water Supply Authority
- June 2013 Outside Audit & Supervisory Board Member of the company  
Retired from Kanagawa Water Supply Authority



**Wako Tojima**  
Outside Audit &  
Supervisory Board  
Member

- April 1985 Joined The Yomiuri Shimbun,
- March 1991 Retired from The Yomiuri Shimbun  
Freelance journalist
- April 2007 Part-time lecturer at School of Social and International Studies of University of Tsukuba
- June 2014 Outside Audit & Supervisory Board Member of the company

## Executive Officers

|                           |                   |   |
|---------------------------|-------------------|---|
| President                 | Michiaki Hirose   |   |
| Executive Vice Presidents | Yutaka Kunigo     | Head of Power Business, Chief Executive of Energy Production Div., In Charge of Power Business Planning Dept.                                     |
|                           | Takashi Uchida    | Chief Executive of Residential Sales and Service Div.   |
| Senior Executive Officers | Hiroaki Kobayashi | Chief Executive of Pipeline Network Div.  |
|                           | Satoru Yasuoka    | Chief Executive of Energy Solution Div., General Manager of Volume Sales Dept. of Energy Solution Div.  |
|                           | Fumio Murazeki    | President, Representative Director of Tokyo Gas Liquid Holdings Co., Ltd.   |
|                           | Masaru Takamatsu  | In Charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept.                           |
|                           | Hideaki Arai      | Chief Executive of Region Div.  |
|                           | Shin Yamagami     | Chief Executive of IT Div., in charge of Environmental Affairs Dept., and Fundamental Technology Dept.  |
|                           | Isao Nakajima     | CFO, in Charge of Finance Dept., Accounting Dept., Purchasing Dept., and Real Estate Management Dept.   |
|                           | Kunio Nohata      | President, Representative Director of Tokyo Gas Engineering Solutions Corporation   |
|                           | Satoru Sawada     | In Charge of Corporate Planning Dept., Corporate Communications Dept., Gas Business Deregulation Project Dept., Tokyo 2020 Olympic and Paralympic |
|                           | Takashi Anamizu   | Chief Executive of Energy Resources and Overseas Div.   |

|                       |                    |
|-----------------------|--------------------|
| Executive Officers    | Fumihiko Hara      |
|                       | Kiyotada Den       |
|                       | Takahiro Saito     |
|                       | Shinichi Takagi    |
|                       | Toshiyasu Ishii    |
|                       | Nobuhisa Kobayashi |
|                       | Tadashi Komiyama   |
|                       | Koki Hayakawa      |
|                       | Kentaro Kimoto     |
|                       | Yohei Nitta        |
| Executive Specialists | Masami Takayanagi  |
|                       | Minoru Sanari      |
|                       | Tomoyuki Yoshioka  |
|                       | Hiroshi Kishino    |
|                       | Shinichi Sasayama  |
|                       | Ayumi Shigitani    |

## Message from an Outside Director

Full liberalization of the gas retail market in Japan is scheduled to take place in April 2017, as determined one year earlier, following the full liberalization of the electric power retail market in April 2016. Overseas, oil prices and other factors remain uncertain, while the requirements to invest in natural gas-related infrastructure are rising. As such, Tokyo Gas is facing such significant changes in its business environment.

Concerning corporate governance, the Tokyo Stock Exchange formulated Japan's Corporate Governance Code in June 2015, whereby listed companies are expected to make further efforts to ensure healthy corporate entrepreneurship and transparency, and to enhance initiatives with the aim to create mid- to long-term corporate value.

As a lawyer, I have provided various legal services to many corporations. In the current critical juncture, I felt deeply honored to be appointed as an independent outside director of Tokyo Gas and was humbled by the significant responsibility and high expectations. According to the principles of the Corporate Governance Code, independent outside directors are expected to oversee management and reflect opinions of stakeholders to fulfill their roles as independent watchdogs and guides. I thus believe my first task is to encourage more active constructive discussions at the Board of Directors meetings. Specifically, given my knowledge and experience as a legal professional, I will always be mindful of the interests of shareholders and other stakeholders, and ask questions or express opinions at each stage when management issues are formulated, and measures are developed and implemented. In other words, I believe my first task is to play a monitoring function. Second, I intend to review whether structures for compliance, risk management, or internal control are properly established and are effectively utilized. Moreover, human resource development and consideration for maintaining a good working environment are indispensable from the perspective of raising mid- to long-term corporate value. I am also hoping to contribute to enhancement of corporate value from a viewpoint of promoting diversity in terms of gender, age, nationality, physical condition, family environment, and other factors.

**Chika Igarashi**  
Outside Director



Tokyo Gas was early to start appointing outside directors. I think the company is addressing corporate governance issues at a relatively high level. I put great confidence in Tokyo Gas employees, who freely explain the company's business outline and issues to outside directors such as me and always sincerely respond to questions.

In my view, corporate value of Tokyo Gas is based on its "reliability, safety, and trust" branding power, which was accumulated during its 130-year history, and is driven by its vitality to capture growth opportunities in changing times and keep facing challenges boldly. Value should be permanently created by well-balanced functioning of those elements.

Corporate value also places a primary focus on shareholder-oriented management. However, in case of Tokyo Gas, which plays a social mission of the supply of energy, I think it would be more appropriate to think of its corporate value as an aggregate of value provided to all stakeholders, including customers, employees, suppliers, local communities, and international society in general.

Vitality of Tokyo Gas is well presented in the context and progress of its Challenge 2020 Vision, a 9-year plan established six months after the Great East Japan Earthquake of March 2011. At present, the company is in the midst of the second "Step" stage making steady progress in its three main policies: to evolve into the Total energy business; to accelerate global business development; and to reconstruct the corporate group. As the changes accompanying liberalization appear, one by one, it appears that more barriers in terms of business and regions are to be discarded and business restructuring could be accelerated, with repercussions overseas. I will make my best efforts to accomplish my tasks by always keeping interests of stakeholders in mind and helping Tokyo Gas shift into the third "Jump" stage.