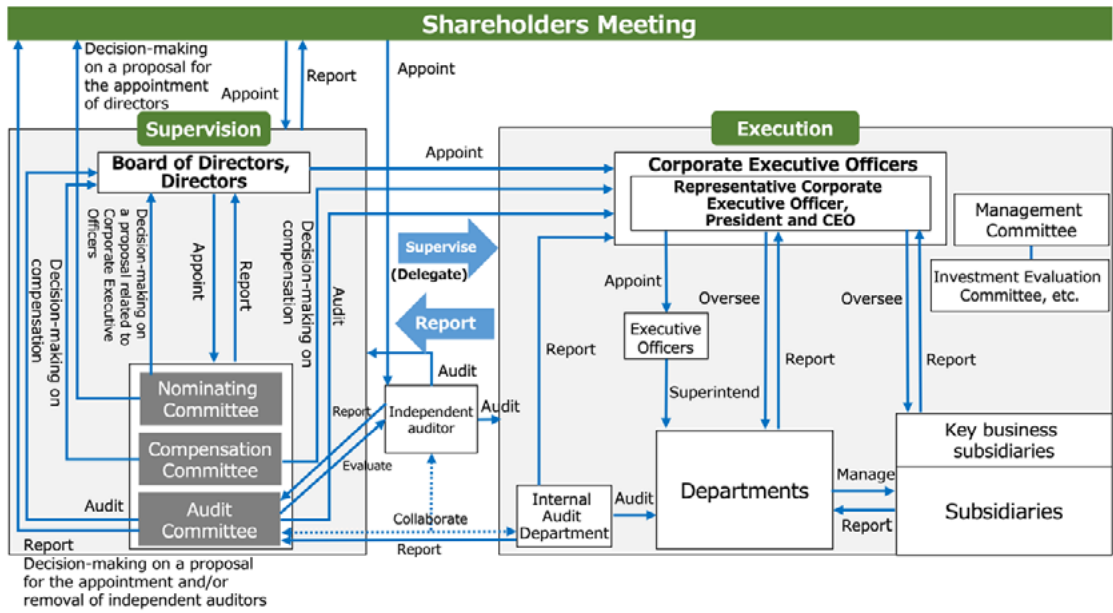


# Corporate Governance

## Policies and Systems



## 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

As a Company with a Nominating Committee, etc., we aim to achieve sustainable growth and medium- to long-term improvement of enterprise value by having two bodies, the Board of Directors and the Executive Committee, clarify and complement each other's roles and responsibilities with a certain level of tension.

The Board of Directors examines and discusses management from a broader perspective, a bird's-eye

view, to enhance the decision-making process for matters to be resolved, while also focusing on monitoring based on reports from Corporate Executive Officers.

The Executive Committee examines and discusses issues from a deeper perspective, with an awareness of group management, to make decisions and carry out operations swiftly and appropriately.

## Corporate Governance System (As of June 29, 2023)

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	25
Average age of Directors	64		
Term of office of Directors	1 year		
Participation of Outside Directors in selecting Director candidates	Yes	Performance-linked remuneration (Short-term incentive remuneration)	Yes
Participation of Outside Directors in determination of remuneration	Yes	Non-monetary remuneration (Medium- to long-term incentive 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).

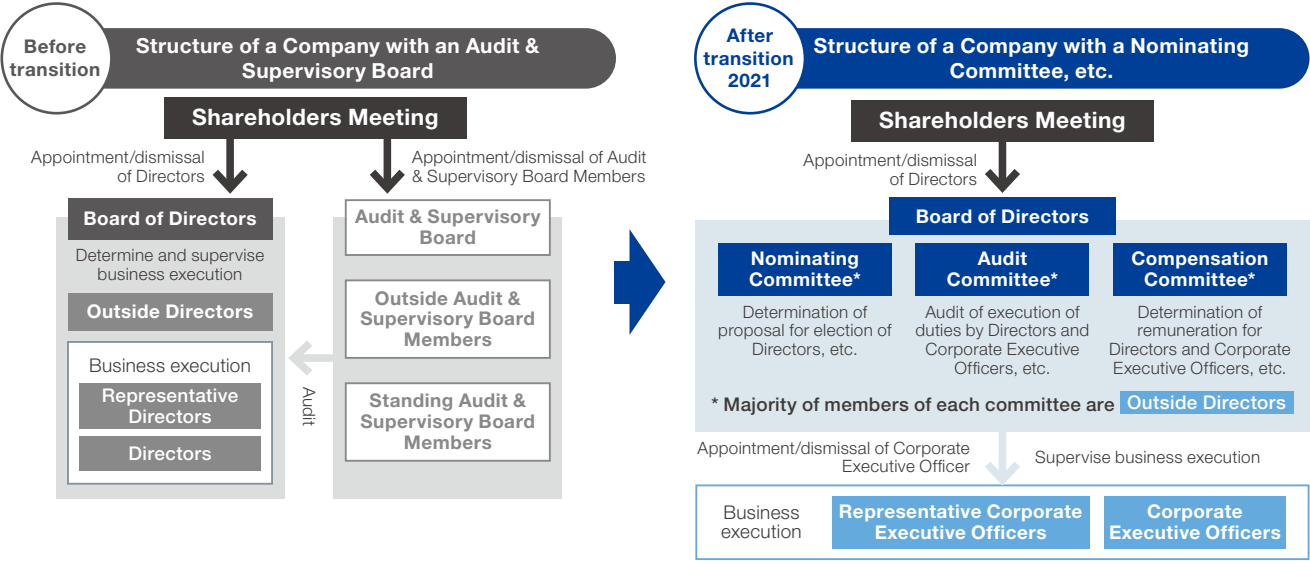
### Investment Evaluation Committee

The Investment Evaluation Committee chaired by the Executive Officer in charge of financial affairs evaluates matters that require 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. (2021)

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 “Compass2030”, our plan for 2030 and beyond, we must accelerate our efforts to expand our business domains 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.

