

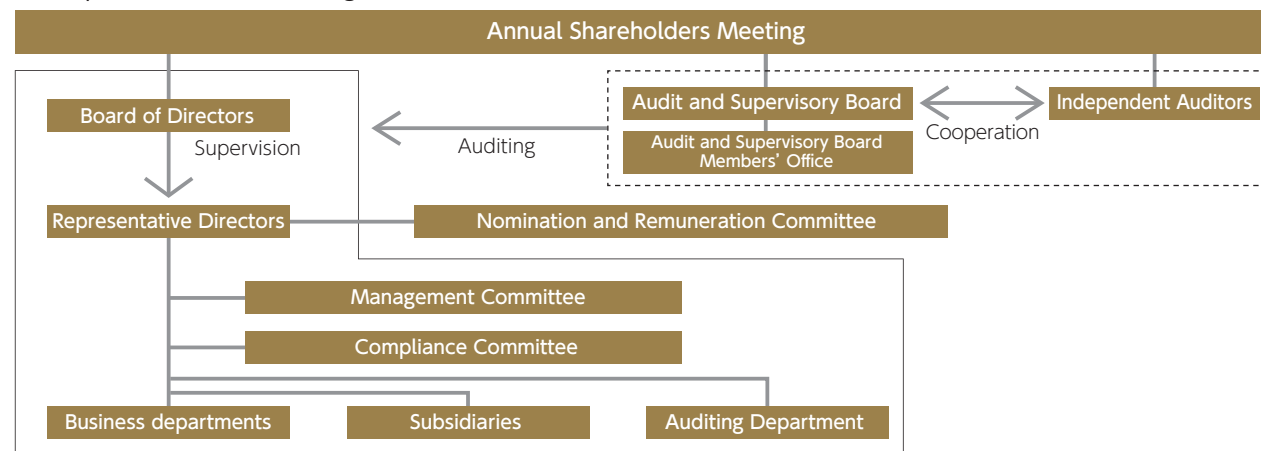
# Corporate Governance

## Basic Concept

The Toho Gas Group, in accordance with our corporate mission, is committed to the development of a sustainable society by providing a stable supply of environmentally superior energy and the co-creation of new value even while meeting the demands of a changing society through challenges such as decarbonization, digitalization, value diversification, and other issues. Thus, we continue to strengthen our corporate governance, thereby ensuring that we remain a corporate group that has earned the trust of our stakeholders.

## Corporate Governance Organization

### Corporate Governance Organizational Chart



### Corporate Governance Organization List

Number of Directors (Outside Directors)	9(3)
Number of Audit and Supervisory Board Members (Outside Members)	5(3)
Number of Board of Directors' meetings (FY2022)	12
Number of Audit & Supervisory Board Meetings (FY2022)	12
Term of office of Directors	1 year



Board of Directors

## Board of Directors, Management Committee

Our Board of Directors comprises nine Directors, including three Outside Directors. The Board of Directors is convened every month in accordance with the rules stipulated for the Board, and makes important decisions relating to the Toho Gas Group while supervising the execution of duties by Directors and Executive Officers.

### Directors

Position	Name	Attendance (FY2022)	
		Board of Directors	Attendance rate
Representative Director, Chairman	Yoshiro Tominari	12/12	100%
Representative Director, President	Nobuyuki Masuda	12/12	100%
Representative Director, Executive Vice President	Shinichi Senda	12/12	100%
Representative Director, Executive Vice President	Hidetoshi Kimura	12/12	100%
Director, Senior Managing Executive Officer	Akira Torii	12/12	100%
Director, Senior Managing Executive Officer	Satoshi Yamazaki	12/12	100%
Outside Director	Tetsuo Hattori	12/12	100%
Outside Director	Michiyo Hamada	12/12	100%
Outside Director	Taku Oshima	12/12	100%

The Company has adopted the Executive Officer System to strengthen the function of executive operations and to clarify responsibilities. The Company has also established the Management Committee to deliberate on important management issues, including important policy measures for each division and department, in accordance with the basic policy adopted by the Board of Directors and to manage the progress of each policy measure periodically. Various committees have been set up to deal with cross-sectional issues under the chairmanship of the President or other Directors. Each committee is tasked with grasping relevant issues and monitoring the progress of activities being undertaken in response to these issues, with the results of its meetings submitted to the Management Committee for deliberation.

## — Audit & Supervisory Board

The Audit & Supervisory Board comprises five Audit & Supervisory Board Members, including three Outside Members. Each Audit & Supervisory Board Member monitors the execution of duties assigned to Directors by attending important meetings of the Company including meetings of the Board of Directors, reading important approval documents and visiting business offices. Each Audit & Supervisory Board Member also attends meetings of the Audit & Supervisory Board, convened on a monthly basis, for information sharing. The Company has set up the Audit & Supervisory Board Members' Office where full-time staff have been deployed to assist Members in the execution of their duties.

## — Audit & Supervisory Board Members

Position	Name	Attendance (FY2022)			
		Board of Directors Meetings	Attendance rate	Audit & Supervisory Board Meetings	Attendance rate
Audit & Supervisory Board Member	Mitsuhiro Kodama	12/12	100%	12/12	100%
Audit & Supervisory Board Member	Hiroaki Kato	12/12	100%	12/12	100%
Outside Audit & Supervisory Board Member	Tamotsu Kokado	12/12	100%	12/12	100%
Outside Audit & Supervisory Board Member	Norikazu Koyama	12/12	100%	12/12	100%
Outside Audit & Supervisory Board Member	Keiko Ikeda	12/12	100%	12/12	100%

## — Outside Director and Outside Audit & Supervisory Board Member

Outside Directors and Outside Audit & Supervisory Board Members are appointed for the purpose of strengthening the supervisory and auditing functions of the Company and ensuring the transparency and fairness of corporate management. Because the three Outside Directors and three Outside Audit & Supervisory Board Members have no special interest with the Company, it has been determined that no conflict of interest exists or will arise with shareholders. Consequently, the Company designated them "independent directors" as defined by securities exchanges.

It is judged that objectivity and neutrality in the supervision of corporate management are guaranteed through operation of supervising and auditing functions of

the Company under the respective roles played by Outside Directors and Audit & Supervisory Board Members including Outside Members.

