

Corporate Governance



Representative Director: Takeshi Matsui; Chairman of the Board: Takehiro Honjo; Representative Director: Tadashi Miyagawa; Representative Director and President: Masataka Fujiwara; Representative Director: Takayuki Tasaka

Basic Views on Corporate Governance

As a corporate group that powers “continuous advancement” in consumer life and business, our Corporate Principles aim to create four types of value: “Value for Customers,” “Value for Society,” “Value for Shareholders” and “Value for Employees” by providing various products and services relating to not only the energy business, including natural gas, electricity and LPG, but also its peripheral services and non-energy businesses, such as urban development, materials and information businesses.

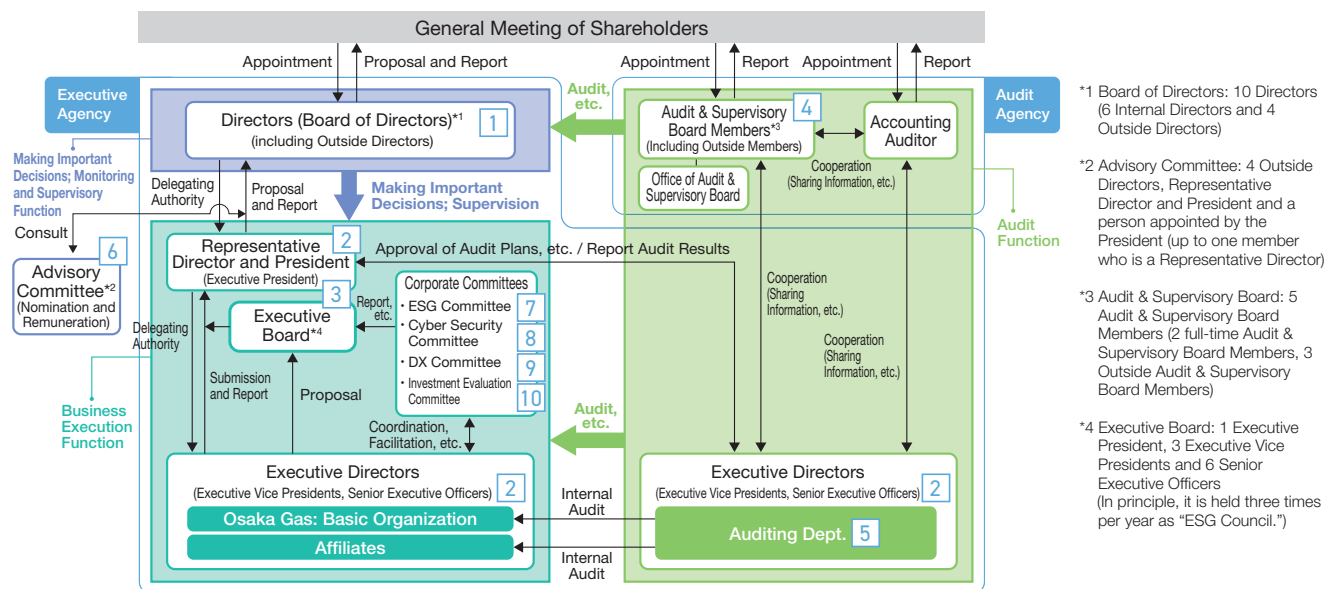
Under this Corporate Principles, the Company and its affiliates

(the “Group”) will respond appropriately to the exercising of shareholder rights, and work toward maintaining and increasing a sense of trust by dialogue and cooperation with its stakeholders. In addition, the Group will continue to enhance and strengthen corporate governance in order to respond quickly and appropriately to changes in the business environment surrounding the Group, make transparent, fair and decisive decisions, and execute business efficiently and appropriately.

Corporate Governance Organization Chart (as of June 25, 2021)

The Company has selected to be a company with Audit & Supervisory Board and conducted the introduction of an executive officer system, appointment of multiple Outside Directors, and establishment of voluntary advisory committees corresponding to appointment of Directors and Audit & Supervisory Board Members

and Director remuneration. The Company considers its current governance system best suited in order for responding swiftly to changes in the business environment, ensuring transparency, fairness and boldness in decision-making, and implement efficient and appropriate actions.



- *1 Board of Directors: 10 Directors (6 Internal Directors and 4 Outside Directors)
- *2 Advisory Committee: 4 Outside Directors, Representative Director and President and a person appointed by the President (up to one member who is a Representative Director)
- *3 Audit & Supervisory Board: 5 Audit & Supervisory Board Members (2 full-time Audit & Supervisory Board Members, 3 Outside Audit & Supervisory Board Members)
- *4 Executive Board: 1 Executive President, 3 Executive Vice Presidents and 6 Senior Executive Officers (In principle, it is held three times per year as “ESG Council.”)

1 Board of Directors, Directors of the Company

The Board of Directors consists of 10 Directors (including four outside Directors). Its mission is to formulate the Board of Directors Regulations and standards for voting on resolutions in the Board of Directors, make swift and appropriate decisions about important matters that affect the whole Group including subsidiaries and to enhance supervisory capabilities. The Articles of Incorporation stipulate that there shall be no more than 15 Directors. They also direct that appointment of Directors is to take place with a quorum of shareholders possessing at least one-third of shareholder voting rights and by a majority of voting rights held by shareholders present, and that no cumulative voting may be used for appointing Directors. 12 Board of Directors meetings were held in the fiscal year ended March 31, 2021. Meetings discussed the Group’s management plans, the establishment of important organizations, important human resources matters, execution of important investments and agreements greater than a certain amount, and operational status reports etc. from executive Directors. The rate of attendance at meetings was 100%.

