

Sustainability Management

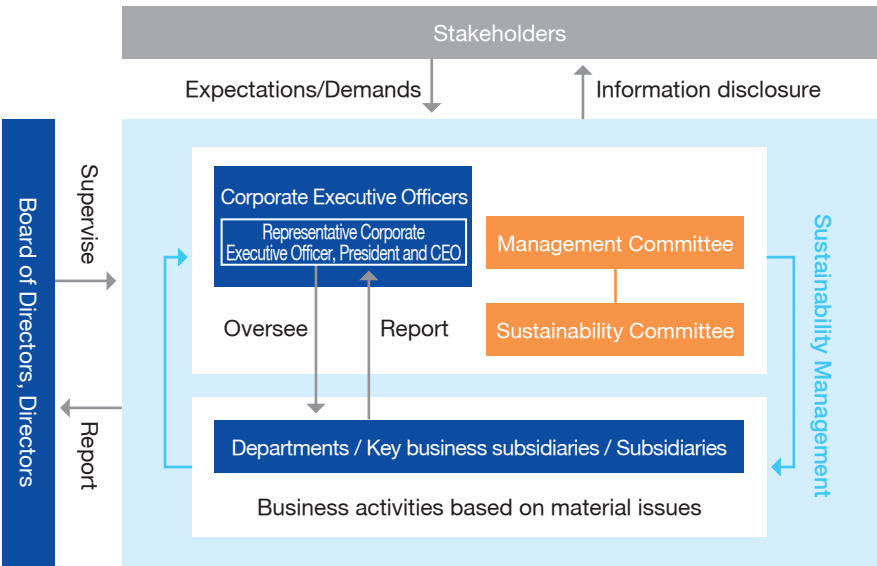
Promoting sustainability

Basic Policy

In order to embody the management philosophy of the Tokyo Gas Group, “Standing by every person and dedicating ourselves to the society, we shall be the energy that weave the future,” we have defined material issues (key sustainability issues) and we will tackle them through our business activities. In this way, we strive to create both social and economic value.

Sustainability promotion system

Together with promoting business activities based on material issues in each organization of the Tokyo Gas Group, a Management Committee and a Sustainability Committee chaired by the President are utilized to promote sustainability management in the Group as a whole. Further, important matters are reported to the Board of Directors.



Material Issues (Key Sustainability Issues)

Material issues (From FY2023 onward)

The Tokyo Gas Group has defined seven material issues we aim to resolve through business activities over the medium- to long-term.

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|---|--|--|---|--|--|
| 1 | Responsibly transitioning to a decarbonized society | | 5 | Contributing to well-being of people and communities | |
| 2 | Protecting the global environment | | 6 | Realizing an organization that embraces diverse talent | |
| 3 | Securing stable energy supply | | 7 | Respecting human rights across the entire value chain | |
| 4 | Enhancing safety & disaster prevention, resilient regional development | | | | |

FY2023 Sustainability Committee Meetings Outline

Meetings held	3 times (Jun. 14, 2023; Nov. 27, 2023; & Feb. 13, 2024)
Main topics	<ul style="list-style-type: none">● Permeation and establishment of sustainability awareness● Enhancement of sustainability management● Promoting understanding of decarbonization initiatives● Trends and the Group's actions regarding more sophisticated use of resources● Efforts to achieve net-zero emissions of CO₂ from our activities● Respecting human rights in our supply chain● Changing trends surrounding climate change and environmental issues

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Process for defining material issues

Step1 Sort social issues	Step2 Sort risks and opportunities	Step3 Define material issues	Step4 Resolution and announcement
Organize issues with reference to international standards/guidelines (such as GRI standards, etc.)	Based on Step 1, and considering the progress of social problems due to Megatrends, examine risks and opportunities for the Group in terms of both the impact of social issues on corporate activities and the impact of corporate activities on society, and organize important social issues	Based on Step 2, confirm alignment with the management philosophy and management plan, and appropriate reflection of expectations and requests from internal and external stakeholders, then define material issues	After we clarified its positioning as prerequisites for the strategy and vision based on the management philosophy, the material issues were resolved by the Board of Directors along with the FY2023-2025 mid-term management plan and were announced in February 2023

