



Corporate Strategy

Introduction

Introduction
Contents

CEO's Message

CEO's Message

How We Create Value

How We Create Value
The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy

Business Strategy
Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy

Corporate Strategy
Sustainability
Responding to Climate Change
Disclosure based on TCFD recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

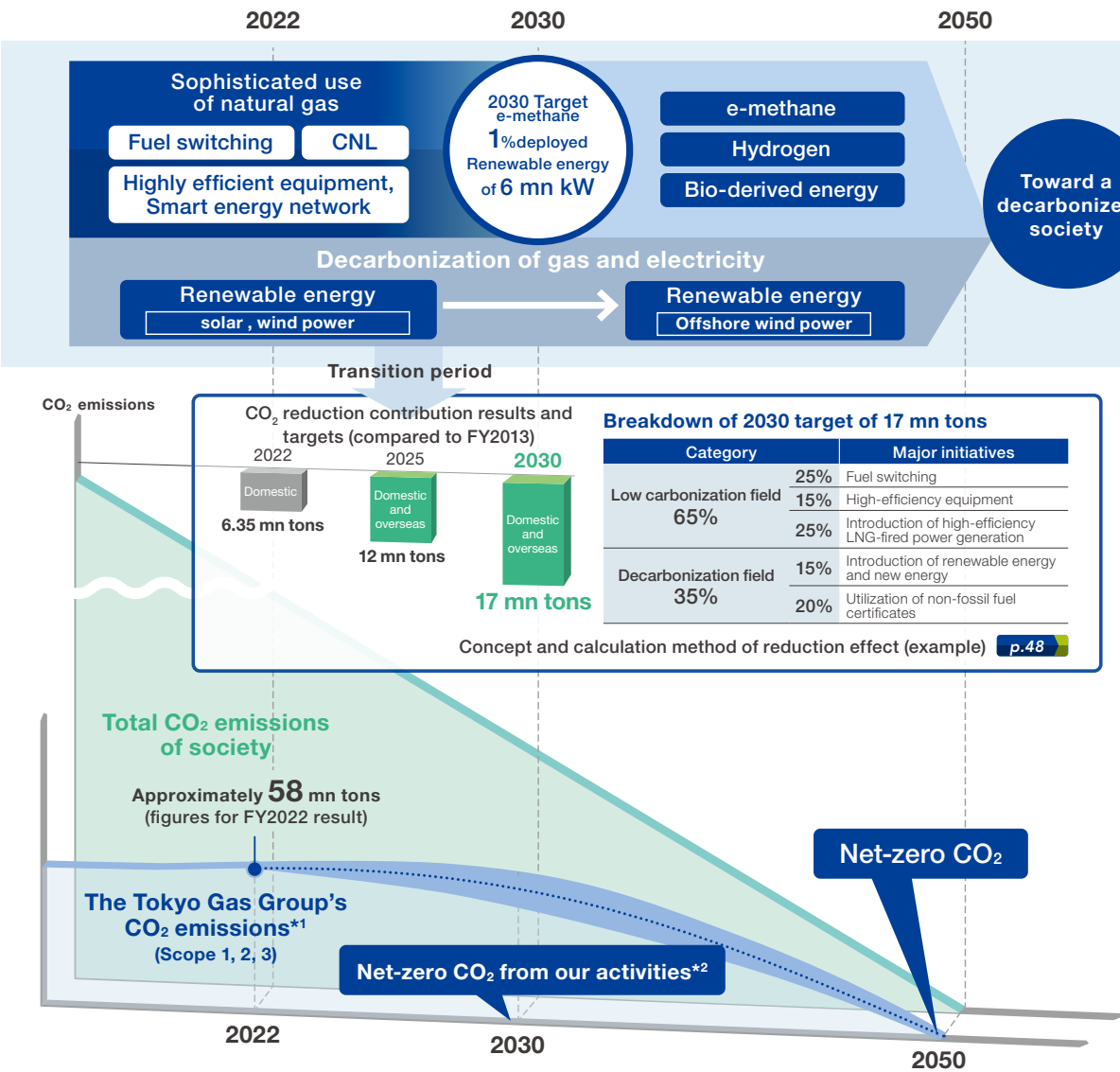
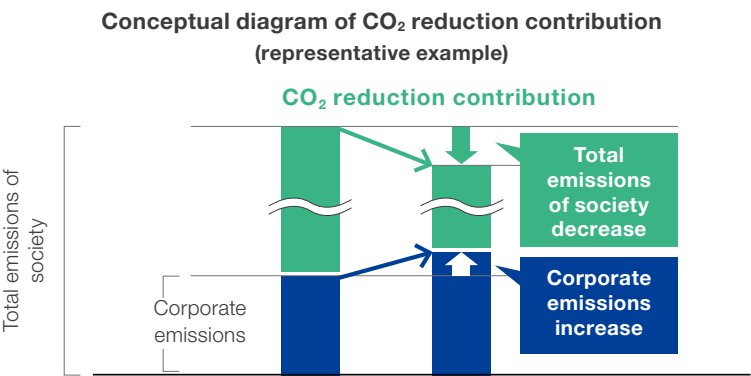
Sustainability

Responding to Climate Change—Initiatives for a Decarbonized Society—

As a group of energy companies that supports society, the Tokyo Gas Group will realize a decarbonized society without compromising stable supply from the present to the medium to long term, even amid uncertainties surrounding energy such as geopolitical risks.

First in this transition period, we will make sophisticated use of natural gas, which has the lowest CO₂ emissions among fossil fuels, in various forms, and steadily reduce CO₂ emissions of society as a whole. At the same time, we will promote the use of renewable energy and actively develop technologies for the social implementation of new technologies such as e-methane, hydrogen, and bio-derived energy. We will promote these initiatives on the premise of stable supply, and realize a responsible transition. By 2030, we will achieve a CO₂ reduction contribution of 17 mn tons.

In addition, beyond 2030, we will continue to contribute to reducing CO₂ emissions of society as a whole by steadily increasing the amount of e-methane introduced and further expanding renewable energy, while aiming to achieve net-zero CO₂ in 2050 for the Tokyo Gas Group's CO₂ emissions (Scope 1, 2, 3). During this period, we will continue to make maximum use of our Group's energy infrastructure and effectively utilize diverse energy sources to optimize the operation of the entire energy system in terms of both supply and demand, thereby realizing a new model for stable supply.



*1 Including the amount of absorption (CCUS and forests) and offsetting by carbon credits
*2 CO₂ emissions from city gas production facilities, buildings we use, and corporate vehicles

Introduction
CEO's Message
How We Create Value
Business Strategy
Corporate Strategy
Financial Data

Introduction
Contents

CEO's Message

How We Create Value

The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy

Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy

Sustainability
Responding to Climate Change
Disclosure based on TCFD
recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Acceleration of the transition

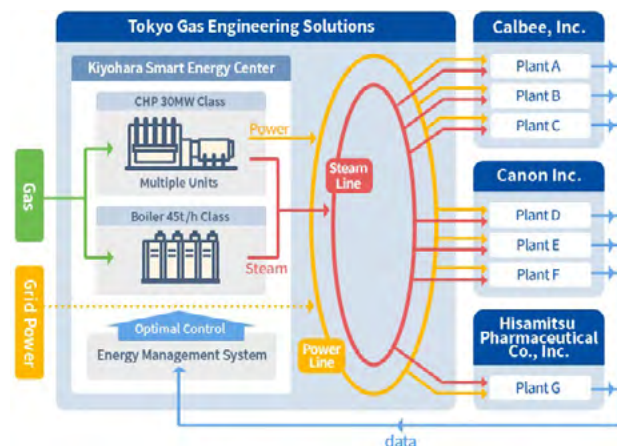
Smart energy network

Kiyohara Industrial Park: Realizing significant energy and CO₂ savings through business collaboration

