



The cover features a collage of images representing various aspects of Tokyo Gas: a woman in a business suit working on a laptop, workers in white uniforms and hard hats inside a large industrial tunnel, a woman smiling from the driver's seat of a white van with 'TOKYO GAS LIFEVAL' branding, a woman in a blue top reviewing documents, a man in a white uniform working on a control panel, a man in a white uniform working on a large industrial pipe, a man in a white uniform standing on a platform overlooking a large industrial facility by the water, and a man in a white uniform and hard hat working on a complex industrial structure. A large red and blue diagonal graphic element is overlaid on the collage.

TOKYO GAS INTEGRATED REPORT 2020

CONTENTS

02 Introduction

- 02 Who we are
- 03 At a Glance
- 04 Our performance
- 05 Long-Term Performance

06 Message

- 06 CEO's message
- 10 CFO's message

12 LNG value chain**14 Promoting sustainability****15 Tokyo Gas Group Management Vision
Compass 2030**

- 16 What do you mean by “a business group which continues to create value”?
- 18 How do you plan to “lead the future energy systems”?
- 20 How do you “continue to create value”?
- 21 ① Transformation of the LNG value chain to maximize each of its functions
- 23 ② Resolving problems in daily life and businesses
- 25 ③ Leading the transition to a decarbonized society
- 27 ④ Overseas expansion
- 29 Personnel strategy
- 31 Support for TCFD recommendations and information disclosure

**33 Tokyo Gas Group FY2020 - 2022
Medium-Term Management Plan****41 Corporate governance**

- 41 Corporate governance
- 47 Board of Directors
- 49 Audit & Supervisory Board Members
- 50 Messages from Outside Directors
- 52 Messages from New Outside Officers

53 Business overview

- 53 Gas business
- 54 Electric power business
- 55 Overseas business
- 56 Service business
Energy-related business
- 57 Service business
Urban Development Service (Real Estate)

58 Financial data

- 58 10-Year Consolidated Financial Highlights
- 60 Consolidated Balance Sheet
- 61 Consolidated Statement of Income / Consolidated Statement of Comprehensive Income
- 62 Consolidated Statement of Cash Flows
- 63 Delayed Impact of Gas Rate Adjustment System

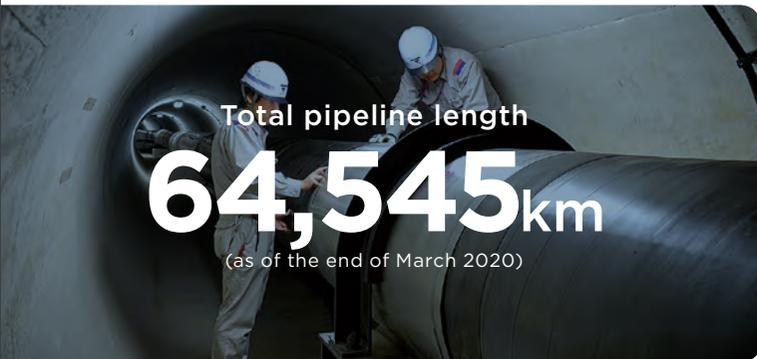




Established in
1885



Personnel (consolidated)
16,591
people
(as of the end of March 2020)



Total pipeline length
64,545km
(as of the end of March 2020)

Providing energy and energy solutions for future lifestyles, society and the earth

The Tokyo Gas Group will explore the future together with you. For 135 years, we have served every single customer, developing our high aspirations towards establishing trust and acting in the public interest. Based on this, we identify issues together with customers, society and our business partners to quickly and flexibly provide energy and solutions.

Management Philosophy

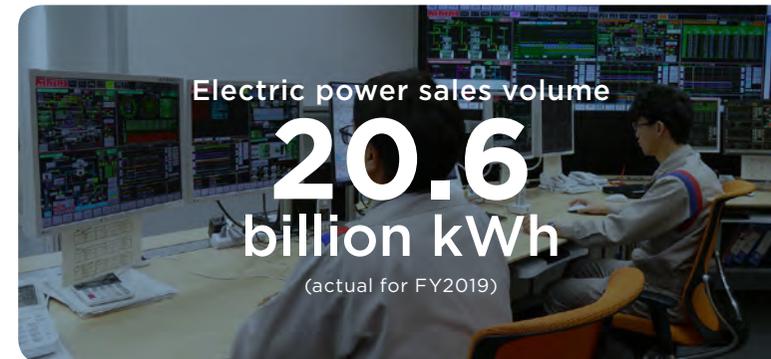


Number of customer accounts
*including those for gas, electricity and services

12.11
million
(as of the end of March 2020)



LNG procurement volume
13.23
million tons
(actual for FY2019)



Electric power sales volume
20.6
billion kWh
(actual for FY2019)

Management Philosophy

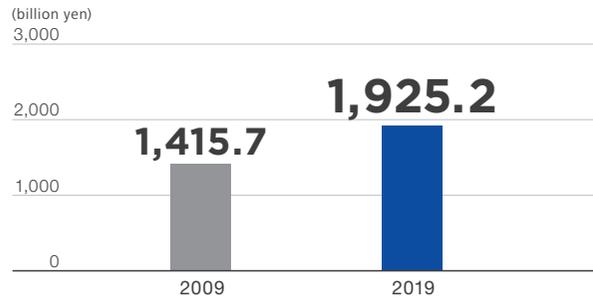
As a leading energy company with focus on its natural gas businesses, the Tokyo Gas Group shall actively contribute to create a pleasant lifestyle and environmentally friendly society, maintain and enhance its trust from our customers, shareholders, and society.

Corporate Action Philosophy

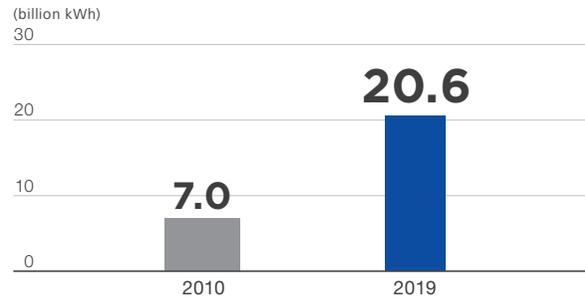
- 1 We will continue to grow while maintaining awareness of our company's public mission and social responsibilities.
- 2 We will provide quality products and services, and always endeavor to improve customer satisfaction.
- 3 We will hold ourselves to high ethical standards, and fairly and transparently conduct corporate activities while observing both the letter and the spirit of related laws and ordinances.
- 4 We will contribute to alleviating global environmental problems as a leader in environmental management.
- 5 We will remain keenly aware of our obligations to be a good corporate citizen and work towards the betterment of society by contributing to community activities.
- 6 We will pursue continual innovation to promote a cost effective business approach that is both flexible and resilient.
- 7 We will aspire to build organizations that are based upon the full exercise of and respect for the talents, desires, and creativity of each and every employee.

At a Glance

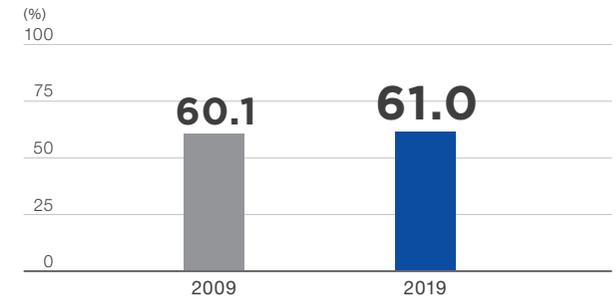
Consolidated net sales



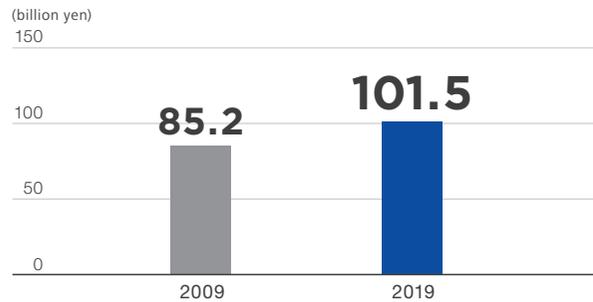
Electric power sales volume



Returns for shareholders (total payout ratio)



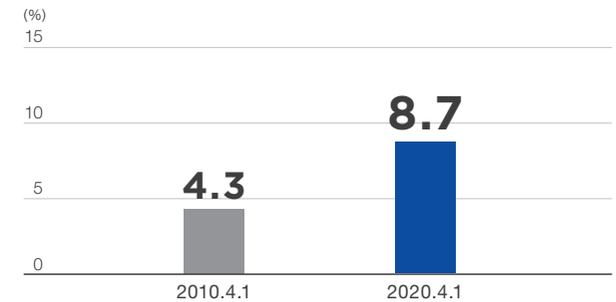
Consolidated operating profit



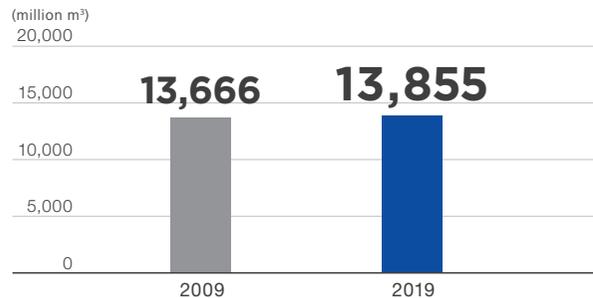
Number of customer accounts (gas and electricity)



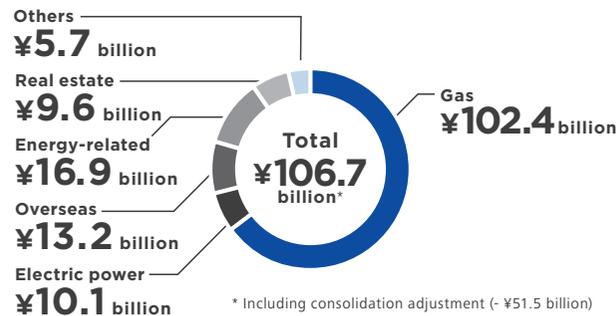
Ratio of women in management



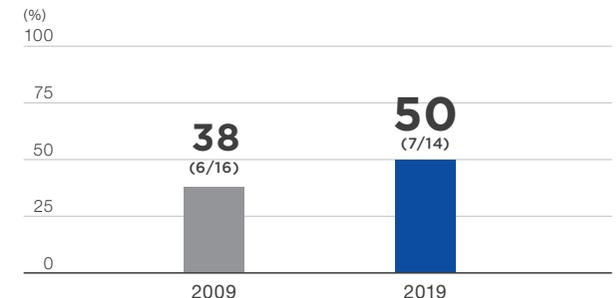
Consolidated city gas sales volume



Segment profit (FY2019)

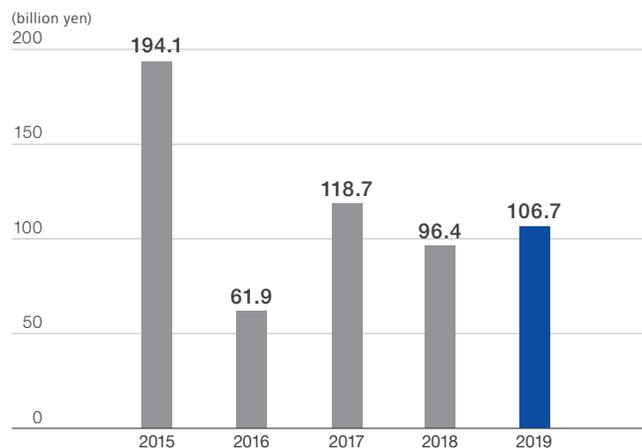


Ratio of outside executives (directors and auditors)

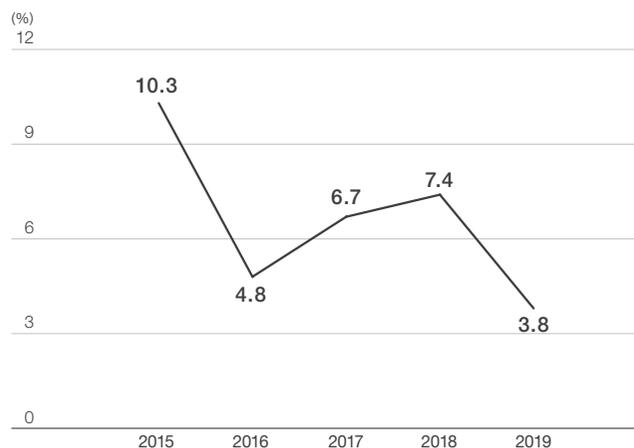


Our performance

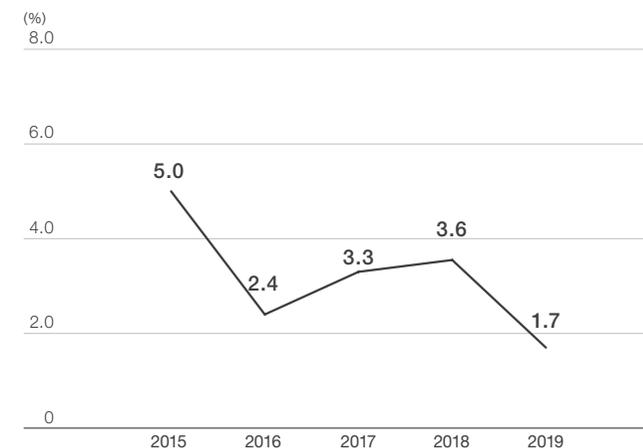
Segment profit



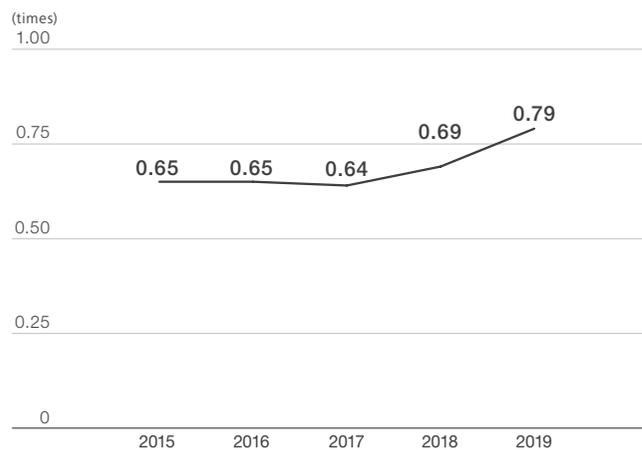
ROE (Return on Equity)



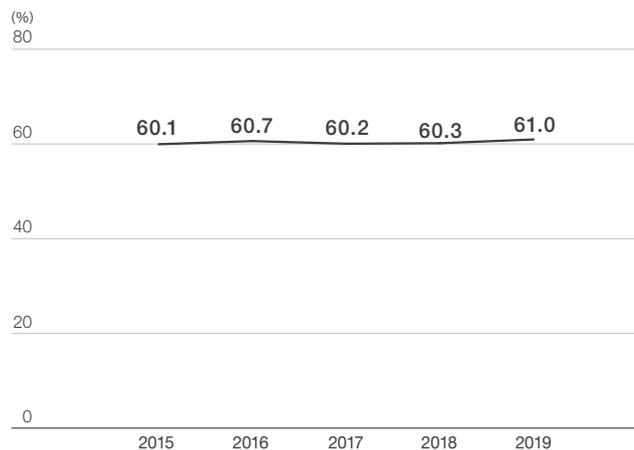
ROA (Return on Assets)



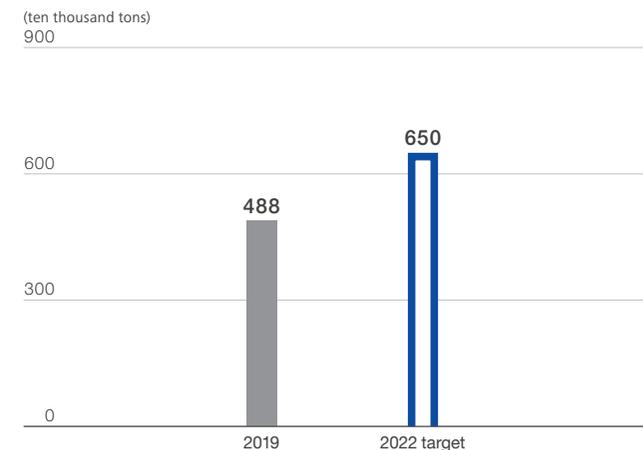
D/E ratio



Total payout ratio



Contribution to CO₂ emission reductions*



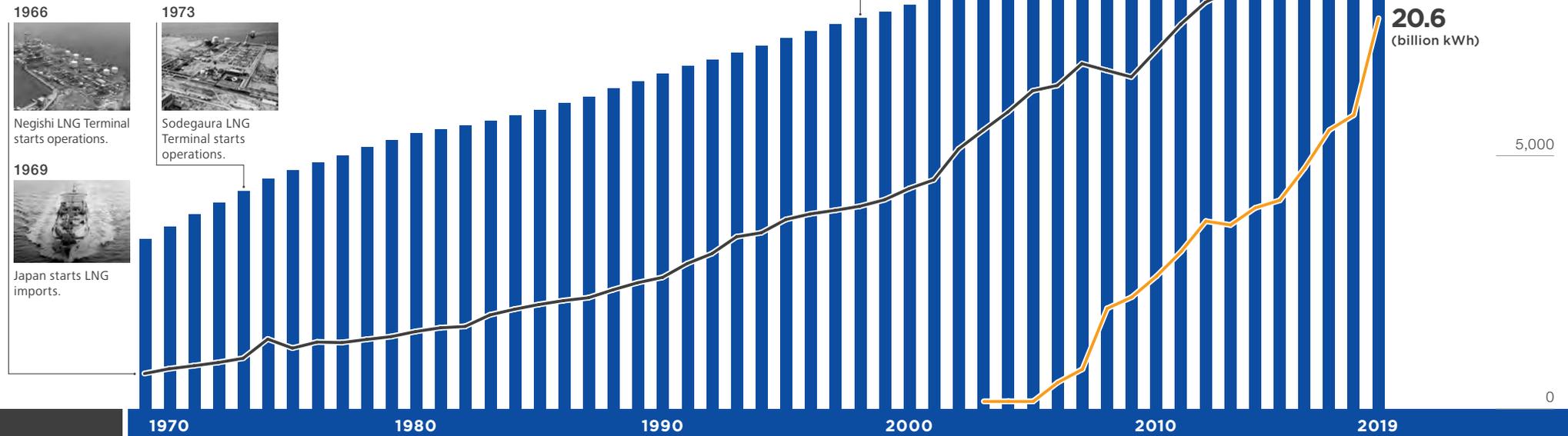
* Base year: FY2013; including CO₂ reduction contribution at customers sites.

Tokyo Gas continues to grow as “Energy Frontier”

The Tokyo Gas Group aims to be a true power source for people’s lives and for society. Over 135 years, our work kept us in a face-to-face relationship with our customers. Based on the accumulated experience and trust derived from that history, we want to help create a bright, safe and pleasant tomorrow.

■ Number of customers for city gas and electricity retail sales (thousands) — Gas sales volume (thousand tons)
 — Electric power sales volume (billion kWh)

* The figures for number of customers and gas sales volume are on a non-consolidated basis up to fiscal 2002 and on a consolidated basis from fiscal 2003 onwards.
 * The gas sales volume for fiscal 2011 onwards includes the volume used in-house under tolling arrangements and the LNG sales volume.
 * The number of retail customers up to fiscal 2008 are estimated by multiplying the number of gas meters installed by the active account ratio.



1966
 Negishi LNG Terminal starts operations.

1969
 Japan starts LNG imports.

1973
 Sodegaura LNG Terminal starts operations.

1998
 Ohgishima LNG Terminal starts operations.

2003
 Tokyo Gas Bay Power Co., Ltd.

2006
 Tokyo Gas Yokosuka Power Co., Ltd.

2008
 Kawasaki Natural Gas Power Generation Co., Ltd.

2010
 Ohgishima Power Co., Ltd.

2016
 Hitachi LNG Terminal starts operations.

2019
 Moka Power Station starts operations. 50th Anniversary of LNG

◀ Era of coal and oil ▶ Era of LNG

1970 1973 First oil crisis
 1979 Second oil crisis

1980 1986-1991 Japan's economic bubble

1990 1995 Start of the deregulation of the city gas market of large-scale gas customers
 1999 Start of the deregulation of the electric power market of large-scale electricity customers

2000 2008 Global Financial Crisis

2010 2011 Great East Japan Earthquake
 2016 Full deregulation of the electric power retail market
 2017 Full deregulation of the city gas retail market

Leading energy companies around the world in the effort to achieve Net-Zero CO₂

**“Never ever stop the energy supply.”
We are committed to fulfilling this mission to support our customers’ normal lives.**

First, I would like to express my sincerest condolences to the families and friends of those who have lost their lives due to the novel coronavirus (COVID-19), and my profound sympathies to those that are suffering from it. I would also like to express my heartfelt gratitude to the medical professionals and others dedicated to stopping the spread of infection.

“Never ever stop the energy supply.” This is the phrase that immediately came to mind as the CEO as the COVID-19 outbreak began, and the slogan that I shared with all Group employees. I think that we as a utility company have three duties to meet in unusual or emergency situations, beyond just this ongoing pandemic, to ensure that all customers can lead normal lives.

The first is the duty we have as an energy provider that supplies electric power in addition to gas. Our Group supplies gas and electricity not only to general households

but to medical institutions, public facilities, factories and other facilities that cannot close down. We have a responsibility to stably supply energy, even during emergencies like the one we are now experiencing. To fulfill this responsibility, we must procure raw materials without disruption, safely produce gas and electric power and thoroughly maintain and manage our supply and safety systems under any circumstances. These are the greatest, fundamental duties that we must meet as an energy supplier. Lifeval, the outlets of Tokyo Gas, have to serve customers using gas and electric power at home. Gaslight 24 bases must deal with a gas leak on site. I feel grateful for the staff of our Group, for their contribution to the stable supply of energy despite the mounting strain on themselves and their families.

The second duty is a social responsibility that we have as a corporate citizen to build a community where people can live safely, without worries. The current pandemic has caused many people to experience financial difficulties. Our Group has swiftly introduced a special measure extending bill payment due dates by up to three months for our customers who are having temporary difficulties making bill payments. To aid households experiencing financial difficulties, we donated food to food banks. We also provided 15,000 N95 face masks that we had stockpiled for

Uchida Takashi
Representative Director,
President and CEO

* This interview took place on May 18, 2020.
The state of the spread of COVID-19, our Group's actions, the status of announcement of the consolidated forecast for the fiscal year ending March 31, 2021, and other details are correct as of the interview date.

a novel influenza to medical workers. We are thus carrying out support activities positively.

And the third duty is our responsibility to increase corporate value as a public stock company. We will not stop the implementation of our management vision Compass 2030, or the FY2020 - 2022 Medium-Term Management Plan (hereafter, the new Medium-Term Management Plan). We will soundly announce our financial results and hold the meeting of shareholders to present our Group's policy and gain the support of stakeholders. These are a part of the responsibilities that our Group has to meet. While the closing of the financial statements was disrupted by the COVID-19 outbreak, as a result of the concerted efforts of the group staff, we were able to report our financial results on schedule.

The COVID-19 outbreak impacts customers in many different ways

Our commercial and industrial customers running stores and other commercial facilities, hotels, schools, offices, factories and other facilities are affected in many different ways by the COVID-19 outbreak. As we begin the fiscal year, we have yet to determine the consolidated forecast for the fiscal year ending March 31, 2021, because it has

been deemed difficult to accurately understand and estimate specific circumstances and the severity of their impact. To date, we are aware that, among our commercial customers, hotels and restaurants are severely affected. In addition, demand for air conditioning energy and electricity at schools that have been closed for a long time fell sharply. With regard to industrial customers, it has been successively reported that some automobile factories have suspended operations and that steel manufacturers have suspended the operation of blast furnaces or closed them. It is thought that gas and electricity sales volumes will change considerably depending on the future moves of these large customers.

