## Social Report

### Efforts to Ensure Gas Safety
- The Pursuit of Safety

### Efforts to Enhance Customer Satisfaction
- Provision of Better Products and Services

### Social Action Programs through Our Main Line of Business
- Social Action Programs
- Supporting the Volunteer Activities of Our Employees

### Respect for Human Rights
- Human Rights Due Diligence

### For Our Employees
- Development of Human Resources
- Occupational Safety and Health
- Promotion of Diversity

### For Our Shareholders & Investors
- Basic IR Policy

### For Our Business Partners
- Resource Procurement Management

* Link to related page
We put safety first to ensure that customers can put their trust in gas. We are committed to further ramping up our efforts to make gas supplies safer and more disaster resilient.

Earthquake Disaster Prevention Measures

Tokyo Gas prepares for a major earthquake through a combination of three types of measures: preventive measures, emergency measures, and recovery measures.

How we protect safety of customers

<table>
<thead>
<tr>
<th>Preventive measures</th>
<th>Highly earthquake resistant gas delivery facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical facilities are designed to</td>
<td>Critical facilities are designed to be more resistant to earthquakes and tsunami in order to minimize potential damage.</td>
</tr>
<tr>
<td>be more resistant to earthquakes and</td>
<td>~ Additional seismic evaluations are being performed reflecting issues and events identified following the Great East Japan Earthquake. We determine the necessity of additional measures based on tsunami projections and discussions on seismic design standards by the Central Disaster Management Council (Cabinet Office) and scientific societies.</td>
</tr>
<tr>
<td>tsunami in order to minimize potential damage.</td>
<td></td>
</tr>
</tbody>
</table>

(1) LNG tanks
Imported LNG is stored in LNG tanks that have no risk of leaking even in a major earthquake.

(2) High/medium-pressure pipelines
Designed to connect terminals with district pressure regulators, high/medium-pressure pipelines use welded joint steel pipes, which have excellent strength and flexibility and can withstand large ground movements.

(3) Gasholders
Gasholders store smaller amounts of gas to send out according to demand. They are constructed of multiple steel plates joined together to form a robust structure.

(4) Low-pressure pipelines
Low-pressure pipelines, accounting for about 90% of the total length of our gas pipelines, consist of polyethylene pipes which flex and are thus less likely to rupture.

Emergency measures

<table>
<thead>
<tr>
<th>Emergency measures</th>
<th>Gas supplies shut off swiftly to prevent secondary disasters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Gas has rolled out a system for shutting off the supply of gas both to individual homes and buildings and entire regions by remote control. The pipeline network has also been subdivided into smaller blocks to minimize disruption in the event that gas supplies have to be shut off in an emergency.</td>
<td></td>
</tr>
</tbody>
</table>
(5) District pressure regulators
District pressure regulators reduce gas pressure from medium to low before it is sent out to customers. There are approximately 4,000 district pressure regulators across the Tokyo Gas service area, and all are equipped with earthquake sensors and emergency shut-off devices. When a large earthquake is detected, the gas supply is shut off.

(6) Disaster prevention blocks
The pipeline networks in the Tokyo metropolitan area are divided into 21 medium-pressure blocks and 220 low-pressure blocks. Emergency measures (i.e., decisions on whether to stop or continue supply) are taken at the individual block level according to the degree of damage.

* As of June 2015

(7) Supply Control Center
The Supply Control Center comprehensively monitors gas production and supply and precisely controls them around the clock, 365 days a year. In the event of an earthquake, the Center gathers information through the earthquake disaster prevention system and remotely stops gas supply.

(8) Intelligent gas meters
Upon detecting an abnormal gas flow or an earthquake measuring 5 or greater on the Japanese seismic scale, intelligent gas meters automatically shut off the gas supply to the homes where they are installed.

● Earthquake disaster prevention system
SUPREME is our earthquake disaster prevention system using a highly concentrated network of earthquake sensors (approximately one sensor per square kilometer). SUPREME quickly collects data from observation points, remotely suspends and restarts gas supplies at district pressure regulators, and measures damage to pipelines.

Recovery measures | Safe and swift resumption of gas supply
--- | ---
We make maximum use of IT systems in order to work more efficiently and reduce the time it takes to resume gas supply to areas where service has been suspended.
**Recovery systems**
In July 2014 we launched a system for remotely restarting district pressure regulators without having to send specialized personnel to do it on the spot. We will extend this system to all district pressure regulators by fiscal 2018.

**Notification of stop/recovery status**
Customers will be notified of procedures to reset gas meters and stop/restart status of gas supply through TV, the Internet and other media.

* For instructions on how to reset a gas meter, see the illustration on the attached label.