2 Executive Officers

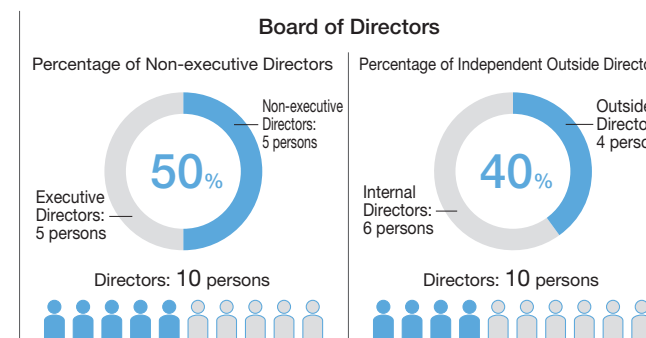
The Company has adopted an executive officer system (Executive Officers consist of Executive President, Executive Vice Presidents, Senior Executive Officers, and Executive Officers), which enables the Directors of the Company to focus on making business decision and monitoring and supervisory functions, and worked toward strengthening the business efficiency and the supervisory functions by vitalizing the Board of Directors. Executive Officers perform duties determined by the Board of Directors, and some Representative Directors and Directors concurrently serve as Executive Officers to make management decision-making more accurate and efficient.

3 Executive Board

The Company examines basic management policies and important management issues at the Executive Board and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the Executive Board consists of the Executive President, Executive Vice President, Senior Executive Officer, Head of Corporate Headquarters, and Head of Business Unit (including the President of Network Company). In principle, the Executive Board is held three times per year as “ESG Council,” which deliberates on activity plans for reports on activities related to promotion of ESG management.

4 Audit & Supervisory Board, Audit & Supervisory Board Members

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members, of whom three are Outside Auditors and each Audit & Supervisory Board Member monitors the execution of work duties by the Directors.



5 Auditing Department

The Company established the Auditing Department as an internal audit division. Based on a yearly auditing plan, it evaluates, from independent and neutral viewpoints, the adequacy of business activities in light of in-house standards, their efficiency, and the appropriateness of various systems and standards adopted by the Company. In addition to giving recommendations and conducting follow-ups that lead to business improvements in the organizations subject to audit, the department summarizes the issues and reports its results to the Executive Board. The Auditing Department is subject to periodical evaluation from an outside party to maintain and improve its auditing abilities.

6 Advisory Committee

The Advisory Committee consists of all the outside Directors (four), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among the other Representative Directors). From the perspective of ensuring objectivity and transparency in the decision-making process, the Advisory Committee deliberates on matters related to the election of candidates for Directors and Audit & Supervisory Board Members, matters related to the selection and dismissal of Representative Directors and other Executive Directors, and matters related to the remuneration of Directors. The committee chairperson is appointed by the committee members.

7 ESG Committee

The Company has established the ESG Committee to coordinate and advance group-wide ESG management, which is chaired by the Head of ESG Promotion, who is the Officer in charge of overseeing the promotion of Group’s ESG management, and is composed of the General Managers, etc. of relevant divisions. The ESG Committee promotes activities relating to the Group’s sustainability, including the environment, compliance, social contribution, respect for human rights, and risk management.

8 Cyber Security Committee

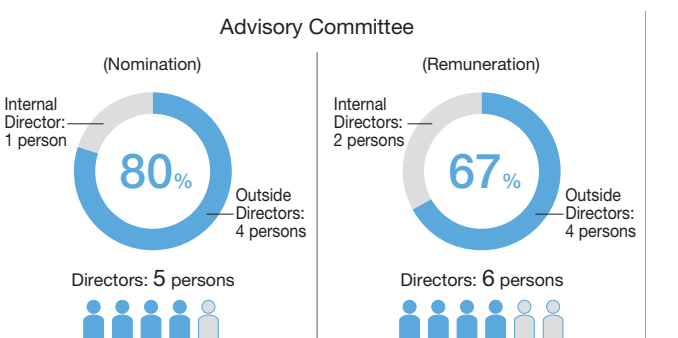
The Company has established the Cyber Security Committee to reinforce the cyber security measures of the Group, which is chaired by the Officer in charge of the Information/Communication Systems Department, and is composed of the General Managers, etc. of relevant divisions.

9 DX Committee

In April 2021, the Company established the DX Committee chaired by the President of the Corporate Planning Headquarters and consisting of the General Managers of relevant divisions, etc. The Committee promotes DX (Digital Transformation: a business transformation by utilizing digital technology) for the entire group while coordinating the alignment with business, IT, and financial strategies across the organization.

10 Investment Evaluation Committee

The Committee is chaired by the President of the Corporate Planning Headquarters and composed of the General Managers of relevant divisions, etc. It examines risk and return and assesses investments in excess of a certain amount, and it reports findings to the Executive Board to help make appropriate investment decisions.



