

II . Evolve Our Corporate Group

Enhancing Business Portfolio Management

What We Aim To Be

We plan to evolve into a group of enterprises with a robust business portfolio by promoting each business unit's autonomous growth and optimally allocating resources throughout the Group. We strive to improve our business portfolio management and governance while enhancing profit earning capabilities of each business unit by introducing ROIC.

- Improve each business unit's capabilities of autonomous management and expansion
- Build a robust business portfolio

Enhance Business Portfolio Management including introduction of ROIC



Domestic Energy Business

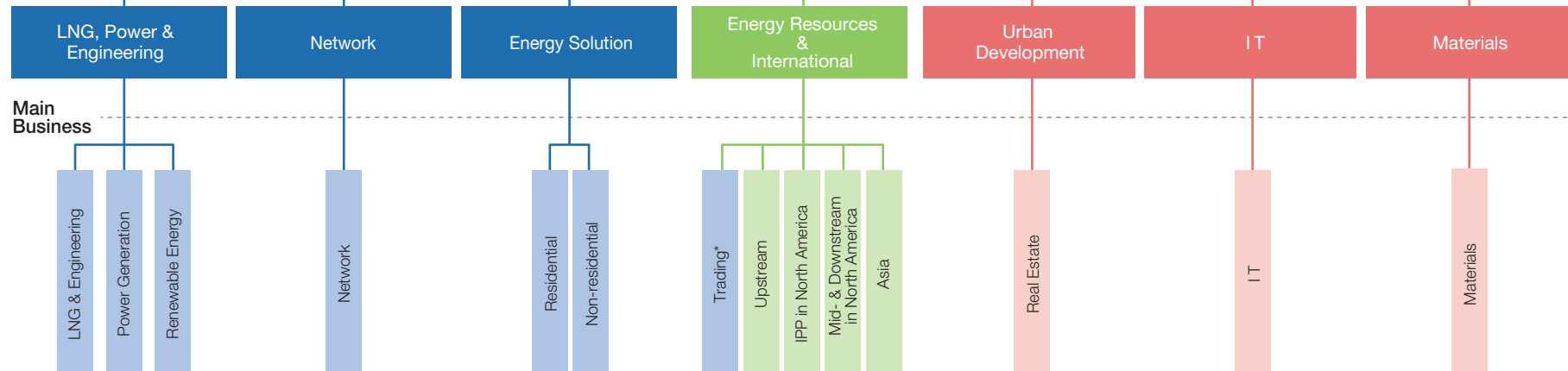


International Energy Business



LBS Business

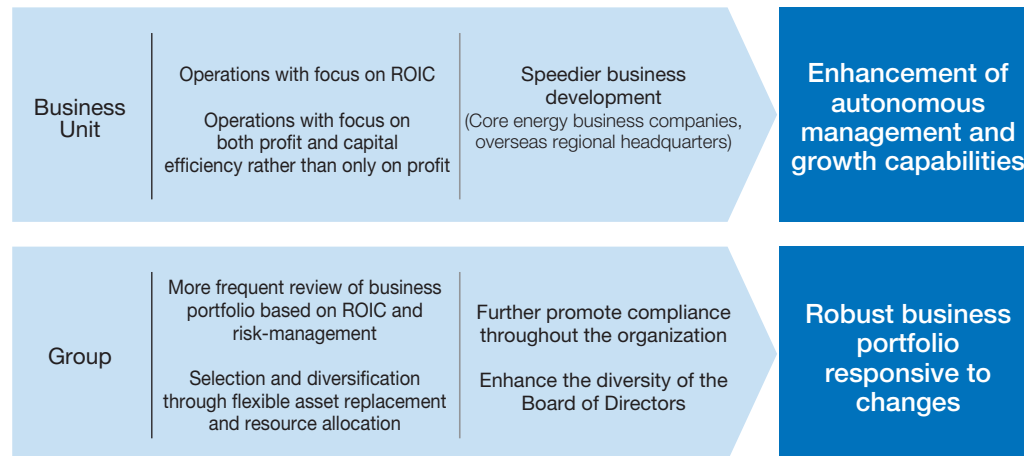
Business Unit



*Trading is included in the Domestic Energy Business segment.

