

## Tokyo Gas Co., Ltd. Green Bond Framework

### 1. Introduction

Tokyo Gas Co., Ltd. (hereinafter, "our company" or "Tokyo Gas") has formulated the Green Bond Framework (hereinafter, "this framework") as follows.

Tokyo Gas has obtained verification from DNV GL and has been certified by CBI that this framework and the green bonds that established and planned to be issued based on this framework meet the Climate Bonds Standard Version 3.0 (hereinafter, "CBS") set by the Climate Bond Initiative (hereinafter "CBI"). In addition, DNV GL assessed the compatibility of this framework with the "Green Bond Principles 2018 (ICMA)" and Green Bond Guidelines 2020 (Ministry of the Environment Japan). Tokyo Gas would issue the green bonds based on this framework.

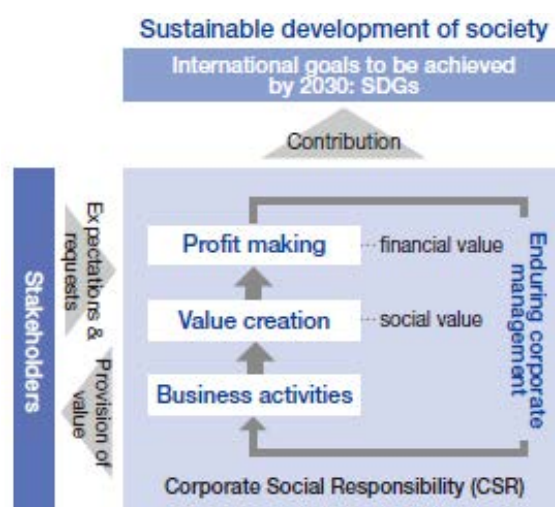
#### 1.1 Outline of the issuer

Our company was founded as Tokyo Gas Company in October 1885, and changed its name to Tokyo Gas Co., Ltd. in July 1893. Our Company and its affiliated companies consist of a total of 194 companies, including the Company, 112 subsidiaries, and 81 affiliated companies, and are engaged in gas business, electric power business, overseas business, energy-related business, real estate business, and other businesses. (As of September 30, 2020)

#### 1.2 Tokyo Gas Group's sustainability promotion

##### 1. Approach to promoting sustainability

The Tokyo Gas Group will enhance its social and financial value by tackling social challenges through our business activities, and we will strive to contribute to the sustainable development of society going forward by realizing an enduring corporate management.



## 2. Sustainability promoting structures

The Tokyo Gas Group forms in-house committees as appropriate for studying, coordinating or promoting actions to address important management issues. These include the Sustainability Committee, which is intended to promote climate change research and other sustainability issues and chaired by the President, and the Sustainability Promotion Committee, a subordinate body of the previous committee chaired by the Officer in charge of sustainability. They deliver reports on important matters to the Board of Directors.

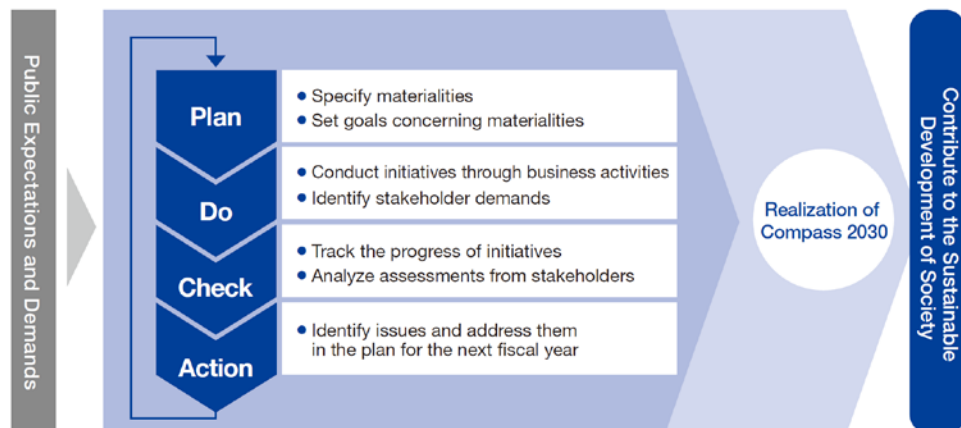


## 3. Management

While always remaining attuned to changing public expectations and demands, Tokyo Gas specifies materialities in line with the business direction, set goals concerning materialities, and implement initiatives through its business activities.

