



TOKYO GAS GROUP **Integrated Report 2022**

A man and a woman are shown from the chest up, looking off to the side with serious, forward-looking expressions. The man, on the left, is wearing a white jacket with red and blue accents. The woman, on the right, is wearing a light-colored blazer. They are standing in front of a blurred cityscape under a clear sky.

Moving on to the next stage in realizing a sustainable society

Today, the Tokyo Gas Group confronts dramatic changes in the business environment, changes that raise many issues related to decarbonization, digitalization, diversification of customers, and deregulation in the energy market.

To meet these changes head-on and remain as a corporate group integral to society, we have delineated a new Group's Management Philosophy. Acting as a driving force for achieving a sustainable society, we will constantly strive to build the future of people's lives, communities, and our planet under our new Group's Management Philosophy.

Guided by our new Group's Management Philosophy, we will reinvent ourselves.

Group's Management Philosophy

Purpose

Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.

Values

Challenge

We constantly challenge ourselves and strive to learn something new.

Responsibility

We are always proactive and act with responsibility to bring out the best results.

Respect

We respect one another and value every possibility.

Sincerity

We sincerely care about the future of our stakeholders and our planet.



We shall stand by every person.

We promise.

We will be mindful of everyone in the world involved in our businesses and diversify the ways we support and engage with them.



We shall dedicate ourselves to the society.

We promise.

We will provide a more diverse range of value to a larger number of beneficiaries and areas, so that we can continue to create and responsibly maintain a better life for everyone.

We shall be the energy that weaves the future.

We promise.

We shall contribute to the realization of an exciting,
sustainable future for people and society.

“Weaving”

We shall co-create value with
various stakeholders to realize the
better future.

“Being the energy”

We shall be the driving force in
solving social issues through
various forms of energy.

**Dedicate ourselves to the society and continue to maintain daily life for everyone.
This is our unchanging social role.**



Energy transformation

Since it was founded in 1885, Tokyo Gas has expanded the use of city gas for cooking, heating water and air conditioning for residential use, as well as for heat, air conditioning and gas cogeneration systems for commercial and industrial use. We have also worked at raising efficiency through area-based energy use, such as district heating and cooling. These initiatives have been extended overseas in recent years.



Introduction and expansion of LNG

Due to intensifying pollution problems and rising demand for energy, we introduced to Japan the use of LNG (liquefied natural gas), a clean and highly efficient energy source, in 1969. The introduction of this sulfur-free, high-calorie energy has since contributed to the reduction of air pollution and to stronger economic development. In recent years, we have accelerated efforts related to carbon-neutral methane.



Disaster prevention measures

Tokyo Gas Network

We have built an earthquake-resistant infrastructure, such as by making strong facilities for the production and supply of city gas. We have also established SUPREME—a disaster prevention system to remotely cut off gas supply using seismic sensors installed in high density. This system immediately suspends gas supply to prevent secondary disasters. We are also working on dividing management of the pipeline networks into blocks in order to minimize supply cut-off areas.

Value created so far



Convenient and comfortable everyday life
Efficient use of energy

1885

2021



Customers
343 households



Customer accounts
12.48 million

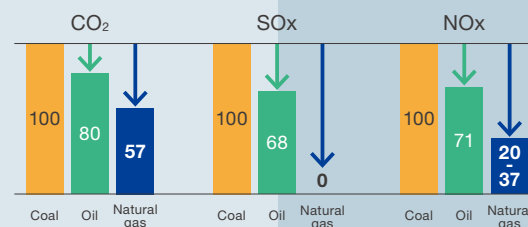


Meters installed
12.2 million



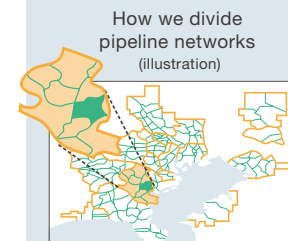
Improved air pollution
Stable energy supply to support economic development

CO₂/SO_x/NO_x emissions from natural gas
(Based on coal as 100)

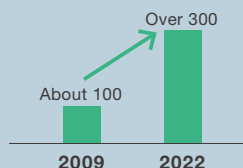


Minimizing supply cut-off areas by dividing the pipeline networks into blocks

In order to minimize supply disruption, the medium- and low-pressure pipeline networks are being divided into multiple blocks so that the gas supply can continue except in severely damaged areas.



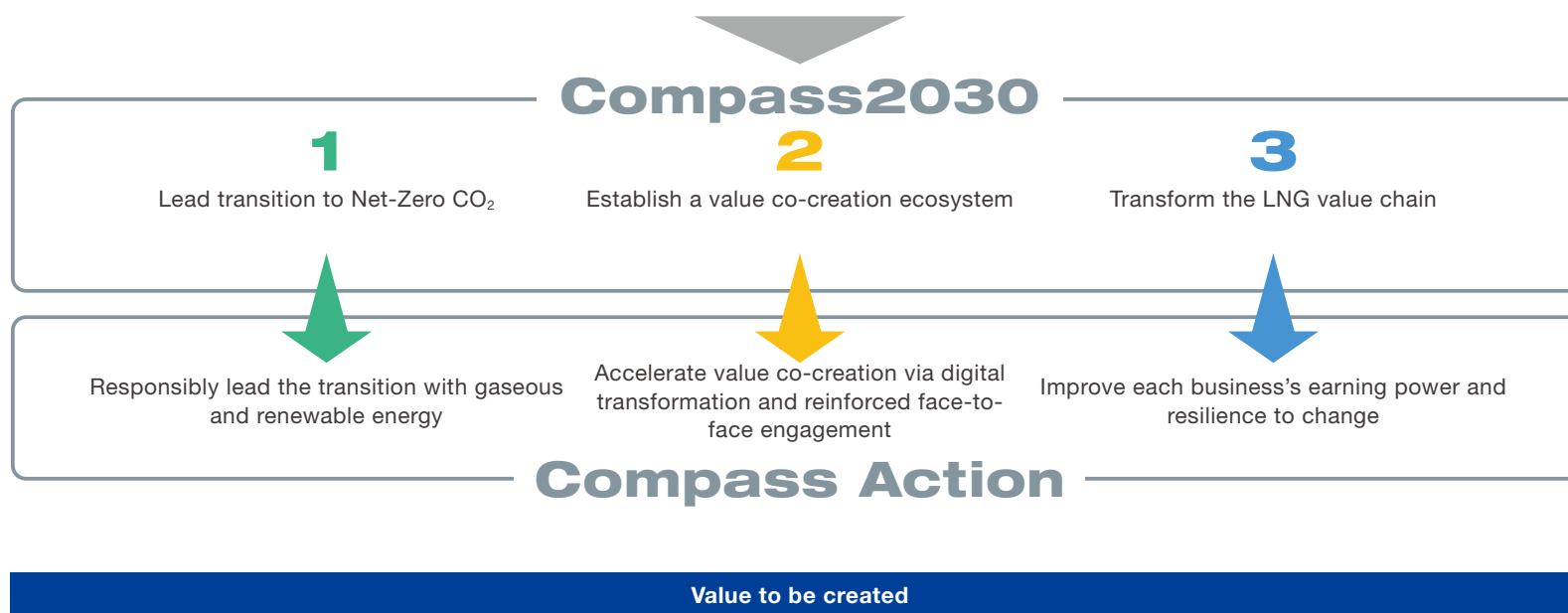
Development of disaster prevention blocks (low-pressure networks)



Dramatic changes in the business environment in which the role of an energy company is put to the test

Group's Management Philosophy

Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.



While achieving advances in decarbonization, we will continue to create and maintain a better daily life for everyone.

Outcome Creating social value and economic value



Responsibly lead the transition with gaseous and renewable energy



▶ P.25



Value creation via digitalization and face-to-face engagement



▶ P.30



Transformations for achieving the targeted outcome



Transitioning to a holdings type group structure



▶ P.33



Transforming human resources system to one that encourages challenge and diversity



▶ P.37



Establishing core technology for decarbonization of gas and electricity



▶ P.35

TOKYO GAS GROUP

Integrated Report 2022

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Editorial Policy

Organizations covered

Tokyo Gas Co., Ltd. and Tokyo Gas Group companies (subsidiaries and affiliates) in Japan and overseas

Period covered

Fiscal Year 2021 (From April 1, 2021 to March 31, 2022; including information on some activities prior to and after the period)

Cautionary statement regarding forward-looking statements

The plans, forecasts, strategies, and other non-historical information contained in this report are forward-looking statements of the Tokyo Gas Group. These results are based on the judgment of the management of the Tokyo Gas Group, which was based on currently available information. Please note that actual results may differ significantly from these forecasts due to various factors. Important factors that can affect actual business results include developments in the Japanese economy and crude oil prices, fluctuations in temperature and the yen/U.S. dollar exchange rates, and the Tokyo Gas Group's response to rapid technological innovation and deregulation.

The Tokyo Gas Group publishes this report so that all stakeholders, including shareholders and investors, better understand the feasibility of sustainable management and increasing corporate value of the Tokyo Gas Group. More detailed information and the latest information including news releases are available on the corporate website.

Investor Relations Website

<https://www.tokyo-gas.co.jp/en/IR/index.html>

Investors' Guide (Financial Data and Industry Data)	https://www.tokyo-gas.co.jp/en/IR/library/invguid_j.html
Financial Results Presentation Materials	https://www.tokyo-gas.co.jp/en/IR/library/document_j.html
Financial Results Bulletin	https://www.tokyo-gas.co.jp/en/IR/library/earn_j.html
Corporate Governance Report	https://www.tokyo-gas.co.jp/en/IR/gvnnc/pdf/governance.pdf

Sustainability Report

<https://www.tokyo-gas.co.jp/sustainability/download/index.html?wovn=en>

A portrait of Uchida Takashi, President and CEO of Tokyo Gas Group. He is an older man with grey hair and glasses, wearing a dark suit, white shirt, and blue tie. He is standing in an office setting with a blurred background.

We will responsibly lead the energy transition with gaseous and renewable energy

Representative Corporate Executive Officer,
President and CEO
UCHIDA Takashi

Moving to a holdings type group structure in the era of VUCA

The global economic outlook remains uncertain, clouded by various factors such as concerns over current international affairs, the increased volatility of the energy market, and the lingering impact of the COVID-19 pandemic. Our world has truly entered what many are calling the era of VUCA.*

Amid this economic environment, the Tokyo Gas Group is proactively taking diverse actions guided by our belief that in a time of change, we must change ourselves. In November 2019, we set forth the Tokyo Gas Group management vision “Compass2030” to chart the direction we should take in an era where our business environment is rapidly changing, particularly with regard to trends such as decarbonization, digitalization, diversification of customer, and deregulation in the energy market. In June 2021, in order to strengthen our corporate governance and to enhance our management transparency, we transitioned to become a Company with a Nominating Committee, etc. And, in April 2022, to a holdings type group structure designed to further streamline our management processes and accelerate our decision-making. One key benefit of this transformation is that it transfers greater

*VUCA: This acronym stands for volatility, uncertainty, complexity, and ambiguity, and refers to a state of society in which tremendous change is occurring and making it difficult to forecast the future.

authority to our internal companies and business corporations, endowing them with a high level of autonomy in their management decisions—a step that is expected to help advance their further growth. While this structure allows each business unit to stand on its own feet and strive toward bigger profits, it also creates a centrifugal force in group management. On the other hand, we believe that it is also vital to generate a centripetal force that will more firmly implant our shared values in every employee so that we, as a group, can move forward in the same direction. For this purpose, we laid out a new Management Philosophy for the Tokyo Gas Group on April 1, 2022.

We will ceaselessly march forward, guided by our new Group Management Philosophy

The new Management Philosophy consists of our Purpose, which states who we are and why we exist, and our Values, which are the priorities that guide our employees' actions.

“Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.” So declares the statement of our Purpose. But who is “every person” that we stand by? Until now, we have seen our customers as the main target of our services. What, then, is the “society” to which we dedicate ourselves? In our traditional thinking, society has been the communities to which we supply city gas.

However, these definitions have been greatly expanded by our new Management Philosophy.

Now, “every person” refers to the many different stakeholders associated with our businesses. It includes, of course, our customers, shareholders, and investors, but it also comprises everyone across our supply chain—the workers at our natural gas fields around the globe, the people who transport liquefied natural gas (LNG), the members of our partner organizations, and of course all our Group employees. Moreover, to “every person” not just in the present, but to encompass all future generations. We believe that basing our actions on a

conscious awareness of everyone tied to our business operations helps us to contribute more effectively to the achievement of the SDGs.

Meanwhile, our definition of “society” now includes not only all of Japan, but also the international community, as well as the various elements that support these societies. We are thoroughly explaining this expanded concept to our employees as we endeavor to securely embed the new Management Philosophy across our organization.

As for “we shall be the energy that weaves the future,” energy here holds two meanings. One is energy in the literal sense. Up to now, we have taken that to mean natural gas, but going forward it will also encompass renewable energies, hydrogen and synthetic methane, and other forms of energy that we will supply to support society and to contribute to the realization of a net-zero carbon society. The other meaning is that we ourselves will be “the energy”, a driving force behind the development of a sustainable society.

Next, I would like to mention the four Values embodied in our Management Philosophy. The first two, “Challenge” and “Responsibility” have remained at the forefront of our minds ever since we became the first company to introduce LNG to Japan some fifty years ago. Now, we are strengthening our commitment to those values as we take on the challenge of responsibly leading society and the world to a net-zero carbon future. These two Values are underpinned by the other two, “Respect” and “Sincerity,” which we have embraced since our founding.

Positioning these four Values as the mainstay for our employees' behavior and guided by our new Management Philosophy, we will ceaselessly march forward to help bring sustainability to everyday life, communities, and the planet.

We have formulated “Compass Action” for realizing our management vision

Compass2030, the management vision we announced in November 2019, lays out three overarching challenges: Leadership in the effort to achieve Net-Zero CO₂, Establishment of a value co-creation ecosystem, and

Transformation of the LNG value chain. In October 2020, roughly a year later, the Japanese government declared that it would seek to make Japan carbon neutral by 2050, and six months later in the following April, announced the goal of reducing greenhouse gas emissions by 46% in FY2030. With these came the launch of sweeping efforts toward decarbonization that have factored into the growing volatility of the energy market. In response to the big changes in our business environment over the past two years, we unveiled “Compass Action” in November 2021 to reaffirm the management vision by presenting the detailed roadmap for its realization.

With regard to “leadership in the effort to achieve Net-Zero CO₂,” Compass Action states that we will responsibly lead the transition with gaseous and renewable energy. This means effecting a transition that maintains the stable supply of energy while remaining both environmentally and economically sound. As we lead the shift to carbon neutrality, we will uphold our commitment to S+3E.*

Compass Action's plan for “establishing a value co-creation ecosystem” involves accelerating value co-creation via digital transformation and reinforced face-to-face engagement. We will enhance businesses that contribute to solving social issues by advancing digital transformation and combining it with our strengths in face-to-face engagement.

The path toward “transformation of the LNG value chain” involves improving each business's earning power and resilience to change. Specifically, we are seeking to enhance our earning power across each business and bolster their resilience to the dramatic changes in our operating environment by carrying out a series of transformations, such as the aforementioned actions to strengthen governance and realign our organization.

We will boldly advance toward Net-Zero CO₂ by enhancing sophisticated use of natural gas while decarbonizing our gas and electricity supply

The Tokyo Gas Group is committed to playing its part in

*S+3E: This is Japan's basic energy policy. It envisions giving top priority to safety while working to simultaneously achieve the country's goals in energy security, economic efficiency, and environment.

firmly establishing a net-zero carbon world by 2050. In order for us to do so, we must pursue diverse forms of innovation that enable us to decarbonize our gas and electricity businesses.

To decarbonize our gas operations, our Group is looking to develop methanation technologies and replace the gas we supply with synthetic methane. However, given the current level of technology, it will require considerable innovation to conquer the formidable challenge of replacing a supply that measures tens of billions of cubic meters. Nevertheless, we must now strive to move forward by peering into the future and starting to develop the technologies we will need to get there. At the same time, it is vital that we reduce our carbon emissions by leveraging existing technologies and making effective use of natural gas. For example, one step we can take is to reduce our customers' emissions by switching to natural gas in place of the other fossil fuels. In other words, while we fully exploit the potential of natural gas utilizing best available technologies and in doing so steadily reduce carbon emissions, we also pursue development of forward-looking technologies. These approaches will enable us to lead the transition to a net-zero carbon society.

Such innovation is also essential for decarbonizing our electric power business. Since Japan is short on suitable land for installing solar panels and wind turbines, it is unlikely that these onshore renewables will be enough to generate the level of power needed to meet the decarbonization goal. As a last resort in this case, we are currently developing technologies for floating offshore wind power generations, which are better suited for this country's marine environment where there are limited shallow coastal waters. Another challenge is that renewable energies such as solar and wind power are significantly affected by weather conditions, which means the amount of electricity generated by them is very unstable. While it is generally considered that renewable power cannot be stabilized without breakthrough innovation in large-scale storage battery

technology, progress can still be made with existing technologies. Specifically, natural gas fired thermal power plants and gas engines can act as the balancing electricity source mitigating the volatility of renewable powers. The conversion of conventional thermal power plants to natural gas fired systems would significantly lower carbon emissions, and thus promises to serve as a pivotal solution for the decarbonization transition.

In the coming years, we will step up our decarbonization efforts not only on the supply side, but also on the demand side. In our gas business, as we pursue the aforementioned switching over to natural gas, we are taking action to realize methanation that utilizes the CO₂ emitted by customers' offices and factories. And, in our electricity business we are working to expand the deployment of renewables on the demand side, including by offering services that enable customers to efficiently use electricity supplied from solar panels and storage batteries that we install at their sites.

As these examples illustrate, we will boldly advance toward Net-Zero CO₂ by maximizing technologies at hand and innovating future technologies, on both the supply and demand sides of our businesses. That is what we call "responsibly leading the transition."

Achieving S+3E by supporting society with a decarbonized energy mix

It is widely believed that decarbonization can be achieved by shifting to renewable power and utilizing that electricity to power everything we use in our daily lives, and putting more electric vehicles on the roads. However, as I have already indicated, electricity alone does not make for a stable energy system, nor can Japan attain its S+3E vision with this approach. Moreover, such a strategy prompts a critical concern—what do we do when a disaster or other contingency causes a major power outage and there are no other energy sources we can rely on? However, if Gas cogeneration systems that continue to operate at times of power outage are installed, we could generate electricity as long as gas is supplied. Residential fuel cells could also

play a supporting role.

From the standpoint of energy resilience, it is desirable for communities to have access to diversified sources of energy. Accordingly, the Tokyo Gas Group will seek out decarbonization solutions for different forms of energy.

The Compass2030 management vision is advancing smoothly and steadily

Let's take a look at how progress is being made in tackling the three challenges laid out by Compass2030. We have only begun to implement initiatives toward demonstrating "leadership in the effort to achieve Net-Zero CO₂," but those actions are firmly moving forward. Notably, salient advances have been achieved in the development of methanation technologies. We established a methanation plant at our Yokohama Techno Station in Yokohama's Tsurumi Ward, and have already launched demonstration testing of the methanation process. The project will include demonstration testing of methanation utilizing CO₂ emitted from the city's waterworks and garbage incinerators. In addition, we are jointly carrying out a project with SCREEN Holdings Co., Ltd. to develop technology for rapidly and economically mass-producing water electrolysis cell stacks, which are the core component of a hydrogen production system.

Progress is also being seen in initiatives that we are carrying out with diverse customers to reduce carbon emissions through the use of natural gas. One example is the commencement of Niihama LNG Terminal this spring, which we plan to switch the raw fuel to LNG for Sumitomo Chemical Co., Ltd.'s Ehime Works (Niihama City, Ehime Prefecture).

As for "transformation of the LNG value chain," we are implementing various actions to further enhance the value of LNG. This includes not only its value as a raw material for city gas or a fuel for power generation, but also its value as a commodity to be traded.

The third, and toughest, challenge is "establishment of a value co-creation ecosystem." The key to success here is to combine both digital and face-to-face

engagement to co-create value with our customers. We have turned to the UK's Octopus Energy Group Limited as an ally in this effort. Octopus Energy, which possesses keen insights on digital technology and the retail electricity industry, has attained dramatic growth by creating new customer experiences through the coupling of digital technologies with expertise in efficient customer service. In December 2020, we entered into a strategic partnership with the group and subsequently established the joint venture TG Octopus Energy Co., Ltd. Since then, we have co-developed diverse electricity tariffs catering to the individual needs of customers across Japan and made other improvements that we could not do on our own. The result is that we are truly co-creating value with our customers.

Going forward, we will continue expanding our portfolio of energy and services to meet the lifestyle and life stage needs of customers.

Enhancing our long-term corporate value through targeted investment in growth areas

The Tokyo Gas Group is investing roughly 2 trillion yen in the growth areas outlined by Compass2030. In addition to financing renewable energy, methanation, hydrogen, and other elements of Net-Zero CO₂ initiatives, this money will go toward growth areas in overseas projects and the real estate business, as well as investments that will help strengthen our risk tolerance vis-à-vis market volatility.

We will consistently evaluate each candidate for investment through the lens of our Management Philosophy's question: What is our purpose?

Our shift to a Company with a Nominating Committee, etc., which drew a clear line between our oversight and executive functions, has empowered the executive leadership to make decisions on large-scale investments. Needless to say, those leaders are expected to remain accountable, as all investment choices will be monitored to ensure that they are aligned with corporate policy. Greater authority entails greater responsibility for our executive officers, but this change will accelerate

decision-making and thus facilitate the investment process, which is particularly important in overseas projects, where speed is of the essence.

Meanwhile, we re-examined our policy on shareholder returns last September and decided to change the total payout ratio target from 60% to 50%. The resulting 10% will be applied to growth investments in areas such as Net-Zero CO₂. This outlay promises to help advance our growth over the long run and bear fruit in the lead-up to 2030. I see that growth as a vehicle for rewarding our shareholders, and so I hope that they will lend their support to our long-term growth.

This fiscal year is the last in our current three-year Medium-term Management Plan, which also means that it is time to draw up the next plan. In order for us to attain our goals under extremely volatile market conditions, it is imperative that we optimally leverage our Group's assets to strengthen our resilience to change and turn change into positive results. This will be a core focus of our next Medium-term Management Plan.

On a final note about the current state of international affairs, approximately 10% of our total LNG imports comes from Sakhalin in Russia. This represents a significant percentage in terms of our ability to maintain the stable supply of energy. We will continue to closely coordinate with the Japanese government and relevant organizations, while also exploring measures that may need to be taken in the event of contingencies that impact supply or demand.

The Tokyo Gas Group's greatest strength continues to be its brand value of Safety, Security, and Reliability, which we have built up over our more than 130-year history together with our customers and other stakeholders. The many uncertainties we face today will not keep us from fulfilling our commitment to ensuring safety, maintaining the stable supply of energy, and contributing to the world's future through our tackling of new challenges in Net-Zero CO₂ and other areas. We hope that you will continue extending to us your understanding and support.





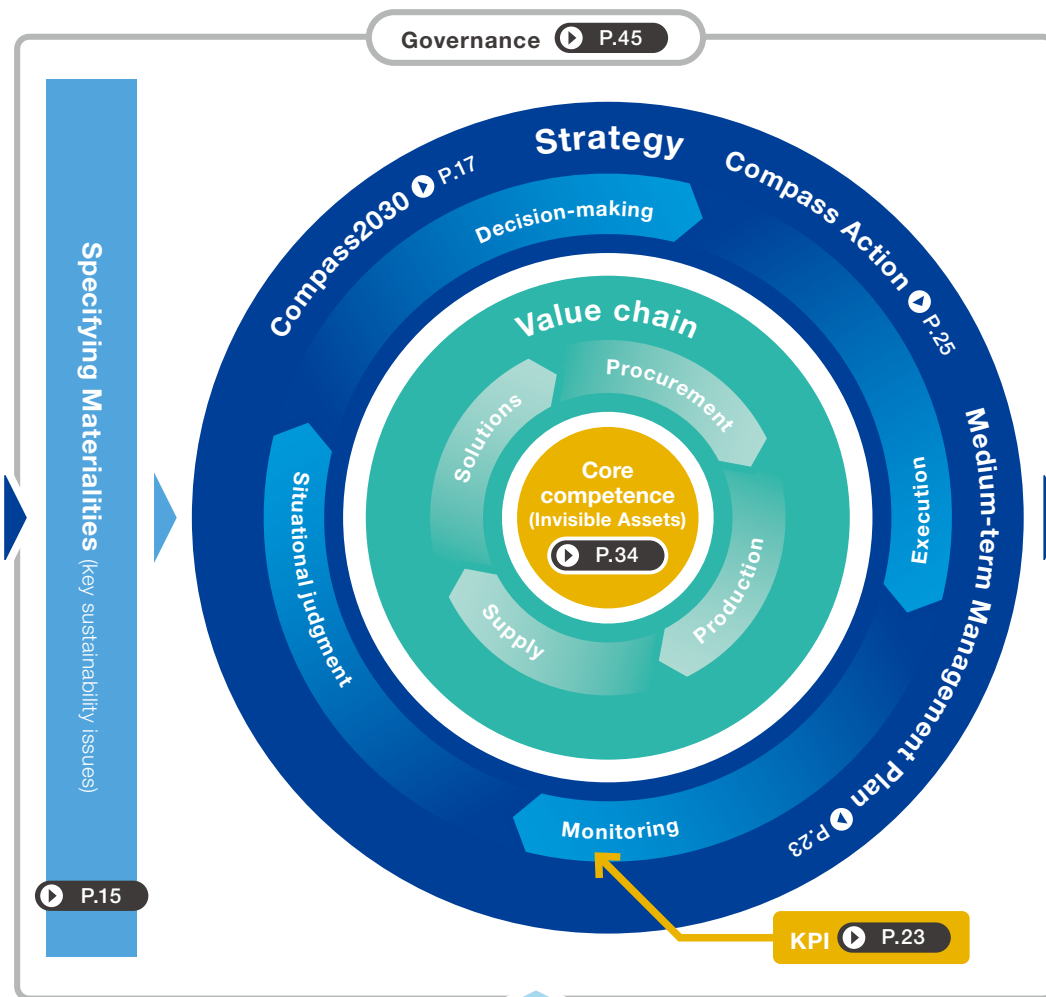
How We Create Value

The Value Creation Process

Management
Philosophy

Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.

P.2



Changes in
the external
environment



Decarbonization



Changes and
increased diversity
in customers'
values



Digitalization



Deregulation in
energy market

Output

Fiscal 2021 results

Gas	
Segment sales	¥1,444.0 billion
Segment profit	¥102.6 billion
Electricity	
Segment sales	¥467.8 billion
Segment profit	¥11.1 billion
Overseas	
Segment sales	¥85.9 billion
Segment profit	¥28.2 billion
Energy-related	
Segment sales	¥331.3 billion
Segment profit	¥12.8 billion
Real estate	
Segment sales	¥57.9 billion
Segment profit	¥13.4 billion
Other	
Segment sales	¥107.5 billion
Segment profit	¥2.0 billion

Outcome

Fiscal 2021 results Mid-Term Plan targets for Fiscal 2022 Compass2030

Creation of safe living of customers Reduction in energy cost Contribution to the global environment Creation of comfortable living of customers		
Contribution to CO ₂ emissions reduction		
5.39 million tons	6.5 million tons	17.0 million tons*1
Renewable power source transaction volume		
1.498 million kW	2.0 million kW	6.0 million kW*2
Number of customer accounts		
12.48 million	14.80 million	20.0 million
Natural gas transaction volume		
19.18 million tons	17.0 million tons	20.0 million tons
Operating profit + Equity method income		
¥121.5 billion	¥140.0 billion	¥200.0 billion

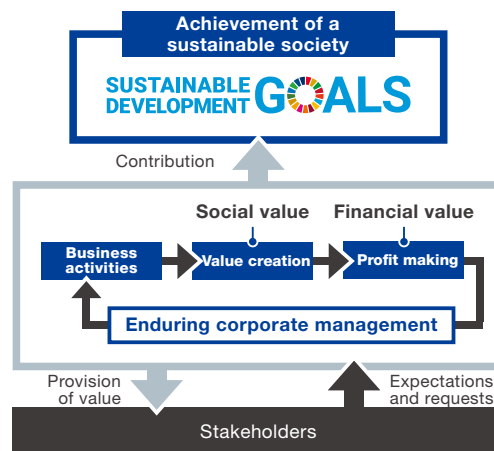
*1: The Compass2030 initial target: 10 million tons (Japan only)

*2: The Compass2030 initial target: 5 million kW

Promoting Sustainability and Materiality

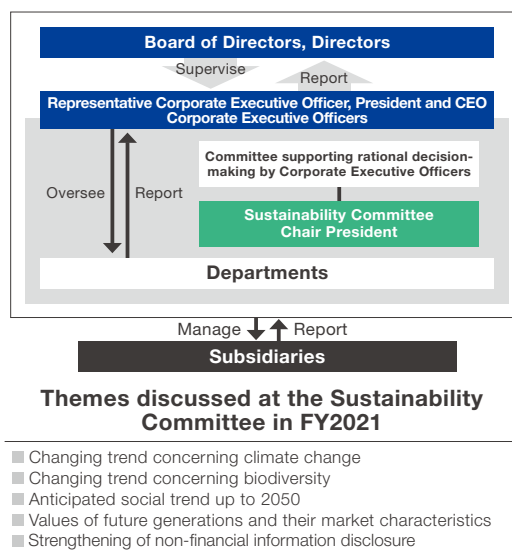
Approach to promoting sustainability

The Tokyo Gas Group's approach to promoting sustainability is to contribute to the achievement of a sustainable society by creating social and financial value from the solution of social issues through our business activities, and by engaging in enduring corporate management. Taking this approach, we are working on materiality (key sustainability issues) through our business activities, in conjunction with our aim of carrying out ESG-focused management and broadly contributing to the realization of the SDGs.



