



Compliance

Basic Policies

The Tokyo Gas Group aspires to be a sound business enterprise that earns society's trust by ensuring all management and employee decisions and actions are rooted in legal compliance, ethical standards, and public expectations. To this end, the Group promotes compliance in accordance with its established basic policies.

Tokyo Gas Group: Our Code of Conduct

This code sets forth the values and standards of conduct for everyone who works at the Tokyo Gas Group. From FY 2003 to FY2016, the code spelled out seven pledges. In FY2017, however, the code was revised in the form of 11 pledges that incorporate international standards such as ISO 26000, the Olympic Charter, legal amendments, and other key developments. In addition, we review the code every year to make any changes that may be needed.

Tokyo Gas Group: Our Code of Conduct

Purpose and vision

1. "Our Code of Conduct" sets forth the values and standards of conduct that everyone who works in the Tokyo Gas Group is expected to share and follow in order to implement our Management Philosophy and Corporate Action Philosophy and ensure a focus on compliance in business.
2. By following this Code of Conduct, we will contribute to the creation of an affluent society through the Tokyo Gas Group's growth and development as a corporate group that people will continue to trust and make their first choice.

Eleven Pledges

1. We will constantly think and act responsibly as individual members of this "energy frontier corporate group" so that people will continue to trust our group and make it their first choice.

- 1) Continual innovation
 - (1) We will pursue continual innovation, unfettered by convention and ever sensitive to the expectations of customers, shareholders, and society.
 - (2) We will create the maximum outputs working in partnership with one another, while being fully aware of our individual roles and responsibilities and committed to self-improvement.
- 2) Doing more for the customer

We will put the customer at the heart of everything we do.
- 3) Everyone is a brand builder

Day in and day out, we will strive to build the security, safety, and trust that underpin the Tokyo Gas Group's brand value.

2. We will constantly conduct business in a clear-cut and fair manner.

- 1) Legal compliance
 - (1) We will constantly conduct business in compliance with laws, internal rules and regulations, and socially accepted rules.
 - (2) We will act swiftly to resolve issues where infringements of laws, internal rules and regulations, or socially accepted rules have occurred or may occur.

2) Separation of professional and private spheres

- (1) We will not use our professional position for personal gain.
- (2) We will not use company property for private purposes.

3) Active disclosure of information

We will enhance the transparency of business activities and actively and promptly disclose accurate information to customers, shareholders, communities, and other stakeholders in order to earn their trust.

4) Firm stand against antisocial forces

- (1) We will stand firm against illegal and improper demands made by sokaiya racketeers, organized crime groups, and other antisocial forces.
- (2) We will not, under any pretext, give benefits to or otherwise accommodate the demands or interests of antisocial forces.

3. We will deal with customers, business partners, shareholders, and all our stakeholders sincerely and equitably.

3-1. Customers

1) Satisfaction beyond expectations

- (1) We will provide high value-added products and services that customers will make their first choice.
- (2) We will always put ourselves in the customer's shoes in order to deliver the best possible work that exceeds customer expectations.
- (3) In the event of a customer complaint or accident, we will respond swiftly and in good faith to prevent a recurrence.

3-2. Business partners

1) Fair business dealings

- (1) We will respect business clients and suppliers as business partners and do business with them in good faith.
- (2) We will comply with the Antimonopoly Act and other applicable laws and ordinances, and will practice fair dealings in accordance with the principles of free competition.
- (3) We will not exploit our position or authority to obtain undue benefit or make unreasonable demands.

2) Maintenance of proper relations

- (1) We will always be conscious of social point of view in our interactions with business partners, and will never commit any act that might cause misunderstanding or distrust from inside and outside the company.
- (2) We will maintain fair relations and do nothing questionable under applicable national and local laws and ordinances in our dealings with government and other public officials and employees.

3) Understanding and observance of the Purchasing Guidelines for Business Partners

We will promote understanding and observance of the Purchasing Guidelines for Business Partners by our business partners and others along our supply chains, and we will require partner businesses involved in transactions with those companies to observe the same standards.

3-3. Shareholders

We will facilitate the appropriate exercise of shareholders' rights through fair, timely, and appropriate disclosure and constructive dialogue.

4. We will respect diversity and individuality among our colleagues and create an inclusive working environment.

1) Respect for human rights

- (1) We will respect human rights, prohibit child labor and forced labor, and not discriminate or harass anyone on the basis of race, nation, religion, gender, age, origin, nationality, disability, education, social status, sexual orientation, gender identity, or other such grounds.
- (2) We will respect one another's positions and treat everyone equally, irrespective of form of employment, gender, title, or any other differences.
- (3) We will not commit sexual harassment, workplace bullying, pregnancy discrimination and other types of harassment, discrimination against employees who take family care leave, or any other acts that infringe the dignity of the individual. We will also not condone such acts.

**2) Attainment of excellent record of occupational safety and health**

We will enforce compliance, including adherence to all related laws and regulations, and make every effort to eliminate the risks of disasters and accidents in order to establish an excellent safety and health.

3) Creation of a cheerful workplace

(1) We will create a lively workplace where everyone can realize their full potential and individual differences are respected.

(2) We will create an open workplace where everyone can share necessary information and engage in free expression and discussion.

4) Promotion of diversity

We will accept one another's values and various work styles, and get the best from our own knowledge, abilities, and experience. We will also all work to raise productivity and meet the diversifying needs of society.

5. We will act for the protection of the global environment.**1) Promotion of environmental protection**

(1) As a leader in environmental management, we will reduce our environmental footprint and endeavor to make sustainable use of natural resources in every aspect of the Tokyo Gas Group's business activities.

(2) We will promote use of highly eco-friendly energy sources centered on use of natural gas, and provide high-efficiency systems and equipment that have a low environmental impact.

(3) We will advocate green lifestyles and value environmental partnerships with local communities.

6. We will contribute to local communities and society as a good corporate citizen.

(1) We will respect and contribute to local communities, building trust with them through active dialogue and cooperation, and making effective use of our business resources.

(2) We will contribute to local communities as good citizens, recognizing that we ourselves are all members of communities.

7. We will handle information appropriately.**1) Prevention of information leaks**

We will properly handle confidential information obtained in the course of business and will not divulge such information during or after our employment at the Tokyo Gas Group.

2) Compliance with the Act on the Protection of Personal Information

(1) We will obtain and manage the personal information of customers, employees, and others by appropriate methods and use such information only insofar as permitted for legitimate purposes.

(2) We will not disclose personal information to third parties except where permitted by law.

3) Appropriate use of information systems

We will use information systems, including email systems and the Internet, in accordance with strict rules on proper use. Company information systems will not be used for non-business purposes.

4) Respect for intellectual property

We will respect patents, trademarks, copyrights, and other intellectual property rights, protect and use rights held by our company, and not infringe the rights of others.

8. While conducting business globally, we will not only comply with national and local laws and regulations and respect international standards on human rights and similar issues, but also engage in business activities in a manner that is sensitive to different cultures, customs, and stakeholders' concerns.**9. We will act with integrity and decency as members of society, and maintain high ethical standards in our private lives.**

In our private lives, too, we will comply with all applicable domestic and foreign laws and regulations, be aware of changes in social expectations, and always be mindful of how we should behave as a model citizen.

1) Compliance with regulations on insider trading

We will not engage in insider trading, such as the purchase or sale of shares and other such transactions, using information obtained in relation to business. We will not communicate information or recommend transactions to other parties to enable them to make a profit or avoid a loss.

2) Prohibition of annoying or disturbing behavior

In our private lives, we will not injure or deceive others, commit indecent acts, or engage in any other annoying or disturbing behavior.

3) Responsible drinking and compliance with traffic rules (including not driving under the influence of alcohol)

We will be careful to drink responsibly and will never drive under the influence of alcohol. We will always stop anyone who attempts to drive while drunk, and we will not encourage anyone who is driving a vehicle to drink and will not provide a vehicle to anyone who has been drinking. We will also obey all other traffic rules.

