

# Corporate Governance

## Basic Views on Corporate Governance

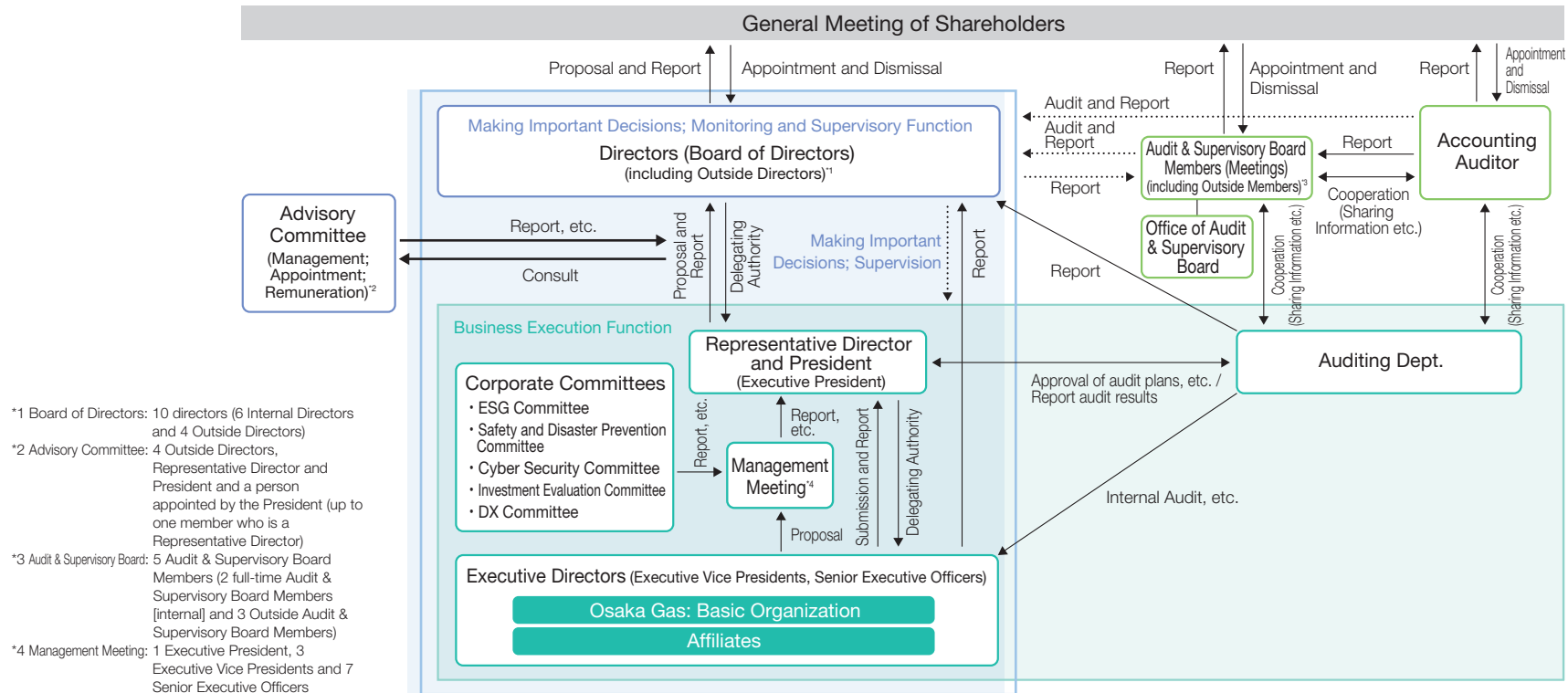
As a corporate group that powers “continuous advancement” in consumer life and business, our Corporate Principles aim to create four types of value: “Value for Customers,” “Value for Society,” “Value for Shareholders” and “Value for Employees” by providing various products and services relating to not 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 System

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 management, appointment of Directors and Audit & Supervisory Board Members and Director remuneration. The Company considers its current governance system best suited for the decision-making and business execution described above.

■ Corporate Governance Organization Chart (as of June 28, 2022)



## Overview of Corporate Governance System

### Board of Directors, Directors of the Company

The Board of Directors consists of 10 Directors (including four Outside Directors). Its mission is to 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.

