

Contribution to the Local Communities



Basic Concept

Materiality 3

The Toho Gas Group is engaged in regional revitalization through the regional electricity business, chiefly in the three Tokai prefectures (Aichi, Gifu, and Mie). In addition to this, the Group is actively engaged in making contributions to regions through education in energy and the environment for the next generation, and also by taking part in cultural activities and other events.

Initiatives for Forming a Regional Circular and Ecological Sphere

Regional Revitalization Through Regional Electricity Business

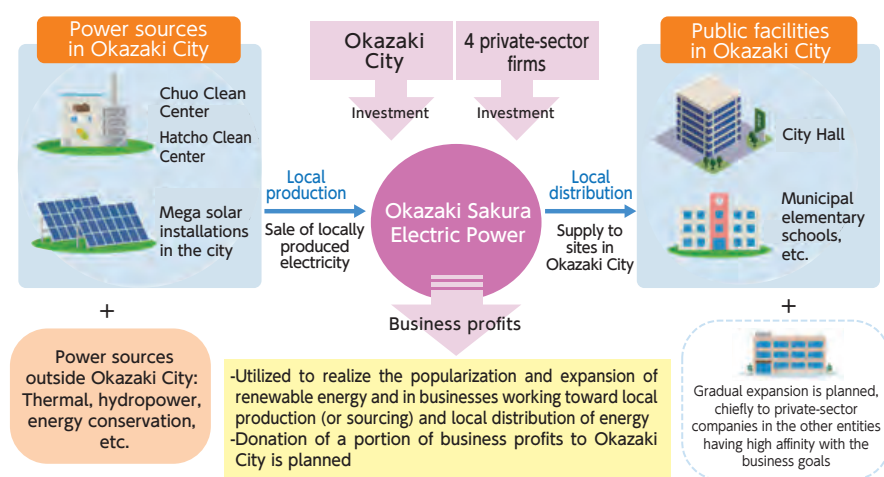
The Toho Gas Group works to collaborate with local governments and other entities and contribute to the regions by promoting local production (or sourcing) and making active use of the profits generated through business activities.

Matsusaka Shin-denryoku Co., Ltd., established jointly with Matsusaka City and other entities in November 2017, supplies electrical power to public facilities in Matsusaka City, mainly using power generated at Matsusaka Clean Center (a trash processing facility). We made the decision to donate the business profit from this to Matsusaka City, and these donations have been used to establish a fund for new construction by the city for regional development, and is utilized in regional revitalization initiatives.

In March 2020, Toho Gas, through joint investment with Okazaki City and three

other private-sector companies, established Okazaki Sakura Electric Power Co., Inc., a regional power retailer whose aim is achieve local production (or sourcing) and local distribution of energy and lower carbon in Okazaki City. By supplying electrical power generated at trash processing facilities in Okazaki City to public facilities and other sites in the city, this initiative helps to stimulate the regional economy by reducing CO₂ emissions and realizing local production (or sourcing) and local distribution of energy.

Overview of the Okazaki City Regional Shin-denryoku Retail Business



Matsusaka Shin-denryoku donation presentation ceremony

TOPICS

Initiatives to Prevent the Spread of COVID-19 Infections – The Social Mission of Companies Responsible for Infrastructure

To counter novel coronavirus infections, the Toho Gas Group has taken thoroughgoing infection-prevention measures, including making it mandatory for employees to wear masks. Along with this, the Group has been working to ensure a stable supply and security for energy, such as by prohibiting shift-working employees engaged in gas production and supply operations from commuting by public transportation. We have also extended payment deadlines as a special measure for gas and electrical power charges and for transmission and supply charges.

Preventing Crime to Protect Children

From February 2019, Toho Gas, started to engage in child protection activities in collaboration with ENEDO service shops and construction companies.

In order to prevent children from becoming victims of crime, Toho Gas has designated approximately 200 bases including our sales offices as "Children's Refuge Center" to use them as a shelter for children in danger. In addition, approx. 2,200 vehicles of the Group bear a "Children's Crime Prevention Patrol Support Vehicle" sticker. In this manner, Toho Gas Group is contributing to the safety and security of people in local communities.



Children's Crime Prevention Patrol Support Vehicle

Energy and Environment Education for the Next Generation

Activities Supporting Education in Schools

Since FY2002, we have conducted special classes to teach elementary and junior high school students, who will lead the next generation, about energy, the environment and food.

