

Promotion of Sustainability Management

Promoting sustainability

Basic Policy

The Tokyo Gas Group embodies its management philosophy—“Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future”—by conducting business activities grounded in initiatives necessary to address social issues (materiality). Through dialogue with external stakeholders, we aim to deepen understanding and garner support for our activities, while simultaneously contributing to a sustainable society and enhancing corporate value, achieving both social value creation and sustainable growth.

Sustainability promotion system

Supervise Board of Directors

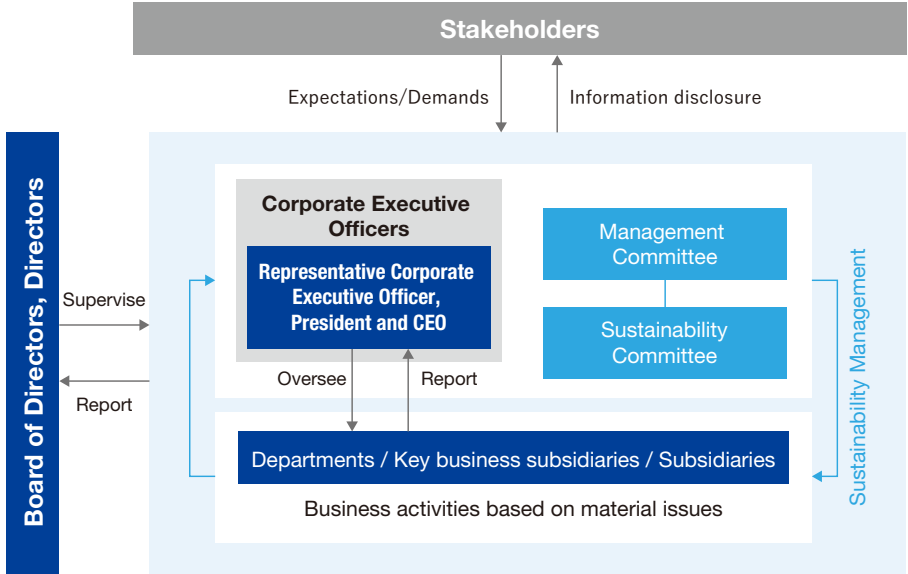
The Board of Directors makes key decisions regarding the company’s management, including the management plan and policies, and formally approves our materiality. For key management indicators related to sustainability in the management plan, the Board receives reports from Corporate Executive Officers and monitors progress by leveraging the expertise and experience of multiple Outside Directors with specialization in sustainability. In addition, the Compensation Committee annually reviews and approves performance evaluation indicators, which are reflected in the bonuses of Corporate Executive Officers (including those concurrently serving as Directors). These indicators are linked to the key sustainability management indicators.

Executive Structure Management Committee

The Management Committee deliberates and coordinates business activities based on materiality initiatives promoted by each organization within the Group and reports important matters to the Board of Directors.

Sustainability Committee

The Sustainability Committee is chaired by the President and CEO and includes members of the Group Management Committee and relevant department heads. The committee meets three times a year to share and discuss sustainability-related topics. Primarily, it reviews updates on changes in the sustainability landscape, evaluates and monitors indicators related to materiality, and considers and coordinates the overall direction of the Group, thereby promoting sustainability management.














FY2024 Sustainability Committee meetings outline

Meetings held	3 times (June 5, 2024; October 16, 2024; January 29, 2025)
Main topics	<ul style="list-style-type: none">Challenges related to materiality and its revisionProgress and advancement of sustainability initiativesTrends and responses in sustainability information disclosureEfforts to respect human rights within the supply chainInternal and external developments related to climate change and the environment

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Reporting on business activities based on materiality (Established in 2023)

Material issues	Aim	Indicators and targets		Main results for FY2024	Related SDGs
1. Responsibly transitioning to a decarbonized society	We will strive to make sophisticated use of natural gas and to decarbonize gas and electricity, and contribute to the transition of a carbon neutral society.	Near-term low- and decarbonization through current CO ₂ reduction technologies	CO ₂ reduction contribution*1 2030 target: 17 million t / 2025 target: 12 million t	• CO ₂ reduction contribution: 12.63 million t	   
			Renewable power source transaction volume 2030 target: 6 million kW / 2025 target: 2.2 million kW	• Renewable energy handled: 1.458 million kW	
			Promote initiatives that contribute to society-wide near-term low- and decarbonization through current CO ₂ reduction technologies	• Made full-scale entry into the battery energy storage business (groundbreaking of the Tsunokobaru Power Storage Station in Oita Prefecture and offtake agreement for the Hirohara battery station in Miyazaki Prefecture) and launched optimal operation services • Launched a city gas menu under the SHK system with an adjusted emission factor of zero • Participated in the Nature-Based Carbon Fund, aimed at generating reliable natural carbon credits, and entered into a business partnership with Creattura Co., Ltd., for J-Credit creation • Established a city gas offset menu using carbon credits as Carbon Offset City Gas, clearly indicating the methods of emission reduction • Managed private REIT assets totaling 37.6 billion yen (as of March 31)	
		Deployment of future CO ₂ reduction technologies in society	Promote large-scale methanation overseas	• Implemented the U.S. project ReaCH4 and conducted pre-FEED for an Australian project (utilizing METI's subsidy for resource-producing countries) • Established the international alliance "e-NG Coalition"	
2. 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.	Reduction of CO ₂ emissions in our own supply chain	Net-zero CO ₂ emissions from our own operations (compared with FY2020) 2030 target: 100% / 2025 target: 60% Implementation rate of initiatives: 100% each fiscal year*2 Greenhouse gas (GHG) emissions: Scope 1, 2, and 3 2050 target: Net-zero CO ₂	• Net-zero CO ₂ from our activities Achieved 33% compared with FY2020 • Scope 1 and 2: 4.36 million t-CO ₂ e (FY2024 actual)*3 • Scope 3: 67.501 million t-CO ₂ e (FY2024 actual)*3	   
		Advance resource recycling Recycling rate of used PE pipes: 100% Promote biodiversity conservation		• Achieved a 100% recycling rate for used PE pipes • Reuse and recycling of gas meters • Recycling rate of industrial waste: 83% (FY2024 actual) • The Sodegaura LNG Terminal was designated a Nationally Certified Nature Coexistence Site by the Ministry of the Environment • Investigated and grasped the impact of our business activities, and promoted biodiversity conservation • Carried out planned management of company-owned forests, and conservation and monitoring of rare plants and animals on owned land • Promoted environmental conservation activities in local communities through the CSR initiative, "Mori Sato Umi Tsunagu (Connecting Forests, Villages, and Ocean) Project"	
3. Securing a stable energy supply	We will strive to achieve a stable energy supply even in a business environment that is becoming more complicated due to heightening geopolitical risks.	Zero major city gas accidents or supply disruption		• Achieved zero incidents	  
		Address procurement risks		• Continuously implemented diversification of LNG procurement sources and schemes, strengthened trading and management capabilities, and reinforced power sources such as renewable energy	

*1 The effect of reducing society-wide CO₂ emissions through measures such as fuel switching to lower-carbon natural gas compared to other fossil fuels, the introduction of high-efficiency equipment, and the adoption of renewable energy. The calculation method has been guided by advice from the third-party organization DNV Business Assurance Japan K.K.

[Concept and calculation method of reduction contribution](#) [P.46](#)

*2 From FY2022 to FY2024, we have reported the achievement rate of net-zero CO₂ emissions from our own operations. Starting in FY2025, we are strengthening initiatives by adding a process management indicator, the implementation rate of initiatives (the rate of implementation of measures targeted for that fiscal year to achieve net zero by FY2030).

*3 For details of the FY2024 actual values, please refer to the information below.

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Business Strategy (Improving ROA)


















Medium- to Long-Term Value Creation (Enhancing P/E Ratio)

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★ Tokyo Gas (non-consolidated) targets and results

Material issues	Aim	Indicators and targets		Main results for FY2024	Related SDGs
4. Enhancing safety and disaster prevention, resilient regional development	We promote disaster-resilient community development to ensure that our customers can use energy safely and securely.	Maintain 100% participation in emergency drills at the Supply Command Center		● Achieved 100% (excluding cases where supply operations took priority)	   
		Continue subdivision of disaster prevention blocks to contribute to minimizing supply outage areas in the event of a large-scale earthquake		● Completed the subdivision of disaster prevention blocks (from 327 blocks to 329 blocks) as planned	
		Introduce and promote resilient energy systems		● Promoted the installation of energy systems at hospitals and other facilities serving as local disaster response bases (University of the Ryukyus Faculty of Medicine, University of the Ryukyus Hospital / Kushi City General Hospital / Nagasaki Stadium City) ● Developed the world's first high-sensitivity portable laser-type carbon monoxide detector	
5. Contributing to the well-being of people and communities	We will contribute to realizing a fulfilling lifestyle both mentally and physically, and revitalizing local communities.	Provide services supporting physically and mentally enriching lives		● Launched the IGNITURE Storage Battery, which controls the charge and discharge of home storage batteries ● Expanded the scope of the corporate power purchase contract service Hinatao Solar (enabled installation on slate roofs, which were previously difficult, through the development of a new construction method) ● Began construction of power generation and heat transport facilities at the Waita No. 2 geothermal power plant in Kumamoto Prefecture ● Started a smart energy network in Shibaura operated by Tokyo Gas Nomura Real Estate Energy Co., Ltd. ● Commenced full-scale operation of Thailand's first urban district cooling system ● Promoted real estate development based on the concepts of decarbonization, optimization, and resilience (completion of two LATIERRA series buildings)	   
		Promote collaboration with regional and municipal governments on carbon-neutral cities		● Concluded 28 comprehensive partnership agreements with local governments (82 in total) ● Promoted initiatives to achieve carbon neutrality not only for public facilities but also for residents and businesses in the area (e.g., Edogawa Ward, Akishima City, Atsugi City)	
6. 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.	Promoting the active participation of diverse talent	Rate of women in management FY2025 target: 11%★	● Actual rate of women in management (as of April 1, 2025): 12.0%★	    
			Men's childcare leave taking rate FY2025 target: 100%, with 100% taking one month or longer★	● Actual rate of men taking childcare leave: 99%, with 94.5% taking one month or longer★	
			Comprehensiveness of health support FY2025 target: 83% positive response rate for "health support"★	● Actual positive response rate for "health support": 80.3%★	
		Restructuring of the human capital portfolio	Reskilling/retraining participation rate FY2025 target: 100%★	● Reskilling/retraining participation rate: 94.1%★	
			Expansion of DX talent FY2025 target: 3,000 personnel using DX FY2025 target: 500 advanced/core DX personnel	● Actual number of personnel using DX: 3,110 ● Actual number of advanced/core DX personnel: 276	
7. 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.	Improving engagement	Engagement indicators FY2025 target: 90% positive response rate for "willingness to contribute"★	● Positive response rate for motivation to contribute 90.8%★	   
		Implement human rights due diligence in the Tokyo Gas Group		● Conducted tier-specific training (approximately 430 third-year employees) and compliance officer training (approximately 550 participants) ● Held briefing sessions on the Sustainable Procurement Guidelines for procurement personnel	
		Promote human rights throughout the entire supply chain		● Conducted human rights due diligence ● Promoted awareness of the Sustainable Procurement Guidelines and conducted a survey ● Conducted employee education concerning human rights across the entire supply chain	

