

Tokyo Gas Group's Invisible Assets

Since its foundation in 1885, the Tokyo Gas Group has steadily supplied gas to industrial and household customers in the Greater Tokyo Area, and cultivated "invisible assets" that are not shown on financial statements while supporting economic development and a good life.

Amid the advancing full deregulation of the electricity and gas retail markets as well, the group will realize sustainable growth and the enhancement of its corporate value while improving these invisible assets.



Tokyo Gas Group's Partner Companies

Business Outline of Lifeval, Enesta, and Enefit

Number of Outlets	Number of Staff
Over 200	Approx. 10,000

Lifeval, Enesta, and Enefit are service companies with strong local community relationships that are engaged in meter reading, safety inspection of gas shutoff taps and gas facilities, and sales, installation and repair of gas appliances. Based on a marketing system with close connections to local communities, they have built a strong relationship of trust with customers. Tokyo Gas has also made a partial capital contribution to the companies and is supporting their management.

Many staff that are involved in a full range of services have been assigned to each outlet, and through operations spanning legal inspections of gas facilities to sales and maintenance of gas appliances, we have responded to customer needs. In the case of sales of electricity to households and small commercial customers as well, we have a marketing system that enables every single customer to be visited individually, which has become a strength in terms of the Tokyo Gas Group's electricity sales.

Lifeval and Enesta are fostering staff that not only specialize in gas but also have specialist knowledge and qualifications related to electricity such as electrical construction work qualifications. We are thus making progress in the establishment of an organization aimed at providing comprehensive energy services related to gas and electricity.

In order to deliver natural gas safely and steadily to over 11 million customers 24 hours a day and 365 days a year, we are continually developing human resources involved in safety. At a training facility dedicated to developing safety staff in Tsurumi-ku, Yokohama City, a total of about 6,900 Tokyo Gas employees and employees at Tokyo Gas Group partner companies a year are undergoing practical training.

To support the stable supply of city gas, it is indispensable to have human resources that are equipped with advanced specialized skills in facility design, construction, and maintenance as well as decision-making capabilities that enable the reliable execution of gas supply and safety responsibilities at times of emergencies. The trust of customers that has been earned as a result of expertise and efforts related to safety operations that we have accumulated during the group's history of 130 years has also become a strength of the Tokyo Gas Group. After full deregulation as well, we will strive to maintain and enhance the level of safety through continuous human resource development.



Safety



Skills



The Group is continually endeavoring to share skills across the entire Group and further increase awareness regarding quality enhancement in a wide range of areas related to customer safety and services.

As part of initiatives aimed at improving skills, in the area of "gas tap and gas appliance maintenance and regular safety inspection operations," which represent an opportunity to come into contact with our valued customers, we have held a practical skill competition over a period of five years from 2011. Partner companies of Lifeval, Enesta and Enefit take part in this, and by competing in knowledge and skills that are required in daily operations, it is refining its workplace skills.

Recent Skill Competitions' Details

	Operational area	Number of participants
FY2013	Regular safety inspections	Approx. 750
FY2014	Gas taps	Approx. 800
FY2015	Gas appliance maintenance	Approx. 600



Efforts toward Diversity

Strong commitment regarding diversity

The Tokyo Gas Group will promote diversity to ensure sustainable growth and development into the future

Amid increasingly fierce competition among companies in the energy market, the Tokyo Gas Group aims to realize its Challenge 2020 Vision in order to continue to be selected by customers and achieve sustainable growth and development in the future. One of the important challenges that we will tackle to this end on a groupwide basis is the promotion of diversity. To continue to respond to diversifying customer needs, it is essential for every person working in the group to make maximum use of their knowledge, ability, and experience and excel. We aim to be a corporate group that will develop and expand systems that will support this aim and foster awareness of it while also continuing to proactively create an organizational culture where every working person can excel regardless of their gender, age, or nationality, whether they are disabled or not, or whether they are hired just after graduating or in mid-career.

Basic Policy Regarding Promotion of Diversity

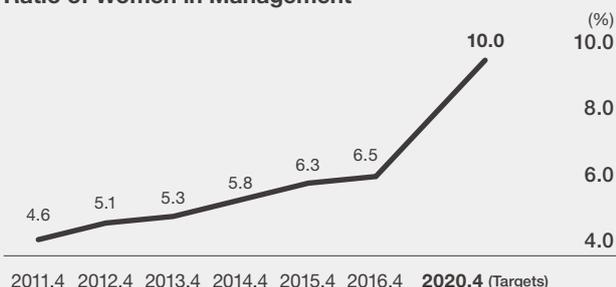
The Tokyo Gas Group will promote diversity in order to become a corporate group where every single working person makes maximum use of their knowledge, abilities, and experience and excels.

