# TOKYO GAS GROUP INTEGRATED REPORT 2025

TOKYO GAS GROUP

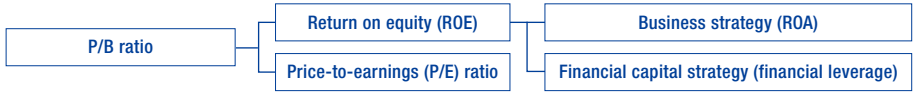
# Key Points of Integrated Report 2025

We consider this Integrated Report an important communication tool for sharing our forward-looking, medium- to long-term growth story with our stakeholders. We have focused on presenting our vision, business strategies, and initiatives across both financial and non-financial domains in a clear and coherent narrative, enhancing transparency on the path toward increasing corporate value. Through this report, we hope this report conveys our challenges and growth potential as we aim to achieve a return on equity (ROE) exceeding 10% around 2030.

## POINT-1 Structure centered on enhancing corporate value

We have structured the report around the ultimate goal (KGI) of improving our price-to-book (P/B) ratio, using the Group KGI/KPI tree* as the central framework. This approach illustrates the connections between our vision, strategy, and management capital, as well as the pathway toward enhancing corporate value.

* For details on the Group KGI/KPI tree, please refer here. CFO's Message: Financial Capital Strategy ▶ P.26




| contents | P/B ratio | ROE | Business strategy (ROA) | Financial capital strategy (financial leverage) | P/E ratio |
|---|---|---|---|---|---|
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| Sources of Corporate Value Enhancement | ○ | | | | |
| Vision for Enhancing Corporate Value | ○ | | | | |
| CFO's Message: Financial Capital Strategy | | ○ | | ○ | ○ |
| Business Strategy | | | ○ | | |
| Medium- to Long-Term Value Creation | | | | | ○ |
| Foundations Supporting Corporate Value Enhancement | ○ | | | | ○ |

## POINT-2 Giving shape to our growth story

By clearly outlining the growth story leading into our next Medium-term Management Plan, We have created this report in the hope that it will help stakeholders have high expectations for achieving our long-term vision, "Compass 2030."

**Recommended pages**

CEO's Message ▶ P.08
Growth Story For the Next Medium-term Management Plan ▶ P.21
CFO's Message: Financial Capital Strategy ▶ P.26

## POINT-3 Expressing the essence of Tokyo Gas

Through the visions of our top management, voices of Outside Directors, and the initiatives of our employees, we have conveyed the core values that define our company, our future growth potential, and the transparency and effectiveness of our governance.

**Recommended pages**

CEO's Message ▶ P.08
Special Feature: Evolution of Materiality ▶ P.13
Roundtable: Expanding Digital Customer Engagement and Value Offering ▶ P.39
Roundtable with the Chairperson and Outside Directors ▶ P.64

## Investor Relations Website

https://www.tokyo-gas.co.jp/en/IR/index.html

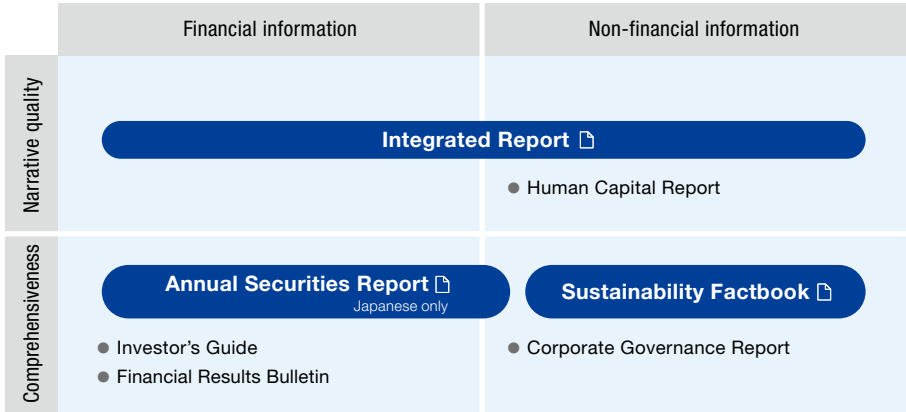
| | |
|---|---|
| ▸ Investor's Guide (Financial Data) | https://www.tokyo-gas.co.jp/en/IR/library/invguid_j.html |
| ▸ Earnings Announcement Materials | https://www.tokyo-gas.co.jp/en/IR/library/document_j.html |
| ▸ Financial Results Bulletin | https://www.tokyo-gas.co.jp/en/IR/library/earn_j.html |
| ▸ Securities Report & Quarterly Reports | https://www.tokyo-gas.co.jp/IR/library/yuho_j.html Japanese only |
| ▸ Corporate Governance Report | https://www.tokyo-gas.co.jp/en/IR/gvnnc/pdf/governance.pdf |

## Sustainability Website

https://www.tokyo-gas.co.jp/sustainability/index.html?wovn=en

## Reference Map

### Information disclosure framework



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## Editorial Policy

### Organizations covered

Tokyo Gas Co., Ltd., and Tokyo Gas Group companies (subsidiaries and affiliates) in Japan and overseas

### Period covered

Fiscal Year 2024
(From April 1, 2024, to March 31, 2025; including information on some activities prior to and after the period)

### Cautionary statement regarding forward-looking statements

The plans, forecasts, strategies, and other non-historical information contained in this report are forward-looking statements of the Tokyo Gas Group. These results are based on the judgment of the management of the Tokyo Gas Group, which was based on currently available information. Please note that actual results might differ significantly from these forecasts due to various factors. Important factors that can affect actual business results include developments in the Japanese economy and the price of various energy such as crude oil, fluctuations in temperature and the yen/U.S. dollar exchange rates, and the Tokyo Gas Group's response to rapid technological innovation and deregulation.
The Tokyo Gas Group publishes this report to help all stakeholders, including shareholders and investors, better understand the feasibility of sustainable management and our efforts to increase the corporate value of the Tokyo Gas Group. More detailed information, as well as the latest information updates such as news releases, are available on our corporate website.

# Group Management Philosophy

## Purpose

**Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.**

## Values

### Challenge

We constantly challenge ourselves and strive to learn something new.

### Responsibility

We are always proactive and act with responsibility to bring out the best results.

### Respect

We respect one another and value every possibility.

### Sincerity

We sincerely care about the future of our stakeholders and our planet.

We, Tokyo Gas Group, have constantly pursued innovation and ingenuity since our founding in 1885.
We have done this to help realize an enriched lifestyle and environmentally friendly society as a close partner to everyone.
In 2025, to further embody our management philosophy, we evolved our materiality.
Going forward, we will constantly strive to build the future of people's lives, communities, and the world.

Special Feature: Evolution of Our Materiality ▶ P.13

# At a Glance

## The Tokyo Gas Group Today

"The supply of energy never stops."
"A carbon-neutral society is definitely achieved."
These are the responsibilities of an energy provider that stays close to its customers and supports society.
To achieve these two imperatives in tandem, and furthermore to provide solutions that contribute to decarbonization, optimization, and resilience, the Tokyo Gas Group continues to transform and to grow sustainably, upholding the safety, security, and reliability that we have cultivated since our founding.

### Profit attributable to owners of parent

FY2024: 74.1 bn yen*2

FY2025 forecast: 183.0 bn yen*2

### ROE

FY2024: 4.3 %*1

FY2025 forecast: 11.1 %*2

### City gas Number of retail customers

8.826 mn*3

Japan No. 1*4

### Electricity Number of retail customers

4.152 mn*5

Share of domestic electricity sales by new power providers No. 1*6

### Employees

15,572 people*7

### $CO_2$ reduction contribution

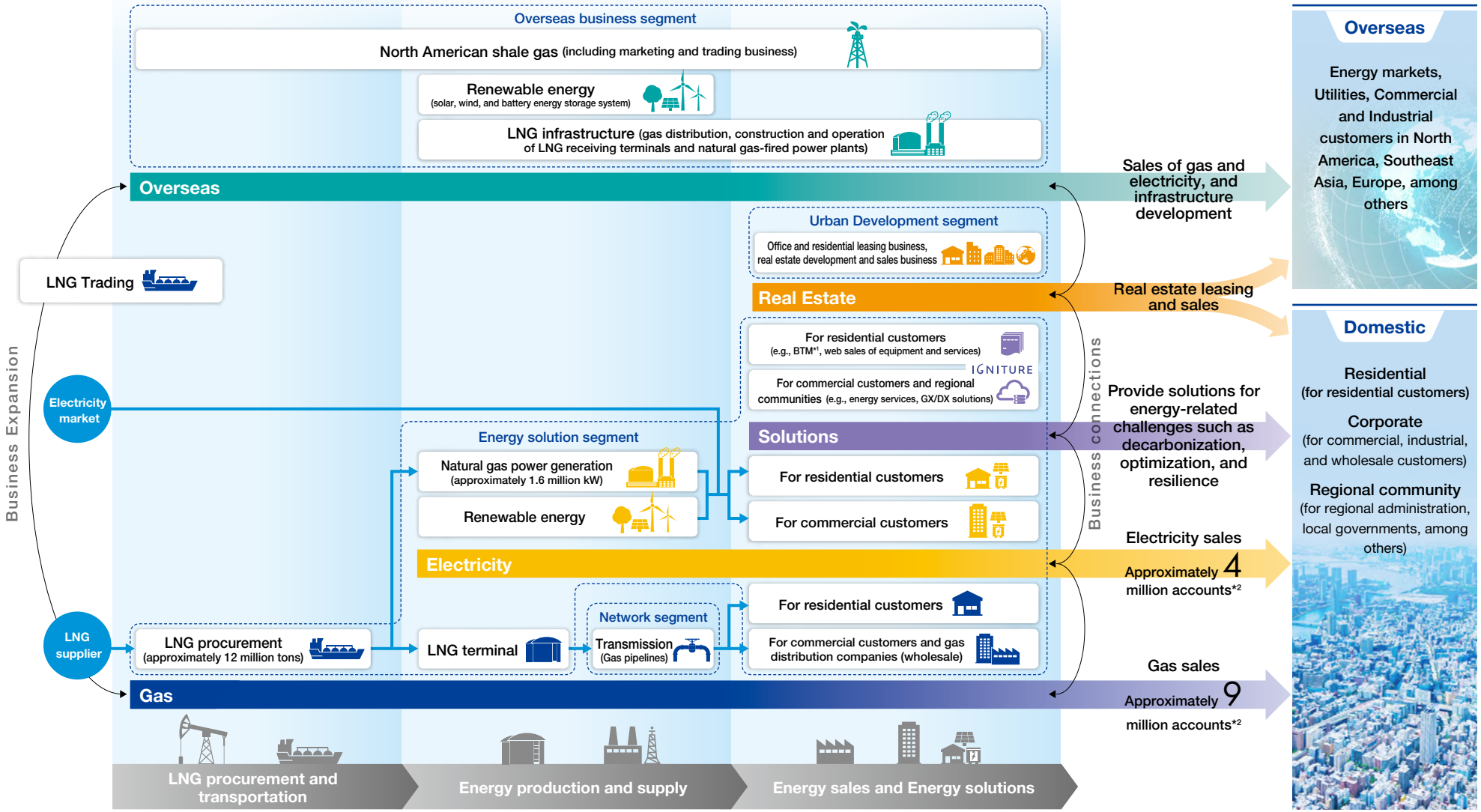
12.63 mn t*1

Contributing to overall $CO_2$ reductions from society ▶ P.46

*1 Figures as of March 31, 2025
*2 Figures as of the announcement on July 30, 2025
*3 Number of billed customers for city gas retail sales; figures as of March 31, 2025.
*4 Based on annual demand in the GAS BUSINESS HANDBOOK (JGA, 2024)
*5 Number of billed customers for electric power retail sales; figures as of March 31, 2025.
*6 Based on actual electricity demand according to the Electric Power Survey Statistics prepared by the Agency for Natural Resources and Energy; figures as of March 31, 2025.
*7 Number of employees refers to full-time employees, including accepted seconded employees, but excluding dispatched seconded employees and temporary employees; figures as of March 31, 2025.

# Business Model

The Tokyo Gas Group will leverage its robust customer base to “expand” its business domains from the Tokyo metropolitan area to nationwide and overseas, and its service portfolio to cover gas, electricity, solutions, among others, thereby increasing profitability per account. At the same time, by “connecting” its various businesses—such as generating profits in the trading business through the flexible operation of domestic and overseas energy assets—we seek to enhance corporate value.




*1 Behind-the-meter: Business that utilizes facilities (e.g., solar, storage batteries) installed on the customer’s side of the electricity meter *2 Number of billed customers for city gas and electric power retail sales

# Holdings Type Group Structure

The Tokyo Gas Group has adopted a holdings type group structure with internal companies and business subsidiaries, in order to grow by working with the ever-changing market and customers while making flexible and speedy decisions and management judgments. We expand the discretion of internal companies and business subsidiaries, and will pursue Group synergy through collaboration within the Group.

## Segment

### Energy Solutions

Conducts diverse energy transactions leveraging the flexibility of assets and demand, e.g., city gas production/sales, LNG sales, trading, electricity, engineering solutions (e.g., engineering, energy services), etc.

### Network

Carries out third-party gas transmission services and related operations. In addition to actively promoting the use of city gas, which contributes to $CO_2$ emission reductions at customer sites, we will improve added value by utilizing smart meters and enhance regional value by collaborating with infrastructure operators.

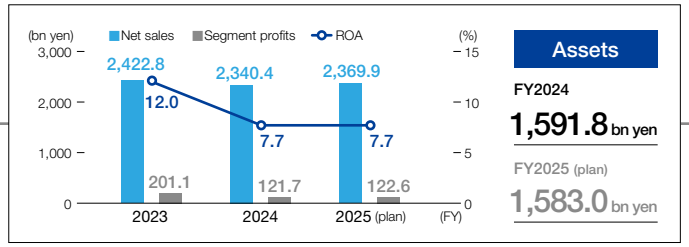
### Overseas Business

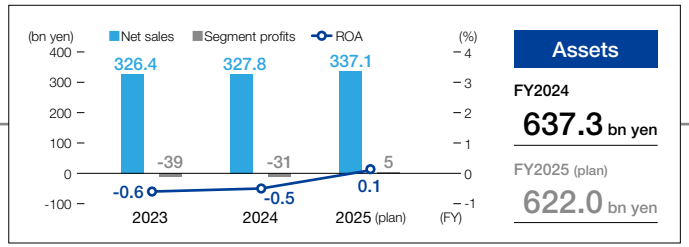
Engages in resource development, energy supply, and related activities. In North America, we focus on resource development projects, while in Southeast Asia we leverage expertise cultivated in Japan to expand LNG infrastructure businesses. In recent years, we have also been expanding into midstream and downstream businesses in North America.

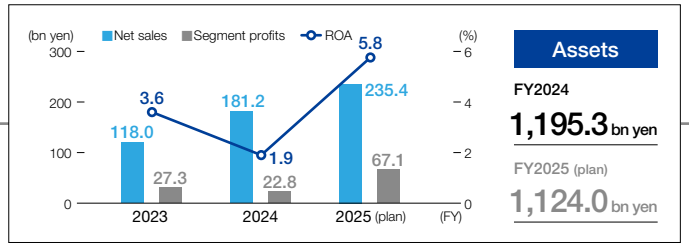
### Urban Development

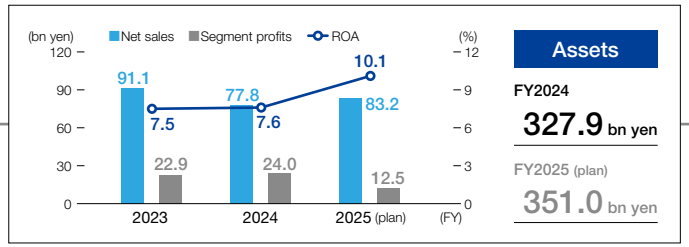
Engages in real estate development and leasing. Leveraging real estate assets to the fullest, we primarily operate office and residential leasing businesses in central urban areas. By integrating real estate and energy development, we provide added value in terms of environmental performance and resilience.

## Segment Results / Forecast (Changes in Gross profit / Assets / ROA) *1




*1 From FY2024, Tokyo Gas America and its consolidated subsidiaries have applied U.S. Generally Accepted Accounting Principles (U.S. GAAP) instead of International Financial Reporting Standards (IFRS). The figures shown are post-application; 2025 figures are as of July 30, 2025.

## Business Domain

- **Gas** (Production, retail, etc.)
- **Electricity** (Generation, retail)
- **Solutions** (Energy-related, GX/DX, etc.)
- **Gas** (Networks)
- **Overseas** (Shale gas, renewable energy, etc.)
- **Real Estate** (ESG-focused development, etc.)

## Internal Companies / Business Subsidiaries

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- Customer & Business Solution Company P.32
- Tokyo Gas Engineering Solutions Corporation P.33
- Regional Co-creation Company P.34
- Green Transformation Company P.35
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# Exploring essence, shaping the future

## — The third founding: unlocking a new era through transformation—

Director, Representative Corporate Executive Officer, President and CEO 笹山晋一

### My management philosophy
#### — Focusing on the essence —

At the core of my management decisions is a commitment to identifying what truly matters. This way of thinking is something I cultivated through my first professional experience after starting my career. For about 10 years after joining the company, I was involved in what would now be called data analytics. At that time, spreadsheet software was not yet widespread, so I had to write all the programs myself to handle the diverse data analysis requests coming from various departments. For a while, I carried out the enormous volume of analyses exactly as requested, but the results were often unsatisfactory. The turning point came when my supervisor encouraged me to look beyond the immediate request and examine the true causes behind the data. It was then that I realized the real expectation was not simply to perform analyses as requested, but rather to understand the underlying purpose and challenges. Through this experience, I learned that deeply examining the structure of a problem and focusing on what truly matters is essential to providing recommendations of genuine value.

After that, I began approaching requests by first understanding the underlying objective behind them. While colleagues sometimes joked that it was unusual for the person handling a request to challenge the one making it, this experience was instrumental in developing my ability to analyze the structure of a problem and uncover its true essence.

During this period, I was also able to gain a data-driven understanding of a wide range of operations, including LNG terminals, pipelines, and sales. This experience later provided a strong foundation when taking on new areas and challenges.

### Experience and beliefs guiding transformation

Over the years, I have spearheaded numerous new initiatives and transformations for the company, including the electric power business, energy services, derivatives, risk management, and trading. While there were challenges along the way, the electric power business has become a core pillar of our operations, and our energy services have grown to a level that is among the best in the industry.

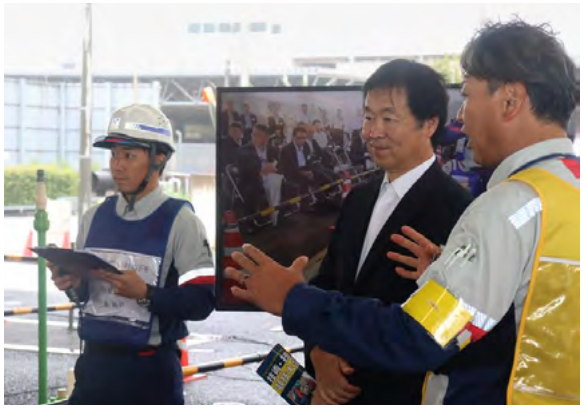
The origins of the solutions business, which our Group is currently focusing on, trace back to the mid-1990s, when I traveled to the United States to study the trend of electricity deregulation. While learning about the future market

structure at a local university, I became convinced that the era was approaching in which energy would not simply be "sold," but offered as tailored services—solutions—designed to meet customers' needs. I summarized this idea in a report of roughly 100 pages and brought it back with me. Since then, I have approached every new field with the same basic principle: thorough information gathering and on-the-ground verification. When tackling a new area, I read at least 20–30 books ranging from introductory texts to specialized publications, network with experts in the field, study the practices of leading companies, and visit the actual sites. Only with this deep understanding can one act with confidence even when descisive judgment is required under highly uncertain circumstances.

For example, when entering the electric power business, we made large-scale power generation investments. Given the long payback period and the high levels of uncertainty and volatility, it was difficult to claim that any investment decision could be 100% correct at the time of execution. What became clear, however, was that the essence of such an investment lay in two points: whether we could design a structure capable of generating revenue regardless of power values rising or falling, and whether we could control the associated risks. With these considerations in mind, we ultimately made the decision to proceed.

Going forward, in our management approach, I always keep in mind the importance of maintaining flexibility that allows for potential exits, whether to respond to drastic environmental changes or to improve asset efficiency. This ensures that we can adjust our portfolio decisions later if needed.

In making such decisions, I am guided by the philosophy of Eiichi Shibusawa, the founder of Tokyo Gas and a pioneer of modern Japanese business, as expressed in *The Analects and the Abacus*. In modern terms, the "Analects" represent social mission, while the "Abacus" reflects



economic rationality and capital efficiency. Striking this balance is the core belief of my management philosophy. When considering whether an initiative truly addresses social challenges or can genuinely generate profits, clear answers are not always available at the time of decision-making. That is why I make a point of looking broadly at historical precedents, examples from other companies and industries, and by engaging in discussions with many business leaders and reading widely. This constant effort allows me to maintain a comprehensive perspective and discern the essence of the problems we face.

## Toward the third founding
### — Connecting 140 years of history to the future —

In October 2025, Tokyo Gas will celebrate its 140th anniversary. Beginning with the gas lamp business that illuminated the city, we expanded into kitchens, air conditioning, and power generation. We were early adopters of LNG in response to pollution challenges, optimized customer management through IT, and established a community-focused sales structure. Throughout our history, we have repeatedly faced unprecedented challenges, driving transformations in both our business and organizational structures. This continuous engagement with change and self-reflection forms the foundation of who we are today. Now, we stand on a new stage that we call the "third founding." This is symbolized by the 140th-anniversary theme, "Beyond," representing our determination to continue to challenge the future. It reflects our commitment to go beyond traditional boundaries and create new value.

Looking across the energy industry, the supply-demand system is rapidly shifting from large-scale, centralized structures to distributed, decentralized ones, and from one-way flows to bidirectional interactions. Supply sources are also diversifying, moving beyond traditional LNG and fossil fuels to include renewable energy and hydrogen. In the power sector, new demands are emerging that go beyond simply adjusting electricity output in kilowatt-hours. These include managing power sources to integrate renewable energy and visualizing environmental value. Amid these changes, I am reminded that energy supply is ultimately just a means. What customers truly seek are the benefits it provides—warmth and comfort—and our mission is to deliver those outcomes. For this reason, I believe that the role of the Tokyo Gas Group going forward is to deeply understand the essence of our customers' challenges and provide solutions that create real value.

## Revision of materiality in FY2025
### — Connect management philosophy to strategy —

To embody our management philosophy and clarify initiatives that address social challenges, the Tokyo Gas Group has established seven new materiality areas. These were developed through vigorous discussions across multiple levels, including the Board of Directors, resulting in a company-wide consensus on the refresh.

We uphold the management philosophy: "Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future." In particular, the phrase "weaves the future" reflects our strong commitment to becoming a company that grows by contributing to the resolution of social challenges and by creating advanced business models that anticipate the needs of the future.

In this revision of our materiality, we have redefined two key directions as the value we provide to society and our customers: stable energy supply with carbon neutrality and solutions that contribute to "decarbonization, optimization, and resilience". Furthermore, to realize these values, we have clearly outlined how our strengths will be transformed and organized this perspective within a systematic framework.

We are also strengthening initiatives that leverage non-financial capital, such as human capital, intellectual capital, and social capital. In particular, in the area of social capital, we believe that expanding the customer support systems developed in both B2C and B2B sectors to new stakeholders, including local communities and municipalities, can create new value. For example, we are advancing initiatives to address regional challenges by signing comprehensive partnership agreements with municipalities from the perspectives of decarbonization and resilience, and providing integrated proposals that contribute to local solutions.

Our goal is not to let our management philosophy remain a mere slogan, but rather to embody it in strategies that deliver real impact. Materiality serves as a guiding principle and acts as a compass, indicating the direction we should take. Even in times of change, we will carry this compass with us as we advance toward a new era of founding.

## Progress on the Medium-term Management Plan, Compass Transformation 23–25
### — Challenges and progress toward transformation —

The Tokyo Gas Group has been advancing the Medium-term Management Plan aimed at achieving three objectives: (1) achieving both stable energy supply and decarbonization, (2) fully rolling out the solutions business, and (3) realizing a flexible corporate culture resilient to change. This fiscal year marks the final year of the plan. I will take the lead in pursuing our ROE target of 8%, implementing all necessary measures to achieve it.

During this period, we have steadily advanced the evolution of our business portfolio by leveraging our strengths not only within the traditional gas and power value chains but also through initiatives such as enhancing LNG trading capabilities and monetizing our North American shale business. In particular, in the solutions business, we launched the IGNITURE brand, establishing a foundation for new solutions that integrate digital technologies and AI while building on the strengths of our traditional, community-focused sales structure.

I have a strong interest in the rapid societal implementation of technologies such as AI. While I see promising results in our digital initiatives, I also recognize the challenges posed by the speed of change. In today's business environment, there are no competitors who slow down like in the story of *the tortoise and the hare*—the leading "hare" continues to accelerate. In such an era, we face the urgent need to maintain our own sense of speed, or risk being left behind.

In my own daily work, I frequently use AI for tasks such as brainstorming discussions and summarizing materials. However, I see AI not merely as a tool for improving operational efficiency but also as a starting point for redesigning organizational structures and business models. We hold discussions on digital technology almost every week and AI in the Management Committee, and we actively incorporate advanced examples, such as Octopus Energy in the United Kingdom, which has expanded its market share as a "digital attacker" in the power sector.

By adopting perspectives and cultural approaches that we have not previously embraced, we aim to further accelerate the pace of transformation.

## Direction of the next Medium-term Management Plan
### — "Expand" and "Connect" —

In the next Medium-term Management Plan, starting in FY2026, the Tokyo Gas Group will aim to accelerate business growth by further expanding and connecting its three core strengths: a solid customer base, energy assets, and operational capabilities.

From the perspective of "expanding," we will extend our business areas, which have been primarily focused on the Tokyo metropolitan region, to cover the entire country and eventually overseas. The range of services we provide will also broaden beyond gas to include electricity, renewable energy, and other diverse offerings. Supporting this expansion are the brand strength and trust we have built over many years, grounded in safety, security, and reliability, as well as our community-based sales structure. By integrating digital technologies and AI, we will establish a new service delivery framework that has no precedent in our company's history.

From the perspective of "connecting," we believe that, in addition to the existing value chain, new value can be created by linking our energy assets and operational capabilities with networks of customers. For example, in LNG trading, we aim to generate new global business opportunities by connecting the relationships we have built in the Asia-Pacific region through our investee companies with midstream and downstream operations being developed in North America through shale gas investments.

In the next Medium-term Management Plan, we are placing particular emphasis on strengthening the solutions business. Under the IGNITURE brand, we provide services tailored to the diverse needs of each customer, centered on three core values: decarbonization, optimization, and resilience. These offerings include support for renewable energy adoption, advanced energy management, and business continuity planning (BCP) to prepare for disasters, providing solutions that address both social challenges and customer-specific needs.

We also see digital technologies and AI playing a central role in these initiatives. By combining cutting-edge technology with our on-the-ground expertise, we can go beyond simply implementing equipment to optimizing operations and driving continuous improvement. This is a distinctive strength of the Tokyo Gas Group and will serve as the core of our growth strategy in the next Medium-term Management Plan.

## Human capital management
### — Individual expertise and diversity create a strong and resilient organization —

In realizing the Tokyo Gas Group's management philosophy and advancing our medium- to long-term strategy, our most important asset is our people. In the next Medium-term Management Plan, human capital management remains a major pillar, with the core principles of "growing by taking on challenges" and "turning diversity into a strength." Even amid changing business environments, the full potential of each employee is essential as the source of sustainable value creation.

Employees of the Tokyo Gas Group are characterized by their sincerity, integrity, and customer-focused mindset.

For example, in times of natural disasters, they voluntarily establish support systems and respond to customers with careful, thorough explanations—an invaluable asset for the company. In addition, we consider it a strength that many of our employees possess a generalist mindset, enabling them to approach issues from a company-wide and long-term perspective.

Building on these strengths, we are promoting the "visualization of expertise," helping employees clarify and enhance their own skills. We are also strengthening support for self-development and placing people in roles that best suit their abilities, focusing on creating an environment where employees can feel their own growth. These initiatives are closely linked with our efforts to advance diversity, equity and inclusion (DE&I). By enabling diverse perspectives and capabilities to connect and flourish organically within the organization, we can respond flexibly to changing environments. We are committed to building such an organization.

Establishing trust through dialogue with employees is also essential. We place great value on opportunities to hear candid feedback from the field, such as through "Coffee Chats," held as more informal town hall meetings, and through comment submissions in the monthly "President's Newsletter." These channels bring forward frank opinions, including questions like whether the implementation of digital technologies and AI truly works on the ground, or whether diversity initiatives, despite being emphasized, are really taking effect.

In engaging with these diverse perspectives, I always keep in mind the teaching of the "three mirrors" from the Chinese classic *Zhenguan Zhengyao*. The "bronze mirror" encourages reflection on whether I create an environment where people feel comfortable speaking freely. The "mirror of history" prompts me to review current decisions in light of lessons from the past. The "three mirrors" asks me to consider how sincerely I receive feedback, even when it is difficult to hear. The "three mirrors" teach the importance of self-reflection as a leader.

Even in the Management Committee, I encourage participants to voice opposing opinions and actively seek input from diverse perspectives. At times, this means making decisions to move initiatives forward despite significant dissent. In such cases, I strive to make responsible management decisions by considering multiple factors—such as profitability, risk, and efficiency—while keeping as the central criterion whether the decision will contribute to the company's medium- to long-term growth.

## Toward an enhancement in corporate value

### — Capital policy aligned with growth, shareholder returns, and efficiency —

To further advance the evolution of both "business" and "people" discussed earlier, strategic thinking is also required in the third pillar: capital policy.

Tokyo Gas has been expanding its business across a wide range of fields, including traditional energy supply such as gas and electricity, as well as renewable energy, trading, and solutions, to realize its vision toward 2030. In this process, we temporarily achieved better-than-expected performance in FY2022 and FY2023, while steadily increasing our equity. Building on this capital accumulation, the Board of Directors has proactively treated improving capital efficiency as a key management issue and engaged in active discussions on concrete actions. From an investment perspective, it is important both to expand future growth investments and to improve capital efficiency in order to enhance corporate value.

Based on this recognition, at the start of FY2024, we introduced the PBR tree as a management indicator. This allows the entire company to share awareness of enhancing corporate value, visualize its structure, and break down improvement measures into concrete initiatives for each division. Furthermore, in January 2025, we announced our policy to achieve an ROE of 8% for FY2025, and in March 2025, we released the framework of our medium- to long-term strategy aimed at achieving an ROE of at least 10% around 2030. In preparing the next Medium-term Management Plan, we are once again emphasizing dialogue with all stakeholders. Moving forward, we will continue to strategically allocate all management resources, balancing the three axes of "growth," "returns," and "efficiency," to maximize corporate value.

## Toward medium- to long-term value creation

The Tokyo Gas Group has, over many years, built its business on the trust of our stakeholders while continuously meeting the significant social demand of balancing stable energy supply with decarbonization. Through this journey, we are now steadily advancing toward a new stage of growth by integrating digital and real-world operations, delivering value through solutions, evolving our people and organization, and enhancing capital management.

FY2025 marks the final year of the current Medium-term Management Plan, making it a critical year in which we are fully committed to achieving our targets. Looking beyond, we also aim to present a clear vision of future growth in the next Medium-term Management Plan.

We will continue to pursue management that clearly shows how our initiatives tackle social challenges and create forward-looking business models, thereby supporting the company's medium- to long-term growth. We sincerely appreciate the continued support of all our stakeholders.

## Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.

# Special Feature Evolution of Our Materiality

Definition of Our Materiality: Tokyo Gas Group initiatives (management issues) that embody our management philosophy and are needed to solve social issues

As Tokyo Gas marks its 140th anniversary, social issues are becoming increasingly complex and world affairs are changing at a dizzying pace. Even under such circumstances, we continue to uphold "safety, security, and reliability," values that we have fostered since our founding, and to transform ourselves to meet and exceed the expectations of our customers and society through new challenges, under our management philosophy of "standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future."
With this commitment, we, the Tokyo Gas Group, revised our materiality in 2025.

## Our Materiality Tokyo Gas Group Initiatives (Management Issues)

### Value Created by the Tokyo Gas Group

- Materiality 1: Stable Energy Supply with Carbon Neutrality
- Materiality 2: Solutions That Contribute to "Decarbonization, Optimization, and Resilience"

### Transformation to Further Enhance the Tokyo Gas Group's Strengths

#### Transformation of the Driving Force Behind Our Value Creation

Intellectual Capital
- Materiality 3: Innovation for Business Transformation and Value Creation

Human Capital
- Materiality 4: Respect for Diversity and Growth through Challenges

Social Capital
- Materiality 5: Collaboration with Stakeholders and Fulfillment of Social Responsibility

#### Crux of Our Transformation

DX
- Materiality 6: Integration of Real-World Capabilities and Digital Tools to Enhance and Expand Our Strengths

#### Underpinnings of Our Transformation

Governance
- Materiality 7: Strengthened Management Foundation for Meeting Expectations of Safety, Security, and Reliability

The Tokyo Gas Group has focused on integrating materiality in its business activities, with the goal of achieving both business growth and solving social issues.

Reporting on business activities based on materiality (Established in 2023) P.43

To strengthen this direction, we have redefined our materiality as "Tokyo Gas Group initiatives (management issues) that embody our management philosophy and are needed to solve social issues." We structured and expressed the designated material issues as the value created by the Tokyo Gas Group (material issues 1 and 2) and transformation to further enhance the Tokyo Gas Group's strengths for this purpose (material issues 3-7). We aim to link our material issues more deeply to our strategies, such as Medium-term Management Plan, and our business activities.

By ensuring a stable energy supply with carbon neutrality and providing solutions that contribute to "decarbonization, optimization, and resilience," we aim to become "the energy that weaves the future."

Special Feature Evolution of Our Materiality

## Designation Process

We defined our materiality as being "Tokyo Gas Group initiatives (management issues) that embody our management philosophy and are needed to solve social issues." We then identified specific issues, evaluated their importance based on risks and opportunities, engaged in external dialogue, held several rounds of internal discussions, and ultimately designated seven material issues. We placed particular emphasis on hearing directly from external stakeholders and reflecting their views, as well as thorough discussions among management.

### STEP 1 Identification and Organization of Social Issues

We identified and organized (long-listed) social issues based on various international standards and guidelines.

References: International disclosure standards, ESG evaluation agencies, and other international organizations (e.g., GRI, SASB, ESRS, MSCI, S&P CSA, Sustainalytics, SDGs, WEF)

### STEP 2 Importance Evaluation

We evaluated the importance of each issue using a two-axis matrix considering risks, opportunities, and internal and external views.

- Tokyo Gas Materiality Website
- Internal and external surveys/interviews with approximately 50 people

### STEP 3 Discussion Based on Candidate Materiality

We proposed candidate materiality and discussed it repeatedly (Sustainability Committee, Management Committee, Board of Directors).

### STEP 4 Suitability Check

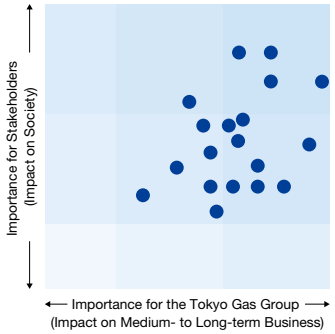
We checked the suitability of candidate materiality through exchanges of opinions with external experts.

### STEP 5 Resolution

Following further refinement and discussions, the Board of Directors reached a final resolution through its own repeated discussions.

We will incorporate the revised materiality in management strategies, such as the Medium-term Management Plan, and business activities, and implement it in accordance with quantitative and qualitative targets (executing PDCA).

### STEP 2 Materiality Matrix




### STEP 4 Expert Commentary

**Takashi Nawa**
Visiting Professor
Hitotsubashi University
Business School

Tokyo Gas's materiality is a simple and accurate expression of society's expectations and the company's unique solutions in its sincere efforts to address various social issues based on its 140-year history. The seven material issues and the way they are structured are easy to understand and credible, demonstrating Tokyo Gas's commitment to implementation. In addressing its materiality, I expect the Tokyo Gas Group to fully leverage its history and DNA, which is built on real-world/hands-on capabilities and social implementation, unleash its ability to generate innovation from tradition, and continue providing value as one unified group.

### STEP 5 Why These Material Issues?

| | | |
|---|---|---|
| 1 | Stable Energy Supply with Carbon Neutrality | Providing a stable energy supply is fundamental to business and a social responsibility. Achieving carbon neutrality by 2050 is also an opportunity for value creation. Achieving them together would be highly significant. |
| 2 | Solutions That Contribute to "Decarbonization, Optimization, and Resilience" | By leveraging our established strengths and deploying a range of cutting-edge solutions, we can continue to provide value for society and achieve solid growth together with our customers. Tokyo Gas Website, IGNITURE Japanese only |
| 3 | Innovation for Business Transformation and Value Creation | To achieve the above, we must enhance our intellectual capital, which will help transform our business in existing fields and create new value. |
| 4 | Respect for Diversity and Growth through Challenges | Greater engagement by diverse human resources, development of human resource portfolios, and enhanced productivity are essential. We aim to create an organization that promotes growth through new challenges and generates even greater value. |
| 5 | Collaboration with Stakeholders and Fulfillment of Social Responsibility | We must achieve mutual prosperity by strengthening our relationships and collaboration with customers, communities, governments, and business partners. We will enhance dialogue with investors and other stakeholders to fulfill our social responsibility. |
| 6 | Integration of Real-World Capabilities and Digital Tools to Enhance and Expand Our Strengths | Digital transformation is urgently needed across all our business activities. We will integrate our ability to capitalize on real-world opportunities with digital tools such as AI to enhance and expand the power of our organization. |
| 7 | Strengthened Management Foundation for Meeting Expectations of Safety, Security, and Reliability | We need to strengthen our governance and management foundation for meeting expectations of safety, security, and reliability. We will promote initiatives such as respect for human rights, conservation of natural capital, circular economy, and information security throughout our supply chain, and disclose these efforts. |

Special Feature Evolution of Our Materiality **The Thinking Behind Our Seven Material Issues**

## Value Created by Tokyo Gas Group

### Material issues 1·2

The Tokyo Gas Group will a stable energy supply with carbon neutrality, working with a sense of mission and an eye on the future. We will also provide solutions that contribute to "decarbonization,optimization,and resilience", and seek optimal solutions for a rapidly changing world.
We must also undergo various transformations so that we can continue to provide such value.

