

Promotion of Personnel Policies — Strengthening Our Human Capital

Basic Concept

Recognizing that people are the key to corporate growth, Toho Gas is making every effort to attract and develop a diverse range of human resources. Moving ever closer to the Toho Gas Group Vision of “what we aim to be in the mid-2030s,” we strive to enable our diverse workforce to achieve their full potential while maximizing their engagement through insightful human resource management that values diversity and inclusion in creating a safe, healthy, and comfortable workplace. Moreover, we are promoting personnel policies that emphasize respect for human rights and aim to eliminate discrimination based on race, gender, age, nationality, disability, or other attribute.

FY2022 Results
Engagement Rating BB

*Results of engagement survey by Link and Motivation Inc.

Human Resource Management

The goal of Toho Gas human resource management is to recruit, train, and place employees through fair and appropriate evaluation of individual ability coupled with suitable conditions of employment, thereby supporting the activities of personnel who handle our core businesses, including those with specialized expertise and management skills that propel our endeavors through times of change.

Employment statistics

		Men	Women
Employee numbers (people)*2	Non-consolidated*1	1,312	326
	Consolidated	4,605	1,475
Average age (years old)		41.8	40.5
Average years of service (years)		16.4	17.4
Number of graduate recruits (people)*3		62	27
Number of mid-career recruits (people)*4		28	
Number of re-hires (people)*5		121	
Voluntary turnover rate (%)*6		1.77	

*1 Data as of the end of March 2023. All figures except “Number of employees” are for non-consolidated employees. *2 Fulltime employees, not including those on temporary assignment. *3 Number starting in April 2023 *4 FY2022 Results *5 Including part-time employees *6 Results for 2022, including those on temporary assignment

Human Resource Management Promotion Systems

Under the executive officer in charge of human resources, the Human Resource Department is taking the lead in implementing various policies in conjunction with departments and subsidiaries by enacting Management Policies that are in line with the Management Strategy. The key issues are deliberated by the Management Committee and reported to the Board of Directors.

Recruitment

We aim to employ persons who think and act for themselves and have a grounding that enables them to open a path to the future. In hiring, we make recruitment information publicly available via such means as the company website and recruitment seminars, and practice fair and unbiased hiring.

Human Resource Development

In order to develop human resources capable of promoting change and dealing flexibly with decarbonization, digitalization, and other changing business conditions, we provide our employees with the opportunity to achieve their full potential through a variety of effectively linked training programs, starting with on-the-job training (OJT) for learning practicable workplace skills and followed by group instruction outside the workplace (OFF-JT) as well as personal development. During FY2022, we launched a new program for all

management-level employees designed to help them improve the output of the organizations they oversee.

		Young employees	Medium-ranked employees	Middle management
Collective training	Job/ Role-Based Training	Second year training, third year training, medium-ranked leader training, etc.		Labor management training, training for newly promoted supervisors, management training, and others
	Elective/ Optional Training	Business skill enhancement training, basic skills enhancement training, interactive training with other industries,*1 DX training, etc.		Strategy Workshops*2
	Career Formation/ Diversity	Career training for women, Seminar on childcare leave and maternity leave		Diversity training
		Career training (ages 30, 40 and 50)		
Self-development	Acquisition of official certification			
	Distance education and external training			
		External study abroad, internal certification examination, etc.	—	
OJT		On-the-Job training		

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

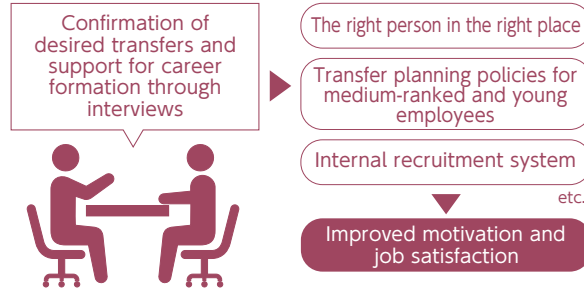
*2 We provide training designed to help employees develop their management abilities by formulating corporate growth strategies, thereby nurturing candidates for future management positions.