**Mutual support structure**
Arrangements are in place to enable more than 200 city gas companies across Japan to assist one another via the Japan Gas Association with restoring supplies following a major disaster.

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## Safety Measures at Customer Sites

We are taking various measures to improve safety at customer sites, including inspections, emergency dispatch services, and the development of safer appliances and equipment.

### Periodic safety inspections of gas equipment every three years
To ensure customers’ safe use of gas, specialized service personnel conduct on-site safety inspections, including checking for gas leaks from pipes and surveying bath and water heaters and other indoor gas appliances, as required by the Gas Business Act.

### "Gaslight 24": 24-hour emergency dispatch system
Some 600 experts are on call at 49 locations throughout our service area (divided into 5 blocks), ready to respond, around the clock and 365 days a year, the moment a gas leak from a pipeline or customer equipment is reported.
Tokyo Gas began selling ENE-FARM residential fuel cells, the first in the world, to the general public in 2009. We are now working to develop them further and encourage wider adoption. As ENE-FARM systems produce energy where it is needed, they are drawing attention not only for reducing energy consumption and CO₂ emissions, but also because they serve as distributed energy systems that can lower peak load and improve energy security. Responding to customer calls in the wake of the Great East Japan Earthquake for a way to use the power produced by ENE-FARMs in the home even during a power outage, we added a "self-sustaining power generation function" as an optional item. In April 2015, we launched sales of ENE-FARMs for detached homes that include this as a standard function, enhancing their value in a disaster.

By continuing to promote the spread of ENE-FARM fuel cell systems, we seek to make our customers' lives even safer and more secure.

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**Safety measures for gas appliances/equipment**

We continue to develop gas appliances/equipment with even more advanced safety functions.

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**We have improved ENE-FARM's function of disaster prevention in response to customer feedback**

Tokyo Gas began selling ENE-FARM residential fuel cells, the first in the world, to the general public in 2009. We are now working to develop them further and encourage wider adoption. As ENE-FARM systems produce energy where it is needed, they are drawing attention not only for reducing energy consumption and CO₂ emissions, but also because they serve as distributed energy systems that can lower peak load and improve energy security. Responding to customer calls in the wake of the Great East Japan Earthquake for a way to use the power produced by ENE-FARMs in the home even during a power outage, we added a "self-sustaining power generation function" as an optional item. In April 2015, we launched sales of ENE-FARMs for detached homes that include this as a standard function, enhancing their value in a disaster.

By continuing to promote the spread of ENE-FARM fuel cell systems, we seek to make our customers' lives even safer and more secure.
To ensure that customers can use energy safely and securely, we will proactively provide information, better products and services incorporating customer feedback.

**Basic Policy**

Tokyo Gas believes that the key to remaining in the customer’s choice is not what we provide, but whether what we provide delivers customer satisfaction. Following our policy of always providing high value-added products and services with the goal of enhancing customer satisfaction, we use customer feedback to improve the Group’s business.

**How We Use Customer Feedback in Management**

We believe it is crucial to improve the quality of management by incorporating customer feedback into our products and services. The opinions and requests from our customers that we receive through calls to our Customer Center, over the Internet, or from customer satisfaction surveys are shared within the company, all the way up to top management, and are being actively utilized in our daily improvement activities and to enhance the quality of our products and services.

In fiscal 2014 we received 23,479 comments and requests. Of these, 8.9% of these were thanks and appreciation, 11.8% were complaints, and 79.3% were system requests. Customer feedback like this is utilized by individual departments in their various improvement activities. Some are also reported to customers via our website.
Giving form to customer feedback

An example of how improvements are made

Customer feedback

Meter reading slips, payment slips, and leaflets about periodic safety checks of gas equipment should be explained so that they can be properly understood by foreign residents who cannot read Japanese.

Improvement

The following explanations were provided in English on the Tokyo Gas website.

Page explaining meter reading slips and payment slips

Page explaining leaflets about periodic safety inspections of gas equipment
Community-Oriented Tokyo Gas LIFEVAL Network

Tokyo Gas has set up the "Tokyo Gas LIFEVAL" network to enable it to develop close ties with individual customers and better cater to their diversifying needs and lifestyles. The network provides a one-stop shop for products and services that will improve quality of life. As of April 1, 2015, the network consisted of 40 corporations in 63 blocks, each providing a range of services including periodic safety checks of gas equipment, meter readings, commencement and termination of gas service, and gas appliance sale, repair, and installation.
Concept of Social Action Programs

Tokyo Gas Group works together with local communities to implement activities based on the guidelines below for the purpose of creating a sustainable society.

1. Basic Policy
Working towards the realization of a society that is pleasant and comfortable to live in, at Tokyo Gas Group we work together with local communities to engage in a variety of activities that only we can do, including efforts to resolve issues related to our daily lives.