Sort risks and opportunities

● Impact of social issues on our corporate activities ● Impact of our corporate activities on society

Megatrends	Social problems	Risks	Opportunities	Material issues
<div>Global</div> Climate Change	● ● Climate Change	<ul style="list-style-type: none">● If the decarbonization of gaseous energy does not progress, the value of gas-related assets will be lost● A decline in the competitiveness of the electric power business due to insufficient acquisition of renewable energy, etc.● Decrease in demand due to increase in prosumers● Carbon taxes and other schemes that may affect the natural gas business	<ul style="list-style-type: none">● Increasing global demand for natural gas, LNG, and carbon-neutral gaseous energy● Acceleration of the electric power business due to green power● Business opportunities to meet emerging and expanding demand-side needs, such as EVs, storage batteries, PVs, and VPPs	Responsibly transitioning to a decarbonized society
<div>Global</div> Population increase, and economic development in emerging countries	<ul style="list-style-type: none">● ● Destruction of the regional and global environment● Energy resource restrictions, destabilization of international situation	<ul style="list-style-type: none">● The potential for lawsuits and business injunctions in the event of noncompliance with regional environmental considerations in natural gas extraction, power development, power plant operation, etc.● Procurement difficulties due to increasing global demand for natural gas● Impact on supply disruptions due to the worsening of supply-demand imbalance	<ul style="list-style-type: none">● Differentiation of products and services through advanced environmental initiatives (advanced resource recycling, nature positive measures)● Potential for increased profits in upstream operations● Enhancement of stable supply through integrated supply and demand	<div>Protecting the global environment</div> <div>Securing stable energy supply</div>
<div>Japan</div> Changes in demographics and changes and diversification of values accompanying the maturation of the Japanese economy	<ul style="list-style-type: none">● Deterioration of infrastructure and buildings over time● Concentration of functions in cities● Shrinking domestic market● Declining regional vitality● A lack of spiritual richness● Decline in the productive working population● Lack of support for work styles of diverse human resources	<ul style="list-style-type: none">● Degradation of owned assets● Worsening supply disruptions due to disasters● In the energy retail business, profits decrease as the population declines● Difficulty securing workers at stable supply sites● Negative impact on recruitment and engagement, increase in retirement	<ul style="list-style-type: none">● Sustainable urban development using various energy sources● Expansion of gas demand due to the improved positioning of disaster-resistant gas infrastructure● Improvement of the Lifetime Value of our customers through reforms in each service model● Creation of services that contribute to improved mental well-being● Efforts to contribute to the local community as a company that has continued to uphold the values of “Safety, Security, and Reliability.”● Accelerating innovation through the diversification of human resources	<div>Enhancing safety & disaster prevention, resilient regional development</div> <div>Contributing to well-being of people and communities</div> <div>Realizing an organization that embraces diverse talent</div>
<div>Global</div> Growing demand for corporate social responsibility	● ● Human rights violations	<ul style="list-style-type: none">● Increases in lawsuits and business injunctions worldwide due to growing awareness of human rights and diversification of people involved in supply chains		Respecting human rights across the entire value chain

