### The Tokyo Gas Group’s Energy Supply Infrastructure

**Energy Supply Network in the Tokyo Metropolitan Area**

**Total length of pipelines**: 63,557 km (as of the end of March 2018)

#### Overseas Businesses Serving as the Backbone of Stable Energy Supply

- **Midstream and downstream business projects**
- **Upstream business projects**

#### Main Overseas Bases
1. Paris Representative Office
2. Houston Representative Office
3. Ho Chi Minh City Representative Office
4. Thailand Representative Office
5. Asia Pacific Regional Office
6. Jakarta Representative Office
7. Manila Representative Office
8. Tokyo Gas Asia Pte. Ltd. (Singapore)
9. Tokyo Gas Australia Pty. Ltd. (Perth)
10. Tokyo Gas Australia Pte. Ltd. (Brisbane)
11. Tokyo Gas America Ltd. (Houston)

#### Overseas Business Expansion
- **9 countries**
- **22 projects**

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**Company Profile (as of the end of March 2018)**

- **Established**: October 1, 1885
- **Capital**: 141.8 billion yen
- **Sales**: 1,773.3 billion yen (consolidated basis)
- **Number of Employees**: 17,138 (non-consolidated basis: 7,862*1)
- **Service Area (City Gas)**: Major cities of Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, and Gunma
- **Consolidated subsidiaries**: 74
- **Equity-method affiliates**: 15

#### Key CSR Activities
- **Key CSR Activity 1**: Enhancement of Energy Security
- **Key CSR Activity 2**: Contribution to the Environment
- **Key CSR Activity 3**: Contribution to Local Communities
- **Key CSR Activity 4**: Respect for Human Rights
- **Key CSR Activity 5**: Promotion of Compliance
- **Key CSR Activity 6**: Enhancement of People-Centered Management Base

#### Overview of CSR Management

- **CSR at the Tokyo Gas Group**
- **Overview of CSR Management**
- **Key CSR Activities and Major Results**
- **Stakeholder Engagement**
- **Third-Party Independent Assurance Report**

#### Supply Chain Management

- **Third Party Independent Assurance Report**

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**History of Tokyo Gas**

- **1885 Oct.**: Tokyo Gas established
- **1889 Jul.**: Company name changed to Tokyo Gas Co., Ltd.
- **1962 Sept.**: Calorific value conversion completed in head office area*2
- **1966 May**: Nagoi LNG Terminal entered operation
- **1969 Nov.**: LNG imports from Alaska commenced
- **1972 Jan.**: Calorific value conversion to natural gas commenced*3
- **1973 Jan.**: LNG imports from Brunei commenced
- **1976 May**: Looped Line from the Nagoya LNG Terminal to the Sodegaura LNG Terminal entered operation
- **1977 Dec.**: Tokyo-Bay Underwater Line entered operation
- **1980 Feb.**: LNG imports from Malaysia commenced
- **1988 Oct.**: Calorific value conversion to natural gas completed
- **1993 Apr.**: LNG imports from Australia commenced
- **1994 Jan.**: LNG imports from Indonesia commenced
- **1998 Oct.**: Chiba Shinkansen LNG Terminal entered operation
- **1999 Dec.**: Kikkawa Line and Tokyo Bay Submarine Line entered operation
- **2001 Apr.**: LNG imports from Russia commenced
- **2009 May**: Establishment of Tokyo Gas LifeVal completed
- **2010 May**: Chuo Line entered operation
- **2010 Dec.**: Ibaraki-Tochigi Line entered operation
- **2011 Apr.**: Unconventional LNG imports from Queensland Curtis LNG Project commenced
- **2013 Mar.**: Hitachi LNG Terminal and Barakko-Tochigi Line entered operation
- **2013 Apr.**: Sale of electricity to residential and small commercial customers commenced
- **2016 Apr.**: Gas retail market fully liberalized
- **2017 Apr.**: Nagoi-Mikasa Line entered operation
- **2018 Aug.**: Nagoi-Mikasa Line entered operation

**Notes:**

*1 Full-time employees

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**CSR Report 2018**

**Tokyo Gas Group**

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We will develop our business to a higher level and contribute to the creation of a sustainable society as a driving force in communities and daily life.

The business environment surrounding the Tokyo Gas Group is changing dramatically, including the deregulations in energy markets, a decline in the number of households, progress in reducing carbon footprints and saving energy, and digitalization. Committed to advancing Group management, we accurately respond to those changes while also continuing to expand the foundation for the future, based on our brand values of “Safety, Security, and Reliability,” so that the Group can progress rapidly in the 2020s.

Pursuing “GPS × G” to Become a Total Energy Group that Remains the Customer’s Choice

For over 130 years since the Tokyo Gas Group was established in 1885, we have been contributing to society by providing a stable supply of city gas to support the economic development of the Tokyo metropolitan area and enrich daily life. It has consistently sought to enhance its corporate value as an “energy frontier corporate group” by being the first in Japan to introduce and propagate the use of liquefied natural gas (LNG), install large-scale combined heat and power (CHP) systems, and promote the development and wider use of residential fuel cells.

In April 2017, following the deregulation of the electricity market, the gas retail market was fully liberalized, which transformed the business environment at an unprecedented scale. As the energy industry faces a major turning point, we formulated the Tokyo Gas FY2018-2020 Medium-term management plan GPS2020 in October 2017 while anticipating the coming of an era of natural gas, of single-source providers of electricity and gas, and of multidimensional innovation fueled by rapid digital evolution. We will pursue our GPS × G concept, delivering Gas, Power, and Services that meet a variety of needs to Global customers.

Sustainable Development of Society

Our corporate mission is to meet public demand and expectations, which become more substantial every year and are changing at an accelerating pace. The Tokyo Gas Group engages in CSR activities under a basic policy of steadfastly tackling the challenges faced by society through our business activities in order to contribute to the sustainable development of society.

In March 2016, Tokyo Gas became a signatory of the UN Global Compact so that it could pursue CSR as a responsible member of the international community, and we support and practice the 10 principles in the four fields of human rights, labor, environment, and anti-corruption. With respect to the Sustainable Development Goals (SDGs) adopted by the United Nations, we have sought to align the common issues and goals of the international community with the social responsibilities of the Tokyo Gas Group to continue developing our CSR management toward achieving the SDGs.

Meeting Challenges Faced by Society through Business Activities

The Tokyo Gas Group seeks to develop a sustainable society by actively pursuing initiatives that pay due consideration for the environment and promote smart networks. We are particularly aware of our significant potential for contributing to a low-carbon society.

Natural gas, which constitutes the core of our business, is an energy source that generates the lowest CO₂ emissions among fossil fuels and is expected to continue playing a key role in addressing climate change. We are increasing investments in renewable energy-based power generation, such as solar and wind power, and in future technologies. We are also constructing smart energy networks that generate and consume energy locally by linking heat, electricity and information networks toward making communities more energy efficient, environmentally friendly and resilient to disasters.

In addition, we will continue to develop technologies to ensure the safety and security of people in their daily lives and all of society far into the future while harnessing IoT and AI to meet social needs.

Ensuring the Success of the Olympic and Paralympic Games Tokyo 2020

As a Tokyo 2020 Games Official Partner in the Gas and Gas Utility Services category, we will contribute to the success of this event as well as creating attractive urban communities by supplying energy to the Tokyo metropolitan area. We view the Tokyo 2020 Games as an opportunity to create an inclusive society based on mutual respect for one another that offers safe, vibrant and pleasant lifestyles for everyone. We will promote initiatives for realizing this vision while also ensuring that they are maintained as consistent and sustainable initiatives that will continue after the Tokyo 2020 Games.