### 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.

### Management Meeting

The Company examines basic management policies and important management issues at the Management Meeting and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the Management Meeting consists of the Executive President, Executive Vice President, and Senior Executive Officer. In principle, the Management Meeting is held three times per year as “ESG Council,” which deliberates on activity plans and report on activities related to promotion of ESG management.

### 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.

### Auditing Department

The Company established the Auditing Department (18 members) 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 Management Meeting. The Auditing Department is subject to periodical evaluation from an outside party to maintain and improve its auditing abilities.

### 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 corporate value enhancement, ensuring objectivity and transparency in the decision-making process, the Advisory Committee deliberates on matters related to key issues such as medium- to long-term corporate strategy, 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.

### ESG Committee

The Company has established the ESG Committee to promote activities relating to the Group's sustainability, including the environment, compliance, social contribution, respect for human rights, and risk management.

### Safety and Disaster Prevention Committee

In April 2022, in order to take all possible measures to ensure safety, disaster prevention, and gas supply stability after the legal spin-off of the gas pipeline service business, the Company established the Safety and Disaster Prevention Committee to unify the management of events related to safety, disaster prevention and gas supply stability, and to promote measures against them within the Group.

### Cyber Security Committee

The Company has established the Cyber Security Committee to reinforce the cyber security measures of the Group.

### Investment Evaluation Committee

The Company has established the Investment Evaluation Committee to examine risk and return and assess investments in excess of a certain amount, and report findings to the Management Meeting to help make appropriate investment decisions.

### DX Committee

The Company has established the DX Committee to promote 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.

## Views on Composition of the Board of Directors

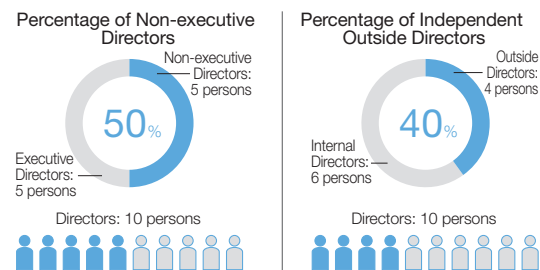
From the perspective of contributing to its sustainable growth and improvement of the medium- to long-term corporate value of the Daigas Group, Osaka Gas has adopted a basic policy of appointing diverse talent as Directors and Audit & Supervisory Board Members in full consideration of their knowledge, experiences, ability, personality, etc. regardless of gender, nationality, career, or age etc. The Company has set a target of 20% or higher female officers (Directors and Audit & Supervisory Board Members) in FY2031.3, and as of June 2022, the percentage of female officers (Directors and Audit & Supervisory Board Members) was 13.3% (one Outside Director and one Outside Audit & Supervisory Board Member each).

Moreover, based on medium- and long-term management plans, we have defined the basic qualifications for Internal Directors as having experience and expertise in our Group's businesses including the energy business, corporate management, financial accounting, marketing, legal affairs and risk management, etc. and those for Outside Directors as having not only independence that enables objective judgment but also extensive knowledge, wealth of experience, great expertise in their specified field, etc. As such, the Board of Directors as a whole has a well-balanced composition.

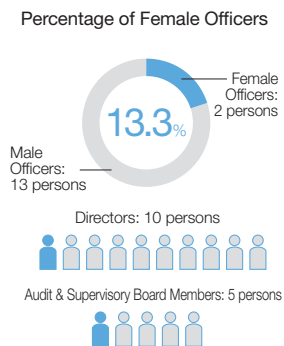
In addition, we have long since defined the term of Director as one year in order to respond flexibly to changes in our business environment and clarify management responsibility.

Based on the above-mentioned policy, decisions on the selection of candidates for Directors and Audit & Supervisory Board Members and the appointment and dismissal of Representative Directors and other Executive Directors are made based on deliberations by a voluntarily appointed Advisory Committee made up of a majority of Outside Directors in order to ensure objectivity and transparency in decision-making. (The system of the voluntarily appointed Advisory Committee is the same as that of the Advisory Committee deliberating on remuneration.)

### Independence of Directors



### Diversity of Directors and Audit & Supervisory Board Members



### Skills Matrix

The following is a list of the expertise and experience that the Board of Directors should possess as identified in light of the medium- to long-term management plan as well as the significant expertise and experience of each Director and Audit & Supervisory Board Member.