Sustainability Management

Main Targets/Indicators and Results for Material Issues

Material issues	Aim	Main targets and indicators (FY2025 numerical targets)	Main results for FY2023	Related SDGs
Responsibly transitioning to a decarbonized society	Strive to make sophisticated use of natural gas and to decarbonize gas and electricity, and contribute to the transition of a carbon neutral society.	<ul style="list-style-type: none">CO₂ reduction contribution (12 mn tons)Renewable power source transaction volume (2.2 mn kW)Net-zero CO₂ from our activities (Achieve 60% compared to FY2020)Promotion of large-scale methanation overseas	<ul style="list-style-type: none">CO₂ reduction contribution ▶9.52 mn tonsRenewable power source transaction volume ▶1.342 mn kWNet-zero CO₂ from our activities (Achieved 31% compared to FY2020)Sempra Infrastructure participated in the business development with us in the USA, and we established a subsidiary thereExamined business viability in Australia and Abu Dhabi with our local partners	
Protecting the global environment	We will conserve the environment in our business activity areas, and strive to enhance the sophistication of our resource utilization with an awareness of the balance with economic viability.	<ul style="list-style-type: none">Sophistication of resource utilization for gas facilities and gas metersPromote biodiversity conservation	<ul style="list-style-type: none">Recycling of gas facilities (used gas pipes, gas appliances, etc.)Reuse and recycling of gas metersInvestigated and grasped the impact of our business activities, and promoted biodiversity conservationCarried out planned management of company-owned forests, and conservation and monitoring of rare plants and animals in owned landPromoted environmental conservation activities of the local community, through the "Mori Sato Umi Tsunagu (Connecting Forests, Villages and Ocean) Project"	
Securing stable energy supply	Achieve stable energy supply even in a business environment that is becoming more complicated due to heightening geopolitical risks, etc.	<ul style="list-style-type: none">Major city gas accidents or supply disruptions (Zero incidents)Address procurement risks	<ul style="list-style-type: none">Major city gas accidents or supply disruptions▶ (3 incidents)Continuously implemented diversification of LNG procurement sources and schemes, strengthened trading and management capabilities, and reinforced power sources such as renewable energy	
Enhancing safety & disaster prevention, resilient regional development	We promote disaster-resilient community development to ensure that our customers can use energy safely and securely.	<ul style="list-style-type: none">Rate of participation in Supply Command Center's emergency response training (maintain 100%)Continue subdivision of disaster prevention blocks to contribute to minimizing supply outage areas in the event of a large-scale earthquakePromote the introduction of resilient energy systems	<ul style="list-style-type: none">Rate of participation in emergency response training ▶100%Subdivided disaster prevention blocks from 324 to 327Promoted the installation of energy systems to regional disaster base facilities	
Contributing to well-being of people and communities	We will contribute to realizing a fulfilling lifestyle both mentally and physically, and revitalizing local communities.	<ul style="list-style-type: none">Provide services supporting physically & mentally enriching livesPromote regional and municipal collaboration on carbon-neutral cities	<ul style="list-style-type: none">Promotion of the Kiyohara Industrial Park Smart Energy Network ProjectExpansion of IGNITURE Solar's deployment areaNo. of partnership agreements concluded with local authorities: 31 (Total no. concluded to date: 54)^{*1}"SustaiNudge Education" (reducing household CO₂ emissions through school education): Started fee-charging education aimed at local governments. Students at four schools in Hadano City and three schools in Akishima City attended lessons (this had the effect of reducing CO₂ emissions by a total of 119.3 tons)^{*1}	
Realizing an organization that embraces diverse talent	We will conduct human capital management that enables each and every employee and the company to really feel growth.	<ul style="list-style-type: none">Ratio of women in management (11%)^{*2}Men's childcare leave taking rate (100%) and of taking leave for at least one month within total (100%)^{*2}Reskilling/retraining participation rate (100%)^{*2}Improve Group employee engagement indicators^{*2}	<ul style="list-style-type: none">Ratio of women in management ▶11.3%^{*2, *3}Men's childcare leave taking rate ▶74.1%, Percentage of taking leave for at least one month within total ▶86.5%^{*2}Reskilling/retraining participation rate ▶45%^{*2}Positive response rate for motivation to contribute: 89.8%^{*2}	
Respecting human rights across the entire value chain	We will respect the human rights of all people involved in the entire supply chain, and continue to contribute to a society in which all people can pursue happiness.	<ul style="list-style-type: none">Promote human rights throughout the entire supply chain	<ul style="list-style-type: none">Conducted human rights due diligenceAnnounced purchasing guidelines to key business partners (approx. 1,500 companies), and conducted business partner surveys (approx. 400 companies)Conducted employee education concerning human rights across the entire supply chain	

*1 Includes joint proposals with gas companies to which we conduct wholesale sales. *2 Targets/Results for Tokyo Gas. *3 Results are as of Apr. 1, 2024.