Transfer and Career Formation

Each year, we provide opportunities for employees to talk with their supervisors about their career plan, and these are used to confirm desired transfers and for career formation. We aim to deploy the right people in the right place so that employees can feel motivation and a job satisfaction.

We also support self-starting career formation by employees through study abroad programs, an internal recruitment system, and the like.

Systems	Overview
Internal Offering System for New Business Ideas	We solicit new business ideas from junior and mid-level employees. Employees whose ideas are accepted are then transferred to the division where the feasibility of the new business is being studied.
Studying at domestic and international universities	Employees are sent to acquire cutting-edge, specialized expertise in business administration (MBA), project management, and other subjects.
Overseas language study	Training future international employees by means of online English conversation and brushing-up classes.
Fieldwork in overseas locations	In order to train overseas personnel, employees are dispatched to overseas offices to acquire the business English skills, expertise and know-how that are required in other countries.



Personnel Remuneration System

We have adopted a “diversified mission-grading system,” a “target management system,” and a variety of other policies designed to help us achieve our stated targets of “active participation by diverse human resources,” “fostering of self-reliant human resources,” “merit-based recognition.” In addition to promoting personal growth in the workplace, our goal is to create job packages that inspire in our employees both a sense of satisfaction and the desire to achieve by providing them with suitable recognition of and feedback on their job performance.

Diversity and Inclusion

With the aims of revitalizing the organization, strengthening competitiveness, and creating innovation, we are working to build an organizational climate to secure and train diverse human resources and to deepen mutual understanding.

Also, we actively appoint women and mid-career employees to managerial positions according to the nature and capacity of the individual.

A corporate culture that deepens mutual understanding

In order to create a corporate culture that is accepting of the diversity of individual employees and to enable individuals to demonstrate their maximum potential, in addition to conducting seminars and workplace meetings to deepen awareness of the significance and aims of promoting diversity, we are developing “Kaeru (change) Meetings”* intended to resolve diversity issues in the workplace.

*“Kaeru Meeting / Change Meeting” refers to a meeting to set the targets (ideal image) for teams, to extract the issues toward achieving that target, and set proposed improvements. *Registered trademark of Work Life Balance Co., Ltd.

TOPIC Example of “Kaeru” Meeting/ Change Meeting Activities

To promote mutual understanding between members and communication, members create evaluation sheet for self and third-person evaluation between different pairs each month. This allows to increase interest in each other's work and improve teamwork.

We also offer opportunities for all members to communicate during evening assembly or chat room, enabling all members to communicate with each other despite if they are working from home or at the office.



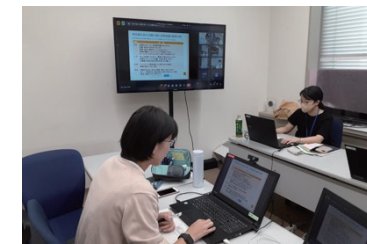
“Kaeru” Meeting/ Change Meeting Activities

Advancement by Women

In order to promote the advancement of women, we are enhancing the systems relating to better employment and working systems as well as increasing the awareness of employment in management positions.

In terms of employment, we are actively publicizing that the company is a place where women can work comfortably and play an active role, including holding events for female students that are attended by female managerial staff. During FY2022, 32.8% of recruits hired for career-track positions were women.

In addition to setting up systems for child rearing leave and part-time work that go beyond what is legally required, we permit the use of accrued leave of absence (accumulation of elapsed paid leave) for treatment at fertility clinics and for visits to hospital gynecological departments. Also, we support career planning for female employees through training for junior and mid-level employees and middle management as well as interaction with internal and external role models in order to promote the career development of female employees.



Online seminar on maternity and childcare leave (women's advancement)

●FY2025 Target	Number of women in management positions	30 or more
●FY2022 Results	Number of women in management positions (3.4% of management positions are held by women.)	26
*Results for 2022, including those on temporary assignment		

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Receipt of "Eruboshi" Certification

In July 2021, Toho Gas was recognized by the Japanese government with Eruboshi Certification for its efforts to promote opportunities for women in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. Later, in May 2023, we were also recognized by Aichi Prefecture with Aichi josei kagayaki kampani certification.