In FY2019, we developed six programs, including "The Global Environment and Natural Gas" and "Highly Nutritious Homemade Snacks." We held 201 classes at 78 schools.

We have also started engaging in collaborative activities with local groups and corporations, including participating in a next-generation education project hosted by the Nagoya Chamber of Commerce and Industry and giving visiting lectures.



Special class

Food Education Activities

In cooperation with other gas operators, we conduct the Tokai regional competitions

of a that the With-Gas Club*1 has held since FY2007 to promote food education. In FY2019, we received applications from 3,177 children and their parents. The family representing the Tokai region was the winner of the grand prize at the national meet.

At the Toho Gas cooking school, we hold cooking classes for children and their parents to coincide with seasonal events and PTA cooking classes for parents of elementary and junior high school students. A total of approximately 400 people took part.

In addition, since FY1997, Toho Gas has held Eco-cooking*2 classes in collaboration with municipalities, universities, etc. in the three Tokai prefectures to promote environmentally friendly dietary habits. In total, approximately 20,000 people have participated in this through FY2019.

*1 With-Gas Club

A business consortium established by four groups involved in the living environment (housing-related, kitchen/bathroom manufacturers, gas-equipment manufacturers, and city gas/LPG suppliers). It aims to facilitate cooperation to offer a better living environment and lifestyle to customers.

*2 "Eco-cooking" is a registered trademark of Tokyo Gas Co., Ltd.



National family cooking contest

Contribution Through Culture and Events

Kokoro no Ki ("Tree of the Heart") Book Review Contest

Since FY2001, we have held a book review contest for elementary and junior high school students to encourage their enjoyment of reading and to think about the relationship between people and nature.

In FY2019, we received 6,037 entries and presented 99 awards, including the Most Moving Award.



Award ceremony

Cleanup Activities

June is Environment Month in Japan, and in connection with this, we carry out cleanup activities (local cleanup projects) as part of our regional contribution activities. Around 1,600 persons from the headquarters, our other offices and plants, affiliates, and manufacturing companies take part in activities that include picking up litter in the areas around our offices and plants.



Activity at Mizushima Gas

Osampo de Ikimono Mikke ("Discover Living Creatures While Walking")

Since FY2011, we have collaborated in planning and operation for an environmental event hosted by Aichi Prefecture and an NPO at Expo Memorial Park on the theme of encountering nature.

During FY2019, approximately 400 elementary school children and parents took part.



Participants take in explanations of the living creatures discovered

Promotion of "Green Curtains"

Since FY2014, we have worked to promote the spread of "green curtains" that help save energy by using plants to reduce temperature rises at buildings.

In FY2019, we donated 1,000 bags containing seeds of the juroku sasage (asparagus bean), a traditional plant of Aichi, and 1,512 goya (bitter melon) seedlings to Nagoya City, which were distributed to citizens at environmental events such as Environment Day Nagoya.



High-placing entry in Nagoya City's Green Curtain Contest

Enhancement of 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

Our fundamental approach to a return to shareholders is to provide stable dividends. Meanwhile, we will also flexibly implement purchase and retirement of treasury stock.

Toho Gas Group will work on "Further Growth of the City Gas Business," "Development into a Total Energy Provider," and "Taking on New Scopes," as well as promoting the reinforcement of the Group's business foundation in order to stably create operating cash flow. We will allocate this cash flow in a well-balanced manner,

in investment into the city gas business and growth businesses, as well for return to shareholders, while maintaining a firm and stable financial base.

We paid a year-end dividend of 55.0 yen per share for the full year ending March 31, 2020. We also expect to pay 55.0 yen per share as the year-end dividend for the full year ending March 31, 2021. Also, in FY2019 we carried out purchase and retirement of treasury stock (approximately 3 billion yen).

Annual Shareholders Meeting

Toho Gas Group positions its Annual Shareholders Meeting as an important opportunity for communicating with all of our shareholders. At the meeting, we strive to deepen their understanding of our company by answering questions frankly and clearly.

At the annual shareholders meeting for the year ended March 31, 2020, we limited the number of attendees by means of a lottery to prevent the spread of COVID-19 infection, and also held no social gathering for shareholders and our management team after the meeting.

