

Compliance

Basic Concept

For the Toho Gas Group, compliance includes complying with laws and internal regulations, while acting in accordance with social norms 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, each of our employees strives to live up to the trust of customers.

On March 4, 2024, we received a warning from the Japan Fair Trade Commission regarding electricity and gas transactions in violation of the Antimonopoly Act. To prevent the recurrence of a similar incident, we will further strengthen compliance with laws and regulations and thoroughly implement measures to comply with the Antimonopoly Act. We will use this as a new starting point for the Group, as we aim to foster a corporate culture that prioritizes compliance with laws and regulations.

Corporate Code of Ethical Conduct (Excerpt)

The Toho Gas Group aims to keep the trust of its customers, shareholders, local communities, business partners, and other stakeholders, and we comply with both the letter and spirit of the law while respecting social norms and ethics to conduct honest and fair business activities, thereby contributing to the local community. We also disclose information in a timely and appropriate manner and promote proactive dialogue with relevant parties while striving for mutual coexistence and prosperity.

Compliance Code of Conduct (Excerpt from “Establishing a Relationship of Trust with Society”)

Social contribution activities

We actively contribute to projects that support regional development as a company closely connected with the local community. We also support social contribution activities such as volunteer activities involving our employees.

Initiatives against anti-social forces

We sever all ties with anti-social forces that threaten public order and safety and disrupt healthy business activities, and firmly reject demands made by such forces.

Association with related parties and anti-corruption initiatives

We will not provide entertainment or gifts to related parties that may distort the fairness of business operations, such as actions aimed at obtaining or maintaining undue benefits or preferential treatment, or that exceed socially accepted standards.

We do not permit exchanges with public officials, including foreign public officials, that go against 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 relevant laws and regulations of other countries. This also applies to exchanges with people treated as public officials and officers of organizations subject to regulations concerning bribery and corruption under special laws.

Measures to Comply with the Antimonopoly Act

Renewing corporate culture

- Issuing a message from the top management
- Declaration of compliance with Antimonopoly Act
- Submission of a written pledge
- Establishment of internal leniency system and strengthening of internal reporting system
- Prevention of long-term retention of personnel

Establishing and implementing pre-approval and post-reporting system for contact with competitors

- Establishment and implementation of pre-approval and post-reporting system for contact with competitors
- Monitoring of contact opportunities

Expanding internal education, etc. regarding Antimonopoly Act

- Implementation of multi-layered and focused education on Antimonopoly Act
- Strengthening of legal consultation functions such as for the Antimonopoly Act

Auditing implementation of Antimonopoly Act compliance measures and verifying their effectiveness, and imposing severe penalties for new violations

- Strengthening of auditing functions, including external audits by third parties
- Regular verification of the effectiveness of Antimonopoly Act compliance measures
- Severe penalties for new violations, etc.

Compliance

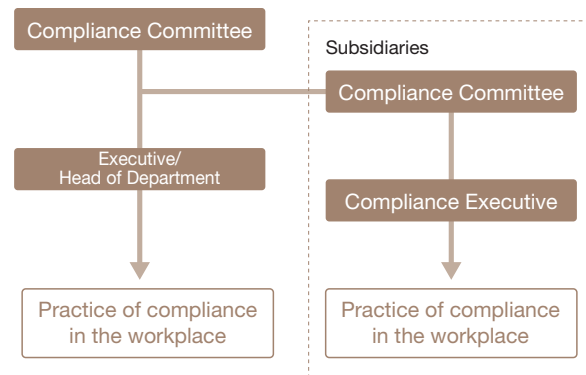
Compliance Promotion System

Compliance promotion system

The Compliance Committee, which is chaired by the President and includes executive officers and executive general managers, meets twice a year as a general rule to deliberate on compliance activity plans and results, and reports to the Board of Directors. General managers at each workplace are responsible for promoting compliance, and managers and section managers are responsible for promoting compliance activities.

As part of our system to ensure continuous oversight, each subsidiary has an appointed compliance officer and an established compliance committee.

● Compliance Promotion System



Compliance Activities

Compliance Consultation Service (whistleblowing hotline)

The Toho Gas Group has established the Compliance Consultation Service both internally and outside the Company at a lawyer's office to allow direct

consultation in person, by email, or by phone for various issues such as legal compliance, maintaining a healthy work environment including harassment, and fair business activities. This service is available not only to Group employees, including dispatched staff, but also to retired employees and business partners as well.

In accordance with rules for handling compliance consultation, we will promptly investigate the facts and circumstances regarding consultations we receive. If the investigation reveals a compliance violation, we will take the necessary corrective actions as well as measures to prevent a recurrence immediately. In addition, Compliance Consultation Service staff receives training to protect whistleblowers by ensuring their confidentiality and prevent retaliatory treatment.

All reported information is strictly managed, monitored by Audit & Supervisory Board Members, reported to management, and handled appropriately. In FY2023, there were 52 consultations.

Education and awareness activities

We provide a wide variety of rank-specific compliance training. In FY2023, approximately 320 officers and management-level personnel attended two seminars on Antimonopoly Act compliance, some 300 management-level personnel attended a compliance seminar, about 70 managers at subsidiaries attended labor management training, and a total of approximately 18,000 employees participated in three online training sessions. We also hold compliance meetings at each workplace and regularly publish a compliance newsletter for all employees.

Inspection and survey activities

We conduct regular inspections of all Group workplaces to ensure compliance with laws and regulations. Additionally, we conduct annual surveys for all Group employees to assess their awareness of compliance and workplace culture issues, and the results are reflected in our action plans. In FY2023, we received 6,701 survey responses for a response rate of 94%.

Protection of personal information

To ensure safety management measures and appropriate handling of personal information, we have established a personal information protection policy, personal information protection rules, and other internal regulations and manuals based on the Act on the Protection of Personal Information and various guidelines.

As part of our framework to protect personal information, we established the Personal Information Protection Committee, which is chaired by the Personal Information Protection Manager, an executive officer appointed by the President, and includes protection supervisors responsible for customer, shareholder, and employee information. This committee deliberates on action plans, results, and other matters related to the protection of personal information.

We conduct regular self-audits on personal information management at all Group workplaces, and we work to ensure the security of our information systems such as by restricting access to personal information and preventing unauthorized access from the internet.