

CORPORATE GOVERNANCE

 **Basic Policy on Corporate Governance**
www.tokyo-gas.co.jp/IR/english/gvnnnc/pdf/policy.pdf

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 9 directors, 4 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: www.tokyo-gas.co.jp/IR/english/gvnnnc/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. On the basis of this report, the Board of Directors has designated them to be independent officers and reported that designation to the stock exchanges on which the company is listed.

Realizing Accurate and Rapid Decision Making, and Efficient Business Execution

The Corporate Executive Committee, which meets weekly as a general rule, deliberates on provisions to be resolutions at Board of Directors' meetings and important management-related issues.

The company has introduced an executive officer system for business execution in accordance with the decisions of the Board of Directors. Substantial authority has been delegated to executive officers in their designated areas of responsibility to ensure efficient business execution.

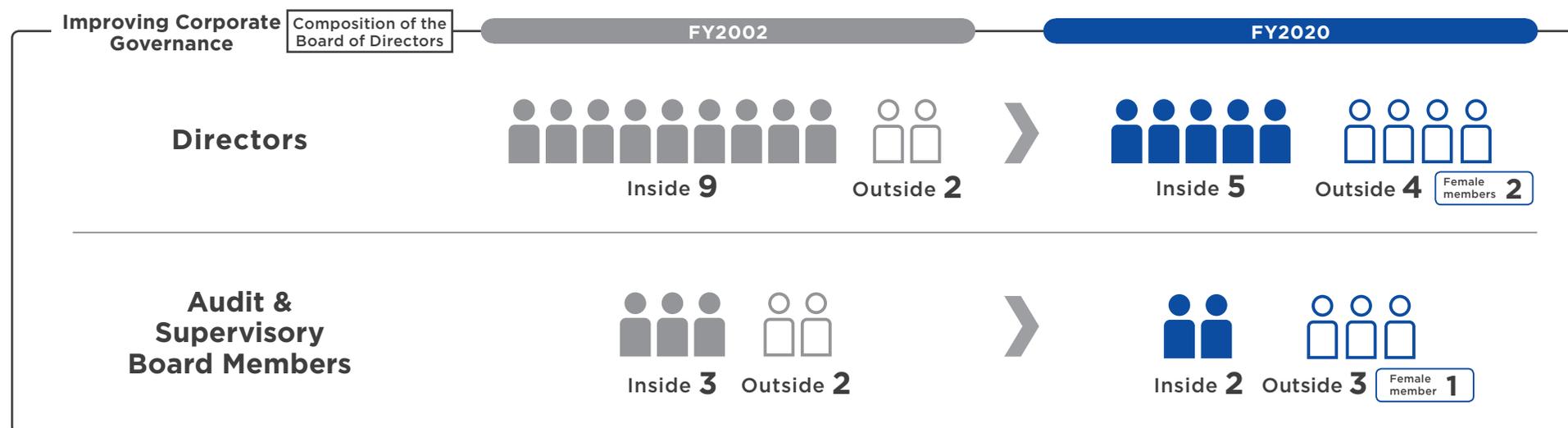
Meanwhile, they are required to report the state of their duties to the Board of Directors as necessary to ensure that their execution of business is appropriately monitored.

Analysis and Evaluation of Effectiveness of the Board of Directors

To maintain and enhance its effectiveness, the Board of Directors analyzes and evaluates itself through an annual questionnaire-based self-evaluation and through discussions and the exchange of opinions at Board of Directors' meetings.

Based on the results of the questionnaire and the exchange of opinions at the Board of Directors' meetings, efforts to improve the effectiveness of the Board of Directors are put into practice, including the enhancement of site inspection visits to develop the understanding of individual businesses, the increase of executive officers' attendance at Board of Directors' meetings and the inspection of deliberations at the Corporate Executive Committee meetings.

Continuing effort is necessary to further increase the Board's effectiveness. The company will continuously evaluate the effectiveness of the Board of Directors in a bid to improve its monitoring functions.



Audit & Supervisory Board

The Audit & Supervisory Board holds a meeting each month in principle and whenever necessary. Five Audit & Supervisory Board members, including three outside members, deliberate and determine audit policies and other matters and receive reports on the state of the implementation of audits from one another. They appoint at least one member with adequate knowledge on financial and accounting affairs to further improve the effectiveness of the audits they carry out.

In line with the Corporate Auditors' Audit Standards formulated by the Audit & Supervisory Board, its members attend important meetings such as those of the Board of Directors and the Corporate Executive Committee, inspect the status of operations at the head office and other business offices, and communicate with the accounting auditor to collect information. They request explanations as necessary, express opinions and audit the Directors' execution of their duties.