We will also need to closely watch the trends of crude oil and LNG prices that are vulnerable to severe fluctuation

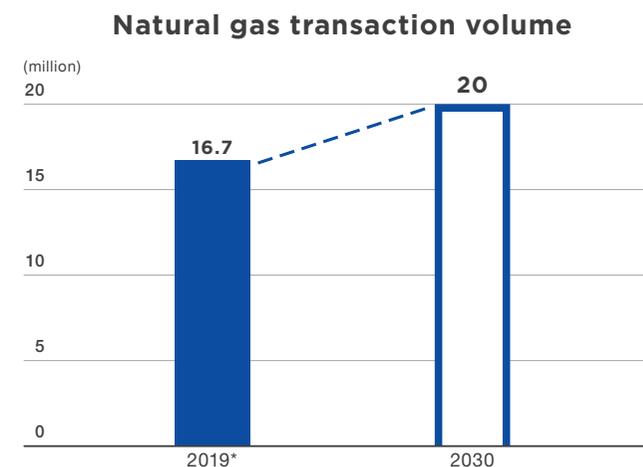
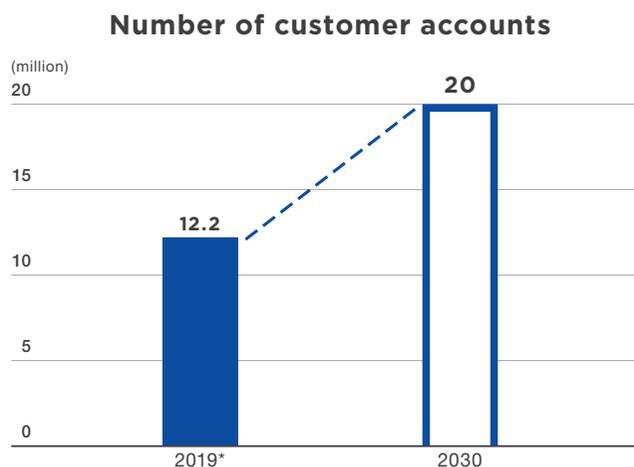
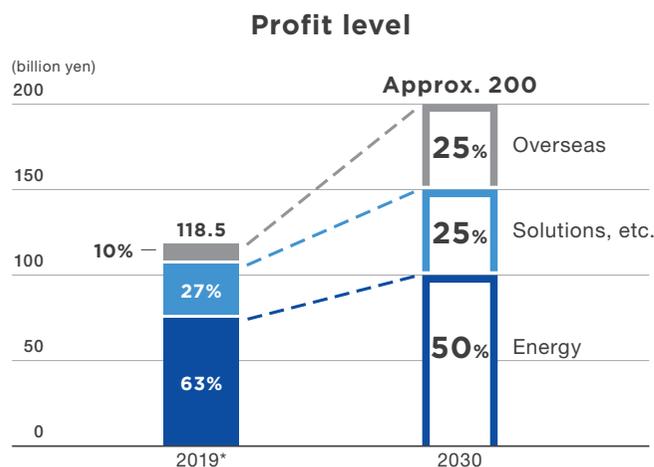
Now, the outlook for not only energy demand but also LNG prices is uncertain. Late in April, the New York Mercantile Exchange saw the West Texas Intermediate (WTI) crude oil futures for May delivery plunge sharply and temporarily mark a negative figure for the first time in history amid concern about the deterioration of the Chinese and other world economies. The WTI futures are a benchmark for the

international trade of crude oil. In addition, there are a pile of questions regarding crude oil prices, such as how long OPEC Plus will maintain its coordinated reduction of production and how the United States, which is now effectively the world's largest oil producer, will respond. Some forecast that the market will remain unstable for the foreseeable future.

Our Group uses LNG and LPG as raw materials for city gas. Raw material expenses depend on foreign exchange rates and crude oil prices. The decline in raw material prices is expected to produce a positive effect on our Group's domestic gas business and a negative impact on the overseas business, since we own upstream interests in Australia and in North America. In view of future trends of crude oil and LNG prices, we will assess the extent of positive and negative effects, and we will announce our financial forecast at the earliest possible timing.

We have formulated a long-term management vision by means of backcasting from 20 to 30 years in the future

As I have mentioned, the current business environment is very harsh and uncertain for reason of the COVID-19



*FY2019 forecast at the time of formulating the medium-term management plan

What I want to tell you

- We have formulated our management vision Compass 2030 by backcasting from 20 to 30 years in the future.
- The management vision Compass 2030 spelled out our Group's policy aiming Net-Zero CO₂ with an eye to 2050 and beyond. In the effort to achieve Net-Zero CO₂, we will lead energy companies around the world.
- Our awareness of changes in the market environment presented in the new Medium-Term Management Plan has not changed following the beginning of the COVID-19 pandemic. Rather, it is anticipated that these changes will speed up. We will accelerate the actions specified in the new Medium-Term Management Plan.
- We will develop our personnel into a force driving corporate development.
- We have set a target for a total payout ratio of around 60% for each fiscal year up to fiscal 2022.
- Our DNA drives us to seek coexistence with multiple stakeholders and a balance between social and economic value.

outbreak. Our Group's management vision Compass 2030 and the new Medium-Term Management Plan for FY2020 to 2022 formulated in March 2020 referred to our awareness of changes in market environment in the medium-to long-term future. This view has not been changed. Rather, it is anticipated that the changes will speed up.

In the past, when our group formulated its long-term management vision, it had a forecast for the coming 10 years. For the latest vision, we started by foreseeing the situation 20 to 30 years into the future, and carried out backcasting from that future time to identify the things we should be doing now. Ten years from now, natural gas fired thermal power generation and natural gas as its fuel will have a greater role to play in line with the expansion of renewable energy, since it can make up for variation in the output of renewable energy power generation methods that depend on weather conditions. However, we thought that if we had only thought of the target for 10 years from now, the resulting plan would have failed to deal with the social change that will occur beyond that time, in the form of decarbonization.

We have selected four words starting with the letter D as key terms that represent changes in the business environment and in the trends of the times that we project. We believe that we cannot picture the future of our company without devising measures to address these four D challenges.

The first is Decarbonization. Today, society seeks decarbonization as well as low carbonization. In Japan as well, there are increasing discussions about whether it is really appropriate for businesses to merely seek low carbon emissions and whether they need to aim for decarbonization in the future. It is the top priority challenge for us. We have made it clear how our Group will respond to this demand.

The second is Digitalization. This change is gaining momentum. In recent years, some companies started to disruptively change society and the economy using the latest digital technologies. In the future, similar moves will emerge in the energy sector as well. Our Group has the policy of strongly pushing ahead with digitalization.

The third is Diversity, particularly in value. Many customers are no longer in favor of the conventional mass

production of single items. They now choose items that are matched to their own sense of value. Meanwhile, increasingly people are happy to share goods instead of owning them. It is presumable that the way of using energy at households may change given that they can achieve self-sufficiency by effectively using renewable sources of energy, such as solar power generation, and storage batteries. Another important challenge is to address the diversification of our customers and their sense of value to improve the services of our Group.

The fourth is Deregulation. To survive the increasingly intense competition between operators, we will take actions, including the formulation of strategies involving not only our competitors but also other businesses beyond the boundaries of the industry.

In the effort to achieve Net-Zero CO₂, we will lead energy companies around the world

Our Group launched its policy aiming Net-Zero CO₂ with an eye to 2050 and beyond in our management vision Compass 2030. This created a great reaction, not only from

the energy industry but also from many different business sectors. The term of Net-Zero CO₂ embodies our aspiration to lead energy companies around the world, our sense of the crisis regarding the survival of companies that do not take action and see results for decarbonization and our sense of mission as an energy company. Personally, I felt obliged to provide an answer through the Management Vision to our young employees who nervously feel the changes in society and feel strongly uneasy about survival of the Tokyo Gas Group in its present state.

We will develop our personnel into a force driving the company

I see our employees as key stakeholders who invest their own lives in our Group. Personnel are the driving force behind corporate development. No matter how brilliant the vision we make is, it is personnel who carry it out. I realize that the biggest management issue is to motivate the personnel.

For our Group, dedication to the maintenance of the stable supply of energy and safety is an important part of our corporate culture that has taken root since our foundation. While it is a good thing, emphasis on protection may have led to excessive prudence regarding the changes required in the coming era of shifting paradigms.

I believe that in order for people to change, the corporate culture must change. It is the young personnel who can change the corporate culture. As these young personnel grow, the company will change significantly. Therefore, I hope that they will try many new things, even if they make mistakes. Without this progressive spirit, no company can develop.

That is why we established Engagement with Current and Future Colleagues at the end of Management Vision Compass 2030. In the process of formulating the Management Vision, we introduced two totally new approaches. One was backcasting. The other was to hold discussions with around 20 young employees. They are the closest to the future generations. They gave vigorous

comments. For example, one said, "We would like to be a company achieving decarbonization," and another said, "We aspire to create new value in relationships with customers." The Management Vision declares that we will establish a value co-creation ecosystem that creates value together with customers, the local community, local governments, and business partners that include companies in different industries and venture firms.

This new attempt is based on these comments from our young employees.

We will seek to attain a balance between growth investments and return to shareholders

Our Group has paid dividends at a total payout ratio of 60% since 2006. We are proud to have taken measures to positively return profit to shareholders since our early days as a Japanese energy firm. The new Medium-Term Management Plan set a total payout ratio target at approximately 60% in each fiscal year through fiscal 2022, since we judged that we would be able to attain a total payout ratio of 60% as in the past while making growth investments. We will continue to regard treasury share acquisition as part of shareholder returns and maintain our policy of stably paying dividends according to our growth.

We will follow the principle of The Analects and the Abacus by our founder Shibusawa Eiichi

In 1885, Tokyo Gas was established by Shibusawa Eiichi, the Father of Japanese Capitalism. The principles discussed in his book, Rongo to Soroban (The Analects and the Abacus), coexistence with multiple stakeholders and the balancing between social and economic value, has been passed down through the generations to us. In our history, there were tough times following the emergence of new energy and equipment. I think that we were able to maintain our business because he set a process for development. However, we must open the way towards the future ourselves and hand it down to the next generation.



Now, our Group stands on the cusp of a new age of innovation towards 2030. Thinking of the coming days as an opportunity to take a big leap, we will develop into a corporate group that will be capable of continuously creating value while leading energy in the next generation. I hope that our stakeholders will look forward to the future development of Tokyo Gas Group and continue to support us for years to come.

Tokyo Gas is committed to following its basic financial policy and accomplishing the Medium-Term Management Plan

Senior Management Executive Officer, CFO

Hayakawa Koki

Working to increase corporate value through constructive dialogue

One year has passed since I became the chief financial officer (CFO). In that time, I have had many discussions with a large number of investors. As I am in a position partly responsible for management, I keep in mind that in constructive dialog with investors it is essential to closely communicate views of our Group and make them understood, and to listen to investors and incorporating their views into decision-making.

We announced management vision Compass 2030 in November 2019. It envisions what we wish to be in 2030 by backcasting from 2050, not by extrapolating from current trends. Among the points in the plan, many people were surprised that a city gas operator launched an effort to achieve Net-Zero CO₂. We understand that this is part of our responsibility to seriously address climate change, one of the ESG challenges. As an LNG pioneer, we have worked on carbon reduction by popularizing the use of natural gas in the past half century. The vision manifested our stance of working on the utilization of renewable energy and on the decarbonization of gas as a source of energy, to lead societal trends in the next half century.

Basic Financial Strategy Policy

- 1 Continue to maintain competitive shareholder returns (total payout ratio of 60%)
- 2 Steadily implement growth investments, with consideration given to investment efficiency and awareness of achieving an 8% ROE
- 3 Maintain sound financial base, as a basis for stable management and securing the trust and confidence of stakeholders



Appropriating cash flow created for the future to growth investments

In March 2020, we announced the FY2020 - 2022 Medium-Term Management Plan. The impact of the current COVID-19 outbreak on the world economy and the changes in social and economic systems after the end of the pandemic cannot be foreseen currently, but we believe that the course of action that we have determined for the medium- and long-term future will not change and we will take steady steps forward towards the accomplishment of the plan. Also, our basic financial policy will continuously aim to distribute the operating cash flow to ensure adequate and stable returns for shareholders, investments for growth and the maintenance of sound financial standing in a balanced manner.

The new Medium-Term Management Plan defined the sum of operating profits and equity method income as a key goal indicator (KGI) and set a goal of 140 billion yen for fiscal 2022. With regard to capital efficiency, it set targets of around 8% in ROE and around 4% in ROA, and for safety, a target D/E ratio of around 0.9 was set.

While carrying out cost reforms and expanding sales to create cash flow and ensure a balance between efficiency, soundness and shareholder returns, we will implement growth investments to solidify our foundation for future growth and enlargement.

Specifically, we are planning to make investments, including capital investment and financing, worth 1 trillion yen within the three-year period. Fiscal 2020 marks an end to our investment in pipelines and LNG terminals in the gas business. In the future, we will appropriate a large portion to overseas businesses and promising areas such as renewable energy and new services.

Returning the management results to shareholders in an appropriate and timely manner

We will return the cash flow created to shareholders properly and in a timely manner, as we have done in the past.

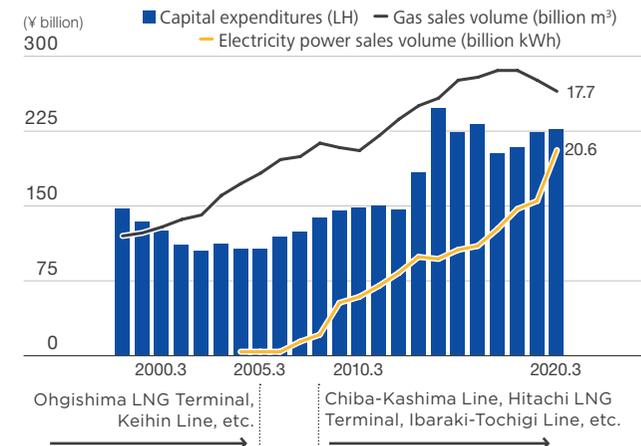
We set a total payout rate target of approximately 60% in the Challenge 2020 Vision announced in 2011, and we have steadily implemented dividend payments. When we announced management vision Compass 2030 last year, we did not refer to shareholder return. This was because we did not find it appropriate to present the conventional policy, including the shareholder return policy, in the vision, which indicates our desired future shape, rather than crunching of numbers. Instead, we presented our shareholder policy in the new Medium-Term Management Plan together with the specific income and expenditure plan or appropriation of cash flow to growth investments and others. In the process of formulating the Medium-Term Management Plan, we assessed our capacity to create cash flow, financial capabilities, ratings and others, we believed that we would be able to properly provide returns to shareholders and to make growth investments in the following three years and decided to maintain our dividend policy with its 60% total payout ratio, reflecting the ratio of dividends and treasury share acquisitions to consolidated profit.

While maintaining stable dividend payments, we will increase them according to our growth in overall consideration of medium- and long-term profits.

For fiscal 2019, we posted a huge extraordinary loss in the overseas business. This resulted in a total payout ratio of 60% with the total dividend payments only. For the first time since we announced our policy of attaining a total payout ratio of 60% in 2006, we failed to repurchase treasury shares. We on the management team take this seriously. As of the end of April we had not produced earnings forecasts for fiscal 2020 due to the difficulty of estimating the impact of the COVID-19 outbreak. However, we announced that we were planning to continue paying annual dividends of 60 yen per share so as to clarify our Group's stance on shareholder returns.

We will continue to listen to shareholders and investors and strive for greater corporate value through constructive communication. We respectfully ask for your continued support and understanding.

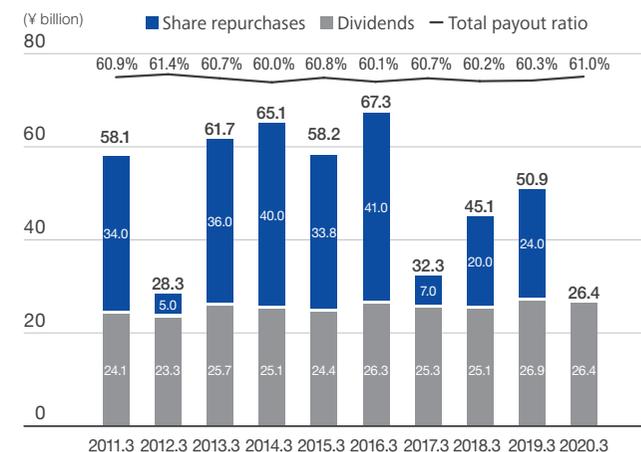
Capital Expenditures and Gas and Electricity Sales Volume



1 Non-consolidated basis up to fiscal 1998; consolidated basis from fiscal 1999

2 Gas sales volumes from fiscal 2011 onwards are on a 2020 Vision basis, including the gas volume used in-house under tolling arrangement and the LNG sales volume.

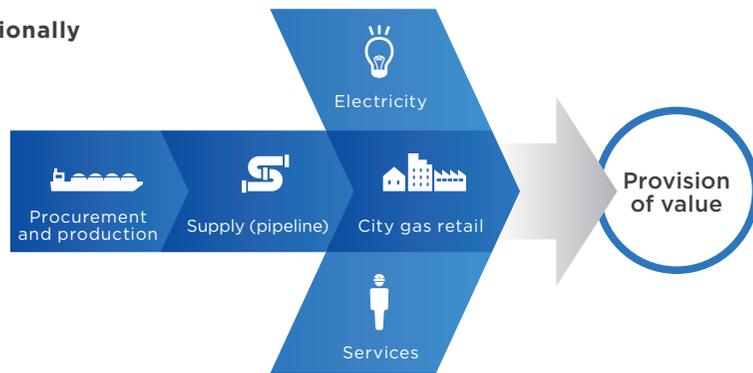
Shareholder Returns



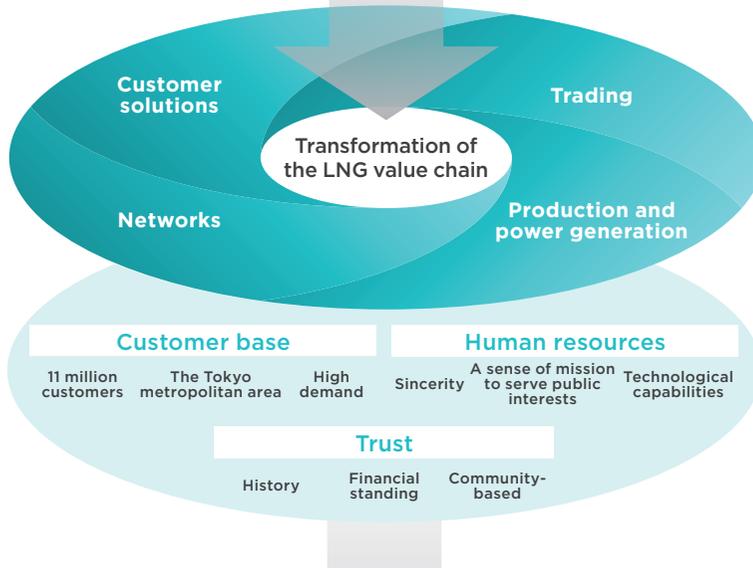
Transformation of the LNG value chain for value creation

We will crystallize the business expertise that has been accumulated in trading, production and power generation, networks and customer solutions and explore new domains in order to expand the customer base for whom value is created and provided and maximize each of the functions of the LNG value chain.

Conventionally



Goal for 2030



Strengths

We will capitalize on the strengths of the Tokyo Gas Group and continue to create various types of value through the participation of business partners and customers.

Customer solutions

We will crystallize our front-line operations and services for customers, including equipment installation and repair services carried out by Lifeval, which deals with last mile services. In addition, we will increase our use of digital infrastructure and business partners and expand the amount of data, products and technologies used to discover issues and swiftly propose a wide range of solutions matched with the customer.

Trading

We will optimally operate LNG terminals and our own ships and other equipment using digital technologies to improve stability, economic efficiency and flexibility in raw material procurement. Taking advantage of flexibility based on the scale of LNG and electricity power procurement, our own power plants and electric power and gas retail businesses and mutually utilizing the strengths and regional differences of business partners, we will increase added value of LNG and explore earning opportunities through transactions on and off the market.

Community-based

Number of Lifeval outlets*
174

(as of the end of March 2020)
* Including Enesta and Enefit outlets

Contact opportunities

Repairs, etc. and periodic safety inspections*
5.2 million

(actual for FY2019)
* Including Enesta and Enefit
* Repairs, etc. include opening/closing of gas fixtures.

Procurement capabilities

Number of vessels under our ownership or control
12

(as of the end of March 2020)

Storage capacity

LNG Terminals
3.47 million kiloliters

(as of the end of March 2020)

Networks

We will streamline pipeline maintenance and management operations, achieve the opening of the Ibaraki Line in 2020 to create a second circular trunk pipeline network, build closer ties with local governments and infrastructure operators to make the natural gas infrastructure in the Greater Tokyo region more resilient. In addition, we will explore new services using smart meters.

Production and power generation

We will digitalize the facility management of LNG terminals and introduce the real-time remote monitoring of production and other processes to advance operations. Leveraging the expertise in engineering and the operation of LNG terminals and power plants that we have developed, we will explore expansion in Japan and overseas and businesses for other operators.

Stable supply

Total pipeline length
64,545km

(as of the end of March 2020)

Safety

Number of serious supply disruption incidents
0

(actual for FY2019)

Natural gas-fired power plants

Number of power plants owned
5

(as of the end of March 2020)

Operation

Monitoring and control
On a 24/7 basis



Creating and offering various types of value in Japan and abroad

The conventional LNG value chain was based on a business model of offering LNG with increased value in different functions to customers through the retail end-point. However, in view of the trend towards decarbonization, digitalization, the diversification of customers' values, progress in energy market deregulation, other changes in market conditions and intensifying competition, we will maximize the value of the individual functions of the LNG value chain in a shift toward a business model of creating and providing various types of value through separate functions for customers.

OUTCOME (indicators)

Achieve peace of mind

Contribution to the preservation of the global environment

Reduction of the cost of energy

Create comfortable lives

As a leading company dealing in natural gas, we will contribute to the preservation of the global environment, continuously endeavor to reduce the cost of energy and create secure and comfortable lives for customers.

Management vision: Management guidelines and key figures

Targets in Medium-Term Management Plan

Contribution to CO₂ emissions reduction
-10 million tons

Number of customer accounts
20 million

Natural gas transaction volume
20 million tons

Profit*
Approx. ¥200 billion

Total payout ratio
around 60%

ROE
around 8%

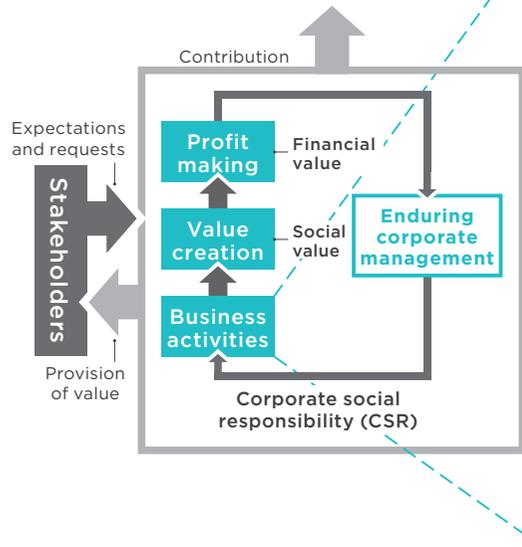
*The sum of operating profit and equity method income



Contribution to the development of sustainable society and the realization of the SDGs

Tokyo Gas Group's approach to promoting sustainability

Sustainable development of society
International goals to be achieved by 2030: SDGs



Relationship between materiality (priority issues in terms of sustainability) and the SDGs

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Leadership in the effort to achieve Net-Zero CO ₂ as a leading company dealing in natural gas	Climate change						●			●		●		●				●
	Access to energy						●			●		●						●
	Safety and disaster preparedness						●			●		●		●				●
Sound relationships with society	Creation of customer value			●	●		●	●		●		●	●	●				●
	Resource efficiency and recycling society						●						●		●			●
	Establishment of relationships with communities	●	●	●	●		●	●			●	●	●	●	●	●	●	●
	Diversity				●	●				●		●						●
Actions as a responsible company	Satisfaction through work and labor productivity				●					●								●
	Supply chain management					●				●		●	●	●	●	●	●	●
	Information security																	●
	Governance and compliance					●					●						●	●

* The relationships portrayed above are subject to revision as appropriate according to changes in the Tokyo Gas Group's actions.