Introduction

Group Management Philosophy
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The History of the Tokyo Gas Group
Business Overview
Business Areas

CEO's Message

CEO's Message

How We Create Value

Value Creation Story
Special Feature 1 The Challenge for a Carbon Neutral Society
Special Feature 2 IGNITURE: Creating the Future

Management Plan / Strategy

Management Vision / Action
Internal Company / Operating Company Strategy
Human Resources Strategy
Financial Strategy CFO's Message
Sustainability Strategy
Sustainability Management
Visualization of non-financial value
Disclosure based on TCFD recommendations
Protecting the global environment
Respecting human rights across the entire supply chain

Corporate Governance

Structure and Policy
Officer Remuneration System
Internal Control / Compliance / Risk Management
Dialogues with Shareholders and Investors
Message from Outside Director
List of Executives

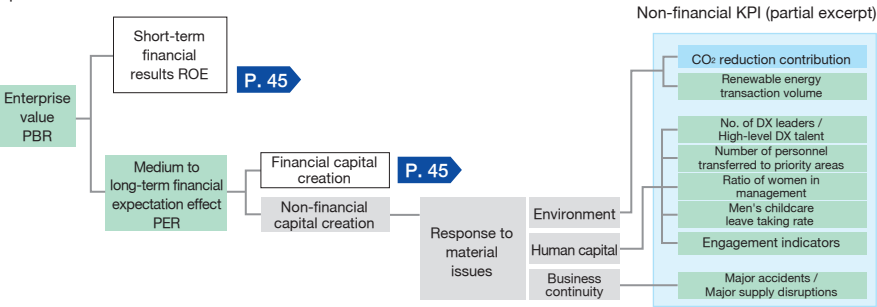
Financial / Non-financial Data

Financial Data
Non-financial Data

Visualization of non-financial value

Clarifying contributions of non-financial activities to enterprise value

The Tokyo Gas Group aims to further improve its enterprise value by tackling environmental and social issues through our business activities, and we have also included the acceleration of actions aimed at improving enterprise value (PBR) from both financial and non-financial points of view in our management system (see figure below). In order to clarify how non-financial activities contribute to enterprise value, we have started formulating a value relations diagram which structurizes the various initiatives, and also visualizes and quantifies their effects.