Our corporate message of “Supporting you Always and bettering every day” expresses our aspiration to become a driving force behind daily life and society by meeting challenges and taking actions to bring about a vibrant, safe and pleasant future. To consistently fulfill this responsibility in an ever-changing society, we will address social needs and expectations from a global perspective and contribute to the creation of a sustainable society.

Takashi Uchida
Representative Director, President and CEO
Tokyo Gas Co., Ltd.
The Tokyo Gas Group believes that promoting CSR is synonymous with practicing its Management Philosophy and Corporate Action Philosophy and intends to contribute to society through its daily business activities, thereby achieving its public mission and fulfilling its social responsibilities as an energy company.

**CSR Promotion System**

Tokyo Gas established a CSR promotion system in October 2004 by setting up a CSR Promotion Committee chaired by an executive officer responsible for CSR. In December of the same year, the committee was reorganized into the Corporate Communications Promotion Committee under the CSR Section of the Corporate Communications Department.

The committee, which is responsible for promoting CSR management, consists of a chairman and 18 general managers drawn from associated departments. It discusses and shares information on important CSR matters throughout the Group, including the revision of key CSR activities, identification of materiality in light of internal and external changes, and the status of CSR efforts. Committee proceedings are reported to the Corporate Executive Meeting and the Board of Directors for deliberation and authorization as necessary.

**CSR Management PDCA Cycle**

We maintain a keen awareness of the evolving demands and expectations of society to discern the materiality of our CSR activities. In accordance with the direction of our business strategy, we set CSR KPIs and pursue them in the course of our business operations.

**PDCA Cycle**

Progress reports on our CSR initiatives and feedback gathered from stakeholders is then incorporated into our business activities to continue the cycle as our contribution to the sustainable development of society.
Key CSR Activities and Materiality

The Tokyo Gas Group sets targets for each materiality of its CSR activities through its business and seeks ongoing improvements. Key CSR activities and materiality are revised every year based on a review that incorporates stakeholder comments. In fiscal 2017, we engaged in six key CSR activities based on their materiality, as summarized below.

In October 2017, we formulated the Tokyo Gas Group FY2018-2020 Medium-term management plan GPS2020, which led to identifying our new materiality. Starting in fiscal 2018, our PDCA cycles will be driven by assessing and improving initiatives based on our new materiality.

FY2017 Key CSR Activities and Materiality

<table>
<thead>
<tr>
<th>Materiality Matrix</th>
<th>Aspects Identified as Material Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Resource reserves, Customer health and safety, Product and service labeling, Atmospheric emissions and energy, Drainage and waste, Biodiversity, Products and services, Local communities, Sustainable consumption</td>
</tr>
<tr>
<td>High</td>
<td>Human rights due diligence, Customer privacy, Bribery and corruption prevention, Social and environmental compliance, Diversity human resources and equal opportunity/diversity (employment)</td>
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<tr>
<td>High</td>
<td>Labor relations, Procedure for handling complaints regarding labor practices, Employee satisfaction, Discrimination and the socially vulnerable</td>
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<tr>
<td>High</td>
<td>Indirect economic impacts, Environment in general, Procedure for handling environmental complaints, Working conditions and social protection, Public policy, Anti-competitive practices</td>
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<tr>
<td>High</td>
<td>Procedure for handling complaints about social impacts, Asset maintenance and management and process safety, Education and culture, Health promotion, Information disclosure</td>
</tr>
</tbody>
</table>

New Materiality Determined for Fiscal 2018 and Beyond

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Materiality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide stable supplies of energy in Japan and abroad</td>
<td>Stable supply of gas and electricity, Stable procurement of LNG</td>
</tr>
<tr>
<td>Construct a robust energy platform</td>
<td>Construction of energy infrastructure in developing countries</td>
</tr>
<tr>
<td>Reduce carbon for society as a whole through energy supply</td>
<td>Climate change countermeasures, Resource saving and recycling</td>
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<tr>
<td></td>
<td>Biodiversity conservation</td>
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<tr>
<td></td>
<td>Building a society and a way of life that is safe and secure</td>
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<tr>
<td></td>
<td>Enhancing our life and culture</td>
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<tr>
<td></td>
<td>Promoting economic and social growth in developing countries</td>
</tr>
</tbody>
</table>

Major Changes from Our Materiality up to Fiscal 2017

1. We categorized our materiality into strategic issues and fundamental business issues.
2. We repositioned governance and compliance into our management base.
3. We determined the relevance between our materiality and the SDGs to which the Tokyo Gas Group contributes.

Contributing to SDGs through Initiatives on Materiality

The Tokyo Gas Group will focus on SDGs 7, 9, 11 and 13 through its strategic initiatives, and SDGs 5, 8, 10, 16 and 17 through its fundamental initiatives. We will contribute to the SDGs through CSR management by determining their relevance to our new materiality.

The Tokyo Gas Group’s Contribution to Selected SDGs
### Key CSR Activities and Major Results

**Enhancement of Energy Security**
- **Stable supply**
  - Promotes the development of new natural gas supply chains, pipelines, and liquefaction plants.
  - Infrastructure development to accommodate natural gas supply.
- **The pursuit of safety**
  - Earthquake disaster prevention measures.
- **Climate change countermeasures**
  - Expansion of energy technologies.
  - Promotion of maintenance measures for aging pipes and other infrastructure.
- **Promotion of resource saving**
  - Implementation of a PDCA cycle.
- **Promotion of biodiversity conservation**
  - Promotion of environmental technologies development.
- **Building communities and a way of life that is safe and secure**
  - Strengthening of initiatives to enrich society.
  - Enriching our life and culture.
- **Respect for Human Rights**
  - Human rights due diligence.
  - Permeation and rigorous practice of compliance.
  - Prevention of bribery and corruption.
- **Protection of personal information**
  - Promotion of safety management.
- **Promotion of diversity**
  - Promotion of active participation of diverse human resources and work-life flexibility.
- **Development of human resources**
  - Development of a training structure.
- **Occupational safety and health**
  - Occupational safety and health.

**Key CSR Activities and Materiality**

<table>
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<tr>
<th>CSR KPIs</th>
<th>Evaluation</th>
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<td>Project Risk Management</td>
<td>Third-party assured</td>
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<td>Project Risk Management</td>
<td>Transparency / Accountability</td>
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Note: CSR KPIs with no evaluation are assessed on the basis of whether progress has been made since the previous fiscal year.

*1 Energy consumed per unit of gas produced.
*2 Energy consumed per unit of gas sold.
*3 Percentage of employees taking parental leave each fiscal year who returned to work at the company.
The Tokyo Gas Group’s LNG Value Chain and Key Initiatives Contributing to Sustainable Development

In order to source natural gas to meet demand flexibly and competitively, we work with diverse players in Japan and abroad while diversifying our procurement sources, contract conditions, LNG networks and other factors.

LNG Procurement

- LNG procurement volume: 14.244 million tons (as of May 2018)
- Long-term Contracts: 13 projects across 6 countries (as of the end of March 2018)

LNG Transport

- LNG Carriers Owned and Operated by Tokyo Gas: 9 vessels (as of the end of May 2018)
- LNG carriers: shipped swiftly and flexibly.

City Gas Production

- 4,785 ML (as of the end of March 2018)
- LNG terminals function as mutual backups for each another, ensuring uninterrupted city gas supplies even in the event of a power failure or other incidents.

City Gas Supply

- Total Length of Pipelines: 63,557 km (as of the end of March 2018)
- We are further developing our pipeline network and using LNG tanker trucks and coastal terminals to ensure the safe and uninterrupted delivery of city gas.