## Transformation to Further Enhance the Tokyo Gas Group's Strengths

### Material issues 3·4·5

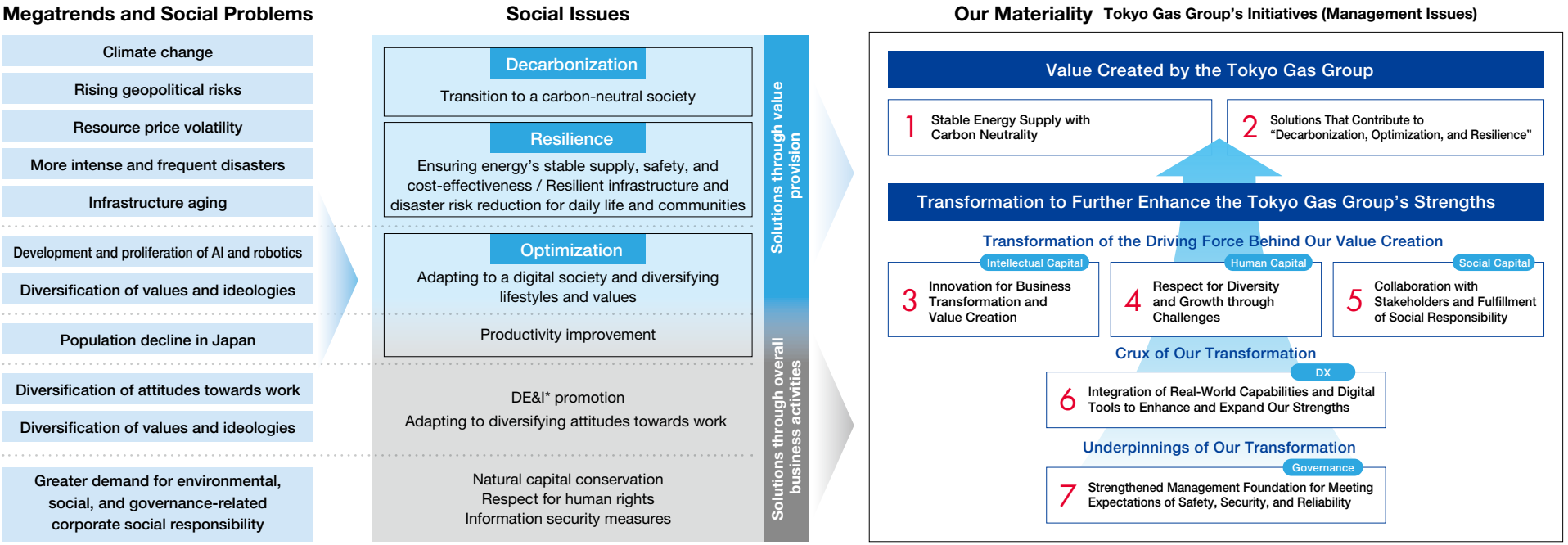
We will transform our business in existing fields, create new value through innovation, and enhance our intellectual capital. We will also manage our human capital in ways that maximize individual value contribution, enhancing our internal capabilities. Furthermore, we will respond to diverse expectations, while fulfilling our corporate social responsibility, in collaboration with stakeholders.

### Material issues 6

We will improve productivity and elevate operations through AI and digitalization. When providing solutions, we will integrate our real-world capabilities, cultivated through close community engagement, with digital tools to satisfy more diverse values and needs.

### Material issues 7

We will consider aspects such as human rights, natural capital, the circular economy, and information security across the supply chain when strengthening our management foundation, and ensure our transformation is underpinned by good governance.




* Diversity, Equity & Inclusion

# The Value Creation Process

**Group Management Philosophy**

Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future.

**Materiality** P.13

**Management Vision / Medium-term Management Plan** P.19

Sustainable enhancement of corporate value

## Management capital

### Financial capital

- Total assets ····· ¥3,855 billion *1
- Growth investments ····· ¥263.8 billion *2
- Infrastructure investments ·· ¥114.5 billion *2

### Manufactured capital

- Ownership and management of LNG carriers ····· 10 ships *1
- LNG terminals storage capacity ·· 3.24 million kL *3
- Generation capacity of a natural gas power station ····· 1.631 million kW *3
- Total length of the gas pipeline network ·· 66,870 km *1

### Intellectual capital

- Resilience-related technologies and know-how
- Number of industrial property rights (patents, designs, trademarks) held ·· 2,241 *1
- Research and development expenses ·· ¥7.2 billion *1

### Human capital

- Group employees ····· 15,572 *6

### Social and relationship capital

- Brand strength
  Domestic sales share for city gas ····· No.1 *4
  Share of domestic electricity sales by new power providers ····· No.1 *5
  Customer accounts ···· Approximately 13 million *1
- Cumulative number of comprehensive partnership agreements for carbon-neutral urban development ····· 82 *1
- Relationships with business partners and affiliated companies

### Natural capital

- LNG import volume ·· 11,556 thousand tons *3
- Equity interests in shale gas projects

## Business activities

P.31

### Overseas

Shale gas–related (including M&T*7 business) | Renewable energy–related | LNG infrastructure–related

### Solutions

Solutions for corporate and household customers

### Real Estate

Rental housing | Rental buildings | Large-scale development | Overseas

LNG trading

### Electricity

LNG power generation | Renewable energy–related | Household electricity | Corporate electricity

### Gas

LNG procurement | LNG terminals | LNG infrastructure | Gas for households | Gas for corporate customers

**Human Resources Strategy** | **Financial Strategy**

## Business activity results

### Economic Value

Segment profit ¥168 billion

Profit attributable to owners of parent ¥183 billion

ROE 11.1 %

ROA 4.9 %

Note: FY2025 forecast, as of July 30, 2025

### Social Value

$CO_2$ reduction contribution 12 mn tons *8

Renewable power source transaction volume 2.2 mn kW *8

Securing a stable energy supply

Ensuring infrastructure resilience

Enhancing engineering and R&D capabilities

Promoting collaboration with local communities and municipalities

Improving Group employee engagement

## Value created

**Stable Energy Supply with Carbon Neutrality**

**Solutions that Contribute to "Decarbonization, Optimization, and Resilience"**

**Corporate Governance** P.68

*1 As of March 31, 2025 *2 FY2025 forecast, as of July 30, 2025 *3 FY2024 actual *4 Based on annual demand in the 2024 GAS INDUSTRY HANDBOOK *5 Based on actual electricity demand according to the Agency for Natural Resources and Energy's Electric Power Survey Statistics; figures as of March 31, 2025.
*6 Number of employees refers to full-time employees, including accepted seconded personnel, but excluding dispatched seconded personnel and temporary employees; figures as of March 31, 2025. *7 Marketing and trading business *8 FY2025 targets in Compass Transformation 23–25

# Tokyo Gas History

In October 2025, Tokyo Gas will celebrate its 140th anniversary. Positioned in what we call the "third founding," we are leveraging the experience accumulated over 140 years to move forward without pause. Together with all stakeholders, and guided by our management philosophy, "Standing by every person and dedicating ourselves to the society, we shall be the energy that weaves the future," we strive to transcend the geographical boundaries of Tokyo and the business domain of gas, positioning ourselves as a company that shapes the future.

## First founding

Scaling up through application expansion and area expansion

### From 1885

**Lighting up life in Civilization and Enlightenment**

**Tokyo Gas founded**

In 1872, the first gas lamp in Japan was lit, softly illuminating the streets with a gentle glow. Subsequently, in 1885, Tokyo Gas Company (now Tokyo Gas Co., Ltd.) was founded by the industrialist SHIBUSAWA Eiichi, known as the "Father of Japanese Capitalism." While the business began with gas lamps, it soon expanded beyond lighting to include gas for kitchens, hot water, heating, and other uses such as motive power and electricity. Over time, the company extended its service area from the Tokyo metropolitan region to nationwide, steadily growing the scale of its operations.

Founder:
SHIBUSAWA Eiichi
©Tokyo Gas
Gas Museum

## Second founding

Contribution to the local environment through the introduction of LNG, IT-based productivity increase, and expansion of scope through value chain evolution

### From 1969

**Rising energy demand and environmental issues during economic growth**

**Japan's first import of liquefied natural gas**

Increased energy demand and environmental issues are caused by rapid economic growth. To provide solutions for these challenges, Tokyo Gas became the first company in Japan to import liquefied natural gas (LNG) to replace oil fuel. Subsequently, we constructed a system for the stable supply of gas by putting in place transport pipelines.

LNG carrier No. 1
Polar Alaska

### From 1980

**Sophisticated use of clean natural gas**

**Spread of natural gas cogeneration systems**

After the first oil crisis, the government pushed policies for alternative energy. City gas is increasingly recognized as a source of clean energy, and so by making sophisticated use of natural gas, we will develop cogeneration systems for use in cooling/heating and hot water supply, and bring them to buildings, factories, and other locations.

Natural gas
First cogeneration generator

### From 2000

**Contributing to an affordable and stable electricity supply**

**Entry into power retail and generation**

Following the liberalization of the electricity market, in 2001 we started a power retail business through ENNET Corporation. Since 2003, we have possessed and operated high-efficiency gas-fired thermal power plants. Leveraging these, we have contributed to the low-cost, stable supply of electricity and have constructed infrastructure for comprehensive gas and electricity solutions.

**Evolution of security system**

**Start of operation of earthquake disaster prevention system**

We began operating the earthquake disaster prevention system called SUPREME to improve safety in the supply of gas in Japan, a country prone to frequent disasters. In addition to automatically shutting off the gas supply when an earthquake is detected, it is now possible to shut off the gas supply remotely.

### From 2004

**Expansion into upstream business overseas**

Tokyo Gas participated in the Darwin LNG Project in Australia. In 2023, the company shifted its business portfolio from Australia to North America, and it currently focuses on North America and Southeast Asia, conducting resource development, LNG infrastructure, and renewable energy businesses.

### From 2019

**Toward a carbon-neutral society**

**Net-Zero $CO_2$ declaration**

Ahead of the government's 2020 announcement of the 2050 Carbon Neutrality Declaration, Tokyo Gas set a $CO_2$ net-zero target in November 2019 under its management vision, Compass 2030. The company is promoting a responsible transition that balances a stable energy supply with decarbonization.

Provided by Ocean Winds and Principle Power
Floating offshore wind farm in Portugal

## Third founding

Contributing to the global environment through decarbonization, expanding revenue opportunities through digitalization, and building a new ecosystem

### From 2023

**Providing solutions for a prosperous future for our customers**

**Launch of the IGNITURE solution brand**

In November 2023, we launched IGNITURE, a new business brand for providing solutions, defining "decarbonization," "optimization," and "resilience" as its value propositions. To address evolving social challenges and customer needs, we will offer solutions under IGNITURE that combine our established strengths in the real world with GX and DX initiatives.

IGNITURE
IGNITE YOUR FUTURE

### 2025

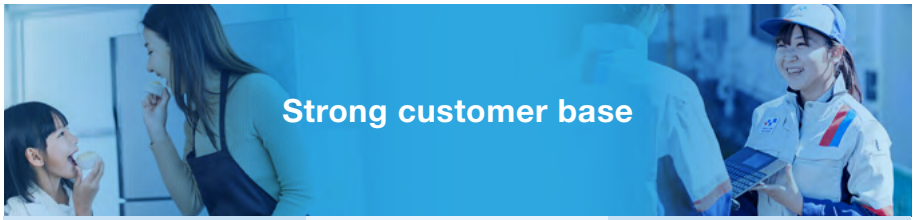
**140th anniversary of the founding**

### Beyond 140th

Even as social challenges grow more complex and global circumstances continue to change, we will uphold our commitment to safety, security, and reliability while embracing the strong resolve to embody "Beyond ～越えていく～", striving to create new value that exceeds the expectations of our customers and society.

# Tokyo Gas Strengths

Leveraging the Tokyo Gas Group's strong customer base and energy assets and related technologies, cultivated since 1885, along with the operational capabilities developed as an energy provider, we create value by exceeding the expectations of our customers and society.



## Strong customer base

| | | |
|---|---|---|
| **No. of customer accounts**<br>Approx. 13 million | **Employees with customer-facing**<br>**expertise and technical skills** | **"myTOKYOGAS" subscriptions**<br>Approx. 4.7 million |
| **Share of domestic electricity sales by new power providers**<br>No. 1<br>Note: Based on the actual electricity demand in the Agency for Natural Resources and Energy's Electric Power Survey Statistics, as of the end of March 2025. | **Domestic sales share for city gas**<br>No. 1<br>Note: Based on the annual demand in the Gas Business Handbook 2024 Edition. | **Number of Tokyo Gas LIFEVAL showrooms (including Enesta and Enefit)**<br>132 |

Since the introduction of natural gas, the company has conducted appliance inspections and adjustments for approximately 5.5 million individual customers, building a strong foundation that has grown together with local communities. In 2008, we launched the community-based service network Tokyo Gas LIFEVAL, delivering "safety, security, and reliability" tailored to diverse lifestyles. After a temporary decline in gas customers following market liberalization, growth in the electricity business has compensated for this. Currently, we hold approximately 13 million customer accounts, primarily centered in the Tokyo metropolitan area, and have established the No. 1 position in domestic city gas sales share and the top position in sales volume among new electricity providers. Furthermore, in 2023, we established the solutions brand IGNITURE.
By combining the brand strength of safety, security, and reliability cultivated since our founding with operational capabilities—such as the community-based sales and service network Tokyo Gas LIFEVAL and digital marketing leveraging approximately 4.7 million customer touchpoints—we aim to expand our business domains from the Tokyo metropolitan area to nationwide and overseas. At the same time, we are broadening our service offerings beyond gas to include electricity, renewable energy, and other diverse areas.

## Energy assets and related technologies

| | | |
|---|---|---|
| **LNG terminals and power stations**<br>9 | **LNG value chain from**<br>**upstream to downstream** | **Number of intellectual property rights (patents, designs, trademarks) held**<br>2,241 |
| **Energy service contracts (cumulative) by Tokyo Gas Engineering Solutions Corporation**<br>Over 1,000 | **Total length of the gas pipeline network**<br>Approx. 66,870 km | **Main overseas projects**<br>26 |

The Group possesses facilities and functions across the entire LNG value chain, from upstream equity interests to bases, power plants, and pipeline networks, all the way to energy use at customer sites. In addition, operational capabilities cultivated over many years—such as LNG procurement, infrastructure operation and maintenance to ensure stable supply; LNG receiving systems and power generation control enabling flexible supply-demand response; and optimal energy use tailored to various customer applications—maximize the value of these business assets.
As one example, the Group expands profits by leveraging its gas and electricity assets to provide stable and competitive energy. Also, by utilizing the operational flexibility of these energy assets, we generate revenue through LNG trading using existing assets and contracts. In this way, by cross-utilizing owned assets and operational capabilities and enhancing synergies among businesses, we provide energy and solutions tailored to customer needs while creating new business opportunities.

Note: All figures as of March 31, 2025

Growth Story For the Next Medium-term Management Plan ▶ P.21

# Compass 2030 & Compass Transformation 23–25

In November 2019, the Tokyo Gas Group announced its management vision, Compass 2030. Amid the greatly changing current of the times, from decarbonization to digitalization, change and diversification of customer values and progress in energy deregulation, the Tokyo Gas Group aims to be a corporate group that continues to create value while becoming a leader in future energy systems by capitalizing on the strengths of the Group, which has revolutionized energy and taken on the challenge of realizing a sustainable society.

## Three challenges for achieving the Compass 2030 Vision

### Lead transition to "Net-Zero $CO_2$"

**Top leader at the forefront of the transition**
- Thoroughly use natural gas + develop practical CCUS*1
- Strengthen gas-fired thermal power as a balancer for renewable energy

**Create a value chain for e-methane**
- Form an alliance to achieve the low-cost, practical deployment of hydrogen and e-methane

**Create a renewable energy value chain leveraging our Group's unique strengths**
- Establish a revenue model that covers areas from power source development and O&M*2 to renewable energy sales

### Establish a value co-creation ecosystem

**Energy industry's digital marketing front-runner**
- Nationwide operation as a digital marketer (TG Octopus Energy Co., Ltd.)

**Evolve into the No. 1 player in customer satisfaction through value co-creation at the last mile*3**
- Launch services in the Kanto area that provide solutions to each type of lifestyle need, then expand nationwide via alliances

**Transform into a provider of solutions for community challenges**
- Provide nationwide and global solutions for decarbonization and strengthening resilience through coordination with government and local businesses

### Transform the LNG value chain

**Corporate culture that enhances the earning power of each business**
- A holdings group structure that comprises internal companies and operating companies
- Major realignment of management structure on a Group-wide level
- Establish a business model that links our market volatility responsiveness to the stabilization of earnings

**Human resources system that encourages the pursuit of challenges in ways that leverage diversity**
- Employ and cultivate diverse human resources at each internal company and operating company

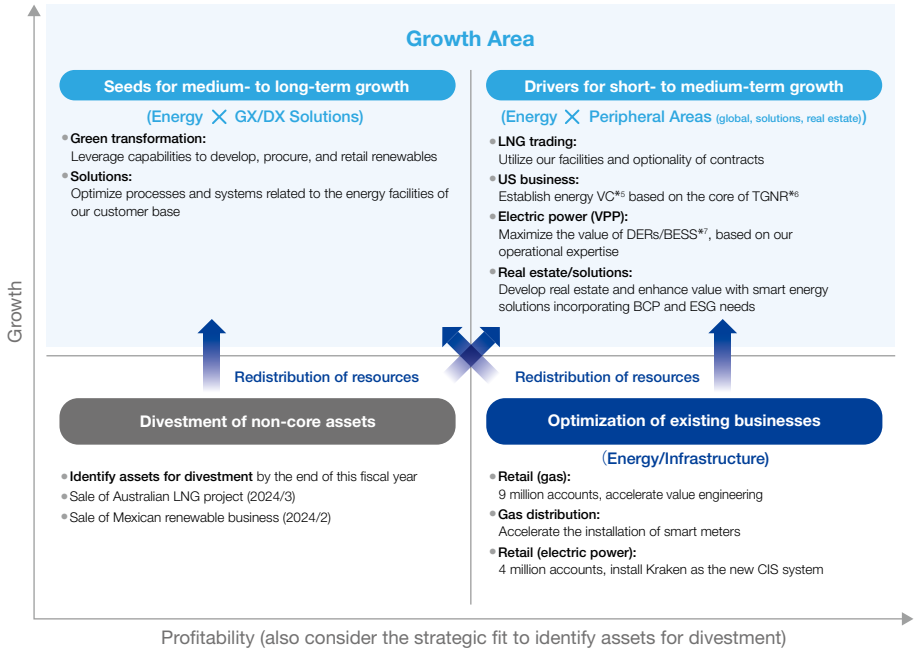
**A financial strategy that promotes growth investment**
- Step up investment in growth areas by selling/replacing assets and boldly revamping the cost structure

*1 $CO_2$ recovery/use/storage *2 Operation & maintenance *3 Technical work performed at customers' residences

## Compass Transformation 23–25

In our Medium-term Management Plan Compass Transformation 23–25, the Tokyo Gas Group has positioned the period from 2023 to 2025 as a time to transform our business model into one that contributes to a sustainable society and provides value to customers through solutions and businesses that go beyond our traditional focus on energy. During this period, the Group is driving a full-fledged shift toward portfolio management-based business operations.
While balancing growth investment with greater efficiency, we are steadily making strategic investments across multiple domains with differing profit contribution timelines, such as GX, solutions, LNG trading, power, overseas operations, and real estate.
In addition, to generate the management resources required for growth investment, we are reviewing our assets and businesses from the perspective of profitability and capital efficiency. Through these initiatives, we aim to achieve an ROE of 8% in FY2025.

### Business portfolio management for growth*4




*4 Reposted from materials published on January 31, 2025 *5 Value chain
*6 TG Natural Resources *7 Distributed Energy Resources / Battery Energy Storage System

# Carbon Neutrality Roadmap 2050

As a concrete pathway toward achieving net-zero $CO_2$ by 2050, set out in the Group's management vision Compass 2030, the Tokyo Gas Group formulated the Carbon Neutrality Roadmap 2050 in March 2024. Beyond 2030, the Group will continue to pursue a responsible transition that balances a stable energy supply with decarbonization and will drive a seamless transition to a carbon-neutral society through three approaches.

## Three approaches to realizing a carbon-neutral society

### The perspective of the best mix: Decarbonize both gas and electricity

For gas, we are introducing e-methane, and for electricity, we are expanding renewable energy. While ensuring a stable supply, we promote the decarbonization of the gas and electricity supplied to customers.

### The perspective of demand/supply sides: Partner with customers

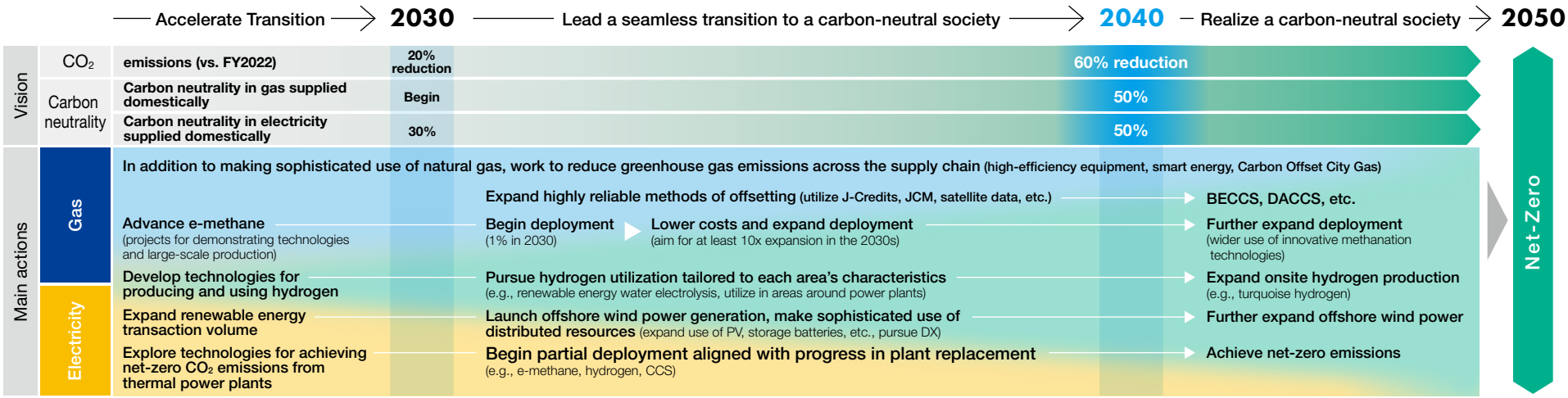
We are expanding the adoption of distributed resources such as solar power, storage batteries, and Ene-Farm, and by combining these with our own assets, we aim to optimize energy use together with our customers.

### The perspective of real-world innovation deployment: Optimize social benefits

At present, it is not clear which technologies, such as e-methane, hydrogen, or CCS, will be adopted and expanded. While maintaining multiple options, we will flexibly deploy innovations in society based on the S+3E framework, Japan's core energy policy, which aims to simultaneously achieve stable supply, economic efficiency, and environmental suitability, all under the overarching premise of ensuring safety and adapting to changing circumstances.

## The concrete path to achieving net-zero $CO_2$

For gas, we will advance the high-efficiency use of natural gas and reduce greenhouse gas emissions across the entire supply chain. From 2030, we will begin introducing e-methane, working to reduce costs and expand adoption, while also mobilizing all available measures, including the expansion of biogas, hydrogen, and highly reliable methods of offsetting.
For electricity, in addition to expanding renewable energy such as solar and offshore wind, we will advance the decarbonization of thermal power plants—which play a role in balancing renewable energy—by transitioning them to zero-emission facilities in line with replacements and upgrades.
For hydrogen, which serves as both a feedstock for e-methane and as fuel for zero-emission thermal power plants, we will advance the development of production and utilization technologies aimed at cost reduction, while also promoting utilization tailored to regional characteristics. Through these initiatives, we aim to reduce greenhouse gas emissions across the entire supply chain, including upstream activities, by 60% by 2040 compared with FY2022 levels, achieve a 50% carbon neutrality rate for both gas and electricity, and further increase this ratio thereafter, with the ultimate goal of realizing $CO_2$ net zero by 2050.

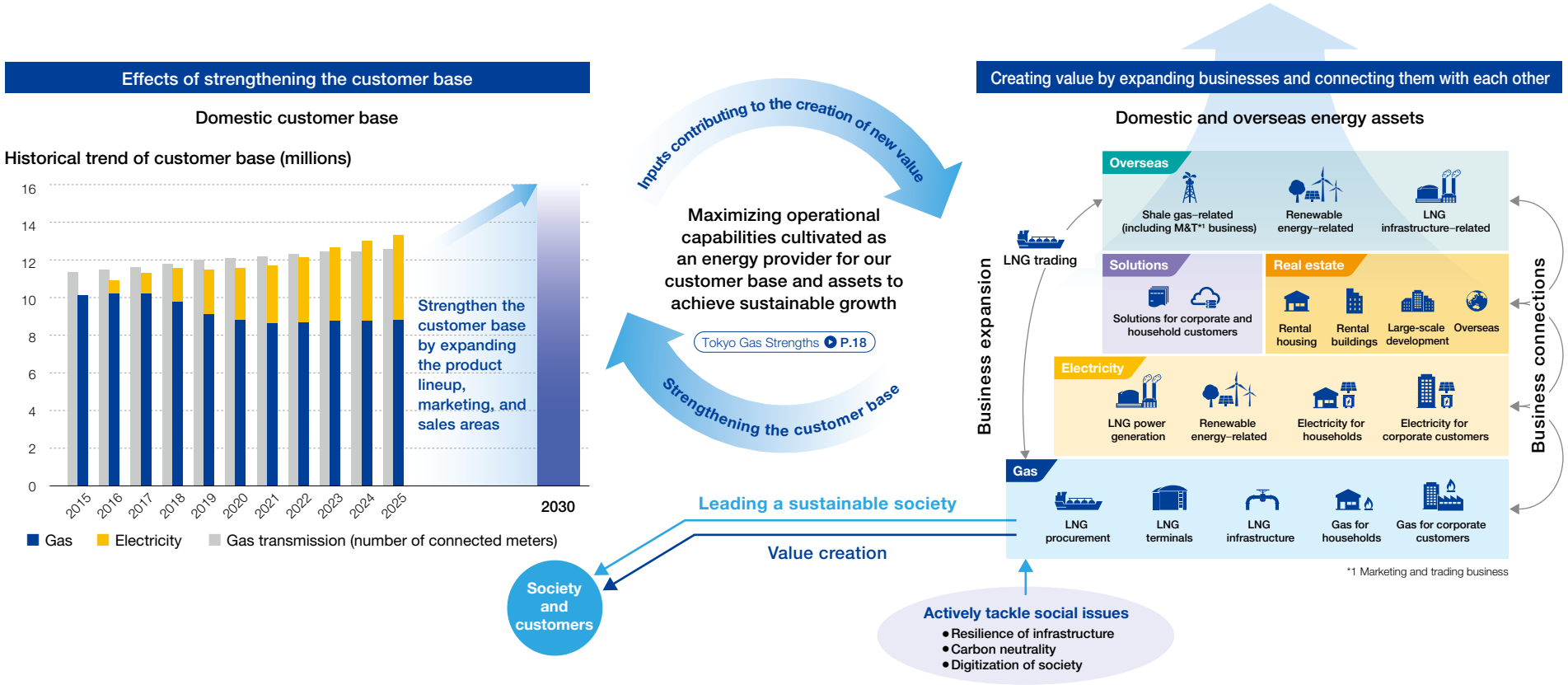


# Growth Story For the Next Medium-term Management Plan

Building on the Compass 2030 Vision, and as we enter the final year of the current Medium-term Management Plan, which marks an important milestone, we announced on March 26, 2025, a growth story toward 2030 that will serve as the basis for growth investments in the next Medium-term Management Plan.

## Growth Story For the Next Medium-term Management Plan

The Group's first strength is its strong domestic customer base. Centered on the Tokyo metropolitan area, one of the world's largest markets, we have continued to increase customer accounts even after the full liberalization of the electricity and gas retail markets. Going forward, we will further strengthen this customer base—our core strength—by expanding our products, sales methods, and service areas.
Another key strength is our domestic and overseas energy assets, built primarily through the gas business. Leveraging our gas infrastructure and customer base, we have expanded our business domains to electricity, solutions, urban business, and overseas operations, creating synergies across businesses. Our future strategies are a continuation of this approach.
To enhance corporate value, our top priority is to transform the business portfolio and improve the profitability and asset value of each business by concentrating management resources in areas where we can fully leverage our strengths and operational capabilities developed as an energy provider. Building on this foundation, we will pursue disciplined growth investments, expand into adjacent business domains, and connect our businesses to achieve sustainable growth. In addition, we will proactively address social challenges such as strengthening existing infrastructure, achieving carbon neutrality, and advancing digitalization, thereby taking a leading role in creating a sustainable society.



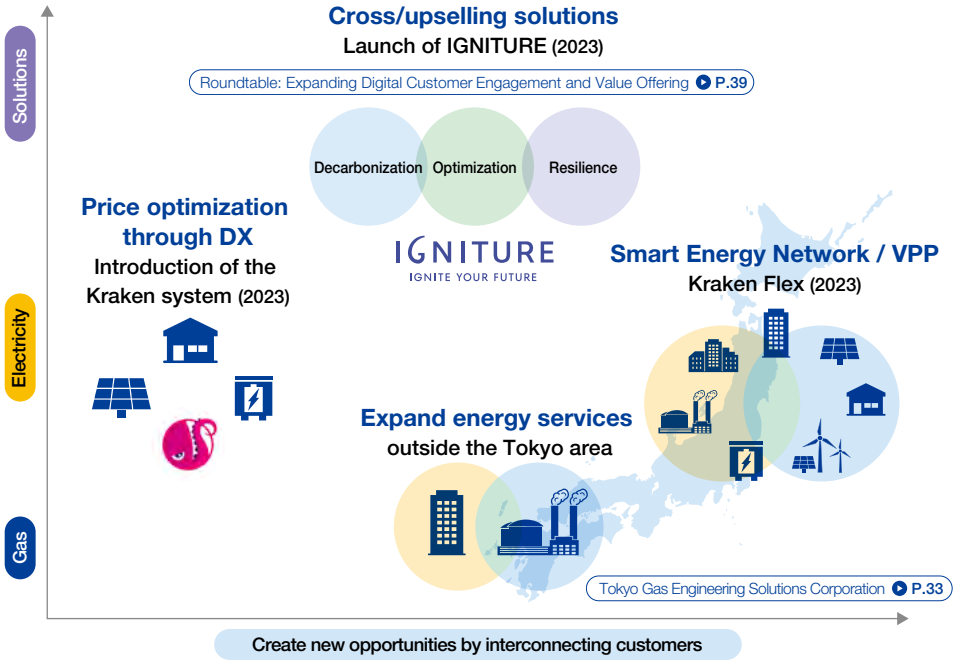
Growth Story For the Next Medium-term Management Plan

# Business Growth Story (Energy Solutions)

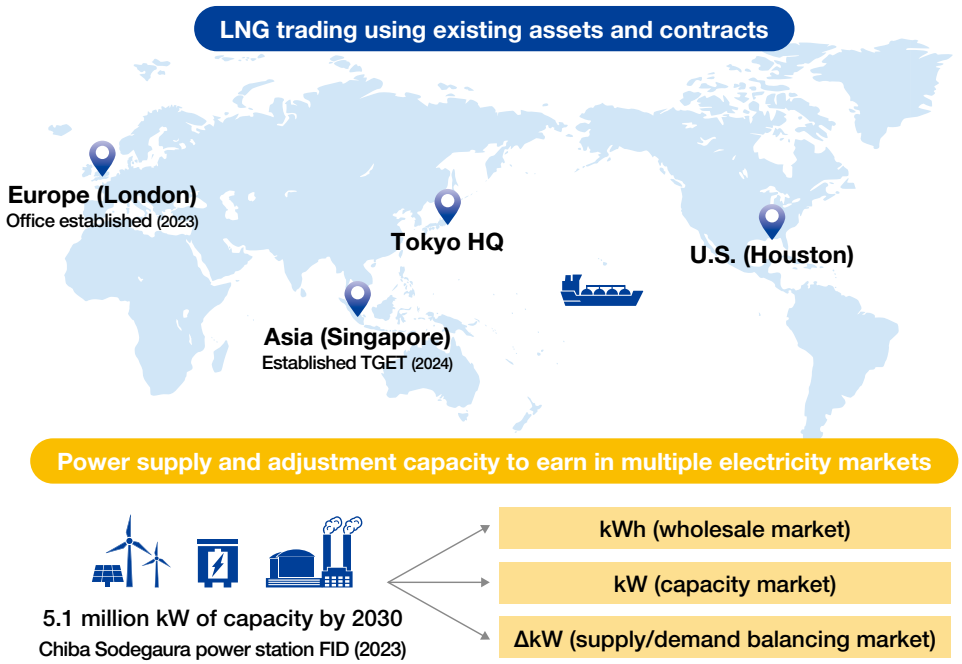
## Strengthening the Energy Solutions segment and creating new sources of revenue

In the Energy Solutions business, we aim to increase profitability per customer through the provision of optimized services and the expansion of service menus, leveraging digital technologies. At the same time, we will strengthen our customer base by broadening our product offerings and service areas. In addition, by utilizing gas and electricity assets, we will generate new revenue through LNG trading and the electricity market.

### Increase profit per customer × expand customer base




### New revenue leveraging the optionality of our assets




### Profit and scale

| | | | |
|---|---|---|---|
| Operating profit | ¥115 bn/year*1 (Average for 2020–2024) | ▶ | ¥130 bn/year (For FY2025–FY2030) |

Cumulative CAPEX for 2026–2028 ¥700 bn~

Profits from Gas/Electricity/Solutions, excluding sliding time lag (Solutions excluding Urban Development).

*1 Excludes FY2022 due to increased commodity price volatility

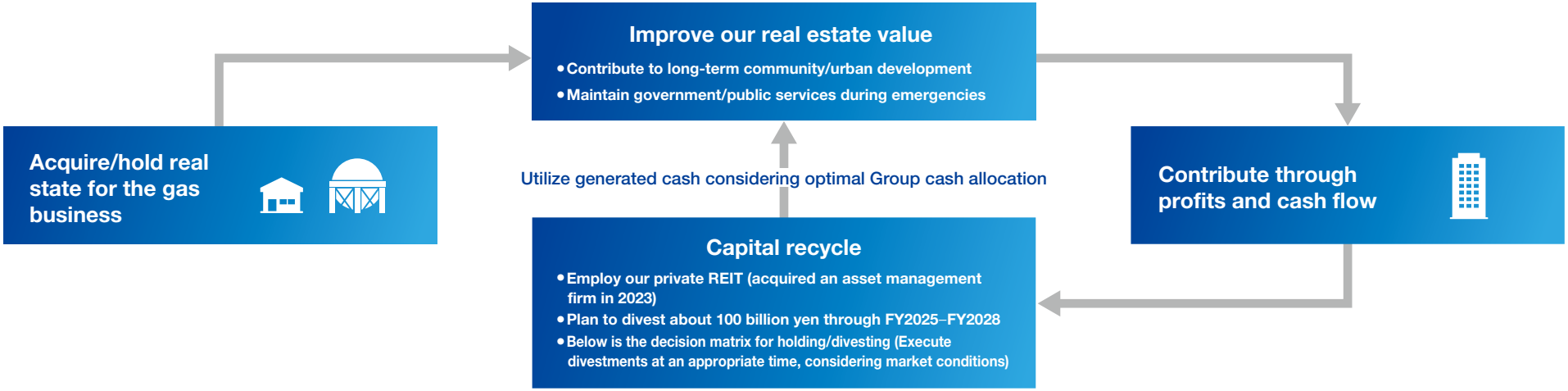
Growth Story For the Next Medium-term Management Plan

# Business Growth Story (Urban Development)

## Enhancing Urban Development value through capital recycling

The Urban Development segment originated from landholdings for the gas business. Going forward, by integrating real estate and energy systems in development and operation, we aim to increase the value of owned properties while providing cities and communities with benefits such as environmental performance and resilience. As part of near-term asset divestment, including those planned for FY2025, sales of approximately 100 billion yen are expected by FY2028.

### Value enhancement cycle for Urban Development




**Premise** Decisions are made on the premise that all shareholders will benefit from the long-term economic value of the real estate.

**Synergy**
- Regional symbiosis and integration with the energy business
- Importance for maintaining regional resilience and stable supply
- Need for profit/cash flow for overall Group portfolio and growth investments

**Economics**
- Returns consistent with normal real estate businesses
- Value creation opportunities in the medium to long term

### Profit and scale

| | | |
|---|---|---|
| Operating profit | ¥17 bn/year (Average for 2020–2024) | ¥30 bn/year (For FY2025–FY2030) |

Cumulative CAPEX for 2026–2028 ¥100 bn~

Growth Story For the Next Medium-term Management Plan

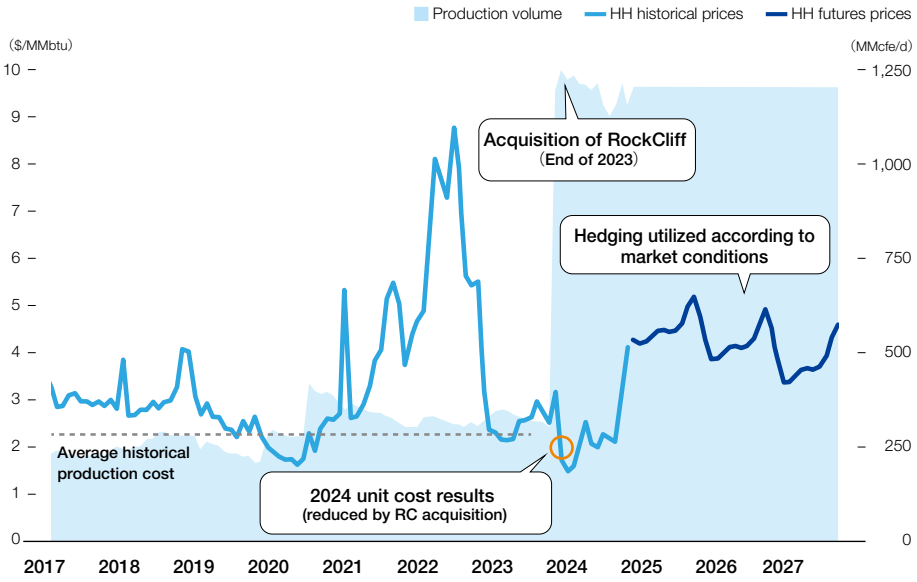
# Business Growth Story (Overseas)

## Business expansion in North America and beyond, centered on the shale gas business

The export volume of U.S. LNG is expected to increase from FY2025 onward, further highlighting the importance of the Haynesville region, where the Group's shale assets are concentrated. The local management team, experienced in upstream operations, maintains high profitability by operating the fourth-largest production block in the region at low cost. To stabilize earnings, hedging is also employed. Expansion into midstream and downstream businesses within the United States, combined with coordination with LNG procurement and sales for Europe and Asia, will allow the Group to stabilize profits while continuing to grow the business.