2. Purpose of Activities
We seek to contribute to the development of a sustainable society and, at the same time, to strengthen links with local communities and become a trusted and dependable company.

3. Areas for Activities
With safety, security, the environment, and enriching life and culture as our watchwords, we place a particular focus on working with communities to contribute to next generation youth’s development and to assist older people.

(1) Building communities and a way of life that is safe and secure

(2) Building a society and a way of life that is good for the environment

(3) Enriching our life and culture
Concept for Supporting Volunteer Activities

The Tokyo Gas Group provides a variety of volunteer opportunities, based on the idea that, aside from the personal growth gained from such activity, volunteering gives employees a chance to develop their minds, enrich their human qualities, and grow as individuals.

Providing Volunteering Opportunities

We provide a variety of volunteer opportunities for those who are interested in volunteering but cannot find the opportunity to get involved.

- **Disaster recovery efforts: earthquake relief volunteers**
  In order to help areas affected by the Great East Japan Earthquake, more than 200 Tokyo Gas Group employees and their families participate in volunteer activities every year, visiting disaster-stricken areas twice a year (spring and fall). In fiscal 2014, about 240 volunteers helped to restore farmland and create safe living space in woodland in Higashi-Matsushima city, Miyagi Prefecture. We will continue to provide extensive, high-quality assistance in line with the needs of disaster-stricken areas.

- **Santa Project**
  The Santa Project was launched in 2003 as a volunteer program undertaken by the Tokyo Gas Group during the Christmas season. Group employees dress up as Santa Claus to visit children in hospitals and residents of welfare facilities and give them presents and Christmas cards. In fiscal 2014, they visited three hospitals, one home for disabled children, and two nursing homes. They also gave presents to around 800 people living in temporary housing in Watari town, Miyagi Prefecture.
We will step up our action on human rights issues as we put into effect our main policies for implementation in fiscal 2015-17.

**Basic Policy**

The Tokyo Gas Group lays down the following policies on human rights in Our Code of Conduct.

1. We will respect human rights and will not discriminate or harass anyone on the basis of race, religion, gender, age, origin, nationality, disability, education, social status, 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, or any other acts that infringe the dignity of the individual. We will also not allow such acts to be condoned.

The concept of human rights includes all the basic human rights laid out not only in the Constitution of Japan and Japan's Labor Standards Act, but also in the Universal Declaration of Human Rights. It further encompasses the basic rights regarding labor (freedom of association, the right to collective bargaining, elimination of forced labor, abolition of child labor, elimination of discrimination) stipulated in the ILO International Labour Standards, as well as the local laws, culture, and practices of the countries in which our offices are located. As we further expand our business overseas, all of our related departments will work together to advance our initiatives for the respect of human rights.

**Human Rights Promotion System**

We have established a committee called the "Central Human Rights Promotional Meeting" to raise understanding and awareness of human rights issues in general. Committee meetings are attended by the general managers responsible for personnel matters in each department, and are chaired by the officer responsible for compliance. At its fiscal 2014 meeting, the committee reported on the state of human rights awareness training at Tokyo Gas, our subsidiaries and affiliates, and Tokyo Gas LIFEVAL, provided information on human rights of particular concern to companies, and deliberated and approved plans for activities for fiscal 2015.
Training Structure

Tokyo Gas believes that the starting point for advancing human rights lies in a fair selection process for our personnel and the creation of a vibrant workplace, and is implementing various measures to achieve this. We believe that awareness of respect for human rights is the foundation that allows our employees to express their full potential and build smooth relationships with our stakeholders. To this end, we are continuing to make every effort to provide training on human rights awareness for all employees of Tokyo Gas and our subsidiaries and affiliates, as well as Tokyo Gas LIFEVAL.

We also provide year-long training for "human rights promotion leaders" to equip them to play a leading role in promoting human rights awareness in the workplace. This program was launched in 1995, and the thirteenth cohort completed its training in 2015. Currently (May 2015) 181 workplace leaders plan, give advice and act as instructors for human rights training at our branch offices.