The Tokyo Gas Group will enhance its social and financial value by tackling social challenges through our business activities, and we will strive to contribute to the sustainable development of society going forward by realizing an enduring corporate management.

In promoting sustainability, we have identified materiality (key sustainability issues) based on our goal of "taking leadership in the effort to achieve Net-Zero CO₂ emissions and continuing to create customer value," in accord with our management vision Compass 2030, and are implementing its PDCA cycle. This is how we are contributing to solving social challenges such as climate change and realizing the SDGs.

Sustainability promoting structure

The Tokyo Gas Group forms in-house committees as appropriate for studying, coordinating or promoting actions to address important management issues. These include the Sustainability Committee, which is intended to promote climate change research and other sustainability issues and chaired by the President, and the Sustainability Promotion Committee, a subordinate body of the previous committee chaired by the Officer in charge of sustainability. They deliver reports on important matters to the Board of Directors.

(See also Corporate Governance System on page 43.)

Tokyo Gas Group Management Vision

Compass 2030

Providing energy and solutions for future lifestyles, society and the earth

VISION - What we aim to be in 2030 -

Our goal will be a business group which continues to create value together with our customers, business partners and society as a whole while becoming a leader in future energy systems.

On November 27, 2019, we announced a new management vision called "Compass 2030", in which we presented what we aim to be in a decade from now, as a leading domestic company dealing in natural gas (a fossil fuel).



In the half-century since we introduced LNG in Japan, we have promoted more widespread use of this new source of energy, leading the way to the age of natural gas. At present, with decarbonization, digitalization, customer diversification, and deregulation in the energy market, we are on the cusp of a new age of innovation. We believe that the proper roles of energy and energy suppliers will be questioned over the next ten years leading up to 2030. Looking toward the next half-century, we have formulated the "Compass 2030" management vision outlining the course that we should pursue in this age of uncertainty.

Management guidelines and key figures

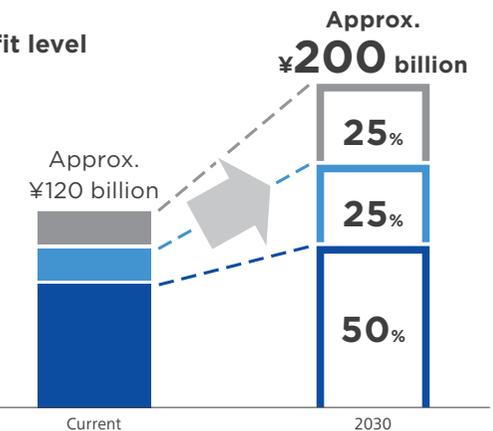
	FY2019 forecast*1	2030
Profit level	¥ 118.5 billion	Approx. ¥200 billion
Contribution to CO ₂ emission reductions (base year: FY2013)	-5 million tons	-10 million tons
Renewable power source transaction volume (FY-end)	0.59 million kW	5.0 million kW
No. of customer accounts (FY-end)	12.2 million	20.0 million
Natural gas transaction volume (FY)	16.7 million tons	20 million tons

*1 At time of 3Q results

Company portfolio in 2030: Profit level

- Overseas*2
- Solutions, etc.*3
- Energy*4 (Gas + Power)

*2 Overseas: All overseas businesses
 *3 Solutions, etc.: Ongoing service agreements, engineering, real estate etc.
 *4 Energy: Domestic gas and power business



Q

What do you mean by “a business group which continues to create value”?

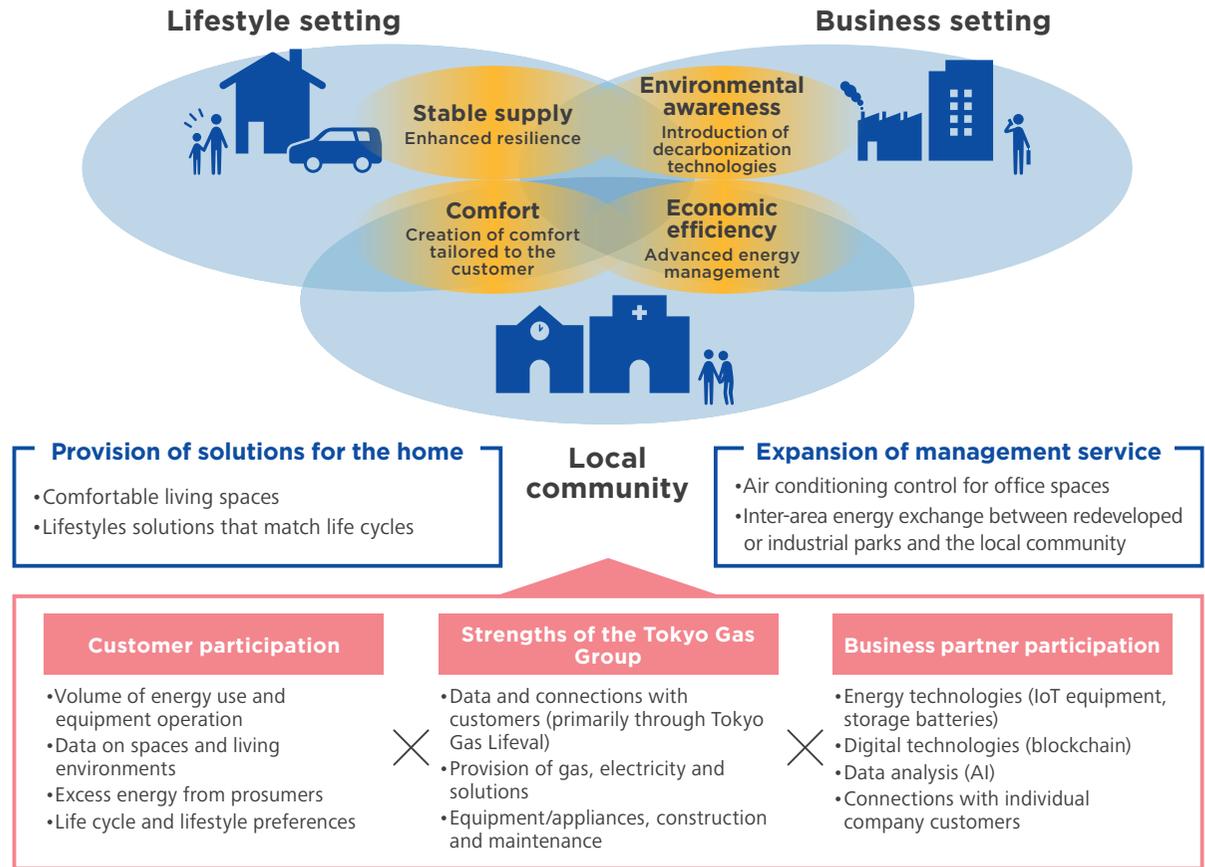


A

We envision a business group that establishes a “value co-creation” ecosystem and provides a variety of solutions.



A value co-creation ecosystem*1



Toward our goal in the management vision of becoming a “business group which continues to create value together with our customers, business partners and society as a whole while becoming a leader in the future energy systems,” we will strive to establish a value co-creation ecosystem. We will realize this by leveraging the strengths of our group, such as Tokyo Gas Lifeval, which functions as our last mile*2, alliances with

business partners, including companies in different industries and venture firms, use of open-innovation, and cooperation with local governments. Moreover, by having customers participate in the ecosystem, we will flexibly combine diverse products, technologies and services, and provide a variety of solutions that resolve various issues in areas ranging from individual lifestyles to the local community.

*1 Ecosystem: Business environment in which many companies combine their technologies, expertise, and knowledge in their specific areas of strength in order to create new value.

*2 Last mile: Site operations that require human intermediation in the final process of the value chain.

Establishment of a value co-creation ecosystem: the strengths of the Tokyo Gas Group

INVISIBLE
ASSETS

Lifeval—the last mile operator of Tokyo Gas

Our bonds and relationships of trust with our customers, developed over the past 135 years, are our greatest strength.

Tokyo Gas Lifeval acts as the face of Tokyo Gas in each community. We precisely meet customers' needs and serve as a one-stop provider of products and services that help improve the quality of life, in order to build close ties with individual customers.

Speedy response to customers and various efforts made in direct contact with them

I am in charge of repairing gas appliances in an area of around 150,000 households in Izumi-ku, Totsuka-ku, and Sakae-ku in the city of Yokohama and I visit 5-10 customers per day. When a customer requests a repair, I try my best to visit the customer as soon as possible and promptly complete the repair, so as not to cause inconvenience to the customer's life. I also have to tailor my visit to the lifestyle of the customer who will be present for the repair and efficiently and safely complete the repair. In order to accomplish this, I make continuous efforts to obtain knowledge and know-how needed for the repair, and to prepare in advance and bring all parts which may possibly be needed, depending on the type of repair.

Communication aimed at obtaining new business opportunities

I am in my eleventh year with the company. When I was assigned to repairs, I had little specialized knowledge of repairs. I have therefore absorbed knowledge and know-how from my seniors and steadily accumulated experience.

I have also accompanied my sales associates and learned how to communicate well with customers. I now can make proper greetings and explanations to customers by myself, depending on their situation. I try to speak slowly and clearly to elderly customers, while I explain repair details concisely and accurately with fewer words to customers who are busy. To every customer, I make sure to say after the repair, "Please feel free to let me know if you have any problems related to your residence, other than gas appliances." This has led to consulting about customers' plumbing problems and receiving a designated order for renovations in many cases. I will continue to make various improvements so that I can receive new requests.

As the last-mile operator of Tokyo Gas, we are committed to helping support customers' lives

Our job is to closely ascertain the needs of customers through direct contact with them and provide solutions that are actually necessary. This cannot be possible unless we establish bonds and relationships of trust with customers. In addition to conducting thorough and reliable repairs, I try to remember the customer's name and the conversation I had in the past and to show up at their residence when I am in the neighborhood. Such small encounters, when they accumulate, enhance relationships of trust with customers, capture their needs in a timely manner, and lead to new business opportunities. I am determined to continue to enhance my technical skills, cherish the contacts with customers, and help them to create a safe, reliable, and pleasant lifestyle.

Bonds with customers^{*1}

Community-based	Outlets	174 outlets
	Employees	13,000
Direct contacts	Repairs, etc. ^{*2} and periodic safety inspections ^{*3}	5.2 million contacts

^{*1} Including Enesta and Enefit

^{*2} Repairs, etc. include opening/closing of gas fixtures.

^{*3} FY2019 result



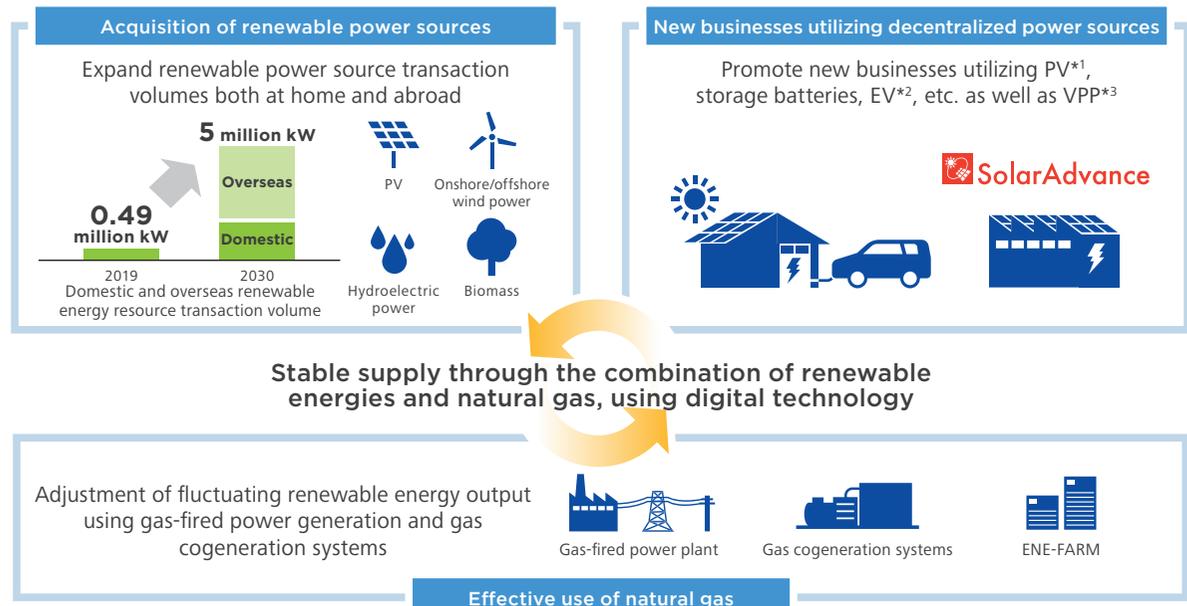
Maintenance Group,
Izumi Outlet
Yokohama Totsuka
Tokyo Gas Lifeval
Tokyo Gas Ecomo Co., Ltd.

Abe Masaru

Q
How do you plan to “lead the future energy systems”?

A
We will coordinate renewable energies and natural gas.

Coordination of renewable energies and natural gas



*1 PV: Photovoltaic power, *2 EV: Electric vehicles, *3 VPP: Virtual power plant. A mechanism that uses IoT to manage and control decentralized power sources, batteries, etc. as if they were a single power plant.

Tokyo Gas Group is striving to coordinate renewable energies and natural gas

In order to achieve decarbonization, the Tokyo Gas Group is accelerating efforts to acquire renewable power sources both in Japan and global markets while striving to combine renewable energies with clean natural gas, which offers excellent controllability. Toward the same goal, Tokyo Gas will also expand the transaction volume of renewable energy sources by making use of the strengths of domestic and overseas business partners. However, renewable energy’s susceptibility to the weather is an issue. In contrast, natural gas-fired power plants can be flexibly operated and complement fluctuation in the generation volume of renewable energy. The role of natural gas-fired power plants will therefore expand along with an increase in the use of

renewable energies. We are therefore promoting effective use of natural gas that leverages its strength.

We are also developing a service to purchase excess PV electricity, targeting customers whose Feed-in Tariff (FIT) purchase period is to be terminated, and a new business to use PV, storage batteries, and other decentralized power sources. Further, we are promoting Virtual power plant or VPP, which uses digital technology to automatically integrate and control renewable energies, gas cogeneration, and decentralized power sources, such as batteries, as if they were a single power plant.

By combining decentralized power sources with large-scale power sources, which include renewable energies and natural gas-fired power plants, we intend to achieve a stable and inexpensive supply of energy, and to enhance environmental awareness, comfort, stable supply, and economic efficiency.

Coordination of renewable energies and natural gas: the strengths of the Tokyo Gas Group

INVISIBLE ASSETS

A track record of achievements and unique latest technologies in district heating and cooling and smart energy networks

The Tokyo Gas Group will evolve its track record of achievements in the district heating and cooling (DHC) business of over 40 years into smart energy networks (SEN), using ICT-driven energy management. We have established the most optimal energy network of heat and electricity for a district and helped create a low-carbon, low-environmental-burden city.

From district heating and cooling (DHC) to Smart Energy Networks (SEN)

For over 40 years, the Tokyo Gas Group has been engaged in the DHC service, in which heat for steam and chilled and hot water used in a certain area are produced together and distributed to multiple buildings for heating, cooling, and hot water supply. DHC is now evolving to SEN, which mainly uses cogeneration that locally generates heat and power, consumes heat and electricity, and also effectively utilizes renewable and unused energy to enhance energy saving and energy security. By constructing a network for heat, electricity, and

information, and using ICT in energy management, an optimal energy system for an area is established.

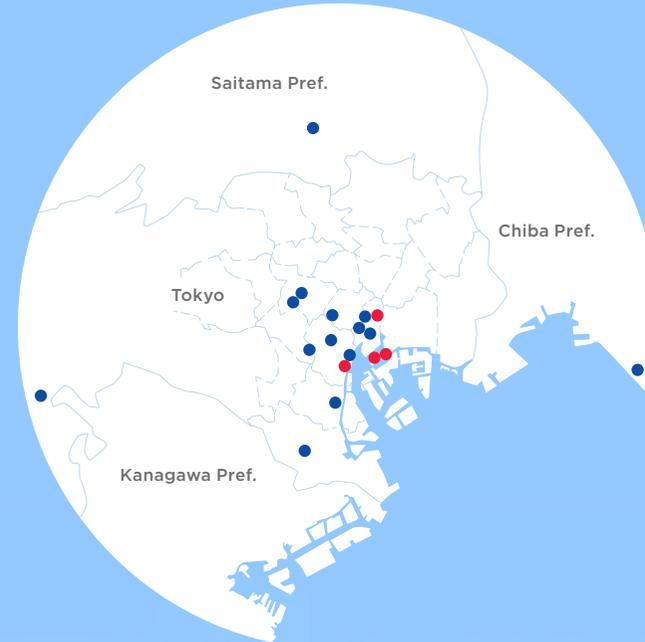
Combining SEN with VPP to establish the next advanced energy business

Using the Tokyo Gas Group's unique know-how, accumulated in the establishment and management of SEN, and the advanced digital technologies of its remote automatic control system Helionet Advance and central management system SENEMS, a combination of SENs that have renewable energies, gas cogeneration, and other decentralized power sources with VPP*, will lead to the next advanced energy business. Recently, we commercialized and began operation of VPP, which uses Helionet Advance and automatically integrates and controls PV power, batteries, and gas cogeneration, which are installed in decentralized locations of multiple facilities of the Tokyo Gas Group.

* VPP: Virtual power plant. A mechanism that uses IoT to manage and control decentralized power sources, batteries, etc. as if they were a single power plant.

Tokyo Gas Group's SEN and DHC project record in the Tokyo metropolitan area

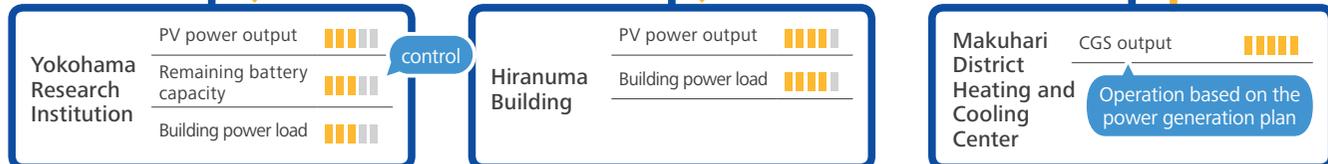
● Smart Energy Networks (SEN) ● District Heating and Cooling (DHC)



Realizing the same-time, same-volume as planned

HelionetAdvance

- Uses its unique logic to forecast electricity load and determine power transmission and reception volume
- Monitors the supply-demand balance and automatically controls volume to realize same-time, same-volume as needed





Q
How do you “continue to create value”?



A
We plan to continue to create value by taking the following four measures.

1

Transformation of the LNG value chain to maximize each of its functions

Our existing business model provides value in retail sales, which is the final function of the LNG value chain. Through transformation of the LNG value chain, we intend to create and provide various types of value in each of the functions—from trading to production and power generation, networks, and customer solutions— so as to expand our customer base.

2

Resolving problems in daily life and businesses

We will confront customers’ needs and problems and provide various solutions, beginning with “Energy as a Service (EaaS)”. A digital infrastructure for value co-creation will also be established and the range of solutions to be created and provided will be broadened. This should be facilitated by advanced digital marketing, as well as the expansion of the number of business partners, the amount of data used, and products and technologies.

3

Leading the transition to a decarbonized society

The Tokyo Gas Group is promoting effective use of natural gas, expansion of renewable energy sources, and development of core element technologies for decarbonization, as we are taking up the challenge to achieve Net-Zero CO₂ emissions, including customer emissions, in our overall business activities. Our target is to contribute to a reduction in carbon emissions on a scale of 10 million tons by 2030 (which exceeds Japan’s target ratio*) and to lead the way to reducing CO₂ emissions on a global scale.

4

Overseas expansion

We will develop LNG infrastructure that utilizes the Group’s strengths in the LNG value chain, such as LNG engineering capability, exploit shale gas and other resources, invest in renewable energy businesses, and expand LNG transaction and LNG trading by making use of our related asset holdings, such as LNG vessels and receiving terminals. By taking these actions, we aim to triple overseas profits.

* Japan’s reduction target ratio: The greenhouse gas reduction target in the Intended Nationally Determined Contribution submitted to the United Nations (26% reduction in FY2030 as compared to FY2013).

1

Transformation of the LNG value chain to maximize each of its functions

Transformation of the LNG value chain				
	Trading	Production & power generation	Networks	Customer solutions
Crystallize	Pursuit of "safety, security and reliability" through diverse procurement, increased resilience Persistent improvement in productivity and cost efficiency through innovation of work processes			
	Stable, inexpensive and flexible purchasing through the use of AOT* ¹	Achievement of world class digitalized terminals	Streamlining and increased efficiency for pipeline maintenance work	Deepening of the "last mile" services* ³
Use of digital technologies (AI and IoT)				
Explore	Full fledged deployment of LNG and power trading	Global deployment of Construction of LNG receiving terminals, power plants, engineering and O&M* ²	Deployment of new services, including those that utilize smart meters	"Energy as a Service" to expand the domains in which value is provided in daily life and businesses* ⁴



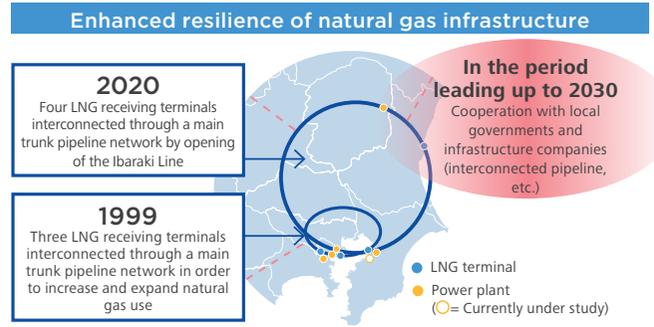
*1 AOT: Asset Optimization & Trading (use of digital technology for optimal linkage of LNG transactions, LNG vessels and receiving terminals)
*2 O&M: Operation & maintenance

We will "crystallize" the business expertise accumulated up to now through the pursuit of "safety, security and reliability", which has been realized by diversity in procurement and increased resilience, as well as persistent improvement in productivity and cost efficiency through

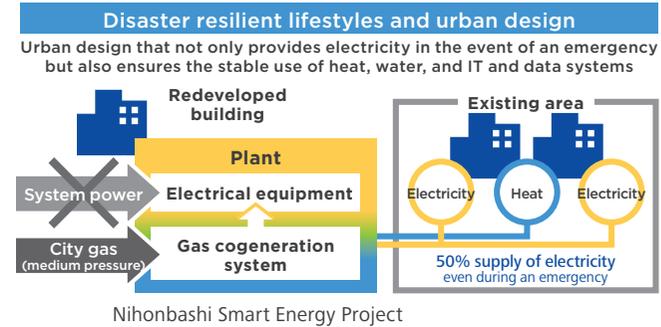
*3 Last mile: Site operations that require human intermediation in the final process of the value chain.
*4 Energy as a Service: Sale not of energy alone but of a menu of services combining energy, equipment, control technologies and maintenance, etc.

innovation of work processes. In addition, we will "explore" new domains for each function with customers, society, and business partners in order to expand the customer base for whom value is created and provided, and expand them across Japan and abroad.