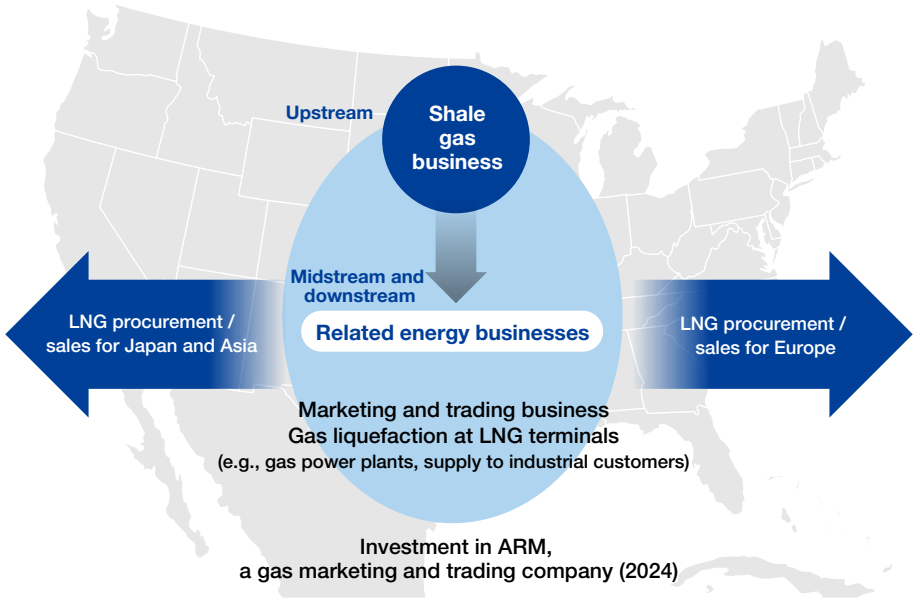
### Expanding production in concentrated areas to suppress production costs

Henry Hub (HH) prices and the Group's production trends




Note: Reposted from materials published on March 26, 2025

### Expand the business centered on the shale business




### Profit and scale (Shale business stand-alone) Assumed Henry Hub price of $3.2/MMbtu

| | | | |
|---|---|---|---|
| Operating profit | **$90** mn/year (average for 2020–2024) | ▶ | **$450** mn/year (for FY2025–FY2030) |

Cumulative CAPEX for 2026–2028 **$1.9** bn~

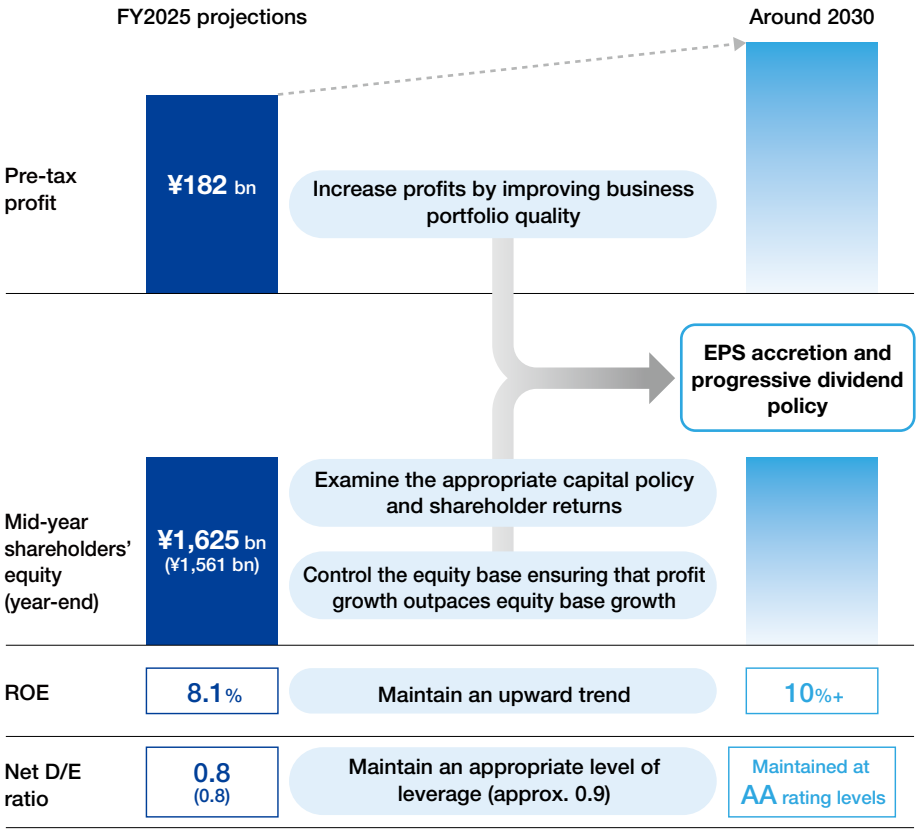
Building on past shale investment experience, Tokyo Gas acquired a minority stake in TGNR in 2017, accumulated expertise, acquired a majority stake in 2020, and has continued business expansion since.

Growth Story For the Next Medium-term Management Plan

# Financial Strategy

## Capital policy for sustainable corporate value enhancement

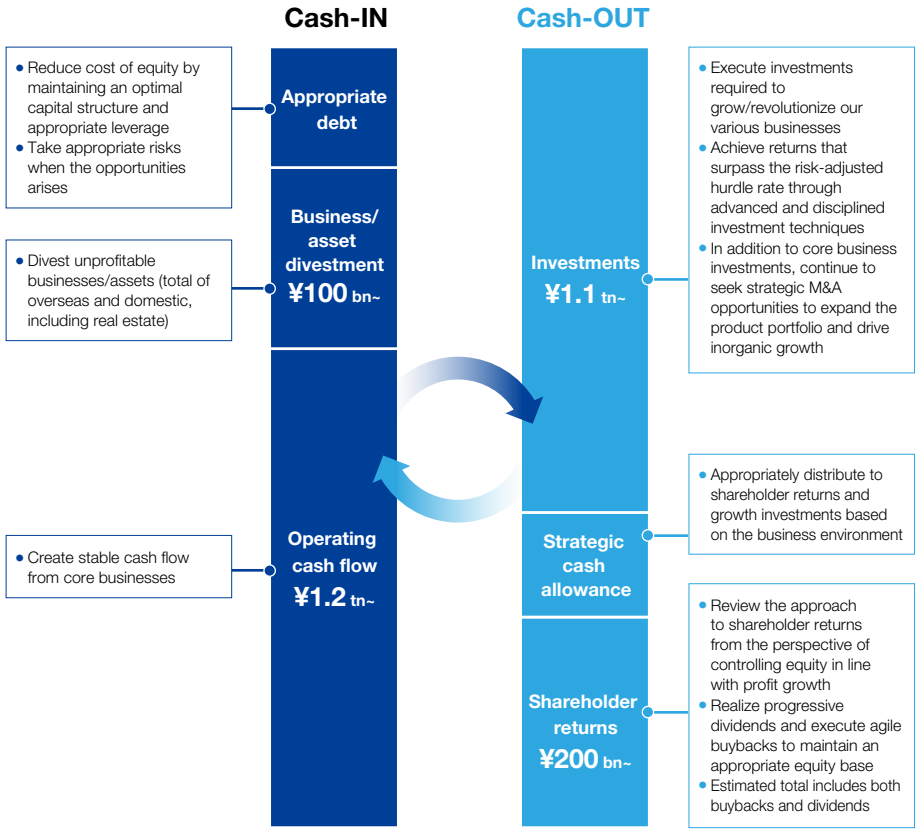
Under our capital policy, we will maintain appropriate leverage while ensuring capital adequacy and financial soundness to support ROE against medium-term business risks. From the perspective of equity control based on profit growth, we will continue to review our future capital policy and shareholder returns. By combining steady profit growth with agile share buybacks, we aim to enhance earnings per share (EPS) and implement progressive dividends.




Note: As of March 26, 2025

## FY2026–FY2028 Capital Allocation Plan

On the cash inflow side, we expect to generate more than 1.2 trillion yen in operating cash flow, primarily from stable earnings in our core businesses, and to create more than 100 billion yen through asset divestment as part of improving asset efficiency and capital recycling. On the cash outflow side, we will appropriately utilize debt and, adhering to disciplined investment practices, make approximately 1.1 trillion yen in investments for growth and transformation while executing shareholder returns exceeding 200 billion yen. Strategic funds will be allocated primarily to growth investments, with any surplus funds returned appropriately, taking into account business conditions.




Note: Estimated figures. To be confirmed with the Medium-term Management Plan.

# Supporting continuous corporate value enhancement through financial and capital strategies focused on capital efficiency

## Must: Achieving an ROE of 8% in FY2025 and growth beyond

Managing Executive Officer, CFO
**MINAMI Taku**

## Responsibilities as CFO
### —Supporting management decisions from both financial and non-financial perspectives—

Rising geopolitical risks, energy price volatility, and waves of technological innovation, including GX (green transformation) and DX (digital transformation), are driving structural changes in the energy industry. We regard this turbulent era as our "Third Founding" and are accelerating transformations for the future. As CFO, I view this as an ideal opportunity to evolve ourselves into a more resilient and capital-efficient company.

My mission is to support management decision-making, including that of the CEO, from the perspectives of risk and financial soundness, leveraging my expertise in finance and accounting. My role is to provide accurate financial information and guidance, enabling the company to confidently accelerate the execution of growth strategies. While this might at times seem like applying the brakes, I believe it ultimately drives the Tokyo Gas Group's sustainable growth into the future.

In fulfilling this mission, I focus on whether our initiatives truly contribute to sustainable corporate value enhancement. Strong short-term performance is meaningless if it is only temporary. At the same time, accumulating short-term results and translating them into next actions is essential for driving medium- to long-term corporate value. I continually ensure that we remain aligned with a consistent growth story and take the necessary measures to advance it.

I am now in my second year as CFO. Since my appointment, I have been sincerely listening to opinions from the capital markets and taking proactive actions based on that feedback. We view the prolonged situation of a price-to-book (P/B) ratio below 1.0x as a management challenge and are fully committed to implementing management practices with a focus on both the cost of capital and stock price.

We place importance on segment profit, return on equity (ROE), and return on assets (ROA) as key management targets. In particular, ROE is an important measure not only of profitability but also of the "quality of improvement" and "capital efficiency." Ensuring that the value we create exceeds shareholders' expectations, and responding quickly and flexibly, is one of my most important missions as CFO. We are committed not only to short-term stock price increases but also to sustainably enhancing corporate value to meet stakeholders' expectations.

At the same time, ROA serves as a balance sheet efficiency indicator, helping to reduce excess cash and working capital and optimize total assets. We also use ROA as a proxy for return on invested capital (ROIC), checking whether our investments generate adequate returns over invested capital relative to the weighted average cost of capital (WACC), ensuring that our investments earn sufficient spreads and are appropriate for the capital deployed.

In enhancing corporate value, financial and non-financial information are inseparable. Initiatives addressing climate change and investments in human capital are no longer merely costs; they are critical up-front investments that generate future cash flows. In particular, we will continue to prioritize investing in the development and acquisition of talent essential for driving business transformation.

Our ESG initiatives are likewise indispensable for mitigating future business risks and creating new revenue opportunities. We aim to provide a compass for maximizing corporate value from both financial and non-financial perspectives and to communicate our progress carefully through dialogue with stakeholders. Over the past year, the Board of Directors has actively engaged in discussions on sustainability management, leading to revisions of our FY2025 materiality.

As the executive responsible for both sustainability and oversight of financial and non-financial matters, I will communicate to internal and external stakeholders how non-financial information relates to corporate value over time and clearly convey an integrated management strategy that unites both dimensions to internal and external stakeholders.

## Progress and financial evaluation of the current Medium-term Management Plan
### —Aiming to enhance capital efficiency—

The current Medium-term Management Plan is progressing smoothly toward achieving the profit targets set out in the "Compass 2030 Vision."

Overseas, we have executed an asset rotation by divesting upstream assets in Australia and making growth investments in the North American shale gas business, achieving steady profit growth. Domestically, we launched the solution brand IGNITURE," and we expect the solutions business to become the next core pillar alongside gas and electricity.

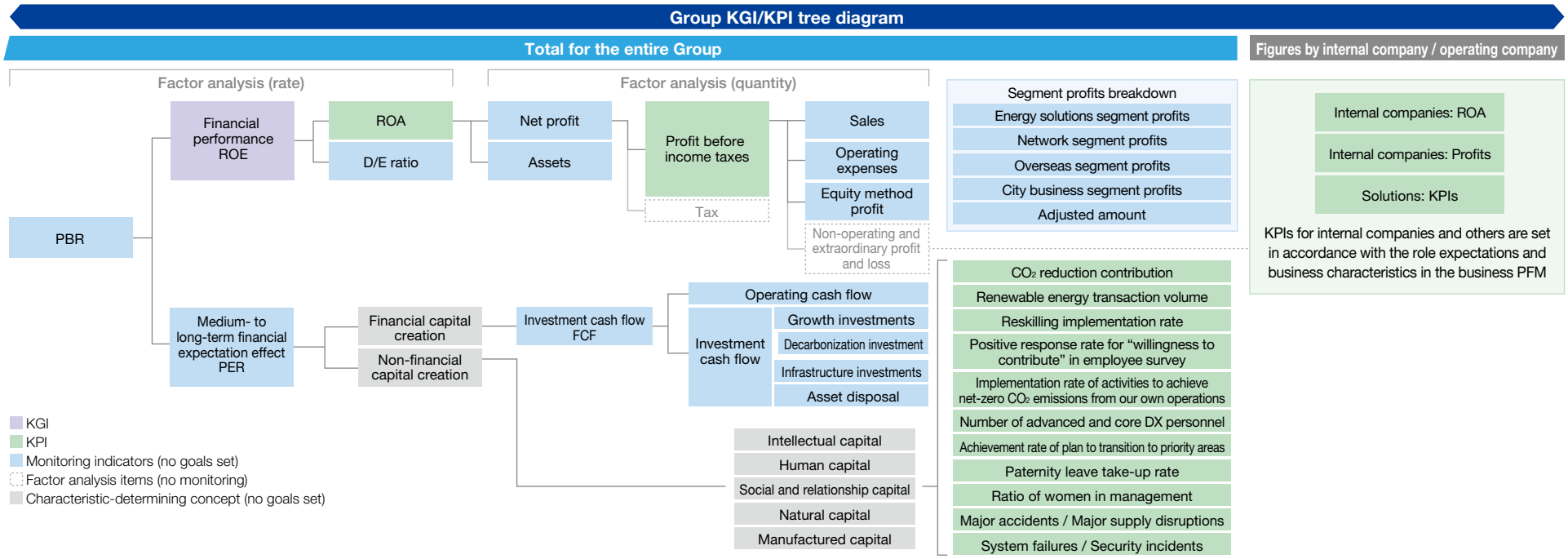
Regarding GX, despite a challenging investment environment, we have been exploring and selectively investing in projects both domestically and internationally while carefully managing risks, accumulating experience and know-how toward a future carbon-neutral world.

In FY2023—the first year of the Medium-term Management Plan—we achieved record-high levels of profit and cash flow generation, as we did in FY2022, leveraging our superior raw material procurement capabilities amid significant changes in the business environment, including soaring resource prices.

Strong performance driven by growth investments, however, led to an expanded balance sheet, resulting in lower capital and asset efficiency. Retained earnings accumulated more than expected, with shareholders' equity rising from 1.2 trillion yen at the end of FY2021 to approximately 1.7 trillion yen at the end of FY2023, the first year of the Medium-term Management Plan. Total assets also increased from about 3.2 trillion yen to roughly 3.9 trillion yen. In addition, profit growth was constrained by high depreciation and fixed costs, resulting in ROE falling below 8% and ROA below 4% in FY2024.

In response to this situation, we are advancing transformation from both profitability and efficiency perspectives. From the second half of FY2024 onward, we began balance sheet optimization with prompt and decisive action. As part of our capital policy to improve capital efficiency, we implemented an additional shareholder returns in addition to the basic shareholder returns by 80 billion yen in FY2024, implementing a total share repurchase of approximately 120 billion yen, and further approved an additional repurchase of up to 120 billion yen in the first half of FY2025. These initiatives are designed to maintain shareholders' equity at an appropriate level and underscore our strong commitment to enhancing ROE.

### KGI/KPI tree diagram



Starting in FY2024, we have implemented a company-wide "KGI/KPI tree," placing P/B ratio improvement as the key goal indicator (KGI). By cascading metrics such as ROE and ROA down to concrete actions at each business unit, we are fostering a corporate culture in which all employees are conscious of capital efficiency.

At the Management Committee, capital policy—particularly the improvement of capital efficiency—has been a primary focus of discussion. Even at the Board of Directors, where two-thirds of members are outside directors, we have engaged in broad and active discussions not only on specific capital policies but also on the fundamental principle that cash flow growth drives corporate value and that growth investments are a prerequisite for achieving it.

Going forward, we will continue to unite as a company in our efforts to enhance corporate value.

In FY2025, the final year of the Medium-term Management Plan, we are committed to achieving an ROE of 8% and will enhance capital efficiency through a multifaceted approach, including improving the profitability of core businesses, optimizing cost structures, utilizing and divesting non-core assets, and managing shareholders' equity.

## Three pillars for sustainable ROE improvement
### —Balance sheet management—

Our financial strategy is built on three pillars, with the ultimate goal of fundamentally strengthening cash generation capabilities. We focus on the quality of profits and aim to maximize the free cash flow generated from our businesses.

### Accelerating business portfolio reform

Under the current Medium-term Management Plan, we have been strengthening business portfolio management across all businesses, including real estate, and shifting management resources toward growth areas to realize "Compass 2030 Vision."

In our core businesses, we are thoroughly improving operational efficiency and optimizing assets to establish a stable cash-generation foundation. At the same time, in growth businesses, we are making selective investments to lead future markets.

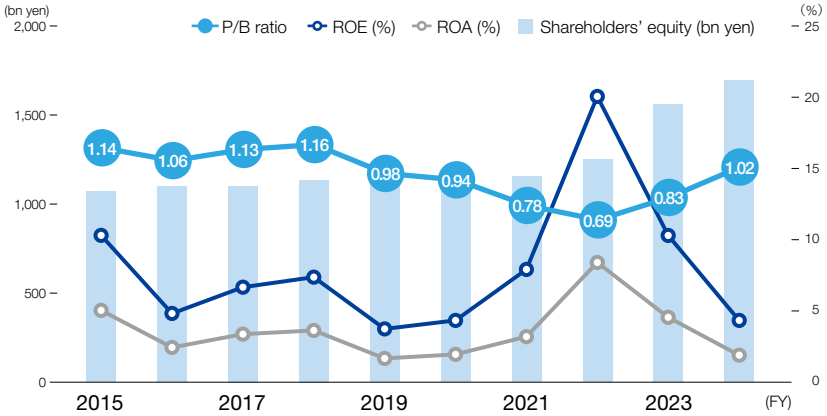
To realize our long-term growth strategy, investment decisions must be made with the target portfolio aligned with. We assess the cash generation and growth potential of each business, clarify its role within the overall portfolio, and advance our portfolio strategy accordingly.

In FY2024, we strengthened ROA management for each internal company and operating company, and as part of this initiative, conducted a "comprehensive business review" of all assets, including real estate, without exception. Based on the results, we are advancing the divestment of cross-shareholdings and assets with limited potential for value enhancement.

These actions not only contribute to profits in FY2024 and the FY2025 plan, but the cash generated will be reinvested in high-growth areas such as overseas businesses. Through this asset recycling, we aim to fundamentally improve overall corporate asset efficiency and optimize the balance sheet.

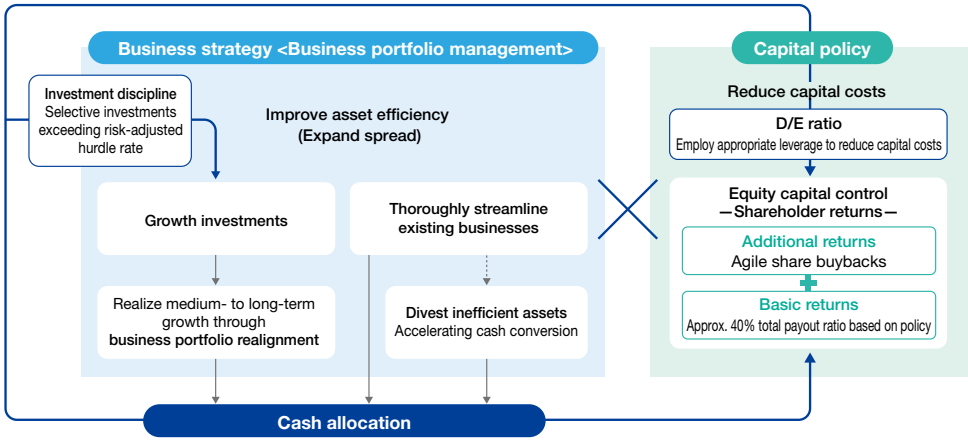
In the next Medium-term Management Plan, we will place even greater emphasis on the returns expected by the capital markets and advance corporate value creation by considering the introduction of ROIC, which reflects the earning power of our businesses. Building on our existing ROA management, we will incorporate awareness of the cost of capital and the effective use of surplus cash, linking actions across the entire Group to WACC-conscious decision-making and further enhancing business portfolio management.

### P/B ratio, shareholders' equity, ROA, and ROE




Note: Figures for FY2023 and earlier are based on data before retrospective application of U.S. GAAP.

### Balance sheet management



## Strict discipline for growth investments

Growth investments are essential for the sustainable enhancement of corporate value. We are advancing the sophistication of our investment process to continuously secure, select, and rotate high-quality investment opportunities.

We have further strengthened investment discipline. Each business unit first prepares a comprehensive "long list" of potential investment projects. These are then reviewed in detail in coordination with the corporate division and consolidated into a "department-level short list." "The Pipeline Committee," led by the corporate division, creates and manages "the company-wide short list."

The Pipeline Committee regularly assesses each project's strategic significance and alignment with the overall corporate strategy, prioritizing projects based on profitability, growth potential, and stability. This enables investments to be evaluated and selected from a cross-company perspective.

Through this process, we maintain a continuous investment pipeline while securing free cash flow by focusing on high-priority projects.

Final investment decisions are made through the Investment Evaluation Committee and the Management Committee. In economic evaluations, we primarily use net present value (NPV) and internal rate of return (IRR), selecting only projects that exceed a hurdle rate reflecting business risks, the cost of capital, and other applicable premiums.

We also conduct a multifaceted assessment, considering the reasonableness of underlying business environment assumptions (both macro and micro), impacts on the Group's financial statements, and potential maximum risk exposure. For M&A, we evaluate strategic significance, goodwill, and post-merger integration (PMI) plans aimed at value creation.

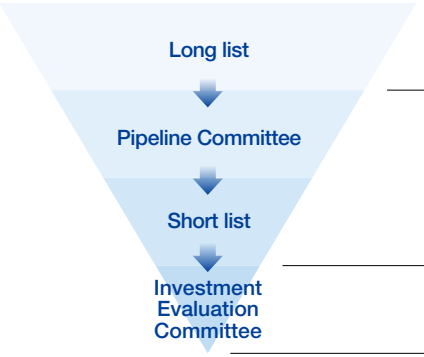
Even after execution, projects are continuously and periodically monitored. We regularly review evaluation criteria and checkpoints for future investment decisions, establishing a system that leverages lessons learned from past investments.

## Optimization of the capital structure

To fulfill our social responsibility of providing a stable supply of gas and electricity, a strong financial foundation is indispensable. Given our large-scale infrastructure assets, we require a certain level of capital buffer not only to ensure a stable energy supply but also to mitigate potential risks such as market fluctuations and customer attrition.

At the same time, maximizing shareholder value necessitates the appropriate use of financial leverage. To reconcile these two requirements, we target a domestic credit rating of AA and a net D/E ratio of approximately 0.9. This approach enables us to maintain sufficient capital reserves against business risks while restraining excess equity, thereby pursuing an optimal capital structure.

### Investment process




Future investment candidate pool (proposed by each business unit)
Approximately 150–200 projects*

Projects are prioritized and narrowed down from the overall investment pool based on profitability, growth potential, and stability, and consolidated into a short list (carried out by management).
Approximately 15–20 projects per year*

Advisory body for investment decision-making
Approximately 10–20 projects per year*

* Project counts are limited to strategic investments.

### Investment evaluation approach

**Investment evaluation**

1. Investment significance: Alignment with business strategy, the objectives to be achieved through the investment, and their reasonableness and feasibility
2. Economic viability: Reasonableness of underlying assumptions, verification of NPV and IRR, and impact on the P/L, balance sheet, and financial indicators
3. Risks and countermeasures: Identification of multifaceted risks, analysis of impact and occurrence frequency, and assessment of the adequacy of countermeasures
4. Post-investment follow-up and exit strategy: Establishment of monitoring indicators and exit criteria

Examples of risks

| Energy solutions | Urban Development (real estate) | Overseas business |
|---|---|---|
| • Risk of fluctuations in fuel prices<br>• Credit risk<br>• Risks related to construction through maintenance<br>Others | • Vacancy risk<br>• Rent fluctuation risk<br>• Risks related to development through repairs<br>Others | • Market price fluctuation risk<br>• Risk of variations in resource reserves and power generation<br>• Risks related to business operations<br>Others |

**Common** Country risk, regulatory change risk, natural disaster risk, environmental risk, inflation risk, others

**Follow-up** Continuous monitoring of the economic performance of existing investment projects and review of evaluation criteria and checkpoints for new investment projects

## Approach to shareholder returns
### —For the next Medium-term Management Plan period—

In recent years, we have placed greater emphasis on allocating funds to growth investments, such as overseas business and GX, gradually lowering the total payout ratio to around 40%. Our policy has been to enhance corporate value by using the cash generated for growth investments and to reward shareholders through the results of those investments. We recognize, however, that our communication to shareholders has not been fully sufficient, and we deeply reflect on this.

Cash allocation is prioritized as follows. First, growth investments conducted under strict discipline, as described above, take precedence, generating future cash flows that serve as the foundation of corporate value. Second, to directly return the fruits of this growth to shareholders, we implement a progressive dividend linked to sustainable profit growth. Third, surplus cash—excluding dividends, approximately equivalent to a 40% total payout ratio—is returned flexibly through share buybacks.

Furthermore, beginning last fiscal year, to achieve the FY2025 ROE target of 8%, in addition to basic returns based on the 40% total payout ratio, we have carried out additional, flexible share buybacks as a balance sheet management measure, taking capital efficiency into account.

We are currently holding active internal discussions on the future approach to shareholder returns. Our goal is to enhance earnings per share (EPS) through medium- to long-term profit growth and flexible share buybacks, while aligning progressive dividends and dividend increases with that performance.

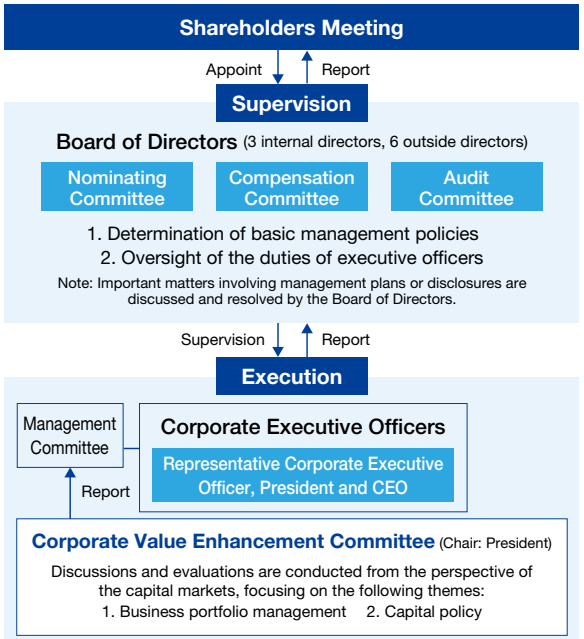
As we conduct further consideration of our shareholder return policy to achieve the target of ROE exceeding 10% around 2030, we will place even greater emphasis on dialogue with the capital markets than ever before.

## Promoting dialogue with the capital markets
### —Strengthening the IR framework—

To enhance corporate value through constructive dialogue with the capital markets, we have strengthened our IR framework and are enriching communication with investors.

In FY2025, we established a new post of Head of IR within the Financial Management Department and began strengthening the IR personnel structure. We are expanding opportunities for dialogue to deepen investors' understanding of our policies, while also incorporating their feedback into management to inform initiatives. In addition, we continue to work on improving disclosure materials, including earnings presentation materials.

### Corporate Value Enhancement Committee



In FY2024, we established the Corporate Value Enhancement Committee to address key themes in dialogue with the capital markets, including the business portfolio and capital policy. The committee serves as a task force for achieving the Medium-term Management Plan and management vision, integrating internal resources across the company to enable swift and coordinated deliberation. Its discussions are reported to the Management Committee and the Board of Directors, and as needed, communicated externally to stakeholders.

## Toward continuous corporate value enhancement

As I have emphasized, generating results that satisfy our stakeholders through the enhancement of corporate value remains our highest priority. Achieving the FY2025 ROE target of 8% is a key commitment, but it is not the ultimate goal—it is the starting point toward realizing an ROE exceeding 10% around 2030. Through the challenge we call our "third founding," we aim to establish forward-looking business models and consistently deliver sustainable value.

Looking ahead, we will continue to pursue sustainable corporate value enhancement through proactive information disclosure and constructive dialogue with all stakeholders. We sincerely appreciate your ongoing candid feedback and look forward to meeting your expectations for Tokyo Gas.

# Energy Trading Company

## Expanding Profits through Trading while Ensuring Stable Supply

The Energy Trading Company, which comprises the LNG Procurement Division (handling LNG contracts and transportation), the Electric Power Division (responsible for power source development and procurement), and the Production Division (managing LNG terminals and power plants), aims to expand profits through its proprietary Asset Optimization & Trading (AO&T)*1 while ensuring a stable energy supply and delivering optimal solutions to customers. Specifically, the company leverages the operational flexibility of its extensive LNG-related assets to integrate LNG and power operations, generating profits through trading. In the electricity sector, it also seeks to monetize solutions via a digital trading platform.

Senior Managing Executive Officer, Chief Executive of Energy Trading Company **SUGESAWA Nobuhiro**

### Opportunities

- Growing demand for LNG as a transition energy
- Expansion of LNG trading opportunities due to high LNG market volatility
- Increased revenue opportunities in multiple electricity markets (wholesale market, capacity market, supply/demand balancing market)

### Risks

- LNG procurement disruption due to geopolitical risks, etc., related to the import of LNG
- Supply disruption due to damage to production, supply, power generation facilities, etc., caused by large scale disasters
- Impact on earnings due to fluctuations in LNG and electricity wholesale market prices and costs of LNG and fuels

### Competitive advantages

- Extensive LNG-related assets, including LNG procurement contracts, LNG terminals, and LNG carriers, as well as LNG handling volume and operational capability
- Strong trading network and creditworthiness in LNG markets
- Scale of the electricity business (generation and retail) and expertise in advanced forecasting logic for power trading

## Business strategy

### Increasing the sophistication of AO&T

We will leverage the optionality of owned assets to generate new revenue streams through LNG trading and electricity markets. With LNG market volatility expected to remain high, we will secure LNG with high optionality—such as flexible volumes and shipping arrangements—and further enhance AO&T to maximize trading profits. By 2030, we aim to achieve a trading volume of five million tons.

In the electricity sector, we are advancing the construction of Chiba Sodegaura Power to ensure generation capacity keeps pace with growing demand. In addition, as renewable energy adoption progresses and the need to operate across multiple electricity markets rises, we aim to expand profits from power trading by securing diverse generation resources and balancing capacity, optimizing their operation across markets. We are working toward securing 5.1 million kW of generation and balancing capacity by 2030.

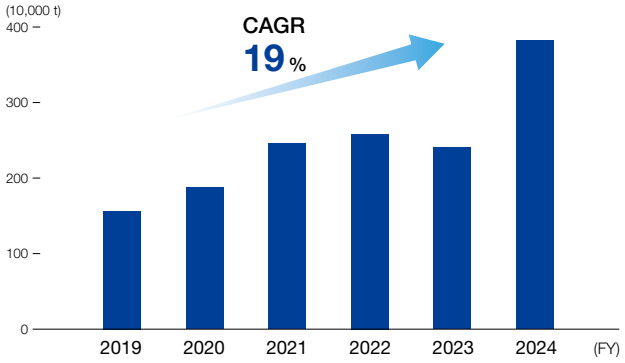
### Establishing a digital trading platform at an early stage

We are developing a digital trading platform essential for advancing energy trading in the electricity sector. Leveraging this platform, we aim to generate revenue through solutions that aggregate third-party resources, as well as through grid storage batteries and renewable energy operating services.

## Main actions for FY2024

- Established TG Energy Trading Pte. Ltd. in Singapore
- Entered the battery energy storage business in earnest, commencing construction of the Tsunokobaru battery station in Oita Prefecture and concluding an offtake agreement for the Hirohara battery station in Miyazaki Prefecture
- Began providing optimal operation services for grid storage batteries
- Completed construction of the Sodegaura Power Plant

### LNG Trading Volume




*1 Integrated operation of asset optimization and trading

# Customer & Business Solution Company

## Aiming for Profit Growth through Gas, Electric Power, and Solutions Businesses

The Tokyo Gas Group has a customer base of approximately 13 million, centered in the Tokyo metropolitan area—one of the world's largest markets—built through its gas and electric power businesses. To drive further growth, we have launched the solutions business brand IGNITURE and are working to establish it as the third pillar of earnings alongside gas and electric power. Through IGNITURE, we will expand and systematize solutions that deliver the values of "decarbonization," "optimization," and "resilience," anticipating the needs of customers and society. In addition, by expanding our product lineup, leveraging digital technologies for sales, and broadening our sales area, we aim to achieve profit growth across the three pillars of gas, electric power, and solutions.

Representative Corporate Executive Officer, Vice President, Chief Executive of Customer & Business Solution Company **OGAWA Shinsuke**

### Opportunities

- Growing interest in environmental and social contribution, as well as disaster preparedness
- Increasing diversity in lifestyles and values
- Expanding investment by companies to achieve decarbonization targets
- Continuing and rising demand for productivity improvement due to labor shortages and higher labor and raw material costs

### Risks

- Intensifying competition due to energy market liberalization
- Decline in gas demand from changes in lifestyles and business environments
- Increasing number of competitors providing GX and DX solutions

### Competitive advantages

- Strong customer base of approximately 13 million accounts, primarily in the Tokyo metropolitan area
- Community-based networks such as LIFEVAL, along with technical expertise in installation and repair of customer equipment
- One-stop solutions toward decarbonization, covering current-state assessment, implementation of reductions, and disclosure of information
- Solutions that achieve both GX and DX, with ongoing expansion of offerings

## Business strategy

Roundtable: Expanding Digital Customer Engagement and Value Offering P.39

### Residential gas, electric power, and solutions business

We aim to further expand our customer base by broadening our product lineup, sales methods, and sales areas to meet increasingly diverse lifestyles and values. Specifically, we are introducing Kraken, a highly scalable and flexible customer management system, to diversify and optimize energy pricing schemes. We also seek to expand digital engagement by promoting digital marketing and online sales utilizing myTOKYOGAS.* In addition, under the solutions business brand IGNITURE, we will deliver the values of "decarbonization," "optimization," and "resilience," enhancing profitability through cross-selling of energy and solutions to increase profit per customer.

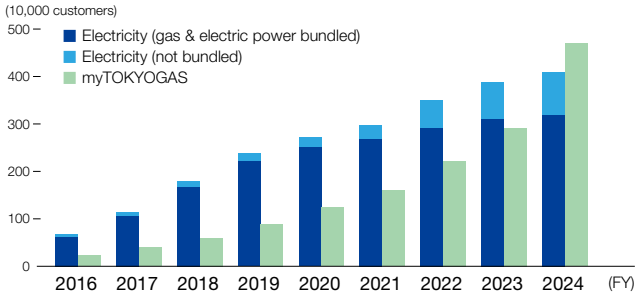
### New solutions business for corporate customers

In line with customers' growing investments, we will enhance and diversify decarbonization solutions across products, sales channels, and revenue models. At the same time, we will expand solutions that enhance productivity and ensure business stability together with partner companies, focusing on value, technology, and sales channels. By appropriately combining these solutions and tailoring value delivery to customer needs, we will scale up our new solutions business.

## Main actions for FY2024

- Launched the IGNITURE storage battery, a solution to control charging and discharging of home storage batteries
- Strengthened installation capabilities for solar power systems and storage batteries by making a contractor company a subsidiary, supporting the expansion of residential solutions
- Invested in a carbon fund aimed at generating highly reliable nature-based carbon credits
- Provided power purchase agreement (PPA) services for slate-roof facilities using an independently developed solar panel installation method
- Accelerated optimal control of heat source equipment using AI, supported by a subsidy program from the Tokyo Metropolitan Government

### Number of Electricity Customers / myTOKYOGAS Accounts




* myTOKYOGAS: Tokyo Gas web membership service

# Tokyo Gas Engineering Solutions Corporation

## Becoming a Co-creation Partner That Addresses the Management Challenges of Corporate Customers Nationwide

By consolidating the Tokyo Gas Group's corporate sales, we provide solutions, gas, electricity, and engineering services in a one-stop manner to corporate customers nationwide. Acting as a co-creation partner focused on addressing customers' management challenges, we aim to contribute to sustainable business operations and society. Leveraging our advanced engineering capabilities, we are accelerating proposals under the IGNITURE brand, which delivers the values of "decarbonization," "optimization," and "resilience," establishing solutions as the third pillar of earnings alongside gas and electricity.

Managing Executive Officer, President, Representative Director of Tokyo Gas Engineering Solutions Corporation **KONISHI Yasuhiro**

### Opportunities

- Growing electricity demand, particularly from data centers
- Expansion of GX solution needs amid the decarbonization trend
- Continued and growing demand for productivity improvements due to labor shortages and rising labor and raw material costs
- Increasing demand for storage batteries to effectively utilize renewable energy and enable demand response

### Risks

- Rapid changes in the market environment due to the advancement of decarbonization
- Policy changes by national or local governments, including laws and regulations
- Supply disruption due to damage to equipment and plants caused by large scale disasters
- Project cancellations or delays due to rising construction costs

### Competitive advantages

- One-stop proposals of solutions, gas, electric power, and engineering as an energy consultant
- Extensive user's know-how and engineering solution capabilities for plants and equipment
- Track record of more than 1,000 energy service projects nationwide

## Business strategy

### Nationwide rollout of solutions

We provide solutions, gas, electric power, and engineering services in a one-stop manner not only to customers in the Tokyo metropolitan area but also to a wide range of customers across Japan and overseas.

For gas and electricity, we promote the provision of environmental value through initiatives such as Carbon Offset City Gas and corporate PPAs, incorporating energy transition measures, renewable energy, and credits during the transition period. For solutions, we expand our customer base by supplying cogeneration systems and renewable electricity to sectors with growing power demand, such as data centers. Under the solutions business brand IGNITURE, we deliver the values of "decarbonization," "optimization," and "resilience," supporting corporate customers nationwide in addressing their management challenges.

### Promotion of engineering of renewable energy and decarbonization

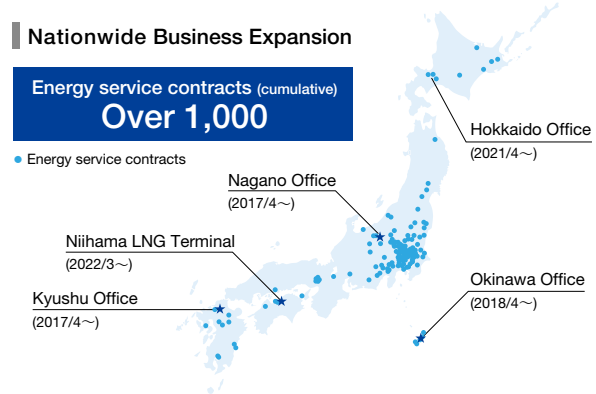
We will steadily advance our engineering business for LNG terminal construction and pipeline installation, leveraging the technical expertise and know-how the Group has cultivated to date. In growth areas related to renewable energy and decarbonization, we aim to expand our business by taking on engineering as well as operation and maintenance projects for solar, biomass, and geothermal power, in addition to wind power.

## Main actions for FY2024

- Achieved the world's first direct-fire whiskey distillation using hydrogen at Suntory's Yamazaki Distillery
- Commenced full-scale energy supply to One Bangkok, Thailand's first urban district cooling system
- Started operation of a lithium-ion storage battery (the largest scale for a domestic factory) linked with a solar power system at Honda's Kumamoto Factory
- Began power generation and construction of heat transport facilities at the Waita No. 2 geothermal power plant in Kumamoto Prefecture
- Launched the first gas cogeneration system energy service for a national university corporation at the University of the Ryukyus Hospital and Nishifutenma Campus

### Nationwide Business Expansion

Energy service contracts (cumulative)
**Over 1,000**



# Regional Co-creation Company

## Contribute to Solving Regional Challenges and Grow Together with Local Communities

This company was established in 2023 to provide one-stop solutions centered on decarbonization to regions and municipalities accelerating efforts toward carbon neutrality. In addition to supplying gas wholesale to surrounding gas utility companies and operating affiliated city gas businesses, we offer a range of solutions to local governments to address regional challenges. Leveraging the trust and strong local presence the Tokyo Gas Group has cultivated since its founding, we aim to maximize earnings while acting as a policy partner for municipalities, growing and developing together with local communities.