The Kiyohara Industrial Park Smart Energy Project (Utsunomiya City, Tochigi Prefecture) is an example of Tokyo Gas Engineering Solutions Corporation building a smart energy network (an optimal energy system for each area utilizing ICT) in an existing industrial park. This unique energy network comprises a smart energy center that uses mainly gas cogeneration, as well as private power lines and steam lines, serving seven plants and offices at the park that are operated separately by three companies. This is designed to supply electricity and heat in a highly stable and environmentally friendly manner. This has resulted in approximately 20% energy and CO₂*¹ savings, which would be difficult to achieve at individual business sites. The project represents Japan's first "integrated energy-saving business serving multiple plants" to supply electricity and heat to multiple businesses of different sectors in an inland-type industrial park, and has been certified by the Minister of Economy, Trade and Industry under its Certification System for Collaborative Energy Saving Plans*². The initiative was also awarded the Chairperson's Prize for Cogeneration in FY2020, the METI Minister's Prize for Energy Conservation in FY2021, and the METI Minister's Prize for the Global Environment in FY2023. Going forward, we will continue to work on initiatives in collaboration with each company toward further energy conservation and CO₂ reduction.

*¹ Reduction rate of electricity and heat sent from the Smart Energy Center (compared to FY2015, measured in 2020). Crude oil equivalent approx. 11,500kL/year, CO₂ reduction of approximately 23,000t/year

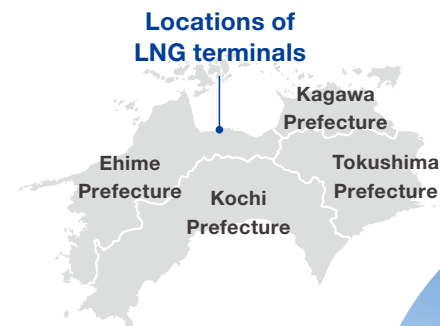
*² A system under which, when multiple business operators are collaborating to implement energy-saving initiatives, the amount of energy saved through the collaboration can be distributed among the business operators in their regular reports under the Act on the Rational Use of Energy (Energy Conservation Act).



Fuel switching

Niihama LNG terminal: Promotion of carbon neutrality and stable supply of energy

NIIHAMA LNG Co., Ltd., which Tokyo Gas Engineering Solutions Corporation established jointly with Shikoku Electric Power Company, Inc., Sumitomo Chemical Co., Ltd., Sumitomo Joint Electric Power Co., Ltd., and Shikokugas Co. Ltd., completed construction of the Niihama LNG terminal and started gas supply in March 2022. By supplying natural gas to Sumitomo Chemical Ehime Works, and Sumitomo Joint Electric Power's Niihama Kita Thermal Power Plant, we expect to reduce CO₂ emissions by 650,000 tons per year in the future by switching from coal, LPG, and heavy oil. We also supply gas to nearby customers to promote fuel conversion, reduce CO₂ emissions in the surrounding areas, and contribute to the development of the Shikoku region.



Equipment overview

LNG tank (230,000 kl, 1 above-ground unit)
Manufacturing facilities (LNG vaporization facilities)
Truck shipping facilities
Receiving facilities for LNG carriers



Web Site

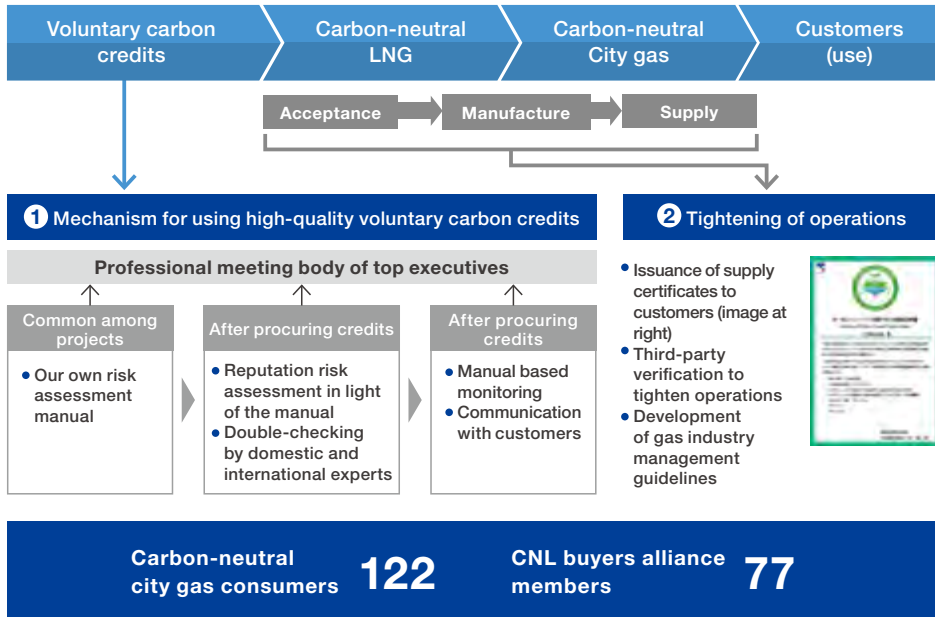
Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Specific initiatives Acceleration of the transition

Carbon-neutral LNG: To meet heat demand

Carbon-neutral LNG (CNL) is LNG for which the greenhouse gases emitted in the processes from natural gas exploration to combustion have been offset by carbon credits (carbon offsets) generated from environmental protection projects carried out in emerging countries and elsewhere. In addition to reducing greenhouse gases emissions on a global scale, these environmental conservation projects are also related to SDG goals, such as creating local jobs and protecting biodiversity, and the use of CNL will contribute to the realization of a sustainable society.

The Tokyo Gas Group recommends CNL to its customers to meet their heat demand in addition to promoting energy conservation and introducing renewable energy, and CNL is currently being used by more than 120 customers. As the rules for CO₂ credits are currently in the process of being developed, our Group is working to ensure customer trust by ① improving the quality and transparency of credits and ② tightening operational procedures, including quantity control.



(As of April 30, 2023)

Initiative to achieve Net-zero CO₂ emissions from our activities

The Tokyo Gas Group has been working to reduce CO₂ emissions from our activities by thoroughly conserving energy and introducing high-efficiency equipment. We will further accelerate these efforts to achieve net-zero CO₂ emissions from our activities in FY2030 for buildings we use, city gas production facilities, and company vehicles.

Specifically, we will promote the use of non-fossil certificates for energy consumption, switch to carbon-neutral LNG, and introduce low-emission company vehicles (hybrids, fuel cells, EVs) as our main initiatives, while actively introducing products into our own facilities that the Tokyo Gas Group will plan to build up as businesses (off-site corporate power purchase agreements, EV-related services*, etc).

In FY2022, we achieved 18% net-zero CO₂ emissions from our activities (using FY2020 as the benchmark) by completing the net-zero conversion of our headquarters and offsetting electricity consumption by using non-fossil certificates (electricity) for other buildings we use as well as some city gas production facilities. Going forward, we will continue and expand our efforts, aiming for a 60% achievement rate for FY2025 through net-zero-related initiatives at city gas production facilities.