FY2014 State of Implementation

<table>
<thead>
<tr>
<th>Type</th>
<th>Classification</th>
<th>Overview</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide</td>
<td>Level-specific training</td>
<td>Training upon entering the company, during the third year, and during qualification promotions (two levels)</td>
<td>1,558</td>
</tr>
<tr>
<td></td>
<td>Training programs and follow-up for human rights promotion leaders</td>
<td>One-year human rights training for employees recommended by their workplace</td>
<td>288</td>
</tr>
<tr>
<td></td>
<td>Planning-type training</td>
<td>Human rights study sessions Training to create a vibrant workplace, etc.</td>
<td>317</td>
</tr>
<tr>
<td></td>
<td>Training assistance for affiliates and subsidiaries</td>
<td>Training implemented upon direct request to the secretariat (made-to-order training)</td>
<td>744</td>
</tr>
<tr>
<td></td>
<td>Dispatch of lecturers to outside workshops</td>
<td>Training upon request by companies, local authorities, and other organizations (including the Industrial Federation for Human Rights, Tokyo)</td>
<td>844</td>
</tr>
<tr>
<td>By workplace</td>
<td>Human rights training at branch offices</td>
<td>Theme-specific training by workplace</td>
<td>9,935</td>
</tr>
</tbody>
</table>
Advisory service desks have been established both inside the company (the Communication Support Section in the Compliance Department) and outside (an independent support agency) to deal with issues concerning communication in the workplace. We make our best efforts to conduct face-to-face consultations wherever possible on the precondition of protecting those seeking assistance, while working together and supporting the company to create a work environment where workers can feel safe and comfortable. A total of 30 consultation requests were received in fiscal 2014.
Tokyo Gas's education and training structure is composed of two pillars: training to develop foundational and common skills as business people, which takes the form of basic training, managerial training, and support for career development; and departmental and cross-departmental training designed to develop a broad range of expertise specific to individual departments. Tokyo Gas Group employees, too, take part in some of the training in common skills to help foster a sense of group unity.

In April 2015 we launched a new form of training for new Group employees, which we call "Tokyo Gas Group Mindset Training." The purpose of this training is to instill a strong sense of belonging in new recruits in order to make them more aware of being part of the Tokyo Gas Group. This training includes lectures on CSR-related subjects such as the Group's main policies, customer satisfaction, compliance, and human rights.

Support for Self-Development

We organize a number of programs to assist employee self-development, including seminars, external training, and correspondence courses. These are designed not only to enhance employees’ specialist skills, but also to improve their ability to identify and set challenges, their ability to work together, and their ability to perform tasks.
Transfers and Rotations

Every year, employees have an interview with their superiors regarding their career plan. Their self-evaluation, along with the evaluation by their superiors, is entered into the personnel system to be utilized for relocation plans and further career development. As a system to supplement the regular method of personnel transfers, we also operate an "open recruitment system" through which employees can put themselves forward for positions in new business projects and other opportunities, as well as a "free agent" system that allows employees to challenge themselves by applying for positions that they wish to be considered for.

We aim to allocate the right person to the right position so that our employees can feel challenged by and gain satisfaction from their work.

In fiscal 2015, we established a unit to consider a group personnel management system with a view to establishing a form of group management that maximizes the Group's entire resources and capabilities. This unit will formulate a group personnel strategy to enable every group employee to tackle challenges in new areas and contribute in diverse fields, and will consider and introduce rules and other arrangements to put this into effect.

Multi-track Personnel Management System

Starting in April 2013, Tokyo Gas implemented a multiple-track personnel management system to further promote personnel development by better appraising the distinct traits and strengths of each and every employee, and thereby maximize the results achieved by the organization. By expanding, enhancing, and increasing the skills required of the "contribution-type" employee in this multi-track personnel management system, we aim to develop employees who can think for themselves, are able to take action themselves while drawing people in as they go, and can adapt flexibly to changes in the business environment. We thus aim to maximize the distinct traits and strengths of each and every employee, enhancing productivity through their individual growth, and thereby develop employees who will take an active role as the driving force of the Tokyo Gas Group.

Overview of the Multi-track Personnel Management System

<table>
<thead>
<tr>
<th>Contribution type</th>
<th>What we seek</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expert</td>
<td>Supervises or supports duties at Tokyo Gas Group on-site locations by utilizing the skills, techniques, knowledge, and network acquired through experience in a specialized work field.</td>
</tr>
<tr>
<td>General</td>
<td>Promotes the business of the Tokyo Gas Group from the perspective of what is best for the Group overall, while strengthening his/her field of expertise based on the skills, techniques, and knowledge acquired from various work experience.</td>
</tr>
<tr>
<td>Business fellow</td>
<td>Promotes improvements in the Tokyo Gas Group's solution and innovation functions through his/her high-level skills, techniques, and knowledge in a specialized field.</td>
</tr>
</tbody>
</table>
We are pursuing improvements in occupational safety and health in order to ensure the safety and health of the employees who form our management base.