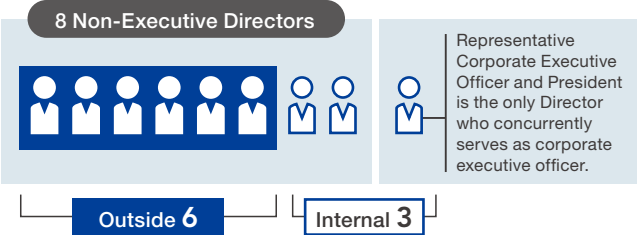


History of Tokyo Gas in enhancing corporate governance

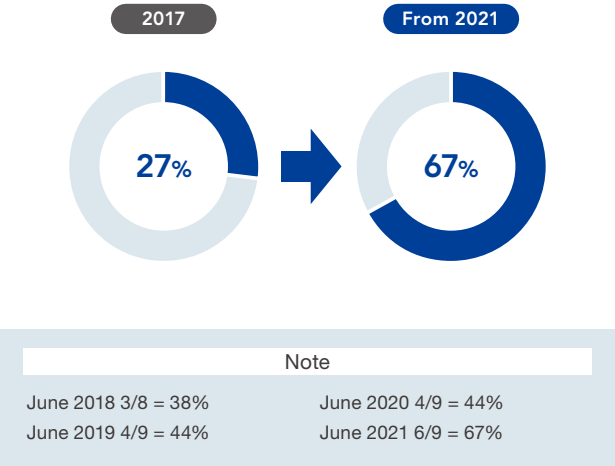
2002	Adopted an executive officer system and reduced the number of Directors Started appointment of Outside Directors
2005	Established an advisory committee (to establish ad hoc committees concerning nomination and compensation, and to improve transparency)
2016	Established the Basic Policy on Corporate Governance Started the evaluation of effectiveness of the Board of Directors
2017	Revised the Regulations of the Board of Directors (Orientation toward a monitoring model)
2021	Made a transition to a Company with a Nominating Committee, etc. (Established Nominating, Compensation, and Audit Committees with a majority being Outside Directors)

**Composition of the Board of Directors**

To enable the board of directors to more effectively carry out their supervisory functions as a Company with a Nominating Committee, etc., our Director who is also an Corporate 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.



Increase in the Ratio of Outside Directors



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Roles and activities of the Board of Directors

The Board of Directors meets once a month in principle to make important decisions regarding management plans and policies, and other management of the company, in accordance with laws and regulations, the Articles of Incorporation, and regulations of the Board of Directors.

In addition, the authority to make decisions on business execution has been largely delegated to the Representative Corporate Executive Officer, and President, which brings speed to management and improves enterprise value through monitoring from a bird's-eye view of management as a whole.

In FY2022, in formulating the Tokyo Gas Group FY2023—FY2025 mid-term management plan, Directors had constructive discussions from various perspectives based on reports from the Executive Officers on business strategies (LNG business, Overseas business, Electric power business, etc.) decarbonization strategy, group personnel reform, and finance strategy.

Compass Transformation 23-25  
https://www.tokyo-gas.co.jp/en/IR/support/pdf/20230222-05e.pdf

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

	Number of Directors/members of each committee	Number of meetings*1	Attendance rate*2
Board of Directors	9	13 times	100%
Nominating Committee	4	8 times	100%
Audit Committee	4	14 times	100%
Compensation Committee	5	4 times	100%

\*1 From after the Shareholders Meeting in June 2022 until before the Shareholders Meeting in June 2023  
\*2 Average attendance rate of each member

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

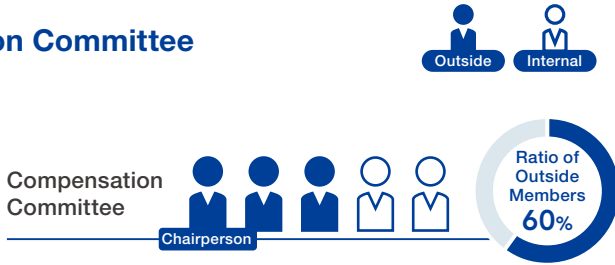
- Election of candidates for Directors, including candidates for newly-appointing Outside Directors
- Election of candidates for Representative Corporate Executive Officer and President



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

- Evaluation of results for FY2022
- Formulation of performance KPIs for FY2023
- Consideration of remuneration levels and composition ratios

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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 ‘Compass2030,’ the Group’s management vision, and supplementary skills that complement the knowledge and experience of the Company’s Inside Directors and Corporate Executive Officer.