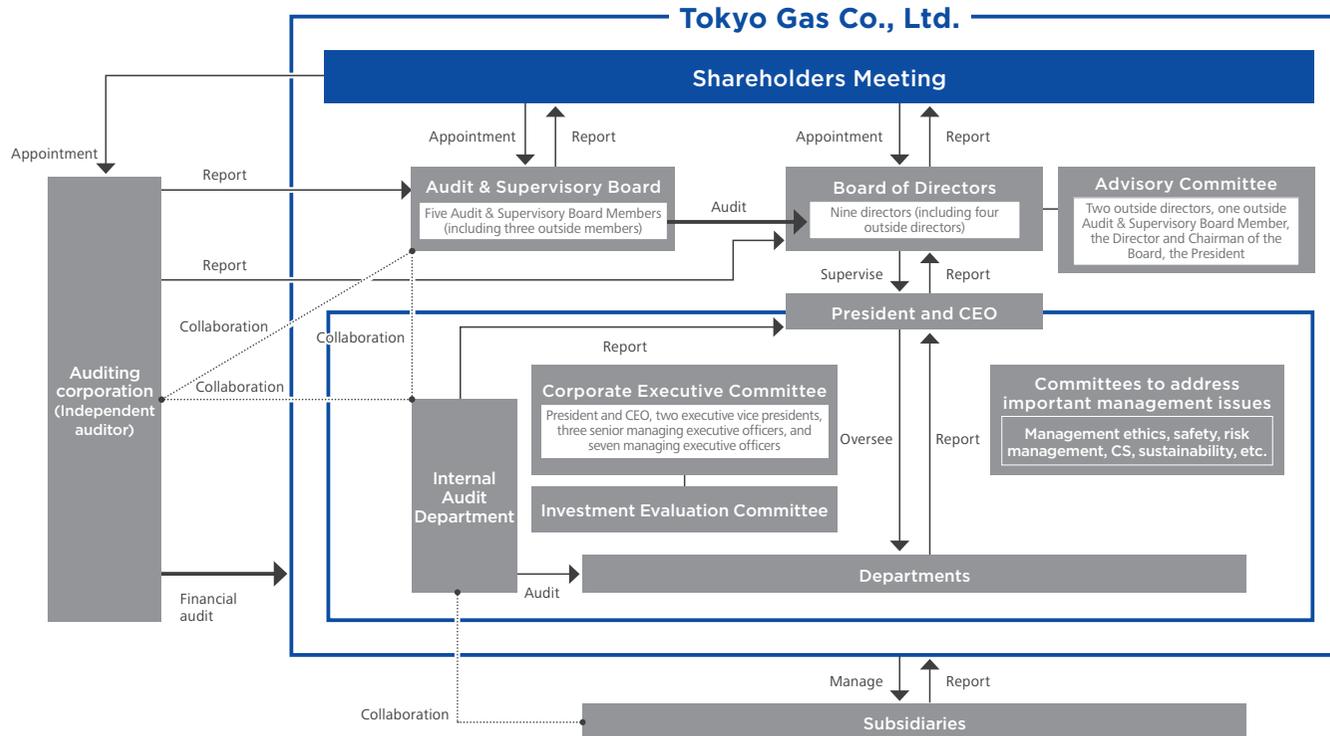
Outside Audit & Supervisory Board Members

With capital, transactions, relationships and other factors defined as criteria for the independence of outside officers, the company comprehensively verifies that they are unlikely to have conflicts of interest with general shareholders and that they are in a position that enables them to be objective and neutral. On this basis, it makes a judgment on their independence. The Advisory Committee has confirmed that none of the outside officers have any interest with the company in regard to capital, transactions, or relationships and that they are independent in accordance with the above standards. On the basis of this report, the Board of Directors has designated them to be independent officers and reported that designation to the stock exchanges on which the company is listed.

The outside Audit & Supervisory Board members conduct

audits from an independent viewpoint and contribute to the improvement of the rationality and objectivity of the company's execution of business and 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 voting rights at meetings of the Audit & Supervisory Board, the outside Audit & Supervisory Board members contribute to assuring and improving rationality and objectivity of the audits.