- 1 We aim to realize an organization (diverse working styles and productivity enhancement) in which every person accepts each other's working style while enhancing productivity.
- 2 We regard promoting the success of women as the beginning of the promotion of diversity, and will continue to undertake this proactively.
- 3 We will establish a "Group Diversity Promotion Team" and promote diversity in the entire Group in an integrated manner with management.

1 Active Promotion and Development of Women

Tokyo Gas recognizes the critical need to promote the success of a diverse pool of human resources and to create a workplace environment that allows each and every employee to maximize his or her various capabilities and strengths in order for it to secure growth as a company. Guided by this understanding, we actively recruit and promote women. As a result, our female employees are excelling across a wide range of occupational fields, and the ratio of women in management positions is also steadily increasing. In April 2016, we appointed our first female executive

Ratio of Women in Management



officer, and opportunities for female employees to excel are steadily expanding. In addition to upgrading and expanding our child-rearing and nursing care systems, Tokyo Gas places considerable weight on fostering employee awareness and creating an organizational culture that is conducive to developing the careers of the company's female employees by promoting a variety of initiatives including seminars. Looking ahead, we will continue to actively promote measures that will broaden opportunities for women to excel, with the aim of having women account for 10% of management positions in 2020.

2 Employment of People with Disabilities

At Tokyo Gas, people with disabilities work alongside our other employees and are performing a variety of duties. As of March 2016, 137 people with disabilities were in our employment, achieving the statutory rate. To further expand employment of people with disabilities and create opportunities for their success, we will newly establish a "Liaison Committee to Promote Employment of Disabled People," expand the locations and scope of work opportunities in the company for people with disabilities, and support initiatives by Group companies. At the same time, we will promote the creation of an environment that is safe and comfortable.



Human Resources

Assigning personnel to strategic areas

We are prioritizing the deployment of personnel to the electricity power business and overseas businesses, which are strategic areas, in an effort to promote their growth and expansion.

Electric power business

In tandem with the expansion of the electricity power business, we are emphasizing the deployment of personnel and developing personnel in relation to this business. In addition, we are flexibly engaged in mid-career recruitment of human resources with experience and expertise.

Overseas business

To expand overseas businesses, we increased the number of overseas employees by 2.5 times to about 100 during a period of five years from 2011. We plan to increase the number of personnel to 200 in tandem with the scale and speed of business expansion.

In this period of transformation of the energy industry, namely, the full deregulation of the electricity and gas retail markets, we are exchanging information broadly with not only electricity and gas companies but also players in various industries. Moreover, we are promoting cooperation in areas where we foresee mutual synergies such as gas resource procurement and the electricity business (power plant construction and electricity sales).



LNG value chain

Using our technologies and know-how on its total energy business, we provide energy solutions to customers which engage in business in Southeast Asia and North America and contribute to projects such as infrastructure building.

- PetroVietnam Gas (Signed a memorandum of understanding to conduct a feasibility study on energy solution businesses) ;
- PT Pertamina (Signing of a Memorandum of Understanding with Pertamina towards forming a Strategic Alliance -Cooperation for Development of LNG Value Chain in Indonesia-)

Gas resource procurement



By enhancing and expanding alliance with LNG players in Japan and overseas, we have flexibility and pricing competition in procurement of LNG.

- Korea Gas Corporation; CPC Corporation, Taiwan; Kansai Electric Power

Power Generation



Expansion of competitive power generation capacity

- JX Energy (Kawasaki Natural Gas Power Generation); Showa Shell Sekiyu (Ohgishima Power); Kobe Steel (Electricity procurement from Moka Power Station); Idemitsu Kosan and Kyushu Electric Power (Chiba-Sodegaura Energy)

Electricity Sales



Expand sales to high-voltage and extra-high-voltage customers

- Tohoku Electric Power (Synergia Power); NTT Facilities and Osaka Gas (Ennet)

Expand sales to low-voltage customers

- Business alliance with 18 companies including gas operators which are our city gas wholesale customers (approx. 569,000 city gas customers)
- Business alliance with 27 LP gas sales companies (approx. 310,000 city gas customers)
- Making progress with talks about sales through partnerships with companies in housing, construction, equipment, telecommunication, information service, and other industries.



Partners

