

Internal Controls

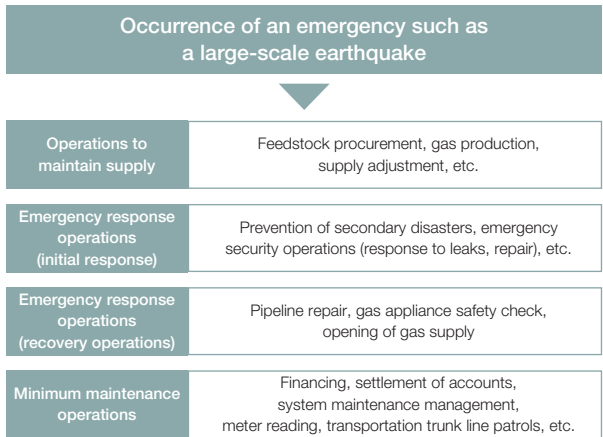
• Main Risk Management Initiatives

• Disaster Preparedness and Business Continuity

To ensure the supply of city gas, which is essential for daily life, to our customers, we established a management system based on disaster scenarios, formulated a business continuity plan (BCP), and conduct ongoing drills with affiliates and cooperating companies to strengthen cooperation in preparation for large-scale disasters.

In our BCP, we establish guidelines and measures for responding to a large-scale earthquake, with the aim of working to ensure the safety of our customers by preventing secondary disasters due to gas leaks and achieving early recovery by securing personnel, goods, materials, and equipment necessary for recovery in areas where gas supply has been interrupted. In addition, we are organizing measures to secure essential supplies, such as equipment, materials, and food, as well as measures to secure facilities in advance.

Business Operations During Emergencies



• Information Security Measures

To ensure proper cyber security, our Cyber Security Committee provides company-wide control and discusses strengthening security measures. Furthermore, we work to raise security awareness among Group employees through targeted email training and online security education, and we continuously conduct drills to prepare for incidents. In FY2024, we established a cyber security-strengthening month focusing on drills and raising awareness.

• Management of Subsidiaries

We support the development and operation of internal control systems at affiliates in order to strengthen internal control throughout the Group. Subsidiaries make decisions and report important matters to the Board of Directors in accordance with each company's board of directors regulations. In addition, Toho Gas receives regular reports from major subsidiaries regarding their annual plans, financial results, operations, and activities related to internal control, in accordance with the Regulations for Management of Subsidiaries.

• Internal Auditing

In response to the Internal Control Reporting System for Financial Reporting under the Financial Instruments and Exchange Law, relevant departments and subsidiaries conduct self-assessments to ensure that internal rules and checks are properly established and implemented. The Auditing Department performs further assessments before undergoing an external audit by an auditing firm. Through this process, we confirmed that Toho Gas Group's internal controls over financial reporting were effective in FY2024, and an internal control report was submitted to the Financial Services Agency.

Additionally, in accordance with our audit plan, the Auditing Department audits Toho Gas and its subsidiaries to ensure that business operations are conducted properly and efficiently. The audit results, including any advice, are then reported promptly to the President and Audit & Supervisory Board Members.