

Toho Gas Group Integrated Report 2024

Corporate Philosophy

Corporate Mission

We, together with our Group companies, are dedicated to the creation of a rich and exciting life and the development of attractive and vital communities by setting our greatest value on the trust placed in us.





- Challenge and Innovation
- Sensitivity and Response
- Proficiency and Pride
- Activeness and Brightness
- Reliability and Honesty







History of Toho Gas Group

Toho Gas Group has grown and developed alongside the community, changing its feedstocks from coal and petroleum to natural gas in response to changes in society and the business environment, and expanding its range of applications.

By providing diverse types of clean energy including city gas, liquefied petroleum gas (LPG), electricity, and hydrogen, and by creating value as a partner in everyday life and business, we are evolving as a corporate group that is growing alongside the community, creating enriched lives, business, and community.



1922 (1950	1960	1970	1980	1990	2000	2010	2020
Feedstocks 1922 Established Toho Gas Co., Ltd.	1958 Began operations of Komei Works	Coal 1961 First Gas Exhibition held	Petroleum 1970 Began operation of Sorami Works	1978 Began switch to natural gas 1985 Established Technical Besearch Institute and	1993 C 1990 Introduced district heating and cooling in	iompleted switch o natural gas 2001 Began operation of Chita-Midorihama Works 2002	2013 Completed construction of the Ise Bay Crossing Gas Pipeline	2022 General gas pipeline business, etc. taken over hy Toho Gas Network Co. Ltd
	1959 Established Toho Liquefied Fuel Co., Ltd. and began LPG business		1976 Began operation of Chita Works 1977 First arrival of LNG vessels at Chita LNG Terminal	opened Gas Energy Exhibition Hall 1987 Began operation of Meiko LPG Terminal	Nagoya Sakae 3-chome district 1991 Began operation of Yokkaichi Works	Established Customer Center 2003 Merger of Godo Gas, Gifu Gas, and Okazaki Gas 2005 Changed name to Toho Liquefied Gas Co., Ltd. 2009 Completed circular transportation trunk line	2016 Entered retail electricity business 2017 Began operation of Yokkaichi Power Plant 2018 Held the grand opening of the Minato AQULS smart town and opened the Pro Kitchen OISIS professional kitchen showroom	2023 Toho Gas Living Co., Ltd. renamed Toho Gas Life Solutions Co., Ltd. Established Toho Gas Communications Co., Ltd.

A history of challenges and creation

Our origins

Continuing the Okamoto Spirit



The first President of Toho Gas, Sakura Okamoto, believed that its customers, shareholders, and employees formed a tripartite unity, and that the mutual coexistence and prosperity of these stakeholders were essential. We have been committed to putting this into practice while focusing on enhancing the welfare and togetherness with the local community. The spirit has been inherited as part of our company's DNA and continues to be

company's DNA and cont a core value today.

Responded to changes in the environment

Switched raw materials for city gas (coal -> petroleum -> natural gas)
 Expanded city gas usage
 Launched LPG business and electric power business

Contributed to the realization of a comfortable life and manufacturing development

 Developed energy-saving and highly efficient equipment and appliances for a more comfortable life

Provided optimal proposals according to the actual usage status
 Expanded supply areas/base networks

Realized safe, secure, and stable supply; responded to disasters

 Earthquake, resistance for city gas production/supply facilities; facility enhancement/software strategies for stable supply
 Responded to disasters in the region (e.g., Isewan Typhoon and Tokai Cloudburst Disaster); provided restoration support for disaster-stricken areas across the nation



support the community

Toho Gas Group at a Glance



*1 Total number of city gas, LPG, and electricity contracts *2 Gifu, Aichi, and Mie Prefectures

Financial and Non-Financial Highlights

Financial information (consolidated)













Financial and Non-Financial Highlights

Non-financial information









Percentage of male employees who took childcare leave or leave for child care purposes (%)



	Ratio of Outside Di	rectors (%)		33%
	Outside Directors 3	Inte	rnal Directors 6	
I	Ratio of Outside Au Supervisory Board	ıdit & Members (%)		60%
	Outside . Supervisory Boa	Audit & ard Members 3	Full-time Audit & Board Men	Supervisory nbers 2
I	Ratio of female Dire	ectors (%)		11 %
	Female 1	Male	es 8	
			As	s of June 30, 2024

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Editorial Policy

Editorial Policy

The Integrated Report introduces specific initiatives to provide our stakeholders with a deeper understanding of our Group. We will continue to improve the information in the report while incorporating feedback from all of our stakeholders so that it will serve as a valuable communication tool.

Reporting period

FY2023 (from April 1, 2023 to March 31, 2024), including some activities during FY2024

Scope of report

As a general rule, Toho Gas Co., Ltd. and its consolidated subsidiaries and equity-method affiliates (as of March 31, 2024) are referred to as "Toho Gas Group." For information related to specific parts of the Group, the relevant organization is specified in each report.

Forward-looking statements

Forward-looking statements in this report are projections based on currently available information and involve potential risks and uncertainties. Therefore, please be aware that the actual performance may differ from the forecasts in this report due to various factors.

Reference guidelines

International Integrated Reporting Council (IIRC) Framework Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation 2.0 GRI Sustainability Reporting Standards

ISO 26000

Environmental Reporting Guidelines (2018 version) Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

- Published by CSR Environment Department and Finance Department
- Published in August 2024 (next edition to be published August 2025)

Website for More Information



Investor relations and company information https://www.tohogas.co.jp/ lang-n/en/corporate/



Sustainability Initiatives https://www.tohogas.co.jp/ lang/en/approach/eco/

Front Cover Design

The front cover of the 2024 Integrated Report was designed by employees of Toho Flower Co., Ltd. The four lines representing the four key topics of the Toho Gas Group's Medium-Term Management Plan 2022–2025 extend to the top right of the cover, expressing the blossoming of new challenges. Toho Flower Co., Ltd. is a Toho Gas Group company established in October 2019 to promote the employment and retention of persons with disabilities.



SUSTAINABLE GALS

The Sustainable Development Goals (SDGs) are 17 international targets for creating a sustainable and better world by 2030. The Group will continue to work to resolve societal issues and contribute to achieving the SDGs through its business activities.

Message from the President

Message from the President

Nobuyuki Masuda Representative Director, President In this era of uncertainty, we are embracing challenges and working to achieve carbon neutrality and expand our business domains, thereby improving our corporate value.

Continuing disaster preparedness and prioritizing compliance

First of all, we wish to send our heartfelt condolences to everyone affected by the 2024 Noto Peninsula Earthquake that struck on January 1 of this year. As an infrastructure provider responsible for energy supply in the region, Toho Gas is constantly working to ensure safety, security, and stable supply, and in addition to providing measures for city gas production facilities and gas pipeline supply facilities in the event of a disaster, we are promoting comprehensive collaborative agreements with local government agencies in order to establish a system that can guickly restore operations. Locally, the risk of a Nankai Trough earthquake has long been a concern, and for this reason, we continue measures to protect the lives and businesses of our customers in the event of a disaster.

In March, we received a warning from the Japan Fair Trade Commission regarding the supply of residential city gas as well as electricity after the expiration of the purchase period under the feed-in tariff for renewable energy, and we were found to have violated the Antimonopoly Act with regard to supplying city gas to large-scale consumers. We sincerely apologize to all of our stakeholders. We take this matter seriously and will work to regain your trust by implementing thorough measures to prevent a recurrence.

Flexibly adapting to environmental changes

With developments in carbon neutrality, the full liberalization of electricity and city gas retail markets, changes in the environment for procuring raw materials, and rising geopolitical risks, the current business environment surrounding the Company is increasingly uncertain, creating a significant impact. That said, Toho Gas has experienced its fair share of major environmental changes since its establishment more than 100 years ago. While it is essential to maintain a healthy awareness of risks, it is also important to see these as opportunities for new growth and be willing to take on new challenges. For example, while developments in carbon neutrality may naturally be expected to negatively impact future city gas demand, the transition period presents a positive opportunity to reemphasize natural gas as a clean energy source, and this could lead to fuel conversion from other fossil fuels, proposals for energy savings utilizing our technical expertise, and expansion of business in areas such as energy services and engineering. In this era of uncertainty, we must change with the times and flexibly adapt to environmental changes in order for the Group to survive.

Looking back on FY2023 and looking forward to FY2024

In FY2023, residential city gas sales decreased year on year due to the significant impact of mild winter temperatures in our region despite continued developing demand. Likewise, commercial city gas sales fell due in part to reduced operation at customers' production facilities. In terms of our financial performance, revenue and profit decreased year on year due to a decrease in gas sales and a decrease in sales prices amid a relatively stable raw materials market. However, in addition to the results of demand development and reductions in fixed costs through efficiency improvements, there were gains from the timing difference between raw materials costs and sales revenue, allowing us to secure a high level of profits. In FY2024, assuming temperatures remaining average, residential city gas sales are expected to increase year on year, and commercial gas sales are expected to stay the same due to anticipated individual factors such as continued energy saving impacts despite developing demand and a return from a temporary decrease in production capacity. Regarding the financial performance, while a decrease in profit is expected due to a reduction in gains from the timing difference between raw materials costs and sales revenue, the Company generally expects profit to be close to its current actual level.

I would like to take this opportunity to share my thoughts with all our stakeholders including shareholders who have shown a great interest in our electricity business. We began our electricity business in FY2016 and have steadily expanded sales and customers. Regarding our financial performance, the ongoing situation of tight supply and demand along with a significant impact on procurement from soaring market prices caused by the Russia-Ukraine conflict since FY2022 continues to hamper our efforts to contribute to profits. However, our electricity business will become a pillar of our strategic business as outlined in the Group Vision, and with the number of customers exceeding that of the LPG business in FY2023 for the first time and in terms of maintaining core business profitability through set proposals with city gas, there is potential for our electricity business to expand and become an even more important business in the future. In FY2024, while we can see the end of the deficit in sight, the next step is to grow the Company to the point where it can become the driving force in expanding our profits. To achieve this, we are working to build a procurement portfolio to contribute to stabilizing and improving income and expenditure, examine owning our own power sources, and expand rates and services to meet the diverse needs of our customers.

Introduction

Message from the President



Progress of Our Medium-Term Management Plan

Our current Medium-Term Management Plan is a four-year period from FY2022 to FY2025, and it is the first step to realizing our vision for the mid-2030s outlined in the Group Vision. Our four objectives are to promote carbon neutrality, evolve as an energy operator, create diverse value, and contribute to the SDGs, and in order to establish a path for new growth of the Company, I have taken the lead, facing changes and driving the Group to take on challenges together.

In FY2023, our second year of the Medium-Term Management Plan, we were able to achieve our goal of reaching 3 million total customers for our city gas, LPG, and electricity businesses by FY2025 ahead of schedule. Regarding our city gas business, the number of customers increased year on year for the first time since the full liberalization of the market. In FY2024, we plan to reach our management target of 25.0 billion yen in consolidated ordinary income for FY2025 ahead of schedule based on our actual performance. The key to the Company's steady progress toward the targets of our Medium-Term Management Plan has been the growing sense of challenge among our employees to achieve these goals. As I mentioned earlier, we are facing developments in carbon neutrality and fierce competition from other companies, and instead of focusing solely on the negative aspects, we need to view risks as opportunities and take on new challenges. I value the seriousness and strong sense of responsibility that our employees bring to their work. To further instill a spirit of embracing challenges, I have consistently shared my vision through meetings and discussions with our team. I feel like the results of these efforts are becoming apparent.

Implementing carbon neutrality initiatives while expanding our strategic businesses

I would like to discuss two initiatives in line with our Medium-Term Management Plan. The first is one of our four objectives and is the initiative to promote carbon neutrality. To become carbon neutral, Toho Gas is studying efforts to decarbonize gas and expand the use of hydrogen. Regarding the decarbonization of gas, we are most excited about the introduction of e-methane, which enables us to continue using our gas pipeline network, a company asset. As we are working with domestic and overseas partners to identify and review projects, we have started to explore the possibility of exporting e-methane from the U.S. to Japan in 2030, and in March of this year, we began e-methane production demonstrations using biogas-derived CO₂ in collaboration with the city of Chita, Aichi Prefecture, using city gas as a raw material for the first time in Japan. With regard to hydrogen, we constructed a hydrogen production plant that uses natural gas as a raw material at Chita-Midorihama Works in the same city of Chita, and hydrogen production started in June of this year. As this region is a hub for manufacturing and looking forward to a future hydrogen society, we are working on creating a hydrogen supply chain that is easily accessible to our customers. In this way, we are steadily making efforts toward carbon neutrality in the future one step at a time, and it is my responsibility to change stakeholders' concerns into expectations.

The second initiative I would like to address is the growth of our strategic business related to evolving as an energy operator and creating diverse value. In our core businesses of city gas and LPG businesses, we will continue to develop demand in light of the future population decline in Japan and development of energy saving measures, but we do not expect to see steady growth we have seen in the past. Amid this, the growth of future profits of the

Message from the President

Company will be driven by strategic businesses including electricity, overseas energy, carbon neutrality support, energy services and engineering, and living and business support. While our core businesses have made up a majority of our profit structure to date, the scale of our strategic businesses, particularly overseas energy, is gradually expanding. Regarding living and business support, we have a high affinity with existing energy businesses, providing services related to food, housing, and health by utilizing customer accounts, such as for city gas. We will continue to expand new services and enhance customer convenience, but further innovation is needed to ensure a profitable business. As we continue to invest in strategic businesses that will become sources for future growth, we will strongly focus on profitability while utilizing ROIC, which was introduced this fiscal year as an internal investment management indicator.

Realizing management that focuses on shareholder returns, capital costs, and stock prices

Regarding shareholder returns, we announced the repurchase of treasury stock with an upper limit of 10 billion yen in March of this year, and in July, we expanded this limit to 30 billion yen. Taking into account our medium- to long-term profit levels and optimization of equity capital, we decided to repurchase the largest amount of treasury stock to date. In April, we announced an increase in the dividend by 10 yen for the fiscal year ended March 31, 2024, bringing the full-year dividend to 70 yen for FY2023 and 80 yen for FY2024.

Furthermore, in April, we disclosed our capital policy, which was under review since last year, as part of the measures toward realizing management that focuses on capital costs and stock prices, and we outlined initiatives to improve the PBR by enhancing asset efficiency, ensuring an appropriate capital structure, and improving the PER. We have received generally positive feedback from our stakeholders regarding these announcements, and while there may be some surprise at the changes the Company is making, this result reflects a re-evaluation of the gap between the capital efficiency demanded by capital markets and our current situation, and thorough discussions at the Board of Directors and other meetings on action to take to close that gap. However, it is important to outline specific steps forward based on our policies while executing them steadily, and we will continue to create a dialogue with capital markets and push forward to realize our vision.



Introduction

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Value Creation Process



Targets for FY2025	Our vision and value
Number of customer accounts ¹ : Achieving 3 million at an early stage	Toho Gas Group Vision
City gas sales ⁻² : Maintain our current figure	What we aim to be
LPG sales: Expand by about 10%	in the mid-2030s
Electricity sales: Expand by about 10% annually	Reliable energy operator in
Digital contacts ³ : Membership 1.3 million	the region Life and Corporate
New service About 10/year	business partner beyond the boundary of energy services group that leads the realization of a sustainable
Amount of contribution to 1 million tonnes CO ₂ reduction:	society
Handled amount of renewable energy power sources ⁵ : 250 thousand kW	Image of expansion of business scale
Operating 210 billion yen or more cash flow: (FY2022 to FY2025 aggregate)	Strategic businesses
ROA: About 3% ^{*6} > WACC ^{*7}	Core 5 Core businesses
D/F ratio: About 0.6	Currently Mid-2030s

*1 Total number of city gas, LPG, and electricity contracts *2 Including LNG sales (city gas equivalent) 3 Total number of customer accounts for Club TOHOGAS, ASMITAS, and TOHOBIZNEX

*4 Total for ASMITAS, new services, digital services, etc.
*5 Volume of renewable energy sources handled includes power development and ownership both domestically and internationally, FIT sources, and procurement.

*6 Consolidated ordinary income for FY2025 is approximately 25 billion yen

Outcome

Management Capital

Toho Gas Group creates new value by challenging customer needs and societal changes, thereby accumulating management capitals.

By utilizing our management capitals, which are also the sources of value creation, and the strengths we have cultivated since our founding, we aim to contribute to the development of the community and society while sustainably enhancing corporate value.



*1 Gifu, Aichi, and Mie Prefectures *2 Engagement survey results according to Link and Motivation Inc.

Introduction

Materiality

Utilizing the Global Reporting Initiative (GRI) Standards*, the international benchmark for sustainability information disclosure, we extracted individual issues in line with the expectations of our stakeholders and the Toho Gas Group Vision.

The extracted issues were evaluated in terms of their economic and social values, and after an exchange of opinions with relevant agencies, the materiality was identified by the Management Committee and Board of Directors.

* Theses are standards for sustainability information disclosure published by the Global Reporting Initiative (GRI), an international NGO.

Materiality identification process

Step 1

Step 2

Extraction of individual issues

Based on details for consideration in the process of formulating the Group Vision, evaluation items of ESG evaluation agencies, expectations from stakeholders, and other factors, potential individual issues were identified, discussed in meetings with each department, and then 30 individual issues were extracted.

Organization and evaluation of extracted individual issues

Materiality candidates were examined in a workshop based on the individual issues extracted in step 1. To achieve a sustainable society and the new Toho Gas Group Vision, we mapped out individual issues along two axes based on their social and economic values. Issues with common elements were then grouped together.

Identification of materiality

Step 3

Discussions were held on the issues grouped in step 2, and they were organized into a draft materiality plan. Materiality was then identified by the Management Committee and Board of Directors.

Issues and goals in implementing the materiality were brought in line with the Medium-Term Management Plan 2022–2025.

Identified materiality and their related SDGs



Introduction

Value Creation of the Toho Gas Group

Data Section

Materiality	Action Issues	Targets (for FY2025)	FY2023 Results	Main Reference Pages
	 Promote low carbon and decarbon- ization at gas customer locations Contribute to a reduction of cumulative CO₂ emissions in society as a whole 	 Contribution to CO₂ reduction: 1 million tonnes Reduce CO₂ emissions intensity in business activities by 2% per year 	 Reduced CO₂ emissions by 390,000 tonnes Reduced CO₂ emissions intensity in business activities by 2.4% year on year Began operation of jointly developed gas differential pressure power generation system at Yokkaichi Works Launched business to create and utilize J-credits using ENE FARM residential fuel cell systems 	рр. 19–20 рр. 53–54 р. 34 р. 36
Promote carbon neutrality	 Develop technologies to decarbon- ize gas itself 	 Promote development and verification of CO₂ separation and capture and methanation 	 Began e-methane production demonstrations using biogas-derived CO₂ "Regional Carbon Recycling Project Using CO₂ Concrete Fixation Technology" was selected for commercialization support in Aichi Prefecture Agreement reached on the establishment of e-NG Coalition, an international alliance for e-methane Signed various contracts and memorandums of understanding for the commercialization of e-methane and CCS 	pp. 20–24
	 Build a foundation to expand the use of hydrogen 	 Establish a firm position as a regional hydrogen supplier 	 Constructed a hydrogen production plant at Chita-Midoriharna Works (operation to begin in June 2024) Agreement reached on collaboration with Taiyo Nippon Sanso Corporation for hydrogen business at Chita-Midoriharna Works 	pp. 24–25
	 Promote low carbon and decarbon- ization of electricity 	 Increase volume of renewable energy sources handled to 250,000 kW 	 Increased volume of renewable energy sources handled to 120,000 kW Demonstrated "Waketoku," a new electric power service using residential storage batteries Launched the "Toho Gas Kurashi no Denchi" service for residential solar power generation 	pp. 25–26
Provide diverse	 Develop as a total energy provider Expand domestic and international energy-related business 	 Achieve 3 million city gas, LPG, and electricity customers 	 Reached 3 million energy customers (1.75 million city gas customers, 620,000 LPG customers, and 640,000 electricity customers) Participated in commercial natural gas sales business in Southeast Asia (Singapore) 	pp. 27–28 p. 32
services	 Provide value through services that enrich lives and support business 	 Increase digital contact membership to 1.3 million Launch about 10 new services each year 	 Increased digital contact membership to 1.08 million Launched 9 new services Launched "Toho Gas Kurashi" brand (October 2023) 	pp. 33–34 p. 28
Supply energy in a	 Promote security measures and disaster preparedness 	 Maintain zero serious accidents Strengthen security measures and disaster preparedness 	 Maintained zero serious accidents Promoted advanced measures against aging (updated LNG plant control system and implemented measures for aging pipes) 	p. 29
stable manner	Ensure stable procurement at a reasonable price	Diversify procurement sources	 Built LNG procurement portfolio that is resilient to environmental changes Introduced grid storage battery that contributes to stable supply of electricity (full-scale operation to begin in FY2025) 	p. 31
	 Strengthen initiatives to coexist with 	Strengthen initiatives to coexist with the local community to solve social issues and improve resilience	 Comprehensive partnership agreements have been concluded with two local governments, bringing the total to eight agreements with local governments. Business partnership for the development of high-performance biochar "Soratan" 	p. 36 p. 35
Contribute to the	the local community	 Implement activities that contribute to SDGs in collaboration with the community and education related to SDGs for the next generation 	 Provided support activities for school education (special classes at schools, Gas Energy Exhibition Hall) 	p. 60
community by resolving social	Promote CSR procurement	Confirm procurement status and promote CSR procurement in collaboration with related parties	 Announced our CSR procurement policy and guidelines Conducted questionnaire survey of business partners on their CSR activities Maintained our partnership building declaration 	p. 70
135003	Promote resource recycling	 Achieve a recycling rate of 99% or higher for waste generated from gas pipeline construction 	Achieved a recycling rate of 99.6% for waste generated from gas pipeline construction	p. 55
	Biodiversity conservation	 Contribute to maintaining and restoring biodiversity through business activities and regional activities, conserving satoyama and forests, and protecting local species 	 Maintained and managed biotopes, and implemented satoyama and forest conservation activities in collaboration with local governments Chita Peninsula Greenbelt acquired certification as a nature-friendly site 	pp. 57–58 p. 37
Enhance work	Human resource management		 Expanded opportunities for challenge and growth through exchanges with other industries, such as joint training with other industries and placement at outside companies Held lectures led by outside instructors for younger employees (TOHO MEETUP) 	pp. 61–62
satisfaction and ease of work, and	Diversity and inclusion	 Improve employee engagement Ensure diversity in appointing managers 	 Achieved a 3.4% female manager ratio (26 female managers), 72.6% gender pay gap, 36.4% career employment ratio (51 people), and 2.53% employment rate of persons with disabilities 	pp. 62–63
promote diversity	Realize flexible workstyles		 Introduced a side job system and relaxed the dress code Received Platinum Kurumin certification for our outstanding support for childcare 	p. 64
	Safety and health management		Recognized as a Certified Health & Productivity Management Outstanding Organization 2024	p. 68
Strengthen	 Promote risk management and strengthen information security 	Share and raise awareness about compliance	 Held workplace meetings focusing on everyday job-related risks Conducted training for scenarios where the core system is under cyber attack 	pp. 75–76
compliance and governance	Promote compliance	and risk detection throughout the organization	 Strengthened measures related to compliance with the Antimonopoly Act Enhanced education through regular streaming and library archiving of compliance training videos Promoted utilization of Compliance Consultation Service 	pp. 77–78

We position our current Medium-Term Management Plan as the first step towards realizing the vision for the mid-2030s outlined in the Group Vision. By focusing on four key themes, we will solidify the path towards new growth.



*1 Business to create cash flow as a long-term stable earnings base (e.g., city gas, LPG) *2 Business that drives medium- to long-term growth (e.g., electricity, energy services, living/business support)

	Policy		Profitability	Efficiency	Soundness	*3 Consolidated ordinary	
dex	Accelerate investment for sustainable growth while	Management index	Operating cash flow	ROA	Debt to Equity ratio	income for FY2025 is approximately	
<u>.</u>	maintaining the ability to generate operating cash flow	Management	210 billion yen and over	About 3% ³ > WACC ⁴	About 0.6	25 billion yen	
	efficiency and soundness to manage the entire system	goals	(Cumulative total from FY2022 to FY2025)	(FY2025)	(FY2025)	 *4 WACC = Cost of capital: Mid 2% 	

Introduction

Medium-Term Management Plan 2022-2025

Looking back on the first two years, and key initiatives for FY2023

In the initial two years, we have steadily generated profits amid various changes in the environment, and we have taken action to lay the groundwork for new growth of the Company. In FY2024, we will continue to solidify our path for further growth, and come together as a group to address various management challenges.