* EVrest (an EV charging service) and Charge Planner (an EV installation support service for corporations and local governments)

Implementation as of March 2023

Buildings, etc. we use	Tokyo Gas headquarters Offsetting of CO ₂ emissions of electricity consumption by using non-fossil certificates (electricity), carbon-neutral city gas (gas), and J-Credits (heat from district heating and cooling)
	Other buildings used by the company Offsetting of CO ₂ emissions of electricity consumption in some buildings owned by Tokyo Gas Real Estate Co., Ltd. by using non-fossil fuel certificates (electricity)
	City gas production facilities Hitachi LNG terminal Offsetting of CO ₂ emissions of electricity consumption by using non-fossil fuel certificates (electricity)



Hamamatsucho headquarters building

Introduction Contents

CEO's Message

How We Create Value

The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy

Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy

Sustainability
Responding to Climate Change
Disclosure based on TCFD recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Specific initiatives

Innovation for a decarbonized society

Electric power

Efforts toward commercialization of floating offshore wind power generation business

p.29

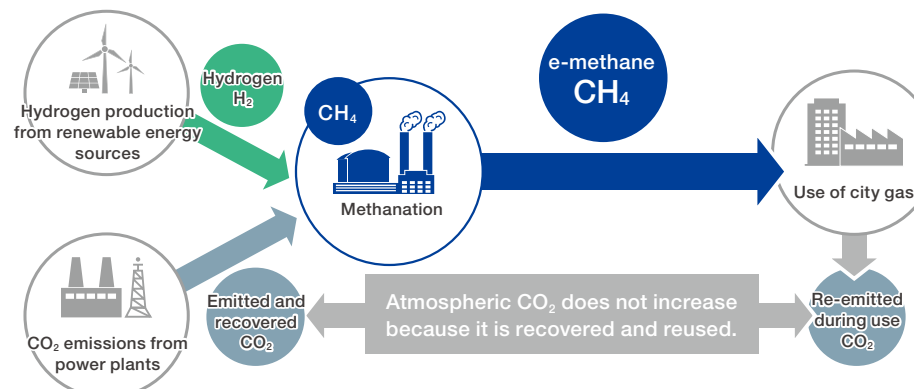
Gas

Aiming for urban decarbonization with e-methane

The Tokyo Gas Group is accelerating Initiatives for the practical application of e-methane, a carbon-neutral gaseous energy. e-methane is produced by methanation, a technique for synthesizing methane which is the main component of city gas, through a chemical reaction between the raw materials hydrogen and CO₂. In the production of e-methane, CO₂ recovered from exhaust gases is reused as a raw material, so even if CO₂ is emitted during combustion, there is substantially no increase in atmospheric CO₂. In addition, we plan to manufacture hydrogen, another raw material, using renewable energy, so e-methane can be said to be a carbon-neutral energy.

e-methane has the following values: ① decarbonization in the heat sector, ② reduction of social costs through the thorough utilization of existing infrastructure, ③ improvement of energy security through reduction of country risk, and ④ overseas expansion of Japan's unique technologies.

CO₂ emission reduction effect of e-methane



Value provided by e-methane

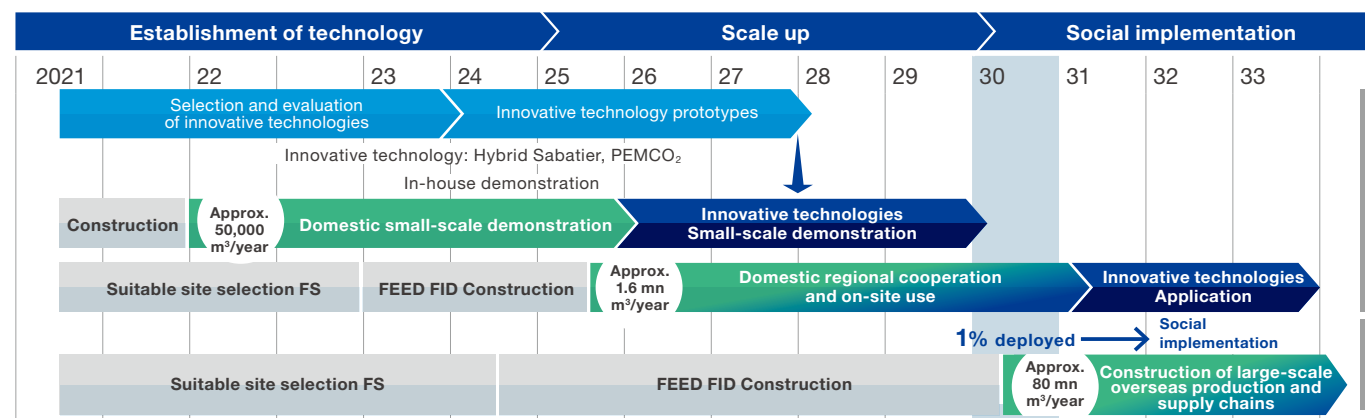
Value ①	Decarbonization in the heat sector	Contribution to the realization of carbon-neutrality in Japan	Value ③	Improved energy security	Reduction of country risk
Value ②	Reduction of additional social costs	Reduction of the burden on the public (customers)	Value ④	Overseas expansion of Japanese technologies	Toward global carbon-neutrality

Roadmap for social implementation

In 2022, the Tokyo Gas Group started a domestic demonstration using the Sabatier reaction, an existing methanation technology, for the social implementation of e-methane.

We aim to establish a large-scale overseas production and supply chain by FY2030 and introduce e-methane for 1% of our Group's domestic city gas demand (approx. 80 mn m³), and we are currently promoting specific projects.

At the same time, we are working to improve efficiency and reduce costs through the development of innovative methanation technologies utilizing the Green Innovation Fund project.



Introduction

Introduction
Contents

CEO's Message

CEO's Message

How We Create Value

How We Create Value
The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy

Business Strategy
Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy

Corporate Strategy
Sustainability
Responding to Climate Change
Disclosure based on TCFD
recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