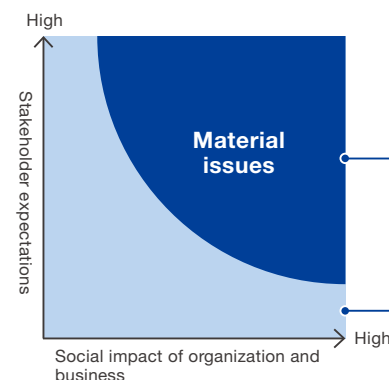
Sustainability Promotion System

As an important management issue, sustainability is being discussed in a committee that supports rational decision-making by Corporate Executive Officers. In addition, the Sustainability Committee, chaired by the President, has been established to act as a leader in implementing and promoting sustainability management across the entire Group, and to report important matters to the Board of Directors.



Specifying materialities

With reference to the guidelines, issues to be considered are assessed by indicators on two axes: "Stakeholder expectations" and "Social impact of organization and business," and then are specified as materiality.



FY2020-2022 Materiality	
Leadership in the effort to achieve Net-Zero CO₂	<ul style="list-style-type: none"> Climate change Access to energy Safety and disaster preparedness Creation of customer value
Sound relationships with society	<ul style="list-style-type: none"> Resource efficiency and recycling society Establishment of relationships with communities Diversity & inclusion Satisfaction through work and labor productivity
Actions as a responsible company	<ul style="list-style-type: none"> Supply chain management Information security Governance and compliance
Recognized issues	
<ul style="list-style-type: none"> Treatment of emissions, water discharge, and treatment of waste Biodiversity Response to water risks Occupational health and safety Development of good labor-management relations 	<ul style="list-style-type: none"> Appropriate information disclosure Proper management of intellectual property rights Appropriate involvement in public policies Economic performance

Process for specifying materialities

STEP 1	Sort social issues	Comprehensively extract issues to be addressed, referring to international guidelines.
STEP 2	Prioritize	Assess and prioritize issues graphically depicted on two axes to identify important issues.
STEP 3	Confirm Validity and decide	Have experts assess the validity of the identified important issues, and specify these as materialities. Decide these with the confirmation in internal meetings.
STEP 4	Review	Conduct activity assessments on the materialities and disclose. Review it considering the opinions of stakeholders.

Relationship between materiality and the SDGs

	Materiality	Relevant SDGs
Leadership in the effort to achieve Net-Zero CO ₂	Climate change	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
	Access to energy	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS
	Safety and disaster preparedness	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
	Creation of customer value	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
Sound relationships with society	Resource efficiency and recycling society	6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER, 17 PARTNERSHIPS FOR THE GOALS
	Establishment of relationships with communities	1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
	Diversity & inclusion	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS
	Satisfaction through work and labor productivity	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 17 PARTNERSHIPS FOR THE GOALS
Actions as a responsible company	Supply chain management	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
	Information security	17 PARTNERSHIPS FOR THE GOALS
	Governance and compliance	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS

Case 1 Preparing for climate change (adaptation)

As part of adaptation to climate change, we are taking measures against water-related disasters such as torrential rains and high tides. At LNG terminals, facilities are being raised and water-tight doors are being installed to protect electric facilities. Meanwhile, Tokyo Gas Network is dividing its pipeline network into smaller blocks to minimize gas supply suspension areas which may get liquefied. In addition, a business continuity plan (BCP) on the assumption of wind or water damage has been prepared to ensure gas supply and safety.

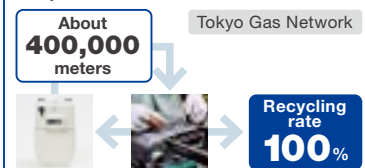


Case 2 Promoting resource efficiency and fostering a recycling society

In order to foster a recycling society, we are engaged in resource recycling at each stage of our business activities, including the recycling of gas meters and used gas pipes, and the collection and recycling of disused gas appliances.

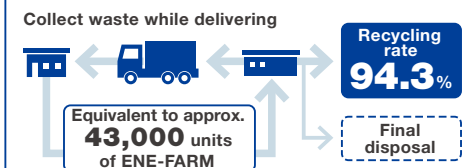
Reuse and recycling of gas meters

Gas meters are used for three cycles (two instances of replacement and re-examination of wear parts) for a useful life of up to 30 years, and then are recycled as metal materials.



Collection and recycling of gas appliances

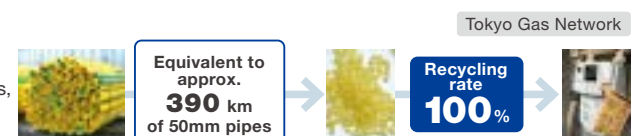
We are working to collect and recycle used gas appliances and waste materials generated through customer-induced replacement, gas construction and renovation work.



Procurement Manufacturing Supply Energy solutions

Recycling of gas pipes (polyethylene pipes)

Recovered disused polyethylene pipes are reduced to pellets and recycled as plastic materials, and then reused for gas meter instruction cards, etc.



* Preliminary data for FY2021



Tokyo Gas Group Management Vision

Compass2030

Providing energy and solutions to the future of our life, society and the earth

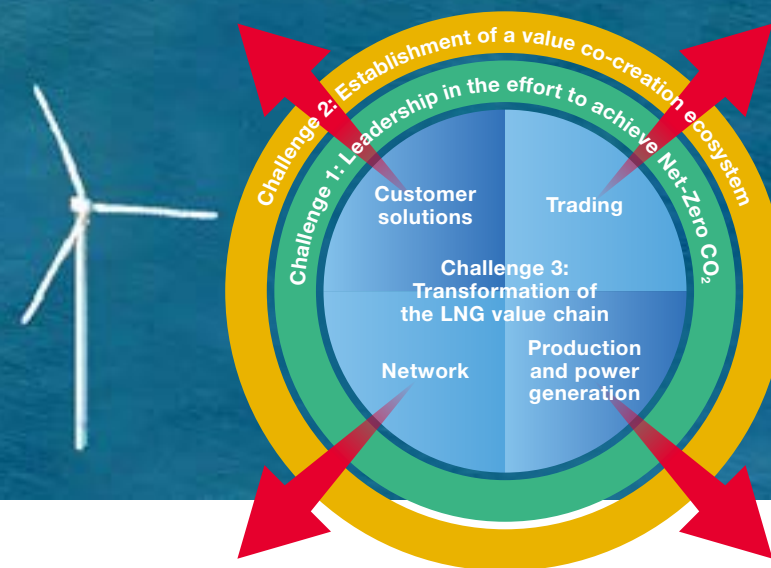


Our goal will be a business group which continues to create value together with our customers, business partners and society as a whole while becoming a leader in the future energy systems.

Tokyo Gas has pioneered the era of natural gas for half a century since introducing and spreading the use of LNG in Japan. We are now in the opening phase of another new era of transformation for Japan—an era of great changes such as associated with decarbonization, digitalization, changing and diversifying customer values, and regulatory liberalization in the energy market. The years up to around 2030 will be a period that questions how energy and energy-handling companies should be. On November 27, 2019 we therefore formulated a management vision Compass2030, to function as a direction-indicating guide that can show us which roads to follow in this uncertain era, looking ahead over the next half century.

Compass2030

Three challenges for achieving the Vision

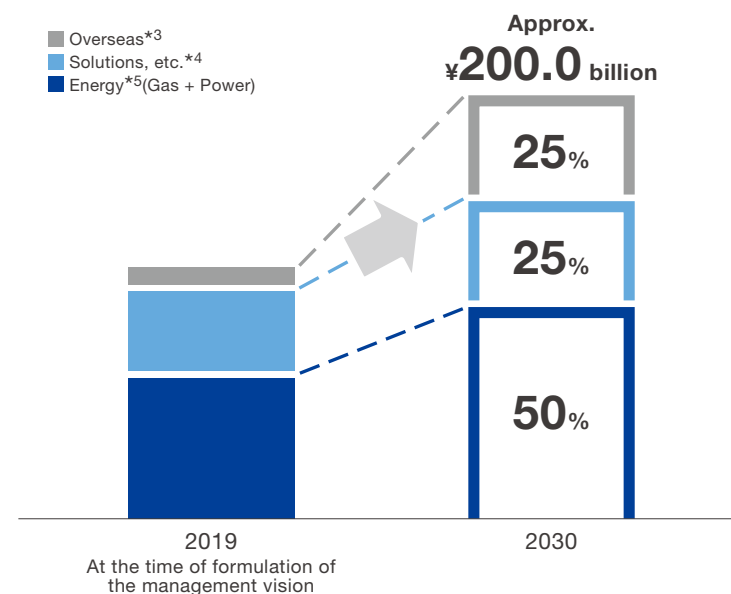


Management guidelines and key figures

	FY2021 results	2030
Profit level	¥121.5 billion	Approx. ¥200.0 billion
Contribution to CO ₂ emission reductions (base year: FY2013)	5.39 million tons	17.00 million tons*1
Renewable energy transaction volume (FY-end)	1.498 million kW	6.00 million kW*2
No. of customer accounts (FY-end)	12.48 million	20.00 million
Natural gas transaction volume (FY)	19.18 million tons	20.00 million tons

*1: The Compass2030 initial target: 10 million tons (Japan only) *2: The Compass2030 initial target: 5 million kW *3: Overseas: All overseas businesses
 *4: Solutions, etc.: Energy-related, real estate, other *5: Energy: Gas and electricity business in Japan

Company portfolio in 2030: Profit level



For achieving the Vision

Our strategy

(Compass action)

Three challenges for achieving the Vision

1

Lead transition to
Net-Zero CO₂



2

Establish a value
co-creation ecosystem



3

Transform the
LNG value chain



Challenges to accelerate for achieving the Vision

Responsibly lead the transition with gaseous & renewable energy

Accelerate value co-creation via digitalization and reinforced face-to-face engagement

Improve each business's earning power and resilience to change

Compass Action (Actions for achieving the Vision: 2020-2030)

Transform into the top leader at the forefront of the transition

Create value chain for carbon-neutral methane

Create renewable energy value chain leveraging our Group's unique strengths

Transform into the energy market's digital marketing front runner

Evolve into the No. 1 player in customer satisfaction through value co-creation at the last-mile*1

Transform into a provider of solutions for community challenges

Transform into corporate culture that enhances the earning power of each business

Shift to a human resources system that encourages pursuit of challenges in ways that leverage diversity

Pivot to a financial strategy that promotes growth investing

Medium-term Management Plan (FY2020-2022) based on the Vision

Key Strategies

Evolution of customer solutions

Expansion of LNG business

Acceleration of overseas business

Shaping of Net-Zero CO₂

Strengthening of business foundation

Implementation of cost structure reform

Continuation of DX*2

Establishment of flexible organization towards changes

KPI



No. of customer accounts



Natural gas transaction volume



Segment profit from Overseas Business



Contribution to CO₂ emission reductions



Renewable energy transaction volume



Cost structure reform

Progress of the Medium-term Management Plan and KPIs [P.23](#)

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

*2: 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.

Tokyo Gas will invest in growth areas while ensuring asset efficiency and financial soundness

We have increased sales and profits by better procurement of raw materials and expansion of overseas business

In FY2021 (ended March 31, 2022), the business environment was severe especially due to rising raw material costs. However, we made fastidious adjustments in supply and demand conditions of LNG, such as improving the accuracy of demand forecasts and utilizing the flexibility of the assets we hold, and we were able to control to a high degree the procurement of LNG in the spot market where prices were rising. As raw material prices and demand are fluctuating more dramatically at this time, management of these risks has become a major issue. We believe that we benefited from our procurement portfolio being centered on long-term contracts and through our efforts of the past few years to improve the optimizing of operations through supply and demand adjustments, and this has led to the superiority of raw material procurement.

In the overseas segment, rising resource prices led to higher profits from the upstream business in Australia and also to higher profits from the shale gas business in North America due to a company that became a consolidated subsidiary in the 3Q of FY2020. This resulted in a significantly high increase of 625.2% in profits over the previous fiscal year.

Consequent to these results, our profits and revenues in FY2021 increased from the previous fiscal year and from the initial plan.

We will consolidate efforts for success of the Medium-term Management Plan, including optimization of LNG supply and demand, and implement cost structure reforms, to achieve our profit targets

In FY2022, the final year of the three-year Medium-term Management Plan, our latest plan of 143.5 billion yen in

segment profit (operating profit + equity method profit) exceeds the target in our Mid-term Management Plan. We know that we are facing similar challenges as in the previous year, such as the rise in crude oil and LNG prices caused by the destabilization of the international situation. However, we believe that our profit forecast is sufficiently achievable, given that the efforts over the Medium-term Management Plan period such as optimization of LNG supply and demand as well as cost structure reforms are already bearing fruit.

As a driving factor behind the profit increase, our initial forecast of 25.3 billion yen in segment profit for the Electric Power Business exceeds its profit level of the past few years, due mainly to an increase in wholesale electricity sales volume. The Overseas Business is also expected to increase profit to 37.4 billion yen, with a contribution by an increase in profit from the upstream business in Australia, mainly due to the rise in crude oil prices.

On the other hand, ROE and ROA—the financial indicators set forth in our Medium-term Management Plan, are currently expected to be below our targets. The main reason for this is the increased size of the assets that have been driven by aggressive business investments over the past few years. As we aim to balance profit growth and asset efficiency improvement, we will introduce new management controls at each of our internal companies and business corporations under the holdings type group structure, which was launched in April. In FY2022 we will start using an advanced Profit/Loss (P/L) management approach designed to improve the earning power of companies and business corporations. From the next fiscal year onwards, we intend to develop this into a Balance Sheet (B/S) management arrangement and aim for each company and business corporation to improve asset efficiency through changing the makeup of its own business assets and other means.



Managing Executive Officer and CFO

SATO Hirofumi

By 2030, we will invest approximately 2 trillion yen in decarbonization and other growth to raise profits to approximately 200 billion yen

Compass Action, which is a detailed roadmap for achieving Compass2030, states the plan calls for investing around 2 trillion yen in growth areas by 2030, including approximately 700 billion yen in the decarbonization area, such as for renewable energy and hydrogen-related technology development. In order to carry out these investments, we must simultaneously address many challenges, including the financial arrangements, ensuring financial soundness, and improving asset and capital efficiency.

Above all, we need to increase operating cash flow, or in other words, earning power. It is essential to nurture businesses to compensate for the decrease in gas sales profits caused by liberalization, and we have made many strategic moves to achieve this. For example, one move was to enable the Electric Power Business to reach 30 billion kWh in electricity sales volume and 3 million in the number of retail customers. The Overseas Business and the Urban Development Business have also grown to

become profit pillars. In addition, the Network Business, which was spun off in April this year, is expected to make more bold efforts than ever to improve work efficiency via DX and to review operations in line with the changing times, thereby enhancing its earning power. Based on these initiatives, we will add investment opportunities that early contribute to profitability, and aim to achieve the 200 billion yen profit target for 2030.

Some of the investment capital will be externally financed. In recent years, we have been actively making use of low interest rates but as interest rates have shifted to a rising phase, we need to devise various new measures. We intend to try new methods such as the further utilization of transition bonds, which was first issued in March of this year, and the liquidation of assets to ensure financial soundness and improve asset efficiency.

We aim to improve corporate value over the medium to long term by allocating 10% of the return to investment in the decarbonization area

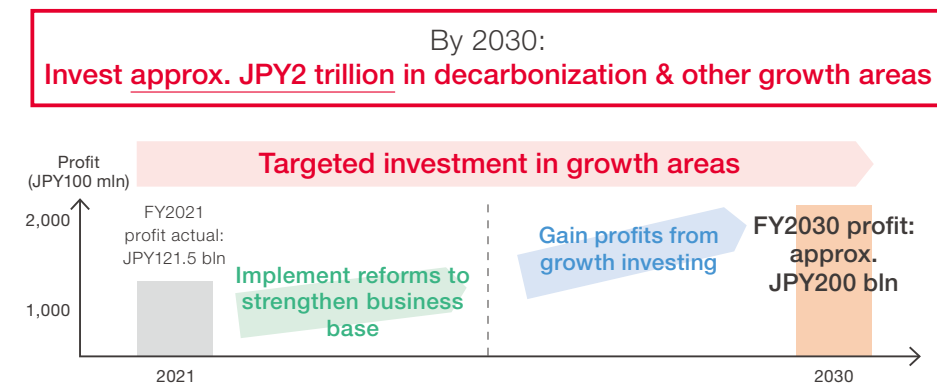
In response to the Japanese government's 2050 Carbon Neutral Declaration in October 2020, we decided to make

our target year of achieving Net-Zero CO₂ earlier, to 2050. In line with this, we have revised our shareholder return policy and have lowered our target for total return ratio from 60% to 50%. The reduction of 10% will be used as quickly as possible as a source for investment in hydrogen and methanation. We are committed to sustainable development by contributing to the realization of a decarbonized society, and to rewarding our shareholders through the improvement of medium- to long-term corporate value. We will continue our efforts to gain the understanding of our shareholders.

Going forward, various SDGs beyond the prevention of global warming need to be addressed but what we think critically important is to align these with the sustainable development and corporate value improvement of the Tokyo Gas Group. We will further strengthen the disclosure of non-financial information through integrated reports, etc., so that our efforts and corporate value will be properly evaluated.

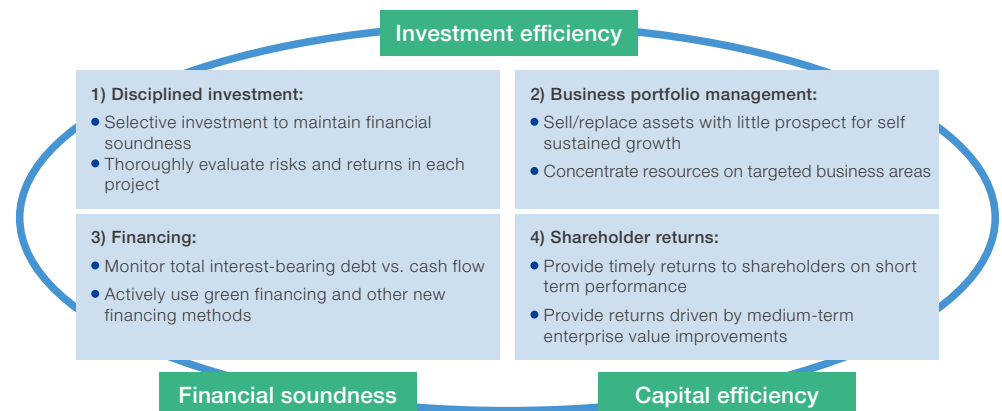
Targeted investment in growth areas

- Shift investment to decarbonization & other growth areas, and place capital aggressively
(early investments in decarbonization + active investment in other growth areas)
- Strengthen business platform by implementing reforms in first half of 2020s, achieve profit growth from investments in the second half



Financial strategy supporting investment

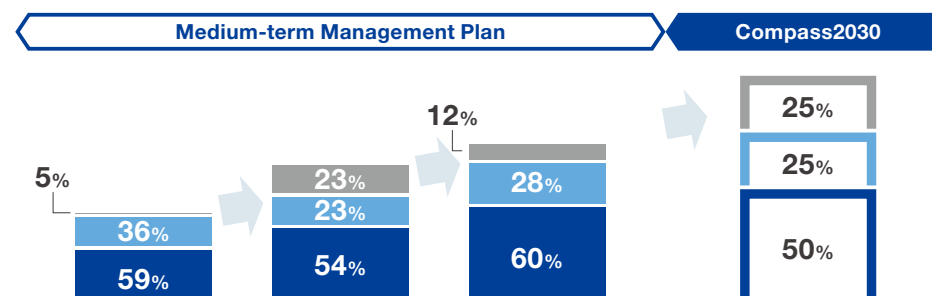
- Support growth investing by enhancing investment/capital efficiency and by employing effective cash flow management to secure sufficient investment capital









Progress of the Medium-term Management Plan and KPIs

Project portfolio composition: Operating profits + equity method income

■ Overseas*1
■ Solutions, etc.*2
■ Energy*3 (gas + electricity)



Reason for setting this KPI

 No. of customer accounts	This KPI has been set as an indicator to measure the effects of our efforts to maximize our customer base at an early stage in order to ensure stable profit in the gas/electricity/service business.
 Natural gas transaction volume	This KPI has been set as an indicator to quantify the expansion of business with LNG as a commodity, including LNG trading and the overseas LNG business, in addition to domestic gas sales.
 Segment profit from Overseas Business	This KPI has been set as an indicator to measure the growth of our overseas business, which drives future profit, toward its target.
 Contribution to CO ₂ emission reductions	This KPI has been set as an indicator to continuously measure outcomes from CO ₂ emissions reduction contributions, including those from customers, through expanded effective use of natural gas, increases in the scale of use of renewable energy, etc.
 Renewable energy transaction volume	This KPI has been set as an indicator to quantify the increased use of renewable energy power sources and business expansion.
 Cost structure reform	This KPI has been set as an indicator to measure the effects of our efforts to drastically review operations and their structure, which create resources for growth to be allocated to immediate profit contribution and key strategies.

	FY2020 results	FY2021 results	FY2022 Medium-term Management Plan	Management guidelines and key figures in Compass2030
KGI				
Operating profits + equity method income	¥79.1 billion	¥121.5 billion	¥140.0 billion	Approx. ¥200.0 billion
Financial indicators				
ROA	1.9%	3.0%	Approx.4%	
ROE	4.3%	7.5%	Approx.8%	
D/E ratio	0.92	0.99	Approx.0.9	
KPI				
No. of customer accounts (as of the end of FY)	12.31 million	12.48 million	14.8 million	20 million
Natural gas transaction volume (per FY)	18.20 million tons	19.18 million tons	17.0 million tons	20 million tons
Segment profit from Overseas Business (per FY)	¥3.8 billion	¥28.2 billion	¥16.0 billion	—
Contribution to CO ₂ emission reductions (as compared to FY2013 levels)	6.68 million tons	5.39 million tons	6.5 million tons	17 million tons*4
Renewable energy transaction volume (as of the end of FY)	1.383 million kW	1.498 million kW	2.0 million kW	6 million kW*5
Cost structure reform (compared to FY2019)	-¥12.0 billion reduction	-¥21.0 billion reduction	-¥30.0 billion reduction	—

*1 Overseas: All overseas business *2 Solutions, etc.: Energy-related, real estate, other *3 Energy: Gas and electricity business in Japan *4: The Compass2030 initial target: 10 million tons (Japan only) *5: The Compass2030 initial target: 5 million kW

Results to date of the Medium-term Management Plan

Medium-term Management Plan	Press release month and year	Progress in Key Strategies and Enhancement of Business Base
Key Strategy (1) Evolution of customer solutions	April 2020	Established Ekimachi Energy Create Co.,Ltd. with East Japan Railway Company
	June 2020	Tokyo Gas venture Sumilena Co.,Ltd. initiated fixed monthly fees for appliance rental
	Oct. 2020	Launched the "Hinatao Solar" solar energy service for condominiums and buildings
	Dec. 2020	Formed a strategic alliance with Octopus Energy Group Limited (U.K.) and established TG Octopus Energy Co., Ltd. (February 2021)
	April 2021	Established Tokyo Gas Nomura Real Estate Energy Co.,Ltd., for supplying energy to the Shibaura 1-Chome Project
	May 2021	Launched "Tokyo Gas Housecleaning" service
	July 2021	Reached a basic agreement with JT Group to take over its software business, which holds the top share of its market segment in Japan
	Nov. 2021	Launched "EVrest" EV charging service for housing complexes
	Nov. 2021	Signed a business alliance agreement with The Kansai Electric Power Co., Inc. for VPP business using decentralized energy resources
	Feb. 2022	Full-scale entry into plumbing-related repair! Launched high-quality, reasonable-price "Tokyo Gas Repair Service"
	April 2022	Tokyo Gas launches Demand Response services and delivers one-day worth of renewable energy-based electric power -Commemorating about 3 million electric power contracts, Tokyo Gas is weaving a sustainable future with customers-
Key Strategy (2) Expansion of LNG business	June 2020	Receiving the First Commingling LNG Cargo at Hatsukaichi LNG Terminal
	Sep. 2020	Establishment of the "TG Global Trading"
	Mar. 2022	Started the supply of LNG from the Niihama LNG terminal
Key Strategy (3) Acceleration of overseas business	May 2020	Tokyo Gas Invests In Principle Power, A Leading Floating Wind Power Technology Company
	July 2020	Tokyo Gas Acquires Oil and Gas Assets in Louisiana Through Castleton Resources and Takes Majority Interest in Castleton Resources
	July 2020	Establishment of a Subsidiary in the United States and the Acquisition of a 500MW Solar Power Project (Aktina)
	Oct. 2020	Signing of a Joint Cooperation Agreement with First Gen to Pursue Construction and Operation of Interim Offshore LNG Terminal in the Philippines
	Nov. 2020	Investment in gas distribution company in Indonesia
	Aug. 2021	The Aktina Solar Power Project in the U.S. began partial operation (150 MW)
	Sep. 2021	Tokyo Gas to divest its share in MT Falcon Holdings
	Oct. 2021	Establishment of the Joint Venture with the PTT Group Company -Promotion of Decarbonization through On-site Energy Service Business including Improving Efficiency Technology Solutions and Fuel Supply in Thailand -
	Jan. 2022	Establishment of a subsidiary in Denmark and joint development of renewable energy in the Nordics through business collaboration with EWII S/I

Medium-term Management Plan	Press release month and year	Progress in Key Strategies and Enhancement of Business Base
Key Strategy (4) Shaping of Net-Zero CO₂	Aug. 2020	Tokyo Gas acquisition of wood pellet biomass power generation facilities in Toyama and Chiba Prefecture
	Nov. 2020	Tokyo Gas to Join Joint Venture for Offshore Wind Projects in Japan (Chiba Offshore Wind Inc.)
	Mar. 2021	Establishment of a Carbon Neutral LNG Buyers Alliance
	April 2021	Acceleration of the Development of Kashima Port Offshore Wind Project
	May 2021	Tokyo Gas and SCREEN Agree to Jointly Develop a Water Electrolysis Cell Stack for Low-cost Green Hydrogen Production
	June 2021	Launched "Sasutena Denki," an electricity rate plan with 100% real renewable energy
	July 2021	Launch of Commercial Solar Power Operations Begins in Iwakuni, Yamaguchi Prefecture
	July 2021	World's 1st! Commence Manufacturing of CO ₂ -absorbing Concrete that Uses Exhaust Gas Emitted During the Use of Cit Gas Devices
	July 2021	Commencing hydrogen demonstration experiment using megawatt-class water electrolyser
	Sep. 2021	Produced Japan's first potassium carbonate using CO ₂ from city gas devices
	Oct. 2021	Introduced carbon-neutral city gas in Tokyo's Marunouchi district, as the largest project of its kind in Japan
	Oct. 2021	Jointly implemented the Sakaide biomass power generation project
	Nov. 2021	Started feasibility study toward creation of carbon-neutral methane supply chain with Petronas, Sumitomo Corporation and Mitsubishi Corporation
	Jan. 2022	Tokyo Gas selected as the prospective recipient in NEDO's Green Innovation Fund Project / Offshore Wind Power Cost Reduction Project (for the development of low-cost technology for manufacturing and installing floating foundations)
	Mar. 2022	Launched demonstration testing of the methanation process toward achieving carbon neutrality and a decarbonized society by 2050
	Mar. 2022	Participated in the dedicated biomass combustion power generation project in Sendai City, Miyagi Pref
	April 2022	Tokyo Gas selected as the prospective recipient in NEDO's Green Innovation Fund Project / Development of Fuel Manufacturing Technology using CO ₂ etc. (for innovative technology for synthetic methane)
	June 2022	MOU Signed with Shell for Joint Exploration of Decarbonization Accelerate various types of decarbonization solutions, including synthetic gas, hydrogen, and CCUS
Key Strategy (5) Strengthening of business base: Implementation of cost structure reform; DX; and Establishment of a flexible organization	June 2021	Transition to a Company with a Nominating Committee, etc
	April 2022	Announcement of Group's Management Philosophy
	April 2022	Tokyo Gas Network Co., Ltd. began business operation

Challenge 1 Lead transition to Net-Zero CO₂

Compass Action

Responsibly lead the transition with gaseous and renewable energy

Parallel with the strengthening trend toward carbon neutrality, expectations are increasing for LNG and natural gas as a promising transitional energy. As a leading company responsible for the stable supply of energy, the Tokyo Gas Group recognizes that its social mission is to meet the expectations and to lead transition to a carbon-neutral society with a down-to-earth sense of reality.

Taking advantage of our Group's strengths in dealing with multiple transitional methods and in the Group's solution capability on both the supply side and the demand side, we are determined to responsibly lead the transition with gaseous and renewable energy.

Two perspectives toward transition to Net-Zero CO₂

Contribute to CO₂ emissions reduction of society as a whole.