Overseas Business Expansion

- We are diversifying our pipeline network and expanding our wholesale distribution of gas to other gas suppliers.

Power Generation

- 1,600 million kW (as of the end of March 2018)
- We operate high-efficiency combined cycle natural gas-fed power stations utilizing our LNG procurement capabilities and LNG terminals, pipelines and other facilities.

Energy Solutions

- We develop energy solutions by combining distributed energy systems such as fuel cells and combined heat and power (CHP) systems that reduce CO2 emissions, energy consumption and peak load.

Initiatives Relevant to the Entire LNG Value Chain

- Enhancing and Strengthening of Corporate Governance
- Development of Technologies Contributing to Safety and Environmental Friendliness
- Respect for Human Rights
- Promotion of Compliance

Committed to contributing to the sustainable development of society, we are advancing the LNG value chain while also developing new-generation technologies and leveraging digital technologies.
The Tokyo Gas Group’s business brings it into contact with a wide range of stakeholders. Guided by our Corporate Action Philosophy and Code of Conduct, all Group executives and employees have sought to develop good relationships with stakeholders and work together with society toward achieving sustainable growth.

In keeping with this direction, we engage with our stakeholders on a daily basis in accordance with our Stakeholder Engagement Policy, which defines the specific stakeholders and purpose and methods of engaging with them.

**Purpose of Engagement**

We are forging favorable relationships and partnerships with our stakeholders by understanding and meeting their expectations so that we can make decisions on the Tokyo Gas Group’s business activities and generate value.

**Identifying Our Stakeholders**

In pursuit of engagement, we identify stakeholders interested in the decision-making and business activities of the Tokyo Gas Group (see pages 16 and 17 for details on how we respond to and communicate with stakeholders).

**Methods of Engagement**

The division or site that is most closely related to stakeholders serves as the contact point and takes responsibility for establishing two-way communication with them. Toward making further improvements, the results of engagement are shared within the relevant division, as well as with the Corporate Communications Promotion Committee as necessary. Information is disclosed through such means as our website and CSR reports to maintain our PDCA cycle. Also, we raise employee awareness of stakeholder engagement through training and other activities.
The Tokyo Gas Group pursues diverse forms of engagement based on its Stakeholder Engagement Policy. Moreover, we receive opinions from our wide-ranging stakeholders and actively adopt valuable suggestions for our business.
Tokyo Gas currently imports LNG under long-term contracts from countries in the Asia-Pacific region and Russia as well as others. In May 2018, we began procuring LNG from the Cove Point Project in the United States.

Enhancement of Energy Security

Always striving to deliver better service, the Tokyo Gas Group pursues the steady, low-cost procurement of LNG while also ensuring the safety of customers. We are accelerating the pace of business expansion overseas and establishing our LNG value chain, both at home and abroad, so that we can contribute to regional development. We do this by providing stable energy supply and energy infrastructure while offering energy solutions in Japan and other countries in which we do business.

LNG Suppliers

In our liquid gas business, which includes LPG, we are targeting one million or more customers by 2020 through partnerships. Toward ensuring a steady, efficient supply, we signed a basic agreement in February 2018 with Astomos Energy Corporation and ENEOS GLOBE Corporation to explore partnerships for jointly handling operations such as the filling and delivery of LPG.

While making a focused effort to expand our electric power business, we will nearly double our proprietary power sources from approximately 1.6 million kW as of the end of March 2018 to 3.0 million kW by 2020, at which point we plan to have already purchased a power source from Kobelco Power Moka Inc. in 2019.
Expanding Our Overseas Business

Driven by outstanding economic growth, global demand for energy is rising rapidly. Subsequently, Tokyo Gas participates in new overseas projects and is developing business in new areas. Together with Tokyo Gas Engineering Solutions Corporation, we now operate business in new areas. Particularly in the mid- and downstream sectors. In fiscal 2017, we concluded a strategic alliance agreement with PetroVietnam Low Pressure Gas Distribution Joint Stock Company (PVGD) of Vietnam and extended capital investments in PT Panji Raya Alamindo (PRA) of Indonesia and Gulf WHA MT Natural Gas Distribution Co., Ltd. (GWHAMTI) of Thailand.

In North America, where there is greater progress being made in the development of shale gas and other types of natural gas, in addition to LNG, we are working to establish our energy infrastructure by participating in upstream businesses and power generation projects. In fiscal 2017, we invested in the gas development company Castleton Resources LLC and participated in a natural gas-fired power plant business in Birdsville.

The Tokyo Gas Group will continue to build energy infrastructure and provide energy solutions by leveraging its technology and know-how. At the same time it will further expand its value chain by forging closer cooperative relationships with overseas subsidiaries.

Promising Initiatives on Energy Resource Procurement

North America

In May 2017, Tokyo Gas America Ltd. acquired a 30% equity interest in Castleton Resources LLC (CPL) to develop gas in Texas. This is the third gas development project in which Tokyo Gas has participated, and the first capital investment in a U.S. gas developer. CPL owns a leasehold in Texas where it develops shale gas and tight sand gas, which show promising potential as new sources of energy, through an affiliated operating company. We believe that our latest investment will contribute to the sustainable and stable supply of energy.

Vietnam

In July 2017, Tokyo Gas Asia Pte. Ltd. acquired a 24.9% equity interest of PetroVietnam Low Pressure Gas Distribution Joint Stock Company (PVGD), a Vietnamese gas distributor, and concluded a strategic alliance agreement. Tokyo Gas had signed a comprehensive cooperation agreement on developing an LNG value chain with PVGD’s parent company PetroVietnam Gas Joint Stock Corporation in March 2012, and our latest agreement resulted from continuous negotiations on the substance of cooperation. The acquisition of PVGD stock is the second case in which we have expanded our business domain in Vietnam under a comprehensive cooperation agreement. In the years ahead, we will strive to enhance the value of PVGD’s business by applying the Tokyo Gas Group’s know-how on developing demand and energy-saving technologies.

Promising Initiatives on Energy Resource Procurement

East Texas tight sand and shale gas development project

Seeking Greater Breadth and Depth in Our Overseas Business

Example of Improvements Based on Customer Feedback

Tokyo Gas Lifeval performs a number of tasks such as plumbing renovations, energy conservation and repair and installation of gas appliances, and processing readings, opening and closing of gas valves, the sale, and provision of information related to energy and daily life, such as plumbing renovations, energy conservation and power generation, to help local residents enjoy safe, environmentally friendly, comfortable lives.

We also seek to deliver peace of mind in general through our services. To address a range of daily needs, the broad lineup of services we offer customers includes Emergency Home Assist Services, Gas Fixture Troubleshooting Support, Residential Monitoring Services, Electricity Troubleshooting Support and Gas Fixture Special Support. And we are helping to enhance energy security for customers by providing better products and services.

Customer Feedback in Management

For Tokyo Gas, delivering customer satisfaction is far more important than simply delivering a product or service. We understand the importance of improving the quality of management by incorporating customer feedback into our products and services, and we seek feedback from customers through calls to our Customer Center, direct contact and various surveys. The opinions and requests we receive are shared within the company and all the way up to top management. Moreover, they are incorporated into our daily activities as we make improvements and enhance quality. We report back to customers on some of these efforts through our corporate website.

