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Press Release

Company: Tokyo Gas Co., Ltd.
UCHIDA Takashi,
Representative: Representative Corporate Executive
Officer, President and CEO
(Securities code: 9531, TSE 1 & NSE 1)
Contact: NAKAJIMA Kei,
General Affairs Group Manager

Notice on the Introduction of a Share-based Compensation Plan

Tokyo Gas Co., Ltd. (hereinafter, the “Company”) resolved at the June 29, 2021 meeting of the Compensation Committee to introduce a trust-type share-based Compensation Plan (hereinafter, “the Plan”) for its directors and Corporate Executive Officer (hereinafter, “executives”) as described below.

1. Introduction of the Plan

The Company shall introduce a new share-based compensation plan for executives with the aim of providing incentives to improve the Company’s corporate value over the medium to long term.

With the introduction of the Plan, compensation for executives shall consist of basic compensation, bonuses (Corporate Executive Officer only), and share-based compensation.

The Company intends to introduce a similar share-based compensation plan for executive officer.

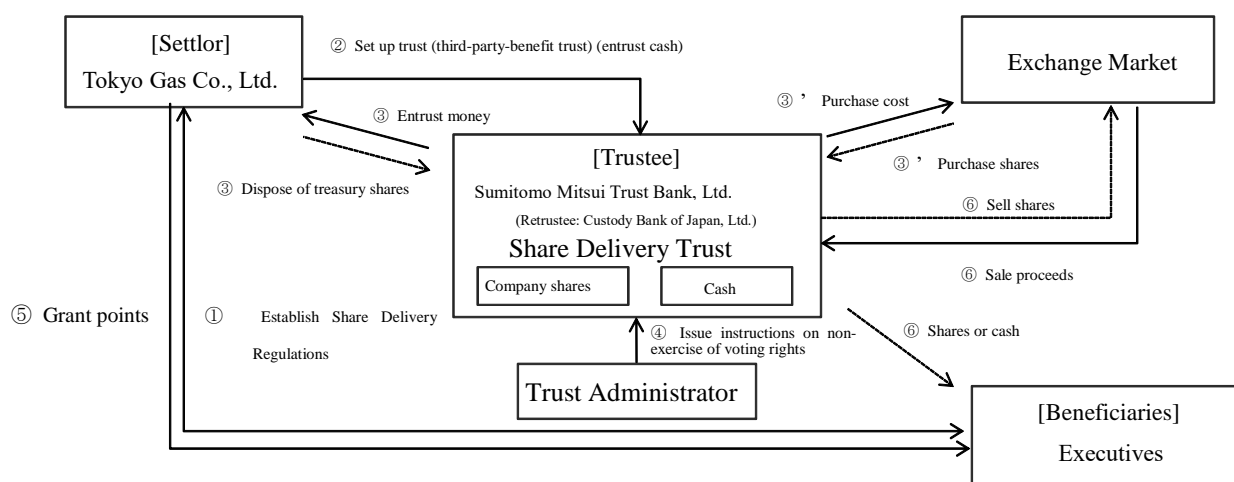
2. Overview of the Plan

(1) Plan structure

The System is a trust-type share-based remuneration system under which a trust established by the Company by contributing cash (hereinafter, “Trust”) shall acquire Company shares equivalent to the number of points granted by the Company to individual executives and then deliver these shares to each executives.

Under the Plan, Company shares shall be delivered to executives in office during the three business years from the business year ending March 31, 2022 to the business year ending March 31, 2024 (hereinafter, "Applicable Period"). As a general rule, executives shall receive these Company shares when they resign/retire.

<Overview of Plan Structure>



- ① The Company shall establish Share Delivery Regulations for executives.
- ② The Company shall establish a share delivery trust (third-party-benefit trust) with executives as its beneficiaries. In doing so, the Company shall entrust the Trustee with cash equivalent to the funds needed to acquire the requisite shares.
- ③ The Trustee shall acquire in bulk the number of Company shares expected to be delivered in future (depending on the methods for disposing of treasury shares or acquiring Company shares from the exchange market ((including off-floor trading))).
- ④ A Trust Administrator (who is independent of the Company and its executives) shall be appointed to protect the interests of beneficiaries subject to the Share Delivery Regulations throughout the Trust Period and to supervise the Trustee. The Trust Administrator shall instruct the Trustee not to exercise voting rights for Company shares in the Trust, and the Trustee shall accordingly not exercise said voting rights during the Trust Period.
- ⑤ The Company shall award points to executives in keeping with their positions in accordance with the Share Delivery Regulations.
- ⑥ Executives who meet the requirements stipulated in the Share Delivery Regulations and the Trust Agreement for the Trust shall receive Company shares from the Trustee as beneficiaries of the Trust in line with the points granted them. In addition, some Company shares to be delivered may be sold on the exchange market and cash delivered instead if certain circumstances stipulated beforehand in the Share Delivery Regulations and the Trust Agreement apply.

Company shares that constitute residual assets of the Trust upon expiration of the Trust shall all be acquired by the Company free of charge and canceled by a resolution of the Board of Directors.

In addition, the Company plans to donate a certain amount of money from the Trust's residual assets upon expiration of the Trust to a special public interest promotion corporation independent of all executives by stipulating this in advance in the Trust Agreement.

(2) Establishment of Trust

The Company shall contribute the cash necessary for the Trust to acquire the number of Company shares reasonably expected to be required for delivery for a certain period of time in accordance with (6) below and thereby establish the Trust. As described in (5) below, the Trust shall acquire the Company shares using the funds contributed by the Company as a source of funding.

Sumitomo Mitsui Trust Bank, Ltd., which is the Trustee under the System, shall consign management of (i.e., re-trust) the Trust's property to Custody Bank of Japan, Ltd.