Enhanced resilience functions through the use of natural gas



Natural gas has increasingly become an important energy source along with its diffusion and expansion, which were facilitated by the establishment of LNG receiving terminals and pipelines. With the aim of allowing customers to use our infrastructure with ease of mind, the Tokyo Gas Group is working to strengthen the resilience of the natural gas infrastructure in the Tokyo metropolitan area through the



opening of its second circular trunk pipeline network—the Ibaraki Main Pipeline—and stronger cooperation with local governments and other infrastructure companies. By expanding decentralized energy systems, we will also promote disaster-resilient lifestyles and urban design that enable customers to use information telecommunication and data in addition to energy, even in the event of an emergency.

1 Transformation of the LNG value chain to maximize each of its functions: the strengths of the Tokyo Gas Group



Safe and stable energy supply infrastructure

In order to help our customers use gas with ease of mind, we are working on various safety measures. They include earthquake-resistant measures for production and supply facilities, development of a disaster-readiness system for a large earthquake, and safety inspection of customers' gas equipment.

In order to fulfill our public duty as an integrated energy company, we intend to further enhance the resilience of our natural gas infrastructure in the Tokyo metropolitan area, which is the center of politics, the economy, and industries.

Measures to help customers use gas with ease of mind

Earthquake-resistant production and supply facilities

We adopted structural designs with superior anti-seismic properties for LNG terminals, and introduced materials that are resilient to ground deformation to our pipeline network. As a result, our city gas production and supply facilities are highly resistant to seismic activity, even in the case of major earthquakes, such as the Great Hanshin-Awaji (Kobe) Earthquake, or the Great East Japan Earthquake.

Development of a disaster-readiness system

We have developed a disaster-readiness system, which subdivides our low-pressure pipeline network into approximately 300 blocks and remotely stops the supply of gas, in block units, depending on the extent of the damage. This enables minimization of the impact of supply stoppages and prevention of secondary damage.

Monitoring and control of production and supply facilities, and safety inspection of gas facilities

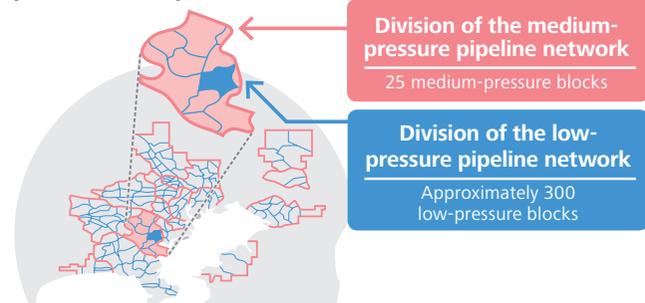
We conduct inner-pipe leakage testing and periodic safety

inspections of gas appliances for all customers at least once every four years. The Supply Command Center performs 24/7 monitoring and control of the status of operation of city gas production and supply facilities. When the Safety Command Center receives gas leak reports from customers, personnel at Gaslight 24 will immediately visit the reporting customer to take swift action even on holidays or at night.

Enhancement of resilience functions

We are accelerating enhancement of the resilience of our natural gas infrastructure in the Tokyo metropolitan area by creating our second circular trunk pipeline network through the opening of the Ibaraki Main Pipeline in 2020 and by enhancing cooperation with local governments and other infrastructure companies.

Safety know-how and measures to prevent earthquake disasters



Resistance to seismic activity	High level of resistance to seismic activity, even in the case of major earthquakes, such as the Great Hanshin-Awaji (Kobe) Earthquake, or the Great East Japan Earthquake
Subdivision of units for supply stoppage in the event of an earthquake or other disasters	Subdivided the medium-pressure pipeline network into 25 blocks
	Subdivided the low-pressure pipeline network into approx. 300 smaller blocks
Periodic safety inspection	Installation of 4,000 seismometers (SI sensors)
	2.7 million (FY2019)



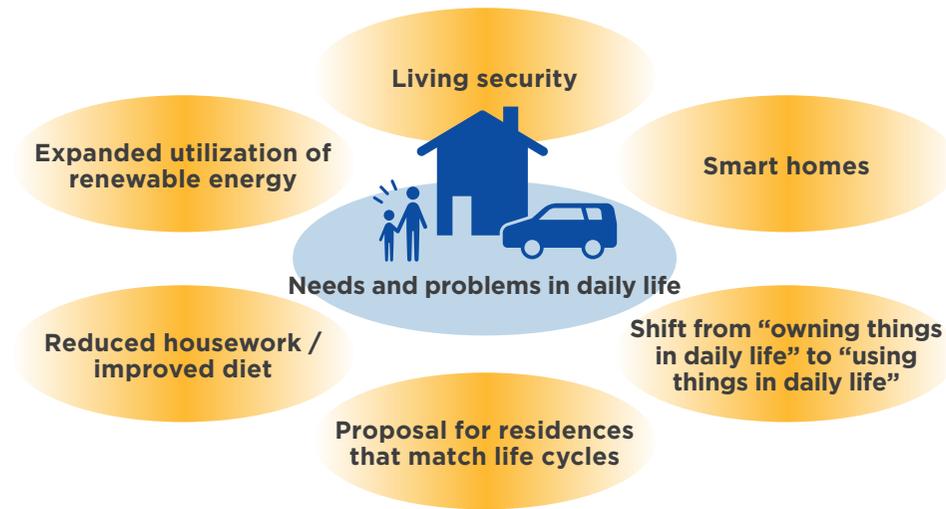
2

Resolving problems in daily life and businesses



Resolving various customer needs and problems

Accelerate the creation of new solutions including the establishment of new companies



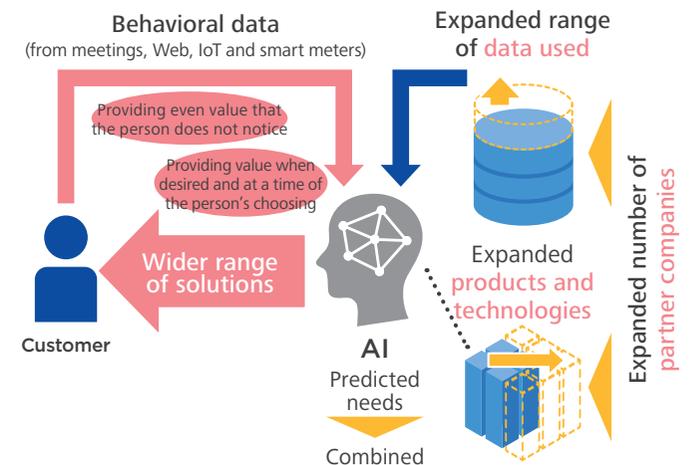
Creating and offering wide-ranging solutions tailored to customers' needs and problems

Various kinds of solutions are required today, along with change and diversification in customers' values, such as a change in their consumption behavior from "things" to "experiences" and "value". With the aim of speedily creating new businesses, the Tokyo Gas Group has started to create and provide new services which are beyond the existing business framework of Tokyo Gas. This includes the establishment of new business-creating companies in FY2019.

We also plan to establish a digital infrastructure for value co-creation and advance efforts to instantly combine a solution proposal with an energy supply to each individual customer. This will be realized by using our customer data obtained from the Tokyo Gas Group's direct contacts and web marketing and the data held by our business partners, and by forecasting a potential need or problem that even customers are not aware of via AI analysis and other means.

Instantly offering wide-ranging values tailored to customers

Establishment of a digital infrastructure for value co-creation



2 Toward resolving problems in daily life and businesses: the strengths of the Tokyo Gas Group



Establishment of new business-creating companies that help solve customers' various needs and problems

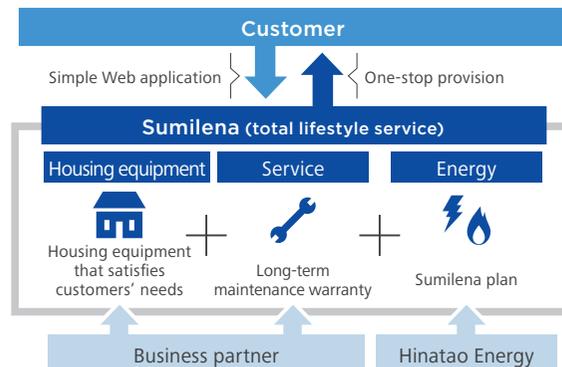
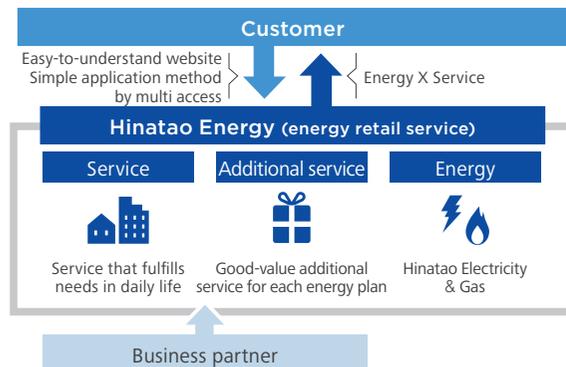
Tokyo Gas Liv Solutions Co., Ltd. and its subsidiary Hinatao Energy Co., Ltd., as well as Sumilena Co., Ltd. were established in December 2019, with the aim of speedily creating new businesses as a part of establishing a value co-creation ecosystem. Putting emphasis on the "Customer First" concept, we intend to defy the boundaries of the existing business of Tokyo Gas and to help solve customers' needs in daily life through speedy decision-making, promotion of flexible, dynamic corporate alliances, and the use of external human resources.

Accelerating creation and offering of EaaS and various other solutions

Responding to customers' desires to contribute to the community through their purchase behavior, Hinatao Energy provides in its gas and electricity retail energy service business an option plan to support the community. The first plan of its kind is "F.C. Tokyo Electricity." Through payment of a service charge in addition to the electricity

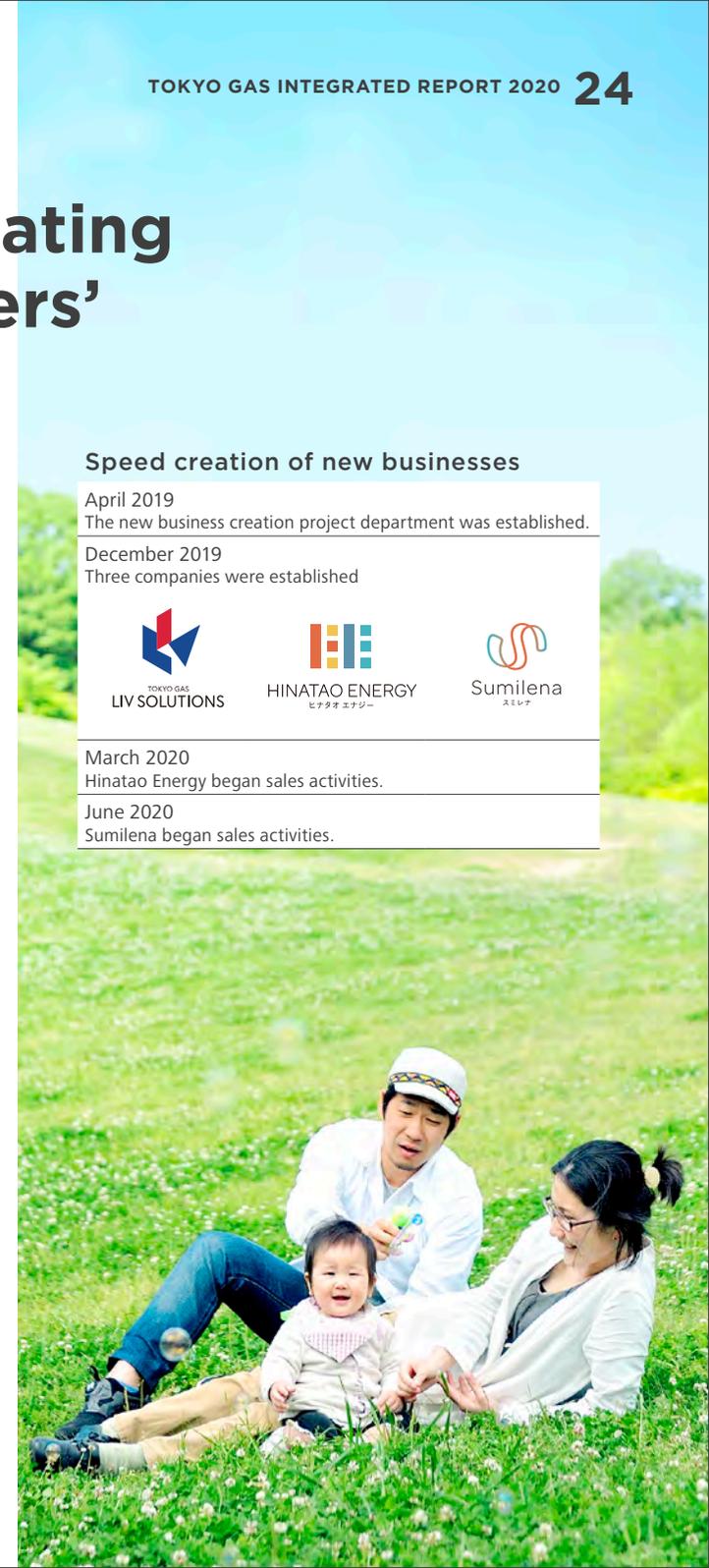
bill, the customer can participate in community support in the form of F.C. Tokyo's football promotion activities and hometown activities. Another business we will expand is to provide a PV energy service and combine it with an electricity and gas retail business, given customers' rising expectations for renewable energy and greater requests to enhance energy resilience.

In addition, we are developing services to fulfill the changing needs of customers from owning to using "things". In June 2020, Sumilena launched a monthly fixed-charge service that enables customers to use the latest household equipment with no initial cost but by means of monthly payments, including installation expenses as well as emergency visits and repair warranties. Sumilena's lineup of household equipment is carefully selected based on its proposal-making capabilities. The company is also offering a good-value electricity rate plan and a campaign in alliance with a start-up company in a different industry among others in order to aggressively expand service offerings.



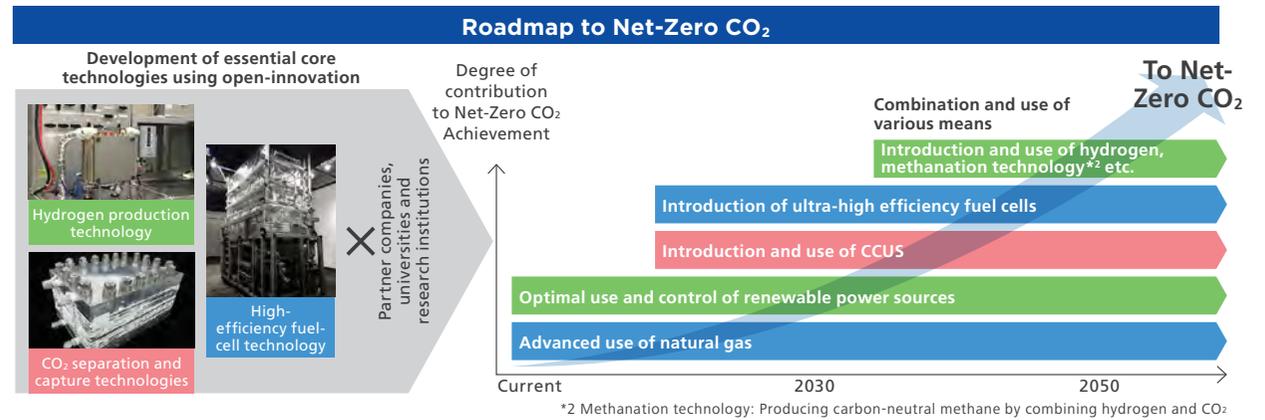
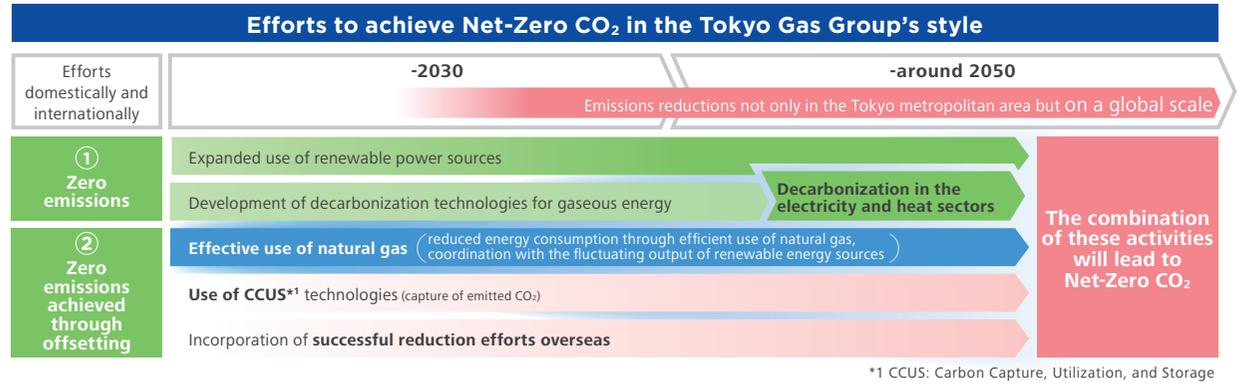
Speed creation of new businesses

April 2019	The new business creation project department was established.
December 2019	Three companies were established
March 2020	Hinatao Energy began sales activities.
June 2020	Sumilena began sales activities.



3

Leading the transition to a decarbonized society



Leadership in the effort to achieve Net-Zero CO₂

We believe that a realistic approach toward getting closer to a decarbonized society is to make use of the properties of natural gas, such as its limited environmental impact among fossil fuels and excellent controllability, and combine it with renewable energy. We thus mainly focus on the effective use of natural gas and are working on the expanded use of renewable power sources, the use of CCUS (Carbon Capture, Utilization, and Storage) technologies, and the curbing of CO₂ emissions. Our target is to achieve a 10 million ton reduction in CO₂ emissions in Japan by 2030. In addition, we will use technologies and expertise for the effective use of natural gas in promoting decarbonization in the electricity and heat sectors and CCUS, and implement initiatives aimed at Net-Zero CO₂

emissions (by offsetting the emission amount with the absorption amount). Our ultimate aim is Net-Zero CO₂ emissions of the Tokyo Gas Group's style.

Decarbonization technology innovations

With regard to the development of core element technologies (i.e., hydrogen production, CCUS, and high-efficiency fuel cell technologies) for decarbonization leading up to 2030, we will promote the open innovation type of technology development by incorporating technologies and ideas of other companies, universities, and research institutions in addition to our own. From 2030 onward, we will introduce and use hydrogen, methanation*2 and other technologies and combine various means which may contribute to Net-Zero CO₂ emissions via IoT and AI.

3 Leading the transition to a decarbonized society: the strengths of the Tokyo Gas Group

INVISIBLE
ASSETS

Innovation of core element technologies, that contribute to decarbonization

The Tokyo Gas Group aims at achieving Net-Zero CO₂ emissions through all of our business activities, including customer emissions. We will develop CO₂ separation and capture technologies in addition to using various technologies and know-how for effective uses of natural gas, with the aim of achieving low carbon in the electricity and heat sectors. The development of high-efficiency fuel cells will contribute to the reduction in energy consumption and CO₂ emissions and ultimately to the achievement of Net-Zero CO₂ emissions.

Development of high-efficiency fuel cells

Tokyo Gas and Miura Co., Ltd. have jointly developed high-efficiency solid oxide fuel cells (SOFC) in the 5kW class with power generation efficiency of 65%*¹ LHV and started demonstration tests in April 2020. This is the world's first innovative development in realizing high-efficiency power generation by combining multiple technologies, such as the system design of two-stage SOFC cell stacks and fuel regeneration process so as to utilize supplied fuel effectively. This development will enable a 53% reduction*² in CO₂ emissions.

Approach to introduction of SOFC systems

Since the developed SOFC system is mono-generation type, which does not use waste heat, we are thinking of introducing it to the untapped segment of small-scale buildings and stores, such as offices and convenience stores with no demand for hot water. In the future, by adding a function of self-sustaining operation, the system can be used in evacuation centers in the case of a disaster and is anticipated to enhance the resilience function that utilizes the city gas network.

Challenges of innovation in future hydrogen generation technology

In addition to reducing CO₂ emissions through the development of high-efficiency fuel cells, we will utilize our know-how accumulated in these developments to take on the challenge of innovation, such as innovation in hydrogen generation technology, and to lead the transition to a decarbonized society.

Innovation in element technology

AC power generation efficiency in the world's first 5kW-class fuel cell system

Achieved **65% LHV**^{*1}

CO₂ emission

53% reduction^{*2}

*1 Data by Tokyo Gas and Miura, as of March 3, 2020

*2 Estimate based on using a prototype. Grid power's emission coefficient of 0.66kg-CO₂/kWh (emission coefficient of thermal power generation in FY 2030, in the Plan for Global Warming, May 2016)



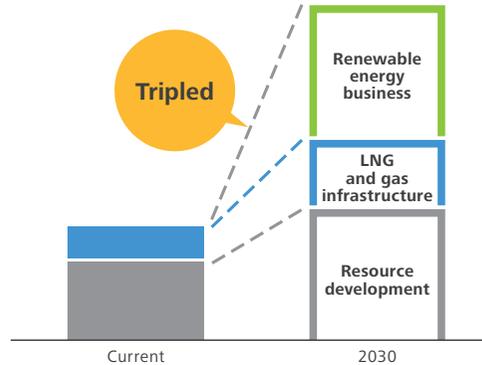
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Overseas Expansion

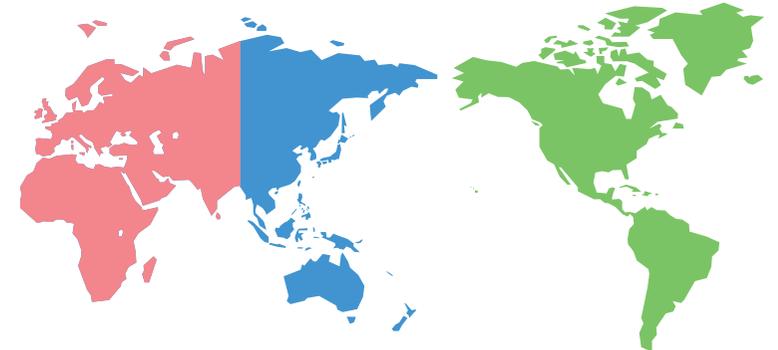
**Utilization of LNG value chain functions
Expansion into renewable energy business**



Photovoltaic power generation (Mexico)



Expansion of LNG trading



Europe Asia/Australia North America

Use in each LNG value chain function
Provided to customers both at home and abroad
(Southeast Asia, etc.)
Expansion of trading scale to 5 million tons

The Tokyo Gas Group will utilize its LNG engineering capability cultivated in the LNG value chain for a half century and develop the LNG infrastructure business mainly in Southeast Asia, where the shift to natural gas is advancing. With regard to investment in shale gas and other resource development in North America and renewable energy businesses in Europe and North America, we intend to expand operations at an accelerated pace by means of growth engine type investment*1 that utilizes our expertise cultivated through project investments.

We will also cooperate with business partners, make use of respective strengths and different geographical exposures, and develop full-fledged trading in the LNG markets. Our target is to optimally combine LNG trading (LNG purchasing contracts, actual demand) and assets (owned LNG vessels, receiving terminals, power generation facilities, etc.) with digital technologies so as to expand LNG transaction volume. Trading can be further expanded by use of transportation and other operations as added-value of LNG.