		Overview of initiatives during the first two years	Major initiatives for FY2023
1	Promote carbon neutrality	 We promoted carbon emission reduction and decarbonization at customers' sites through fuel conversion for heat demand, advanced energy utilization proposals, and other efforts. We also began demonstration projects essential in building a supply chain, such as the development of e-methane production technology to decarbonize gas itself in the future as well as CO₂ separation, capture, storage, and utilization technologies, and we have been able to make steady progress toward their implementation into society. We are steadily steadily advancing initiatives for hydrogen utilization as well as low-carbon and carbon-free electricity. 	 Expanded CNxP services (such as GreenConnex and other related services) Began examining overseas e-methane production (North America, Australia, etc.) Began feasibility study for building a CCS value chain Initiated demonstration testing of CO₂ separation and capture Began regional carbon recycling project using CO₂ concrete fixation technology Increased volume of renewable energy sources handled to 120,000 kW
2	Evolve as an energy operator	 In addition to maintaining a safe, secure, and stable energy supply, we have been working to increase our customer base, and we reached the target set in our Medium-Term Management Plan of 3 million total gas, LPG, and electricity customers. We are expanding our international energy business focusing primarily in Asia, with projects starting in Singapore and Vietnam. 	 Achieved 3 million energy customers (total number of city gas, LPG, and electricity contracts) Completion of construction of the high-pressure Nanbu Trunk Line (Phase One: Chita to Handa) Participated in international energy businesses (natural gas sales business in Singapore and solar power generation business in Vietnam)
3	Create diverse value	 We have developed products and services that are beneficial for life and business and reviewed our sales structure to create a one-stop system to provide diverse value to our customers. We utilize our assets and expertise and are proactively engaged in collaborating with startup companies, contributing to addressing social issues and promoting regional development while expanding our business areas. 	 Launched "Toho Gas Kurashi" brand Land-based farming of Chita Cool Salmon using LNG cold energy and its adoption as a hometown tax return gift Business partnership with Towing Ltd. for the development and production of high-performance biochar
4	Contribute to the SDGs	 We steadily promoted initiatives to contribute to addressing social issues in the region, such as by entering into comprehensive collaborative agreements with multiple local governments (cumulative total of eight local governments), establishing a regional new power company (cumulative total of five companies), and making biodiversity conservation efforts. We are improving diversity and inclusion as well as ease of work based on the Toho Gas Group Sustainability Policy and are also focusing on safety and health management. 	 Entered into comprehensive partnership agreements with local governments (Kota and Nagoya) Chita Peninsula Greenbelt acquired certification as a nature-friendly site Promoted flexible workstyles (relaxed the dress code) Supported balancing work and childcare (received Platinum Kurumin Certification)

1

Promote carbon neutrality

In addition to promoting low-carbon/decarbonization efforts for our gas customers' premises, we will work to develop technologies with an eye on future decarbonization of gas itself.

We will also work to expand the use of hydrogen, reduce/eliminate carbon in electricity and promote the transition to carbon neutrality.

Promote low carbon and decarbonization at gas customer locations

We provide one-stop support for efforts to realize carbon neutrality at customer locations by promoting fuel conversion to city gas and advanced energy utilization as well as introducing LNG to offset carbon with credits.

Helping our customers achieve carbon neutrality

CNxP business

We are expanding our CNxP business to support carbon neutrality at customer locations by supporting data



visualization and development of action plans and introducing renewable energy and high-efficiency facilities.

Our CNxP (Carbon Neutrality x Professional/Package/Partner) business is a service provided by our Group as an energy Professional in a full Package, from consultation to engineering, working together with customers as a Partner to help achieve carbon neutrality.

Leveraging our strengths in proposing integrated energy and engineering solutions, we contribute to realizing carbon neutrality by repeating the cycle of analyzing, reducing, and maintaining.

Consultation for reducing CO₂ emissions

We visualize the full picture of a customer's CO₂ emissions, select appropriate CO₂ reduction measures, and prioritize them based on cost-effectiveness. We also support setting emission reduction targets and formulating a medium- to long-term roadmap.



Visualization of CO₂ reduction measures in order of cost-effectiveness tailored to the customer

Roadmap to reducing CO₂ emissions (example of our proprietary carbon neutrality curve)



Corporate commercial promoting our efforts in helping our customers achieve carbon neutrality

GreenConnex factory visualization service for improving energy utilization

Our factory visualization service not only visualizes city gas and electricity but steam, air, and other components as well. Various types of visualizations can be used to propose improvements in energy utilization, and they can also be effective in increasing operational efficiency, improving the work environment, and identifying the cause of problems when they occur.

We also launched GreenConnex, a system that visualizes CO₂ emissions per product unit by introducing a production daily report system and combining production data with energy data.

To save energy and solve potential problems, we also provide a steam diagnosis, industrial furnace diagnosis, and chemical analysis service.



Example of implementation (visualization of city gas usage in a manufacturing plant)

Promote carbon neutrality

Promotion of fuel conversion and advanced energy utilization

Fuel conversion for heat demand

To realize carbon neutrality, we are promoting fuel conversion to city gas as one of the established low-carbon technologies on the market today. The Chubu region of Japan is a major industrial hub, and there is room for reducing carbon emissions from fossil fuels, especially in the high-temperature thermal sector. Natural gas, the source of city gas, is the fossil fuel with the least CO₂ emissions, and by converting from coal and petroleum, we are contributing to low-carbon heat demand.



Environmental impact of natural gas (city gas feedstock)

Source: (CO2 data) "Demonstration Survey Report on Atmospheric Impact Assessment Technology for Thermal Power Plants" (March 1990), Institute of Applied Energy (NOx and SOx data) "Natural Gas Prospects to 2020" (1986), International Energy Agency

Energy savings and advanced energy utilization

By promoting the introduction of high-efficiency gas air conditioning, cogeneration, and district heating and cooling, we are contributing to energy savings

and low-carbonization at customer sites. In addition to conventional energy savings and advanced energy utilization, we are also promoting new initiatives, such as carbon recycling and hydrogen utilization, thereby supporting low-carbonization and decarbonization at customer sites.

Procurement initiatives in response to customer needs

Carbon offset using CO₂ credits

In April 2021, we began receiving LNG with CO2 credits, offsetting CO₂ emissions from extraction to combustion. City gas that utilizes this LNG is in demand among customers in a wide range of industries as a means of contributing to reducing CO₂ emissions, and the volume of gas we handle is increasing. In addition, the operational status is verified by a third-party organization to ensure transparency and reliability. We will continue to examine projects that lead to flexible procurement and creation of credits, thereby contributing to our customers' efforts to reduce CO₂ emissions.



Control CO₂ emissions on a global scale * All processes from natural gas extraction to combustion at customer location

Initiative to decarbonize gas itself

To realize carbon neutrality, we are focusing on procuring e-methane from overseas and steadily promoting the development and demonstration of key technologies, such as CO₂ separation and capture and methanation.

Methanation

Methanation is the technology of generating synthetic methane by reacting hydrogen with CO₂. The e-methane synthesized during this reaction is expected to become a future means for decarbonizing gas itself.

With methanation as the core method for gas decarbonization, we will promote demonstration tests and other activities to address issues such as improving efficiency and reducing costs through a broad alliance, with the goal of implementing the technology in society by 2030.

Domestically, we began methanation demonstrations in March 2024 in collaboration with the city of Chita and utilized city gas in this technology for the first time in Japan.

Promote carbon neutrality

Characteristics of e-methane

e-methane, synthesized by methanation from captured CO_2 and hydrogen, is a decarbonized fuel that does not increase atmospheric CO_2 when used, similar to hydrogen and ammonia.

The use of e-methane allows for effective use of existing city gas infrastructure and end-use equipment as well as efficient energy transport, thereby reducing costs to society while maintaining customer convenience.

e-met ane

Overseas procurement of e-methane

To promote the adoption of this fuel, it is important to build an international supply chain capable of producing highly competitive e-methane using inexpensive renewable electricity and the existing LNG supply chain and procure it to Japan, and we are accelerating full-scale efforts to realize this goal in the future.



Agreement reached on the establishment of an international alliance for e-methane

Together with companies from around the world engaged in the energy sector, we have agreed to establish e-NG Coalition, an



international alliance aiming for the global proliferation of e-methane. Through the efforts of this alliance, we are collaborating across countries and industries to promote the use of e-methane worldwide and contribute to realizing a carbon neutral society.

Exploring business related to e-methane production and export in Australia

We signed a joint study agreement with Santos Ventures Pty Ltd on the production of e-methane and its export to Japan. This study will assess the feasibility of producing e-methane using hydrogen produced from abundant renewable energy in Central and Eastern Australia as a feedstock and its export to Japan using existing LNG bases.

Comprehensive partnership regarding e-methane

We signed a memorandum of understanding on comprehensive collaboration with Tree Energy Solutions Belgium B.V. aimed at building an e-methane supply chain and implementing it in society. In addition to jointly exploring an e-methane

Promote carbon neutrality

supply chain, we are working together to raise awareness of e-methane and designing a system for rules on measuring CO_2 and economic support.

Introducing e-methane utilizing a U.S. LNG base

Together with Mitsubishi Corporation, Tokyo Gas, Osaka Gas, and Sempra Infrastructure Partners LP, we are continuing detailed project studies on the production of e-methane near the Cameron LNG shipping terminal in southwest Louisiana and the export of e-methane to Japan utilizing the existing LNG infrastructure of LNG shipping terminals, LNG vessels, and receiving terminals. With the goal of beginning implementation by 2030, the plan is to produce and export 130,000 tonnes of e-methane annually, which is equivalent to 1% of gas sales for Tokyo Gas, Osaka Gas, and Toho Gas.



Domestic e-methane production

Examining the regional cooperation of methanation in the Chubu region

We are continuing to study a CO₂ regional circulation model together with Aisin Corporation and Denso Corporation.

To secure means for the carbon neutrality of heat demand at an early stage, we are focusing our study on a model case in which CO_2 emitted from inland plants is captured, transported by land to city gas production plants, and methanated, thereby circulating CO_2 within the country and region.



CO₂ regional circulation model

Promote carbon neutrality

e-methane production demonstrations using biogas-derived CO₂

We have begun demonstrations of e-methane production in cooperation with the city of Chita in Aichi Prefecture, and we are identifying and examining technical and regulatory issues. This initiative makes effective use of local resources by utilizing CO_2 derived from biogas generated in sewage sludge treatment at Chita City Nambu Purification Center and hydrogen produced using electricity from cryogenic power generation for methanation to be used as a feedstock for city gas. This is the first use of e-methane as a feedstock for city gas in Japan. This demonstration will lead to a larger scale production facility and lower costs.



Chita City Nambu Purification Center Chita LNG Terminal Customers e-methane e-met(Dane CH CO2 e-methane production equipment Biogas Digestion tank purifier Cryogenic Hydrogen production power generation equipment Biogas (not subject to verification testing)

Overview of e-methane production demonstration in collaboration with the city of Chita

CO₂ separation, capture, utilization, and storage

Toho Gas has focused its efforts on developing CO_2 separation and capture technology early on, and we will continue to refine our technical expertise in CO_2 utilization (conversion to fuel and fixation) and storage.

Development of CO₂ capture technology using unused cold energy

As part of our technology to utilize unused cold energy from LNG and capture CO_2 affordably, we are focused on developing Cryo-Capture[®], which captures waste gas from large-scale plants on the bay, and Cryo-DAC[®], which will capture atmospheric CO_2 in the future.

In terms of CO₂ separation and capture at large-scale plants on the bay, we are working with Nagoya University as part of the Green Innovation Fund project sponsored by the New Energy and Industrial Technology Development Organization (NEDO) for the commercialization of technology. During the demonstration phase (FY2028 to FY2030), we are planning to conduct a demonstration in



Promote carbon neutrality



which CO₂ captured at an LNG base using Cryo-Capture[®] will be used to produce e-methane. Regarding separation and capture of atmospheric CO₂, we are conducting R&D in collaboration with academia as part of a "moonshot"-type research and development project.

Cryo-Capture® testing facility

Feasibility study of Japan-Australia CSS value chain

We signed a memorandum of understanding with Sumitomo Corporation, Kawasaki Kisen Kaisha, Ltd., and Woodside Energy Ltd. for a feasibility study on building a CCS value chain between Japan and Australia. This study will evaluate the technology for separating and capturing CO₂ using unused cold energy from LNG that we are currently developing with the aim of commercialization, as well as the entire process from CO₂ separation, capture, accumulation, and liquefaction to export to Australia and storage.

Commercialization of CO₂ concrete fixation technology

Together with Aisin Corporation and Taisei Corporation, we are studying the commercialization of technology for fixing CO₂ captured from waste gas at plants as a raw material for use in concrete. The "Regional Carbon Recycling Project Using CO₂ Concrete Fixation Technology" was selected for commercialization support at the Aichi Carbon Neutrality Strategy Meeting led by Aichi Prefecture.

Building a foundation to expand the use of hydrogen

In addition to solidifying the concept for creating a hydrogen supply base, we will promote initiatives to commercialize hydrogen utilization technology and establish a solid position as a hydrogen supplier in the region by meeting growing demand for hydrogen.

Building a hydrogen supply chain with Chita-Midorihama Works as the base

Construction of a hydrogen production plant at Chita-Midorihama Works

We constructed a hydrogen production plant at Chita-Midorihama Works and began operations in June 2024. As part of our efforts to achieve carbon neutrality, we will start by producing and supplying 1.7 tonnes of

hydrogen per day from natural gas, and then expand the size of the plant according to growing regional demand for hydrogen.



Hydrogen production plant at Chita-Midorihama Works

Promotion of collaboration for hydrogen business

We are promoting a collaboration with Taiyo Nippon Sanso Corporation in the hydrogen business to achieve carbon neutrality. As part of this collaboration, we will supply hydrogen from the hydrogen production plant at Chita-Midorihama Works and coordinate alternative hydrogen procurement, and Taiyo Nippon Sanso Corporation plans to procure and sell some of the hydrogen produced at this plant. Together we will work to build a hydrogen supply chain in the region.

Hydrogen utilization

We are promoting the development of hydrogen combustion-related technology to expand its application in the thermal sector and other fields, as well as its early commercialization after conducting demonstrations at customer locations. In the mobility sector, we are utilizing a cross-industry framework to develop and operate hydrogen stations with the aim of expanding vehicle models and applications.

Commercialization of burners for both hydrogen and city gas

We commercialized* multiple industrial burners that can switch between city gas combustion and hydrogen combustion while minimizing the need for replacement parts. In addition, a burner jointly developed with Nippon Furnace Co., Ltd. received the Technology Award at the 2023 Technology Grand Prize sponsored by the Japan Gas Association for being able to eliminate the need to replace parts in the main unit. * One type for direct heating, and two types for indirect heating

Test run of hydrogen co-combustion cogeneration

We conducted a city gas and hydrogen combustion demonstration using a gas engine for commercial cogeneration systems, and our test run achieved rated power output

and a hydrogen mixing rate of 35% (by volume) for the first time in Japan.



Promote carbon neutrality

Expanding our hydrogen combustion trial service

By utilizing our expertise and technology in fuel conversion and burner development, hydrogen is burned in combustion equipment at customer plants and other locations, and we help customers identify

and address issues related to hydrogen use. In March 2023, we constructed a dedicated testing facility to enable testing in a larger furnace.



Nisshin

Tovota

Hvdrogen combustion test field (inside research institute)

Growing mobility demand

In the Chubu region of Japan, the use of hydrogen for mobility purposes continues, and we are developing hydrogen stations to support the adoption of fuel cell vehicles. We are utilizing a cross-industry framework to make effective use of the hydrogen infrastructure with the aim of expanding vehicle models and applications, such as industrial and transport vehicles.

Nagoya

Hydrogen station development (4 locations operating)



Toyota Hoei hydrogen station



Hydrogen is positioned as a new energy source in the second phase of construction of the Minato AQULS urban development project that is currently underway.

As hydrogen usage is expected to start from hydrogen stations, hydrogen will be produced at a hydrogen station in Minato AQULS and supplied to fuel cell vehicles and other applications. In addition, progress is being made on installing hydrogen pipelines from the station to supply hydrogen to hydrogen utilization facilities such as cogeneration systems and fuel cells.



Minato AQULS hydrogen station

Promoting low carbon and decarbonization of electricity

We are contributing to our customers' achievement of carbon neutrality by expanding the development and procurement of renewable energy sources while diversifying energy sources and providing services utilizing these sources.

Expansion and utilization of renewable energy sources

To achieve a decarbonization of energy sources, we are working on developing, procuring, and diversifying renewable energy sources such as solar power, biomass, and onshore and offshore wind power. In addition, we are strengthening our system to ensure stable operation and management of power plants. Furthermore, we are working with local governments and other organizations to utilize potential renewable energy resources in the region through new regional electric power companies and others to contribute to solving regional issues such as local production and local distribution of energy and strengthening resilience.

By utilizing these renewable energy sources and other energy sources, we will expand our products that contribute to low-carbon and decarbonization of electricity as well as services that promote efficient use of electricity.

Diversification of energy sources



Biomass powe

generation

Water	
River	Powe

Solar power generation

Onshore and offshore wind power generation

Small-scale hydropower deneration

Promote carbon neutrality

Renewable energy source development and introduction

This fiscal year, we will begin operation of woody biomass power plants as a joint investment with other companies. (Operation in Yatsushiro, Kumamoto Prefecture began in June, and operation in Karatsu, Saga Prefecture is expected to begin in December.) We will promote collaboration and cooperation among all related parties to ensure safe and secure operation of power plants.

In addition, by owning non-FIT solar power plants and procuring power, we expanded the volume of renewable energy sources handled, reaching 120,000 kW by March 31, 2023. We aim to expand that to 180,000 kW by the end of this fiscal year.



Yatsushiro Biomass Power Plant

Expansion of electricity services

In addition to promoting the adoption of diverse distributed energy resources, such as solar power generation and storage batteries, we are promoting a service that rewards customers and achieves efficient use of energy by integrating and controlling these resources using digital technology and interconnecting electricity. **Demonstration of "Waketoku," a new electric power service using residential storage batteries** This service uses a system in which we remotely discharge the customer's storage battery and buy back the resulting reverse flow of electricity during times of electricity supply and demand constraints. We are continuing demonstrations in efforts to reward customers, adjust the electricity supply and demand balance, and expand the use of renewable energy.



"Waketoku," a new electric power service using residential storage batteries

Launching of the Toho Gas Kurashi Battery service

This service combines free* installation of a solar power generation system with the leasing of a storage battery. The customer pays no initial cost or maintenance fees for the solar power generation system, which can be a barrier to its installation and use.



Toho Gas Kurashi Battery

* Customer is responsible for scaffolding installation costs and costs requiring special construction.

Energy saving challenge —a residential demand response service

Customers responding to requests to save energy made through the Club TOHO GAS app at specific times are awarded energy-saving achievement incentives based on the amount of energy saved.



Data Section

Screenshot of energy saving challenge

Introduction

Medium-Term Management Plan 2022-2025

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Evolve as an energy operator

We will continue to take strong measures to ensure safety, security, and stable supply, and work to expand our energy share by leveraging diverse energy sources. We will also strive to expand our domestic and international business for new energy sources.

Expanding energy share

As a total energy provider, Toho Gas delivers diverse energy sources, including city gas, LPG, electricity, and hydrogen, as well as services to more customers in optimal formats for living and business.

Responding to diverse customer needs

Expanding our city gas business

We are promoting and strengthening proposals to integrate energy and engineering to help our customers reduce CO_2 emissions in their supply chains and provide business solutions through fuel conversion to city gas, advanced energy utilization, and supply of carbon-neutral energy. See pages 19 to 26 and page 34 for details.

We also deliver energy and various services in an integrated and effective method to help our customers realize an ideal lifestyle. See pages 27 to 28 and 33 to 35 for details.

Expanding our LPG business

Growing demand in wide areas and wholesale

In addition to actively developing demand in our core area comprising Aichi, Gifu, and Mie Prefectures and the city of Kurashiki in Okayama Prefecture, we are expanding activities in the outlying Hokuriku, Shizuoka, and Nagano regions and developing residential, commercial, and industrial demand. We also plan to expand our share of wholesale sales through contracted delivery and systemization support.

Strengthening filling and distribution bases

We are improving filling and distribution efficiency by reviewing our locations and other efforts. In the future, we will further enhance efficiency by utilizing remote meter reading technology and functions for optimizing distribution routes.



Expanding our LNG business

LNG is delivered by tanker trucks from Chita-Midorihama Works and Yokkaichi Works to satellite facilities installed on customer premises. This LNG is stored and vaporized at customer satellite facilities to provide clean, low-carbon natural gas.



Strengthening sales proposals and alliances

Through our locally rooted Toho Gas Kurashi Shop sales outlets, we will deepen our relationship with our customers at in-person contact points. In addition to providing a high level of expertise in the sale, installation, repair, and renovation of a variety of equipment, we offer integrated and effective delivery of energy and various services and stand by our customers as a lifestyle partner.

Toho Gas Group Integrated Report 2024

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Medium-Term Management Plan 2022-2025

Evolve as an energy operator

Our new brand, Toho Gas Kurashi

On October 1, 2023, we launched a new brand, Toho Gas Kurashi.

Based on the concept of creating better lives for tomorrow, our Group and service locations will become lifestyle partners for individual customers, helping them achieve an ideal way of life. Through this brand, we will better respond to diverse customer needs and contribute to development of the local community.

ENE FARM residential fuel cells

ENE FARM is a residential fuel cell that generates energy and hot water at the same time for a household. Hydrogen extracted from city gas is reacted with oxygen to generate electricity and heat, thereby reducing energy waste and CO₂ emissions. Models sold since FY2022 come standard with a



power outage resilience feature, which automatically switches to self-sustaining operation during a blackout and supplies electricity to a dedicated power outlet, thereby enhancing household resilience.

ENE FARM residential fuel cell resil



Example of CO_2 reduction using the ENE FARM residential fuel cell Source: "A Complete Guide to Energy Conservation in the Home: Spring, Summer, Fall, and Winter," Agency for Natural Resources and Energy at the Ministry of Economy, Trade and Industry (August 2017) Data based on a simulation using our calculation conditions (with gas hot water floor heating and gas hot water bathroom heater and dryer).

Actual values may vary depending on household composition, lifestyle, building, equipment used, usage conditions, temperature, and other factors.

"Meister of My Home" -A Specialized Home Renovation Store

The HOME REFORM by TOHO GAS brand for home

renovation is available at 25 locations. Customer needs for housing are becoming increasingly diverse. Under this brand, we help customers meet their needs and realize their ideal lifestyle through home renovations.



Improving customer satisfaction

The Customer Satisfaction Promotion Steering Committee, departmental customer satisfaction organizations, affiliates, sales outlets, and gas construction companies work together to improve the quality and services of operations in accordance with the basic policy for customer satisfaction activities determined by the Customer Satisfaction Promotion Meeting, which is comprised of officers and department heads. Customer feedback is shared with relevant divisions as valuable management resources, leading to prompt measures and business improvements. In addition, the results of customer satisfaction surveys are reported to relevant divisions to further improve customer service.

Data Section



Improving our customer support center

Our customer support center not only receives calls but also provides support via the web and automated voice guidance for increased customer convenience. In addition, we introduced a system in our gas heat pump maintenance service that enables administrators to monitor the call status of all telephone responders in real-time. According to customer surveys conducted in FY2023, we received a 98% satisfaction rating.

Evolve as an energy operator

Ensuring unwavering safety, security, and stable supply

Toho Gas will continue to ensure unwavering safety, security, and stable supply while steadily promoting the development of city gas infrastructure aiming for a low-carbon society from the ground up.

Developing a foundation to expand the use of city gas

We will work with urban planning and develop new demand to expand our supply area. We will also expand

our pipeline network that serves as our supply base to improve our gas transportation capacity to wider areas.

The gas pipelines maintained and operated by Toho Gas Network Co., Ltd. stretch some 30,000 km, supplying city gas to 55 cities, 22 towns, and 1 village across Aichi, Gifu, and Mie Prefectures as of the end of FY2023.



Ensuring safety, security, and stable supply of city gas

To ensure unwavering safety, security, and stable supply, we steadily and systematically promote various physical and procedural measures while working to reduce costs, improve operation efficiency, and increase productivity.

Promoting disaster prevention measures against earthquakes, tsunamis, and other natural disasters

We have completed measures to protect against large-scale earthquakes at city gas production facilities, such as reinforcing LNG receiving pipelines, as well as elevating facilities as part of our tsunami countermeasures.



The tsunami screen protects plants from flying flotsam

Moving forward, we will enhance our disaster response capabilities by implementing procedural measures.

We have adopted a three-pillar approach to prepare for natural disasters, such as earthquakes and wind and flood damage. This includes preventive measures in case of an earthquake or tsunami at gas pipeline supply facilities, emergency measures to halt supply with the aim of preventing a secondary disaster at hard-hit areas, and recovery measures implemented together with regional gas retailers and national gas companies in the event of a large-scale earthquake. We are also strengthening cooperative efforts with local governments and administrative agencies in preparation for disasters.

Upgrading aging facilities

We are steadily taking measures at our city gas plants, such as by updating aging electrical equipment and instrumentation.

At gas pipelines, we are prioritizing measures based on the type of pipe and environment where it is buried, and we are steadily and systematically conducting regular inspections and examinations of gas facilities. In addition, we are developing and incorporating a trenchless pipe installation method and a repair and rehabilitation method that does not require road excavation.





Resin lining inside pipe after repair and rehabilitation work

Repair and rehabilitation method for internal pipes that do not occupy roads

Strengthening our disaster preparedness

As part of our physical measures, we are implementing seismic measures for gas pipelines to further improve the earthquake resistance rate. In addition to promoting the subdivision of blocks, we are introducing a low-pressure shut-off system to ensure the continuation of medium-pressure supply and minimize the scale of supply interruptions. As part of our procedural measures, we conduct our own disaster drills as well as drills coordinated with local governments and other organizations to improve regional resilience. Together with the Japan Gas Association, we are coordinating with national gas companies to establish systems for disaster recovery support and receiving.