Recognized by the Ministry of Health, Labour and Welfare with Eruboshi certification for excellence in promoting women's participation and advancement in the workplace.



Recognized by Aichi Prefecture with Aichi josei kagayaki kampani certification as a company where women can shine.

Advancement of Mid-Career Employees

In order to secure diverse personnel, we offer mid-career employment from a wide range of occupations. We are creating synergy with existing employees by means of assignments and training that make the maximum use of experience and specialisms. 28 mid-career employees were hired in FY2022 (mid-career employment ratio of 25.5%).

Advancement by the Elderly

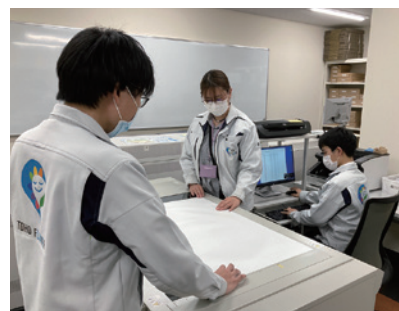
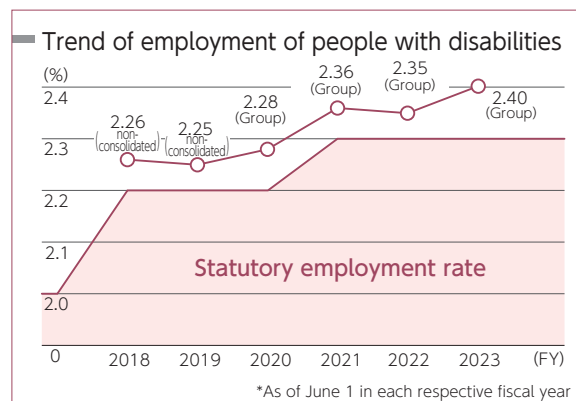
We rehire employees who reach retirement age but still wish to work. During FY2022, more than 80% of employees who reached retirement age continued to work, demonstrating the technology, skills, expertise, and experience they have developed during their careers.

To encourage work motivation and the ability to perform work roles by employees aged 50 years or older, we conduct career planning training for employees aged 50, and for employees at age 55, we hold career lectures and conduct individual interviews.

Advancement of Persons with Disabilities

We proactively hire people with disabilities in order to support their independence and social participation. In 2019, we established Toho Flower Co., Ltd. as a special subsidiary with the aim of achieving the legally mandated proportion of jobs for persons with disabilities for the Toho Gas Group overall and contributing to local communities.

As of June 2023, the Toho Gas Group's employment rate of people with disabilities is 2.40%, which meets the statutory employment rate of 2.3%. They are engaged in various work in a number of workplaces. We will continue to strive to expand workplace and occupational options.



Toho Flower worksite

Improve Ease of Work

We strive to establish a positive workplace environment in order to balance and enrich the work and lives of employees.

Promotion of Flexible Work Styles

To enable work to be accomplished autonomously and efficiently, we have introduced a work time system that includes a flextime system, a discretionary labor system, and reduced working hours.

To increase the flexibility of work styles even further, we are augmenting such teleworking systems and working from home and working at satellite offices, together promoting greater use of working online (web conferencing, internal business chats, electronic payment, and the like) so as to enable work styles while teleworking that are unchanged from on-site working.

Support for Compatibility with Child-rearing, Care-giving, Recuperation, Etc.

To support compatibility with child-rearing, care-giving, recuperation, and the like, we have introduced a leave system, shorter-hours working system, and rehab on-site working system, and additionally establishing a consultation service staffed by experts.

We have also introduced a special leave system for participation in volunteer activities and an award system for employees who make contributions to local communities. In these and other such ways, we support the work-life balance of our employees.

Newly granted recipients of childcare and caregiving leave

FY	(Number of persons)				
	2018	2019	2020	2021	2022
Childcare leave	17(1)	23(2)	21(5)	33(15)	39(25)
Shortened hours for childcare	12	15(2)	19(1)	7	20(2)
Caregiving leave	1(1)	2	1	1	0
Shortened hours for caregiving	1	0	2	1	1

*Figures in parenthesis indicate the number of male employees.