## — Outside Director and Outside Audit & Supervisory Board Member (FY2022)

	Name	Reason for selection
Outside Director	Tetsuo Hattori	We have determined that his abundant experience as a corporate manager provides him with strong insight to offer valuable opinions on management overall.
	Michiyo Hamada	We have determined that her abundant experience as a corporate legal scholar and as a member of the Fair Trade Commission Committee provides her with strong insight to offer valuable opinions on management overall.
	Taku Oshima	We have determined that his abundant experience as a corporate manager provides him with strong insight to offer valuable opinions on management overall.
Outside Audit & Supervisory Board Member	Tamotsu Kokado	We have determined that his abundant experience as a corporate manager provides him with strong insight to offer valuable opinions on management overall.
	Norikazu Koyama	We have determined that his abundant experience in police administrative agencies provides him with strong insight to offer valuable opinions on management overall.
	Keiko Ikeda	We have determined that her specialist knowledge and abundant experience in legal affairs as an attorney provides her with strong insight to offer valuable opinions on management overall.

## — Evaluation of Effectiveness of Board of Directors

We evaluate all Directors and Audit & Supervisory Board Members based on surveys and individual interviews from the perspectives of standards and mechanisms, administrative management, roles and responsibilities and information-sharing/support systems, and report the evaluation results to the Board of Directors to ensure the effectiveness of the Board of Directors. We will continue making improvements based on opinions received from the survey and thereby endeavor to further improve its effectiveness.

## — Director Remuneration

Director remuneration is based on their roles and responsibilities and on Company performance. It is set at an appropriate amount taking into consideration the remuneration level of employees and compensation levels at other companies.

It is set at an appropriate amount taking into consideration the remuneration level of employees and compensation levels at other companies. Director remuneration consists of fixed remuneration (monetary remuneration), performance-linked compensation (monetary remuneration), and transfer-restricted stock-based compensation (non-monetary compensation) and, as a guideline, the payment ratio for (1) fixed remuneration, (2) performance-linked compensation, and (3) transfer-restricted stock-based compensation is (1): (2): (3) = 6:3:1. Outside Directors receive only fixed remuneration.

Fixed remuneration and performance-linked compensation are set by resolution of the Board of Directors upon deliberation by the Nomination and Remuneration Committee, a majority of which consists of Outside Officers, within the range of the remuneration determined at the annual shareholders meeting. Performance-linked compensation is indexed to items as goals in the Medium-Term Management Plan, and the state of achievement for the single fiscal year is reflected in remuneration by setting financial indicators such as consolidated ROA and non-financial indicators such as contribution to the reduction of CO<sub>2</sub>.

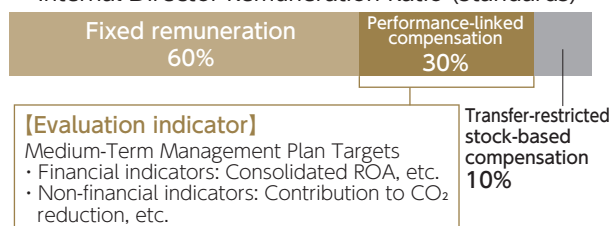
Transfer-restricted stock-based compensation has been adopted with the goal of further advancing shared value with shareholders and further heightening the willingness to contribute to enhancing medium- and long-term corporate value. Transfer-restricted stock-based compensation is set by resolution of the Board of Directors upon deliberation by the Nomination and Remuneration Committee, within a range of compensation amounts and numbers of shares in a framework that is separate from the foregoing range of remuneration determined at the annual shareholders meeting.

# Corporate Governance

## Director Remuneration Structure

	Fixed remuneration (monetary remuneration)	Performance-linked compensation (monetary remuneration)	Transfer-restricted stock-based compensation (non-monetary compensation)
Internal Director	○	○	○
Outside Director	○	—	—

## Internal Director Remuneration Ratio (Standards)



## Selection and Dismissal of Senior Management and Nomination of Candidates for Directors and Audit and Supervisory Board Members

Selection of senior management and nomination of candidates for Directors and Audit and Supervisory Board Members are determined by resolution of the Board of Directors upon deliberation by the Nomination and Remuneration Committee, a majority of which consists of Outside Directors, comprehensively taking into account abilities required for the positions, such as being able to take a wide view of and understand management and the ability to grasp essential issues and risks.

Dismissal of senior management is determined by resolution of the Board of Directors upon deliberation by the Nomination and Remuneration Committee in the event of circumstances that make it difficult to fulfill the required roles.

## Skills Matrix

With consideration for the agility of decision-making, the Board of Directors is comprised of Internal Directors who are thoroughly-familiar with the duties of each department

and who understand and implement the corporate philosophy based on the social missions of providing stability and ensuring safety and security, and several Independent Outside Directors who have experience in

various occupations and industries and deep insight.

In addition, the Board Members and Auditors have the skills that are required for sustainable growth and corporate value enhancement in the medium-to-long term.

## Amount of Director and Audit & Supervisory Board Member Remuneration, Etc. in 152st Term (FY2022)

Classification	Total remuneration (million yen)	Total remuneration by type (million yen)			Number of applicable officers (person)
		Fixed remuneration	Performance-linked compensation	Transfer-restricted stock-based compensation	
Directors (excluding outside directors)	243	155	62	26	6
Audit & Supervisory Board Member (excluding outside Audit & Supervisory Board Members)	48	48	—	—	2
Outside Directors	29	29	—	—	3
Outside Audit & Supervisory Board Members	29	29	—	—	3

\*1 We provide performance-linked compensation to directors (excluding outside directors). Performance-linked compensation is calculated based on the goals in the Medium-Term Management Plan (return on investment, etc.), and the state of achievement in the previous fiscal year is reflected in the remuneration. ROA of previous fiscal year was 2.5%.

\*2 In order to promote further value sharing with shareholders and to motivate directors (other than outside directors) to contribute to the enhancement of corporate value over the medium and long term, the Toho Gas allocates restricted transferable shares as non-monetary compensation to directors (other than outside directors). The period of restricted transfer shall be from the date of issuance of the restricted stock to the date that a director or executive officer retires from any position held at Toho Gas.