■FY2019 Annual Shareholders Meeting (June 24, 2020)

Shareholders in attendance **16**
(568 in FY2018)

Exercise of shareholder voting rights **86.8%**
(85.7% in FY2018)



Annual shareholders meeting

Communication with Individual Investors

As an energy company with strong roots in the local communities, Toho Gas would like to enjoy support over the long term from as many people as possible – not just as customers, but as shareholders as well. To expand the extent of such "customer shareholders," we actively hold company briefing seminars with facility tours, showroom tours, and cooking classes, along with IR* events conducted jointly with local companies.

In FY2019 we issued company bonds geared toward individual investors, and through the cooperation of securities companies, we publicized Toho Gas to many investors in the region.

*IR: investor relations (public relations for shareholders and investors)

Number of events held (FY2019)

15

Number of attendees

796



Poster for our 43rd unsecured bond



IR Expo by the Nagoya Stock Exchange



Event in collaboration with Kagome Co., Ltd.

Communication with Institutional Investors

We hold briefing sessions four times a year for institutional investors and securities analysts, focusing on financial results details. We also actively engage in communications, conducting meetings separately with about 100 companies a year in total in Japan and abroad.

We also conduct periodic IR activities to deepen understanding of Toho Gas among the members of the financial institutions that are our bond investors.

companies (FY2019)

202



Financial results briefings

Enhancement of Information Disclosure

We strive to disclose information in a timely and easy-to-understand manner via our company website, including financial information and notice of IR events. Furthermore, in order to enhance understanding among overseas institutional investors about the business of Toho Gas Group, we endeavor to disclose information by issuing English versions of Fact Sheets (Data Book) and our Integrated Report, etc.

In addition to this, to accommodate diversifying investment styles, we are actively devoting effort to online briefings and video briefings streamed over the Internet.

Please also see the IR page of our website at the following URL.
<https://www.tohogas.co.jp/lang-n/en/corporate/>



Implementation of the Shareholder Benefit Program

While the basis of our return to shareholders is stable dividends and flexible purchase and retirement of treasury stock, Toho Gas is implementing a shareholder benefit program positioned to complement these. Many of our individual shareholders live in the three prefectures of the Tokai region (Aichi, Gifu, and Mie). With the full liberalization of gas and electricity retailing, we are working to increase the number "customers shareholders." In an effort to gain their long-term loyalty, we have established a scheme which customers can use for paying our gas and electricity charges.

[Overview of the Shareholder Benefit Program]

Shareholders are given shareholder benefit points for shares held for one year or more, according to the number of shares and how long they have held them. They may then select the benefit they wish to receive from the three options offered.

Three Offers Under the Shareholder Benefit Program

Offer A

Exchange for "Gas-Teki Points"

Shareholders with gas or electricity contracts with our company can choose "Gas-Teki Points,"* which can be used towards payment of gas and electricity charges.

*"Gas-Teki Points" are points which can be collected using the contents of our "Club TOHOGAS" website service (in Japanese).

Offer B

Exchange for foods and other goods in our Shareholder Benefits Catalog (Examples of foods)



Black-haired Japanese wagyu beef for barbecue (3,000 points)



Specially cultivated Uonuma Koshihikari rice 4kg (5,000 points)

Offer C

Charity donation



The Green Fund Japanese Red Cross Society

For details, please visit the website below.
<https://www.tohogas.co.jp/corporate/ir/personal-investor/personal-investor-06/>



Human Resource Management

Basic Concept

(Human Resource Management with Respect for Human Rights)

Materiality 5

The Toho Gas Group's basic policies for personnel management are to ensure fair and unbiased evaluation and treatment, to ensure that each employee feels a sense of job satisfaction, enhances their abilities, and exercises them to their fullest potential. In accordance with these policies, we work to eliminate discrimination based on such matters as race, gender, age, nationality, or disability and promote personnel policies based on the respect of the individual's personality. We strive to establish a workplace environment where employees can work with peace of mind, by enhancing support systems for work-life balance, and through initiatives for health and safety.

Hiring and Development of Human Resources

●Fair and Unbiased Hiring

We aim to hire people with flexible thinking, unfettered by past examples, who demonstrate the ability to take on new challenges. We implement fair and unbiased hiring, making our recruitment information publicly available through the company website and via recruitment seminars.