Directors



Chairman of the Board
Takehiro Honjo

[Biography]

1978. 4 Joined the Company
2003. 4 General Manager of Corporate Strategy Dept.
2007. 6 Executive Officer
2008. 6 Senior Executive Officer
2008. 6 Head of Commercial & Industrial Energy Business Unit
2009. 6 Director, Senior Executive Officer
2010. 6 Head of Residential Energy Business Unit
2013. 4 Representative Director, Executive Vice-President
2015. 4 Representative Director and President, Executive President
2021. 1 Chairman of the Board (current)

[Reason for appointment]

He has accumulated considerable experience and extensive knowledge in corporate and organizational management, particularly in business strategies, sales and marketing. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director
Executive Vice-President
Tadashi Miyagawa

[Biography]

1982. 4 Joined Ministry of International Trade and Industry
2013. 6 Director-General of Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
2014. 7 Retired from Ministry of Economy, Trade and Industry
2015. 1 Joined the Company
2015. 4 Senior Executive Officer
2016. 6 Director, Senior Executive Officer
2018. 4 Representative Director, Executive Vice-President (current)
2020. 4 Head of LNG, Power & Engineering Business Unit (current)

[Reason for appointment]

He has accumulated considerable experience and extensive knowledge in corporate and organizational management, particularly in social contribution, production of gas and power generation, and technologies. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director
Executive Vice-President
Head of Energy Solution Business Unit
Takayuki Tasaka

[Biography]

1985. 4 Joined the Company
2011. 4 General Manager of Corporate Strategy Dept.
2015. 4 Executive Officer
2015. 4 General Manager of Planning Dept., Residential Energy Business Unit
2016. 4 Senior Executive Officer
2016. 4 Head of Residential Energy Business Unit
2018. 4 Head of Commercial & Industrial Energy Business Unit
2018. 6 Director, Senior Executive Officer
2020. 4 President of Corporate Planning Headquarters
2021. 1 Representative Director, Executive Vice-President (current)
Head of Energy Solution Business Unit (current)

[Reason for appointment]

He has accumulated considerable experience and extensive knowledge in corporate and organizational management, particularly in sales, marketing, and business strategies. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director and President
Executive President
Masataka Fujiwara

[Biography]

1982. 4 Joined the Company
2009. 6 General Manager of Keiji Energy Sales Dept., Commercial & Industrial Energy Business Unit
2012. 4 Executive Officer
2012. 4 General Manager of Energy Business Development Dept., Commercial & Industrial Energy Business Unit
2013. 4 Representative Director and President of Osaka Gas Chemicals Co., Ltd.
2015. 4 Senior Executive Officer
2016. 4 Executive Vice-President
2016. 4 President of Corporate Planning Headquarters
2016. 6 Representative Director, Executive Vice-President
2020. 4 Head of Energy Solution Business Unit
2021. 1 Representative Director and President, Executive President (current)

[Reason for appointment]

He has accumulated considerable experience and extensive knowledge in corporate and organizational management, particularly in sales and marketing, business strategies, and technologies. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Representative Director
Executive Vice-President
Takeshi Matsui

[Biography]

1983. 4 Joined the Company
2009. 6 General Manager of Finance Dept.
2013. 4 Executive Officer
2014. 4 General Manager of Human Resources Dept.
2016. 4 Senior Executive Officer
2016. 4 Head of Energy Resources & International Business Unit
2017. 6 Director, Senior Executive Officer
2019. 4 President of Corporate Planning Headquarters
2019. 4 Representative Director, Executive Vice-President (current)
2021. 1 President of Corporate Planning Headquarters (current)

[Reason for appointment]

He has accumulated considerable experience and extensive knowledge in corporate and organizational management, particularly in finance and accounting, the international energy business, and business strategies. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Director
Senior Executive Officer
Fumitoshi Takeguchi

[Biography]

1985. 4 Joined the Company
2011. 4 General Manager of Secretariat
2016. 4 Executive Officer
2016. 4 General Manager of General Affairs Dept.
2018. 4 Senior Executive Officer
2018. 6 Director, Senior Executive Officer
2020. 6 Senior Executive Officer
2021. 6 Director, Senior Executive Officer (current)

[Reason for appointment]

He has accumulated considerable experience and extensive knowledge in corporate and organizational management, particularly in governance and risk management. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.



Outside Director
Hideo Miyahara

[Biography]

1989. 10 Professor, Faculty of Engineering, Osaka University
1998. 4 Dean of the Graduate School of Engineering, Dean of the Faculty of Engineering, Osaka University
2002. 4 Dean of the Graduate School of Information Science and Technology, Osaka University
2003. 8 President of Osaka University
2007. 9 President of the National Institute of Information and Communications Technology
2012. 6 Representative Director of Knowledge Capital Association (current)
2013. 4 Specially Appointed Professor, Graduate School of Information Science and Technology, Osaka University
2013. 6 Director of West Japan Railway Company (current)
2013. 6 Director of the Company (current)
2016. 4 Visiting Professor, Graduate School of Information Science and Technology, Osaka University (current)

[Reason for appointment]

He has made considerable research-related achievements in the field of information engineering. In addition, he held positions as Dean of Graduate School of Information Science and Technology, Osaka University, and President of Osaka University, and has deep insight particularly in information science and technology as well as considerable experience and extensive knowledge in organizational management. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.

Board of Directors Meetings Attendance Record
(April 1, 2020–March 31, 2021)

Attended 12 of 12 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in organizational management and from his independent position as an outside director.



Outside Director
Tatsuo Kijima

[Biography]

1978. 4 Joined Japanese National Railways
2012. 6 Vice President of West Japan Railway Company
2016. 6 President, Representative Director, and Executive Officer of West Japan Railway Company
2019. 12 Vice Chairman and Director of West Japan Railway Company
2020. 6 Director of the Company (current)
2021. 6 Advisor of West Japan Railway Company (current)
2021. 6 Audit & Supervisory Board Member of Sumitomo Electric Industries, Ltd. (current)

[Reason for appointment]

He has the experience of serving as President, Representative Director and Executive Officer of West Japan Railway Company and has considerable experience and extensive knowledge particularly in corporate and organizational management. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.

