



Osaka Gas Group is now Daigas Group

INTEGRATED REPORT 2023



Creating Value for a Sustainable Future

We aim to solve various issues in building a sustainable society by taking on new challenges as well as existing ones while thereby achieving further growth of the Daigas Group.

We focus our efforts on creating “value for a sustainable future” with our stakeholders by utilizing our strengths in developing solutions and innovations, and share the achievements with our stakeholders.

We aim to be an “innovative energy and service company that continues to be the first choice of customers” while striving to make contributions to achieving a sustainable society.

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Link to an external website



Outline of the Daigas Group

Corporate Profile of Osaka Gas Co., Ltd. (As of March 31, 2023)

Head Office	4-1-2, Hiranomachi, Chuo-ku, Osaka 541-0046, Japan
Date of Establishment	April 10, 1897
Date of Founding	October 19, 1905
Net Sales ^{*1}	[Non-consolidated] 1,716.7 billion yen [Consolidated] 2,275.1 billion yen
Ordinary Profit ^{*1}	[Non-consolidated] -77.4 billion yen [Consolidated] 75.6 billion yen
Profit ^{*1}	[Non-consolidated] -45.2 billion yen [Consolidated] 57.1 billion yen ^{*2}
Capital	132,166 million yen
Number of Employees	[Non-consolidated] 1,163 (including executive officers, directors and temporary employees; excluding employees temporarily transferred to affiliated companies) [Consolidated] 21,017

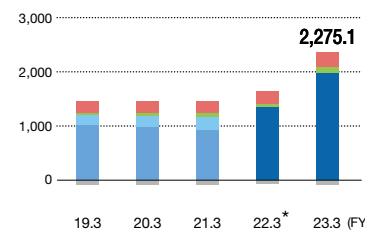
^{*1} Fiscal year ended March 31, 2023

^{*2} Profit attributable to owners of parent

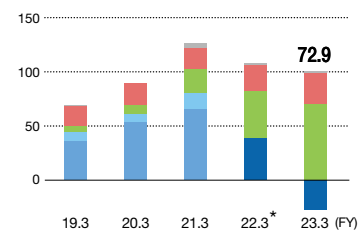
Main Business Lines of the Daigas Group (As of March 31, 2023)

Business segments	Main business lines
Domestic Energy	Production, supply and sale of city gas, sale of gas appliances, gas pipe installation, sale of LNG, LNG transport, sale of LPG, sale of industrial gas, power generation and sale of electricity
International Energy	Development of and investment regarding natural gas, energy supply
Life & Business Solutions (LBS)	Development and leasing of real estate properties, information-processing services, sale of fine materials and carbon material products

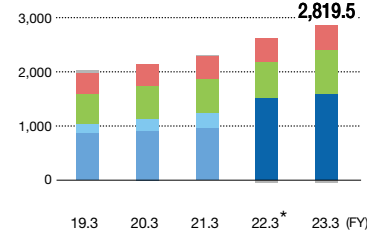
Net sales by segment (billion yen)



Segment profit (billion yen)



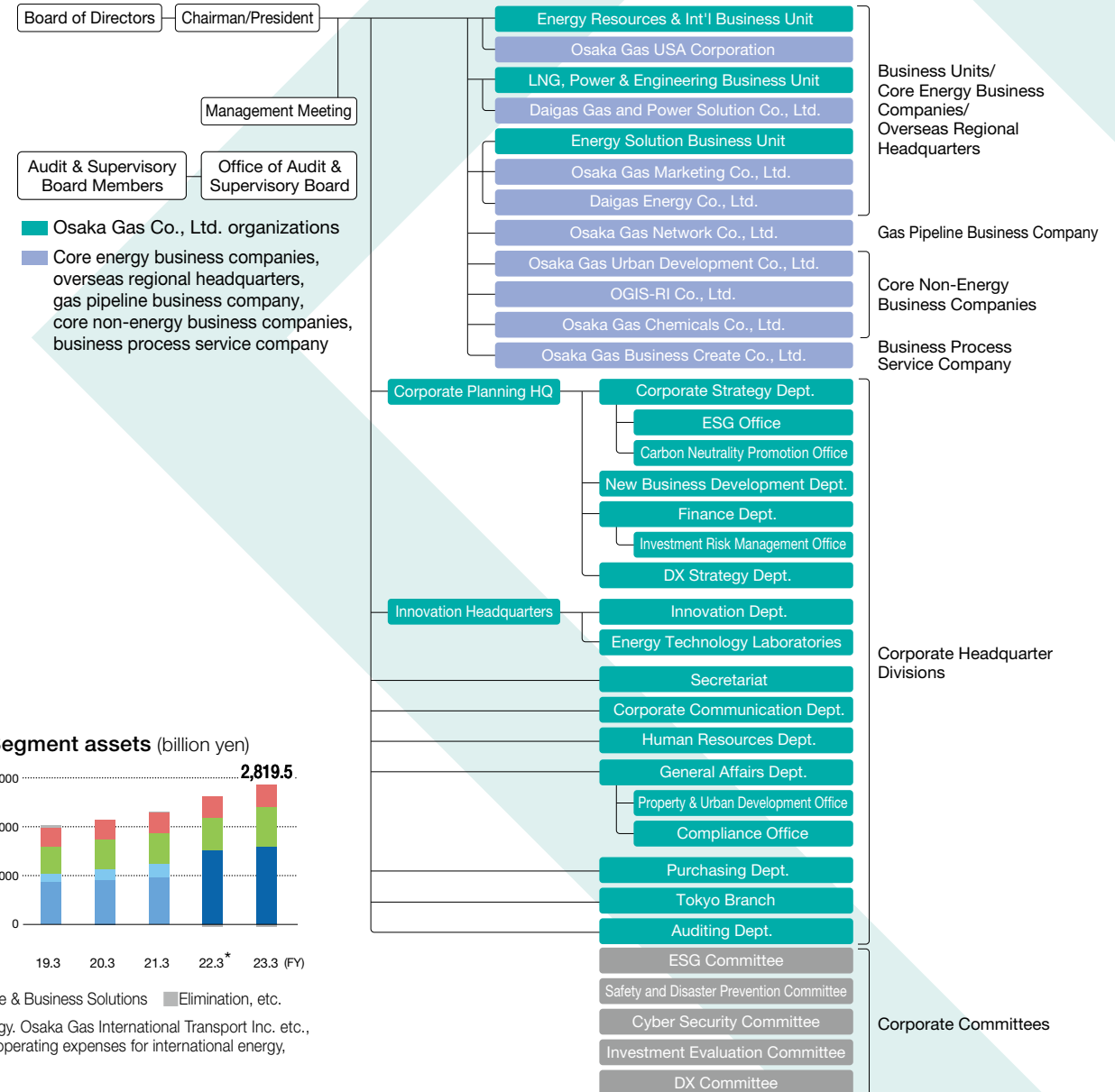
Segment assets (billion yen)



■ Domestic Energy/Gas ■ Domestic Energy/Electricity ■ Domestic Energy ■ International Energy ■ Life & Business Solutions ■ Elimination, etc.

*From FY2022.3, Domestic Energy/Gas and Domestic Energy/Electricity were integrated into Domestic Energy. Osaka Gas International Transport Inc. etc., which were previously included in International Energy, were transferred into Domestic Energy. Osaka Gas' operating expenses for international energy, which were previously included in Domestic Energy/Gas, were transferred into International Energy.

Daigas Group Organization (As of April 1, 2023)





Courtesy of Freeport LNG Development, L.P.

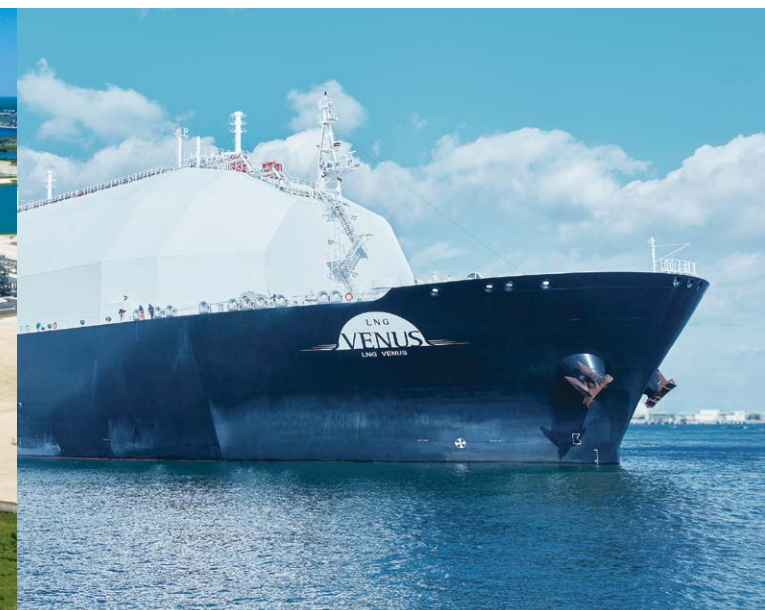


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Editorial Policy

In Integrated Report 2023, we pay attention to business strategies and value-creation stories as well as non-financial information in order to present how assets accumulated to date will lead to future value creation and realize sustainable growth to our stakeholders, which include shareholders and investors.

Tool Map

The Daigas Group disseminates diverse information with a variety of tools in order to promote communication with stakeholders. The Daigas Group works on proactive information disclosure for better understanding of the Group.

	📖 Leaflets (downloadable from the web)	🌐 WEB
Financial information	 <ul style="list-style-type: none"> ● Business Report ● Securities Report ● Fact Book 	<ul style="list-style-type: none"> ● Investor Relations https://www.daigasgroup.com/en/ir/
Non-financial information	<ul style="list-style-type: none"> ● Corporate Governance Report ● Sustainability Report 	<ul style="list-style-type: none"> ● Sustainability https://www.daigasgroup.com/en/sustainability/

Financial Result Figures and Forward-Looking Statements

Whereas the Company previously prepared its consolidated financial statements based on the "Gas Industry Accounting Regulations" (1954, Ministry of Trade and Industry Ordinance No. 15) and the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (1976, Ministry of Finance Ordinance No. 28; hereinafter referred to as the "Regulations on Consolidated Financial Statements"), it prepares these statements based only on Regulation on Consolidated Financial Statements from FY2022.3. Figures for FY2022.3 are on a retrospective basis.