**Basic Policy**

Occupational safety and health, which protects the lives and health of workers, is the foundation of a company’s existence and a social responsibility that all companies must bear. We believe that the values of "Safety, Security, and Reliability" that we advocate for our customers as our corporate brand are accepted only when we continue to secure our own occupational safety and health. We consider occupational safety and health to be one of the most important challenges of corporate management. The Tokyo Gas Group gives the highest priority to ensuring safety and health, and enforces compliance, including adherence to all related laws and regulations, making every effort to eliminate the risk of disasters and accidents with the goal of being a company with an excellent safety and health record.

**Measures to Maintain and Enhance Health**

Tokyo Gas is strengthening primary prevention (occupational health activities) in order to maintain and enhance the health of our employees. As part of this endeavor, we have established industrial health teams, consisting of industrial physicians, industrial nurses, pharmacists, and part-time registered dietitians, who visit employees’ workplaces to provide attentive health consultation, career ladder consultation, and health education services. As such, we are constantly working to prevent mental health and lifestyle-related diseases. We are also working hard to ensure that 100% of our employees receive health checkups, a prerequisite for healthcare, focusing on the early detection of diseases, the effective use of outside medical institutions, and the provision of follow-up observation for employees about whom concerns have been raised.

**Preventing Work-related Injuries**

Aiming to further strengthen occupational safety and health activities practiced at each workplace on a daily basis, Tokyo Gas introduced the company-wide Occupational Safety and Health Management System (OSHMS) in fiscal 2006 to prevent industrial accidents. By utilizing the risk assessment implemented as part of the above, we are also working to reduce the risk of accidents by treating them quantitatively. We additionally strive to comply with related laws such as the Industrial Safety and Health Act by, among other measures, periodically confirming and checking occupational safety and health systems across the company. In fiscal 2015, the tenth anniversary of the launch of OSHMS, we will further strengthen our action on and raise awareness of occupational safety and health, and will use the common company-wide framework to further eliminate work-related injuries by urging employees at each workplace to take their own initiative in keeping with conditions in their workplace to prevent such injuries, and to continue making further improvements.
We also provide level-specific education on occupational safety and health and safety considerations. Additionally, we proactively train legal administrators through a variety of programs. Every year we organize "Safety and Health Top Seminars" for general safety and health administrators and general occupational administrators in the Tokyo Gas Group. In fiscal 2014, outside instructors were invited to speak on subjects including "Approaches to Preventing Accidents and Disasters" and "The Social Conditions Surrounding Passive Smoking and the Harm It Can Do."

**Prevention of Traffic Accidents**

To prevent traffic accidents, we provide various forms of driver training through our own in-house driving license system. Individual skill levels are improved by, for example, using driving recorders to provide driving diagnoses, and having outside driving instructors give behind-the-wheel instruction when employees renew their licenses. Safety driving instructors who have undergone special training are also assigned to each workplace to give everyday instruction on safety through both behind-the-wheel and classroom training.

**Structure of Safety and Health Management (as of April 1, 2015)**
Tokyo Gas will support diverse work styles and enhance opportunities for active participation by diverse human resources with the aim of creating an energetic workplace where each and every employee is able to maximize his/her various capabilities and strengths.

Data is for Tokyo Gas employees on a non-consolidated basis.

### Overview of employees

#### Number of Full-time Employees by Gender (as of March 31, 2015) (persons)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>7,185(88.7%)</td>
<td>7,114(88.5%)</td>
<td>7,025(88.3%)</td>
<td>6,847(87.9%)</td>
<td>6,642(87.3%)</td>
</tr>
<tr>
<td>Female</td>
<td>911(11.3%)</td>
<td>922(11.5%)</td>
<td>928(11.7%)</td>
<td>942(12.1%)</td>
<td>968(12.7%)</td>
</tr>
<tr>
<td>Total</td>
<td>8,096</td>
<td>8,036</td>
<td>7,953</td>
<td>7,789</td>
<td>7,610</td>
</tr>
</tbody>
</table>

#### Average Age by Gender (as of March 31, 2015)

- **Male**: 44.7, 44.7, 44.3, 43.6, 42.8
- **Female**: 40.4, 41.1, 41.5, 41.8, 41.7

#### Length of Employment by Gender (as of March 31, 2015)

- **Male**: 24.5, 24.1, 23.6, 22.8, 21.9
- **Female**: 19.0, 19.5, 19.9, 20.1, 20.0

#### Ratio of Women in Management (as of April 1, 2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011.4</td>
<td>4.6</td>
</tr>
<tr>
<td>2012.4</td>
<td>5.1</td>
</tr>
<tr>
<td>2013.4</td>
<td>5.3</td>
</tr>
<tr>
<td>2014.4</td>
<td>5.8</td>
</tr>
<tr>
<td>2015.4</td>
<td>6.3</td>
</tr>
</tbody>
</table>
Breakdown of Hires (fresh graduates) (as of April 1, 2015) (persons)