Name	Position	Fields of Significant Expertise and Experience								
		Corporate Management	Marketing	Technology / R&D	DX*	Global Management	ESG	Finance / Accounting	Legal / Risk Management	Human Resources Development
Takehiro Honjo	Chairman and Director	●	●				●	●	●	●
Masataka Fujiwara	Representative Director and President	●	●	●	●	●	●			
Tadashi Miyagawa	Representative Director	●		●	●	●	●		●	
Takeshi Matsui	Representative Director	●			●	●	●	●		●
Takayuki Tasaka	Representative Director	●	●					●	●	
Fumitoshi Takeguchi	Director						●	●	●	●
Hideo Miyahara	Outside Director	●		●	●					●
Kazutoshi Muraio	Outside Director	●			●		●		●	●
Tatsuo Kijima	Outside Director	●					●		●	●
Yumiko Sato	Outside Director						●		●	●
Toshimasa Fujiwara	Audit & Supervisory Board Member	●	●				●		●	●
Hisaichi Yoneyama	Audit & Supervisory Board Member	●		●		●			●	●
Eiji Hatta	Outside Audit & Supervisory Board Member	●						●	●	●
Shigemi Sasaki	Outside Audit & Supervisory Board Member	●							●	●
Eriko Nashioka	Outside Audit & Supervisory Board Member	●					●	●		●

\*DX: Digital transformation

## ■ Corporate Governance Initiatives

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Long-Term Management Vision		Field of Dreams 2020			Vision 2030: Going Forward Beyond Borders							
Medium-Term Management Plan		Catalyze Our Dream			Vision 2030: Going Forward Beyond Borders				Creating Value for a Sustainable Future			
	Priority themes	① Strengthening the energy business in the Kansai region ② Expanding the area of the energy business ③ Creating the next core businesses (International Energy Business, Life & Business Solutions Business)			① Develop energy marketer business of a new era ② Accelerate the development of international energy business ③ Expand LBS business and developing new business fields				① Co-create value for a sustainable future Pursuing the creation of value for solving social issues alongside stakeholders ② Evolve our corporate group Building a robust business portfolio and strengthening the management foundation to support the enhancement of our business portfolio management			
Separation of business execution and supervision	Chairperson of the Board	Representative Director and President	From 2015: Representative Director and Chairman of the Board						From 2021: Director and Chairman of the Board			
	Execution system	From 2009: adoption of an executive officer system										
	Outside Directors	From 2009: 2 persons			From 2016: 3 persons				From 2021: 4 persons			
	Outside Audit & Supervisory Board Members	From 2014: 3 persons										
	Voluntary advisory committee	In 2013: established (appointment and remuneration)									In 2022: expanded (management, appointment, and remuneration)	
Diversity	Female officers	From 2014: one person (one Audit & Supervisory Board Member)							From 2021: 2 persons (one Director and one Audit & Supervisory Board Member)			
	Skills Matrix										Since 2021: disclosed	
Linkage between sustainable growth and remuneration	Remuneration system	In 2013: established performance-linked remuneration system									Since 2022: linked remuneration to ESG indicators achievement	
Internal Control	Corporate committee <sup>*1</sup>	From 2003: Investment Evaluation Committee										
		From 2006: CSR Committee <sup>*3</sup>						From 2020: ESG Committee				
		From 2019: Cyber Security Committee										
	From 1996: Executive Safety Council									From 2021: DX Committee		
	Strengthening risk management (operation of G-RIMS <sup>*2</sup> )	From 2006: targeting Osaka Gas and domestic affiliates			From 2017: scope expanded to include overseas affiliates							
	Cross-shareholdings	In 2013: established policies regarding cross-shareholdings <sup>*4</sup>										

\*1 Established for the purpose of coordinating and promoting matters (important issues for the entire Group) across multiple basic organization

\*2 Systematized self-assessment of risk management practices (Gas Group Risk Management System)



\*3 The new "CSR Committee" was established to coordinate and promote the activities of the committees (Compliance Committee and Energy & Global Environment Committee), which had been operating separately by field, as well as community and social contribution, human rights, employment, and other activities promoted by the organizations in charge, on a cross-organizational basis.



\*4 Rules on the purchase and management of third-party stocks was established. The Board of Directors examines the significance of each individual stock holding. If the significance of holding an issue has waned, we sell it sequentially.

With respect to the exercise of voting rights, a standard for exercising voting rights was established (in 2016). We examine the content of proposals through various methods, including dialogue with investee, and decide whether to approve or disapprove.