(3) Trust Period

The Trust Period shall run from August 2021 (tentative) to August 2024 (tentative). However, the Trust Period may be extended as described in (4) below.

(4) Maximum amount of trust money to be contributed to the Trust as funds for acquiring shares

During the Applicable Period, the Company shall contribute up to 240 million yen in total as funds for acquiring Company shares required under the System for the delivery of Company shares as compensation for executives in office during the Applicable Period. The Trust shall be set up with those executives eligible for beneficiary rights designated as beneficiaries as described in (6) ③ below.

The Trust shall acquire Company shares using the cash entrusted by the Company as a source of funding by disposing of treasury shares from the Company or by acquiring shares from the exchange market (including off-floor trading).

Note: The amount of money that the Company actually entrusts to the Trust shall be the sum of the aforementioned funds for acquiring Company shares and the estimated amount of necessary expenses such as trust fees and Trust Administrator compensation.

In addition, the Applicable Period may be extended by a period of up to three business years each time with the approval of the Company's Compensation Committee, upon which the System shall be continued by extending the Trust Period accordingly (including substantively extending the Trust Period by transferring the Trust's property to a trust set up by the Company for the same purpose as the Trust; the same shall apply hereinafter). In such instances, the Company shall additionally contribute to the Trust up to 80 million yen per business year for the number of business years in the extended period as additional funds for acquiring the Company shares required to be delivered to executives under the System during the extended period, and shall continue granting points and delivering Company shares as described in (6) below.

Moreover, even if the Applicable Period is not to be extended and the System is to be discontinued, the Trust Period may be extended if there are any executives who have already been granted points but have not yet retired/resigned; in such instances, the Trust Period shall be extended until these executives retire/resign and the delivery of Company shares is complete.

(5) Method for acquiring Company shares through the Trust, etc.

Company shares are to be initially acquired by the Trust by disposing of the Company's treasury shares or acquiring Company shares from the exchange market in an amount up to, but not exceeding, the upper limit of the share acquisition funds stipulated in (4) above.

If the number of Company shares in the Trust appears likely to be insufficient for Company shares equivalent to the number of points granted to the executives during the Trust Period due to an increase in the number of executives, etc., additional money may be entrusted to the Trust and additional Company shares may be acquired in an amount up to, but not exceeding, the upper limit of the share acquisition funds stipulated in (4) above.

(6) Calculation method and maximum number of Company shares to be delivered to executives

① Method for granting points to executives, etc.

In accordance with the Share Delivery Regulations established by the Company's Compensation Committee, the Company shall award points to individual executives in keeping with their positions, etc., on the point grant date during the Trust Period specified in the Share Delivery Regulations. However, the total number of points granted to executives by the Company shall be limited to 50,000 points per business year.

② Delivery of Company shares in accordance with number of points granted

Executives shall receive Company shares corresponding to the number of points granted in ① above in accordance with the procedure in ③ below.

One point shall equate to one Company share. However, if it is deemed reasonable to adjust the number of Company shares to be delivered as a consequence of a stock split, a reverse stock split or other circumstances, reasonable adjustments may be made to the Company shares in line with the relevant split ratio, consolidation ratio, etc. In addition, when an executive retires/resigns for a reason other than the expiration of the executive's term of office (excluding cases in which retirement/resignation is deemed unavoidable due to a work-related injury/illness, etc.) or when an executive has committed an act of malfeasance or an act that has disadvantaged or inconvenienced the Company, some or all of the points granted theretofore to that executive shall be extinguished, and the Company shares corresponding to the extinguished points shall not be delivered.

③ Delivery of Company shares, etc., when an executive resigns/retires

As a general rule, executives shall acquire beneficiary rights in the Trust by following the prescribed procedures when retiring/resigning and shall receive the Company shares stipulated in ② above from the Trust.

However, a certain percentage of Company shares may be sold and redeemed within the Trust for the purpose of the Company withholding at source income taxes and other taxes due, and then delivering cash in place of the Company shares.

In addition, cash may be delivered in place of Company shares if Company shares in the Trust are tendered into a tender offer and settled or if Company shares in the Trust are otherwise converted into cash.

(7) Exercise of voting rights

The voting rights of Company shares in the Trust shall not be exercised uniformly as per the instructions of a Trust Administrator independent of the Company and its officers. This method is designed to ensure the neutrality of the Company's management on the exercise of voting rights relating to Company shares within the Trust.

(8) Handling of dividends

Dividends on Company shares in the Trust shall be received by the Trust and shall be used to pay for the acquisition of Company shares and to cover the trust fees of the Trustees.

(9) Handling of Company shares and funds upon expiration of Trust

All Company shares that are part of the Trust's residual assets upon expiration of the Trust shall be acquired by the Company free of charge and canceled by a resolution of the Board of Directors.

In addition, the Company plans to donate a certain amount of money from the residual assets of the Trust upon expiration of the Trust to a special public interest promotion corporation independent of all executives by stipulating this in advance in the Share Delivery Regulations and the Trust Agreement.

(Reference) Overview of Trust Agreement for the Trust

Settlor	Tokyo Gas Co., Ltd.
Trustee	Sumitomo Mitsui Trust Bank, Ltd. (Retrustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Executives who satisfy the beneficiary requirements
Trust Administrator	A third party independent of the Company and its officers is to be selected
Exercise of voting rights	The voting rights of shares in the Trust shall not be exercised during the period of the Trust
Type of trust	Trust of money other than money trust (third-party-benefit trust)
Trust Agreement date	August 2021 (tentative)
Trust Period	August 2021 (tentative) - August 2024 (tentative)
Purpose of Trust	To deliver Company shares to beneficiaries in accordance with the Share Delivery Regulations