*1 Growth engine type investment: Initiative to invest in an operating company, get involved in its management, and help it grow

Wind power generation (Mexico)

4 Overseas expansion: the strengths of the Tokyo Gas Group

INVISIBLE
ASSETS

LNG infrastructure engineering capability

The Tokyo Gas Group plans to leverage its LNG infrastructure engineering capacity, cultivated in the LNG value chain from upstream to downstream for a half century, and aims at overseas business expansion mainly in Asia, where demand for natural gas is increasing.

Accumulated “user know-how” regarding LNG engineering

Since 1969, when we first imported LNG in Asia, Tokyo Gas Engineering Solutions Corporation (TGES) has been engaged in the LNG value chain from upstream to downstream. The company is accumulating “user know-how”, thanks to its technologies, knowledge, and experience, obtained from design, construction, and consulting services for close to one half of the LNG terminals in Japan (20+), including LNG receiving terminals owned by Tokyo Gas (Sodegaura, Negishi, Ohgishima and Hitachi), and their operation and maintenance (O&M).

World top-class LNG engineering capability

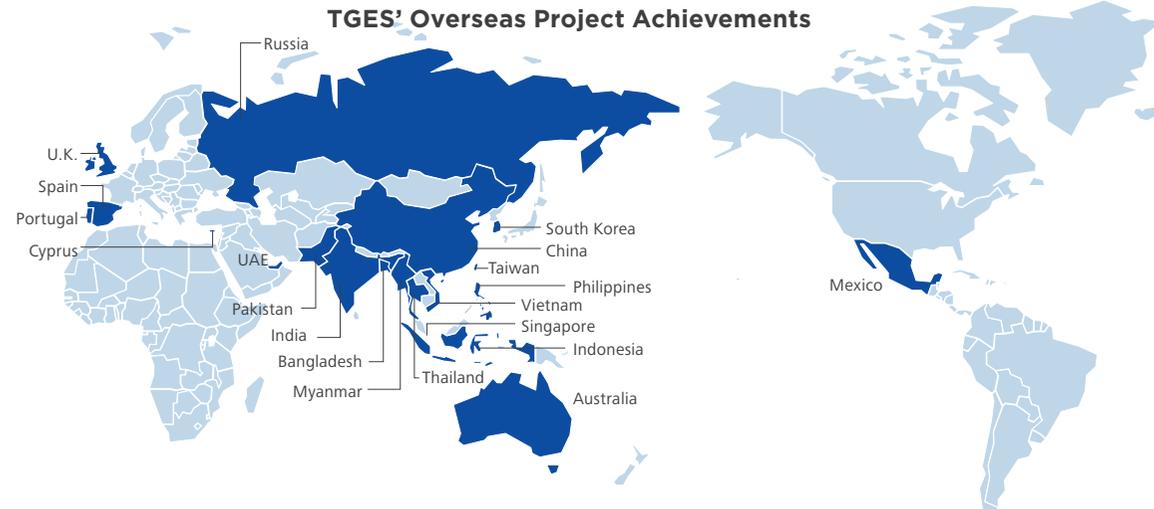
We have accumulated “user know-how” regarding LNG facilities—from tanks and other main facilities to peripheral ones of LNG terminals—as we became an expert on various and numerous LNG facilities in Japan and overseas and mastered “what works” and “what does not work” through abundant design experience and O&M practice over many years. We thus provide numerous engineering solutions to improve reliability, reduce risks, and raise efficiency and achieve labor saving in O&M from the customer’s viewpoint. With regard to pipelines for the

stable, safe supply of gas, we are also experienced in a wide range of engineering services, from feasibility studies and planning to design, construction, and O&M.

Overseas achievements

Being accredited for advanced LNG technologies cultivated in Japan and our abundant experience, we have been engaged in LNG engineering services overseas since the late 1970s. Our list of achievements includes more than 20 LNG

terminals and over 100 projects in 20 countries and regions. We are further advancing our engineering capability and know-how by utilizing our network of engineers and engineering companies in various countries, which was established through overseas projects. Such a business growth spiral has helped us to receive a large-scale consulting service project that required about 60 personnel and to acquire an entire management order for construction of a large LNG terminal in recent years.



Toward realization of Compass 2030: the strengths of the Tokyo Gas Group



Personnel Strategy

Through the realization of the Three Promises defined in the Compass 2030, we aim to develop personnel who work energetically, make maximum effective use of their abilities, and consistently deliver strong results.

To this end, we are working on promoting workstyle reforms and diversity so that each and every employee can make maximum use of their knowledge, ability, and experience.



Personnel hiring and development

In order to continue to create value with customers, business partners, and society while becoming a leader in the future energy system, we strive to hire and foster personnel who can flexibly cope with the changing business environment and play a core role in diverse fields.

Hiring personnel with high levels of expertise	Strategic shift to growth domains	Developing business leaders
In addition to hiring new graduates for specific job types (in humanities, sciences and the professional domain), we also engage in flexible hiring of experienced and highly-specialized mid-career personnel.	In addition to our gas business, we also prioritize assignment of personnel to strategically-important fields such as our electric power and overseas business operations. In this way, we are promoting growth and expansion in a diverse range of fields.	We train business leaders who will lead the Tokyo Gas Group in the future, with a training program that focuses primarily on development through a wide range of on-the-job training (OJT) experiences gained by means of transfers and rotations, combined with additional off-the-job education and training (OFF-JT).

Hiring, fostering and placing of personnel who realize "Compass 2030"

Workstyle reform

(Improving productivity and achieving a healthy work-life balance)

In order to enable each and every one of our employees to work energetically and make maximum effective use of their abilities, we are working proactively to rectify and reduce long working hours, and to implement workstyle reforms with awareness of "the value of time," which we regard as important issues for management involvement.

Specific initiatives

- Promoting workstyles with awareness of the value of time**
Premium Friday (a program to leave work early on the last Friday of the month), Day to leave office on time, etc.
- Environmental improvement to allow diverse personnel to display their full potential**
 - Introducing a "Work Anywhere" program which eliminates restrictions on working location (Work at home, mobile work)
 - Building satellite shared offices
 - Improving the office environment toward further improvement in productivity
 - Working to create workplaces that enable innovation to occur
 - "Work in a Free-form Animated Manner" (Online video conferencing, office reforms, etc.)
 - Promoting automation / mechanization using ICT, and more sophisticated use of data (utilizing RPA, audio AI, etc.)



Collaborative work space of a new office of the Digital Innovation Division

Promoting diversity

(Promoting active roles for diverse personnel)

The Tokyo Gas Group is promoting diverse workstyles and the empowerment of diverse personnel in order to create an invigorated organization in which each and every Group employee can make maximum effective use of their knowledge, skills and experience. With the aim of realizing the President's "Diversity Top Management Commitment," we are promoting diversity based on various themes, starting with women's empowerment, and including more employment of disabled people and support for the career development of employees in their 50s and over.

Specific initiatives

Promoting empowerment of women in workplace	<ul style="list-style-type: none"> 2016: First female executive officer appointed 2018: First female senior executive officer appointed Almost 100% return-to-work rate for female employees returning from childcare leave Almost no difference in gender in terms of average years in service of the company
Promoting employment of people with disabilities	<ul style="list-style-type: none"> Employment rate of 2.55%, exceeding the mandatory rate (as of June 2020) Established a liaison committee to promote employment of disabled people as a group Working to create safe and comfortable working environments
Career development support for employees in their 50s and over	<ul style="list-style-type: none"> Established the "Grand Career System" to support career development for employees in their 50s and over, through training sessions and interviews with career consultants, etc.

External Evaluation

Selected as a Nadeshiko Brand
Tokyo Gas was selected for the fourth consecutive year as an attractive corporate brand in terms of its proactive efforts to encourage and empower women.



Granted Kurumin certification

Tokyo Gas was certified by the Ministry of Health, Labour and Welfare as a company that formulated an action plan, achieved targets, and met certain criteria in accordance with the Act on Advancement of Measures to Support Raising the Next Generation of Children.



Selected as a Health & Productivity Stock

Tokyo Gas was selected as a Health & Productivity Stock, in recognition of its strategic efforts regarding its employees' health from a management perspective.



INVISIBLE
ASSETS

More diversity to create a new Tokyo Gas

Experience in diverse kinds of work and encounters with many people are my treasure

I joined Tokyo Gas in a research position and carried out research on gas cookers and rice cookers. Back then, the concept of diversity was not well established but I was able to manage both my work and my private life and experience major life events, such as marriage, childbirth and child rearing. This was because Tokyo Gas had begun to establish programs for childcare leave, shorter working hours for childcare, and a flextime system. In addition, I was blessed with good forward-thinking superiors and was supported by my family and colleagues as well.

I have kept in mind to “set priorities and prioritize the work that only I can do.” While both work and child rearing were no easy task, they both allowed me to reset myself, focus on the task at hand, and keep moving forward. I can now see that in retrospect.

This consciousness also helped me when I was assigned to various work and workplaces, such as PR as well as personnel affairs, general affairs at a group company, and sales. Experience in diverse kinds of work and encounters with many people in and out of the company have become my treasure.

**Diversity brings new values
– a source of corporate growth**

We are on the cusp of a new age of innovation. The Tokyo Gas Group aims to creating diverse values in each of its value chains and offer them across Japan and overseas. To achieve this, it is important to promptly respond to customers’ needs, be flexible, and appreciate various sets of values.

I think Tokyo Gas has established a great working environment for women, as evidenced in the return rate of employees from childcare leave and their years in service of the company. In order to create various values, we will

increasingly need more diversity in personnel, such as in nationality and career background, in addition to gender.

Fostering various values means developing different opinions, which may bring disorder or friction within the company. This can be overcome if we willingly accept it. This may not be easy to do but I firmly believe that such experiences or struggles will result in corporate growth.

Diversity is such an appealing buzzword but it is no easy task to realize diversity and to actually lead it to some accomplishment.

According to our management vision, Compass 2030, the company promises to employees that it will enhance the personnel strategy and initiatives on diversity. I would like to encourage employees to have various experiences through work, develop their strengths gained through these experiences, and work without pressure or reserve. Each employee should have his or her own unique strength. I believe that is what diversity is.

Ratio of women in management at Tokyo Gas

(as of April 1 of each fiscal year)



* Managerial staff are those who have subordinates or those in equivalent position.

**Average Years in Service by Gender:
Almost no difference**

		Period	2018.3	2019.3	2020.3
			Year	Year	Year
Men	Non-consolidated		19.3	19.5	19.7
	Consolidated		16.7	17.0	16.8
Female	Non-consolidated		19.3	18.5	18.5
	Consolidated		14.8	14.5	14.1

Executive Officer
General Manager of Wholesale & Regional Service Dept.,
Regional Development Div.

Konishi Masako

April 1988 Joined Tokyo Gas Co., Ltd.
April 2012 Manager, Residential Sales PR Sect, Residential Sales Planning Dept.
April 2014 Manager, General Administration Sect, Affiliated Companies Dept
April 2015 Assistant General Manager, Sales Marketing II Dept
April 2016 General Manager, Sales Marketing II Dept
April 2019 General Manager, Wholesale & Regional Service Dept.
April 2020 Executive Officer
General Manager, Wholesale & Regional Service Dept., Regional Development Div. (current)

Support for TCFD recommendations and information disclosure

Climate-related risks and opportunities could significantly affect many companies' financial positions and destabilize financial conditions. In order to reduce such risk, in response to the request from the G20, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosure (TCFD) in December 2015 and the TCFD released its recommendations in June 2017.

We recognize climate change as one of the priority issues that the Tokyo Gas Group is facing today and regard the TCFD as an effective framework in promoting information disclosure and dialogue with stakeholders on climate-related issues. We therefore signed the statement of support for the TCFD in May 2019. We intend to disclose information on the impact of climate change on the Tokyo Gas Group's business activities and the measures we are taking.

Governance

The Tokyo Gas Group forms in-house committees as appropriate for studying, coordinating or promoting actions to address important management issues. These include the Sustainability Committee, which is intended to promote climate change research and other sustainability issues and chaired by the President, and the Sustainability Promotion Committee, a subordinate body of the previous committee chaired by the Officer in charge of sustainability. They deliver reports on important matters to the Board of Directors. (See also Corporate Governance System on page 43.)

Strategies

In preparation for the next half-century, the Tokyo Gas Group has formulated its "Compass 2030" management vision outlining the course that should be pursued in this age of uncertainty.

Natural gas, one of the pillars of the Tokyo Gas Group's business, is expected to play an even larger role due to its stability, environment-friendly nature, and economic viability, as well as its affinity for use in combination with inherently unstable renewable energy sources. In the meantime, as a

leading company dealing in natural gas, (a fossil fuel), we feel it is our responsibility to deal forthrightly with the issue of climate change, look beyond CO₂ emission reduction, and promote decarbonization.

While maintaining S+3E^{*1} as the bedrock of our business activities, we are striving to help reduce CO₂ emissions by customers by continuing to promote a shift to natural gas in fuel conversion and advanced use of natural gas, such as in diversified energy systems. Over the longer-term toward 2030, we plan to effectively use natural gas as an adjusting function for renewable energy, which is expected to be increasingly used. We also intend to globally promote our technology and know-how regarding natural gas. By doing so, we will contribute to the stable supply of energy and a reduction in CO₂ emissions in Japan and overseas.

We will promote decarbonization technology innovation from a long-term perspective. At the same time, we will combine various means, including natural gas and renewable energy, and aim to achieve Net-Zero CO₂ emissions by our entire group, including customer emissions, while leading the transition to a decarbonized society.

Major risks and opportunities driven by climate change, and the Tokyo Gas Group's initiatives

In identifying the Tokyo Gas Group's risks and opportunities related to climate change, we referred to two representative scenarios^{*2} of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC)—the below 2°C scenario and the 4°C scenario. Considering the medium- to long-term time span of 2030 and after, we comprehensively summarized important factors that may affect our group's business and evaluated (mainly qualitatively) the impacts from two aspects—magnitude of impact and possibility to be affected—for both scenarios. We then identified major factors and put together our initiatives for each factor.

We are determined to steadily implement these initiatives and to realize our business sustainability as well as the measures against climate change even after 2030.

*1 S+3E: Safety plus 3Es for Energy security, Energy efficiency, and Environment

*2 Scenarios for reference:

• Scenario of limiting the global average temperature to well below 2°C above pre-industrial levels: Sustainable Development Scenario (SDS)(IEA WEO 2019)/B2DS (IEA ETP 2017)/RCP2.6 (IPCC AR5)

• Scenario of limiting the global average temperature to 4°C above pre-industrial levels: IEA Stated Policies Scenario (STEPS) (IEA WEO 2019)/RTS (IEA ETP 2017)/RCP8.5 (IPCC AR5)

	Opportunities and risks	Factors	Details of opportunities and risks	Tokyo Gas Group's Initiatives
Below 2°C scenario	Opportunities	Markets	Global increase in demand for natural gas	<ul style="list-style-type: none"> Resources development and expansion of LNG/gas infrastructure and other overseas business to increase the natural gas transaction volume
	Opportunities	Energy source	Affinity of renewable energy with natural gas	<ul style="list-style-type: none"> Effective use of natural gas to adjust fluctuation of output of renewable energy Increase in renewable energy transaction volume in Japan and overseas Use of PV, storage batteries, EV, etc. to promote new decentralised power source business and VPP
	Opportunities and risks	Resource Efficiency; Technology	Decarbonization technology innovation	<ul style="list-style-type: none"> Development of decarbonization technologies for gaseous energy, such as hydrogen and methanation Introduction and use of CCUS technologies
	Opportunities and risks	Markets; Policy and Legal	Introduction of carbon tax (Introduction of appropriately-designed carbon tax may promote shift to energies with less CO ₂ emissions but excessive taxation may raise energy cost and negatively affect the company's business)	<ul style="list-style-type: none"> Fuel conversion, etc. to accelerate shift to natural gas Effective use of natural gas to adjust fluctuation in output of renewable energy Increase in renewable energy transaction volume in Japan and overseas Use of PV, storage batteries, EV, etc. to promote new decentralised power source business and VPP
4°C scenario	Opportunities	Resilience	Diversified energy system using natural gas to enhance resilience	<ul style="list-style-type: none"> Enhanced resilience in the natural gas infrastructure Expanded use of diversified energy system, such as smart energy networks, co-generation, ENE-FARM, etc. that are highly resilient and reduce energy consumption
	Risks	Acute	Impact on operations, associated with severer abnormal weather (disruption to the operation of facilities for production and supply)	<ul style="list-style-type: none"> Enhanced establishment of water hazard-resilient Life Line, such as and full preparation for BCP, disaster countermeasures of LNG terminals and power stations

Risk management

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.

As for specific initiatives, the environment management system (EMS) has been established for the entire group, led by the top management, and we conduct not only compliance with laws and regulations but also various initiatives regarding climate change by promoting a PDCA (Plan-Do-Check-Act) cycle.

Key figures and targets

The Tokyo Gas Group management vision Compass 2030 has set the management guidelines and key figures for realizing corporate growth.

Contribution to CO ₂ emission reductions	-10 million tons^{*3}
Renewable power source transaction volume	5 million kW (domestic and international, including purchasing)
No. of customer accounts	20 million^{*4}
Natural gas transaction volume	20 million tons^{*5}

^{*3} Base year: fiscal 2013, including contribution of emission reduction during consumption by customers

^{*4} Total no. of gas, power, and service agreements (domestically and internationally)

^{*5} LNG equivalent including overseas business and trading



[See TCFD materials for details.](#)

Tokyo Gas Group FY2020 - 2022

Medium-Term Management Plan

This Medium-Term Management Plan has been established to enable us to work to make steady progress and to reinforce the foundations of our business for future growth and expansion in the three-year period starting in FY2020, despite the recent difficult circumstances.

Overview of the Medium-Term Management Plan

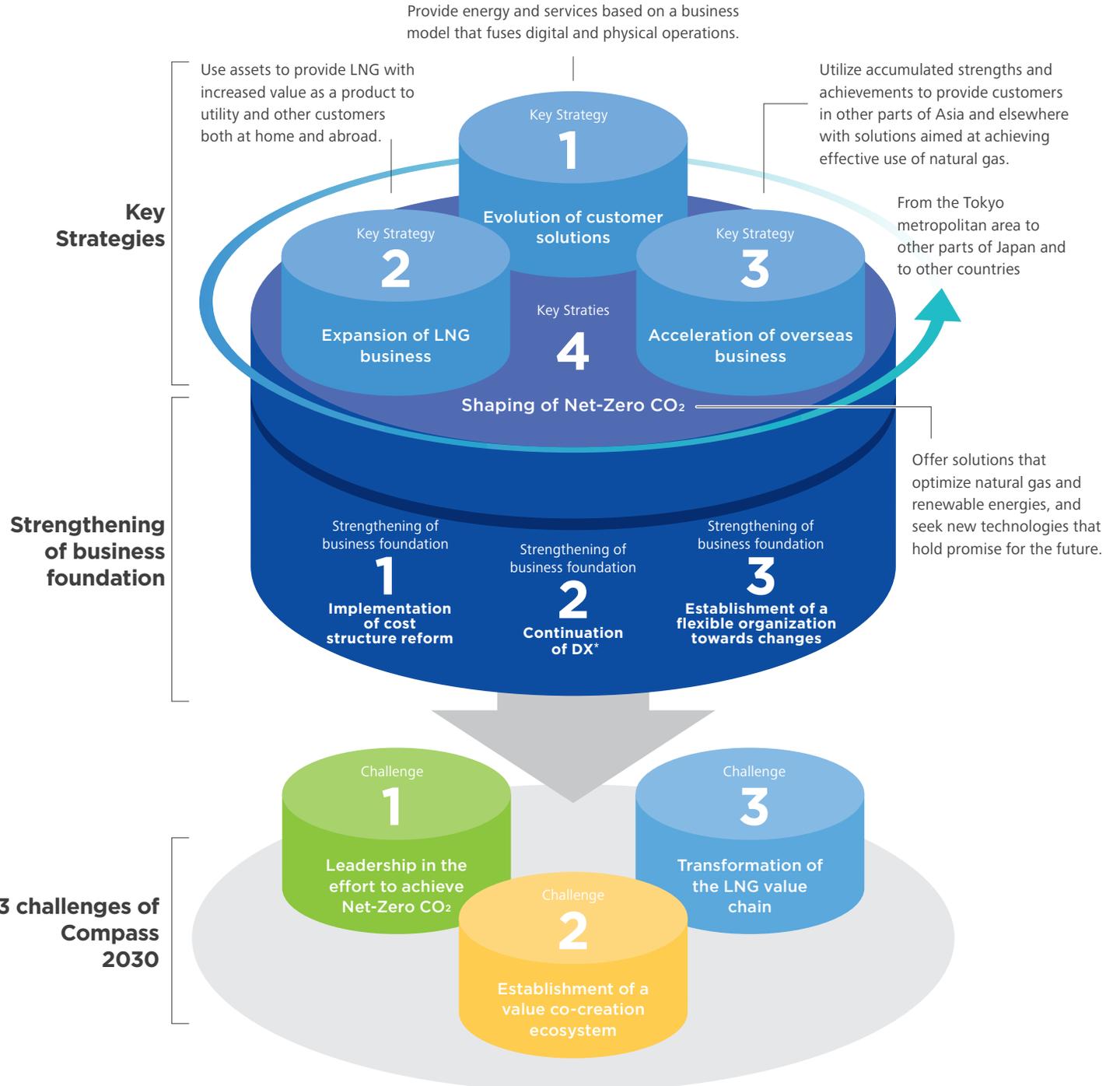
In preparation for future growth and expansion, we will establish the following as key strategies:

- ① Evolution of customer solutions
- ② Expansion of LNG business
- ③ Acceleration of overseas business
- ④ Shaping of Net-Zero CO₂

We will strive to

- ① Implement cost structure reform
 - ② Continue the digital transformation (DX)* and
 - ③ Build a flexible organization towards changes
- in order to change the revenue and expenditure structure, create resources for future growth and also strengthen our business foundation.

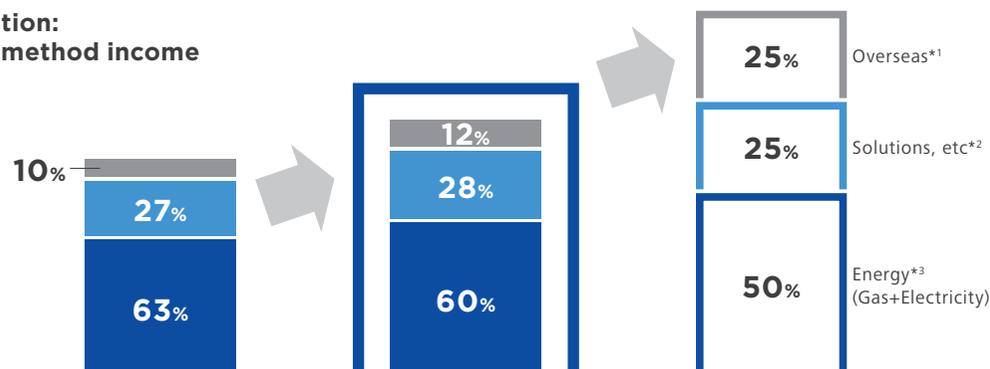
* DX: Digital transformation. The use of data and digital technologies to transform products, services and business models based on customer and societal needs, and also transform work operations themselves as well as organizations, processes, and corporate culture and climate.



Key figures

We will achieve operating profits + equity method income of JPY 140.0 billion in FY2022 through a balance between cost structure reform (primarily in the gas business), the expansion of electricity, solutions, etc., and investment in growth.