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:

							
		TAKAMI Kazunori	EDAHIRO Junko	INDO Mami	ONO Hiromichi	SEKIGUCHI Hiroyuki	TANNOWA Tsutomu
1	Energy		●			●	
2	Sustainability		●			●	●
3	Digital/Technology	●					
4	Marketing/Project development	●					●
5	Group management/Governance	●		●	●		
6	Global business		●			●	
7	M&A/Business restructuring	●		●	●		●
8	Communications		●			●	
9	Finance/Accounting			●	●		
10	Risk management			●	●		●

Reason for appointment of each Director (outside and internal) [p.63-64](#)

Details about Each Skill

1 Energy 2 Sustainability	Supervise the responsible transition to a Net-Zero society based on medium- and long-term energy and environmental trends in Japan and overseas
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 business administration that manages multiple businesses while balancing autonomy and overall optimization, and the management and operation of personnel and organizations

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 non-continuous, speedy growth, both in Japan and overseas
8 Communications	Supervise timely, high-impact communications based on close public hearing activities with stakeholders
9 Finance/ Accounting 10 Risk Management	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

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Effectiveness of the 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 at the Board of Directors' meetings on the results of the questionnaire-based self-evaluations of each Director and the third-party evaluations .

Summary of evaluation results and future initiatives

After confirming the results of the surveys and third-party evaluations, the Board of Directors discuss the contents and methods of monitoring that should be further improved, as well as specific initiatives.

Summary of evaluation results (opinions from the Board of Directors)

- Medium- to long-term discussions should be held for 2030 and beyond.
- It is necessary to further align awareness of what monitoring should be like in a Company with a Nominating Committee, etc.
- Effectiveness of monitoring should be confirmed in short-term cycles.
- Consider also having opportunities other than meetings of for business understanding.
- A detailed annual schedule for the Board of Directors agenda should be prepared for more systematic monitoring.

Future initiatives

- Based on the initiatives for the next two years after the transition to a Company with a Nominating Committee, etc., we will be even more conscious of making improvements and enhancements by utilizing the knowledge and experience we have accumulated so far.
- Since many of the opinions expressed are focused on "improving the quality of discussion" and "improving agenda setting" setting, we will work on work on specific improvements and enhancements centered on these.

Aggregation and evaluation by third parties (external experts)

The results of questionnaires submitted by each Director are compiled by a third party (external expert) to ensure transparency.  
A third-party (external expert) evaluation is also added to the compiled evaluation results.

Evaluation comments from the third party

- The average scores for both internal and external Directors were all above four out of five points, except for some items about the functions of the Board of Directors for which the average score of external Directors was in the higher three-point range, indicating that the effectiveness of the Board of Directors is generally secured at a good level.
- Regarding the contents and methods of monitoring, continuous improvements and innovations are needed to seek optimal solutions even two years after the transition to a Company with a Nominating Committee, etc.

According to the third-party evaluations, "the effectiveness of the Board of Directors is generally maintained at a good level," and we will continue to work tirelessly to further enhance the effectiveness.

Summary of previous evaluation results and specific initiatives

Based on the previous evaluations of the effectiveness of the Board of Directors, the following Initiatives are being implemented by the Board of Directors for FY2022.

Summary of previous evaluation results (opinions at Board of Directors)

- In line with the transition to a holdings-type group structure, it is necessary to focus more than ever on group-oriented management and new business fields.
- In monitoring management, it is necessary to update the indicators for monitoring by paying attention to the links with the goals set by the company.

Specific initiatives

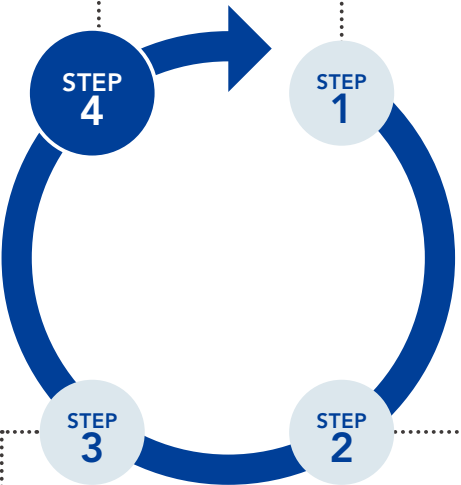
- To formulate the 23–25 mid-term management plan, the Board of Directors held multiple discussions on each business strategy, including the LNG business, and group personnel reform.
- To conduct periodic monitoring, such as checking the progress of KPIs, including of key business subsidiaries, and set indicators based on the key strategies in the 23–25 mid-term management plan.
- To conduct site visits to overseas businesses, new businesses subsidiaries, technology development laboratories, and digital innovation forums that will contribute to business understanding.

Self-evaluation by each Director in the form of a questionnaire

The questionnaire is composed of a five-grade quantitative evaluation and a freely-written qualitative evaluation, enabling fixed-point observations.  
As part of this, we are verifying whether we are making steady progress toward our desired governance system after the transition to a Company with a Nominating Committee, etc.

Survey content

- Composition and operation of the Board of Directors (number of people, members, agenda setting, content and explanation of materials, frequency and timing of meetings)
- Functions of the Board of Directors (governance system, decision-making, monitoring, coordination with the Nominating, Audit and Compensation Committees
- Activities outside of the Board of Directors (offering of opotunities to understand the operations, including workshops and on-site visit for directors)
- Proposals for improvements related to the Board of Directors \*Free description only



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Officer Remuneration System

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

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

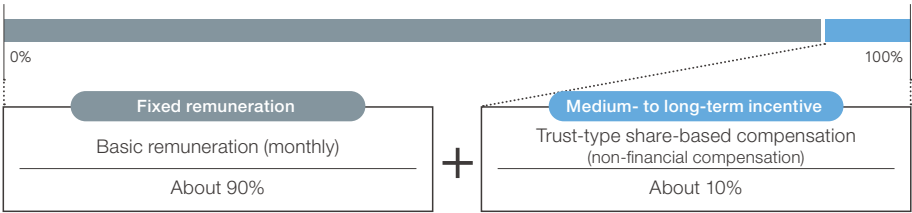
Remuneration of officers shall comprise fixed remuneration (basic remuneration) and incentive remuneration (bonus, share-based compensation).