Tax effect accounting calculations as of March 31, 2023 were done on a group tax sharing basis.

These materials include forecasts on future performance, plans, and strategies, which are based on the judgment of the Group upon currently available information. Please note that actual financial results may differ from forecasts due to various factors. Factors that can affect actual financial results include economic trends in Japan, sharp fluctuations in exchange rates and crude oil prices, and extraordinary weather conditions.

Scope of This Report

Osaka Gas Co., Ltd. and its group companies
 *Some information, as noted in this report by phrases such as "Osaka Gas" or "the Company," refers exclusively to Osaka Gas Co., Ltd.

Period Covered

April 1, 2022, to March 31, 2023
 *Matters on other periods are partially included.

Guidelines Referred to

- International Integrated Reporting Framework of the IFRS Foundation
- Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry
- Environmental Reporting Guidelines 2018 of the Ministry of the Environment
- Final Report of the Task Force on Climate-related Financial Disclosures (TCFD)
- ISO26000 (guidance on social responsibility) of the International Organization for Standardization
- Sustainability reporting standards of the Global Reporting Initiative (GRI Standards)
- The United Nations Global Compact COP Policy



Our Commitment



Our Commitment

To be an innovative energy and service company that continues to be the first choice of customers and achieve sustainable growth

To maximize value for all stakeholders



We would like to extend our warmest greetings to all stakeholders as we issue this Integrated Report.

Our business environment is undergoing significant changes at an accelerated pace due to Russia's invasion of Ukraine and increasing geopolitical risks in various parts of the world. As a responsible energy supplier, we have renewed our commitment to discharging our duties to ensure a stable energy supply and its safety.

In this fiscal year marking the final year of the Daigas Group Medium-Term Management Plan 2023: Creating Value for a Sustainable Future, we strive to meet the targets set in the Plan while formulating our next medium-term management plan to pursue further creating value for customers, society, shareholders, and employees. We also aim to achieve sustainable growth as we evolve into an innovative energy & service company that continues to be the first choice of customers. We intend to fulfill the goal by maximizing value for all stakeholders, including customers and shareholders, based on the Daigas Group Corporate Principles and the values long cherished since our foundation.

As we pursue the goals set in the current Medium-Term Management Plan, we deeply appreciate the continued support and encouragement of our stakeholders.

September 2023

本庄武宏 藤原正隆

Takehiro Honjo
Director,
Chairman of the Board

Masataka Fujiwara
Representative Director
and President



Daigas Group's Values

The “Daigas Group Corporate Principles” consists of “What We Aim To Be,” “Our Commitment” and “Our Corporate Motto.” The Daigas Group carries out its business activities based on the “Daigas Group Corporate Principles.”

Daigas Group Corporate Principles

What We Aim To Be

A corporate group that powers continuous advancement in customers' lives and businesses.

Our Commitment

We create four types of value.

We create value primarily for customers, as well as for society, shareholders, and employees.

Our Corporate Motto

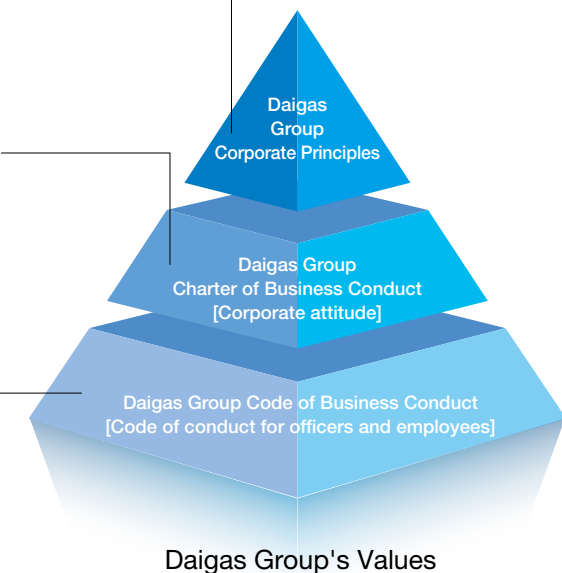
Service First

Daigas Group Charter of Business Conduct

- I . Creating value for customers
- II . Contributing to the sustainability of the environment and society
- III . Engaging with and contributing to society
- IV . Respecting human rights
- V . Complying with laws and regulations
- VI . Providing work environment that supports employees' personal growth

Daigas Group Code of Business Conduct

1. Respecting human rights
2. Providing safe and secure workplace
3. Complying with laws and regulations
4. Avoiding use of professional positions and company property for personal reasons
5. Complying with laws in each country and region, and respecting international standards including those on human rights
6. Contributing to the environmental conservation
7. Complying with anti-monopoly laws and regulations, and conducting fair transactions
8. Providing products and services
9. Ensuring safety of products and services
10. Interacting with customers appropriately
11. Engaging with and contributing to society
12. Building and maintaining sound relationships with business partners
13. Engaging business partners in following Daigas Group Code of Business Conduct
14. Managing proper use of information and systems
15. Disclosing information and engaging with stakeholders
16. Properly handling intellectual property
17. Avoiding association with anti-social groups and individuals
18. Making tax payment and performing accounting practices properly



We have set the Daigas Group Corporate Principles, Charter of Business Conduct, and Code of Business Conduct as guidelines for realizing the Daigas Group's Values including what the Group aims to be, its commitment, corporate motto, attitude, and standards of conduct that executives and employees must follow.

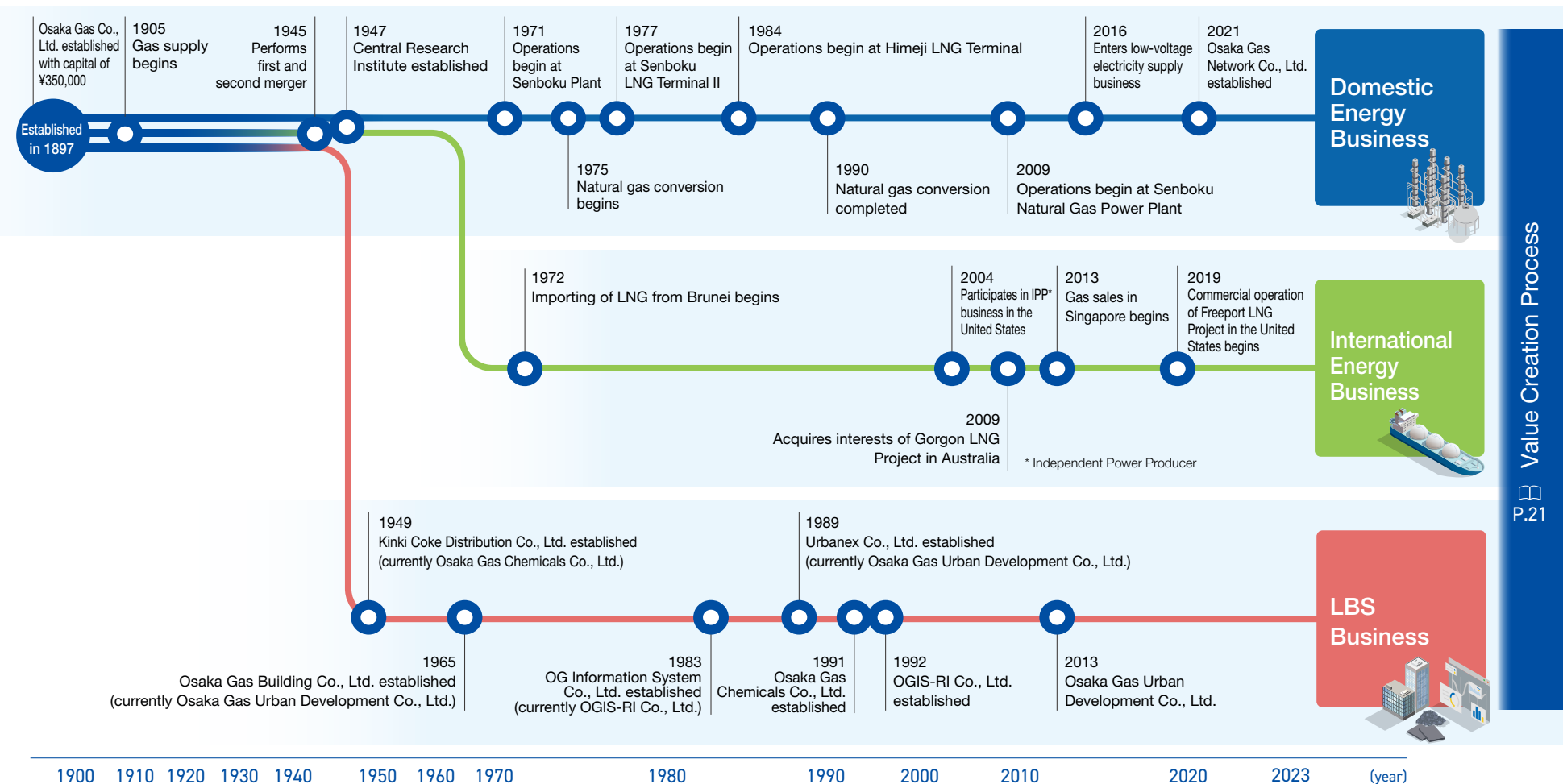
We aim to be a corporate group that powers continuous advancement in customers' lives and businesses. And we are committed to creating four types of value to fulfill our social responsibility: we create value primarily for customers, as well as for society, shareholders, and employees. In order to achieve these, we promote efforts that are in line with the Daigas Group's Values.