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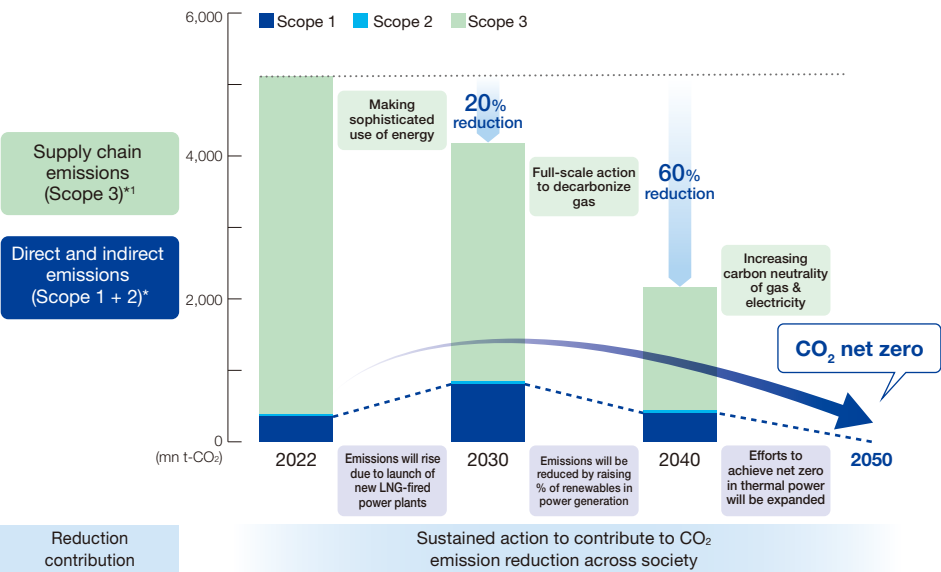
Promotion of Sustainability Management

Responsibly transitioning to a decarbonized society

Concrete pathway to achieving net-zero CO₂

As an energy company group supporting society, we aim to achieve responsible transition that balances a stable supply with decarbonization. During the transition period toward the 2030s, we will maximize the efficient use of natural gas, which has lower CO₂ emissions among fossil fuels, to secure earnings for decarbonization investments while contributing to society-wide CO₂ reductions. Simultaneously, we will promote renewable energy and actively develop technologies for the implementation of new solutions such as e-methane and hydrogen. Through decarbonizing gas and electricity, we aim to achieve net-zero CO₂ emissions (Scope 1, 2, and 3) for the Tokyo Gas Group by 2050.

Path for reducing CO₂ emissions (Domestic Energy Supply)

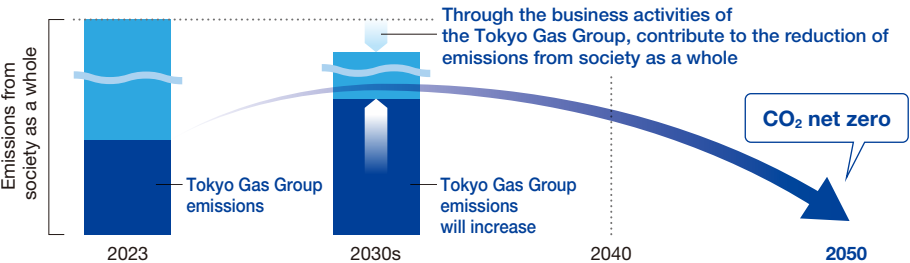


* Greenhouse gas emissions of the entire supply chain (including upstream) associated with our supply of energy (gas & electricity) to domestic customers, in CO₂ equivalents

Increase to Decrease

During the transition period toward the 2030s, CO₂ emissions (Scope 1 and 2) from the Tokyo Gas Group’s business activities will temporarily increase in order to meet customers’ CO₂ reduction needs. Specifically, by advancing the high-efficiency use of natural gas in state-of-the-art LNG thermal power plants, energy services, and district heating and cooling businesses, we can reduce CO₂ emissions at customer sites. As a result, our Group’s Scope 1 and 2 emissions will temporarily rise; however, through parallel development and social implementation of decarbonization technologies, we aim to achieve net-zero emissions by 2050.

Relation between the emissions from the Tokyo Gas Group and society as a whole (Scope 1 and 2 CO₂ emissions from business activities)



Toward net-zero CO₂ from our activities

CO₂ emissions (Scope 1 and 2) from the Tokyo Gas Group’s business activities will temporarily increase; however, in pursuit of net-zero CO₂ by 2050, we are taking all possible measures to minimize this increase. As part of these efforts, we are targeting net-zero CO₂ emissions from our own operations—including company-owned buildings, city gas production and supply facilities, and company vehicles—by FY2030. In FY2024, we achieved a 33% reduction in CO₂ emissions from our own operations compared with FY2020 levels.

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Contributing to overall CO₂ reductions from society

Measuring only the reduction of CO₂ emissions from our own business activities does not fully reflect the Tokyo Gas Group’s contribution to decarbonization. Therefore, we use “CO₂ reduction contribution” as an indicator of our impact on society-wide CO₂ emission reductions. During the transition period toward the 2030s, the high-efficiency use of natural gas—which emits less CO₂ than other fossil fuels—is expected to continue playing a significant role. Accordingly, our CO₂ reduction contribution accounts for the effects of switching to lower-carbon natural gas, introducing high-efficiency equipment, and adopting renewable energy, all of which help reduce society-wide CO₂ emissions. We have set a target of 17 million tons of CO₂ reduction contribution by 2030 across our global business activities and are actively working toward this goal.

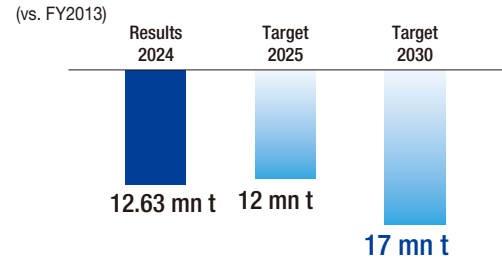


Example of the introduction of high efficiency equipment: ENE-FARM



Example of renewable energy adoption: Annaka Solar Power Plant

CO₂ reduction contribution results/targets in the transition period

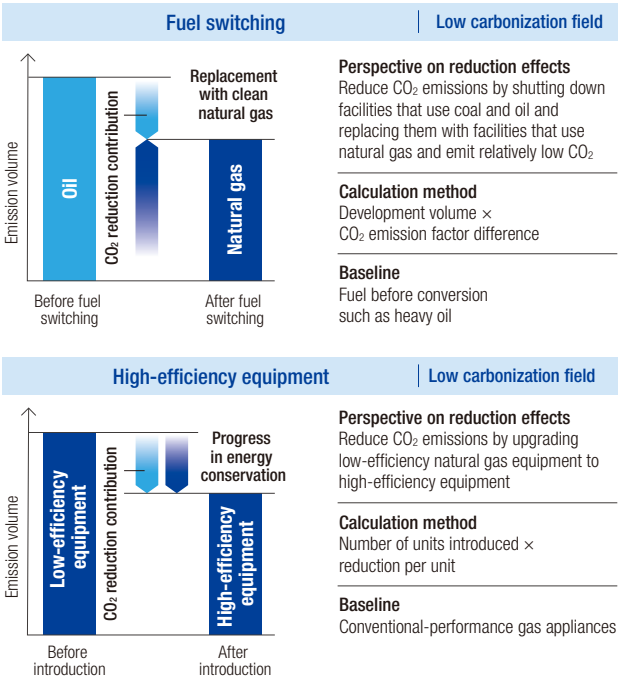


Breakdown of the 17 mn ton target for 2030

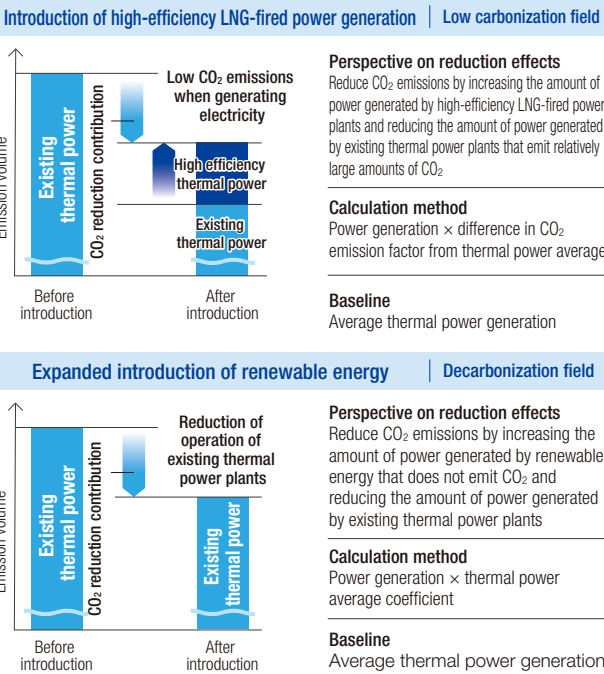
Category		Main actions
Low carbonization field	25%	Fuel switching
	15%	High-efficiency equipment
	65%	25% Introduction of high-efficiency LNG-fired power generation
Decarbonization field	15%	Introduction of renewable energy/new energy
	35%	20% Utilization of non-fossil fuel certificates

Note: We have taken advice from a third party in the form of DNV BUSINESS ASSURANCE JAPAN K.K. in order to increase reliability and transparency in our calculation of emission reduction contributions.

Concept and calculation method of reduction contribution



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



* The Tokyo Gas Group’s CO₂ emissions remain unchanged.