- 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.

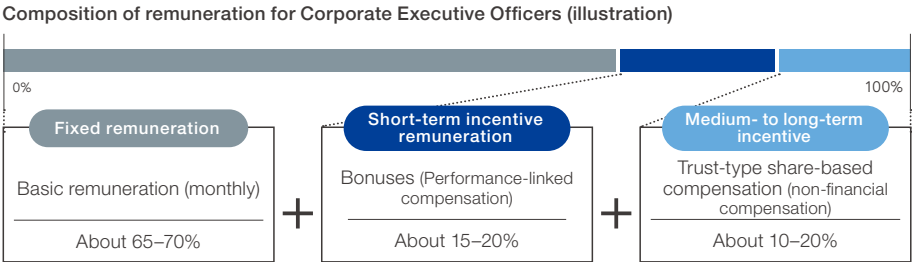
Composition of remuneration for non-executive Directors (internal and outside)

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 FY2023

Financial indicators	Consolidated net profit	Profitability
	operating profit + equity income of subsidiaries	
	Increase in number of gas and electricity accounts	
	Solution sales	
Non-financial indicators	Increase in contribution to Overseas operating profit in FY2030	Growth
	Amount of new renewable power sources developed in Japan	
	Amount of new renewable power sources developed overseas	
	CO <sub>2</sub> reduction contribution	ESG
	Initiatives to achieve net-zero emissions of CO <sub>2</sub> from our activities	
	Improving Group employee engagement	

\*Resolved at a meeting of the Compensation Committee held on May 17, 2023, taking into consideration links with the key management indicators of the 2023 management plan.

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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 medium- to long-term 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 releases 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](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](https://www.tokyo-gas.co.jp/Press_e/20210728-04e.pdf)

Total Remuneration for Directors, and Corporate Executive Officers for FY2022

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	Bonuses (performance-linked remuneration)	Share-based remuneration (non-financial remuneration)	
Directors (of which, Outside Directors)	216 (78)	192 (72)	— (—)	24 (6)	9 (7)
Corporate Executive Officers	264	174	52	38	4

- (Notes)
1. Remuneration for Directors includes the portion for one Outside Director who retired at the conclusion of the 222nd Ordinary Shareholders Meeting.
  2. Remuneration for one Corporate Executive Officers who concurrently serves as a Director is stated in the remuneration for Corporate Executive Officers.
  3. The amount of stock compensation is the amount recorded as expenses from April 1, 2022 to March 31, 2023.
  4. The above amounts are rounded down to the nearest million yen.

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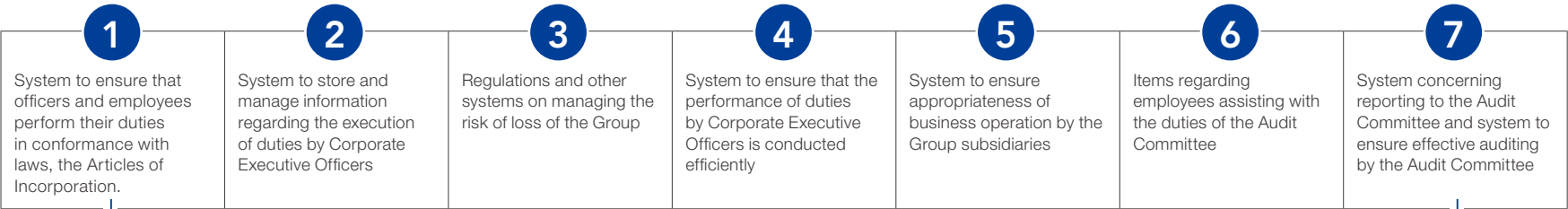
Internal Control System

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, for 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

Specific Examples of Internal Control System



### Internal Audit Department

We have established a department responsible for internal audits of the Group (hereinafter referred to as the "Internal Audit Department") to efficiently and effectively audit the status of business execution. The Internal Audit Department reports the audit results to the President, the Management Committee, the Audit Committee (dual report line), and Directors of the audited subsidiaries. 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  
37 staff members  
(As of March 31, 2023)

- 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

We have established a system for officers and employees of the Group to report to the Audit Committee without delay, and ensure that members of the Audit Committee, who are selected by the Committee itself, attend important meetings and express their opinions when necessary, and that important information is made available. In addition, the Audit Committee has taken measures as follows to ensure effective implementation of audit activities, including coordination with the Internal Audit Department and independent auditors.

Confirmation of appropriateness of audit method and results, confirmation of independence, conveying of audit plans and results

Audit by the Audit Committee

Confirmation of appropriateness of internal control, conveying of audit plans and results

Reporting of audit plans and results, and exchange of opinions

Audit by Independent auditors

Internal audit

Reporting of audit plans and results, and exchange of opinions



Compliance

Compliance Structure

The company has established the Management Ethics Committee, chaired by the President, to promote transparent management and foster an open organizational culture through discussions related to compliance in general, including compliance with laws and regulations as well as with our management philosophy. We also monitor the implementation status of various measures and confirm activities in the following fiscal year and beyond. Also to that end, we have set up a Compliance Committee for each division and subsidiary to carry out initiatives based on their actual situation.