Corporate Governance System



Overview of Corporate Governance System (As of June 26, 2020)	
Number of directors	9
Average age of directors	62.6
Number of outside directors	4
Number of Audit & Supervisory Board members	5
Number of outside Audit & Supervisory Board members	3
Number of independent officers	7
Participation of outside directors / outside Audit & Supervisory Board members in determination of remuneration	Yes
Participation of outside directors and outside Audit & Supervisory Board members in selecting director candidates	Yes
Number of meetings of Board of Directors*	12
Attendance rate of outside directors at meetings of Board of Directors*	100%
Term of office of directors	1 year
Performance-linked remuneration	Yes
Share purchase system to reflect the perspective of shareholders in management	Yes

* Total for the period from June 2019 to May 2020

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

We have established in-house committees—such as the Management Ethics Committee, chaired by the President and CEO—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.

Investment Evaluation Committee

Of the matters to be discussed at the Corporate Executive Committee, the Investment Evaluation Committee chaired by the Executive Officer in charge of financial affairs evaluates matters that require the evaluation of the significance, economy and risks related to investment and post-investment follow-up and reports to the Corporate Executive Committee.

Officer Remuneration

In 2005, as part of its actions to strengthen corporate governance, the company formulated the basic policy on officer remuneration. At the 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.

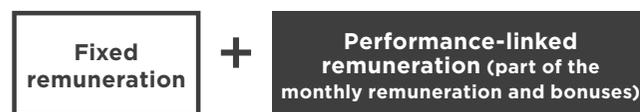
2 Level of Remuneration

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.

Composition of Remuneration for Directors



* Monthly remuneration of outside directors are fixed remuneration only.

- (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 companywide 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.

Total Remuneration for Directors and Audit & Supervisory Board Members (FY2019)					
Classification of officers	Total value of remuneration (¥ million)	Total value of remuneration by type (¥ million)			Number of eligible officers
		Fixed remuneration (Monthly remuneration)	Performance-linked remuneration		
			Monthly remuneration	Bonuses	
Directors (excluding outside directors)	331	240	55	34	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	74	74	-	-	3
Outside Director	41	35	-	6	6
Outside Audit & Supervisory Board Members	34	34	-	-	3

* The number of officers includes two outside directors and one Audit & Supervisory Board member who retired upon the conclusion of the 219th Annual General Meeting of Shareholders.

* It was resolved that the amount of monthly remuneration of all Directors (including Outside Directors) should be under ¥50 million at the 205th Annual General Meeting of Shareholders and that the amount of annual bonus for all Directors should be under ¥90 million at the 206th Annual General Meeting of Shareholders.

* It was resolved that the amount of monthly remuneration of all Audit & Supervisory Board members (including outside members of the Audit & Supervisory Board) should be under ¥12 million at the 190th Annual General Meeting of Shareholders.

Advisory Committee

In February 2005, we established the Advisory Committee to assure objectiveness and transparency in management. The committee has up to five members, consisting of the Chairman, the President and CEO, and up to three directors selected by the Board of Directors; with over half of its membership consisting of outside officers, and the committee chairman also being an outside officer.

Advisory Committee Membership (as of June 26, 2020)

Committee chairman	Committee members
	Takami Kazunori (Outside Director)
	Nohara Sawako (Outside Audit & Supervisory Board Member)
Saito Hitoshi (Outside Director)	Hirose Michiaki (Director, Chairman of the Board)
	Uchida Takashi (Representative Director, 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 soundness and transparency, and to realize its management philosophy, the company has formulated the “Basic Policy on Development of Corporate Structures and Systems for Internal Control System,” and 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 three certified public accountants: Shishido Michitaka, Tamura Toshiyuki and Uehara Yoshihiro. For these auditors, the number of consecutive years of auditing service is 1 year, 3 years and 5 years, respectively (as of June 26, 2020).

Compensation for Independent Auditors (FY2019)

Compensation for auditing services	262 Million yen
Compensation for non-auditing services	15 Million yen
Total	277 Million yen

Compliance

Compliance Structure

The company has established the Management Ethics Committee chaired by the President and CEO. It discusses at the executive level overall actions for maintaining and improving compliance awareness, monitors the implementation of compliance-related measures, and checks activity programs from the year following its establishment. If necessary, it issues instructions to correct insufficiencies. In response to this, individual divisions and subsidiaries set up compliance committees to carry out inspections and improvements suiting their own operations. The Tokyo Gas Group maintains the Code of Conduct as the standard for behavior when carrying out duties. We are making continued efforts to ensure the Code of Conduct is known and observed by employees through workplace discussions including the participation of all employees at their workplaces and through rank-specific training sessions on the occasions of entry and promotion.