Enhancing Business Portfolio

In order to create value for a sustainable future, we need the growth of earnings and capital efficiency of each business unit and a robust portfolio comprising those businesses. Under CVS 2023, we are improving our business management through the introduction of ROIC as a new management indicator, with the aim of boosting the earning capabilities of each business unit with more focus on the balance sheet. At the same time, we are increasing the business control functions of each business unit, which enhances their flexibility and agility in business operations. We are also introducing more frequent review of our business plan and resource allocation at the group headquarters. These measures are efficiently improving the robustness of our business portfolio while enabling it to quickly adapt to change.



$$ROIC = NOPAT^{*1} / Invested\ capital^{*2}$$

- We have introduced ROIC as an indicator of how efficiently we earn profits from assets associated with our business
- Monitor ROIC as a common indicator for each business unit and the Group as a whole

*1 NOPAT = Ordinary profit + Interest expenses - Interest income - Income taxes

*2 Invested capital = (Business unit) Working capital + Non-current assets (Group-wide) Interest-bearing debts + Shareholders' equity (average of the beginning and the end of each fiscal year)
Interest-bearing debts excludes risk-free leased liabilities to us.

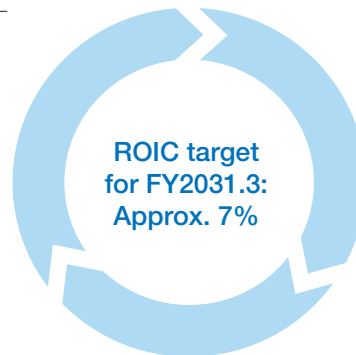
Operation of Business Unit

Set ROIC targets for each business unit

Domestic Energy	International Energy	LBS
LNG, Power & Engineering	Energy Resources & International	Real Estate
Network		IT
Energy Solution		Materials