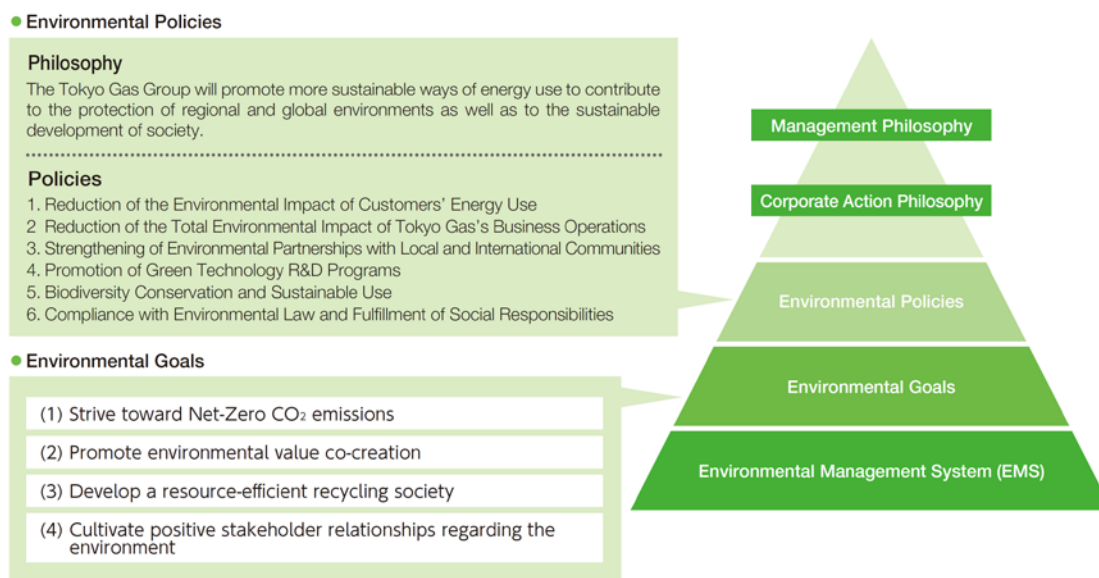
Moreover, we contribute to the sustainable development of society by disclosing information regarding the content and progress of these initiatives and by gathering opinions from wide-ranging stakeholders and reflecting these in our business activities.

■ PDCA Cycle



### 1.3 Environmental Policy and Environmental Goals

The Tokyo Gas Group is working to promote environmental management throughout the Group in accordance with Environmental Policies formulated based on its management Philosophy and Corporate Action Philosophy, and Environmental Goals that set out challenges to be addressed and set quantitative targets.