Managing Executive Officer, Chief Executive of Regional Co-creation Company **KONISHI Masako**

### Opportunities

- The importance of natural gas in national energy policy
- Accelerated decarbonization efforts following municipalities' carbon neutrality declarations
- Growing demand for resilience-related solutions, including disaster prevention and mitigation

### Risks

- Delays in providing solutions due to the increasing diversity and complexity of challenges faced by municipalities
- Intensified competition and potential market share decline from multi-industry entrants in solution provision

### Competitive advantages

- Trust cultivated as a local public utility
- Deep community engagement that understands regional perspectives
- Capability to provide one-stop solutions incorporating decarbonization, resilience, and optimization

## Business strategy

### Solving regional challenges as a municipal policy partner

We aim to work closely with municipalities as a policy partner addressing regional challenges together. Leveraging the Group's trust, community engagement, and ability to solve social issues through energy, we build long-term relationships of trust—for example, by concluding comprehensive collaboration agreements on carbon-neutral city development. In addition, we aim to realize sustainable regional communities together with municipalities, local residents, and businesses, extending beyond the energy sector.

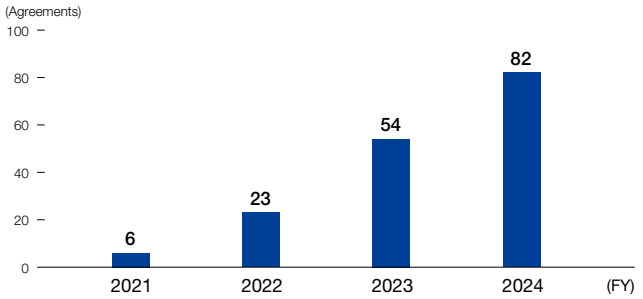
### Providing and expanding solutions

Using the carbon neutrality chart to visualize the prioritization of $CO_2$ reduction measures, we support the introduction of high-efficiency gas air-conditioning systems and ZEB*1 consulting. We also promote the adoption of carbon-offset energy, such as carbon-offset city gas and SASUTENA DENKI (sustainable electricity), and are focusing on expanding new solutions, including support for the introduction of electric vehicles and solar power systems under PPA models.
In addition, we contribute to enhancing resilience by implementing the BOUSAI TUMSY disaster prevention system, which centrally manages disaster and evacuation information within the area, and by introducing gas air-conditioning units that can operate even in emergencies.

## Main actions for FY2024

- Concluded comprehensive collaboration agreements on carbon-neutral city development with 28 new municipalities (cumulative number of agreements concluded: 82*2)
- Launched projects in 10 areas that involve local residents, private business entities, and the wider community to address regional challenges, including carbon neutrality (achieving the FY2025 year-end target of 10 cumulative areas ahead of schedule)
- Implemented environmental education programs focusing on energy, including city gas, and contributions to the SDGs (417 sessions with 12,578 participants) and published class videos on owned media

**Number of Comprehensive Collaboration Agreements Concluded** (Cumulative)




*1 Net zero energy building (ZEB) *2 As of March 31, 2025

# Green Transformation Company

## Toward a Carbon-Neutral Society: Accelerating Implementation and Commercialization of Development Outcomes

Aiming to decarbonize gas and electricity, we are advancing business and technology development in four core areas leveraging our strengths: expanding renewable power sources and developing advanced technologies; building large-scale supply chains for e-methane and biomethane (RNG: Renewable Natural Gas) and innovating methanation technologies; developing and selling CCM*1 for PEM*2 electrolyzers; and conducting carbon-neutral R&D, including AI applications. Aligned with the Carbon Neutrality Roadmap 2050, we prioritize diverse partnerships, secure intellectual property, and promote standardization throughout development, contributing to enhanced corporate value.

Representative Corporate Executive Officer, Vice President, Chief Executive of Green Transformation Company **KIMOTO Kentaro**

### Opportunities

- Increasing demand for decarbonized energy
- Establishing floating offshore wind power as a major renewable power source, adopted to Japan's geographical characteristics
- Growth of the PEM electrolyzers market due to the expanding global green hydrogen market

### Risks

- Declining competitiveness due to stagnation in innovation
- Delays in social implementation caused by rising costs, supply chain disruptions, or low social acceptance
- Uncertainty in international trading rules and system design for environmental value

### Competitive advantages

- Utilization of the end-to-end value chain from development to retail built with diverse stakeholders
- Hydrogen-related technologies and advanced fluid and structural analysis capabilities cultivated through fuel cell development
- AI applications based on accumulated operational data
- Complementary technological and business development capabilities leveraging strong relationships with domestic and international partners

## Business strategy

### Renewable energies

We are advancing the development, operation, and technology development of renewable power sources. In collaboration with RENOVA, Inc., we are pursuing joint initiatives across various power sources and storage batteries. In offshore wind power, a consortium including Tokyo Gas has been selected as a project operator and has begun full-scale development. For floating offshore wind power, we are participating in overseas projects and working to establish operational methods for early implementation in Japan. In addition, we are developing customer solutions, including virtual power purchase agreement (VPPA) arrangements.

### e-methane and biomethane (RNG)

We are promoting e-methane projects, primarily in North America and Australia, in collaboration with partner companies to build supply chains. In addition to developing technologies to reduce production costs, we are actively engaged in domestic and international rule-making. We are also introducing biomethane to customers with early-stage decarbonization needs.

### Water electrolysis CCM for hydrogen production

We have jointly developed cost-reduction and scale-up technologies with SCREEN Holdings Co., Ltd., and completed the introduction of mass-production equipment. In FY2024, we commercialized CCMs for water electrolysis under the product name PEXEM™.

To support the development of the business strategy outlined above, we have also launched an IP landscape initiative to analyze and visualize intellectual property generated and accumulated through our business activities and R&D.

## Main actions for FY2024

- Concluded a capital and business alliance agreement with RENOVA, Inc.
- Appointed as the operator for the offshore wind power project off the coast of Yusa Town, Yamagata Prefecture
- Participated in the floating offshore wind farm in Portugal
- Conducted pre-FEED for e-methane projects in the U.S. ("ReaCH4") and Australia
- Established and commenced activities of the international e-methane alliance, the e-NG Coalition
- Invested in and collaborated with H2U Technologies (now California Catalyst), which possesses AI-driven high-efficiency catalyst discovery technology

Establishing a certification system (e-NG Coalition) P.47

Floating offshore wind farm in Portugal

Water electrolysis CCM (product name: PEXEM™)

*1 Proton exchange membrane *2 Catalyast-coated membrane

# Tokyo Gas Network Co., Ltd.

## Enhancing Infrastructure Resilience while Preparing for Gas Decarbonization

Tokyo Gas Network Co., Ltd., has inherited gas pipeline and related businesses from Tokyo Gas, contributing to the sustainable growth of the Tokyo Gas Group through safety, stable supply, and expansion of the city gas customer base. To uphold the brand values of safety, security, and trust that the Group has cultivated since its founding, we are strengthening infrastructure resilience and earthquake countermeasures, while enhancing productivity through AI and other technologies to establish a foundation for long-term business continuity. In line with global decarbonization trends, we are also exploring the integration of e-methane into the gas network and improving technologies for hydrogen transportation, preparing for the wider adoption and expansion of decarbonized gaseous energy.

Representative Director, President, Tokyo Gas Network Co., Ltd. **SAWADA Satoru**

### Opportunities

- Continued population growth in the Tokyo metropolitan area, where we operate
- The importance of natural gas in national energy policy
- Expectations for natural gas in heat demand and increasing need for carbon-neutral gas

### Risks

- Supply disruptions caused by damage to supply facilities due to large-scale disasters
- Shortage of personnel in the gas pipeline business due to a declining labor force

### Competitive advantages

- Management system to ensure stable city gas supply 24 hours a day, 365 days a year
- Advanced technical expertise in city gas transportation, pipeline construction and maintenance
- Earthquake disaster prevention measures utilizing IT systems
- Trust from customers and local communities built through the gas pipeline business

## Business strategy

### Strengthening infrastructure resilience through earthquake countermeasures

In addition to a supply management system that ensures city gas is always delivered safely and securely, we carry out proper maintenance of supply facilities and planned repairs and upgrades. Through continued planned measures, we aim to meet societal expectations regarding infrastructure integrity, in response to incidents such as the road collapse in Yashio City, Saitama Prefecture.

For gas meters, we are fully introducing smart meters that add wireless functionality to conventional meters equipped with seismic shut-off features. This enables automatic meter reading and remote valve operation, further enhancing safety and resilience during emergencies and disasters.

In addition, the Group conducts annual disaster preparedness drills and participates in exercises organized by national and local governments, maintaining a constant state of readiness to respond quickly and accurately in the event of a disaster.

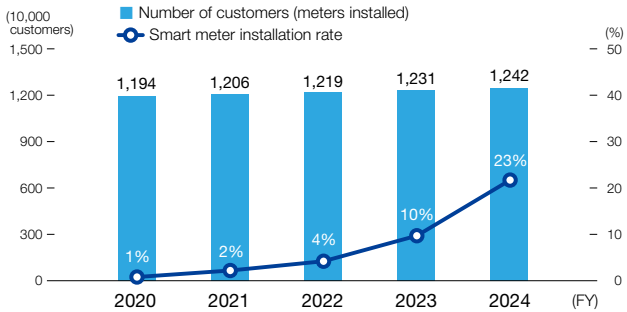
### Expansion of customer base and productivity initiatives

We aim to grow our customer base in response to strong demand in the Tokyo metropolitan area. To address workforce shortages caused by a declining labor population, we are implementing AI-powered automated dispatch systems and work-efficiency tools. These initiatives are shared with partner companies and contractors to enhance overall productivity across the gas pipeline business.

## Main actions for FY2024

- Conducted joint drills with Osaka Gas Network Co., Ltd., and Toho Gas Network Co., Ltd., to strengthen mutual support and coordination during earthquakes
- In the Cabinet Office's New Comprehensive Disaster Prevention Information System (SOBO-WEB) Ideathon 2024, a joint proposal with Tokyo Electric Power Grid Co., Ltd., and NTT East Corporation to share information during disasters and accelerate recovery won the Minister of State for Disaster Management Award, the Grand Prize
- Selected as an implementation site for NEDO's Digital Infrastructure Development Project for Digital Transformation of Industries / R&D for Infrastructure for Advance Implementation of Digital Lifelines, leading initiatives toward the digitalization of future infrastructure facility information

### Number of Customers and Smart Meter Installation Rate



# Global Business Company

## Strive to Add Value by Leveraging Our Strengths in Business Areas where Synergies between Businesses and Business Expansion Are Expected

We endeavor to maximize value creation by strategically concentrating on regions—primarily North America and the Asia-Pacific—where (1) synergies between businesses exist, (2) business expansion is expected, and (3) the Tokyo Gas Group's strengths can be leveraged. In North America, we will have our shale gas business to drive near-term profits, while simultaneously expanding our optionality in the midstream and downstream value chain to increase profitability and enhance stability. In the Asia-Pacific region, we develop businesses to meet growing energy demand, including LNG, pursuing growth alongside regional economies. We are also continuing to optimize our asset portfolio to improve profitability.

Representative Corporate Executive Officer, Vice President, Chief Executive of Global Business Company **KASUTANI Toshihide**

### Opportunities

- Growing expectations for the role of natural gas in maintaining energy systems
- Growing markets of gas and electricity in North America
- Increasing LNG demand in Southeast Asia

### Risks

- Impact on financial results from fluctuations in resource prices, foreign exchange rates, and inflation
- Stagnation of business operations, increased cost, loss of business opportunities, reduction in asset value, etc., from challenges in complying with foreign laws/regulations and business customs

### Competitive advantages

- Stable project management and operational capabilities for energy infrastructure projects (LNG terminals, power plants, etc.) with particular expertise and know-how in LNG
- Extensive knowledge and experience in the shale gas business, along with substantial production capacity
- Pioneering track record of gas- and LNG-related projects in Southeast Asia
- Reliability in financial aspects

## Business strategy

### North American shale gas business and midstream and downstream business

We anticipate growing demand for natural gas, driven by feed gas to LNG terminals and AI data centers. In light of this trend, led by our local management with deep expertise in the shale gas business, we consolidate our development and operations in the Haynesville area to reduce production costs and maintain a stable production volume exceeding 1 Bcfe/d*1. Meanwhile, on the sales side, we will flexibly utilize hedging and strengthen our marketing capabilities.

In addition, we will grow our business while ensuring earnings stability by expanding into midstream and downstream business and coordinating LNG procurement and sales for Europe and Asia.

### Asia-Pacific LNG infrastructure business

Amid rising LNG demand driven by economic growth, the reassessment of natural gas as a practical decarbonization solution, and limited domestic gas supply capacity, we harness the Tokyo Gas Group's strengths. We will work with local partners to leverage our deep expertise from more than half a century of LNG handling experience and our pioneering track record in Southeast Asia's LNG-related projects. Centering our strategy on LNG receiving terminals, we will construct a comprehensive value chain to grow our stable earnings.

Building on this, we aim to expand LNG supply to Southeast Asia and maximize the Group's overall profits through LNG trading that takes advantage of demand patterns distinct from Japan.

## Main actions for FY2024

- Signed Heads of Agreement with Shizuoka Gas Co., Ltd., regarding the transaction of Eagle Ford shale gas assets in Texas, the United States
- Joint Development Agreement for shale gas business with Chevron Corporation in the United States to expand revenue through energy value chain development
- Acquired shares in FGEN LNG Corp., the company that owns and operates a floating LNG terminal in the Philippines

Floating LNG terminal in the Philippines

*1 1 billion cubic feet equivalent per day

# Tokyo Gas Real Estate Co., Ltd.

## Enhancing Asset Management and Leveraging Capital Recycling to Improve Profitability and Asset Efficiency

We develop projects that maximize the value of the landholdings in the Tokyo metropolitan area—acquired over the Tokyo Gas Group's 140-year business history—including Shinjuku Park Tower and msb Tamachi. We enhance asset value through asset management tailored to each property's characteristics while promoting capital recycling by selling value-enhanced assets. Through these initiatives, we aim to generate cash flow that supports the Group's stable, sustainable growth while steadily improving asset efficiency.

Senior Managing Executive Officer, Tokyo Gas Real Estate Co., Ltd. President, Representative Director **SATO Hirofumi**

### Opportunities

- Recovery in office demand driven by human capital management and changing work styles
- Growing awareness of decarbonization and resilience
- Population growth and rising housing demand in Australia

### Risks

- Increased office supply in 2025 and 2026
- Continued rise in construction and maintenance costs
- Decline in real estate prices due to rising interest rates and cap rates

### Competitive advantages

- Excellent landholdings in the Tokyo metropolitan area
- Long-standing track record and technical expertise in building maintenance and management
- Integrated development and operation of real estate and energy systems

## Business strategy

### Strengthening asset management

In addition to optimizing the excellent landholdings in the Tokyo metropolitan area such as Shinjuku Park Tower and msb Tamachi, we enhance asset value through our Corporate Real Estate (CRE) strategy, such as optimizing the utilization of Group business locations, including consolidation, sale, and external leasing. We are also promoting environmentally sustainable and resilient communities in the Yaesu 1-chome North District and Shin-Toyosu area, expanding a stable revenue base.

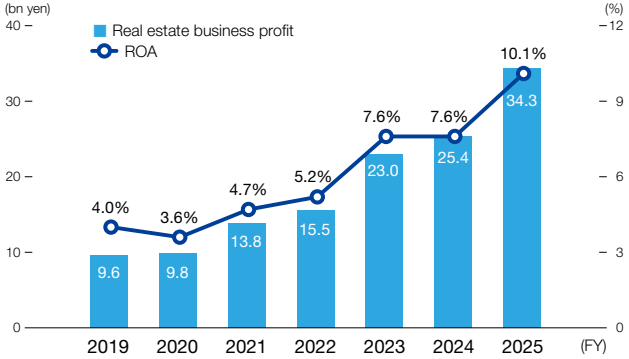
### Establishing and expanding capital recycling

By selling existing properties to accelerate capital recovery and reinvesting in higher-profit potential assets, we aim to establish and expand capital recycling, generating cash flow that supports stable and sustainable growth. Through a circular development model that incorporates in-house developed properties into private REIT, we capture capital gains, off-balance assets, and increase asset management fees. In addition, in Australia—where population growth has made housing shortages a social issue—we advance residential development and sales projects in collaboration with strong local partners such as Cedar Woods and Peet.

## Main actions for FY2024

- Acquired rental housing "La Tierra Shinagawa Nishiooi"
- Completed rental housing "La Tierra Yotsuya"
- Participated in the multi-unit residential development project "Subiaco" in Western Australia
- Participated in the townhouse development project "Glendalough" in Western Australia
- Completed the Toranomon Alcea Tower office building in the large-scale Toranomon area redevelopment

### Real Estate Business Profit*1




*1 Segment profit plus gains/losses on fixed asset sales; FY2025 figures are planned values.

Roundtable

**Ryo Kato**
Marketing Development Sect.
Residential Market Strategy Dept.

**Kanata Yuasa**
Digital Product Sect.
Residential Market Strategy Dept.

**Toshiyuki Abe**
Business Improvement Sect.
Residential Market Strategy Dept.

## Expanding Digital Customer Engagement and Value Offering

# The Front Line of a Cross-Selling Strategy Centered on "myTOKYOGAS"

At the Customer & Business Solution Company, which handles Tokyo Gas's retail operations, we aim to drive profit growth by connecting our gas, electricity, and solutions businesses. In this roundtable discussion, three representatives from the Residential Market Strategy Department—who are at the forefront of these initiatives—talk about accelerating cross-selling through digital touchpoints and data-driven marketing to expand new business opportunities.

Growth Story For the Next Medium-term Management Plan P.21
Customer & Business Solution Company P.32

## Introduction to our work

**Yuasa** I am the product manager for the web membership service myTOKYOGAS, which allows customers to check gas and electricity usage, rates, and points. I belong to the Digital Product Sect., which is responsible for designing system architecture and features, as well as developing and operating systems. One of our group's missions is to provide the best possible experience to customers who have contracted gas or electricity—primarily through myTOKYOGAS. I joined Tokyo Gas as an experienced hire and am now in my second year, so I am relatively new to the company. Differences in organizational culture sometimes make it challenging to communicate my ideas to other departments. On the other hand, about 60% of our team are experienced hires, bringing diverse perspectives, high motivation, and strong eagerness to learn. We actively take on new challenges, such as AI-driven development, and I truly enjoy working alongside such talented colleagues every day.

Illustration of myTOKYOGAS

**Abe** I work for the Business Improvement Sect. In my role, I work on expanding new solutions businesses by conducting marketing for my own projects while also providing marketing support for other solutions businesses. So far, I have been involved in launching a service that purchases condominiums from owners and handling online marketing for solutions that combine solar power with storage batteries.

My first assignment after joining the company was in the industrial sales division, where I witnessed firsthand the

impact of gas market liberalization as customers switched to other providers. That experience gave me a strong sense of urgency and made me realize the importance of developing new businesses, which I have been eager to pursue ever since. Having worked in sales for many years, listening to feedback from end users has become not only a habit but also a personal passion. Hearing directly from customers about why they choose Tokyo Gas—and applying those insights to improve our services—gives me a deep sense of purpose and fulfillment.

**Kato** I work in the Marketing Development Sect. Like Mr. Yuasa, I joined the company as an experienced hire. My main responsibilities include marketing for gas and electricity, cross-sell marketing across gas, electricity, and solutions, and advancing data-driven marketing initiatives. A central theme of my work is how to encourage gas customers to also adopt electricity and other services I am constantly considering how best to showcase the strengths of our electricity and solutions, and through which touchpoints to deliver them. For example, we are exploring ways to propose solution services as a set when customers apply for gas and electricity at the time of moving. I believe that offering not only energy but also solutions that enhance and simplify daily life represents a unique value that only Tokyo Gas can provide.

## Strengthening customer touchpoints through myTOKYOGAS

**Yuasa** In the past, our customer touchpoints were primarily analog, such as paper meter statements. With myTOKYOGAS, we are now able to establish digital connections with customers and obtain customer data through two-way digital interactions. To further leverage our strength of having a strong customer base in the Tokyo metropolitan area—one of the world's largest markets—we are focusing on developing services that make use of these digital touchpoints and link them to new business opportunities.

The number of myTOKYOGAS members has grown from the initial 1–2 million to around 4.7 million today, driven in part by the shift to web-based meter statements in November 2024. Monthly active users are also rising at a similarly strong pace. One of our key performance indicators—the cross-sell of electricity to gas customers—has increased 2.5 times since the service was launched,

demonstrating steady progress. As the number of users and service offerings expands, the system structure naturally becomes more complex. To ensure development speed is maintained, we have welcomed many engineers with strong business expertise and are advancing in-house development.

Looking ahead, to further increase membership, we plan to enhance the value of using the app beyond simply checking gas and electricity bills. At the same time, for customers who are less comfortable with smartphones or apps, we intend to promote enrollment by providing support through real-world touchpoints.

## Expanding business by leveraging enhanced digital customer touchpoints

**Kato** With the growth of digital touchpoints through myTOKYOGAS, we can now make solution proposals to our gas and electricity customers more seamlessly. The first step is encouraging gas-only customers to also sign up for electricity. The second step is to leverage the touchpoints created as customers use our gas and electricity services—making proposals at those moments

and using the data accumulated at each touchpoint—to increase solution proposal opportunities and expand our customer base. To make proposals even more accurate, we are developing systems that consolidate and utilize a wide range of information, including customer attributes, contract details, and online behavior. At the same time, we are also focusing on initiatives that can be tested and implemented within our existing framework.

**Abe** Digitally connecting with a large number of customers through myTOKYOGAS is crucial for expanding sales in our B2C solution businesses. In particular, for marketing new businesses, being able to deliver information directly to customers and guide them to service sites is essential for accelerating growth. By leveraging myTOKYOGAS, we can significantly reduce the considerable effort and cost that would otherwise be required to build customer touchpoints from scratch. In collaboration with Mr. Yuasa's team, we are also developing channels that support proactive marketing strategies. I believe that myTOKYOGAS makes a major contribution to both the early monetization of new businesses and the sustainable expansion of our business.

**Kato** We are further strengthening the collection and analysis of data across various touchpoints, starting with myTOKYOGAS. For example, electricity usage data can help predict whether a customer is using a solar power system or storage battery, while website browsing history can indicate interest in these solutions. Using this data, we can carry out marketing activities that communicate with customers more effectively, with greater speed and accuracy. We are actively expanding this data-driven marketing approach. At the same time, while leveraging data is important, we also focus on fundamental marketing principles. The goal is to clearly identify which customers we are delivering value to and ensure that the value provided reflects Tokyo Gas's unique strengths. We work closely with colleagues across various business divisions to refine and apply these principles in practice.

## Outlook and challenges

**Abe** Until now, I have worked as a marketer for a single business, but in FY2025 I am applying that experience to support marketing for other new businesses as well. We are also leveraging the myTOKYOGAS customer base to gain customer insights more quickly and efficiently, and to provide information tailored to their interests. I am particularly focused on building systems for two-way communication that enhance the customer experience. By developing these mechanisms, we aim to evolve Tokyo Gas into a company that can deliver the solutions customers want more closely and more rapidly.

**Kato** Our first priority is to introduce the foundational services that enable cross-selling, starting with customers who currently use only gas. From there, we aim to leverage the touchpoints with customers using both gas and electricity to make further solution proposals. Our goal is to increase the number of customers who become fans of Tokyo Gas through each of our services, creating a company that customers choose without comparing us to competitors.

**Yuasa** Because our company name includes "Gas," many people assume we are solely a gas company. In reality, we provide a wide range of services connected to daily life, and by expanding the number of people who know about and benefit from these services, we aim to enhance corporate value. On a personal note, I also hope to help shape Tokyo Gas's image as a digitally advanced, cutting-edge company.

# Promotion of Sustainability Management

## Promoting sustainability

### Basic Policy

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

### Sustainability promotion system

#### Supervise

**Board of Directors**

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

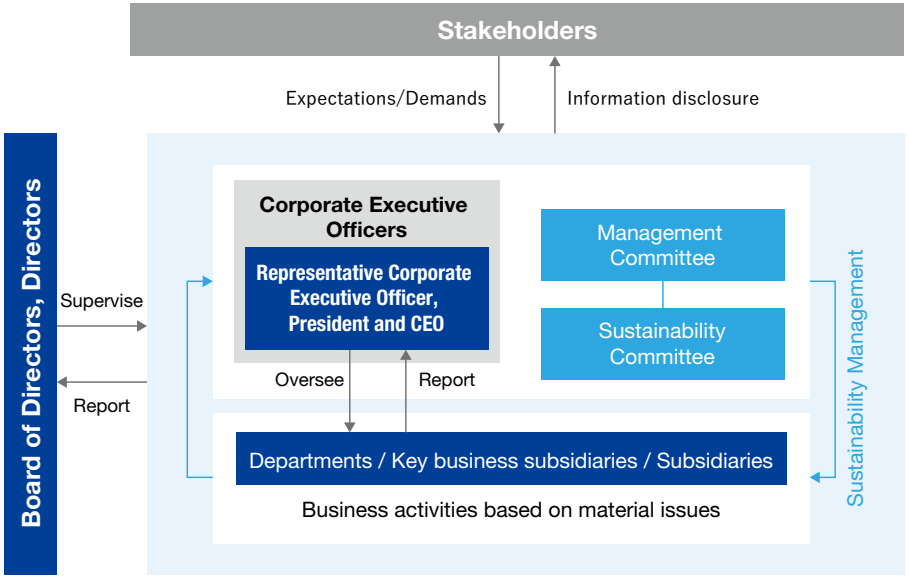
#### Executive Structure

**Management Committee**

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

**Sustainability Committee**

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




**FY2024 Sustainability Committee meetings outline**

| | |
|---|---|
| Meetings held | 3 times (June 5, 2024; October 16, 2024; January 29, 2025) |
| Main topics | • Challenges related to materiality and its revision<br>• Progress and advancement of sustainability initiatives<br>• Trends and responses in sustainability information disclosure<br>• Efforts to respect human rights within the supply chain<br>• Internal and external developments related to climate change and the environment |

## Promotion of Sustainability Management

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

| Material issues | Aim | Indicators and targets | | Main results for FY2024 | Related SDGs |
|---|---|---|---|---|---|
| 1. Responsibly transitioning to a decarbonized society | We will strive to make sophisticated use of natural gas and to decarbonize gas and electricity, and contribute to the transition of a carbon neutral society. | Near-term low- and decarbonization through current $CO_2$ reduction technologies | $CO_2$ reduction contribution*1<br>2030 target: 17 million t / 2025 target: 12 million t | • $CO_2$ reduction contribution: 12.63 million t | |
| | | | Renewable power source transaction volume<br>2030 target: 6 million kW / 2025 target: 2.2 million kW | • Renewable energy handled: 1.458 million kW | |
| | | | Promote initiatives that contribute to society-wide near-term low- and decarbonization through current $CO_2$ reduction technologies | • Made full-scale entry into the battery energy storage business (groundbreaking of the Tsunokobaru Power Storage Station in Oita Prefecture and offtake agreement for the Hirohara battery station in Miyazaki Prefecture) and launched optimal operation services<br>• Launched a city gas menu under the SHK system with an adjusted emission factor of zero<br>• Participated in the Nature-Based Carbon Fund, aimed at generating reliable natural carbon credits, and entered into a business partnership with Creattura Co., Ltd., for J-Credit creation<br>• Established a city gas offset menu using carbon credits as Carbon Offset City Gas, clearly indicating the methods of emission reduction<br>• Managed private REIT assets totaling 37.6 billion yen (as of March 31) | |
| | | Deployment of future $CO_2$ reduction technologies in society | Promote large-scale methanation overseas | • Implemented the U.S. project ReaCH4 and conducted pre-FEED for an Australian project (utilizing METI's subsidy for resource-producing countries)<br>• Established the international alliance "e-NG Coalition" | |
| | | Reduction of $CO_2$ emissions in our own supply chain | Net-zero $CO_2$ emissions from our own operations (compared with FY2020)<br>2030 target: 100% / 2025 target: 60%<br>Implementation rate of initiatives: 100% each fiscal year*2 | • Net-zero $CO_2$ from our activities<br>Achieved 33% compared with FY2020 | |
| | | | Greenhouse gas (GHG) emissions: Scope 1, 2, and 3<br>2050 target: Net-zero $CO_2$ | • Scope 1 and 2: 4.36 million t-$CO_2$e (FY2024 actual)*3<br>• Scope 3: 67.501 million t-$CO_2$e (FY2024 actual)*3 | |
| 2. Protecting the global environment | We will conserve the environment in our business activity areas, and strive to enhance the sophistication of our resource utilization with an awareness of the balance with economic viability. | Advance resource recycling<br>Recycling rate of used PE pipes: 100% | | • Achieved a 100% recycling rate for used PE pipes<br>• Reuse and recycling of gas meters<br>• Recycling rate of industrial waste: 83% (FY2024 actual) | |
| | | Promote biodiversity conservation | | • The Sodegaura LNG Terminal was designated a Nationally Certified Nature Coexistence Site by the Ministry of the Environment<br>• Investigated and grasped the impact of our business activities, and promoted biodiversity conservation<br>• Carried out planned management of company-owned forests, and conservation and monitoring of rare plants and animals on owned land<br>• Promoted environmental conservation activities in local communities through the CSR initiative, "Mori Sato Umi Tsunagu (Connecting Forests, Villages, and Ocean) Project" | |
| 3. Securing a stable energy supply | We will strive to achieve a stable energy supply even in a business environment that is becoming more complicated due to heightening geopolitical risks. | Zero major city gas accidents or supply disruption | | • Achieved zero incidents | |
| | | Address procurement risks | | • Continuously implemented diversification of LNG procurement sources and schemes, strengthened trading and management capabilities, and reinforced power sources such as renewable energy | |

*1 The effect of reducing society-wide $CO_2$ emissions through measures such as fuel switching to lower-carbon natural gas compared to other fossil fuels, the introduction of high-efficiency equipment, and the adoption of renewable energy. The calculation method has been guided by advice from the third-party organization DNV Business Assurance Japan K.K.

Concept and calculation method of reduction contribution ▶ P.46

*2 From FY2022 to FY2024, we have reported the achievement rate of net-zero $CO_2$ emissions from our own operations. Starting in FY2025, we are strengthening initiatives by adding a process management indicator, the implementation rate of initiatives (the rate of implementation of measures targeted for that fiscal year to achieve net zero by FY2030).

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

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

## Promotion of Sustainability Management

★ Tokyo Gas (non-consolidated) targets and results

| Material issues | Aim | Indicators and targets | | Main results for FY2024 | Related SDGs |
|---|---|---|---|---|---|
| **4. Enhancing safety and disaster prevention, resilient regional development** | We promote disaster-resilient community development to ensure that our customers can use energy safely and securely. | Maintain 100% participation in emergency drills at the Supply Command Center | | • Achieved 100% (excluding cases where supply operations took priority) | 9, 11, 13, 17 |
| | | Continue subdivision of disaster prevention blocks to contribute to minimizing supply outage areas in the event of a large-scale earthquake | | • Completed the subdivision of disaster prevention blocks (from 327 blocks to 329 blocks) as planned | |
| | | Introduce and promote resilient energy systems | | • Promoted the installation of energy systems at hospitals and other facilities serving as local disaster response bases (University of the Ryukyus Faculty of Medicine, University of the Ryukyus Hospital / Kushiro City General Hospital / Nagasaki Stadium City)<br>• Developed the world's first high-sensitivity portable laser-type carbon monoxide detector | |
| **5. Contributing to the well-being of people and communities** | We will contribute to realizing a fulfilling lifestyle both mentally and physically, and revitalizing local communities. | Provide services supporting physically and mentally enriching lives | | • Launched the IGNITURE Storage Battery, which controls the charge and discharge of home storage batteries<br>• Expanded the scope of the corporate power purchase contract service Hinatao Solar (enabled installation on slate roofs, which were previously difficult, through the development of a new construction method)<br>• Began construction of power generation and heat transport facilities at the Waita No. 2 geothermal power plant in Kumamoto Prefecture<br>• Started a smart energy network in Shibaura operated by Tokyo Gas Nomura Real Estate Energy Co., Ltd.<br>• Commenced full-scale operation of Thailand's first urban district cooling system<br>• Promoted real estate development based on the concepts of decarbonization, optimization, and resilience (completion of two LATIERRA series buildings) | 3, 5, 11, 17 |
| | | Promote collaboration with regional and municipal governments on carbon-neutral cities | | • Concluded 28 comprehensive partnership agreements with local governments (82 in total)<br>• Promoted initiatives to achieve carbon neutrality not only for public facilities but also for residents and businesses in the area (e.g., Edogawa Ward, Akishima City, Atsugi City) | |
| **6. Realizing an organization that embraces diverse talent** | We will conduct human capital management that enables each and every employee and the company to really feel growth. | Promoting the active participation of diverse talent | Rate of women in management<br>FY2025 target: 11%★ | • Actual rate of women in management (as of April 1, 2025): 12.0%★ | 4, 5, 8, 10, 17 |
| | | | Men's childcare leave taking rate<br>FY2025 target: 100%, with 100% taking one month or longer★ | • Actual rate of men taking childcare leave: 99%, with 94.5% taking one month or longer★ | |
| | | | Comprehensiveness of health support<br>FY2025 target: 83% positive response rate for "health support"★ | • Actual positive response rate for "health support": 80.3%★ | |
| | | Restructuring of the human capital portfolio | Reskilling/retraining participation rate<br>FY2025 target: 100%★ | • Reskilling/retraining participation rate: 94.1%★ | |
| | | | Expansion of DX talent<br>FY2025 target: 3,000 personnel using DX<br>FY2025 target: 500 advanced/core DX personnel | • Actual number of personnel using DX: 3,110<br>• Actual number of advanced/core DX personnel: 276 | |
| | | Improving engagement | Engagement indicators<br>FY2025 target: 90% positive response rate for "willingness to contribute"★ | • Positive response rate for motivation to contribute 90.8%★ | |
| **7. Respecting human rights across the entire value chain** | We will respect the human rights of all people involved in the entire supply chain, and continue to contribute to a society in which all people can pursue happiness. | Implement human rights due diligence in the Tokyo Gas Group | | • Conducted tier-specific training (approximately 430 third-year employees) and compliance officer training (approximately 550 participants)<br>• Held briefing sessions on the Sustainable Procurement Guidelines for procurement personnel | 8, 10, 16, 17 |
| | | Promote human rights throughout the entire supply chain | | • Conducted human rights due diligence<br>• Promoted awareness of the Sustainable Procurement Guidelines and conducted a survey<br>• Conducted employee education concerning human rights across the entire supply chain | |

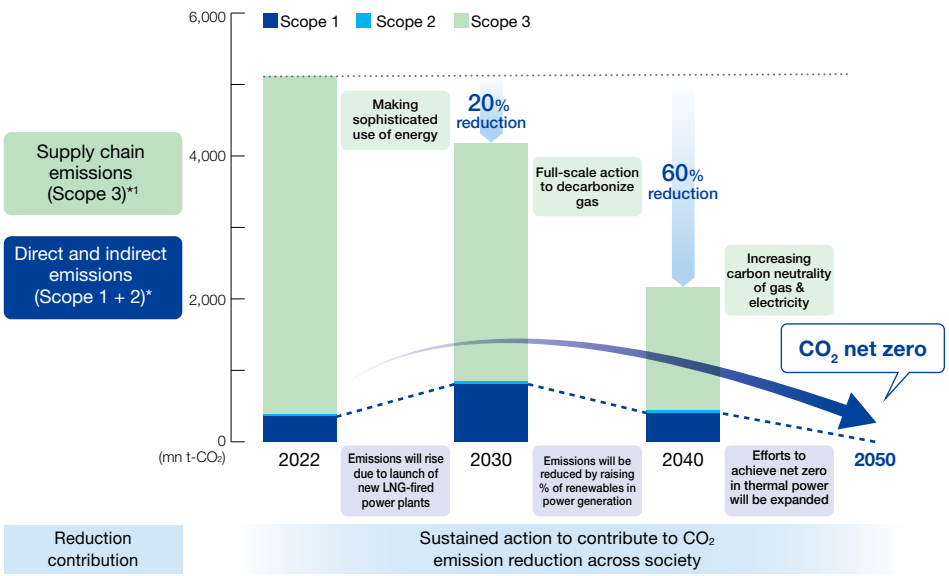
Promotion of Sustainability Management

# Responsibly transitioning to a decarbonized society

## Concrete pathway to achieving net-zero $CO_2$

As an energy company group supporting society, we aim to achieve responsible transition that balances a stable supply with decarbonization. During the transition period toward the 2030s, we will maximize the efficient use of natural gas, which has lower $CO_2$ emissions among fossil fuels, to secure earnings for decarbonization investments while contributing to society-wide $CO_2$ reductions. Simultaneously, we will promote renewable energy and actively develop technologies for the implementation of new solutions such as e-methane and hydrogen. Through decarbonizing gas and electricity, we aim to achieve net-zero $CO_2$ emissions (Scope 1, 2, and 3) for the Tokyo Gas Group by 2050.

### Path for reducing $CO_2$ emissions (Domestic Energy Supply)



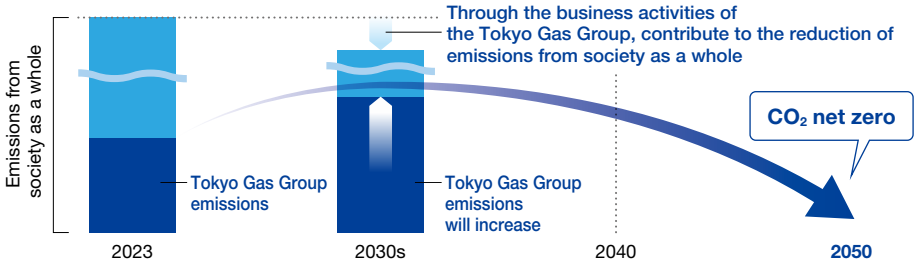

* Greenhouse gas emissions of the entire supply chain (including upstream) associated with our supply of energy (gas & electricity) to domestic customers, in $CO_2$ equivalents

### Increase to Decrease

During the transition period toward the 2030s, $CO_2$ emissions (Scope 1 and 2) from the Tokyo Gas Group's business activities will temporarily increase in order to meet customers' $CO_2$ reduction needs. Specifically, by advancing the high-efficiency use of natural gas in state-of-the-art LNG thermal power plants, energy services, and district heating and cooling businesses, we can reduce $CO_2$ emissions at customer sites. As a result, our Group's Scope 1 and 2 emissions will temporarily rise; however, through parallel development and social implementation of decarbonization technologies, we aim to achieve net-zero emissions by 2050.

### Relation between the emissions from the Tokyo Gas Group and society as a whole

(Scope 1 and 2 $CO_2$ emissions from business activities)




### Toward net-zero $CO_2$ from our activities

$CO_2$ emissions (Scope 1 and 2) from the Tokyo Gas Group's business activities will temporarily increase; however, in pursuit of net-zero $CO_2$ by 2050, we are taking all possible measures to minimize this increase.

As part of these efforts, we are targeting net-zero $CO_2$ emissions from our own operations—including company-owned buildings, city gas production and supply facilities, and company vehicles—by FY2030. In FY2024, we achieved a 33% reduction in $CO_2$ emissions from our own operations compared with FY2020 levels.

Promotion of Sustainability Management > Responsibly transitioning to a decarbonized society

## Contributing to overall $CO_2$ reductions from society

Measuring only the reduction of $CO_2$ emissions from our own business activities does not fully reflect the Tokyo Gas Group's contribution to decarbonization. Therefore, we use "$CO_2$ reduction contribution" as an indicator of our impact on society-wide $CO_2$ emission reductions. During the transition period toward the 2030s, the high-efficiency use of natural gas—which emits less $CO_2$ than other fossil fuels—is expected to continue playing a significant role.