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e-methane / biomethane (RNG)

e-methane is synthetic methane, a form of methane—the main component of city gas—produced from hydrogen and CO₂ through a process called methanation. As the CO₂ emitted during combustion is offset by the CO₂ used in its synthesis, it serves as a gaseous energy source that does not increase atmospheric CO₂ levels when used. Biomethane (RNG: Renewable Natural Gas) is methane derived from organic materials such as food waste. Because it is not fossil fuel-based, it is expected to play a key role in reducing greenhouse gas emissions and is already widely supplied in countries such as the United States. As e-methane and biomethane share the same main component as city gas, they can be distributed and used through existing city gas infrastructure. By promoting the adoption of e-methane and biomethane, the Tokyo Gas Group views the realization of city gas decarbonization—while controlling additional social costs—as both its responsibility and mission.

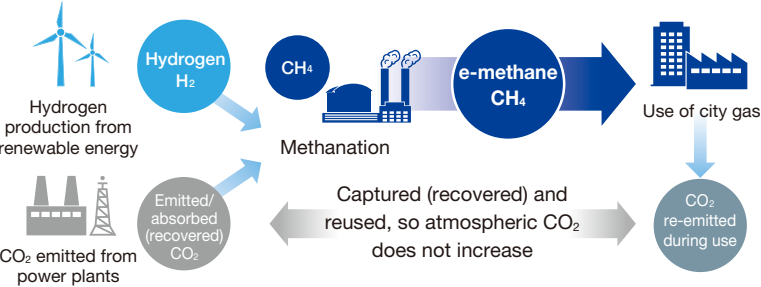
Building new supply chains and driving cost reduction

Since FY2021, we have been conducting small-scale demonstration tests of e-methane and are now working to establish overseas supply chains for its domestic introduction from FY2030 onward. As a flagship initiative, we are advancing the ReaCH4 project in Texas and Louisiana through a Japan–U.S. consortium. In Australia, we have conducted detailed pre-FEED studies, supported by subsidies from the Ministry of Economy, Trade and Industry, for resource-producing countries. In parallel, to reduce costs, we are developing hydrogen production technologies using water electrolysis, which serve as the feedstock for e-methane, and advancing innovative methanation technologies with support from the Green Innovation Fund. In 2024, we imported and received biomethane from the United States for the first time, with a portion supplied to the Kannai Building owned by Tokyo Gas Real Estate. Going forward, we will explore cost-effective and stable procurement sources primarily in North America, while preparing to supply biomethane to domestic industrial customers. By combining e-methane and biomethane, we will work to stabilize and strengthen supply chains while providing customers with affordable and diverse decarbonization options for city gas, thereby fulfilling our responsibility as an energy provider.



LNG tanker used to receive biomethane from the United States

CO₂ emission reduction effect with e-methane



Establishing a certification system

To deliver e-methane produced overseas as a zero-emission fuel to customers in Japan, an international framework for CO₂ accounting is essential. In addition, to verify the environmental value of e-methane and biomethane separately from conventional LNG, a certification system must be established. To support the creation of these systems, we are actively engaging with relevant government agencies and leveraging collaboration among private-sector companies, including the e-NG Coalition, an international alliance established in October 2024 by eight Japanese and European energy companies, including Tokyo Gas, to promote global adoption of e-methane. As of June 2025, the coalition has 23 member companies. Furthermore, under the Clean Gas Certificate system, which began operation in April 2024, Tokyo Gas issued certificates for e-methane produced at its demonstration facilities. The environmental value of these certificates was transferred and utilized in Japan for the first time, powering gas lamps installed along Yamashita-Koen Dori (Yamashita Park Street) in Yokohama.



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Decarbonization of Electricity

Offshore wind power

Leveraging our extensive experience in the gas business—from LNG procurement to customer solutions—we are contributing to the decarbonization of electricity by establishing the Tokyo Gas Group’s unique renewable energy value chain. This chain encompasses power source development, electricity procurement, and managing electricity supply. Offshore wind, with its strong potential for deployment, is expected to play a vital role in achieving carbon neutrality by 2050. Last fiscal year, we became part of a consortium for a fixed-bottom offshore wind project off Yusa Town, Yamagata Prefecture, and we are pursuing various initiatives both in Japan and overseas to develop floating offshore wind projects for future.

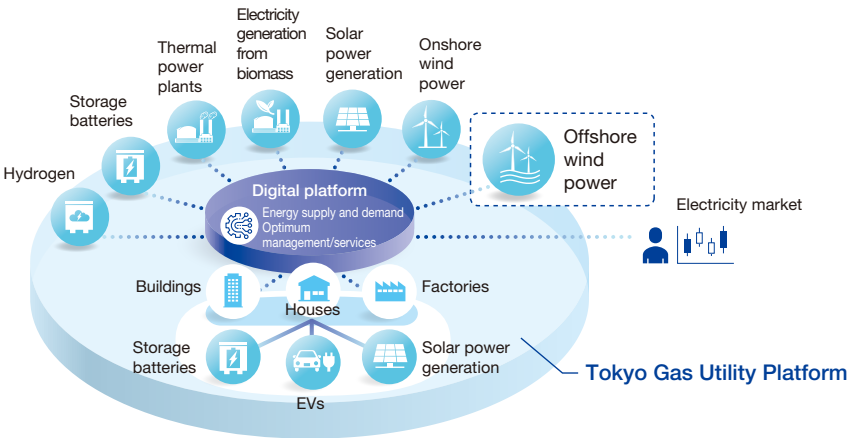
Our vision for Tokyo Gas through renewable energy growth

Value delivered to society

By establishing a digital trading platform in the power sector, we optimize the operation and management of diverse assets across the energy value chain, in collaboration with customers and partners. This enables us to provide energy and non-fossil fuel value with superior stability, environmental sustainability, and flexibility.

Value delivered to customers

In response to growing and diversifying renewable energy demand, we provide a variety of decarbonization options, including renewable power sources, gaseous energy, and non-fossil fuel value.



Toward the commercialization of floating offshore wind power

Research and development of floating foundation technology

Under the Green Innovation Fund Project launched in 2022, Principle Power, a company in which we are a major shareholder, successfully completed the verification of cost reduction and mass-production methods for floating foundations utilizing its WindFloat technology. Furthermore, in March 2024, we became a founding member of the Floating Offshore Wind Technology Research Association (FLOWRA), where we are working alongside other members to conduct R&D on key foundational technologies as well as on cost and risk reduction initiatives.

Participation in operating power generation projects

In August 2024, we joined the WindFloat Atlantic project in Portugal, one of the few floating offshore wind farms entering its fifth year of operation. In addition to gaining hands-on experience with local operations, we are dedicated to mastering advanced O&M methods utilizing digital and next-generation technologies.

Proactive investment in overseas projects

In October 2023, we committed 220 million euros to an offshore wind investment fund established by Octopus Energy (OE) in the United Kingdom. As of May 2025, the fund has invested in three operating fixed-bottom offshore wind projects in Europe, delivering stable dividend returns. Moreover, we have seconded personnel to OE, which has achieved notable growth in Europe, to learn its business model. By fully leveraging this alliance, we aim to be among the first in Japan to develop a value chain underpinned by a digital trading platform.

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Intellectual property

Creation and accumulation

Core technologies developed through the city gas business

For more than a century, we have accumulated technologies across the entire city gas supply chain, from production to supply and consumption. By analyzing operational data from our own facilities and continuously feeding the results back into design guidelines and maintenance procedures, we have established expertise that ensures high levels of safety, efficiency, and environmental performance simultaneously. These refined achievements are protected as intellectual property serving as the foundation of our technological development and have been widely applied to subsequent R&D efforts.

Accumulated core technologies

Over the past 50 years, we have further honed our expertise in specialized fields such as material evaluation, fluid analysis, and fuel cell development. By building on our foundational technologies and continuously integrating the latest advancements, we have developed numerous unique solutions that combine these core competencies. These innovations are protected and utilized through patent filings.

Expansion into carbon-neutral technologies

We are currently focusing on the development of technologies central to a decarbonized society, including wind and solar power generation, methanation, and water electrolysis. By effectively applying our existing core technologies to these new fields, we accelerate the R&D cycle and establish competitive advantages early. The results of these efforts are also being accumulated as intellectual property that will support future business growth.

Maximizing value and contributing to strategy

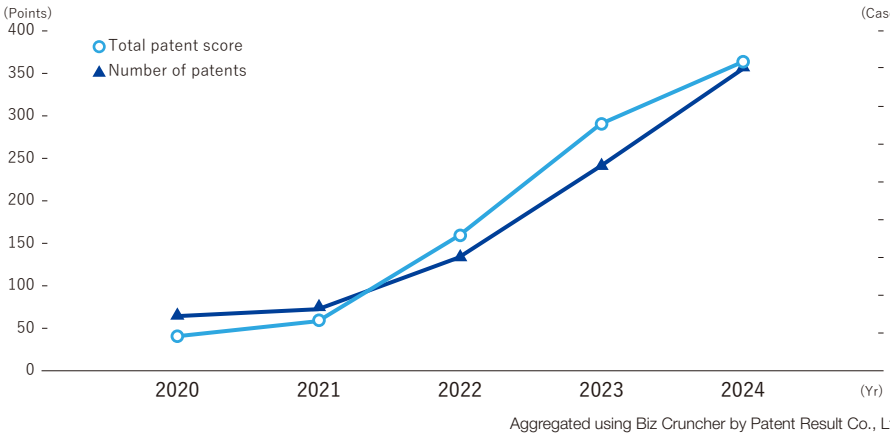
Using IP landscape analysis and visualization

To connect the quality and quantity of intellectual property with corporate value, we employ IP landscape analysis. In particular, we analyze and visualize the number of patents and their scores (patent value) related to carbon-neutral technologies, providing insights that support business and technology strategy development.

Setting goals and monitoring intellectual property activities

As shown in the figure below, our carbon-neutral-related patents have been steadily increasing both in number of filings and total patent scores. To sustain this trend, we set departmental targets for both the patent flow (annual number of applications) and patent stock (patent value), and conduct regular monitoring and evaluation. This approach tightly links our intellectual property activities with business strategy, aiming to establish a cycle that directly contributes to enhancing corporate value.

Example of monitoring carbon-neutral-related patents



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Disclosure Based on the TCFD Recommendations

Tokyo Gas considers the Task Force on Climate-related Financial Disclosures (TCFD) framework an effective tool for disclosing information on climate change responses and engaging with stakeholders, and expressed its support for the TCFD recommendations in May 2019. We use these recommendations as indicators to evaluate our climate change initiatives and continuously provide appropriate disclosures on the impacts of climate change on the Tokyo Gas Group’s business activities and our related measures.