## Skills Matrix of Directors and Audit & Supervisory Board Members

	Name	Corporate Management	Finance Accounting	Legal Risk Management	Human Resources Labor Human Resource Development	ESG	Sales Marketing	Technology Technology Development IT	Security Disaster Prevention Stable Supply	Internationalization
Directors	Yoshiro Tominari	●				●		●	●	●
	Nobuyuki Masuda	●				●	●	●	●	
	Hidetoshi Kimura	●	●	●		●				●
	Satoshi Yamazaki	●	●		●		●			●
	Hidetaka Takeuchi	●	●	●	●		●			
	Shinsuke Kagami	●					●	●	●	●
	Tetsuo Hattori	●					●	●		
	Michiyo Hamada			●			●			●
Taku Oshima	●						●		●	
Audit and Supervisory Board Members	Mitsuhiro Kodama	●	●		●					●
	Hiroaki Kato		●	●		●	●			
	Norikazu Koyama			●	●	●				
	Keiko Ikeda	●		●		●				
	Akihiko Nakamura	●	●		●					

\* Main expertise and experience of Board of Directors and Audit & Supervisory Board

# Communication with Shareholders and Investors



## Basic Concept

We strive to disclose corporate and financial information promptly and appropriately, and to actively engage in communication with shareholders and investors, in order to deepen their understanding of the business and management policy of Toho Gas Group, and to win their long-term support.

## Return to Shareholders

### Shareholder Return Policy

The basic policy for dividend payouts is to implement a Return to Shareholders of 40-50% of net income in dividends in the medium-to-long term in line with the flexible purchase and retirement of treasury stock

Based on the above policy, we have returned 40 to 50% of our consolidated net income to shareholders over the medium to long term. We generate a stable operating cash flow primarily from three energy sources: city gas, LPG, and electricity. We maintain a sound and stable financial base while also utilizing loans and other financial means to balance investment in our core and strategic businesses with returns to shareholders. The dividend for the fiscal year ending March 31, 2023, increased by 2.5 yen from the previous year to 60 yen per share for the full year, and we plan to pay that same annual dividend of 60 yen per share for the fiscal year ending March 31, 2024.

### Shareholder Benefit Plan

Our shareholders receive shareholder incentive points based on the number of shares held and the length of time the shares have been held. These points can be exchanged for gourmet food and delicacies from the Tokai area and original, Toho Gas merchandise, or other catalog items, for donations to social action programs, and even to pay gas and electricity bills from Toho Gas.

## Communication with Shareholders and Investors

### Annual Shareholders Meeting

Toho Gas considers the Annual Shareholders Meeting to be an important opportunity for dialogue with our shareholders, and we make every effort to give frank and easy-to-understand answers to your questions, so that you will gain a deeper understanding of the Company.

At the Annual Shareholders Meeting for the fiscal year ending March 31, 2023, we undertook a proactive disclosure of information by having shareholders submit questions in advance in writing or via email and answering them at the meeting. We later posted a summary of these answers together with a video of the explanation at the meeting on the Toho Gas website.

●FY2023 Annual Shareholders Meeting (June 28, 2023)

Shareholders in attendance  
**143**

Exercise of shareholder voting rights  
**84.8%**



Annual Shareholders Meeting

### Communication with Individual Investors

As a community-oriented energy provider, Toho Gas seeks the long-term support of the people we serve, not

just as customers but as shareholders, as well.

During FY2022, we augmented direct communication with our shareholders in a face-to-face format with online briefings and streaming video via the Internet. Moving forward, we will continue to offer variety of opportunities for dialogue in providing our shareholders with an even deeper understanding of Toho Gas.

●Results for FY2022  
Number of meetings held  
**7**



NSE IR Expo (September 2022)

### Communication with Institutional Investors

Toho Gas holds briefings on quarterly financial results for institutional investors and securities analysts. We also proactively hold individual meetings in order to enhance our sustainable growth and corporate value over the medium to long term. In addition, we make every effort to deepen understanding of our business by holding regularly scheduled investor relations activities for the financial institutions that are our bond investors.

During FY2022, we held four briefings on financial results and a total of about 100 individual meetings. We take the opinions and requests obtained during these IR activities and share them at management meetings and other in-house activities for use in enhancing corporate value.

●Results for FY2022  
Financial results briefing **4**(Quarterly) | Individual meetings **About 100** in total



IR data  
<https://www.tohogas.co.jp/lang-n/en/corporate/>

# Internal Control

## Basic Concept (Establishment of Internal Control System)

Toho Gas Group Board of Directors resolved to establish a system (internal control system) to ensure the appropriateness and effectiveness of business operations and based on this resolution, we strive to strengthen risk management and ensure thorough compliance.

We review the internal control system as necessary based on changes in the business environment and other factors and confirm the status of its implementation at the Board of Directors Meeting each fiscal year. Details of the resolution and an outline of the status of its implementation over the past fiscal year are disclosed in our "Business Report."

## Resolution of the Board of Directors on the Internal Control System

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>① Board of Directors system for execution of duties (Conformity of Board of Directors execution of duties with laws and ordinances, and its effectiveness)</li> <li>② Risk management system</li> </ul> | <ul style="list-style-type: none"> <li>③ Compliance system</li> <li>④ Subsidiaries business management system</li> <li>⑤ Audit system</li> </ul> |
|--|--|