Framework for Incorporating Customer Feedback

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Service Framework for Providing Everyday Comfort

The Tokyo Gas Group set up the Tokyo Gas LIFEVAL network as a one-stop shop for products and services that improve quality of life. As of April 1, 2018, the network consisted of 32 corporations in 62 regional blocks. Tokyo Gas LIFEVAL performs a number of tasks such as periodic safety inspections of gas equipment, meter readings, opening and closing of gas valves, the sale, repair and installation of gas appliances, and processing of applications for gas and electricity services. In addition, they provide information related to energy and daily life, such as plumbing renovations, energy conservation and power generation, to help local residents enjoy safe, environmentally friendly, comfortable lives.

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The Pursuit of Safety

Three Key Areas of Earthquake Countermeasures

The Tokyo Gas Group is strengthening the disaster-resilience and safety of its gas supply operations so that customers can continue to use gas confidently, even after the Japanese gas retail market is fully liberalized. Our countermeasures for earthquakes and disasters address the three key areas of prevention, emergency and restoration.

1. Prevention

Highly Earthquake Resistant Facilities

To minimize potential damage, critical facilities are being reinforced to withstand earthquakes and tsunamis.

- LNG Tanks
  - Tanks used for storing imported LNG are designed to maintain high structural integrity that can fully withstand major earthquakes.

- High-pressure and Medium-pressure Gas Pipelines
  - These pipelines, connecting LNG terminals and district governor installations, are made of strong, flexible materials that can withstand the impact of ground movement caused by earthquakes.

- Gas Holders
  - These containers hold the gas supplied in response to demand and feature a robust structure of multiple steel plate layers.

- Low-pressure Gas Pipelines
  - A low-pressure gas pipeline comprises about 90% of the total length of a gas pipeline, and newly installed low-pressure gas pipelines are made of polyethylene to minimize damage caused by earthquakes.

2. Emergency

Quick Shutdown of Gas Supply to Prevent Secondary Disasters

Our system is capable of remotely shutting down gas supply to individual buildings as well as to entire zones.

- District Pressure Regulators
  - District pressure regulators reduce gas pressure from medium to low before it is sent to customers. Our service area includes approximately 4,000 district pressure regulators, each equipped with a seismic sensor and emergency shutdown device, which will cut off gas supply when a major earthquake is detected.

- Supply Control Center
  - The Supply Control Center accurately controls gas production and supply around the clock. In the event of an earthquake, it gathers information through the earthquake disaster prevention system and remotely suspends gas supply.

- Intelligent Gas Meters
  - Intelligent gas meters are equipped with a safety device that will automatically cut off gas supply to individual buildings when it detects earthquakes measuring 5 or greater on the Japanese seismic scale or an abnormal gas flow.

- Disaster Prevention Blocks
  - Medium-pressure and low-pressure pipeline networks are divided into several blocks, and emergency measures are taken at the block level according to the degree of damage.

3. Restoration

Safe and Swift Restoration of Gas Supply

We make maximum use of IT systems to efficiently shorten the time it takes to restore gas supply to areas where service has been suspended.

- Restoration System
  - In July 2014, we introduced a remotely controlled system for resuming gas supply within a day of a disaster in less damaged districts.

- Information on Suspension and Restoration of Gas Supply
  - We provide customers with information on restarting gas meters and the status of suspension and restoration of gas supply via TV and the Internet. The reset procedure is also explained on a tag attached to the meter.

- Mutual Support Structure
  - More than 200 city gas companies across Japan have signed onto a mutual support system for restoration through the Japan Gas Association in the event of a major disaster.

Safety Measures for Customers

Periodic Safety Inspections of Gas Equipment

Under the Gas Business Act, we periodically inspect gas equipment at all customer sites at intervals mandated by law. As a general gas pipeline operator, we check for gas leaks on customer premises. As a gas retailer, we visit customers to inspect gas appliances as well as air supply and exhaust systems. Also, we recommend the installation of gas and carbon monoxide alarms and provide contact information at times when an industrial ventilation alarm goes off.

Emergency Safety Techniques and Skills Exhibition

We have continuously held emergency safety techniques and skills exhibitions for enhancing the quality of our emergency safety operations and passing on skills to the next generation of employees. In fiscal 2017, Tokyo Gas and subcontractors gathered to demonstrate and mutually enhance their techniques and skills for daily operations such as gas pipe repairs and initial response to gas leaks, with 305 people in attendance. Through these efforts, we endeavor to raise awareness and ensure safety, security and reliability for customers.

Gaslight 24, a Round-the-Clock Emergency Dispatch System

Gaslight 24 teams, on call around the clock, immediately respond to a gas leak or other emergencies. Within the 5 blocks of the Tokyo Gas service area, about 600 experts are stationed at 49 locations.

Safety Measures for Gas Appliances and Equipment

Tokyo Gas promotes the switch to safer appliances through periodic safety inspections of gas equipment. We have also established a quality control department for the prompt investigation of causes of failures and incidents involving gas appliances, thereby ensuring customer safety and eliminating concerns.
Contribution to the Environment

Since LNG (liquefied natural gas) was introduced to Japan in 1969, the Tokyo Gas Group has worked to deploy the use of environmentally friendly natural gas. We will continue to seek solutions to environmental issues as a total energy group from now on.

Environmental Management System (EMS)

The Tokyo Gas Group has practiced effective and efficient environmental management under the leadership of top management since establishing its Group-wide environmental management system (EMS) in 2005 to comply with the ISO 14001. In fiscal 2017, we made the transition to the 2015 version of ISO 14001 in order to remain legally compliant and continuously reduce the environmental impact of our business activities.

Measures to Counter Environmental Risks

The Tokyo Gas Group has integrated its business management with an enterprise risk management system so that it can review risks and monitor the status of implementing and improving our response on an annual basis.

Promotion of Environmental Management

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Environmental Principle

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<td>The Tokyo Gas Group will promote more sustainable ways of energy use to contribute to the protection of regional and global environments as well as to the sustainable development of society.</td>
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<td>Strengthening of Environmental Partnerships with the Local and International Communities</td>
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<td>Promotion of Green Technology R&amp;D Programs</td>
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<td>Biodiversity Conservation and Sustainable Use</td>
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<tr>
<td>Compliance with Environmental Law and Fulfillment of Social Responsibilities</td>
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</tbody>
</table>

Environmental Sustainability Guidelines

- Climate change countermeasures
- Promotion of resource saving and recycling
- Promotion of biodiversity conservation
- Promotion of environmental communication
- Promotion of the development of environmental technologies

Promotion of Environmental Management

- Greenhouse gas emissions across our LNG value chain are pursued a two-sided response: mitigation to reduce greenhouse gas emissions and adaptation to mitigate the impacts of climate change.
- We are pursuing a two-sided response: mitigation to reduce greenhouse gas emissions and adaptation by working on preventive measures to prevent damage against flooding caused by extreme weather.
- The Tokyo Gas Group was not cited for any violations or fines with respect to environmental laws and regulations in fiscal 2017. As for chemical substances, we managed them in accordance with applicable laws and regulations while reducing emissions.

Promotion of Compliance

- We conduct voluntary investigations, conducting comprehensive evaluations and analyses of the growing risks related to water, we have been conducting comprehensive evaluations and analyses of current and future risks since fiscal 2016.
- With respect to risks related to climate change, we are pursuing a two-sided response: mitigation to reduce greenhouse gas emissions across our LNG value chain and adaptation by working on preventive measures against flooding caused by extreme weather.

Responsibility for Human Rights

- With respect to soil contamination caused by past gas activities, we have taken appropriate action.
- With respect to risks related to climate change, we are pursuing a two-sided response: mitigation to reduce greenhouse gas emissions across our LNG value chain and adaptation by working on preventive measures against flooding caused by extreme weather.
- With respect to soil contamination caused by past gas activities, we have taken appropriate action.