History of Co-creation of Value

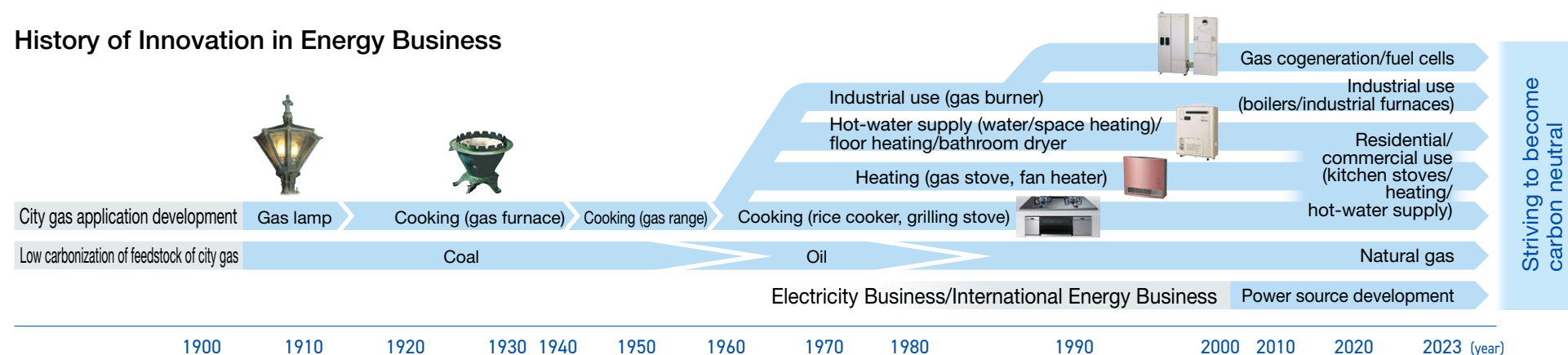
The Daigas Group's gas business began with gas supply in 1905. In over 110 years since, the gas business that started with lighting gas lamps has expanded the application of gas to cooking, heating, hot water, and power generation, overcoming many obstacles as society evolved and lifestyles changed. Additionally, founded on the relationships with customers and regions that have been fostered through the energy business, the Daigas Group has expanded its business domains and developed into a corporate group that provides various products, services, and solutions.

History of Growth in the Daigas Group's Businesses



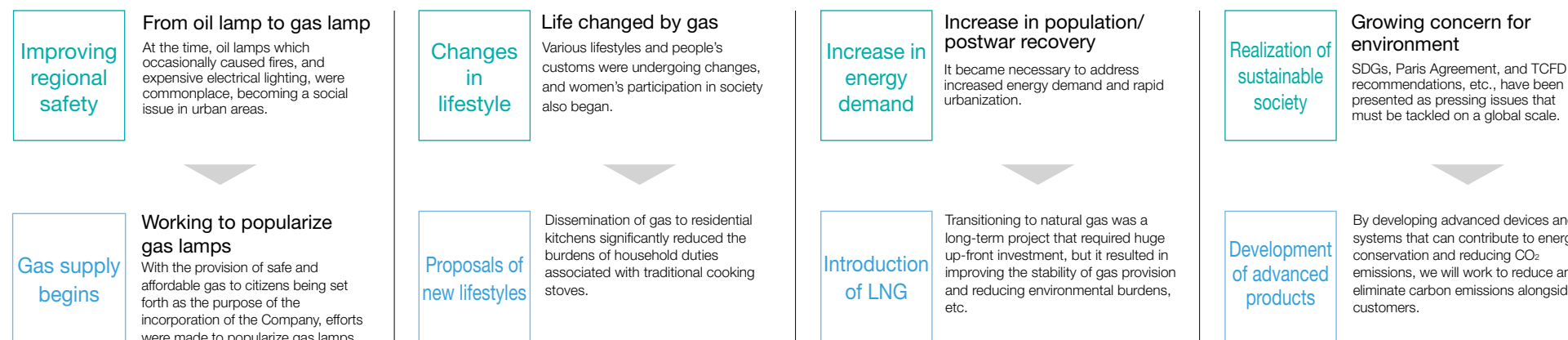


History of Innovation in Energy Business



Social Background and Daigas Group's Strategy

■ Social Issues and Needs



■ Daigas Group's Co-creation of Value



For detailed financial data,
please visit our website.



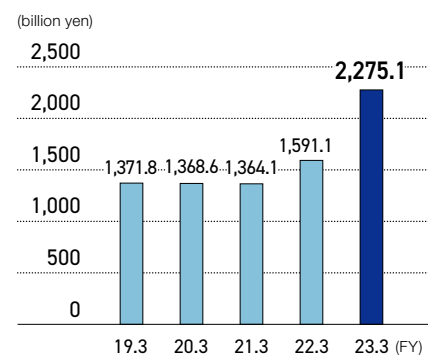
[Fact Book](#)

Financial Data

Net sales

Fiscal year ended March 31, 2023

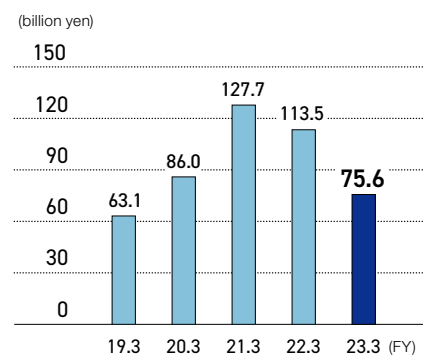
2,275.1 billion yen



Ordinary profit

Fiscal year ended March 31, 2023

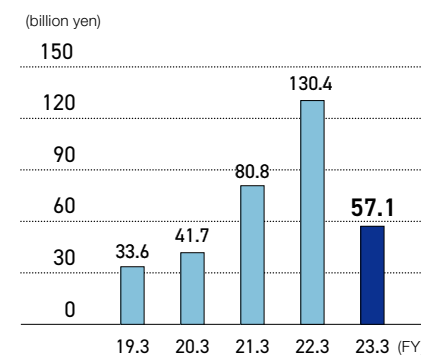
75.6 billion yen



Profit attributable to owners of parent

Fiscal year ended March 31, 2023

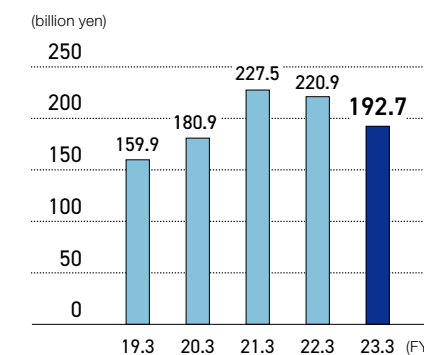
57.1 billion yen



EBITDA

Fiscal year ended March 31, 2023

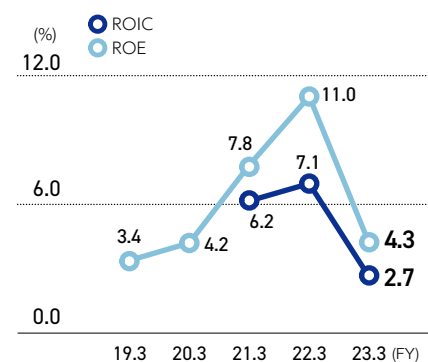
192.7 billion yen



ROIC/ROE

Fiscal year ended March 31, 2023

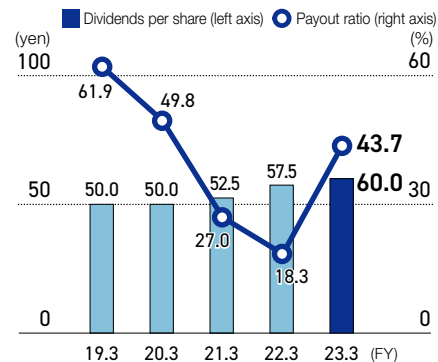
ROIC **2.7**% ROE **4.3**%



Dividends per share/ Payout ratio

Fiscal year ended March 31, 2023

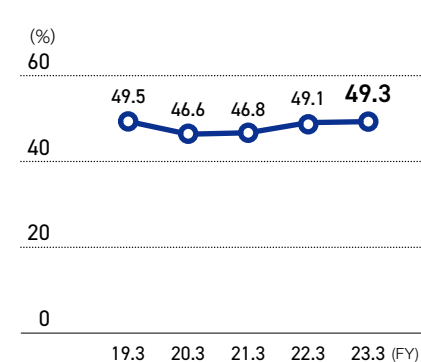
Dividends per share **60.0** yen Payout ratio **43.7**%



Shareholders' equity ratio

As of March 31, 2023

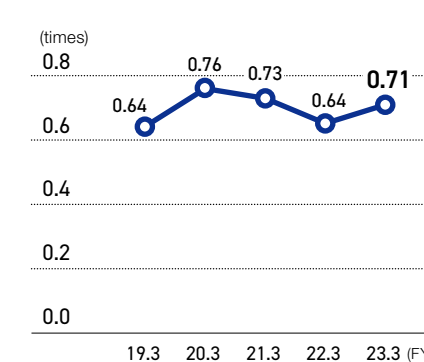
49.3%



Debt equity ratio

As of March 31, 2023

0.71 times





For detailed non-financial data,
please visit our website.