Board of Directors Meetings Attendance Record
(April 1, 2020–March 31, 2021)

Attended 10 of 10 meetings of the Board of Directors held after he assumed the office of Director of the Company on June 26, 2020. He made comments as appropriate based on his considerable experience and extensive knowledge in corporate and organizational management and from his independent position as an outside director.



Outside Director
Kazutoshi Murao

[Biography]

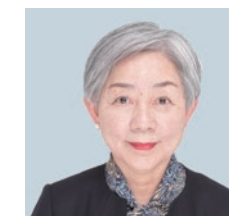
1976. 4 Joined Nippon Telegraph and Telephone Public Corporation
2009. 6 Representative Director and Senior Executive Vice President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
2012. 6 Representative Director and President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
2018. 6 Counselor to the president, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (current)
2019. 6 Director of Keihan Holdings Co., Ltd. (current)
2019. 6 Director of the Company (current)

[Reason for appointment]

He has the experience of serving as Representative Director and President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION and has considerable experience and extensive knowledge particularly in corporate and organizational management. The Company therefore believes that he is capable of contributing to the improvement of the Group's corporate value and has appointed him as Director.

Board of Directors Meetings Attendance Record
(April 1, 2020–March 31, 2021)

Attended 12 of 12 meetings of the Board of Directors. He made comments as appropriate based on his considerable experience and extensive knowledge in corporate and organizational management and from his independent position as an outside director.



Outside Director
Yumiko Sato

[Biography]

1975. 4 Joined Suntory Co., Ltd.
2008. 4 Senior Research Fellow of Suntory Foundation (incorporated foundation)
2013. 10 Specially-appointed Professor of Otemon Gakuin University, Special Professor of Institute for Creating Local Culture of Otemon Gakuin University
2014. 5 Director of Mature Society Research Institute, Otemon Gakuin Educational Foundation
2015. 4 Professor of Faculty of Regional Development Studies, Otemon Gakuin University (current)
2016. 4 Director of Mature Society Research Institute, Otemon Gakuin University
2020. 6 Trustee of Otemon Gakuin Educational Foundation (current)
2021. 6 Director of the Company (current)

[Reason for appointment]

She has made considerable achievements in the field of social studies related to life and culture. In addition, she held positions as General Manager of Next Generation Institute of Suntory Co., Ltd. and Trustee of Otemon Gakuin Educational Foundation, and has deep insight particularly in life and culture as well as considerable experience and extensive knowledge in organizational management. The Company therefore believes that she is capable of contributing to the improvement of the Group's corporate value and has appointed her as Director.

Audit & Supervisory Board Members



Audit & Supervisory
Board Member (full time)

Toshimasa Fujiwara

[Biography]

1981. 4 Joined the Company
2010. 6 General Manager of Human Resources Dept.
2012. 4 Executive Officer
2014. 4 Representative Director and President of Osaka Gas Customer Relations Co., Ltd.
2015. 4 Senior Executive Officer
2015. 4 Head of Residential Energy Business Unit
2015. 6 Director, Senior Executive Officer
2018. 4 Director, Chairman and Director of Osaka Gas Customer Relations Co., Ltd.
2018. 6 Advisor
2019. 6 Audit & Supervisory Board Member (current)

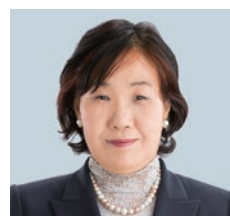


Audit & Supervisory
Board Member (full time)

Hisaichi Yoneyama

[Biography]

1986. 4 Joined the Company
2013. 4 General Manager of Technology Planning Dept.
2014. 4 Executive Officer
2014. 8 President of Osaka Gas USA Corporation
2017. 4 Senior Executive Officer
2017. 4 Head of LNG Terminal & Power Generation Business Unit
2018. 4 Head of LNG, Power & Engineering Business Unit
2018. 6 Director, Senior Executive Officer
2020. 6 Audit & Supervisory Board Member (current)



Outside Audit & Supervisory
Board Member

Yoko Kimura

[Biography]

1987. 12 Assistant Professor, Faculty of Home Economics, Nara Women's University
1993. 10 Assistant Professor, Faculty of Human Life and Environment, Nara Women's University
2000. 4 Professor, Faculty of Human Life and Environment, Nara Women's University
2000. 12 Member of Local Public Finance Council
2010. 4 Chairperson of the Board of Directors, Council of Local Authorities for International Relations
2014. 4 Advisor of Japan Center for Cities
2014. 6 Audit & Supervisory Board Member of the Company (current)
2015. 4 Director, Nara Prefectural University (current)

Board of Directors Meetings Attendance Record
(April 1, 2020–March 31, 2021)

Attended 12 of 12 meetings of the Board of Directors and attended 13 of 13 meetings of the Audit & Supervisory Board. She made comments as appropriate based on her considerable experience and extensive knowledge in organizational management and from her independent position as an outside Audit & Supervisory Board Member.