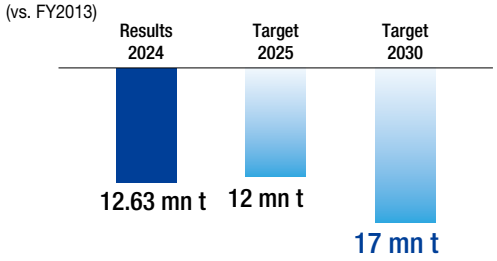
Accordingly, our $CO_2$ reduction contribution accounts for the effects of switching to lower-carbon natural gas, introducing high-efficiency equipment, and adopting renewable energy, all of which help reduce society-wide $CO_2$ emissions.

We have set a target of 17 million tons of $CO_2$ reduction contribution by 2030 across our global business activities and are actively working toward this goal.

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

Example of renewable energy adoption: Annaka Solar Power Plant

### $CO_2$ reduction contribution results/targets in the transition period




**Breakdown of the 17 mn ton target for 2030**

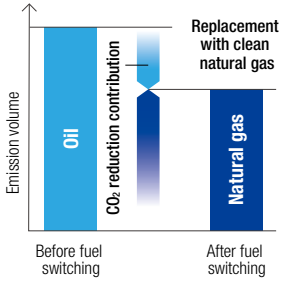
| Category | | Main actions |
|---|---|---|
| Low carbonization field 65% | 25% | Fuel switching |
| | 15% | High-efficiency equipment |
| | 25% | Introduction of high-efficiency LNG-fired power generation |
| Decarbonization field 35% | 15% | Introduction of renewable energy/ new energy |
| | 20% |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

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

### Concept and calculation method of reduction contribution

■ $CO_2$ emissions of society as a whole ■ $CO_2$ emissions by the Tokyo Gas Group

#### Fuel switching | Low carbonization field

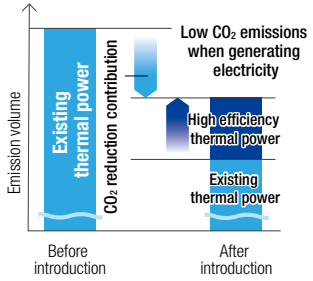



**Perspective on reduction effects**
Reduce $CO_2$ emissions by shutting down facilities that use coal and oil and replacing them with facilities that use natural gas and emit relatively low $CO_2$

**Calculation method**
Development volume × $CO_2$ emission factor difference

**Baseline**
Fuel before conversion such as heavy oil

#### Introduction of high-efficiency LNG-fired power generation | Low carbonization field

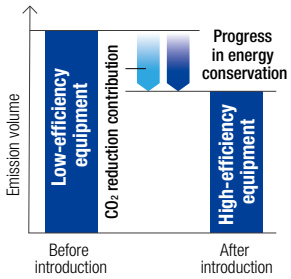



**Perspective on reduction effects**
Reduce $CO_2$ emissions by increasing the amount of power generated by high-efficiency LNG-fired power plants and reducing the amount of power generated by existing thermal power plants that emit relatively large amounts of $CO_2$

**Calculation method**
Power generation × difference in $CO_2$ emission factor from thermal power average

**Baseline**
Average thermal power generation

#### High-efficiency equipment | Low carbonization field

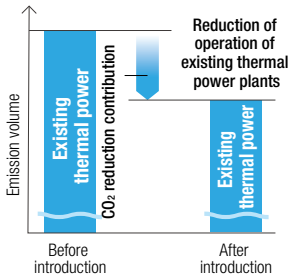



**Perspective on reduction effects**
Reduce $CO_2$ emissions by upgrading low-efficiency natural gas equipment to high-efficiency equipment

**Calculation method**
Number of units introduced × reduction per unit

**Baseline**
Conventional-performance gas appliances

#### Expanded introduction of renewable energy | Decarbonization field




**Perspective on reduction effects**
Reduce $CO_2$ emissions by increasing the amount of power generated by renewable energy that does not emit $CO_2$ and reducing the amount of power generated by existing thermal power plants

**Calculation method**
Power generation × thermal power average coefficient

**Baseline**
Average thermal power generation

* The Tokyo Gas Group's $CO_2$ emissions remain unchanged.

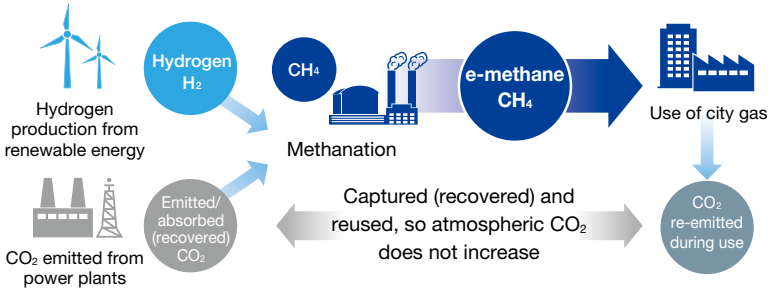
Promotion of Sustainability Management > Responsibly transitioning to a decarbonized society

Decarbonization of Gas

# e-methane / biomethane (RNG)

e-methane is synthetic methane, a form of methane—the main component of city gas—produced from hydrogen and $CO_2$ through a process called methanation. As the $CO_2$ emitted during combustion is offset by the $CO_2$ used in its synthesis, it serves as a gaseous energy source that does not increase atmospheric $CO_2$ levels when used. Biomethane (RNG: Renewable Natural Gas) is methane derived from organic materials such as food waste. Because it is not fossil fuel–based, it is expected to play a key role in reducing greenhouse gas emissions and is already widely supplied in countries such as the United States. As e-methane and biomethane share the same main component as city gas, they can be distributed and used through existing city gas infrastructure. By promoting the adoption of e-methane and biomethane, the Tokyo Gas Group views the realization of city gas decarbonization—while controlling additional social costs—as both its responsibility and mission.

### $CO_2$ emission reduction effect with e-methane




## Building new supply chains and driving cost reduction

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

LNG tanker used to receive biomethane from the United States

## Establishing a certification system

To deliver e-methane produced overseas as a zero-emission fuel to customers in Japan, an international framework for $CO_2$ accounting is essential. In addition, to verify the environmental value of e-methane and biomethane separately from conventional LNG, a certification system must be established. To support the creation of these systems, we are actively engaging with relevant government agencies and leveraging collaboration among private-sector companies, including the e-NG Coalition, an international alliance established in October 2024 by eight Japanese and European energy companies, including Tokyo Gas, to promote global adoption of e-methane. As of June 2025, the coalition has 23 member companies.
Furthermore, under the Clean Gas Certificate system, which began operation in April 2024, Tokyo Gas issued certificates for e-methane produced at its demonstration facilities. The environmental value of these certificates was transferred and utilized in Japan for the first time, powering gas lamps installed along Yamashita-Koen Dori (Yamashita Park Street) in Yokohama.

e-NG COALITION

Promotion of Sustainability Management > Responsibly transitioning to a decarbonized society

Decarbonization of Electricity

# Offshore wind power

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

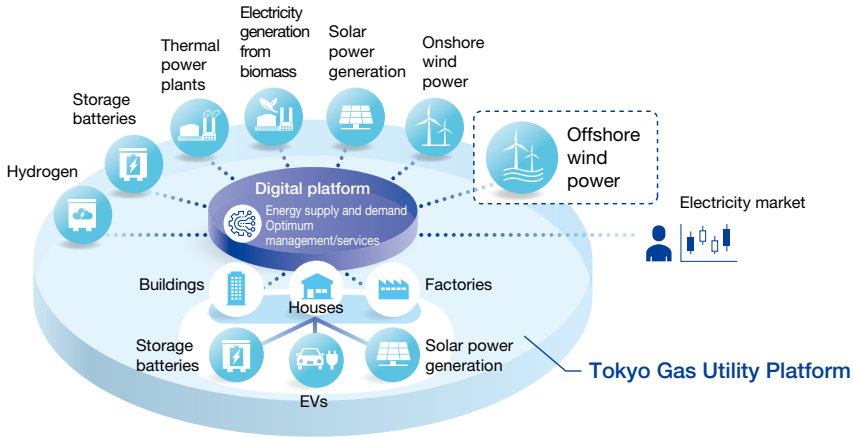
## Our vision for Tokyo Gas through renewable energy growth

### Value delivered to society

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

### Value delivered to customers

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




## Toward the commercialization of floating offshore wind power

### Research and development of floating foundation technology

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

### Participation in operating power generation projects

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

### Proactive investment in overseas projects

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

Promotion of Sustainability Management > Responsibly transitioning to a decarbonized society

Supporting Decarbonization

# Intellectual property

## Creation and accumulation

### Core technologies developed through the city gas business

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

### Accumulated core technologies

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

### Expansion into carbon-neutral technologies

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

## Maximizing value and contributing to strategy

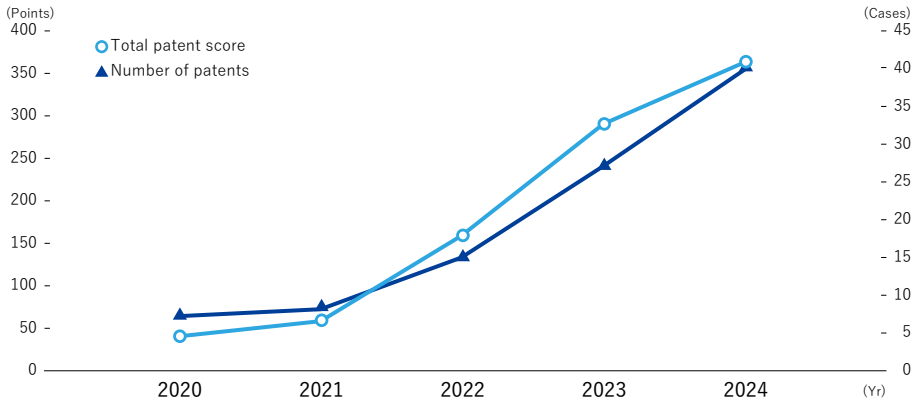
### Using IP landscape analysis and visualization

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

### Setting goals and monitoring intellectual property activities

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

#### Example of monitoring carbon-neutral–related patents




Aggregated using Biz Cruncher by Patent Result Co., Ltd.

Promotion of Sustainability Management

# Disclosure Based on the TCFD Recommendations

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

## Governance

The Board of Directors makes key decisions for the Group's management, including materiality considerations that take climate-related risks and opportunities into account, the management plan, and other important matters.
The Board also receives regular reports from Executive Officers on key management indicators related to climate change initiatives and monitors progress accordingly.

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

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

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

## Risk management

The Tokyo Gas Group defines risks judged to have a significant impact on its business as "key risks" within its Risk Management Policies, which outline the fundamental principles of risk management. The policy is reviewed annually, and daily monitoring is conducted to detect early signs of risk.
These key risks are established by identifying and prioritizing risks specific to each division and subsidiary for the entire Group's business each fiscal year. Climate-related risks are also designated as key risks and integrated into the Group-wide Enterprise Risk Management (ERM) framework.
In addition, the Risk Management Committee, established to enhance ERM management, regularly reviews risks and monitors the development and operation of the ERM system, reporting its findings to the Management Committee.

## Strategy

The Tokyo Gas Group recognizes responding to climate change as a critical issue to be addressed through its business activities. In pursuit of net-zero $CO_2$, we have developed the Tokyo Gas Group Carbon Neutrality Roadmap 2050, which outlines a concrete pathway looking toward 2040 and 2050.
In the short term through 2030, we promote high-efficiency use of natural gas as part of a responsible transition, balancing decarbonization with stable energy supply. From 2030 onward, we will implement and expand decarbonization technologies, leading a seamless transition to a carbon-neutral society by 2040, and achieve gas and electricity decarbonization by 2050.

Carbon Neutrality Roadmap 2050 ▶ P.20

## Promotion of Sustainability Management > Disclosure Based on the TCFD Recommendations

# Risks, opportunities, and countermeasures based on scenario analysis

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

## Assumed scenarios

| | Worldview | Reference scenarios |
|---|---|---|
| 1.5°C scenario | A scenario that assumes the achievement of global net-zero $CO_2$ emissions by 2050 through various decarbonization initiatives. | • IEA WEO 2023: Net Zero Emissions by 2050 Scenario (NZE)<br>• IPCC Sixth Assessment Report: SSP1-1.9, etc. |
| 4°C scenario | A scenario on the current trajectory that assumes no additional initiatives beyond already implemented and announced decarbonization policies. | • IEA WEO 2023: Stated Policies Scenario (STEPS)<br>• IPCC Sixth Assessment Report: SSP5-8.5, etc. |

## Evaluation of risks/opportunities and countermeasures

| Category | | Factors | | Business impact | | Financial impact* | |
|---|---|---|---|---|---|---|---|
| | | | | | | Short to medium term | Medium to long term |
| Transition | Policy and Legal | Introduction of carbon pricing | | Risks | Increased costs for city gas and thermal power generation projects | ○ | ○ |
| Transition | Market | Supply side | Expansion of non-fossil energy | Risks | Decrease in sales of city gas and thermal power | ○ | |
| Transition | Market | Supply side | Expansion of non-fossil energy | Opportunities | Expansion of development of renewable power sources and increase in sales volume | ○ | ○ |
| Transition | Market | Supply side | Expanding need for natural gas as a transition energy | Risks | Soaring LNG prices | ○ | |
| Transition | Market | Supply side | Expanding need for natural gas as a transition energy | Opportunities | Increase in city gas and natural gas sales volume due to progress in fuel switching | ○ | |
| Transition | Market | Demand side | Changes in energy consumption structure | Risks | Decrease in city gas sales volume due to progress in energy conservation and electrification | ○ | |
| Transition | Market | Demand side | Changes in energy consumption structure | Opportunities | Expand services that utilize decentralized and low-voltage resources (e.g., renewable energy, storage batteries, demand response, etc.) | | ○ |
| Transition | Technology | Advancement of decarbonization technologies such as renewable energy, e-methane, hydrogen and CCUS | | Risks | Decrease in sales of city gas and thermal power | ○ | |
| Transition | Technology | Advancement of decarbonization technologies such as renewable energy, e-methane, hydrogen and CCUS | | Opportunities | Profit expansion through renewable energy, e-methane, hydrogen, and CCUS | | ○ |
| Transition | Reputation | Focus on low carbon and decarbonization in investment standards | | Risks | Decrease in financing capacity of fossil fuel-related businesses | ○ | |
| Transition | Reputation | Focus on low carbon and decarbonization in investment standards | | Opportunities | Increase in financing capacity of decarbonization-related businesses | | |
| Physical | Acute | Extreme weather intensification | | Risks | Increase in costs for measures against wind and flood damage, risk of shutdown of operations if production equipment is damaged | | ○ |
| Physical | Acute | Extreme weather intensification | | Opportunities | Expansion of decentralized energy due to disaster prevention and resilience needs | | |
| Physical | Chronic | Temperature rise | | Risks | Decrease in sales volume of city gas (home-use and business-use) | | |

* "○": Items for which the financial impact is thought to be particularly significant

## The Tokyo Gas Group measures

### Sophisticated use of natural gas

- Switch from coal, oil, etc., to natural gas as fuel, introduce cogeneration systems, develop smart cities, strengthen resilience in Japan and global markets
- Increase provision of Carbon Offset City Gas
- Expand the use of natural gas for balancing renewable power
- CCUS

### Decarbonization of gas and electricity

- e-methane: Transition to large-scale and high-efficiency methanation and commercial use
- Hydrogen: Establish practical, affordable hydrogen production technologies
- Expand renewable power sources (e.g., increase solar and wind power generation, etc.)
- Achieve net-zero $CO_2$ emissions in our thermal power generation

### Infrastructure development (resilience)

- Enhanced resilience in the natural gas infrastructure
- Enhanced establishment of water hazard–resilient public utilities (i.e., disaster countermeasures for LNG terminals and power stations)
- Expanded use of decentralized energy systems that are highly resilient, such as smart energy networks, cogeneration systems, ENE-FARM (home fuel cells), storage batteries, etc.

## Quantitative financial impact

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

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

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

## Impact of rising temperatures on city gas sales

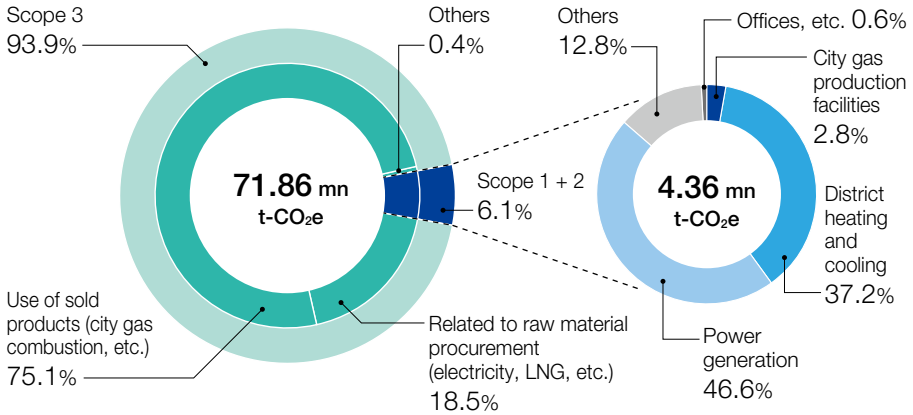
Abnormal weather, such as extreme heat or unusually warm winters, could cause fluctuations in sales volumes for household gas—primarily used for hot-water supply and heating—as well as some commercial-use gas, potentially affecting the city gas business. In the SSP-8.5 scenario (4° C scenario) of the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

## Indicators and targets

To support the realization of a carbon-neutral society, we have established the following indicators and targets to both contribute to reducing $CO_2$ emissions across society and track the progress of initiatives aimed at reducing the Tokyo Gas Group's own $CO_2$ emissions (Scope 1, 2, and 3).

| Indicator | Target | | |
|---|---|---|---|
| $CO_2$ reduction contribution (vs. FY2013) | 2025 12 mn t | 2030 17 mn t | |
| Greenhouse gas emissions (Scope 1, 2, and 3) | | | 2050 Net-zero $CO_2$ |
| Net-zero $CO_2$ emissions from our activities (vs. FY2020) | 2025 60% achieved | 2030 100% achieved | |
| Renewable energy transaction volume | 2025 2.2 mn kW | 2030 6 mn kW | |
| Natural gas transaction volume | | 2030 20 mn t | |
| e-methane introduced volume | | 2030 1% deployed (80 mn Nm3/year) | |
| Decarbonization investment amount | 2023–2025 230 bn yen (3-year total) | | |

### Greenhouse gas emissions: FY2024 results



Promotion of Sustainability Management

# Conserving the Global Environment

## Basic approach

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

## Promotion system

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

Sustainability promotion system ▶ P.42

## Conservation of biodiversity

### Efforts to reduce biodiversity risks in the value chain

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

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

### Risk evaluation based on the TNFD recommendations

Based on the Taskforce on Nature-related Financial Disclosures (TNFD), we utilized the "LEAP approach"*1 and trialed evaluating risks with a serious bearing on natural capital. Furthermore, to ensure the objectivity of these evaluations, they were conducted based on the perspectives of outside experts.

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

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

### Conservation activities in the "Tokyo Gas Forest"

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

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

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

## Enhancing resource utilization

### Recycling of used gas pipes

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

### Gas meter reuse and recycling

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

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

Promotion of Sustainability Management

# Respecting Human Rights Across the Supply Chain

## Human Rights Policy

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

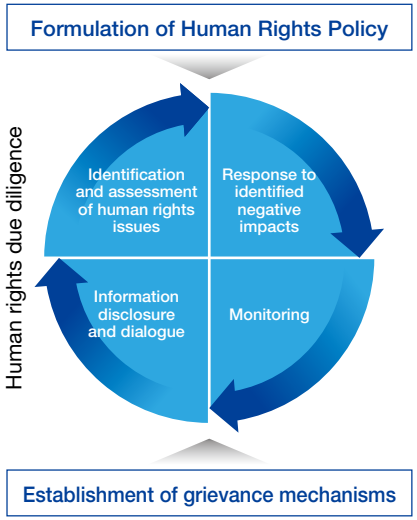
Tokyo Gas Group Human Rights Policy
https://www.tokyo-gas.co.jp/about/policy/index.html?wovn=en

## Promotion system

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

## Human rights due diligence

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




## Identification and assessment of human rights issues

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

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

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

## Response to identified negative impacts

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

| | |
|---|---|
| FY2023 | Reviewed human rights risks and responses in:<br>• Fuel procurement for biomass power generation<br>• Manufacturing stage of procured solar panels<br>• Management of technical intern trainees in our domestic operations |
| FY2024 | Review of human rights risks and responses in:<br>• LNG development and production<br>• Carbon credit generation projects<br>• Management of labor accidents involving non-Japanese workers in our domestic operations<br>• AI development and utilization |

## Monitoring (Initiatives with business partners on respecting human rights)

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

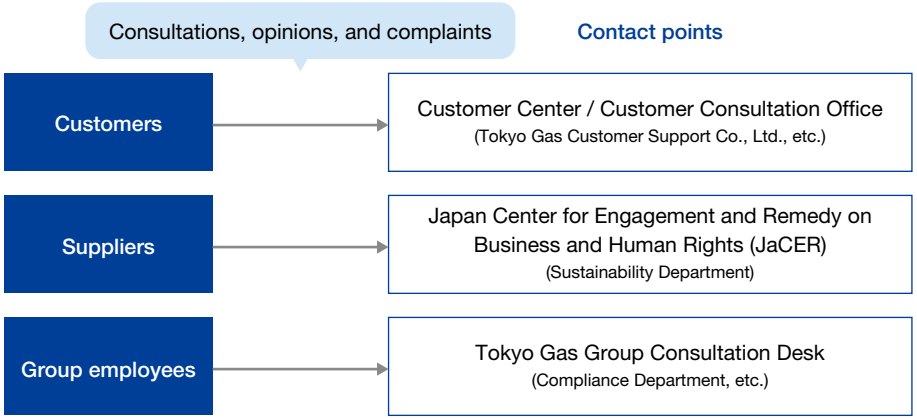
## Disclosure and dialogue

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

## Establishment of grievance mechanisms

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

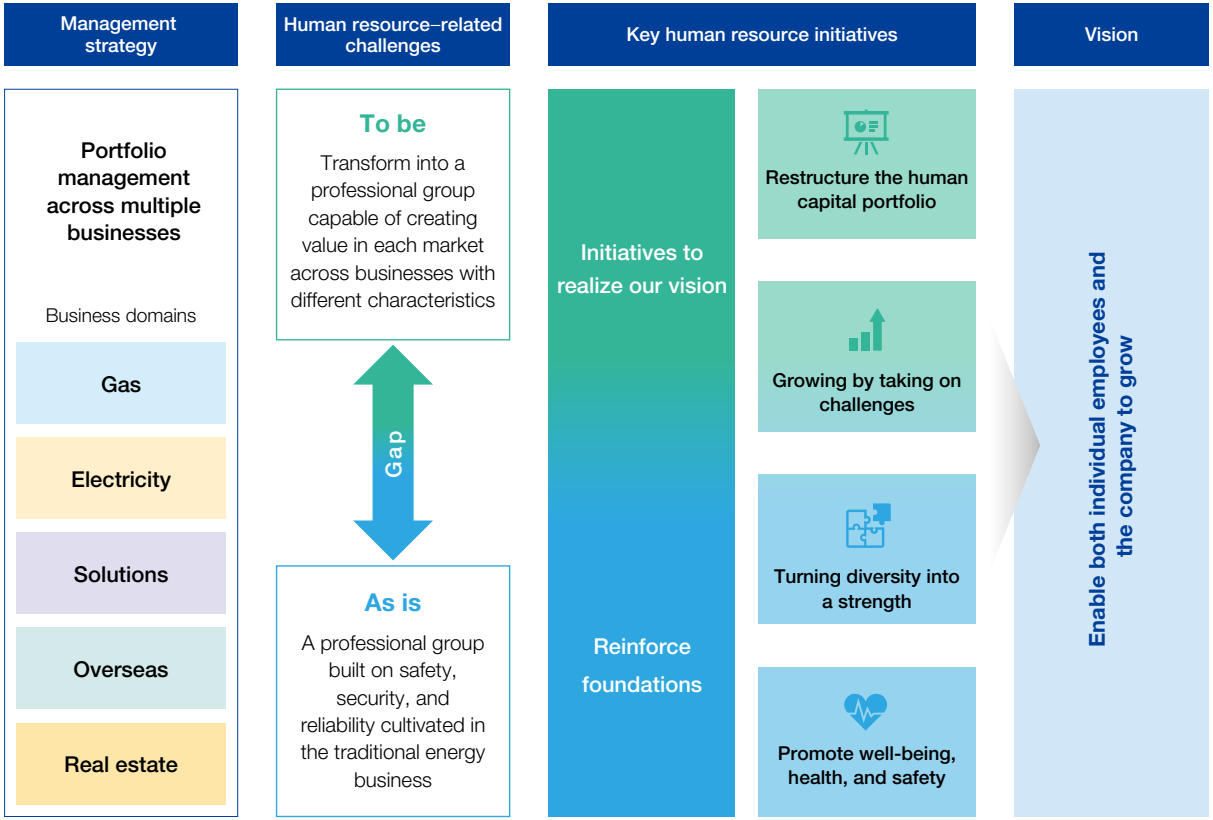
Sustainability promotion system ▶ P.42



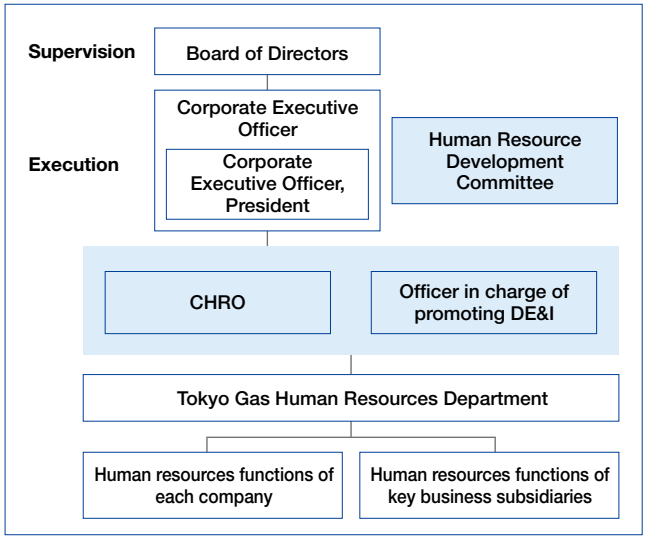
# Practicing Human Capital Management

The business environment surrounding the Tokyo Gas Group is undergoing significant change. In this context, we regard the current period as the "third founding" and are working to transform our operations toward portfolio management across multiple businesses. While leveraging the high ambitions and perseverance cultivated in our traditional energy business, as well as our strengths as a professional team built on safety, security, and reliability, we are engaging with each market across businesses with different risk-return profiles and evolving into a professional group capable of creating new value. This transformation represents the greatest challenge in our human capital strategy.
To address this challenge, the Human Resource Development Committee, composed of members of the Management Committee, engages in in-depth discussions and deliberations and implements a variety of initiatives. People are central to realizing our management strategy. At the Tokyo Gas Group, we view each employee not merely as capital, but as a valuable asset with heart, and practice human capital management that enables both individual employees and the company to grow together.

**The Human Resource Development Committee, composed of Management Committee members, engages in multifaceted discussions and deliberations regarding people as valuable assets with heart.**




## Promotion system




| | |
|---|---|
| Human Resource Development Committee | Discusses and deliberates on human capital themes in alignment with management strategy. It is directly under the President, composed mainly of Management Committee members, and collaborates with other committees as needed. |
| CHRO | Enhances the effectiveness of human resources strategy while facilitating communication with internal and external stakeholders, and leverages this for initiatives across the entire Group. |
| Officer in charge of promoting DE&I | Drives human resources strategy in coordination with the CHRO, focusing on DE&I initiatives. |

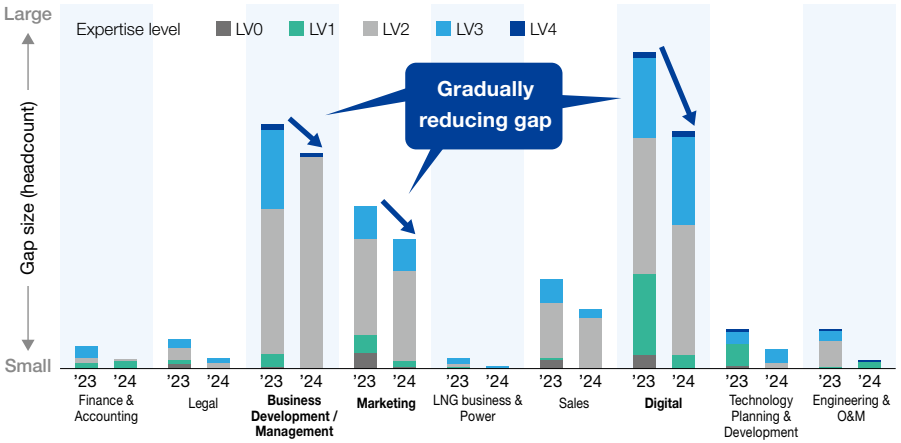
## Practicing Human Capital Management

# Restructuring of the human capital portfolio

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

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

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

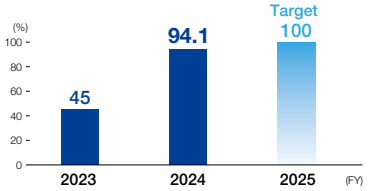



**Gaps are being reduced through upskilling, reskilling, workforce redeployment, and hiring**

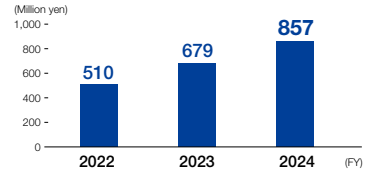
### Strengthening upskilling and reskilling support from both financial and time perspectives

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

#### Reskilling and retraining participation rate (non-consolidated)




#### Training expenditure (non-consolidated)



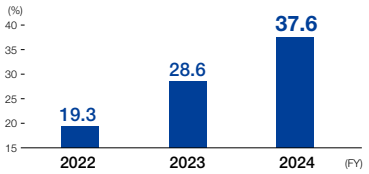

### 20% concurrent assignment to support early contribution in new department

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

### Experienced hires nearly doubled over past three years

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

#### Experienced hire ratio (non-consolidated)



## Practicing Human Capital Management

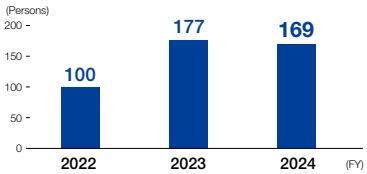
# Growing by taking on challenges

### Internal application system supporting employees' career autonomy

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

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

**Number of internal applicants (non-consolidated)**




### Implementation of OKRs

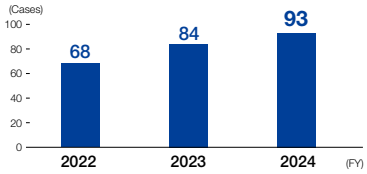
To encourage bold initiatives that drive sustainable growth amid uncertain societal and environmental changes, we have introduced Objectives and Key Results (OKRs) as a goal management system for executives and above. By having the President, executives, and senior leaders publicly share ambitious long-term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

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

### Secondary employment

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

**Number of secondary employment (non-consolidated)**



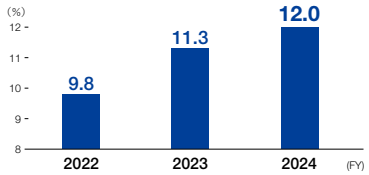

# Turn diversity into a strength

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

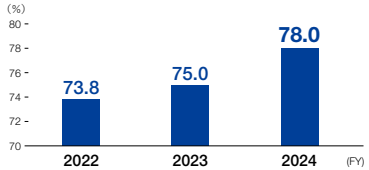
To foster an organization where diverse talent can thrive, we are promoting Diversity, Equity, and Inclusion (DE&I). As an initial focus, we are advancing women and implementing various initiatives aligned with our management strategy.

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

**Ratio of female managers (non-consolidated)**




**Gender pay gap (non-consolidated)**




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

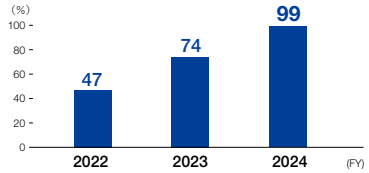
### Promoting paternity leave to drive cultural transformation

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

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

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

**Paternity leave uptake rate (non-consolidated)**




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

## Practicing Human Capital Management

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

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

## Well-being / Health and safety

### Strengthening managerial mental health training and sleep initiatives

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

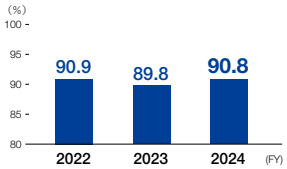
### Health consultations to enhance health management skills among younger employees

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

## Employee engagement

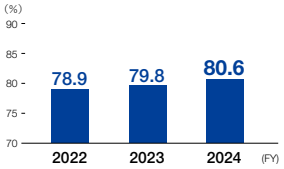
To quantify employees' sentiments and circumstances and reflect them in various initiatives, we conduct an employee engagement survey (eNPS).
In the FY2024 survey, the proportion of positive responses regarding employee engagement remained high at 90%, maintaining a strong level since the survey's inception.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

**Positive response rate regarding engagement*** (non-consolidated)

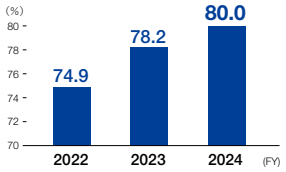



* Measured as the positive response rate regarding employees' willingness to contribute.

**Positive response rate regarding sense of growth and willingness to take on challenges** (non-consolidated)




**Positive response rate regarding expression of diversity** (non-consolidated)




## External recognition

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

# Promoting DX

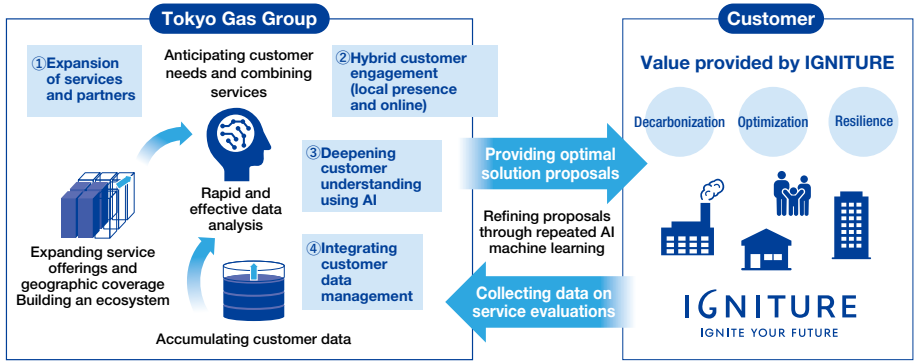
## AI utilization by the Tokyo Gas Group

In recent years, the advancement of digital technologies has accelerated, making their effective use indispensable as a foundation for corporate competitiveness. The Tokyo Gas Group positions digital transformation (DX) as a core element of its strategic execution and is actively pursuing focused initiatives in this area.
In particular, AI technology is rapidly evolving from traditional analytics- and prediction-based AI to generative AI and autonomous AI agents capable of executing tasks independently. This evolution is expected to go beyond merely improving productivity, with AI-driven business models likely to become mainstream in the near future. Consequently, the importance of AI utilization is increasing significantly within our Group as well.
At the same time, because AI utilization requires governance that includes ethical considerations, we share our AI utilization policy across the entire Group to maximize the benefits of AI while ensuring company-wide optimization. By thoroughly integrating AI throughout our business processes, we aim to fundamentally improve productivity in existing businesses. In addition, we plan to develop and commercialize new AI solutions leveraging the Group's existing strengths, thereby strengthening the IGNITURE brand and contributing to business revenue. Through these initiatives, we aim to become an "AI-native company" that grows alongside AI and creates next-generation value by leveraging AI in ways that directly drive business performance.

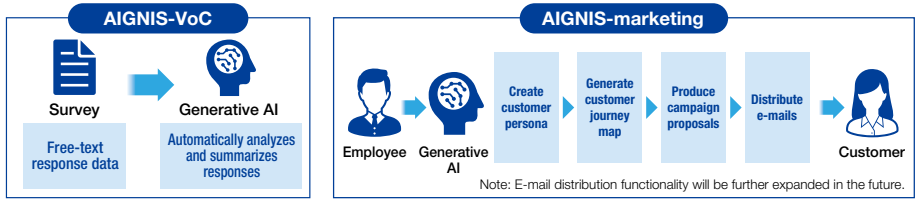
## Examples of AI utilization

In leveraging generative AI, the Tokyo Gas Group aims not only to improve productivity and quality through extensive employee use but also to fundamentally restructure operations and create new value by combining proprietary data and various technologies. In 2023, a generative AI chat tool was introduced across the entire Group, and in 2024, we independently developed AIGNIS, an internal generative AI application tailored to specific business needs. These initiatives have helped embed generative AI within the company while deepening efforts to solve operational challenges.
Through IGNITURE, we offer value in the areas of decarbonization, optimization, and resilience, providing diverse solutions that extend beyond the energy sector. One example is the heat source equipment optimum control AI, which uses AI for optimal control to help customers reduce energy costs and lower $CO_2$ emissions. This project has also been selected for the Tokyo Metropolitan Government's commissioning of early social implementation support projects for the creation of GX (green transformation) related industries.

### Beyond the energy business—IGNITURE




### Further evolution of CX × DX




In addition, to enhance the customer experience, we developed AIGNIS-VoC to analyze customer feedback. By processing large volumes of text data that are difficult for humans to handle, it extracts new insights, enabling rapid service improvements. Furthermore, AIGNIS-marketing, developed to deepen customer understanding and accelerate marketing, automates the creation of customer personas and journey maps, as well as the generation of optimal campaign proposals, allowing for the delivery of clear, high-quality services.
The use of AI goes beyond simply improving operational efficiency; it enables deeper customer understanding and value creation through solving customer challenges, while also contributing to the transformation of corporate culture. The Tokyo Gas Group aims to maximize the potential of AI to work closely with customers, jointly identifying and addressing their needs to create a more convenient and comfortable lifestyle. These efforts have been highly recognized externally, leading to our selection among the "Noteworthy DX Companies 2025."

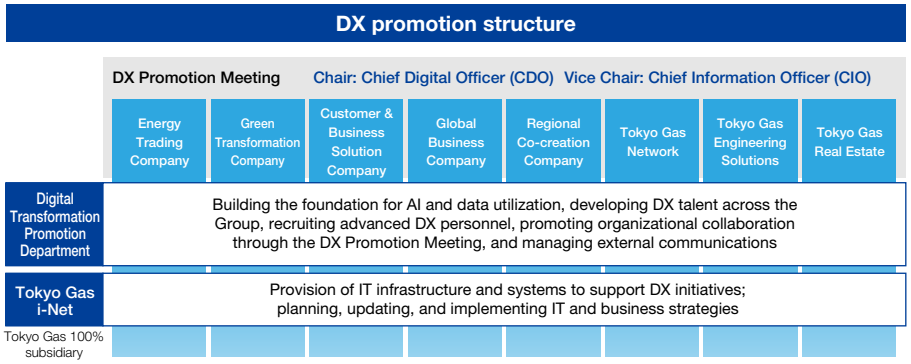
Noteworthy DX Companies 2025
Digital Transformation

## Promoting DX

### DX promotion structure

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

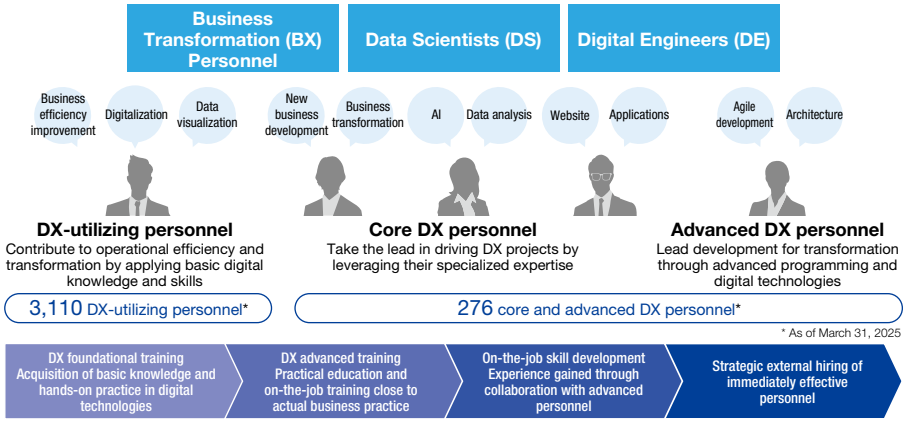
* Support structure involving Business Transformation (BX) personnel, Data Scientists (DS), and Digital Engineers (DE)




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

### Establishing and promoting a Group-wide DX talent development framework

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




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

# Visualization of Non-Financial Value

## Visualizing how non-financial capital contributes to corporate value

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

CFO's Message: Financial Capital Strategy ▶ P.26

To enhance corporate value, it is essential to identify initiatives among non-financial efforts that contribute to value creation. We are therefore working to structure these measures and to visualize and quantify their effects by developing a value relations diagram.
Previously, as part of our approach to visualizing non-financial value, we analyzed the environmental and human capital domains using an overview analysis (employing the Yanagi model*), which examines the direct correlation between individual initiatives and the P/B ratio through multiple regression analysis.
Building on this approach, to clarify causal relationships that are difficult to capture with overview analysis alone, we developed hypotheses mapping the chain of value generated by initiatives through to corporate value. We then conducted a value relationship analysis, verifying these correlations using simple regression analysis.