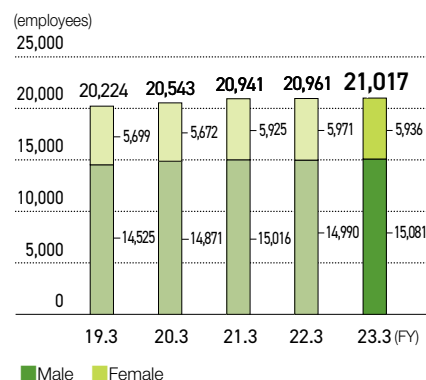
Sustainability of the Daigas Group

Non-Financial Data

Number of employees (Group)

Fiscal year ended March 31, 2023

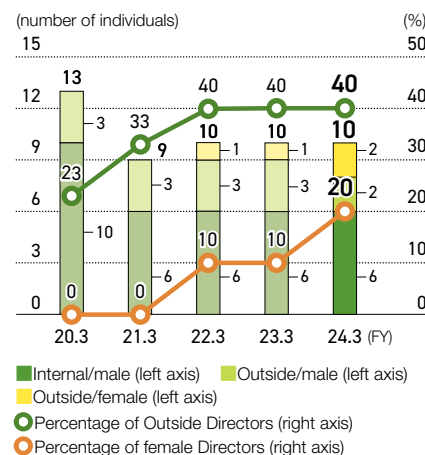
21,017



Number of Directors of Osaka Gas

Number of the individuals in officer ranks
reflecting the election results at the Annual
Meeting of Shareholders in the year

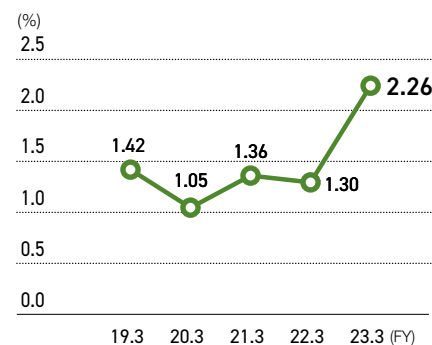
10



Job turnover rate

Fiscal year ended March 31, 2023

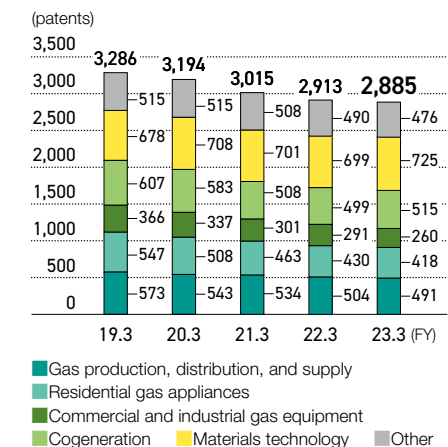
2.26%



Patent portfolio by business type (Group)

Fiscal year ended March 31, 2023

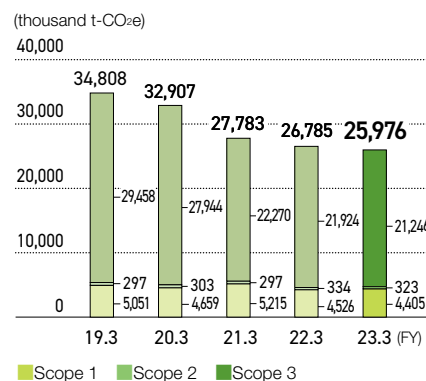
2,885 patents



Greenhouse gas emissions (Group)

Fiscal year ended March 31, 2023

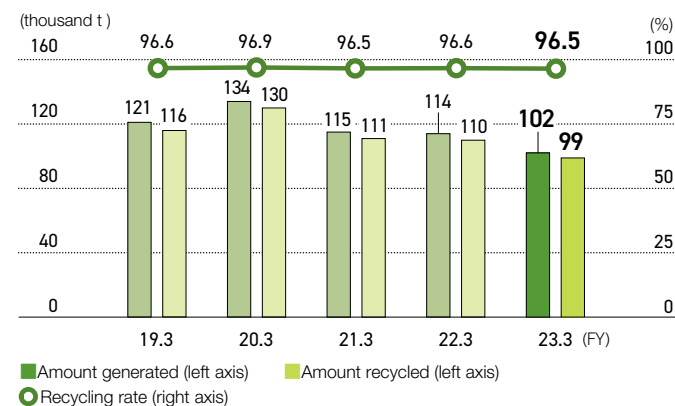
25,976 thousand t-CO₂e



Waste recycling rate (Group)

Fiscal year ended March 31, 2023

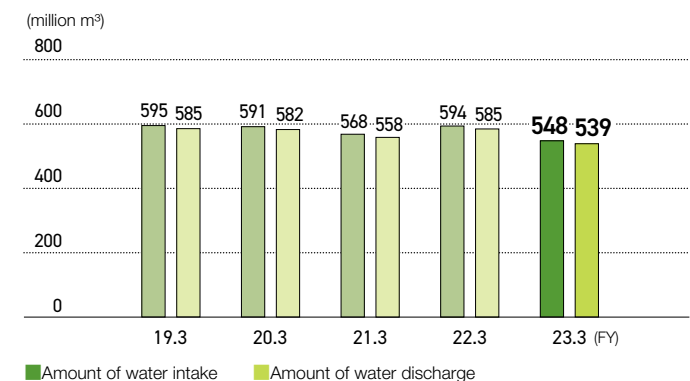
Waste recycling rate **96.5%**



Water use (Group)

Fiscal year ended March 31, 2023

Intake **548** million m³ Discharge **539** million m³





Business Strategies

Message from the President

Our Financial Strategy

Daigas Group's Sustainability Promotion System and Management

Value Creation Process

Daigas Group's Businesses

Capitals with Strengths

Long-Term Management Vision 2030 and Medium-Term
Management Plan 2023

Medium-Term Management Plan 2023

Materiality and Daigas Group Charter of Business Conduct





Message from the President



The Daigas Group continues to take on proactive challenges in various fields to earn our stakeholders' overwhelming support.

FY2023.3 was a year of intensified change in the social and economic environments, where the international situation became increasingly unstable, the exchange rate experienced heightened volatility, and inflation continued during the COVID-19 pandemic persisting.

Faced with the accelerating trend of decarbonization and the growing importance of energy security, we recognize the significance of fulfilling our role required by society in contributing significantly to resolving long-term social issues, such as achieving carbon neutrality, while discharging our duties to ensure a stable energy supply.

藤原正隆

Masataka Fujiwara

Representative Director and
President

Resolving social issues at the core of our business since its inception

In recent years, companies' business activities have been increasingly scrutinized to see whether they contribute to resolving social issues, such as decarbonization to counter climate change. It has become clear that addressing those challenges to contribute to society is at the forefront of companies' purpose today.

At the Daigas Group, we have strived to resolve social issues through the energy business for over 100 years since the inception of Osaka Gas. One of the company's founding goals was to promote the wide usage of safe and economical gas lamps to replace oil lamps, major causes of fires in urban areas in the late nineteenth century. Our company's business is rooted in tackling social issues.

While achieving sustained growth by fulfilling our founding purpose of resolving social challenges, we have reshaped the Group and reinvented its businesses in response to changes in the times and the business environment, such as our business diversification in the 1980s, return to natural gas-focused business development in the 1990s, expansion into overseas markets and businesses from the 2000s, and competition in the fully deregulated energy markets from the late 2010s. Throughout our long history, the company has evolved and advanced to higher stages by building new portfolios. Our endeavor continues as we now face many different social issues, including those related to the environment, such as climate change, and those related to society, such as human rights and human capital.



Meanwhile, no matter what changes in the times and business situations we may face, we have always aimed at a goal as our unwavering anchor, which is what we aim to be in the Daigas Group Corporate Principles, “a corporate group that powers continuous advancement in customers’ lives and businesses.” Under this goal, we have strived to resolve social issues, with each and every one of us being mindful of being of service to customers and society, our commitment that drives and propels our activities. “Being of service” to customers is our Corporate Motto, “Service First,” that is, to devote ourselves to putting our customers first. Far and away, the most integral part of that is to practice Sangen Shugi, or the “Three Actuals Principle,” which places emphasis on *genba* (the actual site), *genbutsu* (the actual article), and *genjitsu* (the actual situations).

As a member of the Daigas Group, I have valued the spirit of Service First and Sangen Shugi, the importance of which I have recognized firsthand through my experience of intense competition with other energy players and close engagement with customers since I joined the company. “We are not supplying gas to customers; our customers are choosing to use our gas.” “To continue to be the first choice of customers, we must seek out our customers’ real issues and resolve them.” These values have remained unchanged from the past and at present and will continue into the future.

In resolving social issues, we always adhere to Service First based on Sangen Shugi. By

offering solutions that exceed the expectations of customers and society, we aim to power continuous advancement in customers’ lives and businesses and evolve the business portfolio of the Daigas Group.

Intentions incorporated in the Medium-Term Management Plan CVS2023

In March 2021, we announced the Daigas Group Medium-Term Management Plan 2023 Creating Value for a Sustainable Future (CVS2023) amid business environment changes impacting society’s sustainability, such as the COVID-19 pandemic, the accelerating trend of decarbonization, and the growing severity of natural disasters.

In CVS2023, we define the Value for a Sustainable Future as the value we want to create for resolving social issues, focusing on three initiatives: 1. Achieving a low carbon/carbon neutral society, 2. Establishing lifestyles and businesses adjusted to the new normal, 3. Enhancing resilience of customers and society. We are proceeding with these actions to meet lofty targets set as milestones and working to create and share the Value for a Sustainable Future with our stakeholders by leveraging our strengths in developing solutions and innovations.

With uncertainty growing into the future, we aim to enhance business portfolio management to advance the business foundations we have built. By introducing ROIC (Return On Invested Capital) as a new management indicator, we will further strengthen

business portfolio management to achieve growth as a group of enterprises consisting of seven business units and continue evolving our corporate group.



Highlights of the past two years in executing CVS2023

Over the past two years of the CVS2023 period, we stepped up our efforts to develop methanation technologies for producing and introducing e-methane* and build its supply chains. Despite the increased volatility in energy procurement and sales due to growing global instability, such as Russia’s invasion of Ukraine, we have managed to maintain a stable energy supply to customers through close cooperation among our Group companies.

*Synthetic methane produced from non-fossil fuel-based feedstocks, such as green hydrogen



In the Domestic Energy segment, the number of customer accounts, which is the fruit of our efforts, has reached 10 million, our target for 2030 in the Long-Term Management Vision. In addition, we have been expanding our business foundations through various measures; Starting the construction of the Himeji Natural Gas Power Plant: Introducing new services into the market, such as Sumai LINK, a life-service platform business for enhanced customers' daily lives, and D-Lineup, which assists commercial and industrial customers' emissions reduction and decarbonization: Entering the fixed-line telecommunications and other businesses in new domains. In the International Energy segment, Sabine Oil & Gas Corporation in the United States has been steadily increasing its shale gas production, growing into a pillar of revenue for the Daigas Group. In Life & Business Solutions (LBS) segment, the three core companies in the real estate, information, and materials fields have advanced their performances and expanded their business domains by leveraging their respective



strengths even in an unstable business environment.