## State of Administration of the Internal Control System

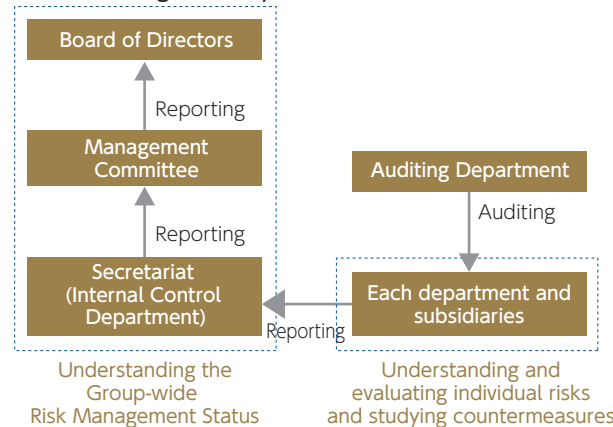
### Risk Management

#### Risk management system

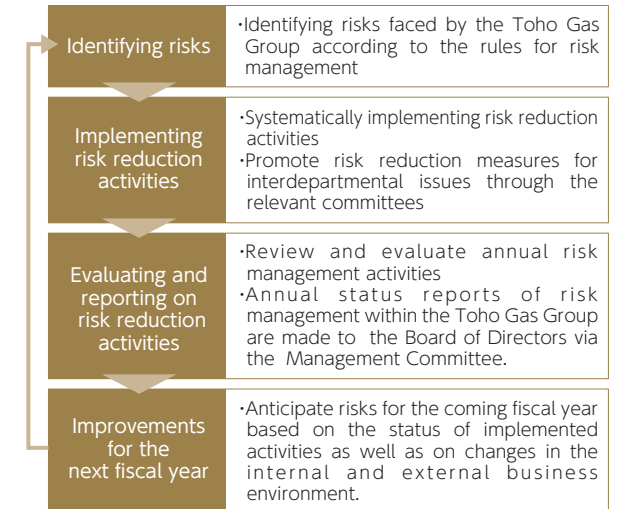
In accordance with our rules for risk management, Toho Gas works systematically to reduce risk by designating a department to manage a particular risk, and annual status reports of risk management within the Toho Gas Group are made to the Board of Directors via the Management Committee. Included in risk management are climate change and other risks related to ESG.

The relevant committee promotes measures aimed at risk reduction for cross-divisional issues; also, the progress and issues are discussed at the Management Committee. In addition, important management issues are also deliberated from the perspective of risk management.

#### Risk management system



## Flow of risk management



## Major risks that could affect Toho Gas Group businesses

- ① Fluctuations in demand
- ② Fluctuations in prices of raw materials
- ③ Fluctuations in prices of electricity procurement
- ④ Fluctuations in interest rates and other costs
- ⑤ Changes in energy policies, laws, regulations, systems, or other factors
- ⑥ Natural disasters
- ⑦ Disruptions in procurement of raw materials
- ⑧ Disruptions in production and supply
- ⑨ Disruptions in information systems
- ⑩ Problems with gas appliances and facilities
- ⑪ Problems with the quality of products, services, and other items
- ⑫ Delays in the delivery of goods, materials, equipment, and other items
- ⑬ Changes in the investment environment
- ⑭ Noncompliance issues
- ⑮ Data leaks
- ⑯ Outbreaks of infectious disease

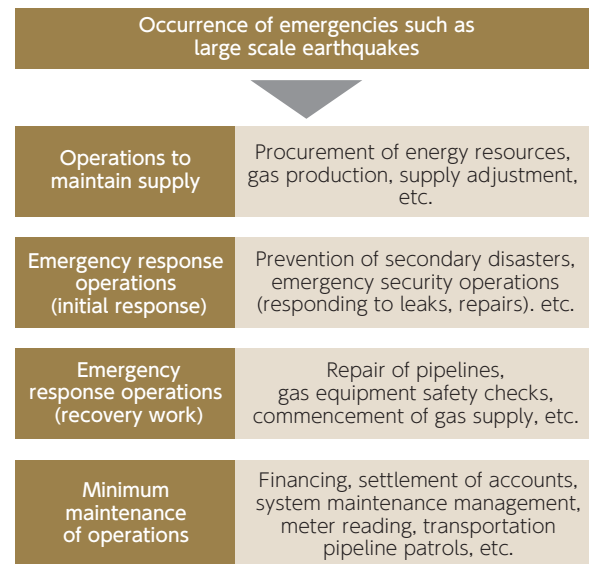


## Disaster Preparedness and Business Continuity

City gas is indispensable to the daily life of our customers, and in order to protect our ability to supply city gas, we have established a management system and formulated a business continuity plan (BCP) based on the assumption that a disaster could occur at any time. We continuously conduct drills designed to sharpen our response to a large-scale disaster and strengthen cooperation with affiliates and partner companies.

Our BCP outlines goals to be met in responding to a major earthquake, such as "to prevent secondary disasters due to gas leaks while ensuring the safety of customers" or "to achieve prompt restoration of business by securing the personnel, equipment, and materials necessary to restore the gas supply to areas where it has been interrupted." The BCP also outlines response policies and methods as

### — Operation during emergencies



well as preparedness measures at facilities and plans to secure supplies of equipment, food, and other necessary materials.

### — Management of Subsidiaries

We support the development of internal control systems at subsidiaries, in an effort to strengthen internal control systems Group-wide.

Our subsidiaries and affiliated companies make decisions and report important matters to the Board of Directors in accordance with their own internal rules for the Board of Directors of each company.

In addition, we receive regular reports from our major subsidiaries and affiliates regarding their annual plans, financial results, operations, and activities related to internal control, as stipulated in our Regulations for Management of Affiliated Companies.

Having split-off of our Pipeline Network Division in April 2022, Toho Gas and Toho Gas Network have established Rules for Ensuring Neutrality in Pipeline Operations from the perspective of compliance with behavior regulations.

### — Measures for information management and security

In accordance with our rules for document management, we preserve and manage documentation such as written statements (records of approval) and minutes of important meetings with a retention period suitable to the importance of the documentation. Additionally, we periodically conduct self-audits of document management and monitor the status of information storage and management.

Our Cyber Security Committee is responsible for overall control of cyber security throughout the company and for deliberating on the strengthening of cyber security

measures. In addition, Toho Gas Group employees participate in targeted e-mail drills and online security training to enhance their awareness of security issues, and other training that simulates security incidents is conducted on an ongoing basis.

### — Internal Auditing

#### Compliance with the Financial Instruments and Exchange Law

Under our Internal Control Reporting System for Financial Reporting in compliance with the Financial Instruments and Exchange Law, our relevant departments and affiliated companies conduct self-inspections to ensure that internal rules and check systems are properly established and operated, and further evaluation is performed by the Internal Auditing Department, after which the results sent to a professional auditing firm. In FY2022, this process confirmed that Toho Gas Group's internal control over financial reporting was effective and an internal control report was submitted to the Financial Services Agency.

#### Internal Auditing

Based on the audit plan, the Auditing Department audits Toho Gas and subsidiaries to ensure that operations are being conducted appropriately and efficiently. They promptly report audit results to the president and corporate auditors and provide advice.

# Compliance

## Basic Concept

For the Toho Gas Group, compliance includes complying with laws and internal regulations, action based on good sense and ethics, and meeting the expectations of customers and society. By ensuring thorough implementation of the Corporate Code of Ethical Conduct and the Compliance Code of Conduct, we hope that each employee will live up to the trust of customers.