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

## Analysis results in human capital areas

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

## Future initiatives

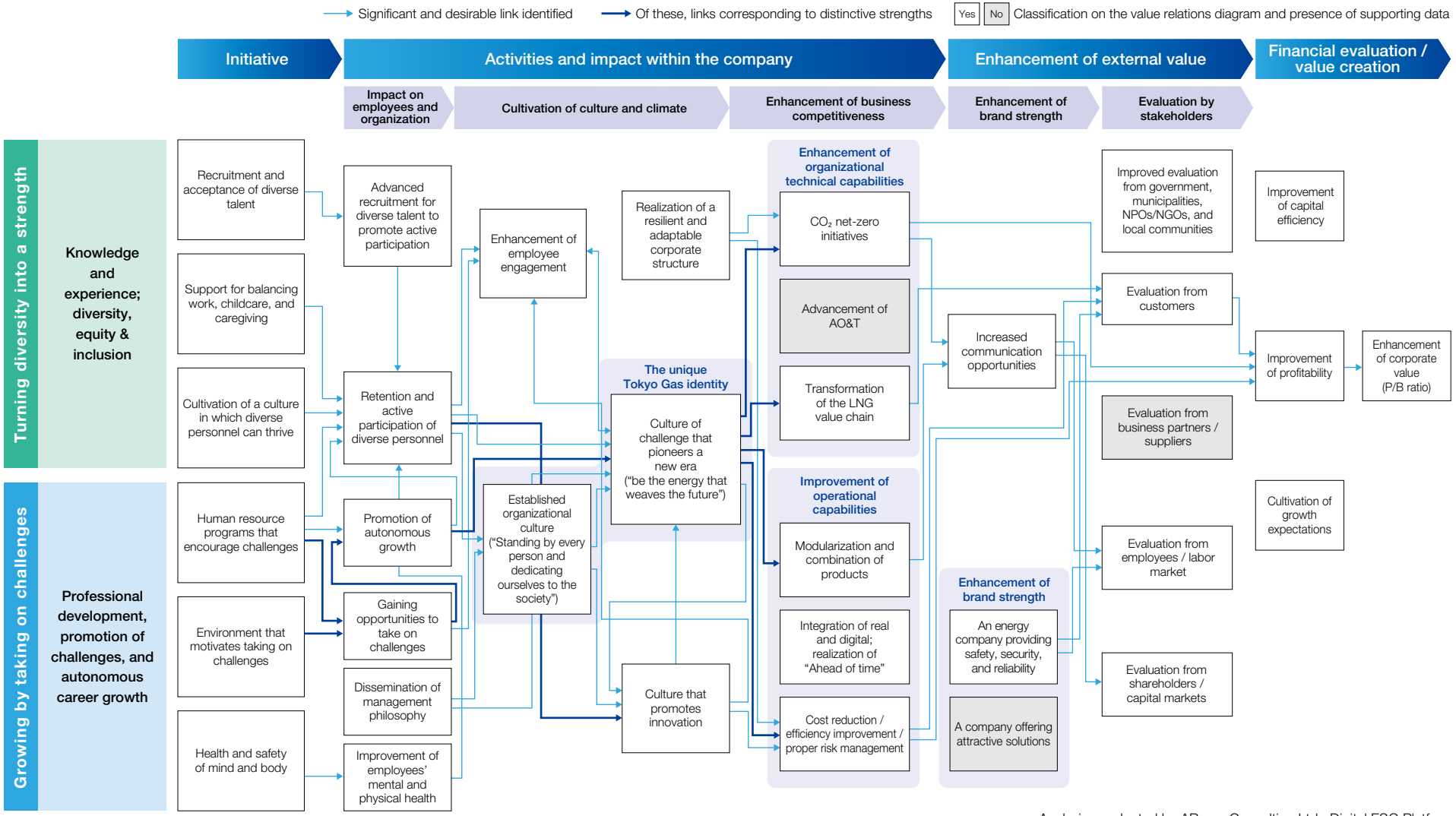
While the current analysis has limitations due to insufficient data and the reliability of verification results, it represents the Group's first attempt to depict the overall picture of how human capital and environmental initiatives contribute to corporate value and to follow a process for testing hypotheses.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

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

| Initiative | Impact on employees and organization | Cultivation of culture and climate | Enhancement of business competitiveness | Financial evaluation / value creation | |
|---|---|---|---|---|---|
| **Human resource programs that encourage challenges** | **Gaining opportunities to take on challenges and fostering autonomous growth** | **Culture of challenge that pioneers a new era** | **Contribution to $CO_2$ net-zero initiatives** | | |
| • Systems supporting autonomous career development<br>• Goal management and evaluation systems that promote skill development and acquisition | Employees engage in work with awareness of their desired career path, taking on challenges to develop and acquire expertise | Encouragement of diverse employees' challenges; accepting failures while linking to outcomes; organizational culture gradually shaped | Accelerated initiatives for carbon neutrality, including high-efficiency use of natural gas and introduction of renewable energy | **Improved profitability (ROA, ROE)** | **Enhanced corporate value (P/B ratio)** |
| | Correlations confirmed through employee survey results | | | | |

## Visualization of Non-Financial Value

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




Analysis conducted by ABeam Consulting Ltd., Digital ESG Platform

# Roundtable with the Chairperson and Outside Directors

As a company with a Nominating Committee, we clearly separate execution and oversight functions, placing a diverse and objective supervisory perspective at the center of Board operations. Of the nine directors, six are outside directors. In this roundtable, the Chairperson spoke with two outside directors about the discussions at the Board and committees in FY2024 and the perspectives they consider important as directors.

**YAMAMURA Masayuki**
Outside Director
(Chairperson, Compensation Committee; Member, Nominating Committee)

**UCHIDA Takashi**
Chairperson of the Board
(Member, Nominating Committee; Member, Compensation Committee)

**TANNOWA Tsutomu**
Outside Director
(Chairperson, Nominating Committee; Member, Compensation Committee)

## Initiatives to enhance corporate value

### Growth Story For the Next Medium-term Management Plan

**Uchida** In the document "Working Toward Continuous Corporate Value Enhancement" published at the end of January 2025, you clearly stated the commitment to achieve an ROE of 8% for FY2025 and the target of exceeding 10% around 2030. At the end of March, you also announced the initiatives to achieve the FY2025 ROE target and the Growth Story For the Next Medium-term Management Plan. What were your thoughts when discussing this growth story at the Board of Directors meeting?

**Yamamura** Because the Tokyo Gas Group's businesses are extremely diverse, I considered them in three main pillars. The first is domestic operations. This involves how to grow our domestic energy business by leveraging our strengths, such as our customer base and owned assets, and how to maximize synergies with peripheral businesses centered on the solution-providing business brand, IGNITURE. From the perspective of the overall corporate portfolio, I also recognize the importance of balancing high-volatility energy businesses with urban development that can be expected to generate stable revenues. To further enhance investment and asset efficiency in urban development, I believe it is necessary to focus on circular businesses, such as private REITs, to expand earnings.

The second pillar is overseas operations. I hope these businesses will actively drive the Tokyo Gas Group's future growth. This pillar involves promoting initiatives to achieve carbon neutrality, such as the introduction of wind power, while also expanding the North American shale gas and LNG trading businesses.

The third pillar is nurturing subsidiaries to become "stars" within the Group. Personally, I have high expectations for Tokyo Gas Engineering Solutions, which provides one-stop solutions and engineering services ranging from energy supply—such as city gas, electricity, and renewable energy—to energy services. By expanding its business beyond Tokyo Gas's supply area, mainly in the metropolitan region, and extending services nationwide, it has the potential for further growth.

## Roundtable with the Chairperson and Outside Directors

### Capital policy

**Uchida** What is your perspective on the capital policy designed to achieve the FY2025 ROE commitment of 8% and the target of surpassing 10% around 2030?

**Tannowa** I believe that publicly committing to an ROE of 8% marks a significant milestone in the structural transformation of our business. However, the city gas business, which accounts for a large portion of our operations, is highly volatile and susceptible to fluctuations in energy prices, making profits (the numerator of ROE) prone to change. A key discussion point was how to achieve the target while managing this volatility.

One measure to support this target is share repurchases, which is important from the perspective of reducing equity (the denominator of ROE). At the same time, achieving long-term growth and stable ROE improvement requires increasing profits, and monitoring growth investments and investment efficiency is a major role of the Board of Directors. In evaluating investment efficiency, numerical targets based on ROIC are necessary. A key point is how to link this to external disclosure, including the consideration of introducing ROIC.

### Management with awareness of the cost of capital and stock price

**Uchida** It is necessary to consider both the profits and equity components of ROE, but unless profits are increased, achieving a stable ROE of 8% or higher is not possible. This also ties into “management that is conscious of the cost of capital and stock price,” as requested by the Tokyo Stock Exchange (TSE)—namely, creating corporate value that keeps the price-to-book (P/B) ratio above 1. From the perspective of a company with a Nominating Committee, what are your thoughts on our efforts to consistently maintain a P/B ratio of at least 1 going forward?

**Tannowa** At the outset, some companies, in response to the TSE’s request to maintain a P/B ratio above 1, became confused and ended up taking short-term measures, such as boosting shareholder returns. However, the TSE’s intention is to aim for a P/B ratio above 1 by steadily increasing the stock price through long-term growth strategies, and we as outside directors need to remain fully conscious of that.

As an outside director at a company with a Nominating Committee, this is my first experience in such a role, and I feel that ensuring a clear separation between execution and oversight is essential. The Board should monitor management’s initiatives without unduly restricting their discretion, while providing support and pointing out potential risks. Ensuring effective separation will require ongoing dialogue with the President and other executives, and we outside directors also need to align our perspectives to provide consistent guidance.

**Yamamura** A P/B ratio below 1 suggests that the capital markets might be undervaluing the company. It is important for the Board to ensure that management clearly communicates the company’s growth strategy to the market. When preparing the January and March disclosures on continuous corporate value enhancement, the Board repeatedly discussed the growth story to ensure alignment. Once the Board decides on the direction of the growth story, management should then implement it steadily and boldly, exercising their discretion. I believe this approach aligns with how a company with a Nominating Committee should function, with the Board providing oversight and guidance while allowing management to execute.

## Review of materiality

### About the new materiality

**Uchida** We define materiality as initiatives by the Tokyo Gas Group that embody our management philosophy and are essential for addressing social issues (management challenges). The Board of Directors has been discussing this since last fiscal year, and the materiality was revised in FY2025. Could you explain how the challenges identified under the previous materiality have been addressed in the new version?

**Tannowa** Materiality can easily become overly broad, which can make its connection to specific management challenges harder to see. In a rapidly changing environment, the Board should ensure that the company can respond effectively to megatrends and societal shifts. Under the previous materiality, it was sometimes difficult to convey the Tokyo Gas Group’s unique strengths or link them clearly to strategy. The revised materiality, for example, combines what were previously separate items, “stable energy supply” and “responsible transition toward a carbon-

## Roundtable with the Chairperson and Outside Directors

neutral society," into "ensuring a stable energy supply while achieving carbon neutrality." I believe this makes management challenges clearer and should help guide the next Medium-term Management Plan while being understandable to stakeholders.

### Key issues to focus on going forward

**Uchida** The revised materiality serves as the foundation for formulating the next Medium-term Management Plan (FY2026–2028), which will be discussed this fiscal year. Could you explain how this materiality will be incorporated into the plan and which issues should be given priority?

**Yamamura** With the revised materiality, its connection to our business appears stronger. When integrating it into the management plan, it will be important to consider how it is reflected in the KPIs and how it can support operational improvements.

The new materiality is structured around the value created by the Tokyo Gas Group and transformations that further strengthen the Group's capabilities. In terms of incorporating it into the management plan, the latter is particularly important. Among the seven materiality items, I consider "6. Enhancing and expanding organizational capabilities by fusing face-to-face engagement with digital technologies" to be particularly important. Considering recent advances in DX, AI, and robotics, the seriousness with which the company pursues digital initiatives could significantly influence productivity outcomes. Focusing on this area could also help make progress on other materiality items.

## Review of executive compensation

**Uchida** Over the past year, the Compensation Committee has engaged in extensive discussions regarding the structure and levels of executive compensation. Could you share what factors were particularly emphasized in the review?

### Performance-linked ratio

**Yamamura** Given that we operate in the highly volatile energy industry, one issue was that the performance-linked compensation ratio for executive officers was relatively low compared to other companies.

To encourage executive officers to pursue medium- to long-term corporate value enhancement with even greater commitment, we have decided to raise the performance-linked portion of executive compensation above 40%. Specifically, we increased the bonus ratio by about 10 percentage points and introduced a performance-linked mechanism for stock-based compensation. In addition, we made various other system changes, such as expanding the bonus range to 0–200%. While the performance-linked ratio is still not fully satisfactory, we believe the revised compensation structure now provides incentives that are reasonably recognized externally as promoting corporate value enhancement.

### Compensation levels

**Tannowa** In considering executive compensation levels, we accounted for the traditional view that they should reflect the public nature of our business, but we also felt it was important to understand how our levels compare to companies outside our industry. Comparing Tokyo Gas to listed companies of similar scale in terms of operating profit and market capitalization, we found our compensation levels to be considerably low.

The growth strategy I mentioned earlier and this revision of executive compensation are closely intertwined. It is essential to think beyond the framework of a conventional gas company and focus on driving the Group's growth and delivering results. Using compensation levels at companies of similar scale as a reference, we decided to raise the compensation of executive officers, including the President, by roughly 10%.

## Roundtable with the Chairperson and Outside Directors

### How the Board of Directors monitors operations

**Uchida** Finally, as a company with a Nominating Committee, could you explain how the Board of Directors should conduct monitoring in a way that contributes to the Group's growth? In addition, what areas do you, as outside directors, plan to focus on to support this?

**Yamamura** Even with a medium-term plan in place, circumstances can change drastically if major events occur overseas or elsewhere. The Board needs to monitor whether cash is being allocated appropriately in response to such changes. For example, when a business the company aims to grow faces difficulties due to price fluctuations, the Board might need to evaluate whether it is appropriate to provide additional resources to sustain it.

Even for investments that have already been decided, it is important not to hold fixed views. The Board should ensure that management reviews cash allocations periodically and adjusts them in line with changing circumstances.

**Tannowa** Monitoring is truly challenging. When the Board evaluates management's proposals to identify potential risks, we constantly ask ourselves whether an issue is genuinely worth raising or whether we might be veering into micromanagement. While providing oversight from perspectives management might not have considered, we also aim to support them so they can take appropriate risks to realize the growth story outlined in the next Medium-term Management Plan.

**Uchida** I believe that the purpose of a company with a Nominating Committee is to grant management the fundamental authority to make decisions quickly, thereby putting the company on a growth trajectory. The Board's role is to set the overall direction, monitor whether management is executing appropriately, and provide support when it is necessary to move forward despite taking risks. We continue monitoring while carefully observing market trends, making adjustments as needed, and responding appropriately to emerging risks. By applying this balance of oversight and support—like using the accelerator and brake—we aim to achieve sustainable growth and enhance long-term corporate value. I hope that the six outside directors will continue to provide their insights and advice, drawing on their respective experiences and broad perspectives.

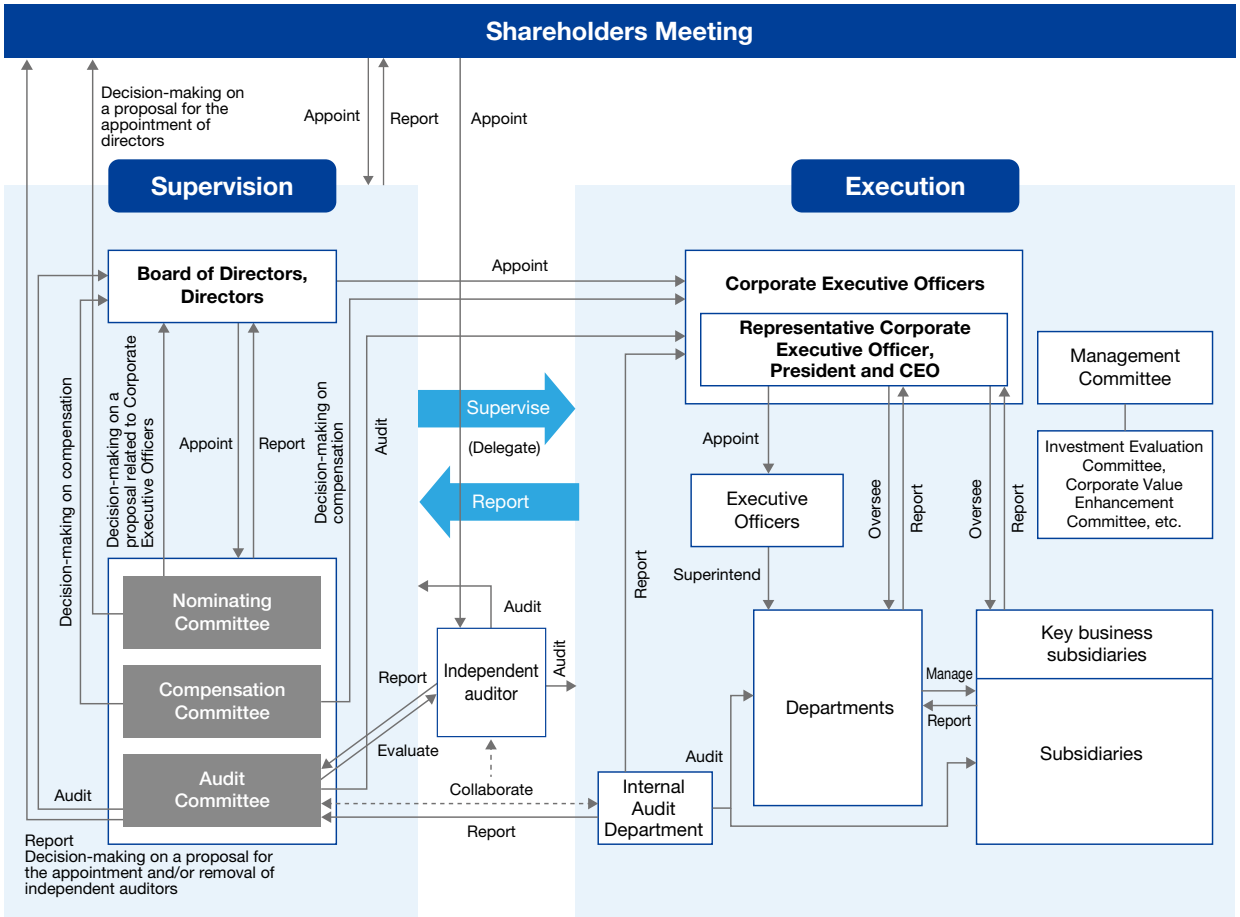
# Policy and Structure

## Basic views on corporate governance

Based on our Management Philosophy, we ensure legality, soundness, and transparency in management; clarify the responsibilities of management and execution; strengthen supervisory and auditing functions; and promote accurate, timely decision-making and efficient business operations, thereby enhancing and reinforcing corporate governance.

Basic Policy on Corporate Governance
https://www.tokyo-gas.co.jp/en/IR/gvnnc/pdf/policy.pdf

## Corporate Governance Structure




(As of June 27, 2025)

| | |
|---|---|
| Number of Directors | 9 |
| Of those, number of Independent Outside Directors*1 | 6 |
| Number of Corporate Executive Officers*2 | 4 |
| Number of Executive Officers | 27 |

*1 All six Outside Directors have been reported to the stock exchange as independent officers in accordance with the Company's "Criteria for Determining the Independence of Outside Directors."
*2 Includes a Corporate Executive Officer who concurrently serves as Director (Representative Corporate Executive Officer, President and CEO).

### Corporate Value Enhancement Committee

The Corporate Value Enhancement Committee, chaired by the Representative Corporate Executive Officer, President and CEO, discusses and reviews business portfolio management, capital policy, and related matters from the perspective of the capital markets. The Representative Corporate Executive Officer, President and CEO reports the committee's findings to the Board of Directors, in which a majority of members are Outside Directors.

### Investment Evaluation Committee

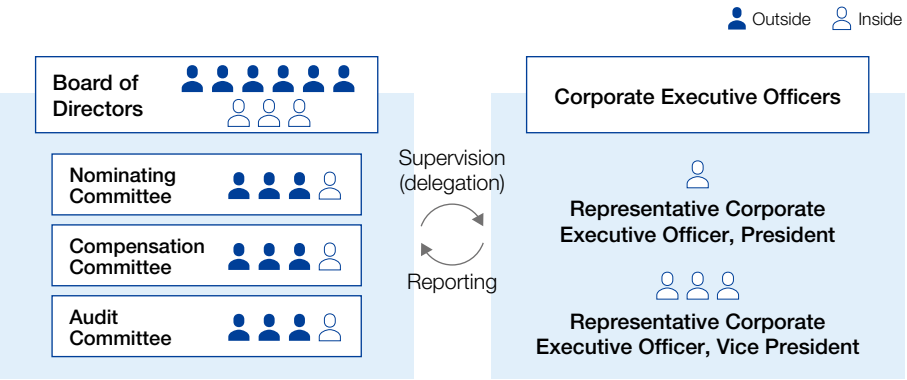
The Investment Evaluation Committee, chaired by the Executive Officer in charge of Financial affairs(CFO), evaluates the significance, economic rationale, and risks of proposed investments, conducts post-investment follow-up when necessary, and reports its findings to the Corporate Executive Officers and other relevant parties.

## Policy and Structure

### Company with a Nominating Committee, etc.

Since its founding in 1885, Tokyo Gas has operated its city gas business primarily in the Tokyo metropolitan area. However, as we enter an era of significant energy transformation, it is essential to accelerate the expansion of our business domains and the transformation of our business structure, in line with the Compass 2030 plan, which looks toward 2030 and beyond. Recognizing the need for stronger management oversight in undertaking this major transformation, we transitioned to a company with a Nominating Committee, etc., in June 2021.

**Structure of a Company with a Nominating Committee, etc.**



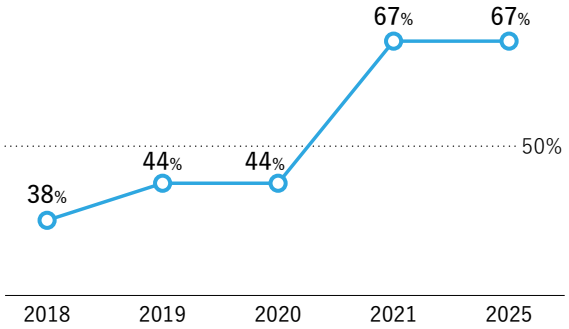

Note: As of June 27, 2025

We aim to achieve sustainable growth and enhance medium- to long-term corporate value by ensuring that the two bodies—the Board of Directors and the Executive Committee—clarify and complement each other's roles and responsibilities within a healthy tension.
The Board of Directors conducts broad, high-level reviews and discussions of overall management to enhance the decision-making process for matters requiring resolution, while concentrating on monitoring based on reports from Corporate Executive Officers. The Executive Committee conducts in-depth reviews and discussions with a Group-wide management perspective, enabling swift and appropriate decision-making and operational execution.

### History of strengthening Corporate Governance

| | |
|---|---|
| 2002 | Adopted an executive officer system and reduced the number of Directors<br>Began appointing Outside Directors |
| 2005 | Established an advisory committee to set up ad hoc committees for nomination and compensation, enhancing transparency |
| 2016 | Formulated the Basic Policy on Corporate Governance<br>Began evaluating the effectiveness of the Board of Directors |
| 2017 | Revised the Regulations of the Board of Directors (shifting toward a monitoring model) |
| 2021 | Transitioned to a company with a Nominating Committee, etc.<br>• Established Nominating, Compensation, and Audit Committees with a majority being Outside Directors<br>• Introduced a stock-based compensation system for Directors (inside and outside) and Corporate Executive Officers<br>• Delegated significant decision-making authority for business execution to the Representative Corporate Executive Officer, President and CEO<br>**Key point**<br>Decisions on investment projects are, in principle, delegated to the Representative Corporate Executive Officer, President and CEO, regardless of the project size. The Board of Directors confirms, based on reports from Corporate Executive Officers, that decisions and business execution are carried out appropriately in accordance with management principles. |
| 2024 | Conducted an external third-party evaluation to enhance the effectiveness of the Board of Directors P.75 |
| 2025 | Increased the proportion of performance-linked compensation (bonuses and stock-based compensation) for Corporate Executive Officers P.77 |

#### Growing proportion of Outside Directors




| Reference |
|---|
| From June 2018: 3 out of 8 = 38% |
| From June 2019: 4 out of 9 = 44% |
| From June 2021: 6 out of 9 = 67% |
| From June 2025: 6 out of 9 = 67% |

# List of Executives

## Directors As of June 27, 2025

Chairperson of the Board
(Member of the Nominating Committee, Member of the Compensation Committee)

### UCHIDA Takashi

Serving as a Director
11th year

April 1979 Joined the Company
April 2010 Executive Officer and General Manager of Corporate Planning Dept.
April 2012 Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., Compliance Dept. and Internal Audit Dept.
April 2013 Senior Executive Officer and Chief Executive of Energy Resources Business Div.
June 2015 Director, Senior Executive Officer and Chief Executive of Energy Resources Business Div.
April 2016 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div.
April 2017 Representative Director, Executive Vice President and Chief Executive of Residential Service Div.
April 2018 Representative Director, President
June 2021 Director, Representative Corporate Executive Officer and President
April 2022 Director, Representative Corporate Executive Officer, President and CEO
April 2023 Director
June 2023 Director, Chairperson of the Board (Current position)

Director

### SASAYAMA Shinichi

Serving as a Director
3rd year

April 1986 Joined the Company
April 2016 Executive Officer and General Manager of Corporate Planning Dept.
April 2018 Senior Executive Officer and Chief Executive of Digital Innovation Div. and in charge of Corporate Planning Dept.
April 2019 Senior Executive Officer and Chief Executive of Digital Innovation Div. and in charge of Corporate Planning Dept. and Business Transformation Project Dept.
April 2020 Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div.
June 2020 Director and Senior Managing Executive Officer and Chief Executive of Asset Optimization & Trading Div.
June 2021 Senior Managing Corporate Executive Officer and Chief Executive of Asset Optimization & Trading Div.
April 2022 Representative Corporate Executive Officer, Vice President and CSO
April 2023 Representative Corporate Executive Officer, President and CEO
June 2023 Director, Representative Corporate Executive Officer, President and CEO (Current position)

Director
(Audit Committee Member)

### HIGO Takashi

Serving as a Director
3rd year

April 1986 Joined the Company
April 2015 General Manager of Finance Dept.
April 2017 Executive Officer and General Manager of Gas Resources Dept., Gas Resources & Energy Production Div.
April 2018 Executive Officer and General Manager of Gas Resources Dept., Gas Resources & Energy Production Div., and Representative Director and President of Tokyo LNG Tanker Co., Ltd.
April 2019 Senior Executive Officer, and Representative Director and President of Tokyo Gas Engineering Solutions Corporation
April 2021 Senior Executive Officer and Chief Executive of Energy Solution Div.
April 2022 Senior Managing Executive Officer and in charge of Secretary Dept., General Administration Dept., Corporate Communications Dept., Sustainability Dept. and Internal Audit Dept. (Retired in March 2023)
June 2023 Director (Current position)

Outside Director
(Audit Committee Member)

### SEKIGUCHI Hiroyuki

Serving as a Director
4th year

April 1979 Joined Japan Broadcasting Corporation
August 1987 Reporter in the Economics Section, News Department of Japan Broadcasting Corporation (responsible for covering the Ministry of Transport, Ministry of Finance, Ministry of International Trade and Industry, distribution companies, trading companies, the Bank of Japan, the finance sector, etc.)
June 1998 Economics Section Deskman, News Department of Japan Broadcasting Corporation
June 2001 "Economics Front Line" Newscaster, News Commentator, General Broadcasting Administration of Japan Broadcasting Corporation
April 2004 "Business Compass" Newscaster of Japan Broadcasting Corporation
June 2007 Chief News Commentator of Japan Broadcasting Corporation
June 2014 News Commentator Vice-chairperson of Japan Broadcasting Corporation
April 2017 "Ohayo Nippon/Oha Biz" Newscaster of Japan Broadcasting Corporation (responsible for corporate strategy, energy affairs, green innovation, corporate governance, growth strategy, industrial policy, etc.) (Retired in January 2022)
June 2022 Director of the Company (Current position)

Outside Director
(Chairperson of the Nominating Committee and Compensation Committee Member)

### TANNOWA Tsutomu

Serving as a Director
3rd year

April 1976 Joined Mitsui Toatsu Chemicals, Inc. (Now Mitsui Chemicals, Inc.)
April 2007 Executive Officer, General Manager of Human Resources & Employee Relations Div. of Mitsui Chemicals, Inc.
April 2010 Executive Officer, Business Sector President of Basic Chemicals Business Sector of Mitsui Chemicals, Inc.
June 2012 Member of the Board, Managing Executive Officer of Mitsui Chemicals, Inc.
April 2013 Senior Managing Executive Officer of Mitsui Chemicals, Inc.
April 2014 Director, Member of the Board, President & CEO of Mitsui Chemicals, Inc.
April 2020 Representative Director, Member of the Board, Chairperson of Mitsui Chemicals, Inc.
April 2022 Outside Diractor of KDDI CORPORATION (Current position)
April 2023 Chairperson of the Board of Mitsui Chemicals, Inc. (Current position)
June 2023 Director of the Company (Current position)

Outside Director
(Chairperson of the Compensation Committee and Nominating Committee Member)

### YAMAMURA Masayuki

Serving as a Director
2nd year

April 1978 Joined Nippon Telegraph and Telephone Public Corporation
January 1999 General Manager of First Division, Holding Company Transition Headquarters of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
July 1999 General Manager of First Division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
June 2005 Director, General Manager of Tokyo Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2008 Executive Vice President, General Manager of Tokyo Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2009 Executive Vice President, Senior Executive Manager of Network Business Headquarters, General Manager of Office of Network Security of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
May 2011 Executive Vice President, Senior Executive Manager of Network Business Headquarters of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2012 Representative Director, President of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June 2018 Counselor to the President of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (Retired in June 2024)
June 2019 Outside Director of Fuyo General Lease Co., Ltd. (Current position)
April 2020 Chairman of THE TELECOMMUNICATIONS ASSOCIATION (TTA) (Current position)
June 2024 Director of the Company (Current position)

Outside Director
(Nominating Committee Member and Compensation Committee Member)

### YOSHITAKA Mari

Serving as a Director
2nd year

Worked for IT companies, US investment banks, etc.
August 2000 Joined Tokyo-Mitsubishi Securities Co., Ltd. (Now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) (Retired in April 2020)
April 2009 Part-time Lecturer of Graduate School of Media and Governance of Keio University (Retired in March 2024)
April 2016 Part-time Lecturer of School of Human Welfare Studies of Kwansei Gakuin University (Retired in March 2022)
May 2020 Joined Mitsubishi UFJ Research and Consulting Co., Ltd. Fellow (Sustainability), General Manager of Sustainable Management Support Office, Social Impact Partnership Dept., Research & Innovation Division (Retired in April 2025)
September 2021 Representative Director of General Incorporated Association Virtue Design (Current position)
April 2022 Visiting Professor of College of Arts and Sciences of The University of Tokyo (Current position)
April 2024 Guest Professor (Part-time) of Keio University (Current position)
June 2024 Director of the Company (Current position)

Outside Director
Newly appointed
(Chairperson of the Audit Committee)

### KOMATSU Yuriya

Worked at a domestic securities company and overseas investment bank, etc.
August 2010 Executive Officer of Otsuka Chemical Co., Ltd. (Retired in December 2022)
January 2013 Executive Officer and CFO of DWANGO Co., Ltd.
October 2014 Director and CFO of DWANGO Co., Ltd. (Retired in June 2021)
October 2014 Director of KADOKAWA DWANGO Co., Ltd. (Now KADOKAWA CORPORATION)
June 2017 Executive Officer of KADOKAWA CORPORATION (Retired in February 2019)
July 2020 Outside Director of NTN Corporation (Current position)
June 2021 Outside Director of Dream Incubator Inc. (Current position)
September 2021 Joined IA Partners Inc.
June 2022 Outside Director of Daicel Corporation (Current position)
January 2023 Director of IA Partners Inc. (Retired in April 2024)
June 2025 Director of the Company (Current position)

Outside Director
Newly appointed
(Audit Committee Member)

### FUKASAWA Yuji

April 1978 Joined Japanese National Railways
April 1987 Joined East Japan Railway Company
June 2003 General Manager of Investment Planning Department, Corporate Planning Headquarters, East Japan Railway Company
June 2006 Director, General Manager of Personnel Department, and Director of JR East General Education Center, East Japan Railway Company
June 2008 Executive Director, East Japan Railway Company
June 2012 Executive Vice President and Representative Director, East Japan Railway Company
June 2016 Executive Vice President and Representative Director, Assistant to President (General Affairs), in charge of Indian High-Speed Railway Project, East Japan Railway Company
April 2018 President and Representative Director, East Japan Railway Company
April 2024 Chairman of the Board and Director, East Japan Railway Company (Current position)
April 2025 President, Japan Tennis Association (Public Interest Incorporated Foundation) (Current position)
June 2025 Director of the Company (Current position)

## List of Executives

### Corporate Executive Officers As of April 1, 2025

| | | |
|---|---|---|
| Representative Corporate Executive Officer, President and CEO | | **SASAYAMA Shinichi**<br>CEO |
| Representative Corporate Executive Officer, Vice President | | **KASUTANI Toshihide**<br>Chief Executive of Global Business Company |
| Representative Corporate Executive Officer, Vice President | | **KIMOTO Kentaro**<br>CTO, Chief Executive of Green Transformation Company |
| Representative Corporate Executive Officer, Vice President | | **OGAWA Shinsuke**<br>Chief Executive of Customer & Business Solution Company |

Reference: The Company has established the following roles for the Chief X Officer (CXO) in order to address cross-sectional management challenges across the Group.

| Main roles in the Group as a whole | | |
|---|---|---|
| CEO | Chief Executive Officer | Formulates management policies and strategies and oversees execution |
| CDO | Chief Digital Officer | Oversees DX promotion |
| CIO | Chief Information Officer | Oversees IT systems and information security |
| CTO | Chief Technology Officer | Supervises technology development and standardization strategies related to decarbonization |
| CFO | Chief Financial Officer | Supervises financial strategy |
| CHRO | Chief Human Resources Officer | Supervises human resources strategy, conducts selection and training of management candidates |
| CRO | Chief Risk Management Officer | Oversees risk management |

### Executive Officers As of April 1, 2025

| | | |
|---|---|---|
| Senior Managing Executive Officers | SATO Hirofumi | President, Representative Director of Tokyo Gas Real Estate Co., Ltd. |
| | SUGESAWA Nobuhiro | President, Representative Director of Energy Trading Company |
| Managing Executive Officers | SAITO Akihiro | CHRO: In charge of Human Resources Dept., Legal Dept., Compliance Dept., and Internal Audit Dept. |
| | KONISHI Yasuhiro | President, Representative Director of Tokyo Gas Engineering Solutions Corporation |
| | TSUJI Eito | In charge of General Administration Dept., Purchasing Dept., and Corporate Communications Dept. |
| | KONISHI Masako | Chief Executive of Regional Co-creation Company and In charge of DE&I |
| | ENDO Yo | CIO: President, Representative Director of TOKYO GAS iNET CORP. |
| | MINAMI Taku | CFO: In charge of Financial Management Dept., Accounting Dept., and Sustainability Dept. |
| | MURAKOSHI Masaaki | CRO: In charge of Corporate Planning Dept. and Secretary Dept. |
| | SHIMIZU Seita | CDO: In charge of Digital Transformation Promotion Dept. and General Manager of Solution Co-creation Dept., Customer & Business Solution Company |
| Executive Officers | TAKEUCHI Atsunori, OKUMURA Eigo, OHASHI Taro, NAKAMURA Hajime, MIURA Kazutaka, ISHIZAKA Tadashi, KAWAMURA Toshio, KOWADA Yuko, GOSHIMA Nozomu, SOGA Go, YAO Yumiko, UENAKA Takayuki, HOSHIZAKI Tomohiro, MURATA Yukimaro, HORISAKA Kentaro, SAKURAI Kenji, NISHIYAMA Tomoyuki | |

## List of Executives

### Skills and roles demanded of Directors

All of our Directors are expected to possess the following skills: knowledge to deepen corporate management, a mindset to drive corporate transformation, and the ability to ask questions that address corporate challenges.

For Outside Directors, we expect them to possess the skills necessary to oversee the achievement of the Group's management vision, Compass 2030 (see right), and to complement the knowledge and experience of internal Directors and Corporate Executive Officers.

All internal Directors, except for the Representative Corporate Executive Officer, President and CEO, serve as non-executive Directors and are responsible for providing proposals and information in a timely and appropriate manner to ensure the effectiveness of the Board of Directors.