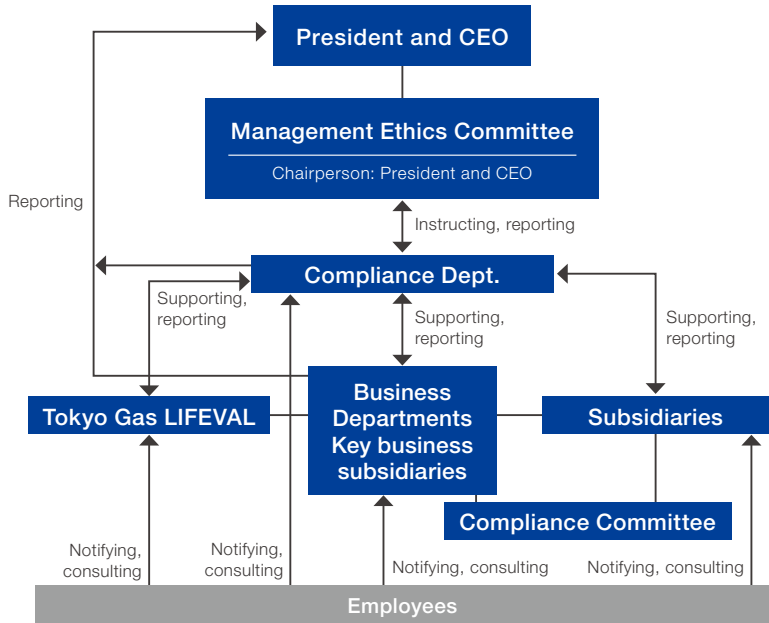
We have also established “Our Code of Conduct,” which serves as a code of conduct for the Tokyo Gas Group in the course of our business operations, and we use workplace discussions in which all employees participate at their respective workplaces, as well as level-specific training coinciding with hiring and promotion, to ensure that employees are continuously and thoroughly informed.

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.

Compliance Framework



Respect for human rights

The Tokyo Gas Group positions “Respecting human rights across the entire value chain” as one of the material issues. We have established a Sustainability Committee, chaired by the President, to promote respect for human rights and its continuous improvement throughout the Group based on Tokyo Gas Group Human Rights Policy.

Specifically, we are establishing a mechanism for human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights and other global standards. With regard to human rights issues throughout the supply chain, we determine priorities by assessing risks in consideration of the potential human rights violations in each business sector, product, and region, taking into account the specific circumstances of our company Group. We also present our suppliers with the Purchasing Guidelines for Suppliers, request that they show consideration for human rights, and conduct risk assessments and analysis through surveys etc., to implement initiatives for improvement. In addition, we have established consultation offices both inside and outside the company to handle issues related to compliance, including those concerning human rights. If it is found that human rights violations are being caused or promoted through our business activities, we take appropriate measures to rectify and remedy the situation.

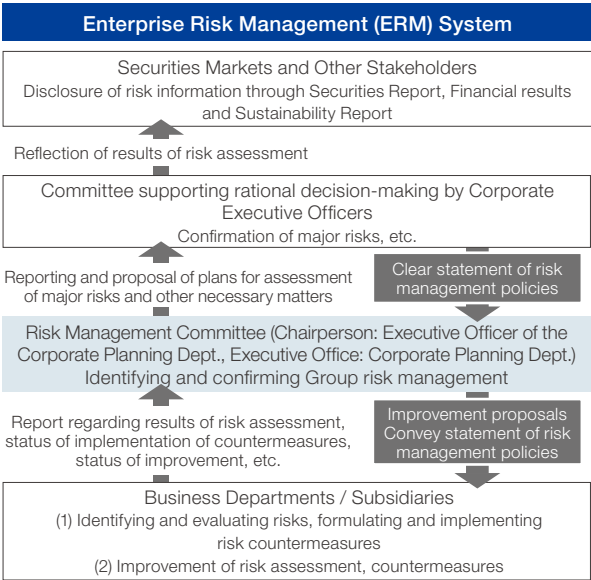
Risk Management System

In accordance with the Risk Management Policies 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 Policies 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.

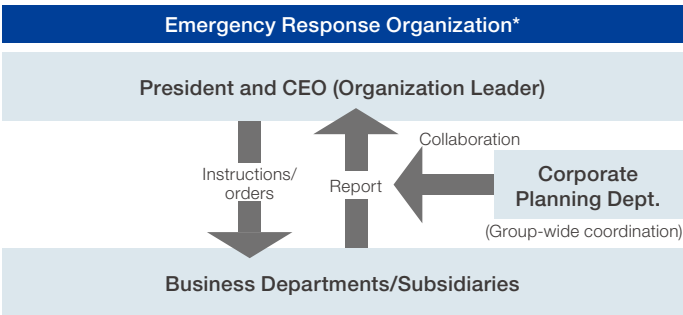
Ordinary-time response

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, 2023) 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.



Emergency-time response

Because the Group 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.