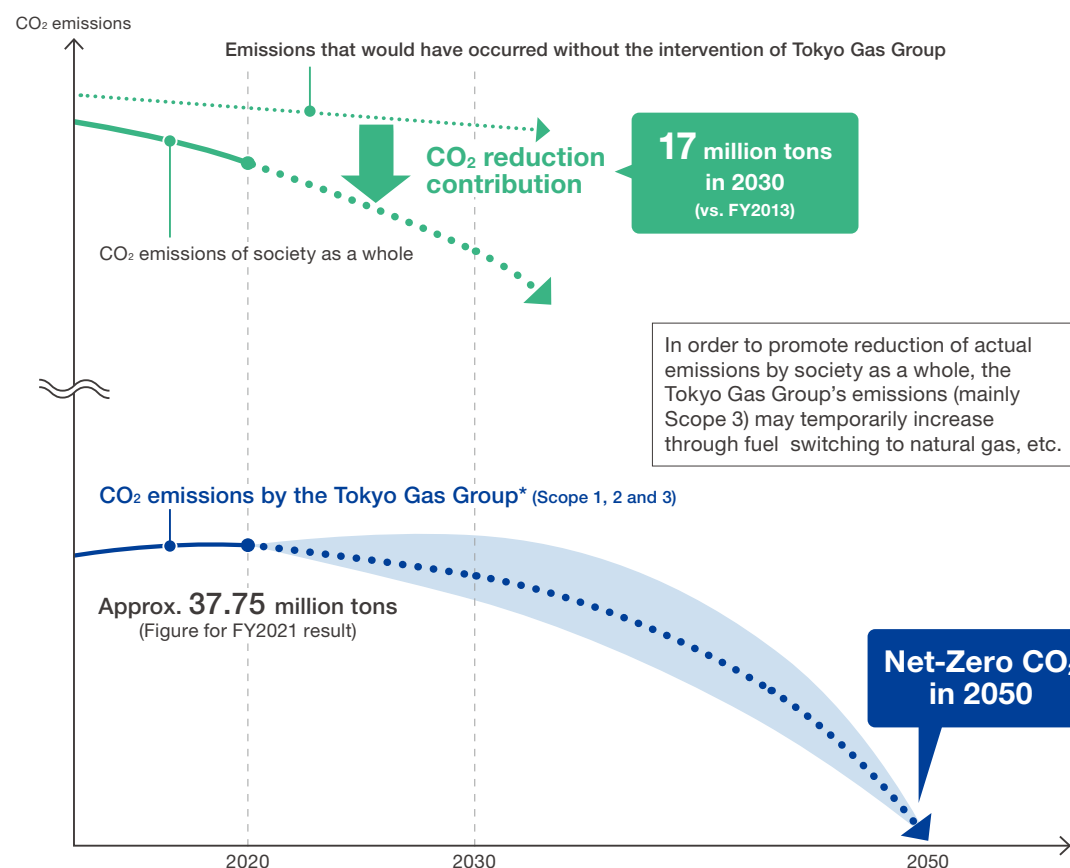
By expanding low-carbon or decarbonized products and services, we will achieve CO₂ reduction contribution of 17 million tons by 2030 (vs. FY 2013).

Reduce CO₂ emissions of the Tokyo Gas Group

We will achieve Net-Zero CO₂ in 2050.
And we will achieve Net-Zero in-house emissions by 2030.

We promote a transition that maintains the stable supply of energy while remaining both environmentally and economically sound.

Goals for 2030 and 2050: Conceptual diagram

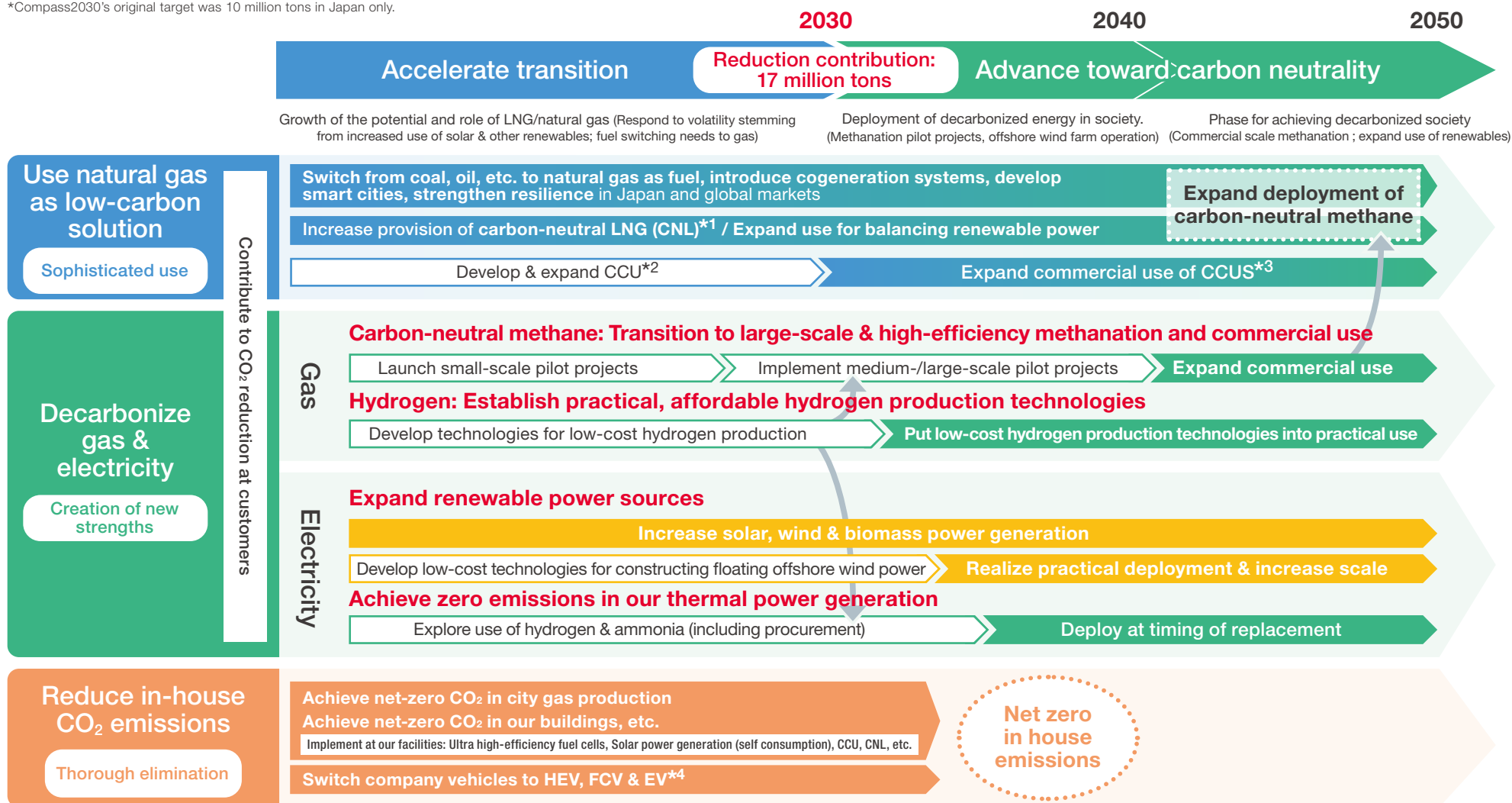


* Including the amount of absorption (CCUS and forests) and offsetting by carbon credits.

Roadmap for transitioning to carbon neutrality

- We will achieve a carbon reduction contribution of **17 million tons by 2030*** across all our business activities worldwide
- We will **lead the transition to carbon neutrality by developing strengths in gas/electricity decarbonization technologies** and expanding the deployment at customer sites

*Compass2030's original target was 10 million tons in Japan only.



*1: A type of LNG that is deemed carbon neutral as greenhouse gas emissions generated by the processes from natural gas exploration to combustion are offset with carbon credits received on forest conservation projects, etc.

*2: Carbon capture & utilization

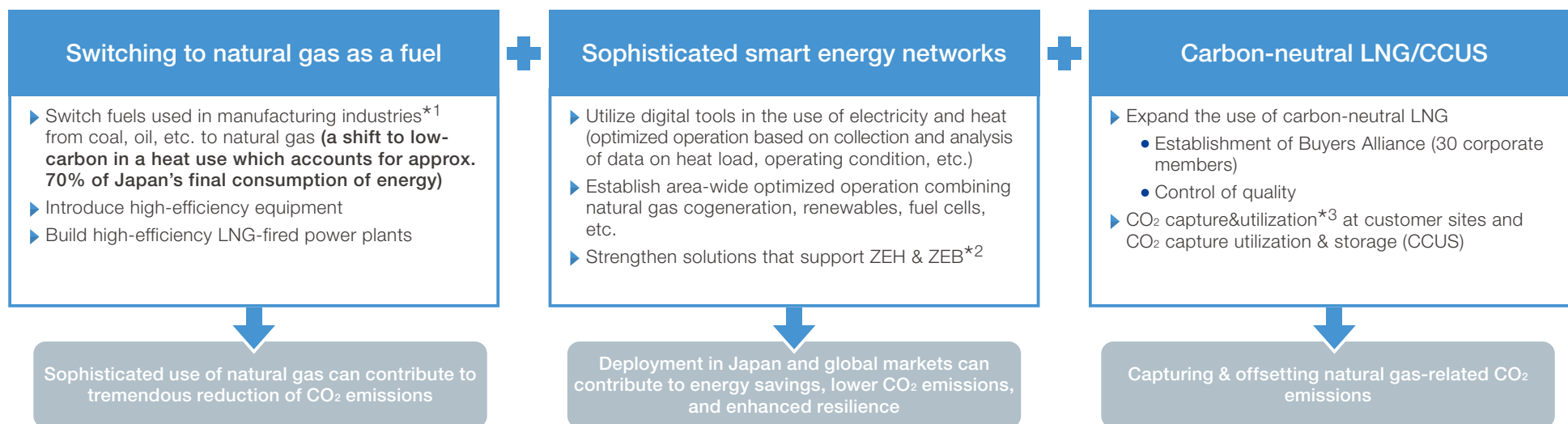
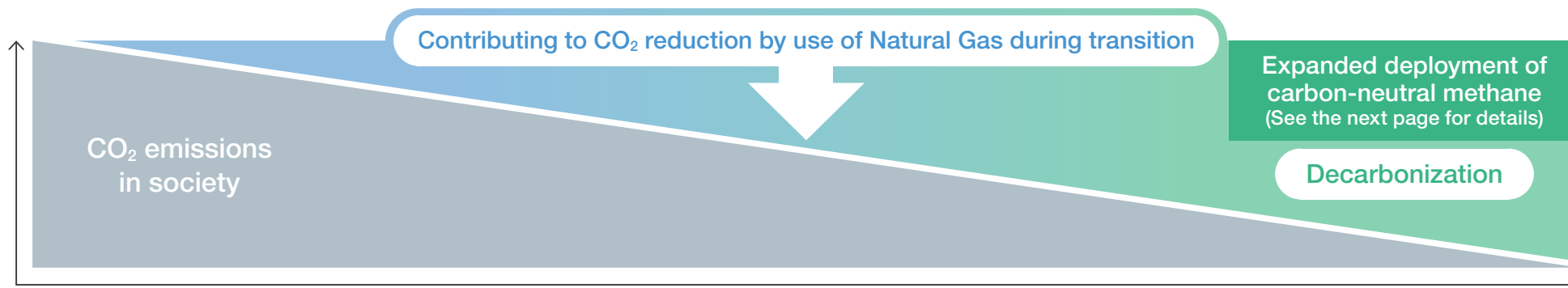
*3: Carbon capture, utilization & storage

*4: Hybrid electric vehicles, fuel cell vehicles & electric vehicles

Sophisticated use of natural gas: Transitioning from low-carbon to decarbonized

- During the transitional period, we will contribute to **reduce CO₂ emissions at domestic & overseas customer sites** by promoting **fuel switching, smart city development, carbon-neutral LNG, and CCUS**
- We will firmly lead the transition while **containing the social costs of low carbon and decarbonization**, responsibly ensuring the stable supply of energy.

Our Group's strengths: A proven track record in using natural gas for low-carbon solutions and know-how in optimal energy management



*1: Coal & oil account for approx. 60% of primary energy supply in Japan, and there is strong potential in fuel switching globally, especially in Asia

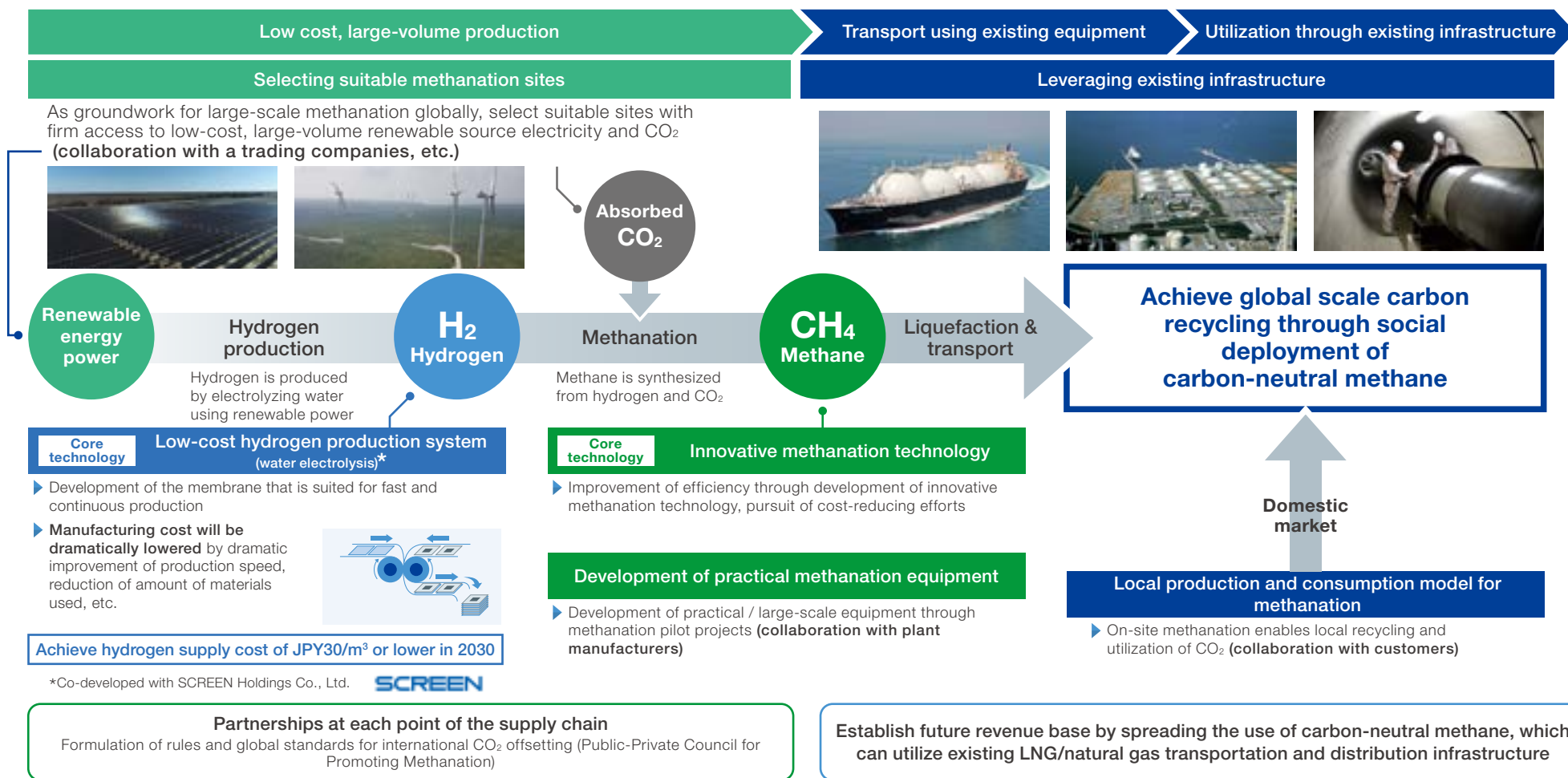
*2: Homes and buildings designed to completely offset primary energy consumption per year

*3: Development of on-site CCU technology for producing potassium carbonate using CO₂ from city gas equipment, launch of concrete production utilizing captured CO₂

Decarbonizing gas: Building a carbon-neutral methane value chain

- We will **establish our own core technologies in methanation & hydrogen production** as part of our efforts toward decarbonization of gaseous energy
- We will **build a carbon-neutral methane value chain to realize deployment in future society** through coordination with public-private alliances and global players

Our Group's strengths: Hydrogen production expertise gained from fuel cell development, etc., and Japan's foremost gaseous energy supply infrastructure

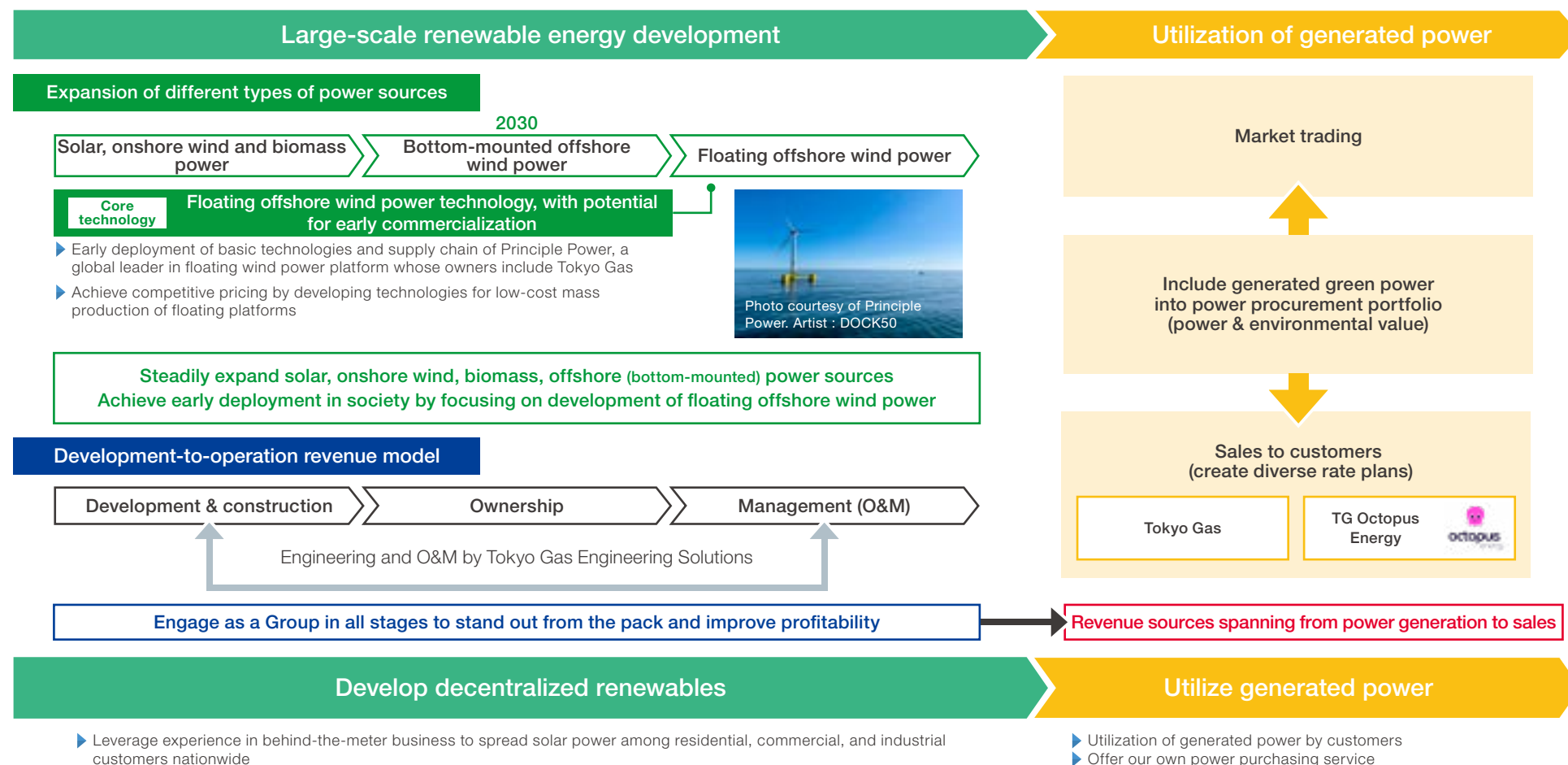


Decarbonizing electricity: Building a renewable energy value chain

- We will **build a renewable energy value chain leveraging our Group's unique strengths** by engaging in a full spectrum of renewable power business **from development of renewable power projects to operation and maintenance(O&M) and to the retailing of the generated green power**
- We will **expand renewable power source transaction volume in Japan and global markets beyond our original vision (5 GW* ▶ 6 GW)**, while maintaining profitability

*Compass2030's original target

– **Our Group's strengths: Stable long-term operation of power generation infrastructure, O&M capabilities, customer base** –



Challenge 2 Value co-creation via digital & face-to-face engagement

Compass Action

Digital & face-to-face solutions

In order to meet the diverse needs of society, communities and customers in the context of the trend of emphasizing ESG and SDGs, and the coexisting needs of digital and face-to-face preferences, the Tokyo Gas Group will “accelerate value co-creation via digitalization and reinforced face-to-face engagement,” taking advantage of the Group’s strong bonds with customers and communities and of its large customer base.

In addition to selling gas and electricity, we intend to evolve into a corporate group that solves customer business and lifestyle challenges and provides valuable energy and services nationwide and globally.

Digital transformation & strengthening of last-mile services (B2C)

● We will **expand areas of value provision** to customers by leveraging **digital marketing** and enhance lineup of **last-mile services**

Our Group’s strengths: Digital expertise of Octopus Energy, last-mile solution capabilities, channel networks of LIFEVAL, etc.

Digital transformation of B2C marketing

Launch of Octopus Energy services (Nov. 2021)

Founded energy retailing joint venture (TG Octopus Energy) as a new brand, under a **strategic partnership with Octopus Energy**,* a fast-growing company in the UK’s energy market

*The company acquired over 3 million customers in just 6 years in the UK’s highly competitive electric power market

Diverse electricity rate plans

- Broaden range of rate plan choices, including renewable-based, time-based, market price-linked, commercial (low-voltage power), and other plans



Digital marketing, CRM*

- Digital communication focused on customer engagement, active social listening and customer support leveraging social media
- Acceleration of marketing cycle and expansion of satisfied customer base by offering one-to-one services tailored to customer lifestyles and values

*Customer relationship management

Nationwide deployment

- Phased expansion of sales areas, with **nationwide deployment** by first half of FY2022

Increasing customer satisfaction and creating shared value by offering personalized energy services



Expansion of B2C last-mile services

Full entry into plumbing repairs & housecleaning business

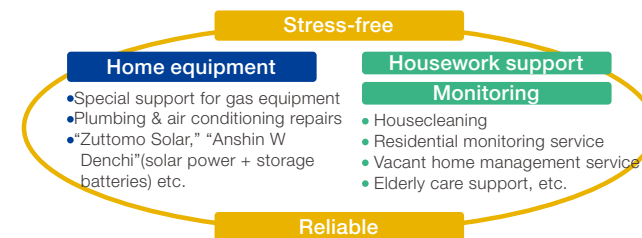
Expand services supported by strengths in last-mile service



Sophisticated operations (call taking, troubleshooting, inventory management, solution proposal)



Providing value through combinations of services



Nationwide deployment

- Phased expansion of sales areas through alliances, etc., with eye on nationwide deployment

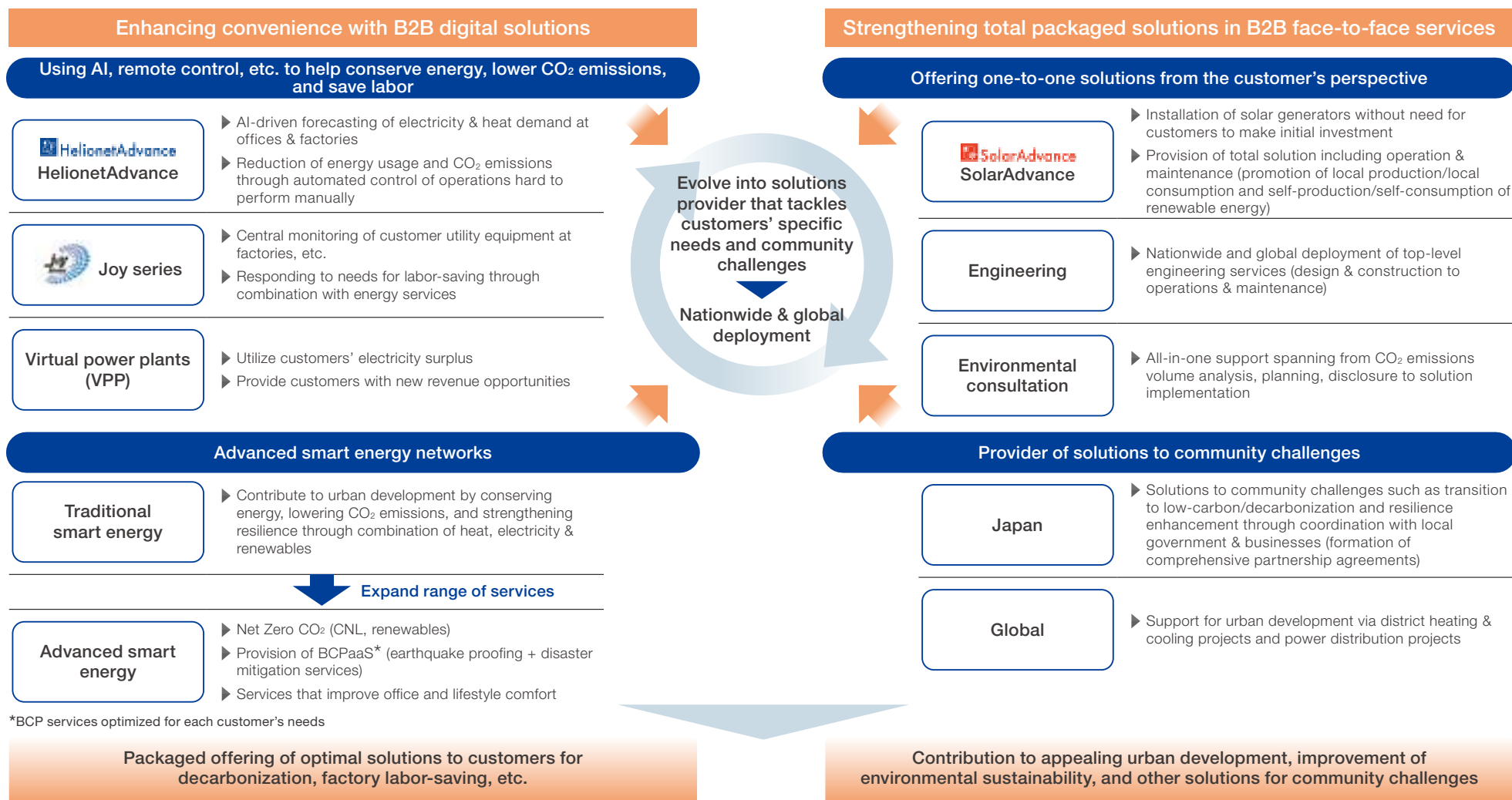
Contributing to specific lifestyle needs and social challenges quickly, conveniently, reliably and affordably

Compass Action Value co-creation via digital & face-to-face engagement

Digital & face-to-face solutions (B2B)

● We will nationwide & globally provide packaged solutions that enhance customer convenience, community growth and shift to low-carbon and decarbonization

Our Group's strengths: Remote monitoring & control technologies that use AI, etc., ability and experience in providing solutions, from proposal to implementation & facility management



*BCP services optimized for each customer's needs

Compass Action

Improvement of each business's earning power and resilience to change

For realizing our vision, the Tokyo Gas Group will change its business structure and business base with the determination to reinvent itself, and will transform itself so as to possess corporate culture within which each business enhances its earnings power in the market.

In order to turn the progress of energy liberalization and the increase in market volatility into business opportunities, we will transform our business structure from earning at the end of the LNG value chain into a business structure that positions each function of the value chain as a business, to be engaged with customers and market, and enhance its earning power.

