

Identification of Key Issues (Materiality)

The Toho Gas Group, in moving toward "promotion of ESG management" as espoused in the Medium-term Management Plan (FY2019–FY2021), identified social issues of high importance to society (stakeholders) and the Group as materiality. We are devoting effort toward resolving social issues in line with materiality, and will continue contributing to the growth of local communities.

Materiality Identification Process

Taking as a reference the GRI Standards*, international standards for sustainability information disclosure, we identified issues by following the steps described below.

* Standards for sustainability reports by the Global Reporting Initiative (GRI), a global NGO

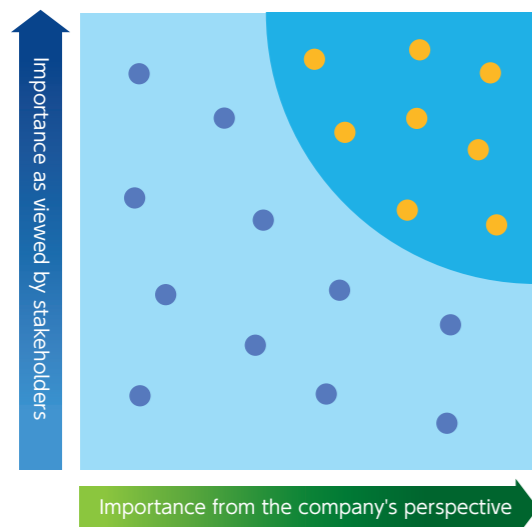
STEP 1 Analyze the Present Status

We analyzed the present status of social issues through investigation of such matters as various international criteria and stakeholder expectations and demands and analyzed the present status of the company itself in terms of our corporate philosophy and our Corporate Code of Ethical Conduct, and compiled materiality elements on the basis of the items cited in the GRI Standards.

International Standards (GRI Standards, ISO 26000*1, SASB*2)	Stakeholder expectations and demands (matters voiced by customers, dialog with investors, etc.)
SDG targets	Corporate philosophy and our Corporate Code of Ethical Conduct, Environmental Action Principles, Medium-term Management Plan
Evaluation items of ESG ranking organizations (FTSE*3, MSCI*4)	

*1 ISO 26000: International standards relating to social responsibility
 *2 SASB: Sustainability Accounting Standards Board of the U.S.A.
 *3 FTSE: FTSE Russell, subsidiaries of the London Stock Exchange Group
 *4 MSCI: Morgan Stanley Capital International

STEP 2 Rank by Priority



- Items to prioritize (items from GRI Standards)
- Economic performance
 - Indirect economic impact
 - Energy
 - Water and wastewater
 - Biodiversity
 - Atmospheric emissions
 - Wastewater and waste products
 - Occupational health and safety
 - Training and education
 - Diversity and equal opportunity
 - Local communities
 - Customer health and safety
 - Customer privacy

We weighted the results of present-status analysis, taking into account industry characteristics taken, and along the two axes of importance as viewed by stakeholders and importance from the company's perspective, we extracted from among the items indicated in the GRI Standards the issues to prioritize.

STEP 3 Identify Materiality

We organized and integrated the items thereby extracted, taking into account the Medium-term Management Plan and other such considerations, and after management-level discussion, we identified the materiality. We also established action issues in line with this materiality.

The status of efforts for last fiscal year can be viewed on our website.



<https://www.tohogas.co.jp/lang-n/en/approach/eco/>

STEP 4 Disclosure and Review

We conduct reviews that cover evaluations of action performance, changes in the business environment, stakeholder views, and other matters, and make appropriate revisions.

Identified Materiality

Materiality, on the basis of compliance and governance grounded on the Toho Gas Group Medium-term Management Plan, was arranged into issues to be addressed in a strategic manner (materiality 1 through 4) and action issues as the management foundation that supports the first group (materiality 5). The SDGs (sustainable development goals) associated with this materiality are as shown below. The Group has even heretofore promoted action with respect to social issues through its business activities, and will continue to contribute to achieving SDGs in line with materiality.

Aims of the Medium-term Management Plan

Based on the "customer first" spirit we have cultivated since the company's inception, we aim to support customers' lives as well as manufacturing through supplying energy (Materiality 1, 2), and contribute to the growth of the region (Materiality 3) and to a becoming a low-carbon society (Materiality 4).

SDGs	Materiality	Items in GRI Standards	Action issues
4 QUALITY EDUCATION 7 AFFORDABLE AND CLEAN ENERGY	Materiality 1 Provision of energy and related services	● Economic performance ● Indirect economic impact	Optimal proposals for city gas, LPG, and electricity P23-24 Providing community-based support P18 Providing added value through new energy-related services P19-23-24 Taking on new scopes P25-26
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	Materiality 2 Ensuring safety and security, and stable supply	● Customer health and safety ● Customer privacy	Stable energy procurement at a reasonable price P21 Expanding service areas for city gas and LPG Advancing security measures and disaster measures (for manufacturing and supply) P21 Strengthening information security P57-58
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND	Materiality 3 Contribution to local communities	● Local communities ● Biodiversity ● Water and wastewater	Contributing to urban development (Minato AQUUS, new regional electricity businesses, etc.) P26-47 Advancing biodiversity conservation P 20 24 Promoting environmental education and social contribution P48
17 PARTNERSHIPS FOR THE GOALS	Materiality 4 Realization of a society in harmony with the environment	● Energy ● Atmospheric emissions ● Wastewater and waste products ● Biodiversity	Advancing global-warming countermeasures P40 Promoting resource recycling P45 Technical development for decarbonization and higher efficiency P29
5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	Materiality 5 Reinforcement of human resources	● Training and education ● Diversity and equal opportunity ● Occupational health and safety	Human-resource employment and education P51 Promoting diversity P52 Realizing flexible workstyles P53-54



Compliance and Governance