Compliance Risk Management

Through the formulation and implementation of escalation rules that encourage any employee finding anything unusual to notify their manager without hesitation and 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. Moreover, the Internal Audit Department conducts internal audits of the Company and its subsidiaries, focusing on the probability that risks will materialize and their degree of importance from the viewpoint of strict compliance with laws and regulations, corporate ethics and social norms. The status of improvement concerning any recommendations made as a result of the internal audits is checked in a follow-up audit in the following year to ensure steady improvement in risk management.

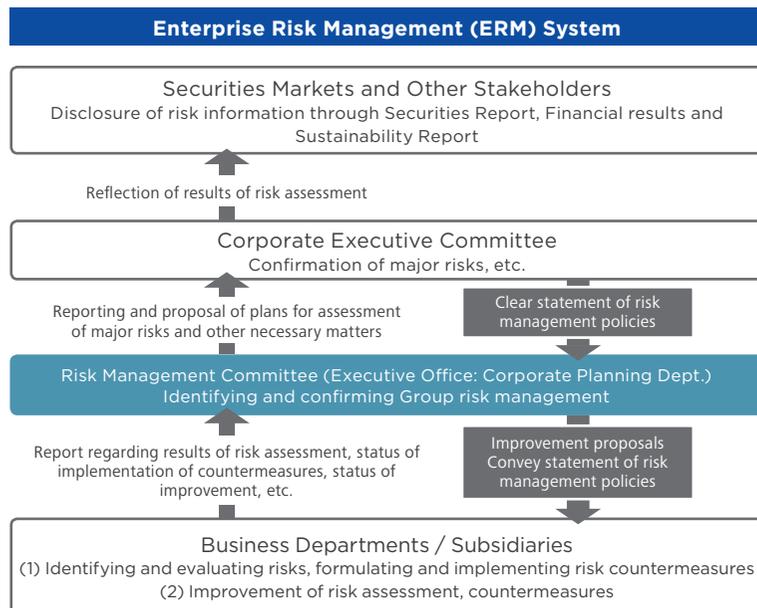
Risk Management System

Enterprise Risk Management System

The company has established an enterprise risk management (ERM) system, and drawn up risk management regulations that include documented rules concerning major risks faced by the group.

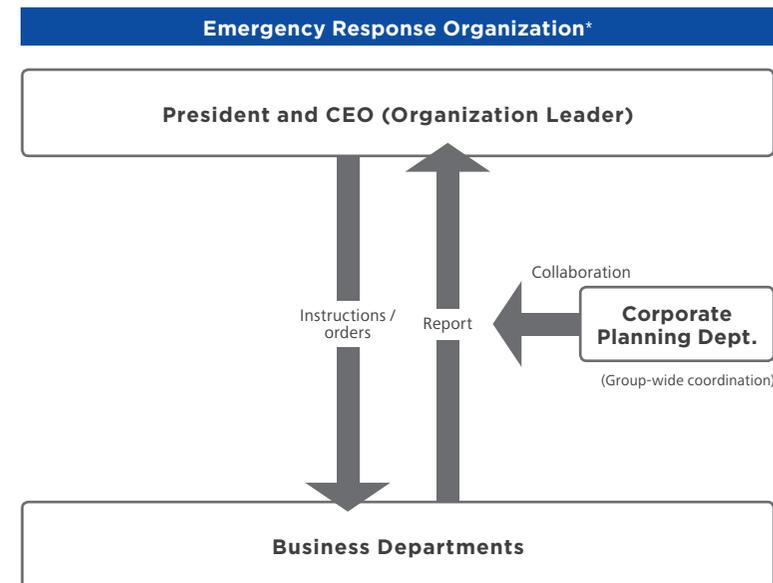
The Risk Management Committee was established with the aim of improving the management level of the ERM system. The Committee checks progress regarding the establishment and operational status of the ERM system, including periodic risk assessments. It also reports to the Corporate Executive Committee and obtains the necessary approvals.

Under the framework, around 150 Risk Management Promotion Officers are deployed in the business departments of Tokyo Gas and its subsidiaries 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 major crises, including major natural disasters, such as earthquakes, or production or supply disruptions arising from major accidents at pipelines or LNG terminals, as well as epidemics of highly pathogenic or infectious diseases, terrorism, failures in mission-critical IT systems, and compliance problems, the Emergency Response Organization is established to respond 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 epidemic of highly pathogenic or infectious diseases, etc. This plan is in place to reinforce the company’s risk management system.



* A department in charge of an executive office is predetermined depending on the type of emergency.