<table>
<thead>
<tr>
<th>Education</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015 (breakdown)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate school/university</td>
<td>109</td>
<td>98</td>
<td>108</td>
<td>176</td>
<td>190 Male 144 Female 46</td>
</tr>
<tr>
<td>High school</td>
<td>155</td>
<td>155</td>
<td>161</td>
<td>130</td>
<td>108 Male 106 Female 2</td>
</tr>
<tr>
<td>Total</td>
<td>264</td>
<td>253</td>
<td>269</td>
<td>306</td>
<td>298 Male 250 Female 48</td>
</tr>
</tbody>
</table>

Reemployment system

The mandatory retirement age at Tokyo Gas is 60. However, even before the revised Act on Stabilization of Employment of Elderly Persons took force, we introduced our own system of continued employment. This system has been providing appropriate employment opportunities to employees who have both the ability and motivation to continue working. Coinciding with the entry into force of the above revised law, we clarified our standards for concrete, objective recruitment and contract renewals, and have also signed a labor-management agreement.

Reemployment after Mandatory Retirement (FY2014)

<table>
<thead>
<tr>
<th>Number reemployed (% of total)</th>
<th>Tokyo Gas #1</th>
<th>282 people</th>
<th>(72.9%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiaries and affiliates, etc.</td>
<td>34 people</td>
<td>(8.8%)</td>
<td></td>
</tr>
<tr>
<td>Number mandatorily retired (% of total)</td>
<td>71 people</td>
<td>(18.3%)</td>
<td></td>
</tr>
<tr>
<td>(Reference) Early retirement #2</td>
<td>13 people</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#1 Number of people employed as senior contracted employees (special employees).
#2 Number of employees choosing to use the early retirement system.

Employment of people with disabilities

At Tokyo Gas, people with disabilities work alongside our other employees and are performing a variety of duties. In order to further our efforts to employ people with disabilities, we are improving our facilities in accordance with the type and level of the disability to create a work environment that is safe and comfortable for all, while also expanding the locations and scope of work opportunities for people with disabilities. As of March 2015, 138 people with disabilities were in our employment. This is equivalent to 2.02% of our total workforce and meets the statutory rate.

Promoting work-life balance

Tokyo Gas has been supporting the creation of a comfortable work environment from before the entry into effect of the Act on Advancement of Measures to Support Raising Next-Generation Children by, for example, helping employees balance work and parental commitments. We have created a system that allows for longer leave and shorter working hours exceeding the levels required by law, so that our employees will have more flexibility in choosing their style of work. For example, beginning in April 2014 the maximum age of a child that qualifies an employee for our shorter working hour program for employees with small children was raised from the end of third grade in elementary school to the end of sixth grade. Our rate of return to work after parental leave is consistently high, averaging close to 100% every year.
Main Systems and Numbers of Users (FY2014)

<table>
<thead>
<tr>
<th>System</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parental leave (until end of April immediately following child’s 3rd birthday)</td>
<td>58 (0 males)</td>
</tr>
<tr>
<td>Shorter hours for parents of small children (during pregnancy and until child completes 6th grade)</td>
<td>221</td>
</tr>
<tr>
<td>Nursing care leave (up to 3 years)</td>
<td>2</td>
</tr>
<tr>
<td>Nursing care work (up to 2 years)</td>
<td>0</td>
</tr>
<tr>
<td>Community service leave (special leave for up to 5 days within 1 year)</td>
<td>42</td>
</tr>
<tr>
<td>Sabbatical system (for employees who reach the age of 30, 35, 40, and 50)</td>
<td>668</td>
</tr>
</tbody>
</table>

We also offer systems that allow employees to take leaves of absence for fertility treatments, to attend school events for their children or grandchildren, and to provide nursing care to family members. These systems are widely used by our employees.

Action to promote women's participation in the workplace

Tokyo Gas recognizes the critical need to create a workplace environment that allows each and every employee to maximize his/her various capabilities and strengths in order for it to grow as a company, and promotes the success of a diverse pool of human resources. As part of these efforts, we actively promote and support women, while at the same time upgrading and expanding our parental and nursing care programs. Tokyo Gas also places considerable weight on fostering employee awareness and creating an organizational culture that is conducive to developing the careers of the company’s female employees by promoting a variety of initiatives, including seminars (575 participants). We are working actively to promote measures that will broaden the range of fields in which women can excel.

Seminar for employees before they return to work after parental leave

Seminar for managers with subordinates on parental leave

Seminar on women's career development
Developing support for planning new careers is of crucial future importance.