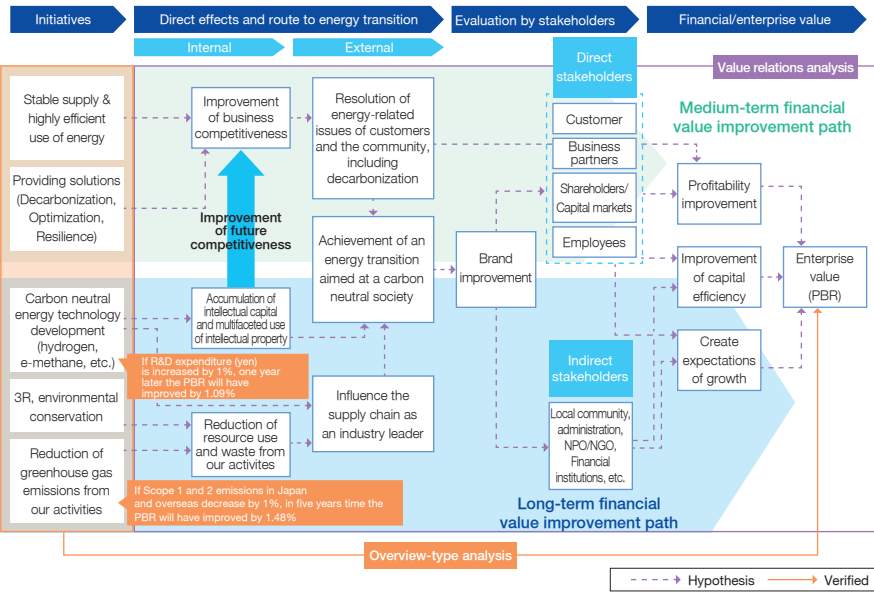


Commencement of analysis starting with the environmental and human capital areas

Our approach to visualizing non-financial value involves analysis from two different perspectives. We employed overview-type analysis (utilizing the Yanagi model*) that identifies the direct correlation between the various initiatives and PBR using multiple regression analysis. Further, in order to shed light on cause and effect, which is difficult to elucidate using only overview-type analysis, we employed value relationship analysis in which we construct hypotheses for paths linked from the value produced by the initiatives to enterprise value to elucidate value relationships qualitatively. As the first step in our efforts, we started analyzing the environmental area and the human capital area. In the overview type analysis we completed verification of correlations, and in the value relationships analysis, we have constructed the hypothesis up to this point.

* Analyzed in Jul. 2024 by ABeam Consulting Ltd. using a Digital ESG Platform, based on "CFO Policy, 3rd ed.," by YANAGI Ryouhei (pub. in 2023 by Chuokeizai-sha Holdings, Inc.)

Hypothesis for the value relations diagram in the environmental area (partial excerpt)



Analysis conducted by: ABeam Consulting Ltd., Digital ESG Platform

Toward Effective Monitoring of Non-financial Areas

In the environmental area and human capital area, as well as refining the value relations diagram, aiming to further advance the value relationships analysis, we will conduct single regression analysis of correlations between indicators to carry out identification that verifies the theory regarding improvement of enterprise value. Meanwhile regarding the overview type analysis, for the indicators that did not show desirable correlation with PBR among the analysis targets for this fiscal year, we will analyze the main causes. Additionally, we will measure the medium- to long-term effects of each initiatives by conducting monitoring over multiple years. In the future, based on the results gained through this analysis, we will review which actions should be focused on and the order of priority, and use the results for determining optimum internal resource distribution and so on. Also, by setting appropriate evaluation indicators, we will guarantee more effective non-financial area monitoring.

Disclosure based on TCFD recommendations

Tokyo Gas 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 our response to climate change. We therefore signed the statement of support for the TCFD in May 2019.

We are utilizing the TCFD recommendations as a 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 Board of Directors makes decisions on management plans, management policies, and other important Group management matters. Material issues which were set based on climate-related risks and opportunities were also resolved together with the FY2023-2025 medium-term management plan. Building on that, they regularly receives reports from the executives on key management indicators related to climate change response in the management plan (e.g., CO₂ reduction contributions, renewable energy transaction volumes) and monitors the progress of these indicators.

Examples of Board of Directors' meeting agenda items related to climate change in FY2023

- The Tokyo Gas Group Carbon Neutrality Roadmap 2050
- The status of efforts regarding sustainability management
- Improvement of disclosure of non-financial information in the Integrated Report
- The status of carbon-neutral technology development

The Corporate Executive Officers promote business activities based on material issues in each organization of the Tokyo Gas Group. In addition, they deliberate and coordinate on matters related to climate change in management committee and the Sustainability Committee, and report to the Board of Directors on important matters (refer to previous section). The Sustainability Committee, which is chaired by the Representative Corporate Executive Officer, and President, meets three times a year. After providing updates regarding changes in the situation surrounding climate change, the Committee evaluates and monitors indicators concerning climate change, and deliberates and coordinates the Group's overall courses of action.

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 Policies 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 Group-wide 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 management committee.

Strategy

The Tokyo Gas Group recognizes responding to climate change as a key issue that should be solved through business activities.

Furthermore, in preparation for achieving net-zero CO₂ emissions, we have formulated the “Tokyo Gas Group Carbon Neutrality Roadmap 2050” as a specific guide for reaching our 2040 and 2050 goals. In the short term up till 2030, while promoting the sophisticated use of natural gas as a “responsible transition”, we will achieve both decarbonization and stable supply. From 2030 forward, while implementing and expanding decarbonization technology, in the medium term till 2040 we will lead a seamless conversion to a carbon-neutral society, and in the long-term till 2050 we will achieve decarbonization of gas and electricity.