Board of Directors (As of July 1, 2020)



Director, Chairman of the Board
Hirose Michiaki

April 1974 Joined the Company
June 2009 Director, Managing Executive Officer and in charge of Corporate Planning Dept., Corporate Communications Dept. and Affiliated Companies Dept.
April 2012 Representative Director, Executive Vice President and Chief Executive of Living Energy Div.
April 2014 Representative Director, President
April 2018 Director and Chairman of the Board

Reason for appointment Over the course of his career, Hirose Michiaki has engaged mainly in planning-related work duties. For four years, from April 2014 until March 2018, he served as President. Since April 2018, as Director and Chairman, he has served as chairman of the Board of Directors. He is highly knowledgeable, and has extensive work experience with the company.



Representative Director
Takamatsu Masaru

April 1980 Joined the Company
June 2016 Director, Managing Executive Officer and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept.
April 2018 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div.

Reason for appointment During his career, Takamatsu Masaru has engaged mainly in sales to household consumers and planning-related work duties. He currently serves as Executive Vice President. He is highly knowledgeable, and has extensive work experience with the company.



Director
Sasayama Shinichi

April 1986 Joined the Company
June 2020 Director, Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div.

Reason for appointment Sasayama Shinichi has engaged mainly in duties related to planning. He currently serves as Senior Managing Executive Officer in charge of LNG and electric power trading through optimal asset management and development of renewable energy and other power sources. He is highly knowledgeable, and has extensive work experience with the company.



Representative Director,
President and CEO
Uchida Takashi

April 1979 Joined the Company
June 2015 Director, Managing 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.
April 2018 Representative Director, President and CEO

Reason for appointment In his career, Uchida Takashi has engaged mainly in planning, resources and overseas business-related work duties. Since April 2018, he has served as President and CEO, with ultimate responsibility for the execution of duties within the company. He is highly knowledgeable, and has extensive work experience with the company.



Representative Director
Nohata Kunio

April 1984 Joined the Company
June 2017 Director, Managing Executive Officer of the Company, Chief Executive of Power Business Div., in charge of Environmental Affairs Dept.
April 2018 Director, Senior Managing Executive Officer, Chief Executive of Global Business Div.
April 2020 Representative Director, Executive Vice President and Chief Executive of Energy Solution Div., in charge of Sustainability Dept.

Reason for appointment Over the course of his career, Nohata Kunio has engaged mainly in energy sales, resources and overseas business-related work duties. He currently serves as Executive Vice President in charge of sales to commercial and industrial consumers. He is highly knowledgeable, and has extensive work experience with the company.



Director Outside
Saito Hitoshi

April 1976 Joined Mitsui Fudosan Co., Ltd.
June 2011 Executive Managing Director and Executive Managing Officer of Mitsui Fudosan Co., Ltd.
April 2013 Managing Director and Senior Executive Managing Officer of Mitsui Fudosan Co., Ltd.
April 2015 Managing Director, Senior Executive Managing Officer and Chief Executive of International Div. of Mitsui Fudosan Co., Ltd.
June 2017 Advisor of Mitsui Fudosan Co., Ltd.
June 2019 Director of the Company
June 2020 Retired from Advisor of Mitsui Fudosan Co., Ltd.

Reason for appointment Mr. Saito Hitoshi is expected to use his international perspective acquired from overseas businesses in the real estate industry, as well as his management capabilities, broad outlook and in-depth knowledge gained through a wide range of business development for the Company's management.

Significant joint responsibilities Outside Director of GLOBESHIP Corporation



Director Outside
Eda Hiro Junko

April 2003 Representative Director of Eda Hiroba Inc. (Current e's Inc.)
May 2006 Director and Chairperson of Change Agent Inc.
August 2018 Professor of Shizenkan University Graduate School of Leadership & Innovation
June 2019 Director of the Company
October 2019 Representative Director of Shimokawa Seeds K.K.

Reason for appointment Ms. Eda Hiro Junko is expected to use her experience as a corporate manager, advanced specialization related to the environment and in-depth knowledge as an environmental journalist for the Company's management.

Significant joint responsibilities
Representative Director of e's Inc.
Director and Chairperson of Change Agent Inc.
Professor of Shizenkan University Graduate School of Leadership & Innovation
Representative Director of Shimokawa Seeds K.K.