Promote autonomous management of business units

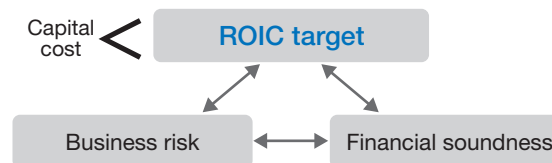
Periodic reviews



Resource allocation
Assets replacement

Business Portfolio Management

Set, evaluate, and manage an ROIC target for the entire business portfolio



Build a business portfolio with a proper balance between risk and return

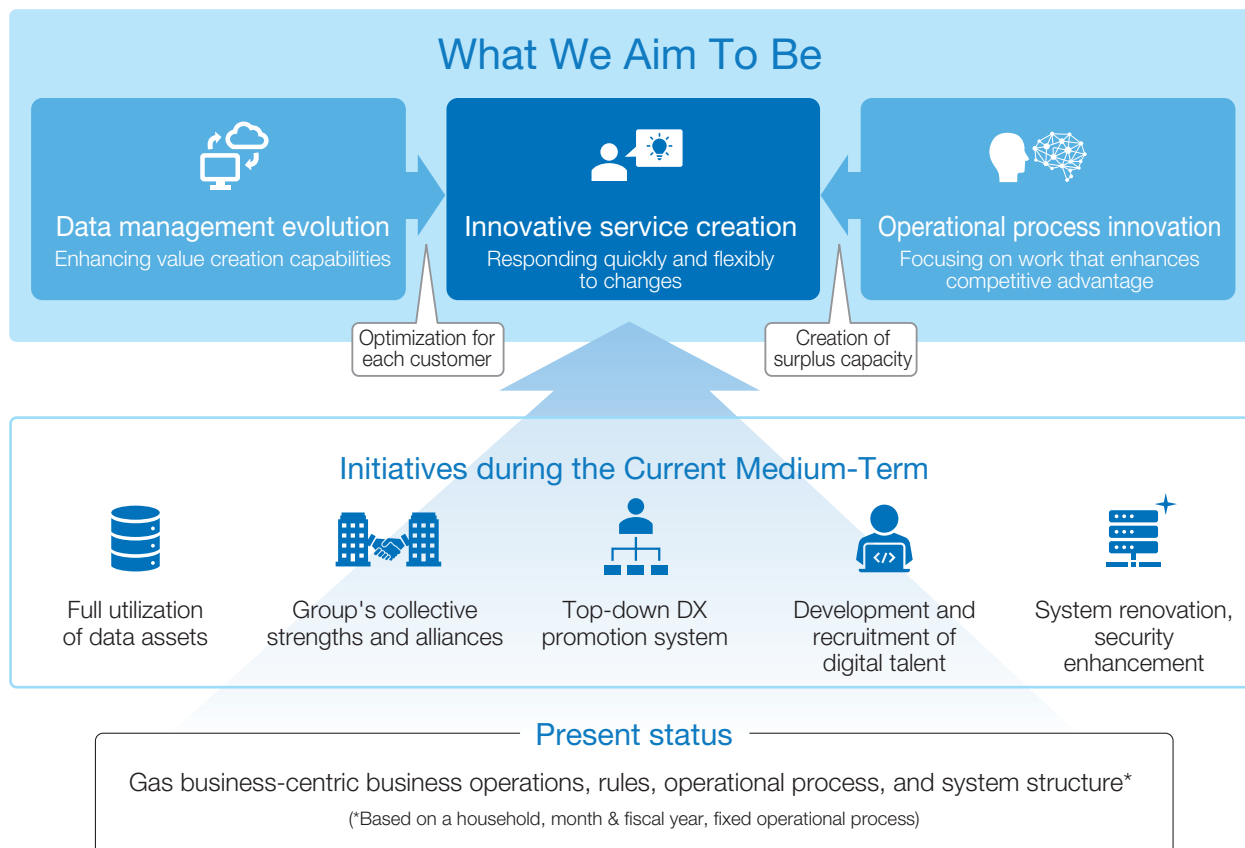
*Please see [□□](#) page 15 for efforts toward ROIC improvement.

II . Evolve Our Corporate Group

Promoting Business Transformation with DX

What We Aim To Be

We aim to be a corporate group that can keep on changing to continue providing value amid rapid change in society and the working environment as well as changes in customer values. We will proactively leverage digital technology, which is progressing rapidly, for our business, and accelerate innovative service creation, data management evolution, and operational process innovation. We have launched the DX Strategy Department in the Corporate Planning Headquarters for implementing effective and swift digital transformation under the leadership of top management.



Basic Policy

We will change our business operations to enable them to respond rapidly and flexibly to any changes to enhance productivity dramatically to create value sustainably for realizing the Medium-Term Management Plan 2023 and the Long-Term Management Vision 2030. In the new age in which both our customers and services rapidly change, we will aim for transformation of the business itself and for innovation as a corporate group that can keep on changing by revising constantly and flexibly our business model, operations, rules, and systems that used to be taken for granted. In order to make a major transformation to realize our vision, we will work on building a promotion system driven by top management, strengthening human resources development, demonstrating the comprehensive strength of the Daigas Group including OGIS-RI Co., Ltd., and building alliances with our partner companies.

DX Promotion System

In April 2022, we launched the DX Strategy Department in the Corporate Planning Headquarters by merging the Information/Communication Systems Department with the DX Promotion Office to accelerate business transformation (creation of new businesses / increased sophistication in existing businesses / operational process innovation) and system transformation in order to achieve what we aim to be. As a group-wide initiative, we will aim for realizing the vision and business transformation.



Key Initiatives

Practicing Innovative Service Creation

We will offer various services with higher value by incorporating trends and the diverse needs of customers without delay. This does not only refer to the development of new businesses and new services, but also leads to increasing sophistication in existing businesses, resulting in an increase in customer accounts, business opportunities, and net sales as well as raising business operations to the next level. In rapidly changing times, it is important to “accelerate the trial and error cycle”. We will acquire skills through practice, innovate the system itself and foster customs and mindsets across the entire Group, which enable the Group to move forward with new initiatives aggressively and quickly.