Group human resources reforms

Cost structure reforms & DX

Transitioning to a holdings-type group structure

Targeted investment in growth areas

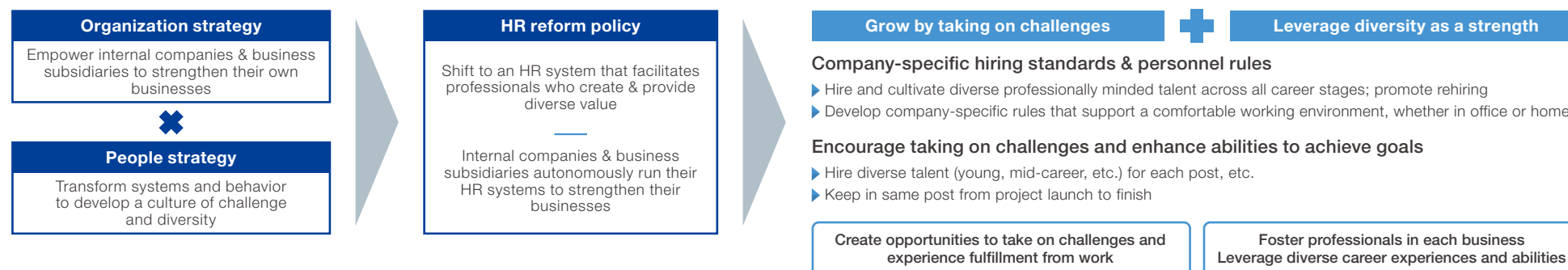
CFO's message [P.22](#)

Financial strategy supporting investment

CFO's message [P.22](#)

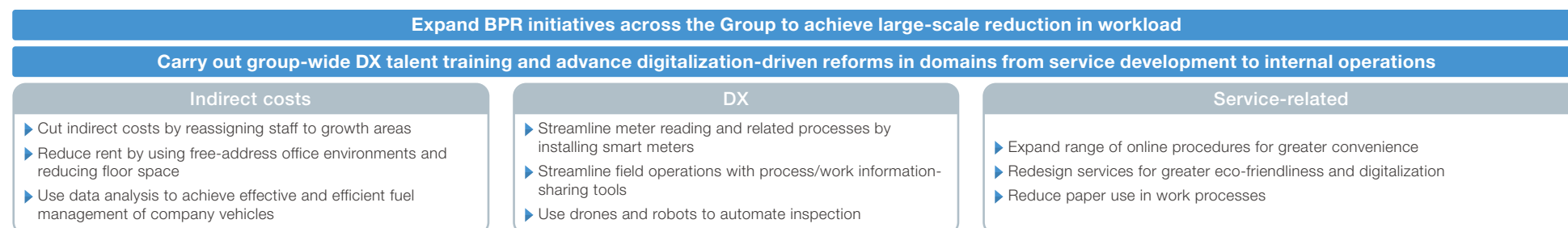
Group human resources reforms

- In conjunction with the shift to a holdings group type structure, we will **transform human resources system to one that encourages challenge and diversity**, so as to strengthen our internal companies and business subsidiaries



Cost structure reforms & DX

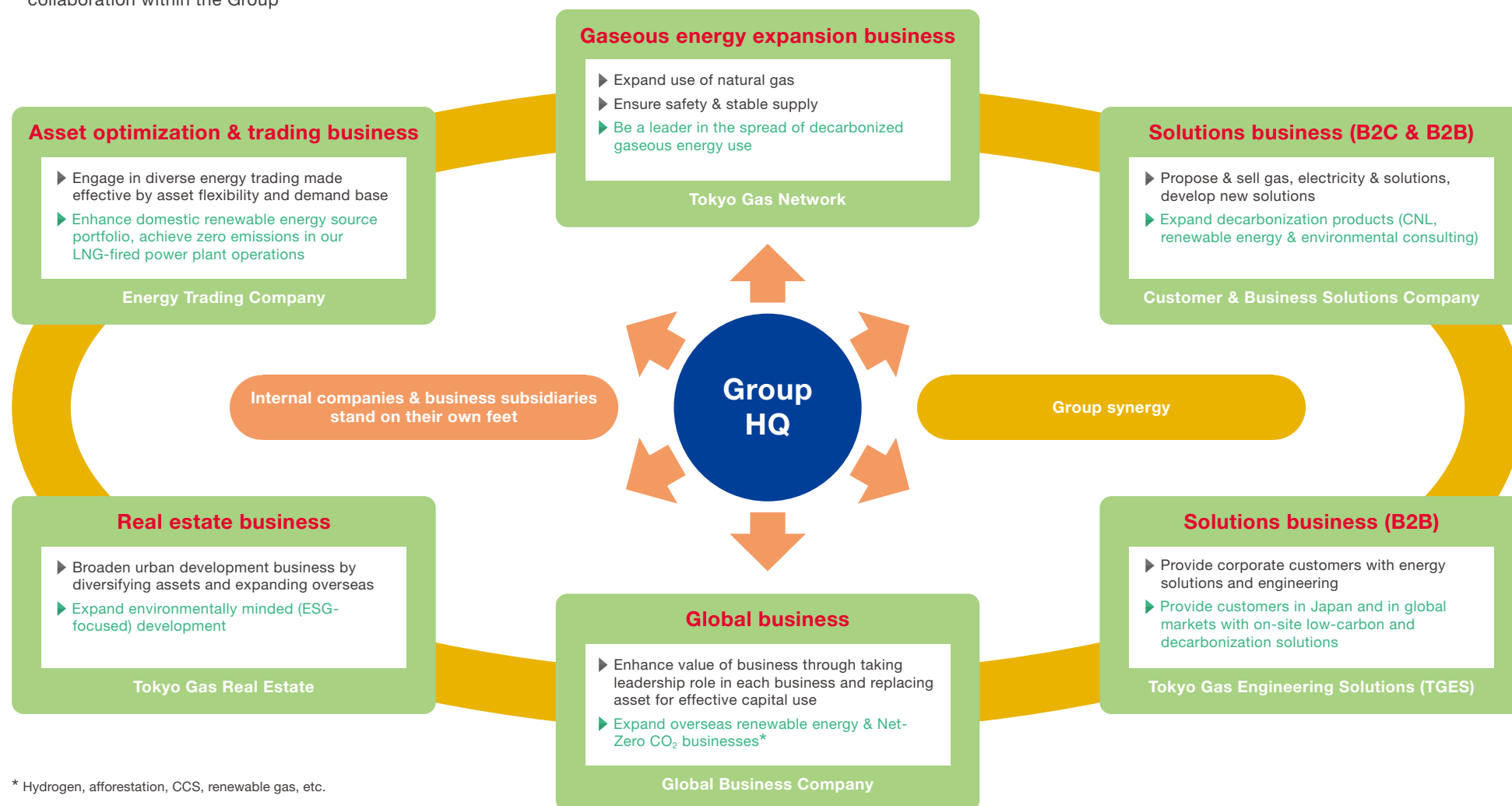
- Strengthen competitiveness by implementing effective **cost structure reforms, business process re-engineering (BPR), DX** and other approaches



Compass Action Improve each business's earning power and resilience to change

Transitioning to a holdings type group structure

- We will **transition to a group structure** where internal companies (quasi branch companies) and business subsidiaries will stand on their own feet and independently grow as they engage with their markets and customers
- The **internal companies and business subsidiaries will be given greater discretion** in order to realize agile decision-making, and we will **pursue group synergy** through collaboration within the Group



* Hydrogen, afforestation, CCS, renewable gas, etc.



Invisible Assets

Technology Development

Establish core technologies for decarbonization of gas and electricity

The Tokyo Gas Group, under its management vision Compass2030, is aiming to establish methanation and hydrogen production as its core technologies to decarbonize gaseous energy. We are also targeting achievement of a renewable energy transaction volume of 6 million kW as our contribution to the decarbonization of electric power. We will develop mass-production technologies and low-cost technologies for floating offshore wind power generation to become the top runner in this type of power generation.

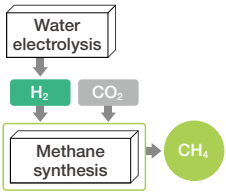
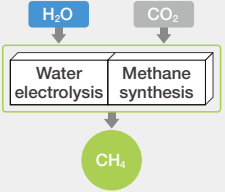
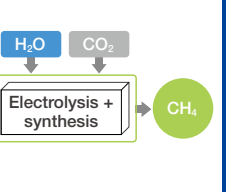
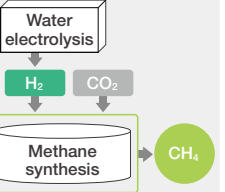
Innovative methanation technology

Compass Action P.28

Methanation is a technology to synthesize methane, the main component of city gas, through the chemical reaction of hydrogen with CO₂. The existing methane producing technologies present issues concerning equipment costs, limitation in raising efficiency in methane synthesis via water electrolysis, difficulty in increasing production scale, and thermal management. To solve these issues, we are working to develop innovative methane manufacturing technology*¹, to reduce cost, improve overall energy conversion efficiency, increase production scale, and achieve thermal management. We thereby aim at realizing early implementation in society, while being conscious of how long it takes and where to widely deploy the technology.

*1: On April 19, 2022, Tokyo Gas, in a joint proposal with Japan Aerospace Exploration Agency (JAXA) and IHI Corporation, was selected as the prospective recipient of the Innovative Technology Development for Synthetic Methane Production of the Green Innovation Fund Project: CO₂ Fuel Production Technology Development Project (for the development of innovative technology for synthetic methane production), which is sponsored by the New Energy and Industrial Technology Development Organization (NEDO).



		Existing technology	Innovative methanation technologies under development by Tokyo Gas		
		Sabatie reaction	Hybrid Sabatie reaction	PEMCO ₂ reduction	Bioreactor
Characteristics	Raw materials	H ₂ CO ₂	H ₂ O CO ₂	H ₂ O CO ₂	H ₂ CO ₂
	Reaction	Catalyst	Electrochemistry/Catalyst	Electrochemistry	Microorganisms
	Temperature	Up to 500°C	Up to 220°C	Up to 100°C	Up to 100°C
Advantages		<ul style="list-style-type: none"> Established basic technology 	<ul style="list-style-type: none"> High efficiency 	<ul style="list-style-type: none"> Low cost 	<ul style="list-style-type: none"> Low cost Easy to increase scale
Challenges		<ul style="list-style-type: none"> Large-scale practical application (thermal management) 	<ul style="list-style-type: none"> Increase in size Ensure durability and reliability 	<ul style="list-style-type: none"> Increase in size Ensure durability and reliability 	<ul style="list-style-type: none"> Slow reaction speed Stability and culturability of bacteria
Overview diagram					

Low-price hydrogen manufacturing equipment (water electrolysis)

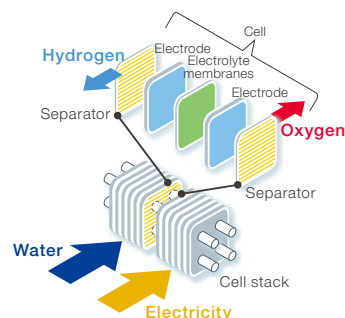
Compass Action  P.28

For the production of low-cost “green” hydrogen, the key is to reduce the cost of water electrolysis equipment. In May 2021, Tokyo Gas and SCREEN Holdings Co., Ltd. (SCREEN) agreed to jointly develop a water electrolysis cell stack*¹ and its manufacturing equipment with the goal of establishing low-cost manufacturing technology in two years. A cell stack accounts for a large portion of costs of water electrolysis equipment. Tokyo Gas will

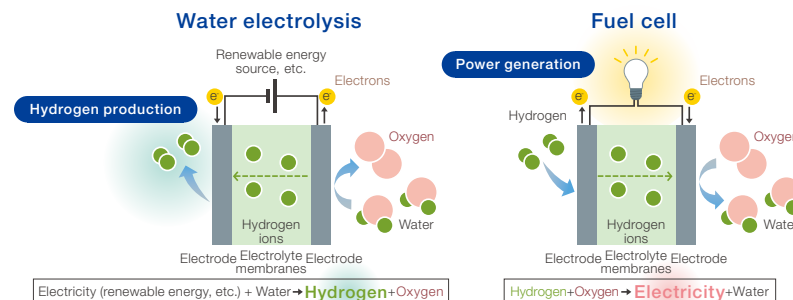
work on reducing material costs by making use of its technologies in materials selection and in evaluation of performance and durability, which have been cultivated in the development of residential fuel cells (ENE-FARM). SCREEN will be in charge of developing the manufacturing technology and a water electrolysis cell stack device, using its proprietary roll-to-roll*² continuous production technology. The two companies will thereby pursue the

drastic reduction of manufacturing costs that have so far been difficult to reduce. In conjunction with this development, they will also develop technology for the systemization of water electrolysis equipment to reduce the cost of green hydrogen production and aim to achieve the Japanese government’s hydrogen supply cost target*³ of 30 yen/Nm³-H₂ by 2030 at the early stage and to further reduce the cost of hydrogen production.

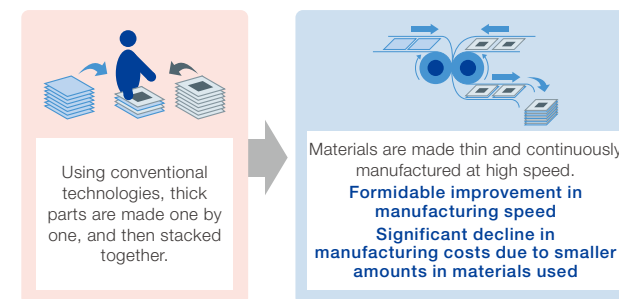
Concept and basic composition of a water electrolysis cell stack



Summary of water electrolysis system hydrogen production methods (left) and fuel cell power generation method (right)



Low-cost production of a water electrolysis cell stack (illustration)



*1: Multiple stacks of thin parts (cells) that produce hydrogen and oxygen through water electrolysis (fuel cells have a reverse reaction).

*2: A low-cost manufacturing process for functional films, which are continuously processed using coating and other methods during the rewinding process of a long film substrate wound in a roll. This time, this manufacturing process will be used in the manufacturing of water electrolysis cell stacks.

*3: To achieve this goal, we expect to reduce the cost of the hydrogen production system through this development, as well as to procure low-priced power mainly through the growth of the renewable energy market.

Floating-type offshore wind power generation technology with the expected commercial deployment at an early stage

Compass Action  P.29

The WindFloat® technology developed and possessed by Principle Power, Inc. in the U.S. (investment by Tokyo Gas in May 2020) has significant stability in various maritime conditions and is expected to be widely adopted by floating offshore wind projects around the world. In Europe, it has already been deployed in a project*⁴ featuring large wind turbines. In Japan, where

shallow sea beds are limited, the potential for floating offshore wind power generation is large and this can be broadly adopted in the future. Tokyo Gas will promote the development of floating offshore wind power in domestic and overseas oceans through research and development*⁵ for mass production and cost reduction of Principle Power’s WindFloat® basic technology.



Photo courtesy of Principle Power. Artist: DOCK50

*4: Demonstration testing (2 MW) was conducted in the offshore of Portugal for 5 years, and commercial deployment (3 units x 8.5 MW) started in 2020.

*5: On January 21, 2022, Tokyo Gas was selected as the prospective recipient for the development of low-cost technology for manufacturing and installing floating foundations of the Green Innovation Fund Project: Offshore Wind Power Cost Reduction Project of the New Energy and Industrial Technology Development Organization (NEDO).

Diversity of Human Resources

“Diversity is the Key to Growth”

- The new challenges that the Tokyo Gas Group will tackle require having people from diverse backgrounds to get together and work diligently, which leads to create new value.
- Particularly in the new areas and strategic areas for the realization of Compass2030, we are fostering and utilizing personnel within the Group, while recruiting professional—people who have expertise that is difficult to secure within the Group. We are thereby strengthening our human resources base to add strength and capability to our individual businesses.

Reform the human resource system to one that encourages challenges and diversity

- Through the realization of the Three Promises defined in Compass2030, we aim to develop personnel who work energetically, keep trying to improve themselves, make maximum effective use of their abilities, and consistently deliver strong results. We will continue with the HR system reform to facilitate each individual to grow and be empowered as a professional in each field.
- We will accept diversity in values, ideas, and workstyles, and encourage innovation that creates new value.

Three Promises

1

We will produce work that will have a major impact on society.

We commend a spirit of taking on challenges and the ability to learn from mistakes.

2

We will create a venue for encounters with diversity and friendly competition.

The Tokyo Gas Group will be a gathering place for diverse thinking and experience.

3

We will emphasize the self-fulfillment of each person.

We believe in the potential of each individual and will support each employee's activities.

Compass Action: Human Resources [▶ P.32](#)

Our talented people utilize their diverse range of experiences and lead our key strategic areas with immediate results

Mid-career employees actively dedicated in the key strategic areas



FURUKAWA Ken
Chief Manager
Business
Management Sect.
Global Business
Planning Dept.

FURUKAWA Ken was engaged in international operations at a Japanese mega bank and spent close to 12 years on overseas assignments. After joining Tokyo Gas in 2017, he was assigned to the Global Business Division and CP, and was involved in support of new business investment and development in Asia and the United States, etc. making use of his experience in financial analysis and credit judgment, which were the core business functions of the bank, and in finance, legal affairs, marketing, and negotiation in the international financial field. Currently, as a Chief Manager, his assignment includes monitoring, accounting management and portfolio review of our overseas invested projects.



UEHARA Shinnosuke
LNG Trading Sect.
LNG Business Dept.

UEHARA Shinnosuke worked at an oil company as a trader of naphtha, a petrochemical raw material, dealing mainly with Middle Eastern oil countries and petrochemical companies in Singapore, where many trading companies are located. He joined Tokyo Gas in 2020 and since then has been engaged in LNG trading, making full use of his trading knowledge and the network he has developed in his previous job. He believes that the recent volatile environment in market prices and with various geopolitical risks can be a great opportunity.



MARUYAMA Hiroshi
Team Leader,
Renewable
Energy Sect. I
Renewable
Energy Business
Development Dept.

MARUYAMA Hiroshi has spent about five years in construction management at a general contractor and about six years in the development of solar, wind and biomass power sources at a renewable energy business company. After joining Tokyo Gas in 2019, he has been involved in planning work for renewable energy strategy, and has worked on the development and acquisition of biomass power sources. In the last three years, he has led the efforts for acquisition of five projects with equity stakes for a total of approximately 200,000 kW of power source. As a leader of the development team, he is concentrating on Tokyo Gas's acquisition of more renewable energy sources with a target set at 6 million kW in renewable energy transaction volume by 2030.



YAMAGUCHI Manabu
Sales Manager
TG Octopus Energy

YAMAGUCHI Manabu has about 19 years of experience in retail sales, mainly in the apparel industry, maximizing the presence and added value of products, managing and analyzing sales, and conducting external negotiations centered on events and outlets. He joined TG Octopus Energy in 2022 as a sales manager and is utilizing his skills and experience to open a wide variety of channels from scratch and to maximize the brand value of Octopus Energy.

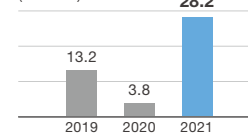


YONEDA Takayuki
Digital Innovation
Planning Sect.
Digital Innovation
Strategy Dept.

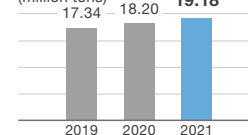
YONEDA Takayuki was engaged in business development using digital technology for the realization of DX at multiple companies, and has a track record of building a business ecosystem. After joining Tokyo Gas in 2020, by utilizing his experience in new business development and know-how in open innovation, he has been making efforts for value co-creation with companies with domestic and overseas technology seeds that may contribute to the realization of Net-Zero CO₂, and for development of new business and systems that solve social problems.

KPIs related to Key Strategies

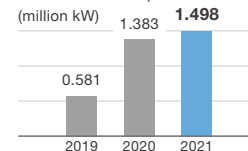
Segment profit from Overseas Business (per FY)
(¥ billion)



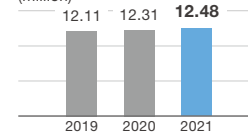
Natural gas transaction volume (per FY)
(million tons)



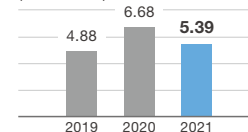
Renewable power source transaction volume (as of the end of FY)
(million kW)



No. of customer accounts (as of the end of FY)
(million)



Contribution to CO₂ emissions reduction (as compared to FY2013 levels)
(million tons)





Taking up a new challenge on behalf of the future of the planet: Renewable energy business in the Nordics

CFO, TOWII Renewables A/S

ODATE Yusuke

(Assigned from Business Development Sect.III Global Business Development Dept. Tokyo Gas Co., Ltd.)

I will make use of my experience in Tokyo Gas overseas business

The Tokyo Gas Group is making efforts to expand its renewable energy business in Japan and abroad, with the goal of achieving Net-Zero CO₂.

I joined Tokyo Gas in November 2019 because I was particularly attracted to its expansion of the renewable energy business overseas. Until then, I was engaged mainly in the development of nuclear power plants at a Japanese manufacturer, and was involved in contract negotiation for power plant construction and was involved in contract negotiation for power plant construction, in financial arrangements, and in negotiation with the government in the U.S. and other countries such as the U.K., the Baltic States, and the United Arab Emirates. The experience of creating a huge project on the scale of several hundred billion yen to more than one trillion yen over a lengthy period, working with many people of different nationalities and backgrounds brought me a great sense of satisfaction and achievement.

Then one day, I saw a news report: Tokyo Gas and a French electric power company ENGIE were to jointly enter the renewable energy business in Mexico. Learning about Tokyo Gas plans to expand overseas in this new field, I felt an urge to use my experience in creating something new from scratch, for Tokyo Gas. I thought that my experience in overseas projects and know-how in negotiations could be of use and I could contribute to Tokyo Gas's dealing with this new challenge.

After being involved in projects in Mexico and the U.S., Tokyo Gas is now participating in a joint development project in Europe

In January 2022, Tokyo Gas decided to team up in renewable energy business in the Nordics with the Danish energy group EWII.

After joining Tokyo Gas, I had worked on exploring various projects, especially those in which Tokyo Gas would directly participate. I was heavily involved in the start-up negotiations phase of a deal, which has grown to be a joint company, TOWII Renewables. Subsequently, I joined the management team as CFO.

Europe is striving to create rules for the environment and make them a global standard, being highly committed as environmentally advanced. Having a European base where we can keep track of the world's movements related to the global environment is extremely valuable to our Group, and having Tokyo Gas directly participate in management is a big step toward our further growth in Europe as a whole. We will first focus on growing TOWII and make it a pillar of Tokyo Gas's European business.

 **Press release: Developing a 1GW of renewable energy in the Nordics with EWII in Denmark**

https://www.tokyo-gas.co.jp/Press_e/20220121-01e.pdf

Making the project to be a pillar of the Tokyo Gas Group's Compass2030 Management Vision

TOWII's goal of developing 1GW of renewable energy by 2030 can be included in Tokyo Gas's challenge to lead the effort to achieve Net-Zero CO₂, which is stated as one of the pillars of Tokyo Gas's management vision. TOWII is striving to expand the business, which includes the use of



Project members from EWII and Tokyo Gas

electricity generated from renewable energy.

For achieving the Compass2030 Vision, including the realization of Net-Zero CO₂, we need to attract, hire, and develop human resources for work in new fields, and do so with a sense of speed. Many employees at Tokyo Gas have a strong interest in thinking about what they should do and how to advance on their own. Among other aspects, this is an indispensable basic characteristic for working overseas. I believe it is important to develop human resources with a global perspective through the frontline experiences of overseas business operations and at the same time to flexibly recruit good human resources in overseas countries where there is high job mobility, and to build relationships with diverse business partners.

Diversity & Inclusion Achievement

The Tokyo Gas Group has made a primary commitment to promoting diversity and inclusion, encouraging diverse workstyles, and empowering diverse workers, with the aim of creating a vibrant organization in which all employees can fully demonstrate their knowledge, ability and experience.

	FY2020	FY2021	FY2022	Target	Remarks
Ratio of women in management	8.7% 251	9.2% 264	9.5% 271	Over 11% by 2025	
Male employees' utilization rate for childcare leave, etc.	92.4%	93.9%	—	100%*	Non-consolidated
Employment rate for persons with disabilities	2.55% 172	2.54% 167	2.64% 169	(Reference) Statutory employment rate: 2.3%	
Number of mid-career hires	207	159	—	—	Consolidated

* 100% utilization rate for a system that helps both male and female employees balance working and taking care of children

Energy Security

Aiming at stable supply of safe and low-priced energy

For more than 130 years since being founded, Tokyo Gas has been committed to providing customers safe, reliable energy through ensuring stable supply and maintenance.

With regard to LNG procurement, our focus has been to ensure stable, low-priced and flexible procurement by promoting three types of diversification: Procurement sources, terms of contracts, and LNG networks. We will continue to respond to changing demand by taking

appropriate measures in response to changes in the procurement environment.

In order to realize a stable supply of energy, we have worked to strengthen our energy infrastructure in the Greater Tokyo Area and to enhance resilience by expanding our decentralized energy system using natural gas. Furthermore, we have further advanced our disaster countermeasures, given Japan's history of suffering

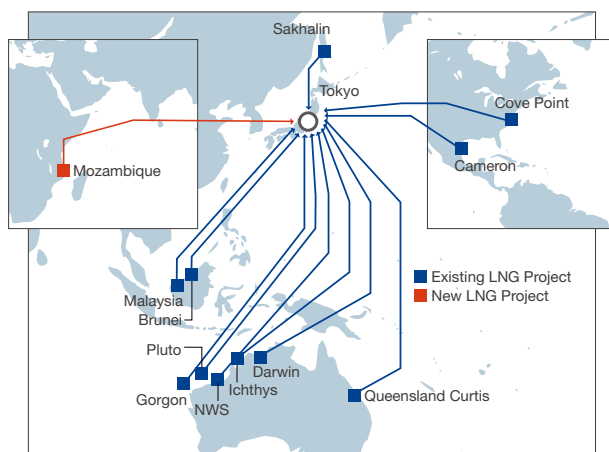
damage by major earthquakes.

Despite the uncertain economic outlook driven by destabilizing international situations and the persistent COVID-19 infection problems, we will continue to support our customers' safe, secure everyday lives and industries with a strong sense of commitment to "never ever stop the energy supply."

Stable procurement

Stable, low-priced and flexible LNG procurement

Since the start of LNG imports in 1969, Tokyo Gas has diversified its procurement sources to encompass 15 suppliers projects in five countries, reducing procurement risks. We have also enhanced procurement flexibility through diversification of contract contents, by making contracts based not only on crude oil price indicators, but also on U.S. natural gas prices and coal prices, and making contracts with no destination restrictions. Through strategic partnerships with domestic and overseas companies, we have established an LNG network that connects the Asian, North American, and European markets, thereby increasing LNG transport efficiency and contract flexibility, and reducing costs. In 2020, we established a subsidiary in charge of LNG trading business to foster more flexible LNG trading.



Stable supply

Enhanced natural gas infrastructure

Tokyo Gas Network

Gaseous Energy Expansion Business [P.60](#)

We have completed a loop of high-pressure gas pipelines in the northern Kanto region and the mutual backup system of four LNG terminals in order to enhance supply stability and increase the capacity to transport gaseous energy. In order to limit damage in case of major earthquakes, our manufacturing and supply facilities have employed the structural design, materials and safety technology for excellent seismic resistance. The Supply Command Center of Tokyo Gas performs 24/7 monitoring and control of the operating status of city gas production and supply facilities. Replacement of old gas pipes and regular gas leakage inspections are also carried out in a planned manner.

Disaster-resilient everyday lives and city development

We are expanding the introduction of decentralized energy systems such as ENE-FARM and Gas cogeneration systems, as well as formation of smart energy networks for heat and electricity used in the ICT-managed areas. We are thereby promoting the creation of cities with enhanced disaster prevention functions and assurance of the continual energy supply even in an emergency.

Safety measures

Customers' safe and reliable use of energy services

Tokyo Gas Network

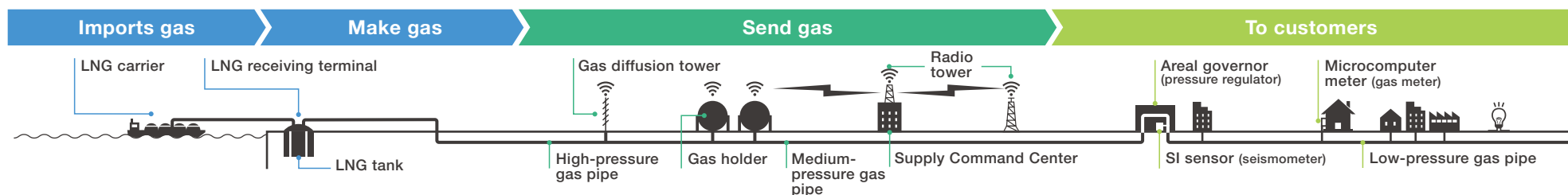
The Safety Command Center of Tokyo Gas is in operation 24/7 to accept gas leak reports. When such notification is received, Gaslight 24 (our emergency reaction team) promptly responds and dispatches technical staff even at night or on holidays. Periodic security inspections* are conducted at least once every four years for all customers using city gas.

Complete earthquake protection

Tokyo Gas Network

We have adopted preventive measures to minimize earthquake damage, such as the use of PE pipes for low-pressure gas pipelines. As emergency-preparation measures, we have expanded the installation of microcomputer meters that automatically shut off gas supply during earthquakes of seismic intensity of five or higher, and have divided the medium- and low-pressure pipelines into multiple blocks so as to minimize gas supply cut-off areas and to prevent secondary disasters. As recovery measures, we have established a thorough disaster prevention system that is capable of monitoring seismometers which are installed with high locational density, and controlling gas shutoff. This system enables us to grasp the damage situation of each block where gas supply has been stopped, and to determine the most appropriate recovery method.

* The leakage inspection of the inner tube is carried out by the pipeline business operator, and the inspection of consumer equipment is carried out by the retail business operator.



Last mile operation of Tokyo Gas

Our bonds and relationships of trust with customers are precious assets

Tokyo Gas LIFEVAL, Enesta, and Enefit have 150 outlets and 13,000 employees, mainly in the Greater Tokyo Area. We satisfy specific needs of customers and serve as a all-in-one provider of products and services that help improve the quality of everyday life, and in so doing build close ties with individual customers.

Through our community-based strong bonds with customers, we have acquired three million* retail electricity contracts as of 2022, the seventh year of the full deregulation of the electric power retail market, putting us in the number one position in electricity sales among new power suppliers for the sixth consecutive year.



* Actual sales amount of low-voltage electricity by new electricity retailers other than equivalent electricity retailers operators in the report Actual Electric Sales as of January 2022, per the Electric Power Survey Statistics of the Agency for Natural Resources and Energy



(Prefecture)

Gunma	Tochigi	Ibaraki	
Enesta	Enesta	Enesta	Enefit
6	1	5	2
Chiba	Saitama		
LIFEVAL	LIFEVAL	Enesta	Enefit
5	5	5	5
Kanagawa	Tokyo		
LIFEVAL	Enefit	LIFEVAL	Enefit
32	9	37	38



Supply of gas, electricity and other services; Sales and installation of gas and other residential equipment; Inspection and repair of gas equipment; Water system repair; Opening and closing of gas fixtures when residents move; Home renovation; Design and installation of drainage facilities and air-conditioning equipment; Gas fitting work; Gas meter reading, etc.

* Number of cases of supplies as of April 19, 2022

Last mile of Tokyo Gas

Even with ongoing, accelerated degitalization, now made more important by the COVID-19 pandemic, we believe that services that require direct, personal human intervention continue to be necessary and vital. LIFEVAL and Enesta are in charge of the last mile operation by Tokyo Gas, and have the strength required for this by employing many engineers and being connected with customers and communities. Leveraging these strengths, we aim to perfect repair, installation, and other services at customers' homes that require quality and technology and to develop a more satisfying and more trustworthy relationship with our customers.