Governance

The Board of Directors makes key decisions for the Group’s management, including materiality considerations that take climate-related risks and opportunities into account, the management plan, and other important matters.

The Board also receives regular reports from Executive Officers on key management indicators related to climate change initiatives and monitors progress accordingly.

Examples of climate-related Board of Directors agenda items in FY2024

- Overview of the environment surrounding renewable energy businesses
- Recent trends in energy policy and future response strategies

In terms of the executive structure, each organization within the Tokyo Gas Group promotes business activities based on materiality and deliberates and coordinates climate-related matters through the Management Committee and the Sustainability Committee, reporting important issues to the Board of Directors (see previous section). The Sustainability Committee, chaired by the President and CEO, meets three times a year to review updates on the evolving climate-related environment, evaluate and monitor climate-related indicators, and examine and coordinate the Group’s overall direction.

Risk management

The Tokyo Gas Group defines risks judged to have a significant impact on its business as “key risks” within its Risk Management Policies, which outline the fundamental principles of risk management. The policy is reviewed annually, and daily monitoring is conducted to detect early signs of risk.

These key risks are established by identifying and prioritizing risks specific to each division and subsidiary for the entire Group’s business each fiscal year. Climate-related risks are also designated as key risks and integrated into the Group-wide Enterprise Risk Management (ERM) framework. In addition, the Risk Management Committee, established to enhance ERM management, regularly reviews risks and monitors the development and operation of the ERM system, reporting its findings to the Management Committee.

Strategy

The Tokyo Gas Group recognizes responding to climate change as a critical issue to be addressed through its business activities. In pursuit of net-zero CO₂, we have developed the Tokyo Gas Group Carbon Neutrality Roadmap 2050, which outlines a concrete pathway looking toward 2040 and 2050.

In the short term through 2030, we promote high-efficiency use of natural gas as part of a responsible transition, balancing decarbonization with stable energy supply. From 2030 onward, we will implement and expand decarbonization technologies, leading a seamless transition to a carbon-neutral society by 2040, and achieve gas and electricity decarbonization by 2050.

Carbon Neutrality Roadmap 2050 P.20

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Risks, opportunities, and countermeasures based on scenario analysis

Taking into account the business environment, the Tokyo Gas Group conducts scenario analysis to qualitatively and quantitatively assess the impacts of climate change on its business. The purpose of this effort is to confirm the resilience of our business strategy and to examine potential countermeasures. In these analyses, we reference scenarios published by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to envision potential business environments, identify and organize anticipated risks and opportunities, and evaluate them over the short to medium term through 2030 and the medium to long term through 2050.

Assumed scenarios

	Worldview	Reference scenarios
1.5° C scenario	A scenario that assumes the achievement of global net-zero CO ₂ emissions by 2050 through various decarbonization initiatives.	<ul style="list-style-type: none">• IEA WEO 2023: Net Zero Emissions by 2050 Scenario (NZE)• IPCC Sixth Assessment Report: SSP1-1.9, etc.
4° C scenario	A scenario on the current trajectory that assumes no additional initiatives beyond already implemented and announced decarbonization policies.	<ul style="list-style-type: none">• IEA WEO 2023: Stated Policies Scenario (STEPS)• IPCC Sixth Assessment Report: SSP5-8.5, 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	○
				Opportunities		○
	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	○
		Demand side	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	○
	Technology	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 (e.g., renewable energy, storage batteries, demand response, etc.)	○
	Reputation	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	○
Physical	Acute	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	
	Chronic	Extreme weather intensification		Risks	Increase in costs for measures against wind and flood damage, risk of shutdown of operations if production equipment is damaged	○

* "○": Items for which the 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 the use of natural gas for balancing renewable power
- CCUS

Decarbonization of gas and electricity

- e-methane: Transition to large-scale and high-efficiency methanation and commercial use
- Hydrogen: Establish practical, affordable hydrogen production technologies
- Expand renewable power sources (e.g., 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 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.

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Quantitative financial impact

We recognize that the city gas business, which currently accounts for approximately 60% of the Group’s sales and profits, is highly exposed to the risks and opportunities posed by climate change. In this context, we have estimated the financial impact of certain risk factors under each scenario. To mitigate the overall impact of these risks on the Group, we are actively working to expand our carbon-neutral energy and solutions businesses.

Impact of policies and regulations, including carbon pricing, on city gas sales

The introduction of policies and regulations associated with the transition to a carbon-neutral society could affect the city gas business, as overall energy consumption is expected to decrease. In the IEA WEO 2023 NZE scenario (1.5° C scenario), Japan’s natural gas consumption is projected to decline by approximately 10% by 2030. If our Group’s city gas sales were to be affected to the same extent, past sales trends suggest this would correspond to roughly 100 billion yen in revenue.

Impact of rising temperatures on city gas sales

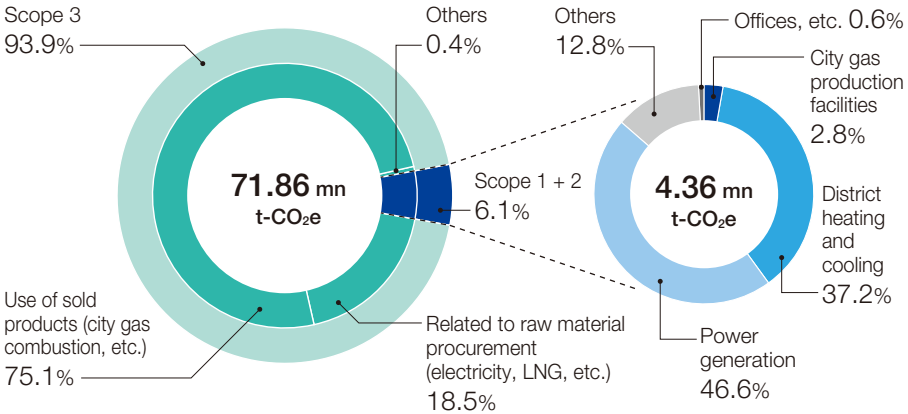
Abnormal weather, such as extreme heat or unusually warm winters, could cause fluctuations in sales volumes for household gas—primarily used for hot-water supply and heating—as well as some commercial-use gas, potentially affecting the city gas business. In the SSP-8.5 scenario (4° C scenario) of the IPCC Sixth Assessment Report, the average temperature in 2030 is projected to rise by 0.5° C compared with the 2011–2020 baseline. Based on historical sales trends, this would correspond to approximately 15 billion yen in revenue.

Indicators and targets

To support the realization of a carbon-neutral society, we have established the following indicators and targets to both contribute to reducing CO₂ emissions across society and track the progress of initiatives aimed at reducing the Tokyo Gas Group’s own CO₂ emissions (Scope 1, 2, and 3).

Indicator	Target			
CO ₂ reduction contribution (vs. FY2013)	2025	12 mn t	2030	17 mn t
Greenhouse gas emissions (Scope 1, 2, and 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 introduced volume	2030 1% deployed (80 mn Nm3/year)			
Decarbonization investment amount	2023–2025	230 bn yen (3-year total)		

Greenhouse gas emissions: FY2024 results



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Promotion of Sustainability Management

Conserving the Global Environment

Basic approach

As a company utilizing global resources for its operations, the Tokyo Gas Group recognizes the importance of preserving biodiversity and advancing the efficient use of resources. In line with our environmental policy, we focus on reducing risks related to biodiversity within our value chain, engaging in conservation activities in collaboration with local communities, and promoting resource circulation by working together with our customers and other companies.

Promotion system

For details on the organizational structure, please refer to the sustainability promotion system.

Sustainability promotion system P.42

Conservation of biodiversity

Efforts to reduce biodiversity risks in the value chain

We are promoting efforts to identify risks and reduce them in each business sector.

Business field	Biodiversity risks and efforts to reduce them	
	Risk	Actions for reducing risk
Raw material procurement	Loss of ecosystem in areas surrounding gas fields	Confirmation of biodiversity considerations in gas field development (e.g., environmental impact assessment)
Raw material transport	Disruption of ecosystems by invasive species	Management of ballast water when operating Group-owned/managed vessels
City gas production	Ecosystem impacts from land alterations, operations, and biomass fuel procurement	Environmental impact assessments
LNG-fired thermal power generation	Use of water in business activities	Operations management (e.g., agreements with local governments, compliance with laws and regulations)
Renewable energy		Sustainable raw material procurement
		Efforts to reduce water use and intake, wastewater management
City gas supply	Loss of ecosystem due to extraction of pit sand	Mitigation of soil discharge during gas pipeline installation work

Risk evaluation based on the 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. Furthermore, to ensure the objectivity of these evaluations, they were conducted based on the perspectives of outside experts.

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

In the entire value chain, business fields with high dependency and impact, such as raw materials procurement and shale operations, were identified. However, we have implemented risk mitigation measures, such as environmental impact assessments and operational management, and an external expert has evaluated the risks as being kept within a certain level. In addition, in the U.S. shale operations, Ramsar Convention-designated wetlands were identified within the basin of the business area. Nevertheless, risk mitigation measures have been implemented, and external specialists have assessed that the likelihood of significant risks emerging in the short term is low.

Conservation activities in the “Tokyo Gas Forest”

In the 194-hectare company-owned forest located in Nagano Prefecture, known as the “Tokyo Gas Forest,” we are engaged in planned forest management and the conservation of rare plant and animal species. Since the monitoring surveys began in 2007, a total of 677 species of living organisms have been confirmed. In addition, the Tokyo Gas Forest will celebrate its 20th anniversary in July 2025.

Sodegaura LNG Terminal Certified as a “Nationally Certified Sustainably Managed Natural Site” by the Ministry of the Environment

This recognition was awarded due to its appropriate green space management and monitoring of rare plants. To date, approximately 30 species of birds, more than 230 species of insects, and more than 260 species of plants have been confirmed.



Enhancing resource utilization

Recycling of used gas pipes

Polyethylene pipes are recycled as plastic materials, while steel and cast iron pipes are recycled as metal materials, achieving 100% recycling every year. The efforts related to polyethylene pipes are registered as a case example in the Ministry of the Environment’s “Plastics Smart” initiative.