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Medium-Term Management Plan 2022-2025

Evolve as an energy operator

Improving the efficiency of operations by incorporating digital technology

We are incorporating digital technology in operation and maintenance work at city gas plants to make operations more efficient and sophisticated.

Double checking on site and central remote monitoring using a wearable camera







The introduction of smart meters in FY2024 is expected to enable remote monitoring of gas usage at customer locations, improved efficiency of meter reading in normal conditions, as well as quick and reliable on-site response by early detection in abnormal conditions. In the future, we aim to enhance recovery operations using emergency remote shut-off and recovery functions and provide new services and added value utilizing accumulated data.

We are also incorporating the latest digital technologies, such as 3D visualization of buried gas lines, to enhance the efficiency and sophistication of on-site operations.



meter system

Buried gas line 3D visualization technology





3D visualization

By utilizing AI developed in cooperation with U.S. startup Fracta, we are able to predict gas line deterioration and prioritize and narrow down measures to take for more efficient gas line replacement. Toho Gas Network Co., Ltd. and Fracta jointly sell this system.



Ensuring stable supply of LPG

Toho Liquefied Gas Co., Ltd. is building a network of 22 filling and distribution bases in Aichi, Gifu, Mie, and Shizuoka Prefectures, including the secondary terminal Meiko LPG Terminal as well as the Okazaki, Konan, and Shima Filling Stations designated as core filling stations that are responsible for supplying LPG in case of emergency. Establishing this infrastructure will ensure the smooth supply of LPG even during a disaster.





Core filling station (Okazaki)

Disaster drill at Meiko LPG Terminal

During the 2024 Noto Peninsula Earthquake, which struck on January 1, in addition to the seismic shut-off by a microcomputer meter, a gas line for an industrial customer suffered damage. However, support personnel were dispatched from the head office to complete facility inspection and repairs. In response to demand from a local gas company, we delivered LPG using our tanker trucks from Aichi, Gifu, and Mie Prefectures and cooperated to ensure stable supply to the affected Hokuriku region.

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Realize stable procurement at a reasonable price

To mitigate the impact of changes in the international environment and sudden market changes, we are diversifying procurement sources and realizing stable and affordable procurement.

LNG procurement

Building an LNG procurement portfolio that is resilient to environmental changes

To ensure stable procurement, we will secure sufficient

procurement volume mainly through long-term contracts. We will also continue to develop a procurement portfolio that is resilient to environmental changes while



achieving both price competitiveness and stable supply.

Promoting agile measures to environmental changes We are preparing and implementing flexible and agile measures to deal with sudden fluctuations in supply

and demand. To strengthen the LNG value chain, we are planning to invest in upstream development and LNG vessels.



Ichthys central processing facility LNG Canada Project (under construction)

Effective utilization of LNG receiving terminals

Through use of the Cross Ise Bay Gas Pipeline and tank-to-tank liquid transfer facilities, we are fully utilizing our LNG tanks and ensuring efficient terminal operations.



Ensuring stable feedstock procurement at a reasonable price

We are working to procure stable and affordable LPG by taking advantage of economies of scale and the Meiko LPG Terminal, our key strength and one of the largest secondary bases in Japan with a storage capacity of over 5,000 tonnes. The Meiko LPG Terminal began operations in October 1987 as a base of Toho Liquefied Gas Co., Ltd. On May 2, 2023, a jointly owned domestic vessel, the Hourin Maru No. 1, docked as the 9,526th vessel to the terminal, bringing the cumulative LPG intake volume to 7 million tonnes. Measures to protect the terminal against increasingly severe natural disasters and upgrades to aging facilities continue to be made, and the terminal contributes to realizing stable, low-cost procurement of LPG as a supply hub for the Tokai region.







Hourin Maru No. 1 vessel

Electricity Procurement

Through collaboration with multiple partners and utilization of the Yokkaichi Power Plant, we will ensure stable procurement of energy sources.

We will promote efforts to contribute to securing energy sources and improving our in-house power source ratio for enhanced procurement and stable income and expenditures.

Ensuring stable energy source procurement

In addition to our own power sources such as through renewable energy sources and the Yokkaichi Power Plant, we will combine various methods of procurement to secure a stable supply of power. We are also installing a large-scale storage batteries (grid storage batteries) that directly connect to the power grid. We will continue efforts to improve our in-house power source ratio, such as by studying the feasibility of large-scale power sources and the utilization of a virtual power plant (VPP) and storage batteries.



Yokkaichi Power Plant



Tsu Power Storage Station (under construction)

2

Evolve as an energy operator

Expanding domestic and international energy-related business

By leveraging our knowledge and expertise gained in past business operations, we are expanding our domestic and international energy businesses including gas, LNG, and renewable energy.

Investment in domestic and international energy businesses and participation in an LNG value chain

International energy-related business

In Southeast Asia, where energy demand is increasing, we are using our knowledge and expertise in natural gas utilization to contribute to local economic growth as well as a low-carbon and decarbonized society.

In Singapore and Australia, we are building information networks and identifying new projects while providing sales and technical support to investee companies.

In Europe, North America, and other regions, we are deepening our involvement in the management of businesses related to natural gas and promoting business research into carbon neutrality.



Australia	In addition to the Ichthys Project (LNG business), we are studying and examining projects related to carbon neutrality, including renewable energy and CO ₂ capture and storage (CCS).
Portugal	Working jointly with Marubeni Corporation, we have set up a special purpose company to participate in the gas distribution business as well as investing in privately owned businesses that own gas distribution operators with business rights in their respective regions.
U.S.	Working jointly with Saibu Gas Holdings and Hiroshima Gas, we have set up a special purpose company to participate in gas-fired electric power generation in which Sojitz Corporation and others have invested.
Canada	Working with partner companies, we are participating in a project to produce LNG by liquefying natural gas.
Taiwan	Working jointly with Mitsui O.S.K. Lines and Hokuriku Electric Power Company, we have set up a special purpose company to participate in an offshore wind power generation project funded by JERA and other companies from Europe and elsewhere.
Thailand	Working jointly with Shizuoka Gas, we have set up a special purpose company to develop natural gas sales for industrial use with local companies.
Vietnam	We have invested in local companies that are developing gas businesses and participating in sales of natural gas for industrial use. We are also participating in a solar power generation project in Hau Giang Province in southern Vietnam.
Singapore	We have invested in local companies that are developing gas businesses and participating in sales of natural gas for commercial use.

3

Create diverse value

We are expanding our services to meet diversified customer needs and enhance customer convenience, while leveraging our assets and expertise to broaden our business areas.

Expanding services to enrich lives

We launched a new brand, Toho Gas Kurashi, as a lifestyle partner for individual customers. We enhance customer contact points by improving our digital platforms and provide new businesses and services primarily in the areas of living, food, and health and caregiving.

Expanding customer touchpoints and diversifying service offerings

Club TOHOGAS – A website offering valuable benefits and convenient procedures

We offer a web-based membership service that offers customer convenience and rewards as part of our effort to make beautiful tomorrows.

Customers who sign up get access to their monthly gas and electricity bills in a timely manner and easy-to-understand format. This paperless billing also protects the environment by reducing the use of paper.



- Access an easy-to-understand monthly gas and electricity bill on a browser
- Earn GASUTEKI Points and enjoy exclusive benefits

Customers also get access to our newsletter "GASUTEKI Column," which is filled with fun and useful information, and the opportunity to earn "GASUTEKI Points," which accumulate in accordance with your gas and electricity contracts and can be used to pay your bills. All of this can be conveniently done from a smartphone or computer.

As of March 31, 2024, about 990,000 customers already signed up, and we are working to enhance the service as a digital point of contact with our customers.

Revitalizing communities with the Franomista (One-drink subscription)

For a monthly fee of 550 yen (tax included), subscribers to the Franomista service can enjoy a free daily beverage at participating restaurants and one free beverage at each restaurant from the second visit

tt 771=29

onwards. As an energy provider, we aim to bring more smiles to people and the community by helping raise a glass and bringing more cheers to Japan.

Currently, the Franomista service model is called the "One-drink subscription," and we are expanding the service nationwide, primarily among energy providers. By subscribing to any service, including Franomista, users can access various services in any region, with the aim of revitalizing communities throughout Japan.

Note: 2,319 restaurants participate in the "One-drink subscription." * Of those, 504 participate in the Franomista service. (As of May 2024)

Launching the Toho Gas Hikari fiber internet service

We launched a new internet provider service called Toho Gas Hikari Powered by USEN NETWORKS. This service provides a convenient internet environment by using optical fiber lines that combine stability and high speed. We will meet diverse customer needs in the telecommunications service sector by proving high-speed internet plans, Wi-Fi routers, and other peripheral products.



Launching the Toho Gas Kurashi Soko site

Toho Gas Kurashi Soko is our e-commerce site. Launched in 2022 as part of the Club TOHOGAS customer website, it provides products for everyday life.

We plan to expand the products and services available to provide new value to lifestyles with a focus on food, health, security, and disaster preparedness, based on the concept of creating lifestyles.



3

Create diverse value

Expanding services to support business

We are enhancing business customer support by expanding our services that provide solutions to increasingly complex and sophisticated business needs.

Expanding products and services

Promoting our TOHOBIZNEX service

TOHOBIZNEX, a web-based membership service with total business support, provides business solutions for customers in various sectors. With services such as CNxP business, which helps customers achieve carbon neutrality, and GreenConnex, which visualizes CO₂ emissions per product unit, we can help customers achieve low-carbon and decarbonization goals while offering greater convenience and a wide range of useful information to business customers primarily related to energy services, which is our strength.



Expanding business areas utilizing assets and know-how

Utilizing real estate holdings

Planning development of residential land and detached houses in Ichinomiya

As part of our utilization of real estate holdings, Toho Gas Real Estate Development Co., Ltd. planned the development of residential land and detached houses (16 lots) in Imaise-cho, Ichinomiya, obtained development permission and began construction in May 2024, and started sales in July 2024. They expect to sell residential land and pre-built homes starting in FY2025.

Introducing a radar trajectory measuring device at Howa Minato Golf driving range

Toho Gas Real Estate Development Co., Ltd. operates several sports facilities in Minato AQULS (Minato Ward, Nagoya) for use by the local community. At the Howa Minato Golf driving range, we introduced the Trackman Range radar system in April 2024 to accurately measure the distance and

trajectory of hit balls. This system has been well received by a wide range of customers, from those who want to improve their game to



those just having fun. Radar trajectory measuring device (Trackman Range)

External sales of manufacturing and supply technologies

Sale of gas differential pressure power generation system Toho Gas has developed compact power generation equipment that utilizes the pressure differential of unused energy from city gas and is preparing for

external sales. By integrating a turbine and generator into a single unit, we have succeeded in significantly reducing both installation space and cost.



Data Section

Turbine generator

Third-party development of pipeline engineering services

Toho Gas Network Co., Ltd. offers unique pipeline engineering services, such as trenchless pipe installation, repair and rehabilitation, and remote monitoring systems, to other gas companies. They are also working to grow as a versatile infrastructure provider, such as by collaborating with water utilities with whom they have a strong affinity in maintenance and management operations.



New trenchless pipe installation method

3

Medium-Term Management Plan 2022-2025

Create diverse value

Expanding business in new areas

We will leverage our assets and expertise to explore and commercialize new areas that contribute to addressing social issues and promoting regional development while strengthening our relationship with startups through flexible direct investment.

Land-based farming of Chita Cool Salmon

In FY2021, we started phase two of demonstration testing of land-based farming of Chita Cool Salmon using unused cold energy from LNG at Chita-Midorihama Works. In FY2023, we began commercialization efforts based on the results of our demonstration tests, and in FY2024, we aim to produce five times more salmon than during phase two (approximately 12 tonnes).



Chita Cool Salmon

Recycle-based low-carbon agriculture

We are promoting the commercialization of recycle-based low-carbon agriculture through open innovation with investee company Towing Ltd.* In FY2023, we entered into a business alliance agreement with Towing Ltd., designed and



Example of collaboration with a super recycling society based on sustainable next-generation agriculture

constructed a Soratan manufacturing plant, and began R&D of plant equipment. Moving forward, we will steadily continue with Soratan plant construction with the aim of developing peripheral businesses for

the cultivation and sale of crops.

* Towing Ltd. is a startup company spun off from Nagoya University that uses technology to upcycle unused biomass into a superior, high-performance agricultural biochar called "Soratan."

Providing solutions to local governments with Toho Gas Tsunagu Tech

We launched a new service, Toho Gas Tsunagu Tech, to provide solutions to administrative and regional

issues facing local governments. One of the services available



is the "Regional gift certificate one-stop service," which provides complete support for the planning, management, and digitization of premium gift certificates issued by local governments.

In the future, we will expand the services available to include childcare support as well as DX and improved operational efficiency of various consultation services. In this way, we are developing services that provide community-based solutions.
Medium-Term Management Plan 2022-2025

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Contribute to the SDGs

As a community-based company, we will continue to work to achieve the SDGs with our stakeholders.

Strengthening initiatives to coexist with the local community

We are deepening cooperation with local governments and other organizations and strengthening initiatives to coexist with the local community to solve social issues and improve resilience.

For more information, see pages 59 and 60 in Foundation for Value Creation.

Collaborating with local governments in promoting solutions for social issues

We are deepening cooperation with local governments in various aspects, such as supporting carbon neutrality efforts and creating initiatives for new regional electric power companies, thereby contributing to creating a more attractive community.

Cooperative agreements with local governments We have concluded partnership agreements with local governments to work on activities to help solve regional issues such as realizing carbon neutrality and educating children who will lead the next generation. We aim to realize a sustainable society by leveraging our knowledge and expertise accumulated to date and strengthening initiatives to coexist with the local community in cooperation with local governments.



Summer school experiment class (Initiative based on a comprehensive partnership agreement with the city of Mivoshi)

Contracting party	Agreement name	Date of agreement
Okazaki	Comprehensive Collaboration Agreement for the Promotion, Etc., of Carbon Neutrality	November 2022
Hashima	Comprehensive Collaboration Agreement for Achieving a Zero Carbon City	January 2023
Chiryu	Comprehensive Collaboration Agreement for the Promotion of the SDGs	January 2023
Kuwana	Comprehensive Collaboration Agreement for Achieving a Zero Carbon City	January 2023
Anjo	Comprehensive Collaboration Agreement for the Promotion, Etc., of Carbon Neutrality	March 2023
Miyoshi	Comprehensive Collaboration Agreement for Town Development	March 2023
Kota	Comprehensive Collaboration Agreement for the Promotion, Etc., of Carbon Neutrality	October 2023
Nagoya	Comprehensive Agreement on Partnership and Collaboration	February 2024
Nisshin	Collaboration Agreement for the Promotion of Decarbonization for Achieving a Zero Carbon City	April 2024
Tsu	Partnership Agreement on the Promotion of Energy Saving Facilities for Achieving Carbon Neutrality	May 2024

Supporting local government's efforts to achieve carbon neutrality using J-credits

Using ENE FARM residential fuel cells installed in homes with subsidies from local governments, we compile the amount of CO₂ reduced in the home, convert it to J-credits, and use them in the local government area to promote local production and local distribution of environmental value and contribute to realizing carbon neutrality in the region.



Example of creating and utilizing J-credits

Promoting the second phase of development of the Minato AQULS

Contributing to the local community through Minato AQULS

We are working to create a community based on the concept of creating a town that fosters connections among people, the environment and the region.

By centrally managing energy supply and demand through our community energy management system (CEMS), we continue to achieve a CO_2 reduction rate of 60% or more compared to 1990 levels. We installed the ENE FARM Type S residential fuel cell in 503 total ZEH-M Oriented certified* condominiums. By sharing surplus electricity, we contribute to providing approximately 10% of the local electricity needs to promote local production and local distribution.

Additionally, through the Ministry of the Environment's decarbonization pilot project in Nagoya in collaboration

^{* &}quot;ZEH-M Oriented" refers to condominiums that reduce primary energy consumption by over 20% building-wide, including in shared areas.

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Medium-Term Management Plan 2022-2025

Contribute to the SDGs

with Mitsui Fudosan Residential Co., Ltd. and the agreement with Nagoya and Nagoya University for promoting a decarbonized society through the Minato AQULS urban development project in April 2024, we will utilize Minato AQULS for research and demonstration to realize a decarbonized society and address regional issues.

Progress is now being made on phase two development including the PORTBASE concert hall, and this will help develop the area into a vibrant town with diverse experiences and interactions.



Unveiling ceremony of the agreement signing



Conceptual drawing of PORTBASE

Addressing ESG challenges

We will steadily address ESG issues to achieve sustainability.

For more information, see pages 48 to 83 in Foundation for Value Creation.

Environment, Society, and Governance initiatives

Environment

We are implementing initiatives for climate change measures, resource recycling, and biodiversity conservation to contribute to achieving a sustainable society.

Environmental management, global warming countermeasures, resource recycling, and biodiversity conservation

Toho Gas Group has formulated Environmental Action Principles and Environmental Action Guidelines, and under an environmental management system, we set environmental action goals and promote a wide range of environmental activities.

We promote initiatives to reduce our own CO_2 emissions intensity, control CO_2 emissions including those at customer locations, reduce the consumption of natural resources while promoting effective use of recycled resources, and support biodiversity conservation through our business activities.

Chita Peninsula Greenbelt acquired certification as a nature-friendly site

Chita Peninsula Greenbelt, an initiative in cooperation with various companies including Toho Gas as part of the Inochiwotsunagu ("Connecting Life") Project, acquired certification from Japan's Ministry of the Environment as a nature-friendly site.

We will continue to work with these companies to play a part in the ecosystem network through the creation of a quality green space, with the aim to improve the biodiversity of the Chita Peninsula and contribute to realizing a sustainable society.



Chita Peninsula Greenbelt

Social

We will maintain and strengthen our relationships with our stakeholders and contribute to the development of the community together with cooperating companies and others.

Initiatives to contribute to the local community and respect human rights

We address diverse needs and challenges facing the region, contribute to realizing prosperity in the community, and are actively engaged in environmental and social contribution activities as well as the promotion of local culture and sports.

In addition, we conduct our business activities in accordance with international standards, such as the United Nations Guiding Principles on Business and Human Rights and respect the human rights of our stakeholders.

Medium-Term Management Plan 2022-2025

Contribute to the SDGs

Governance

We will strengthen our corporate governance to continue to gain the trust of our stakeholders.

Enhancing job satisfaction and ease of work, and promoting diversity

To enhance employee engagement and promote personal and organizational growth, we will work to improve job satisfaction and ease of work, and promote diversity.

For more information, see pages 61 to 68 in Foundation for Value Creation.

Human resource management

We encourage employees to take on new challenges through training, placement, evaluation, and other measures to further their growth.

Human resource management and training programs

We encourage success of our human resources through recruitment, training, placement, and fair evaluation. In addition, to respond to environmental changes, such as carbon neutrality and DX, we develop capabilities based on on-the-job training, group training, and self-development. Furthermore, we expand opportunities for challenges and growth through interactions with different industries.

Diversity and inclusion

We will secure diverse talent and support their engagement to revitalize the organization, strengthen our competitiveness, and foster innovation.

Strengthening internal systems

To further enhance diversity and inclusion, we created the D&I and Career Development Support Group in our Personnel Department. With the focus on the new group, we will implement more effective activities than before in promoting women, career hires, seniors, and people with disabilities, as well as providing career training for younger employees.

Flexible workstyles

We are working to create an environment where employees can choose productive work styles to better balance their work and life for a more fulfilling life.

Promoting flexible workstyles

We are expanding the system to allow flextime and telecommuting for more flexible work styles and enable employees to work autonomously and efficiently, and we are relaxing the dress code.

Supporting balancing work and childcare (received Platinum Kurumin Certification)

To support balancing work and childcare, we have established a leave system and reduced working hour system. In recognition of our efforts to support childcare at a high standard, we received the Platinum Kurumin Certification from the Ministry of Health, Labour and Welfare in May 2023.



Safety and health management

We provide physical and mental health management and a safe, secure, and comfortable workplace to ensure the long-term success of employees.

Promoting health management

Regular health checkups include a comprehensive health exam covering legally required items, gastrointestinal and dental examinations, as well as one-on-one visits to help prevent illness from a young age. We also promote health management by providing rank-specific mental health education to new employees, mid-level employees, and managers.

Disclosure Based on TCFD Recommendations

The Toho Gas Group recognizes addressing climate change as a critical management issue and endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020. The Group appropriately discloses information about the impact of climate change on the Company's business activities and its efforts to address these in accordance with TCFD recommendations.

Information Disclosure in Line with TCFD Recommendations

The TCFD encourages companies to disclose information about governance, strategies (risks, opportunities, and responses), risk management, metrics, and targets related to climate change.

1. Governance

The Toho Gas Group recognizes addressing environmental issues, including climate change countermeasures, as a critical management issue.

The Carbon Neutral Promotion Committee, chaired by the Representative Director and President of the Company and composed of executive officers in charge of relevant departments, is held to discuss and determine the direction on important matters, including the formulation of policies and plans related to carbon neutrality.

The Sustainability Committee, chaired by the executive officer in charge of the CSR Environment Department and composed of directors, department heads, and others from Toho Gas and major affiliates, is convened to discuss and check sustainability policies and targets including climate change countermeasures.

Important matters such as climate change risks and opportunities, strategies, risk management, and metrics reports are deliberated by the Management Committee and submitted to the Board of Directors, who oversees their implementation.

The achievement status of climate-related metrics, such as contribution to CO_2 reduction, for each fiscal year is reflected in the remuneration of internal Directors.

2. Strategy

A cross-sectional scenario analysis for the year 2050 is implemented to identify and evaluate future risks and opportunities related to climate change and strategies to address these, in line with TCFD recommendations.

As external scenarios, we selected the 1.5° C scenario, in which temperature rise is limited to 1.5° C, and the 4° C scenario, in which low-carbon initiatives are not promoted.

Main external scenarios used in scenario analysis International Energy Agency (IEA) World Energy Outlook: NZE, APS, STEPS

World Energy Outlook: NZE, APS, STEPS

- Energy Technology Perspectives: B2DS and RTS Intergovernmental Panel on Climate Change (IPCC)

Fifth Assessment Report: RCP2.6 and RCP8.5

Based on the envisioned society in 2050 derived from these scenarios, we identified risks and opportunities considering temporal axes such as short- to medium-term (through 2030) and medium- to long-term (through 2050), assessed their impact, and worked on enhancing resilience.

As a strategy for 2050, we formulated the Toho Gas Group 2050 Carbon Neutrality Initiative following deliberation by the Management Committee and submission to the Board of Directors, and announced it in July 2021.

To address the organized risks and opportunities, we are accelerating our efforts to achieve carbon neutrality by identifying overseas e-methane production projects and studying the feasibility of its import, demonstrating domestic e-methane production, developing CO₂ separation and capture technology, assessing the business feasibility of fixing and storing CO₂, building a hydrogen supply chain, promoting CNxP business, developing and introducing renewable energy sources, and demonstrating virtual power plant (VPP) services.

3. Risk Management

The Toho Gas Group promotes organizational identification, assessment, and addressing risk occurrence and change based on risk management rules, and we are working to improve the level of risk management and ensure smooth business operations.

Risks associated with climate change are integrated into the company-wide risk management system and processes based on risk management rules. Risk factors, including those related to climate change, are identified each year, countermeasures by responsible departments are examined, and a comprehensive assessment is performed. The results of the comprehensive assessment and other related information are deliberated by the Management Committee and submitted to the Board of Directors at least once a year, and the Board of Directors oversees company-wide risk management and its implementation.



4. Metrics and Targets

Environmental action goals and other values are used as metrics and targets.

Main climate change-related metrics and targets

Metrics		Targets
Contribution to CO ₂ reduction (compared to FY2020 levels)	[2025] 1 million tonnes-CO ₂ /year	[2030] 3 million tonnes-CO ₂ /year
Greenhouse gas emissions (Scopes 1 to 3)		[2050] Carbon neutrality
Reduction of CO ₂ emissions intensity in business activity	[2025] CO ₂ emissions intensity: -2%	6/year
Introduction of e-methane		[2030] Begin import of e-methane
Volume of renewable energy sources handled	[2025] 250 thousand kW	[2030] 500 thousand kW

Contribution to CO₂ reduction

The contribution to CO_2 reduction volume is the quantified measure of how much Toho Gas products and services have contributed to reducing CO_2 emissions from others. Calculated based on "Guidelines for Calculating Contributions to Greenhouse Gas reduction in the City Gas Industry" (Japan Gas Association)

How the Toho Gas Group affects total CO2 emissions in society



By transitioning from other fossil fuels to low-carbon city gas, CO_2 emissions from the Group increase, but CO_2 emissions from customers decrease.