Corporate Action Philosophy

- The Tokyo Gas Group pursues environmental management through a concerted effort and has established its Environmental Principle based on its Management Philosophy and Corporate Action Philosophy, and its Environmental Sustainability Guidelines to define concrete initiatives and quantitative targets.

Promotion of Environmental Communication

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Climate Change Countermeasures

The Tokyo Gas Group is endeavoring to reduce CO₂ emissions across its entire LNG value chain to develop a low-carbon society by setting guidelines for climate change, not only for our business activity stage but also for the customer site stage, where CO₂ emissions are relatively large.

In light of the Paris Agreement adopted at the COP21 conference as well as movements against climate change in Japan, we have been actively pursuing low-carbon initiatives. These include implementing a wider use of natural gas, which has a lower CO₂ emission factor, developing and expanding Smart Energy Networks (ISENs) that combined heat and power (CHP) systems and other highly efficient equipment with advanced energy management and embracing digitization technologies and innovation.

In our electric power business, we will develop an optimal power source portfolio with eco-friendly natural gas-fired power plants, renewable energy and so on. Furthermore, in our overseas business we will deploy technologies that excel in reducing CO₂ emissions and energy consumption across our LNG value chain as a contribution to global efforts to address climate change.

Greenhouse Gas Emissions along the LNG Value Chain

The Tokyo Gas Group’s greenhouse gas emissions in fiscal 2017 were approximately 40 million t-CO₂. (For SCOPE 3 data, only major categories were calculated)

Environmental Advantages of Natural Gas

Natural gas is primarily composed of methane (CH₄), which contains a smaller proportion of carbon atoms in its molecule compared to oil or coal. Moreover, it characteristically produces the least CO₂ among fossil fuels when burned. Also, since sulfur compounds and impurities are deeply removed during the liquefaction process, natural gas produces almost no SOₓ, which makes it the most environmentally sound fossil fuel.

Comparison of Emissions during Combustion (Coal = 100)

<table>
<thead>
<tr>
<th></th>
<th>CO₂</th>
<th>NOₓ (Nitrogen oxide)</th>
<th>SOₓ (Sulfur oxide)</th>
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<tbody>
<tr>
<td>Coal</td>
<td>100</td>
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</tr>
<tr>
<td>Natural gas</td>
<td>60</td>
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Source: Agency for Natural Resources and Energy, Energy White Paper 2013

Environmental Advantages of City Gas in Terms of Lifecycle CO₂ Emissions

Greenhouse gases are released not only when fossil fuels are burned but also when they are extracted, processed and transported. Therefore, it is important to take into account emissions throughout the fossil fuel lifecycle. From the lifecycle perspective, natural gas generates the lowest CO₂ emissions of any fossil fuel and city gas generates extremely low energy loss during its manufacturing and supply.

Switching to Natural Gas and More Sophisticated Use

Emissions of CO₂ are dramatically reduced by switching away from the use of fuels such as oil and LPG to natural gas and by supplying natural gas to power plants. Emissions can be further reduced by installing more efficient industrial burners and furnaces when switching fuels.

Popularizing CHP Systems

CHP systems are distributed energy systems fueled by city gas to produce electricity at the customer’s site, utilizing the heat generated for cooling, heating, hot water and steam as well. Thus, the system achieves high total energy efficiency, which contributes to energy saving and CO₂ emission reduction, by wasting less energy in the process.

Combining renewable energy sources having unstable output is another value of the CHP systems. And the system can serve as the core component of the Smart Energy Network, thus significantly contributing to the realization of a low-carbon society.
Impact on ecosystems during operation

To reduce carbon emissions in the transportation sector, Tokyo Gas is building and operating hydrogen stations (hydrogen ST) to promote the wider use of fuel cell vehicles powered by hydrogen. We have already opened three hydrogen stations—Narima Hydrogen ST, Senju Hydrogen ST in Tokyo, and Urawa Hydrogen ST in Saitama Prefecture—as our contribution to the development of the hydrogen society.

In February 2018, we jointly established Japan H₂ mobility, LLC (JHyM) with ten other companies, including infrastructure businesses, automobile makers and financial investors, with the aim of accelerating the pace of developing hydrogen stations. This world-first collaboration will pursue an initiative for the strategic development and efficient operation of hydrogen stations. This collaboration will construct and operate hydrogen stations as an infrastructure company in collaboration with JHyM.

Promotion of Environmental Technologies Development

Infrastructure Improvement for Hydrogen Supply

To reduce carbon emissions in the transportation sector, Tokyo Gas is building and operating hydrogen stations (hydrogen ST) to promote the wider use of fuel cell vehicles powered by hydrogen. We have already opened three hydrogen stations—Narima Hydrogen ST, Senju Hydrogen ST in Tokyo, and Urawa Hydrogen ST in Saitama Prefecture—as our contribution to the development of the hydrogen society.

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Technological Innovations in Combined Heat and Power (CHP) Systems

CHP systems have led to growing expectations from customers from the perspectives of environment, energy saving and BCPs (business continuity plans). These systems have the potential to spread once further enhancements are made to economic efficiency and energy security.

Technologies for enhancing thermal efficiency and achieving precise control of combustion have led to significant improvements in the power generation efficiency of gas engines used in CHP systems. Large-scale gas engines with a capacity of 5,000 kW or higher now boast power generation efficiency approaching 50%, while the majority of medium-class gas engines with 300 kW to 1,000 kW capacity now offer efficiency ratios of 40% or higher. In April 2017, we launched our 1,000 kW-class CHP system GS16R2, which offers improved performance compared to the preceding model. It achieves a power generation efficiency of 42.5%, a total efficiency of 80.1%, and enjoys robust sales.

In future, such systems are expected to be capable of an even higher power generation efficiency by introducing solid oxide fuel cells (SOFCs) that operate in higher temperatures. Tokyo Gas has evaluated the durability and effects on reducing energy consumption and CO₂ emissions demonstrated by commercial SOFC systems during actual operation and have confirmed the energy conservation effects at these sites. Using these results, we are currently promoting sales of the 3 kW-class SOFC system we commercialized in June 2017, which features a power generation efficiency of 52.0% and total efficiency of 90.0%.

Promotion of Resource Saving and Recycling

The Tokyo Gas Group strives to create a recycling-based society by implementing its Guidelines for Promoting Resource Saving and Recycling and rigorously practicing the 3Rs of reduction, reuse, and recycling of waste across the Group. Specifically, we seek to achieve zero waste emissions at production sites, reduce the amount of soil excavated during gas pipeline construction, reuse old gas meters and recycle used gas pipes at every stage of our business activities.

Promotion of Biodiversity Conservation

The Tokyo Gas Group endeavors to secure biodiversity and achieve coexistence with nature by setting its Guidelines for Promoting Biodiversity Conservation, monitoring the impact of its business activities on the environment along the LNG value chain, and taking steps to reduce its impact on ecosystems. Moreover, we engage in conservation activities in forests and satoyama woodlands near populated areas and the sea with our customers and local communities as activities aimed at contributing to the environment and society.

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Infrastructure Improvement for Hydrogen Supply

To reduce carbon emissions in the transportation sector, Tokyo Gas is building and operating hydrogen stations (hydrogen ST) to promote the wider use of fuel cell vehicles powered by hydrogen. We have already opened three hydrogen stations—Narima Hydrogen ST, Senju Hydrogen ST in Tokyo, and Urawa Hydrogen ST in Saitama Prefecture—as our contribution to the development of the hydrogen society.