Carbon Neutrality Roadmap 2050 P. 18

Disclosure based on TCFD recommendations

Risks and opportunities based on scenario analysis and response plans

Taking into account the environment surrounding the Tokyo Gas Group’s business, with the aims of assessing the resilience of business strategies and considering countermeasures, we grasp the impacts of climate change on our business qualitatively and quantitatively and conduct scenario analysis. The scenario analysis is conducted by assuming the business environment with reference to scenarios published by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), identifying risks and opportunities and evaluating their effect separately on the short to medium-term period to 2030 and the medium to long-term period to 2050.

Scenario assumed

	Worldview	Reference scenario
1.5°C	Scenario assuming the achievement of net-zero CO ₂ emissions by 2050 worldwide through various initiatives for decarbonization	● IEA WEO 2023: Net Zero Emissions by 2050 Scenario (NZE) ● IPCC 6th report: SSP-1.9, etc.
4°C	A scenario that assumes existing policies are maintained, but that no stronger decarbonization policies are announced and implemented	● IEA WEO 2023: Stated Policies Scenario (STEPS) ● IPCC 6th report: SSP-8.5, etc.

Evaluation of risks / opportunities and countermeasures

Category		Factors		Business impact		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	Expand services that utilize decentralized and low-voltage resources (renewable energy, storage batteries, demand response, etc.)		○
	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			
Chronic		Temperature rise	Risks	Decrease in sales volume of city gas (home-use and business-use)			

* “○”: Items whose financial impact is thought to be particularly significant

The Tokyo Gas Group measures

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 Offset City Gas
- 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 and wind power generation, etc.)
- Achieve net-zero CO₂ 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)
- Expanded use of decentralized energy systems that are highly resilient, such as smart energy networks, cogeneration systems, ENE-FARM (home fuel cells), storage batteries, etc.

Disclosure based on TCFD recommendations

Quantitative financial impact

We recognize that the city gas business, which currently accounts for about 60% of the Group's sales and profits, will be significantly impacted by climate change risks and opportunities. Here, we have provisionally calculated the financial impact of some risk factors in each scenario. In order to reduce the effects of those risks, the Group is working to expand the carbon neutral energy and solutions businesses.

Value Creation Story P. 13

The impact of the introduction of policies, laws and regulations on carbon pricing and so forth on city gas sales

The introduction of policies, rules and regulations that accompanies the transition to a carbon neutral society may have an impact on city gas business accounts, as energy consumption will be suppressed. In the IEA WEO 2023 NZE scenario (the 1.5°C scenario), it is predicted that natural gas consumption in Japan will decrease by about 10% by 2030, and if we assume our Group's city gas sales will be similarly impacted, based on past trends in gas sales results, this would be equivalent to approximately 100 billion yen in sales (converted using FY2023 results).

Impact of rising temperatures on city gas sales

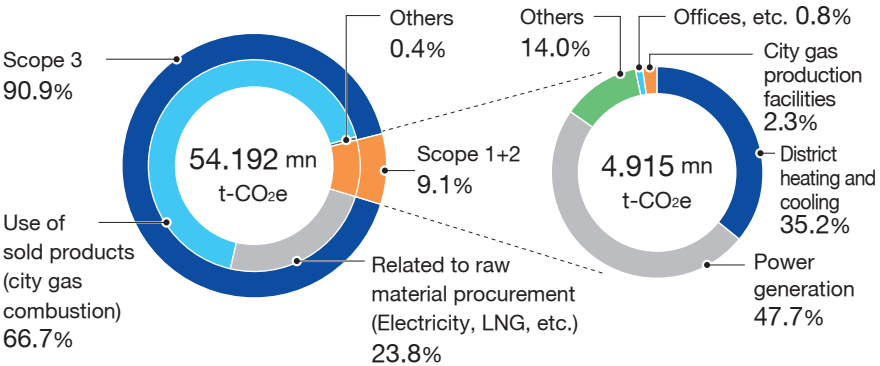
If fierce heat, warm winters, or other abnormal weather occurs, sales volumes for household-use gas mainly for hot-water supply and heating, as well as some business-use gas, may vary, and this may impact city gas business accounts. In SSP-8.5 (4°C scenario) in the 6th IPCC report, it is predicted that the temperature will rise by 0.5°C in 2030 (2011-2020 base), and based on past trends in gas sales results, this would be equivalent to approximately 15 billion yen in sales (converted using FY2023 results).