While we succeeded in enhancing our business portfolio last year as described above, we experienced a major setback when the Freeport LNG, a natural gas liquefaction business in the United States, shut down its plant following a fire that broke out in June 2022. This incident at the Freeport LNG, where we participate as an equity holder and LNG off-taker, posed a serious threat to our LNG procurement amid the growing importance of energy security. We quickly acted to ensure a stable energy supply by seeking alternative sources and exploring other options to make up for the LNG shortfall caused by the plant shutdown. Taking this event as a lesson that a single accident could lead to considerable supply disruption and financial losses, we have been re-examining the risk management of our entire business to prevent similar incidents.

In addition, at the Sodegaura Biomass Power Plant, a fire broke out in a fuel storage silo in January 2023. This accident at the power plant, which an affiliate of Osaka Gas had built and was in the process of commissioning, occurred due to an issue regarding safety, a top priority for an infrastructure business operator. In the wake of this incident, we have been undertaking intensive and full inspections, besides daily checks, of our operations and maintenance in all our infrastructure businesses to make improvements. We have taken seriously to heart the great concern and inconvenience these accidents have caused our stakeholders, and we are determined to ensure no repeat of similar accidents.

This fiscal year is the final year of CVS2023, when we finish executing the current medium-term plan to achieve the targets and formulate our next medium-term management plan. While fulfilling our mission as an energy business operator to deliver a stable energy supply, we aim to bring our efforts to date to fruition and accelerate the growth and evolution of the Group to reach our targets for 2030, the year we plan to inject our first e-methane into the gas grid, and 2050, the year we aim to achieve carbon neutrality. As the top of the Daigas Group, I will steer the management through deliberations in the Board of Directors and Advisory Committees, balancing the weight between addressing immediate changes and taking on challenges for our future growth.

ESG-focused management

In achieving the targets of CVS2023, it is vital to create and share value with our stakeholders. To maintain our stakeholders' confidence and execute our ESG-focused management steadily, we are building a resilient business foundation that will allow and encourage our members to continue taking on new challenges even amid growing uncertainty.

For the realization of the Daigas Group Corporate Principles, we have established the Daigas Group Charter of Business Conduct, which presents our corporate stance, and the Daigas Group Code of Business Conduct, which provides concrete standards of conduct for the Group's officers and employees to adhere to.



In 2007, we announced our participation in the United Nations Global Compact, which is a first for a Japanese public utility enterprise. We fully support the principles to be followed by companies as members of the international community.

As President, I have held meetings called “Mirai Open Talk” with the Group company employees as part of my workplace visit. In the session, I deliver my message in person from the perspective of the Corporate Principles and the Long-term Management Vision, emphasizing the importance of creating value for a sustainable future and resolving social issues. These meetings are invaluable opportunities for me to learn how our employees approach their daily work and address problems. In one of the Mirai Open Talks in FY2023.3, I held a session with our young employees, where I was deeply impressed by their efforts and serious attitude to improve themselves and serve customers and society even as they struggle.



Discussion on the Group's Future with the President
A video featuring scenes from the Mirai Open Talk with young employees was posted on the in-house company website for employees.

These conversations help identify key management issues of enhancing value for employees, such as creating workplaces that encourage diverse talent to take on new challenges to achieve personal growth through them and allow them to tackle social issues to contribute to society. One initiative to this end is the full-scale initiation of the Daigas transformation or Daigas X, in which we aim to enhance work efficiency within the Group by sharing the Daigas Group's ways of productive working. We will develop a working environment to promote dynamic transformation and encourage members to challenge themselves.

We are also pursuing initiatives for further improving corporate governance. In addition to the Advisory Committees on appointment and remuneration, we established Advisory Committee on Management in FY2023.3. This new committee comprises the officer in charge of the Corporate Planning Headquarters, all Outside Directors, and me as President, with Outside Audit & Supervisory Board Members participating as observers. In these committees, each chaired by an Outside Director, members discuss critical issues, making the most of their respective specializations. In FY2024.3, we welcomed a new female Outside Director, and that has made discussions even livelier.

Through the practice of the above ESG-focused management, we intend to build resilient business foundations, aiming to continue earning the unwavering confidence of our stakeholders.

Toward the Future

There has been a tremendous shift in the social paradigm. Even though the COVID-19 pandemic and the recent instability of social and economic conditions appear to have settled down somewhat, the world will not return to the way it was. The trend of decarbonization, digitalization, and the diversification of people's values will only grow in speed and scale. To avoid being left behind, we will shift our efforts into an even higher gear on co-creating value for a sustainable future.

Centering on activities for resolving social issues, we will devote our every effort to realizing a sustainable society by taking on new challenges in various fields in Japan and overseas to earn the overwhelming support of our stakeholders. Please look forward to our best results.

September 2023



Our Financial Strategy



Striving to achieve the targets in the final year of our Medium-Term Management Plan with the recovery of our powerful growth capabilities

Takeshi Matsui
Representative Director and
Executive Vice-President

Major downturn in profits caused by increased costs of LNG procurement due to the impact of Freeport LNG's plant shutdown and other factors

In FY2023.3, the second year of the Medium-Term Management Plan (FY2022.3-FY2024.3), the business environment was extremely harsh due to the impact of the Freeport LNG's liquefaction facility shutdown, the increasing instability of the energy supply-demand balance, and soaring prices, among other things. On the other hand, soaring energy prices have meant

increased profits from upstream businesses overseas in the International Energy segment, while we also steadily grew our earnings in the Life & Business Solutions (LBS) segment. These profit increases have resulted in a partial recovery in the depression of consolidated profits, and I see this as evidence that our portfolio management has functioned well to a certain extent.

In the Group's business results for FY2023.3, net sales were 2.275 trillion yen, up 683.9 billion yen from the last year due to the higher unit selling prices of gas and LNG in the Domestic Energy Business and the selling price boom in the US and Australian upstream businesses in the International Energy Business.

Ordinary profit was 75.6 billion yen, down 37.8 billion yen from the last year, due mainly to losses related to Freeport LNG's plant shutdown. Profit attributable to owners of the parent was 57.1 billion yen, down 73.3 billion yen from the last year for the same reason as the ordinary profit decline. The decrease in profit attributable to owners of the parent was more significant than the ordinary profit decline due to the absence of the recording of deferred tax assets and income taxes—deferred (gain), as we had in the previous fiscal year.

Anticipation of increased profits in FY2024.3 with the operation resumption at the Freeport LNG plant and improvement of time-lag effect

In FY2024.3, the final year of the Medium-Term Management Plan, net sales are expected to



decrease from the FY2023.3 level due to lower LNG prices reducing gas unit selling prices in the Domestic Energy Business. However, ordinary profit and profit attributable to owners of the parent are expected to increase from the FY2023.3 level with the resumption of operations at the Freeport LNG plant and the improvement of the time-lag impact. We anticipate an ROIC of 5.4%, which exceeds the target of around 5% in the Medium-Term Management Plan.

More in-depth ROIC-focused management that responds promptly to changes in the business environment

The Daigas Group's business units and corporate headquarter divisions work closely together to maintain and improve ROIC to exceed capital costs (WACC). We aim to enhance our agility as a corporate group where each business unit makes decisions autonomously in divesting assets, making investments to improve ROIC, and implementing initiatives to boost asset efficiency. To that end, we intend to make

the business units mindful of the ROIC tree to detect early signs of changes in performance based on visualized significant KPIs.

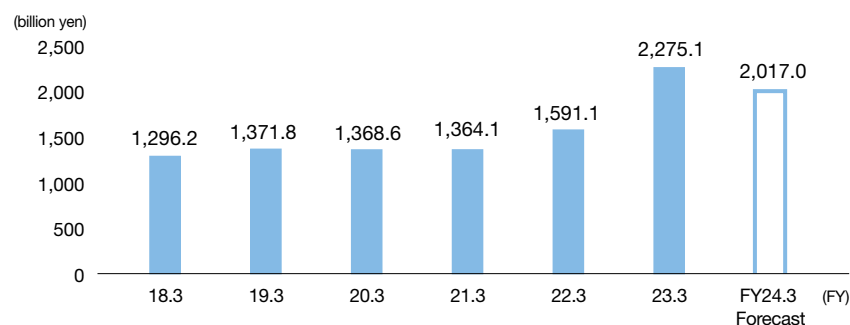
In FY2023.3, our second year using ROIC, we evaluated each business unit against the first-year ROIC results to establish an ROIC-focused management culture across the Group. In addition, we took various measures to raise NOPAT, sold cross-shareholdings, and proceeded with steps to securitize Group-owned real estate. Each business unit has been granted the authority for short-term business operations to speed up its business development processes. Meanwhile, the corporate headquarter divisions have begun work on the regular review of medium-term business plans and resource allocation. The plans will be reviewed in light of changes in the business environment since the current Medium-Term Management Plan was formulated, such as the accelerating decarbonization trend, soaring energy prices, and changes in market competition. Through these endeavors, we aim to improve our Group's response speed to changes and enhance our business portfolio's robustness.

Growth through investment in new businesses where we can leverage our strengths

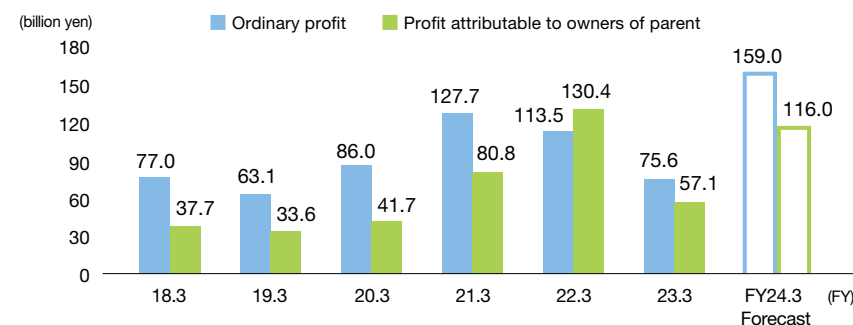
In FY2023.3, as we had envisaged a significant profit downturn since Freeport LNG's plant shutdown, we pursued investments for business growth having paid more consideration than usual to the impact on financial soundness. We invested 172.2 billion yen (86% of the target) in projects to develop power sources, such as the Himeji Natural Gas Power Plant and renewables, upstream business in North America, and real estate development projects.