## Corporate Code of Ethical Conduct (excerpted)

### (1) Basic guidelines

Toho Gas Group, desiring in earnest to keep the trust of its customers, shareholders, local communities, business partners, and other stakeholders, makes every effort to comply with both the letter and the spirit of all laws and regulations in contributing to local communities by undertaking honest and fair corporate activities while demonstrating common sense and respect for societal norms in our behavior. We also strive for coexistence and co-prosperity through timely and appropriate information disclosure and proactive dialogue with all concerned parties.

### (2) Guidelines for corporate officers and employees

- ① In addition to complying with all laws and regulations, we strive to demonstrate common sense and respect for societal norms in our behavior as well as to conduct ourselves as a good corporate citizen.
- ② In the course of our corporate activities, we will treat our customers, shareholders, local communities, business partners, and other stakeholders with sincerity and fairness, and maintain sound relationships with them.
- ③ We are committed on a broad scale to respecting human rights and embracing diversity as well as maintaining a friendly, safe, open, and comfortable workplace.
- ④ We will make every effort to contribute proactively to the community as one of its citizens.
- ⑤ We refuse to engage with antisocial forces that threaten the order or safety of the community, nor will we undertake any action that would benefit such forces.
- ⑥ All executive officers and other personnel responsible for leading our organization are to take the initiative in implementing this Code as well as to make every effort to foster awareness of ethics within the Toho Gas Group and ensure that this Code is followed by all our employees.
- ⑦ All executive officers and other personnel responsible for leading our organization are to take it upon themselves to proactively address any and all violations of this Code by resolving the problem, investigating the cause, and taking action to prevent its reoccurrence. In addition, we will remain accountable to the community, clarify our authority and responsibility, and take strict corrective action even against ourselves.

## Compliance Code of Conduct

(Extracted from "Establishing a Relationship of Trust with Society")

### [Social-contribution activities]

- As an enterprise having close involvement with local communities, we actively contribute in projects conducive to regional development. We also support social-contribution activities, such as the volunteer activities that each of our employees perform.

### [Initiatives against anti-social forces]

- We sever all connections to antisocial forces that threaten the order and safety of civil society and hinder sound business activities, and resolutely deny demands therefrom.

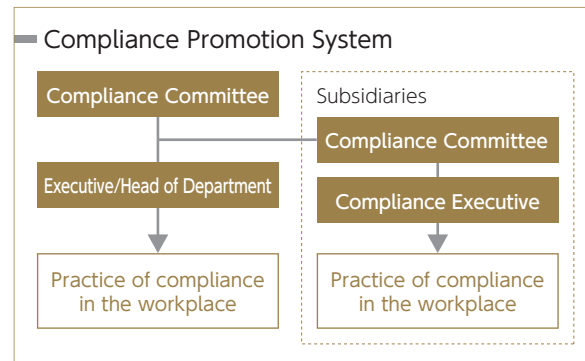
### [Association with Related Parties and Anti-Corruption]

- Corporate entertainment and gifts that might pervert the occupational fairness or that go beyond the boundaries of what is socially-acceptable are not provided to related parties, including that which has the objective of acquiring or maintaining unjust profit or preferential treatment.
- In associating with public officials, including foreign public officials, we accept nothing that is contrary to the spirit of the National Public Service Ethics Act, Unfair Competition Prevention Act (Prohibition against the Provision of Wrongful Gains to Foreign Public Officials) or the relevant laws of other countries. Association with persons treated as public officials and the officers and staff members of organizations subject to provisions concerning bribery in special laws also conforms to this.

### Compliance Promotion System

The Toho Gas Compliance Committee is chaired by our president and includes all executive officers, general managers, and others responsible for overseeing compliance, meets at least twice a year to deliberate compliance activity plans and their results, and reports its findings to the Board of Directors. The general manager of a department is responsible for promoting compliance, while managers and section managers are responsible for implementing compliance activities.

We have also established a system for continuous oversight at each of our affiliated companies by naming a compliance executive and establishing a compliance committee.



### Compliance Consultation Service (Whistleblowing Hotline)

Toho Gas Group has set up Compliance Consultation Service both within the company and outside the company at a lawyer's office, where employees can consult directly in person, by e-mail, or by phone about legal compliance, maintaining a sound work environment (including harassment issues), and fair business activities. This service is available to all Toho Gas Group employees, whether permanent or temporary, as well as to retirees, business partners, and others.

In accordance with our rules for handling compliance consultations, Toho Gas will promptly investigate the facts of all matters raised during a compliance consultation. In the event that an investigation reveals noncompliance, we will take the necessary corrective actions and implement preventative countermeasures immediately. Additionally, we will provide employees who work at the Compliance Consultation Service with training and make every effort to ensure confidentiality, prohibit retaliatory treatment, and otherwise protect whistleblowers.

The reported information is strictly managed and monitored by an auditor, reported to management, and handled appropriately. During FY2022 there were 43 consultations.

### Education and Enlightenment Activities

Toho Gas Group conducts a wide variety of compliance training programs for employees at all levels. During FY2022, approximately 150 executive- and management-level personnel attended compliance seminars, roughly 30 attended labor management training for managers at affiliated companies, and a total of 16,500 employees participated in one of three online training sessions. In addition, we hold compliance meetings at each workplace and regularly publish a Compliance NEWS newsletter for all employees.

### Inspection and Survey Activities

Toho Gas Group conducts inspections of all its facilities on a regular basis to ensure compliance with all applicable laws and regulations. We also conduct annual surveys of all Toho Gas Group employees to ascertain their awareness of compliance and workplace culture issues and reflect the results of these surveys in our action plans. During FY2022, 6,484 employees responded for a response rate of 89.4%.

### Protection of Personal Information

Based on the Act on the Protection of Personal Information and various guidelines, we have established a personal information protection policy, personal information protection rules, and other internal regulations and manuals in an effort to take safety management measures and to handle personal information appropriately.

As part of our system for protecting personal information, we have established a Personal Information Protection Committee, which is chaired by the Personal Information Protection Manager, who is an executive officer appointed by the company president. The Committee also includes those supervisors responsible for protecting customer, shareholder, employee, and other types of personal information, who meet to deliberate on action plans for the protection of personal information and their results.

All Toho Gas Group facilities regularly conduct self-audits on the management of personal information, and we make every effort to ensure the security of our information systems by restricting access to personal information and preventing unauthorized access via the Internet.