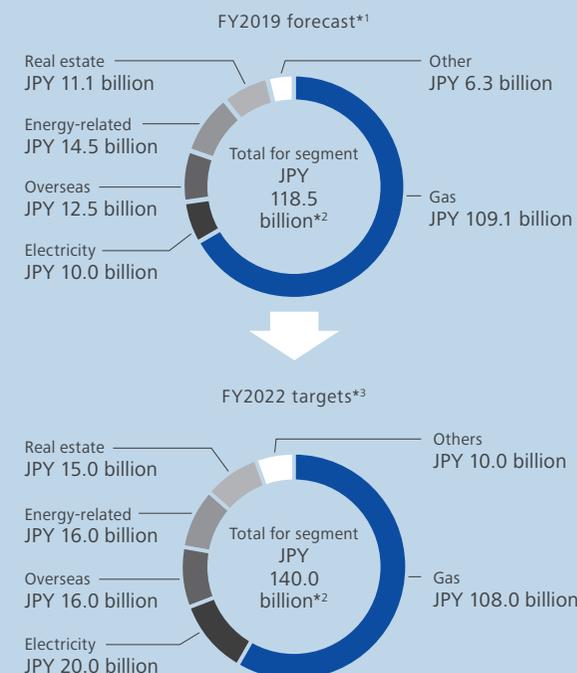
Project portfolio composition: Operating profit + equity method income



	FY2019 forecast*4	FY2022	Management Guidelines and key figures in Compass 2030
KGI			
Operating profit + equity method income	JPY 118.5 billion	JPY 140.0 billion	Approx. JPY 200.0 billion
Financial indicators			
ROA	3.1%	Approx. 4%	
ROE	6.6%	Approx. 8%	
D/E ratio	0.78	Approx. 0.9	
KPI			
No. of customer accounts (as of the end of FY)	12.20 million	14.80 million	20.00 million
Natural gas transaction volume	16.70 million tons	17.00 million tons	20.00 million tons
Segment profit from Overseas Business	JPY 12.5 billion	JPY 16.0 billion	-
Contribution to CO ₂ emission reductions (as compared to FY2013 levels)	5.0 million tons	6.50 million tons	10.00 million tons
Renewable power source transaction volume (as of the end of FY)	0.59 million kW	2.00 million kW	5.00 million kW
Cost structure reform (compared to FY2019)	-	-JPY 30.0 billion	-

*1 Overseas business: All overseas business *2 Solutions, etc.: Energy-related, real estate, other *3 Energy: Gas and electricity business in Japan *4 At time of 3Q results

Supplementary reference Profit planning by segment



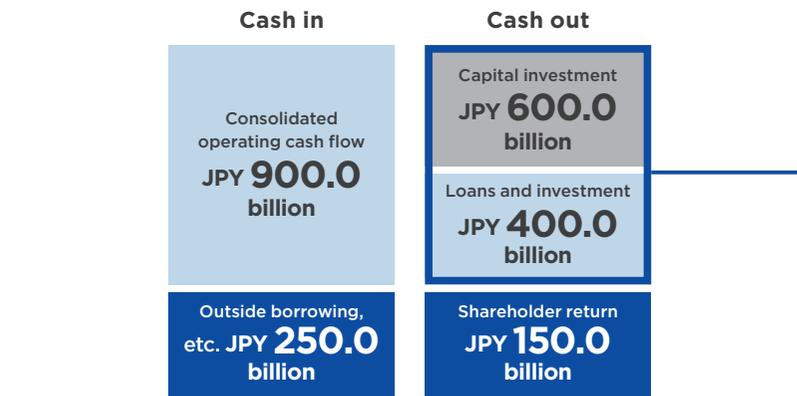
Segment	Main activities
Gas	Factor in increased depreciation costs and intensified competition while carrying out drastic cost structure reform and boosting LNG sales (trading).
Electricity	Achieve a balance between reducing marketing costs and increasing the number of accounts.
Overseas	Growth of upstream, midstream and downstream projects, primarily in North America.
Energy-related	Promote cost structure reform including making services for profit.
Real estate	Take into account the full-fledged start of the Tamachi Project.
Others	Promote cost structure reform and create profitability of M&A.

*1 At time of 3Q results
 FY2019 3Q results frame: Oil price \$68.42/bbl, Exchange rate ¥109.00/\$
 *2 Including consolidation adjustment (-¥45.0 billion)
 *3 FY2022 anticipated frame: Oil price \$60/bbl, Exchange rate ¥110/\$

Cash flow allocation plan and shareholder return policy

Using as a primary resource cash flow extended by cost structure reform and increase in sales, we will invest in future growth while maintaining the balance of asset efficiency, fiscal health and shareholder return.

Cash flow allocation (total for three years)

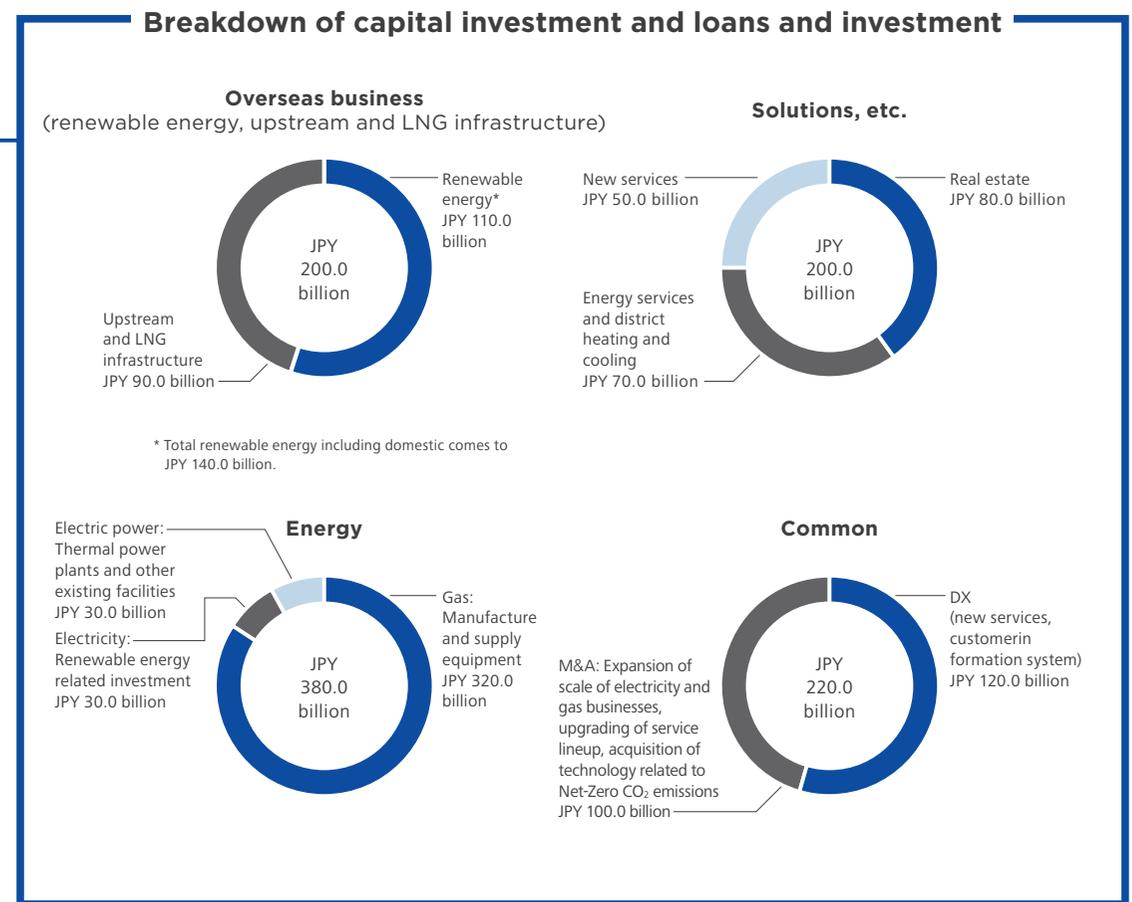


Shareholder return

Distributable income will be applied to the improvement of customer services and to the achievement of a sustainable society, and also distributed to shareholders in a timely and appropriate manner.

Acquisition of treasury stock for retirement will be considered as one way of providing shareholder return in addition to dividends, and targets for total payout ratio (ratio of dividends on current consolidated net income and acquisition of own shares) will be approximately 60% in each fiscal year up through FY2022.

With regard to dividends, we will continue to provide stable dividends and will gradually increase dividends in accordance with growth while comprehensively taking into consideration the profit level over the medium- to long-term.





Key Strategy 1

Evolution of customer solutions

- Through a business model that fuses digital and physical operations, we will provide an improved customer experience to meet increasingly diverse customer needs, and achieve increase of the number of customer accounts and improvement of profitability.
- To provide gas, electricity and services widely, we will deploy a second brand especially designed for digital operations, and build a new business model by collaborating with our business partners.

Main activities in FY2020 - 2022

2022 KPI

Restructuring of the retail sector

Prioritize operations to balance improved customer service with more efficient sales costs.

- Carefully examine and abolish tariffs and operations in order to create menus that are easy for customers to choose.
- Reassess and improve the quality of customer contact activities (increasing speed by the use of tech in the operation of reception and task allocation and make preparations for the use of electronic billing).

Promotion of electric power sales based on a new approach

Conduct business development that is not limited to the existing areas by employing a second brand.

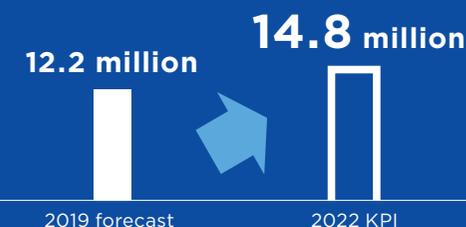
- Expanding business areas with electricity as a foothold for customers who do not have gas contracts or who have potential service needs.
- Establish a Hinatao Energy Co., a second brand that is especially designed for internet sales of electricity and gas in order to provide a menu of various services that can meet the wide-ranging needs of primarily digitally oriented customers.

Establishment of a business model utilizing the “last one mile” and the use of digital technology

Provide a new customer experience by using digital technology and equipment-related strengths.

- In addition to conventional appliance sales centering on face-to-face contacts, collaborate with e-commerce companies as well to establish installation and maintenance services, etc. for customer appliances and systems (“last one mile”) so as to meet customer needs that include electricity and plumbing.
- Create new solution menus beginning with photovoltaic power generation services for homes and businesses and gas appliances and home equipment services with fixed payment that include installation and maintenance (Sumilena).
- Provide an improved customer experience, by working with business partners as well as using AI to provide each customer with optimized menus of services to match needs of each customer.

 **No. of customer accounts**
(total no. of contracts for gas, electricity and services)



 **Of that amount, electricity**
3.8 million





Key Strategy 2

Expansion of LNG business

- We have seen LNG as a raw material for gas and electricity business, but we will reassess LNG as a product that provides value to customers. Through establishing a new company, we will grow a LNG trading to a mainstay for the Tokyo Gas Group.
- As LNG demand continues to increase worldwide, we will optimize LNG supply and demand by utilizing the Tokyo Gas Group assets and deepening cooperation with other companies in order to expand both transaction volumes and profits.



Main activities in FY2020 - 2022

2022 KPI

Expand LNG trading

Use assets and collaborate with other companies to pursue transaction opportunities.

- Cooperation with Centrica, RWE and other business partners will provide flexibility with respect to procurement and sales contracts and expand LNG swap transactions* that utilize ships, LNG terminals, thermal power plants and other assets.

* Transactions in which the price differential is determined in accordance with LNG time, heat quantity and location.

Strengthen operational structure

Optimize supply and demand to expand LNG transaction volumes and increase profits.

- Formulate and promote a comprehensive strategy for accommodating LNG supply and demand, and upgrade operational functions for gas and power source procurement, LNG transactions and so on (by establishing a new Asset Optimization & Trading division).
- Establish a new company for LNG trading to ensure agile transactions.

Conduct procurement to help expand LNG business

Achieve a flexible and competitive LNG procurement portfolio.

- Meet the diverse needs of domestic gas and electric power customers (mainly industrial users and power generation use), and domestic and foreign utilities.



Natural gas transaction volume

16.7 million tons **17 million tons**



2019 forecast

2022 KPI

* Including overseas business





Key Strategy 3

Acceleration of overseas business

- Using our accumulated LNG strengths and achievements, we will focus on LNG infrastructure business development in Asia where the demand for natural gas is increasing. We will also work to expand the scale of renewable power generation and increase the value of natural resource development business.
- We intend to conduct "growth engine type investment" where we invest in business corporations and get involved in the management. We will use the management resources of invested-in companies to quickly expand business and increase value.

Main activities in FY2020 - 2022

Development of LNG infrastructure business (Asia)

Secure LNG demand and develop new LNG terminals in an integrated manner.

- Participate in LNG infrastructure study to discover and develop new projects in each country from the master plan stage.
- Conduct integrated development of LNG terminals and gas power generation business (LNG to Power), utilizing the strengths and achievements of LNG user's know-how cultivated in the course of conducting domestic gas operations.

Expansion of scale of renewable energy power generation (North America and Europe)

Expand scale by using business expertise.

- Acquire development and business management knowledge through collaboration with Engie in Mexico and deploy this knowledge in North America and Europe.
- Participate in the management of renewable energy development operators, with involvement from the initial stages of development, in order to improve profitability.

Increase the value of upstream business (North America)

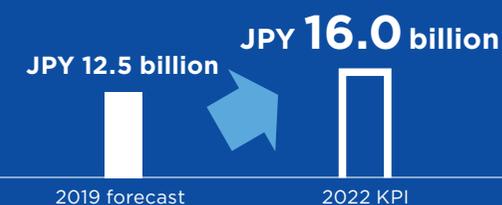
Increase profits by using the resources of invested-in companies.

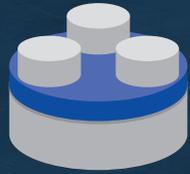
- Participate in the management of shale gas business corporations and take a leading role through refinancing and the expansion of interests to increase asset efficiency.

2022 KPI



Overseas segment profit





Key Strategy 4

Shaping of Net-Zero CO₂

- To achieve Net-Zero CO₂ emissions, we will expand the scale of virtual power plants (VPP) in order to develop a power business that integrates both renewable energies and natural gas.
- We will also make use of investment in domestic and foreign companies that possess new technologies in order to explore technologies that can aid in decarbonization and pursue innovation of these technologies.

Main activities in FY2020 - 2022

Develop solutions that combine renewable energies and natural gas

Balance the effective use of natural gas with expand of renewable energies and VPP.

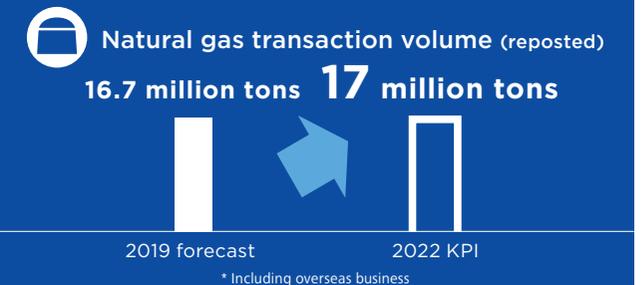
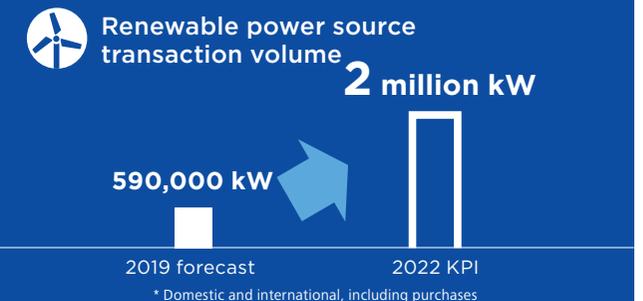
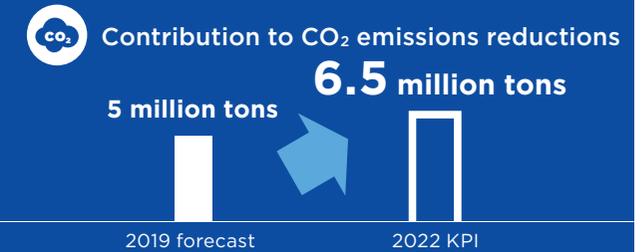
- Utilize digital technologies to combine thermal power, renewable energy and other centralized power sources with photovoltaic power, storage battery, CHP and other distributed power sources to consolidate diverse customer resources and expand the scale of VPP.
- Participate in photovoltaic power, biomass and wind power projects from the initial stages of development and insource operation and maintenance to expand scale while increasing business profits.
- Pursue development of offshore wind farms in Kashima and other promotion zones and take on the challenge of floating structures that have great development potential.
- Make effective use of natural gas by further advancing smart energy systems and energy services that have been successfully implemented at Nihonbashi Muromachi and Kiyohara Industrial Park and so on, and by combining with our group's property development projects.

Developing and commercialization of new technologies by utilizing open innovation

Acquire technologies for CO₂ emissions reduction, capture and use, and zero emissions.

- Promote technical development by using technologies and expertise accumulated through fuel cell development and the like.
 - Develop commercially viable fuel cells with the world's highest power generation efficiency (65%).
 - Conduct demonstration tests and begin services regarding CO₂ capture and use systems in redevelopment areas and at factories.
 - Develop the core element technologies for hydrogen production systems.
- Pursue innovation through collaboration that includes investment in companies that possess renewable energy, CCUS and other new technologies.

2022 KPI





Strengthening of business foundation

Implementation of cost structure reform, continuation of DX, establishment of a flexible organization towards changes

- Implement cost structure reform to generate growth resources that can be allocated to key strategies.
- Continue to implement digital transformation (DX) in order to increase operational efficiency, improve the customer experience and increase resilience.
- Take action with regard to the legal unbundling of the Pipeline Network Division and other changes within and outside the Group, and reassess organization, governance and personnel to increase the engagement of the Group overall.

Main activities in FY2020 - 2022

2022 KPI

Strengthening of business foundation ① Implementation of cost structure reform

Conduct a drastic review of operations and mechanisms.

- Reduce the workload by simplifying increasingly complex gas fees and IT systems.
- Review (with no exceptions) in-house criteria and operations based on appropriate quality.
- Reduce costs by means of procurement reform achieved through value engineering* and crystallization of business operations.

* A systematic method for maximizing the value per cost of products and services (in terms of function, performance, degree of satisfaction, etc.).

Strengthening of business foundation ② Continuation of DX

Increase operational efficiency, improve the customer experience and increase resilience.

- Increase operational efficiency through prediction and optimization based on AI and data.
- Increase customer convenience by making services available online, and by offering optimized proposals and so on, based on understanding of the customer.
- Make use of digital technologies to build a system that achieves a balance between ensuring safety/stable supply and achieving low costs.
- Increase meter reading efficiency and build a system that is capable of rapid restoration in preparation for the comprehensive introduction of smart meters.

Strengthening of business foundation ③ Establishment of a flexible organization towards changes

Take steps regarding legal unbundling and review the organization, governance and personnel.

- Implement thorough preparations for legal unbundling (introduce a pipeline network company in 2020 and establish a new company in 2022).
- Reassess Group governance in the light of heightened expectations for the role of subordinates (in addition to the new pipeline company, a new business company owned by Tokyo Gas Liv Solutions and a new trading company will be established).
- Welcome and train diverse personnel, and create the mechanisms and corporate culture needed to take on challenges.



Cost structure reform

2022 KPI
* Compared to FY2019

-JPY 30.0 billion



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.

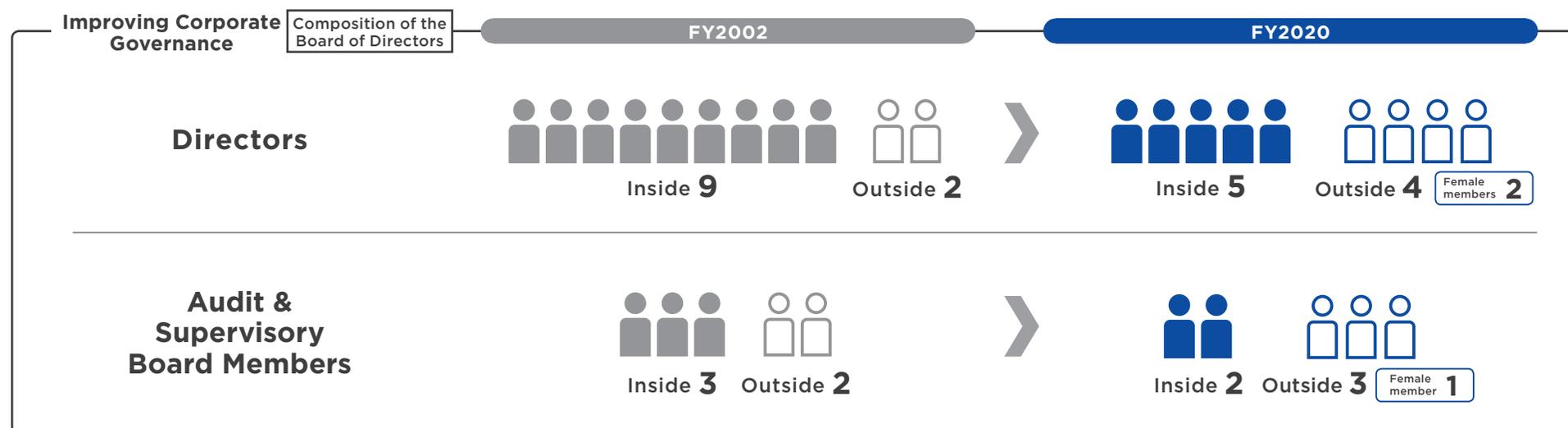
Meanwhile, they are required to report the state of their duties to the Board of Directors as necessary to ensure that their execution of business is appropriately monitored.

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.

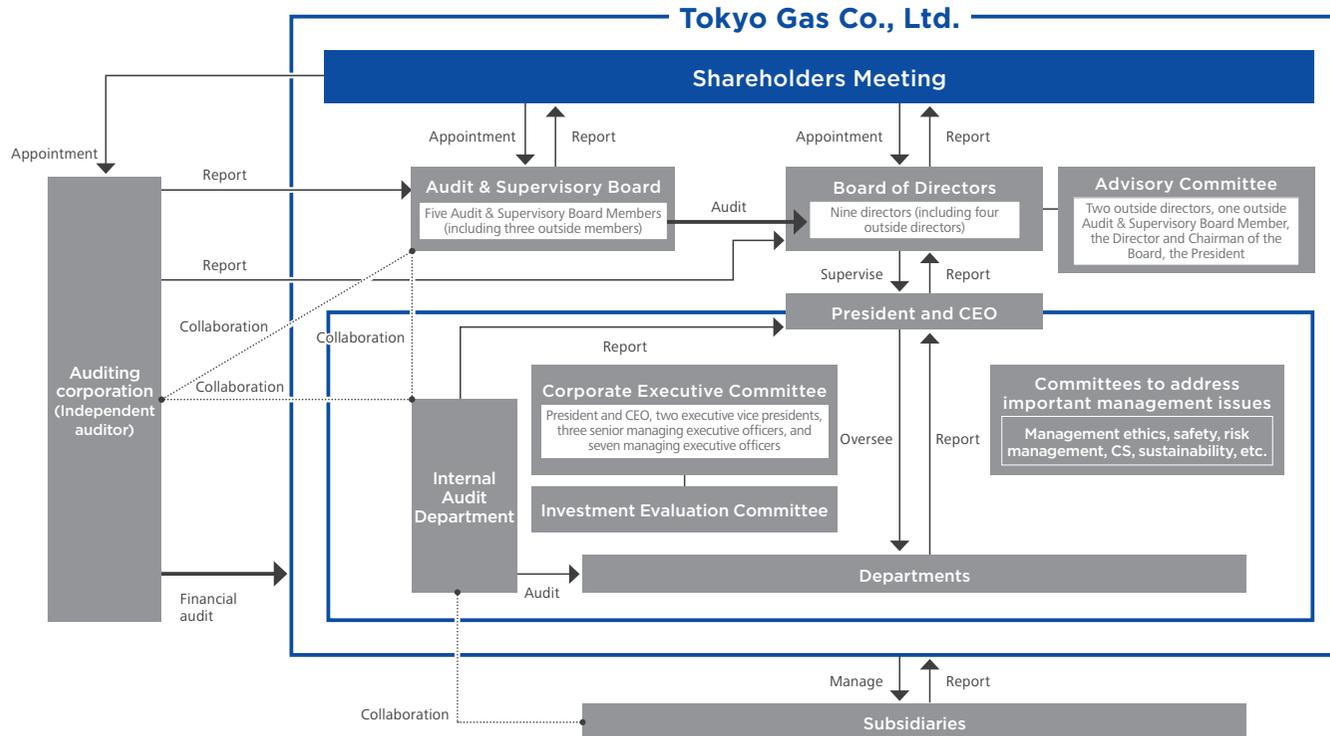
Outside Audit & Supervisory Board Members

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.

