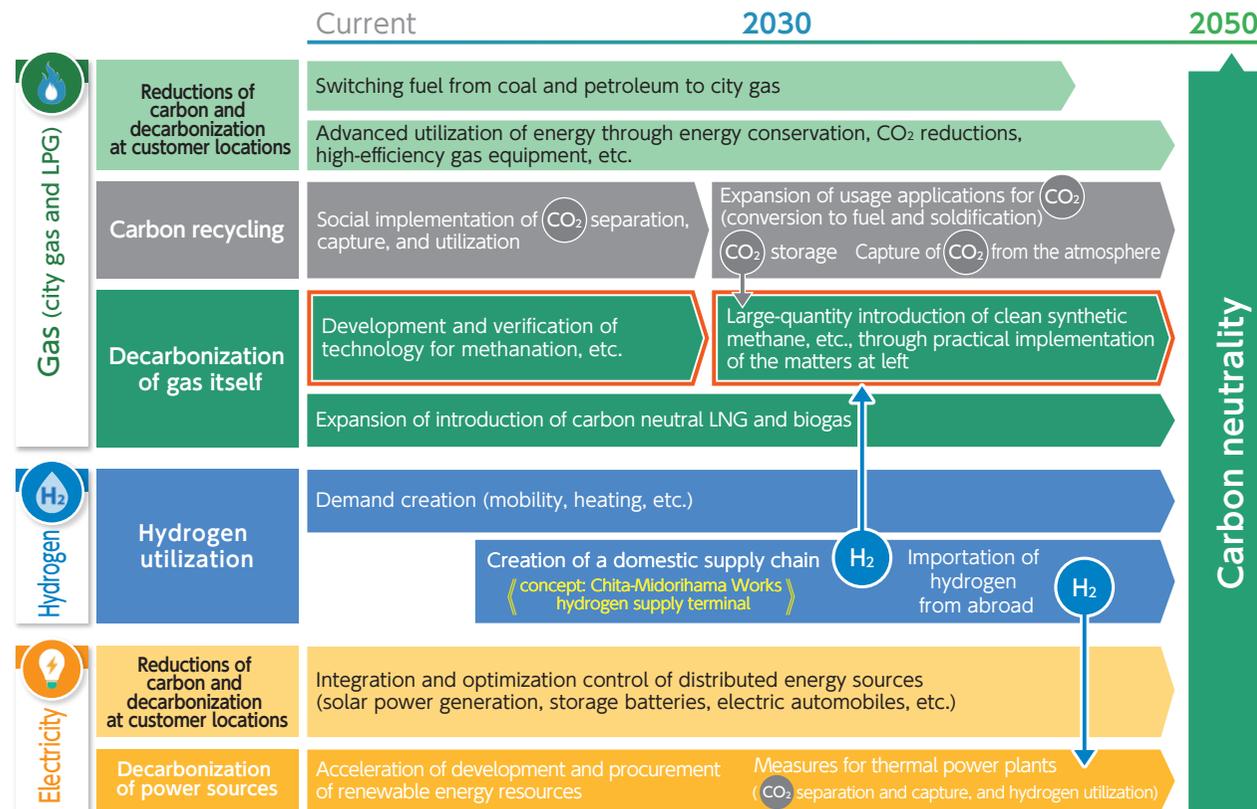


2050 Carbon Neutrality Initiative

Since the founding of Toho Gas in 1922, we have supported the lives and businesses of the Chubu region through energy supply, and have grown together with the region. The raw materials for our main city gas business have progressively transitioned from coal-based to petroleum and, more recently, to natural gas, which is the fossil fuel having the least environmental impact. We have also actively worked towards reducing environmental impact through the development and promotion of high-efficiency gas equipment.

Against the backdrop of the growing concern about global warming in recent times, in July 2021, we formulated and announced the 2050 Carbon Neutrality Initiative. With the aim of achieving carbon neutrality, we are accelerating efforts for low-carbonization and decarbonization at customer locations, focusing on hydrogen use and technological innovations in carbon recycling. This is intended to contribute to the future decarbonization of gas itself.

Toho Gas Group, centered around the three energy sources of gas (including city gas and LPG), hydrogen, and electricity, aims to build a clean and carbon-neutral energy system through a combination of diverse approaches.



Goals and Progress for FY2030 and FY2025

CO₂ reduction contributions

FY2022 performance	FY2025	FY2030
307 thousand tonnes	1 million tonnes	3 million tonnes

Through the conversion to city gas and LPG, the introduction of high-efficiency equipment, as well as the decarbonization of gas itself and the expansion of renewable energy adoption, we aim to reduce CO₂ emissions for our customers. In addition, we strive to reduce our own CO₂ emissions and contribute to CO₂ reduction through our business activities.

Amount handled of renewable energy power sources

FY2022 performance	FY2025	FY2030
93 thousand kW	250 thousand kW	500 thousand kW

In the electricity business, we will expand the amount handled of renewable energy power sources, solar and biomass, through development, ownership, and procurement of renewable energy sources both domestically and internationally.

Basic Concept

The "3E+S" perspective continues to be crucial in energy supply, and in achieving carbon neutrality, the balance of stable supply and economy – that is to say, the best mix of energies – is essential. By effectively utilizing a rugged pipeline infrastructure together with taking advantage of the favorable affinity of gas and renewable energy, we are pursuing the best mix of a wide variety of energies and helping to strengthen the resilience of the region.

To achieve carbon neutrality, innovative technical development is a requirement, and tremendous time and costs become necessary to overcome this. Consequently, we believe that if we first steadily press ahead with reducing carbon and decarbonization using established technology, it will become possible to make a smooth transition to carbon neutrality by achieving decarbonization of gas itself in the future.

Portrait of the future

Through broad-based collaboration with all concerned, Toho Gas aims to create an energy system that contributes to carbon neutrality, with the pivot being the three types of energy of gas (city gas and LPG), hydrogen, and electricity.

<Points>

Gas, city gas, LPG	<ul style="list-style-type: none"> In the short to medium term, we will strive to suppress overall societal CO₂ emissions <u>in a substantial way by maximizing the use of gases of superior environmental friendliness</u> while promoting energy conservation and sophisticated use of energy. Toho Gas will also lead the decarbonization efforts of our customers through technological advancements, including <u>enhancing our existing carbon recycling technology</u>. From a medium- to long-term perspective, we will work on the development and practical use of technologies like methanation, which involves synthesizing gas from hydrogen and CO₂. Through the widespread adoption of clean substances such as e-methane produced in this way, <u>we aim to achieve the decarbonization of gas itself and ensure a smooth transition to carbon neutrality</u>.
Hydrogen	<ul style="list-style-type: none"> Taking into consideration the characteristics of the Chubu region, a hub for industries centered around the automotive sector, we will focus on initiatives <u>to create demand for hydrogen in mobility, heat requirements, and related areas</u>. Simultaneously, to meet the rapidly increasing demand for hydrogen, <u>we will solidify plans to establish a hydrogen supply hub at the Chita-Midorihama Factory and take on the challenge of building a hydrogen supply chain in the Chubu region</u>.
Electricity	<ul style="list-style-type: none"> In addition to effectively utilizing distributed energy resources (solar panels, battery storage, electric vehicles, and the like) we will work on <u>the decarbonization of energy sources with a focus on the expansion of renewable energy sources</u>.