Director Outside
Takami Kazunori

April 1978 Joined Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation)
June 2009 Managing Director of Panasonic Corporation
April 2012 Representative Director, Senior Managing Executive officer and President of Appliances Company of Panasonic Corporation
April 2015 Representative Director, Executive Vice President and in charge of Japan region, Customer Satisfaction, and Design of Panasonic Corporation
June 2017 Corporate Advisor of Panasonic Corporation
March 2018 Retired from Corporate Advisor of Panasonic Corporation
June 2019 Director of the Company

Reason for appointment Mr. Takami Kazunori is expected to use his management capabilities, broad outlook and in-depth knowledge acquired through a wide range of business development in the electrical industry for the Company's management.

Significant joint responsibilities
Outside Director of Tokyo FM Broadcasting Co., Ltd.
Outside Director of Nojima Corporation
Outside Director of FUJITA KANKO INC.

April 1985 Joined Daiwa Securities Co. Ltd.
April 2016 Senior Managing Director of Daiwa Institute of Research Ltd.
December 2016 Retired from Senior Managing Director of Daiwa Institute of Research Ltd.
December 2016 Commissioner of Securities and Exchange Surveillance Commission
December 2019 Retired from Commissioner of Securities and Exchange Surveillance Commission
June 2020 Director of the Company

Reason for appointment Ms. Indo Mami is expected to use her in-depth experience as analyst and consultant and in other areas related to corporate management in the financial sector as well as her extensive perspectives and advanced knowledge for the Company's management.

Significant joint responsibilities
Audit & Supervisory Board Member (External) of Ajinomoto Co., Inc.
External Audit & Supervisory Board Member of AIG Japan Holdings KK

Executive Officers

President and CEO	Uchida Takashi
Executive Vice Presidents	Takamatsu Masaru Chief Executive of Residential Sales and Service Div.
	Nohata Kunio Chief Executive of Energy Solution Div. and in charge of Sustainability Dept.
Senior Managing Executive Officers	Sawada Satoru The Japan Gas Association
	Hayakawa Koki CFO in charge of Financial Management Dept., Accounting Dept., Purchasing Dept. and Internal Audit Dept.
	Kishino Hiroshi In charge of Corporate Planning Dept., General Administration Dept. and Business Transformation Project Dept.
	Sasayama Shinichi Chief Executive of Asset Optimization & Trading Div.

Managing Executive Officers	Komiyama Tadashi Chief Executive of Regional Development Div.
	Kimoto Kentaro Chief Executive of Gas & Power Div. and Digital Innovation Div.
	Shigitani Ayumi General Manager of CIRIUS Project Dept., Digital Innovation Div. and President, Representative Director of TOKYO GAS i NET CORP.
	Higo Takashi President, Representative Director of Tokyo Gas Engineering Solutions Corporation
	Hosoya Isao Chief Executive of Pipeline Network Company
	Tanazawa Satoshi Chief Executive of Global Business Div.
Executive Officers	Ogawa Shinsuke In charge of Personnel Dept., Secretary Dept., Corporate Communications Dept. and Compliance Dept.
	Nitta Yohei, Yoshioka Tomoyuki, Kikuyama Yoshiharu, Hanada Hiroshi, Saito Akihiro, Kado Masayuki, Konishi Yasuhiro, Sato Hirofumi, Endo Yo, Sugawara Nobuhiro, Tsuji Eito, Kurimoto Kazuya, Imai Tomoo, Konishi Masako, Takeuchi Atsunori, Okumura Eigo

Audit & Supervisory Board Members (As of July 1, 2020)



Audit & Supervisory
Board Member
Arai Hideaki

April 1979 Joined the Company
April 2013 Senior Executive Officer, Chief Executive of Pipeline Network Div.
April 2015 Senior Executive Officer, Chief Executive of Regional Development Marketing Div.
March 2017 Retired as Senior Executive Officer
June 2017 Audit & Supervisory Board Member of the Company

Reason for appointment Arai Hideaki is highly knowledgeable, and has extensive work experience with the Company. He has engaged mainly in pipeline and wide-area sales-related work duties, and has also served as a Senior Executive Officer.



Audit & Supervisory
Board Member
Nakajima Isao

April 1982 Joined the Company
April 2015 Senior Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Purchasing Dept. and Real Estate Management Dept.
April 2018 Senior Managing Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Personnel Dept. and Purchasing Dept.
March 2019 Retired as Senior Managing Executive Officer
June 2019 Audit & Supervisory Board Member of the Company

Reason for appointment Nakajima Isao is highly knowledgeable in financial affairs and accounting, and has extensive work experience with the Company. He has carried out financial and accounting operations and has served as Senior Managing Executive Officer.