4) Prohibition of possession and use of illegal drugs

We will not possess or use illegal drugs, and we will not be involved in any way in their manufacture, purchase, sale, distribution, or other such acts.

5) Prohibition of gambling

We will never engage in any acts of gambling, including the betting of even small amounts of money on golf, mahjong, or sporting events.

6) Compliance with rules on use of social media

If communicating information via social media, we will not commit any act, even as individuals, that might harm the reputation or property of the company.

7) Compliance with other laws, regulations, social norms, and standards of ethical conduct, and prohibition of acts that outrage public decency**10. If we transgress this Code of Conduct or learn of a transgression, we will immediately report the matter to our workplace and rectify it.****11. Executives and managers will lead from the front and take action themselves.****1) Awareness of position and conduct as executives and managers**

(1) Executives and managers will themselves provide models of compliance with this Code of Conduct and encourage understanding and practice of the same throughout the workplace.

(2) Executives and managers will lead from the front in working to resolve any problem that may arise and ensure organization-wide action to prevent a recurrence.

(3) Executives will take strict action (including against themselves) where necessary.

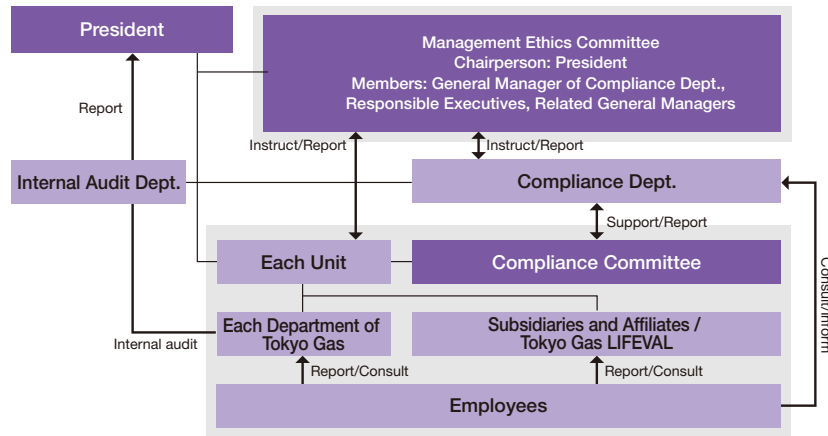
Compliance Promotion System

The Management Ethics Committee, chaired by the president, meets annually to confirm matters such as the handling of inquiries and consultation by the compliance consultation desks and the degree to which compliance has taken root in the Group, and to deliberate on the Compliance Promotion Action Plan.

We have also established Compliance Committees in each unit to consistently and proactively engage in initiatives for promoting compliance.

Over 300 management-level personnel have been appointed as compliance managers and compliance promoters at each workplace to lead in promoting concrete compliance activities.

■ Compliance Promotion System

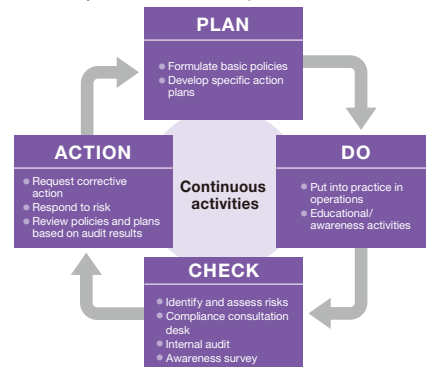


Management

Recognizing the importance of flexible and sustainable business activities in order to continuously adapt to changing business content and legal environments, the Tokyo Gas Group promotes collaborative cross-departmental efforts to strengthen compliance based on the Compliance Promotion Action Plan.

Under that plan, each department of the Tokyo Gas Group establishes and follows a PDCA cycle to review and improve its operations from the perspective of compliance. In the event that compliance violations occur, they are individually dealt with jointly by our legal and risk management departments, among others.

■ PDCA Cycle to Promote Compliance



Compliance Consultation Desks

The Tokyo Gas Group has set up consultation desks internally through its Compliance Department and externally through a law firm and a general consultation service company. All individuals working at the Tokyo Gas Group, including officers, regular and temporary staff members can directly contact these desks by phone or email whenever they feel uncomfortable raising a matter within their organization. The consultation desks also handle consultation for our suppliers. These consultation systems serve as internal points of contact, as stipulated in the Whistleblower Protection Act.

Under the operational guidelines of the consultation desks, advice and solutions are provided to employees who make inquiries or request consultation. The requests are treated in strict confidence, and the employees are protected against any discriminatory treatment for using the desks.

Independent advisory services have also been established at all subsidiaries and Tokyo Gas LIFEVAL (“LIFEVAL”) companies. Annual training sessions are held for the consultation desk staff at the Tokyo Gas Group to strengthen their ability to handle inquiries and consultations.

In addition, we have established a service for responding to compliance inquiries related to supply purchasing, along the lines of a supplier consultation desk or an internal whistleblower program.

▶ Contact [Web](#)

Education and Awareness-raising

The Tokyo Gas Group organizes a range of activities to encourage employees to apply Tokyo Gas Group: Our Code of Conduct to their own situations.

Workplace Discussions

Training sessions led by compliance promoters are held at the level of individual workplaces at the Tokyo Gas Group (21,966 employees participated in FY2020). These sessions utilize awareness-raising resources provided by our Compliance Department that were developed in alignment with Tokyo Gas Group: Our Code of Conduct. The resources are used to help participants learn about the latest trends in corporate compliance and to facilitate discussion of Our Code of Conduct so that they can identify concrete behaviors that should be practiced.

Level-specific Training

Level-specific training for new employees and others is provided to Group employees to foster a compliance mindset (1,322 employees underwent training in FY2020).

Legal Training

Training is provided annually to the Tokyo Gas Group employees to improve their understanding of laws such as the Antimonopoly Act, the Act against Unjustifiable Premiums and Misleading Representations, and the Subcontract Proceeds Act (some 10,600 employees participated in FY2020).

The sessions are designed to provide practical information, including details on the purposes of various laws, and specific cases studies released by organizations such as the Fair Trade Commission and the Consumer Affairs Agency.*1

*1 Case studies include examples of cartels and abuses of superior bargaining position (Antimonopoly Act), and misleading representation (Act against Unjustifiable Premiums and Misleading Representations).



Sharing Information on Compliance

We are working to raise the standard of compliance by widely publicizing across the Tokyo Gas Group up-to-date information on the compliance risks associated with changes in the organization's business environment, including those associated with our evolution as an energy business, acceleration of our global business development, and the revision and stricter enforcement of prevailing legislation.

Specifically, information is shared through the regularly published "Compliance News" newsletter, a resource for compliance managers and promoters who lead activities at Tokyo Gas and its subsidiaries, and for LIFEVAL companies. In FY2020, the newsletter provided Group employees with timely information about enforcement of the Revised Comprehensive Promotion of Labor Measures Act (Power Harassment Prevention Act) and the passage of the Revised Act on the Protection of Personal Information and the Revised Whistleblower Protection Act, and on necessary actions for complying with those laws. The newsletter is also used in workplace workshops to share details about cases in and outside the Company.

Support for Tokyo Gas Group Compliance Promotion

Tokyo Gas promotes compliance by LIFEVAL and other companies providing regional services on behalf of Tokyo Gas. We also make training tools available that are tailored to the circumstances of each company and assist in implementing PDCA cycles.

As part of our compliance promotion activities, we distribute copies of Tokyo Gas Group: Our Code of Conduct and booklets on subjects such as the protection of personal information. We also conduct compliance awareness surveys and provide feedback on their results as a way of sharing news on compliance and information on compliance measures to raise awareness.

Verification and Audit of Penetration of Compliance

Compliance Awareness Surveys

We regularly conduct surveys of all Tokyo Gas Group employees to monitor the effectiveness of compliance promotion activities.

In FY2020, we surveyed the employees regarding mainly the following points.