In February 2018, we jointly established Japan H₂ mobility, LLC (JHyM) with ten other companies, including infrastructure businesses, automobile makers and financial investors, with the aim of accelerating the pace of developing hydrogen stations. This world-first collaboration will pursue an initiative for the strategic development and efficient operation of hydrogen stations. This collaboration will construct and operate hydrogen stations as an infrastructure company in collaboration with JHyM.

Technological Innovations in Combined Heat and Power (CHP) Systems

CHP systems have led to growing expectations from customers from the perspectives of environment, energy saving and BCPs (business continuity plans). These systems have the potential to spread once further enhancements are made to economic efficiency and energy security.

Technologies for enhancing thermal efficiency and achieving precise control of combustion have led to significant improvements in the power generation efficiency of gas engines used in CHP systems. Large-scale gas engines with a capacity of 5,000 kW or higher now boast power generation efficiency approaching 50%, while the majority of medium-class gas engines with 300 kW to 1,000 kW capacity now offer efficiency ratios of 40% or higher. In April 2017, we launched our 1,000 kW-class CHP system GS16R2, which offers improved performance compared to the preceding model. It achieves a power generation efficiency of 42.5%, a total efficiency of 80.1%, and enjoys robust sales.

In future, such systems are expected to be capable of an even higher power generation efficiency by introducing solid oxide fuel cells (SOFCs) that operate in higher temperatures. Tokyo Gas has evaluated the durability and effects on reducing energy consumption and CO₂ emissions demonstrated by commercial SOFC systems during actual operation and have confirmed the energy conservation effects at these sites. Using these results, we are currently promoting sales of the 3 kW-class SOFC system we commercialized in June 2017, which features a power generation efficiency of 52.0% and total efficiency of 90.0%.
Contribution to Local Communities

The Tokyo Gas Group works hand in hand with local residents to develop safe communities where everyone can live with a sense of security. We also offer proposals aimed at enriching daily lives through the continued use of energy and support para sports to help create a society in which diverse people can enjoy fulfilling lives.

Key CSR Activity

Social Action Programs

- Building Communities and a Way of Life that Is Safe and Secure
  Our branch offices take part in local disaster prevention drills and organize events at the Gas Science Museum, providing information on disaster prevention in collaboration with local communities toward improving the regions where people live in safety.

- Building a Society and a Way of Life that Is Good for the Environment
  To play our part as an energy company in creating a sustainable global environment, we seek to enhance environmental awareness and action by supporting school programs that teach the importance of energy and the environment to children, who represent the future, and the Donguri (Acorn) Project for providing experience-based environmental education.

- Enriching Our Life and Culture
  We organize community-based activities to enable participants to lead more comfortable lifestyles by learning how to more effectively use energy. These include our hands-on HIJKU fire education program in which participants learn about the characteristics of fire and how best to handle it, as well as the power and benefits of fire, and cooking classes that convey the appeal of cooking over a gas flame.

We also engage in activities to support para sports toward creating an inclusive society in which diverse people can lead fulfilling lives.

Volunteer Activities

We provide employees with opportunities to engage in volunteer activities working alongside local communities in tackling social issues.

Since launching our volunteer work program in 2011, 1,700 Group employees and their families have taken part in support activities tailored to the needs of the areas affected by the Great East Japan Earthquake.

The Tokyo Gas Group has also participated in volunteer work for organizing para sports competitions in Japan as an official partner of the Japanese Para-Sports Association (JPSA) since 2013.

Nurturing Children

We support efforts to provide a better future for children overseas and in Japan through the volunteer work of our employees.

Tokyo Gas Southeast Asia Japanese Language Education Support Program

The Tokyo Gas Southeast Asia Japanese Language Education Support program is operated through Japanese language programs organized by the Japan Foundation. In Vietnam we offered classes and assistance on writing graduate theses for university students learning Japanese and presented a lecture for Thai students on the current energy situation and future outlook in Japan and Thailand.

We value our ties for nurturing the next generation as a business group that can be trusted and counted on outside Japan.

Supporting Children’s Education by Collecting Spoiled Cards

By collecting spoiled postcards from employees since 2003 and donating them to the Darunee Scholarship Fund, administered by EDF-Japan (MINSAI Center), we are contributing to the education of children overseas. Specifically, the proceeds are used to fund an international foster parent program, which enables underprivileged children in Vietnam, Thailand, Myanmar, Laos and Cambodia to continue their education. As of autumn 2016, we are supporting three girls in junior high school in Laos.
Promoting the Smart Energy Network

We have been developing smart energy networks (SENs) that optimize local generation and consumption of energy by linking heat, electricity and information networks toward making communities more energy efficient, environmentally friendly and resilient to disasters. Centered on a CHP system, SENs raise energy efficiency by making maximum use of renewable and underused energy sources, which are integrated with information and communications technology (ICT) to accurately manage supply and demand.

In this way, SENs reduce CO₂ emissions and ensure the consistent supply of electricity and heat in an emergency, thereby helping make cities more environmentally friendly and disaster resistant, and ultimately enhancing their value. The smart energy network developed in redevelopment zones in the Greater Tokyo Area, including the northern district adjacent to Tamachi Station’s east exit in Tokyo, received the Minister of Economy, Trade and Industry Award in the Successful Case of Energy Conservation category at the Energy Conservation Grand Prize awards in fiscal 2016.

Developing SEN in the Northern District Adjacent to the East Exit of Tamachi Station

In 2014 the Block I Smart Energy Center, part of the SEN project in the Northern District adjacent to the East Exit of Tamachi Station was completed within the Life Zone and began supplying heat and electricity to Minato Park Shibaura, a public facility, hospital and child welfare facility. In May 2018, the Block II Smart Energy Center began operations within the New Urban Zone and started supplying energy to office buildings and a hotel. This public-private project is intended to optimize energy management across the entire area by having the two SENs supply heat to each other, thereby reducing CO₂ emissions by 30% below 2005 levels.

Linking the two networks has also made it possible to construct an emergency backup system, which will further enhance energy security and contribute to building a disaster-resilient city.

Events Marking 1,000 Days before the Games

Last year Tokyo Gas held a multi-day Universal Festa on October 28 and 29 in Toyosu, and then on November 17 and 18 in Shintoku to mark the 1,000 days before the start of Olympic and Paralympic Games Tokyo 2020. The event offered a wealth of opportunities to deepen understanding of the concept by recreating the sights, sounds and feelings of the upcoming sports competitions from panel discussions with athletes and experts on universal society and community development to activities allowing participants to directly experience para sports and using wheelchairs. The two sites attracted 4,000 visitors during the event’s four days.

Since February 2017, we have been organizing field trips for schools to learn about para sports. Students were able to try on sports prosthetics at the Shin-toyosu Brilla Running Stadium to gain an understanding of competing with disabilities and developed a greater interest and understanding in para sports.

Support for the Tokyo 2020 Games and Beyond

Tokyo Gas is an Official Partner of the Olympic and Paralympic Games Tokyo 2020 in the Gas & Gas Utility Services category. As a company that has supplied the Tokyo metropolitan area with energy and sustained daily life, we view this as an opportunity for contributing to the success of the event and realizing our goal of creating an inclusive society. We will particularly pursue activities in the areas of supporting para sports, providing services to improve the quality of life and to support communities, engaging in social issues, ensuring stable and secure energy supplies, and implementing advanced energy initiatives in the Athletes’ Village and the venues.

Moreover, engaging in activities that look beyond the Tokyo 2020 Games will allow us to better meet the needs of an aging population and globalized society toward realizing greater prosperity and comfort in our daily lives and communities, leading to the creation of an inclusive society and contributing to regional development.