■Employee breakdown
(non-consolidated unless otherwise noted)

	Men	Women
Employee numbers (people)	2,314	450
Employee numbers (people) (consolidated)	4,728	1,470
Average age (years old)	42.8	41.5
Average years of service (years)	17.6	18.0
Number of graduate recruits (people)	68	18
Number of mid-career recruits (people)	28	
Number of re-hires (people)	325	
Voluntary turnover rate (%)	1.53	

Note: As of the end of March 2020. Not including seconded employees. Number of graduate recruits starting April 2020, mid-career recruits for FY2019, and voluntary turnover rate is the average for the past three years.

●Personnel Remuneration System

We utilize systems for "multi-tracking of role grades" and "goal management" in order to emphasize performance and results, leverage diverse human resources and to develop human resources who can act independently. We aim to realize remuneration with a sense of job satisfaction and tension by appropriately evaluating performance, results and processes, while also promoting individual growth through work.

■Structure of training system

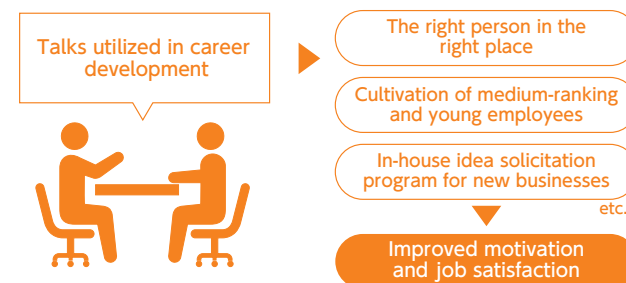
	Young employees	Medium-ranked employees	Middle management
Collective training	Level-specific training, Role-based training (medium-ranked leaders, newly appointed chiefs, labor management administrators)		
	Elective training (business skill enhancement, basic skills enhancement), Interactive training with other industries*1		—
	Career training for women, Seminar on childcare leave and maternity leave		Diversity training for middle management
	Career training (ages 30, 40 and 50)		
Self-development	Acquisition of official certification		
	Distance education and external training		
	External study abroad*2, internal certification examination, etc.		—
OJT	On-the-Job training		

*1 We provide training to develop employees' abilities through interpersonal exchanges with external members on the themes of leadership and innovation.

*2 We provide short-term study abroad programs for MBA programs and for improving foreign language skills.

●Transfer and Rotation

Each year, we provide opportunities for employees to talk with their supervisor about their career plan. We utilize self-assessment and supervisor feedback in transfer planning and career development. We aim to deploy the right people in the right place so that employees can feel motivation for work and a sense of job satisfaction. Toho Gas implements an employee idea solicitation program for new businesses with the aim of cultivating medium-ranked employees and young employees to enable transformation into an organization composed of individuals who take on challenges.



●Human Resource Development

We recognize that human resources are the source of corporate development. On this basis, we conduct workplace training (OJT), collective training (OFF-JT), and self-development, which are linked to results and to developing skills of our employees, so that each of them can demonstrate their role and achieve results.

Promotion of Diversity

With an eye towards developing a work environment that fosters diversity among employees and enables employees to perform at their full potential, we are working to develop a company diversity promotion system, provide diversity education to target employees, and expand the scope of work. In addition, we are promoting the understanding and penetration of diversity across the organization by providing training and seminar, etc. designed to raise awareness amongst staff in managerial positions.

●Advancement by Women

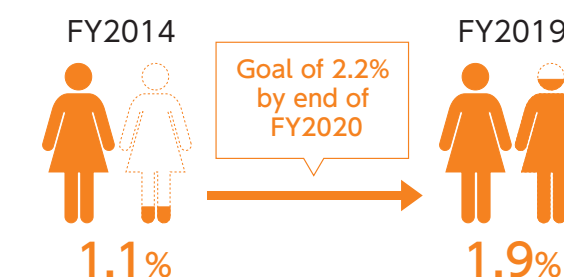
In order to promote advancement of women, we are promoting the creation of workplaces which boost women's motivation and where they can exercise their abilities.

In addition to career planning training for young and medium-ranked employees, we hold seminars on childcare leave and maternity leave and interviews six months prior to return to work, aiming to contribute to a balance between work and child-raising. We also established a "Women's Advancement Support Site" on the company intranet where we introduce role models.