I was involved in research on food-related technologies for over 20 years after joining Tokyo Gas. Having subsequently been employed in managing personnel and general affairs at subsidiaries and affiliates, I now work in sales. It was in my seventh year at the company that I took parental leave. Although not many people took parental leave at the time, everyone was totally supportive. My boss, for example, gave me advice in anticipation of my return to work, and my coworkers visited me at home to tell me how work was going. As for myself, thanks in part to the fact that I was able to find enough time during my leave to write my doctoral thesis so I could be of use to the company again as soon as possible after I returned, I never felt concerned about my future career while I was away from the workplace. Tokyo Gas has well developed flextime arrangements, so I was able to work in a management position and still drop off and pick up my child at preschool. Even back then, I believe the company was in the vanguard of measures to assist work-life balance.

Now, with better programs in place and more options to choose from, some people conversely find it hard to decide which work style suits them best. That's why I hope to use my own experience to develop opportunities and support for young people to help them positively map out their own career paths as they approach new stages in their lives.

It is important for management to appreciate people's differences, and take advantage of their different aptitudes.

In my fifth year after joining the company I was fortunate enough to have the opportunity to go to business school in the United States. This was at a time when it was still unusual for a woman to study abroad at her employer's expense. In fact I was the first woman at Tokyo Gas to study abroad at a business school for an extended period, and I am enormously grateful to my then boss and coworkers who encouraged me to go for it. This experience also proved valuable in the different areas of management in which I was involved after my study abroad, namely, in an affiliate’s hotel business and in the Corporate Social Responsibility Section.

As general manager of Tokyo Gas Australia, I am now engaged in project management with the operator of the Queensland Curtis LNG Project, in which Tokyo Gas is an investor. Even compared with other Japanese affiliates in Australia, our company has a particularly high proportion of female members, and one can sense the emphasis placed on an individual’s abilities and thinking, regardless of gender, including at our partner companies.

In my view, the diversity required to do business globally depends on an appreciation of individual differences. Attentive management that assigns work and provides supervision suited to the individual will, I believe, become even more important in the future.
Tokyo Gas's investor relations activities are intended to ensure sound and transparent management through communication with the capital markets and to reflect the capital markets' expectations in our business, thereby generating better understanding of and trust in the Tokyo Gas Group.

**Profit Distribution Policy**

The Challenge 2020 Vision announced in November 2011 made repurchasing of treasury stock premised on retirement a means of providing returns to shareholders alongside dividends. It has also set a target total payout ratio (the proportion of dividends and treasury stock repurchases to consolidated net income) of around 60% every fiscal year through to fiscal 2020 and will moderately increase dividends in tandem with growth, taking into overall account mid- to long-term profit levels.

**Formula for calculating total payout ratio in a given fiscal year**

\[
\text{Total payout ratio in fiscal year } n = \frac{\text{total annual dividends in fiscal year } n + \text{amount of treasury stocks repurchased in fiscal year } n + 1}{\text{consolidated net income in fiscal year } n}
\]

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Investor Relations
Guidelines for Purchasing

Tokyo Gas established guidelines and basic requirements in 1992 to ensure open, fair, and equitable conduct in its purchasing activities. These guidelines and basic requirements have been made public through the website since July 2000.

We will continue to win the trust of our business partners by putting the above guidelines and basic requirements into practice, and conducting business transactions that are based on being highly transparent, fair, and equitable, thus enhancing our brand value of "Safety, Security, and Reliability."

<table>
<thead>
<tr>
<th>Principle of Openness</th>
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<tr>
<td>It is the policy of the Company to purchase its goods and services both at home and abroad, insofar as the quality and the price of the goods to be purchased meet the Company's requirements. The simplest and most reasonable purchasing procedure possible will be followed.</td>
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<th>Principles of Fairness and Equality</th>
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<tr>
<td>The Company will select the supplier fairly and equally on the basis of economic rationality, in consideration of its quality, price, reliability, delivery date, service, integrity with facilities, and the technological ability, management condition and actions for CSR comprehensively.</td>
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<th>Principle of Mutual Trust</th>
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<tr>
<td>The mutual trust and co-prosperity of the Company and its suppliers shall be established through purchase transactions based on the principles of fairness and equality. We consider it is essential to have high-quality goods and services supplied steadily, on time, and at reasonable prices for the stable and economical supply of city gas. We believe that such supply should be based on mutual trust between the Company and its suppliers.</td>
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<th>Consideration of CSR</th>
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<tr>
<td>(1) Practice of Compliance</td>
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<tr>
<td>Both of the business partners must obey laws and social norms concerning labor and human rights and corporate ethics.</td>
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<tr>
<td>(2) Environmental Conservation</td>
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<tr>
<td>The Company shall promote Green Purchasing towards realization of resource saving society from the perspective of economy and environment.</td>
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Basic Requirements for Purchasing

The Company will offer the Basic Requirements for purchasing which should be accomplished based on mutual understanding between buyer and seller. We would like to ask for your cooperation.