Reasons for the appointment of each Director (Outside and Internal) and attendance at Board of Directors and other meetings
https://www.tokyo-gas.co.jp/en/IR/stock/pdf/kabu/225e.pdf

### Skills matrix for Outside Directors

| | SEKIGUCHI Hiroyuki | TANNOWA Tsutomu | YAMAMURA Masayuki | YOSHITAKA Mari | KOMATSU Yuriya | FUKASAWA Yuji |
|---|---|---|---|---|---|---|
| 1 Energy | ● | | | ● | | |
| 2 Sustainability | ● | ● | | ● | | ● |
| 3 Digital/Technology | | | ● | | | |
| 4 Marketing/Project development | | ● | ● | | | |
| 5 Group management/Governance | | | ● | | ● | ● |
| 6 Global business | ● | | | ● | | |
| 7 M&A/Business restructuring | | ● | ● | | ● | |
| 8 Communications | ● | | | ● | | |
| 9 Finance/Accounting | | | | | ● | ● |
| 10 Risk management | | ● | | | ● | ● |

* Lists up to four skills possessed by Outside Directors

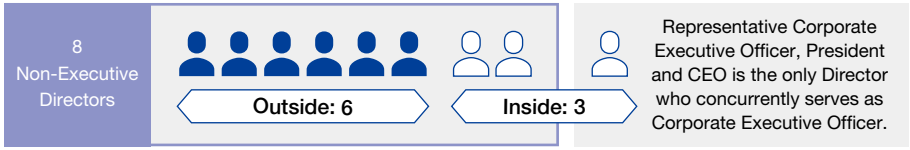
#### Details of each skill

| | |
|---|---|
| 1 Energy<br>2 Sustainability | Oversees the responsible transition to a net-zero society based on medium- and long-term energy and environmental trends in Japan and overseas |
| 3 Digital/Technology | Oversees the provision of solutions leveraging digital technologies in order to transition to a net-zero society and establish a value co-creation ecosystem |
| 4 Marketing/Project development | Oversees the migration from the city gas business focused exclusively on the Tokyo metropolitan area to a multi-business, decentralized management model through transformation of the LNG value chain |
| 5 Group management/Governance | Oversees business administration that manages multiple businesses while balancing autonomy and overall optimization, as well as the management and operation of personnel and organizations |
| 6 Global business | Oversees the transformation of the Company's business structure as a global, integrated energy company, the development and execution of strategies, and the strengthening of the Company's evaluation capabilities and risk management |
| 7 M&A/Business restructuring | Oversees efforts to integrate and consolidate businesses from multiple perspectives, aiming for rapid, non-linear growth both domestically and internationally |
| 8 Communications | Oversees timely and impactful information disclosure, based on close engagement and listening to stakeholders |
| 9 Finance/Accounting<br>10 Risk management | Oversees financial discipline and investment strategies under new risk balances associated with business expansion and M&A, while supervising internal controls and overall risk management |

# Board of Directors

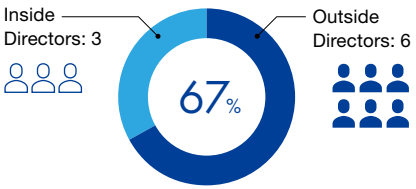
## Composition of the Board of Directors

As a company with a Nominating Committee, etc., to enable the Board of Directors to perform its supervisory functions more effectively, only one Director concurrently serves as a Corporate Executive Officer—the Representative Corporate Executive Officer, President and CEO. This clearly separates execution and supervision, ensuring attentive and disciplined management. On this basis, approximately two-thirds of the Board of Directors are Outside Directors, placing diverse and objective oversight at the core of Board operations.

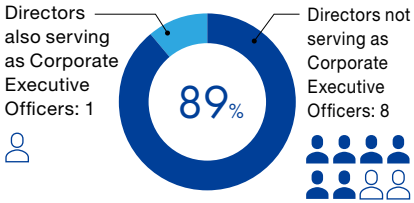



Outside Inside

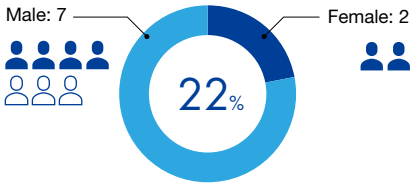
### Ratio of Outside Directors



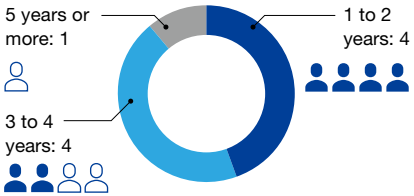

### Ratio of Non-Executive Directors




### Ratio of Female Directors




### Tenure distribution of Directors




## Approach to Board monitoring

- Matters resolved by the Board of Directors, such as the Group's management policies and business plans, are discussed multiple times. After resolution, the Board monitors progress toward the goals set in the medium-term and annual business plans.
- Each Director contributes to improving the quality of management by speaking from diverse perspectives based on their experience, knowledge, and skills, while maintaining a bird's-eye view of overall management and a medium- to long-term perspective.
- The Board of Directors, while taking care not to engage in micromanagement, aims to both exercise a checking function over bold proposals from the executive team and support executive initiatives to take appropriate risks, such as restructuring the business portfolio and making growth investments.
- By appropriately applying these "accelerator and brake" mechanisms, the Group aims to achieve sustainable growth and enhance corporate value over the medium to long term.

## Activity of the Board of Directors

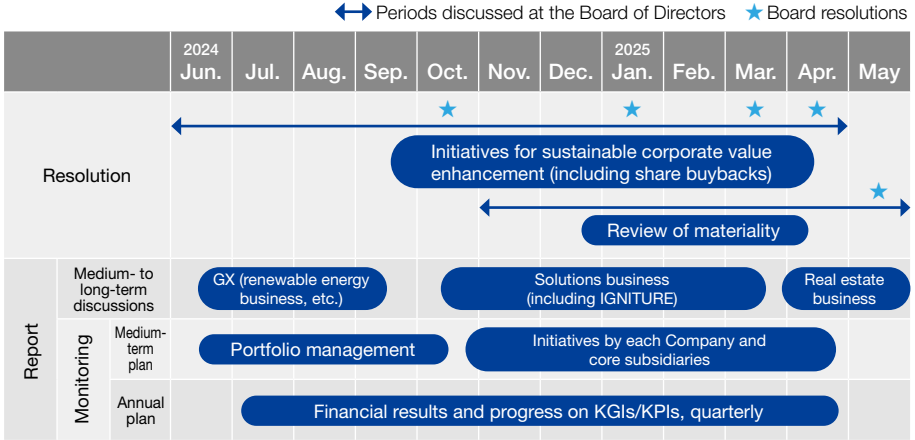
In principle, the Board of Directors meets once a month to make important management decisions, including on management plans and policies, in accordance with laws, the Articles of Incorporation, and the Regulations of the Board of Directors. Authority for business execution decisions is largely delegated to the Representative Corporate Executive Officer, President and CEO, to enable faster management, while monitoring from a comprehensive management perspective to enhance corporate value. In FY2024, the Board deliberated and resolved on initiatives for sustainable corporate value enhancement from a long-term perspective, the Group's materiality issues, and systematically monitored the progress of the Tokyo Gas Group 2023–2025 Medium-term Management Plan.

| Reference | Board of Directors Members |
|---|---|
| Composition | Directors (6 Outside, 3 Inside) |
| Attendees*1 | Corporate Executive Officers (1 Representative Corporate Executive Officer, President and CEO; 3 Representative Corporate Executive Officers, Vice Presidents)*2<br>Corporate Executive Officers in charge of corporate functions (CFO, CHRO, CRO, etc., 4 members) |

*1 Business Executive Officers may attend as presenters for agenda items.
*2 Includes a Corporate Executive Officer concurrently serving as Director (Representative Corporate Executive Officer, President and CEO).

## Board of Directors

### Board of Directors Annual Schedule




(Note) Only selected agenda items are shown.

### Example of Outside Directors' remarks at Board of Directors meetings

#### Regarding the status of initiatives in business portfolio management

The solutions business, positioned as a key pillar in the 2023–2025 Medium-term Management Plan, needs to be monitored not only at the organizational level but also across the entire solutions business, with PDCA cycles applied. Therefore, in business portfolio management, it is necessary not only to advance initiatives toward the targets of each organization but also to make efforts to visualize indicators aligned with the medium-term plan and business strategy.

Note: Based on the above remarks, the Group's 2025 Management Plan has already established monitoring indicators to measure the progress of the solutions business.

#### Regarding the medium- to long-term strategy for the residential solutions business

The business model of providing one-stop solutions is extremely important. Addressing customers' minor inconveniences offers peace of mind that daily life is not interrupted, but data indicate that customer anxiety rises during disasters. We recognize that the times when customers are truly in need occur during such events. If energy, water, food, and portable toilets can be maintained, home-based evacuation becomes feasible. Therefore, we hope the solutions business also integrates resilience into its planning.

### Support for Outside Directors

#### Pre-briefing on Board of Directors materials

To facilitate more constructive discussions at Board meetings, we provide pre-briefings on Board materials to the six Outside Directors several days in advance.
Board materials are also provided a few days prior to the pre-briefing.
The explanations include key points and the deliberation process in execution to help Outside Directors deepen their understanding and enrich discussions at the Board.

#### Off-site meetings

Outside of Board meetings, we hold off-site meetings for the eight Non-Executive Directors (including the six Outside Directors) to deepen their understanding of the business. In FY2024, these meetings reviewed the status of cross-organizational initiatives* and included site visits to gas pipeline construction sites and methane technology development facilities.

* ●National energy policy (including lectures by experts)
●Human capital management within the Tokyo Gas Group
●Tokyo Gas Group initiatives in DX, CX, and GX, among others

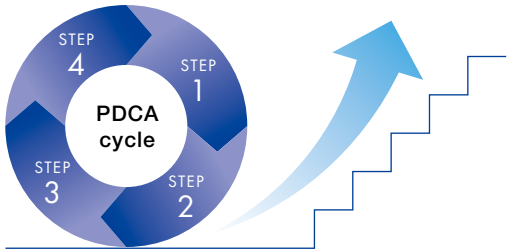
Replacement work on aged gas pipelines during a site visit (Tokyo Gas Network)

e-methane and other technology development facilities during a site visit (Yokohama Techno Station)

## Board of Directors

# Improving the effectiveness of the Board of Directors

The Board of Directors reviews the performance of specific initiatives based on the results of the previous evaluation and analyzes and assesses the overall effectiveness of the Board, taking into account evaluations provided by each Director through questionnaires.
In FY2024, we commissioned a third-party evaluation by an external organization and conducted individual interviews with all Directors based on the results of a questionnaire. Drawing on the evaluations by each Director, the findings identified in the third-party evaluation, and the opinions of the Directors, the Board of Directors discusses future initiatives. We will continue to enhance this PDCA cycle to further improve the effectiveness of the Board.




## STEP 1 Initiatives for FY2024 based on the FY2023 effectiveness evaluation

### FY2023 effectiveness evaluation

- While continuing to monitor progress on medium- and single-year business plans as a monitoring board, the Board should place greater emphasis on discussions regarding broader directions from a medium- to long-term perspective.
- The Board of Directors should serve both as a check on bold proposals from management and as a support for advancing those initiatives.

### Key initiatives for FY2024

- The Board of Directors prepared an annual schedule to systematically monitor the progress of the Medium-term Management Plan, portfolio management, and the solutions business brand IGNITURE, while also discussing the Tokyo Gas Group's materiality and other issues from a medium- to long-term perspective.
- The Board held multiple discussions on the growth story underlying the next Medium-term Management Plan and capital policies, including flexible share buybacks, and resolved the Action Policy Toward Continuous Corporate Value Enhancement published mid-year.

## STEP 2 FY2024 evaluations by each Director (questionnaire format)

### Questionnaire items

A. Overall assessment of the Board of Directors B. Role of the Board of Directors
C. Agenda (proposal) discussions D. Board composition E. Deliberations
F. Board operations G. Support system H. Contributions of individual Directors
I. Executive structure J. Others (e.g., communication) K. Importance of proposals and sufficiency of discussion

## STEP 3 FY2024 individual interviews and third-party evaluation

### Individual interviews

- Based on the results of the questionnaires completed by each director, individual interviews were conducted by an external organization to identify and explore the Board's core issues in depth.

### Third-party evaluation

- The effectiveness of the Board of Directors is generally secured and supported by the following strengths:
  - Continuous efforts toward governance reform
  - Robust executive structure
  - Open information sharing with the Board of Directors
- To further enhance effectiveness, the following areas are expected to be addressed:
  - Greater contribution of Outside Directors within the monitoring model
  - Further sophistication of Board operations
  - Enhanced content and quality of materials and explanations

## STEP 4 Initiatives for FY2025 based on the FY2024 effectiveness evaluation

### FY2024 effectiveness evaluation

- Based on the issues identified through the third-party evaluation in Step 3 and other assessments, the Board of Directors discussed these points and aligned on the approach to Board monitoring.

Approach to Board monitoring P.73

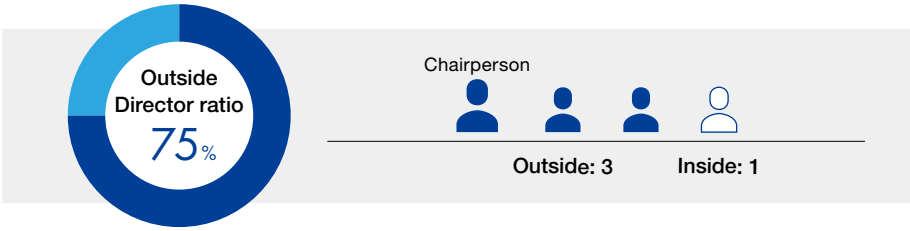
### Key initiatives for FY2025

- The Board will conduct focused discussions in preparation for the formulation of the next Medium-term Management Plan and approve it. As a monitoring board, the Board will oversee each business, focusing primarily on investment effectiveness.

# Nominating Committee

## Composition of the Nominating Committee

The Nominating Committee is composed of members selected from among the Directors by resolution of the Board of Directors, with a majority being Outside Directors, and the chairperson is an Outside Director.




## Activities of the Nominating Committee

The Nominating Committee determines the content of proposals for the appointment and dismissal of Directors submitted to the shareholders' meeting, as well as the content of proposals for the appointment and dismissal of Executive Officers submitted to the Board of Directors.
Over the past year, each member of the Nominating Committee engaged in constructive discussions from diverse perspectives regarding the selection of new Outside Director candidates based on the skills matrix, as well as the selection of candidates for Representative Corporate Executive Officer, President and CEO (Number of meetings held during the year*: 6).

* The number of meetings held during the year covers the period from the 2024 shareholders' meeting to the 2025 shareholders' meeting.

## Selection process for the Representative Corporate Executive Officer, President and CEO

### Appointment of the Representative Corporate Executive Officer, President and CEO

**Nominating Committee / Board of Directors**

The Nominating Committee deliberates on candidates based on internal and external circumstances and selects the final candidate. The proposal is then submitted to the Board of Directors, which resolves on the appointment of the Representative Corporate Executive Officer, President and CEO.

Based on the company's Basic Policy on Corporate Governance regarding the selection and dismissal of executive management, the candidates' qualifications are evaluated and confirmed, and the pool of candidates is narrowed down.

Potential candidates for executive officer positions, including the President, are given broad opportunities for hands-on experience and developed through actual business execution. Specifically, they are appointed to key roles such as general managers, subsidiary presidents, or division heads, and, to cultivate a management perspective, are encouraged to attend Management Committee and Board of Directors meetings whenever possible.

The Representative Corporate Executive Officer, President and CEO should possess sufficient experience and track record as a business leader, the ability to drive transformation and make decisions in response to environmental changes, and the judgment and leadership to respond immediately in emergencies, while fulfilling the company's public mission and social responsibilities. Executive talent is continuously developed based on the Executive Development Framework established by the Human Resources Development Committee (a body composed of members of the Management Committee under the Executive System Regulations).

**Director, Representative Corporate Executive Officer, President and CEO**
**SASAYAMA Shinichi**

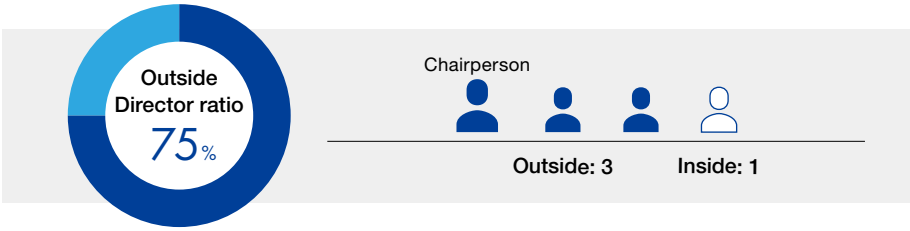
### Reason for selecting as Representative Corporate Executive Officer, President and CEO

To ensure the steady execution of the 2023–2025 Medium-term Management Plan and achieve the sustainable growth of the Group, further challenges and bold initiatives are required. Amid significant changes in the external environment, SASAYAMA Shinichi was deemed the most suitable leader for this period of transformation and was therefore reappointed as Representative Corporate Executive Officer, President and CEO.

# Compensation Committee

## Composition of the Compensation Committee

The Compensation Committee is composed of members selected from among the Directors by resolution of the Board of Directors, with a majority being Outside Directors, and the chairperson is an Outside Director.




**Key point**

To further enhance objectivity and transparency, starting with the Compensation Committee convened after the June 2025 shareholders' meeting, the Director serving concurrently as Representative Corporate Executive Officer, President and CEO will not be selected as a committee member. The only internal Director on the Compensation Committee will be the non-executive Chairman of the Board.

## Activities of the Compensation Committee

The Compensation Committee establishes policies on individual remuneration for Directors and Corporate Executive Officers and, in accordance with these policies, determines the details of individual remuneration.
Over the past year, each committee member engaged in constructive discussions from diverse perspectives regarding revisions to the Basic Policy on Officer Remuneration, the performance evaluation for FY2024, and the formulation of performance evaluation indicators for FY2025 (Number of meetings held during the year*: 8).

* The number of meetings held during the year covers the period from the 2024 shareholders' meeting to the 2025 shareholders' meeting.

**Key point**

At the Compensation Committee meeting on March 26, 2025, the Basic Policy on Officer Remuneration was revised, and the bonus and stock-based compensation for Executive Officers was reviewed. The proportion of bonuses was increased, and a performance-linked component was newly introduced into stock-based compensation. P.66

### Basic Policy on Officer Remuneration

As a company with a Nominating Committee, etc., the Company has established a Compensation Committee as required under the Companies Act. The chairperson is selected from among the Outside Directors. Individual remuneration for officers (Directors and Executive Officers) is determined while ensuring objectivity and transparency.

#### (1) Roles of officers and remuneration

The roles expected of officers are to enhance corporate value over the short, medium, and long term, and remuneration is intended to function effectively as an incentive for fulfilling these roles.

#### (2) Level of remuneration

The level of remuneration should be appropriate to reflect the roles, responsibilities, and performance of officers, taking into account changes in the business environment and comparative levels at other companies based on surveys by external specialized organizations.

#### (3) Composition of annual remuneration

Annual remuneration comprises fixed remuneration (base compensation) and incentive remuneration (bonus and stock-based compensation).

**Base compensation**

A fixed amount, determined according to the officer's position, is paid as monthly remuneration.

**Bonus**

As a short-term incentive, a bonus is paid once a year based on a standard amount determined by position, reflecting the evaluation of period performance against financial and non-financial indicators. The indicators are reviewed and selected each year.

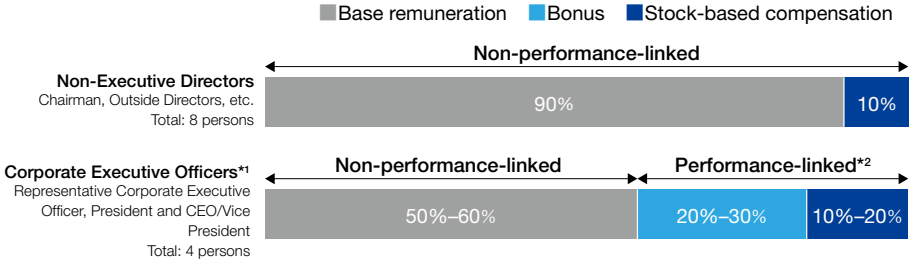
**Stock-based compensation**

For Directors, as a non-monetary, medium- to long-term incentive, points are granted based on a standard amount determined by position, and shares are delivered upon retirement according to the number of points.
For Corporate Executive Officers, as a non-monetary, medium- to long-term incentive, points are granted based on a standard amount determined by position, reflecting the evaluation of period performance against financial and non-financial indicators, and shares are delivered upon retirement according to the number of points.

Remuneration for Directors consists of base compensation and stock-based compensation, while remuneration for Executive Officers (including those concurrently serving as Directors) consists of base compensation, bonus, and stock-based compensation.
The composition ratio is as follows: for Directors, base compensation accounts for approximately 90% and stock-based compensation approximately 10%. For Corporate Executive Officers (including those concurrently serving as Directors), base compensation accounts for 50%–60%, bonus 20%–30%, and stock-based compensation 10%–20%.

## Compensation Committee

### Composition of Remuneration for Directors and Corporate Executive Officers




*1 Composition of remuneration when the performance-linked compensation target achievement rate is 100%
*2 Bonus fluctuation range: 0–200%; Stock-based compensation fluctuation range: 80%–120%

### Bonus

As performance-linked remuneration, Executive Officers (including the Representative Corporate Executive Officer, President and CEO who also serves as a Director) are granted bonuses that reflect the degree of improvement and achievement of performance-linked indicators.
The performance evaluation indicators for FY2025 were determined by the Compensation Committee, taking into account their alignment with the key management indicators of the management plan.

#### Performance evaluation indicators for FY2025

| Category | Weight | Performance evaluation indicator | Baseline value | | |
|---|---|---|---|---|---|
| Financial indicators | 15% | ROE | 4.3% | Previous fiscal year result*1 | |
| | | ROA | 1.9% | | |
| | | Pre-tax profit | ¥106.2 billion | | |
| | 60% | ROE | 8.1% | KGI | This fiscal year plan*2 |
| | | ROA | 3.4% | KPI | |
| | | Pre-tax profit | ¥182.0 billion | | |
| Non-financial indicators (ESG) | 25% | $CO_2$ reduction contribution | 13 million t | | |
| | | Implementation rate of activities to achieve net-zero $CO_2$ emissions from own operations | 100% | Monitoring indicator | |
| | | Renewable energy handled | 2.2 million kW | | |
| | | Positive response rate for "motivation to contribute" in employee survey | 90% | | |

*1 Evaluates the degree of improvement from the previous fiscal year result. *2 Evaluates the degree of achievement from this fiscal year plan.

### Stock-based compensation

To provide incentives for medium- to long-term corporate value enhancement, a stock-based (non-monetary) compensation system using a trust has been introduced.

**Directors**

Points are granted based on the standard amount determined for each position, and shares are delivered upon retirement according to the number of points.

**Corporate Executive Officers**

Points are granted based on the standard amount determined for each position, reflecting the evaluation of performance over the period against financial and non-financial indicators, and shares are delivered upon retirement according to the number of points.

Notes:
1. Financial and non-financial indicators are the same as the "Performance evaluation indicators for FY2025" used for bonuses.
2. A stock-based compensation system similar to that for Corporate Executive Officers has also been introduced for Executive Officers.

### Review of remuneration levels

In reviewing remuneration levels, a peer group of companies of similar size (operating profit between 100 billion yen and 200 billion yen / market capitalization between 1 trillion yen and 2 trillion yen) is used for comparison. The Compensation Committee discusses remuneration, taking into account changes in the external environment and trends among other companies.

### Total remuneration for Directors and Corporate Executive Officers (FY2024)

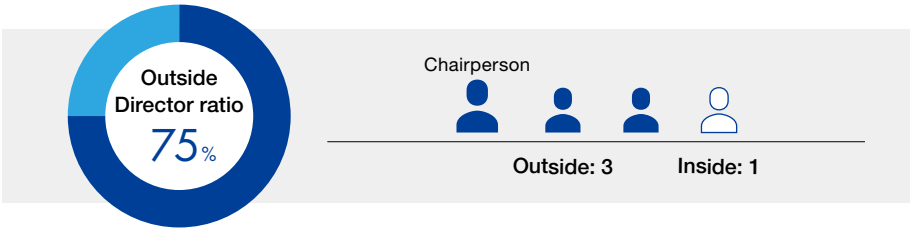
| Officer category | Total remuneration (million yen) | Total by type of remuneration (million yen) | | | | Number of eligible officers |
|---|---|---|---|---|---|---|
| | | Fixed remuneration | Incentive remuneration | | | |
| | | Base remuneration | Bonus | Stock-based compensation | | |
| Number of Directors (including Outside Directors) | 228 (88) | 200 (79) | – (–) | 27 (8) | | 10 (8) |
| Corporate Executive Officers | 267 | 180 | 43 | 44 | | 4 |

Notes: 1. Total remuneration for Directors includes two Directors (both Outside Directors) who retired at the conclusion of the 224th Ordinary General Meeting of Shareholders held on June 27, 2024.
2. Remuneration for one Corporate Executive Officer who also serves as a Director is included under Executive Officers' remuneration.
3. The amount of stock-based compensation reflects expenses recorded from April 1, 2024, to March 31, 2025.
4. The amounts above are rounded down to the nearest million yen.

# Audit Committee

## Composition of the Audit Committee

The Audit Committee is composed of members selected by resolution of the Board of Directors from among the Directors (a majority of whom are Outside Directors), with an Outside Director serving as chairperson.
In addition, a dedicated Audit Committee Office, independent from executive operations, has been established to assist the Audit Committee in performing its duties.




## Audit Committee Activity Policy

The Audit Committee's purpose is to contribute to the establishment of a high-quality corporate governance framework that ensures the sound and sustainable growth of the Tokyo Gas Group, enhances medium- to long-term corporate value, and earns societal trust. To this end, the committee conducts audits of the execution of duties by Directors and Corporate Executive Officers, decides on audit reports, and determines proposals related to the appointment, dismissal, or non-reappointment of the independent auditor (annual number of meetings*: 15). In line with the principles for companies with a Nominating Committee, etc., the Audit Committee primarily conducts audits using the internal control system, carrying out its activities based on policies, audit plans, audit standards, and the division of duties determined by the committee. These audits are performed in close coordination with the Internal Audit Department, independent auditor, and other relevant parties.

* The number of meetings held during the year covers the period from the 2024 shareholders' meeting to the 2025 shareholders' meeting.

## Activities of the Audit Committee

In FY2024, reflecting the progress of various transformations under the 2023–2025 Medium-Term Management Plan (Compass Transformation 23–25)—including the expansion in scale and scope of each business and the further advancement of autonomous operations—the Audit Committee established key audit items based on a risk-based approach and conducted various audit activities.

### Key audit items

1. Status of the establishment and operation of the internal control system in new business areas
2. Status of internal controls and risk management from the perspective of Group management
3. 3 Status of fostering a sound Group culture and the motivation and engagement of diverse employees and partner company personnel

In addition, to further enhance the effectiveness and efficiency of audit activities, the Audit Committee has strengthened coordination with the Internal Audit Department and auditors of subsidiaries, and has reinforced monitoring from a PDCA perspective, including confirming with the Representative Corporate Executive Officer the status of responses to issues identified in the previous fiscal year's audit activities.
Furthermore, to enhance the effectiveness and efficiency of Audit Committee activities, the committee conducts an annual review of its members' activities and holds discussions each year on the content and operation of the Audit Committee.

### Annual activity overview (PDCA of audit activities)

### Example of audit activities (exchange of opinions with subsidiary auditors)

To strengthen Group governance through deeper coordination between the Audit Committee and subsidiary auditors, an exchange of opinions with subsidiary auditors is held annually. In FY2024, taking into account recent corporate misconduct cases, an external lecture and group discussion were conducted on themes such as the early detection and prevention of risks.

# Internal Control

## Internal control system

Under its management philosophy, the Company aims to achieve sustainable growth and medium- to long-term corporate value enhancement by ensuring legality, soundness, and transparency; clarifying management and executive responsibilities; strengthening supervisory and audit functions; and promoting accurate, timely decision-making and efficient business operations. Furthermore, the Group, consisting of the Company and its subsidiaries, respects the autonomy of each entity while pursuing overall optimization as a shared principle, thereby striving for the Group's long-term sustainable development.
Based on the above, to ensure the proper conduct of the Group's operations, the Company has established the Basic Policy on the Development of Internal Controls Systems, which incorporates perspectives such as internal reporting and risk management. In accordance with this policy, the Corporate Executive Officers effectively build and operate the internal control system as described below. The Board of Directors monitors the system based on reports on the status of internal control system operations submitted by the Corporate Executive Officers.

### Overview of the Internal Control System

| | | |
|---|---|---|
| 1 | System to Ensure that the Execution of Duties by Officers and Employees of the Group Complies with Laws and Regulations and the Articles of Incorporation | Internal Audit ▶ P.79<br>Compliance ▶ P.81 |
| 2 | System for Storage and Management of Information Related to the Execution of Duties by Corporate Executive Officers | |
| 3 | Rules and Other Systems for Management of the Risk of Loss of the Group | Risk Management ▶ P.82 |
| 4 | Systems to Ensure Efficient Execution of Duties by Corporate Executive Officers | |
| 5 | System to Ensure Appropriateness of Operations at the Group's Subsidiaries | |
| 6 | Matters Concerning Employees, etc., Assisting the Audit Committee in Performing its Duties | |
| 7 | System for Reporting to the Audit Committee and System for Ensuring Effective Auditing by the Audit Committee | Audit Committee ▶ P.79 |

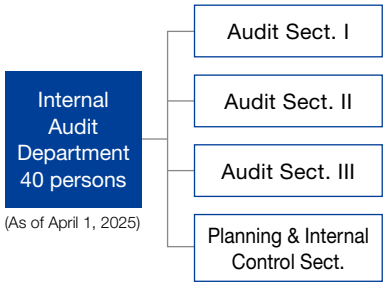
## Response to the Internal Control Reporting System

To comply with the Internal Control Reporting System under the Financial Instruments and Exchange Act, the Company has established and operates internal controls over financial reporting in accordance with the basic internal control framework indicated by the Financial Services Agency. The Company also evaluates the effectiveness of these controls and makes improvements as necessary. Furthermore, for the most recent consolidated fiscal year, the internal control report over financial reporting prepared in accordance with this system determined the controls to be effective, and the auditors issued an opinion stating that all significant matters are properly presented.

### Examples of the Internal Control System

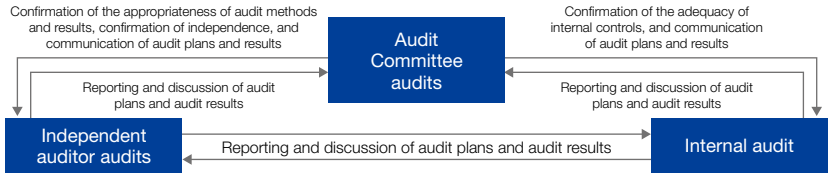
#### Internal Audit Department

The Company has established a department responsible for internal audits of the Group (the Internal Audit Department) to efficiently and effectively audit the status of business execution. The Internal Audit Department reports audit results to the President, the Audit Committee (dual reporting line), and the directors of the audited subsidiaries. The organizational structure and staffing of the Internal Audit Department, which carries out the Company's audits, are shown in the figure on the right, establishing a system capable of conducting specialized audits.




#### Three-way audit

Measures are in place, including coordination between the Audit Committee, the Internal Audit Department, and the independent auditor, to ensure that audit activities are conducted effectively.

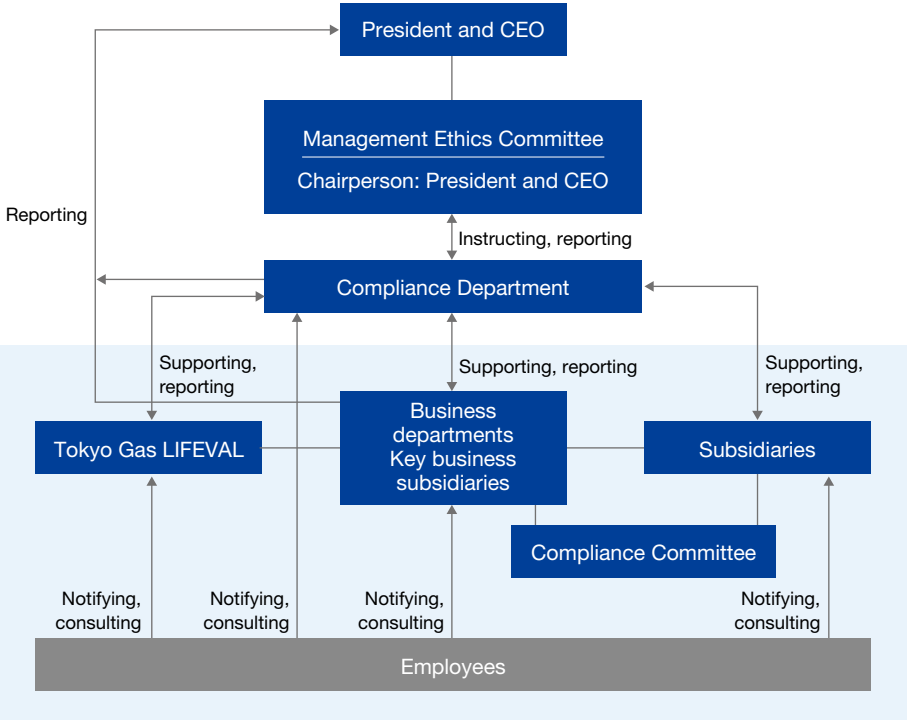


## Internal Control

### Compliance promotion system

To promote transparent management and foster an open organizational culture, the Company has established the Management Ethics Committee, chaired by the President, to discuss overall compliance, including adherence to laws and the Tokyo Gas Group's behavioral standards, "Tokyo Gas Group Our Code of Conduct" The committee monitors the implementation status of compliance-related measures, identifies issues, and discusses activity plans for the following fiscal year and beyond. Based on these discussions, each division and subsidiary-level compliance committee carries out initiatives tailored to their specific circumstances.

#### Compliance Framework




### Compliance promotion initiatives

Every July is designated as Compliance Awareness Month. Recognizing that compliance is the foundation of all business activities, the entire Group intensively implements initiatives to promote compliance, such as President's message announcements, compliance lectures, workplace study sessions, and compliance awareness surveys.
We also conduct annual online training for the entire Group, as well as training programs for managers of subsidiaries and Tokyo Gas LIFEVAL companies, to continuously communicate and enforce "Tokyo Gas Group Our Code of Conduct" and to foster and enhance awareness of human rights and compliance.
For compliance promotion officers in each workplace within the Group, year-round training is provided that not only covers the necessary knowledge and information for promoting compliance but also incorporates content tailored to current needs and challenges. Through this approach, the Group aims to maintain and enhance its overall compliance level.

### Response to whistleblowing

Internal whistleblower contacts, which also serve as internal public interest whistleblower contacts, have been established both within the Company (Compliance Department) and externally (law firms, etc.) for the entire Group. When a whistleblowing report is received, the Compliance Department, in collaboration with the department responsible for compliance overseeing the workplace where the incident occurred and other relevant departments as needed, conducts fact-finding investigations. Based on the findings, corrective measures and recurrence prevention strategies are implemented to ensure proactive risk response and promote a self-correcting function. The whistleblower hotline is widely communicated throughout the Group via workplace posters, inclusion in "Tokyo Gas Group Our Code of Conduct", posting on the company intranet, and various training opportunities. Each subsidiary and Tokyo Gas LIFEVAL company also has its own whistleblowing contact point, establishing a system to respond to reports from their employees.
The Compliance Department conducts annual practical training for the staff in charge of the whistleblowing desks at each subsidiary and Tokyo Gas LIFEVAL company to enhance their skills in receiving and responding to reports.

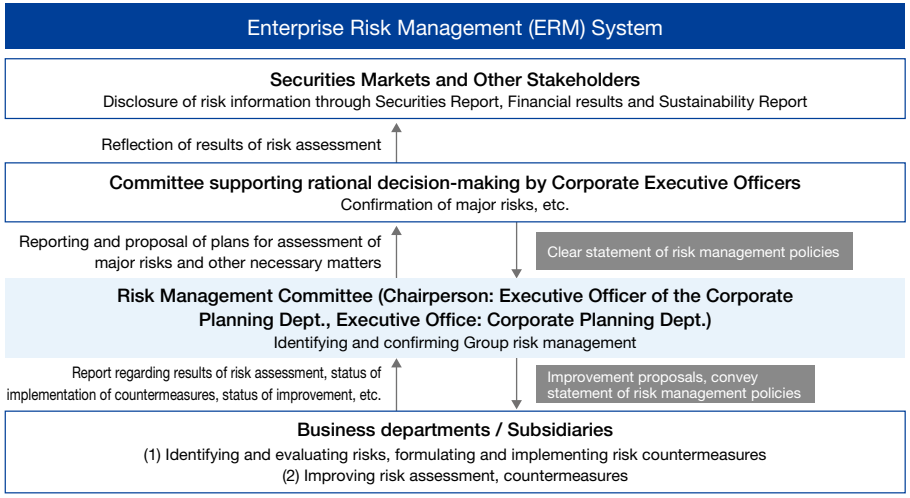
Internal Control

# Risk Management System

In accordance with the Risk Management Policies, which set forth the fundamental framework for risk management across the Tokyo Gas Group, we have established an enterprise risk management system. This system employs two approaches: an "ordinary-time response," which involves identifying risks and implementing countermeasures, and an "emergency-time response," which is activated when a significant risk materializes. The Risk Management Policies further stipulate that the Board of Directors, recognizing the importance of risk management, shall continuously oversee the effectiveness of the risk management framework and take appropriate action in the event of a significant risk.

## Ordinary-time response

Our Risk Management Regulations define specific initiatives and major risks to be addressed under normal circumstances, and we have established an enterprise risk management (ERM) system to carry them out and monitor the status of investments. The Risk Management Committee, created to enhance the level of ERM, regularly reviews the development and operation of the ERM system, including risk assessments, and reports its findings to a committee that supports rational decision-making by Corporate Executive Officers. Approximately 270 risk management promotion officers (as of April 1, 2025) have been appointed across the business divisions of Tokyo Gas and its subsidiaries. Each year, risks and the status of countermeasure implementation and improvements are evaluated. This framework enables the continuous execution of the ERM-PDCA (Plan-Do-Check-Act) cycle.




**Business and other risks that could significantly affect investors' judgment** (as of April 1, 2025)

**1. Risks associated with accidents and disasters**
- (1) Disruption in gas resource procurement
- (2) Natural disasters
- (3) Accidents in gas and electricity production and supply, and supply disruptions
- (4) Incidents at renewable energy facilities
- (5) Outbreaks of highly pathogenic or infectious diseases
- (6) Unforeseen large-scale power outages
- (7) Issues in ensuring the safety of city gas and the quality of gas appliances
- (8) Reputational damage caused by city gas accidents at other companies

**2. Market fluctuation risks**
- (1) Risks arising from changes in market prices and interest rates
- (2) Fluctuations in electricity market conditions and LNG prices

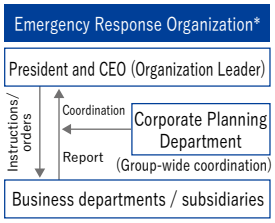
**3. Risks related to business execution**
- (1) Risks associated with existing businesses
  1. Decline in demand due to intensified competition
  2. Changes in gas resource costs
  3. Changes in laws, regulations, and national or local policies
  4. Changes in gas and electricity sales resulting from climate change
  5. Decline in existing demand due to changes in the business environment
  6. Delays in the development of new technologies
  7. Supply chain risks
  8. Shortage of personnel to execute business operations
- (2) Risks accompanying overseas business development
- (3) Delays in cultivating new markets
- (4) Inability to recover investments

**4. Risks related to information management and system operation**
- (1) Leakage of personal information
- (2) System shutdowns or malfunctions in IT operations
- (3) Cyberattacks

**5. Risks related to corporate social responsibility**
- (1) Compliance violations
- (2) Responses to new environmental regulations
- (3) Inadequate customer service (CS)
- (4) Insufficient response to human rights issues

## Emergency-time response

Because the Group provides essential public services that form part of the social lifeline, it has maintained a crisis management system for many years to ensure a rapid and effective response in the event of accidents or other risk-related incidents. Specifically, the Group has established Emergency Response Organization Regulations. In the event of major crises—such as large-scale natural disasters (e.g., earthquakes), production or supply disruptions caused by serious accidents at pipelines or LNG terminals, outbreaks of highly pathogenic or infectious diseases, terrorism, mission-critical IT system failures, or compliance issues—the Emergency Response Organization is activated immediately in accordance with these regulations. Periodic training is conducted to strengthen preparedness for large earthquakes, cyberterrorism, and other significant risks. In addition, the Group has formulated a Business Continuity Plan (BCP), which defines its response measures for scenarios including a major earthquake of the magnitude assumed by Japan's Cabinet Office, a serious accident disrupting gas supply, a widespread blackout, or the spread of highly infectious diseases. This plan reinforces the company's overall risk management framework and ensures that vital services can continue even in times of crisis.