Main responses to climate change

Disclosure Based on TCFD Recommendations

					Risks with comparatively large financial impact	Opportunities with comparatively large financial impact											
Scenarios and external environment			nd extern	al environment	Short- to medium-term (through 2030)	Medium- to long-term (through 2050)											
Major climate change-related risks			Technology	Progress of decarbonization innovation	Poor competitiveness due to delay in technological development	Further loss of competitiveness due to delay in technological development											
	rio	sks		Carbon pricing	Increased sales price of gas and electricity	Accelerated overseas relocation of domestic companies											
	°C scena	Insition ris	Regulation	Transition to renewable energy	Shift to electrification starting from the ground up	Advances in energy conservation and shift to electrification in the thermal sector											
	т. Т.	Tra	Market	Change in customer preferences	Decreased thermal demand in industrial sector (electrification of passenger cars) Shift to electrification due to ZEH and ZEB (mainly new buildings)	Decreased thermal demand in industrial sector (electrification of various vehicle models) Shift to electrification due to ZEH and ZEB (new and existing buildings)											
			Reputation	Assessment by investors	Lower assessment of companies that are unwilling to decarbonize	Even lower assessment of companies that are unwilling to decarbonize											
	enario al risks	enario	enario Il risks	al risks	al risks	al risks	Acute	Increasing weather intensity	Gradual increase in the cost of countermeasures related to production and supply facilities Gradual increase in disaster recovery costs	Further increase in the cost of countermeasures related to production and supply facilities Further increase in disaster recovery costs							
	4°C sc	Physic	Chronic	Rising temperatures	Decreased demand for heating and hot water Strain on power transmission capacity at peak periods	Further decreased demand for heating and hot water Further strain on power transmission capacity at peak periods											
Major climate change-related opportunities 4°C scenario														Technology	Progress of decarbonization innovation	Expanded use of technology for energy conservation and advanced, high-efficiency energy utilization Social implementation of decarbonization technology (e-methane, hydrogen, etc.)	Further expanded use of technology for energy conservation and advanced, high-efficiency energy utilization Expanded use of decarbonization technology (e-methane, hydrogen, etc.)
	sks	2 Deculation	Carbon pricing	Rising demand for gas and electricity (fuel conversion and advanced use)	Expanded use of carbon neutral energy												
	1.5°C scena	1.5°C scene	5°C scena ansition ris	ansition ris	Transition ris	Transition ris	Transition ris	Transition ri	Transition ri	Transition ri	ansition ri	negulation	Transition to renewable energy	Expanded use of renewable energy and storage batteries Expanded use of cogeneration	Further expanded use of renewable energy and storage batteries Expanded use of decarbonization technology		
			11	1							Market	Change in customer preferences	Growing need for decarbonization support Expanded use of fuel cell vehicles (passenger vehicles and small special-purpose vehicles) Growing need for optimal and advanced energy utilization	Further growing need for decarbonization support Expansion of fuel cell vehicle market (passenger vehicles, buses, cargo vehicles, etc.) Expanded use and expansion of energy demand optimization systems			
				Reputation	Assessment by investors	Higher assessment of companies that are proactive in decarbonization efforts	Even higher assessment of companies that are proactive in decarbonization efforts										
	enario	enario	enario	al risks	Acute	Increasing weather intensity	Growing need to introduce a highly resilient supply infrastructure and energy system	Further growing need to introduce a highly resilient supply infrastructure and energy system									
	4°C sc	Physic	Chronic	Rising tempera- tures	Rising demand for air conditioning and growing need for high-efficiency HVAC systems Rising demand for products and services that reduce peak electricity usage	Further rising demand for air conditioning and growing need for high-efficiency HVAC systems Further expanded use of products and services that reduce peak electricity usage											

Main responses

 Identify overseas e-methane production projects and study the feasibility of import • Demonstrate domestic e-methane production • Develop CO₂ separation and capture technology · Assess business feasibility of fixing and storing CO₂ • Build a hydrogen supply chain Promote CNxP business 1.5°C scenario Transition risks • Develop and introduce renewable energy sources • Demonstrate virtual power plant (VPP) service, and other efforts ➡ We are challenging ourselves to become carbon neutral by 2050 throughout the entire supply chain including customers' sites. Toho Gas Group 2050 Carbon Neutrality initiative https://www.tohogas.co.jp/lang/en/ corporate/company-vision/pdf/ carbon-neutrality-initiative.pdf • Storm surge and flood countermeasures Supply block subdivision • Expanded use of a highly resilient 4°C scenario Physical risks energy system Proposals for energy conservation and advanced energy utilization Peak shaving through aggregation and advanced utilization of city gas

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402.5

Financial Strategy

Action to Implement Management that is Conscious of Cost of **Capital and Stock Price**

1. Recognition of the current PBR status

Toho Gas disclosed action to implement management that is conscious of cost of capital and stock price in April 2024. We will explain our current perception of the PBR and initiatives to improve the PBR in line with the disclosure contents.

In terms of the current perception of the PBR, while the Company's PBR exceeded 1.0 in the past, it has been below 1.0 since FY2021 and is currently recovering slightly. Breaking down the PBR into ROE and the PER, ROE generally remained around 5%, while the PER decreased to 7.7 at the end of FY2022 but increased to around 13 at the end of FY2023.





By breaking down ROE into ROA (return on assets) and equity ratio, ROA has generally remained at 3%. Although this is above the mid-2% weighted average cost of capital (WACC) indicated in the Medium-Term Management Plan (FY2022-FY2025), which was released in FY2022, we recognize that WACC is on an upward trend due to the recent rise in interest rates and other factors. The equity ratio has remained close to 60% since FY2016 as a result of making investments and shareholder returns within the scope of operating cash flow while also paying down debt.

1.2 Analysis of PER



Our PER used to be around 20 times, but due to changes in the external environment and exclusion from the index (MSCI), it has significantly declined from FY2020 to FY2022. The current PER level may be due to the fact that our growth potential, including responses to new risks such as changes in the electricity procurement environment and progress of carbon neutrality, is not fully understood. and concerns have not been dispelled.

Financial Strategy

2. Efforts towards improving PBR

To improve the PBR based on the current situation to date, we identified the issues that need to be addressed from the three perspectives of improvement of asset efficiency, achieving an optimal capital structure, and improvement of the PER, and we organized a response policy for each issue.

		Perspectives	Action issues
DE	A. Improvement of asset efficiency	a. Acceleration of profitability improvementb. Management of profitability by businessc. Asset reduction and effective utilization	
PBR	PBR	B. Optimal Capital Structure	d. Organization of appropriate levels of equity capitale. Shareholder returns
	PER	C. Improvement of PER (Reduction of Cost of Equity)	f. Promoting dialogue with capital market by strengthening investor relations and shareholder relations activities

A. Improvement of Asset Efficiency

In our Group Vision outlined in March 2022, we set the target of expanding our business scale by 1.5 times or more by the mid-2030s, and we are accelerating this initiative to achieve this target.

Actual profit* (ordinary income)



a.	Core businesses	 Regarding City Gas business, we aim to maintain and expand our customer base while pursuing thorough efficiency improvements. Regarding LPG business, we aim to achieve stable growth through continued increase in the number of customers.
Acceleration of profitability improvement	Strategic businesses	 Monetization of the electric power business Expand "Toho Gas Kurashi" and "Business Support" Growth of group companies and new businesses Response to Carbon Neutrality
b. Managemo profitability business	ent of by	 To manage the profitability of each business segment, we introduced valuation based on ROIC from FY2024.
c. Compres and utiliza of asset	sion tion s	 While advancing investments in strategic businesses, simultaneously proceed with the consolidation and effective utilization of assets. We will proceed with the dissolution of cross-shareholdings. * We will start by selling approximately one-third of our assets, focusing on those with diminished significance, based on current valuation. Promote monetization through the utilization of real estate holdings, and asset compression through sales

a. Acceleration of profitability improvement

In the city gas business, which is an existing business, we are maintaining and expanding our customer base and promoting thorough efficiency. Meanwhile, in the LPG business, we are aiming for stable growth by increasing the number of customers while utilizing M&As.

In strategic businesses, we are allocating management resources to the areas of monetizing the electricity business, expanding Toho Gas living and business support, growing Group companies and new businesses domestically and overseas, and accelerating carbon neutrality initiatives with the aim of generating income.

b. Management of profitability by business

In FY2024, we will introduce ROIC-based profitability management by business within the Company and promote initiatives to improve asset efficiency.

c. Asset reduction and effective utilization

Regarding cross-shareholdings, over the next several years, we will begin by selling off about one-third of assets that are no longer meaningful to hold, based on their current appraised value. In addition, we will generate income through effective utilization of real estate holdings and promote asset reduction through sales of real estate holdings.

Financial Strategy

B. Optimal Capital Structure

d. Appropriate levels of equity capital		 The target level of equity capital is estimated to be between 350 to 400 billion yen*, taking into account the necessity of ensuring safety, security, and stable supply, which are the missions of gas operators, as well as considering natural disasters such as large-scale earthquakes and geopolitical risks related to LNG procurement. * There is a possibility that it may change depending on the quantity and nature of risks, such as changes in the external environment and expansion of strategic business activities.
	Shareholder return policy	 In addition to our conventional shareholder return policy, we will implement additional shareholder returns for the time being, aiming to optimize our equity capital. * Based on stable dividends, we will combine flexible acquisition and cancellation of treasury stocks and deliver shareholder returns approximately 40 to 50% of the consolidated net income over the medium to long term
e. Shareholder returns	Recent shareholder return	 We decided to repurchase our own shares in March 2024*. * Shares to be repurchased will be up to: 4 million shares or 10 billion yen, Period of repurchase: From April 1, 2024 to September 30, 2024 We will increase the year-end dividend for the fiscal year ended March 31, 2024 to 40 yen per share. * The dividend for FY2023 is ¥70/share on an annual basis. The dividend for FY2024 is planned to be ¥80/share on an annual basis



Dividend per share and dividend yield



d. Appropriate levels of equity capital

The target level of equity capital is estimated to be between 350 to 400 billion yen, taking into account the necessity of ensuring safety, security, and stable supply, which are the missions of gas operators, as well as considering natural disasters such as large-scale earthquakes and geopolitical risks related to LNG procurement. We will strive to make steady efforts to optimize equity capital over the next several year.

e. Shareholder returns

The basic policy on shareholder returns is based on stable dividends with the goal of returning 40% to 50% of consolidated net income over the medium to long term together with flexible share buybacks and cancellations. In addition to this, we will implement an additional shareholder return for the time being to optimize our equity capital.

C. Improvement of the PER

In terms of the PER, if we are unable to adequately address concerns of investors regarding the business risks that we face, stock price volatility could increase, resulting in a higher cost of equity, which could ultimately lead to a decrease in the PER.

Going forward, we will enhance our information disclosure, such as by addressing highly relevant topics including our response to carbon neutrality in financial results presentation materials, and in this way, we will promote a better understanding of the Company's growth potential and work to alleviate concerns about the risks that we face.

Value Creation of the Toho Gas Group

Foundation for Value Creation

Data Section



Interview with a Financial Executive

Q Tell us about the background leading up to this year's disclosure.

- In light of the fact that PBR of our stock price has remained below 1.0 since the fiscal year 2021 and the Tokyo Stock Exchange issued a request in March 2023, it has become necessary to thoroughly communicate our specific initiatives for improving the PBR to our shareholders and investors.
- We began by analyzing historical changes in stock prices and capital structure to gain an understanding of the current situation, and based on the background to date, we examined specific initiatives for the future from the three perspectives of improvement of asset efficiency, optimal capital structure, and improvement of PER.
- Improving the PBR, namely increasing corporate value, is a company-wide challenge, and therefore, we sought out cooperation not only from the Finance Department but also from other departments, and we conducted careful discussions with the Management Committee and Board of Directors. It was a very meaningful opportunity to sort out the vision of the Company and initiatives going forward regarding profitability and capital structure.

• Were there any specific points that were particularly debated during the review process?

 In light of the fact that our mission as a city gas provider is to ensure safety, security, and stable supply, the target level of equity capital is one of the most discussed topics within the Company. We recognize that there is a discrepancy between the level of equity capital we want to maintain to withstand emergencies and the ideal level required



by capital markets in terms of capital profitability. Therefore, we have held numerous discussions to determine the appropriate level while finding a balance between stability and efficiency.

- Regarding our shareholder return policy, given that the Company indicated a scale of 350 to 400 billion yen for its equity capital, which is lower than the current level, we implemented an additional shareholder return to optimize our equity capital. However, our basic shareholder policy is not something to be changed lightly, and therefore, we added the premise of implementing the additional shareholder return "for the time being" to the basic policy.
- While our investors often inquire about the time frame for optimizing equity capital, it is not something that can be achieved immediately in the short term. That being said, rather than taking 10 to 20 years to implement, we would like to steadily carry it out over a period of several years.

Q Could you please provide a concluding message for our stakeholders?

- We have received valuable feedback from shareholders and investors on our management policies and financial strategies, and we have made good use of their advice in internal discussions and deliberations on realizing management that takes into account capital costs and stock prices.
- Increasing corporate value requires both improving profitability and responding with capital policies, and it is important to help shareholders and investors understand this through enhanced dialogue and information disclosure. We will steadily implement the initiatives outlined this time for "the improvement of asset efficiency," "an optimal capital structure," and "the improvement of our PER."

Human Resources Strategy

Our Approach to Human Capital

One of the management policies outlined in our corporate philosophy is to develop human resources by focusing on motivation and ability. To increase employee engagement and enable our diverse human resources to maximize their capabilities, we are working to enhance work satisfaction and ease of work from the four perspectives of human resource management, diversity and inclusion, flexible workstyles, and safety and health management. In this way, we will achieve sustainable growth in corporate value.

Diversity and inclusion

We recognize that enhancing corporate value and achieving sustainable growth of the Group require innovation from talent with a wide range of knowledge, experience, and values. Therefore, we are committed to securing diverse talent and supporting their success.

- Strengthen hiring of women and mid-career employee
 Support long-term engagement of older employees
- · Expand hiring and job opportunities for persons wit
- disabilities

 Enhance communication and support the



Safety and health management, etc.

Human resource management

By hiring, developing, and deploying diverse talent and ensuring fair and appropriate evaluation and treatment, we are promoting the further success of our employees. In addition, we are working to expand opportunities for employees to challenge themselves and enhance the system to support their efforts.

Expand opportunities for employees to challenge themselves (Active rotation and promotion, external dispatch, personnel exchange, internal recruitment, etc.) Enhance the system to support their efforts (Set and evaluate challenge goals, support IT literacy improvements, selective training, etc.)

Flexible workstyles

We are enhancing the flexibility of workstyles to allow employees to better utilize their strengths and individualities and to achieve greater work-life balance.

childcare and caregiving

- Improve the efficiency of operations by incorporating
 Improve the efficiency of operations by incorporating digital technology

Safety and health management, etc.

We are promoting physical and mental health management and a safe, secure, and comfortable workplace to ensure the long-term success of employees.

Improve harassment measures and make th work environment more comfortable
 Promote safety and health activities

Human resources development policy

To realize our vision for the mid-2030s as outlined in the Toho Gas Group Vision, we must challenge ourselves with new initiatives that go beyond what we have done in the past and transform our business structure. The Group must work together as one, and the driving force behind this effort is each and every employee.

To support our employees in taking on new challenges, we are expanding investment in human resources and creating an environment where every employee can perform at their best. To achieve our vision, we will focus on hiring, developing, and promoting the success of talent who support our core businesses as well as talent with management skills and expertise to drive the transformation of business operations through strategic businesses, operational reform, and efficiency improvement.

Technology and Product Development

Technical Development for Promoting Carbon Neutrality

Toho Gas Group contributes to achieving a sustainable society including carbon neutrality by developing technologies to address the diverse needs and challenges facing customer's lives, businesses, and local communities.

Development of technology to separate and capture CO₂ from the atmosphere using cold energy

We are working to develop CO₂ Direct Air Capture (DAC) technology as part of a moonshot project subsidized by the Japanese government aiming for widespread use of commercial-scale plants by 2050.

Cryo-DAC[®] technology utilizes unused cold energy from LNG to sublimate CO₂ (converting it into dry ice), thereby drastically reducing the thermal load required for CO₂ regeneration.

Development of technology to separate and capture CO_2 from exhaust gas using cold energy

The development goal of the government project subsidized by a Green Innovation Fund is to drastically reduce CO_2 capture costs, and we are working to meet that goal by developing technology



Development of CO₂ separation and capture technology using cold energy

known as Cryo-Capture[®] to separate and capture CO₂ from exhaust gas utilizing unused cold energy from LNG. This technology will be deployed at an LNG base in the pilot demonstration phase, which is expected to begin in FY2028. A series of carbon recycling tests will be performed, in which captured CO₂ is reacted with hydrogen produced through water electrolysis and other technology to produce e-methane at a methanation facility, which will then be used as a feedstock for city gas.

Enhancing performance and lowering costs of separation and capture technology

We have built a demonstration facility consisting of membrane separation and physical adsorption methods within our Technical Research Institute, and we are using this facility to conduct performance evaluations of CO₂ concentrations, capture volume, energy consumption, and other characteristics, with the aim of improving performance and lowering costs.

CO₂ separation and capture demonstration facilities (Membrane separation and physical adsorption methods)



 Search for new materials (membrane and adsorbents) that can achieve high CO₂ concentrations and large capture volumes, install them in demonstration facilities, evaluate the results, and make improvements

Optimize using simulation technology

Development of hydrogen burners

We are also working to develop technologies using hydrogen as a fuel in industrial furnaces, which are essential for manufacture. To solve technical issues such as backfire and other combustion instabilities, increased NOx emissions, and hydrogen leakage, we are working to make improvements to city gas burners and evaluate solenoid valves, check valves, and other auxiliary equipment for use with hydrogen.

We have already successfully commercialized several hybrid burners for city gas and hydrogen, and plan to continue expanding our lineup in the future. We use test furnaces and customers' actual furnaces to evaluate the heating time, the impact on product quality, and other factors when using hydrogen.



Demonstration of hydrogen co-combustion cogeneration system

We are developing city gas-hydrogen co-combustion engine technology to contribute to low-carbon and decarbonized electric power generation.

Co-combustion tests using actual gas engines and simulation models will help

solve issues during hydrogen co-combustion, such as controlling abnormal combustion and reducing NOx emissions, and we are promoting the future application of this technology to gas engine co-generation.



Introduction

Technology and Product Development

Opened CaN-Lab information dissemination facility

We opened an information dissemination facility as part of our efforts to develop technology for achieving carbon neutrality.

The name "CaN-Lab" stands for "Carbon Neutral Laboratory" and also conveys the message of "can," indicating possibility and capability.

By informing our industrial customers and local governments about our technology, we are working to make it possible to achieve carbon neutrality together.



CaN-Lab informationdissemination facility

Developing Products to Enrich Lives

Commercialization of Trans-Warming[®] L Mat for thermal protection

Toho Gas commercialized the Trans-Warming[®] L Mat, a thermal protection mat that uses latent heat storage material developed in-house to repeatedly store and dissipate heat. This foot warming mat uses a solar collector to store heat from sunlight, and then the

metal strips built into the mat are warped to radiate the accumulated heat. The mat can retain heat all night long, making it ideal for thermal protection for outdoor activities or disaster preparedness.



Thermal protection mat (storing heat from sunlight)

Commercialization of a bathroom heater/dryer that inhibits mold growth

In an effort to find an effective means to inhibit mold growth in the home, we verified that the high-temperature, high-humidity environment of a mist sauna can inhibit mold, and we correlated the growth of mold in bathrooms with temperature, humidity, and exposure time. Using this knowledge, and together with Rinnai Corporation, we developed a mold-prevention technology (Mold Guard Mist) to inhibit the growth of mold in the bathroom by simply operating this function once every two weeks. We have successfully commercialized a bathroom heater/dryer with mist sauna that incorporates this function.



Business Support Using Technology Solutions

Business support services using chemical analysis technology

We utilize chemical analysis technology to ensure safe and stable supply of city gas and to develop technologies that contribute to carbon neutrality. We also offer analytical services using this technology to our customers.

As part of our efforts to increase the reliability of analysis of hydrogen gas produced in-house, we received ISO/IEC 17025 certification, the international standard for the ability to produce reliable measurement results.



Chemical analysis work

Business support services using simulation technology

We use simulation technology to ensure safe and stable supply of city gas, to promote new business, and to support our customers' efforts to achieve carbon neutrality. We conduct heating performance pre-evaluations and propose facility improvements when switching fuel from city gas to hydrogen in industrial furnaces, and we perform performance evaluations and improvements for city gas production and supply facilities.

Data Section



Business support services using digital technology

To provide new services to our customers and promote more efficient and sophisticated operations, we are working to utilize the latest data analysis technologies, including big data analysis of energy usage data and energy demand forecasting using machine learning. By fusing these digital technologies with our long-standing expertise in energy-related equipment, we are developing operation schedules for air conditioning units and power generation facilities that minimize CO₂ emissions to the lowest possible level.





Toho Gas Group Sustainability Policy

The Toho Gas Group contributes to a sustainable society through the stable supply of environmentally friendly energy and the co-creation of new value.



Data Section

Environmental Management

Basic Concept

Toho Gas Group has set its Environmental Action Principles and Environmental Action Guidelines to help the realization of a sustainable society, including carbon neutrality. Having set environmental action goals, we are engaging in a wide range of environmental actions, including global warming countermeasures, resource recycling, and making an environmental social contribution in cooperation with the region. Furthermore, in addition to engaging in compliance with environmental laws and environmental education by constructing Environmental Management Systems, we are managing the progress of initiatives through a PDCA cycle.

Environmental Action Principles

The Environmental Action Principles (established in 1993; final revision in 2022) are regarded at Toho Gas's business policy.

Environmental Action Principles

Basic Policy

Toho Gas and its Group companies recognize the importance of preserving the environment on a regional and global basis. The Group contributes to the realization of a sustainable society through the resolution of social issues relating to the environment.

Principles

Principle 1	The Group will contribute to reducing the impacts of its
	business activities on the environment related to customer

- Principle 2 The Group will reduce the impacts of its business activities on the overall environment.
- Principle 3 The Group will contribute to environmental preservation in collaboration with local communities and the global community.
- Principle 4 The Group will step up research and development regarding environmental preservation technologies.

Environmental Action Guidelines

Our Environmental Action Guidelines, established in 2011 and last updated in 2022, outline the concept and action details of the environmental activities implemented by the Group.

Environmental Action Guidelines

Global Warming Countermeasures

The Group aims to achieve carbon neutrality in the entire supply chain through the expansion, highly-efficient use, and high-degree application of environmentally-friendly energy, including natural gas, and the utilization of renewable energy and the decarbonization of gas itself.

Resource Recycling

The Group will promote the effective use of resources in each stage of business activities and reduce, reuse and recycle waste to minimize external emissions.

Biodiversity Conservation

The Group recognizes the importance of biodiversity, which is the foundation of society and the economy, and will work to grasp and analyze the impact of business activities on biodiversity as well as promoting biodiversity-friendly activities.

Environmental Social Contribution

The Group will contribute to the resolution of social issues by participating in environmental activities/projects in collaboration with local communities and the global community.

Technology Development

The Group will promote technology development toward realizing carbon neutrality, such as the highly-efficient and high-degree application of energy, the use of hydrogen and renewable energy, the capture and separation of CO_2 and methanation.

Environmental Management

Recognizing the impact of its business activities on the overall environment, the Group will rigorously enforce environmental management, and develop human resources who are environmentally conscious and can act on their own initiative. We comply with the demands of laws, ordinances and agreements relating to the environment.



The Sustainability Committee, comprised of Toho Gas and major affiliates, deliberates, discusses, and monitors the direction, targets, and various measures of key environmental activities to reduce the environmental impact and comply with environmental laws and regulations. The Environment Subcommittee confirms the policies of initiatives for environmental action goals and the achievements of each department. In addition, each department and affiliate has specific roles to promote environmental activities, including an environmental promoter responsible for driving specific activities, an environmental auditor responsible for voluntary audits for compliance with environmental laws and regulations, and an environmental controller responsible for overseeing these roles.

Organization structure for environmental management

Board of Directors

Management Committee

Sustainability Committee

Deliberates, discusses, and monitors the direction, targets, and measures of sustainability initiatives Chair: Executive in charge of CSR Environment Department Members: Department heads, directors of major subsidiaries, etc. Secretariat: CSR Environment Department



Environmental Management

Environmental Action Goals (FY2022 to FY2025)

Toho Gas Group set the following environmental action goals for FY2022 to FY2025 and is promoting initiatives to achieve these goals. The progress of these initiatives in FY2023 is outlined below. Due to a temporary increase in the final disposal rate, we were unable to achieve our goal for zero emissions of industrial waste at city gas plants, but through continued efforts to separate and recover waste and by improving our sludge resource recycling rate, we expect to achieve our goal for the total period of FY2022 to FY2025. We are making steady progress to achieve our other action goals.

Туре		Goal	FY2025 target value	FY2023 results
Environmental impact reduction		Contribution to CO2 reduction volume	1 million tonnes compared to FY2020 levels	390 thousand tonnes
	Global warming countermeasures	Volume of renewable energy sources handled	250 thousand kW	120 thousand kW
		Reduction of CO2 emissions intensity in business activity	CO2 emissions intensity: -2%/year	-2.4% YoY
		Zero emissions of industrial waste at city gas plants	Maintain current level (final disposal rate of 1% or less)	Final disposal rate of 1.2% (total for FY2022 to FY2023)
	Resource	Recycling rate of waste generated from gas pipeline construction	99% or more	99.6%
	recycling	Promotion of 3Rs in business activities		Reduced emissions through 3Rs initiatives including resource recycling of industrial waste Promoted recycling Appropriately complied with industrial waste regulations such as the Act on Promotion of Resource Recycling Related to Plastics
Biodiversity conservation		Reduction of use of natural sand and crushed rock in gas pipeline construction	15% or less compared to conventional construction methods	9.9% compared to conventional construction methods
		Contribution to maintaining and restoring biodiversity through business activities and regional activities, conserving satoyama and forests, and protecting local species		 Chita Peninsula Greenbelt acquired certification as a nature-friendly site Continued certification from Aichi Biodiversity Company Certification Program Maintained and managed biotopes, and implemented satoyama and forest conservation activities in collaboration with local governments Planted flower seedlings in the Western-style garden at Higashiyama Botanical Gardens Conducted volunteer forest conservation activities at Nagoya Higashiyama Forest and Toho Gas Forests (Odai, Mitake, and Seto)
Environmental and social contribution		Environmental contribution activities in collaboration with local communities, and contribution to resolving regional and social issues		 Implemented company-wide cleaning activities Conducted beautification activities surrounding offices Provided environmental learning opportunities at the Gas Energy Exhibition Hall Provided special classes at schools and environmental education classes
Technological development		Promotion of technological development for advanced use of energy and carbon neutrality		 Agreement reached on the establishment of e-NG Coalition, an international alliance for e-methane Signed various contracts and memorandums of understanding for CCS and the commercialization of e-methane Constructed a hydrogen production plant at Chita-Midorihama Works (operation to begin in June 2024) Began operation of e-methane production demonstration using biogas-derived CO₂ in collaboration with the city of Chita

Environmental Management

Environmental Impact of Value Chain

Throughout the entire value chain, environmental impacts such CO₂ and other greenhouse gas emissions occur in business activities, including the production and supply of city gas, LPG, and electricity, as well as at every level of feedstock procurement and at customer locations.