Gas meter reuse and recycling

Some gas meters removed from customer sites are refurbished by replacing worn-out parts, reinspecting them, and reusing them. In addition, after reuse, we do not dispose of the meters but recycle them instead.

Tokyo Gas Group Sustainability Factbook 2025 / “Environmental Data” (Published September 2025)
<https://www.tokyo-gas.co.jp/sustainability/download/index.html?wovn=en>

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Promotion of Sustainability Management

Respecting Human Rights Across the Supply Chain

Human Rights Policy

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Tokyo Gas Group established the Tokyo Gas Group Human Rights Policy in April 2018 (revised in 2022). The Group is committed to continuously respecting the human rights of stakeholders involved in all processes of its business activities.

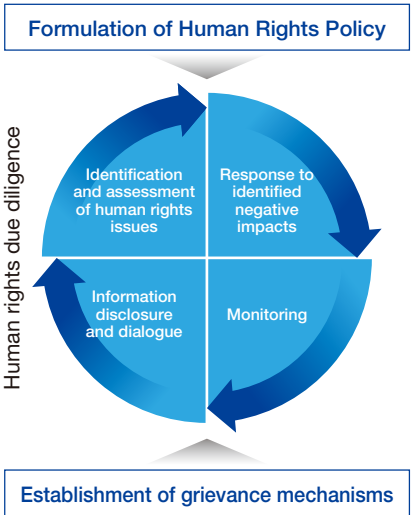
 Tokyo Gas Group Human Rights Policy
<https://www.tokyo-gas.co.jp/about/policy/index.html?vovn=en>

Promotion system

The Sustainability Committee, chaired by the President, oversees the monitoring and continuous improvement of human rights respect within the Group’s supply chain. In addition, key matters are reported to the Board of Directors.

Human rights due diligence

In accordance with the United Nations Guiding Principles on Business and Human Rights and under the Tokyo Gas Group Human Rights Policy, we have established a human rights due diligence framework not only within our Group but also for business partners and other stakeholders affected by our activities. We believe it is crucial to identify challenges and impacts and implement appropriate measures to address them. Also, by setting up a consultation (grievance) mechanism and appropriately handling cases, we are advancing our efforts toward respecting human rights and realizing sustainable business practices.



Identification and assessment of human rights issues

To ensure transparency, we identified our human rights issues through the following three steps. First, we organized the human rights issues related to our business based on frameworks such as the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, ILO international labor standards, SA8000, and other relevant guidelines. Next, with reference to international norms, trends among peer companies, and various surveys and reports related to human rights, as well as the results of ESG risk assessments for the Group’s overseas operations and findings from internal hearings, we assessed risks based on severity and likelihood of occurrence. Finally, after consulting with external experts, we identified the human rights issues through the Sustainability Committee.

Human rights issues	Relevant stakeholders			
	Customers*1	Group employees	Suppliers/ investment targets	Local communities*2
1 Long working hours and wages		○	○	
2 Occupational health and safety		○	○	
3 Child labor			○	
4 Forced labor			○	
5 Discrimination and harassment	○	○	○	
6 Violations of freedom of association and the right to collective bargaining			○	
7 Environmental pollution and biodiversity loss				○
8 Land grabbing				○
9 Complicity in local community suppression				○
10 Violations of privacy rights	○	○	○	
11 Rights violations through the use of technology	○	○	○	
12 Corruption and violations of human rights-related laws			○	
13 Involvement in armed conflict and provision of related services			○	

*1 Corporate and individual *2 Including indigenous peoples and minorities

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Response to identified negative impacts

For the human rights issues we have identified, we have set priority themes and are addressing human rights risks in stages. As a result, no serious issues have been identified at this time.

FY2023	Reviewed human rights risks and responses in: <ul style="list-style-type: none">Fuel procurement for biomass power generationManufacturing stage of procured solar panelsManagement of technical intern trainees in our domestic operations
FY2024	Review of human rights risks and responses in: <ul style="list-style-type: none">LNG development and productionCarbon credit generation projectsManagement of labor accidents involving non-Japanese workers in our domestic operationsAI development and utilization

Monitoring (Initiatives with business partners on respecting human rights)

We have distributed the Sustainable Procurement Guidelines to approximately 1,500 key business partners. In FY2024, we conducted a partner survey to check the implementation of the guidelines, receiving responses from about 1,000 companies. Based on the survey results, approximately 90% of companies reported implementing certain initiatives (average score of 3 or higher out of 5 for each item), and no serious human rights risks, such as child labor or forced labor, were identified. Going forward, we will continue to strengthen engagement aimed at addressing issues based on survey results and other findings.

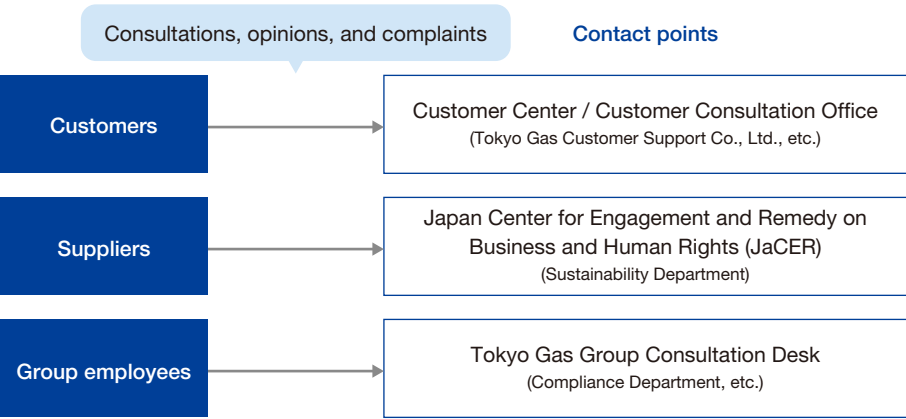
Disclosure and dialogue

The Group discloses its Human Rights Policy and related initiatives through integrated reports, the website, and other channels. In addition, we enhance stakeholder engagement to ensure that the policy and initiatives are properly reflected.

Establishment of grievance mechanisms

The Group has established a system to receive consultations, opinions, and complaints (hereafter, “reports”) related to human rights violations from various stakeholders.

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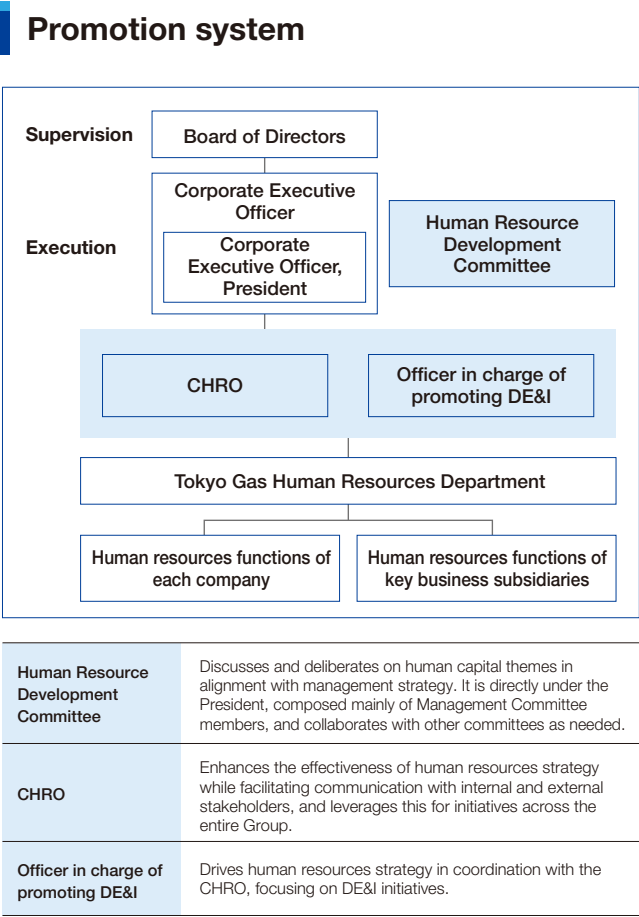
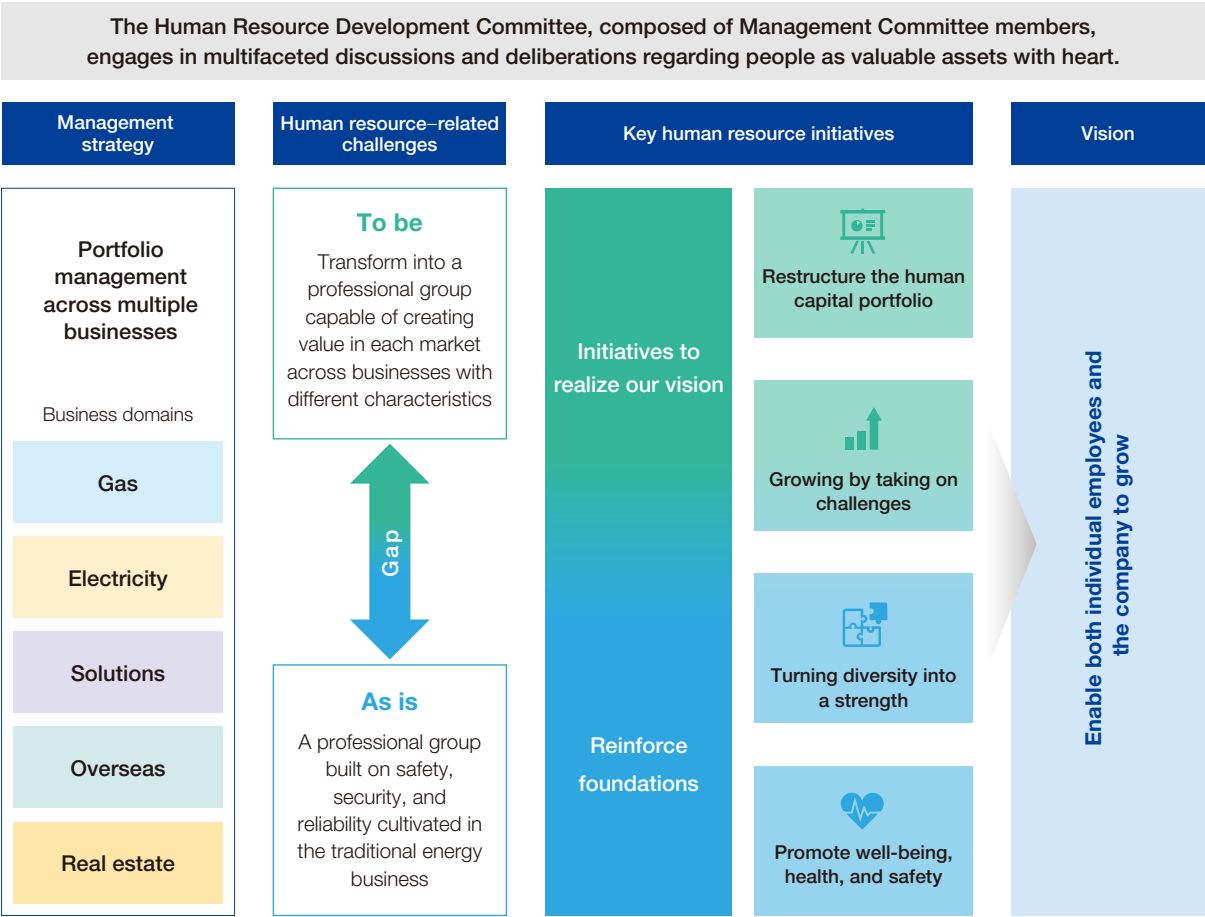
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Practicing Human Capital Management

The business environment surrounding the Tokyo Gas Group is undergoing significant change. In this context, we regard the current period as the “third founding” and are working to transform our operations toward portfolio management across multiple businesses. While leveraging the high ambitions and perseverance cultivated in our traditional energy business, as well as our strengths as a professional team built on safety, security, and reliability, we are engaging with each market across businesses with different risk-return profiles and evolving into a professional group capable of creating new value. This transformation represents the greatest challenge in our human capital strategy.