- Company compliance measures
- Understanding of laws, regulations, and manuals
- Conditions preventing compliance violations in the workplace
- Issue escalation
- Supervisor/workplace efforts to promote compliance
- Sharing of information and opinions on work-related aspects
- Compliance actions of the respondent

The results were analyzed separately for Tokyo Gas, its subsidiaries, and LIFEVAL companies. All have maintained high average scores of at least 3 points on a 4-point scale in every category.

As a reference for future improvement, we offered feedback on the survey results, Group-wide challenges, and challenges specific to each company. The results are posted on the intranet for review by all Group employees.

Compliance Auditing

The Internal Audit Department regularly conducts audits of Tokyo Gas and its subsidiaries and affiliates focusing on the severity of risks and the probability of their materialization from the perspective of legislation related to the audited unit's operations, as well as corporate ethics and social norms.

Prevention of Bribery and Corruption

Basic Policy

The Group is fully committed to preventing bribery and corruption in all domestic and international transactions by complying with the anti-bribery and corruption laws in each country and region. This includes specifying in Tokyo Gas Group: Our Code of Conduct our obligations to comply with laws and be fair and honest with our customers and suppliers.

In line with the expansion in our overseas business, we have established the Basic Policy on Overseas Business Promotion, in which we pledge to play our part in developing a sustainable society, and are carrying out equitable and transparent corporate activities in the international business community. In particular, bribery and corruption not only damages the social credibility of a company but can also become a global issue when it hampers economic growth in developing countries. We have thus formulated the Foreign Public Official Anti-Bribery and Corruption Guidelines in accordance with our Basic Policy in order to outline specific actions necessary for maintaining appropriate relationships with foreign public officials as a means of safeguarding orderly competition.

Foreign Public Official Anti-Bribery and Corruption Guidelines

Summary of Guidelines for Action

- Bribery and corruption of foreign public officials and other individuals and spending on facilitation payments to foreign public officials and other individuals are prohibited.
- The provision of inappropriate hospitality, gifts, donations, and the like is prohibited.
- All hospitality, gifts, donations, and the like made to foreign public officials and other individuals and appointments of certain third parties must first be approved through the procedure described in the guidelines and must be accurately accounted for in a timely manner.
- To prevent the bribery and corruption of agents, consultants, and similar third parties, due diligence must be performed before they are appointed, clauses prohibiting bribery and corruption must be incorporated into their contracts, and other appropriate measures must be completed. The same applies to M&As with foreign firms.



Action Items of the Foreign Public Official Anti-Bribery and Corruption Guidelines

- Prohibition of bribery of foreign public officials
- Prohibition of facilitation payment
- Prohibition of inappropriate hospitality, gifts, invitations, overseas donations, etc.
- Prohibition of bribery (other than foreign public officials)
- Transactions with third parties
- Relationships with partners of joint ventures, etc.
- Prohibition of taking bribes
- Mergers and acquisitions
- Prohibition of fraudulent accounting
- Obligation to whistle-blow and cooperate with investigations
- Emergency response
- Disciplinary action
- Training and monitoring

Operating Structure for Preventing Bribery and Corruption

The chief compliance officer acts as the executive officer with chief responsibility for preventing overseas bribery and corruption. Supervisors responsible for implementing measures to prevent bribery and corruption overseas are appointed in every department and company of the Group that is subject to the guidelines to take responsibility for the approval of hospitality, gifts, donations, and the like, confirmation of the findings of due diligence when appointing third parties, approval of entry into contracts, and other matters. The Compliance Department decides on specific measures for implementing the guidelines.

Education and Awareness-raising

The Tokyo Gas Group provides training to employees primarily involved in business overseas to ensure proper compliance with the guidelines. In FY2020, 425 personnel received this training. We have produced an English version of the guidelines for locally hired employees and have distributed to them the English edition of Tokyo Gas Group: Our Code of Conduct and other informational resources. We have also established a system to enable Group employees working overseas to report and seek advice. We implement PDCA cycles to ensure that bribery and corruption are being prevented by monitoring the situation through internal audits and other means to confirm that the procedures established by the guidelines are being followed.

Tax Compliance

Basic Policy

Our Code of Conduct pledges that we will strive to ensure that our operations always comply with laws, ordinances, internal regulations and rules, and social norms, and that our global businesses will respect local laws and international norms, with our executives and managers leading from the front in these efforts. We will also abide by this code in our tax obligations and contribute to the sustainable growth of local societies and economies through our strict compliance with tax laws and requirements.

Tax Governance System and Risk Management

We have established a system whereby the Accounting Department manages our tax-related matters under the supervision of the executive responsible for accounting. Critical matters are reported to the committee supporting rational decision-making by Corporate Executive Officers and the Board of Directors. To facilitate the appropriate discharge of our tax obligations, we have also set up a system enabling all departments to consult with the Accounting Department regarding tax processes, and we provide employees with tax education through e-learning and other channels. With regard to tax risk management, we identify tax risks in business projects above a certain threshold before they are launched by requiring the risk information to be reported to the Accounting Department in advance. In addition, the Internal Audit Department conducts internal accounting audits that include review of tax compliance.

We further strive to reduce tax risk by selecting the country/region for new subsidiaries based on their purpose of operation, and by following the OECD's guidelines for transfer pricing when carrying out international transactions among our Group companies. Moreover, our overseas subsidiaries enlist the support of external experts to properly comply with the local tax system.

Relations with Tax Authorities

We endeavor to reduce our tax risk by consulting in advance with the tax authorities when necessary. We also build trust with the tax authorities by interacting with them in good faith and by disclosing required information in a timely and appropriate manner.

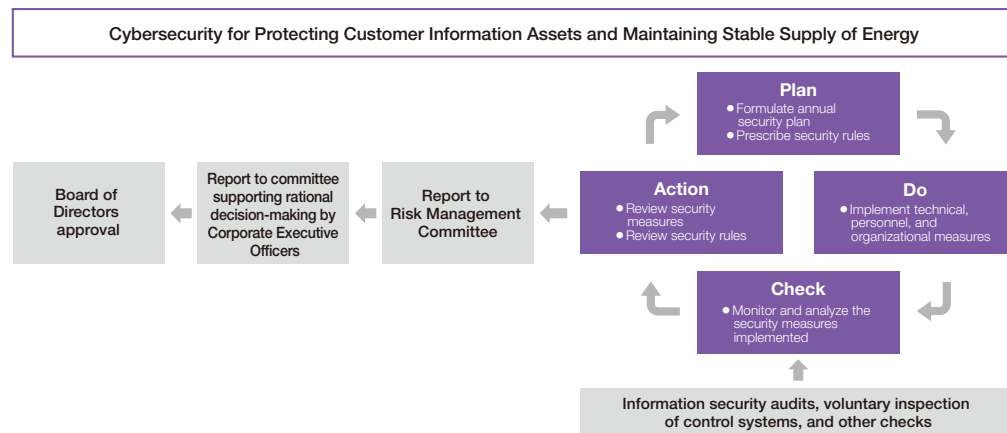
Cybersecurity

Basic Policy

Tokyo Gas has positioned cybersecurity as a management priority out of the belief that it is integral to the fulfillment of our social responsibility as an infrastructure provider. Our management leads efforts to ensure the security of the information systems that handle customer and other data and the control systems for gas production/supply, power generation, and other facilities. Through these efforts we strive to protect the customer information assets under our stewardship and to maintain the stable supply and safety of energy services. Furthermore, we implement measures for preventing cybersecurity incidents and carry out management-involved training sessions and other actions for readying ourselves to respond to a potential intrusion.

In addition, we are seeking to further strengthen our cybersecurity through a PDCA cycle that adapts to recent advances in digital technologies, the growing threat of cyberattacks, and other changes in the cybersecurity landscape.