The Daigas Group plans to execute steady investments in the cumulative amount of approximately 500 billion yen for the period up to March 2024 under the Medium-Term Management Plan. These investments aim for business growth in key areas, including decarbonization-related fields such as renewable energy (about 120 billion yen), International Energy Business, and Life and Business Solutions (LBS) Business. In our investment for business growth, we focus on ROIC as a target in our

Net sales



Ordinary profit and profit attributable to owners of parent





renewable energy development projects in Japan, where we invest with strategic partners to minimize our investment amounts while maximizing our power offtake in excess of our stakes in the projects. In our investments for quality improvement, we are increasing investments in digital transformation and resilience enhancement. We aim to bring free cash flow into the black in FY2024.3 due to the expansion of operating cash flow from the outcomes of our activities to date. For the sound and sustained growth of the Daigas Group, we will work to maximize ROIC from medium- to long-term perspectives while expanding profits.

Daigas Group's investment risk management

In our investments, we aim to maintain a good balance between risk and return, not taking high risks to seek excessively high returns and avoiding unnecessary risk control. We manage investment risk by ensuring the following four points.

The first is the investment project's consistency with our strategy. Besides evaluating project profitability, we assess the potential for synergies with the Group's other businesses and enhancement of business execution capabilities.

The second is the evaluation of the inherent risks of the investment project. We make decisions on investment through strict evaluations and deliberations of target projects at the Investment Evaluation Committee based on our group-wide investment standards, taking into account the evaluation results made by the Investment Risk Management Office, our

internal organizations for financial and legal affairs, as well as external consultants when necessary.

The third is the maintenance of a good balance with financial soundness. We quantitatively assess potential losses for each risk in investment and balance risk and return across the entire Group to make it possible to sustainably conduct investments for business growth while maintaining a certain level of financial soundness in the face of the risks.

The fourth is post-investment follow-ups. We conduct annual follow-ups on investment projects based on our investment monitoring standards, in which we evaluate whether the project satisfies the original purpose of our investment, whether it is keeping up with the changes in the business environment, and whether it faces any issues in terms of progress and profitability. Depending on the evaluation results, we take necessary actions such as improving project profitability and considering divestiture or withdrawal.

Utilizing transition finance

Since FY2023.3, the Daigas Group has continued to procure funds through transition finance to use the funds for initiatives that align with the company's long-term transition strategies to reduce greenhouse gas emissions. In FY2024.3, we have been increasing funding from corporate bond investors and financial institutions by deepening their understanding of our carbon neutral strategy through our briefings on the Energy Transition 2030 announced in March 2023. Our transition loan is the first case in the gas industry.*1 Utilizing transition finance with loans as well as corporate bonds will provide an excellent opportunity to have the Group's transition strategy assessed by more financial institutions. In focusing our efforts on businesses related to carbon emissions reduction and decarbonization, we see transition finance as an effective means of procuring funds and hope to make active use of it going forward.

*1 As researched by the Daigas Group based on publicly available information

Transition finance conducted

Transition finance	Month of issue	Amount	Use of funds
1st Transition Bonds	June 2022	10.0 billion yen	Inami Wind Power Plant, Noheji Mutsu Bay Wind Farm, Yokohama Town Wind Power Plant, Daigas Oita Mirai Solar Power Plant, projects that contribute to fuel conversion at customer facilities to natural gas
2nd Transition Bonds	September 2022	27.0 billion yen	Kuwaharajou Mega Solar (No. 4), the Extra-high-voltage Power Plant in Isohara-cho, Kitaibaraki City, Ibaraki Prefecture, Himeji Natural Gas Power Plant
Transition loan	January 2023	35.0 billion yen	Himeji Natural Gas Power Plant
3rd - 5th Transition Bonds	June 2023	35.0 billion yen	Himeji Natural Gas Power Plant



Shareholder returns according to profit growth

As our shareholder return policy, we intend to provide stable dividends while maintaining a consolidated dividend payout ratio of 30% or higher, excluding short-term profit fluctuation factors. We also consider increasing dividends when we achieve profit growth. In FY2023.3, despite projections of a downturn in profit, we issued dividends of 60 yen per share, an increase of 2.5 yen, as initially planned, in view of the achieved growth and estimated future profits. We also aim for a further increase of 5 yen to 65 yen per share in FY2024.3.

Going forward, we will implement an optimal shareholder-return policy formulated based on a comprehensive evaluation of projected free cash flow, progress in investments for business growth, business performance, and financial situation, taking into account factors such as the accelerating

decarbonization trend and intensifying competition driven by non-energy players' entry into the gas and power markets.

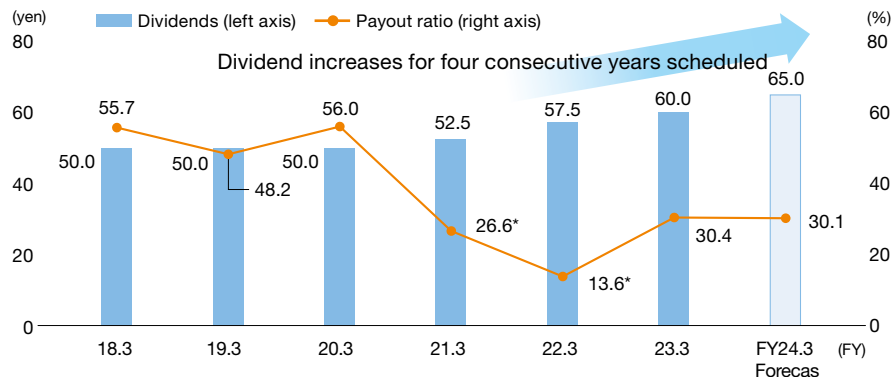
Enhancement of corporate value through dialogue with capital markets

We consider dialogue with capital markets to be highly important. Through such exchange, we obtain the capital markets' understanding and appropriate evaluation of the Group's strategies. For example, with the above transition finance, we gained the market's support by carefully explaining our management plan, which resulted in the increased number of our corporate bonds purchased by investors, including those with a strong interest in climate change issues. In addition, investors' frank opinions have helped us learn the capital markets' views on the Group's circumstances, which gave us different perspectives in deliberating management

strategies. Recent investor relations activities have served as opportunities for us to renew our recognition of the importance of addressing ESG-related issues, including climate change, human capital, and governance, as we received many questions about our ESG strategies besides opinions about optimal capital composition, free cash flow, and shareholder returns. Through constructive dialogue with capital markets, we aim to enhance our corporate value from the financial front so that we will remain worthy of long-term support from our stakeholders, including investors and shareholders.

Dividend amounts and payout ratios

Note: For the payout ratio, time-lag profit/loss, including those in the power business since FY2021.3, only has been adjusted as a factor in short-term profit fluctuation.



*The payout ratio fell below 30% in FY2021.3 and FY2022.3 due to short-term causes of profit fluctuation besides the time-lag profit/loss.





Daigas Group's Sustainability Promotion System and Management

In line with the expansion of the Daigas Group's business, the range of stakeholders who are affected by our business, including customers, local communities, shareholders, investors, and employees, is also expanding.

We have developed our sustainability promotion system to acknowledge the impacts that our business has on society and the environment and to conduct our business activities in consideration of those impacts. Through dialogue with internal and external stakeholders, we strive to identify precisely society's expectations and demands for the Group.

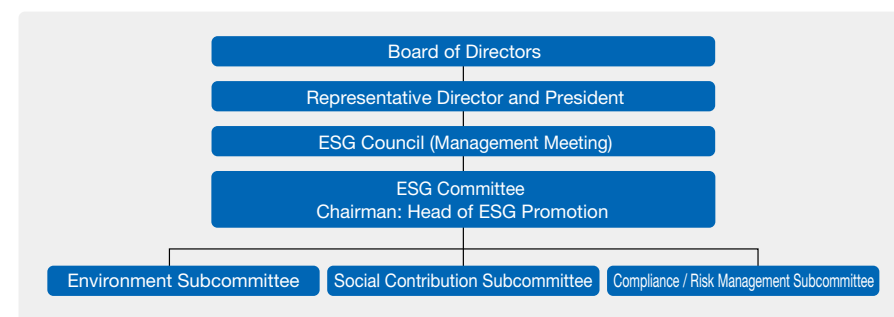
Since 2014, we have been identifying important issues (materiality) while seeking the opinions of external experts, and have been promoting sustainability activities with the aims of solving social issues and achieving sustainable economic growth.

Sustainability Promotion System and Governance

The Daigas Group has an ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Vice President), who supervises the Group's sustainability activities. This committee, whose members include the heads of related organizations, coordinates and promotes sustainability activities in a cross-organizational manner. The setting of important issues (materiality), indicators and targets for ESG management, the status of achievement, and other matters are submitted to and deliberated at the ESG Council (Management Meeting). The Board of Directors is then consulted on important matters related to sustainability activities and is responsible for decision-making and supervision.

The Group has also established and works closely with an Environment Subcommittee, Social Contribution Subcommittee, and Compliance/Risk Management Subcommittee.