Operational Process Innovation

We will thoroughly review our internal operations from “the perspective of customers,” not from an internal point of view. We will also focus on merging and abolishing operations as well as standardizing and aggregating different procedural operations among organizations to broadly redesign the entire operational process. Furthermore, the workload for remaining operations will be reduced with digital technologies such as AI and RPA. Through these transformations, Group employees will be able to generate extra power to work on more non-routine and discretionary operations as well as operations that require higher expertise and judgment in a pleasant working environment. This will allow employees to devote more energy to providing better value to customers.

Data Management Evolution

The Group has been leading efforts to utilize data, placing “Business Analysis Center” at its core. In the future, utilizing valuable assets such as data as our strengths is the key to value creation and growth strengths. For example, if we can catch customer’s needs from data, we can offer services optimized for each customer. We will continue to create new value in customer experiences and our supply chain by developing our initiatives in the past and evolving data management further.

Human Resources Development

We will enhance programs in sequence by leveraging the knowledge on the development of human resources that can utilize data, an effort that we have been making proactively for years while accumulating expertise on creating innovative services and drastic transformation on operational processes. In addition, we will provide a wide range of experience and practical chances for employees of various ages and positions, including “TORCH,” a program for new business creation for young employees, training schemes for executives and manager-level employees and new business development collaborated with venture capitals. Furthermore, we will help employees grow by providing them feedback on upskilling through these programs.



A TORCH presentation of new business ideas



A photo of workshop at venture capital WiL (in Silicon Valley, USA)

Please see [□](#) pages 54 to 65 for examples of initiatives in each segment (including business transformation with DX).

II . Evolve Our Corporate Group

Maximizing Value for Each Employee



What We Aim To Be

We intend to build an organization with diverse talent and ways of work where employees can achieve personal growth through challenging tasks and feel a sense of fulfillment through social issue resolution.

Diverse talent and ways of work



- Promote **diversity and inclusion** for active participation of diverse talent
- **Reform business processes** with DX
- Improve the quality of work environment **regardless of locations**

Organization that provides personal growth and a sense of fulfillment



- **Enhance employees' engagement through social issue resolution**
- Foster **the culture of welcoming ambitions to take on challenges**
- **Maximize value for employees** by accelerating the appointment of the right person in the right place and securing close communications

Ensuring safety and promoting health maintenance

Promotion Policy

The Daigas Group is committed to promoting diversity, equal opportunity, and inclusion in the organization in order to be a corporate group with diverse talent that continues creating new types of value.

We aim to be a group of enterprises that provide a work environment that values uniqueness of each employee, tolerates no discrimination, acknowledges employee diversity including gender, age, physical disabilities, nationalities, form of employment, lifestyles^{*1}, religions, sexual orientation^{*2}, and gender identity^{*3}.

We provide support in realizing highly productive way of working and suitable work-life balance for each employee as a basis for them to pursue their career opportunities.

^{*1} Lifestyles: Working styles that meet the needs required in one's various life stages such as raising children and caring for family members.

^{*2} Sexual orientation: The tendency of sexual attraction, such as homosexuality, heterosexuality, bisexuality.

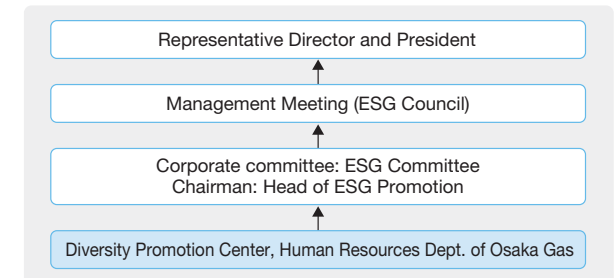
^{*3} Gender identity: Self-recognition of gender where one belongs to, including transgender.

Diversity Promotion System

In 2013, the Daigas Group established the "Diversity Promotion Center" within the Human Resources Department of Osaka Gas as a specialized department for promoting diversity. We proceeded to formulate the "Diversity Promotion Policy" in 2014, and have taken an active approach toward this policy by including it in the Long-term Management Vision announced in 2017.

The targets set forth in the policy are linked to the materiality "Diversity and Inclusion." Progress we have made on achieving these targets is reported at the ESG Council every year, and relevant activities are, in principle, reported monthly to executives through direct distribution or by being posted on the Group portal site.