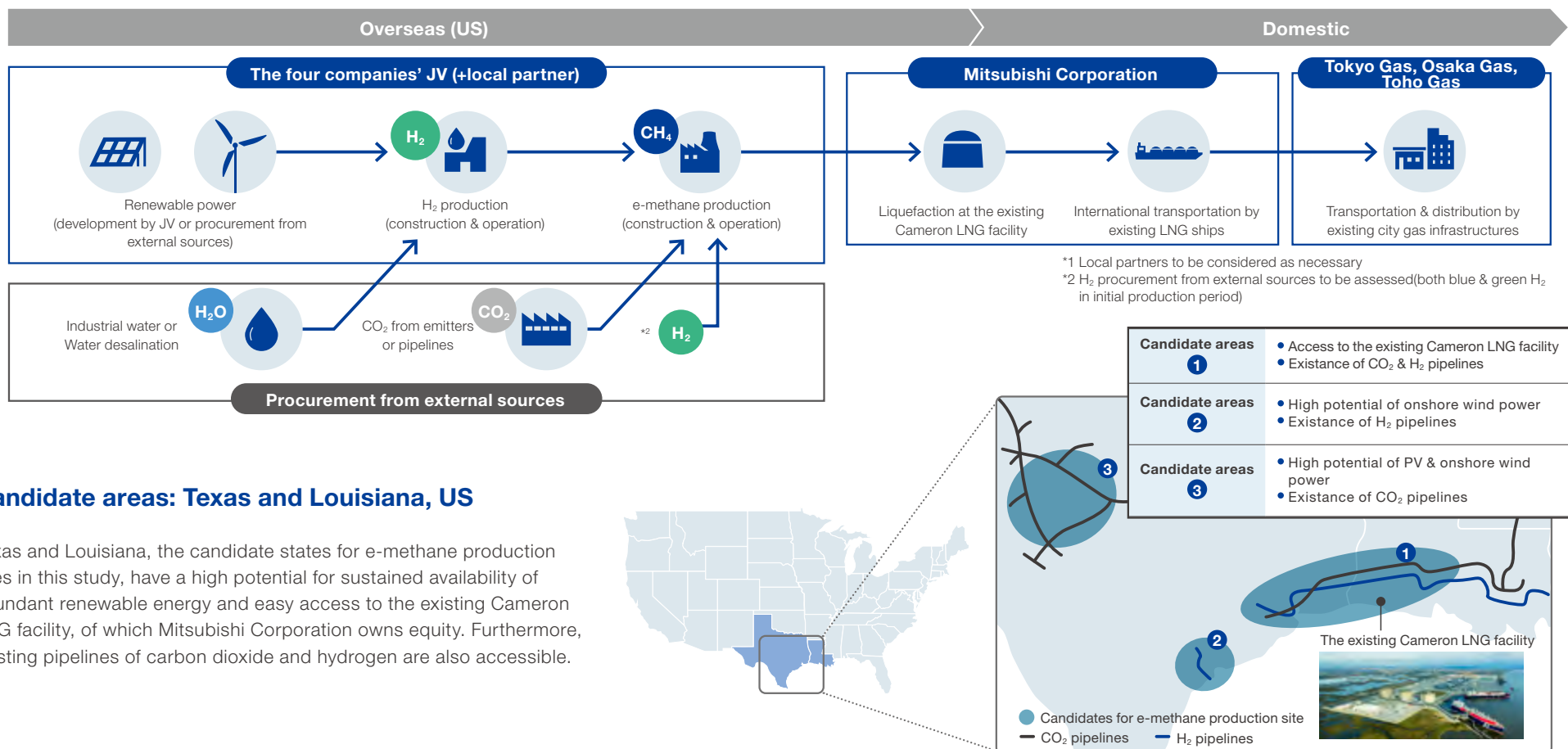
Innovation for a decarbonized society

Produce e-methane in the US and transport it to Japan, utilizing Cameron LNG in Louisiana (large-scale overseas social implementation project)

For e-methane's better visibility, it is effective to promote the e-methane in Japan and overseas simultaneously and important to establish cost-competitive e-methane supply chain from overseas where renewable power is accessible at low cost.

In November 2022, Tokyo Gas, Osaka Gas Co., Ltd., Toho Gas Co., Ltd., and Mitsubishi Corporation have entered into an agreement and commenced to conduct a detailed joint

feasibility study on a project to produce e-methane in Texas or Louisiana, liquefy it at the existing Cameron LNG facility, and transport it to Japan utilizing other existing infrastructure, including LNG ships and receiving terminals in Japan. The targeted e-methane production volume is 130,000 tons per year to start in 2030.



Candidate areas: Texas and Louisiana, US

Texas and Louisiana, the candidate states for e-methane production sites in this study, have a high potential for sustained availability of abundant renewable energy and easy access to the existing Cameron LNG facility, of which Mitsubishi Corporation owns equity. Furthermore, existing pipelines of carbon dioxide and hydrogen are also accessible.

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 utilizing the TCFD recommendations as an framework to assess our response to climate change, and consistently disclosing relevant information on the impact of climate change on our business activities and the measures to be taken.

Governance

The Tokyo Gas Group recognizes responding to climate change as a key sustainability issue to be tackled through business activities, and defines *responsibly transitioning to a decarbonized society* as one of our material issues

Promoting Sustainability and Materiality p.16

As our governance system, the Board of Directors makes decisions on management plans, policies, and other matters, including responding to climate change. In addition, we have delegated the authority to make decisions on business execution to our Representative Corporate Executive Officer and President, which brings speed to management and focus on monitoring based on reports from Corporate Executive Officers. The Management (generally meeting weekly), deliberates on matters submitted to the Board of Directors, as well as important matters related to business execution including responding to climate change. We also have established the Sustainability Committee, chaired by the Representative Corporate Executive Officer and President, to share information within our Group regarding climate change response, and to enable coordination of the company-wide direction. Furthermore, important matters are reported to the Board of Directors.

Corporate Governance p.53

The performance of key indicators* related to responding to climate change in a period is reflected in incentive remuneration (bonuses) for Corporate Executive Officers, including those who also serve as Directors (decided by the Compensation Committee in consideration of the linkage with priority management indicators in the management plan for the relevant fiscal year).

* FY2023 performance indicators related to responding to climate change
· CO₂ reduction contribution
· Net-zero CO₂ emissions from our activities
· Volume of newly developed renewable power sources in Japan
· Volume of newly developed renewable power sources overseas

Officer Remuneration System p.58

Strategy

Scenario analysis

The Tokyo Gas Group conducts scenario analysis to qualitatively and quantitatively understand the impacts of climate change on our business, to assess the resilience of business strategies, and to consider countermeasures.

The scenario analysis is conducted by assuming the business environment with reference to scenarios published by the International Energy Agency (IEA) and focusing on energy projects that are expected to be significantly affected by climate change.

1.5°C scenario (NZE 2050)			2.6°C scenario (STEPS)	
Worldview		Scenario assuming the achievement of net-zero CO ₂ emissions by 2050 worldwide through various initiatives for decarbonization	Scenario that assumes existing policies are maintained, but that no stronger decarbonization policies are announced and implemented	
Transition	Policy and Legal		Carbon tax will be introduced worldwide*1 ■ Carbon tax per t-CO ₂ : 2022 *a: 3,000 yen, 2050 *c: 30,000 yen	Carbon tax will be introduced in some regions*1 ■ Carbon tax per t-CO ₂ : 2022 *a: 3,000 yen, 2050 *b: 9,240 yen
	Market	Supply	Decrease in total energy supply*1, Increase in renewable energy ratio*1 ■ Total supply: 2021: 624EJ → 2050: 532EJ ■ Renewable energy ratio: 2021: 12% → 2050: 70%	Increase of total energy supply*1, Increase of renewable energy ratio*1 ■ Total supply: 2021: 624EJ → 2050: 740EJ ■ Renewable energy ratio: 2021: 12% → 2050: 29%
		Demand	Increase in electrification rate*1 ■ Electrification rate: 2021: 20% → 2050: 52% Progress in renewable energy and energy conservation markets Activation of offset market	Slight increase in electrification rate*1 ■ Electrification rate: 2021: 20% → 2050: 28% Current status maintained in renewable energy and energy conservation markets Offset market remains at the same level
	Decarbonization technology		Advancing development and utilization of hydrogen, CCUS, and other technologies*1 ■ Utilization rate of hydrogen and hydrogen-derived fuel: 2021: 0% → 2050: 9% ■ CO ₂ capture: 2021: 0.0Gt-CO ₂ → 2050: 6.2Gt-CO ₂	Development and utilization of hydrogen, CCUS, and other technologies remain at the same level*1 ■ Utilization rate of hydrogen and hydrogen-derived fuel: 2021: 0% → 2050: 0% ■ CO ₂ capture: 2021: 0.0Gt-CO ₂ → 2050: 0.0Gt-CO ₂
	Reputation		Increasing environmental awareness among consumers, financial institutions, and investors	
Physical	Acute	Weather disasters intensify to 2030 Increase in non-life insurance premium rate*2 ■ Premium rate: 2021: 100.0% → 2050: 130.9%		Weather disasters intensify to 2050 Increase in non-life insurance premium rate*2 ■ Premium rate: 2021: 100.0% → 2050: 238.0%