Outside Audit & Supervisory
Board Member

Eiji Hatta

[Biography]

1985. 4 Professor, Faculty of Economics, Doshisha University
1996. 4 Dean, Faculty of Economics, Doshisha University
1998. 4 President, Doshisha University
2008. 2 Chairman, Japan Student Baseball Association (current)
2009. 4 Vice Chairman, Japan University Auditors Association (current)
2011. 10 Chancellor, The Doshisha
2015. 6 Vice President, Baseball Federation of Japan
2015. 6 Audit & Supervisory Board Member of the Company (current)
2015. 9 Director, Japan High School Baseball Federation (current)
2017. 4 President, The Doshisha (current)
2017. 4 Chancellor, The Doshisha (current)

Board of Directors Meetings Attendance Record
(April 1, 2020–March 31, 2021)

Attended 12 of 12 meetings of the Board of Directors and attended 13 of 13 meetings of the Audit & Supervisory Board. He made comments as appropriate based on his considerable experience and extensive knowledge in organizational management and from his independent position as an outside Audit & Supervisory Board Member.



Outside Audit & Supervisory
Board Member

Shigemi Sasaki

[Biography]

1974. 4 Appointed as judge
2011. 5 Chief Judge, Takamatsu High Court
2012. 3 Chief Judge, Osaka High Court
2013. 3 Retired from judgeship
2013. 4 Professor, Graduate School of Law, Kyoto University
2016. 6 Audit & Supervisory Board Member of the Company (current)
2021. 5 General Manager of Kinki Branch, Japan Bar Association (current)

Board of Directors Meetings Attendance Record
(April 1, 2020–March 31, 2021)

Attended 12 of 12 meetings of the Board of Directors and attended 13 of 13 meetings of the Audit & Supervisory Board. He made comments as appropriate based on his considerable experience and specialized knowledge as a legal professional and from his independent position as an outside Audit & Supervisory Board Member.

■ Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole

Each fiscal year, the Company analyzes and evaluates the effectiveness of the Board of Directors, centering on outside officers (Outside Directors and Outside Audit & Supervisory Board Members).

Specifically, taking into consideration the evaluation by an external specialist institution, the Board of Directors Secretariat conducted questionnaires and interviews with all Directors and Audit & Supervisory Board Members individually on questions such as matters regarding the operation of the Board of Directors and the Advisory Committee, whether information provision to outside officers were immediate and sufficient, and whether the opinions received from outside officers during evaluation last year (e.g., measures to deepen understanding of proposals at meetings of the Board of Directors, such as the provision of information related to the results of investments and financial strategies) have been

addressed, and in light of the results thereof, held discussions with outside officers, and made its evaluations, which confirmed that such matters have been appropriately addressed.

Furthermore, as a result of the outside officers reporting the results of these evaluations to the Board of Directors and holding relevant discussions in turn, the Company has confirmed that the Board of Directors conducts lively exchanges of questions and answers based on necessary and sufficient information, including materials provided in advance and other explanations, and sufficiently ensures that it is operating in an effective manner.

The Company will take into consideration the opinions of outside officers, and take initiative to enhance discussions by further increasing the provision of information on important management challenges of the Group, etc., and otherwise further enhance the effectiveness of the Board of Director going forward.

■ Outside Directors and Outside Audit & Supervisory Board Members

Osaka Gas appoints four Outside Directors and three outside Audit & Supervisory Board Members.

To attain sustainable growth and improve medium and long-term corporate value, Directors and Audit & Supervisory Board Members are in principle composed of a diverse group of people without regard to sex or nationality, taking their knowledge, experiences, abilities, and personalities, etc. into account. In addition, when selecting outside officer candidates, the Company takes into consideration the individual's independent-mindedness for making objective judgments, and whether they have wide-ranging knowledge, wealth of experience, and expertise in their specialized fields. The Company expects Outside Directors to participate in decision-making as members of the Board of Directors' meetings and monitor and supervise the execution of duties of the Executive Directors from an independent position based on their knowledge and experience, Outside Audit & Supervisory Board Members to use their knowledge and experience to conduct strict audits on the execution of duties of the Directors, also from an independent standpoint. Outside Directors and

Outside Audit & Supervisory Board Members are provided with information at meetings of the Board of Directors, etc., related to matters such as the operational status of internal control systems pursuant to the Companies Act, the evaluation of internal control related to financial reporting pursuant to the Financial Instruments and Exchange Act, the status of internal audit, and the status of sustainability measures. In addition, Outside Directors and Outside Audit & Supervisory Board Members also confirm the content of accounting audit reports.

In addition, Outside Directors Hideo Miyahara, Kazutoshi Murao, Tatsuo Kijima, Yumiko Sato, and outside Audit & Supervisory Board Members Yoko Kimura, Eiji Hatta, and Shigemi Sasaki have no special interest relationships with the company affecting decision-making, and as they meet the criteria for the independence of outside officers stipulated by the company, they are judged to have sufficient independence. Based on the above, they are reported as independent officers to the financial instruments exchanges on which the company is listed.

■ Training Policy for Directors and Audit & Supervisory Board Members

When appointed, the Company provides internal officers an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected for a Director or Audit & Supervisory Board Member. Subsequently, the Company regularly provides opportunities internally or externally for officers to receive training regarding legal affairs, risk management, compliance, and other matters to continue to acquire knowledge necessary for comprehension of legal revisions and other latest world trends. Further, as part of the succession plan for top management, human resources to oversee the Company's management are fostered through such means as the systematic

rotation of the areas of responsibility of internal Directors and Executive Officers.

As for outside officers, the Company provides opportunities for them to deepen their understanding upon appointment, such as by explaining the nature of the Group's businesses, so that they can put to practice their expertise and experience in each of their fields for supervising and auditing the Company's business. Later, the Company also offers opportunities as necessary in which the business environment and business trends are explained accurately in a timely manner so that outside officers can gain an understanding.