Certified holders of gas equipment repair licenses

2,286

As of May 2022

Certified holders of water repair licenses

876

As of April 2022

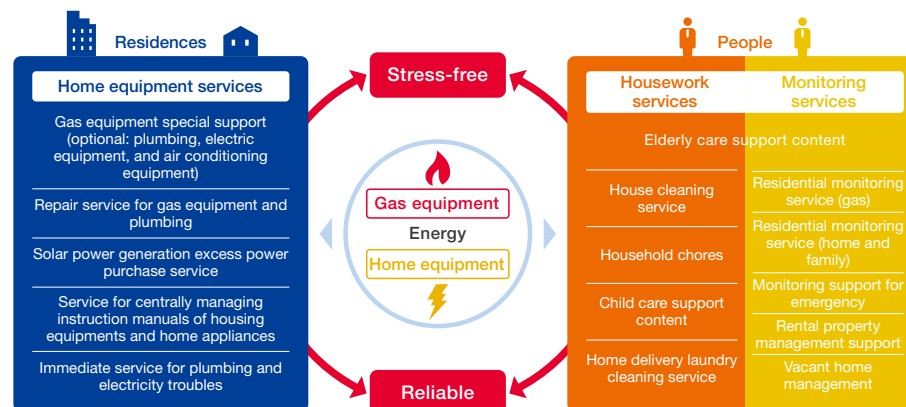
Registered personnel for equipment installment

3,365

As of May 2022

Service expansion using last mile service as a business advantage

The Tokyo Gas Group had closely served customers' everyday lives over the years and will expand services to solve their everyday problems. We intend to work with our diverse partners and co-create services that can satisfy customers' desire to live with peace of mind and in comfort. We are committed to further strengthen our bonds of trust with customers by providing more satisfying services and contributing to solving their everyday problems.



* As of July 2022

Information disclosure based on TCFD recommendations

The Tokyo Gas Group regards the Task Force on Climate-Related Financial Disclosures (TCFD) framework as being an effective way to promote information disclosure and dialogue with stakeholders on climate-related issues. We therefore signed the statement of support for the TCFD, in May 2019. We are using the TCFD recommendations as an indicator to examine our response to climate change, and will continue to appropriately disclose information on the impact of climate change on the Tokyo Gas Group's business activities and the measures to be taken.

Required item	Details	Disclosures recommended by TCFD	Where applicable as per Integrated Report 2022
Governance	Disclose the organization's governance around climate-related risks and opportunities.	A. Describe the board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> Promoting Sustainability and Materiality
		B. Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> Corporate Governance
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"> Promoting Sustainability and Materiality
		B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> Compass Action Challenge 1: Leadership in the effort to achieve Net-Zero CO₂
		C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> Information disclosure based on the TCFD proposals
Risk management	Disclose how the organization identifies, assesses, and manages climate-related risks.	A. Describe the organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> Promoting Sustainability and Materiality
		B. Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> Corporate Governance
		C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> Risk Management System
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> Progress of the Medium-term Management Plan and KPIs
		B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> Compass Action Challenge 1: Leadership in the effort to achieve Net-Zero CO₂
		C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> Information disclosure based on the TCFD proposals

Strategy

Risks and Opportunities

In November 2021, we have formulated “Compass Action” as a detailed roadmap for achieving Compass 2030, and it sets roadmap for transitioning to carbon neutrality.

(Challenge 1: Leadership in the effort to achieve Net-Zero CO₂) [▶ P.25-29](#)

In line with this, we reviewed the climate-related risks and opportunities over two phases by adding the 2030-2050 period in addition to the up to 2030. In reviewing the Tokyo Gas Group's risks and opportunities, we referred to two representative scenarios of the International Energy Agency and the Intergovernmental Panel on Climate Change—the below 2°C warming scenario and the 4°C warming scenario, and assumed changes in the business environment.

* Scenarios for reference: Below 2°C warming scenario:

Sustainable Development Scenario (SDS) (IEA WEO 2019); B2DS (IEA ETP 2017); RCP2.6 (IPCC AR5) 4°C warming scenario:

IEA Stated Policies Scenario (STEPS) (IEA WEO 2019); RTS (IEA ETP 2017); RCP8.5 (IPCC AR5)

	Classification	Details	-2030: Accelerate transition (Growth of the potential and role of LNG/natural gas)		2030-2050: Advance toward carbon neutrality (Phase for achieving decarbonized society)	
			Opportunities and risks	High financial impact	Opportunities and risks	High financial impact
Below 2°C	Markets and energy resources	• Global (including Japan) demand for natural gas and LNG	Opportunities	○	Opportunities and risks	
		• The global (including Japan) spread of carbon-neutral gaseous energy	Opportunities		Opportunities	○
		• The spread of renewable energy	Opportunities	○	Opportunities	○
		• Securing of the balancing renewable power	Opportunities		Opportunities	
		• Conversion to non-fossil energy	Risks		Opportunities and risks	○
	Technology	• Decarbonization technology innovation	Opportunities and risks		Opportunities and risks	○
	Policies and regal	• Introduction of carbon pricing	Opportunities and risks	○	Opportunities and risks	
	Reputation	• Focus on low carbon and decarbonization in investment standards	Opportunities and risks	○	Opportunities and risks	○
4°C	Resilience	• Enhancement of resilience through a decentralized energy system	Opportunities		Opportunities	
	Acute	• Impact on operations by increasingly severe abnormal weather	Risks		Risks	

Measures taken by the Tokyo Gas Group

Sophisticated use of natural gas	<ul style="list-style-type: none"> • Switch from coal, oil, etc. to natural gas as fuel, introduce cogeneration systems, develop smart cities, strengthen resilience in Japan and global markets. • Increase provision of carbon-neutral LNG (CNL) • Expand use for balancing renewable power • Develop & expand CCU, Expand commercial use of CCUS 	Decarbonization of gas and electric	<ul style="list-style-type: none"> • Carbon-neutral methane: Transition to large-scale & high-efficiency methanation and commercial use • Hydrogen: Establish practical, affordable hydrogen production technologies • Expand renewable power sources (Increase solar, wind & biomass power generation) • Achieve zero emissions in our thermal power generation (Explore use of hydrogen & ammonia)
Infrastructure development (resilience)	<ul style="list-style-type: none"> • Enhanced resilience in the natural gas infrastructure • Expanded use of decentralized energy systems that are highly resilient, such as smart energy networks, cogeneration systems, and ENE-FARM (home fuel cells), etc • Enhanced establishment of a water hazard-resilient public utilities (i.e., disaster countermeasures for LNG terminals and power stations) and full preparation for BCP 		

Major Initiatives Taken in FY2021

Sophisticated use of natural gas	
CCUS	<ul style="list-style-type: none"> World's 1st! Commence Manufacturing of CO₂-absorbing Concrete that Uses Exhaust Gas Emitted During the Use of City Gas Devices (July 2021) Produced Japan's first potassium carbonate using CO₂ from city gas devices (September 2021) Launch CCU Verification Test Jointly with Yokohama City and MHI Group (February 2022)
CNL	<ul style="list-style-type: none"> Receipt of Third-party Validation Report for Japan's First Carbon Neutral City Gas Plan (June 2021) Tokyo Gas to supply carbon neutral city gas to the Tokyo 2020 Summer Olympics athletes' village (July 2021) Introduced carbon neutral city gas in Tokyo's Marunouchi district, as the largest project of its kind in Japan (October 2021)
Other	<ul style="list-style-type: none"> TG Natural Resources: Started a methane leak detection and repair project using a helicopter (November 2020-) Commencement of verification of virtual power plant using ENE-Farm residential fuel cells and residential storage batteries group control (June 2021) Tokyo Gas launches verification of residential demand-response (July 2021) Establishment of the Joint Venture with the PTT Group Company-Promotion of Decarbonization through On-site Energy Service Business including Improving Efficiency Technology Solutions and Fuel Supply in Thailand (October 2021) Signed a business alliance agreement with The Kansai Electric Power Company, Inc. for VPP business using decentralized energy resources (November 2021) Joint development of EP420G, full-time gas cogeneration system that achieves world-class power generation efficiency (January 2022) Tokyo Gas issues a transition bond for the first time as a city gas supplier (February 2022) Modification of the power supply equipment of the Sodegaura Power Plant (formerly Tokyo Gas Bay Power) to gas engine as the balancing power source to renewable energy (scheduled to start operation in 2024)

Decarbonizing gas and electricity	
Hydrogen Methanation	<ul style="list-style-type: none"> Tokyo Gas and SCREEN Agree to Jointly Develop a Water Electrolysis Cell Stack for Low-cost Green Hydrogen Production (May 2021) Started feasibility study toward creation of a carbon-neutral methane supply chain with Petronas, Sumitomo Corporation and Mitsubishi Corporation (November 2021) Launch of joint research project with JAXA and Yamaguchi University for demonstrating methanation technology (December 2021) The City of Yokohama and Tokyo Gas sign collaboration agreement on methanation demonstration testing (January 2022) Start of feasibility study for methanation project aimed at city gas pipeline supply of synthetic methane made with CO₂ from cement production (March 2022) Launched demonstration testing of the methanation process toward achieving carbon neutrality and a decarbonized society by 2050 (March 2022)
Renewable energy	<ul style="list-style-type: none"> Acceleration of the Development of Kashima Port Offshore Wind Project (April 2021) Launched "Sasutena Denki," an electricity rate plan with 100% real renewable energy (June 2021) Launch of Commercial Solar Power Operations Begins in Iwakuni, Yamaguchi Prefecture (July 2021) The Aktina Solar Power Project in the U.S. began partial operation (150 MW) (August 2021) Jointly implemented the Sakaide biomass power generation project (October 2021) Tokyo Gas selected as the prospective recipient in NEDO's Green Innovation Fund Project / Offshore Wind Power Cost Reduction Project (for the development of low-cost technology for manufacturing and installing floating foundations) (January 2022) Establishment of a subsidiary in Denmark and joint development of renewable energy in the Nordics through business collaboration with EWII S/I (January 2022) Participated in the dedicated biomass combustion power generation project in Sendai City, Miyagi Pref. (March 2022)
Other	<ul style="list-style-type: none"> Signing of Comprehensive Agreement for Carbon-neutral Urban Development in local government (November 2021-) Launched "EVrest" EV charging service for housing complexes (November 2022)

TOPIC 1

Launch of methanation demonstration testing for supporting achievement of carbon neutrality and decarbonized society in 2050

Methanation demonstration testing commenced at Tokyo Gas Yokohama Techno Station in Tsurumi Ward, Yokohama City. The purpose of this demonstration is to acquire a range of technologies and know-how, from the procurement of electricity from renewable energy sources to the production of green hydrogen by water electrolysis, and the production and utilization of synthetic methane.

In addition, we are collaborating with Yokohama City and other parties*1,*2 to consider a local-production, local-consumption model for the carbon neutralization of a community. We will also identify issues and study solutions for larger-scale demonstration testing and establishment of a supply chain.



Methanation facilities

*1: The City of Yokohama and Tokyo Gas sign collaboration agreement on methanation demonstration testing (announced January 18, 2022).

*2: Launch CCU Verification Test Jointly with Yokohama City and MHI Group (announced on February 24, 2022).

TOPIC 2

Acceleration of the development of Kashima Port Offshore Wind Project

In April 2021, the Company decided to accelerate the development of the Kashima Port Offshore Wind Project, which is located at Kashima Port in Ibaraki Prefecture, through joint investor Wind Power Energy Co., Ltd.*3

The Project is located in 'Kashima Coastal Industrial Area,' which is one of the top such areas in Japan and located near Tokyo, a major consumer of energy. With approval and certification from Ibaraki Prefecture, we will install 19 newly selected wind turbines in 'areas that utilize renewable energy sources' (680 hectares) designated in the port area of Kashima Port. We will promote construction of an offshore wind power plant with a power generation capacity of approximately 160,000 kW, equivalent to the annual consumption of approximately 70,000 households.



Rendering of the Project

*3: In addition to the Company, joint investors include Wind Power Group Co., Ltd. and Nippon Wind Energy K.K., a wholly owned subsidiary of Vena Energy Holdings Ltd.

TOPIC 3

Reduced methane leakage resulting from a methane leak detection and repair project using a helicopter

TG Natural Resources, a shale gas development and production company in the United States, has effectively identified areas where there were leaks (and later repaired them) by using a helicopter equipped with a laser methane detector to inspect from the air an area approximately twice the size of the 23 wards in Tokyo. This has resulted in achieving a 15% reduction in methane leakage. We will continue our efforts to reduce methane leakage, which is a global challenge.



Satellite map of detection

Above: BH206 JetRanger helicopter equipped with a laser unit
Below: Example of methane leakage detection (blue lines indicating underground integrated pipeline channels)

Metrics and Targets

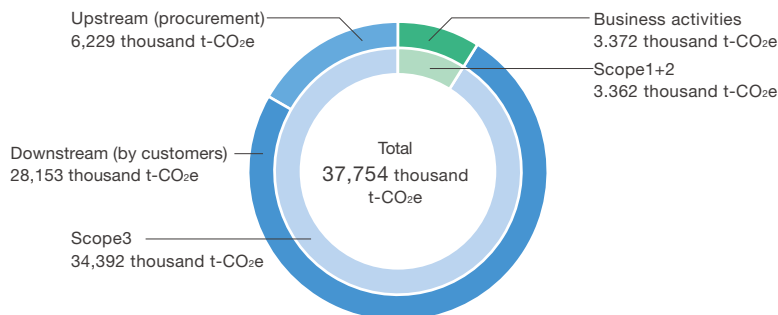
The Tokyo Gas Group's management indicators and key quantities to realize growth are laid out in its management vision statement Compass2030 and FY2020-2022 Mid-term Management Plan.

Progress of the Medium-term Management Plan and KPIs [P.23](#)

A cross-industry climate-related index category

GHG emissions: Figure for FY2021 result

* The sum of individual data may not be equal to the total due to the way figures are round.



(thousand t-CO ₂ e)			(thousand t-CO ₂ e)
Scope 1 and 2			3,362
Target: Consolidated subsidiaries			
	Scope1+2	3,126	
Japan	Scope1	2,922	
	Scope2	205	
	Scope1+2	236	
Overseas	Scope1+2	236	
Scope3			34,392
	1) Purchased goods and services		
	3) Fuel and energy related activities not included in Scope 1 and 2	6,229	
	4) Transportation (upstream)		
	5) Waste generated in operations	5	
	6) Business trips	2	
	7) Commuting by employees	3	
	10) Processing of sold products	2,957	
	11) Use of sold products	25,196	

Physical risks

Operational impacts by typhoon and other flood damages

- With the anticipated increase in typhoons and torrential rains due to climate change, the influx of water and sand into gas pipes caused by submerged or buried gas supply facilities, and by collapse of houses may affect the gas supply.
- As a flood prevention measure, measures are implemented based on hazard map information of each region having gas supply facilities, and equipment are to be raised above the expected flood level and equipped with flood sensors and other devices as needed. Furthermore, in order to minimize the damage caused by flood, we have been working on both hard and soft measures, such as advanced use of weather information and writing of the wind and water damage section of the Business Continuity Plan (BCP).
- Incidentally, the Typhoon No. 19 in 2019 that caused immense damage in various places did not cause any serious damage to Tokyo Gas Group.

Climate-related opportunities

Progress of the Medium-term Management Plan and KPIs [P.23](#)

1) LNG and natural gas

- Natural gas and LNG are important energy sources in the transition phase toward decarbonization, globally and particularly in Asia. Further, in Japan, for industries which emit high amount of GHG but find it difficult to quickly decarbonize due to ongoing need for high temperature heat, conversion to natural gas and advanced energy usage will be extremely effective solutions during the transition period. LNG and natural gas are also expected to be used as balancing force to stabilize energy supply in conjunction with the large-scale reliance on renewable energy.
- During the transition period, LNG and natural gas, through fuel conversion, smart city conversion, and carbon neutral LNG and CCUS, will contribute to CO₂ emissions reduction at domestic and overseas customers' sites. In the future, the decarbonization of gas itself by means of methanation will lead to the realization of a carbon-neutral society with suppressed social costs obtained by use of existing infrastructure.

Natural gas transaction volume in 2030
20 million tons

2) Renewable energy

- The introduction and spread of renewable energy is essential in achieving a carbon-neutral society, and government policy support is essential. In Japan, which is surrounded by the sea, the potential for offshore wind power is high.
- The Tokyo Gas Group is steadily expanding development of solar, land wind, biomass, and offshore (seabed-fixed) wind power sources. It is also focusing on technology development for floating offshore wind power, and is working to realize early implementation.
- Furthermore, by taking advantage of the Group's strengths of long-term stable operation of power generation infrastructure, operation & maintenance (O&M) capability, and the scale of our customer base, we will build a renewable energy value chain unique to the Tokyo Gas Group by being engaged in all stages from development to O&M and from power generation to electricity sales.

Renewable energy transaction volume in 2030
6 million kW

Capital allocation

CFO's message [P.21](#)

Active investment in growth areas, including decarbonization, while leveraging ESG financing

- In December 2020, Tokyo Gas issued a green bond (issue amount: 10 billion yen) to finance the renewable energy business. Specifically, it was used for the Aktina Solar Power Project (Wharton County, Texas, 630,000 kW) and the Annaka Solar Power Project (Annaka City, Gunma Pref., 63,000 kW).
- In March 2022, Tokyo Gas issued transition bonds* (71st, 72nd domestic unsecured notes: 20 billion yen in total) through a domestic public offering platform for the first time by a city gas supplier in Japan. Based on the Ministry of Economy, Trade and Industry's Technology Roadmap for Transition Finance in the Gas Sector, the bonds were issued by a new financing method to promote low-carbon and decarbonization initiatives during the transition period toward realizing a decarbonized society. The proceeds would be used for investments in three projects (Niihama LNG Project, Smart Energy Network Project, and Harumi Hydrogen Project).

Approx. **2** trillion yen investment by 2030 in growth areas, including decarbonization

* Selected as a model case of the Ministry of Economy, Trade and Industry's 2021 Climate Transition Finance Model Project.

Remuneration

Officer remuneration [P.50](#)

The bonuses of Corporate Executive Officers reflects the evaluation of the term performance against non-financial indicators related to climate change (contribution to CO₂ emissions reduction; renewable power source transaction volume), in addition to financial indicators.

Corporate Governance

Basic views on corporate governance

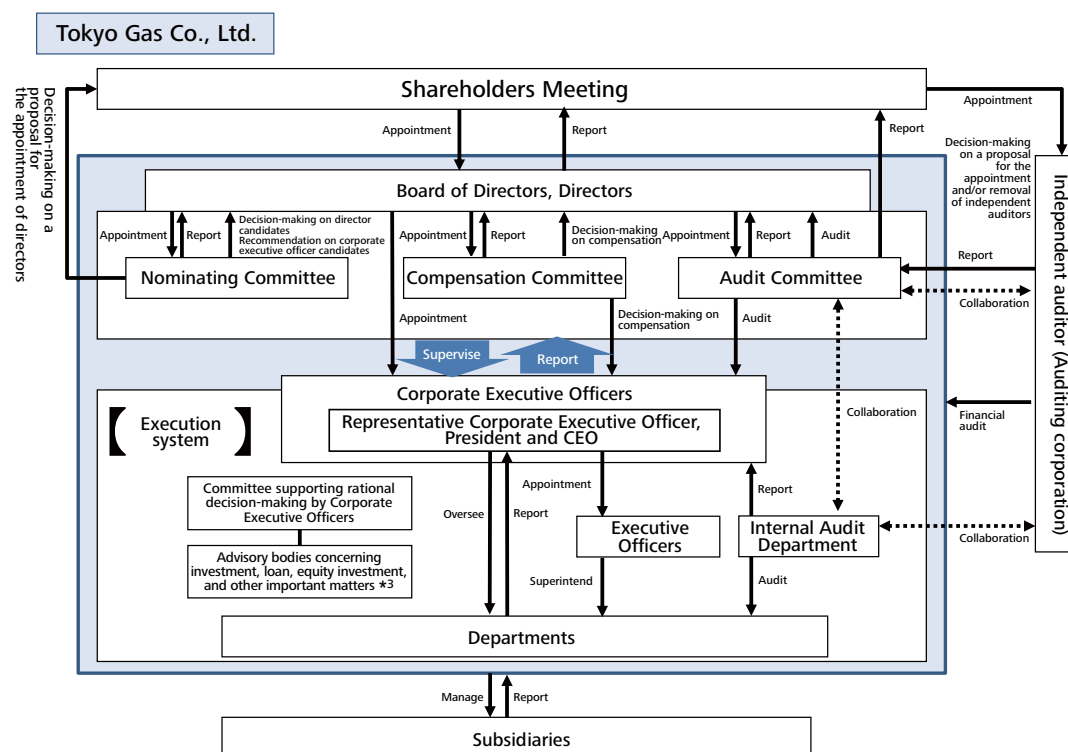
Ensuring the legality, soundness, and transparency of the management based on our Management Philosophy, we strive to clarify responsibilities of management and execution, enhance supervisory and auditing functions, and promote accurate and prompt decision-making as well as efficient execution of business operations, in order to enhance corporate governance systems.

Overall Corporate Governance Structure

Adopting a “Company with a Nominating Committee, etc.” system, Tokyo Gas has the Nominating Committee, Audit Committee and Compensation Committee, where the majority of the members are outside Directors. The Nominating Committee determines Director candidates and recommends Corporate Executive Officer candidates; the Audit Committee audits execution of duties by Directors and Corporate Executive Officers; and the Compensation Committee determines remuneration for Directors and Corporate Executive Officers.

The Board of Directors determines management policies, oversees execution of duties by Corporate Executive Officers, delegates decision-making concerning important matters for business execution to Corporate Executive Officers, and asks them to report the status of the execution, when needed.

Corporate Executive Officers are required to contribute to appropriate, prompt decision-making and to ensure efficient business operations by taking up in a committee (generally meeting weekly) that supports the Corporate Executive Officers, reasonable decision-making matters to be submitted to the Board of Directors and other important managerial matters. Executive Officers are assigned to responsibility for ensuring prompt business operations by Corporate Executive Officers. Tokyo Gas has thus adopted and established a governance structure that ensures high legality, soundness, and transparency.



Corporate Governance System (As of June 29, 2022)

Number of Directors	9	Number of Corporate Executive Officers*2	4
Number of Outside Directors (Those being independent officers ¹)	6 (6)	Number of Executive Officers	23
Average age of Directors	65	Performance-linked remuneration (Short-term incentive remuneration)	Yes
Term of office of Directors	1 year	Non-monetary remuneration (Medium- to long-term incentive remuneration)	Yes
Participation of Outside Directors in selecting director candidates	Yes		
Participation of Outside Directors in determination of remuneration	Yes		

*1: All six Outside Directors have been notified to the listing stock exchange as independent officers who satisfy the Company's "judgment criteria for the independence of Outside Directors."

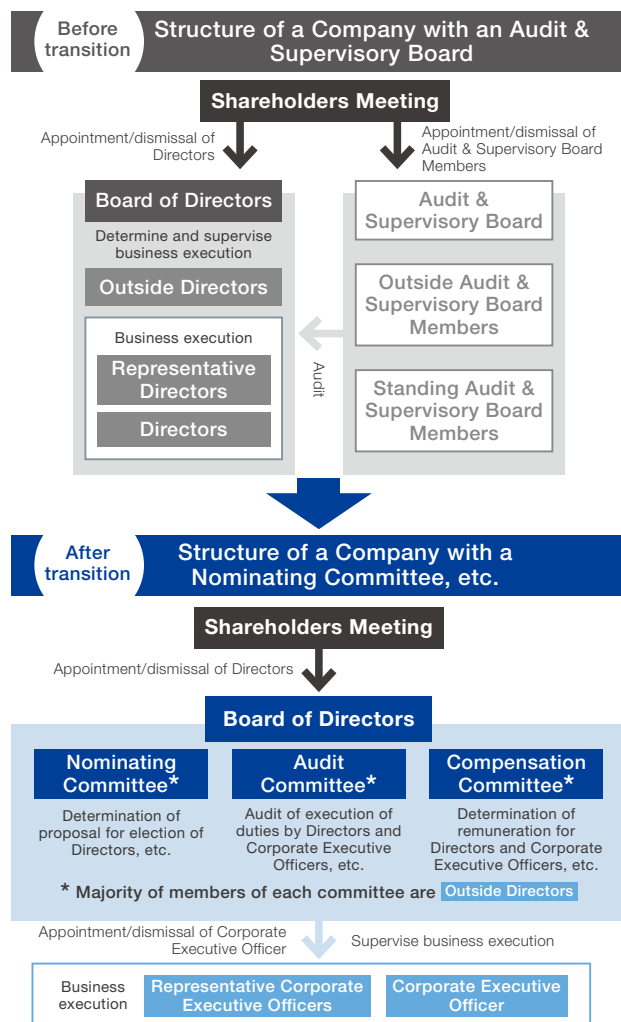
*2: Includes a Corporate Executive Officer who concurrently serves as Director (Representative Corporate Executive Officer and President).

Investment Evaluation Committee

An advisory body included in*3

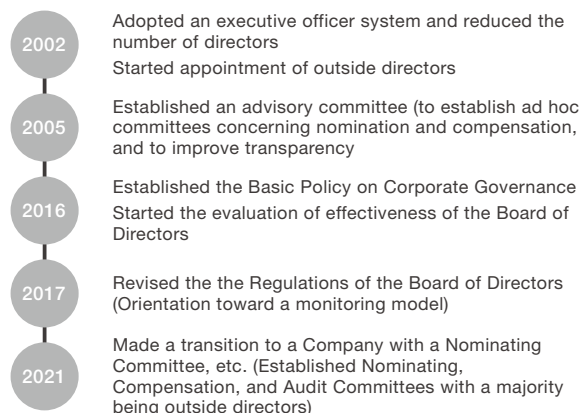
The Investment Evaluation Committee chaired by the Executive Officer in charge of financial affairs evaluates matters that require the evaluation of the significance, economy and risks related to investment, conducts post-investment follow-up, and reports to Corporate Executive Officers and others concerned.

Transition to a Company with a Nominating Committee, etc.



For over 130 years, since its foundation in 1885, the Company has engaged in city gas business, primarily in the Tokyo area. However, the world is entering an era of dramatic changes to the energy field; therefore, based on 'Compass 2030,' our plan for 2030 and beyond, we must accelerate our efforts to expand our business domains

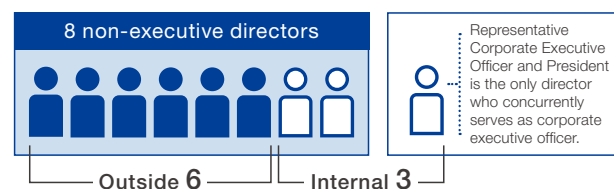
History of Tokyo Gas in enhancing corporate governance



Composition of the Board of Directors

To enable Directors to more effectively carry out their supervisory functions as a Company with a Nominating Committee, etc., our Director who is also an Executive Officer is the Representative Corporate Executive Officer and President only. The executive and supervisory functions are clearly separated, ensuring that management is earnest and attentive.

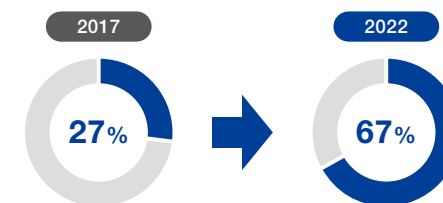
Based on this foundation, roughly two-thirds (2/3) of the Board of Directors consists of Outside Directors to make diverse and objective supervision a central element of Board of Directors operations.



and transform our business structure from now on.

We believe that driving management reforms will be essential to these tremendous transformation, the largest since the Company was established. For this reason, in June 2021 we made a transition to a Company with a Nominating Committee, etc.

Increase in the Ratio of Outside Directors



Note

June 2018 3/8 = 38%	June 2020 4/9 = 44%
June 2019 4/9 = 44%	June 2021 6/9 = 67%

Role of the Board of Directors

The Board of Directors meets once a month in principle, conducts important decision-making of the Company's management, such as management policy and plans, and oversees execution of business operations pursuant to the provisions of the relevant legislation, the Articles of Incorporation, and the Regulations of the Board of Directors.

The composition and role of the Nominating, Audit and Compensation Committee [▶ P.48](#)

Skills and Roles Demanded of Directors







The following have been designated as skills that all Directors are to possess: 'The knowledge needed to manage the Company at a deeper level,' 'The mentality needed to lead the Company's transformation,' and 'The questioning abilities needed to identify the issues faced by the Company.'

Outside Directors must possess the supervisory skills necessary for achieving 'Compass 2030,' the Group's management vision, and supplementary skills that complement the knowledge and experience of the Company's Inside Directors and Executive Officers.

All Internal Directors other than the Representative Corporate Executive Officer and President are non-executive Directors. Their role is to provide proposals and information in an appropriate and timely manner in order to maintain the effectiveness of the Board of Directors.

Outside Director Skill Matrix

Skills (up to four) held by Outside Directors are as follows:

		1 Energy	2 Sustaina- bility	3 Digital/ Technology	4 Marketing/ Project development	5 Group management/ Governance	6 Global business	7 M&A/ Business restructuring	8 Communi- cations	9 Finance/ Accounting	10 Risk management
	SAITO Hitoshi					○	○	○		○	
	TAKAMI Kazunori			○	○	○		○			
	EDAHIRO Junko	○	○				○		○		
	INDO Mami					○		○		○	○
	ONO Hiromichi					○		○		○	○
	SEKIGUCHI Hiroyuki	○	○			○			○		

Details about Each Skill

1 Energy	Supervise the responsible transition to a Net-Zero society based on medium- and long-term energy and environmental trends in Japan and overseas.
2 Sustainability	
3 Digital/Technology	Supervise the provision of solutions leveraging digital technologies in order to transition to a Net-Zero society and establish a value co-creation ecosystem.
4 Marketing/Project development	Supervise the migration from the city gas business focused exclusively on the Tokyo area to one that involves multiple businesses and decentralized management by transforming the LNG value chain.
5 Group management/Governance	Supervise the management and operation of personnel and organizations and administration that manages multiple businesses and balances autonomy and overall optimization.
6 Global business	Supervise transformation of the Company's business structure as a global, total energy company, development and implementation of strategies, and enhancement of the Company's discernment capabilities and risk management.
7 M&A/Business restructuring	Supervise efforts to integrate and concentrate businesses, from a multitude of angles, with the aim of achieving noncontinuous, speedy growth, both in Japan and overseas.
8 Communication	Supervise timely, high-impact communications based on close public hearing activities with stakeholders.
9 Finance/Accounting	In conducting the above business field expansion and M&A activities, supervise financial discipline and investment strategies based on risk balances that differ from those in the past, while at the same time supervising internal controls and risk management.
10 Risk Management	

Reason for appointment of each director (outside and internal) [▶ P.55-56](#)

Activities of the Board of Directors

The Board of Directors discusses business portfolios and other management strategies, makes important decisions*¹ on management policies, and is dedicated in supervising (or monitoring*²) the execution of Corporate Executive Officer.