■ PDCA Cycle for Ensuring Cybersecurity



Aims of Information Security

We have formulated an information security strategy based on analysis of the Tokyo Gas Group's internal environments and changes in external environments. This strategy sets forth the three aims below. Guided by these goals, we are implementing prioritized information security measures,

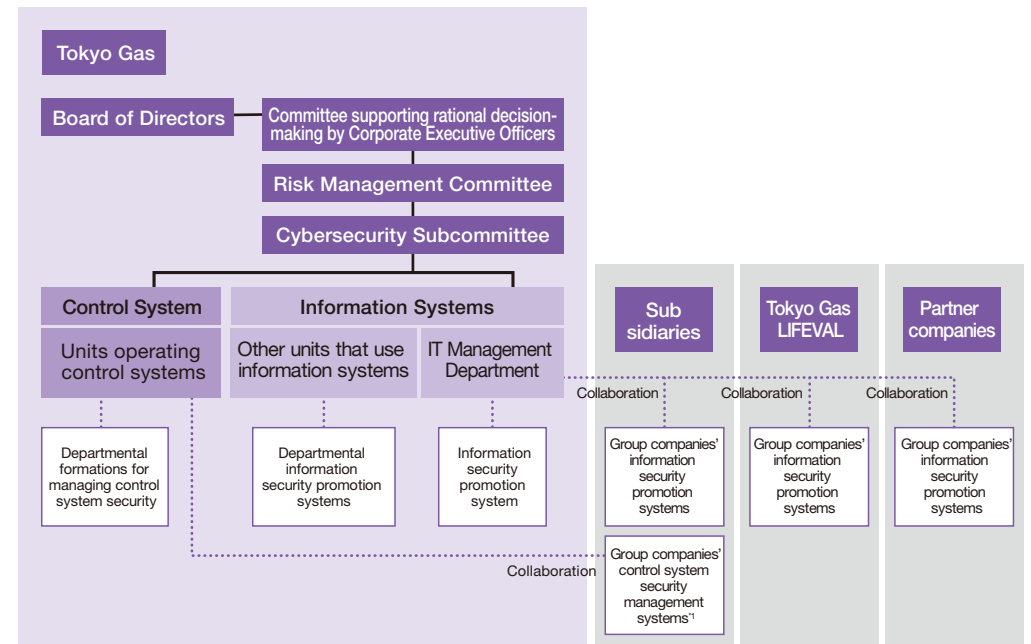
- Fulfill social responsibilities as an infrastructure provider
- Maintain and improve customer satisfaction
- Stay in step with business changes

Cybersecurity Response System

We manage cyberattack risks through efforts informed by the Ministry of Economy, Trade and Industry's Cybersecurity Management Guidelines. These actions are led by our Cybersecurity Subcommittee, which reports to the Risk Management Committee and provides integrated risk management for both information and control systems. The subcommittee regularly updates the Risk Management Committee and the committee supporting rational decision-making by Corporate Executive Officers on the state of cybersecurity measures.

In addition, all Tokyo Gas units and the subsidiaries and some 300 partner companies that support our Group operations strive together to ensure cybersecurity. This concerted effort develops the information security promotion system and control system management system needed to prevent cybersecurity incidents and minimize the damage and other impacts of incidents that do occur.

■ Cybersecurity Organization



¹ Only the companies that operate control systems.

Practices to Ensure Cybersecurity

We take a comprehensive approach to cybersecurity that combines technical measures such as those for preventing system intrusions, personnel measures such as an annual employee training session, and organizational measures such as establishment of security response formations and the holding of cyberattack response training.

In addition, we are taking action to strengthen risk management across our supply chain-including subsidiaries, business partners, and suppliers-and bolster security measures in response to the increase in remote work and meetings.

Through our sustained implementation of these efforts, we raise the level of security across the entire Tokyo Gas Group.



Protection of Personal Information

Basic Policy

We recognize that properly protecting and handling personal information is at the foundation of our business activities and a vital social responsibility. To fulfill these responsibilities, we have established the following policies for guiding our best efforts to protect personal information.

Tokyo Gas Policy on Protection of Personal Information

1. Legal compliance

In addition to observing all applicable laws, regulations, and guidelines governing the protection of personal information, Tokyo Gas establishes and continually improves Company policy and internal rules for protecting personal information.

2. Personal information management

We take necessary actions under relevant laws, regulations, and guidelines and properly manage personal information to prevent any loss, leakage or unauthorized changes to said information. In addition, a person is assigned at each workplace to be responsible for the protection of personal information and to educate and supervise employees in regard to this issue.

3. Collection and use of personal information

We acquire personal information through proper means to conduct our business operations appropriately and efficiently. When collecting such information, we inform the affected person in advance of the purpose for which the information will be used, and obtain only the information specifically needed to achieve that purpose.

4. Provision of personal information to third parties

We do not provide personal information to any third party without obtaining the prior agreement of the person affected, except as allowed under relevant laws, regulations, or guidelines, and in certain cases where, for example, parties receiving the information are not legally defined as third parties. In our operations that require the transfer of personal information to third-party service providers, we select only providers meeting the necessary standards and obligations for managing personal information, establish a set of personal information protection rules for those providers, and supervise their handling of the information.

5. Disclosure, correction, etc., of personal information

When a person requests disclosure, correction, deletion, or other actions on their personal information, we endeavor to promptly respond, within reasonable limits under relevant laws and guidelines, after confirming the person's identity.

► Privacy Policy [Web](#)

System for Promoting Protection of Personal Information

The Tokyo Gas Group retains and utilizes a massive volume of personal information, including information on customers. Accordingly, we established a Group-wide system for promoting the protection of personal information even before the Act on the Protection of Personal Information took full effect on April 1, 2005. In addition to voluntary checks conducted to confirm whether personal information is being properly managed, internal audits are conducted by the Internal Audit Department to assess compliance with the act and other applicable laws, ordinances and guidelines as well as our own policy on the protection of personal information and internal rules.

■ Promotion System

	Performer	Major Duties
Overseer of personal information protection	Executive responsible for department in charge of personal information protection	Formulation, implementation, maintenance, and improvement of measures for managing the protection of personal information
Personal information protection management officers	Department heads	Formulation, implementation, maintenance, and improvement of measures for managing the protection of personal information at the departmental level
Personal information protection executive officers	General managers	Dissemination of information, education, etc. concerning basic matters of personal information protection
Personal information protection promotion managers	Group managers	Appropriate management, etc. of personal information at workplaces

Information Security Audit

The Internal Audit Department audits the Company and its subsidiaries and affiliates to determine whether the audited organizations are taking proper steps to ensure information security, to identify specific information security risks, and to confirm whether controls are being properly developed and implemented to manage these risks.

Education and Awareness-raising

We have established internal rules based on the requirements set forth by the Act on the Protection of Personal Information. In addition, we distribute a pamphlet explaining the practical aspects of personal information protection to all employees of Tokyo Gas, its subsidiaries, and Tokyo Gas LIFEVAL companies in order to increase their awareness by promoting thorough understanding of legal requirements and other matters. In response to the revision of the Act on the Protection of Personal Information, we informed each Group company of the details of the revised act and formulated guidelines for clarifying personal information and handling anonymously processed information.

In order to maintain firm awareness of the importance of personal information protection throughout each employee's career, we provide training at different stages, such as at hiring, third year of employment, and promotions.



Appropriate Information Disclosure

Basic Policy

Tokyo Gas believes that the timely and proper disclosure of information to stakeholders is a core element of its public mission as an energy company. We proactively and appropriately communicate information on our corporation, the safety and usage of our products and services, and other matters to enable customers to enjoy the reliable, safe, and convenient use of the energy and gas appliances we supply.

Appropriate Information Disclosure

Tokyo Gas Website

In addition to providing corporate and lifestyle information, and pages for carrying out gas/electricity service procedures, our website posts important notices, including on home gas appliances, to rapidly provide customers with accurate information on product recalls, defects, and other such matters that require their attention.