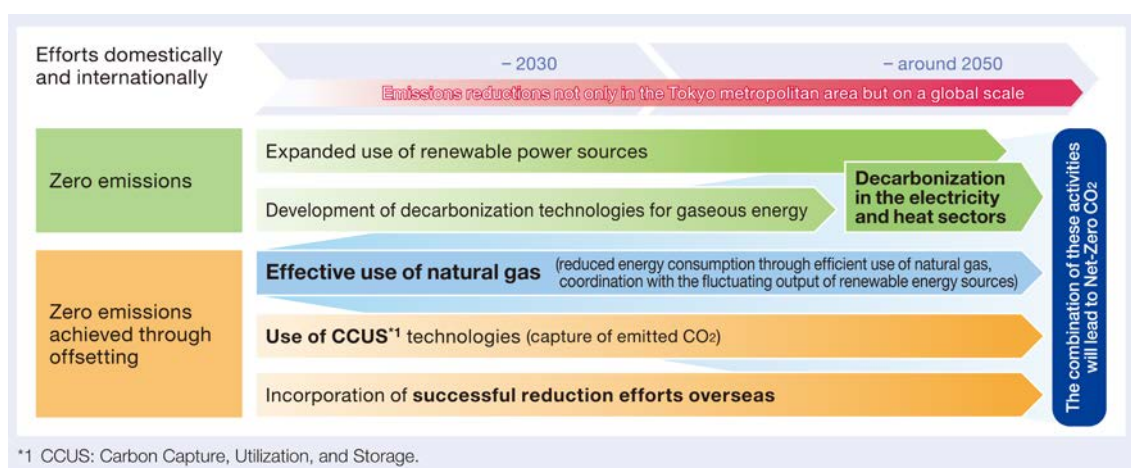
### 1.4 Participation in external initiatives

- Participating in the UN Global Compact  
In March 2016, Tokyo Gas declared its support for the UN Global Compact so that it could pursue sustainability from a global perspective as a responsible member of the international community.
- Action on the Sustainable Development Goals (SDGs)  
The Tokyo Gas Group will contribute to achieving the SDGs in promoting initiatives that contribute to resolving social issues through our business activities.
- The Task Force on Climate-related Financial Disclosure (TCFD)  
We recognize climate change as one of the priority issues that the Tokyo Gas Group is facing today and regard the TCFD as an effective framework in promoting information disclosure and dialogue with stakeholders on climate-related issues. We therefore signed the statement of support for the TCFD in May 2019.
- Challenge Net Zero Carbon Innovation (Challenge Zero)  
We are participating "Challenge Zero" initiative which is a new initiative by Keidanren (Japan Business Federation) aiming to proactively publicize and support actions to create innovation taken by companies and organizations

towards a "decarbonized society" which the Paris Agreement (the international framework on climate change) sets as the long-term goal and has announced our concrete actions as Innovation Challenges. In addition to the above, we are publicly listed on the list of "Companies Taking on the Zero-Emission Challenge" by the Ministry of Economy, Trade and Industry Japan in collaborated with "Challenge Zero" initiative.

### 1.5 Tokyo Gas Group Management Vision "Compass 2030": Leadership in the effort to achieve Net-Zero CO<sub>2</sub>

In its overall business activities, the Tokyo Gas Group will work to achieve Net-Zero CO<sub>2</sub> emissions including customer emissions and lead the transition to a decarbonized society. We will use technologies and expertise for the effective use of natural gas to promote decarbonization in the electricity and heat sectors as well as for CO<sub>2</sub> capture technologies. We will contribute to reduce carbon emissions on the scale of 10 million tons by 2030 (which exceeds Japan's target ratio) and lead the way to reducing CO<sub>2</sub> emissions on a global scale.



#### Actions to fulfill the challenges

- Coordinate renewable energies and natural gas
  - ✓ Strive to achieve Net-Zero CO<sub>2</sub> through efficient utilization of natural gas and adjustment of fluctuating renewable energy output using gas-fired power plant, gas cogeneration systems and smart energy network
  - ✓ Expand renewable power source transaction volumes both at home and abroad and promote new businesses utilizing decentralized resources such as PV, storage batteries, etc.
- Decarbonization technology innovations
  - ✓ Promote innovations in essential core technologies that contribute to decarbonization in the period leading up to 2030, hydrogen production and use of methanation technology after 2030.

- ✓ The means including optimal use and control of renewable power sources and advanced use of natural gas will be combined and utilized.
- Resolving problems in daily life and businesses
  - ✓ Expand utilization of renewable energy in living and business resolving various customer needs and problems supplying electricity generated by free PV installed on the roofs of households and companies.
- Overseas expansion
  - ✓ Strive to achieve Net-Zero CO<sub>2</sub> on a global scale through business development, considering the energy market environment in each country, such as renewable energy business and LNG and gas infrastructure etc.