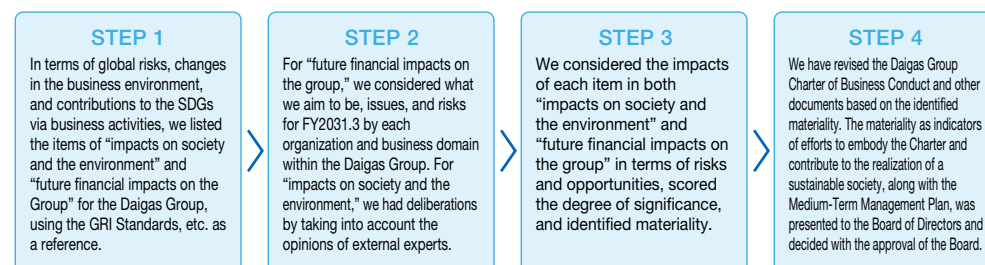
Sustainability Promotion System (As of April 1, 2023)



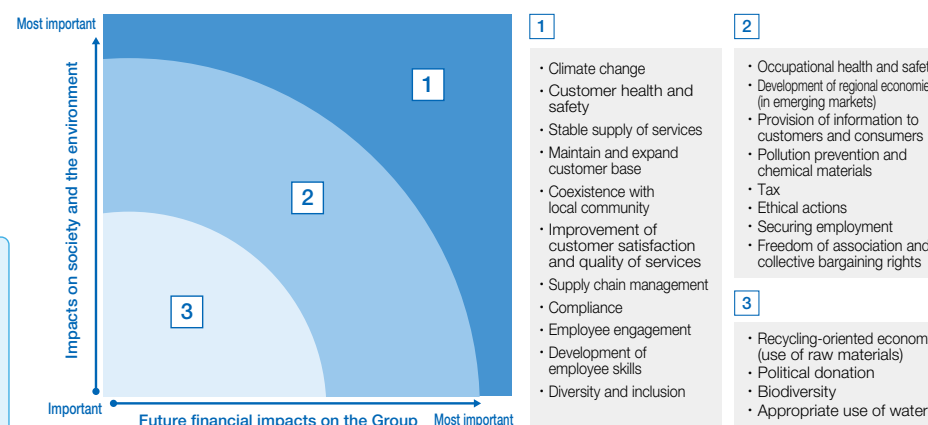
Identification of Materiality

The Daigas Group newly identified important issues (materiality) for the formulation of the Medium-Term Management Plan 2023. This involved identifying items of "impacts on society and the environment" and "future financial impacts on the Group" as medium- to long-term impacts based on changes in the business environment and sustainability-related social trends. We considered the impact of each item and obtained opinions on "impacts on society and the environment" from external experts.

The diagram on the right shows the mapping of the evaluation results. The section of the diagram marked 1 is the section that is considered particularly important, and items that fall in this section are identified as "materiality."



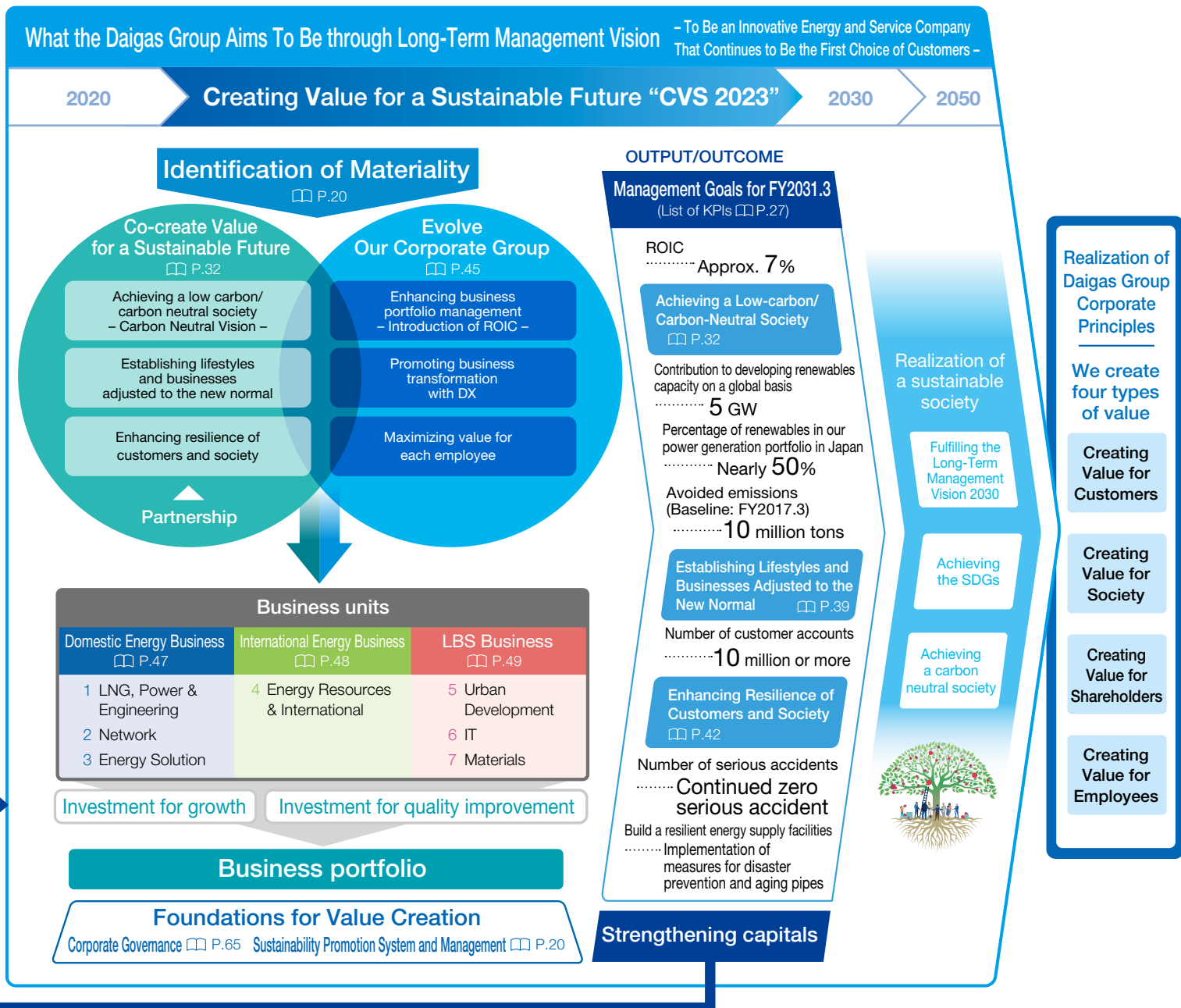
Impact Evaluation Chart





Value Creation Process

We aim to realize sustainable value creation for stakeholders and society by leveraging our capitals with strengths and following our values that have been long cherished since the company's foundation.





Daigas Group's Businesses

We aim to create value for a sustainable future and evolve as an aggregate of multiple businesses through expansion into new global fields. We will strive to achieve that by leveraging our capital with strengths and our expertise in the three core business segments: the Domestic Energy Business, International Energy Business, and Life & Business Solutions Business (LBS).





Capitals with Strengths (Data as of March 31, 2023 and for the year ended March 31, 2023)

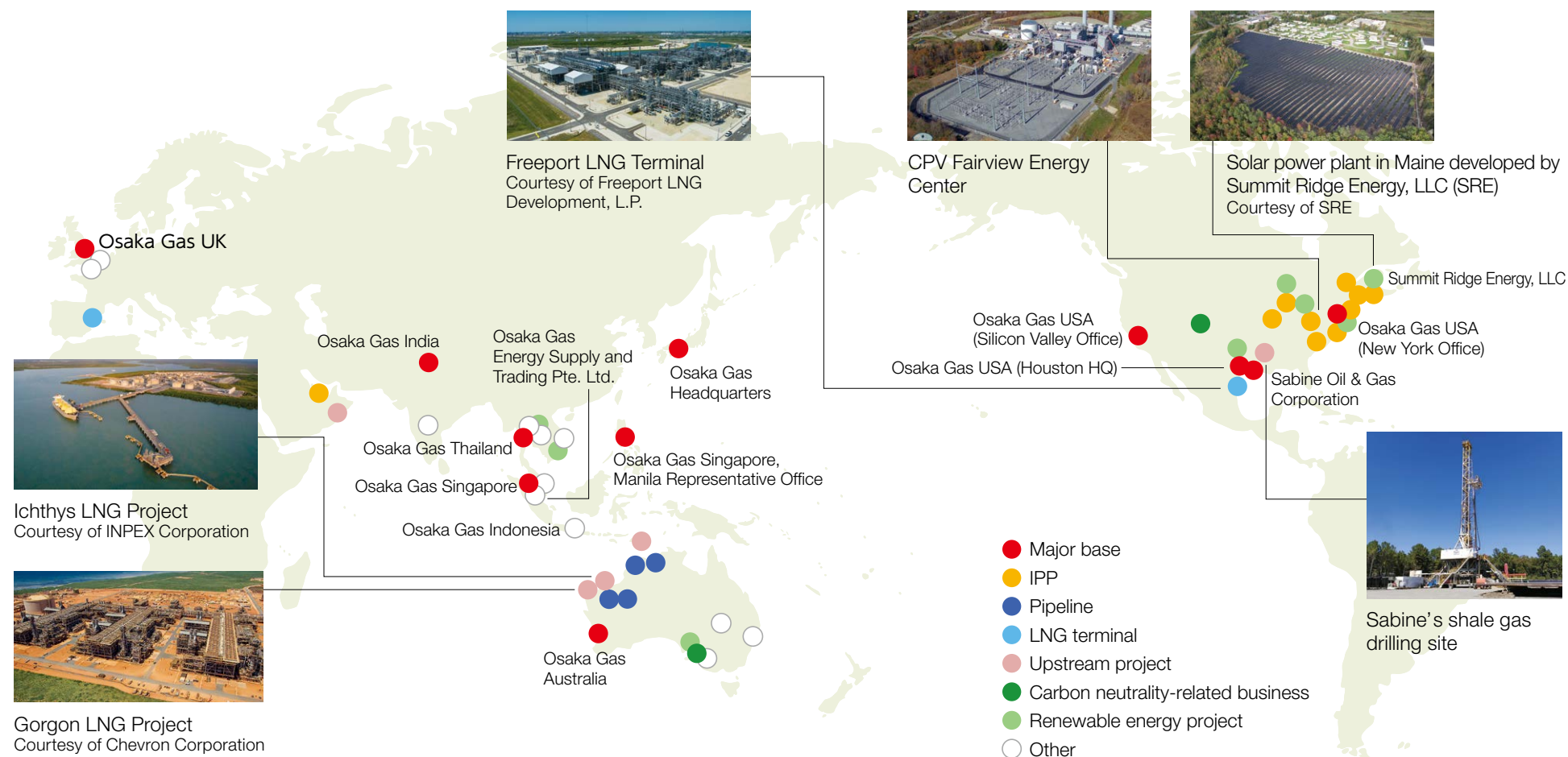
<p>Financial capital</p>	<p>The Daigas Group maintains a strong and sound financial base supported by disciplined financial strategies, to make sustainable business growth possible.</p>	<p>Cash flows from operating activities 33.5 billion yen</p> <p>Financial soundness D/E ratio: 0.71 times Equity ratio: 49.3%</p>
<p>Manufactured capital</p>	<p>With the number of customer accounts exceeding 10 million, the Group recognizes that our greatest mission is to ensure the stable and safe supply of energy, such as gas and electricity, to our customers. Our various facilities for energy supply are indispensable capital of the Group.</p>	<p>Power generation capacity (in operation) 4.58 GW <small>(Of which, renewable energy: 777 MW)</small></p> <p>Total pipeline length Approx. 63,600 km</p> <hr/> <p>Carriers owned by the Group 9 ships</p> <p>Gas manufacturing plant 2 locations</p> <p>Central Control Office* <small>*Operating 24 hours a day, 365 days a year to ensure stable supply and safety</small></p>
<p>Intellectual capital</p>	<p>The Group possesses expertise in diverse technological development, including technologies related to gas synthesis and catalysts, cultivated in the energy business, and technologies related to the design and construction of LNG receiving terminals, etc. We positioned intellectual property rights as an important management resource and are actively working to secure and utilize rights in conjunction with our business and technology development strategies.</p>	<p>Number of patents held: 2,885 patents <small>📖 P.10</small></p> <p>R&D expenses: 9.6 billion yen</p>
<p>Human capital</p>	<p>We believe it is important to create disruptive innovation to improve corporate value over the medium to long term, and that the driving force for such innovation is the blend of diverse individuals. We aim to achieve sustainable growth by increasing the engagement of each employee.</p>	<p>Number of employees: 21,017 employees</p> <p>Employee attitude survey Four comprehensive indicators remained at appropriate levels <small>📖 P.54</small></p>
<p>Social and relationship capital</p>	<p>The Group has opportunities for contact with stakeholders in a wide range of business fields. In addition to building relationships of mutual trust through dialogue and cooperation with diverse stakeholders, we will further refine the Group's solutions and innovation and create value through co-creation with stakeholders, and share our achievements with them.</p>	<p>Number of customer accounts*: Approx. 10.02 million <small>📖 P.39</small></p> <p>Low-voltage electricity supply contracts: Approx. 1.70 million</p> <p>Gas supply contracts: Approx. 5.00 million</p> <p>Service chain partners: Approx. 200 stores</p> <p>Co-creation relationship with stakeholders</p> <p><small>*Total number of contracts, including city gas, electricity, LPG, "ENE-FARM," "Sumikata Services," and utility agent contracts.</small></p>
<p>Natural capital</p>	<p>Recognizing that natural gas is a finite resource, we are striving for its efficient and effective use, while also pursuing the diversification of energy sources for a stable supply of energy and to ensure security. Our aim is to realize S+3E* through the effective use of natural gas and renewable energy.</p> <p><small>*S+3E: Safety, Energy security, Economic efficiency, and Environment</small></p>	<p>Natural gas resources <small>(LNG handled: 10,608 thousand tons)</small></p> <p>Renewable energy <small>(Contribution to developing renewables capacity on a global bases: 2,110 MW) 📖 P.32</small></p>