## 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 corporate value enhancement, ensuring objectivity and transparency in the decision-making process, the Advisory Committee deliberates on matters related to key issues such as medium- to long-term corporate strategy, 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.

Name	Composition of each advisory committee and percentage of Outside Directors	Agenda	Members*	Committee meetings held (April 2021 - September 2022)
Advisory Committee Relating to Management	<b>(Management)</b> 67% 	Key issues such as medium- to long-term corporate strategy	(Outside members) Hideo Miyahara, Kazutoshi Murao, Tatsuo Kijima and Yumiko Sato (Inside members) Masataka Fujiwara and Takeshi Matsui	July 2022 (Established in 2022)
Advisory Committee Relating to Officer Appointment	<b>(Appointment)</b> 80% 	Matters related to the election of candidates for Directors and Audit & Supervisory Board Members, the selection and dismissal of Representative Directors and other Executive Directors, skills matrix, and succession plan, etc.	(Outside members) Hideo Miyahara, Kazutoshi Murao, Tatsuo Kijima and Yumiko Sato (Inside member) Masataka Fujiwara	July and November 2021, January, February and August 2022
Advisory Committee on Remuneration	<b>(Remuneration)</b> 67% 	Policy on determining remuneration of Directors, calculation method for the portion linked to business performance of the remuneration, payment coefficient, appropriateness of the remuneration levels, etc.	(Outside members) Hideo Miyahara, Kazutoshi Murao, Tatsuo Kijima and Yumiko Sato (Inside members) Masataka Fujiwara and Takayuki Tasaka	May and November 2021, May 2022

 Outside Directors  Internal Directors \*Outside Audit & Supervisory Board Members participate as observers

### ■ Advisory Committee Relating to Management

From FY2023.3, the Company is holding meetings of the Advisory Committee Relating to Management on a regular basis to deliberate on key issues such as medium- to long-term corporate strategy.

The Advisory Committee Relating to Management is comprised of all Outside Directors, Representative Director and President, and an officer in charge of Corporate Planning Headquarters, with Outside Audit & Supervisory Board Members participating as observers. Outside experts may be invited to the Committee depending on the theme.

## Training Policy for Directors and Audit & Supervisory Board Members, and Succession Plan

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.

### [ First Meeting of the Advisory Committee Relating to Management ]

#### Prospects and Challenges for Achieving Carbon Neutrality

In July 2022, we held a first meeting of the Advisory Committee Relating to Management, and invited Mr. Keigo Akimoto of the Systems Analysis Group of the Research Institute of Innovative Technology for the Earth as a lecturer.

At the Committee meeting, we exchanged opinions on the medium- to long-term prospects for carbon neutrality in Japan and abroad, as well as issues to achieve carbon neutrality.



Lecturer **Mr. Keigo Akimoto**  
Group Leader/Chief Researcher, Systems Analysis Group, Research Institute of Innovative Technology for the Earth

## 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.

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

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.

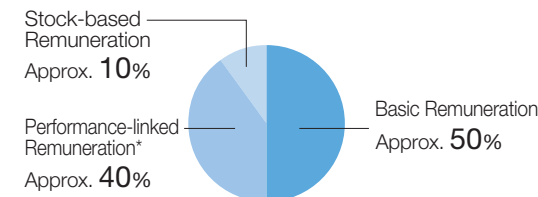
### Policy on Determining Remuneration

(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 and the coefficient of ESG indicators achievement in the previous year*1 as the main indicators 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.*2
(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.

\*1 By resolution of the Board of Directors meeting held on December 23, 2021, a change was made to add the coefficient of ESG indicators achievement in the previous fiscal year. The change will be applied from July 2023 onward, when remuneration is paid based on FY2023.3 results.

\*2 In the event that the grantee of stock-based remuneration commits an act of misconduct, files a petition for commencement of bankruptcy proceedings, or falls under other certain events stipulated in the restricted stock allotment agreement, the Company will naturally acquire all or part of the allotted shares without remuneration (malus and clawback provisions).

