

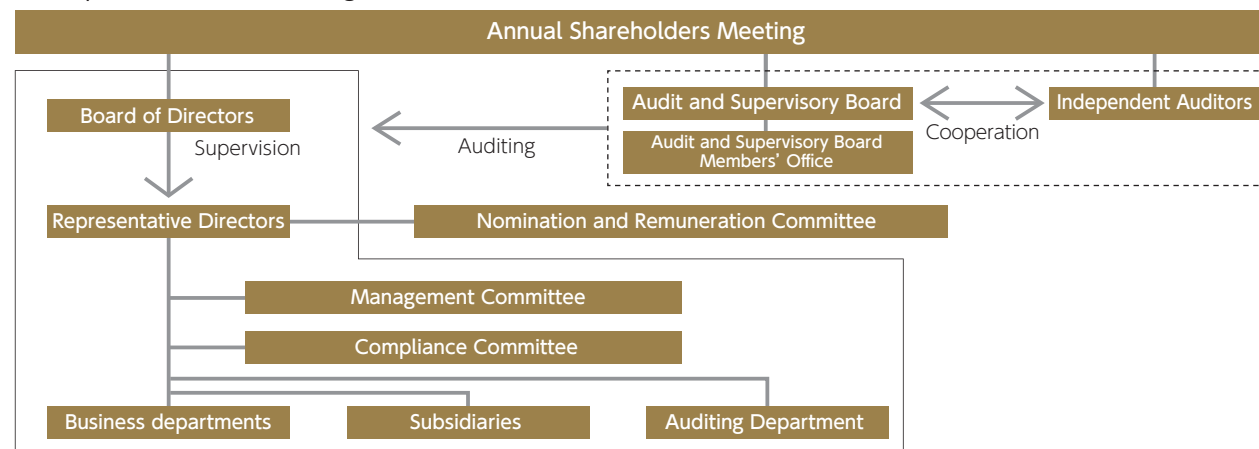
Corporate Governance

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 CO₂.

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)

Fixed remuneration 60%	Performance-linked compensation 30%	Transfer-restricted stock-based compensation 10%
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[Evaluation indicator]

Medium-Term Management Plan Targets
 • Financial indicators: Consolidated ROA, etc.
 • Non-financial indicators: Contribution to CO₂ reduction, etc.

Transfer-restricted stock-based compensation
10%

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