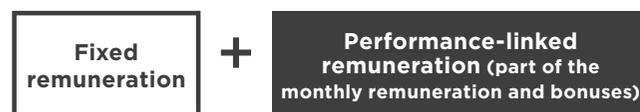
2 Level of Remuneration

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.

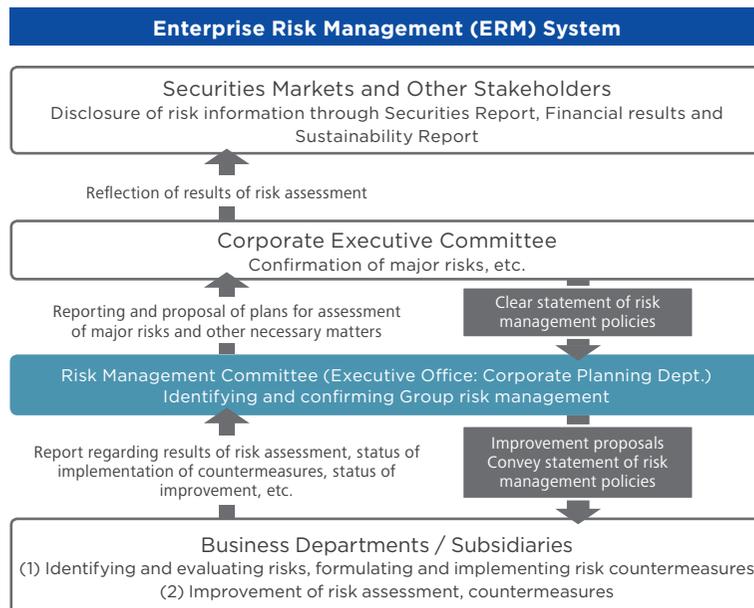
Risk Management System

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.

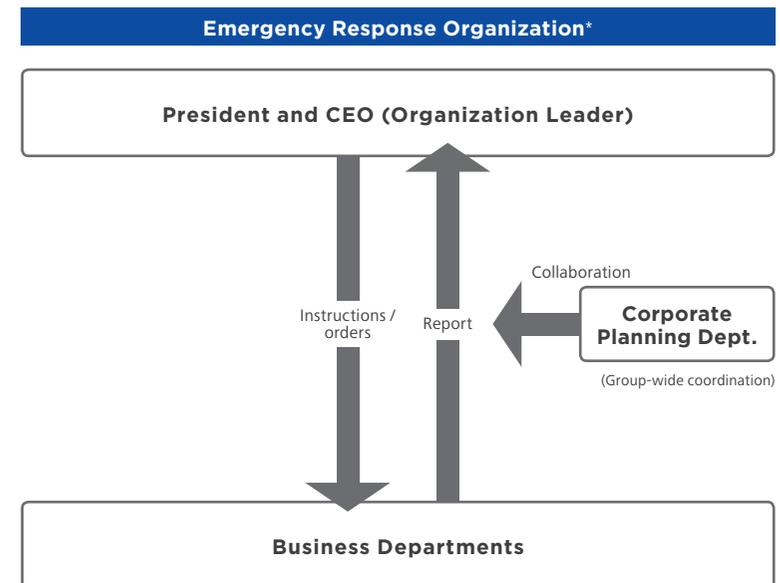
The Risk Management Committee was established with the aim of improving the management level of the ERM system. The Committee checks progress regarding the establishment and operational status of the ERM system, including periodic risk assessments. It also reports to the Corporate Executive Committee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

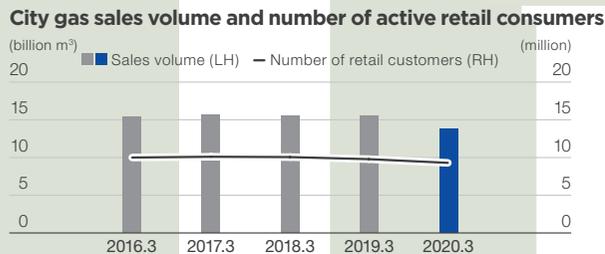
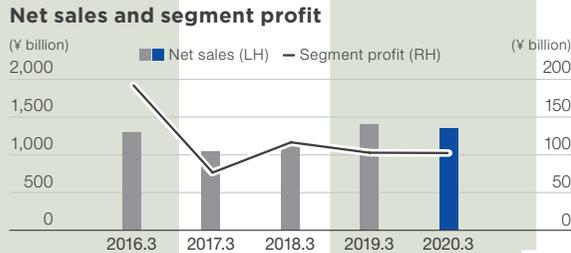
That being said, I strongly feel required to view the business environment, business structure and other aspects of the business from two perspectives, the public interest and efficiency. I will use my past experience to work towards achieving things in the public interest and efficiency. With a focus 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.

GAS BUSINESS

City Gas and LNG sales

Outline

We have been operating the city gas business in the Greater Tokyo Area while the applications of city gas expanded to household, commercial and industrial consumption as well as use for power generation and other purposes. We will strive to enlarge our sales areas by promoting electricity and services. We will redefine LNG, which is a raw material for city gas, as a commodity and increase the flexibility and price competitiveness of the procurement portfolio to expand the LNG business, including asset-backed trading.

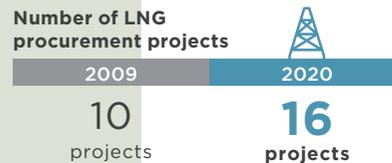


Strengths Customer base of over 11 million customers and a relationship of trust with customers through close ties with local communities
Established history of providing a safe and reliable supply of gas amongst our customers
The Kanto region centered around Tokyo, with its high concentration of production and consumption, as our primary sales area
Safety-related know-how and energy solution capabilities

Risks Difficulties in LNG procurement due to the impact of geopolitical risks, etc., regarding imports
Potential supply issues due to damage to production and supply facilities caused by a large-scale disaster
Intensified competition driven by market deregulation; decline in demand caused by changing lifestyle

Diversification 1 Supply sources

In 2018, we started to procure LNG from the US, while continuing to acquire supplies from existing sources, including Southeast Asia, Australia and Sakhalin (Russia). In 2020, the portfolio agreement with Shell Eastern Trading, under which multiple supply sources supply us with LNG, came into effect, increasing our supply sources to 16 projects in six countries. In the future, we will work to diversify our procurement sources, including a Mozambique LNG project from which we will jointly purchase LNG with Centrica, and the LNG Canada Project in an effort to improve supply stability.



Japan relies heavily on LNG imports for procuring natural gas, and LNG import prices are generally determined by a mechanism linked to crude oil prices. With the aim of achieving stable and affordable LNG procurement under these conditions, the Tokyo Gas Group strives to achieve three types of diversification: diversification of supply sources, contract terms and conditions, and its LNG network.

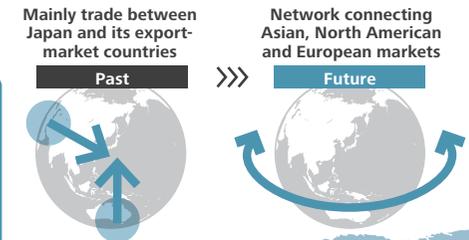
Diversification 2 Contract terms and conditions

We will add contracts based on the U.S. natural gas prices and coal prices to conventional contracts based on crude oil prices to diversify price indices. In addition, we will diversify agreements by signing those without limits on destinations and those with an eye toward medium-term, short-term and spot procurement to make our procurement more flexible.

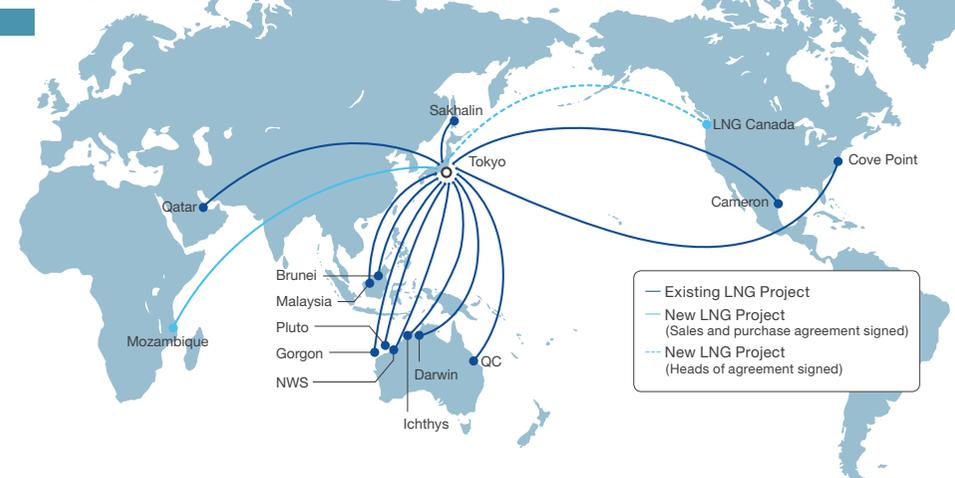


Diversification 3 LNG Network

We will form strategic alliances with different companies in Japan and abroad to construct an LNG network that links the Asian, North American and European markets to increase the transport efficiency of LNG and to step up efforts to reduce costs and increase flexibility in procurement and sales agreements.



Tokyo Gas' long-term contracts (as of April 2020)



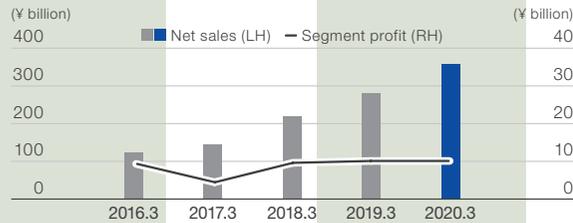
ELECTRIC POWER BUSINESS

Outline

Since the Tokyo Gas Group began to generate and supply electricity, it has engaged in a comprehensive range of business activities that extend from fuel procurement to power generation and sales. As a new power supplier, we own one of the largest power plants in the Greater Tokyo Area. In addition to our actions in electricity wholesaling and sales to large-volume consumers, we have been making efforts to capture retail customers since the electric power retail market was fully deregulated in 2016. In the future, we will make further use of online sales and other new sales approaches in a bid to expand electric power sales.

Number of Retail Customers	Electricity Sales Volume	Segment profit
2.4 million April 2020	20.6 billion kWh FY2019	¥10.1 billion FY2019

Net sales and segment profit



Electricity sales volume / Number of retail customers

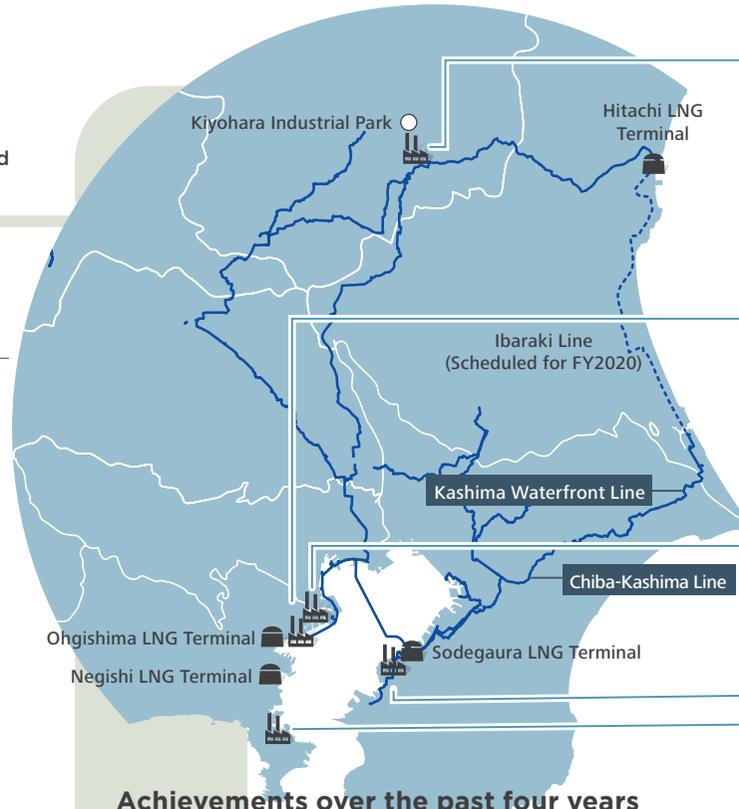


Strengths

Owning a high-efficiency power plant that is one of the largest among new power suppliers in the Greater Tokyo Area
A community-based sales network composed of Lifeval, Enesta and other outlets and a customer base of more than 11 million customers.

Risks

Decline in price competitiveness of natural gas thermal power generation, associated with changes in prices of raw materials and fuels
Potential damage to power generation facilities and supply issues of raw materials and fuels, stemming from a large-scale disaster



Moka Power Station

Generation capacity	Owned power
1.25 million kW 0.624 millionx2 units	1.25 million kW <small>(All the power generated will be purchased by the Tokyo Gas Group.)</small>
Start of operations 2019 Tokyo Gas interest 0%	



Ohgishima Power Co., Ltd.

Generation capacity	Owned power
1.22 million kW 0.407 millionx3 units	0.92 million kW
Start of operations 2010 Tokyo Gas interest 75%	

Kawasaki Natural Gas Power Generation Co., Ltd.

Generation capacity	Owned power
0.84 million kW 0.42 millionx2 units	0.42 million kW
Start of operations 2008 Tokyo Gas interest 49%	

Tokyo Gas Baypower Co., Ltd.

Generation capacity	Owned power
0.10 million kW 0.1 millionx1 unit	0.10 million kW
Start of operations 2003 Tokyo Gas interest 100%	

Tokyo Gas Yokosuka Power Co., Ltd.

Generation capacity	Owned power
0.24 million kW 0.24 millionx1 unit	0.18 million kW
Start of operations 2006 Tokyo Gas interest 75%	

Achievements over the past four years since the full deregulation of the electric power retail market

In the electric power retail business, we offer the "Zuttomo Plan". It is a one-stop service providing gas, electricity and services. We supplied electric power to 2.4 million customers as of April 2020, holding the largest market share for the fourth consecutive year in the low voltage category among new power suppliers. In March 2020, our lineup of services grew to include a new option from a new company, Hinatao Energy. We will continue our efforts to increase the number of customers of our integrated gas-electricity services.

Progress in the development of renewable energy power sources (as of May 2020)

	Power generation capacity of interests (million kW)	Number of power plants
Domestic	Photovoltaic	0.086
	Wind power	0.017
	Biomass	0.027
	Subtotal	0.130
Overseas	Photovoltaic	0.373
	Wind power	0.076
	Subtotal	0.45
Total	0.58	29



OVERSEAS BUSINESS

Outline

The Tokyo Gas Group has taken part in LNG- and natural gas-related projects in Australia, North America and Southeast Asia. In the future, we will engage in the renewable energy, gas and electric power supply and LNG infrastructure businesses as well as the resource development business to expand our overseas business with a view towards realizing the targets set in Compass 2030.

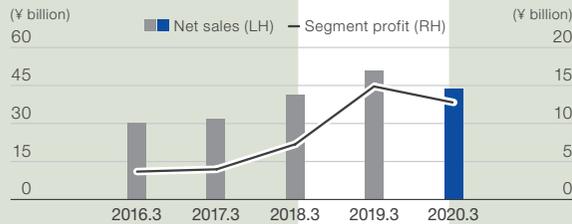
Net Sales

¥43.9 billion
FY2019

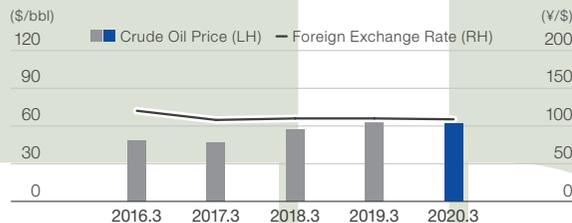
Segment profit

¥13.2 billion
FY2019

Net sales and segment profit



Crude oil price and foreign exchange rate



Strengths

Know-how in the midstream and downstream businesses accumulated in Japan
Global network established through activities such as raw material procurement and business participation

Risks

Business operations may be stalled, the burden of expenses may increase and business opportunities may be missed to meet country-specific laws, regulations and/or business practices.
Fluctuations in crude oil/gas prices and foreign exchange rates may impact the revenues and expenditures of all overseas business operations

North America



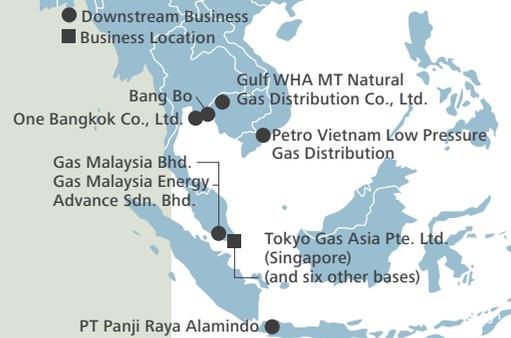
Upstream Business

Monitoring commodity price trends and carefully estimating the productivity and reserves of gas fields, we are proceeding to form appropriate alliances with experienced operators and invest in prime assets. At present, we are taking part in three natural gas development projects in the United States.

Midstream and Downstream Business

In the natural gas fired power generation business, we carefully select the projects in which we participate. Currently, we are part of one gas power generation project on the East Coast of the United States. In addition, we will be working on a renewable energy business in Mexico together with France-based Engie.

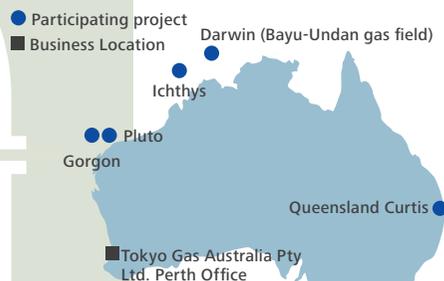
Southeast Asia



Midstream and Downstream Business

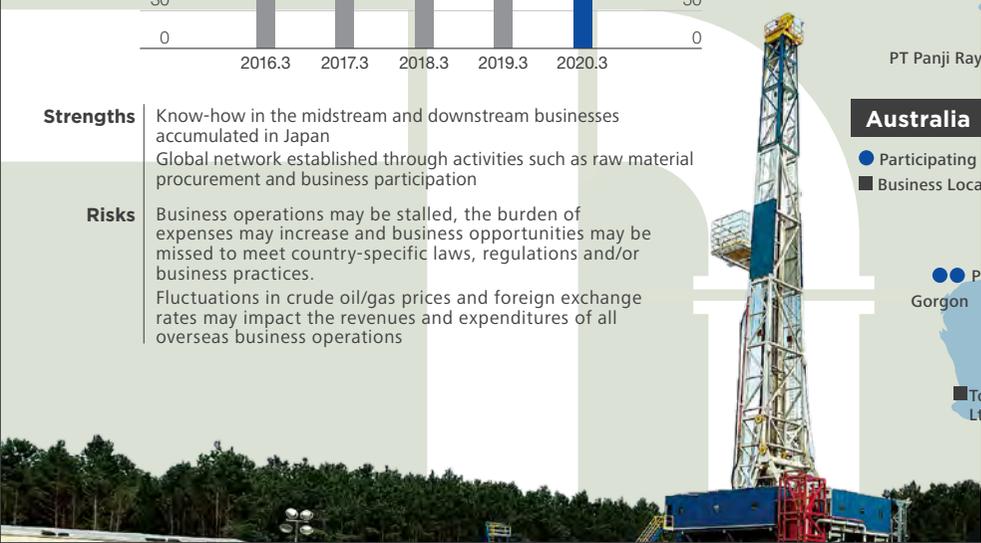
In a bid to contribute to the development of natural gas infrastructure, we offer a broad array of value, ranging from engineering to expertise on operations and energy conservation services. Specifically, we take part in the construction of LNG terminals, power plants and other energy infrastructure and facilities and provide support for demand cultivation, LNG terminal operations, LNG procurement and other activities. Thus, we are involved in the entire value chain, increasing our presence.

Australia



Upstream Business

Australia has grown into a major LNG supply base for East Asia. We have invested in five LNG projects in the country, including the Ichthyos Project. We will continue to operate and manage these projects with a view towards maximizing their value.



SERVICE BUSINESS Energy-related business

Outline

For almost half a century, since introducing LNG to Japan for the first time in 1969, Tokyo Gas Group has consistently handled processes across the entire LNG value chain. Utilizing the technological capabilities and know-how developed through these processes, Tokyo Gas Group provides one-stop solutions to match the needs of customers both in Japan and overseas, including LNG terminals, pipelines, district heating and cooling, and energy services.

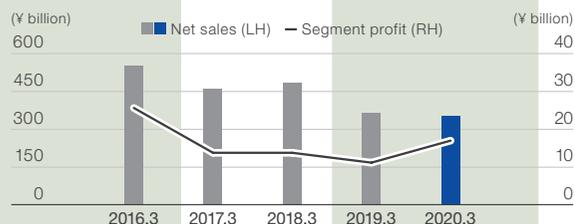
Net Sales

¥351.9 billion
FY2019

Segment profit

¥16.9 billion
FY2019

Net sales and segment profit



Providing engineering solutions leveraging technological capabilities and know-how developed over almost half a century

The Tokyo Gas Group has handled processes across the entire LNG value chain for almost half a century, including both upstream and downstream processes. We offer the knowledge and expertise that we have accumulated through actually using the LNG terminals, pipelines, district heating and cooling centers and various other facilities and equipment that we have designed and built during that time as engineering solutions based on user's know-how, to clients both in Japan and overseas.

Area-wide Energy Supply Business

Smart energy project in the Kiyohara Industrial Park

We built local energy infrastructure in the Kiyohara Industrial Park in Utsunomiya-shi in Tochigi Prefecture, with operations commencing in fiscal 2019. It includes an energy center consisting mainly of a cogeneration system, and independent power lines and heat conduits. It is an area-wide energy supply project supplying electric power and heat in the form of steam and hot water, to seven business facilities. With its advanced use of energy, it has attained a massive reduction in energy consumption and CO₂ emissions and improved the resilience of the area. The Tokyo Gas Group will promote the widespread use of distributed energy systems and tap industrial demand in a bid to help attain the Sustainable Development Goals (SDGs).



Thailand: LNG receiving terminal PMC

We are involved in project management for the construction of the Nong Fab LNG Terminal commissioned by PTT LNG Co., Ltd. based in Thailand. We received this order in recognition of our advanced technical capabilities and the rich experience accumulated by Tokyo Gas Engineering Solutions Corporation through the construction and operation of LNG terminals in Japan and overseas. We engage in the management of the entire project, including technological and contractual aspects, in order to ensure smooth, trouble-free progress in design, procurement, construction and trial operations performed by the construction contractor as scheduled.



SERVICE BUSINESS

Urban Development Service (Real Estate)

Outline

Over the course of 135 years in business, the Tokyo Gas Group has acquired large-scale and medium-scale areas of land with high asset value. Making the most of them, the Group operates an office and residential real estate leasing business mainly in city center areas with a basic concept of securing stable revenues and improving asset value. It will work on joint projects with business partners in an effort to expand the regional development services business.