*Totals for Toho Gas and Toho Gas Network



Percentage of male employees utilizing childcare leave

	Results for FY2022	Targets for FY2023
Percentage of male employees who received childcare leave or special leave for childcare	96.5%	100%

*Percentage of male employees with newborn children who received childcare leave or special leave for childcare. The percentage of employees who took childcare leave was 29.4%.

*Totals for Toho Gas and Toho Gas Network



Acquisition of "Kurumin" Certification

Toho Gas was recognized in 2018 by the Ministry of Health, Labour and Welfare with Kurumin Mark certification as a company that supports childcare. In 2023, we were further recognized for achieving a high level of support for childcare with Platinum Kurumin certification.

Main Balancing Support Systems (as of July 2023)

Item	Systems	Details
Child-rearing	Child-rearing Leave System	Can be used maximum of three times separately with maximum of two years in total from pregnancy to until the child reaches three years old.
	Postnatal Paternity Leave	Postnatal paternity leave is available until the infant eight weeks old. Up to four weeks of total leave may be taken in as many as two installments.
	Shortened work hours for childcare	Shortened work hours for childcare are available starting during pregnancy and lasting until the end of April the year the child enters fourth grade. For children with developmental or physical disabilities, availability lasts until the end of sixth grade. Working hours may be shortened in 30 minute increments for as much as two hours per day until the child finishes first grade and by as much as one hour per day thereafter.
	Prenatal and postnatal leave	As a general rule, six weeks before birth and eight weeks after birth.
	Special Leave for Spouse	Can be used within two month after spouse giving birth, and up to two days.
	Child-care Leave	Can be used until end of April of the fourth grade elementary school year child (end of the sixth grade elementary school year if the child has a mental or physical disability).
Nursing-care	Nursing-care Leave System	Can be used three time separately up with maximum of one year in total per person that require nursing-care.
	Nursing-care Shorter-hours Working System	Shortened work hours for caregiving are available in up to three installments and within a limit of five years for each person requiring caregiving. Working hours may be shortened in 30 minute increments for within a limit of two hours per day.
	Nursing-care Consultation Contacts	Offers external service for consulting on nursing-care via telephone and email.
Other	Flex-time System	Can be used without limitation of duration (excluding some work sites).
	Fresh Up Annual Leave	Can be used to acquire paid leave three days in a row.
	Volunteer Leave	Can be used as special leave (paid) of maximum of five days per year.
	Local Community Contribution Award System	System that awards employees engaging in local community contribution for long time to promote participation in community activities.

Improvement of Productivity

We are promoting the use of digital tools, such as robotic process automation (RPA) and chatbots for internal inquiries, the improvement of work efficiency by reviewing business processes, the creation of a comfortable working environment, and the elimination of dress codes as part of our efforts to demonstrate our strengths and individuality.

To help prevent long working hours, we comply strictly with the Agreement on Off-hours Work and Work on Days Off (Saburoku Kyotei - "36 Agreement"), together with periodically convening a labor and management committee concerned with working hours and work styles, thereby devoting effort to appropriate working-time management and revision of work styles. We have

established working-time consultation services for both labor and management, and respond to individual consultations and inquiries.

Prevention of Harassment

To prevent harassment, including power harassment and sexual harassment, we conduct manager education and distribute guidelines, as well as engaging in such moves as holding workplace talks. We have also established a dedicated consultation service for employees troubled by harassment.

Harassment is stipulated to be prohibited behavior in our employment regulations, and disciplinary action for violators is provided for.

Labor Relations Emphasizing Communication

We have adopted a union shop system in which 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 and sustain the working environment.

Compliance with Labor-related Laws and Regulations

The Toho Gas Group strives to comply with the Labor Standards Act and other labor-related laws and regulations. No major violations of labor-related laws and regulations occurred in FY2022. We will continue to monitor revisions to laws and other such trends, and promote appropriate responses.