To address this challenge, the Human Resource Development Committee, composed of members of the Management Committee, engages in in-depth discussions and deliberations and implements a variety of initiatives. People are central to realizing our management strategy. At the Tokyo Gas Group, we view each employee not merely as capital, but as a valuable asset with heart, and practice human capital management that enables both individual employees and the company to grow together.



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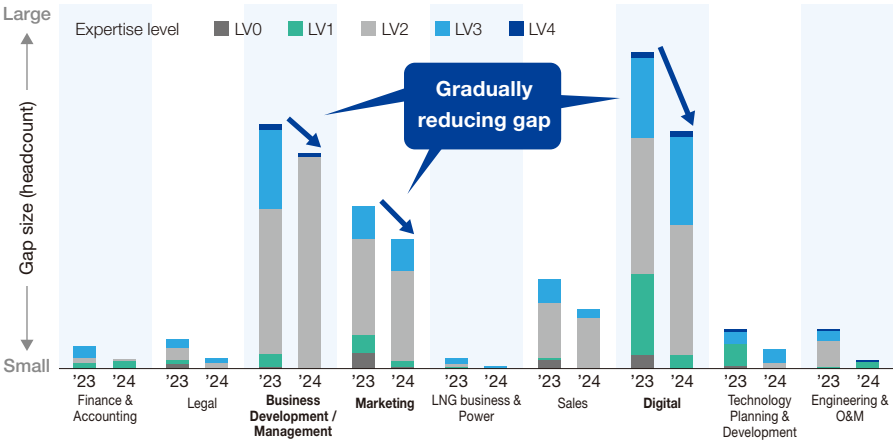
Practicing Human Capital Management

Restructuring of the human capital portfolio

Clarification of the gap between the current state (As is) and vision (To be)

To achieve a human capital portfolio necessary for realizing our management and business strategies, we implement various initiatives while clarifying the gap between the current state (As is) and the vision (To be). For the “To be” state, we benchmark the strategies and initiatives of leading companies to define the expertise and skill requirements needed for strategy execution, as well as the ideal human capital portfolio. At the same time, to understand the “As is” state, we have systematically mapped employees’ expertise and skills through the “Visualization of Expertise” initiative, fully launched in FY2024. The results revealed significant gaps in areas such as digital, business development/management, and marketing compared with the ideal portfolio. To address these gaps, we support upskilling within departments, implement internal redeployment combined with reskilling, and hire experienced professionals. We also monitor the progress in closing the gap relative to the previous year. Moving forward, we will continue to adapt to changes in the business environment and management strategies, focusing on upskilling and reskilling, enabling redeployment through internal recruitment, and strengthening experienced hires to realize a human capital portfolio that effectively supports our management strategy.

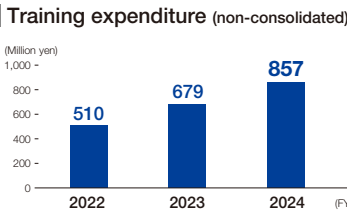
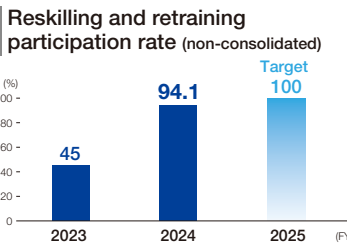
Status of closing the As is/To be gap in the human capital portfolio



Gaps are being reduced through upskilling, reskilling, workforce redeployment, and hiring

Strengthening upskilling and reskilling support from both financial and time perspectives

We are expanding both financial and time support for employees’ upskilling within their current departments and reskilling for transfers to growth areas. For example, for advanced qualifications in growth areas, the company covers part of the course and exam fees for all employees, regardless of their current department, and provides a bonus upon passing. In addition, we have significantly expanded programs counted as part of working hours to encourage learning on the job, and we have relaxed requirements for taking paid leave for self-development, supporting employees’ autonomous learning.

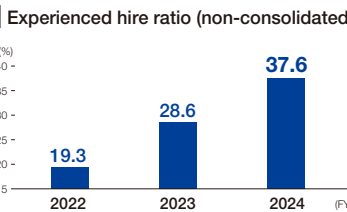


20% concurrent assignment to support early contribution in new department

For employees selected for open transfers to growth areas, we have introduced a system in which they spend 20% of their time in the new department as a reskilling period, starting three months before their official transfer. This enables them to gain an early understanding of the new department’s work plan, participate in observation sessions and meetings, and access departmental management materials. By being physically present in the new department and interacting with colleagues, employees acquire learning experiences that cannot be achieved through self-directed reskilling alone. This initiative has received high satisfaction from participants.

Experienced hires nearly doubled over past three years

We actively recruit personnel with expertise in each business area as immediate contributors through referral programs, direct recruiting, and other channels. In FY2024, we also held an alumni networking event for former employees who are our “graduates.” The “comeback recruitment” program for former employees had already been introduced prior to that. By maintaining connections with individuals who have previously been part of our organization, we strengthen the foundation for talent acquisition. In FY2024, we hired 72 employees, with experienced hires accounting for 37.6% of the total—nearly double the proportion from three years ago.



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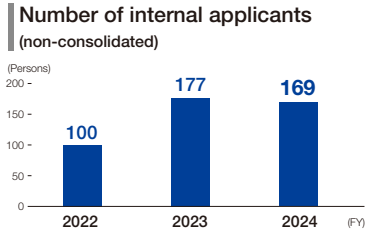
Practicing Human Capital Management

Growing by taking on challenges

Internal application system supporting employees’ career autonomy

To support self-directed career development for highly motivated employees, we have established an internal application system that allows employees to apply for new positions within the company on their own initiative. This system is actively promoted to increase opportunities for taking on challenges. To further encourage participation, we have increased the number of internal postings and removed the requirement for supervisor recommendations at the time of application.

In addition, in FY2024, we launched the “Senior Talent Application” program for employees rehired after retirement, creating an environment where motivated employees can demonstrate their abilities regardless of age.



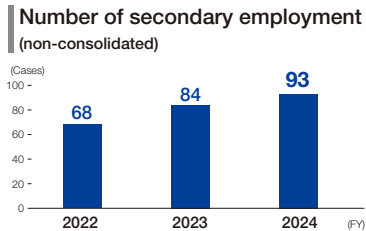
Implementation of OKRs

To encourage bold initiatives that drive sustainable growth amid uncertain societal and environmental changes, we have introduced Objectives and Key Results (OKRs) as a goal management system for executives and above. By having the President, executives, and senior leaders publicly share ambitious long-term objectives looking toward 2030, we aim to shift the traditional culture in which merely achieving conservative targets was considered acceptable, inspiring all employees to deliver higher levels of performance.

For employees below the executive level, annual goals are also set, aligned as much as possible with the publicly shared OKRs of their supervisors, creating an environment where the organization can operate with a sense of unity and shared purpose.

Secondary employment

To promote employees’ growth and challenges outside the company, we have established and are promoting a system for secondary employment. Insights, perspectives, and knowledge gained through external experience are brought back into the company, creating an environment where employees can achieve personal fulfillment while contributing to the organization. We believe this approach not only enhances the value of our human capital but also increases the diversity of perspectives that serve as a source of innovation.

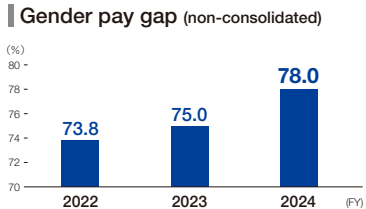
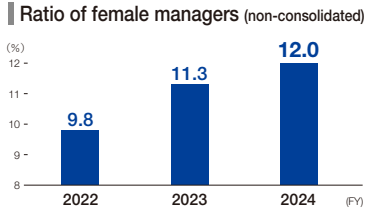


Turn diversity into a strength

Promoting women’s advancement as the starting point for DE&I

To foster an organization where diverse talent can thrive, we are promoting Diversity, Equity, and Inclusion (DE&I). As an initial focus, we are advancing women and implementing various initiatives aligned with our management strategy.

To promote the advancement of women, we have strengthened the foundation by creating growth opportunities, supporting career development, providing information on diverse role models, and implementing flexible work practices. As a result, the proportion of female managers has roughly doubled over the past 10 years to 12.0%, and there are now three female executive officers. In addition, the gender pay gap has been gradually narrowing.



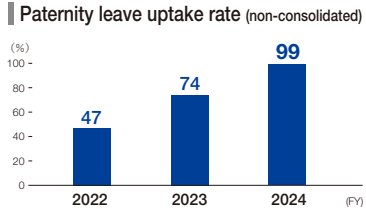
Note: Average annual salary of women / average annual salary of men

Promoting paternity leave to drive cultural transformation

We view paternity leave as a means to strengthen bonds between employees and their families, advance business process reforms triggered by leave, promote work-style reforms related to childcare, and foster corporate culture change through the diverse perspectives gained from the experience. Accordingly, we have set a goal of 100% paternity leave uptake with a duration of at least one month.