Tokyo Gas Official Social Media

We maintain a corporate Facebook page and Twitter account to offer instant access to our information. We post our seasonal information, recipes and other useful information for everyday life, including entertainment content such as Paccho's (Tokyo Gas's mascot character) Diary and disaster preparedness information on the safe use of city gas. In the event of a disaster, we share information through social media on how we are responding.

Proper Information Provision under Statutory and Voluntary Standards

We strive to provide the accurate information that customers need to make informed decisions about Tokyo Gas Group products and services. For example, we have created checklists for making sure that advertising and representations are appropriate and comply with the Act against Unjustifiable Premiums and Misleading Representations. We also strive to thoroughly ensure the accuracy of information in flyers, catalogs, brochures, and other materials through collaboration between the publications production team and the employees responsible for guaranteeing proper representation. Those employees are provided training to enhance their knowledge of this area.

To ensure that customers can safely use our products and services, we also abide by the guidelines for appropriate information provision and other matters that the Ministry of Economy, Trade and Industry has set forth in concert with the full deregulation of the electricity and gas markets.

Supply Chain Management

Basic Policy

Tokyo Gas believes that it must fulfill its social responsibility in cooperation with business partners, rather than doing so on its own when delivering products and services to customers.

Tokyo Gas Group: Our Code of Conduct includes guidelines on our transactions and relationships with business partners, and we strive to ensure awareness of and compliance with those guidelines. We have also established the Purchasing Guidelines to provide a specific code of conduct for realizing highly transparent, fair, and equitable transactions with our business partners, and we endeavor to cultivate trusting relationships with them based on those standards.

Purchasing Guidelines

1. Openness

The Company will procure goods and services, both domestically and internationally, that meet the Company's standards for quality, safety, and cost, through procedures that are simple and easily understood.

2. Fairness and Equality

The Company will select its suppliers in a fair and equitable manner on the basis of economic rationality, with due consideration to quality, price, reliability, guaranteed delivery, after-sales service, suitability with existing facilities, technological ability, financial health, and CSR stance. The Company is fully committed to complying with the laws and regulations prohibiting bribery, corruption, misappropriation, antitrust, and other illegal behavior.

3. Mutual Trust

The Company will establish relationships of trust with its suppliers based on fair and equitable transactions and strive to maintain and enhance the safety, security, and reliability of its brand through mutual prosperity and cooperation. Indispensable to providing stable energy is the stable supply of quality goods and services from suppliers at fair prices and within the designated delivery periods, all based on mutual trust.

4. Commitment to Compliance

The Company and its suppliers must fully comply with the letter and spirit of all relevant laws and regulations, social norms, and corporate ethics when conducting business transactions.

5. Environmental Protection

The Company will work with its suppliers to protect the natural environment toward realizing a recycling society by adopting the perspective of environmental friendliness in addition to economic considerations. The Company will promote Green Purchasing in accordance with its Green Purchasing Promotion Guidebook and also to follow through with its Environmental Policies.

6. Occupational Safety and Respect for Human Rights

The Company will work with its suppliers to ensure occupational safety and respect for human rights.

7. Consideration for Local Communities

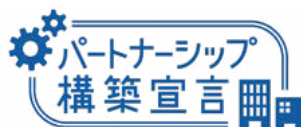
The Company will work with its suppliers to preserve the environment and ensure respect for human rights in local communities, while also striving to ensure their safety and security.

The Company will actively engage in activities that contribute to the development of local communities toward the betterment of society.



Issuance of Our “Declaration of Partnership Building ”

We have issued a Declaration of Partnership Building^{*1} as a roadmap for constructing new partnerships by advancing collaboration, co-existence and co-prosperity with our supply chain business partners and with businesses working toward value creation.



^{*1} This is an initiative established by the Council on Promoting Partnership Building for Cultivating the Future, whose members include the Chairman of Keidanren (Japan Business Federation), the Chairman of the Japan Chamber of Commerce and Industry, the President of the Japanese Trade Union Confederation, and relevant Ministers of State (Cabinet Office, METI, MHLW, MAFF, and MLIT).

▶ Declaration of Partnership Building [Web](#)

Sharing Our Standards of Conduct with Business Partners

To further build the trust of our customers and society, it is essential that not only the Tokyo Gas Group but also its business partners practice compliance, preserve the environment, ensure occupational safety, respect human rights, and show concern for local communities. Accordingly, we share our various standards of conduct with business partners and ask them to abide by those standards whenever we purchase from them or contract them to perform construction or other jobs. The standards include Purchasing Guidelines for Suppliers and Green Purchasing Promotion Guidebook, both of which outline requirements for suppliers, as well as the Environmental Common Specifications for contractors, which cover areas such as legal compliance, reduction of environmental impacts, and consideration for occupational safety and health.

Purchasing Guidelines for Suppliers

The Company seeks the cooperation of its suppliers and requests that they understand and act in accordance with the Basic Requirements so as to ensure mutual trust throughout purchasing activities.

1. Quality Guarantee

The Supplier must meet the requirements for quality and performance as set by Tokyo Gas and maintain that level of quality and performance over a reasonable period of time.

2. Reasonable Pricing

The Supplier must offer prices deemed reasonable with respect to quality, performance, specifications, terms of delivery, terms of payment, trends in market prices, and other relevant areas.

3. Compliance with Terms of Delivery

The Supplier must observe the contractual time of delivery specified by the Company.

4. Safety Assurance

The Supplier must ensure the safe use and operation of its products.

5. Maintenance and After-Sales Service

The inspection, maintenance, and repair services that the Supplier is required to provide should be undertaken in a fast and precise manner, an approach that should also be applied to its design and production or implementation of goods and services. In addition, the Supplier must be capable of quickly providing the necessary parts and technical assistance for standard repairs and in the event of an emergency.

6. Risk Management

(1) Quick and appropriate response

The Supplier must be able to respond quickly and appropriately to quality-related issues and emergencies such as natural disasters or accidents.

(2) Personal and confidential information

The Supplier must appropriately handle personal information and confidential information.

(3) Intellectual property

The Supplier must appropriately manage intellectual property, including confidential information and expertise.

7. Commitment to Compliance

The Supplier must comply fully with the letter and spirit of all relevant laws and regulations, including the antitrust law and subcontractor law, and is expected to observe social norms and corporate ethics. The Supplier must also maintain a fully functioning system for the prevention and early detection of illegal behavior.

8. Consideration for Labor, Safety, and Human Rights

The Supplier must act in compliance with laws, regulations, and social norms related to occupational health and safety, working conditions, and human rights, and must engage in initiatives for addressing these issues. Specific requirements include:

- Eliminating all discriminatory practices based on race, ethnicity, religion, gender, age, place of birth, nationality, physical and mental disability, academic background, social status, sexual orientation, gender identity, and other factors, and striving to provide equal opportunities and fair treatment;
- Attending to the health and safety of employees and implementing the necessary measures;
- Properly managing working hours and avoiding forcing work against the will of the employee;
- Respecting employees' right to organize and allowing collective bargaining and labor-management consultations;
- Protecting the rights of workers, complying with minimum wage requirements, and giving due consideration to providing a living wage; and
- Prohibiting child labor and forced labor and preventing illegal labor practices.

**9. Environmental Protection**

The Supplier is required to implement sufficient measures to avoid harming the global environment, pay due consideration to environmental issues, and reduce its environmental impact. The Supplier is also expected to implement initiatives in line with the Company's Green Purchasing Promotion Guidebook.

10. Consideration for Local Communities

The Supplier is required to work with its business partners to protect the environment, respect human rights, and ensure the safety and security of local communities. The Supplier is encouraged to actively engage in activities that contribute to the development of local communities toward the betterment of society.

11. Supply Chain Management

In addition to observing these Guidelines, the Supplier is expected to encourage its business partners to implement the initiatives set forth therein.

12. Prohibition of Involvement with Conflict Minerals

As a precondition to any business transaction, products supplied by the Supplier must not contain conflict minerals (gold ore, coltan, wolframite, and cassiterite) produced to fund militant groups in the Democratic Republic of the Congo and its neighboring countries and regions.