### Composition of Remuneration



\* The amount shall be determined using the profit attributable to owners of parent for the past three years and the coefficient of ESG indicators achievement in the previous year as the main indicators

[Reference] ESG Indicators (please see p.25-26 for details)

Charter of Business Conduct	Important issues (Materiality)	Value for a sustainable future	Initiatives to create value for a sustainable future	Indicators	Goals
I	Maintain and expand customer base	Establishing lifestyles and businesses adjusted to the new normal	Maintain and expand customer base	Number of customer accounts	10 million or more
	Improvement of customer satisfaction and quality of services		Enhance customer relationship management	Customer satisfaction rate	90%
	Customer health and safety (GRI Standards: 416-1)	Enhancing resilience of customers and society	Maintain safety and quality levels	Number of serious accidents	Continued zero serious accident
	Stable supply of services		Strengthen resilience of energy supply	Build a resilient energy supply facilities	Implementation of measures for disaster prevention and aging pipes
II	Climate change (GRI Standards: 302-1, 305-5)	Achieving a low carbon / carbon neutral society	Implement carbon neutral measures	CO <sub>2</sub> emissions of Daigas Group	Net zero emissions
			Provide clean energy and expand renewable energy value chain	Percentage of renewables in our power generation portfolio in Japan Contribution to developing renewable capacity on a global basis	Nearly 50% 5 GW 2.5 GW
			Promote advanced utilization of natural gas and environmental products	CO <sub>2</sub> emissions reduction contribution (compared to FY2017.3)	10 million tons
III	Consistency with local community (GRI Standards: 413-1)	Building foundations that support the realization of value for a sustainable future	Promote communication with local communities	Number of our participations in local government activities (a community development plan)	14 cases
				Number of joint efforts with local communities	170 times
IV	Supply chain management (GRI Standards: 408-1, 414-1)		Build a responsible supply chain	Appropriate new supplier ratio	100%
V	Compliance with laws and regulations (GRI Standards: 207-1, 219-1, 219-2)		Promote the Group's compliance	Number of serious violations of laws and regulations	Continued zero serious violation
VI	Employee engagement	Building foundations that support the realization of value for a sustainable future	Create a workplace where employees can feel a sense of fulfillment	Attitude survey (Loyalty Score)	Maintained and improved employee engagement
	Development of employee skills (GRI Standards: 404-1)			Annual average hours of training per employee	Implementation of human resource development and work environment improvement
	Diversity and inclusion (GRI Standards: 205-1)		Promote diversity and inclusion	Percentage of women in 1. executives, 2. directors newly promoted to the middle management positions, and 3. new recruits for career-track positions	1. 20% or more 2. 20% or more 3. Continue 30% or more

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

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 ended March 31, 2022 is in line with the Policy on Determining Remuneration.

### 4. 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 Ended March 31, 2022

With regard to matters related to the remuneration of officers, at meetings held in May 2020, December 2020, February 2021, and May 2021, the Advisory Committee deliberated matters such as the appropriateness of performance-linked remuneration calculation methods, the payment coefficient, remuneration levels, and the number of shares to be granted as stock-based remuneration, 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

Term		201st	202nd	203rd
Fiscal year ended		March 31, 2019	March 31, 2020	March 31, 2021
Profit attributable to owners of parent	million yen			
	Plan	46,500	55,000	73,000
	Result	33,601	41,788	80,857

#### ■ Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers (fiscal year ended March 31, 2022)

Classification	Total amount of remuneration (million yen)	Total amount of remuneration by type of remuneration (million yen)			Number of payees
		Fixed	Performance-linked	Non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	397	185	174	38	7
Audit & Supervisory Board Members (excluding Outside Members)	69	69	—	—	2
Outside Directors	44	44	—	—	4
Outside Audit & Supervisory Board Members	35	35	—	—	3

Note: The number of persons and amounts include one internal Director who retired as of the close of the Company's 203rd Annual Meeting of Shareholders held on June 25, 2021.