To address concerns not only for employees taking leave but also for the workplaces supporting them, we have implemented initiatives to reduce uncertainties around taking paternity leave. In FY2024, the uptake rate reached 99%, with an average duration of 66.3 days.

In addition, a survey on paternity leave targeting male employees who took leave and their partners showed that the average satisfaction score (out of 100) was approximately 85 points for both the employees and their partners.



Concerns about taking paternity leave		Initiatives
Employees taking leave	Reduced income	Exemption from bonus reductions
	Career impact	Revision of promotion rules
Workplace	Increased workload	Incorporation of support for paternity leave into performance evaluations

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Practicing Human Capital Management

Held a simulated menstrual pain experience for executives and human resource managers

We held a simulated menstrual pain experience for executives and human resource managers with the aim of deepening awareness and understanding of women-specific health issues and translating that understanding into individual action. Male employees used a device that simulates the physical pain of menstrual cramps, allowing them to directly feel the discomfort women experience. The session also provided a space for concrete discussions on creating a more supportive and comfortable workplace. By openly addressing topics that are often difficult to discuss, the session helped foster a culture of mutual understanding under psychological safety.



Well-being / Health and safety

Strengthening managerial mental health training and sleep initiatives

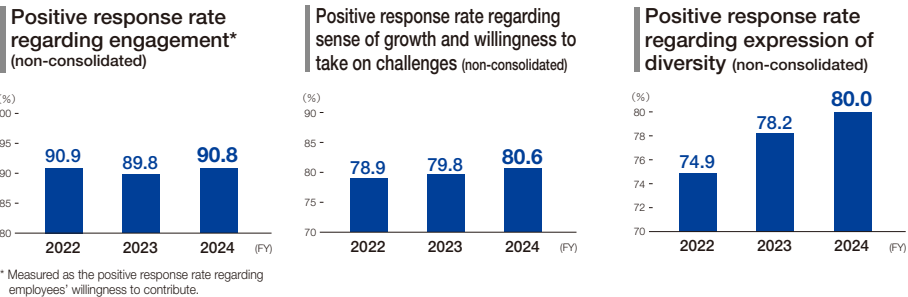
To create a workplace where every employee can work with physical and mental well-being and peace of mind, we provide managerial mental health training to all managers. This training helps managers recognize early signs of stress or declining mental health among their team members and take measures to improve the workplace environment. Participants learn to notice even subtle changes in behavior and apply effective communication techniques to address potential issues promptly. The program also reinforces the importance of managers' own mental health, supporting the overall psychological well-being of the workplace. In addition, recognizing the strong link between mental health and productivity, we focused on sleep and held a sleep seminar with an external instructor. Approximately 1,000 participants attended, gaining a renewed understanding of the importance of sleep and improving both their sleep literacy and related behavioral habits.

Health consultations to enhance health management skills among younger employees

To help younger employees deepen their understanding of lifestyle-related diseases and maintain and improve their own health, public health nurses provide annual health consultations for all employees under 40. These consultations offer personalized advice based on each individual's health condition, aiming to enhance employees' health management skills.

Employee engagement

To quantify employees' sentiments and circumstances and reflect them in various initiatives, we conduct an employee engagement survey (eNPS). In the FY2024 survey, the proportion of positive responses regarding employee engagement remained high at 90%, maintaining a strong level since the survey's inception. Items related to "challenge" and "diversity" also scored highly. On the other hand, areas such as "career prospects" were identified as having room for improvement. We take these insights seriously and will use them to inform concrete initiatives going forward.



External recognition

In FY2024, our initiatives to turn diversity into a strength were recognized externally. For the promotion of women's advancement, we were selected for the Nadeshiko Brand for the third consecutive year, received the highest level of the Eruboshi Certification, and were awarded the Grand Prize in the business category of the Tokyo Metropolitan Government's FY2024 Tokyo Women's Participation Promotion Awards. Our initiatives to support employee health were also highly recognized, including being certified for two consecutive years as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category – White 500), reflecting the strong emphasis placed on employees' physical and mental well-being.



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Promoting DX

AI utilization by the Tokyo Gas Group

In recent years, the advancement of digital technologies has accelerated, making their effective use indispensable as a foundation for corporate competitiveness. The Tokyo Gas Group positions digital transformation (DX) as a core element of its strategic execution and is actively pursuing focused initiatives in this area.

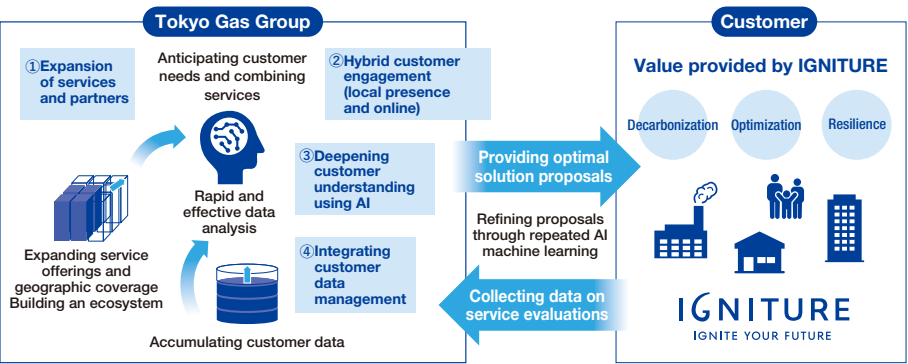
In particular, AI technology is rapidly evolving from traditional analytics- and prediction-based AI to generative AI and autonomous AI agents capable of executing tasks independently. This evolution is expected to go beyond merely improving productivity, with AI-driven business models likely to become mainstream in the near future. Consequently, the importance of AI utilization is increasing significantly within our Group as well.

At the same time, because AI utilization requires governance that includes ethical considerations, we share our AI utilization policy across the entire Group to maximize the benefits of AI while ensuring company-wide optimization. By thoroughly integrating AI throughout our business processes, we aim to fundamentally improve productivity in existing businesses. In addition, we plan to develop and commercialize new AI solutions leveraging the Group’s existing strengths, thereby strengthening the IGNITURE brand and contributing to business revenue. Through these initiatives, we aim to become an “AI-native company” that grows alongside AI and creates next-generation value by leveraging AI in ways that directly drive business performance.

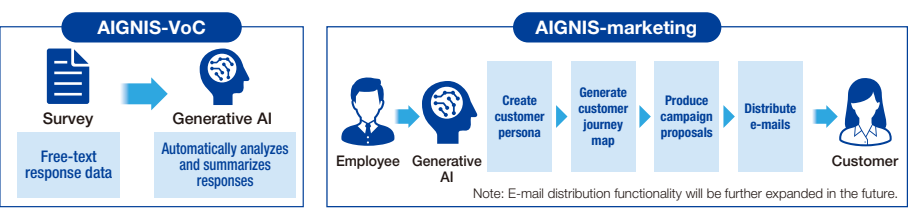
Examples of AI utilization

In leveraging generative AI, the Tokyo Gas Group aims not only to improve productivity and quality through extensive employee use but also to fundamentally restructure operations and create new value by combining proprietary data and various technologies. In 2023, a generative AI chat tool was introduced across the entire Group, and in 2024, we independently developed AIGNIS, an internal generative AI application tailored to specific business needs. These initiatives have helped embed generative AI within the company while deepening efforts to solve operational challenges. Through IGNITURE, we offer value in the areas of decarbonization, optimization, and resilience, providing diverse solutions that extend beyond the energy sector. One example is the heat source equipment optimum control AI, which uses AI for optimal control to help customers reduce energy costs and lower CO₂ emissions. This project has also been selected for the Tokyo Metropolitan Government’s commissioning of early social implementation support projects for the creation of GX (green transformation) related industries.

Beyond the energy business—IGNITURE



Further evolution of CX × DX



In addition, to enhance the customer experience, we developed AIGNIS-VoC to analyze customer feedback. By processing large volumes of text data that are difficult for humans to handle, it extracts new insights, enabling rapid service improvements. Furthermore, AIGNIS-marketing, developed to deepen customer understanding and accelerate marketing, automates the creation of customer personas and journey maps, as well as the generation of optimal campaign proposals, allowing for the delivery of clear, high-quality services.

The use of AI goes beyond simply improving operational efficiency; it enables deeper customer understanding and value creation through solving customer challenges, while also contributing to the transformation of corporate culture. The Tokyo Gas Group aims to maximize the potential of AI to work closely with customers, jointly identifying and addressing their needs to create a more convenient and comfortable lifestyle. These efforts have been highly recognized externally, leading to our selection among the “Noteworthy DX Companies 2025.”



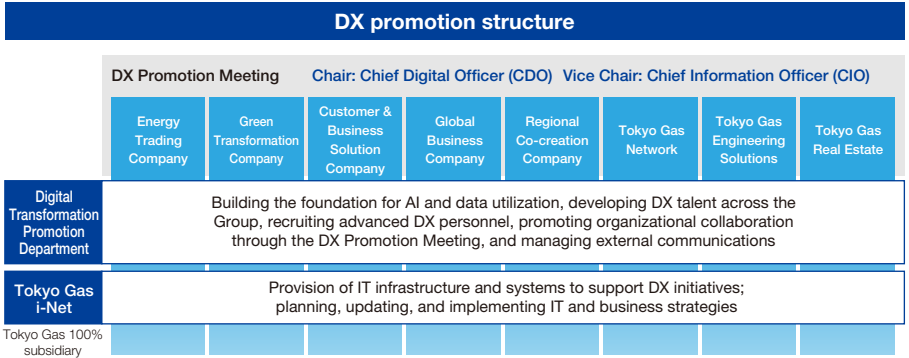
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Promoting DX

DX promotion structure

Within the Tokyo Gas Group, each company and core business entity takes the lead in planning and executing digital transformation (DX) initiatives, while the Digital Transformation Promotion Department and our IT subsidiary, Tokyo Gas i-Net Corporation, provide cross-organizational support across the Group. This structure enables each organization to pursue DX autonomously. The Digital Transformation Promotion Department, in collaboration with Tokyo Gas i-Net, has established the Center of Excellence (CoE)* organization to provide comprehensive support, from identifying challenges in each Group organization to creating and guiding projects. In addition, an agile development team has been established to internalize the development of systems, applications, and websites in key focus areas. Since January 2023, a Group-wide DX Promotion Meeting, led by the Chief Digital Officer (CDO), has been held quarterly. This forum provides an opportunity to share the progress of DX initiatives across each organization, exchange internal and external insights and case studies, and discuss strategic challenges.

