

## Messages from the Outside Directors



### Message from the Newly Appointed Director



**Isao  
Nakanishi**  
Outside Director

#### **Toward the realization of a multi-pathway strategy as an energy provider**

The Toho Gas Group is committed to realizing carbon neutrality at our customer locations and across the entire supply chain by combining the three energy sources of gas, hydrogen, and electricity. An important perspective in achieving this multi-pathway approach lies in thinking about the future of energy.

Energy has always supported society and will continue to do so, and we believe our approach to energy will shape business activities in the Chubu region. Striving for a carbon neutral society is indispensable to protecting the global environment and ensuring resource sustainability. At the same time, it is critical that we guarantee economic and lifestyle security as well as energy security.

As an Outside Director, I am committed to working with everyone in the Toho Gas Group to think and take action in order to swiftly provide competitive energy to our customers.

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### Contributing to Strengthening Human Capital by Providing Recommendations Based on My Experience as an Educator



**Michiyo Hamada** Outside Director

#### Working toward carbon neutrality with our customers

A target of the Medium-Term Management Plan 2022–2025 was to increase the total number of city gas, LPG, and electricity customers to three million. I am pleased to say that we achieved this target at the end of FY2023.

Our plan also includes expanding our services that enrich lives and support business. By offering new innovative services, we have strengthened communication with our customers, who turn to us as a trusted partner not only in the gas business but also in the electricity and other businesses.

We also have high expectations for our CNxP

business, which offers engineering services for the commercial sector. This business provides a full package of services for customers who are looking to reduce their CO<sub>2</sub> emissions, such as by implementing CO<sub>2</sub> reduction measures, maintaining installed equipment, and running verification tests. In this way, we aim to achieve carbon neutrality together with our customers. We believe it is essential to hone our technical capabilities, gain the trust of our customers, and quickly put this business on track.

Regarding our efforts to promote carbon neutrality, we are taking a “do everything we can” approach. As an Outside Director, I will provide advice from an objective standpoint while checking the direction and results of each project to ensure that our efforts bear fruit.

#### Strengthening human capital for future growth

As human capital gains increasing attention, I will leverage my extensive experience in higher education to offer various recommendations to realize a workplace environment where employees feel motivated and can actively address social issues. We are actively involved in and contributing to employee reskilling and upskilling, expanding mid-career hires and internal recruitment, growing our internship program and job fair events, exchanging internal talent, ensuring the long-term success of seniors, and expanding hiring of people with disabilities.

Locally, the Toho Gas Group is a popular place of employment that attracts top talent. As such, we are convinced that the future of the Group can be greatly improved by encouraging all of our employees to hone their ambitions and abilities through their work and maximize their potential.

#### Regaining the trust of our stakeholders as an Outside Director

We take very seriously the impact of the recent inappropriate conduct of the antitrust matter, which has compromised the trust of our shareholders, investors, customers, and other stakeholders. To prevent a recurrence, we will work to ensure thorough compliance while leveraging the expertise of corporate lawyers and Japan Fair Trade Commission members to provide recommendations to the executive team.

As an Outside Director, I will make sincere efforts to reform our governance so that we may regain the trust of our stakeholders as soon as possible.

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### Developing Decarbonization Technology as the Core of the Group's Future



**Taku Oshima** Outside Director

#### Initiatives to promote carbon neutrality, an increasingly critical focus

The Toho Gas Group announced its new vision in FY2021, and the first step to achieving this vision was to formulate the Medium-Term Management Plan 2022–2025 and begin efforts toward the four objectives. Our first initiative to realizing this was the reorganization of the Sales Division and Technology Development Division. To ensure efficient business operations, we organized and analyzed the practical details and challenges, and strengthened the framework to enhance its effectiveness. With the framework now in place, we will leverage our full potential to achieve results.

The most important of the four objectives of the Medium-Term Management Plan is to promote carbon neutrality, which is fundamental for us as an energy provider. As part of this goal, we are making steady progress toward reducing carbon emissions and decarbonizing gas customer locations by developing various types of burners that enable switching from other fuel types and make advanced use of energy, and by expanding sales of carbon-offset LNG. We are proactively taking action to develop technologies to decarbonize gas itself. These include evaluation tests on CO<sub>2</sub> separation and capture technology as well as small-scale verification testing of methanation technology in Chita.

We are confident that, in the future, the technology that will lead to large-scale adoption of e-methane will become a key technology for gas providers. Let us work together as a company to make this a success and propel us forward to the next stage.

#### Leveraging my broad knowledge as an engineer and manager in making recommendations

Since joining NGK Insulators, Ltd. in 1980, I have worked hard mainly in the production technology sector, working overseas, developing new technologies, and launching new businesses. As president, I have worked to reform the work styles and strengthen corporate governance, and while currently serving as chairman of NGK Insulators, I am

extensively involved in corporate management and business activities as an outside director across various industries and as a chairperson of an economic organization.

Based on this experience, I have come to realize that the initial approach and method are crucial to accomplishing our goals. At the same time, for the company to achieve its ambitious goals, it is essential that we maximize the capabilities of our employees and place them in the right role.

Taking on the challenge of creating new businesses and expanding our overseas operations is critical for the Toho Gas Group to achieve further progress. By utilizing my experience in successfully launching new businesses, I am committed to helping the Group's efforts flourish.