After the transition to a Company with a Nominating Committee, etc., most of the matters that can be delegated to Corporate Executive Officer under the relevant legislation and the Articles of Incorporation are delegated to the Representative Corporate Executive Officer and President in order to speed up execution, and the status of the execution is reported to the Board of Directors as necessary.

Clear separation of execution and supervisory functions and creation of two management entities—the execution entity and the Board of Directors—have

increased the depth of management. We aim to improve corporate value by quickly making decisions on environmental changes and expansion of business areas, and by strengthening the supervisory function of the Board of Directors.

*1: Revision of the Group Management Philosophy, transition to a holdings-type group structure, etc.

Revision of Group Management Philosophy P.02

Transition to a holdings type group structure P.33

*2: Public announcement of the Compass Action, evaluation of the performance of KPIs and of the progress of the Medium-term Management Plan, the overall picture of Digital Transformation (DX), Diversity & Inclusion (D&I) of the Tokyo Gas Group, etc.

Compass Action
https://www.tokyo-gas.co.jp/Press_e/20211126-02e.pdf

Attendance at the Board of Directors and Nominating, Audit and Compensation Committees

	Number of directors/ members of each committee	Number of meetings ^{*3}	Attendance rate ^{*4}
Board of Directors	9	12 times	100%
Nominating Committee	4	8 times	100%
Audit Committee	4	14 times	100%
Compensation Committee	5	5 times	100%

*3: In total for the June 2021 — May 2022 period

*4: Average attendance rate of each member

Reference			
The number of meetings of the former Advisory Committee held in June 2020 — May 2021			4 times

Structure, Role and Activities of the Nominating Committee, Audit Committee, and Compensation Committee



The Nominating Committee makes decisions on proposals to the Shareholders Meeting concerning appointments and dismissal of Directors and on proposals to the Board of Directors concerning appointments and dismissal of Corporate Executive Officers, among other matters.

Main activities

- Development of a skill matrix
- Election of candidates for directors, including candidates for newly-appointing outside directors
- Election of candidates for Representative Corporate Executive Officer and President



The Audit Committee audits the execution of duties by Directors and Corporate Executive Officers, determines audit reports, and also determines agenda items concerning appointment, dismissal, or refusal of reappointment of independent auditors, among other matters.

Main activities

- Formulation of an audit plan of the Audit Committee
- Establishment of an internal control system and auditing of its operation status, etc.
- Collaboration with the Internal Audit Department, Independent Auditors and subsidiary auditors



The Compensation Committee sets policy for individual remuneration of Directors and Corporate Executive Officers, and makes decisions on remuneration of each director and each Corporate Executive Officer, according to the policy, among other activities.

Main activities

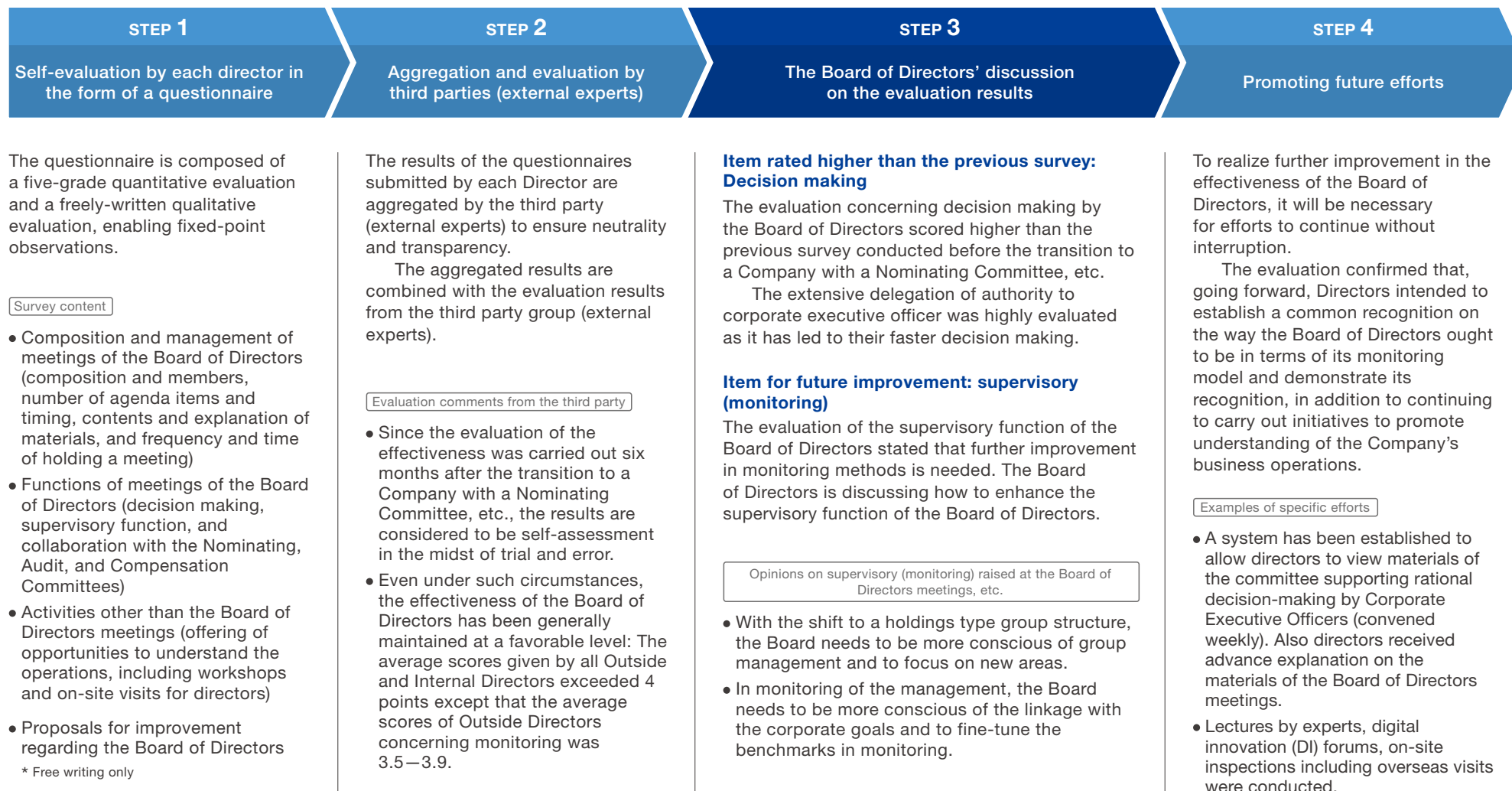
- Establishment of a basic policy for compensation for officers
- Introduction of a share-based compensation plan using a trust
- Establishment of FY2022 performance evaluation indicators

Effectiveness of Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, the effectiveness of the Board of Directors was analyzed and evaluated through discussion on the results of the questionnaire-based self-evaluations of each director and the third-party evaluations at the Board

of Directors meetings. In the third-party evaluation, which was conducted six months after the transition to a Company with a Nominating Committee, etc., stated that the effectiveness of the Board of Directors has been generally maintained at a favorable level.

Process of analysis and evaluation



Officer Remuneration System

The Compensation Committee held on June 29, 2021 resolved a Basic Policy on Officer Remuneration.

1 Basic Policy on Officer Remuneration

As a Company with a Nominating Committee, etc., a Compensation Committee has been established as stipulated in the Companies Act, and it selects a chairperson from Outside Directors, secures objectivity and transparency, and determines remuneration of individual officers (Directors and Corporate Executive Officers).

(1) Role of officers and officer remuneration

The role assigned to officers is to seek to enhance short-term, medium- and long-term corporate value, and officer remuneration shall serve as an effective incentive for them to perform that role.

(2) Level of officer remuneration

The level of officer remuneration shall be suitable for the role, responsibility and performance of the officer, and be in consideration of changes in the business environment, and the level of other companies according to the research of an external specialized institution.

(3) Composition of annual remuneration

■ Remuneration of officers shall comprise fixed remuneration (basic remuneration) and incentive remuneration (bonus, share-based compensation).

Basic remuneration A fixed amount in accordance with the post of each individual is paid as monthly remuneration.

Bonuses As a short-term incentive remuneration, a bonus is paid once a year and its amount reflects the evaluation of individual performance against financial and nonfinancial indicators* beside the basic amount set by each rank. Indicators are reviewed and selected each year.

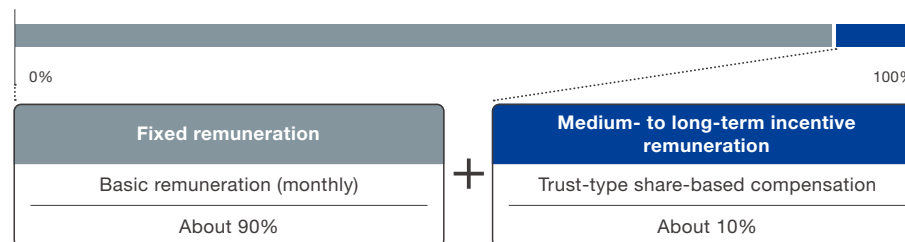
Share-based compensation As a medium- to long-term incentive remuneration, points are provided based on the base amount set by each rank. The stocks are provided based on the number of points at retirement.

■ Remuneration for directors is comprised of basic remuneration and share-based compensation, while remuneration for Corporate Executive Officers (including those who concurrently serve as directors) is comprised of basic remuneration, bonuses, and stock compensation.

■ The approximate ratios of each type of remuneration for directors are 90% in basic remuneration and 10% in share-based compensation. The approximate ratios for Corporate Executive Officers (including those who concurrently serve as directors) are 65–70% in basic remuneration, 15–20% in bonuses, and 10–20% in share-based compensation.

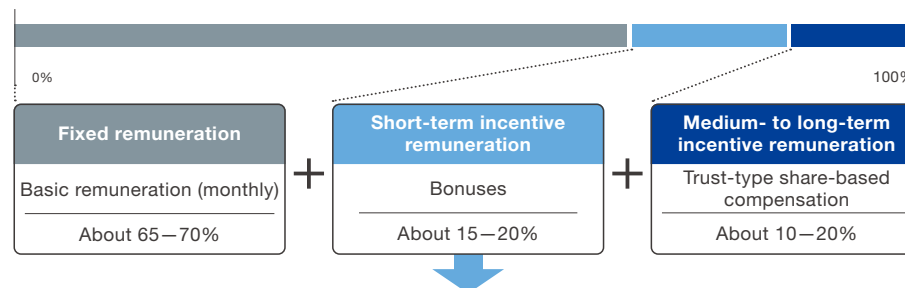
● Composition of remuneration for non-executive directors (internal and outside)

Composition of remuneration for directors (illustration)



● Remuneration structure of Corporate Executive Officers (including those who concurrently serve as directors)

Composition of remuneration for Corporate Executive Officers (illustration)



The Basic Policy on Officer Remuneration, which was resolved at the Compensation Committee meeting held on June 29, 2021, has incorporated non-financial indicators, in addition to financial indicators, in the evaluation of term performance for bonuses of Corporate Executive Officers.

The amount of bonus payments is determined by quantitatively and qualitatively evaluating and reflecting the progress of the term performance in relation to the performance evaluation indicators for each post.

Indicators for bonus evaluation for FY2022

Financial indicators	Indicators of profitability: "Consolidated net profit" and "Operating Income + Equity method income" Indicators of growth: "Increase in customer accounts"; "Natural gas transaction volume"; and "Increase in renewable energy power sources"
Non-financial indicators	ESG-related indicators: "E Contribution to CO ₂ emission reduction" "S Improvement in group employee engagement" and "G Start-up and operation of group management"

* The Compensation Committee held on May 18, 2022 resolved on the adoption of the above indicators because of their linkage with the Priority Management Indicators set in the Management Plan for FY2022.

2 Introduction of a share-based compensation plan using a trust

The Compensation Committee meeting held on June 29, 2021 resolved to introduce a share-based compensation plan for Directors and Corporate Executive Officers with the objective of providing incentives encouraging the enhancement of corporate value.

Separately, an introduction of a similar share-based compensation plan for executive officers has also been resolved.

(1) Overview

The Company has established a share trust (see the “Overview of the trust”). Points are to be granted to officers each year according to their position, and they shall receive company shares based on the points when they retire/resign.

(2) Target persons

Directors (including Outside Directors), Corporate Executive Officers, and Executive Officers

(3) Overview of the trust (at the time of setting up the trust)

Trust period	From August 2021 to August 2024 (tentative)
Amount to be contributed by the Company as funds for acquiring shares	¥461,889,900
Method to acquire shares for the trust	Acquisition via disposal of treasury shares
Number of shares for the trust	224,600 shares

Press release on the share-based compensation plan

 “Notice on the Introduction of a Share-based Compensation Plan” (June 29, 2021)
https://www.tokyo-gas.co.jp/Press_e/20210629-04e.pdf

 “Decisions on Matters related to Share Acquisition for the Share-based Compensation Plan” (July 28, 2021)
https://www.tokyo-gas.co.jp/Press_e/20210728-04e.pdf

3 Total Remuneration for Directors, Audit & Supervisory Board Members, and Corporate Executive Officers for FY2021

(Results of the Remuneration System before and after the transition to a Company with a Nominating Committee, etc.)

Classification of officers	Total value of remuneration (¥ million)	Total value of remuneration by type (¥ million)				Number of eligible officers	
		Fixed remuneration	Incentive remuneration				
			Basic remuneration	Performance-linked remuneration			Share-based compensation
				Monthly remuneration	Bonuses		
Directors (excluding Outside Directors)	279 (76)	207 (63)	11 (-)	42 (8)	17 (4)	12 (6)	
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	27 (9)	27 (9)	- (-)	- (-)	- (-)	5 (3)	
Corporate Executive Officers (including a Director who is engaged in business execution)	158	130	-	-	28	4	

Notes:

- *1. As approved at the 221st Annual Shareholders Meeting held on June 29, 2021, Tokyo Gas has transitioned from a Company with an Audit & Supervisory Board to a Company with a Nominating Committee, etc. The remuneration, etc. of Directors includes that for three Directors who retired upon the conclusion of the 221st Annual Shareholders Meeting. Of the retired Directors, for the two who were appointed as Corporate Executive Officers, their remuneration after the transition is stated as that for Corporate Executive Officers.
- *2. Five Audit & Supervisory Board Members retired upon the conclusion of the 221st Annual Shareholders Meeting. The remuneration, etc. of Audit & Supervisory Board Members is presented for their term of office from April 1, 2021 to June 29, 2021. Of the retired Audit & Supervisory Board Members, for the three who were appointed as Directors, their remuneration, etc. after the transition is stated as that for Directors.
- *3. The remuneration, etc. of Corporate Executive Officers is for the four who assumed office after the transition for their term of office from June 29, 2021 to March 31, 2022. Among them, for the one who concurrently serves as Director, his remuneration, etc. before the transition is stated as that for Director, and his remuneration, etc. after the transition is stated as that for Corporate Executive Officer.
- *4. The Company has introduced a share-based compensation plan as a non-monetary compensation based on the resolution of the Compensation Committee held on June 29, 2021. The amount of share-based compensation is accounted for as the amount expensed from June 29, 2021 to March 31, 2022.

Internal Control System

Ensuring the legality, soundness, and transparency of the management based on our Management Philosophy, we strive to clarify responsibilities of management and execution, enhance supervising and auditing functions, and promote accurate and prompt decision-making, efficient execution of business operations, in order to sustainable growth and improvement in medium- to long-term corporate value. In addition, Tokyo Gas and its subsidiaries direct their efforts toward lasting development by respecting the autonomy of each and sharing the pursuit of total optimization as their common cause.

In order to ensure appropriate business operation of the Tokyo Gas Group, the Basic Policy on Development of Internal Control Systems has been adopted by the Board of Directors and Corporate Executive Officers have accordingly and effectively established the Internal Control Systems and have been operating them.

Overview of Internal Control System

1	2	3	4	5	6	7
System to ensure that officers and employees perform their duties in conformance with laws, the Articles of Incorporation, etc.	System to store and manage information regarding the execution of duties by Corporate Executive Officers	Regulations and other systems on managing the risk of loss of the Group	System to ensure that the performance of duties by Corporate Executive Officers is conducted efficiently	System to ensure appropriateness of business operation by the Group subsidiaries	Items regarding employees assisting with the duties of the Audit Committee	System concerning reporting to the Audit Committee and system to ensure effective auditing by the Audit Committee

Specific Examples of Internal Control System

Internal Audit Department

The Internal Audit Department of the Tokyo Gas Group has been established to efficiently and effectively audit the status of execution of business operations. The Department reports audit results to the Audit Committee, directors of the audited subsidiaries, and other parties concerned.

The Internal Audit Department is an organization for internal audit of the Company, which is established to conduct professional audits. Its organizational structure and number of employees are shown on the right.

Internal Audit Department
38 staff members
(as of March 31, 2022)

- Audit Sect.I
- Audit Sect.II
- Audit Sect.III
- Planning & Internal Control Sect

Response to “Internal Control Reporting System”

To comply with the “Internal Control Reporting System” under the Financial Instruments and Exchange Act, Tokyo Gas follows the internal control basic framework presented in Financial Services Agency standards, arranges and administers internal control related to financial reporting, assesses their effectiveness, and improves them as necessary. In the internal control report for the previous consolidated fiscal year prepared following this system, which found our internal control regarding financial reporting to be effective, the Auditors expressed the opinion that all the material points were represented appropriately.

Audit Committee

In addition to the establishment of an organization that enables the Tokyo Gas Group’s officers and employees report to the Audit Committee without delay, numerous actions have been taken to facilitate effective audit activities, including collaboration of the Audit Committee, the Internal Audit Department, and Independent Auditors.

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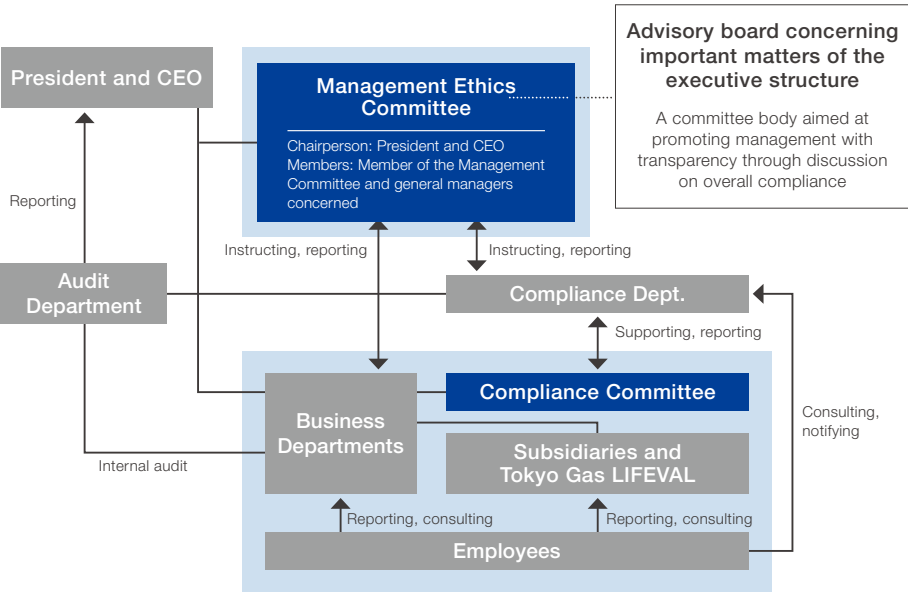
graph TD
    IA[Audit by Independent Auditors] -- "Reporting of audit plan and results, and exchange of opinions" --> AC[Audit by the Audit Committee]
    AC -- "Confirmation of appropriateness of audit method and results" --> IA
    AC -- "Confirmation of independence" --> IA
    IA -- "Reporting of audit plans and results, and exchange of opinions" --> IntA[Internal audit]
    IntA -- "Reporting of audit plans and results, and exchange of opinions" --> AC
    AC -- "Confirmation of appropriateness of internal control" --> IntA
    AC -- "Conveying of audit plans and results" --> IntA
    
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Compliance

Compliance Structure

Tokyo Gas 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 actions to be taken from the next year onward. It issues instructions to make improvement if needed. 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 participated by all employees at their respective workplaces and through rank-specific training sessions on the occasions of their entry and promotion.

Compliance Framework



Compliance Risk Management

We have formulated and implemented escalation rules that encourage any employee finding anything unusual to notify the employee's manager without hesitation and have been effectively operating internal and external consultation desks. We are thereby endeavoring to ensure that compliance-related issues are discovered and resolved at an early stage and our corporate self-regulatory processes functions 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 potential risks that may 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.

Examples of specific actions	
Workplace discussions	Each workplace of the Tokyo Gas Group carries out a workshop, mainly led by a person in charge of compliance promotion (21,956 participants in FY2021). Using the awareness building tools based on the Tokyo Gas Group's Code of Conduct, participants learn about the recent trend concerning corporate compliance and discuss how to actually practice the Code of Conduct, which is intended to lead to taking actions.
Rank-specific training	Rank-specific training sessions, including those for new employees, are carried out for the Group employees, so as to enhance compliance mindedness (1,238 participants in FY2021).
Legal training	Every year, legal training sessions are carried out for all Group employees with the aim of enhancing understanding of legal knowledge such as that involving the Anti-Monopoly Act, Act against Unjustifiable Premiums and Misleading Representations, and the Subcontract Act, which we are required to comply with (10,404 participants in FY2021). In addition to checking the objectives of relevant laws and regulations, we seek to provide during the training sessions practical information by incorporating interpretation on specific cases disclosed by the Fair Trade Commission and the Consumer Affairs Agency.

Risk Management System

In accordance to the Risk Management Regulations which stipulated basic items of the Tokyo Gas Group's risk management, we have established an enterprise risk management system and are using an "ordinary-time response" (to understand risks and implement measures against the risks) method, or an "emergency-time response" (to

respond when a significant risk emerges) method. The Risk Management Regulations stipulate that the Board of Directors, taking into account the importance of risk management, shall always oversee the effectiveness of risk management and take appropriate action when a significant risk occurs.

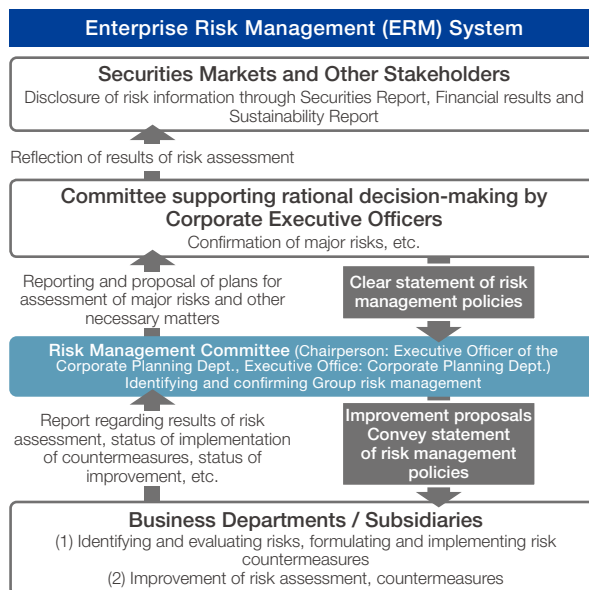
Ordinary-time response

Our Risk Management Regulations have explicitly stated specific initiatives and major risks at ordinary times and an enterprise risk management (ERM) system has been established to undertake them. 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 a committee that supports the corporate executive officers' reasonable decision-making.

Under the framework, around 240 risk management promotion officers (as of April 1, 2022) 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.

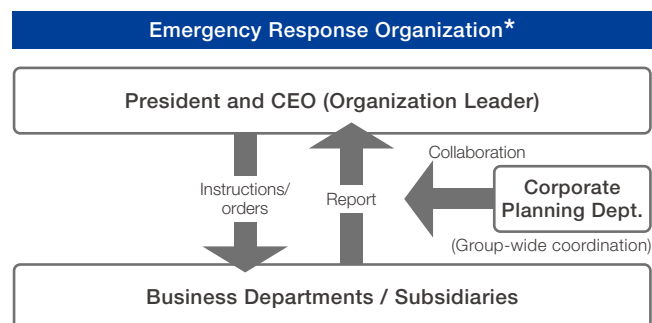
Business or other risks which may significantly affect judgment of investors (as of April 1, 2022)

1.Risks associated with accidents, disasters, etc. <ul style="list-style-type: none"> (1) Energy resource procurement difficulties (2) Natural disasters (3) Accidents and supply impairments accompanying city gas production and supply, and power generation (4) Spread of a highly virulent or contagious infections (5) Unforeseeable, large-scale power outages (6) Problems in securing the safety of city gas and in quality of gas appliances (7) Damage caused by rumors arising from a city gas accident of another company 	3.Risks associated with business execution <ul style="list-style-type: none"> (1) Risks related to existing businesses <ul style="list-style-type: none"> 1. Decrease in demand caused by intensified competition 2. Fluctuation in material prices 3. Changes in laws, regulations, and national or local energy policy 4. Fluctuation in gas sales volume caused by climate change 5. Decrease in existing demand caused by changes in the business environment 6. Interruption of telephone services at call centers 7. Delay in technology development (2) Risks associated with overseas business development (3) Delay in development of new markets (4) Inability to recover investments 	4. Risks related to information management and system operation <ul style="list-style-type: none"> (1) Leakage of personal information (2) Shutdown or malfunction of IT systems (3) Cyber attacks
2.Market fluctuation risk <ul style="list-style-type: none"> (1) Fluctuation in market prices and interest rates (2) Fluctuation of the electric power market and LNG prices 		5. Risks related to corporate social responsibility <ul style="list-style-type: none"> (1) Compliance violations (2) Response to new environmental regulations (3) Insufficient customer services (4) Insufficient response to human rights issues



Emergency-time response

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 spread of highly pathogenic or infectious diseases, terrorism, failures in mission-critical IT systems, and compliance problems, the Emergency Response Organization has been established to respond to the situation immediately in accordance with the Emergency Response Organization Regulations. Periodic training is conducted in relation to response measures against large earthquakes, cyber terrorism, and other major risks. Moreover, the company has also formulated a business continuity plan (BCP) outlining its responses in the event of a major earthquake of the magnitude as assumed by Japan's Cabinet Office, a major accident disrupting gas supply, a widespread blackout, 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.

Directors (as of June 29, 2022)



Director, Chairperson of the Board (Nominating Committee Member and Compensation Committee Member)

HIROSE Michiaki

April 1974	Joined the Company
April 2004	Executive Officer and Assistant to Chief Executive of Corporate Communication Div.
April 2006	Executive Officer and General Manager of Corporate Planning Dept. of Strategic Planning Div.
April 2007	Senior Executive Officer and in charge of Corporate Planning Dept., Infrastructure Project Dept., Finance Dept., Accounting Dept. and Affiliated Companies Dept.
April 2008	Senior Executive Officer and in charge of Corporate Planning Dept., Investor Relations Dept., Finance Dept., Accounting Dept., Affiliated Companies Dept. and Gas Industry Privatization Research Project Dept.
April 2009	Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept.
June 2009	Director, Senior Executive Officer and in charge of Corporate Planning Dept., Corporate Communications Dept. and Affiliated Companies Dept.
January 2010	Director, Senior Executive Officer and in charge of Corporate Planning Dept., Project Management Dept., Corporate Communications Dept. and Affiliated Companies Dept.
April 2012	Representative Director, Executive Vice President and Chief Executive of Living Energy Div.
April 2013	Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div.
April 2014	Representative Director, President
April 2018	Director, Chairperson of the Board (Current position)

Reason for appointment

HIROSE has experience mainly in operation related to corporate planning. He led efforts to compose the Management Vision and the group formation, and was engaged in establishing a suitable corporate structure and system for a global comprehensive energy group. He has been Chairman of the Board since 2018, bolstering the enhancement of corporate governance.

Role played at the Board of Directors

Through his experience as the Company's Representative Director and President, HIROSE has in-depth knowledge about all areas of management, provides appropriate proposals to the Board of Directors as the non-executive Chairman of the Board, and manages the Board meetings to ensure its proper supervisory function.



Outside Director

(Chairperson of the Nominating Committee and Compensation Committee Member)

SAITO Hitoshi

April 1976	Joined Mitsui Fudosan Co., Ltd.
April 2000	President and CEO of Mitsui Fudosan America, Inc.
April 2005	Managing Officer and Deputy Chief Executive of Office Building Div. of Mitsui Fudosan Co., Ltd.
April 2007	Managing Officer and General Manager of International Dept. 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. and Honorary Chairman of Halekulani Corporation (Retired in June 2020)
June 2019	Director of the Company (Current position)
June 2019	Outside Director of GLOBESHIP Corporation (Current position)
May 2022	Outside Director of Paramount Group, Inc. (Current position)

Reason for appointment

Mr. SAITO Hitoshi's management capabilities, based on the broad vision and in-depth knowledge he developed as an executive in the real estate business, and especially the global business sense nurtured in overseas business, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions Outside Director of GLOBESHIP Corporation
Outside Director of Paramount Group, Inc.