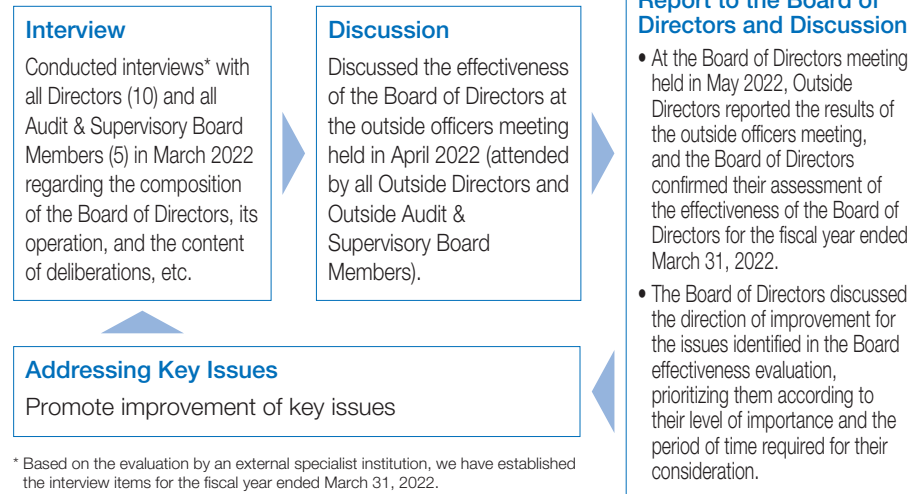
\*The total amount of remuneration for each officer is not stated as there is no officer with a total amount of consolidated remuneration of 100 million yen or more.

\*There are no employees concurrently serving as officers.

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

The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors each fiscal year based on the results of interviews conducted by the Board of Directors Secretariat with each Director and Audit & Supervisory Board Member. The methods and results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2022 are summarized below.

### 1. Method



### 2. Interview Items

- ① Initiatives in response to last year's issues
  - Discussions on medium- and long-term themes
  - Follow-up on investment projects and provision of information on financial strategies
  - Increased number of advisory committee meetings and more involvement in the process of selecting board candidates
  - Careful explanation of industry terminology, etc.
- ② Composition of the Board of Directors
- ③ Role as a decision-making body
- ④ Operation of the Board of Directors meetings (frequency, time, proceedings, remote meetings, etc.)
- ⑤ Provision of information (prior information, prior explanations, etc.) and others
- ⑥ Outside officers meetings (theme, exchanging opinions for the purpose of developing management, etc.) and others
- ⑦ Advisory committee (frequency of meetings, content of deliberations, method of operation, topics to be discussed, etc.)
- ⑧ Free opinion

### 3. Evaluation Results

<Major issues>

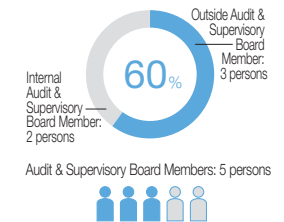
- Establishment of medium- to long-term themes to examine the direction of the company as a whole
- Further enhancement of information to judge candidates for Directors
- Devising ways to deepen discussions at Board of Directors meetings

## Audit & Supervisory Board, Audit & Supervisory Board Members

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members, of whom three are Outside Audit & Supervisory Board Members. The Company has established the Office of Audit & Supervisory Board, which is composed of full-time staff operating outside the Executive Directors' chain of command. The Office is designed to support Audit & Supervisory Board Members' auditing work and thus enhance their auditing function.

Audit & Supervisory Board Members monitor the execution of duties of the Directors from an independent viewpoint and strive to raise the effectiveness and quality of auditing by exchanging information as necessary on such occasions as regular meetings about annual audit plans and audit reports. Further, they exchange opinions on the status of internal controls and risk management with internal audit division and the accounting auditor. Full-time Audit & Supervisory Board Members conduct auditing activities on a daily basis and share their findings with Outside Audit & Supervisory Board Members in a timely manner. Their main activities are as follows.

Percentage of Outside Audit & Supervisory Board Member



### Main Activities of Audit & Supervisory Board Members

(a) Business audit	<ul style="list-style-type: none"> <li>• Attend important meetings such as Management Meeting and read important documents</li> <li>• Conduct visiting audits at Head Office, major offices, and affiliates</li> <li>• Listen to reports from each organization and affiliate</li> <li>• Exchange opinions with Directors (including Outside Directors)</li> <li>• Cooperate with the internal audit division and Audit &amp; Supervisory Board Members of affiliates</li> </ul>
(b) Accounting audit	<ul style="list-style-type: none"> <li>• Confirm the independence of the accounting auditor and proper conduct of audits</li> <li>• Confirm accounting audit plans and audit results, etc.</li> </ul>

The Audit & Supervisory Board reports on the implementation status of audit, shares information, and conducts necessary deliberations and resolutions. 14 Audit & Supervisory Board meetings were held in FY2022.3. Main resolutions of the Audit & Supervisory Board meetings are as follows.