In the gas business, much of the greenhouse gas emissions are accounted for by customer locations, and the Group is working on reducing these. We are also working to identify the status of greenhouse gas emissions in feedstock procurement and evaluate the impact on the environment.

Regarding our business activities, we are reducing greenhouse gas emissions by improving energy use efficiency and energy conservation efforts.





To increase the reliability of environmental data, the Group has received third-party assurance for environmental data every year since FY2002. The assured data, calculation standards, assurance report, and more information can be found in "Sustainability Factbook 2024" on the Toho Gas website. Sustainability Factbook 2024 https://www.tohogas.co.jp/lang/en/approach/eco/eco10



Environmental Management

Environmental Management System (EMS) Certification

To improve the level of environmental management, we have been actively working to obtain environmental management system (EMS) certification. All city gas plants received ISO 14001 certification, the international standard for environmental management. Meanwhile, some affiliates have received Eco Action 21 certification from the Ministry of the Environment. In addition, Toho Gas and its affiliates have received environmental certification from local governments, such as Nagoya SDGs Green Partners.

Туре	Certified companies (offices)
ISO 14001	Toho Gas (Chita-Midorihama Works, Chita LNG Terminal, Chita Calorific Value Adjustment Center, and Yokkaichi Works)
Eco Action 21	Toho Gas Engineering Co., Ltd.
Certification from local governments, etc.	 Toho Gas (head office, Minato AQULS Energy Center, etc.) Toho Liquefied Gas Co., Ltd. (Nagoya branch office, etc.) Toho Gas Real Estate Development Co., Ltd. (Imaike Gas Building, etc.) Toho Gas Engineering Co., Ltd. Toho Gas Techno Co., Ltd. (head office, etc.)

Environmental Education

Toho Gas Group provides environmental education at various levels. For senior management, we hold environmental seminars on topics such as environmental policy and social trends. For managers and working-level staff, we hold annual events such as environmental law and regulation seminars as well as e-learning courses to raise employees awareness and knowledge of environmental laws and regulations and strengthen our response capabilities.

Name	Target
Environmental seminars	Senior management
Environmental law and regulation seminar	Managers and working-level staff
New employee training	New employees

Compliance with Environmental Laws and Regulations

The main environmental laws and regulations pertaining to the Group are outlined below. We hold environmental law and regulation seminars and implement voluntary environmental audits based on our environmental management system to ensure proper compliance. There were no accidents or violations of regulations that significantly impacted the environment.

Туре	Main environmental laws and regulations
General	Basic Environment Act
Global warming countermeasures	Act on Rationalization of Energy Use and Shift to Non-fossil Energy, Building Energy Efficiency Act, Act on Promotion of Global Warming Countermeasures, Act on Rational Use and Proper Management of Fluorocarbons, Act on the Protection of the Ozone Layer
Resource recycling	Waste Management Act, Act on Special Measures Concerning Promotion of Proper Treatment of PCB Wastes, Act on Recycling of Construction Materials, Act on Recycling of Specified Kinds of Home Appliances, Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources, Act on Promotion of Resource Recycling Related to Plastics
Pollution prevention	Air Pollution Control Act, Pollution Prevention Act, Noise Regulation Act, Vibration Regulation Act, Soil Contamination Countermeasures Act, Mercury Pollution Control Act, Law concerning Pollutant Release and Transfer Register (PRTR)

Voluntary Environmental Audits

Toho Gas Group has implemented voluntary environmental audits since FY1994. We perform annual audits under a dual-audit system of primary audits at workplaces of Toho Gas and affiliates that are related to environmental laws and regulations and secondary audits at individual departments and affiliates.

Implementation of Voluntary Environmental Audits

Implementation period:	July to September, 2023
Audit target:	Workplaces of Toho Gas and affiliates related to
	environmental laws and regulations
Environmental auditors:	Individuals appointed to each department and
	affiliate who have been confirmed to have
	sufficient knowledge of environmental laws and
	regulations through environmental law and
	regulation seminars and e-learning

Applicable laws and regulations	Key confirmation points during audits
Waste Management Act	Compliance with internal rules before outsourcing industrial waste disposal (including confirmation of contractor's permits, concluding contracts, conducting on-site inspections, etc.), proper management of storage facilities, issuing and keeping manifests, status on submission of regular reports, etc.
Act on Rational Use and Proper Management of Fluorocarbons	Use of equipment management ledgers for regulated equipment such as gas heat pumps, conducting mandatory inspections, ensuring compliance with internal rules during equipment disposal
Air Pollution Control Act	Compliance with prior surveys on asbestos before demolishing buildings and performing renovations
Other environ- mental laws and regulations	Organizational checks on requirement of filing for Act on Recycling of Construction Materials

Data Section

Global Warming Countermeasures

Global Warming Countermeasures are an important management issue for the Toho Gas Group. As an energy business operator, Toho Gas Group is implementing countermeasures against global warming taking into consideration the value chain.

Basic Concept

Toho Gas not only aims to reduce our own CO₂ emission factor but also sets environmental action goals aimed at restraining CO₂ emissions at customer locations. We promote a wide range of initiatives, including supplying environmentally friendly energy, switchover from other fuels to natural gas or LPG, promoting the adoption of advanced and highly efficient devices such as fuel cells, fostering the utilization of renewable energy in collaboration with local communities, as well as pursuing technological development and testing such as methanation and CO₂ separation, capture, and utilization, all in the pursuit of achieving carbon neutrality by 2050.

Global Warming Countermeasures at Customer Locations

We are promoting initiatives to contribute to CO_2 reduction through our business activities. The actual contribution to CO_2 reduction volume for FY2023 amounted to 390 thousand tonnes- CO_2 .

Switching to natural gas

Natural gas is an environmentally friendly fossil fuel that produces low levels of CO₂ and NOx and no SOx when combusted. By switching the fuel used at customer sites from oil and other fuels to natural gas, we are contributing to reducing CO₂ emissions.

Expanded use of high-efficiency gas equipment and systems

In addition to switching fuels, we are introducing high-performance burners to facilities at customer locations to further reduce CO₂ emissions.

We are also promoting expanded use of energy-efficient equipment and systems, such as the ENE FARM residential fuel cell system as well as gas



cogeneration systems, high-efficiency boilers, and

gas heat pump air conditioning for commercial use.

Reducing fluorocarbon emissions

Fluorocarbons used in air conditioning systems and other equipment have an extremely high global warming potential, and reducing their emissions has become a concern.

We recover refrigerants generated during maintenance and upgrades to commercial air conditioning equipment, and in FY2023, we recovered and properly processed all fluorocarbons from such equipment (1,347 units and 14.5 tonnes of captured fluorocarbon).

Reduction of CO₂ Emissions in Business Activities

The Toho Gas Group promotes initiatives to conserve energy in various facets of our business activities as an energy provider. In FY2023, our business activities across the entire Group generated 108 thousand tonnes- CO_2 of CO_2 emissions.

We are promoting energy conservation by setting targets in each business sector to prevent global warming as well as investing in energy-saving equipment and ensuring thorough operational management to achieve those targets.

CO₂ emissions from business activities (consolidated)



Initiatives at city gas plants

At city gas plants, we use a highly energy efficient method to produce gas by vaporizing liquefied natural gas (LNG) at around -160°C through heat exchange with seawater.

Data Section

Global Warming Countermeasures

We make efficient use of the cold energy of LNG for cryogenic power generation, manufacturing dry ice and liquid nitrogen at adjacent plants, and in advanced energy-saving equipment used to reliquefy boil-off gas (BOG) produced in LNG tanks.

In addition to these initiatives, we are working to further reduce energy consumption, such as by utilizing pipelines and other equipment built for mutual backup and inventory adjustment between plants to adjust the amount of gas sent between plants, and by reviewing operational methods to optimize the overall operational efficiency at all LNG plants.

Initiatives for district heating and cooling

In district heating and cooling, we are optimizing equipment operation by collectively supplying thermal energy (cold and hot) for air conditioning and hot water for hot water supply to multiple buildings in the area, thereby providing a low-carbon solution.

List of district heating and cooling sites (Energy Centers)

City	Area operated by Toho Gas	Area operated by companies in which Toho Gas holds an equity stake
Nagoya	 Imaike Sakae 3-chome North Nagoya Station South Sakae 3-chome Chiyoda Higashisakura Ikeshita Johoku Minato AQULS 	 JR Central Japan Nagoya Station area Nagoya Station East Quality Life 21 Johoku Sasashima Live 24 JR Central Japan Nagoya Station North
Komaki	Komaki Station West	
Tokoname		Chubu Centrair International Airport

We supply heat to ten areas operated by Toho Gas, mainly in Nagoya, and six areas where we are invested in operations.

At the Minato AQULS Energy Center, which offers the latest in district heating and cooling technology, we are optimizing energy for the entire town through a Community Energy Management System (CEMS) that manages distributed power sources, such as gas cogeneration with high overall efficiency, renewable energy, and storage batteries, and utilizes waste heat from power generation and unused energy from canals. In addition, ENE FARM Type S residential fuel cells are standard equipped in all area condominiums and continuously operated 24 hours a day, with excess electricity shared throughout the town, thereby promoting the local production and local distribution of energy.

Initiatives at business offices

At our offices, we are working to reduce CO₂ emissions through various energy-saving measures, such as by introducing high-efficiency gas-based air conditioning, LED lighting, and other energy-saving equipment, as well as low-emission vehicles.

To enhance employee awareness of energy conservation, we evaluate actual energy usage for each office building, raise awareness of the Office Energy-saving Manual, which provides guidelines for efficiently managing office equipment, and promote practices to encourage reducing energy consumption, such as by turning off unused lights, optimizing heating and cooling temperatures, and reducing elevator usage.

Using internal carbon pricing

We are experimentally introducing internal carbon pricing as we consider investing in energy-saving equipment and upgrading existing equipment to high-efficiency models.

We are continuously evaluating capital investments to reduce CO_2 emissions in our business activities, and since FY2022, we have been identifying company-wide CO_2 reduction measures and evaluating the payback period of these investment, including their impact on CO_2 reduction. Using a carbon price range of 3,000 to 15,600 yen per tonne* as a benchmark, we prioritize the evaluation of high-efficiency, cost-effective, and low-carbon initiatives, and we are taking measures to improve facilities such as by enhancing the efficiency of city gas production facilities and expanding LED lighting in office buildings.

* Reference price based on the APS scenario for 2030 in the International Energy Agency (IEA) World Energy Outlook 2021

Taking part in the GX League to reduce greenhouse gas emissions

Since FY2023, we have been part of the GX League, a voluntary framework for reducing greenhouse gas emissions, and in September of the same year, we registered emission reduction targets as part of the GX-ETS emission trading system.

By participating in the GX League, we are steadily promoting initiatives to reduce greenhouse gas emissions and collaborating with customers and partners to achieve a sustainable society.



Basic Concept

Introduction

Data Section

Resource Recycling

Due to the increase in resource usage amounts caused by the rise in the global population and economic growth, there are concerns that problems such as depletion of water and other natural resources and marine pollution by waste materials will become more serious. Based on the Environmental Action Principles and Environmental Action Guidelines, Toho

Gas Group has set Environmental Action Goals in the area of Resource Recycling, and is promoting the 3R (reduce, reuse and recycle) toward the reduced consumption of natural resources and the effective use of recycled resources through efforts that include zero emissions from industrial waste at city gas plants, recycling the waste generated from gas pipeline work, and the promotion of paperless business.

Initiatives to Reduce Waste and Resource Consumption in Our Business Activities

Working to achieve zero emissions of industrial waste at city gas plants

Since FY2008, we have been working to achieve zero emissions of industrial waste at city gas plants and reduce the final disposal rate of industrial waste. Our environmental action goal is to achieve a final disposal rate of 1% or less, and we are continuing to work toward that.

Regarding waste from plants, the recycling of sludge and mixed waste generated at seawater intake ports has been a concern, and these account for 80% of our final disposal volume. To handle sludge, we turned to graded recycling, which separates the sludge into slurry, sand, silt, and clay depending on the grain size, and remixes them to create a stable fluidization treatment soil. In this way, we have improved the recycling rate of sludge. In terms of mixed waste, we carefully sort and separate materials, thereby enhancing the recycling rate.

Through these initiatives, we have reduced the final disposal rate of industrial waste, aiming to achieve zero emissions for the entire period of the environmental action goal.

Recycling industrial waste and reducing natural sand in gas pipeline construction

Gas pipeline construction generates industrial waste such as asphalt and concrete blocks classified as rubble and used polyethylene pipes classified as waste plastic. To reduce the amount of asphalt and concrete blocks and excavated soil generated, we introduced shallow-layer pipe installation¹¹, the trenchless pipe installation method²², and the repair and rehabilitation method³³, and we promoted the use of temporary filling material⁴⁴ in work requiring re-excavation. As a result, in FY2023, we were able to reduce the amount of excavated soil by 26% compared to conventional construction methods.

In addition, we processed excavated soil at a soil improvement center and reused it as backfill material for gas pipeline construction, resulting in a 74% reduction in external discharge of excavated soil compared to traditional methods. Furthermore, by combining the excavated soil with reused crushed stone, we were able to reduce the amount of natural sand and crushed stone used in gas pipeline construction by 9.9% compared to conventional methods.

By reducing the extraction of new sand, we are

contributing to lowering our impact on biodiversity in ecosystems.

Nearly all asphalt and concrete blocks are recycled as reused asphalt mixture (pavement material). Additionally, used polyethylene pipes are recycled as raw material for protecting gas pipes. As a result, we achieved a recycling rate of 99.6% for industrial waste generated from gas pipeline construction.



Trenchless pipe installation method

- *1 This refers to burying a gas pipeline in a roadway at approximately half the conventional depth.
- *2 This method involves drilling at both ends of the construction area and pulling the gas pipeline underground.
- *3 The method of repairing a gas pipe from the inside
- *4 Polyethylene ball material used as temporary backfill



Data Section

Resource Recycling

Recycling used gas equipment and other materials

The Toho Gas Group has a system to collect used gas equipment and packing materials from customers to ensure efficient resource recycling. In FY2023, we collected 775.6 tonnes of reused equipment and 39.3 tonnes of packing material. In addition, we were able to recycle 3.5 tonnes of plastic containers and packaging and 0.4 tonnes of paper subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging.



gas equipment

Reducing waste and recycling resources

We are working to reduce and recycle general waste at offices. Waste paper, which makes up a majority of waste at offices, continues to be sorted and collected since 1996. While the Group has long pushed for more paperless operations, efforts have ramped up since FY2020 with a significant increase in the proportion of electronic approvals for deskwork and a decrease in paper use in major meetings and other situations.

Furthermore, efforts are being made to recycle waste throughout the Group, including converting compost at the head office cafeteria to fertilizer and recycling waste oil generated from restaurants, bakeries, and accommodation facilities operated by Group companies into biofuel.



Evaluating the effects of water stress

The Toho Gas Group uses water resources for a variety of applications including vaporizing LNG, recognizes the importance of effective water utilization, and evaluates the water stress and impact of the risk. We conduct annual evaluations of water stress each year using the Aqueduct Global Water Risk Atlas developed by the World Resources Institute (WRI), and we confirmed that the areas where our Group's main offices and plants are located are not areas of high water stress.



Taken from the Aqueduct Water Risk Atlas

Compliance with regulatory standards

In FY2023, we complied appropriately with water regulations and agreements, and did not experience any accidents or violations that significantly impacted the environment.

Regarding seawater used as a heat source to vaporize LNG at city gas plants, we design production facilities to maintain the temperature difference between collected and discharged water within a certain range to reduce the impact on the ecosystem.

Management of water usage and wastewater volume

We assess the amount of drinking water, industrial water, and well water used at all offices, and work to conserve water. We also assess the amount of wastewater discharged by location and manage the quality of the wastewater in accordance with laws and regulations as well as local government ordinances.

Data Section

Biodiversity Conservation

Our daily lives and business activities are supported by the natural resources, and if the biodiversity that is its basis is lost, the lives of people and company sustainability will be impacted in a major way.

Basic Concept

Conservation of regional ecosystems is regarded as a critical issue affecting the Group's continuing development, and we are promoting activities with consideration for biodiversity, including the establishment and maintenance of biotopes, forest conservation, and other activities.

Initiatives in Our Business Activities

Creating biotopes

In 2000, we created a 7,500-m² biotope at Chita-Midorihama Works, in 2010, we created a 600-m² biotope at the Gas Energy Exhibition Hall, and in 2018, we created an 800-m² biotope at Minato AQULS. In these biotopes, we are preserving ecosystems including fostering local rare and endemic species and surveying plant and wildlife species with the help of specialized contractors.



Biotope at Chita-Midorihama Works

Efforts to remove invasive species

At our Technical Research Institute, we are making efforts to eradicate the Argentine ant, a species native to South America that has been designated as an invasive alien species under the Act on the Prevention of Adverse Ecological Impacts Caused by Designated Invasive Alien Species.

Together with the city of Tokai, Aichi Prefecture, we conduct monthly efforts to eradicate this invasive species.



Biotope courtyard at the Gas Energy Exhibition Hall

Participating in the Inochiwotsunagu ("Connecting Life") Project

The Inochiwotsunagu ("Connecting Life") Project is driven by a student executive committee that brings together 12 companies, government agencies, experts, and NPOs in the Chita Peninsula coastal area to create and preserve ecosystems in corporate green spaces and foster students as future leaders in building a sustainable society.

We actively participate in this project, working with neighboring companies to create green spaces and biotopes, eradicate invasive species, and conduct monitoring surveys of wildlife with local students at city gas production plants such as Chita-Midorihama Works.

Overseas nature conservation activities

We have been a part of the Keidanren Nature Conservation Council since FY2014. Through this joint council, we provide assistance to environmental NGOs for their nature conservation activities in Indonesia and other parts of the world.

Endorsing the Keidanren Declaration for Biodiversity and Guideline

In July 2020, we endorsed the Keidanren Declaration for Biodiversity and Guideline. Our efforts are in line with this declaration and guideline, and we will continue to work to contribute to biodiversity conservation.

Data Section

Biodiversity Conservation

SDG Contribution Activities in the Local Community

As part of our efforts to contribute to sustainable development goals (SDGs) in the local community, we collaborate with various local governments, NPOs, corporations, and educational institutions to implement activities.

Activity	Cooperating partner	Description
Toho Gas Forests	Aichi Forest Office; Mitake, Gifu Prefecture; Odai, Mie Prefecture; local forest associations and others	We established Toho Gas Forest Odai, Toho Gas Forest Mitake, and Toho Gas Forest Seto in Gifu, Aichi, and Mie Prefectures where Group employees and their families volunteered to plant, thin, and remove trees and perform landscape maintenance. We promote activities with the support of the local community such as by outsourcing some work to local forest associations.
Satoyama conservation	Nagoya Higashiyama Forest Conservation Group	At Higashiyama Forest in Nagoya, which has been selected as an important satochi-satoyama with respect to biodiversity cooperation by the Ministry of the Environment, we participate in activities of an NPO that leads satoyama conservation, with Group employees and their families volunteering to thin trees and perform other conservation activities.
Biodiversity education courses at Nagoya Open University of the Environment	Center for Environmental Creative Studies, Nagoya Open University of the Environment	As part of a registered course at Nagoya Open University of the Environment, we held a biodiversity course for families and middle and high school students at the biotope courtyard at the Gas Energy Exhibition Hall.
Environment Day Nagoya	City of Nagoya	We have sponsored and participated in Environment Day Nagoya organized by the city of Nagoya since 2000. We raise awareness on the 3Rs, CO ₂ reduction, and biodiversity by promoting our ESG management and SDG initiatives.
Green Curtain Project	City of Nagoya	In FY2023, we donated 1,288 goya (bitter melon) seedlings to the city of Nagoya, which were distributed to its citizens at environmental events such as Environment Day Nagoya in various wards throughout the city.
Hana-ippai "Many Flowers" Project at Higashiyama Botanical Gardens	Higashiyama Botanical Gardens, Nagoya	Since FY2008, we have participated in creating corporate flower beds in Higashiyama Botanical Gardens, with employees and their families voluntarily planting flower seedlings three times a year.
Osampo de Ikimono Mikke "Discover Living Creatures While Walking"	Forest Nature School, Aichi Prefecture	Since FY2011, we have sponsored and cooperated with the planning and operation of an environmental event held by Aichi Prefecture and an NPO at Expo Memorial Park with the aim of bringing people closer to nature.
Cleanup activities (local cleanup projects)	Various local governments and others	As part of our local contribution activities, we participate in cleanup projects around Group business locations, particularly in June, which is Environment Month.



Thinning of trees at Toho Gas Forest Mitake



Toho Gas booth at Environment Day Nagoya



Hana-ippai "Many Flowers" Project at Higashiyama Botanical Gardens



Osampo de Ikimono Mikke "Discover Living Creatures While Walking"

Contribution to the Local Community



Basic Concept

The Toho Gas Group is advancing efforts to contribute to a sustainable society, addressing diverse regional needs and challenges such as carbon neutrality and enhanced resilience. We are deepening our collaboration with municipalities, primarily in the three-prefecture Tokai region (Aichi, Gifu, and Mie), strengthening our engagement with customers, and striving to co-create new value. By addressing the emerging challenges in the region, we aim to contribute to achieving prosperity within the region.

Initiatives for Coexistence with Local Communities

Comprehensive collaboration agreement with Nagoya City

Toho Gas and Toho Gas Network Co., Ltd. signed a comprehensive collaborative agreement with the city of Nagoya to realize the five-city vision outlined in the Nagoya City Master Plan 2023. This agreement aims to achieve mutual sustainable development by promoting activities through cooperation and collaboration, further improving public services, and revitalizing the local community.



Comprehensive collaboration with the city of Nagoya

Revitalizing the local community through regional new power generation

Toho Gas has jointly established five regional new power companies with local governments and other organizations in an effort to supply electricity generated from local power sources such as waste-to-energy to public facilities. In this way, we are promoting carbon neutrality of the region and contributing to local production and local distribution of energy. Moving forward, we will contribute to regional revitalization such as by donating business profits to local governments.

Municipality	Power company	Date established
Matsuzaka	Matsusaka Shin-denryoku Co., Ltd.	November 2017
Okazaki	Okazaki Sakura Electric Power Co., Inc.	March 2020
Suzuka	Suzuka Green Energy Co., Ltd.	September 2022
Kariya and Chiryu	Kariya Chiryu Mirai Electric Power Co., Ltd.	November 2022
Ichinomiya	Ichinomya Mirai Energy Co., Ltd.	January 2023



Donation presentation ceremony (Matsusaka Shin-denryoku)

Strengthening Regional Resilience

We are aiming to improve disaster preparedness throughout the region by strengthening collaboration among industry, government, and academia. Through joint disaster prevention drills with local governments, we are enhancing cooperation in times of disaster.

Promoting technical cooperation with local governments

Toho Gas Network Co., Ltd. signed the Basic Agreement on Technical Cooperation with the Nagoya City Waterworks and Sewerage Bureau to strengthen maintenance of facilities and equipment as well as cooperation in developing human resources. Due to shared operational challenges in maintenance of pipeline facilities and development of human resources, the agreement aims to quickly resolve issues and ensure more efficient business operations through cooperation and collaboration including the sharing of information and joint inspections. We will continue to promote safety measures, such as gas facility maintenance and emergency response, and further enhance cooperation with related organizations to continue to ensure safe and secure use of city gas.



Agreement signing ceremony

Activities to protect children and seniors

To deter children victimization, we are engaged in crime prevention activities for protecting children, together with sales outlets, construction companies, and other locations. We have designated some 200 business locations as children's emergency shelters to protect children who feel unsafe, and we have affixed Child Crime Prevention Patrol Support Vehicle stickers to some 2,200 Group vehicles.

Toho Gas and Toho Gas Customer Service Co., Ltd. signed an agreement with local governments to cooperate in monitoring activities for seniors in building a community where they can live with peace of mind.

Contribution to the Local Community

Education for the Next Generation

Activities supporting school education

Toho Gas Network Co., Ltd. offers special classes at schools on energy and disaster prevention, the environment, and food for elementary and middle school students who will lead the next generation. In FY2023, we offered a total of 91 classes in 45 schools with curriculum such as "Let's Think! Energy and Disaster Prevention." "Global Environment and

Natural Gas," and "Let's Make Roasted Sweet Potatoes." We are also engaged in educational activities in cooperation with local groups and organizations.