Business or other risks which may significantly affect judgment of investors (as of April 1, 2023)

**1.Risks associated with accidents, disasters, etc.**

- (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) Reputational damage arising from a city gas accident of another company

**2. Market fluctuation risk**

- (1) Fluctuation in market prices and interest rates
- (2) Fluctuation of the electric power market and LNG prices

**3. Risks associated with business execution**

- (1) Risks related to existing businesses
  - 1. Decrease in demand caused by intensified competition
  - 2. Fluctuation in material prices
  - 3. Changes in laws, regulations, and national or local 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**

- (1) Leakage of personal information
- (2) Shutdown or malfunction of IT systems
- (3) Cyber attacks

**5. Risks related to corporate social responsibility**

- (1) Compliance violations
- (2) Response to new environmental regulations
- (3) Insufficient customer services
- (4) Insufficient response to human rights issues

Directors (As of June 29, 2023)



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

Reason for appointment

Mr. UCHIDA Takashi has experience mainly in operations related to corporate planning, and energy resources & global business. As the Representative Corporate Executive Officer and President until March 2023, he engaged in efforts for a smooth transition of the management structure and achieved further growth amid changes in the environment surrounding the Company, including the full deregulation of the electric power and gas retail markets, legal separation of the Pipeline Network Division, and transition to a new group management structure. Currently, as Director he is working to enhance corporate governance.

Roles played at the Board of Directors

During the term of office as the Representative Corporate Executive Officer and President, as a Director who also serves as a Corporate Executive Officer, Mr. UCHIDA organically connected the Corporate Executive Officers and the Board of Directors, including by providing appropriate and timely explanations on the status of business execution to the Board of Directors to enable it to provide appropriate supervision. Currently, as a Chairperson of the board, he works to improve the effectiveness of the Board of Directors by utilizing his experiences.

- April 1979 Joined the Company
- April 2010 Executive Officer and General Manager of Corporate Planning Dept
- April 2012 Managing Executive Officer and in charge of Personnel Dept., Secretary Dept., Compliance Dept. and Internal Audit Dept.
- April 2013 Managing Executive Officer and Chief Executive of Energy Resources Business Div.
- June 2015 Director, Managing Executive Officer and Chief Executive of Energy Resources Business Div.
- April 2016 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div.
- April 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
- April 2023 Director
- June 2023 Director, Chairperson of the Board (Current position)



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

Reason for appointment as Director

Mr. SASAYAMA Shinichi has experience mainly in operations related to corporate planning, electric power and DX. In recent years, he has promoted the Group's new challenges, including the formulation of the Group's management vision (Compass2030), efforts to strengthen the energy trading business, and the development of the renewable energy business. Mr. SASAYAMA was elected as Director, as he currently served as Representative Corporate Executive Officer and President, leading the entire company toward the realization of the FY2023–2025 mid-term management plan.

Reason for appointment as the Representative Corporate Executive Officer, President and CEO

We have appointed Mr. SASAYAMA as Representative Corporate Executive Officer and President because he is the most qualified person to head the company in the period of change when it is necessary to take up further challenges and make a leap forward in order to steadily implement the FY2023–2025 mid-term management plan and ensure the sustainable growth of the Group, amid significant changes in the external environment.

- April 1986 Joined the Company
- April 2016 Executive Officer and General Manager of Corporate Planning Dept.
- April 2018 Managing Executive Officer and Chief Executive of Digital Innovation Div. and in charge of Corporate Planning Dept.
- April 2019 Managing Executive Officer and Chief Executive of Digital Innovation Div. and in charge of Corporate Planning Dept. and Business Transformation Project Dept.
- April 2020 Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div.
- June 2020 Director and Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div.
- June 2021 Senior Managing Corporate Executive Officer and Chief Executive of Asset Optimization & Trading Div.
- April 2022 Representative Corporate Executive Officer, Vice President and CSO
- April 2023 Representative Corporate Executive Officer, President and CEO
- June 2023 Director, Representative Corporate Executive Officer, President and CEO (Current position)



Director (Audit Committee Member)  
**HIGO Takashi**

Reason for appointment as Director

Mr. HIGO Takashi has experience mainly in operations related to finance, energy resources, corporate planning, and sales. He has engaged in efforts to improve the Company's financial strength as well as to enhance communication with customers, shareholders, and investors. In recent years, he has been dedicated to ensuring the soundness of management as the Executive Officer in charge of the Secretary Dept., General Administration Dept., Corporate Communications Dept., Sustainability Dept. and Internal Audit Dept.

- April 1986 Joined the Company
- April 2015 General Manager of Finance Dept.
- April 2017 Executive Officer and General Manager of Gas Resources Dept., Gas Resources & Energy Production Div.
- April 2018 Executive Officer and General Manager of Gas Resources Dept., Gas Resources & Energy Production Div., and Representative Director and President of Tokyo LNG Tanker Co., Ltd.
- April 2019 Managing Executive Officer, and Representative Director and President of Tokyo Gas Engineering Solutions Corporation
- April 2021 Managing Executive Officer and Chief Executive of Energy Solution Div.
- April 2022 Senior Managing Executive Officer and in charge of Secretary Dept., General Administration Dept., Corporate Communications Dept., Sustainability Dept. and Internal Audit Dept. (retired in March 2023)
- June 2023 Director (Current position)



Outside Director  
(Chairperson of the Compensation Committee and Nominating Committee Member)  
**TAKAMI Kazunori**

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.