Director, Representative Corporate Executive Officer, President and CEO (Compensation Committee Member)

UCHIDA Takashi

April 1979	Joined the Company
April 2010	Executive Officer and General Manager of Corporate Planning Dept.
April 2012	Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., Compliance Dept. and Internal Audit Dept.
April 2013	Senior Executive Officer and Chief Executive of Energy Resources Business Div.
June 2015	Director, Senior 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 2017	Representative Director, Executive Vice President and Chief Executive of Residential Service Div.
April 2018	Representative Director, President
June 2021	Director, Representative Corporate Executive Officer and President
April 2022	Director, Representative Corporate Executive Officer, President and CEO (Current position)

Reason for appointment as Director

Mainly using his experience in planning, energy resources and overseas business, UCHIDA has been engaged in efforts to address various management issues amid changes in the surrounding environment, including the full deregulation of the electric power and gas retail markets. Currently, as Representative Corporate Executive Officer, President and CEO, UCHIDA has been bolstering the Group to take up new challenges toward achieving the management vision Compass2030, formulated in 2019.

Reason for appointment as the Representative Corporate Executive Officer and President

In FY2022, the year of transition to a new group management structure, including the legal separation of the Pipeline Network Division, UCHIDA has been appointed as the current position with the task of facilitating the transition and achieving further growth.

Role played at the Board of Directors

As Director who concurrently serves as an Corporate Executive Officer, UCHIDA is a powerful driver of the management vision. He also organically connects the Corporate Executive Officers and the Board of Directors, such as by providing timely and appropriate explanations on the status of business execution so that the Board can properly oversee it.



Outside Director

(Chairperson of the Compensation Committee and Nominating Committee Member)

TAKAMI Kazunori

April 1978	Joined Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation)
December 1998	General Manager of Corporate Planning Office of Electric Appliances and Housing Facility Company of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation)
June 2004	Director of Corporate National Marketing Div. of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Corporation)
April 2009	Managing Executive Officer, President of Home Appliances Company 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 2015	Outside Director of Tokyo FM Broadcasting Co., Ltd. (Current position)
June 2017	Corporate Advisor of Panasonic Corporation (Retired in March 2018)
June 2018	Outside Director of Nojima Corporation (Current position)
March 2019	Outside Director of FUJITA KANKO INC. (Current position)
June 2019	Director of the Company (Current position)

Reason for appointment

Mr. TAKAMI Kazunori's management capabilities, based on the broad vision and in-depth knowledge he developed as an executive in the electrical industry, and especially the marketing sense he acquired from the consumer perspective in the home appliance business, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions Outside Director of Tokyo FM Broadcasting Co., Ltd.
Outside Director of Nojima Corporation
Outside director of FUJITA KANKO INC.



Director (Audit Committee Member)

NAKAJIMA Isao

April 1982	Joined the Company
April 2008	General Manager of Finance Dept.
April 2011	General Manager of Middle Branch
April 2012	General Manager of TG-Group Reorganization Project Dept.
April 2013	Executive Officer and General Manager of Residential Sales Planning Dept. of Residential Sales and Service Div.
April 2015	Senior Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Purchasing Dept. and Real Estate Management Dept.
April 2017	Senior Executive Officer, CFO and in charge of Finance Dept., Accounting Dept. and Personnel Dept.
April 2018	Senior Managing Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Personnel Dept. and Purchasing Dept. (Retired in March 2019)
June 2019	Standing Audit & Supervisory Board Member
June 2021	Director (Current position)

Reason for appointment

NAKAJIMA has experience mainly in finance and accounting and has served as CFO, working to strengthen the financial structure of the Company and improve communication with shareholders and investors. Since 2021, he has been a full-time Audit Committee member, and is responsible for auditing to ensure the legality and soundness of management.

Role played at the Board of Directors

As a full-time Audit Committee member, NAKAJIMA strives to provide information to the Board of Directors and the Audit Committee to improve their effectiveness. He also attends the Management Committee and other meetings to capture internal risk information and audit the proper operation of internal control systems.



Outside Director

(Nominating Committee Member and Compensation Committee Member)

EDAHIRO Junko

July 1993	Interpreter and translator
October 1998	Environmental journalist
July 2002	CEO of EcoNetworks Co. (Retired in July 2005)
August 2002	Joint Chief Executive of Japan for Sustainability (NGO)
April 2003	Representative Director of Edahiroba Inc. (Current e's Inc.) (Current position)
April 2005	Representative Director and Chairperson of Change Agent Inc.
May 2006	Director and Chairperson of Change Agent Inc. (Current position)
August 2010	Chief Executive of Japan for Sustainability (NGO) (Retired in July 2018)
September 2014	Professor of Department of Environmental Management, Faculty of Environmental Studies of Tokyo City University (Retired in March 2018)
August 2018	Professor of Shizuoka University Graduate School of Leadership & Innovation (Current position)
June 2019	Director of the Company (Current position)
October 2019	Representative Director of Shimokawa Seeds K.K. (Current position)
September 2020	Representative Director of mirai-sozo.work (Current position)

Reason for appointment

Ms. EDAHIRO Junko's in-depth knowledge regarding energy and sustainability, communication abilities, and extensive practical experience in communities, which she has cultivated as a journalist and creator, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions Representative Director of e's Inc. / Director and Chairperson of Change Agent Inc. / Professor of Shizuoka University Graduate School of Leadership & Innovation / Representative Director of Shimokawa Seeds K.K. Representative Director of mirai-sozo.work



Outside Director

(Chairperson of the Audit Committee)

INDO Mami

April 1985 Joined Daiwa Securities Co. Ltd.
April 2009 Senior Managing Director and General Manager of Consulting Div. of Daiwa Institute of Research Ltd.
April 2013 Executive Managing Director and Deputy General Manager of Investigation Div. of Daiwa Institute of Research Ltd.
April 2016 Senior Managing Director of the Institute of Daiwa Institute of Research Ltd. (Retired in December 2016)
December 2016 Commissioner of Securities and Exchange Surveillance Commission (Retired in December 2019)
June 2020 Audit & Supervisory Board Member (External) of Ajinomoto Co., Inc.
June 2020 Outside Audit & Supervisory Board Member of AIG Japan Holdings KK
June 2020 Director of the Company (Current position)
June 2021 Outside Director of FUJITEC CO., LTD. (Current position)
June 2021 Outside Director of Ajinomoto Co., Inc. (Current position)
June 2021 Outside Director of AIG Japan Holdings KK (Current position)

Reason for appointment

Ms. INDO Mami's capabilities in advanced and diverse management analysis and instructions she developed as an analyst and adviser in the financial industry, and her management sense from the risk perspective nurtured by her experience in a surveillance agency, cultivated through the experience of monitoring organizations, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

Outside Director of FUJITEC CO., LTD.
 Outside Director of Ajinomoto Co., Inc.
 Outside Director of AIG Japan Holdings KK



Outside Director

(Audit Committee Member)

ONO Hiromichi

April 1979 Joined Ajinomoto Co., Inc.
June 2007 Corporate Executive Officer and General Manager, Finance Dept. of Ajinomoto Co., Inc.
June 2011 Member of the Board & Corporate Vice President (In charge of finance and purchasing) (Retired in June 2017)
 Director of Japan Investor Relations Association (Retired in June 2017)
April 2013 Member of the Investment Committee of Government Pension Investment Fund (Retired in June 2017)
June 2019 Outside Director of Mebuki Financial Group, Inc. (Current position)
June 2020 Audit & Supervisory Board Member of the Company
June 2021 Director of the Company (Current position)

Reason for appointment

Mr. ONO Hiromichi's management capabilities, based on the broad perspective and in-depth knowledge he developed as an executive in the food industry, and especially his management sense nurtured from the risk perspective at a finance division will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

Outside Director of the Mebuki Financial Group, Inc.



Outside Director

Newly appointed
 (Audit Committee Member)

SEKIGUCHI Hiroyuki

April 1979 Joined Japan Broadcasting Corporation
August 1987 Reporter in the Economics Section, News Department of Japan Broadcasting Corporation (responsible for covering the Ministry of Transport, Ministry of Finance, Ministry of International Trade and Industry, distribution companies, trading companies, the Bank of Japan, the finance sector, etc.)
June 1998 Economics Section Deskman, News Department of Japan Broadcasting Corporation
June 2001 'Economics Front Line' Newscaster, News Commentator, General Broadcasting Administration of Japan Broadcasting Corporation
April 2004 'Business Compass' Newscaster of Japan Broadcasting Corporation
June 2007 Chief News Commentator of Japan Broadcasting Corporation
June 2014 News Commentator Vice-chairperson of Japan Broadcasting Corporation
April 2017 'Ohayo Nippon/Oha Biz' Newscaster of Japan Broadcasting Corporation (responsible for corporate strategy, energy affairs, green innovation, corporate governance, growth strategy, industrial policy, etc.)
January 2022 Retired from Japan Broadcasting Corporation
June 2022 Director of the Company (Current position)

Reason for appointment

Mr. SEKIGUCHI Hiroyuki's keen perception, deep discernment in approaching the heart of matters, and great skills at presentation from the TV viewer's perspective concerning the overall economy including energy and sustainability, which he developed through his experience as a TV journalist and senior commentator, will greatly contribute to the promotion and supervision of the Company's management strategies.

Important concurrent positions

None

Corporate Executive Officer

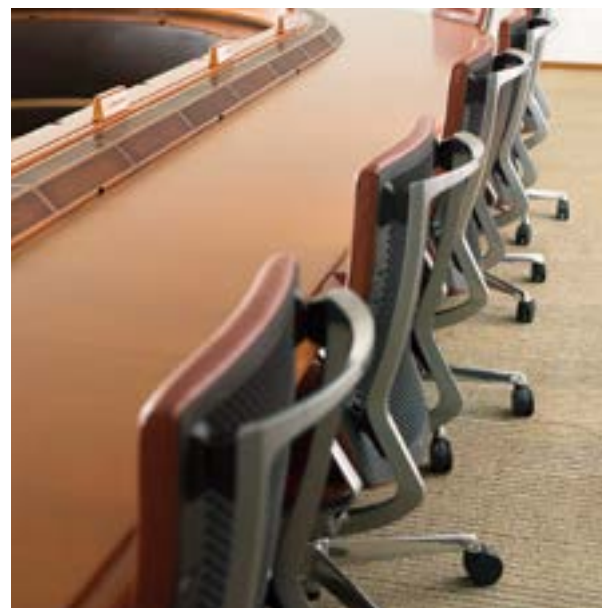
Representative Corporate Executive Officer, President and CEO	UCHIDA Takashi	
Representative Corporate Executive Officers, Vice Presidents	SAWADA Satoru	General Manager, Customer & Business Solutions Company
	SASAYAMA Shinichi	CSO
Senior Managing Corporate Executive Officer	KASUTANI Toshihide	General Manager of Overseas Operations Company

For reference

From April 1, 2022, the Company will expanded the chief officer structure to clarify their roles and implement internal and external responses to management issues across the group.
 (The title of CFO was previously introduced).
 CEO: Chief Executive Officer
 CSO: Chief Strategy Officer
 CTO: Chief Technology Officer
 CDO: Chief Digital Officer
 CRO: Chief Risk Management Officer
 CHRO: Chief Human Resources Officer
 CIO: Chief Information Officer
 CFO: Chief Financial Officer

Executive Officers

Senior Managing Executive Officers	KIMOTO Kentaro	CTO, CDO and Chief Executive of Digital Innovation Div.
	HIGO Takashi	In charge of Secretary Dept., General Administration Dept., Corporate Communications Dept., Sustainability Dept., and Internal Audit Dept.
	OGAWA Shinsuke	CRO, CHRO, and in charge of Corporate Planning Dept. and Personnel Dept.
Managing Executive Officers	SHIGITANI Ayumi	CIO, President, Representative Director of TOKYO GAS iNET CORP.
	HOSOYA Isao	President, Representative Director of Tokyo Gas Asia Pte. Ltd.
	TANAZAWA Satoshi	Chief Executive of Energy Trading Company
	SAITO Akihiro	Customer & Business Solutions Company Chief Executive of Residential Sales and Service Div.
	KONISHI Yasuhiro	President, Representative Director of Tokyo Gas Engineering Solutions Corporation
Executive Officers	SATO Hirofumi	CFO, In charge of Financial Management Dept., Accounting Dept., Purchasing Dept., and Compliance Dept.
	KADO Masayuki, ENDO Yo, SUGESAWA Nobuhiro, TSUJI Eito, KURIMOTO Kazuya, KONISHI Masako, TAKEUCHI Atsunori, MINAMI Taku, YAKABE Hisataka, OHASHI Taro, NAKAMURA Hajime, MIURA Kazutaka, MURAKOSHI Masaaki, SHIMIZU Seita	





Smooth communication between Directors and Executive Officers is becoming ever more important

Outside Director

TAKAMI Kazunori

Tokyo Gas has transitioned to a Company with a Nominating Committee, etc., drawing a clear line between its supervisory and executive functions, and making the Board of Directors to be mainly responsible for the supervisory functions. At the post-transition Board of Directors meetings, we monitor and oversee the executions, and make sure that each business is progressing in line with the medium- to long-term management strategy. As an example, I myself make deliberate efforts, such as changing what to ask. Those in charge of execution also make thorough discussions before submitting the matters to the Board of Directors meeting, where active, intensive discussions are taking place. We are still going through a process of trial and error, but I think we are definitely moving in a right direction.

Since assuming the position of outside director, I have been making a case for the importance of working with a sense of speed. As we have transitioned to a Company with a Nominating Committee, etc., quicker decision-making is becoming possible, followed by greater authority in execution, accelerating the speed of business development. I also believe that communication between the supervising party and the executing party becomes increasingly important. As an outside director, I intend to carefully communicate with those involved in execution and firmly support their efforts while checking the direction they are heading.

The Board of Directors of Tokyo Gas is well diversified, with six of the nine directors being outside directors who have a variety of skills and expertise. The Board carries out a wide range of deep discussions. This fiscal year, the next medium-term management plan will be drawn up. Although the business environment is increasingly uncertain, we will continue to engage in more active discussion at the Board meetings, with the aim of making the Tokyo Gas Group get closer to the vision set forth in its management vision Compass2030 and its desired future portfolio.



I will be involved in the Board of Directors' meetings by keeping the "improvement of medium- to long-term corporate value" as a criterion for judging performance

Outside Director

SEKIGUCHI Hiroyuki



I worked for the Japan Broadcasting Corporation (NHK) for 42 years as a television journalist mainly in the economic field, and concentrating on covering government agencies, trading companies and the financial industry. In the latter half of my career, as Senior Commentator I was a news anchor of various TV programs, focusing on private companies. In particular, I interviewed many guests on the issues related to corporate governance, energy and the environment, and provided comments and proposals from the perspective of corporate management.

Having been appointed as an outside director, I am now in a position to apply this experience in management. I feel a great responsibility and brace myself for the challenge. I intend to use my knowledge and experience to fulfill my role as an outside director, while keeping my eyes focused on various stakeholders.

Showing a vision is very important in terms of corporate governance. My impression of Tokyo Gas from outside through interviews, was a "company close to us" that is directly connected with customers to support their daily lives and industries, and also a "company that takes on challenges" that leads the industry with a vision of new policies and new businesses. The Tokyo Gas Group has recently laid out its new Management Philosophy. The importance of this Philosophy needs to be repeatedly promoted until each and every Group employee understands and incorporates it in their daily work.

The energy industry is undergoing a major transition. We are also facing the big challenge of achieving both stable supply of energy and decarbonization. As an outside director, I will always keep the "improvement of medium- to long-term corporate value" as a major criterion for gauging my own efforts, and oversee the Group's efforts to achieve this goal, in addition to encouraging those on the execution side to make the right, smart decisions and execute their business with confidence.

A man in a white hard hat with blue and purple stripes and a white uniform with blue and red accents is working in a tunnel. The background shows the curved walls of the tunnel with lights.

Business Overview

Asset Optimization & Trading Business

Energy Trading Company

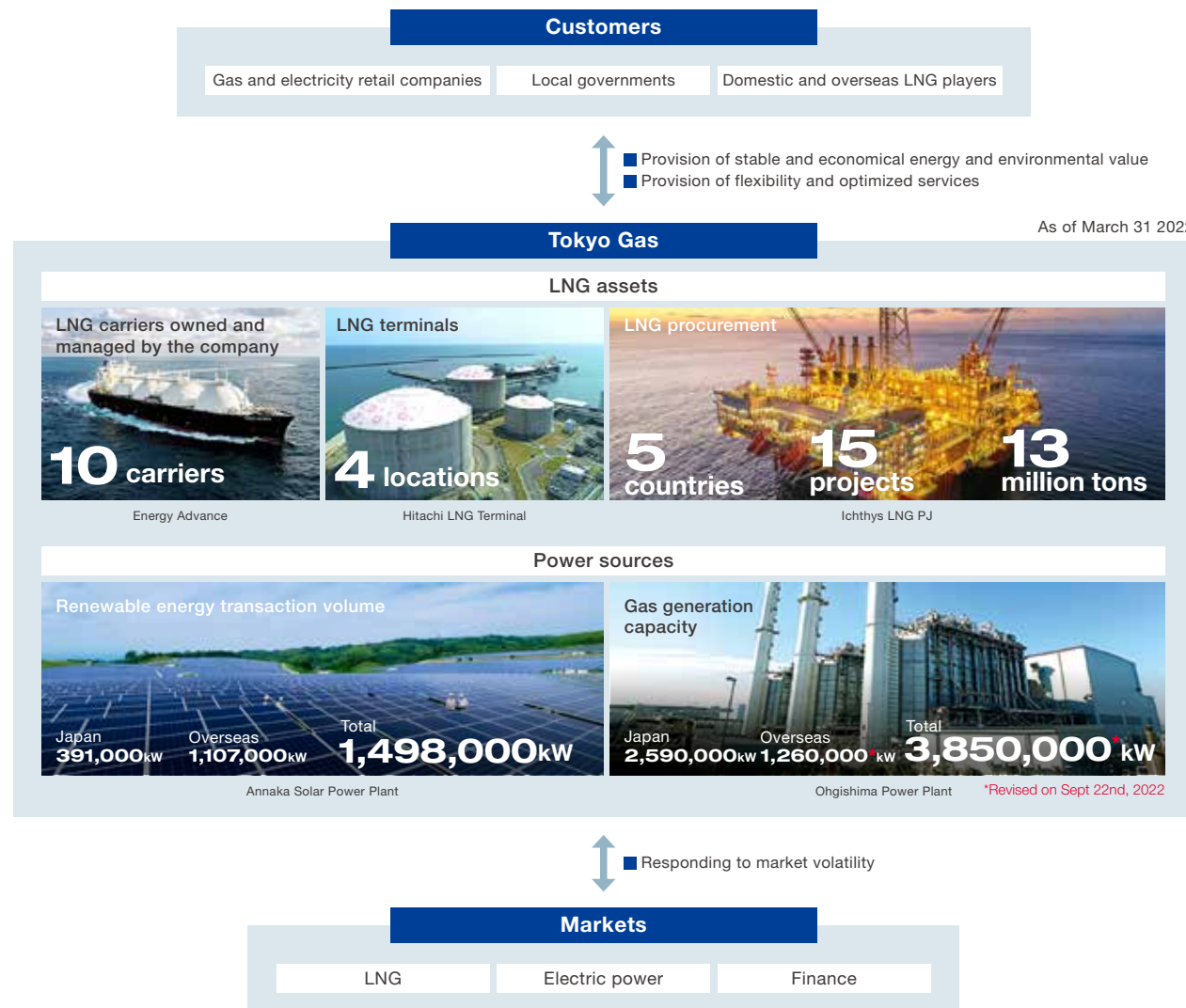
Business Overview

Energy Trading Company includes the Raw Material Procurement Division engaged in LNG contracts and transportation, the Electric Power Division dealing with natural gas fired thermal power plants and renewable energy, Wholesale & Regional Service Division providing energy solutions to other gas companies, and the Production Division engaged in LNG terminal operations.

Redefining LNG, the raw material of city gas, as a commodity and based on our strengths of having abundant assets and customer connections, we aim to maximize the value of energy by optimizing LNG supply and demand while ensuring its stable supply and by trading and swapping LNG. Amid increasing volatility in the LNG, electric power, and financial markets, we will also work to establish a model to monetize market volatility.

In this way, we will contribute to the stable supply of energy through asset optimization and trading business activities, which will lead to supporting industries and the everyday lives of our customers. Moreover, as a leading natural gas company, we will lead the transition to Net-Zero CO₂ and create environmental value.

Strengths	<ul style="list-style-type: none"> ■ Abundant LNG-related assets (i.e., procurement contracts, terminals and carriers); LNG trading volume and trade management capabilities ■ Scale of electric power business (generation and retail) ■ Trade experiences
	<ul style="list-style-type: none"> ■ Problems in raw material procurement due to geopolitical risks, etc. related to the import of raw materials ■ Supply disruption due to damage to production, supply, power generation facilities, etc. caused by large scale disasters ■ Impact on earnings due to fluctuations in LNG and electricity wholesale market prices and costs of raw materials and fuels
Risks	



Leverage assets to maximize energy value

By utilizing abundant LNG-related assets and renewable energy transaction volume, the Energy Trading Company responds to the needs of domestic and overseas LNG players, gas and electricity retail companies, and local governments.

After securing a stable supply of LNG, we combine

LNG procurement assets and financial transactions to expand LNG trading with domestic and overseas LNG players. In addition to selling gas and electricity to wholesalers and local governments, we also provide solutions concerning low carbon, decarbonization, and resilience to solve issues faced by communities.

Gaseous Energy Expansion Business

Tokyo Gas Network

Business Overview

To date, the Tokyo Gas Group has increased the spread of natural gas while ensuring safety and stable supply. In recent years, the Tokyo Gas Pipeline Network Division has completed the construction of high-pressure gas pipelines in the northern Kanto region in addition to the Tokyo area, and has further enhanced supply stability. On April 1, 2022, Tokyo Gas Network Co., Ltd., which inherited the gas pipeline business from Tokyo Gas, started operation. We strive to actively develop city gas customers, contribute to CO₂ emissions reduction at customer sites, and expand value added businesses by installing smart meters.

Through efforts to promote the spread of gaseous energy, Tokyo Gas Network will continue to maintain the infrastructure for industries, technological innovation and daily lives. We will also continue to promote the spread of natural gas and use of gaseous energy for achieving low carbon and decarbonization to create environmental value.

Strengths	<ul style="list-style-type: none"> Many years of experience in safe and stable supply of gas Ties with customers and communities that have been cultivated through the pipeline business
Risks	<ul style="list-style-type: none"> Supply disruption due to damage to supply facilities, etc. caused by large scale disasters

Results in FY2021

Number of installed meters*

12.20 million
(+0.12 million vs. FY2020)

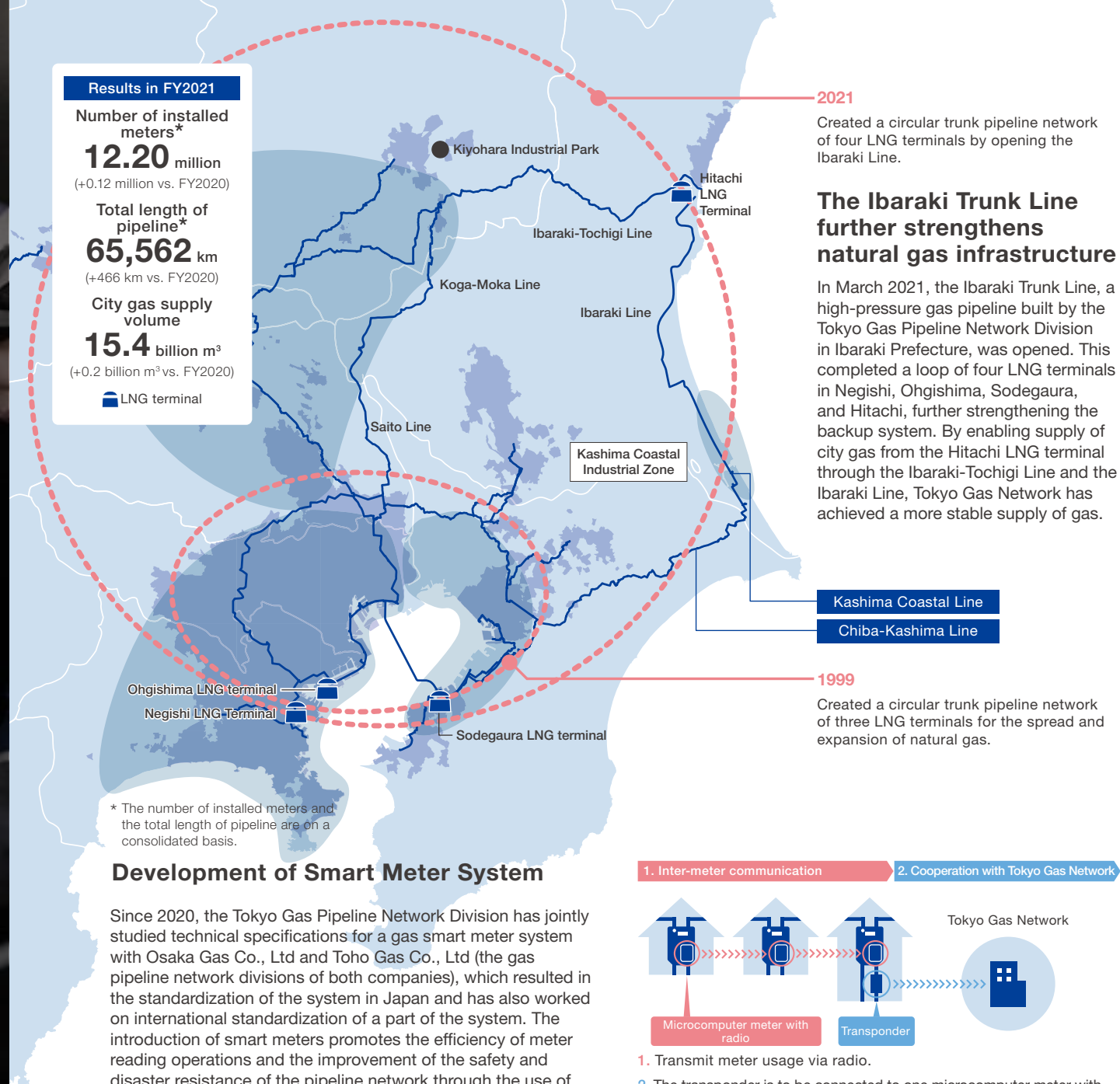
Total length of pipeline*

65,562 km
(+466 km vs. FY2020)

City gas supply volume

15.4 billion m³
(+0.2 billion m³ vs. FY2020)

 LNG terminal



2021

Created a circular trunk pipeline network of four LNG terminals by opening the Ibaraki Line.

The Ibaraki Trunk Line further strengthens natural gas infrastructure

In March 2021, the Ibaraki Trunk Line, a high-pressure gas pipeline built by the Tokyo Gas Pipeline Network Division in Ibaraki Prefecture, was opened. This completed a loop of four LNG terminals in Negishi, Ohgishima, Sodegaura, and Hitachi, further strengthening the backup system. By enabling supply of city gas from the Hitachi LNG terminal through the Ibaraki-Tochigi Line and the Ibaraki Line, Tokyo Gas Network has achieved a more stable supply of gas.

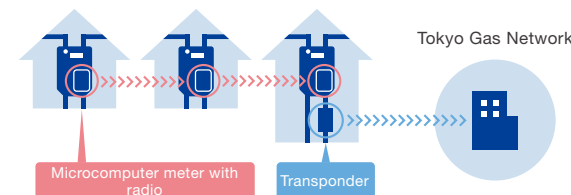
1999

Created a circular trunk pipeline network of three LNG terminals for the spread and expansion of natural gas.

Development of Smart Meter System

Since 2020, the Tokyo Gas Pipeline Network Division has jointly studied technical specifications for a gas smart meter system with Osaka Gas Co., Ltd and Toho Gas Co., Ltd (the gas pipeline network divisions of both companies), which resulted in the standardization of the system in Japan and has also worked on international standardization of a part of the system. The introduction of smart meters promotes the efficiency of meter reading operations and the improvement of the safety and disaster resistance of the pipeline network through the use of remote opening and closing functions. New services using gas usage data by gas retailers are also expected to be created.

1. Inter-meter communication 2. Cooperation with Tokyo Gas Network



1. Transmit meter usage via radio.
2. The transponder is to be connected to one microcomputer meter with a radio in dozens of units, and to be installed at the customer's home. The transponder has a function to combine usage data sent by radio and communicate with the system of Tokyo Gas Network.

Solutions Business

B2C/B2B

Customer & Business Solutions Company

TG Octopus Energy

Business Overview

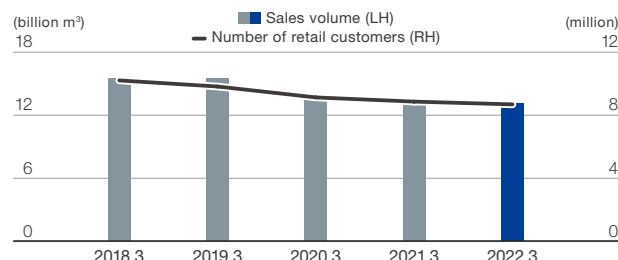
In the Business to Customer (B2C) area, while leveraging the strength of contacts for services at customers' homes called "last mile services" centered on LIFEVAL, we will enhance customer satisfaction by strengthening digital contacts such as member sites, and by expanding services that satisfy the needs of customers. In addition, TG Octopus Energy uses its proprietary system to provide digital marketing to meet a wide range of customer needs.

In the Business to Business (B2B) area, we will provide all-in-one services across Japan centering on Tokyo Gas Engineering Solutions (TGES) based on its strength in the ability to propose and realize solutions for energy and other services. In addition to providing optimal proposals for decarbonized products (i.e., renewable energy and carbon neutral LNG) and for labor saving at factories, we will strive to build attractive cities and we will work with local governments and other parties to solve social issues in communities, such as building attractive cities and improving environmental sustainability.