Green Purchasing Promotion Guidebook

The Tokyo Gas Group will promote Green Purchasing in accordance with this Guidebook and by adopting the perspective of environmental friendliness, in addition to common criteria such as cost, quality, and terms of delivery, when procuring and purchasing construction work, services, materials, manufactured goods, and components (hereafter collectively referred to as "goods and services").

1. Purpose of Green Purchasing

- 1.1 Tokyo Gas endeavors to proactively and consistently contribute to protecting the global environment and building a recycling society, not only by reducing the environmental impact of its business activities through initiatives such as energy conservation and waste reduction but also by promoting Green Purchasing in the upstream segment of its business activities toward reducing its overall environmental impact.

2. Considerations for Selecting Goods and Services

- 2.1 In accordance with the Green Purchasing Guidelines laid out by the Green Purchasing Network (GPN), Tokyo Gas will select goods after considering the diverse environmental impacts throughout their life cycles, from extraction of raw materials to disposal, as explained below.
 - 2.1.1 **Reduction of environmental impact**
Reduced use or emission of substances that are harmful to the environment and human health. Proper control of legally designated chemical substances.
 - 2.1.2 **Conservation of resources and energy**
Limited consumption of resources, energy, and water during product manufacture, use, and installation.
 - 2.1.3 **Sustainable extraction and use of resources**
Sustainable extraction methods and effective utilization to prevent depletion of resources.
 - 2.1.4 **Capacity for long-term use**
Enable long-term use based on ease of repair, parts exchange, and other considerations.
 - 2.1.5 **Reusability**
Can be reused.

2.1.6 Recyclability

Can be recycled.

2.1.7 Use of recycled materials

Contains a significant ratio of recycled materials and reused components.

2.1.8 Ease of treatment and disposal

Can be easily treated and disposed of as waste.

2.1.9 Legally compliant waste disposal

Promotes the recycling of resources through reduced waste generation, reuse, and thorough sorting and ensures a legally compliant waste disposal process.

2.1.10 Biodiversity conservation

Mitigates direct and indirect impacts of business operations on the ecosystem.

3. Considerations for Selecting Suppliers

- 3.1 When selecting suppliers, Tokyo Gas will give higher priority to companies that actively pursue environmental protection initiatives, such as implementation of an environmental management system (EMS) that includes:
 - 3.1.1 Establishing environmental principles and guidelines;
 - 3.1.2 Appointing dedicated environmental officers;
 - 3.1.3 Complying with environmental laws and regulations;
 - 3.1.4 Identifying the environmental impacts of business activities;
 - 3.1.5 Disclosing environmental information;
 - 3.1.6 Protecting the environment in collaboration with local communities and NGOs;
 - 3.1.7 Promoting Green Purchasing; and
 - 3.1.8 Asking suppliers to pursue environmental protection activities.

4. Collection and Use of Environmental Information

- 4.1 Tokyo Gas will actively collect, organize, and analyze environmental information on goods and services as well as manufacturers and sales companies. The information will be shared by the Purchasing Department and used to ensure appropriate management of Green Purchasing.

5. Note on Implementing Green Purchasing

- 5.1 When undertaking procurement and purchasing, the Purchasing Department of Tokyo Gas will give priority to selecting the goods and services with the least environmental impact, from among candidates that meet requirements such as quality and terms of delivery, while at the same time striving to contain costs.



Education and Awareness-raising

In promoting CSR procurement, it is important that every staff member responsible understands the purpose.

In FY 2020, we conducted training for responsible staff members and newly assigned staff, basic seminars on purchasing for employees in other departments, workshops on responding to medium-term issues, and self-study sessions. In addition to this core content, we also provided other in-house education programs such as courses on issues expected to emerge in the future, and seminars designed to spread across the Purchasing Department the knowledge and experiences of its purchasers.

Training	Content	Overview
Training for responsible staff members	Purchasing and assessment methods, contracts, relevant laws and regulations, knowledge-sharing study groups	Target: Purchasing Department staff 22 courses
Training for newly assigned staff	Purchasing rules, communication with suppliers, contracts, relevant laws and regulations, risks related to procurement, procurement system, etc.	Target: Newly assigned Purchasing Department staff 9 courses
Basic seminars for employees in other departments	Laws and regulations related to purchasing, basic knowledge for appropriate purchasing practices	Target: All employees 17 courses
Seminars on responding to medium-term challenges	Dealing with policy and institutional challenges such as legal unbundling, transmission cost assessments, and procurement reforms	Target: Purchasing Department staff 10 courses
Self-study sessions	How to select suppliers, obtain detailed estimates, and assess costs.	Target: Purchasing Department staff 3 courses

Supplier Survey

As part of our annual supplier survey, we review the status of CSR efforts at each company. We have been providing feedback across the board to encourage two-way communication and strengthen cooperation with Purchasing Guidelines for Suppliers.

In FY2020, we conducted a wide-ranging survey asking 505 companies to provide information on their policies and codes of conduct for promoting CSR. We received responses from 458 of them. We compiled and analyzed their responses and confirmed specific points directly with them as needed. None of the suppliers demonstrated any serious risks such as legal violations.

The details and results of the survey are as follows.

■ Details of Implementation

Supplier Survey	FY2019	FY2020
Target (companies)	513	505
Respondents (companies)	465	458
Response rate (%)	90.6	90.7

■ Overview of Survey Results

Categories	Typical Questions
1. CSR management and compliance	Establishment of codes of conduct on CSR
2. Risk management	Formulation of business continuity plan
3. Product quality and safety	Establishment of policies on product quality and safety
4. Human rights and working conditions	Establishment of codes of conduct on human rights and working conditions
5. Occupational safety, hygiene and health	Establishment of codes of conduct on occupational safety, hygiene and health
6. Environment	Formulation of environmental policy, efforts on conservation of resources
7. Supply chain	Formulation of policies on the supply chain

Corporate Governance

Basic Policy

As an “Energy Frontier Corporate Group” focused on natural gas, the Tokyo Gas Group will strive to achieve sustainable growth and improve its medium- to long-term corporate value by actively contributing to the creation of pleasant lifestyles and an environmentally friendly society and by working to ensure continued growth while consistently earning the trust of customers, shareholders, and society. Guided by this management philosophy, we will endeavor to enhance and strengthen our corporate governance by clearly delineating management and executive responsibilities, bolstering audit and supervisory functions, engaging in precise, prompt decision-making, and efficiently carrying out operations, all while ensuring legality, soundness and transparency.

▶ Basic Policy on Corporate Governance [Web](#)

Overall Corporate Governance Structure

Following approval of the 221st shareholders meeting, Tokyo Gas has made a transition to a “Company with a Nominating Committee, etc.” and has established three committees: a Nominating Committee to determine director candidates and recommend corporate executive officer candidates; an Audit Committee to audit execution of duties by directors and corporate executive officers; and a Compensation Committee to determine remuneration for directors and corporate executive officers.

The Board of Directors determines management policies, supervises execution of duties by corporate executive officers, delegates decision-making concerning important matters for business execution to corporate executive officers, and asks them to report the status of the execution, when needed. Corporate executive officers are required to contribute to appropriate, prompt decision-making and to ensure efficient business operations by taking up in a committee (generally meeting weekly) that supports the corporate executive officers’ reasonable decision-making matters to be submitted to the Board of Directors and other important managerial matters. Executive officers are assigned responsibility for ensuring prompt business operations by corporate executive officers. Tokyo Gas has thus adopted and established a governance structure that ensures high legality, soundness, and transparency.