Special class at a school

Hosting biodiversity and biotope courses at Nagoya Open University of the Environment

Since the establishment of Nagoya Open University of the Environment—a collaborative network for mutual learning involving businesses, citizens, civic groups, educational

institutions, and local governments—we have been active in establishing environmental courses on biodiversity and biotopes.

In FY2023, classes on living organisms and the environment were held through classroom lectures and observations of dragonfly larva in a biodiversity and biotope course for middle and high school students, inviting Ms. Akiko Hasegawa as a lecturer.



Biotope class at Nagoya Open University of the Environment

Education on the environment and energy at the Gas Energy Exhibition Hall

At the Gas Energy Exhibition Hall operated by Toho Gas, we offer opportunities for elementary and middle school students to study the importance of the environment through fun participatory lessons and interactive exhibits on global warming and energy.

We also hold Eco Classes each month where people can observe living organisms in the biotope

and build things using recycled materials, as well as events where families can have fun learning about SDGs.



Science experiment at the Gas Energy Exhibition Hall

Contributing to the Community through Culture and Sports

Kokoro no Ki ("Tree of the Heart") book reviews

To encourage elementary school students to read and explore a connection with nature, we have held the Kokoro no Ki ("Tree of the Heart") book review contest since FY2001.

In FY2023, we received 4,139 entries and

awarded a total of 97 awards, including the Moving Award and the Most Moving Award.



Kokoro no Ki ("Tree of the Heart") book review award ceremony

Hosting soft tennis and baseball clinics

The Toho Gas soft tennis club holds tennis clinics for elementary, middle, and high school students at schools and other locations. In FY2023, we held a total of 15 clinics joined by some 800 students.

Our hardball baseball team hosts baseball clinics for local children. In FY2023, we held a baseball clinic for some 200 preschool children at preschools in Nagoya.

We will continue to actively contribute to the community through sports promotion activities.





Baseball clinic

Soft tennis clinic

Toho Gas Pennant Youth Baseball Tournament

To promote sports in the community and contribute to the healthy development of local middle school students, we have collaborated with the Japan Boys League in hosting a youth baseball tournament since FY1993. In FY2023, 31 teams participated, showcasing some fierce competition.



Youth baseball tournament award ceremony

Data Section

Promotion of Human Resource Policies – Strengthening Our Human Capital

Recognizing that people are the key to corporate growth, Toho Gas is making every effort to attract and develop a diverse range of human resources. Moving ever closer to the Toho Gas Group Vision of "what we aim to be in the mid-2030s," we strive to enable our diverse workforce to achieve their full potential while maximizing their engagement through insightful

Basic Concept

human resource management that values diversity and inclusion in creating a safe, healthy, and comfortable workplace. Moreover, we are promoting personnel policies that emphasize respect for human rights and aim to eliminate discrimination based on race, gender,

age, nationality, disability, or other attribute.

FY2023 result

Engagement rating BB * Results of engagement survey conducted by Link and Motivation Inc.

Human Resource Management

By hiring, developing, and deploying talent and ensuring fair and appropriate evaluation and treatment, we are promoting the success of talent who support our core businesses as well as talent with management skills and expertise to drive the transformation of business operations.

Employment statistics^{*1}

		Men	Women	
Number of	Non-consolidated	945	194	
(Persons)	Consolidated	4,543	1,499	
Average age (Age)		41.8	40.5	
Average years of service (Years)		15.8	16.3	
Number of new graduate hires ^{*3} (Persons)		63	31	
Number of mid-career hires ^{*4} (Persons)		51		
Number of rehires ^{*5} (Persons)		84		
Voluntary turnover rate ^{*6}		1.72%		

*1 As of March 31, 2024. All figures except "Number of employees" are for non-consolidated employees *2 Full-time employees, not including seconded staff

*3 Those joining the Company in April 2024

*4 Actual figures for FY2023

*5 Includes part-time employees

*6 Actual figures for FY2023 (including seconded staff)

Human resource management promotion system

Under the direction of the executive officer in charge of human resources, the Personnel Department takes the lead in formulating management policies in line with business strategies, and works with other departments and affiliates in implementing various measures. Key issues are deliberated by the Management Committee and reported to the Board of Directors.

Hiring

Our aim is to hire people who can think and act for themselves and have qualities to shape the future. We make our hiring information public on our website and in hiring informational sessions, and all hiring is done with a fair and unbiased approach.

Human resource development programs

To respond flexibly to environmental changes, such as carbon neutrality and digital transformation (DX), and to foster human resources who can promote transformation, we develop the capabilities of our employees based on on-the-job training while effectively combining group training and self-development. We also provide expanded opportunities for challenge and growth through exchanges with other industries, such as joint training with other industries and placement at outside companies.

		Younger employees	Mid-level employees	Management level
	Rank- and role-specific training	Rank-specific training for promoted employees, mid-level leader training, etc.		Training for employees promoted to management level, management training, etc.
Group training	Selective training	Problem-solving training Cross-industry training ⁻¹ DX training, etc.		Strategy workshops ⁻²
	Career development and diversity	Career training for women, seminars prior to maternity and childcare leave		Diversity training
	and anotony	Career training (for employees aged 50 or 55)		
Self-development		Obtaining official certification		
		Online training, outside training		de training
		Study abroad, internal certification testing, etc.		_

On-the-job training Development while on the job

*1 Training to develop leadership and innovation abilities by interacting with people outside the Company from different industries

*2 Training to enhance management abilities by developing company growth strategies and preparing employees for future managerial positions



Cross-industry training

Data Section

Promotion of Human Resource Policies – Strengthening Our Human Capital

Opportunities for transfers and career development

Employees are provided opportunities each year to discuss their career plan with their supervisor, and this is used to confirm transfers and for career development. Our aim is to place the right person in the right place so that employees can feel motivated and satisfied with their work.

We also support voluntary career development of employees such as through an internal recruitment program and study abroad program.

System	Overview
Internal recruitment	We recruit transfer employees mainly in strategic business fields such as new business and electric business. Transfer employees are determined through a selection process that includes interviews.
Studies at graduate schools in Japan and abroad	We offer outside positions so employees can gain advanced, specialized expertise, such as an MBA or business planning.
Language training	We provide online English language training and supplementary learning to develop future international employees.
Field work at overseas locations	To develop employees for international positions, we dispatch them to overseas offices and train them in business English as well as knowledge and skills required to live and work overseas.



Personnel treatment system

We have adopted a multi-track role grading system and performance management system to help foster diverse talent, nurture self-driven individuals, and reflect performance and results. By promoting personal growth through work and providing appropriate evaluation and feedback on performance, results, and the process involved, we are aiming to create a rewarding system that ensures satisfaction and accountability.

Diversity and Inclusion

We create an organizational culture to secure and foster diverse talent and deepen mutual understanding with the aim of revitalizing the organization, strengthening our competitiveness, and fostering innovation. In addition, we actively appoint women and career hires to managerial positions based on their aptitude and abilities.

Strengthening internal systems

To further enhance initiatives to promote diversity and inclusion, we created the D&I and Career Development Support Group in our Personnel Department. With the focus on the new group, we will implement more effective activities than before in promoting women, career hires, seniors, and people with disabilities, as well as providing career training for younger employees.

Creating an organizational culture to deepen mutual understanding

For diverse talent to fully demonstrate their individuality and abilities, it is essential to build an organization that fosters a high level of psychological safety as the foundation. We are implementing new initiatives such as hosting workshop-type training for management level based on psychological safety.

Advancement of women

To promote the advancement of women in the workplace, we are improving systems to strengthen hiring and work styles, and we are working to increase awareness of appointing women to managerial positions.

In terms of hiring, we are actively promoting the Company as a place where women can work comfortably and play an active role, such as by holding events for female students that are attended by female managerial staff. In FY2023, women made up 33.3% of hired general-career employees. In addition to creating systems for childcare leave and reduced working hours that go beyond legal requirements, we permit the use of accrued leave of absence (accumulated expired paid leave) for fertility treatment visits and gynecological checkups.

We also support career development for female employees through training for specific age groups preparing for life events and interactions with role models both inside and outside the Company.



Online seminar on maternity and childcare leave

FY2025 target

Number of female managers **30** or more

FY2023 result Number of female managers 26 (Percentage of female managers: 3.4%) As of March 31, 2023. Includes seconded staff.

Data Section

Promotion of Human Resource Policies – Strengthening Our Human Capital

Obtained "Eruboshi" certification

In July 2021, Toho Gas was recognized by the Japanese government with Eruboshi certification for promoting efforts for female employees in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. The Company also received certification as an "Aichi Josei Kagayaki Company" in May 2023 for creating a workplace where women can shine.





Recognized by the Ministry of Health, Labour and Welfare with Eruboshi certification for excellence in promoting women's participation and advancement in the workplace.

Certified by Aichi Prefecture as an "Aichi Josei Kagayaki Company" for creating a workplace where women can shine.

Advancement of mid-career hires

To secure diverse personnel, we offer mid-career employment from various industries. We create synergy with existing employees to ensure placement and training that makes the most of their experience and expertise. In FY2023, we hired 51 mid-career hires, for a mid-career employment rate of 36.4%.

Opportunities for senior employees

We rehire employees who have reached retirement age but still want to work. In FY2023, more than 70% of employees who have reached retirement age continued to work, demonstrating their technical capabilities, skills, expertise, and experience accumulated during their careers.

To enhance work motivation and performance for employees over 50, and to foster a gradual development of career awareness, we offer career development training for employees at age 50 as well as career seminars and one-on-one consultations for employees at age 55.

Opportunities for people with disabilities

We actively hire people with disabilities to support their independence and social participation. In 2019, we established Toho Flower Co., Ltd. as a special subsidiary with the aim of achieving the legally mandated employment rate for the entire Group and contributing to the local community.

As of June 2024, the Group's employment rate of people with disabilities is 2.53%, which meets the legally mandated rate of 2.5%. These employees are active in a variety of work at numerous workplaces, and we will continue to expand workplace and occupational opportunities.



FY2018 FY2019 FY2020 FY2021 FY2022 FY2023 FY2024 * As of June 1 in each respective year



Toho Flower workplace

TOPICS

Winner at National Abilympics

A Toho Flower employee represented Aichi Prefecture at the 43rd National Abilympics held in fall 2023. The

employee was awarded a silver medal in the Desktop Publishing Event for editing and assigning printed materials. The Abilympics are an annual competition in which people with disabilities compete using their skills developed in their daily work, and an international competition is scheduled for 2027.



Competing at the National Abilympics

Participating in daycare support services for children with disabilities

Daycare support services for children with disabilities provides rehabilitation (assistance in providing individualized programs and support to promote healthy growth and social participation) for children with developmental challenges before entering elementary school. Through this project, the Toho Gas Group will contribute to realizing a sustainable society by supporting

rehabilitation centers in local communities as a life and business partner and by helping these children become independent.



Scheduled to open in Howa Seminar Plaza in Minato Ward, Nagoya

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Data Section

Promotion of Human Resource Policies – Strengthening Our Human Capital

Improving Ease of Work

We are working to create a comfortable workplace to ensure a balance and enrichment of work and life.

Promoting flexible work styles

To promote autonomous and efficient work, we introduced work time systems including flextime, a discretionary work system, and reduced working hours. In addition, to further enhance the flexibility of work styles, we are expanding telecommuting, such as working at home and satellite offices, as well as working online using web conferencing, internal business chats, and electronic approval to ensure smooth operations even when working remotely. Furthermore, starting in April 2023, we introduced a relaxed dress code with the aim of revitalizing communication within the Company and improving autonomy and initiative.

Support for balancing work with childcare, caregiving, and medical care

To support balancing work with childcare, caregiving, and medical care, we have established systems to offer leave, reduced working hours, and rehabilitation time-off as well as a service for consulting a specialist. We are also supporting a work-life balance for employees by introducing special paid leave for volunteer activities as well as a system to award employees for their social contributions to the local community.

Number of employees newly receiving childcare and caregiving leave Unit (operand)

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	FY2019	FY2020	FY2021	FY2022	FY2023
Childcare leave	23 (2)	21 (5)	33 (15)	39 (25)	65 (51)
Reduced working hours for childcare	15 (2)	19 (1)	7	20 (2)	19 (1)
Caregiving leave	2	1	1	0	1 (1)
Reduced working hours for caregiving	0	2	1	1	0

* Totals for Toho Gas and Toho Gas Network. Figures in parentheses indicate the number of male employees.

Percentage of male employees taking childcare leave

	FY2023 result	FY2024 target
Percentage of male employees who took childcare leave or leave for child care purposes	94.9%	100%

* Percentage of male employees with a newborn child who took childcare leave or leave for child care purposes. The percentage of employees who took childcare leave was 51.5%.

* Totals for Toho Gas and Toho Gas Network



Obtained the Platinum Kurumin certification

Toho Gas received Kurumin Mark certification from the Ministry of Health, Labour and Welfare in 2018 for its efforts to support childcare. In 2023, we received Platinum Kurumin certification as a company that supports childcare at a high standard.

Main work-life balancing support systems (As of July 2024)

Improved productivity

We are promoting the creation of a comfortable working environment and improving work efficiency by incorporating digital tools such as robotic process automation (RPA) and chatbots for internal inquiries, as well as reviewing business processes.

To help prevent long working hours, we comply with the Agreement on Off-hours Work and Work on Days Off (Saburoku Kyotei - "36 Agreement") and regularly hold labor-management committee meetings on working hours and work styles to ensure proper management of working hours while reviewing work practices. We have also established a consultation service on working hours for both labor and management to handle individual consultations and inquiries.

Area	System	Description
Childcare	Childcare Leave	Available up to two years in total and up to three separate times, from pregnancy until the child reaches three years old
	Postnatal Paternity Leave	Available up to four weeks and up to two separate times until the infant is eight weeks old
	Reduced Working Hours for Childcare	Reduced work hours from pregnancy until the child enters fourth grade (April 30), or until the child finishes sixth grade if the child has a developmental or physical disability. Reduced work hours up to two hours per day until the child finishes first grade, and up to one hour per day thereafter, in 30-minute increments.
	Prenatal and Postnatal Leave	As a general rule, six weeks before birth and eight weeks after birth
	Spouse Maternity Leave	Available up to two days within two months after spouse gives birth
	Child Nursing Care Leave	Available until the child enters fourth grade (April 30), or until the child finishes sixth grade if the child has a developmental or physical disability
	Caregiving Leave	Available up to one year and up to three separate times per person requiring caregiving
Caregiving	Reduced Working Hours for	Available up to five years and up to three separate times per person requiring caregiving
ourceiving	Caregiving	Reduced work hours up to two hours per day in 30-minute increments
	Caregiving Consultation Service	External caregiving consultation service by telephone or email
	Flextime	Available without a fixed period (except in certain workplaces)
Other	Wellness Leave	Available for up to three consecutive paid leave days
	Volunteer Leave	Available as special paid leave for up to five days a year
	Local Community Contribution Award System	Promotes participation in community activities by awarding employees for their long-term contributions.

Promotion of Human Resource Policies

Occupational Health and Safety Initiatives



Preventing harassment

To prevent harassment, including power harassment and sexual harassment, we educate managers, distribute guidelines, and hold workplace discussions. We have also established a dedicated consultation service for employees dealing with harassment concerns.

Company employment regulations prohibit harassment and specify that disciplinary action be taken for violators.

Labor-management relations focusing on communication

We have adopted a union shop system in which all employees except for managers belong to the Toho Gas Labor Union. We emphasize communication with the labor union and hold regular labor-management council meetings and management meetings to maintain a healthy and favorable labor-management relation and working environment as well as to facilitate mutual understanding.

Compliance with labor-related laws and regulations

The Toho Gas Group strives to comply with labor-related laws and regulations including the Labor Standards Act.

No major violations to the labor-related laws and regulations occurred in FY2023. We will continue to monitor legal revisions and other trends and respond appropriately.

Basic Concept

Toho Gas believes that "ensuring the health and safety of workers is a cornerstone of fulfilling our social responsibility as a corporation" and makes every effort to ensure that our employees are able to enjoy a healthy, safe, and comfortable workplace.

Toho Gas Group Health and Safety Declaration

Toho Gas Group is working to evolve as an energy operator, to create diverse value in life and business and to promote solutions for social issues in order to contribute to a sustainable society.

It is our employees who support work and, therefore, ensuring the safety and health of our employees is the foundation for fulfilling our social responsibility as a corporation. We work to prevent occupational accidents, traffic accidents, and diseases so as to ensure the safety and health of our employees and create a comfortable working environment.

Promoting occupational health and safety

The Central Safety and Health Board chaired by the President meets twice a year to ensure thorough management of company-wide health and safety efforts and encourage a healthy lifestyle. Meetings include deliberation of three-year and annual action plans, including analysis of previous results, and the results are reported to the Board of Directors and the Management Committee.

We have established Safety and Health Boards at individual business locations, as well as Business-location Safety and Health Boards—all under the Central Safety and Health Board—and we are working together to develop safety and health activities as a company. At least half of the members of the Safety and Health Boards are recommended by the labor union, and activities are based on the participation of employees.

In addition, we are working to prevent work accidents throughout the Group such as by organizing the

Health and Safety Council that includes partner companies, providing education and awareness of safety and quality, and conducting on-site patrols.

We are also working on activities headed by the health and safety promoters at each workplace to encourage healthy lifestyles, promote the health of employees through walking events and other activities, and stimulate communication in the workplace.

System for promoting occupational health and safety activities



Data Section

Occupational Health and Safety Initiatives

Status of work-related injuries

The lost-time injury frequency rate for 2023 was below the average for companies with 100 or more workers across all industries. We had two incidents that resulted in lost-time injuries, including one that resulted in time off and one without time off, the same number compared to the previous year. The accident resulting in time off was a fall while descending stairs (broken toe). The accident that did not result in time off was an injury that occurred when a heavy object fell over while the person was trying to move it themselves (ankle laceration). In a typical year, fractures due to falls account for 50% of lost-time injuries.

We strive to prevent similar workplace injuries by reporting the injury when it occurs, sharing information with all employees, and publishing an ad hoc newsletter via email.

Employee lost-time incident rate⁻¹ and lost-time injury severity rate⁻² (non-consolidated)



*1 The frequency of accidents is represented by the number of incidents resulting in work stoppages due to workplace accidents per one million total work hours. Lost-time incident rate = (number of work stoppages) / (total work hours of workers) x 1,000,000

*2 The severity of accidents is represented by the number of workdays lost due to workplace accidents per 1,000 total work hours. Lost-time accident severity rate = (number of lost workdays) / (total work hours of workers) x 1,000

Group-wide Health and Safety Activities

The Toho Gas Group holds activities to share the health and safety policies and results of each company for the year to encourage mutual improvement.

In addition, we are working to prevent work accidents throughout the Group such as by organizing the Health and Safety Council that includes partner companies, providing education and awareness of safety and quality, and conducting on-site patrols.

Hazard identification and risk assessment

In 2022, the Cabinet Order and Ministerial Ordinance on chemical substance regulations under the Industrial Safety and Health Act was revised, requiring companies to manage chemical substances autonomously more than ever. At Toho Gas, we appoint a chemical substance manager at all work locations where chemical substances are handled, and we perform risk assessment of target substances and implement exposure reduction measures.

Hands-on safety training

To facilitate safety training, we established a training facility at the head office to demonstrate past cases of gas work-related injuries and use dummies and virtual reality for a more immersive experience. Trainees can see first hand hazardous conditions that can result in falling accidents, fire, electrostatic discharge, and landslides from a safe distance, which heighten their



Training facility

awareness of dangers and contribute to the prevention of workplace accidents.

Driver certification program

We have an in-house driver's license certification course for employees who drive company vehicles. To obtain a license, employees have to take a beginner course, and to renew the license every five years, they must pass a ride-along driving test and aptitude test to help prevent traffic accidents.

In addition, all vehicles are equipped with a drive recorder so that supervisors can review recorded video and provide guidance.



Driver safety instruction

Health Management of Employees

Comprehensive health exams

In cooperation with the health insurance association, we provide comprehensive health exams that include a regular health checkup as required by the Industrial Safety and Health Act as well as gastrointestinal and dental examinations and a one-on-one visit to encourage a healthy lifestyle and prevent lifestyle-related illness from a young age. Our aim is to have all employees receive a regular health checkup, and each year we meet that goal.

Health checkup aftercare

After health checkups are performed, employees who meet the Company criteria are interviewed by an industrial physician and measures such as work restrictions are implemented as needed.

Occupational Health and Safety Initiatives Initiatives in Health Management

Preventing health hazards due to long working hours

To prevent health problems due to long working hours, employees may be interviewed by an industrial physician as needed if they work more than 45 hours* of overtime a month. In addition, assuming the recovery work in the event of disasters, we place limits on the number of consecutive work days and hours for employees who meet the Company's criteria.

* Separate rules apply when there are work restrictions.

Implementing stress checks

The Personnel Department oversees stress checks on its employees for the entire Toho Gas Group, consistently maintaining a high implementation rate that includes affiliates. After implementing stress checks, we conduct workshop training sessions based on the results of group analysis as part of our activities to improve the workplace.

Health consultations

We provide a physical and mental health consultation service for employees and their supervisors through telephone and email contact points with industrial physicians and public health nurses to handle a wide range of inquiries and help improve health through early intervention.

Return-to-work program

We also have a return-to-work program for employees on leave to support their return to work with the cooperation of industrial physicians, public health nurses, workplace supervisors, and the Personnel Department. Basic Concept

Toho Gas believes that "ensuring the health and safety of workers is a cornerstone of fulfilling our social responsibility as a corporation" and is committed to supporting employee health and creating a safe and comfortable workplace.

Toho Gas Group Health and Safety Declaration

To contribute to a sustainable society, Toho Gas Group is working to evolve as an energy provider, creating diverse value in the life and business sector while promoting solutions to social issues.

Our employees are at the heart of these efforts, and therefore, ensuring their health and safety is the foundation of the Company. We work to prevent occupational accidents, traffic accidents, and diseases to ensure the health and safety of our employees and create a comfortable working environment.

Health management promotion system

The Central Safety and Health Board chaired by the President meets twice a year to promote company-wide health management efforts. The board deliberates on health management promotion plans and measures and reports the results of metric analysis and implementation of measures, and the details are then reported to the Board of Directors and Management Committee. The board actively manages the health of the employees by soliciting their feedback through health and safety promoters assigned to each workplace and reflecting this in health measures, as well as by collaborating with the health insurance association and labor union in jointly implementing measures.



Initiatives in Health Management

Initiative details

The goal of providing health management is to create a company where employees can be healthy and active over the long term and to enhance corporate value through improving employee performance and productivity.

Using absenteeism, presenteeism, and work engagement* as indicators, we will work on the measures outlined below.

* Engagement rating of BB (survey conducted by Link and Motivation Inc., FY2023)



Health Management Strategy Map https://www.tohogas.co.jp/corporate/eco/social/ pdf/2023social_health_map.pdf



Sustainability Factbook 2024 https://www.tohogas.co.jp/lang/en/approach/eco/ eco-10/

Mental health measures

As part of primary prevention, we offer rank-specific mental health education to new employees, mid-level staff, and managers, and conduct annual support activities to improve the workplace environment based on group analysis results from stress checks. Mental health consultations are also performed by public health nurses as needed during health checkups. In FY2023, we held a seminar on good sleep habits in cooperation with the labor union and offered foot massages among other measures.

Preventing lifestyle-related illnesses

Together with the health insurance association, we encourage exercise, such as through walking programs, and provide consultations with public health nurses and recommendations for medical exams to prevent escalation of high blood pressure and diabetes. In addition, to help prevent the onset of lifestyle-related illness from a young age, we educate younger employees on the dangers of drinking, smoking, and obesity.

Measures to prevent second-hand smoke

In 2012, we created an indoor smoking space and consolidated and eliminated other spaces, completing our efforts to separate smoking and non-smoking areas. In April 2024, we began enforcing a new rule to prohibit smoking during working hours. We also support employees who want to stop smoking by offering in-house and online smoking cessation clinics.

Recognized as a Certified Health & Productivity Management Outstanding Organization 2024

Toho Gas has been recognized as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) for five consecutive years by the certification system of the Certified Health & Productivity Management Outstanding Organization, which is operated by the Ministry of Economy, Trade and Industry and Japan Health Council. (Also recognized as a White 500 enterprise for four consecutive years from 2020 to 2023.)



Initiatives in Respect for Human Rights

We believe that protecting the dignity and respecting the rights of all stakeholders in our business activities is essential both to the development of a sustainable society and to our own parallel development as a sustainable business. Acting on this belief, we have established a Toho Gas Group Human Rights Policy in accordance with internationally accepted criteria, such as the United Nations Guiding Principles on Business and Human Rights. In this way, we show our commitment to contributing to the development of a sustainable society by conducting our business activities with respect for the human rights of our employees, customers, business partners, local communities, and all other stakeholders.

Basic Concept

Respect for Human Rights

Human rights policy

The Toho Gas Group is committed to preventing and mitigating adverse impacts on human rights by enhancing employee awareness of human rights while promoting efforts to prevent discrimination and harassment.