1. Quality Guarantee
Products to be supplied should meet the requirements for quality and performance set by Tokyo Gas, and such quality and performance must last for a certain period of time to be determined on the basis of what is considered reasonable. Furthermore, all products to be supplied must be superior in terms of shape, structure, operability and maintenance system support.

2. Reasonable Pricing
The prices of the products to be supplied must be reasonable in light of the quality and performance of the product, the specifications, terms of delivery, purchasing quantities, payment terms and conditions, and the trend in market prices.

3. Delivery on Time
 Suppliers must observe the contractual time of delivery specified by the Company.

4. Securing Safety
Products to be supplied shall be absolutely safe in their use and operation.

5. Maintenance and Service
Suppliers of the goods and services to be purchased by the Company must be able to provide inspection, maintenance, and repair services quickly and properly when required by the Company. The goods and services should therefore be designed and supplied with this requirement in mind. Suppliers must be capable of providing necessary parts and technical assistance quickly for standard repairs or in the event of an emergency.

6. Actions for CSR
   (1) Practice of Compliance
       We should obey the Antimonopoly Act, the Subcontract Proceeds Act and all related laws. Furthermore, personal information, confidential information, intellectual property and the like must be protected properly.
   (2) Environmental Conservation (Green Purchasing)
       We should take sufficient measures to mitigate the impact on the environment and show proper concern for environmental issues. The specifications of goods and services must therefore comply with our "Green Purchasing Promoting Manual" and "Environmental Common Specifications."
   (3) Risk Control
       It is necessary to be able to respond swiftly and appropriately if a quality issue arises or in the event of disaster, accident, or other emergency.
   (4) Consideration on Labor and Human Rights
       We should obey laws and norms concerning labor and human rights, and must take measures to provide a safe and clean workplace environment.
Specifications for common environmental management

Specifications for common environmental management provide rules for construction and other work that has been commissioned by us. They stipulate issues such as compliance with laws, reduction of environmental burden, and consideration on occupational safety and health. Our business partners are shown these specifications and requested to follow their contents in every job that we commission.

Efforts for Fair Transactions

In order to maintain and strengthen the trust of our customers, compliance must be practiced not only by the Tokyo Gas Group, but also by our business partners. Tokyo Gas has therefore established a set of rules to prevent compliance violations before they occur.

To avoid violation of compliance by our company

Our Code of Conduct contains provisions regarding transactions and relationships with our business partners, while the Guidelines for Purchasing clearly specifies compliance to guidelines with ethical principles as well as laws and regulations. We use various opportunities to promote and enforce compliance.

To prevent violation of compliance by our business partners

Our Basic Requirements for Purchasing request that our business partners also ensure their thorough compliance with laws and regulations. In order to clarify what constitutes a compliance violation, as well as to explain how to deal with such cases and to prevent recurrences, we developed the Guidelines for Dealing with Compliance Violations by Our Business Partners in 2004, and are dealing with such issues accordingly.

Communication with Our Business Partners

In addition to guidelines and basic requirements for purchasing, we have disclosed on our website primary items to be procured and their method of procurement, in an effort to provide other companies with opportunities to do business with our company.

We also share information with our business partners through regular meetings and other occasions, and strive to maintain mutual communications. In addition, we conduct annual surveys on general information, compliance, and environmental efforts for each of our business partners.

Upon review of the survey results, we discuss them with executives of our business partners when necessary.
Results of the Survey on CSR Efforts Made by Our Business Partners

Action on Resource Procurement

**Initiatives for Green Purchasing**

- **Green purchasing**
  Green purchasing is the practice of giving preference to businesses that have less of an environmental impact when purchasing items and services.

- **Policy on green purchasing**
  Tokyo Gas has systematically practiced green purchasing since fiscal 1996, and established the Green Purchasing Guidelines in 2000.
  We not only ask that consideration be given toward the environment in our Guidelines for Purchasing, but demand that specifications are in line with our basic purchasing policies addressed in our Green Purchasing Promotion Guidebook.

  We are also involved in various other measures to promote green purchasing.

- **Example of promoting green purchasing through the electronic catalog purchasing system**
  The electronic catalog purchasing* we use has more than 100,000 registered items.
  We give preference to items that meet green purchasing requirements when selecting the main products featured in this electronic catalog, which include office supplies, fixtures, equipment, printed material, etc.
  Presently, we have achieved a green purchasing rate of about 80%.

  * Electronic catalog purchasing (system name: PASPO) is an Internet-based method of ordering items conveniently and efficiently through an electronic catalog.

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Guidelines for Promoting Green Purchasing