Source: *1: IEA WEO 2022, *2: General Insurance Rating Organization of Japan
Note: *a: Median carbon prices in 2022 for 60 countries/regions listed in World Bank State and Trends of Carbon Pricing 2022, *b: Median values for countries (Canada, Chile, Colombia, China, Europe, Korea) referenced in the STEPS scenario, *c: Median values for developed countries in the NZE scenario

Introduction

Introduction
Contents

CEO's Message

CEO's Message

How We Create Value

How We Create Value
The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy

Business Strategy
Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy

Corporate Strategy
Sustainability
Responding to Climate Change
Disclosure based on TCFD recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Strategy

Risks/opportunities and countermeasures

Taking into account the environment surrounding the Tokyo Gas Group's business, we identify risks and opportunities, evaluate them separately in the short to medium term through 2030 and in the medium to long term through 2050, and then consider countermeasures. In the short to medium term, we will promote sophisticated use of natural gas, and in the to medium term, we will achieve decarbonization of gas and electricity.

Category		Factors		Business impact		High financial impact	
						Short to medium term	Medium to long term
Transition	Policy and Legal	Introduction of carbon pricing		Risks	Increased costs for city gas and thermal power generation projects	●	●
	Market	Supply side	Expansion of non-fossil energy	Risks	Decrease in sales of city gas and thermal power	●	
				Opportunities	Expansion of development of renewable power sources and increase in sales volume	●	●
			Expanding need for natural gas as a transition energy	Risks	Soaring LNG prices	●	
				Opportunities	Increase in city gas and natural gas sales volume due to progress in fuel switching	●	
		Demand side	Changes in energy consumption structure	Risks	Decrease in city gas sales volume due to progress in energy conservation and electrification	●	
				Opportunities	Expanding demand for services that utilize decentralized resources (renewable energy, storage batteries, demand response)		
	Technology	Advancement of decarbonization technologies such as renewable energy, e-methane, hydrogen and CCUS		Risks	Decrease in sales of city gas and thermal power	●	
				Opportunities	Profit expansion through renewable energy, e-methane, hydrogen, and CCUS		●
	Reputation	Focus on low carbon and decarbonization in investment standards		Risks	Decrease in financing capacity of fossil fuel-related businesses	●	
				Opportunities	Increase in financing capacity of decarbonization-related businesses		●
Physical	Acute	Extreme weather intensification		Risks	Increase in costs for measures against wind and flood damage, risk of shutdown of operations if production equipment is damaged		
				Opportunities	Expansion of decentralized energy due to disaster prevention and resilience needs		

Measures taken by the Tokyo Gas Group

Sophisticated use of natural gas

- 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 of natural gas for balancing renewable power
- CCUS

Decarbonization of gas and electricity

- e- 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

Infrastructure development (resilience)

- Enhanced resilience in the natural gas infrastructure
- Enhanced establishment of a water hazard-resilient public utilities (i.e., disaster countermeasures for LNG terminals and power stations) and full preparation for BCP
- Expanded use of decentralized energy systems that are highly resilient, such as smart energy networks, cogeneration systems, and ENE-FARM (home fuel cells), etc.

Risk management

The Tokyo Gas Group defines significant risks as those that are deemed to have a significant impact on its business in its risk management policy that defines the basic matters of risk management. The policy is reviewed each fiscal year and daily monitoring is conducted to check for signs of risk. These significant risks are set by identifying and prioritizing the risks specific to each division and subsidiary for each fiscal year for the entirety of the Tokyo Gas Group business, and risks related to climate change are also set

as significant risks and integrated into the Enterprise Risk Management (ERM) system.

In addition, the Risk Management Committee, which was established with the aim of improving the level of ERM management, regularly checks the status of the development and operation of the ERM system, including the review of risks, and reports it to a committee that supports rational decision-making by Corporate Executive Officers.

Introduction
CEO's Message
How We Create Value
Business Strategy
Corporate Strategy
Financial Data

Introduction
Contents

CEO's Message

How We Create Value
The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy
Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy
Sustainability
Responding to Climate Change
Disclosure based on TCFD recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

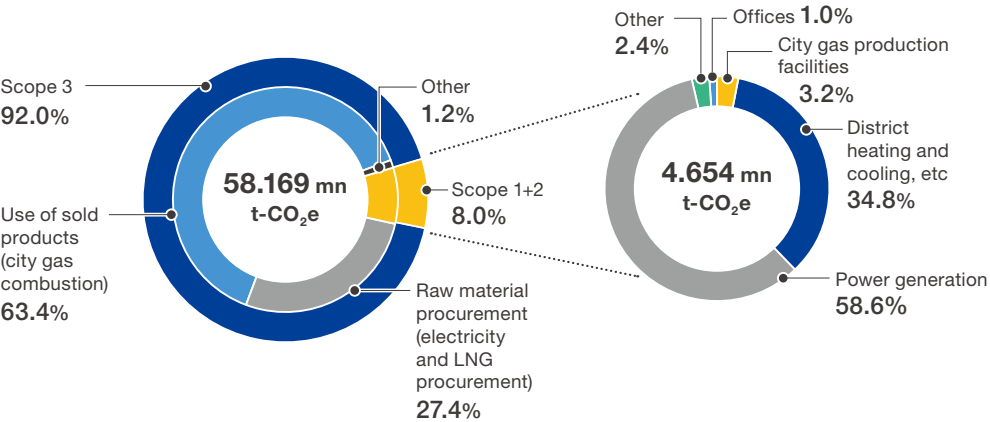
Web Site
Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Indicators and targets

In order to realize a decarbonized society, we have set the following indicators and targets to contribute to reducing CO₂ emissions for society as a whole and to promote progress and management of initiatives, such as reducing the Tokyo Gas Group's CO₂ emissions (Scope 1, 2, 3).

Indicators	Targets	
CO ₂ reduction contribution (vs. FY2013)	2025 12 mn tons	2030 17 mn tons
GHG emissions (Scope 1, 2, 3)	2050 Net-zero CO ₂	
Net-zero CO ₂ emissions from our activities (vs. FY2020)	2025 60% achieved	2030 100% achieved
Renewable energy transaction volume	2025 2.2 mn kW	2030 6 mn kW
Natural gas transaction volume		2030 20 mn tons
e-methane introduction volume		2030 1% deployed (80 mn Nm ³ /year)
Decarbonization investment amount	2023-2025	230 bn yen (3-year total)