Supporting the Tokyo 2020 Games to Create an Inclusive Society

Tokyo Gas will work toward the success of the Tokyo 2020 Games and support them as an Official Partner. In addition to providing infrastructure, we will strive to instill a barrier-free mindset for everyone.

Supporting the Paralympic Games and para sports is the first step for Japan in becoming a highly mature society that embraces diversity. The Tokyo 2020 Games represents a great opportunity for Japan to transform itself. In anticipation of 2020 and beyond, Tokyo Gas will make its best effort to contribute to the creation of an inclusive society.

Speech Reaching for a Future that Lies beyond the Expectation

Yumiko Yao
General Manager, Tokyo 2020 Olympic and Paralympic Dept.

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TOPICS Supporting Para Sports to Build an Inclusive Society

Tokyo Gas became an official partner of the Japan Para-Sports Association in 2013 and began offering its support to para sports. Group employees have volunteered to organize sports competitions and held viewings and supporting events. We have also partnered with local governments to provide opportunities for experiencing para sports. We believe that these activities will cultivate a better understanding of people with disabilities and serve as an opportunity to develop a barrier-free mindset. Through the activities, Tokyo Gas aspires to realize an inclusive society in which people respect and support each other and lead vigorous lives in safety and comfort.
Respect for Human Rights

The Tokyo Gas Group engages in business activities with respect to the dignity and rights of all people, and it has pursued various educational initiatives to raise employee awareness of the importance of observing such rights. We will intensify our efforts in response to the increasing globalization of society and to address the issues that arise while we expand our overseas business.

Initiatives on Respecting Human Rights

We will continue to strengthen our efforts related to respecting human rights in accordance with Tokyo Gas Group Human Rights Policy, which was formulated in February 2018. The Group strives to practice human rights due diligence in order to identify, prevent and mitigate human rights issues that arise along our value chain.

| Number of human rights awareness training | 17,773 |
| Number of human rights promotion leaders | 225 |
| Number of sessions (including anti-harassment training) | 867 |

Consultation Desks for Human Rights and Compliance Issues

Consultation desks have been established both inside the company (in the Compliance Department) and outside the company to handle workplace issues on communication and compliance, including human rights. A total of 104 consultation requests were received in fiscal 2017 (please see page 37).

First and foremost, we seek to protect the person who is seeking consultation from being placed at a disadvantage. And we address issues through face-to-face consultations whenever possible in an effort to help create a safe and secure working environment by collaborating with employees.

Training and Lectures on Human Rights

We seek to raise our awareness by understanding the latest trends in human rights surrounding companies and learning about human rights issues through various educational activities and training. In March 2018, we organized a human rights lecture on the theme of “workplace tips for creating an inclusive society alongside people with disabilities.” About 350 attended the lecture, including Central Human Rights Promotional Meeting members of Tokyo Gas and managers of subsidiaries.

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Promotion of Compliance

Major changes in the business environment have led to a growing need for management that places greater emphasis on compliance. In order to establish a compliance structure capable of meeting these changes, the Tokyo Gas Group will exercise more stringent compliance and pursue its business activities in a fair and transparent manner.

Compliance Promotion Structure

We have created a structure centered on the Management Ethics Committee, chaired by the president, in which compliance managers and compliance promoters are appointed at each workplace to engage consistently and proactively in initiatives for promoting compliance. At the Group level, we pursue compliance by sharing the values and standards of conduct as stipulated in Tokyo Gas Group Our Code of Conduct.

We have developed a system for consultations on compliance to receive from Group companies and also business partners. We endeavor to discover and resolve problems at an early stage so that the company’s self-regulating processes function effectively.

Protection of Personal Information

The Tokyo Gas Group has developed a system for appropriately protecting and managing the vast amount of personal information it possesses and uses. To ensure stringent compliance with laws and regulations, we review our in-house rules and manuals as needed, have each department take regular inventory of personal information under their care, and check the status of personal information management during internal audits. In April 2017, we revised our pamphlet that explains the practical aspects of the Act on the Protection of Personal Information and distributed it to all Group employees. Furthermore, to prevent accidents and minimize their impact, we have set up information security promotion systems for each division and department, installed hardware to protect against unauthorized access and distributed the Information Security Promotion System Chart to employees.

The Tokyo Gas Group complies with the laws and regulations of each country and region where it operates and makes a thorough effort to prevent bribery and corruption. In line with the expansion in our overseas business, we have established the Basic Policy On Overseas Business Promotion, which pledges to carry out equitable and transparent corporate activities. In particular, bribery and corruption not only damages social credibility but can also hamper economic growth in developing countries. We have thus formulated the Foreign Public Official Anti-Bribery and Corruption Guidelines to outline specific actions we must take. We seek to disseminate these guidelines so they become established among overseas business partners. Moreover, we are creating a system for consultation and reporting for local employees of overseas affiliates and monitoring the situation through internal audits and other means in an effort to prevent bribery and corruption.

Prevention of Bribery and Corruption Involving Foreign Public Officials

The establishment of a structure centered on the Foreign Public Official Anti-Bribery and Corruption Guidelines to outline specific actions we must take.

Key CSR Activity 5

Promotion of Compliance

Rate of Participation in Workshops on Preventing Bribery and Corruption Involving Foreign Public Officials

Number of Participants in the Compliance Awareness Workshop

28,726

Number of Employees Taking E-learning Courses on Privacy Protection

21,342

(For figures for the Tokyo Gas Group in FY2017)
Enhancement of People-Centered Management Base

With a view that a company derives vitality from its employees and that corporate growth cannot be achieved without the growth of its personnel, the Tokyo Gas Group pursues various measures related to its people. We seek to further bolster our management base by creating work environments that bring out the best of our employees, who are the driving force of our business operations.

Key CSR Activity

6

Percentage Receiving Medical Checkups

100%

Average Training Hours per Employee

13.5 hours

Promotion of Diversity

The Tokyo Gas Group has set up a Group Diversity Promotion Team in the Personnel Department which works closely with management to ensure that employees can thrive by fully demonstrating their knowledge, skills and experience, regardless of their gender, age, disability, employment status, nationality, sexual orientation or gender identity. To support employees from various backgrounds, we create agreeable work environments by employees from various backgrounds by broadly addressing issues of diversity, including the promotion of women’s careers, increasing employment of persons with disabilities, and developing career opportunities for employees in their 50s or older.

Action Plan for Promoting Women’s Careers (Tokyo Gas Co., Ltd.)

Major Programs and Number of Users (FY2017)

Program

Percentage of

increase in

number of

users

Parental leave (until the end of April immediately following the child’s 3rd birthday)

93%

Percentage returning to work (percentage of employees taking parental leaves each fiscal year who returned to work at the company)

217 (3 males)

Shorter hours for parents of small children (during pregnancy and until the child completes the 6th grade)

60 (5 males)

Nursing care leave (up to 3 years)

Nursing care work (up to 3 years)

Community service leave (special leave for up to 5 days within 1 year)

68

Sabbatical system (for employees who reach the ages of 30, 35, 40 and 50)

673

Leave to accompany partner (for employees accompanying a spouse posted overseas)

3

Promotion of Compliance

Respect for Human Rights

Contribution to Local Communities

Contribution to the Environment

Enhancement of Energy Security

CSR at the Tokyo Gas Group

Occupational Safety and Health

Work Style Reform

We recognize work style reform as an important management issue and are actively rethinking the way we work by emphasizing the value of “time” to rectify and reduce long working hours. In fiscal 2018, we will formulate a Work Style Action Plan and concentrate on three focus areas: rectifying long working hours, encouraging employees to take annual leave, and promoting flexible work styles. Furthermore, we are utilizing ICT to reform our operations, fully introducing telework from fiscal 2017 and promoting the use of RPA (robotic process automation).