Toho Gas Group Human Rights Policy (Excerpt)

Introduction

1. Our View on Respecting Human Rights

We support and respect international norms on human rights, including the United Nations "International Bill of Human Rights" and the International Labor Organization (ILO) "Declaration on Fundamental Principles and Rights at Work". We also strive to practice the United Nations "Guiding Principles on Business and Human Rights".

The officers and employees of the Toho Gas Group will promote initiatives for the respect for human rights based on this policy. We also expect our business partners to support this policy.

- 2. Applicable Laws
- 3. Respecting Human Rights in Business Activities
- 4. Human Rights Due Diligence 5. Remediation
- 6. Dialogue and Consultation 7. Education and Awareness 8. Information Disclosure



Toho Gas Group Human Rights Policy https://www.tohogas.co.jp/lang/en/approach/eco/ social/hrp/

Promotion Framework

To ensure human rights due diligence, including initiatives to identify, prevent, and mitigate adverse human rights impacts of our business activities, the Sustainability Committee, comprising Toho Gas and its major affiliates, discusses, reviews, and monitors the progress of policy formulation and revision, action plans, and their implementation. This status is then reported to the Management Committee, and important matters are brought to the Board of Directors.

Implementation Structure Chart



- Formulate and revise human rights policy
- Plan and implement human rights due diligence
- Implement monitoring activities, including CSR procurement

Chair: Executive officer in charge of CSR Environment Dept. Members: Department heads, directors of major affiliates, etc. Meeting frequency: Twice a year

Toho Gas and Group companies

Toho Gas has signed and endorsed the Ten Principles of the United Nations Global Compact in the four areas of human rights, labor, environment, and anti-corruption, and is a member of the UN Global Compact.



Human rights due diligence

We established a human rights due diligence system, promoting efforts to prevent the adverse impact of our business activities and respect human rights through a continuous improvement cycle.

Details of human rights due diligence



Initiatives in Respect for Human Rights

Assessment of human rights risk and identification of significant human rights risks

Through discussions with internal stakeholders, we identified adverse human rights impacts (human rights risks) that should be considered during business activities and evaluated their importance in terms of severity and likelihood. Based on advice from experts, we prioritized these risks and identified the following significant human rights risks: occupational health and safety, human rights violations in the supply chain, privacy violations, and discrimination.



Identification of significant human rights risks using risk mapping

Prevention and remediation, awareness and education

The Toho Gas Group established a human rights due diligence system to comprehensively assess overall risks, including human rights risks, in the course of business activities and to implement appropriate measures.

From among the identified significant human rights risks, we selected occupational health and safety and human rights violations in the supply chain as priority inspection items for FY2023, and we worked to prevent and mitigate these risks by conducting internal environment inspections and various training, such as human rights awareness through e-learning and compliance, as well as making efforts in the supply chain.

Consultation service

We established the Compliance Consultation Service both internally and outside the Company at a lawyer's office to allow direct consultation of issues including human rights in person, by email, or by phone. This service is available not only to Group employees, including dispatched staff, but also to retired employees and business partners as well.

Human Rights Initiatives in the Supply Chain

Efforts in the supply chain to respect human rights

We established the Toho Gas Group CSR Procurement Guidelines based on the Toho Gas Group CSR Procurement Policy to promote efforts to respect human rights together with our business partners. In FY2023, we conducted questionnaire surveys of our major business partners to check the status of their sustainability initiatives including respect for human rights, such as prohibition of forced labor, child labor, and discrimination.

Toho Gas Group CSR Procurement Guidelines (Excerpt)

1. Quality, Price, Delivery, and Maintenance Management, etc.

(1) Quality and Safety

We request that our business partners provide products and services that meet the quality and performance standards required by our group, which are maintained for a reasonable period of time, and that ensure safety in use and operation. We also request our business partners to strive to maintain and improve their technical level.

(2) Price

Considering specifications, quality, delivery, purchase quantity, and market price trends, we request our business partners to provide products and services at fair and reasonable prices.

(3) Delivery

In delivering products and services, we request our business partners to adhere to the delivery deadline and strive to maintain a stable supply. (4) Maintenance Management & After-sales Service

We request our business partners to maintain a system that can promptly and accurately conduct inspections, maintenance, repairs, and responses to accidents and malfunctions, and that can quickly provide necessary parts and technical assistance.

2. Compliance

We request that our business partners comply with all relevant laws and regulations applicable in the countries and regions where business activities are conducted, and respect societal norms and ethics.

- (Omitted)
- 5. Human Rights & Occupational Safety and Health

We request our business partners to deepen their understanding of the importance of respecting the human rights and occupational safety and health of people affected by business activities, including the prohibition of discrimination, forced labor, and child labor. We request our business partners to respect human rights and strive for proper labor management and the maintenance of a safe and healthy work environment. (Omitted)

7. Approach to Business Partners (Supply Chain Management)

We request that our business partners not only engage in CSR procurement but also encourage their own business partners to do the same.

Corporate Governance

Basic ConceptThe Toho Gas Group, in accordance with our corporate mission, is committed to the
development of a sustainable society by providing a stable supply of environmentally superior
energy and the co-creation of new value even while meeting the demands of a changing
society through challenges such as decarburization, digitalization, value diversification, and
other issues. Thus, we continue to strengthen our corporate governance, thereby ensuring
that we remain a corporate group that has earn ed the trust of our stakeholders.

Corporate governance organization

Corporate governance organizational chart



Overview of Corporate Governance Structure

Number of Directors (Outside Directors)	9 (3)
Number of Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	5 (3)
Number of Board of Directors' meetings (FY2023)	12
Number of Audit & Supervisory Board meetings (FY2023)	12
Term of office of Directors	1 year

Board of Directors and Management Committee

The Board of Directors comprises nine Directors, including three Outside Directors. In accordance with Board of Directors regulations, the Board of Directors meets every month to make decisions on important matters concerning the Group while supervising the execution of duties by the Directors and Executive Officers.

Board of Directors

Position	Name	Attendance (FY2023)	
		Board of Directors' meetings	Attendance rate
Representative Director, Chairman	Yoshiro Tominari	12/12	100%
Representative Director, President	Nobuyuki Masuda	12/12	100%
Representative Director, Executive Vice President	Hidetoshi Kimura	12/12	100%
Director, Senior Managing Executive Officer	Satoshi Yamazaki	12/12	100%
Director, Senior Managing Executive Officer	Hidetaka Takeuchi	12/12	100%
Director, Managing Executive Officer	Shinsuke Kagami	12/12	100%
Outside Director	Tetsuo Hattori	12/12	100%
Outside Director	Michiyo Hamada	12/12	100%
Outside Director	Taku Oshima	12/12	100%

The Company has adopted the Executive Officer System to strengthen the function of executive operations and clarify responsibilities, and has established a Management Committee to deliberate on important management issues such as important policy measures of each department, in accordance with the basic policy set by the Board of Directors, and to regularly manage the progress of these measures. Various committees chaired by the President and executive officers identify cross-departmental issues and manage the progress of various activities, and the results are submitted to the Management Committee.
Corporate Governance

Audit & Supervisory Board

The Audit & Supervisory Board comprises five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members. The Audit & Supervisory Board Members audit the execution of duties by Directors by attending important meetings including the Board of Directors' meeting, reviewing important reports, and conducting business site audits. The members also attend monthly Audit & Supervisory Board meetings to share information.

An Audit & Supervisory Board Office has been established and is staffed by full-time employees to assist Audit & Supervisory Board Members in the execution of their duties.

List of Audit & Supervisory Board Members

Position	Name	Attendance Status (FY2023)				
		Board of Directors' meetings	Attendance rate	Audit & Supervisory Board meetings	Attendance rate	
Full-time Audit & Supervisory Board Member	Mitsuhiro Kodama	12/12	100%	12/12	100%	
Full-time Audit & Supervisory Board Member	Hiroaki Kato	12/12	100%	12/12	100%	
Outside Audit & Supervisory Board Member	Norikazu Koyama	12/12	100%	12/12	100%	
Outside Audit & Supervisory Board Member	Keiko Ikeda	12/12	100%	12/12	100%	
Outside Audit & Supervisory Board Member	Akihiko Nakamura	11/12	92%	10/12	83%	

Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors and Outside Audit & Supervisory Board Members are appointed to strengthen the supervisory and auditing functions of the Company and ensure fair and transparent management. It has been determined that there are no special interests between the Company and the three Outside Directors and three Outside Audit & Supervisory Board Members and no risk of a conflict of interest with general shareholders. As such, the Company has designated them as independent officers as defined by the securities exchange.

We believe that our system ensures objectivity and neutrality in the supervision of management through the supervisory functions of the Outside Directors and the auditing by Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members.

Outside Directors and Outside Audit & Supervisory Board Members (FY2023)

	Name	Reason for selection
Outside Directors	Tetsuo Hattori	He will be able to provide valuable opinions on management in general based upon his deep insight and abundant experience as a corporate manager.
	Michiyo Hamada	She will be able to provide valuable opinions on management in general based upon her deep insight and abundant experience as a corporate legal scholar and member of the Japan Fair Trade Commission.
	Taku Oshima	He will be able to provide valuable opinions on management in general based upon his deep insight and abundant experience as a corporate manager.
Outside Audit & Supervisory Board Members	Norikazu Koyama	He will be able to provide valuable opinions on management in general based upon his deep insight and abundant experience in police administrative agencies.
	Keiko Ikeda	She will be able to provide valuable opinions on management in general with her deep insight based upon her specialized knowledge as a lawyer and abundant experience in legal affairs.
	Akihiko Nakamura	He will be able to provide valuable opinions on management in general based upon his deep insight and abundant experience as a corporate manager.

Evaluation of effectiveness of Board of Directors

Each year, we evaluate the effectiveness of the Board of Directors by surveying and interviewing all Directors and Audit & Supervisory Board Members based on size and composition, meeting management, roles and responsibilities, and information sharing and support systems. Based on the feedback received from the surveys, such as the need to provide opportunities to share information, we are making improvements to strengthen information sharing and on-site inspections to support appropriate discussions and decision-making. Going forward, we will continue to make improvements to further enhance the effectiveness of the Board of Directors.

Director remuneration

Director remuneration is based on the roles and responsibilities of the Directors as well as corporate performance, and it is set at an appropriate amount taking into account compensation levels of employees and compensation levels at other companies.

Director remuneration consists of fixed remuneration (monetary remuneration), performance-linked remuneration (monetary remuneration), and transfer-restricted stock-based remuneration (non-monetary remuneration), and the payment ratio is set at 6:3:1, respectively, as a guideline. Outside Directors receive only fixed remuneration.

Fixed remuneration and performance-linked remuneration are set by resolution of the Board of Directors with advice from the Nomination and Remuneration Committee, which consists of a majority of Outside Directors, within the range of remuneration determined at the Annual Shareholders Meeting. Performance-linked remuneration is set based on targets from the Medium-Term Management Plan and includes financial metrics such as consolidated ROA and non-financial metrics (ESG indicators) such as contributions to CO₂ reduction. The level of achievement for each year is reflected in the remuneration.

Transfer-restricted stock-based remuneration aims to further promote shared value with stockholders and enhance the motivation of Directors to contribute to the Company's medium- to long-term value growth. Transfer-restricted stock-based remuneration is set by resolution of the Board of Directors with advice from the Nomination and Remuneration Committee, within the range of compensation amount and number of shares in a framework that is separate from the aforementioned range of remuneration determined at the Annual Shareholders Meeting.

Corporate Governance

Director remuneration composition

	Fixed remuneration (monetary remuneration)	Performance-linked remuneration (monetary remuneration)	Transfer-restricted stock-based remuneration (non-monetary remuneration)
Internal Director	0	0	0
Outside Director	0	_	

Internal Director remuneration ratio (guideline)

Fixed remuneration 60%	Performance-linked remuneration 30%		
Evaluation Medium-Term Management Plan ta indicators: • Financial metrics such as consoli • Non-financial metrics such as conto CO2 reduction	argets idated ROA ntributions	Tra res stock- remune	ansfer- tricted -based eration 10%

Selection and dismissal of senior management and nomination of Directors and Audit & Supervisory Board Members

The selection of senior management and the nomination of Directors and Audit & Supervisory Board Members are determined by resolution of the Board of Directors upon deliberation by the Nomination and Remuneration Committee, which consists of a majority of Outside Directors, comprehensively taking into account experience, insight, and personality as well as the abilities required for the position, such as the ability to view and understand overall management and the ability to identify essential issues and risks.

The dismissal of senior management is determined by resolution of the Board of Directors' meeting upon deliberation by the Nomination and Remuneration Committee when it is deemed that it is difficult to fulfill the required role.

Skills matrix

The Company's Board of Directors consists of Internal Directors who are familiar with the operations of various departments and multiple Independent Outside Directors who have experience in various business sectors and industries and deep insight, and takes into consideration the agility of decision-making. The Board of Directors ensures that its Directors and Audit & Supervisory Board Members have the skills necessary for sustainable growth of the Company and medium- to long-term enhancement of corporate value.

Amount of remuneration, etc. for Directors and Audit & Supervisory Board Members in the 153rd term (FY2023)

Desition	Total remuneration	Total rem	Number of			
Fosition	(million yen)	Fixed remuneration	Performance-linked remuneration	Transfer-restricted stock-based remuneration	applicable officers	
Directors (excluding Outside Directors)	262	146	90	25	8	
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	48	48	_	_	2	
Outside Directors	29	29	—	—	3	
Outside Audit & Supervisory Board Members	29	29	—	—	4	

*1 We provide performance-linked remuneration to Directors (excluding Outside Directors). Performance-linked remuneration is calculated based on targets from the Medium-Term Management Plan, such as ROA, and the level of achievement in the previous fiscal year is reflected in the remuneration. ROA in the previous fiscal year was 5.0%.
*2 Restricted stock is allocated as non-monetary remuneration to Directors (excluding Outside Directors) with the aim to further promote shared value with stockholders and enhance the

Hestricted stock is allocated as non-monetary remuneration to Directors (excluding Outside Directors) with the aim to further promote shared value with stockholders and emance the motivation of Directors to contribute to the Company's medium- to long-term value growth. The restricted transfer period shall be from the date of issuance of the restricted stock to the date that the Director or Executive Officer retires from any position at the Company.

Skills matrix of Directors and Audit & Supervisory Board Members

	Name	Corporate management / Business strategy	Finance / Accounting	Legal /Risk management	Human resources / Labor / Human resource development	ESG	Sales / Marketing	Technology / Technological development / IT	Security / Disaster prevention / Stable supply	International Perspective
	Yoshiro Tominari					•		•	•	•
	Nobuyuki Masuda					•	•	•	•	
	Hidetoshi Kimura		٠			•				•
S	Satoshi Yamazaki	•	٠		٠		•			•
'ecto	Shinsuke Kagami						٠	•	•	•
ā	Katsuhiko Kozawa	•	٠			•	•	•		
	Michiyo Hamada			•		•				•
	Taku Oshima	•						•		•
	Isao Nakanishi					•		•		•
~	Hidetaka Takeuchi		٠		٠		•			
Supervisor Members	Hiroaki Kato		٠			•	•			
	Norikazu Koyama			•	٠	•				
udit & Boarc	Keiko Ikeda					•				
A	Akihiko Nakamura		٠		٠					

* Main expertise and experience of Directors and Audit & Supervisory Board Members

Data Section

Communication with Shareholders and Investors

	We strive to disclose corporate and financial information promptly and appropriately, and	Communication with
Decia Concert	to actively engage in communication with shareholders and investors, in order to deepen	As a community-based
Basic Concept	their understanding of the business and management policy of Toho Gas Group, and to	long-term support not c
	win their long-term support.	from its shareholders.

Shareholder Returns

Shareholder Return Policy

The basic policy for dividend payouts is to implement a Return to Shareholders of 40-50% of net income in dividends in the medium-to-long term in line with the flexible purchase and retirement of treasury stock.

Based on the above policy, we have returned 40% to 50% of consolidated net income to shareholders over the medium to long term. Furthermore, we disclosed action to implement management that is conscious of cost of capital and stock price in April 2024. In addition to our conventional shareholder return policy, we will implement additional shareholder returns for the time being, aiming to optimize our equity capital.

The dividend for the fiscal year ended March 31, 2024 increased 10 yen from the previous year, bringing the full-year dividend to 70 yen. The full-year dividend for the fiscal year ending March 31, 2025 is expected to increase to 80 yen per share. We also announced a share buyback of up to 10 billion yen in March 2024.

Shareholder Benefit Program

As a shareholder benefit, Toho Gas shareholders receive shareholder incentive points based on the number of shares and length of time the shares have been held. Shareholders can exchange these points for catalog items such as local gourmet food and delicacies and Toho Gas merchandise, donate the points to social contribution programs, or use them to pay gas and electricity bills from Toho Gas. To encourage more shareholders to retain their shares over the long term, we are expanding our shareholder benefits program, starting with those eligible as of March 31, 2024.



More information about our shareholder benefit program https://www.tohogas.co.jp/corporate/ir/ personal-investor/personal-investor-06/

Dialogue with Shareholders and Investors

Annual Shareholders Meeting

The Annual Shareholders Meeting is an important opportunity to communicate with our shareholders, and we strive to respond to questions frankly and clearly to ensure a better understanding of the Company.

The location of the Annual Shareholders Meeting for the fiscal year ended March 31, 2024 was changed to Nagoya Civic Assembly Hall, where we answered questions from shareholders in attendance as well as those submitted in advance. We later disclosed information from the meeting on our website, including informational videos and an overview of answers to questions submitted in advance.

FY2023 Annual Shareholders Meeting





Annual Shareholders Meeting

Individual Investors

energy provider. Toho Gas seeks only from its customers but also

In FY2023, we conducted on-site facility tours of Chita-Midorihama Works for individual shareholders. We also provided direct in-person communication with shareholders as well as online briefings and streaming

video. In the future, we will continue to provide opportunities to communicate with our shareholders to ensure a better understanding of the Company.



On-site tour of Chita-Midorihama Works (March 2024)

Communication with Institutional Investors

Toho Gas holds guarterly financial results briefings for institutional investors and securities analysts. We also hold individual meetings with the aim of sustainable growth of the Company and medium- to long-term enhancement of corporate value. In addition, to ensure a better understanding of the Company, we provide regular investor relations activities for financial institutions that are our bond investors.

During FY2023, we held four financial results briefings and a total of about 100 individual meetings. We share feedback and requests from these investor relations activities within the Company such as through the Management Committee to help enhance corporate value.

• FY2023 results

Financial results briefings 4 (quarterly)

Individual meetings About 100 in total



Investor relations information

https://www.tohogas.co.jp/lang-n/en/corporate/

Basic Concept

(Establishment of

Internal Control

System)

Introduction

Data Section

Internal Controls

Toho Gas Group Board of Directors resolved to establish a system (internal control system) to ensure the appropriateness and effectiveness of business operations and based on this resolution, we strive to strengthen risk management and ensure thorough compliance.

We review the internal control system as necessary based on changes in the business environment and other factors and confirm the status of its implementation at the Board of Directors Meeting each fiscal year. Details of the resolution and an outline of the status of its implementation over the past fiscal year are disclosed in our "Business Report."

Resolution of the Board of Directors on the Internal Control System

- Board of Directors system for execution of duties (Conformity of Board of Directors execution of duties with laws and ordinances, and its effectiveness)
- 3 Subsidiaries business management system5 Audit system

- Risk management system
- Compliance system

Operation of the Internal Control System

Risk management

Risk management system

In accordance with our risk management rules, we work to systematically reduce risks by determining responsible departments for each risk, and the risk management status of the Group is deliberated each year by the Management Committee and reported to the Board of Directors. Climate change, human rights, and other ESG-related risks are included in risk management.

Committees promote risk mitigation measures for cross-departmental issues, and the progress and issues are then reported to the Management Committee. In addition, we are strengthening and improving measures for critical management issues, such as reviewing them from the perspective of risk management.

Risk management system



Risk management flow



Major Risks That Could Affect the Group's Business

- 1. Fluctuations in demand
- 2. Fluctuations in feedstock prices
- 3. Fluctuations in electricity procurement prices
- 4. Fluctuations in interest rates, etc.
- 5. Changes in energy policies, laws and regulations, systems, etc.
- 6. Natural disasters
- 7. Disruptions in feedstock procurement
- 8. Disruptions in production and supply
- 9. Disruptions in information systems
- 10. Problems with gas appliances and facilities
- 11. Problems with the quality of products, services, etc.
- 12. Delays in the delivery of goods, materials, equipment, etc.
- 13. Changes in the investment environment
- 14. Noncompliance issues
- 15. Data leaks
- 16. Outbreaks of infectious disease

Internal Controls

Disaster preparedness and business continuity

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

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

Occurrence of an emergency such as a large-scale earthquake

Operations to maintain supply	Feedstock procurement, gas production, supply adjustment, etc.
Emergency response operations (initial response)	Prevention of secondary disasters, emergency security operations (response to leaks, repair), etc.
Emergency response operations (recovery operations)	Pipeline repair, gas appliance safety check, opening of gas supply
Minimum maintenance operations	Financing, settlement of accounts, system maintenance management, meter reading, transportation trunk line patrols, etc.

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.

Information Management and Information Security Measures

Reports (approval documents) and minutes from important meetings are stored and managed with retention periods set according to their level of importance, in accordance with document management regulations. In addition, we regularly conduct self-audits of document management and monitor the status of information storage and management.

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 FY2023, we established a cyber security strengthening month focusing on drills and raising awareness.

Internal Auditing

Compliance with the Financial Instruments and Exchange Law

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 FY2023, and an internal control report was submitted to the Financial Services Agency.

Internal auditing

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.

Data Section

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.

Directors and Audit & Supervisory Board Members (As of June 30, 2024)

Directors

Yoshiro Tominari



Representative Director, Chairman

Jun. 2006 General Manager of Corporate Planning

Jun. 2009 Executive Officer, General Manager of

Corporate Planning Dept.

Jun. 2010 Executive Officer, Executive General

Jun. 2012 Director, Managing Executive Officer

Jun. 2015 Director, Senior Managing Executive

Jun. 2016 Representative Director, President

Jun. 2021 Representative Director. Chairman

(current position)

Manager of Research & Development

Apr. 1981 Joined the Company

Dept.

Division

Officer

Jun. 2011 Managing Executive Officer

Jun. 2003 General Manager of Production

Planning Dept.



Nobuyuki Masuda Representative Director, President

- Apr. 1986 Joined the Company
- Jun. 2008 General Manager of Engineering Dept. Oct. 2009 General Manager of Production
- Planning Dept.
- Jun. 2014 General Manager of Distribution Planning & Management Dept.
- Jun. 2015 Executive Officer, General Manager of Distribution Planning & Management Dept.
- Jun. 2017 Executive Officer. Executive General Manager of Distribution Division
- Jun. 2018 Managing Executive Officer Jun. 2019 Director, Managing Executive Officer
- Jun. 2020 Director, Senior Managing Executive
 - Officer
- Jun. 2021 Representative Director. President (current position)

Hidetoshi Kimura



Representative Director, **Executive Vice President**

- Apr. 1982 Joined the Ministry of International Trade and Industry
- Jul. 2011 Director-General of Chubu Bureau of Economy, Trade and Industry
- Jun. 2014 Senior Executive Director of Japan Finance Corporation
- Jan. 2019 Joined the Company
- Apr. 2019 Executive Researcher
- Jun. 2019 Managing Executive Officer
- Jun. 2021 Director, Senior Managing Executive Officer
- Apr. 2022 Representative Director, Executive Vice President (current position)
 - Assistant to President, In charge of Auditing Dept., Internal Control Dept. Purchasing Dept., and Power Business Promotion Dept.

Satoshi Yamazaki

Director. Senior Managing Executive Officer

- Apr. 1986 Joined the Company Jun. 2010 General Manager of West District Headquarters
- Jun. 2012 General Manager of Finance Dept. Jun. 2016 General Manager of Corporate Planning Dept. (Kikaku-bu)
- Apr. 2017 General Manager of Corporate Planning Dept. (Keieikikaku-bu)
- Jun. 2017 Executive Officer, General Manager of Corporate Planning Dept. (Keieikikaku-bu)
- Apr. 2019 Executive Officer. General Manager of Corporate Planning Dept. (Kikaku-bu) Jun. 2020 Managing Executive Officer Jun. 2021 Director, Managing Executive Officer Apr. 2022 Director, Senior Managing Executive Officer (current position) In charge of Finance Dept., Personnel Dept., and General Affairs Dept.



Director. Senior Managing Executive Officer

- Apr. 1988 Joined the Company Oct. 2009 General Manager of Engineering Dept.
- Jun. 2014 General Manager of Production Planning Dept.
- Jun. 2017 General Manager of Gas Resources Dept.
- Jun. 2018 Executive Officer, General Manager of Gas Resources Dept.
- Jun. 2020 Executive Officer, Executive General Manager of Product Division
- Jun. 2021 Managing Executive Officer
- Jun. 2023 Director, Managing Executive Officer Apr. 2024 Director, Senior Managing Executive
 - Officer (current position) Executive General Manager of Sales Division. In charge of Site Development Dept.

Katsuhiko Kozawa

Director. Managing Executive Officer



- Apr. 1989 Joined the Company Jun. 2016 General Manager of Finance Dept. Jun. 2020 Executive Officer, General Manager of Finance Dept.
- Apr. 2023 Managing Executive Officer
- Jun. 2024 Director, Managing Executive Officer (current position)
 - In charge of Corporate Planning Dept., Carbon Neutral Development Dept., Business Development Dept., and CSR Environment Dept.