### Main Resolutions at the Audit & Supervisory Board meetings

- Audit plans by Audit & Supervisory Board Members
- Report on audits by the Audit & Supervisory Board
- Evaluation and reappointment/non-reappointment of the accounting auditor

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.



## Risk Management

### 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),”<sup>\*</sup> 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. In addition, effective April 1, 2022, we established the Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the transfer of the general gas pipeline service business to our wholly owned subsidiary, Osaka Gas Network Co., Ltd.

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 ended March 31, 2022, in addition to drills assuming disasters occurred amid the COVID-19 pandemic, we confirmed measures, etc., to ensure the smooth operation of the task force meeting after the transfer of the general gas pipeline service business, etc.

The Cyber Security Committee has been established to further strengthen countermeasures against cyberattacks from outside the Group network such as by carrying out periodic inspections and following up on the Group’s security.

\* 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 FY2022.3.

#### (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, information leaks, and development delays
- 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. Product such as 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 issues, 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, suspension of material supplies, and worsening economic conditions

In addition to the measures preparing for the above risk, the Daigas Group aims to mitigate impact on its 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.

## Directors and Audit & Supervisory Board Members

### Directors



Director  
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 Director, Chairman of the Board (current)

#### [Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. 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 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 considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. 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

#### [Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. 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.



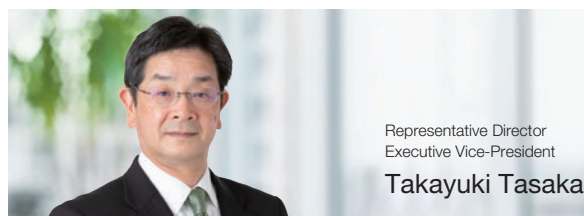
Representative Director  
Executive Vice-President  
**Takeshi Matsui**

#### [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 considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. 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  
**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

#### [Reason for appointment]

He has considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise. 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 considerable experience and extensive knowledge in organizational management, governance and risk management, as well as other expertise. 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.

## Directors



Outside Director

**Hideo Miyahara**

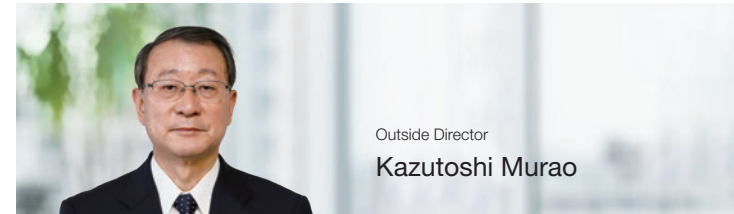
[Biography]

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  
 2013. 6 Director of the Company (current)  
 2016. 4 Visiting Professor, Graduate School of Information Science and Technology, Osaka University (current)

Board of Directors Meetings Attendance Record (April 1, 2021–March 31, 2022)  
 Attended 11 of 13 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.

[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 in information science and technology, and considerable experience and extensive knowledge in organizational management, as well as other expertise. The Company therefore has appointed him as 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)

Board of Directors Meetings Attendance Record (April 1, 2021–March 31, 2022)  
 Attended 12 of 13 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.

[Reason for appointment]

He has the experience of serving as Representative Director and President of Nippon Telegraph and Telephone West Corporation and has not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise. The Company therefore has appointed him as Director.



Outside Director

**Tatsuo Kijima**

[Biography]

1978. 4 Joined Japanese National Railways  
 2012. 6 Vice President, Representative Director of West Japan Railway Company  
 2016. 6 President, Representative Director 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)

Board of Directors Meetings Attendance Record (April 1, 2021–March 31, 2022)  
 Attended 13 of 13 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.

[Reason for appointment]

He has the experience of serving as President, Representative Director of West Japan Railway Company and has not only considerable experience and extensive knowledge expertise in corporate and organizational management but also other expertise and experience. The Company therefore has appointed him as 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 Otomon Gakuin University, Special Professor of Institute for Creating Local Culture of Otomon Gakuin University  
 2014. 5 Director of Mature Society Research Institute, Otomon Gakuin Educational Foundation  
 2015. 4 Professor of Faculty of Regional Development Studies, Otomon Gakuin University  
 2016. 4 Director of Mature Society Research Institute, Otomon Gakuin University  
 2020. 6 Trustee of Otomon Gakuin Educational Foundation (current)  
 2021. 6 Director of the Company (current)

Board of Directors Meetings Attendance Record (April 1, 2021–March 31, 2022)  
 Attended 11 of 11 meetings of the Board of Directors held after she assumed the office of Director of the Company on June 25, 2021. She made comments as appropriate based on her considerable experience and extensive knowledge in organizational management and from her independent position as an outside director.