Development of Human Resources

Tokyo Gas takes a two-pronged approach to training personnel: developing basic and common skills required of a businessperson and enhancing specialized skills. Our training includes programs that are open to participation by employees at Group companies in an effort to develop human resources on a Group-wide basis. Every year, we provide employees with opportunities to discuss their career plans with their supervisor. Their self-evaluation, together with the remarks made by the supervisor, are registered in the personnel system and used in decisions related to transfers and rotation plans as well as in career development. We endeavor to place the right person in the right place so that employees will find their work rewarding, by establishing an Open Recruitment program and a Free Agent program to enable them to apply for the position of their choice.

Occupational Safety and Health

Tokyo Gas has in place an occupational safety and health management system to prevent industrial accidents. This includes further reinforcement of the occupational safety and health activities undertaken by each workplace on a daily basis and also risk assessments to quantify and reduce disaster-related risks. In addition, we have established an in-house driving license program and are introducing assisted- and self-driving vehicles with the aim of preventing traffic accidents. We also remain focused on educating employees, which involves organizing level-specific training related to occupational safety and health and other safety considerations.

Maintaining and Enhancing Health

We have created the Health Insurance & Employees’ Welfare Section within the Personnel Department, and a team of industrial physicians and nurses administer occupational health activities. With the aim of ensuring that each and every one of our employees receives a health checkup, with a view to the early detection of diseases, we make effective use of outside medical institutions and follow up on employees who require further attention. In addition, we are also committed to preventing mental diseases.
Supply Chain Management

Basic Policy on Procurement
Tokyo Gas believes that it must fulfill its social responsibility in cooperation with business partners, rather than doing so on its own. We disclose our procurement policies in order to forge relationships of trust with them and jointly implement CSR initiatives. Together we will also enhance our brand values of Safety, Security and Reliability through a committed effort to pursue open, equitable and fair purchasing activities based on these policies.

Procurement Policies (Revised in FY2017)
- Principles and Standards of Purchasing Practice: code of conduct governing the purchasing activities of Tokyo Gas
- Purchasing Guidelines for Suppliers: requirements for doing business, including quality, legal compliance, labor, safety and human rights, environment, and local communities
- Green Purchasing Promotion Guidebook: environmental aspects of procurement that require consideration

Green Purchasing Initiatives
Since fiscal 1996, Tokyo Gas has been practicing green purchasing, which places priority on purchasing products and services with lower environmental impact.

We ask that suppliers adhere to specifications based on our Purchasing Guidelines for Suppliers and Green Purchasing Guidelines. With each order commissioning construction and other work, we present suppliers with our Specifications for Common Environmental Management, which stipulates that legal compliance be considered and environmental impact be reduced, and includes information related to occupational safety and health while seeking suppliers compliance.

CSR Procurement Initiatives
We disclose information on major procurement items and procurement procedures on the corporate website and provide opportunities for participation as needed. When starting a new business relationship, we screen our new partner to check the status of their CSR activities in addition to the basic requirements.

With respect to our suppliers, we conduct a survey each year on the overview of each company and their efforts on compliance and the environment, and we meet with management when the survey results indicate that meetings are necessary.

Furthermore, we engage in two-way communication with our suppliers by sharing information during meetings on a daily basis.

Corporate Governance

Basic Policy
Under its management philosophy, Tokyo Gas seeks to fulfill and bolster its corporate governance in order to increase its corporate value by ensuring legality, soundness and transparency of management. Simultaneously, it engages in appropriate, prompt decision making, efficient business operations, enhancement of the audit and supervisory functions, and clarity of responsibility of management and operations.

Outline of Implementation System of Corporate Governance
Tokyo Gas has adopted and established a highly objective and transparent governance system to invite outside directors and Audit & Supervisory Board members to create multiple layers in its audit and supervisory functions.

The Advisory Committee selects candidates for officers in a fair and proper manner in response to an inquiry by the Board of Directors. It also deliberates on the remuneration of officers, based on the Basic Policy on Officer Remuneration, and submits decisions to the Board of Directors.

Toward achieving accurate, prompt decision making and efficient business execution, the Corporate Executive Meeting is held once a week in principle.

In business execution based on the resolution of the Board of Directors, by introduction of an executive officer system, the Board of Directors delegates substantial authority to executive officers in their designated criteria of responsibility by resolution. On the other hand, the directors supervise those executive officers in an appropriate manner and in accordance with a report they receive on the status of business execution by executive officers, if needed, which is submitted to the Board of Directors.

Compliance with Japan’s Corporate Governance Code
In compliance with Japan’s Corporate Governance Code, Tokyo Gas has stipulated its Basic Policy on Corporate Governance. 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.
The Tokyo Gas Group CSR Report describes how we perceive society’s expectations and the challenges we face, and how we pursue CSR activities across the LNG value chain, which forms the core of our business.

Compiled as a compact yet comprehensive resource, it provides an overview of the Tokyo Gas Group’s initiatives for a broad range of stakeholders. Details of our initiatives are available on our corporate website, which offers expanded search functions.

Our main initiatives in fiscal 2017 have been categorized and presented in this report under the six Key CSR Activities.

Editorial Policy

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Approach to CSR Disclosure

- Website
  - Website report
    - Website (full report)
    - Website report (download)
  - Website report (digest)
- Booklet
  - Booklet report
    - Booklet (full report)
    - Booklet report (download)
- Annual Report 2018
  - Annual Report 2018 report
    - Annual Report 2018 report (full report)
- Tokyo Gas Earthquake Disaster Prevention Measures
  - Disaster prevention report
    - Disaster prevention report (full report)
- Tokyo Gas Social Contribution Activities
  - Social contribution activities report
    - Social contribution activities report (full report)

Third-Party Independent Assurance Report

The environmental and social performance indicators provided in this report (data on the environment and human resources) have been third-party assured by KPMG AZSA Sustainability Co., Ltd., a member of the KPMG Japan group, to enhance their credibility. We will work to further raise the standard of our CSR activities in the future, taking account of the issues pointed out in the course of the third-party assurance process and the reader feedback received via our website and other channels.

Comments from KPMG AZSA Sustainability Co., Ltd.

The Tokyo Gas Group CSR Report 2018 introduces readers to the Group’s newly identified materiality. Previously, I had the impression that materiality was treated as an important item only with respect to information disclosure. However, Tokyo Gas Group has recently identified its materiality in terms of its relevance to the SDGs and categorized it into strategic issues and “fundamental business issues.” This indicates that the Group clearly recognizes its materiality in the non-financial areas of its management.

Considering that the strategic issues are of materiality to the Group’s core business of supplying energy, they necessitate a long-term vision that defines how the Group will generate social value and contribute to each issue up to 2030, the target year for achieving the SDGs. Fundamental business issues are of materiality in the sense that they cover areas serving as the foundation for pursuing sustainable business activities. Until now, Tokyo Gas Group has been making a Group-wide effort on diversity and work style reform for its human resources in Japan. As the Group continues to procure LNG and develop its global business, it will face challenges in handling overseas suppliers and employees. I expect that it will also provide a systematic response in line with its business activities and take an active stance on disclosing information on its efforts.
Inclusion in socially responsible investment (SRI) indices

As of November 2018

MSCI

2018 Constituent MSCI ESG Leaders Indexes
2018 Constituent MSCI Japan ESG Select Leaders Index

MSCI ESG Indexes*

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This report is printed on Tokyo Gas Recycled Paper (made from recycled paper from Tokyo Gas offices, trimmings from afforestation activities, and reused and unused wood materials).