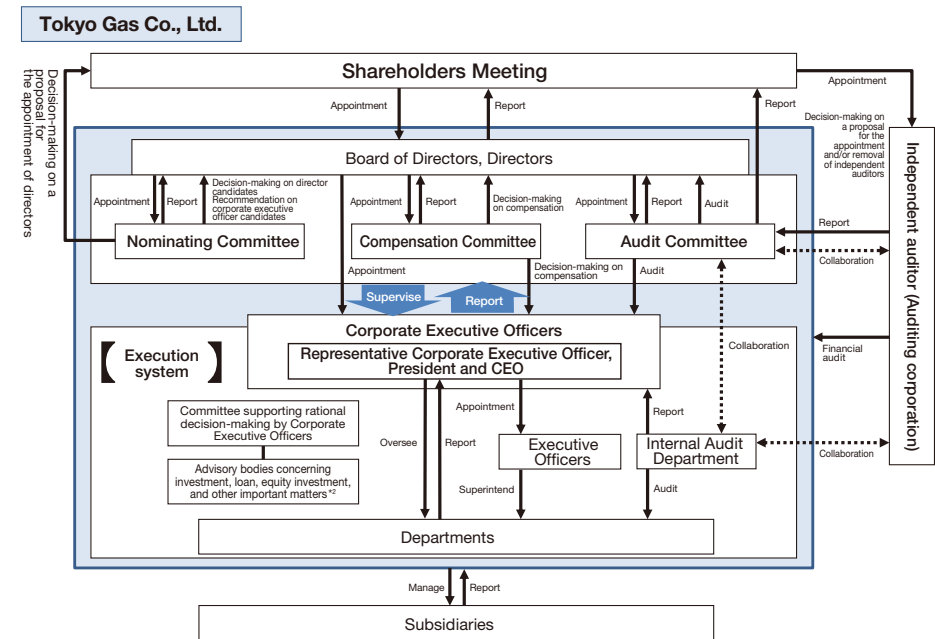
▶ Corporate Governance Report [Web](#)

■ Overview of Corporate Governance System (As June 29, of 2021)

Number of directors	9	Number of meetings of Board of Directors*1	12
Average age of directors	63.8	Attendance rate of Outside Directors at Board of Directors*1 meetings	100%
Number of outside directors	6	Term of office of directors	1year
Number of independent officers	6	Performance-linked remuneration	Yes
Participation of Outside Directors in determination of remuneration	Yes	Share purchase system to reflect the perspective of shareholders in management	Yes
Participation of Outside Directors in selecting director candidates	Yes		

*1 Total for the period from June 2020 to May 2021.

■ System for Promoting Corporate Governance (as of June 29, 2021)



Nominating Committee

The Nominating Committee makes decisions on proposals to the Shareholders Meeting concerning appointments and dismissal of directors and on proposals to the Board of Directors concerning corporate executive officers, among other matters.

○ Outside ○ Internal



Audit Committee

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



Compensation Committee

The Compensation Committee sets policy related to remuneration of directors and corporate executive officers, and makes decisions on remuneration of each director and each corporate executive officer, according to the policy, among other activities.





Board of Directors

Role of the Board of Directors

Pursuant to the provisions of the relevant legislation, the Articles of Incorporation, and the Regulations of the Board of Directors, the Board of Directors conducts important decision-making of the Company's management, such as management policy and plans, and supervision of execution of business operations. In addition, the Board of Directors delegates to corporate executive officers a large part of its authority concerning business execution in order to make decisions in an appropriate, prompt manner.

Management and composition of the Board of Directors

In principle, the Board of Directors meets once a month to decide basic policies of management and to supervise execution of duties by corporate executive officers, among activities. At present, the Board of Directors comprises 9 directors, 6 of whom are outside directors.

Appointment of Directors

To ensure that the Board of Directors conducts appropriate decision-making and management supervision, persons who are selected as directors are deemed to be individuals who possess abundant experience, in-depth knowledge, and a high level of expertise. Outside directors shall be individuals who have perspectives on matters including corporate management, social and economic trends, and international affairs. They are also required to meet the Company's Independence Standards for Outside Officers. Concerning the selections of nominees for the position of director, the Nominating Committee, a majority of which is comprised of independent outside directors, determines agenda items of the Shareholders Meeting and the reasons for election of the nominees are disclosed in the reference materials for the Shareholders Meeting. Those materials are included in the notice of convocation of the Shareholders Meeting.

Analysis and Evaluation of Effectiveness of Board of Directors as a Whole

To maintain and enhance the effectiveness of the Board of Directors, we analyzed and evaluated the Board of Directors' effectiveness by holding exchanges of opinions at the meetings of the Board of Directors, using the questionnaire-based self-evaluations completed by the directors as a point of reference.

The effectiveness of the Board of Directors was confirmed to have been further enhanced, mainly because questionnaire-based quantitative evaluations remained satisfactory as before, along with the fact that vigorous discussions were being held through exchanges of opinions at the meetings of the Board of Directors, and that measures such as on-site inspections facilitated the understanding of outside officers on the Company's business operations. To realize further improvement in the effectiveness of the Board of Directors, it will be necessary for efforts to continue without interruption.

To realize further improvement in the effectiveness of the Board of Directors, it will be necessary for efforts to continue without interruption. The evaluation confirmed that, going forward, Directors intended to establish a common recognition on the way the Board of Directors ought to be in terms of its monitoring model and demonstrate its recognition, in addition to continue to carry out initiatives to promote understanding of the Company's business operations.

Officer Remuneration System

Basic Policy on Officer Remuneration

As a Company with a Nominating Committee, etc., a Compensation Committee has been established as stipulated in the Companies Act, and it selects a chairperson from outside directors, secures objectivity and transparency, and determines remuneration of individual officers (directors and corporate executive officers).

1. Role of officers and officer remuneration

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

2. Level of officer remuneration

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

3. Composition of annual remuneration

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

Basic remuneration:

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

Bonuses:

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

Share-based compensation:

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

- Remuneration for directors is comprised of basic remuneration and share-based compensation, while remuneration for corporate executive officers (including those who concurrently serve as directors) is comprised of basic remuneration, bonuses, and share-based compensation
- The approximate ratios of each type of remuneration for directors are 90% in basic remuneration and 10% in share-based compensation. The approximate ratios for corporate executive officers (including those who concurrently serve as directors) are 65-70% in basic remuneration, 15-20% in bonuses, and 10-20% in share-based compensation.

* Indicators for bonus evaluation for FY2021

Financial indicators: Profit attributable to owners of parent; Operating profit + equity method income

Non-financial indicators: Contribution to CO₂ emissions reduction; Renewable power source transaction volume; Diversity in human resources; Natural gas transaction volume; Transportation volume; Number of customer accounts

Introduction of a share-based compensation plan using a trust

The Compensation Committee meeting held on June 29, 2021 resolved to introduce a share-based compensation plan for directors and corporate executive officers with the objective of providing incentives encouraging the enhancement of corporate value. Separately, an introduction of a similar share-based compensation plan for executive officers has also been resolved.

1. Overview

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

2. Target persons

Directors (including outside directors) and corporate executive officers

3. Overview of the trust (The table below includes executive officers.)

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

- ▶ “Notice on the Introduction of a Share-based Compensation Plan” (June 29, 2021) [Web](#)
- ▶ “Decisions on Matters related to Share Acquisition for the Share-based Compensation Plan” (July 28, 2021) [Web](#)

**Total Remuneration for Directors and Audit & Supervisory Board Members for FY2020 (Reference)
(Results of the Remuneration System before transition to a Company with a Nominating Committee, etc.)**

Classification of officers	Total value of remuneration (¥ million)	Total value of remuneration by type (¥ million)			Number of eligible officers
		Fixed remuneration (Monthly remuneration)	Performance-linked remuneration (Monthly remuneration)	Bonuses	
Directors (excluding outside directors)	323	241	49	32	6
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	74	74	-	-	2
Outside Directors	45	39	-	6	5
Outside Audit & Supervisory Board Members	35	35	-	-	4

* The number of officers includes one internal director, one outside director, and one outside Audit & Supervisory Board member who retired upon the conclusion of the 220th Annual Shareholders Meeting.