Audit & Supervisory
Board Member Outside
Nobutoki Masato

April 1981 Joined Mitsubishi Corporation
April 2007 Joined City of Yokohama
Director General of City Growth Strategy Promotion Department, Economic Affairs Bureau, City of Yokohama
April 2016 Consultant of Future City Promotion, Climate Change Policy Headquarters, City of Yokohama
June 2017 Audit & Supervisory Board Member of the Company
Retired from Yokohama City as a consultant

Reason for appointment Mr. Nobutoki Masato is highly knowledgeable and has extensive experience, both as a company employee and as a member of staff at regional public bodies. We hope that he will make use of these qualities in his role as an Audit & Supervisory Board member for Tokyo Gas.



Audit & Supervisory Board
Member Outside
Nohara Sawako

December 1988 Joined Life Science Institute Co., Ltd.
July 1995 Joined InfoCom Research, Inc.
December 2001 President and Representative Director of IPSe Marketing, Inc.
June 2018 Audit & Supervisory Board Member of the Company
April 2020 Project Professor, Graduate School of Media and Governance, Keio University

Reason for appointment Ms. Nohara Sawako is highly knowledgeable, and possesses corporate management experience and high-level IT-related expertise. We hope that she will make use of these qualities in her role as an Audit & Supervisory Board member for Tokyo Gas.

Significant joint responsibilities
President and Representative Director of IPSe Marketing, Inc.
Outside Director of Sompo Holdings, Inc.
Outside Director of DAIICHI SANKYO COMPANY, LIMITED



Audit & Supervisory Board
Member Outside
Ono Hiromichi

April 1979 Joined Ajinomoto Co., Inc.
June 2011 Member of the Board & Corporate Vice President in charge of Finance and Purchasing
April 2013 Member of the Investment Committee of Government Pension Investment Fund
June 2017 Retired from Member of the Board of Ajinomoto Co., Inc.
June 2017 Retired from Member of the Investment Committee of Government Pension Investment Fund
June 2020 Audit & Supervisory Board Member of the Company

Reason for appointment Mr. Ono Hiromichi possesses a high level of experience in business administration and knowledge in finance and accounting. We hope that he will make use of these qualities in his role as an Audit & Supervisory Board member for Tokyo Gas.

Significant joint responsibilities
Outside Director of Mebuki Financial Group, Inc.

Messages from Outside Directors

Our Outside Directors that were involved in the formulation of the Management Vision Compass 2030 (hereinafter “the Vision”) talk about their discussions at the Board of Directors meeting and their expectations of Tokyo Gas and its Group.

I pushed for a plain message

Fifty years after Tokyo Gas began importing LNG, we are now at a turning point in energy. In addition to the worldwide trend towards decarbonization, the deregulation of the market is proceeding in Japan. The Tokyo Gas Group needs to adapt to two strong tides. Picturing the future 10 years from now and beyond was a challenging process when drawing up the latest long-term vision.

For the Vision, we, the Outside Directors, took part not only in the formulation of strategy but also in other aspects ranging from the framework to how it was communicated. It was totally new to me. The approach impressed on me a strong desire to incorporate the opinions of people outside the company into the Vision. I think it was very significant that executives exchanged different opinions based on their own backgrounds even though it was a little time-consuming.

However, this resulted in a message that was too large to be clearly understandable. After that, I persistently requested that the message should be simple and short. I think that the final form of the message, or the Vision, is plain and sharp.

It includes the target of increasing the profits of the overseas business to triple their current level in 2030. In light of my past experience in overseas business, I think it is necessary that individual employees build up their skills to keep up with the high speed of overseas business.

Unlike in Japan, Tokyo Gas does not have a solid platform or brand power overseas. Personal negotiating skills and decision-making capabilities count there. I hope that they will work towards achieving the Vision with a business mind full of a sense of ownership and a can-do spirit.



Director **Outside**
Saito Hitoshi

It may take time to carry out the transformation, but it is important to address it with a focus on swiftness

We, the Outside Directors, were deeply involved in the process of formulating the Vision. We were often asked to give opinions and the members actively exchanged opinions based on their rich expertise in their areas of specialization.

The decision to address the challenge of achieving Net-Zero CO₂ was based on the company's pride and its sense of its mission to lead energy systems as Japan's first importer of natural gas.

Another highlight of the Vision is the reference to the transformation of the LNG value chain. The action of expanding business across the diverse functions of the value chain and the creation of different kinds of value means transforming the conventional business structure. It may take time to carry out the transformation. I said that it would be important to address it with a focus on swiftness.