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).

Indicator	Target	
CO ₂ reduction contribution (vs. FY2013)	2025 12 mn t	2030 17 mn t
Greenhouse gas 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 t	
e-methane introduction volume	2030 1% deployed (80 mn Nm ³ /year)	
Decarbonization investment amount	2023-2025	230 bn yen (3-year total)

Greenhouse gas emissions: FY2023 results^{*1}



^{*1} Correction made due to identified errors in certain items after the release on October 10, 2024.

Protecting the global environment

Basic Policy

As a group which conducts business using the Earth's resources, this group considers biodiversity conservation and sophisticated use of resources to be important. Therefore, we have ranked preservation of the global environment as one of our material issues; and based on the Environmental Policy, we are striving to conserve biodiversity and become more sophisticated in our use of resources.

Promotion System

Regarding the system, please refer to the sustainability promotion system. P. 47

Conservation of Biodiversity

Efforts to reduce biodiversity risks in the value chain

In each business field, we are promoting efforts to grasp the situation with risks and reduce the risks.

Business fields	Biodiversity risks and efforts to reduce them	
	Risks	Actions for reducing risk
Raw material procurement	Loss of ecosystem in area surrounding gas fields	●Confirmation of the situation regarding consideration given to biodiversity in procurement location gas field development (environmental impact evaluation, etc.)
Raw material transport	Disturbance of ecosystem by alien species	●Management of ballast water when operating Group-owned/managed vessels
●City gas manufacture ●LNG-fired thermal power generation ●Renewable energy	●Impacts on ecosystems during land alteration, operation, and fuel procurement ●Use of water in business activities	●Environmental impact evaluation ●Operations management (agreements with local governments, compliance with laws and regulations, etc.) ●Formulation of a business continuity plan (BCP) ●Sustainable raw material procurement ●Strive to reduce amounts of water used and taken, effluent management
Supply	Loss of ecosystem due to extraction of pit sand	●Control discharge of excavated materials in work for burying gas pipes

Risk evaluation based on TNFD recommendations

Based on the Taskforce on Nature-related Financial Disclosures (TNFD), we utilized the “LEAP approach”^{*1} and trialed evaluating risks with a serious bearing on natural capital. Further, in order to guarantee the objectivity of these evaluations, we conducted them based on the viewpoints of outside experts.

^{*1}: An integrated approach advocated by the TNFD for evaluation of nature-related issues.

Examples of business fields in the entire value chain for which the degree of dependence and degree of impact are high are raw materials procurement and the shale business. However, we have adopted risk countermeasures, such as environmental impact evaluations and operation management, and an outside specialist has evaluated the risks as being kept to within a certain level.

Further, in the USA shale business, wetlands, etc. designated as Ramsar wetlands under the Ramsar Convention have been identified within the basin of the business base area, etc.; however, we have adopted risk countermeasures, and an outside specialist has evaluated the possibility of serious risks becoming apparent in the short term as being low.

Conservation activities in “Tokyo Gas Forest”

With our 194 ha company forest (Tokyo Gas Forest) in Nagano Prefecture, we conduct planned management of the forest and conservation of its rare plants and animals, and have been conducting forest monitoring surveys since 2007. So far, we have confirmed a total of 677 types of creatures in the forest.

Increased sophistication of resource usage

Recycling of used gas pipes

We have achieved an annual recycling rate of 100% for polyethylene pipes, steel pipes, and cast-iron pipes. Polyethylene pipes are recycled as plastic material, and steel pipes and cast-iron pipes are recycled as metal material. Our efforts with polyethylene pipe have been registered as an example of “Plastics Smart” efforts with the Ministry of the Environment in Japan.



Gas meter reuse and recycling

In dealing with some gas meters removed from customer sites, we replace non-durable parts, reinspect the meter, and use it again. Further, after reusing meters, we do not dispose of them as is, but instead recycle them.