- April 1978 Joined Matsushita Electric Industrial Co., Ltd. (Current Panasonic Holdings Corporation)
- December 1998 General Manager of Corporate Planning Office of Electric Appliances and Housing Facility Company of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Holdings Corporation)
- June 2004 Director of Corporate National Marketing Div. of Matsushita Electric Industrial Co., Ltd. (Current Panasonic Holdings 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)



Outside Director  
(Nominating Committee Member and Compensation Committee Member)  
**EDAHIRO Junko**

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 Shizenkan University Graduate School of Leadership & Innovation  
Representative Director of mirai-sozo.work  
Chief Director of Blue Carbon Network

- 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 Shizenkan 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. (Retired in September 2022).
- September 2020 Representative Director of mirai-sozo.work (Current position)
- August 2022 Chief Director of Blue Carbon Network (Current position)



Outside Director  
(Chairperson of the Audit Committee)  
**INDO Mami**

Reason for appointment

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

Important concurrent positions

Outside Director of Ajinomoto Co., Inc.  
Outside Director of AIG Japan Holdings KK  
Outside Director of Mitsui Fudosan Co., Ltd.

- 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. (Retired in February 2023)
- June 2021 Outside Director of Ajinomoto Co., Inc. (Current position)
- June 2021 Outside Director of AIG Japan Holdings KK (Current position)
- June 2023 Outside Director of Mitsui Fudosan Co., Ltd. (Current Position)

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Directors (As of June 29, 2023)



Outside Director  
(Audit Committee Member)

**ONO Hiromichi**

Reason for appointment

Important concurrent positions

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 a group perspective and a risk perspective in the finance division will greatly contribute to the promotion and supervision of the Company's management strategies.

Outside Director of Mebuki Financial Group, Inc.



Outside Director  
(Audit Committee Member)

**SEKIGUCHI Hiroyuki**

Reason for appointment

Important concurrent positions

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.

None



Outside Director Newly appointed  
(Chairperson of the Nominating Committee and Compensation Committee Member)

**TANNOWA Tsutomu**

Reason for appointment

Important concurrent positions

Mr. TANNOWA Tsutomu's management abilities based on his broad view and in-depth knowledge he has acquired as a corporate executive of a chemicals manufacturer, and knowledge on governance, especially his business sense from a risk perspective developed through management reforms and business restructuring, will be very useful in the promotion and supervision of the management strategy which the Company aims for.

Chairperson of the Board of Mitsui Chemicals, Inc.  
Outside Director of KDDI CORPORATION

Corporate Executive Officers

Representative Corporate Executive Officer, President and CEO	SASAYAMA Shinichi	CEO
Representative Corporate Executive Officers, Vice Presidents	KASUTANI Toshihide	Chief Executive of Global Business Company
	KIMOTO Kentaro	CTO Chief Executive of Green Transformation Company
	OGAWA Shinsuke	Chief Executive of Customer & Business Solution Company

For reference

From April 1, 2022, the Company 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  
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	TANAZAWA Satoshi	Chief Executive of Energy Trading Company
	SATO Hirofumi	CFO In charge of Financial Management Dept., Accounting Dept., and Purchasing Dept.,
Managing Executive Officers	SHIGITANI Ayumi	CIO President, Representative Director of TOKYO GAS IINET CORP.
	HOSOYA Isao	Chief Executive Officer of TOKYO GAS ASIA PTE. LTD.
	SAITO Akihiro	In charge of Secretary Dept., General Administration Dept., Legal Dept., Corporate Communications Dept., Compliance Dept., and Internal Audit Dept.
	KONISHI Yasuhiro	President, Representative Director of Tokyo Gas Engineering Solutions Corporation
	SUGESAWA Nobuhiro	CDO In charge of Digital Transformation Promotion Dept. and Business Development Dept., and Deputy Chief Executive of Customer & Business Solution Company (In charge of Solution Co-creation Dept. and Solution Technology Dept.)
	TSUJI Eito	CRO, CHRO In charge of Corporate Planning Dept. and Human Resources Dept.
Executive Officers	KONISHI Masako	In charge of Sustainability Dept., and Head of Regional Affairs
	KADO Masayuki, ENDO Yo, KURIMOTO Kazuya, TAKEUCHI Atsunori, MINAMI Taku, YAKABE Hisataka, OHASHI Taro, NAKAMURA Hajime, MIURA Kazutaka, MURAKOSHI Masaaki, SHIMIZU Seita, ENDO Masahiko, ISHIZAKA Tadashi, KAWAMURA Toshio, KOWADA Yuko, GOSHIMA Nozomu	

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Dialogues with Shareholders and Investors

We are developing systems and implementing initiatives to promote constructive dialogue with shareholders and investors.

We share the opinions and insights gained through dialogue with the Board of Directors, Corporate Executive Officers, and related departments, and link them to improvements in management plans, business activities, and disclosure.

Main dialogue opportunities The main correspondents are in parentheses	Shareholders Meeting	Domestic and overseas institutional investor interviews (Representative Corporate Executive Officer, President and CEO and others)
	Q2 financial results and year-end financial results briefing (Representative Corporate Executive Officer, President and CEO)	Small Meetings with investors and Outside Directors
	Q1 and Q3 financial results briefings and other briefings to be held as needed	Facility tour for Institutional Investors
	Briefing on Mid-term management plan (Representative Corporate Executive Officer, President and CEO)	Briefing for Individual Investors
	President's Small Meetings (Representative Corporate Executive Officer, President and CEO)	

Small Meeting between investors and Outside Directors (March 2023)

In FY2022, we held the first small meeting between investors and Outside Directors to enhance dialogue toward improving enterprise value from a medium- to long-term perspective.