### Fair business activities

In April and October of 2021, Toho Gas was subject to on-site inspections and review of the terms and conditions of its electricity and gas transactions by the Japan Fair Trade Commission. We take this issue very seriously, and in addition to having established rules for handling contact with competitors, we have once again conducted training for executive officers and managers on compliance with the Antimonopoly Law. We are committed to strengthening compliance not just with antitrust laws but with all applicable laws and regulations at Toho Gas and at all our affiliated companies.



# Directors and Audit & Supervisory Board Members

(as of June 30, 2023)

## Directors

### Yoshiro Tominari

Representative Director, Chairman



- Apr. 1981 Joined the Company
- Jun. 2003 General Manager of Production Planning Dept.
- Jun. 2006 General Manager of Corporate Planning Dept.
- Jun. 2009 Executive Officer, General Manager of Corporate Planning Dept.
- Jun. 2010 Executive Officer, Executive General Manager of Research & Development Division
- Jun. 2011 Managing Executive Officer
- Jun. 2012 Director, Managing Executive Officer
- Jun. 2015 Director, Senior Managing Executive Officer
- Jun. 2016 Representative Director, President
- Jun. 2021 Representative Director, Chairman (current position)

### Nobuyuki Masuda

Representative Director, President



- Apr. 1986 Joined the Company
- Jun. 2008 General Manager of Engineering Dept.
- Oct. 2009 General Manager of Production Planning Dept.
- Jun. 2014 General Manager of Distribution Planning & Management Dept.
- Jun. 2015 Executive Officer, General Manager of Distribution Planning & Management Dept.
- Jun. 2017 Executive Officer, Executive General Manager of Distribution Division
- Jun. 2018 Managing Executive Officer
- Jun. 2019 Director, Managing Executive Officer
- Jun. 2020 Director, Senior Managing Executive Officer
- Jun. 2021 Representative Director, President (current position)

### Hidetoshi Kimura

Representative Director, Executive Vice President



- Apr. 1982 Joined the Ministry of International Trade and Industry
- Jul. 2011 Director-General of Chubu Bureau of Economy, Trade and Industry
- Jun. 2014 Senior Executive Director of Japan Finance Corporation
- Jan. 2019 Joined the Company
- Apr. 2019 Executive Researcher
- Jun. 2019 Managing Executive Officer
- Jun. 2021 Director, Senior Managing Executive Officer
- Apr. 2022 Representative Director, Executive Vice President (current position)

- Assistant to President In charge of Auditing Dept. and Power Business Promotion Dept.

### Satoshi Yamazaki

Director, Senior Managing Executive Officer



- Apr. 1986 Joined the Company
- Jun. 2010 General Manager of West District Headquarters
- Jun. 2012 General Manager of Finance Dept.
- Jun. 2016 General Manager of Corporate Planning Dept. (Kikaku-bu)
- Apr. 2017 General Manager of Corporate Planning Dept. (Keieikaku-bu)
- Jun. 2017 Executive Officer, General Manager of Corporate Planning Dept. (Keieikaku-bu)
- Apr. 2019 Executive Officer, General Manager of Corporate Planning Dept. (Kikaku-bu)
- Jun. 2020 Managing Executive Officer
- Jun. 2021 Director, Managing Executive Officer
- Apr. 2022 Director, Senior Managing Executive Officer (current position)

- In charge of Business Development Dept., Finance Dept. and Personnel Dept.

### Hidetaka Takeuchi

Director, Senior Managing Executive Officer



- Apr. 1984 Joined the Company
- Apr. 2012 General Manager of East District Headquarters
- Jun. 2014 General Manager of Home Systems & Appliance Sales Dept.
- Jun. 2016 General Manager of General Affairs Dept.
- May 2018 General Manager of General Affairs Dept. Director and President of Toho Gas Living Co., Ltd.
- Jun. 2018 Executive Officer Director and President of Toho Gas Living Co., Ltd.
- Jun. 2021 Managing Executive Officer of the Company
- Apr. 2023 Senior Managing Executive Officer
- Jun. 2023 Director, Senior Managing Executive Officer (current position)

- In charge of Internal Control Dept., General Affairs Dept. and Public Relations Dept.

### Shinsuke Kagami

Director, Managing Executive Officer



- Apr. 1988 Joined the Company
- Oct. 2009 General Manager of Engineering Dept.
- Jun. 2014 General Manager of Production Planning Dept.
- Jun. 2017 General Manager of Gas Resources Dept.
- Jun. 2018 Executive Officer, General Manager of Gas Resources Dept.
- Jun. 2020 Executive Officer, Executive General Manager of Production Division
- Jun. 2021 Managing Executive Officer
- Jun. 2023 Director, Managing Executive Officer (current position)

- In charge of Site Development Dept., Executive General Manager of Industrial & Commercial Gas Sales Division

**Tetsuo Hattori**

Outside Director



Apr. 1971 Joined Toyota Motor Co., Ltd.  
 Jun. 1999 Member of the Board of Directors of Toyota Motor Corporation  
 Jun. 2003 Managing Officer of Toyota Motor Corporation  
 Jun. 2004 Senior Managing Director of Toyota Motor Corporation  
 Jun. 2007 Executive Vice President of Kanto Auto Works, Ltd.  
 Jun. 2008 President of Kanto Auto Works, Ltd.  
 Jun. 2012 Senior Adviser of Kanto Auto Works, Ltd.  
 Jul. 2012 Senior Adviser of Toyota Motor East Japan, Inc.  
 Jun. 2015 Outside Director of the Company (current position)  
 Jun. 2016 Honorary Adviser of Toyota Motor East Japan, Inc. (Retired in June 2018)

**Michiyo Hamada**

Outside Director



Apr. 1985 Professor, Nagoya University School of Law  
 Apr. 1999 Professor, Graduate School of Law at Nagoya University  
 Apr. 2008 Dean, Nagoya University Law School  
 Apr. 2009 Professor Emeritus, Nagoya University (current position)  
 Member of the Fair Trade Commission (retired in March 2014)  
 Jun. 2014 Outside Audit & Supervisory Board Member of the Company  
 Jun. 2020 Outside Director of the Company (current position)