Furthermore, we actively promote employees regardless of gender, if we judge that they can demonstrate the abilities and role of their position as managers and other key positions. We aim to double the number of female managers from the level at the end of FY2014 by the end of FY2020.



Training (women's advancement)

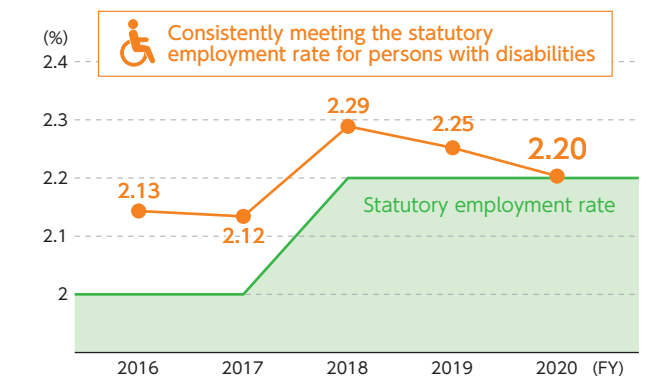
■Ratio of women in management positions
(non-consolidated)

●Advancement by the Elderly

We have introduced a "Senior Expert System," targeting employees approaching retirement age, to reemploy those who are motivated to continue working. Many retirees remain active after reaching retirement ages, exercising the skills, expertise and experience they have cultivated over many years. In order to encourage the work motivation and ability to perform work roles of employees aged 50 years or older, we conduct career planning training for employees aged 50, and career interviews at the age of 55.

●Advancement of Persons with Disabilities

We proactively hire people with disabilities in order to support their independence and social participation. As of April 2019, our employment rate of people with disabilities is 2.2%, which meets the statutory employment rate of 2.2%. They are engaged in various work in a number of workplaces. We will continue to strive to expand workplace and occupational options.

■Trend of employment of people with disabilities
(non-consolidated)

Note: Each FY rate based on April 1

Establishment of
Toho Flower Co., Ltd. P32

Toho Flower Co., Ltd. was established in October 2019 with the aim of working to encourage hiring and lasting employment for persons with disabilities, and to achieve the Group's legally mandatory proportion of jobs for persons with disabilities in a sustainable way as well as to contribute to the local community.



Creating a Work-friendly Environment

●Initiatives for Work Style Reform

[Labor-related Compliance]

We convene a labor-management board for appropriate management of work hours (elimination of excessive working hours) and to review management methods and operations. Labor and management each established a contact point for discussing work hours to handle consultation and inquiries from individuals.

[Initiatives to Boost Productivity]

We have introduced a work time system to facilitate flexible work styles including a flextime system and discretionary labor system in terms of the intention of improving work efficiency and enhancing our employees' lives.

We also cooperate with the labor union to promote activities for work efficiency, to reform or abolish tasks and to review work.

[Support for Compatibility of Work with Child Rearing or Nursing Care]

In order to support child rearing and nursing care, we have introduced a "leave system" and "shorter working hours system." Starting from FY2018, we have newly introduced a "work-from-home system" targeting employees engaged in various types of care such as child rearing and nursing care, and a nursing care consultation service to support the return to work of employees who are engaged in nursing care.

We have also introduced a "furlough system" where employees can accumulate expired annual leave which can be used in situations of long-term illness or injury, a "refresh leave system" and a special leave system for participation in volunteer activities. In addition, we have established a "Community Contribution Award System" to recognize employees who have performed community volunteer activities over many years.

●Workplace Communication

Each year, we host company tours for employees and their families. We aim to improve workplace communication and promote understanding of our business and operations through company facility tours and simulated experiences of operations.



Company tour

■Employees who newly begin child rearing or nursing care leave (non-consolidated) (Unit: people)

FY	2015	2016	2017	2018	2019
Child rearing leave	17(1)	26(1)	13	19(1)	27(2)
Child rearing shorter working hours	15	14	18	12	12(1)
Nursing care leave	0	2	0	1(1)	2
Nursing care shorter working hours	0	1	1	1	0

*Male employees in brackets



Lunch-talk meeting of employees who are rearing children

Toho Gas, as a company supporting child-rearing, obtained the "Kurumin" certification recognized by the Ministry of Health, Labour and Welfare in 2018.