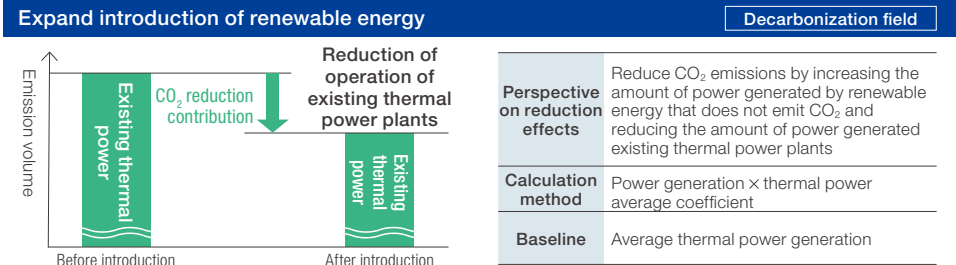
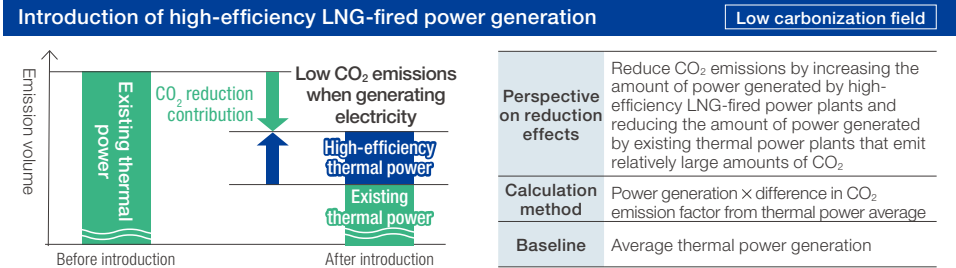
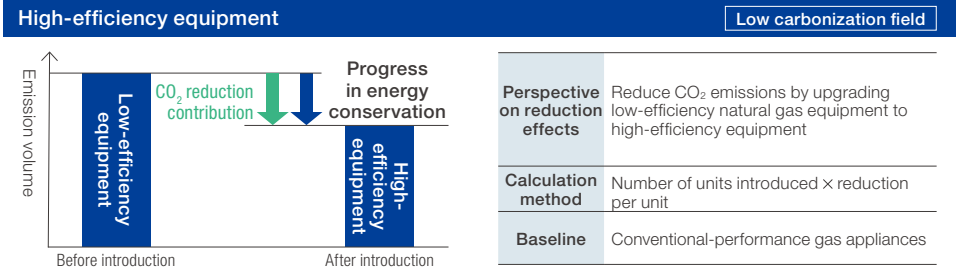
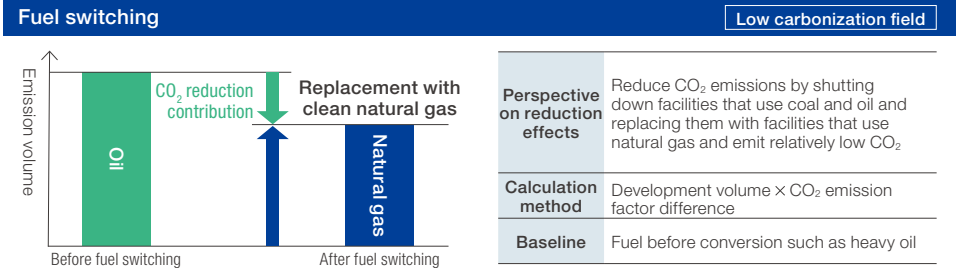
GHG emissions: FY2022 results



CO₂ reduction contribution

Concept and calculation method of reduction effect (example)

■ CO₂ emissions of society as a whole
■ CO₂ emissions by the Tokyo Gas Group



*The Tokyo Gas Group's CO₂ emissions remain unchanged

Introduction

CEO's Message

How We Create Value

Business Strategy

Corporate Strategy

Financial Data

Introduction
Contents

CEO's Message

How We Create Value

The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy

Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy

Sustainability
Responding to Climate Change
Disclosure based on TCFD
recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Energy Security

For a stable energy supply

For more than 130 years since its foundation, the Tokyo Gas Group, as an energy company group that supports social infrastructure, has been dedicated to ensure stable procurement, stable supply, and ensuring safety, providing our customers with safe and secure living.

With regard to stable procurement, in addition to diversifying our LNG procurement sources and schemes, and strengthening trading and management functions, we are also working to strengthen power sources such as renewable energy. For stable supply, in addition to strengthening infrastructure, we are working to improve resilience functions utilizing natural gas, such as by expanding distributed energy systems. In terms of securing

safety, we are strengthening disaster countermeasures based on our experience of the Great Kanto Earthquake, which marks its 100th anniversary this year, including the completion of a disaster prevention system that utilizes high-density seismometers.

Going forward, towards the realization of a decarbonized society, we will promote the practical use of e-methane in addition to renewable energy, and take initiatives for the decarbonization of gas-based energy making maximum use of the existing energy infrastructure. Through such initiatives, we will respond to the diversifying needs of our customers, such as stability, environmental friendliness, and flexibility, and create social values such as the realization of a decarbonized society and safety and security.

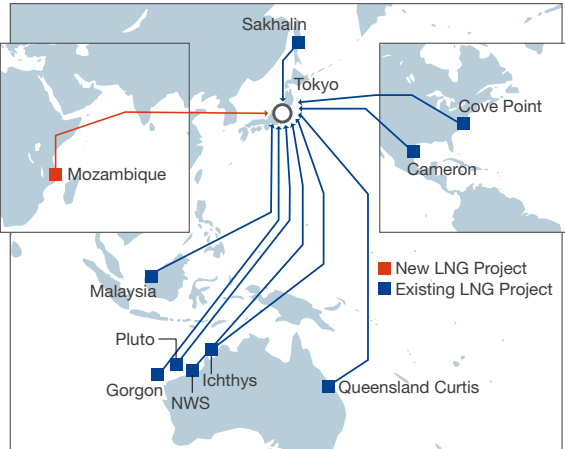
Stable procurement

Flexible LNG procurement

Since the start of LNG imports in 1969, Tokyo Gas has diversified its procurement sources to encompass 13 suppliers projects in four 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. Furthermore, in 2020, we established TG Global Trading Co., Ltd., a subsidiary responsible for the LNG trading business, to promote more flexible LNG trading.

Power procurement

In terms of electric power, in addition to procurement through the operation of natural gas-fired power plants with high-efficiency combined cycles utilizing LNG procurement capabilities and facilities such as LNG terminals and pipelines, as well as in initiatives to develop and acquire solar, wind and biomass power plants in Japan and overseas, and strengthening our competitiveness in the development of renewable power sources and procurement capabilities.



Stable supply

Enhance infrastructure resilience

We have improved supply stability and increased transportation capacity by looping high-pressure gas pipelines in the Northern Kanto region. In order to minimize the damage caused by a major earthquake, we have adopted structural designs, materials, and safety technologies with excellent earthquake resistance for manufacturing and supply facilities. The Supply Command Center monitors and controls the status of manufacturing and supply facilities 24 hours a day, 365 days a year. We will systematically carry out the replacement of old gas pipes and conduct regular inspections for gas leaks.

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.

* 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.

Customers' safe and reliable use of energy services

Safety measures

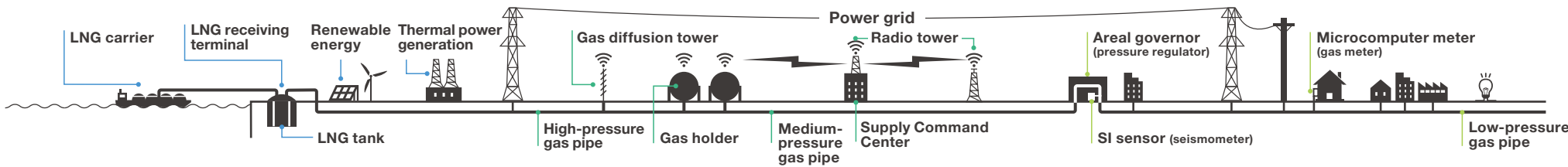
The Safety Command Center of Tokyo Gas is in operation 24/7 to accept gas leak reports. When such notification is received, Gaslight 24 (our emergency reaction team) promptly responds and dispatches technical staff even at night or on holidays. Periodic security inspections* are conducted at least once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

Complete earthquake protection

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.