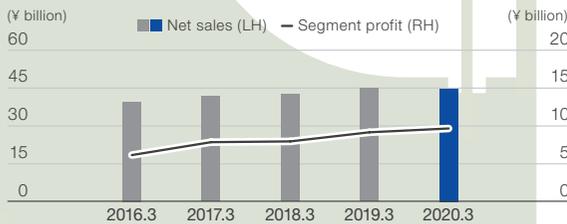
Net Sales

¥44.5 billion
FY2019

Segment profits

¥9.6 billion
FY2019

Net sales and segment profit



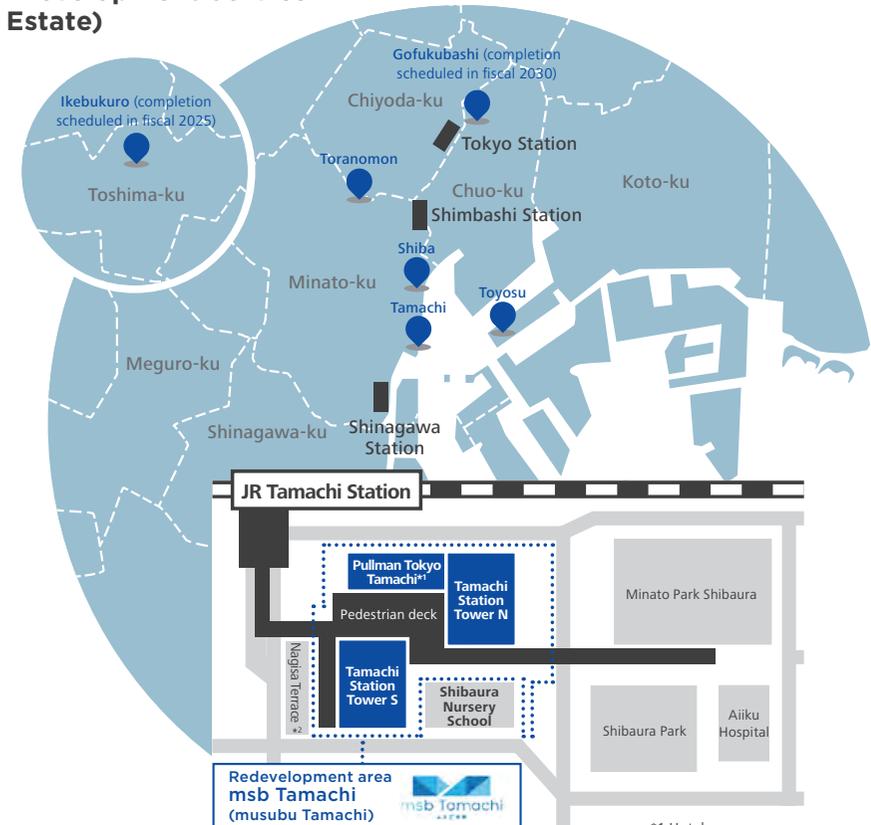
Office leasing business

msb Tamachi (musubu Tamachi)

We engage in the business of leasing high value-added office space, chiefly in city center areas using large properties. At msb Tamachi, we will introduce a smart energy network and enhance its business continuity planning (BCP) functionality to contribute to the creation of an advanced, appealing community. Phase I of development (Tamachi Station Tower S and Pullman Tokyo Tamachi) was completed in May 2018, and Phase II (Tamachi Station Tower N) was completed in fiscal 2020.

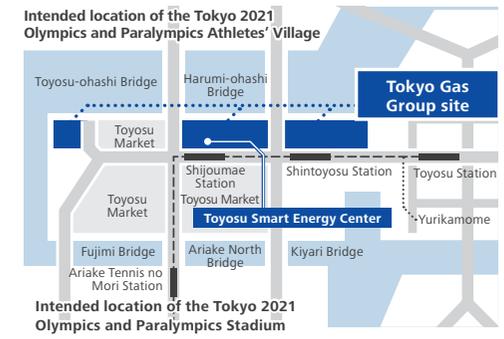
Note: Phase I: Land leasing business, Phase II: Office leasing business (based on Tokyo Gas capital investment)

msb Tamachi (musubu Tamachi)



Toyosu mixed land area property development

The Toyosu area is situated in a prime location, approximately 4km away from Tokyo Station. With significant events such as the opening of the new Toyosu Fish Market in October 2018 and the coming hosting of the Olympic and Paralympic Games in 2021, the area is now attracting even greater attention. The Tokyo Gas Group aims to create a new mixed land area development in Toyosu that will include both residential and commercial properties, in a development area covering approximately 20 ha.



Residential leasing business

We are also engaged in proactive leasing business operations on small to medium-sized properties (as of March 2020, 18 buildings with 640 residential units). In a bid to create good quality assets that are well suited to leasing, we will work on the development of our own land and the acquisition of new properties from the real estate market. In January 2021, construction of a rental housing complex in Itabashi-ku, Tokyo, named Itabashi Rental Housing Complex, is scheduled for completion.



10-Year Consolidated Financial Highlights*¹

	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Net Sales (¥ million)	1,535,242	1,754,257	1,915,639	2,112,117	2,292,548	1,884,656	1,587,085	1,777,344	1,962,308	1,925,235
Operating Profit (¥ million)	122,451	77,075	145,633	166,044	171,753	192,008	58,365	116,302	93,704	101,508
Operating Profit Margin (%)	7.98	4.39	7.60	7.86	7.49	10.19	3.68	6.54	4.78	5.27
Ordinary Profit (¥ million)	121,548	75,620	147,453	159,613	168,169	188,809	55,688	111,546	89,386	102,735
Profit attributable to owners of parent (¥ million)	95,467	46,060	101,678	108,451	95,828	111,936	53,134	74,987	84,555	43,382
Equity (¥ million)	858,920	839,166	927,634	1,011,787	1,069,515	1,100,271	1,101,498	1,136,027	1,159,055	1,147,836
Total Assets (¥ million)	1,829,661	1,863,885	1,992,403	2,176,816	2,257,662	2,251,518	2,230,269	2,334,316	2,428,149	2,537,724
Interest-bearing Debt (¥ million)	584,169	625,830	642,550	713,823	730,739	715,769	713,596	724,940	803,216	905,066
Operating Cash Flow (¥ million)	244,803	194,565	240,448	248,831	237,680	257,122	217,439	240,328	246,436	213,055
Free Cash Flow (¥ million)	94,600	48,152	56,651	827	13,084	25,089	14,081	31,583	22,655	(14,003)
EBITDA (¥ million)	271,788	225,580	284,403	306,424	313,605	337,194	222,670	281,643	255,585	271,181
Capital Expenditure (¥ million)	150,202	146,413	183,797	248,004	224,596	232,033	203,358	208,745	223,781	227,058
Depreciation (¥ million)* ²	149,336	148,505	138,770	140,380	141,852	145,187	164,305	165,342	161,881	169,673
EPS (Earnings per Share) (¥)	35.63	17.70	39.52	43.10	39.15	46.68	23.02	164.12* ³	187.60	98.07
BPS (Book Value per Share) (¥)	320.70	324.67	360.70	402.91	438.28	460.35	479.74	2,487.58* ³	2,575.99	2,602.74
Number of Issued Shares (Common Stock) (thousands of shares)	2,684,193	2,590,715	2,577,919	2,517,551	2,446,778	2,396,778	2,302,856	458,073* ³	451,356	442,436
Dividend per Share (¥)	9	9	10	10	10	11	11	55* ³	60	60
DOE (Dividends on Equity) (%)	2.88	2.74	2.91	2.59	2.34	2.42	2.29	2.25	2.35	2.29
Payout Ratio (%)	25.26	50.85	25.30	23.20	25.55	23.57	47.79	33.51	31.98	61.18
Total Payout Ratio (%)	60.87	61.36	60.70	60.00	60.80	60.10	60.71	60.17	60.31	60.99

	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	
Current Ratio (%)	142.26	156.89	162.16	156.67	150.63	155.48	142.69	135.59	156.01	152.10	
D/E (Debt-Equity) Ratio (times)	0.68	0.75	0.69	0.71	0.68	0.65	0.65	0.64	0.69	0.79	
Equity Ratio(%)	46.94	45.02	46.56	46.48	47.37	48.87	49.39	48.67	47.73	45.23	
ROE (Return on Equity) (%)	11.41	5.42	11.51	11.18	9.21	10.32	4.83	6.70	7.37	3.76	
ROA (Return on Assets) (%)	5.20	2.49	5.27	5.20	4.32	4.96	2.37	3.29	3.55	1.75	
Total Asset Turnover (times)	0.84	0.95	0.99	1.01	1.03	0.84	0.71	0.78	0.82	0.78	
TEP (¥100 million)	640	91	598	507	434	676	-62	244	68	207	
WACC (%)	3.3	3.1	3.2	3.2	3.6	3.4	3.0	3.1	3.0	2.7	
Number of city gas retail customers (thousand)	9,542.3	9,615.4	9,721.1	9,844.8	9,982.3	10,125.7	10,269.4	10,209.0	9,821.0	9,129.0	
Gas Sales Volume (million m ³)	14,745	15,190	15,390	14,735	15,541	15,436	15,720	15,568	15,198	13,855	
	2020 Vision basis*4	-	15,833	16,741	17,225	18,360	18,587	19,053	19,052	18,397	17,666
Number of electricity retail customers (thousand)	-	-	-	-	-	-	667	1,130	1,774	2,363	
Electric power sales volume (billion kWh)	-	8.2	9.9	9.7	10.6	10.9	12.6	14.6	15.4	20.6	

Notes: *1 The financial information contained in this integrated report is based on annual securities report. However, it has not been audited by Audit firms etc.

*2 Depreciation includes amortization of long-term prepaid expenses.

*3 The Company carried out a share consolidation at a ratio of 5 common shares to 1 on October 1, 2017.

The dividend per share of 55.0 yen is calculated on the post-consolidation basis (the interim dividend of 5.50 yen per share before the share consolidation and the year-end dividend of 27.50 yen per share after the share consolidation).

*4 2020 Vision basis ... The figures represent baseline values for sales volume targets set forth in our management vision, Challenge 2020 Vision. They are obtained by adding volume for in-house use and LNG sales volume (excluding volume for Nijio) to consolidated gas sales volume.

Computations

Operating Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation
 Free Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation – Capital Expenditure
 Current Ratio = Current Assets (year-end) / Current Liabilities (year-end) x 100
 Debt-Equity Ratio = Interest-bearing Debt (year-end) / Equity (year-end)

Equity Ratio = Equity (year-end) / Total Assets (year-end) x 100
 Total Asset Turnover = Net Sales / Total Assets (average)
 TEP (Tokyo Gas Economic Profit) = NOPAT – Cost of capital
 (invested capital x WACC)

WACC calculation data (fiscal 2019 actual)
 · Interest-bearing debt cost: Real interest rate of 0.75% (after tax)
 · Cost of shareholders' equity
 · Risk-free rate: 10-year JGB yield of -0.096%
 · Risk premium: 5.5%, Beta coefficient of 0.75

Consolidated Balance Sheet

(¥ million)

	2019.3.31	2020.3.31
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	234,433	224,515
Distribution facilities	548,529	548,095
Service and maintenance facilities	49,586	48,492
Other facilities	447,608	475,093
Inactive facilities	316	316
Construction in progress	145,160	162,862
Total property, plant and equipment	1,425,634	1,459,377
Intangible assets		
Goodwill	1,306	16,269
Other intangible assets	119,052	137,814
Total intangible assets	120,359	154,084
Investments and other assets		
Investment securities	225,212	216,052
Long-term loans receivable	40,158	50,615
Retirement benefit asset	24	29
Deferred tax assets	42,425	49,132
Other investments	47,950	46,407
Allowance for doubtful accounts	(362)	(405)
Total investments and other assets	355,409	361,831
Total non-current assets	1,901,403	1,975,292
Current assets		
Cash and deposits	93,092	151,288
Notes and accounts receivable - trade	265,225	221,123
Lease receivables and investments in leases	19,647	20,363
Merchandise and finished goods	2,194	1,905
Work in process	12,730	11,868
Raw materials and supplies	63,735	64,703
Other current assets	71,306	91,748
Allowance for doubtful accounts	(1,186)	(570)
Total current assets	526,745	562,431
Total assets	2,428,149	2,537,724

(¥ million)

	2019.3.31	2020.3.31
Liabilities		
Non-current liabilities		
Bonds payable	334,998	404,998
Long-term loans payable	394,542	429,541
Deferred tax liabilities	17,517	18,531
Retirement benefit liability	75,262	71,976
Provision for gas holder repairs	2,990	3,122
Provision for safety measures	1,776	593
Provision for appliance warranties	14,057	12,985
Provision for point card certificates	1,450	1,000
Asset retirement obligations	11,940	14,424
Other non current liabilities	64,640	51,555
Total non-current liabilities	919,176	1,008,730
Current liabilities		
Current portion of non-current liabilities	51,566	54,428
Notes and accounts payable - trade	69,605	78,593
Short-term loans payable	5,133	6,507
Income taxes payable	31,283	29,708
Other current liabilities	180,037	200,527
Total current liabilities	337,626	369,765
Total liabilities	1,256,803	1,378,495
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,634	2,067
Retained earnings	976,550	967,808
Treasury shares	(4,111)	(3,875)
Total shareholders' equity	1,115,918	1,107,844
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,756	15,843
Deferred gains or losses on hedges	1,604	1,444
Foreign currency translation adjustment	24,770	22,412
Remeasurements of defined benefit plans	(5,994)	292
Total accumulated other comprehensive income	43,137	39,992
Non-controlling interests	12,289	11,391
Total net assets	1,171,345	1,159,228
Total liabilities and net assets	2,428,149	2,537,724

Consolidated Statement of Income

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Net sales	1,962,308	1,925,235
Cost of sales	1,407,345	1,343,965
Gross profit	554,963	581,269
Selling, general and administrative expenses		
Supply and sales expenses	392,466	408,857
General and administrative expenses	68,791	70,903
Total selling, general and administrative expenses	461,258	479,761
Operating profit	93,704	101,508
Non-operating income		
Interest income	1,612	2,330
Dividend income	2,812	5,433
Share of profit of entities accounted for using equity method	2,794	5,211
Miscellaneous income	6,551	7,453
Total non-operating income	13,771	20,429
Non-operating expenses		
Interest expenses	11,091	11,412
Balance on commissioned construction	1,750	2,151
Miscellaneous expenses	5,247	5,637
Total non-operating expenses	18,089	19,202
Ordinary profit	89,386	102,735
Extraordinary income		
Gain on sales of non-current assets	29,306	-
Gain on sales of investment securities	6,420	-
Gain on settlement of contract	-	11,627
Total extraordinary income	35,727	11,627
Extraordinary losses		
Impairment loss	-	28,152
Loss on valuation of investment securities	7,865	18,643
Total extraordinary losses	7,865	46,796
Profit before income taxes	117,248	67,566
Income taxes - current	26,113	31,196
Income taxes - deferred	6,823	(7,197)
Total income taxes	32,936	23,999
Profit	84,311	43,567
Profit (loss) attributable to noncontrolling interests	(244)	184
Profit attributable to owners of parent	84,555	43,382

Consolidated Statement of Comprehensive Income

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Profit	84,311	43,567
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,528)	(6,878)
Deferred gains or losses on hedges	221	(850)
Foreign currency translation adjustment	(6,735)	(1,916)
Remeasurements of defined benefit plans, net of tax	(2,073)	6,150
Share of other comprehensive income of entities accounted for using equity method	(78)	178
Total other comprehensive income	(16,193)	(3,316)
Comprehensive income	68,118	40,250
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	68,401	40,238
Comprehensive income attributable to non-controlling interests	(283)	12

Consolidated Statement of Cash Flows

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Cash flows from operating activities		
Profit before income taxes	117,248	67,566
Depreciation	157,574	165,410
Impairment loss	888	28,152
Gain on settlement of contract	–	(11,627)
Amortization of long-term prepaid expenses	4,306	4,263
Loss on retirement of property, plant and equipment	2,248	2,164
Loss (gain) on valuation of investment securities	7,865	18,643
Increase (decrease) in retirement benefit liability	1,039	5,206
Increase (decrease) in provision for safety measures	(1,338)	(1,182)
Increase (decrease) in provision for appliance warranties	4,073	(1,072)
Interest and dividend income	(4,425)	(7,763)
Interest expenses	11,091	11,412
Share of loss (profit) of entities accounted for using equity method	(2,794)	(5,211)
Decrease (increase) in notes and accounts receivable - trade	(46,191)	52,646
Decrease (increase) in inventories	(18,336)	172
Increase (decrease) in notes and accounts payable - trade	(5,321)	8,952
Increase (decrease) in accrued consumption taxes	(3,002)	7,979
Decrease (increase) in accounts receivable - other	(2,541)	(1,619)
Other, net	(53,083)	(9,541)
Subtotal	169,300	334,549
Interest and dividend income received	9,387	14,510
Interest expenses paid	(10,809)	(11,087)
Income taxes paid	(26,571)	(31,676)
Net cash provided by (used in) operating activities	141,306	306,296
Cash flows from investing activities		
Purchase of investment securities	(17,603)	(23,989)
Proceeds from sales and redemption of investment securities	12,082	1,916
Purchase of property, plant and equipment	(168,144)	(177,664)
Purchase of intangible assets	(39,491)	(41,908)
Purchase of long-term prepaid expenses	(8,561)	(2,183)
Payments of long-term loans receivable	(12,238)	(16,989)
Collection of long-term loans receivable	4,074	4,853
Payments of guarantee deposits	(788)	(2,709)
Proceeds from refund of guarantee deposits	88	1,855
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,054)	(17,908)
Other, net	28,174	3,930
Net cash provided by (used in) investing activities	(203,462)	(270,798)

(¥ million)

	2018.4.1-2019.3.31	2019.4.1-2020.3.31
Cash flows from financing activities		
Net increase (decrease) in commercial papers	10,000	(10,000)
Repayments of lease obligations	(1,613)	(2,646)
Proceeds from long-term loans payable	59,354	71,542
Repayments of long-term loans payable	(23,726)	(43,390)
Proceeds from issuance of bonds	70,000	90,000
Redemption of bonds	(40,000)	(30,000)
Purchase of treasury shares	(20,051)	(24,038)
Cash dividends paid	(24,936)	(27,839)
Other, net	(1,397)	(454)
Net cash provided by (used in) financing activities	27,628	23,171
Effect of exchange rate change on cash and cash equivalents	(710)	(489)
Net increase (decrease) in cash and cash equivalents	(35,238)	58,179
Cash and cash equivalents at beginning of period	128,271	93,032
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	6
Cash and cash equivalents at end of period	93,032	151,218

Delayed Impact of Gas Rate Adjustment System

Gas Rate Adjustment System's Medium- to Long-Term Neutralizing Effect on Crude Oil Price and Exchange Rate Formation

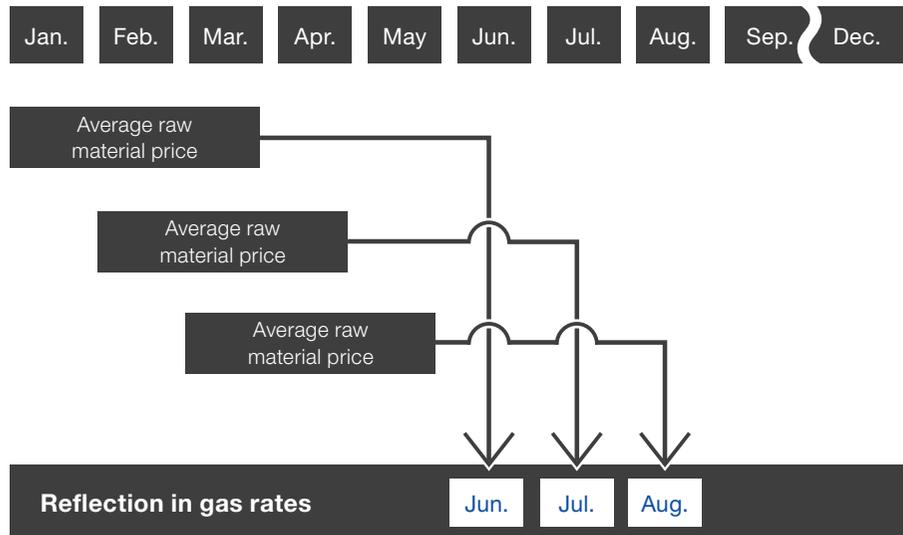
Gas prices are determined using the gas rate adjustment system. Through this system, average raw material prices over a three-month period according to trade statistics are compared with the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted using a defined calculation method based on the differences. A time lag of four months on average (called a sliding time lag) exists between the payment of

raw material costs and the reflection of such changes in gas rates.

Consequently, fluctuations in crude oil prices and exchange rates may result in the under recovery or over recovery of raw material costs if this lag cuts across a fiscal year, thereby affecting income. Looking at the medium- to long-term, however, the gas rate adjustment system has a neutralizing effect on the income impacts of fluctuations in raw material costs.

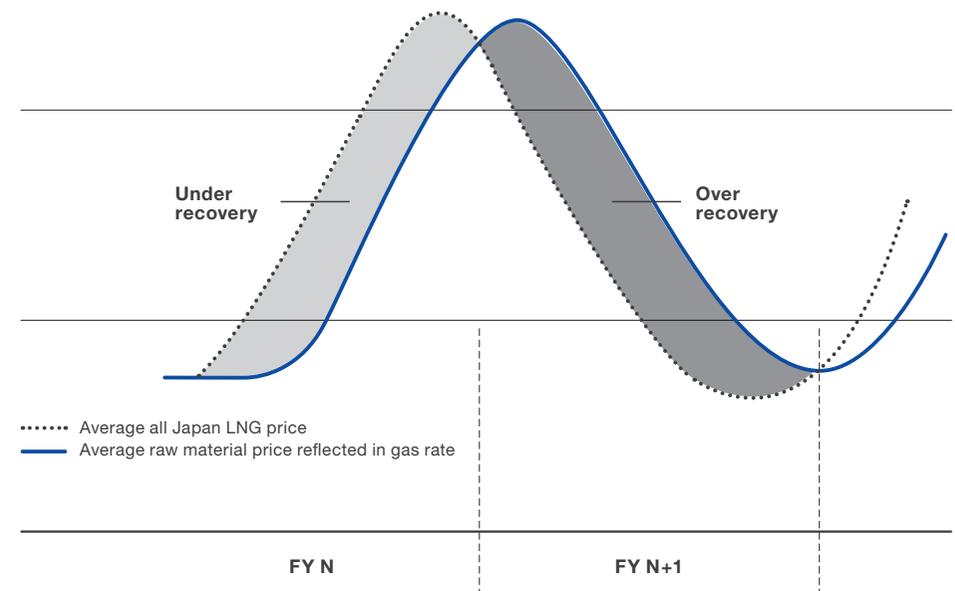
Timing of the Standard Average Raw Material Cost Calculation and Reflection in Gas Rates

Timing of standard average raw material cost calculation



The average raw material price over the past three months is calculated every month and then reflected in the gas rate three months later.

How the Sliding Time Lag in Rates Works



Supporting you Always and bettering every day.



Financial and Industry Data (EXCEL Spreadsheet Data Available)

Investors' Guide

www.tokyo-gas.co.jp/IR/english/library/invguid_e.html

Quarterly Financial Results

Earnings Announcements

www.tokyo-gas.co.jp/IR/english/event/earn_e.html

Consolidated Financial Results Bulletin

www.tokyo-gas.co.jp/IR/english/library/earn_e.html

Details of Corporate Governance

Corporate Governance Report

www.tokyo-gas.co.jp/IR/english/gvnc/index_e.html

Sustainability activities

Tokyo Gas Group Sustainability Report

tokyo-gas.disclosure.site/en

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Published on August, 2020

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