* It was resolved that the amount of monthly remuneration of all Directors (including Outside Directors) should be under ¥50 million at the 205th Annual Shareholders Meeting and that the amount of annual bonus for all Directors should be under ¥90 million at the 206th Annual Shareholders Meeting.

* It was resolved that the amount of monthly remuneration of all Audit & Supervisory Board members (including outside members of the Audit & Supervisory Board) should be under ¥12 million at the 190th Annual Shareholders Meeting.

Internal Control System

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

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

Overview of Internal Control System

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

Specific Examples of Internal Control System 1

System to ensure that officers and employees perform their duties in conformance with laws, the Articles of Incorporation, etc

Internal Audit Department

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

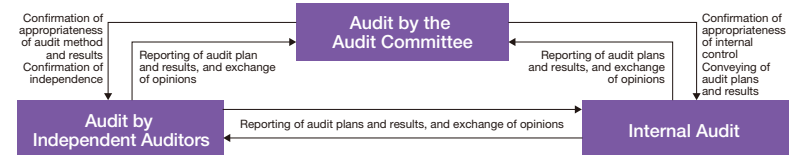
The Internal Audit Department, an organization for internal audit of the Company, has the objective of conducting effective, expert auditing with its composition and number of staff as shown on the right (as of June 29, 2021).

Specific Examples of Internal Control System 7

System concerning reporting to the Audit Committee and system to ensure effective auditing by the Audit Committee

Audit Committee

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



Risk Management System

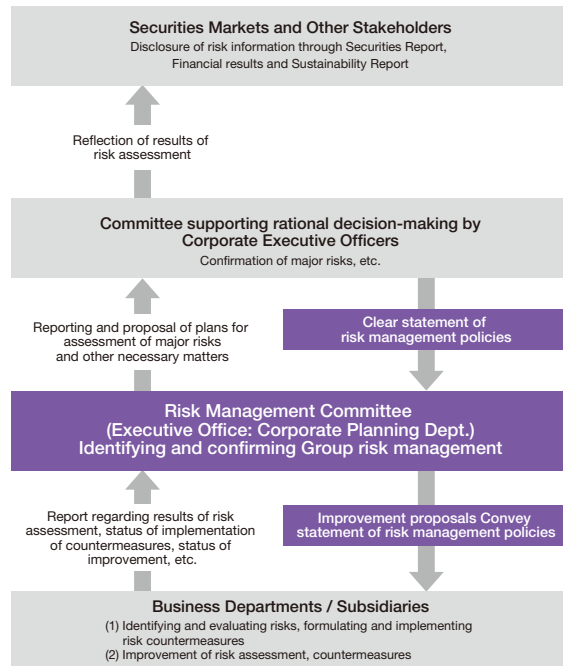
In accordance with the Risk Management Regulations which stipulated basic items of the Tokyo Gas Group's risk management, we have established an enterprise risk management (ERM) system and are using an "ordinary-time response" (to understand risks and device and implement measures against the risks)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

Ordinary-time response

Our Risk Management Regulations have explicitly stated specific initiatives and major risks at ordinary times and an enterprise risk management (ERM) system has been established to undertake them. The Risk Management Committee was established with the aim of improving the management level of the ERM system. The Committee checks progress regarding the establishment and operational status of the ERM system, including periodic risk assessments. It also reports to a committee that supports the corporate executive officers' reasonable decision-making.

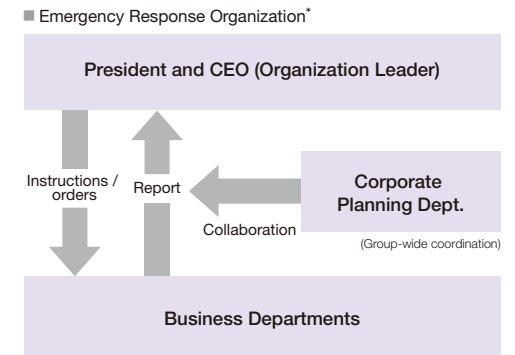
Under the framework, around 150 Risk Management Promotion Officers are deployed in the business departments of Tokyo Gas and its subsidiaries in order to promote ERM. Each year, we assess risks and the implementation and improvement status of countermeasures. This system facilitates the steady implementation of the ERM-PDCA (Plan-Do-Check-Act) cycle.

Enterprise Risk Management (ERM) System



Emergency-time response

Because the company provides public services that comprise a lifeline, for many years it has also had a crisis management system that serves as a response system in case an accident or other risk-related event actually occurs. Specifically, we have formulated Emergency Response Organization Regulations. In case of major crises, including major natural disasters, such as earthquakes, or production or supply disruptions arising from major accidents at pipelines or LNG terminals, as well as spread of highly pathogenic or infectious diseases, terrorism, failures in mission-critical IT systems, and compliance problems, the Emergency Response Organization has been established to respond to the situation immediately in accordance with the Emergency Response Organization Regulations. Periodic training is conducted in relation to response measures against large earthquakes, cyber terrorism, and other major risks. Moreover, the company has also formulated a business continuity plan (BCP) outlining its responses in the event of a major earthquake of the magnitude as assumed by Japan's Cabinet Office, a major accident disrupting gas supply, a widespread blackout, highly pathogenic or infectious diseases, etc. This plan is in place to reinforce the company's risk management system.



* A department in charge of an executive office is predetermined depending on the type of emergency.

Business or other risks which may significantly affect judgment of investors (as of March 31, 2021)

- 1. Risks associated with accidents, disasters, etc.**
 - (1) Energy resource procurement difficulties
 - (2) Natural disasters
 - (3) Accidents and supply impairments accompanying city gas production and supply, and power generation
 - (4) Spread of a highly virulent or contagious infections
 - (5) Unforeseeable, large-scale power outages
 - (6) Problems in securing the safety of city gas and in quality of gas appliances
 - (7) Damage caused by rumors arising from a city gas accident of another company
 - e) Decrease in existing demand caused by changes in the business environment
 - f) Interruption of telephone services at call centers
 - g) Delay in technology development
- 2. Market fluctuation risk**
 - (1) Fluctuation in market prices and interest rates
 - (2) Fluctuation of the electric power market
- 3. Risk associated with business execution**
 - (1) Risks related to existing businesses
 - a) Decrease in demand caused by intensified competition
 - b) Fluctuation in material prices
 - c) Changes in laws, regulations, and national or local energy policy
 - d) Fluctuation in gas sales volume caused by climate change
 - (2) Risks associated with overseas business development
 - (3) Delay in development of new markets
 - (4) Inability to recover investments
- 4. Risks related to information management and system operation**
 - (1) Leakage of personal information
 - (2) Shutdown or malfunction of IT systems
 - (3) Cyber attacks
- 5. Risks related to corporate social responsibility**
 - (1) Compliance violations
 - (2) Response to new environmental regulations
 - (3) Insufficient customer services
 - (4) Insufficient response to human rights issues



Education and Awareness-raising

Provision of Risk Management Training

The Tokyo Gas Group provides training programs to promote appropriate risk management.

We hold training focused mainly on case studies for Risk Management Promotion Officers and newly appointed general managers and managers (newly appointed mid-level managers) in each department of the Company and at subsidiaries, so that they can appropriately perform necessary risk management in their respective positions and enhance their risk management capabilities.

Escalation Rules

To further enhance a corporate and organizational culture that encourages appropriate responses to managing risks, we established our clearly defined Escalation Rules, which require that information on any apparent major risk, such as accidents and disasters, be reported to the appropriate supervisory staff in a timely and appropriate manner.

Compliance with Japan's Corporate Governance Code

Tokyo Gas has formulated the “Basic Policy on Corporate Governance” in compliance with Japan’s Corporate Governance Code for listed companies. To achieve sustainable growth and increase its corporate value over the medium- to long-term, we will collaborate with our stakeholders, ensure appropriate information disclosure and transparency, and fulfill the commitment of the Board of Directors, and at the same time, we will pay due consideration to communicating and gaining the understanding of stakeholders including shareholders.