[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 Otomon Gakuin Educational Foundation, and has deep insight in life and culture as well as other expertise. The Company therefore has appointed her as Director.

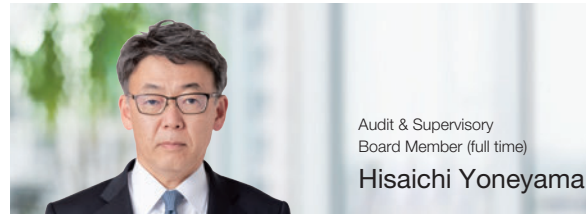
## Audit & Supervisory Board Members



Audit & Supervisory  
Board Member (full time)  
**Toshimasa Fujiwara**

### [Biography]

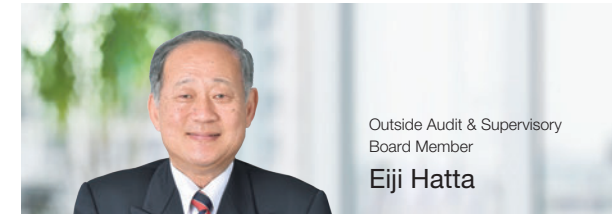
1981. 4 Joined the Company  
2010. 6 General Manager of Human Resources Dept.  
2012. 4 Executive Officer  
2014. 4 Representative Director and President of Osaka Gas Customer Relations Co., Ltd.  
2015. 4 Senior Executive Officer  
2015. 4 Head of Residential Energy Business Unit  
2015. 6 Director, 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)



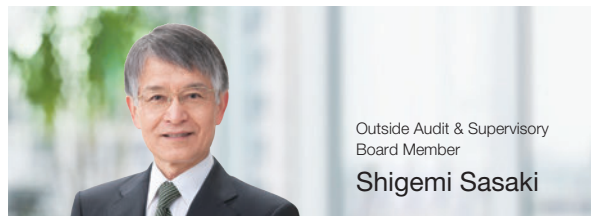
Outside Audit & Supervisory  
Board Member  
**Eiji Hatta**

### [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 Audit & Supervisory Board Member of the Company (current)  
2015. 9 Director, Japan High School Baseball Federation  
2017. 4 President, The Doshisha (current)  
2017. 4 Chancellor, The Doshisha (current)  
2019. 4 Professor Emeritus, Doshisha University (current)

### Board of Directors Meetings Attendance Record (April 1, 2021–March 31, 2022)

Attended 13 of 13 meetings of the Board of Directors and attended 14 of 14 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.



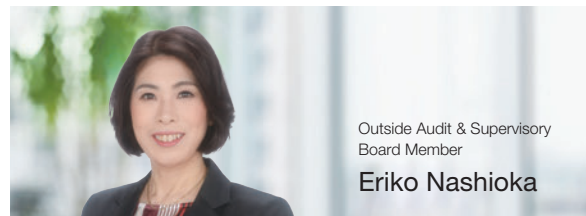
Outside Audit & Supervisory  
Board Member  
**Shigemi Sasaki**

### [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)  
2021. 6 Governor, Japan Bar Association (current)

### Board of Directors Meetings Attendance Record (April 1, 2021–March 31, 2022)

Attended 13 of 13 meetings of the Board of Directors and attended 14 of 14 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.



Outside Audit & Supervisory  
Board Member  
**Eriko Nashioka**

### [Biography]

1991.10 Joined Ota Showa Audit Corporation  
1995. 4 Registered as a Certified Public Accountant  
2004. 4 Director, Institute for Environmental Management Accounting  
2004. 7 Registered as a Licensed Tax Accountant  
Director, Nashioka Accounting Office (current)  
2006. 4 Part-time Instructor, Faculty of Commerce, Doshisha University (current)  
2013. 4 Representative Director, Institute for Environmental Management Accounting (current)  
2020. 6 Audit & Supervisory Board Member, Sansha Electric Manufacturing Co., Ltd. (current)  
2022. 6 Director, Fukushima Galilei Co., Ltd. (current)  
2022. 6 Audit & Supervisory Board Member of the Company (current)