Sustainably utilize existing infrastructure throughout the city gas and LNG supply chains by aiming for decarbonization of gas-based energy through practical application of e-methane

Procure LNG → Produce gas and electricity → Send gas → To customers



Introduction	Introduction Contents
CEO's Message	CEO's Message
How We Create Value	How We Create Value The Value Creation Process Promoting Sustainability and Material issues
Business Strategy	Business Strategy Compass2030 & Compass Action Compass Transformation 23-25 Introduction of Internal Companies CFO's Message
Corporate Strategy	Corporate Strategy Sustainability Responding to Climate Change Disclosure based on TCFD recommendations Energy Security Human Capital Management Corporate Governance
Financial Data	Financial Data

Web Site
Investor Relations Website
Investors' Guide (Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Human Capital Management

At the Tokyo Gas Group, we believe that the source of corporate vitality is people, and that the company will not grow without the growth of its employees. It is each and every member of our Group who will bring about the transformation laid out in Compass Transformation 23–25. By exercising human capital management aligned with the management strategy, we will achieve sustainable improvement of our enterprise value.

Compass2030 “Three Promises”

In order to confront the three challenges outlined in Compass2030, we set forth “Three Promises” to our current and future colleagues. By leveraging the strengths of each of our colleagues, we aim to become a corporate group that strives to create greater value from the chemical reactions created by diversity. In order to fulfill these promises towards 2030, we are developing a human resources strategy and implementing initiatives.

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.

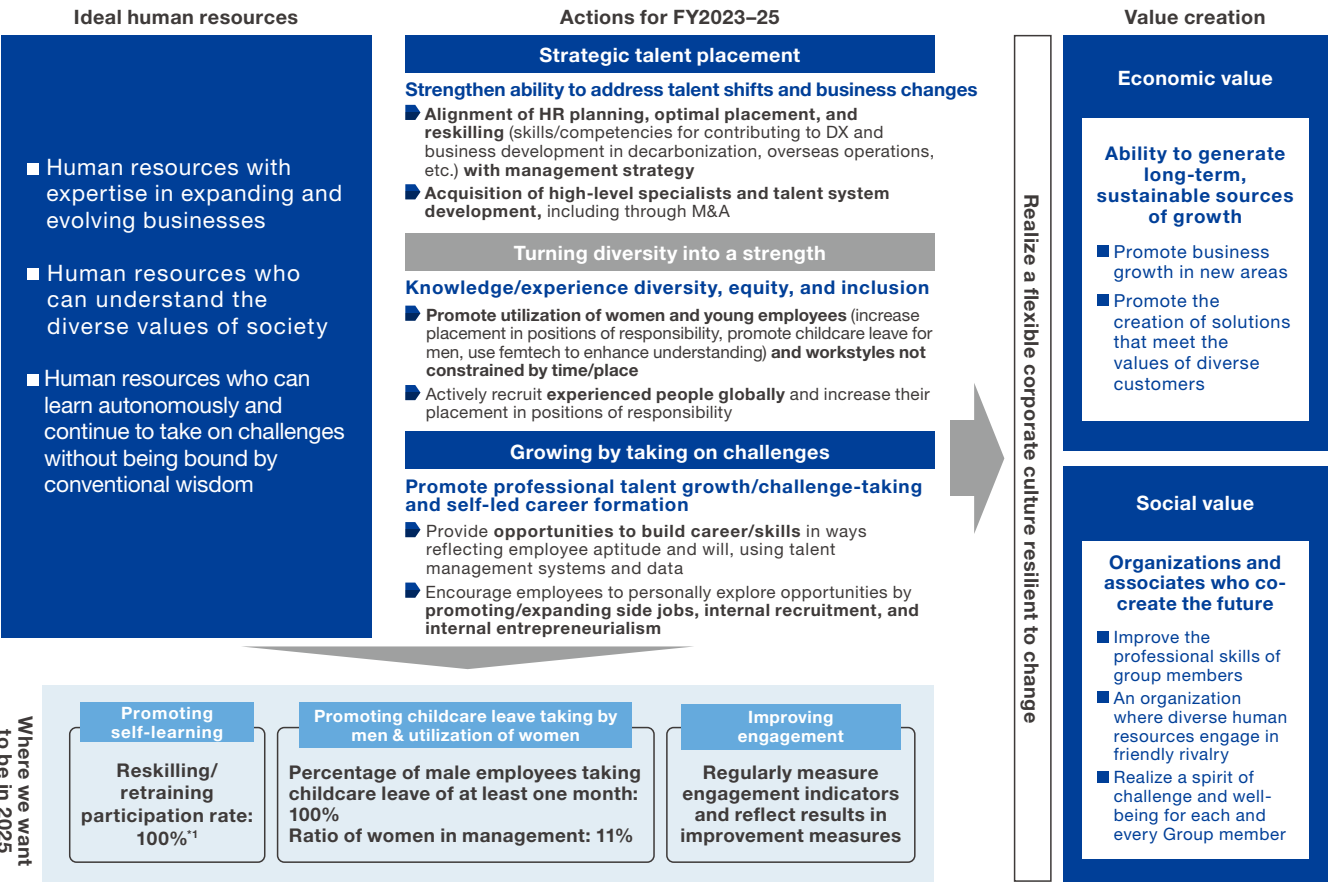
We believe in the potential of each individual and will support each employee's activities.

Initiatives for FY2020–2022

To build a system that can respond to change, we have worked on creating systems that accept, develop, and encourage wide range of diverse talents. This includes the introduction of a talent management system, re-employment of former employees, company-specific hiring, and the implementation of one-on-one meetings.

Initiatives for FY2023–2025

In order to realize a flexible corporate structure that is resilient to change, we will implement human capital management in ways that provide a real sense of our growth, both as individuals and as a Group.



^{*1} Rate of participation in training and certification programs, etc. for acquiring/refreshingskills (including reskilling)

Introduction

CEO's Message

How We Create Value

Business Strategy

Corporate Strategy

Financial Data

Introduction
Contents

CEO's Message

How We Create Value
The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy
Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy
Sustainability
Responding to Climate Change
Disclosure based on TCFD recommendations
Energy Security
Human Capital Management
Corporate Governance

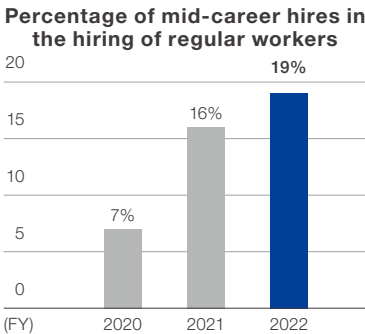
Financial Data

Web Site
Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Strategic talent placement

Acquisition of specialized human resources

In promoting business in growth areas under Compass Transformation 23–25, we are actively recruiting human resources who have expertise in the relevant areas and can immediately lead the business. We will continue to strengthen our proactive acquisition to accelerate business promotion, as the increase in the number of employees with expertise and diverse experience not only enhances the skills of existing employees, but also contributes to strengthening organizational capabilities.



Active participation of human resources with expertise in growth areas



Green Transformation Company
Renewable Energy Business
Development Dept.

TANIGUCHI Chieko

I have engaged in the renewable energy business for about 10 years, involved in investment evaluation in business development and income and expenditure management after operation commencement. After joining the company in 2022, I have been responsible for the operation and management of solar power plants and biomass power plants, working towards the plants' profitability on the premise of stable operation. Leveraging my strengths in both development and management, I will devote myself to contribute to our business operation from the perspective of overall optimization.