I added that it would also be necessary to change employees' mindset. In a wait-and-see attitude, working is the mere performance of a task. Essentially, "business" means thinking from a higher perspective to take action. It is creative and exciting. It is very challenging to motivate individuals to act on the transformation. However, it is fulfilling

Director **Outside**

Takami Kazunori

for employees.

The key to success is humans. A change of the business structure may make some employees anxious about their future. Diversification of the staff will accelerate. In consideration of this, the Vision has engagement with current and future colleagues as its final part.

I suppose that few corporate visions carry messages to their employees. From the perspective of my experience, I believe that employee satisfaction is a very significant element of business management and highly appreciate the management's stance of valuing employees.



The Vision must define goals that should be attained, not just the things that can be attained

When working out the Vision, the most important thing was the time perspective. Natural gas is more environmentally friendly than oil or coal, as it emits less CO₂. In addition, it is compatible with renewable energy. Towards 2030, its role will expand. On the other hand, since it is a fossil fuel, its consumption should be reduced in the long run to realize a decarbonized society.

I do not think that the Tokyo Gas Group's role of supporting energy in society will change. However, I anticipate that what we sell and how we sell will change. I therefore said that we need to distinguish between two different time perspectives, namely the short term and the long term, and to deliver messages to society from these two separate perspectives.

In the process of drawing up a vision, we discussed with an eye on the future decarbonized society and made a proposal of leading the world in next-generation energy systems. The Vision must define goals that should be attained, not just the things that can be attained. This goal will first inspire employees, and then inspire society. It can be achieved when all of us work

together. Businesses can only exist within the scope in which they are needed in society. I am convinced that the Tokyo Gas Group has a strong will and is capable of changing in response to the future demands of society. Specific actions towards Net-Zero CO₂ are already underway.

Tokyo Gas has a well-established system for preparing and providing materials to ensure effective deliberations at the Board of Directors meetings. I feel that its members with their respective expertise, including myself, can freely deliberate as a team without being urged to make hasty decisions.



Director **Outside**

Eda Hiro Junko

Messages from New Outside Officers



To date, I have engaged in financial analysis, investment banking and consulting services. This gave me opportunities to meet many different business managers in various sectors and allowed me to broaden my views on management. In different councils and committees of the Ministry of Economy, Trade and Industry, I gained in-depth knowledge on energy businesses and commented from the perspective of the capital market.

The energy industry is experiencing drastic changes like no other in the past, including intensifying competition following deregulation and the designation of climate change as a key management issue. I feel that the Tokyo Gas Group is actively working to change itself in this situation. I think that, to sustainably increase corporate value, it is important that every employee understands the mission and thinks

themselves about how to take action.

In Compass 2030, the Tokyo Gas Group committed to offer new value to all stakeholders, instead of merely advancing its business. I hope that the Group will try to develop its customers' recognition of this new value, and not just expand its business on the basis of its own values or assets alone. For this, it is vital to introduce value and assets owned by diverse stakeholders and to innovate in collaboration with them.

Understanding the perspectives of different stakeholders is significant in business management. I believe that my role is to advise in a way that will help increase corporate value from many different standpoints, including those of the investors.



I have long worked in the field of finance and accounting for a food company.

When I worked in Thailand, I experienced the Asian currency crisis. After returning to Japan, I took action to comply with the international accounting standards and the internal control reporting system and coped with the 2008 global financial crisis and many other difficulties.

As a corporate officer in charge of financial affairs, I took part in the administration of business and spoke with investors. I also served as a member of the Investment Committee of the Government Pension Investment Fund (GPIF). I have been involved in the capital market in several ways.

I feel honored to be able to serve Tokyo Gas as an outside member of the Audit & Supervisory Board. Tokyo Gas is a company not only serving the public interest but also addressing the need for harmony with the environment, the competition following deregulation and the further global

expansion of business.

The energy business invests huge amounts of money. Its balance sheet portfolio differs from food companies. In addition, it has a different competitive environment for reasons of the public utilities service. Responsible for social infrastructure, Tokyo Gas has the missions of working for stable energy prices, the stable supply of energy and of making a profit as a listed company.

That being said, I strongly feel required to view the business environment, business structure and other aspects of the business from two perspectives, the public interest and efficiency. I will use my past experience to work towards achieving things in the public interest and efficiency. With a focus on the macro perspective and foresight as well as on legal compliance in corporate management, I will fulfill my role as an Outside Audit & Supervisory Board Member.