

Environmental Conservation

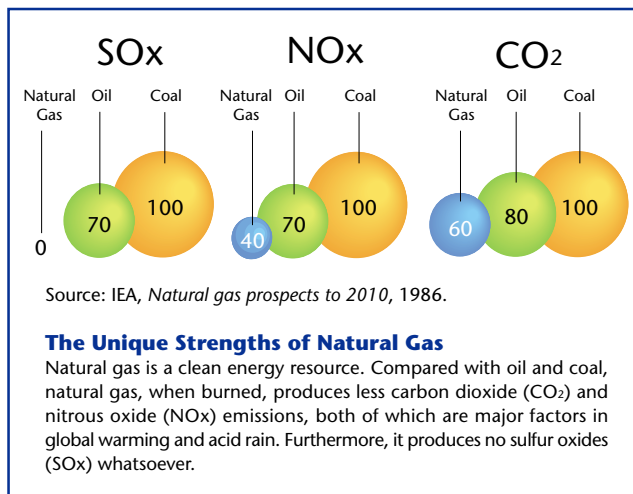
At COP3 held in Kyoto in December 1997, targets were set by industrialized countries for the reduction of greenhouse gas emissions. The Japanese government has embraced Japan's goal of a 6% average cut in emissions between 2008 and 2012, compared with 1990 levels. Natural gas—one of the cleanest burning of all fossil fuels—is seen in many quarters as an important energy source for achieving this. As part of its ongoing environmental stewardship and to show leadership in environmental management, Tokyo Gas formulated a new environmental policy in June 2000. Our basic aim is continuous reduction of the environmental impact of energy use by our customers as well as by our own business activities.

ISO Certification

Obtaining ISO certification has been positioned as a high management priority. In 1997, both the Negishi and Sodegaura LNG terminals obtained ISO 14001 certification; and in 2000, the Ohgishima LNG Terminal obtained the same certification. Also in 2000, the Shinjuku District Heating and Cooling Center became the first supplier of heat in Japan to attain ISO 14001 certification.

Recycling Initiatives

Recycling and decreasing waste volumes are other ways we reduce the environmental impact of our activities. SRIMS (Saving



Tokyo Gas Group Environmental Policy (Formulated in June 2000)

Philosophy

The Tokyo Gas Group will promote the harmonious use of energy to contribute to the preservation of regional and global environments as well as to the sustainable development of society.

Policies

Reduce the environmental impact of customers' energy use

Tokyo Gas will actively and on an ongoing basis attempt to reduce the environmental impact of customers' energy use. We will do this by promoting the use of environmentally friendly natural gas and providing highly efficient products and systems with minimal environmental impact.

Reduce the total environmental impact of Tokyo Gas' business activities

Tokyo Gas will continuously reduce per unit energy and resource use in its business activities through the development of increasingly efficient and effective environ-

mental management activities to contribute to the realization of a sustainable society. At the same time, Tokyo Gas will reduce overall environmental impact by aggressively promoting "green" purchasing and the reduction, reuse and recycling of industrial waste.

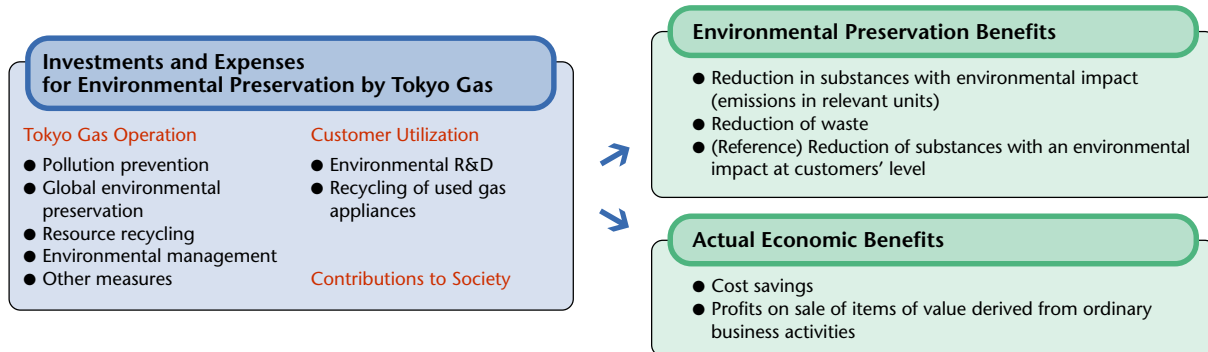
Strengthen environmental partnerships with local areas and the international community

Tokyo Gas will strengthen its environmental partnerships with both the local areas in which it operates and the international community by engaging in a wide variety of activities. These activities will range from participation in regional environmental activities to international sharing of technological developments, starting with strategies to prevent global warming.

Promote environment-related technology R&D

Tokyo Gas will proactively research and develop environmental technologies, including renewable energy, to preserve regional and global environments.

Overview of Tokyo Gas Environmental Accounting



Tokyo Gas has compiled parent-company environmental accounting results for the year ended March 31, 2001, as it did in the previous fiscal year. The figures show that the parent company invested approximately ¥1.1 billion and incurred expenses of roughly ¥4.6 billion for environmental preservation. There are two central features of Tokyo Gas' environmental accounting. One is the extremely low environmental impact of gas production, supply and other activities due to the completion of a switch to natural gas. The other is an emphasis on research into methods to reduce the environmental impact of gas utilization by customers, mainly through the development of highly efficient gas appliances and systems such as micro cogeneration systems. More detailed information concerning Tokyo Gas' environmental accounting is contained in our Environmental Report 2001.

and Recycling Innovative Model System) is at the heart of these efforts. This system facilitates the efficient collection, separation, management and disposal of used gas equipment, pipes and other industrial waste. In a similar vein, we are radically reducing the amount of earth removed from pipeline construction sites.

Countermeasures Against Soil Contamination at Sites of Former Gas Manufacturing Plants

Since fiscal 1999, Tokyo Gas has, in accordance with guidelines stipulated by Japan's Ministry of the Environment, been continuously carrying out voluntary site inspections and surveys of company-owned land, namely sites of former gas manufacturing plants, where there is a possibility of soil contamination. Where it is clear that there is soil contamination, Tokyo Gas has promptly made a full report to the relevant authorities and undertaken whatever measures were necessary.

Development and Application of Technologies to Reduce Environmental Impact

Tokyo Gas feels that it has the responsibility to further reduce the environmental impact of natural gas. That's why we are developing new ways to increase energy efficiency. Gas cogeneration systems and gas-fired air conditioning are just a few of the many technologies that are being widely adopted.

In the fuel cell field, Tokyo Gas is developing an on-site generation system that boasts high generation and energy efficiency and emits almost no atmospheric pollutants. High hopes are held for the use of fuel cells in future residential cogeneration systems.

Natural gas vehicles (NGVs) are also playing an integral role in reducing environmental impact. The Japanese government has set a target of having 1 million NGVs on Japan's roads by 2010. In addition, with an eye on the future, we are also seeking new, environmentally friendly forms of energy, such as methane hydrate.

International Efforts to Improve the Environment

In fiscal 2000, Tokyo Gas was commissioned by the Japan External Trade Organization (JETRO) to conduct feasibility studies in two cities overseas. In Beijing, China, Tokyo Gas studied the feasibility of establishing a high-efficiency, large-scale CHP system, as well as



importing LNG. In Tehran, Iran, Tokyo Gas conducted a study on converting city buses to run on CNG.