**Taku Oshima**

Outside Director



Apr. 1980 Joined NGK INSULATORS, LTD.  
 Jun. 2007 Vice President of NGK INSULATORS, LTD.  
 Jun. 2011 Senior Vice President of NGK INSULATORS, LTD.  
 Jun. 2014 President of NGK INSULATORS, LTD.  
 Apr. 2021 Chairman of NGK INSULATORS, LTD. (current position)  
 Jun. 2021 Outside Director of the Company (current position)

**Audit & Supervisory Board Members****Mitsuhiro Kodama**

Audit &amp; Supervisory



Apr. 1982 Joined the Company  
 Apr. 2007 General Manager of Gas Resources Dept.  
 Jun. 2013 Executive Officer, General Manager of Gas Resources Dept.  
 Jun. 2014 Executive Officer, General Manager of Corporate Planning Dept.  
 Jun. 2016 Managing Executive Officer  
 Jun. 2017 Director, Managing Executive Officer  
 Jun. 2019 Director, Senior Managing Executive Officer  
 Jun. 2021 Audit & Supervisory Board Member (current position)

**Hiroaki Kato**

Audit &amp; Supervisory



Apr. 1984 Joined the Company  
 Nov. 2011 General Manager of General Affairs Dept.  
 Jun. 2013 General Manager of East Nagoya District Headquarters  
 Jun. 2015 General Manager of Auditing Dept.  
 Jun. 2019 Audit & Supervisory Board Member (current position)

**Norikazu Koyama**

Outside Audit &amp; Supervisory



Apr. 1980 Joined National Police Agency  
 Aug. 2001 Chief, Tottori Prefectural Police Headquarters  
 Aug. 2003 Director of Salary and Welfare Division, Commissioner General's Secretariat, National Police Agency  
 Aug. 2005 Director, Community Safety Planning Division, Community Safety Bureau, National Police Agency  
 Feb. 2007 Secretariat, Japan Police Personnel Mutual Aid Association Headquarters  
 Aug. 2008 Chief, Aichi Prefectural Police Headquarters  
 Jan. 2010 Vice President of National Police Academy and Councilor of Commissioner General's Secretariat of National Police Agency (in charge of Criminal Affairs Bureau)  
 Jan. 2012 Director General of Chubu Regional Police Bureau  
 Apr. 2013 Director General of Kanto Regional Police Bureau  
 Sep. 2014 Councilor of Japan Police Personnel Cooperative  
 Dec. 2014 Senior Director of Japan Police Personnel Cooperative  
 Jun. 2017 Senior Director of Council for Public Policy (part-time; retired in June 2021)  
 Outside Audit & Supervisory Board Member of Toho Gas (current position)

**Keiko Ikeda**

Outside Audit &amp; Supervisory



Apr. 1983 Registered Attorney  
 Aug. 1986 Established Ikeda Law Office (current Ikeda Law & Patent Office)  
 Jul. 2000 Registered Patent Attorney  
 Apr. 2017 Chairperson of Aichi Bar Association (retired in March 2018)  
 Apr. 2018 Chairperson of Chubu Federation of Bar Associations (retired in March 2019)  
 Jun. 2020 Outside Audit & Supervisory Board Member of Toho Gas (current position)

**Akihiko Nakamura**

Outside Audit &amp; Supervisory



Apr. 1982 Joined The Tokai Bank, Ltd.  
 Jun. 2009 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Executive Officer of Mitsubishi UFJ Financial Group, Inc. (retired in May 2010)  
 May 2012 Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
 May 2015 Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc. (retired in May 2018)  
 May 2016 Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
 Apr. 2018 Senior Managing Executive Officer of MUFG Bank, Ltd.  
 May 2018 Deputy President of MUFG Bank, Ltd.  
 Jun. 2018 Member of the Board of Directors, Deputy President of MUFG Bank, Ltd.  
 Jun. 2022 Senior Advisor of MUFG Bank, Ltd. (current position)  
 Jun. 2023 Outside Audit & Supervisory Board Member of Toho Gas (current position)



# Messages from Outside Directors





## — Aligning the Vectors of All Members and Concentrating All Strengths Are Important



**Tetsuo Hattori** Outside Director

### ■ Important Issues for Future Efforts

I believe the important issues are achieving the Group Vision and reaching the goals set in the Medium-Term Management Plan. At present, various departments and areas within the Toho Gas Group are working toward realizing the Group Vision, breaking down the goals and specific action plans in alignment with the Medium-Term Management Plan. However, achieving the vision cannot be accomplished by just one department or division. It is important to share information across the entire Group, align the vectors of all members, and concentrate all strengths, and effective Group communication plays a vital role in this.

To strengthen communication, it is crucial to institutionalize the practice of swiftly relaying the discussions and decisions made in board meetings, management

conferences, departmental meetings, and the like from the respective leaders to the employees. I hope to foster a culture where all employees are aligned in their vectors and efforts.

One of the themes in the Medium-Term Management Plan is "Create diverse value" and with respect to this, it's essential to be sensitive to societal and business changes, and to incorporate customer feedback into our products and service offerings. As we reform our sales areas, I would like to promote activities that facilitate prompt communication with relevant departments and stakeholders, deriving from the voices of our customers.

Contributing to the achievement of the SDGs is also crucial. However, since implementing many SDGs at once can be challenging, we should focus on strengthening initiatives for coexistence with local communities and all work together as employees to steadily address prioritized challenges.

The world is constantly changing in a global and rapidly fluctuating manner, and the future remains uncertain. Sensing and being responsive to the changes in economic activity, I want to face these changes without fear, stay grounded, take a patient and composed approach, and embrace a sense of urgency as we venture into new initiatives.

### ■ Assessing the Effectiveness of the Board of Directors

In this rapidly changing era, the Board of Directors engages in valuable discussions within an atmosphere that encourages open expression. In the future, I believe it would be beneficial to have opportunities for discussion

on the progress, challenges, and concerns related to themes, projects, and other matters addressed in the management plan, categorized by theme and project.

### ■ My Experience, Expertise, and the Role of Outside Directors

I have been primarily responsible for product planning, development, and technical planning and development. When we develop new products or introduce new technologies to the world, our fundamental principle is to ensure that our customers don't encounter any inconvenience. Throughout each step of the development process (planning, design, prototyping, pilot production, and mass production), we meticulously check and evaluate everything from the materials used to the functionality and performance of the product, making sure it can adapt to various environments (usage environments and usage conditions), ensuring that nothing was overlooked in the development process. While this has been both enjoyable and challenging for me as a developer, there have also been grueling times.