Directors and Audit & Supervisory Board Members (As of June 30, 2024)

Michiyo Hamada

Outside Director



- Apr. 1985 Professor, Nagova University School of Law Apr. 1999 Professor, Graduate School of Law at Nagoya University
- Apr. 2008 Dean, Nagoya University Law School Apr. 2009 Professor Emeritus, Nagoya University
- (current position), Member of the Japan Fair Trade Commission (retired in March 2014) Jun. 2014 Outside Audit & Supervisory Board Member
- of Toho Gas Jun. 2020 Outside Director of Toho Gas (current position)

Audit & Supervisory Board Members

Taku Oshima



Outside Director

Apr. 1980 Joined NGK Insulators, Ltd. Jun. 2007 Vice President of NGK Insulators. Ltd. Jun. 2011 Senior Vice President of NGK Insulators, Ltd. Jun. 2014 President of NGK Insulators, Ltd. Apr. 2021 Chairman of NGK Insulators, Ltd. (current position) Jun. 2021 Outside Director of Toho Gas (current position)

Isao Nakanishi

Outside Director



- Apr. 1992 Joined Toyota Motor Corporation Jan. 2016 General Manager of Planning Dept. of New Business Planning Div. of Toyota Motor Corporation, Representative of F-Grid Miyagi Ohira Limited Liability Partnership (retired in April 2023) Jan. 2018 General Manager of Energy Business Dept. of New
- Business Planning Div. of Toyota Motor Corporation Nov. 2019 Project General Manager belonging to New Business Planning Div. of Toyota Motor Corporation
- Jun. 2020 Representative of Toyota Green Energy Limited Liability Partnership (retired in March 2022)
- Jan. 2021 General Manager of New Business Planning Div. of Toyota Motor Corporation
- Apr. 2022 Chief Officer of Business Development Group and General Manager of New Business Planning Div. of Toyota Motor Corporation (current position) Jun. 2024 Outside Director of Toho Gas (current position)

Outside Audit &

Supervisory Board Member

Hidetaka Takeuchi Audit & Supervisory Board Member



- Apr. 1984 Joined the Company Jun. 2012 General Manager of East District Headquarters
- Jun. 2014 General Manager of Home Systems & Appliance Sales Dept.
- Jun. 2016 General Manager of General Affairs Dept. May 2018 General Manager of General Affairs Dept. Director and President of Toho Gas Living Co., I td
- Jun. 2018 Executive Officer. Director and President of Toho Gas Living Co., Ltd.
- Jun. 2021 Managing Executive Officer of the Company Apr. 2023 Senior Managing Executive Officer Jun. 2023 Director, Senior Managing Executive Officer
- Apr. 2024 Director Jun. 2024 Full-time Audit & Supervisory Board Member
- (current position)

Keiko Ikeda



- Outside Audit & Supervisory Board Member
- Apr. 1983 Registered Attorney Aug. 1986 Established Ikeda Law Office (current
- Ikeda Law & Patent Office) Jul. 2000 Registered Patent Attorney
- Apr. 2017 Chairperson of Aichi Bar Association (retired in March 2018)
- Apr. 2018 Chairperson of Chubu Federation of Bar Associations (retired in March 2019) Jun. 2020 Outside Audit & Supervisory Board
- Member of Toho Gas (current position)

Hiroaki Kato



Audit & Supervisory Board Member

- Apr. 1984 Joined the Company
- Nov. 2011 General Manager of General Affairs Dept. Jun. 2013 General Manager of East Nagoya
- District Headquarters
- Jun. 2015 General Manager of Auditing Dept.
- Jun. 2019 Full-time Audit & Supervisory Board Member (current position)

Norikazu Koyama



- Aug. 2003 Director of Salary and Welfare Division, Commissioner General's Secretariat, National Police Agency
- Aug. 2005 Director, Community Safety Planning Division, Community Safety Bureau, National Police Agency
- Feb. 2007 Secretariat, Japan Police Personnel Mutual Aid Association Headquarters
- Aug. 2008 Chief, Aichi Prefectural Police Headquarters
- Jan. 2010 Vice President of National Police Academy and Councilor of Commissioner General's Secretariat of National Police Agency (in charge of Criminal Affairs Bureau)
- Jan. 2012 Director General of Chubu Regional Police Bureau
- Apr. 2013 Director General of Kanto Regional Police Bureau
- Sep. 2014 Councilor of Japan Police Personnel Cooperative
- Dec. 2014 Senior Director of Japan Police Personnel Cooperative
- Jun. 2017 Senior Director of Council for Public Policy (part-time; retired in June 2021), Outside Audit & Supervisory Board Member of Toho Gas (current position)

Akihiko Nakamura





Group, Inc. (retired in May 2018)

- May 2016 Senior Managing Executive Officer of The Bank of Tokvo-Mitsubishi UFJ, Ltd.
- May 2018 Deputy President of MUFG Bank, Ltd.
- MUFG Bank, Ltd.

(current position)

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- Outside Audit & Supervisory Board Member
- Jun. 2009 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ,
 - Ltd., Executive Officer of Mitsubishi UFJ Financial Group, Inc. (retired in May 2010)
- Tokyo-Mitsubishi UFJ, Ltd.
- May 2015 Managing Executive Officer of Mitsubishi UFJ Financial

- Apr. 2018 Senior Managing Executive Officer of MUFG Bank, Ltd.
- Jun. 2018 Member of the Board of Directors, Deputy President of

Jun. 2022 Senior Advisor of MUFG Bank, Ltd. (current position) Jun. 2023 Outside Audit & Supervisory Board Member of Toho Gas

- May 2012 Managing Executive Officer of The Bank of

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.

Data Section

Messages from the Outside Directors

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_2 emissions, such as by implementing CO_2 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.

Data Section

Messages from the Outside Directors

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 CO₂ 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.

Evaluation and Commendation by External Organizations

Major ESG Assessments from External Organizations

FTSE4Good Index Series	Has been continuously selected as a constituent since 2022
FTSE Blossom Japan Index	Has been continuously selected as a constituent since 2022
FTSE Blossom Japan Sector Relative Index	Has been continuously selected as a constituent since 2022
MSCI Japan ESG Select Leaders Index*	Newly selected as constituent in 2024
MSCI Japan Empowering Women Index (WIN)*	Has been continuously selected as a constituent since 2017
Morningstar Japan ex-REIT Gender Diversity Tilt Index	Has been continuously selected as a constituent since 2023
S&P/JPX Carbon Efficient Index	Has been continuously selected as a constituent since 2018
SOMPO Sustainability Index	Has been continuously selected as a constituent since 2012
CDP Climate Change 2023	Toho Gas received an A rank evaluation (8 ranks from A to D-).

* MSCI ESG Indexes: THE INCLUSION OF TOHO GAS Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE
MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF TOHO GAS Co., Ltd. BY MSCI
OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE
TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Certified Health & Productivity Management Outstanding Organization 2024	Certified in 2020
Ministry of Health, Labour and Welfare "Eruboshi" Certification for superior companies that promote women's advancement	Certified since 2021
Aichi Prefecture's "Aichi josei kagayaki company"	Certified since 2023
Recognized by the Ministry of Health, Labour and Welfare with Kurumin Mark certification as a company that supports childcare	Certified since 2018
Recognized by the Ministry of Health, Labour and Welfare with Platinum Kurumin Mark certification as a company that supports childcare	Certified since 2023
A Family-Friendly Company certified by Aichi Prefecture	Certified since 2004
Childcare Support Company in Nagoya City	Certified since 2008
Aichi Prefecture's "Aichi Biodiversity Certified Company"	Certified since 2022
Energy Conservation Communication Ranking System city gas retailers FY2023	Received a five-star rating
Energy Conservation Communication Ranking System electric power retailers FY2023	Received a five-star rating

(Toho Gas Co., Ltd. unless otherwise noted)





2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX



2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)







Major External Awards

Award name	Recipient	Main sponsor	Awarded for	Joint award winner
FY2023 Technology Award	Toho Gas Co., Ltd.	Japan Gas Association	Commercialization of city gas/hydrogen biofuel burner (Model JSA-20S)	Nippon Furnace Co., Ltd.
FY2023 Bureau of Greenery and Civil Engineering Excellent Construction Contractor Award	Toho Gas Techno Co., Ltd.	Nagoya Bureau of Greenery and Civil Engineering	Pavement repair work on Iwatsuka Makino Line (Nakamura-1), pavement repair work (Nakamura-1), and traffic safety facility work (Nakamura-1) (five-day workweek)	_

Main Consolidated Financial Data (10 Years)

	FY2014	FY2015	FY2016	FY2017	FY2018
Net sales (million yen)	580,984	479,870	390,433	428,868	461,199
Operating income (million yen)	28,760	60,725	23,188	23,984	17,831
Ordinary income (million yen)	29,516	61,132	24,490	25,208	21,485
Net income attributable to owners of the parent (million yen)	19,053	43,008	17,749	18,022	14,820
Net cash provided by operating activities (million yen)	62,320	114,923	37,264	57,047	32,615
Free cash flow (million yen)	24,480	72,727	(20,703)	13,702	(7,396)
Total assets (million yen)	543,286	555,217	532,931	541,087	550,599
Equity capital (million yen)	282,827	285,186	306,801	326,279	327,339
ROA (%)	3.6	7.8	3.3	3.4	2.7
ROE (%)	7.2	15.1	6.0	5.7	4.5
Total asset turnover (times)	1.07	0.86	0.73	0.79	0.84
Equity ratio (%)	52.1	51.4	57.6	60.3	59.5
Interest-bearing debt (million yen)	149,703	127,163	114,954	112,199	127,298
D/E ratio	0.53	0.45	0.37	0.34	0.39
EPS (yen)	174.72	397.06	164.87	169.28	139.37
BPS (yen)	2,593.74	2,634.72	2,865.00	3,068.29	3,078.37
PER (times)	20.06	10.06	23.87	19.32	35.66
PBR (times)	1.35	1.52	1.37	1.07	1.61
Number of issued shares at the end of the term (excluding treasury stock) (thousand shares)	109,042	108,241	107,086	106,339	106,335
Dividend per share (yen)	47.5	50.0	50.0	52.5	55.0
Investments and loans (million yen)	36,570	40,101	49,298	39,629	34,610
Depreciation and amortization (million yen)	33,950	32,987	35,482	35,973	36,075

* Figures for number of issued shares at the end of the term and dividend per share are on an individual basis.

* Toho Gas consolidated its shares at the ratio of five shares to one share of common stock effective October 1, 2017. Accordingly, the dividend per share and the number of issues shares reflect the impact of the said consolidation of shares.

* The financial figures in this section are based on the securities report but have not been audited by an auditing firm or other auditing bodies.

* Investments and loans only includes capital investment amounts up to FY2020.

Main Consolidated Financial Data (10 Years)

FY2019	FY2020	FY2021	FY2022	FY2023	
485,623	434,776	515,313	706,073	632,985	Net sales (million yen)
21,351	13,515	17,858	43,743	33,597	Operating income (million yen)
24,763	16,622	21,912	48,171	40,797	Ordinary income (million yen)
16,266	8,592	15,459	33,721	27,304	Net income attributable to owners of the parent (million yen)
68,376	64,397	35,436	56,414	47,376	Net cash provided by operating activities (million yen)
25,426	23,424	(19,439)	3,979	5,298	Free cash flow (million yen)
564,756	601,835	655,593	693,519	734,524	Total assets (million yen)
322,768	359,492	382,751	402,502	456,852	Equity capital (million yen)
2.9	1.5	2.5	5.0	3.8	ROA (%)
5.0	2.5	4.2	8.6	6.4	ROE (%)
0.86	0.72	0.79	1.02	0.86	Total asset turnover (times)
57.2	59.7	58.4	58.0	62.2	Equity ratio (%)
128,495	129,922	140,830	146,683	140,522	Interest-bearing debt (million yen)
0.40	0.36	0.37	0.36	0.31	D/E ratio
153.62	81.37	146.66	320.80	259.71	EPS (yen)
3,056.42	3,404.33	3,641.75	3,828.97	4,345.14	BPS (yen)
31.90	83.94	18.58	7.68	13.34	PER (times)
1.60	2.01	0.75	0.64	0.80	PBR (times)
105,603	105,598	105,100	105,120	105,140	Number of issued shares at the end of the term (excluding treasury stock) (thousand shares)
55.0	55.0	57.5	60.0	70.0	Dividend per share (yen)
33,566	34,305	60,381	60,196	49,862	Investments and loans (million yen)
37,557	37,463	36,510	36,268	38,467	Depreciation and amortization (million yen)

ROA = Net income attributable to owners of the parent / Total assets (average during the term) × 100 ROE = Net income attributable to owners of the parent / Equity capital (average during the term) × 100

Total asset turnover = Net sales / Total assets (end of the term)

Equity ratio = Equity capital / Total assets (end of the term) × 100

D/E ratio = Interest-bearing debt outstanding / Equity capital (end of the term)

EPS = Net income attributable to owners of the parent related to common shares / Average number of common shares during the term

BPS = Total net assets at the end of the term related to common shares / Number of issued common shares at the end of the term

PER = Stock price at the end of the term / Net income per share

PBR = Stock price at the end of the term / Net assets per share

Consolidated Balance Sheet

		(million yen)
	End of FY2022 (March 31, 2023)	End of FY2023 (March 31, 2024)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	59,734	57,215
Distribution facilities	135,897	146,890
Service and maintenance facilities	31,106	30,653
Other facilities	47,797	43,507
Construction in progress	29,864	19,517
Total property, plant and equipment	304,400	297,784
Intangible assets		
Other	12,937	14,681
Total intangible assets	12,937	14,681
Investments and other assets		
Investment securities	129,425	166,985
Long-term loans receivable	12,350	12,821
Net defined benefit asset	26,346	41,263
Deferred tax assets	2,567	2,431
Other	16,488	18,066
Allowance for doubtful accounts	(75)	(77)
Total investments and other assets	187,101	241,491
Total non-current assets	504,439	553,957
Current assets		
Cash and deposits	34,013	29,774
Notes and accounts receivable - trade, and contract assets	87,750	84,409
Lease receivables and investment assets	15,092	16,688
Inventories	37,549	30,609
Other	15,530	19,868
Allowance for doubtful accounts	(857)	(783)
Total current assets	189,079	180,567
Total assets	693,519	734,524

		(million yen)
	End of FY2022 (March 31, 2023)	End of FY2023 (March 31, 2024)
Liabilities		
Non-current liabilities		
Bonds payable	67,500	67,500
Long-term loans payable	47,962	60,283
Deferred tax liabilities	2,305	13,660
Provision for gas holder repairs	1,000	898
Provision for safety measures	21,628	21,665
Provision for gas appliance warranties	1,964	1,789
Net defined benefit liability	5,942	6,183
Other	10,563	12,644
Total non-current liabilities	158,867	184,626
Current liabilities		
Current portion of non-current liabilities	24,306	5,499
Notes and accounts payable-trade	40,400	35,588
Short-term loans payable	2,680	2,088
Income taxes payable	15,016	4,064
Other	49,745	45,805
Total current liabilities	132,148	93,045
Total liabilities	291,016	277,671
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	295,428	316,407
Treasury stock	(435)	(367)
Total shareholders' equity	336,453	357,499
Other comprehensive income		
Valuation difference on available-for-sale securities	44,071	65,966
Deferred gains or losses on hedges	3,184	2,889
Foreign currency translation adjustment	7,582	10,960
Remeasurements of defined benefit plans	11,210	19,535
Total other comprehensive income	66,049	99,352
Total net assets	402,502	456,852
Total liabilities and net assets	693,519	734,524

(million von)

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income (million yen) FY2022 FY2023 (April 1, 2022 to (April 1, 2023 to March 31, 2023) March 31, 2024) Net sales 632,985 706.073 Cost of sales 525,882 461,449 Gross profit 180,191 171,535 Selling, general and administrative expenses 136.447 137.938 Operating income 43,743 33,597 Non-operating income Interest income 499 971 Dividends income 2,331 2,640 Rent income 683 699 Gain on valuation of loans 904 _ Share of profit of investments accounted for using equity method 818 Miscellaneous income 2.350 3.419 Total non-operating income 6,683 8,636 Non-operating expenses 955 Interest expenses 842 Loan modification loss 641 _ Miscellaneous expenses 658 592 Total non-operating expenses 2.255 1,435 48.171 Ordinary income 40.797 Extraordinary income Gain on sales of noncurrent assets 2.328 _ Gain on sales of investment securities 1.598 _ Total extraordinary income 3,927 _ Extraordinary loss Impairment loss 767 4,573 Total extraordinary loss 767 4,573 Income before income taxes 47.403 40.151 Income taxes-current 14,864 9,898 Income taxes for prior periods 2.018 _ Income taxes-deferred 930 (1, 182)Total income taxes 13,682 12,847 Net income 33,721 27,304 Net income attributable to owners of the parent 33,721 27,304

Consolidated Statements of Comprehensive Income

		(ITIMOTT yer)
	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Net income	33,721	27,304
Other comprehensive income		
Valuation difference on available-for-sale securities	340	21,895
Deferred gains or losses on hedges	(12,458)	(285)
Foreign currency translation adjustment	3,810	2,004
Remeasurements of defined benefit plans, net of tax	301	8,145
Share of other comprehensive income of entities accounted for using equity method	640	1,543
Total other comprehensive income	(7,366)	33,302
Comprehensive income	26,354	60,606
Comprehensive income attributable to		
Owners of the parent	26,354	60,606
Non-controlling interests	—	_

Consolidated Statements of Cash Flow

		(million yen)
	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes	47,403	40,151
Depreciation and amortization	36,268	38,467
Impairment loss	767	4,573
Gain on sales of noncurrent assets	_	(2,328)
Gain on sales of investment securities	_	(1,598)
Increase (decrease) in provision	4,063	(310)
Interest and dividend income	(2,831)	(3,612)
Interest expenses	955	842
Decrease (increase) in notes and accounts receivable-trade	(14,637)	3,340
Decrease (increase) in inventories	(15,584)	6,939
Increase (decrease) in notes and accounts payable-trade	3,542	(4,827)
Other	1,002	(10,625)
Subtotal	60,951	71,012
Interest and dividend income received	2,829	4,032
Interest expenses paid	(894)	(858)
Income taxes paid	(6,471)	(26,809)
Net cash provided by (used in) operating activities	56,414	47,376
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(0)	(4,154)
Purchases of non-current assets	(39,729)	(37,535)
Proceeds from sales of non-current assets	228	3,186
Purchase of investment securities	(13,717)	(5,677)
Proceeds from sales of investment securities	42	2,034
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(655)	_
Collection of loans receivable	_	1,393
Other	1,396	(1,325)
Net cash provided by (used in) investment activities	(52,435)	(42,078)

		(million yen)
	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(435)	(592)
Proceeds from long-term loans payable	12,511	4,284
Repayment of long-term loans payable	(5,605)	(1,614)
Proceeds from issuance of bonds	27,378	_
Redemption of bonds	(30,000)	(10,000)
Purchase of treasury stock	(8)	(9)
Cash dividends paid	(6,305)	(6,305)
Other	(476)	(5)
Net cash provided by (used in) financing activities	(2,939)	(14,243)
Effect of exchange rate change on cash and cash equivalents	674	552
Net increase (decrease) in cash and cash equivalents	1,714	(8,393)
Cash and cash equivalents at beginning of term	32,110	33,825
Cash and cash equivalents at end of term	33.825	25.431

Stock Information

Stock Information

Securities code	9533
Fiscal year	April 1 to March 31 of the following year
Annual Shareholders Meeting	June every year
Stock exchange listing	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Administrator of shareholders' register and special account management information	Mitsubishi UFJ Trust and Banking Corporation
Contact	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation; 1-1 Nikko-cho, Fuchu-shi, Tokyo, Japan
Number of shares per unit	100 shares
Number of shares authorized to be issued	160,000,000 shares
Number of shares issued	105,256,285 shares (including 115,320 treasury shares)
Number of shareholders	27,978

Major Shareholders

Name of shareholder	Number of shares held (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust a/c)	12,456	11.84
Nippon Life Insurance Company	5,506	5.23
Sumitomo Mitsui Banking Corporation	3,304	3.14
Custody Bank of Japan, Ltd. (Trust a/c)	3,206	3.05
MUFG Bank, Ltd.	2,872	2.73
Toho Gas Group Employees Shareholding Association	2,253	2.14
Aya Nomura	2,167	2.06
The Dai-ichi Life Insurance Company, Ltd.	1,885	1.79
Meiji Yasuda Life Insurance Company	1,841	1.75
Toho Gas Kyoei Shareholding Association	1,573	1.49

* The shareholding ratio is calculated after deducting the treasury stock (115,320 shares).



* Toho Gas consolidated its shares at the ratio of five shares to one share of common stock effective October 1, 2017. Accordingly, the stock price and trading volume figures reflect the impact of the said consolidation of shares.

Company Overview (As of March 31, 2024)

Toho Gas has continued to grow and evolve as an energy provider alongside the Tokai region, a major manufacturing industry hub encompassing Aichi, Gifu, and Mie Prefectures.

Name	Toho Gas Co., Ltd.	
Date established	hed June 26, 1922	
Address of head office	19-18 Sakurada-cho, Atsuta-ku, Nagoya, Aichi 456-8511, Japan	
Main businesses	 Gas business Heat supply business Electricity supply business Obtain, purchase and sale of energy resources such as natural gas 	
Capital	33,072 million yen	
Number of employees	1,139 (6,042 consolidated)	

Major Offices and Plants

Name	Location
Head Office	Atsuta-ku, Nagoya
Tokyo Branch Office	Chuo-ku, Tokyo
Technical Research Institute	Tokai, Aichi
Ichinomiya Office	Ichinomiya, Aichi
Okazaki Office	Okazaki, Aichi
Gifu Office	Gifu, Gifu
Tsu Office	Tsu, Mie
Chita Production Department	Chita, Aichi
Yokkaichi Works	Yokkaichi, Mie



Company Overview (As of March 31, 2024)

Consolidated Subsidiaries

Company name		Capital (million yen)	Main businesses
Gas Businesses	Toho Gas Network Co., Ltd.	3,000	General gas pipeline business, gas construction, etc.
	Toho Gas Life Solutions Co., Ltd.	85	Trustee business related to gas and electricity for residential use, sales of gas and housing equipment, design and construction of residential buildings, expansion and renovation
	Toho Gas Communications Co., Ltd.	10	Call center business, fee administration service, opening/closing of taps, repair, security promotion
	Toho Gas Customer Service Co., Ltd.	50	Trustee business of reading gas meter and collecting charges in gas business
	Toho Gas Techno Co., Ltd.	45	Construction of gas pipes, paving and road repair Sales and installation of gas equipment etc.
	Mizushima Gas Co., Ltd.	225	Gas and LPG business for Kurashiki, Okayama
	Toho Liquefied Gas Co., Ltd.	480	LPG business, sale of coke and petroleum products
	Toeki Kyokyu Center Co., Ltd.	50	LPG delivery, safety services for LPG
LPG and Other Energies	Waseda Gas Co., Ltd.	10	Sale of LPG and LPG equipment, LPG pipe construction
Lifergies	Yamasa Sohgyou Co., Ltd.	96	LPG business, design and construction of residential extension and alteration, residential equipment sales, manufacturing and sales of home delivery water
	Inuyama Gas Service, Co., Ltd. ^{*1}	10	LPG business, design and construction of residential additions and renovations, sale of residential equipment
Electricity Business	Sirius Solar Japan 63 GK	0	Electricity business, development of solar power generation and other clean energy
-	Toho Real Estate Co., Ltd. ²	821	Leasing and management of real estate, management of sports facilities, etc.
	Toho Gas Engineering Co., Ltd. ⁻³	100	Design and construction of plants and equipment, comprehensive utility service business
	Toho Gas Information System Co., Ltd.	80	System engineering and management and data processing services
	Toho Service Co., Ltd.	48	Car sales, lease and maintenance, leasing of equipment item, insurance agency, and travel agency
	Toho LNG Shipping Co., Ltd.	300	Lending of LNG vessels
	Toho Reinetsu Co., Ltd.	90	Wholesale of LNG cryogenic and high-pressure gas, etc., consignment of low-temperature pulverization
Other Businesses	Toho Gas Safety Life Co., Ltd.	40	Trustee business of gas equipment safety management, management of Toho Gas Sales Brand
-	Gas Living Mie Co., Ltd.	10	Design and construction of additions and renovations, management of Toho Gas designated outlets and Toho Gas Kurashi Shop sales outlets, sale of residential equipment
	Yokkaichi Air Conditioning Engineering Co., Ltd.	50	Installation and maintenance of air conditioning equipment
	Toho Gas Australia Pty Ltd	\$192 million	Natural gas related development and investment
	Toho Gas Ichthys Pty Ltd	\$70 million	Natural gas related development and investment
	Toho Gas Ichthys Development Pty Ltd	\$79 million	Natural gas related development and investment
	Toho Gas Canada Ltd.	\$51 million	Natural gas related investment

*1 Inuyama Gas Service, Co., Ltd. merged with Toho Liquefied Gas Co., Ltd. on April 1, 2024.

*2 Toho Real Estate Co., Ltd. changed its name to Toho Gas Energy Engineering Co., Ltd. on April 1, 2024.





TOHO GAS CO.,LTD.

19-18, Sakurada-cho, Atsuta-ku, Nagoya, Aichi 456-8511, Japan

https://www.tohogas.co.jp/lang/en/