■ Directors and Audit & Supervisory Board Members Remuneration

1. Decision Policies on Content of Remuneration, etc. for Each Individual Director

The Company has established a policy on determining the content of remuneration, etc. for each individual Director (hereinafter the "Policy on Determining Remuneration") as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed advisory committee made up of a majority of the Outside Directors. This policy is summarized as follows.

The system of paying retirement benefits to Directors has been abolished.

<Policy on Determining Remuneration>

(a) Basic Approach

Remuneration for Directors shall be provided in a remuneration system designed to raise motivation for Directors to achieve sustainable growth and mid- to long-term increase in corporate value. Remuneration for Directors other than Outside Directors shall consist of basic remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration, and remuneration for outside Directors shall only consist of basic remuneration as fixed remuneration, as they have a standpoint independent of business execution.

Remuneration for Directors shall be determined within the total amount of remuneration approved at the Annual Meeting of Shareholders, after deliberation at a voluntarily appointed advisory committee made up of a majority of the Outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.

(b) Basic Remuneration

Basic remuneration shall be monetary remuneration paid on a monthly basis. The amount shall be determined in accordance with the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director's position and responsibilities, public standards, and other factors.

(c) Performance-linked Remuneration

Performance-linked remuneration shall be monetary remuneration paid on a monthly basis. The amount shall be determined using the profit attributable to owners of parent for the past three years as the main indicator to encourage contribution to short-term and mid- to long-term increases in corporate value.

(d) Stock-based Remuneration

Restricted stock shall be granted at a certain time every year for the purpose of strengthening the linkage between remuneration and mid- to long-term increase in corporate value and further promoting sharing of value with the shareholders. The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc.

(e) Ratio by Type of Remuneration

For Directors other than Outside Directors, the standard ratio of basic remuneration, performance-linked remuneration, and stock-based remuneration should be 5:4:1. Remuneration for Outside Directors shall fully consist of basic remuneration.

(f) Procedures for Determining Remuneration

The content of remuneration for each individual Director shall be made in accordance with the rules prescribed by the resolution of the Board of Directors, and, after deliberation at the voluntarily appointed advisory committee, shall be determined by the resolution of the Board of Directors. However, the content of monetary remuneration may be determined by the Representative Director and President based on delegation of authority by the resolution of the Board of Directors.

2. Resolution of the Annual Meeting of Shareholders on Remuneration, etc. of Directors

The amount of remuneration for Directors was approved at the 203rd Annual Meeting of Shareholders held on June 25, 2021 to be up to 57 million yen per month for monetary remuneration and up to 72 million yen per year for stock-based remuneration. The number of Directors at the end of said Annual Meeting of Shareholders was ten.

3. Delegation of Decision of Content of Remuneration, etc. for Each Individual Director

The amount, timing and method of remuneration payment for each Director is determined by Representative Director and President (Takehiro Honjo until December 2020 and Masataka Fujiwara from January 2021) based on delegation of authority by a resolution of the Board of Directors. The Company has delegated the above authority to the Representative Director and President, as the position is considered to be the best suited to determine the contents of remuneration, taking into account the status of the execution of duties by each Executive Director while maintaining a comprehensive view of the Company's performance.

In addition, to ensure that the authority of the Representative Director and President is exercised appropriately, the delegation of authority is conducted so that the remuneration amount, etc. for each individual Director is determined in accordance with the Policy on Determining Remuneration and the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director's position and responsibilities, public standards, and the Company's business performance, after deliberation at a voluntarily appointed advisory committee made up of a majority of the Outside Directors. As the amount of remuneration, etc. for each individual Director is determined through such a procedure, the Board of Directors has judged that the content of remuneration, etc. for each individual Director for the fiscal year under review is in line with the Policy on Determining Remuneration.

4. Resolution of the Annual Meeting of Shareholders and Decision on Remuneration, etc. for Audit & Supervisory Board Members

The amount of remuneration for Audit & Supervisory Board Members was approved at the 176th Annual Meeting of Shareholders held on June 29, 1994 to be up to 14 million yen per month. The number of Audit & Supervisory Board Members at the end of said Annual Meeting of Shareholders was five.

The amount of remuneration for each Audit & Supervisory Board Member shall be determined through discussions among Audit & Supervisory Board Members within this amount, and consisting only of fixed remuneration because they are assigned the role of auditing the execution of duties by Directors from a standpoint independent of the performance of the Company's businesses, and taking into consideration the position, etc. of each Audit & Supervisory Board Member.

The system of paying retirement benefits to Audit & Supervisory Board Members has been abolished.

5. Details of Activities of the Board of Directors and Advisory Committee in the Process for Determining the Amount of Remuneration, etc., for Officers During the Fiscal Year Under Review

With regard to matters related to the remuneration of officers, at meetings held in May 2020, December 2020, and February 2021, the Advisory Committee deliberated matters such as the appropriateness of performance-linked remuneration calculation methods, the payment coefficient, and remuneration levels, which were then decided by the Representative Director and President as mentioned above.