Through the solutions business (B2B and B2C), we will support our customers' lives with energy, and provide comprehensive solutions and services responding to specific lifestyle needs and social challenges such as enhancing resilience. We will also create environmental value by expanding the number of decarbonized products.

Strengths	■ Community-based sales network composed of LIFEVAL, Enesta, and other outlets, a customer base of over 11 million accounts, and relationships with customers based on mutual trust
	■ Expertise in work requiring technical capability at customers' homes (i.e., device installation, repairs, etc.)
	■ Energy solution technology and all-in-one solution provision
Risks	■ Decrease in demand caused by intensified competition driven by liberalization and changes in lifestyle and business environment
	■ Policy changes and acceleration by national and local governments, including laws, regulations, and systems
	■ Delay in technological development required to deal with competition and alternatives

City gas sales volume and number of retail customers



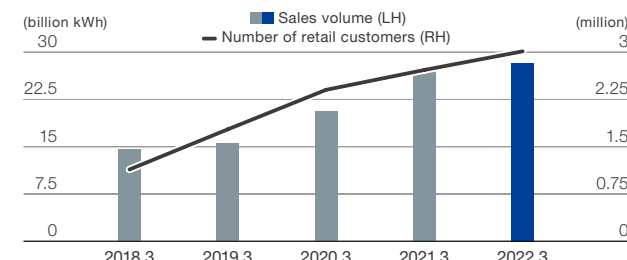
Last mile service expansion

LIFEVAL and Enesta have 96 outlets in the Tokyo metropolitan area and have expanded the number of customer accounts by selling gas and electricity and providing solutions in the local community. In 2022, the companies made a full-scale entry into the plumbing repair business with a target of achieving 100,000 repair jobs in FY2022. The ultimate aim is to become the number one provider in the Tokyo metropolitan area for customer satisfaction and the share of comprehensive repair services for gas, electricity and plumbing.



Last mile operation of Tokyo Gas [▶ P.40](#)

Electricity sales volume and number of retail customers



Digital shift in marketing with TG Octopus Energy

TG Octopus Energy, a joint venture with the U.K. energy technology company Octopus Energy, started operation in Japan in November 2021. Since its launch in the U.K. in 2016, Octopus Energy has provided electricity to more than 3 million customers in just six years, with its unique system and concierge services that enable flexible change in development policies depending on customer needs. By taking advantage of Octopus Energy's strength in various electricity rate plans, including renewable energy, and digital marketing, TG Octopus Energy will actively develop electric power sales throughout Japan.



Carbon Neutral LNG (CNL), a decarbonization product

The Tokyo Gas Group was the first to import CNL in Japan in July 2019 and is supplying CNL to approximately 80 customers as of March 2022. CNL is an LNG that is considered to generate no CO₂ on a global scale by offsetting greenhouse gases generated in the process from natural gas extraction to combustion, using credits (carbon offsetting).

In March 2021, we established the Carbon Neutral LNG Buyer's Alliance with our customers. With the aim of contributing to the realization of a carbon-neutral society in 2050, we are making efforts to promote recognition of CNL among the public, improve the evaluation of CNL by investment institutions, and establish its position in various domestic systems.



Example of ONO PHARMACEUTICAL Co., Ltd.

ONO PHARMACEUTICAL has switched the total amount of city gas used at the Tsukuba Research Institute (Tsukuba City, Ibaraki Prefecture) to carbon neutral city gas.

Solutions Business

B2B

Tokyo Gas Engineering Solutions (TGES)

Business Overview

Since the introduction of LNG in Japan in 1969, the Tokyo Gas Group has been providing LNG terminals, pipelines, district heating and cooling, and energy services to meet customer needs, utilizing the technology and expertise developed in the process of consistently being responsible for the entire LNG value chain. In April 2022, the B2B function of Tokyo Gas was transferred to TGES, which, as a core business company for the provision of Service (S), Gas (G), Power (P), and Engineering (E) as a all-in-one value offering, has since been accelerating the B2B business to solve customers' issues. TGES will further expand the provision of low-carbon and decarbonization solutions, combining solar, biomass, and other renewable energy, and create environmental value.

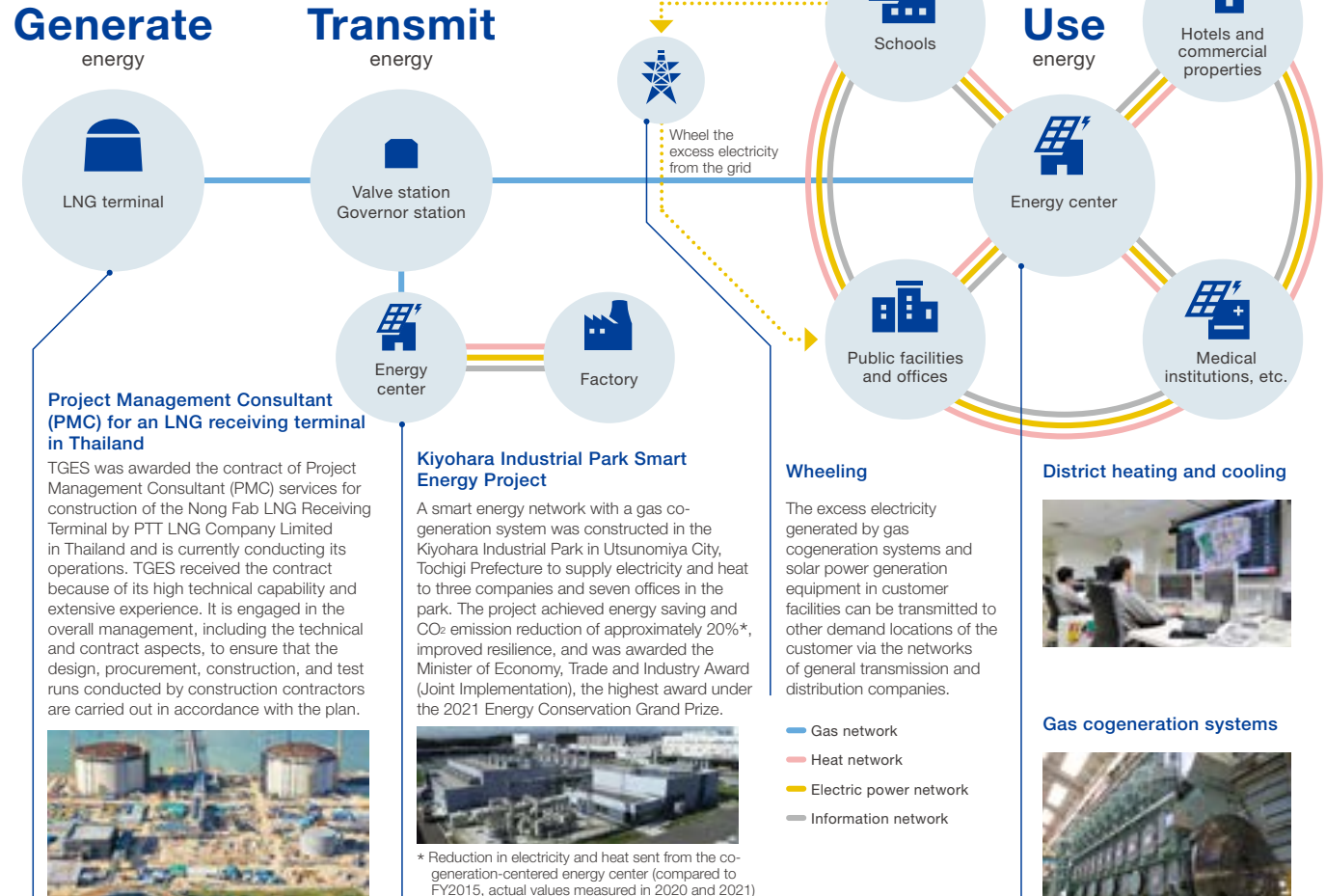
Strengths

- all-in-one proposal for service, energy and engineering
- Insights accumulated from the user's perspective and engineering solutions cultivated through the management and operation of plants and facilities
- Experience in engineering projects related to over 100 LNG terminals in 20 overseas countries

Risks

- Rapid change in the market environment due to intensified competition driven by liberalization and rapid progress in decarbonization
- Policy changes and acceleration by national and local governments, including laws, regulations, and systems
- Supply disruption due to damage to equipment and plants caused by large scale disasters

Solution Business (B2B) Schematic



The Niihama LNG Terminal contributing to the promotion of carbon neutral in Shikoku Area

Niihama LNG Co., Ltd., which TGES established jointly with Shikoku Electric Power Co., Inc., SUMITOMO CHEMICAL COMPANY, LIMITED, SUMITOMO JOINT ELECTRIC POWER CO.,LTD., and Shikoku-Gas completed construction of the Niihama LNG terminal and started gas supply in March 2022. In addition to sequentially converting raw fuel consumed at Sumitomo Chemical's Ehime Works to LNG, the Niihama North Thermal Power Plant (scheduled to be operational in 2022), which is under construction by Sumitomo Joint Electric Power, plans to use LNG as a fuel with a projected annual reduction of 650,000 tons in CO₂ emissions. The Niihama LNG terminal will also supply gas to nearby customers and promote fuel conversion to reduce CO₂ emissions in the surrounding areas, contributing to the development of the Shikoku region.



Global Business

Global Business Company

Business Overview

The Global Business Company has expanded its overseas businesses by developing upstream businesses in North America and Australia, and by developing midstream/downstream businesses centered on LNG infrastructure businesses in Southeast Asia utilizing the expertise accumulated in Japan. In recent years, we have also focused on renewable energy businesses such as solar and wind power projects in North America and the Nordics.

In the future, we will actively participate in projects in which we can be a leading business operator, while also conducting asset replacement to improve global business value.

Through our efforts in global business, we intend to respond to the vigorous energy demand of emerging countries and supply energy in a stable manner. In addition, as in Japan, we will continue to contribute to CO₂ emissions reduction by expanding the use of gas and LNG as alternatives to coal and oil overseas. We also intend to enter the Net-Zero CO₂ business with the aim of further creating environmental value.

Strengths	<ul style="list-style-type: none"> Stable operating capability in LNG terminals, power generation projects, etc. Expertise in resource development and LNG infrastructure business that we have cultivated so far
Risks	<ul style="list-style-type: none"> Stagnation of business operation, increase in expenses, and missing of business opportunities due to compliance with country-specific laws, regulations and/or business practices Impact of fluctuations in crude oil/gas prices and foreign exchange rates on the revenue and expenditure of overseas business operations in general

Major businesses

North America

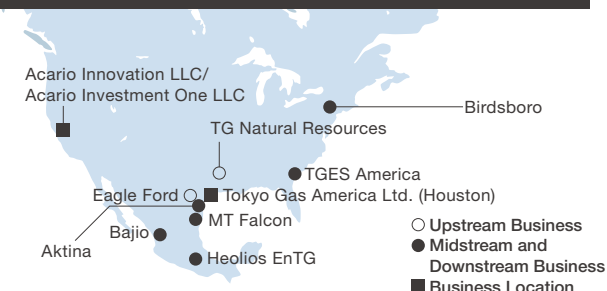
(As of March 31, 2022)

Upstream Business

We invest in prime assets by making use of our knowledge and insights regarding local markets, regulations, and business structures. We have acquired these through our experience in business operations and the dispatch of personnel. At the same time, we monitor commodity price trends and carefully estimate the productivity and reserves of gas fields.

Midstream and Downstream Business

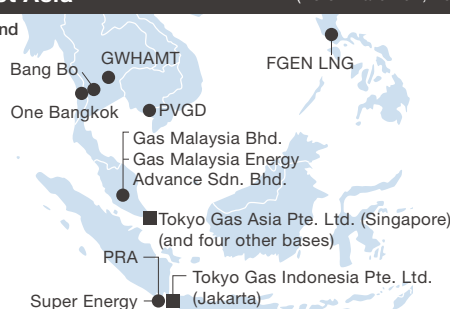
In addition to the natural gas fired thermal power generation business, we will also continue to focus on the renewable energy business. Following collaboration with the French company ENGIE in Mexico, we are now working on our own solar power generation project (Aktina) in the U.S.A.



Southeast Asia

(As of March 31, 2022)

Midstream and Downstream Business Location



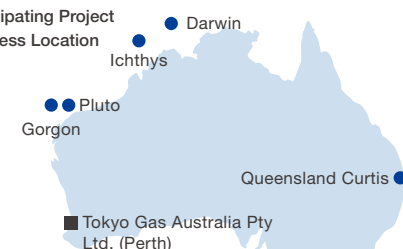
Midstream and Downstream Business

In addition to the construction of LNG terminals and energy infrastructure for power generation, we will contribute to the operation and management of LNG facilities and provide a wide range of value in Asian countries where growth is expected in the future.

Australia

(As of March 31, 2022)

Participating Project Business Location



Upstream Business

We have invested in five LNG projects in Australia, which has grown into a major LNG supply base for East Asia. We will continue to operate and manage these projects to maximize the value of our holdings.

Overseas renewable energy business

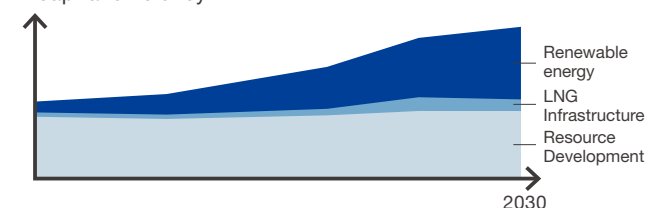
In August 2020, we acquired the 630,000 kW Aktina Solar Power Project in Texas, U.S.A. developed by Hecate Energy, a U.S. renewable energy developer. In January 2022, we decided to work with the Danish company EWII S/I on the development of a land-based wind power business in the Nordics.



Aktina Solar Project

Replacement of overseas assets toward 2030

The main focus of the global business is to invest in renewable energy, shale in the United States, and LNG infrastructure. At the same time, we will gradually sell businesses and assets that we cannot take the initiative to raise the value of or those that have fulfilled their strategic holding significance, thereby improving profitability and capital efficiency.



10-Year Consolidated Financial Highlights*1

Figures for FY2021 in Financial data are the figures announced on April 27, 2022 (before reflecting the retrospective application).

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3
Net Sales (¥ million)	1,915,639	2,112,117	2,292,548	1,884,656	1,587,085	1,777,344	1,962,308	1,925,235	1,765,146	2,145,197
Operating Profit (¥ million)	145,633	166,044	171,753	192,008	58,365	116,302	93,704	101,418	77,675	117,777
Operating Profit Margin (%)	7.60	7.86	7.49	10.19	3.68	6.54	4.78	5.27	4.40	5.49
Ordinary Profit (¥ million)	147,453	159,613	168,169	188,809	55,688	111,546	89,386	102,645	70,500	126,732
Profit attributable to owners of parent (¥ million)	101,678	108,451	95,828	111,936	53,134	74,987	84,555	43,293	49,505	88,745
Equity (¥ million)	927,634	1,011,787	1,069,515	1,100,271	1,101,498	1,136,027	1,159,055	1,147,747	1,153,813	1,227,198
Total Assets (¥ million)	1,992,403	2,176,816	2,257,662	2,251,518	2,230,269	2,334,316	2,428,149	2,539,919	2,738,348	3,216,942
Interest-bearing Debt (¥ million)	642,550	713,823	730,739	715,769	713,596	724,940	803,216	905,066	1,065,988	1,220,589
Operating Cash Flow (¥ million)	240,448	248,831	237,680	257,122	217,439	240,328	246,436	213,171	229,315	289,691
Free Cash Flow (¥ million)	56,651	827	13,084	25,089	14,081	31,583	22,655	(13,887)	(17,116)	82,465
EBITDA (¥ million)	284,403	306,424	313,605	337,194	222,670	281,643	255,585	271,296	257,485	318,723
Capital Expenditure (¥ million)	183,797	248,004	224,596	232,033	203,358	208,745	223,781	227,058	246,431	207,226
Depreciation (¥ million)*2	138,770	140,380	141,852	145,187	164,305	165,342	161,881	169,878	179,810	200,946
EPS (Earnings per Share) (¥)	39.52	43.10	39.15	46.68	23.02	164.12*3	187.60	97.86	112.26	201.84
BPS (Book Value per Share) (¥)	360.70	402.91	438.28	460.35	479.74	2,487.58*3	2,575.99	2,602.53	2,616.37	2,791.95
Number of Issued Shares (Common Stock) (thousands of shares)	2,577,919	2,517,551	2,446,778	2,396,778	2,302,856	458,073*3	451,356	442,436	442,436	440,997
Dividend per Share (¥)	10	10	10	11	11	55*3	60	60	60	65
DOE (Dividends on Equity) (%)	2.91	2.59	2.34	2.42	2.29	2.25	2.35	2.29	2.30	2.40

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

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3
Payout Ratio (%)	25.3	23.2	25.5	23.6	47.8	33.5	32.0	61.3	53.4	32.2
Total return ratio (%)	60.7	60.0	60.9	60.1	60.7	60.2	60.3	61.0	60.1	50.2
Current Ratio (%)	162.2	156.7	150.6	155.5	142.7	135.6	156.0	152.0	132.7	152.4
D/E (Debt-Equity) Ratio (times)	0.69	0.71	0.68	0.65	0.65	0.64	0.69	0.79	0.92	0.99
Equity Ratio (%)	46.6	46.5	47.4	48.9	49.4	48.7	47.7	45.2	42.1	38.1
ROE (Return on Equity) (%)	11.5	11.2	9.2	10.3	4.8	6.7	7.4	3.8	4.3	7.5
ROA (Return on Assets) (%)	5.3	5.2	4.3	5.0	2.4	3.3	3.6	1.7	1.9	3.0
Total Asset Turnover (times)	0.99	1.01	1.03	0.84	0.71	0.78	0.82	0.78	0.67	0.72
WACC (%)	3.2	3.2	3.6	3.4	3.0	3.1	3.0	2.7	2.6	2.3
Number of city gas retail customers (thousand)	9,721	9,844	9,982	10,125	10,269	10,209	9,821	9,129	8,863	8,688
Gas sales volume (million m³)	15,390	14,735	15,541	15,436	15,720	15,568	15,198	13,855	12,990	13,131
Gas Sales Volume, Gas Volume used in-house*4	16,741	17,225	18,360	18,587	19,053	19,052	18,397	17,666	17,577	17,087
Number of electricity retail customers (thousand)	—	—	—	—	635	1,105	1,742	2,350	2,717	3,014
Electric power sales volume (billion kWh)	9.98	9.71	10.61	10.96	12.65	14.66	15.48	20.60	24.76	28.29

*4: It is the amount that added self-consuming volume (excluded volume for Nijio) to a 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)

WACC calculation data (fiscal 2021 actual)

- Cost of interest-bearing debt: Real interest rate of 0.61% (after tax)
- Cost of shareholders' equity
- Risk-free rate: 10-year JGB yield of -0.091%
- Risk premium: 5.5%, Beta coefficient of 0.75

Consolidated Balance Sheets

	2021.3.31	2022.3.31
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	231,177	218,956
Distribution facilities	594,662	578,394
Service and maintenance facilities	15,992	15,417
Other facilities	564,495	630,786
Inactive facilities	316	316
Construction in progress	89,283	125,501
Total property, plant and equipment	1,495,927	1,569,373
Intangible assets		
Goodwill	5,320	6,018
Other intangible assets	290,316	294,296
Total intangible assets	295,637	300,315
Investments and other assets		
Investment securities	230,782	236,303
Long-term loans receivable	57,279	48,653
Retirement benefit asset	114	5,864
Deferred tax assets	47,368	44,230
Other investments	60,814	100,916
Allowance for doubtful accounts	(301)	(1,647)
Total investments and other assets	396,057	434,322
Total non-current assets	2,187,623	2,304,011
Current assets		
Cash and deposits	157,881	179,769
Notes and accounts receivable-trade	218,985	—
Notes and accounts receivable-trade, and contract assets	—	330,540
Lease receivables and investments in leases	19,618	17,824
Securities	1,210	10
Merchandise and finished goods	1,980	3,467
Work in process	11,595	12,083
Raw materials and supplies	46,464	67,135
Other current assets	93,848	305,814
Allowance for doubtful accounts	(857)	(3,714)
Total current assets	550,725	912,931
Total assets	2,738,348	3,216,942

	2021.3.31	2022.3.31
Liabilities		
Non-current liabilities		
Bonds payable	474,998	548,619
Long-term borrowings	458,881	568,725
Deferred tax liabilities	24,269	29,641
Retirement benefit liability	58,416	66,195
Provision for share awards for directors (and other officers)	—	84
Provision for gas holder repairs	3,172	3,427
Provision for safety measures	349	637
Provision for appliance warranties	10,843	—
Provision for contract loss in regards to appliance warranties	—	2,620
Provision for point card certificates	1,635	531
Asset retirement obligations	23,313	27,692
Other noncurrent liabilities	89,188	113,004
Total non-current liabilities	1,145,067	1,361,180
Current liabilities		
Current portion of non-current liabilities	108,704	49,248
Notes and accounts payable-trade	84,265	76,229
Short-term borrowings	5,706	6,385
Income taxes payable	11,710	33,830
Other current liabilities	204,623	433,501
Total current liabilities	415,010	599,195
Total liabilities	1,560,077	1,960,375
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	1,145	846
Retained earnings	990,762	1,051,600
Treasury shares	(3,907)	(3,524)
Total shareholders' equity	1,129,845	1,190,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,990	18,866
Deferred gains or losses on hedges	(11,240)	(11,904)
Foreign currency translation adjustment	4,322	32,545
Remeasurements of defined benefit plans	7,895	(3,076)
Total accumulated other comprehensive income	23,968	36,430
Non-controlling interests	24,457	29,368
Total net assets	1,178,271	1,256,566
Total liabilities and net assets	2,738,348	3,216,942

Consolidated Statements of Income

(Million yen)

	2020.4.1~2021.3.31	2021.4.1~2022.3.31
Net sales	1,765,146	2,145,197
Cost of sales	1,212,624	1,546,590
Gross profit	552,522	598,607
Selling, general and administrative expenses		
Supply and sales expenses	410,167	415,506
General and administrative expenses	64,679	65,323
Total selling, general and administrative expenses	474,846	480,829
Operating profit	77,675	117,777
Non-operating income		
Interest income	1,586	1,032
Dividend income	2,398	1,692
Share of profit of entities accounted for using equity method	1,482	3,725
Foreign exchange gains	1,619	14,550
Gain on derivatives	7,979	13,725
Gain on sales of raw materials	—	6,817
Miscellaneous income	6,137	7,855
Total non-operating income	21,204	49,399
Non-operating expenses		
Interest expenses	12,629	14,466
Loss on derivatives	9,373	11,864
Fair value adjustment of contingent consideration	—	4,199
Miscellaneous expenses	6,376	9,913
Total non-operating expenses	28,379	40,444
Ordinary profit	70,500	126,732
Extraordinary income		
Gain on sale of non-current assets	3,114	2,226
Gain on sale of investment securities	5,283	4,118
Gain on bargain purchase	2,008	—
Total extraordinary income	10,406	6,344
Extraordinary losses		
Impairment losses	10,255	3,742
Loss on valuation of investment securities	4,466	2,468
Total extraordinary losses	14,722	6,211
Profit before income taxes	66,184	126,865
Income taxes-current	16,887	32,865
Income taxes-deferred	(1,175)	3,724
Total income taxes	15,712	36,589
Profit	50,471	90,276
Profit attributable to non-controlling interests	966	1,530
Profit attributable to owners of parent	49,505	88,745

Consolidated Statements of Comprehensive Income

(Million yen)

	2020.4.1~2021.3.31	2021.4.1~2022.3.31
Profit	50,471	90,276
Other comprehensive income		
Valuation difference on available-for-sale securities	7,178	(4,178)
Deferred gains or losses on hedges	(10,014)	(6,841)
Foreign currency translation adjustment	(14,869)	25,006
Remeasurements of defined benefit plans, net of tax	7,751	(10,964)
Share of other comprehensive income of entities accounted for using equity method	(6,259)	5,560
Total other comprehensive income	(16,212)	8,583
Comprehensive income	34,259	98,859
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	33,480	101,241
Comprehensive income attributable to non-controlling interests	778	(2,381)

Consolidated Statements of Cash Flows

(Million yen)

	2020.4.1~2021.3.31	2021.4.1~2022.3.31
Cash flows from operating activities		
Profit before income taxes	66,184	126,865
Depreciation	176,087	196,810
Impairment losses	10,255	3,742
Amortization of long-term prepaid expenses	3,722	4,136
Loss on retirement of property, plant and equipment	3,274	2,574
Loss (gain) on sale of non-current assets	(3,102)	(2,214)
Loss (gain) of derivatives	1,393	(15,362)
Loss (gain) on sale of investment securities	(5,283)	(3,983)
Loss (gain) on valuation of investment securities	4,466	2,468
Loss (gain) on charge in the fair value of contingent consideration	—	4,199
Increase (decrease) in allowance for doubtful accounts	186	4,202
Increase (decrease) in retirement benefit liability	(2,918)	(1,896)
Decrease (increase) in retirement benefit asset	(84)	(11,312)
Increase (decrease) in provision for contract loss in regards to appliance warranties	—	2,620
Interest and dividend income	(3,984)	(2,724)
Interest expenses	12,629	14,466
Foreign exchange loss (gain)	(4)	(7,757)
Share of loss (profit) of entities accounted for using equity method	(1,482)	(3,725)
Decrease (increase) in trade receivables	5,126	(113,362)
Decrease (increase) in inventories	18,643	(22,491)
Increase (decrease) in trade payables	8,080	10,132
Decrease (increase) in contract assets	—	2,305
Increase (decrease) in contract liabilities	—	(12,587)
Decrease (increase) in prepaid expenses	41	(2,796)
Increase (decrease) in long term advances received	—	8,835
Net decrease (increase) in lease receivables and investments in leases	740	1,804
Other, net	(1,127)	(18,185)
Subtotal	292,844	166,766
Interest and dividends received	7,843	9,068
Interest paid	(12,630)	(14,483)
Income taxes paid	(32,482)	(16,123)
Net cash provided by (used in) operating activities	255,574	145,227
Cash flows from investing activities		
Proceeds from sale of securities	—	1,200
Purchase of investment securities	(37,467)	(16,214)
Proceeds from sale and redemption of investment securities	16,573	8,841
Purchase of property, plant and equipment	(172,652)	(167,197)
Purchase of intangible assets	(35,725)	(29,777)
Purchase of long-term prepaid expenses	(2,456)	(6,584)
Proceeds from sale of non-current assets	5,151	6,334
Long-term loan advances	(11,831)	(3,180)
Proceeds from collection of long-term loans receivable	4,037	2,158
Payments of guarantee deposits	(6,957)	(13,189)
Proceeds from refund of guarantee deposits	4,916	9,846
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(32,579)	(15,074)
Payments for acquisition of businesses	(25,208)	(1,418)
Other, net	(1,712)	(399)
Net cash provided by (used in) investing activities	(295,911)	(224,656)

(Million yen)

	2020.4.1~2021.3.31	2021.4.1~2022.3.31
Cash flows from financing activities		
Net increase (decrease) in commercial paper	—	30,000
Repayments of lease liabilities	(2,414)	(2,683)
Proceeds from long-term borrowings	51,035	165,014
Repayments of long-term borrowings	(35,981)	(123,252)
Proceeds from issuance of bonds	90,000	73,620
Redemption of bonds	(20,000)	(20,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,275)	(3,620)
Proceeds from share issuance to non-controlling shareholders	—	2,654
Purchase of treasury shares	(32)	(3,326)
Dividends paid	(26,449)	(26,424)
Other, net	(1,872)	(1,490)
Net cash provided by (used in) financing activities	52,009	90,490
Effect of exchange rate change on cash and cash equivalents	(5,088)	9,117
Net increase (decrease) in cash and cash equivalents	6,584	20,179
Cash and cash equivalents at beginning of period	151,218	157,811
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	8	1,708
Cash and cash equivalents at end of period	157,811	179,699

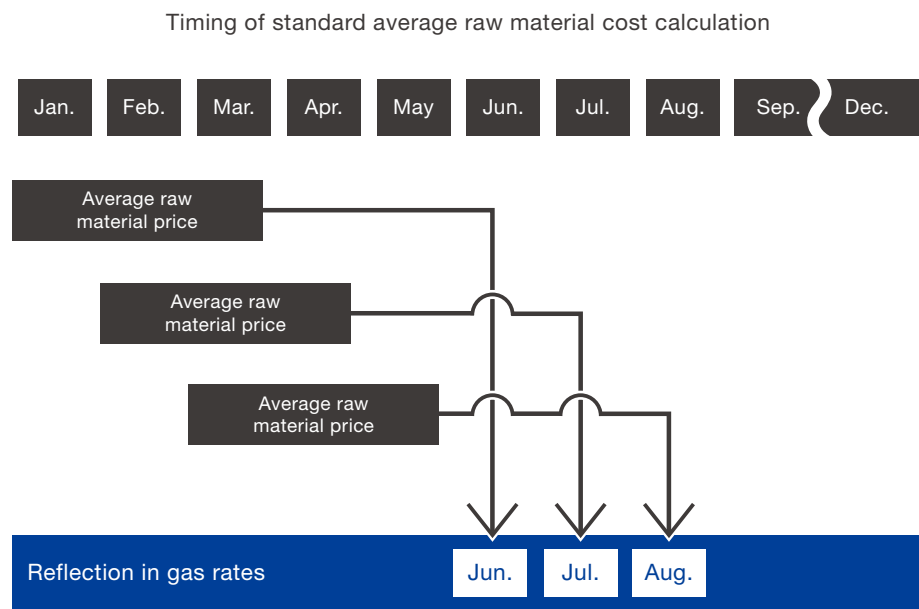
Delayed Impact of Gas Rate Adjustment System

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



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