Global Business Company
Tokyo Gas Asia Pte. Ltd.

NAKAMURA Takuya

I have worked in project finance and financial advisory in overseas projects at a bank for nearly 10 years. Since joining the company in 2019, I have been engaged in overseas business development and support, utilizing my skills in financial, legal, and technical risk analysis, contract negotiation, and process management and corporate value evaluation in M&A, as well as the network that I built when I was stationed overseas. I am also working to contribute to raising the level of human resources in overseas fields by sharing my own experiences.



Tokyo Gas Real Estate Investment
Advisors Co., Ltd.
President and Representative Director

OTOMO Manabu

After working for 16 years in the operation and new opening of large-scale commercial facilities at a company that develops and operates commercial facilities, I transitioned to a real estate fund management company in 2007. I joined our company, which primarily focuses on real estate investment management business, in 2017 and have been serving as the representative since 2020. We have set a new goal of launching a private REIT within this fiscal year, and I am working diligently every day to achieve this goal.

DX talent training

We are working on DX talent training with the aim of enabling each and every employee to utilize digital technology to transform business and operations. We have set three levels of DX talent and are promoting their development: “DX leaders” who can utilize digital technology in their work, “core DX talent” who can promote DX projects at the core, and “high-level DX talent” who can lead the development of digital platforms necessary for DX promotion using advanced technology.



In the DX Basic Education program aimed at developing DX leaders, the participants select appropriate programs that can be used in their work from among a number of programs including Excel, AI, web analysis, and robotic process automation (RPA). In FY2022, we certified approximately 1,000 DX leaders, and are aiming to certify 3,000 people by FY2025.

In the DX Development Education program aimed at fostering core DX talent, we set up three specialization categories: business transformation, data science, and digital engineering. In addition to e-learning and classroom training, participants spend several months working under the guidance of instructors to solve problems in their practical work which they have set for themselves.



DX talent (target for 2025)

DX leaders: 3,000 persons
High-level/core DX talent: 500 persons

Introduction

CEO's Message

How We Create Value

Business Strategy

Corporate Strategy

Financial Data

Introduction
Contents

CEO's Message

How We Create Value
The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy
Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy
Sustainability
Responding to Climate Change
Disclosure based on TCFD recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook

Turning diversity into a strength

Promoting active participation by women and childcare leave for men

We have positioned active participation by women as the starting point for diversity, equity, and inclusion, and are promoting the creation of opportunities for women to play active roles, including promotion to important positions, support for career formation, provision of information on various role models, and promotion of flexible work styles. In addition, from the perspective that the diversification of work styles of men, who make up the majority of our employees, will lead to a major cultural change, we encourage male employees to take childcare leave and to diversify their perspectives. In FY2022, the percentage of spousal maternity leave taken at Tokyo Gas was 100%, and the percentage of men taking childcare leave is also increasing year by year.

Global recruitment

As the Tokyo Gas Group's business expands overseas, it is extremely important to recruit local human resources who have an in-depth understanding of the actual situations in the target regions, in order to promote our overseas business. From this perspective, we are actively promoting local recruitment at each of its overseas bases. The number of locally hired employees has increased from 42 at the end of FY2018 to 217 at the end of FY2022 (including acquisition of local companies), and their talents are utilized in a wide range of fields including project development, business operation management, technology, legal, and accounting. The Tokyo Gas Group will continue to recruit human resources globally.

Personnel system enabling diverse human resources to play active roles

In order for diverse human resources to play active roles, we believe it is important to reform the personnel system and corporate culture as a foundation, such as by creating an environment with flexible work styles and appropriate evaluation systems. At Tokyo Gas, the return-to-work rate from childcare leave has been 100% for the past three years, and we are also working to create an environment in which diverse human resources can play active roles regardless of time or place. With regard to evaluation criteria, we are currently considering a revision of the personnel system, including the personnel evaluation criteria, so that our diverse human resources can play active roles competing with players from other companies in each business field.

Diversity, equity & inclusion results (non-consolidated)

	(FY)	2020	2021	2022	2025 (targets)
Ratio of women in management*1		9.2%	9.5%	9.8%	11%
Percentage of male employees taking childcare leave		8%	16%	47%	
Percentage of male employees taking childcare leave etc.(including special leave)*2		-	-	110%	100%*4
Percentage of employees with disabilities*3		2.55%	2.54%	2.64%	-

*1 Results as of April 1 in the following fiscal year

*2 No calculation based on the calculation methods provided for in the Child Care and Family Care Leave Act prior to FY2021

*3 Results as of June 1 of the current fiscal year

*4 Percentage of employees taking childcare leave 100%; number of days taken for childcare leave and special leave for the purpose of childcare combined was at least one month.

Growing by taking on challenges

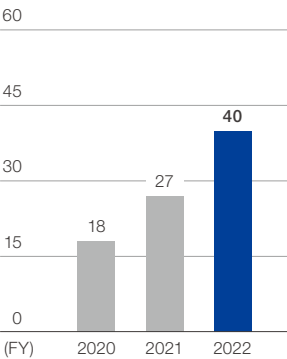
Support for self-led career formation

We provide career formation support so that each employee can draw their own vision and play an active role as a professional. From FY2022, we have introduced company-wide one-on-one meetings, with the aim of aligning the direction of growth between supervisors and subordinates. In addition, we are strengthening the provision of opportunities for employees who take on challenges to excel and grow in diverse fields by enhancing internal recruitment system that allows employees to move to workplaces and jobs of their choice, open recruitment training that supports self-directed learning, and self-development support measures.

Promoting side jobs

We believe that in order to take on challenges in new business areas and provide new solutions, it is important not only to develop human resources within the company but also to learn through business, including outside the company. As such, we have revised our approach to supporting side jobs as part of our personnel system reforms to realize challenge and diversity. By reviewing our policy to support outside work, the number of permits for side jobs has been increasing year by year, and the types of such work have been increasing in the forms of self-employment, such as consulting, design production, and data analysis commissioned by outside companies.

Number of permits for side jobs



Toward permeation of the management philosophy TOPIC

We believe that the permeation and entrenchment of our Group's Management philosophy will motivate each and every employee to act for the benefit of society and become drivers that promote the growth of our company. Since the revision in April 2022, we have promoted initiatives to disseminate the management philosophy through dialogue and workplace discussions between management and employees. An internal survey we conducted in November 2022 found that 99% of our group members are aware of the management philosophy and 66% are able to relate it to their own work. Going forward, we will work for the further permeation and entrenchment of the management philosophy so that we can become a corporate group that can grow sustainably by ensuring that each and every employee continues to make decisions and take actions based on the philosophy.

Introduction

Introduction
Contents

CEO's Message

CEO's Message

How We Create Value

How We Create Value
The Value Creation Process
Promoting Sustainability and Material issues

Business Strategy

Business Strategy
Compass2030 & Compass Action
Compass Transformation 23-25
Introduction of Internal Companies
CFO's Message

Corporate Strategy

Corporate Strategy
Sustainability
Responding to Climate Change
Disclosure based on TCFD
recommendations
Energy Security
Human Capital Management
Corporate Governance

Financial Data

Financial Data

Web Site

Investor Relations Website
Investors' Guide
(Financial Data and Industry Data)
Financial Results Presentation Materials
Financial Results Bulletin
Corporate Governance Report
Sustainability Factbook