Sustainability Fact Book
<https://www.tokyo-gas.co.jp/sustainability/download/index.html?vovn=en>

Certified as an “Eco-First” company

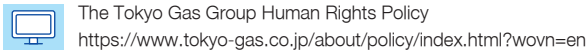
On April 10, 2024, we were recognized for the advancedness, originality and ripple effects of our global environmental conservation efforts and so forth, and were certified as one of the business world’s environmentally advanced companies (Eco-First company).



Respecting human rights across the entire supply chain

Human rights policy

Based on the United Nations Guiding Principles on Business and Human Rights, the Tokyo Gas Group formulated the “Tokyo Gas Group Human Rights Policy” in April 2018. The entire Group continually strives to respect the human rights of stakeholders involved in all processes of our business activities.



Promotion System

We have positioned respecting human rights across the entire value chain as one of our material issues. In the Sustainability Committee chaired by the President, efforts are made to understand and continually improve the situation regarding promoting respect for human rights in our Group supply chain, and important matters are reported to the Board of Directors.

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Human rights due diligence

Based on the “Tokyo Gas Group Human Rights Policy,” we created a human rights due diligence system. We strive to identify human rights risks in business, seek to prevent and mitigate them, and we disclose information on the effectiveness of our efforts and on our methods for addressing human rights issues.

P	Identifying and evaluating human rights issues <ul style="list-style-type: none">Identify human rights risks
D	Addressing identified negative impacts and monitoring <ul style="list-style-type: none">Carry out measures at each company and subsidiaryConduct human rights due diligence when there is a new transaction or investment
C	<ul style="list-style-type: none">Take actions with suppliers, conduct monitoring of themMonitor main overseas businessesEmployee education
A	Information disclosure, communication <ul style="list-style-type: none">Dialogue with stakeholders, information disclosure

Identification of important human rights risks

Based on domestic and overseas trends and dialogue with external experts, etc., we have identified important human rights issues that the Group needed to consider. These included forced labor and child labor, complicity in oppressing local communities, lack of consideration for occupational health and safety, discrimination, and harassment. In FY2023, as human rights risks with a high priority, we selected “Forced labor and child labor related to the renewable energies business in Japan and

overseas” and “Forced labor of foreign workers in gasworks construction, etc. in Japan,” and we took action to grasp the situation and prevent and mitigate these risks. As a result, no serious human rights risks were found.

Human rights issues	Business Domain	Human rights risks	Details of major initiatives
Forced labor Child labor	Development of renewable energy both in Japan and overseas	<ul style="list-style-type: none">Related to biomass fuel timber, etc.Solar panel production	<ul style="list-style-type: none">Procurement of fuel from suppliers who have acquired a third-party certificationConfirming that there are no human rights problems at the solar panel production stage
Forced labor	Business involving the employment of foreign workers in Japan	<ul style="list-style-type: none">Related to foreign workers at gasworks construction, etc. (technical interns, etc.)	<ul style="list-style-type: none">Surveying our business partners for gasworks construction, etc. on their situation with foreign workersFormulating unique compliance guidelines related to foreign technical interns

For FY2024, we have added “Violations of human rights of indigenous and local residents in LNG procurement, renewable energy business, and credits generation business,” “Violations of human rights through the use of AI” as new potential human rights risks. We will take action to grasp the situation and confirm measure taken within relevant businesses.

Supplier communication / Monitoring

In FY2023 we communicated the Sustainable Procurement Guidelines to approximately 1,500 key business partners, and in addition, conducted business partner survey to about 400 companies.

In FY2024, together with disseminating the Sustainable Procurement Guidelines which were revised in March 2024, we will expand the target of our business partner survey to include all our main business partners, and strengthen proper understanding and analysis of the procurement situation, results feedback and mutual communication.

Remediation mechanism

Along with establishing a response flow for cases when an external stakeholder contacts the Tokyo Gas Customer Center to seek consultation on human rights issues, we have also set up consultation desks for Group employees, both inside and outside the company. Further, starting in FY2024, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a member, and newly set up a supply chain remediation contact point.