Progress Reporting Process Related to the Diversity Promotion Policy



Materiality

- Employee Engagement
- Development of Employee Skills
- Diversity and Inclusion

Indicators and FY2022.3 Results

Employee Attitude Survey ▶ Survey design/implementation completed

In FY2022.3, we reviewed the contents of Osaka Gas's conventional attitude survey and designed and implemented the new Employee Attitude Survey, thereby looking into employee engagement in the Group as a whole. From FY2023.3 onward, we will measure the level of employee engagement on an annual basis through the Employee Attitude Survey. Four comprehensive indicators (overall satisfaction, loyalty, intention to continue working, intention to recommend) will be used for the evaluation.

Main Initiatives

Promote Diversity and Inclusion

As the working population is expected to decline in Japan, Osaka Gas believes it important to accept diverse values and has been striving to create a work environment where women can exercise their abilities and play active roles. As a result of our efforts, many women employees have been displaying their abilities in various fields. Such efforts led to our selection as a "Nadeshiko Brand" in FY2022.3, in recognition of our initiatives such as creating an environment where employees can balance work with childcare and offering career education.

In addition to our system allowing employees to take childcare leave, we have set up an original method of providing paid leave called "nurturing leave.*" This is based on the idea that participation of male employees in childcare leads to balancing work with childcare and adopting workstyles more conscious of work-life balance.



*Employees can take one day off within the first 3 months after a child's birth.

Annual average hours of training per employee

▶ **28.6** hours/person

Participation in e-Learning (safety, information security, environment, etc.) program : **4.50** hours/person

To help develop employee skills, we conduct assessments through meetings between employees and their superiors based on Management by Objectives (MBO), with periodic follow-up meetings. This mechanism encourages each individual's willingness to grow and helps us formulate a training plan. Below are the results for FY2022.3.

- Annual average hours of training per employee: 28.6 hours/person
- Status of e-Learning (relating safety, information security, environment, and other areas) program participation

*Includes some temporary employees and part-time workers

No. of participants: 5,226 / course

No. of hours: 4.50 hours / person

Percentage of women in executives, members newly promoted to the middle management positions, and new recruits for career-track positions

▶ Executives: **13.3%**

Members newly promoted to the middle management positions: **6.3%**

New recruits for career-track positions: **28.1%**

Osaka Gas promotes initiatives to empower female employees to achieve the targets for 2030. Actions taken during FY2022.3 include efforts to reflect evaluations of initiative results in each layer, as well as comments made in meetings, in each policy.

In FY2022.3, the ratio of female executives was 13.3%, the ratio of female employees promoted to managerial positions in career-track employees was 6.3%, and the ratio of female employees in the number of career-track hires was 28.1%.

[Main initiatives]

1. Offering career education (including content on balancing work with childcare)

- Self-motivated career development through the "Mentoring program"
- Participation in external training programs exclusively for women
- Holding of the "Roundtable talks between female workers on careers"
- Personal development opportunities during childcare leave and programs to interact with other employees on leave
- Holding of the "Child Rearing Employee + Supervisor Forum" for employees back from childcare leave

2. Creating an environment where life events do not disrupt career

- Strengthening of cooperation between those engaged in employee development (supervisor, HR departments in the organization and head office) using meeting sheets from pregnancy to return to work
- Promotion of flexible workstyles in terms of time and location using the flextime and work-from-home systems

3. Strengthen recruitment activities for female students

- Information sessions that introduce a range of actual career paths to clarify how employees can play active roles after joining the company
- Holding of roundtable talks for female students

*Childcare-related initiatives in 1 and initiatives in 2 are for both men and women. This is because we consider participation of men in childcare as part of creating a culture where women play active roles.

■ Number of Osaka Gas employees using childcare-related leave systems

Item	FY2018.3	FY2019.3	FY2020.3	FY2021.3	FY2022.3
Number of employees who took childcare leave	31	33	44	32	54
Of which, male employees	4	5	14	17	39
Number of employees who took nurturing leave	198	201	201	111	135
Of which, male employees	172	178	172	97	123
Rate	88.8%	84.1%	93.1%	93.3%	93.8%