●Labor Relations Emphasizing Communication

We have adopted a union shop system where all employees except managers belong to the Toho Gas Labor Union. We emphasize communication with labor unions and regularly hold labor-management meetings and management consultations to facilitate mutual understanding to maintain healthy labor-management relations based on mutual trust.



Labor-management meeting

Initiatives for Occupational Health and Safety

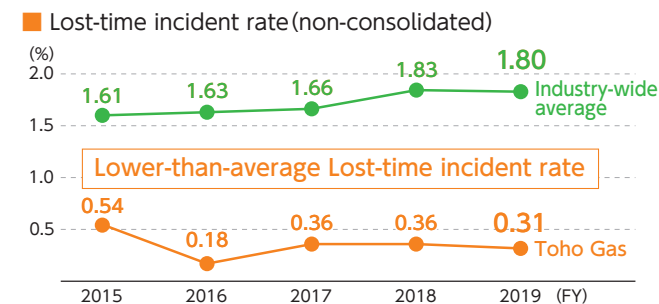
●Basic Principles of Occupational Health and Safety Activities

The Toho Gas Group operates the city gas business as its core business. It is only with the support of our employees that we are able to ensure safety and security, as well as a steady supply of city gas, to customers 24 hours a day, 365 days a year. It is also our employees who support work in front lines of disaster recovery in the event of a disaster. Therefore, ensuring the safety and health of our employees is the foundation for fulfilling our social responsibility as a corporation. Based on the principles, we work to prevent occupational accidents, traffic accidents, and diseases to reduce the safety and health impact, and create a comfortable working environment.

●Promotion of Health and Safety Activities

Twice a year, we hold a Central Safety and Health Board chaired by the president and conduct company-wide safety meetings each July.

In addition, we promote safety and health activities in compliance with the "Chemical Risk Assessment," which became mandatory from June 2016.



Lost-time incident rate: A safety indicator representing incidence of occupational accidents. Represents work stoppages caused by occupational accidents per 1,000,000 total work hours
Lost-time incident rate = (number of work stoppages) / (total work hours of workers) × 1,000,000

●Group-wide Health and Safety Activities

We aim to share health and safety activities with affiliated companies as well as collaboratively conduct occupational accident prevention education and mental health workshops. In addition, we organize a Health and Safety Council including partner companies and conduct joint patrols in an effort to prevent accidents throughout the Group.



Safety and health meeting

●Health Promotion Activities

[Comprehensive Medical Checkups]

In addition to medical examinations required by the Industrial Safety and Health Law, we conduct comprehensive medical checkups including stomach and dental checks and individual interviews to promote health from a younger age and the prevention of lifestyle-related diseases. We are maintaining a rate of 100% for periodic medical checkups.



Comprehensive medical checkups

[Efforts for Mental Health]

We conduct mental health education during new employee training and new manager training. In addition, we check mental health at the time of the medical checkup and public health nurses conduct mental health consultations. We actively work with industry doctors and others to support reinstatement of employees on leave.

We have implemented annual stress checks since FY2016 as a primary prevention measure to ensure mental health.

●Aiming Towards Zero Accidents

We conduct a wide range of activities including dissemination of accident information, ensuring prevention of recurrence, and offering education. Notably, the driver certification system is effective in preventing traffic accidents by giving appropriate training to younger employees and others.

●Certification As an Excellent Occupational Safety and Health Enterprise

Toho Gas was certified as an Excellent Occupational Safety and Health Enterprise by the Aichi Labour Bureau as a company actively taking measures to ensure the safety and health of employees while maintaining and improving a high level of safety and health.

The certification was awarded in recognition of our active efforts to comply with basic items, such as having no record of serious violations of occupational safety and health-related laws for the past three years, as well as for implementing initiatives in a wide range of fields, such as measures to maintain and improve employees' health, measures for mental health, measures for overwork, and safety management.



Recognized As a "Certified Health & Productivity Management Outstanding Organization 2020 (White 500)" P32

In March 2020, Toho Gas was recognized as a "Certified Health & Productivity Management Outstanding Organization 2020 (Large-scale corporation category) - White 500" under a program administered jointly by the Ministry of Economy, Trade, and Industry (METI) of Japan and the Nippon Kenko Kaigi.