Profit Attributable to Owners of Parent (Consolidated Profit) for the Last Three Years

Fiscal year		200th	201st	202nd
Fiscal year		FY2018.3	FY2019.3	FY2020.3
Profit attributable to owners of parent	million yen			
	Plan	42,500	46,500	55,000
	Results	37,724	33,601	41,788

Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers

Classification	Total amount of remuneration (million yen)	Total amount of remuneration by type of remuneration (million yen)		Number of payees
		Fixed	Performance-linked	
Directors (excluding Outside Directors)	386	235	150	10
Audit & Supervisory Board Members (excluding outside members)	69	69	—	3
Outside Directors	29	29	—	3
Outside Audit & Supervisory Board Members	32	32	—	3

Note: The number of persons and amounts include four internal Directors and one Audit & Supervisory Board member who retired as of the close of the Company's 202nd General Meeting of Shareholders held on June 26, 2020.

■ The total amount of remuneration for each officer is not stated as there is no officer with a total amount of consolidated remuneration of 100 million yen or more.

■ There are no employees concurrently serving as officers.

■ Risk Management

Organizational heads of the Company and Presidents of the affiliates promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or affiliate identifies risk items, checks the status of management concerning the risk items and conducts follow-ups or other measures by using such means as the "G-RIMS (Gas Group Risk Management System)*," which systematizes the self-assessment of risk management practices.

In light of the spread of COVID-19 in Japan and abroad, we set up a task force and confirm the status of the Group's responses, while taking measures to prevent infections, as necessary.

Regarding the management of risks concerning security and disaster prevention which are common to the Group, the organization in charge is clearly specified, and the organization supports each basic organization and affiliate to ensure risk management on a Group-wide basis.

To prepare for emergencies, regulations for disaster countermeasure and business continuity plans are prepared. We

carried out company-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises. During the fiscal year under review, in addition to drills assuming disasters occurred amid a pandemic, we carried out collaboration training and exercises on a remote basis to ensure collaboration between gas pipeline operators and gas retailers in case of disaster.

The Cyber Security Committee is working to further strengthen countermeasures against cyberattacks from outside the Group network.

* G-RIMS is a system for risk management in routine business operations. The manager of each organization and affiliated company checks if preventive measures have been implemented or an early-detection system is in place as required, using a checklist comprising about 50 risk items. G-RIMS is also designed to evaluate the magnitude of risks and identify risks to be addressed, before PDCA (plan-do-check-act) is operated for improvement.

■ Business Risks

The following are examples of risks that can affect business performance and financial conditions of the Group.

Matters concerning the future as stated are based on the Daigas Group's judgment and assumptions as of the end of FY2021.3.

(1) Risks Related to All Businesses within the Group

- ① Changes in economic, financial, and social conditions as well as market contraction
- ② Occurrence of catastrophic disasters, accidents, or infectious diseases
- ③ Changes in international rules, politics, laws and regulations, and institutional systems
- ④ Changes in foreign exchange rates and borrowing rates
- ⑤ Uncollected investments
- ⑥ Climate change and decarbonization
- ⑦ Intensifying competition
- ⑧ Breakdown or malfunction of critical IT systems and information leaks
- ⑨ Quality issues with products or services
- ⑩ Non-compliance with laws and regulations

(2) Risks Related to Major Businesses

- ① Domestic energy business
 - a. Impact of fluctuations in temperature/water temperature on energy demand
 - b. Changes in raw fuel costs
 - c. Difficulty in procuring raw fuels
 - d. Changes in electricity procurement costs
 - e. Difficulties in gas production/power generation and gas/power supply
 - f. Gas equipment and facility issues
 - g. Intensifying competition in the industry and the resulting increase in choices available to consumers
- ② International Energy Business

Changes in the operating environment, such as decreased profitability or project delay or cancellation, resulting from the public policies, implementation of or changes in regulations, deterioration of economic or social conditions, market fluctuation in areas including crude oil prices and gas prices, technical problems, or damage by natural disasters in the countries in which the Group operates
- ③ Life & Business Solutions

Changes in the operating environment, such as soaring material costs and worsening economic conditions

In addition to the measures preparing for the above risk, the Daigas Group aims to mitigate impact on our business in cases where such risks emerge by appropriately understanding and supervising the situations of business operations, while considering the degree and time period of the potential for risks to materialize.

Messages from Outside Directors



Hideo Miyahara
Outside Director

Implementing decarbonization initiatives based on scientific verification; DX initiatives in parallel with human resource development

In corporate governance, what is most important would be the idea of autonomous systems, as in autonomous distributed systems used in information networks, which is my field of expertise. In an autonomous system, governance is achieved in the entire network, not by forcefully controlling it as a whole but by having every organization work toward the same objective based on predefined principles. At Osaka Gas, I feel that the Company is pursuing the idea of an autonomous organization as I have been supervising the corporate governance of Osaka Gas while participating in active discussions with other Board Members, as an Outside Director since 2013.

Among the initiatives under the Medium-Term Management Plan, I place particular emphasis on our efforts for carbon neutrality and digital transformation (DX). Regarding carbon neutrality, we recognize the importance of implementing decarbonization initiatives that are based on scientific verification in terms of establishing and achieving numerical targets. As we work toward our carbon neutrality goal, we will continue enhancing our initiatives by reviewing results based on objective data and working on simulations.

DX is also a vital issue for an energy company like us. In implementing DX initiatives, it is crucial to strengthen internal systems through developing human resources with IT skills and hiring external talent. As it will require significant investment, I will ensure with other Board Members that decisions will be made based on the results of thorough discussions within the Company.