Looking ahead, Toho Gas is likely to introduce a diverse range of new products and technologies, including energy and service equipment related to decarbonization. For any company, earning reliability lies not only in the technical aspects of its products but also in its commitment to ESG management. Building upon the tradition of "safe and secure Toho Gas" cultivated over its long history, I aspire to contribute my experiences, meager though they are, and join forces with everyone to create a trusted brand for a new era.

# Messages from Outside Directors

## — From an Objective Standpoint, Contributing to Governance Reform and the Sustainable Growth of Business



**Michiyo Hamada** Outside Director

### ■ Important Issues for Future Efforts

Carbon neutrality (CN) is a significant global-level objective, and for Toho Gas, as an energy operator, it represents the most critical challenge worth pursuing wholeheartedly. The turbulent energy environment on a global scale, and we must inject capital and human resources into strengthening research and development as well as our supply capabilities with a heightened sense of crisis and mission. On the sales front, we need to make innovative strides that can lead customer needs toward CN objectives.

Additionally, "Contribute to the SDGs," one of the action themes of the Medium-term Management Plan, means that Toho Gas will do its best to facilitate the smooth transition of industries and lifestyles toward CN in the region. This

endeavor is pivotal for realizing a sustainable society and also constitutes the core of our social contributions.

Throughout our business operations, it is essential to be fully attentive to such social issues as respecting human rights, promoting diversity, and supporting the employment of people with disabilities.

It is also important to boldly embrace fair market competition, enhance business profitability, and earn favorable evaluations from shareholders and investors. Additionally, alongside our efforts for CN-related research and development and contributing to sustainable development in the region and for humanity as a whole, we should strive to maintain an appropriate balance between growth investments and shareholder returns. We also must remember to ensure that our employees enjoy a fulfilling and supportive working environment that rewards their challenges and personal growth.

### ■ Assessing the Effectiveness of the Board of Directors

With respect to the evaluation of the effectiveness of the Board of Directors, the Corporate Governance Code has become a significant driving force. Many companies, including Toho Gas, are continually working on analyzing and evaluating the effectiveness of their boards, leading to a sustainable improvement in board functionality.

We have been conducting annual surveys and aggregating evaluations from all directors and auditors, and based on analysis of these, we have steadily improved the effectiveness of the Board of Directors. I am pleased that recently, opportunities for real on-site inspections by

outside officers and face-to-face discussions have increased, thanks to the waning of the pandemic.

### ■ My Experience, Expertise, and the Role of Outside Directors

As a corporate law scholar, I have conducted research for over half a century, focusing on the evolution of Japan's corporate system and comparing it with systems in various other countries. Throughout this time, I have continued to offer suggestions for legislative and legal interpretation improvements. In recent years, the role of soft laws, such as corporate governance codes, has been increasingly emphasized, and I've been attentive to this trend from a legal scholar's perspective. In my current position as an Outside Director, I have been given the opportunity to be involved in Toho Gas's corporate management, allowing me to gain firsthand experience in the progress of governance reform. Leveraging this valuable direct experience in both my role as a corporate legal scholar and as a director, I am committed to effectively fulfilling the supervisory role expected of directors with respect to execution of operations. I intend to contribute to the further advancement of governance reform and the sustainable growth of our company by consistently expressing my opinions from an independent and objective standpoint to the management side.

Furthermore, I believe it is crucial to focus on enhancing the work environment and job satisfaction for each employee in their respective workplaces, and I especially intend to closely monitor the degree of progress in cultivating a culture of legal compliance and promoting women's active participation.



## — Leveraging My Experience as a Tech Specialist and Business Leader for Toho Gas's Management



**Taku Oshima** Outside Director

### ■ Important Issues for Future Efforts

The world is already moving towards the 2050 carbon neutrality (CN) goal. Toho Gas has clearly outlined its vision for 2050 and what to aim for in the mid-2030s as part of the Group Vision, but the most crucial challenge is how we will proceed to achieve it. The Vision's realization will not be easy, and it largely depends on the collective efforts of our employees. Individuals must each clearly recognize their roles and show a proactive attitude in facing challenges, and as management, we need to provide a clear action plan and followup. I consider staying attuned to technological advancements in the world and being flexible to make adjustments when necessary are vital aspects.

In the pursuit of "Promote carbon neutrality," our

Medium-term Management Plan focuses on promoting low-carbon and decarbonization efforts in the short term, as well as exploring future decarbonization of gas itself through technological development. Fuel conversion to city gas, which is connected to CN support for our customers, and supplying carbon-neutral LNG are advancing. We have also embarked upon research and development on key technologies for CN realization, such as combustion technology for hydrogen utilization and the evaluation of CO<sub>2</sub> separation and capture. We eagerly await the establishment of these new technologies.

Last year marked our centennial anniversary, and with our Group Vision in place for the future, we stand on a new starting point. We now have clear directions and defined tasks to accomplish, and the challenge lies in how we face them and turn them into results.

I had the opportunity to visit Israel, a startup powerhouse leading the world. I saw with my own eyes the remarkable advancement being made by Israel, a nation composed of the Jewish people, who elsewhere are in the minority. Their progress is founded on a historical sense of urgency, which drives unwavering dedication to education and a thirst for learning. Their approach revolves around developing technologies and software with a global perspective in mind, always aiming for international relevance. The future of Toho Gas will be upheld by the individual strengths of each employee, and it is crucial to extract the maximum capabilities from everyone and ensure a management approach where each individual excels in their respective field. I am determined to collaboratively establish such a framework.

### ■ Assessing the Effectiveness of the Board of Directors

The current resolution and reporting items in the Board of Directors are appropriately set, and I feel that open discussions and exchanges of opinions take place during the meetings. Previously, apart from daily performance reports, most of the discussions were on individual approval cases, but we can expect the need for more followup on important themes in the future. I would like to have regular exchanges of opinions with the executive team on the themes addressed by the Board of Directors.

### ■ My Experience, Expertise, and the Role of an Outside Director

I come from a company engaged in the manufacturing and sales of ceramics, a completely different industry from Toho Gas, which is involved in infrastructure businesses. However, despite the fact that the companies handle different business areas, the fundamental principles and approaches towards work remain common. As someone with experience as a tech specialist and an entrepreneur, I hope to contribute, even in a small way, by applying the knowledge and insights gained from my successes and failures to Toho Gas's management.