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

# Engagement with Shareholders and Investors

**We are building systems and initiatives to foster more constructive dialogue with shareholders and investors. Feedback and insights gained through these dialogues are shared with the Board of Directors, Corporate Executive Officers, and relevant departments, and are applied to enhance management plans, business activities, and information disclosure.**

### Main opportunities for dialogue (main participants)

- General Meeting of Shareholders
- 2nd quarter financial results and year-end financial results briefing (Representative Corporate Executive Officer, President and CEO)
- 1st quarter and 3rd quarter financial results briefings and other briefings to be held as needed
- Briefing on Medium-term Management Plan, etc. (Representative Corporate Executive Officer, President and CEO)
- Small meetings with the President (Representative Corporate Executive Officer, President and CEO)
- Domestic and overseas institutional investor interviews (Representative Corporate Executive Officer, President and CEO, and others)
- Small meetings with Outside Directors (Outside Directors)
- Facility tours and business briefings for institutional investors
- Briefings for individual investors, etc.

## Small meeting with investors and Outside Directors (March 2025)

To strengthen dialogue aimed at enhancing medium- to long-term corporate value and to use it for management policy decisions and execution monitoring, these meetings have been held since FY2022. In FY2024, two Outside Directors attended and exchanged views based on investors' questions. Below is an example of questions from investors and the corresponding responses from the Outside Directors.

### Q How do you view your expected role as an Outside Director?

**Director ONO Hiromichi** (at the time)

I understand my role to involve oversight in areas identified in the skills matrix, including risk management, finance and accounting, and governance. Given the rapid expansion of our business areas and regions, I particularly focus on risk management in areas requiring advanced financial expertise, such as governance of overseas operations and LNG trading. Since the transition to a company with a Nominating Committee, etc., I have served as an Audit Committee member, working to strengthen collaboration with the Internal Audit Department to ensure the Committee's activities are effective.

**Director YOSHITAKA Mari**

I believe I was appointed as an Outside Director because of my extensive experience in the finance and environmental fields and in recognition of my efforts to link environmental business initiatives to profitability. I view my role at the company as incorporating long-term environmental value into management strategy, while also strengthening governance and enhancing transparency—key aspects of ESG management. At the Board of Directors, I offer proposals from a perspective informed by energy and environmental trends, drawing on a wide range of domestic and international networks, including government bodies and environmental NGOs.

### Q How do you view measures to improve evaluation from the capital markets?

**Director ONO Hiromichi** (at the time)

In our case, external factors such as temperature can cause significant fluctuations in earnings, making it difficult for outsiders to grasp the company's true profit levels. With the transition to a holding company structure, we have established mechanisms for managing profitability by organization. Moving forward, I believe it is necessary to enhance transparency by providing more detailed explanations of segment information to facilitate more constructive dialogue with the capital markets.

**Director YOSHITAKA Mari**

Even before being appointed as an Outside Director, I had been involved in carbon credit businesses and climate finance initiatives aimed at balancing environmental and economic considerations. I believe the amendment to the emissions trading system, approved by the Cabinet in February 2025, will help enhance the value of natural gas and renewable energy. While changes in innovation and trading markets might take time, I expect this to expand business opportunities.

**In addition, we received a variety of questions, including the following:**

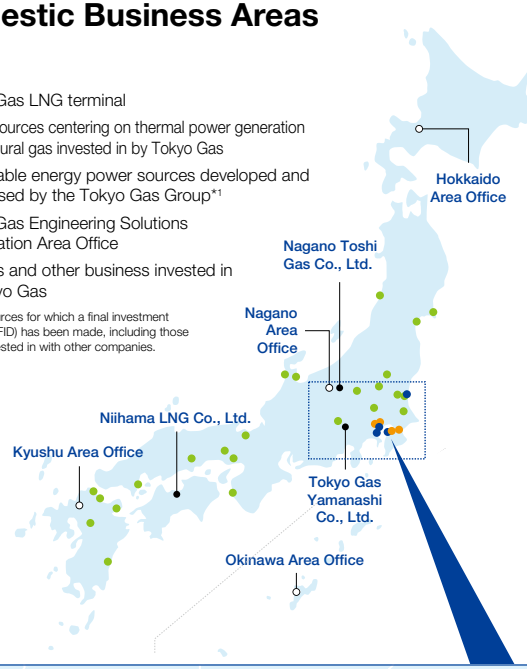
- Which aspects of the Board of Directors' effectiveness are satisfactory, and which require improvement?
- What discussions are being held regarding the improvement of ROE?
- What discussions are taking place regarding business portfolio management?
- How is risk management considered in light of large-scale investments in overseas energy projects?
- From what perspective do you supervise decisions regarding e-methane with economic efficiency in mind?

# Tokyo Gas's Business

## Domestic Business Areas

- Tokyo Gas LNG terminal
- Power sources centering on thermal power generation from natural gas invested in by Tokyo Gas
- Renewable energy power sources developed and possessed by the Tokyo Gas Group*1
- Tokyo Gas Engineering Solutions Corporation Area Office
- City gas and other business invested in by Tokyo Gas

*1 Power sources for which a final investment decision (FID) has been made, including those jointly invested in with other companies.




**Gas sales volume**

11.2 bn m³

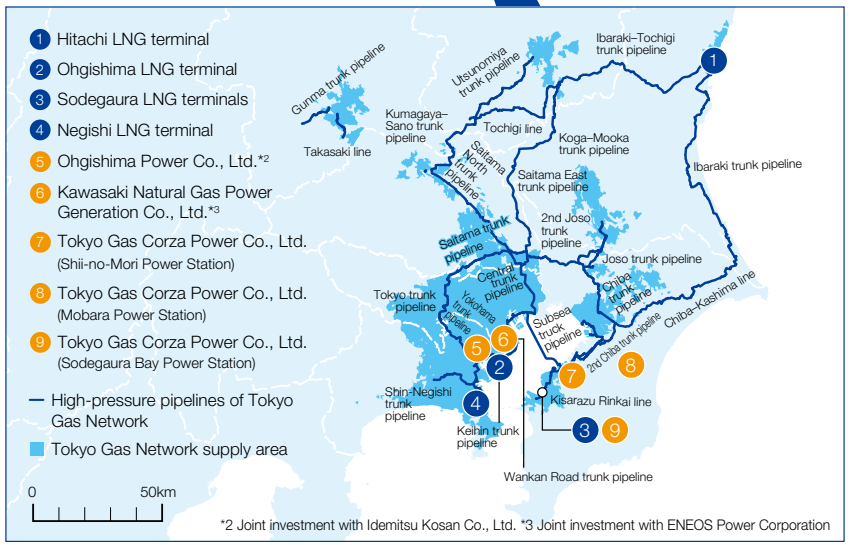
**Electricity sales volume**

23.4 bn kWh

**Total pipeline extension distance**

Approx. 66,870 km

(All figures as of March 31, 2025)




*2 Joint investment with Idemitsu Kosan Co., Ltd. *3 Joint investment with ENEOS Power Corporation

## Main Overseas Projects

| Region | Country | Project name | Main business |
|---|---|---|---|
| North America | 1 U.S.A. | Eagle Ford | Production and sales of shale gas project |
| | | TG Natural Resources | Production and sales of shale gas project |
| | | TGES America | Energy service project |
| | | Birdsboro | Natural gas power project |
| | | Aktina | Solar power project |
| | | Longbow | Battery Energy Storage System (BESS) project |
| | | ARM Energy Holdings | Natural gas marketing and trading |
| | | Principle Power, Inc. | Technology and services for floating foundation systems for offshore wind |
| | | ST Cove Point | Natural gas purchasing, natural gas liquefaction, LNG sales |
| | 2 Mexico | Bajio | Natural gas power project |
| Southeast Asia | 3 Malaysia | Gas Malaysia Bhd. | Gas supply project |
| | | GAS MALAYSIA ENERGY ADVANCE Sdn. Bhd. | Energy service project |
| | 4 Thailand | One Bangkok | District cooling solutions and power distribution project |
| | 5 Vietnam | PVGD | Gas supply project |
| | | Quang Ninh LNG to Power | Construction and operation of LNG receiving terminal and natural gas-fired power plant |
| | | Thai Binh LNG to Power | Construction and operation of LNG receiving terminal and natural gas-fired power plant |
| | 6 Indonesia | PRA | Gas supply project |
| | | Super energy | Gas supply project |
| | 7 Philippines | FGEN LNG | Pre-commercial operations of the LNG terminal project |
| Oceania | 8 Australia | Darwin | Production, liquefaction, and sales of LNG project |
| | | TOKYO GAS REAL ESTATE AUSTRALIA PTY LTD | Property development |
| Europe | 9 Denmark | TOWII Renewables A/S | Renewable energy power development |
| | 10 UK | Octopus Energy Offshore Wind SCSp | Offshore Wind Investment Fund |
| | | Octopus Energy Group Limited | Energy retail and energy-related business |
| | 11 Grand Duchy of Luxembourg | Nature Based Carbon Fund | Investment in natural carbon credit projects |
| | 12 Portugal | Windfloat Atlantic | Floating offshore wind power generation business |

(All information current as of March 2025)

# 10-Year Consolidated Financial Highlights*1

| | 2016.3 | 2017.3 | 2018.3 | 2019.3 | 2020.3 | 2021.3 | 2022.3 | 2023.3 | 2024.3 | 2025.3 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Sales (¥ million) | 1,884,656 | 1,587,085 | 1,777,344 | 1,962,308 | 1,925,235 | 1,765,146 | 2,154,860 | 3,289,634 | 2,662,420 | 2,636,809 |
| Operating profit (¥ million) | 192,008 | 58,365 | 116,302 | 93,704 | 101,418 | 77,675 | 127,525 | 421,477 | 217,143 | 133,090 |
| Operating profit margin (%) | 10.19 | 3.68 | 6.54 | 4.78 | 5.27 | 4.40 | 5.92 | 12.81 | 8.16 | 5.05 |
| Ordinary profit (¥ million) | 188,809 | 55,688 | 111,546 | 89,386 | 102,645 | 70,500 | 136,481 | 408,846 | 222,766 | 113,599 |
| Profit attributable to owners of parent (¥ million) | 111,936 | 53,134 | 74,987 | 84,555 | 43,293 | 49,505 | 95,702 | 280,916 | 165,481 | 74,194 |
| Equity (¥ million) | 1,100,271 | 1,101,498 | 1,136,027 | 1,159,055 | 1,147,747 | 1,153,813 | 1,251,781 | 1,558,404 | 1,693,478 | 1,725,446 |
| Total assets (¥ million) | 2,251,518 | 2,230,269 | 2,334,316 | 2,428,149 | 2,539,919 | 2,738,348 | 3,187,627 | 3,581,425 | 3,897,608 | 3,855,093 |
| Interest-bearing debt (¥ million) | 715,769 | 713,596 | 724,940 | 803,216 | 905,066 | 1,065,988 | 1,220,589 | 1,263,233 | 1,439,244 | 1,336,298 |
| Operating cash flow (¥ million) | 257,122 | 217,439 | 240,328 | 246,436 | 213,171 | 229,315 | 296,648 | 490,216 | 379,369 | 342,426 |
| Free cash flow (¥ million) | 25,089 | 14,081 | 31,583 | 22,655 | (13,887) | (17,116) | 89,422 | 276,983 | 174,163 | 21,640 |
| EBITDA (¥ million) | 337,194 | 222,670 | 281,643 | 255,585 | 271,296 | 257,485 | 328,471 | 630,777 | 431,031 | 401,322 |
| Capital expenditure (¥ million) | 232,033 | 203,358 | 208,745 | 223,781 | 227,058 | 246,431 | 207,226 | 213,233 | 205,206 | 320,786 |
| Depreciation (¥ million)*2 | 145,187 | 164,305 | 165,342 | 161,881 | 169,878 | 179,810 | 200,946 | 209,300 | 213,888 | 268,232 |
| EPS (Earnings per share) (¥) | 46.68 | 23.02 | 164.12*3 | 187.60 | 97.86 | 112.26 | 217.67 | 646.99 | 401.09 | 192.22 |
| BPS (Book value per share) (¥) | 460.35 | 479.74 | 2,487.58*3 | 2,575.99 | 2,602.53 | 2,616.37 | 2,847.88 | 3,595.60 | 4,244.14 | 4,669.38 |
| Number of issued shares (common stock) (thousands of shares) | 2,396,778 | 2,302,856 | 458,073*3 | 451,356 | 442,436 | 442,436 | 440,997 | 434,875 | 400,452 | 388,894 |
| Dividend per share (¥) | 11 | 11 | 55*3 | 60 | 60 | 60 | 65 | 65 | 70 | 80 |
| DOE (Dividends on equity) (%) | 2.42 | 2.29 | 2.25 | 2.35 | 2.29 | 2.30 | 2.38 | 2.01 | 1.75 | 1.77 |

*1 The financial information contained in this integrated report is based on the annual securities report; however, it has not been audited by audit firms or other external auditors.
The consolidated results for FY2023 and FY2024 are disclosed in Generally Accepted Accounting Principles in the United States (U.S. GAAP) in accordance with the change in accounting standards from International Financial Reporting Standards (IFRS) to U.S. GAAP by Tokyo Gas America and its consolidated subsidiaries from FY2024.
*2 Depreciation includes amortization of long-term prepaid expenses.
*3 The Company carried out a share consolidation at a ratio of 5 common shares to 1 on October 1, 2017.
The dividend per share of ¥55.0 is calculated on a post-consolidation basis (the interim dividend of ¥5.50 per share before the consolidation and the year-end dividend of ¥27.50 per share after the consolidation).

## 10-Year Consolidated Financial Highlights

| | 2016.3 | 2017.3 | 2018.3 | 2019.3 | 2020.3 | 2021.3 | 2022.3 | 2023.3 | 2024.3 | 2025.3 |
|---|---|---|---|---|---|---|---|---|---|---|
| Payout ratio (%) | 23.6 | 47.8 | 33.5 | 32.0 | 61.3 | 53.4 | 29.9 | 10.0 | 17.5 | 41.6 |
| Total return ratio (%) | 60.1 | 60.7 | 60.2 | 60.3 | 61.0 | 60.1 | 46.6*4 | 50.3 | 89.7*5 | 202.5*5 |
| Current ratio (%) | 155.5 | 142.7 | 135.6 | 156.0 | 152.0 | 132.7 | 163.0 | 200.9 | 194.6 | 171.6 |
| Debt-equity (D/E) ratio (times) | 0.65 | 0.65 | 0.64 | 0.69 | 0.79 | 0.92 | 0.98 | 0.81 | 0.85 | 0.77 |
| Equity ratio (%) | 48.9 | 49.4 | 48.7 | 47.7 | 45.2 | 42.1 | 39.3 | 43.5 | 43.4 | 44.8 |
| ROE (Return on equity) (%) | 10.3 | 4.8 | 6.7 | 7.4 | 3.8 | 4.3 | 7.9 | 20.0 | 10.2 | 4.3 |
| ROA (Return on assets) (%) | 5.0 | 2.4 | 3.3 | 3.6 | 1.7 | 1.9 | 3.2 | 8.3 | 4.4 | 1.9 |
| Total asset turnover (times) | 0.84 | 0.71 | 0.78 | 0.82 | 0.78 | 0.67 | 0.73 | 0.97 | 0.71 | 0.68 |
| WACC (%) | 3.4 | 3.0 | 3.1 | 3.0 | 2.7 | 2.6 | 2.3 | 2.4 | 2.6 | 3.2 |
| | | | | | | | | | | |
| Number of city gas retail customers (thousand) | 10,125 | 10,269 | 10,209 | 9,821 | 9,129 | 8,863 | 8,688 | 8,701 | 8,789 | 8,826 |
| Gas sales volume (million $m^3$) | 15,436 | 15,720 | 15,568 | 15,198 | 13,855 | 12,990 | 13,146 | 12,574 | 11,303 | 11,215 |
| Gas sales volume, gas volume used in-house*6 | 18,587 | 19,053 | 19,052 | 18,397 | 17,666 | 17,577 | 17,102 | 17,392 | 16,259 | 15,686 |
| Number of electricity retail customers (thousand) | — | 635 | 1,105 | 1,742 | 2,350 | 2,717 | 3,014 | 3,475 | 3,871 | 4,152 |
| Electric power sales volume (100 million kWh) | 109.6 | 126.5 | 146.6 | 154.8 | 206.0 | 247.6 | 282.9 | 344.5 | 254.8 | 234.4 |

*4 The Accounting Standard for Revenue Recognition has been applied starting in the fiscal year ending March 2023. Figures for the fiscal year ending March 2022 have been retroactively adjusted. The total return ratio for the fiscal year ended March 2022, based on profit attributable to owners of parent prior to the retrospective application (as of the April 2022 earnings announcement), was 50.2%.
*5 The total return ratio excluding share buybacks conducted as part of capital policy was 40.3% for FY2023 and 40.7% for FY2024.
*6 The figure represents the sum of self-consumption volume and LNG sales volume added to the consolidated gas sales volume.

### Computations

Operating cash flow = Profit attributable to owners of parent + Amortization of long-term prepaid expenses + Depreciation
Free cash flow = Profit attributable to owners of parent + Amortization of long-term prepaid expenses + Depreciation – Capital expenditure
Current ratio = Current assets (year-end) / Current liabilities (year-end) x 100

D/E ratio = Interest-bearing debt (year-end) / Equity (year-end)
Equity ratio = Equity (year-end) / Total assets (year-end) x 100
Total asset turnover = Net sales / Total assets (average)

WACC calculation data (FY2024 results)
a) Cost of interest-bearing debt: Real interest rate of 0.58% (after tax)
b) Cost of shareholders' equity
- Risk-free rate: 10-year JGB yield of 1.06%
- Risk premium: 6.3%, Beta coefficient of 0.73

# Consolidated Balance Sheets

(Million yen)

| | 2024.3.31 | 2025.3.31 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and deposits | 363,938 | 244,388 |
| Notes and accounts receivable—trade, and contract assets | 459,297 | 441,533 |
| Lease receivables and investments in leases | 18,334 | 18,162 |
| Securities | – | 103 |
| Merchandise and finished goods | 34,476 | 39,006 |
| Work in process | 13,249 | 19,625 |
| Raw materials and supplies | 89,810 | 79,990 |
| Other current assets | 331,525 | 205,588 |
| Allowance for doubtful accounts | (1,718) | (1,268) |
| Total current assets | 1,308,913 | 1,047,130 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 318,445 | 313,045 |
| Machinery, equipment and vehicles, net | 829,228 | 863,809 |
| Tools, furniture and fixtures, net | 9,883 | 11,173 |
| Land | 180,647 | 180,794 |
| Leased assets, net | 7,272 | 5,804 |
| Construction in progress | 100,621 | 79,110 |
| Total property, plant and equipment | 1,446,098 | 1,453,739 |
| Intangible assets | | |
| Goodwill | 5,524 | 5,896 |
| Mining rights | 525,905 | 610,657 |
| Other intangible assets | 149,736 | 142,431 |
| Total intangible assets | 681,166 | 758,985 |
| Investments and other assets | | |
| Investment securities | 293,526 | 383,571 |
| Long-term loans receivable | 16,767 | 33,541 |
| Retirement benefit assets | 19,457 | 34,856 |
| Deferred tax assets | 19,841 | 15,484 |
| Other investments | 114,193 | 130,015 |
| Allowance for doubtful accounts | (2,355) | (2,232) |
| Total investments and other assets | 461,430 | 595,237 |
| Total non-current assets | 2,588,695 | 2,807,963 |
| Total assets | 3,897,608 | 3,855,093 |

Note: The consolidated results for FY2023 and FY2024 are disclosed in Generally Accepted Accounting Principles in the United States (U.S. GAAP) in accordance with the change in accounting standards from International Financial Reporting Standards (IFRS) to U.S. GAAP by Tokyo Gas America and its consolidated subsidiaries from FY2024.

(Million yen)

| | 2024.3.31 | 2025.3.31 |
|---|---|---|
| **Liabilities** | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 101,621 | 102,577 |
| Short-term borrowings | 9,421 | 11,015 |
| Current portion of bonds payable | 20,000 | – |
| Current portion of long-term borrowings | 44,071 | 67,799 |
| Income taxes payable | 38,695 | 19,471 |
| Other current liabilities | 455,694 | 409,350 |
| Total current liabilities | 669,504 | 610,214 |
| Non-current liabilities | | |
| Bonds payable | 639,687 | 651,350 |
| Long-term borrowings | 629,944 | 577,843 |
| Deferred tax liabilities | 46,512 | 56,715 |
| Retirement benefit liability | 62,908 | 58,194 |
| Provision for share awards for Directors (and other officers) | 254 | 390 |
| Provision for gas holder repairs | 3,247 | 3,238 |
| Provision for safety measures | 422 | 308 |
| Provision for contract loss in regard to appliance warranties | 4,327 | 3,523 |
| Provision for point card certificates | 503 | 391 |
| Asset retirement obligations | 20,302 | 24,810 |
| Other non-current liabilities | 61,170 | 66,642 |
| Total non-current liabilities | 1,469,281 | 1,443,408 |
| Total liabilities | 2,138,785 | 2,053,623 |
| **Net assets** | | |
| Shareholders' equity | | |
| Share capital | 141,844 | 141,844 |
| Capital surplus | 4,122 | 4,122 |
| Retained earnings | 1,337,696 | 1,343,185 |
| Treasury shares | (4,459) | (85,205) |
| Total shareholders' equity | 1,479,204 | 1,403,947 |
| Accumulated other comprehensive income | | |
| Valuation difference on other available-for-sale securities | 59,727 | 71,608 |
| Deferred gains or losses on hedges | 31,564 | 34,175 |
| Foreign currency translation adjustment | 115,296 | 203,097 |
| Remeasurements of defined benefit plans | 7,685 | 12,617 |
| Total accumulated other comprehensive income | 214,274 | 321,498 |
| Non-controlling interests | 65,344 | 76,024 |
| Total net assets | 1,758,822 | 1,801,470 |
| Total liabilities and net assets | 3,897,608 | 3,855,093 |

# Consolidated Statements of Income

(Million yen)

| | 2023.4.1–2024.3.31 | 2024.4.1–2025.3.31 |
|---|---|---|
| Sales | 2,662,420 | 2,636,809 |
| Cost of sales | 2,190,796 | 2,230,573 |
| Gross profit | 471,624 | 406,235 |
| Selling, general and administrative expenses | 254,480 | 273,144 |
| Operating profit | 217,143 | 133,090 |
| Non-operating income | | |
| Interest income | 8,228 | 7,740 |
| Dividend income | 1,518 | 1,587 |
| Share of profit of entities accounted for using equity method | 3,061 | 5,530 |
| Gain on derivatives | 5,794 | 3,789 |
| Miscellaneous income | 22,356 | 8,507 |
| Total non-operating income | 40,959 | 27,154 |
| Non-operating expenses | | |
| Interest expenses | 18,051 | 31,206 |
| Miscellaneous expenses | 17,285 | 15,439 |
| Total non-operating expenses | 35,336 | 46,646 |
| Ordinary profit | 222,766 | 113,599 |
| Extraordinary income | | |
| Gain on sale of investment securities | 25,131 | 4,806 |
| Compensation income for damage | – | 2,000 |
| Gain on valuation of long-term loans receivable | 2,258 | – |
| Total extraordinary income | 27,389 | 6,807 |
| Extraordinary losses | | |
| Impairment losses | 3,478 | – |
| Loss on valuation of investment securities | – | 14,190 |
| Total extraordinary losses | 3,478 | 14,190 |
| Profit before income taxes | 246,677 | 106,216 |
| Income taxes—current | 78,475 | 28,395 |
| Income taxes—deferred | 3,470 | 5,152 |
| Total income taxes | 81,945 | 33,548 |
| Profit | 164,731 | 72,668 |
| Loss attributable to non-controlling interests | (750) | (1,525) |
| Profit attributable to owners of parent | 165,481 | 74,194 |

# Consolidated Statements of Comprehensive Income

(Million yen)

| | 2023.4.1–2024.3.31 | 2024.4.1–2025.3.31 |
|---|---|---|
| Profit | 164,731 | 72,668 |
| Other comprehensive income | | |
| Valuation difference on other available-for-sale securities | 28,790 | 11,875 |
| Deferred gains or losses on hedges | 46,919 | 2,066 |
| Foreign currency translation adjustment | 31,785 | 84,526 |
| Remeasurements of defined benefit plans, net of tax | 5,933 | 4,931 |
| Share of other comprehensive income of entities accounted for using equity method | 837 | 8,768 |
| Total other comprehensive income | 114,265 | 112,169 |
| Comprehensive income | 278,997 | 184,838 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 272,501 | 181,419 |
| Comprehensive income attributable to non-controlling interest | 6,496 | 3,418 |

Note: The consolidated results for FY2023 and FY2024 are disclosed in Generally Accepted Accounting Principles in the United States (U.S. GAAP) in accordance with the change in accounting standards from International Financial Reporting Standards (IFRS) to U.S. GAAP by Tokyo Gas America and its consolidated subsidiaries from FY2024.

# Consolidated Statements of Cash Flows

(Million yen)

| | 2023.4.1–2024.3.31 | 2024.4.1–2025.3.31 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 246,677 | 106,216 |
| Depreciation | 209,764 | 263,842 |
| Impairment losses | 3,478 | – |
| Amortization of long-term prepaid expenses | 4,124 | 4,390 |
| Loss (gain) on sales of investment securities | (25,110) | (4,785) |
| Loss (gain) on valuation of investment securities | 613 | 14,472 |
| Loss (gain) on valuation of long-term loans receivable | (2,258) | – |
| Interest and dividend income | (9,746) | (9,327) |
| Interest expenses | 18,051 | 31,206 |
| Compensation income for damages | – | (2,000) |
| Share of loss (profit) of entities accounted for using equity method | (3,061) | (5,530) |
| Decrease (increase) in trade receivables and contract assets | 20,186 | 17,527 |
| Decrease (increase) in inventories | 51,740 | 1,660 |
| Increase (decrease) in trade receivables | 52,515 | (22,455) |
| Other, net | (79,270) | 20,128 |
| Subtotal | 487,704 | 415,345 |
| Interest and dividends received | 18,280 | 17,410 |
| Interest paid | (17,634) | (32,003) |
| Compensation income for damages | – | 2,000 |
| Income taxes paid | (172,026) | (39,633) |
| Cash flows from operating activities | 316,323 | 363,120 |
| Cash flows from investing activities | | |
| Purchase of investment securities | (30,045) | (67,831) |
| Proceeds from sale and redemption of investment securities | 15,639 | 7,544 |
| Purchase of property, plant and equipment | (180,715) | (185,918) |
| Proceeds from sale of property, plant and equipment | 966 | 2,771 |
| Purchase of intangible assets | (33,429) | (120,151) |
| Purchase of long-term prepaid expenses | (6,098) | (8,788) |
| Long-term loan advances | (3,994) | (5,460) |
| Proceeds from collection of long-term loans receivable | 10,554 | 2,430 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (219,947) | (2,147) |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | 89,381 | 115,524 |
| Other, net | (4,326) | (1,497) |
| Net cash provided by (used in) investing activities | (362,014) | (263,526) |

(Million yen)

| | 2023.4.1–2024.3.31 | 2024.4.1–2025.3.31 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in commercial papers | 77,000 | (67,000) |
| Repayments of lease liabilities | (3,198) | (4,746) |
| Proceeds from long-term borrowings | 145,295 | 21,607 |
| Repayments of long-term borrowings | (154,437) | (52,095) |
| Redemption of bonds | (20,000) | (20,000) |
| Proceeds from share issuance to non-controlling shareholders | 18,108 | 17,218 |
| Purchase of treasury shares | (113,049) | (120,055) |
| Dividends paid | (27,515) | (28,531) |
| Other, net | 19,462 | (2,375) |
| Net cash provided by (used in) financing activities | (58,335) | (255,979) |
| Effect of exchange rate change on cash and cash equivalents | 12,483 | 35,159 |
| Net increase (decrease) in cash and cash equivalents | (91,542) | (121,226) |
| Cash and cash equivalents at beginning of period | 453,432 | 363,883 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 1,992 | 1,663 |
| Cash and cash equivalents at end of period | 363,883 | 244,320 |

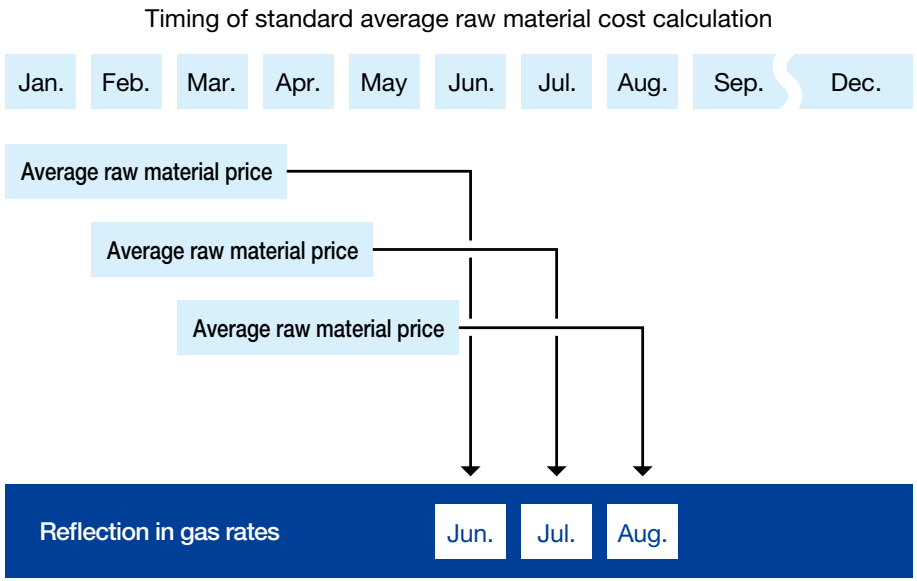
Note: The consolidated results for FY2023 and FY2024 are disclosed in Generally Accepted Accounting Principles in the United States (U.S. GAAP) in accordance with the change in accounting standards from International Financial Reporting Standards (IFRS) to U.S. GAAP by Tokyo Gas America and its consolidated subsidiaries from FY2024.

# Delayed Impact of Gas Rate Adjustment System

## Medium- to Long-Term Neutralizing Effect of the Gas Rate Adjustment System on Crude Oil Prices and Exchange Rate Fluctuations

Gas prices are determined using the gas rate adjustment system. Under this system, the average raw material prices over a three-month period, based on trade statistics, are compared to the standard raw material cost (standard average raw material cost). Gas rates are then adjusted using a defined calculation method that reflects the difference. There is an average time lag of four months (referred to as a sliding time lag) between the payment of raw material costs and the reflection of such changes in gas rates. As a result, fluctuations in crude oil prices and exchange rates might lead to under-recovery or over-recovery of raw material costs if the timing of the lag spans a fiscal year, thereby affecting income.
However, over the medium to long term, the gas rate adjustment system serves to neutralize the income impact of raw material cost fluctuations.

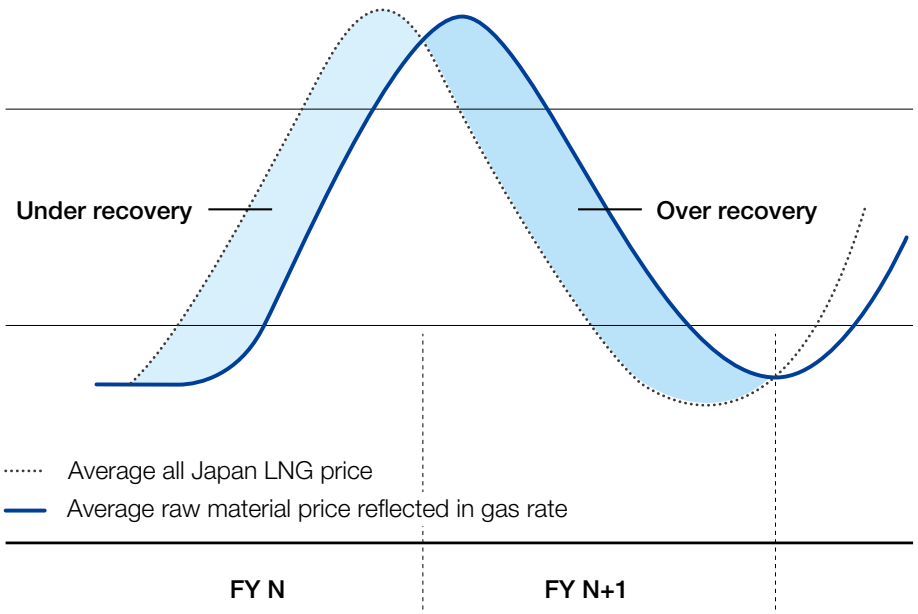
### Timing of the Standard Average Raw Material Cost Calculation and Its Reflection in Gas Rates




The average raw material price over the past three months is calculated every month and then reflected in the gas rate three months later.

Note: Based on the supply terms and conditions

### How the Sliding Time Lag in Rates Works



# Key Non-financial Data

## Environment

### Greenhouse gas emissions*1*2

| | | Unit | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|
| Scope 1+2 | | thousand t-$CO_2$ | 4,654 | 4,915 | 4,360 |
| | Scope 1 | thousand t-$CO_2$ | 4,394 | 4,675 | 4,132 |
| | Scope 2 | thousand t-$CO_2$ | 260 | 240 | 226 |
| Scope 3 | | thousand t-$CO_2$ | 54,543*5 | 49,492*5 | 67,501 |

### Water

| | | Unit | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|
| Water withdrawal*3 | | thousand $m^3$ | 633,359 | 619,989 | 604,458 |
| | Tap water, industrial water, and well water | thousand $m^3$ | 4,708 | 5,113 | 5,856 |
| | Seawater | thousand $m^3$ | 628,651 | 614,876 | 598,603 |
| Water discharge*4 | | thousand $m^3$ | 629,629 | 615,761 | 599,816 |
| | Water discharge | thousand $m^3$ | 978 | 885 | 1,213 |
| | Seawater | thousand $m^3$ | 628,651 | 614,876 | 598,603 |

### Industrial waste*3

| | Unit | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| Generation | t | 74,730 | 20,369 | 25,383 |
| Amount recycled | t | 70,071 | 16,521 | 20,998 |
| Recycling rate | % | 94 | 81 | 83 |

*1 Calculated with reference to the GHG Protocol.
*2 Based on management control under the GHG Protocol, covering Tokyo Gas and its consolidated subsidiaries (excluding some overseas subsidiaries from a quantitative perspective).
*3 Aggregated for Tokyo Gas and its domestic consolidated subsidiaries.
*4 Aggregated for Tokyo Gas and its domestic consolidated subsidiaries; however, offices of Tokyo Gas and other Group companies are excluded.
*5 Following the September 1, 2025 release, we discovered an error in FY2022 and FY2023 Scope 3 figure and corrected the data.

## Society

### Employment

| | | Unit | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|
| Number of regular employees*1 | | Persons | 13,617 | 13,251 | 13,354 |
| | Ratio of female employees | % | 20.1 | 20.9 | 21.7 |
| Number of managers*1*3 | | Persons | 3,563 | 3,379 | 3,369 |
| | Ratio of female employees | % | 10.4 | 11.5 | 11.4 |
| Number of new graduate hires*2*3 | | Persons | 387 | 377 | 325 |
| | Ratio of female employees | % | 31.0 | 30.2 | 29.8 |
| Number of experienced personnel hires*2 | | Persons | 224 | 372 | 381 |
| | Ratio of female employees | % | 39.7 | 36.0 | 36.2 |
| Average length of employment*2 | Male | Years | 16.7 | 16.1 | 14.4 |
| | Female | Years | 14.0 | 13.6 | 13.3 |
| Turnover rate*2 | Male | % | 2.3 | 2.5 | 2.6 |
| | Female | % | 4.5 | 3.4 | 4.2 |

### System use*2

| | | Unit | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|
| Number of employees using childcare leave | Male | Persons | 181 | 291 | 415 |
| | Female | Persons | 200 | 192 | 196 |
| Number of employees using shorter hours for childcare | Male | Persons | 36 | 57 | 61 |
| | Female | Persons | 354 | 392 | 366 |

*1 Aggregated for Tokyo Gas and its domestic and overseas consolidated subsidiaries. Figures are as of March 31 each fiscal year. Non-consolidated data exclude employees seconded from outside to Tokyo Gas but include employees seconded from Tokyo Gas to outside organizations. Consolidated data exclude employees seconded from outside to Tokyo Gas and its subsidiaries but include employees seconded from Tokyo Gas and its subsidiaries to outside organizations.
*2 Aggregated for Tokyo Gas and domestic and overseas consolidated subsidiaries for which data are available.
*3 Data as of April 1 of the following fiscal year.

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

# Key Evaluations from External Organizations

## Credit Ratings

| Rating organization | Long-term | Short-term | Rating definitions |
|---|---|---|---|
| Moody's | A1 | – | An upper-medium-grade obligation subject to low credit risk. |
| Standard & Poor's | A+ | – | An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. |
| Rating and Investment Information, Inc. | AA+ | a-1+ | The highest level of capacity of the obligor to honor its financial commitment on the obligation. |

## ESG Ratings

### CDP

CDP is a U.K.-based nonprofit organization that collaborates with institutional investors to operate an international framework requesting companies to disclose information on their strategies for climate change and water risks, including concrete data. Companies are scored from A to D- based on their initiatives, providing an important benchmark for evaluating corporate environmental efforts. Tokyo Gas received an A- rating in the "Climate Change" category for FY2024.

## ESG Indices

### FTSE4Good Index Series

An index developed by FTSE Russell, a subsidiary of the London Stock Exchange Group. Companies are evaluated on ESG criteria, and those meeting the standards are included in the index.

### FTSE Blossom Japan Index

An index comprising Japanese companies with strong ESG performance. It is designed to minimize sector allocation bias. Since 2017, the Government Pension Investment Fund (GPIF) has conducted investment management linked to this index.

### FTSE Blossom Japan Sector Relative Index

An index comprising Japanese companies with strong ESG performance. It also evaluates companies' environmental impact and management stance on climate change risks and opportunities. Since 2022, the GPIF has conducted investment management linked to this index.

### MSCI Selection Indexes*1

Indexes developed by MSCI Inc., a U.S.-based company. Companies are evaluated on ESG criteria, and those meeting the standards are included in the indexes.

### MSCI Nihonkabu ESG Select Leaders Index / MSCI Japan ESG Select Leaders Index*1

An index comprising Japanese companies with strong ESG performance. Companies with relatively high ESG ratings within each industry are included. In addition, the MSCI Nihonkabu ESG Select Leaders Index has been used by the GPIF for index-linked investment management since 2017.

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

### MSCI Japan Empowering Women Index*1

An index comprising Japanese companies with high gender diversity scores based on data related to women's empowerment. The GPIF has conducted index-linked investment management using this index since 2017.

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

*1 THE INCLUSION OF TOKYO GAS CO., LTD., IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF TOKYO GAS CO., LTD., BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### S&P/JPX Carbon Efficient Index

An index jointly developed by S&P Dow Jones Indices in the U.S. and Japan Exchange Group. It targets the constituents of the TOPIX and determines the weighting of each company in the index based on environmental information disclosure and carbon efficiency (carbon emissions per unit of revenue). Tokyo Gas ranks fourth in decile among high-impact industry groups. Since 2018, the Government Pension Investment Fund (GPIF) has been managing assets in line with this index.

### Morningstar Japan ex-REIT Gender Diversity Tilt Index

An index developed by Morningstar. Based on Equileap's gender equality score, it emphasizes companies with strong initiatives on gender diversity. Companies are classified into five groups according to their scores, and Tokyo Gas is positioned in Group 3.

### Sompo Sustainability Index

An index managed by Sompo Asset Management Co., Ltd. Companies that meet the criteria in the ESG evaluation conducted by Sompo Risk Management Inc. are included in the index.