### 1.6 Significance of issuing green bonds

Our company regards the issuance of green bonds as financing for the achievement of the above-mentioned management vision "Compass 2030" and the medium-term management plan, and we believe that it will be an opportunity to re-distribute our efforts to our stakeholders.

## 2. Green Bond Framework

### 2.1 Use of proceeds

Tokyo Gas plans to allocate the proceeds from Green Bond to refinance new and existing investments related to eligible projects that meet the following eligible criteria. In the case of existing investment, it is limited to expenditures made within 3 years before the issuance of green bonds.

Category	Business / project	GBP Project categories	Consistency with SDGs
Renewable energy	Projects related to the development, construction, operation, renovation and other related expenditures of renewable energy (solar PVs) generation facilities	GBP: ·Renewable energy	7. AFFORDABLE AND CLEAN ENERGY 9. INDUSTRY INNOVATION AND INFRASTRUCTURE 11. SUSTAINABLE CITIES AND COMMUNITIES 13. CLIMATE ACTION 17. PARTNERHSIPS FOR THE GOALS

## 2.2 Exclusion criteria

The proceeds from green bonds will not be allocated to project related to:

- Unfair transactions that do not comply with the laws and regulations of the country of residence, inappropriate relationships such as bribery, corruption, blackmail, embezzlement, etc.
- Transactions that can cause social problems such as human rights and the environment

## 2.3 Process for project evaluation and selection

The Accounting Department of Tokyo Gas selected the eligible businesses specified in 2.1, and the accounting officer will make the final decision on the selected eligible businesses. Regarding the evaluation of business eligibility, we comprehensively analyze and examine it based on the eligibility criteria. In addition, in the operation and implementation of the project, Tokyo Gas is working on the conservation of the surrounding environment in each related department, and it regularly monitor it in the PDCA cycle.

## 2.4 Management of proceeds

The Accounting Department of Tokyo Gas will manage the allocation status of the proceeds quarterly using the internal management system until the full amount of the proceeds from the issuance of green bonds is allocated. The proceeds will be managed in cash or cash equivalents until the full amount of the proceeds from the green bond is allocated.

## 2.5 Reporting

### 1. Report of allocation status of proceeds

Tokyo Gas will publish the allocation status on our website annually until the proceeds are fully allocated to projects that meet the eligible criteria.

The contents of the disclosure are the amount of funds allocated to each project category, the amount of unallocated funds raised and the amount of funds raised that have been allotted as existing expenditures.

In the event of a significant change in the allocation of funds raised, we will disclose it in a timely manner.

### 2. Impact reporting

Tokyo Gas will report the following indicators and project outlines on our website to the extent practically possible until the redemption of green bonds.

Category	Project	Reporting matters
Renewable energy	Renewable energy (solar PVs) power generation facilities related projects	•Capacity (MW) •Energy generation (kWh) •CO <sub>2</sub> reduction amount (t- CO <sub>2</sub> )

## **2.6 External review**

### **2.6-1 Pre-issuance verification procedure**

Tokyo Gas has obtained verification from DNV GL and the framework has been certified by CBI against to the CBI and CBS at the pre-issuance stage. In addition, DNV GL verified the conformity of this framework to the "Green Bond Principles 2018 (ICMA)" and "Green Bond Guidelines (2020 Ministry of the Environment)".

### **2.6-2 Post-issuance verification and periodic review**

Tokyo Gas will obtain post-issuance verification from DNV GL in accordance with CBS requirements. In addition, within one year from the date of issuance of the green bond, we will obtain periodical review from DNV GL to evaluate whether the reporting of eligible projects conform to our company's green bond framework. This review will be conducted annually until the proceeds from Green Bond are fully allocated.