Three Outside Directors (Directors TAKAMI, EDAHIRO, and ONO) attended the meeting and exchanged opinions

based on questions from investors. We take the opinions we received seriously and will utilize them in future management policy decisions and monitoring of execution.

The following are Outside Directors' responses to some example questions from investors.



Q: How do you see your mission and expected role as an outside Director?

Director TAKAMI Kazunori

In addition to being aware of the questions “What can be done to increase the corporate value of Tokyo Gas?” and “What should I say to make the governance of the Board of Directors effective?,” I am thinking about what the business should be like based on my experience as the head of marketing and management. I have also long emphasized the importance of business portfolio management and the Company announced the strengthening of such management as part of its mid-term management plan. I believe that we will need to deepen consideration on the specific steps in the future, so we will confirm them through monitoring at the Board of Directors.



Director ONO Hiromichi

Based on my experience in financial accounting and risk management, I strongly feel that I have a role to play in internal control and risk management as well as in business. One of the things that Tokyo Gas values very much, and what I realize when I actually participate in the Board of Directors, is the foundation of social trust—safety, security, and trust—that it has built up over nearly 140 years. As I have learned from my experience in the food industry, this kind of social trust takes a very long time to earn, but only a moment to lose. In order to connect the foundation of Tokyo Gas's social credibility to the future, I will steadily fulfill my role, including my responsibilities as an Audit Committee member.



Director EDAHIRO Junko

It is my enduring belief that the role of Outside Directors is to represent society, including our shareholders. I believe that there are things that are natural within the company but that may look different or out of step with the times from the outside, and I frankly communicate questions and opinions on those points and monitor them. I've been working on the climate change issue for a long time, and decarbonization is my number-one priority. I am serving as an Outside Director with the belief that Tokyo Gas will lead decarbonization throughout Japan. While fulfilling our responsibility to provide stable energy supply to society as a whole, it is important to balance the order and timing of our efforts to achieve net-zero CO<sub>2</sub>, and I will continue to play my role while holding discussions with executives.



We received various questions that day, including the following.

- What is necessary to improve the enterprise value of Tokyo Gas?
- On which KPIs are you focusing in your monitoring?
- What do you think about the relationship and balance between long-term perspectives such as working toward decarbonization and short-term results?
- What is the status of the discussion on capital efficiency?
- What discussions were held when reviewing the shareholder return policy? What kind of approach did the Outside Directors make?
- How do you view the decline in Price Book-value Ratio (PBR) over time?
- Investment in growth areas is expected to increase, but how do you manage risk?
- How is the quantitative effect of human resource investment measured?

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Message from Outside Director



Outside Director  
**INDO Mami**

We will promote improvement of the transparency in management in order to earn the trust of our stakeholders and continue to grow as a corporate group.

I believe that the most important role of Outside Directors is to monitor the operation of the Group with our various stakeholders in mind. The way companies are viewed and evaluated changes over time. I believe that it is extremely important for our Group to embrace the change and to keep learning, and achieve growth while appropriately fulfilling the roles required of us as a public entity of society.

Through my work as an analyst and consultant at a securities think tank, I was extensively involved in corporate business model analysis and corporate management. I have also objectively observed how the demands of the capital market on companies change due to changes in the economic environment and society. Outside Directors have diverse backgrounds and expertise. It is our role to bring new awareness to the executives from diverse perspectives.

Two years have passed since the transition to a Company with a Nominating Committee, etc., and the monitoring of execution by the Board of Directors has been improved over the past two years. The environment surrounding our Group is changing drastically, including the progress of energy liberalization, the acceleration of decarbonization, and the increase in geopolitical risks. In this situation, the Board of Directors has been holding discussions to determine the major direction of the company, and the Outside Directors have actively expressed diverse opinions, broadening the scope of discussions.

In particular, in FY2022, we examined each theme of the mid-term management plan at the Board of Directors. I believe that the deep discussions held over the past six months have made clear what the Group should aim for, what should be radically changed, and what new initiatives should be accelerated. Drawing on our experience. In formulating the mid-term management plan, we will create an annual agenda for future Board of Directors meetings and proceed with discussions systematically. I believe that this will further improve the accuracy of monitoring.

Regarding the improvement of capital efficiency, which is one of the management issues, we have set a target ROE of 8%, but to be honest, I would like to proceed with corporate transformation so that we can aim to achieve 10% or more in the long term. With regard to the request from the Tokyo Stock Exchange to take action toward realizing management that is conscious of the cost of capital, we are still on the way to achieving a PBR of one, but although it may take some time, we will work to show a path to realizing this as well.

The Group has already begun efforts to improve capital efficiency. For example, we have established a system to evaluate investments through the Investment Evaluation Committee based on the risk of each business, after verifying the cost of capital and other factors, and to continue monitoring after an investment is made. Now is the time for innovation, and it is necessary to increase the ratio of growth investments, but we hope to gain further trust from our shareholders and investors by showing a path for future profit growth.

Since 1885, when SHIBUSAWA Eiichi founded the Company, our Group has developed its business based on an entrepreneurial spirit and the high social significance of “lighting Japan with gas lamps.” Now, we are definitely at a major turning point in our long history. I hope that you all will support the transformation of our Group and enjoy the fruits of growth together with us. To that end, management transparency and reliability are essential. As an outside Director, I will refine management and make further efforts to improve enterprise value in order to meet the expectations of stakeholders.

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