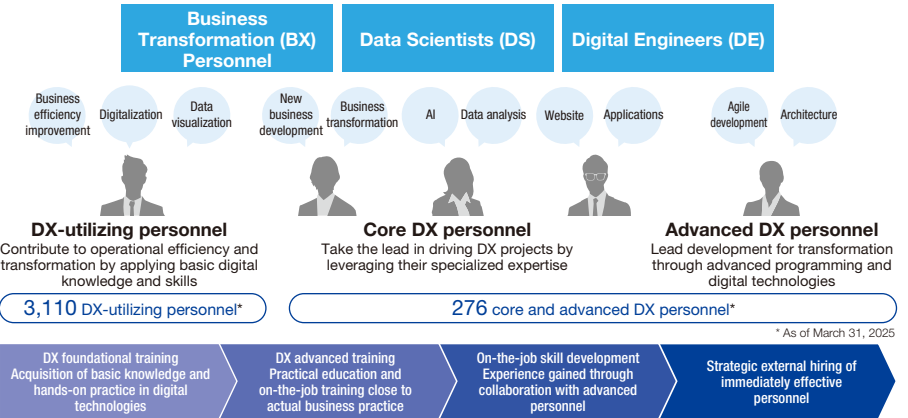
* Support structure involving Business Transformation (BX) personnel, Data Scientists (DS), and Digital Engineers (DE)



At the DX Promotion Meeting at the end of FY2024, we held the inaugural DX ACCELERATOR 2024, selecting and recognizing themes with particularly significant progress from the Group’s ongoing DX initiatives. This initiative aims to further boost DX motivation across the Group and to strengthen internal and external communications by publishing the results and know-how of the recognized initiatives on a dedicated DX website and the intranet. Beyond sharing successful cases within the Group, we also aim to communicate concrete DX efforts to stakeholders, contributing to the sustainable enhancement of corporate value.

Establishing and promoting a Group-wide DX talent development framework

The Tokyo Gas Group began full-scale DX talent development in 2022, establishing a practical, hands-on training program framework. With a focus on nurturing personnel capable of continuously driving business transformation, the Group aims to create a virtuous cycle in which the growth of DX talent supports transformation initiatives, while these initiatives, in turn, provide opportunities for further DX talent development. DX talent is categorized into three levels: DX-utilizing personnel, core DX personnel, and advanced DX personnel. The Group focuses on developing talent at all levels while placing particular emphasis on the external recruitment of advanced DX personnel. The Group focuses on developing talent at all levels while placing particular emphasis on the external recruitment of advanced DX personnel. In terms of roles, personnel are classified as Business Transformation (BX) personnel, Data Scientists (DS), or Digital Engineers (DE). For each level and role, the Group provides tailored training programs and has implemented a skill assessment system to strengthen specialized expertise across the entire organization.



In addition, DX education has been made mandatory for new employees and middle management, aiming to develop personnel capable of leading large-scale, cross-organizational transformation and to raise transformation awareness among management. In parallel with development, we have introduced and operate a DX certification system in which personnel are certified after achieving transformation results in their own workplace. The number of certified personnel is set as a Group KPI, strengthening the talent base that supports DX promotion. In addition, to maximize the contribution of DX talent, we are proactively implementing optimal rotations and placements aligned with individual skill sets.

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Visualization of Non-Financial Value

Visualizing how non-financial capital contributes to corporate value

The Tokyo Gas Group is enhancing its earning power and aiming to reduce future capital costs by strengthening, leveraging, and preserving non-financial capital, with the goal of improving long-term corporate value (price-to-book [P/B] ratio).

CFO's Message: Financial Capital Strategy P.26

To enhance corporate value, it is essential to identify initiatives among non-financial efforts that contribute to value creation. We are therefore working to structure these measures and to visualize and quantify their effects by developing a value relations diagram.

Previously, as part of our approach to visualizing non-financial value, we analyzed the environmental and human capital domains using an overview analysis (employing the Yanagi model*), which examines the direct correlation between individual initiatives and the P/B ratio through multiple regression analysis.

Building on this approach, to clarify causal relationships that are difficult to capture with overview analysis alone, we developed hypotheses mapping the chain of value generated by initiatives through to corporate value. We then conducted a value relationship analysis, verifying these correlations using simple regression analysis.

* Analyzed in July 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.)

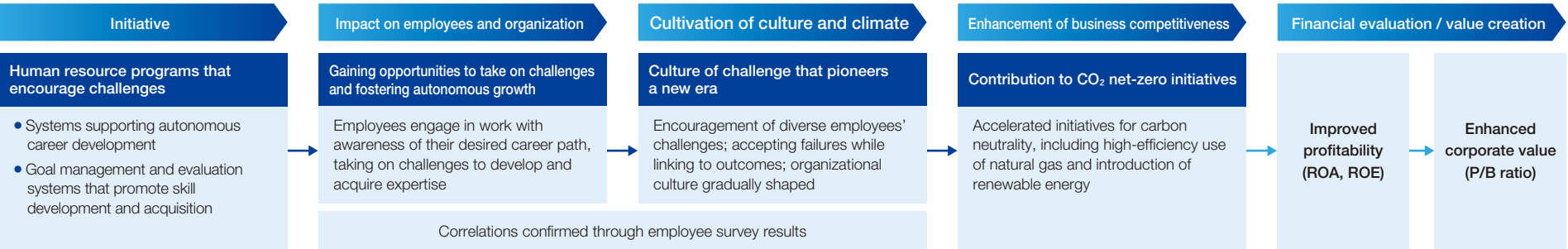
Analysis results in human capital areas

The value relationship analysis visualized the chain of value—from the use of programs that encourage employee challenges, contributing to the cultivation of a company-wide culture of challenge, to improvements in business competitiveness. This made the links between numerous human capital initiatives and corporate value enhancement, as identified through regression analysis, clearly visible. The results indicate that the human resource strategy, aligned with management strategy, is progressing steadily and yielding tangible outcomes.

Future initiatives

While the current analysis has limitations due to insufficient data and the reliability of verification results, it represents the Group's first attempt to depict the overall picture of how human capital and environmental initiatives contribute to corporate value and to follow a process for testing hypotheses. Moving forward, we will continue to refine existing methods and explore new approaches to further enhance the visualization of the contribution of non-financial capital to corporate value.

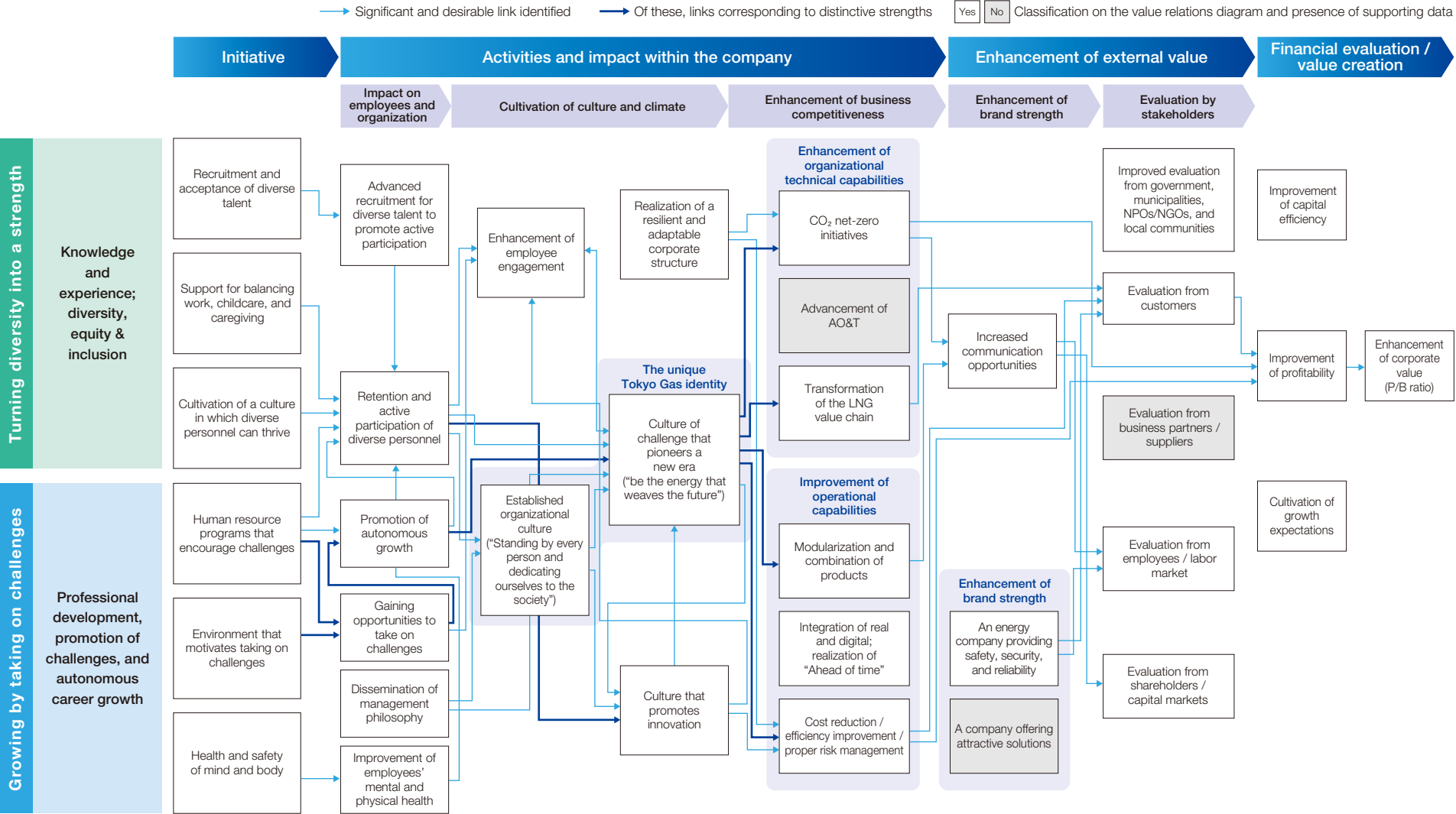
Example of visualization in value relationship analysis (Excerpted from the value relations diagram for the human capital domain on the following page)



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Visualization of Non-Financial Value

Value relations diagram in the human capital domain (results of value relationship analysis) (partial excerpt)



Analysis conducted by ABeam Consulting Ltd., Digital ESG Platform

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