Internal Controls

Basic Concept

The Toho Gas Group's 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 a 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

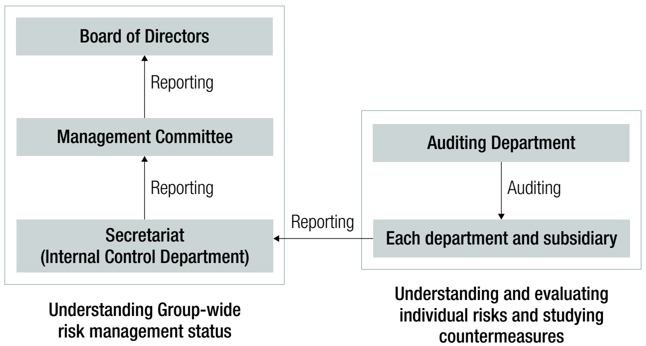
1. Board of Directors system for execution of duties (Conformity of Board of Directors' execution of duties with laws and ordinances, and its effectiveness)
2. Risk management system
3. Compliance system
4. Subsidiaries business management system
5. Audit system

Risk Management

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.

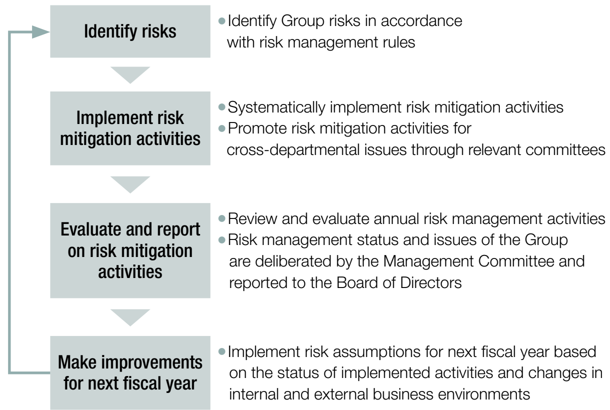
Committees promote risk mitigation measures for cross-departmental issues, and the progress and issues are then reported to the Management Committee. In addition, we are strengthening and improving measures for critical management issues, such as reviewing them from the perspective of risk management.

Risk Management System



Internal control initiatives
For details, please visit our website.
https://www.tohogas.co.jp/lang/en/approach/eco/pdf/2025toho_web_en_internal-control.pdf

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