The Internet of Things (IoT) will make rapid advancements over the coming years with the telecommunications environment expected to continue developing with 5G (fifth generation mobile telecommunications systems), and 6G. Although technological evolution will bring merits for people's lifestyles and industry, it will also increase security risks and electricity consumption. In light of these points, we will make decisions through careful discussions at meetings of the Board of Directors to implement our initiatives and execute strategies leveraging the strengths of Osaka Gas.



Tatsuo Kijima
Outside Director

Creating a shared understanding on the necessity of think-and-act approach, with each employee working with a higher sense of ownership

The Daigas Group aims to create the four types of value stated in its Corporate Principles. In order to support the Group's efforts to achieve it, I am committed to strengthening the Group's governance as an Outside Director. At the Board of Directors, we strive to make decisions on initiatives for the Group in light of whether our actions will be understood from the perspective of all stakeholders including those outside the Group. This is especially important when engaging in risk management for the Group's businesses and evaluating the transparency of the decision-making process as well as the consistency of each proposal with the Group's growth strategies and the validity of their content.

Over the past twelve months since I was appointed Outside Director, I have seen the Daigas Group demonstrating its strength in enhancing governance. Going forward, we will continue discussing constructively the Group's major policies, such as management strategies and targets. While I admire the Group's corporate culture that welcomes opinions from all members, I intend to encourage higher participation among all members in exchanging views on these themes regardless of positions and titles.

At the Board of Directors, I will work closely with other members to enhance corporate value based on a shared understanding among all Directors on the prospects for proposals for future developments and the necessity of implementing major reforms at the Daigas Group from a long-term perspective. I will also flexibly take an aggressive approach in governance when we take appropriate risks in order to promote growth.

In implementing the new Medium-Term Management Plan announced in March 2021 (Plan 2023), it is important that we incorporate a mindset rooted in the customer contact points, together with think-and-act approach, in which each employee thinks from the customer's perspective before acting. In order to spread within the Daigas Group the concept of "value for a sustainable future" under the Plan 2023, we will ensure that the management communicates with employees in an easy-to-understand manner how their day-to-day work will create value for a sustainable future. We will continue building a corporate culture that increases management's engagement with employees and encourages each employee to work with a higher sense of ownership.



Kazutoshi Murao
Outside Director

Becoming a leading company in the energy business, pioneering initiatives to solve social issues for a sustainable future

When I consider Osaka Gas' approach to management, my view is that governance is functioning effectively at the Company. Lively discussions take place at meetings of the Board of Directors, and when I observe the actual worksites where operations are executed, I feel strongly that the intentions of management are reflected in the ways employees work. We will ensure that the Daigas Group will utilize its corporate culture of approaching everything in a genuine and studious manner to further pursue its social mission as a company operating an energy business.

Over many years, I have developed much experience in corporate management through the activities of companies and business associations. I intend to contribute to the Daigas Group's management enhancement by utilizing my expertise and knowledge on energy business strategies, approaches to governance, potential risks and scenarios to respond to those risks such as in investments, collaboration proposals and new businesses.

We aim to realize that Osaka Gas will become a leading company in the energy business, pioneering initiatives to solve social issues for a sustainable future. It is important that the Company does not just follow national policies and the

actions of other companies, but instead take the lead in solving these issues, looking ahead to the times.

In this regard, the Daigas Group has devised its strategies for carbon neutrality and digital transformation in the Medium-Term Management Plan. I have great hopes for the future development of the Group, in particular, the Group's commitment announced at the President's inaugural press conference, to the development of methanation, a technology to synthesize methane, one of the main constituents of natural gas, from hydrogen and CO₂. With regard to DX, we will not stop at simple digitalization but utilize DX to create solutions to future changes in business models, lifestyles and ways of work.

Achieving success in carbon neutrality and DX requires technical breakthroughs and effective funding plans. To that end, I will support the steady implementation of the Medium-Term Management Plan by providing appropriate advice as an Outside Director. The Daigas Group will strive to create value for a sustainable future while quickly responding to changes in the business environment as the COVID-19 pandemic further affects lifestyles and businesses.



Yumiko Sato
Outside Director

Taking on new challenges to solve management issues, deviating from conventional approaches

As a new Outside Director appointed in June this year, I am committed to maintaining high standards of corporate governance for Osaka Gas, which is working earnestly to provide social value through its business activities. I feel optimistic about the Company's future business development as the Company is looking not just to protect its existing businesses, but also actively taking on new challenges and working toward breakthroughs.

As the times change rapidly, companies in any industry cannot simply maintain the status quo as they used to do, if they wish to survive. We must anticipate future trends and define our vision, then work backwards from there to think about what we need to do at this moment. It is also crucial that we focus not just on the ideas of senior management, but also sufficiently incorporate the views of employees working close to customers, in order to achieve a breakthrough. I will visit as many worksites as possible and provide senior management with views from an external perspective as an Outside Director. I intend to contribute to decision-making that is not bound by conventional ways of thinking.

For a company engaged in businesses with regional roots like Osaka Gas, co-creation with local communities is highly important. We will continue engaging in activities that contribute to local communities, and we would like to ensure broader awareness of our activities in this area.

Osaka Gas is a large organization that has been maintaining an earnest and hardworking corporate culture with an enterprising spirit. We will accelerate our efforts to solve management issues, such as promoting more active participation of women, by taking on new challenges with innovative approaches in a timely manner.

With regard to the Medium-Term Management Plan, we will ensure that the Daigas Group will reach the targets while fulfilling its social mission as an energy company to a greater extent than now. To that end, we will continue encouraging all members to work with a higher sense of responsibility and take the initiative in contributing to solving social issues through the Group's business activities.