Overseas Energy Infrastructure

In the International Energy Business, we strive to ensure the stable procurement, supply, and wider use of natural gas, a key transition fuel, and strengthen our efforts in businesses in the fields of renewable energy and new energy and businesses that aim to achieve carbon neutrality.

Investments in the International Energy Business (As of March 31, 2023)



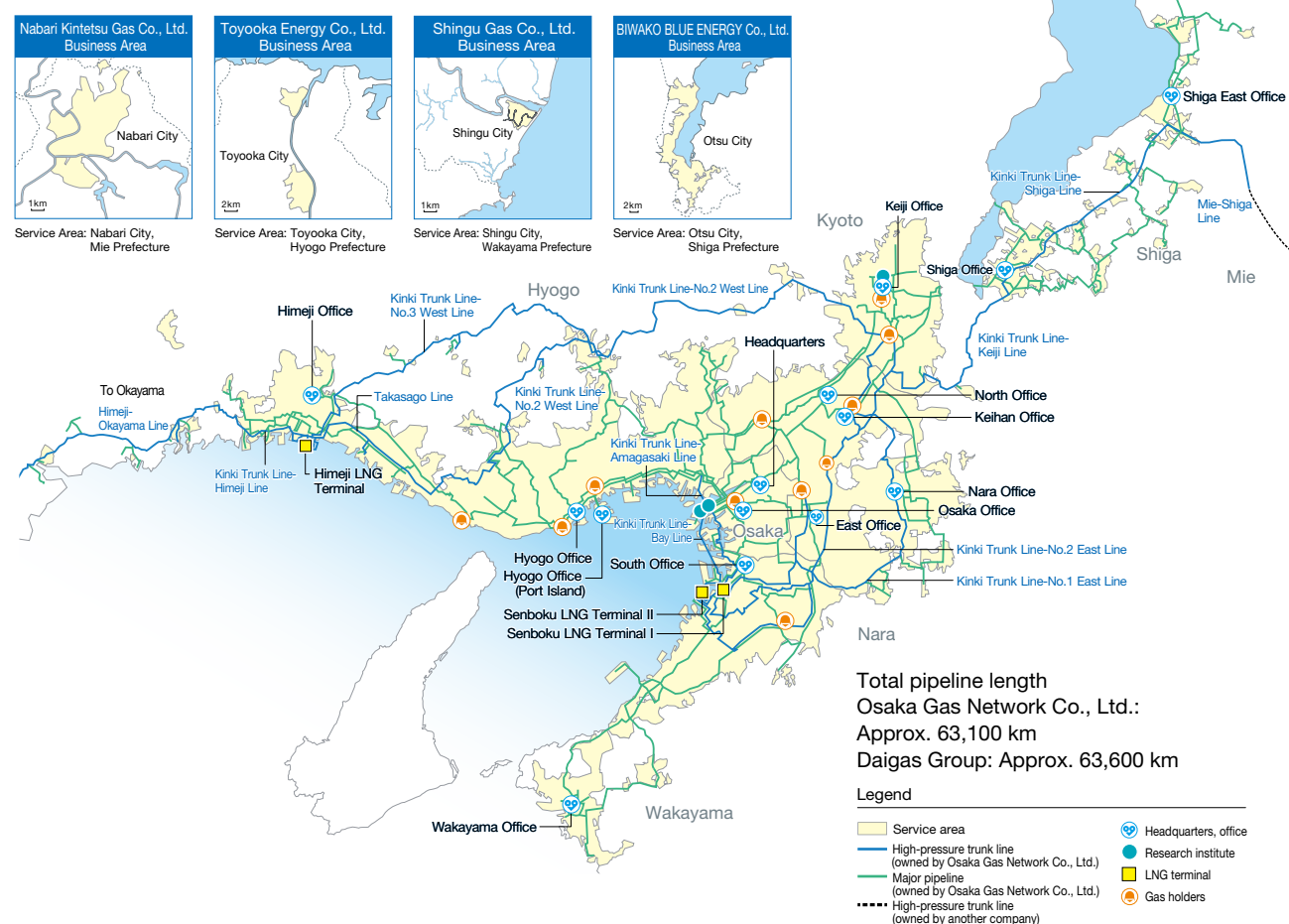
*Please refer to the [Fact Book](#) for investments in the International Energy Business.



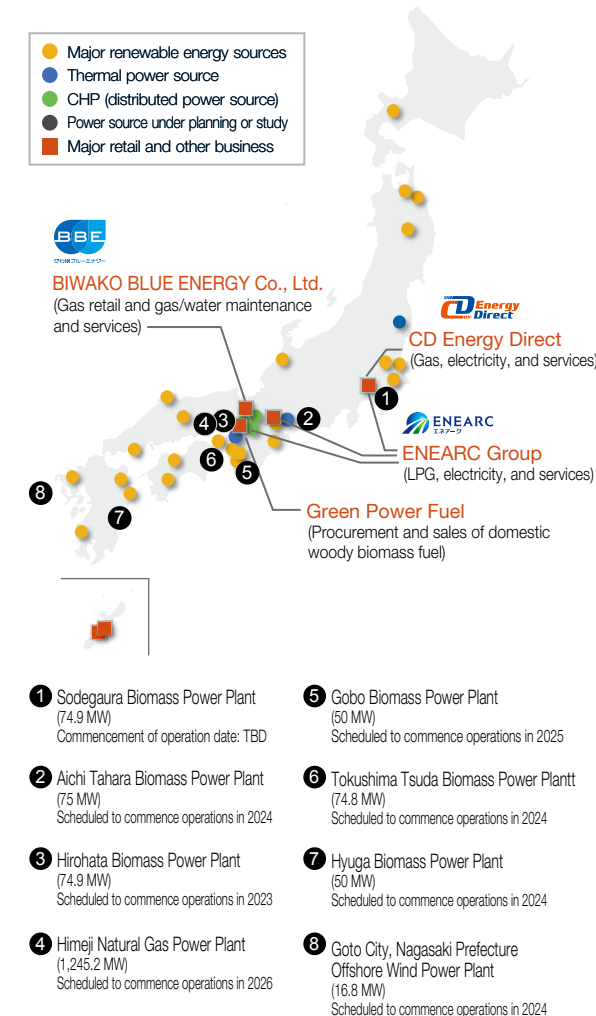
Domestic Energy Infrastructure

The Daigas Group systematically extends and expands the gas pipeline network for wider use and expansion of city gas and improved capacity for stable supply. In addition to the city gas business centered on the Kansai region, we will work to expand the development and acquisition of renewable energy in all parts of Japan. We will also leverage the strengths that we have built up to promote the construction of competitive infrastructure and the provision of services nationwide.

Gas Service Area of the Daigas Group (As of March 31, 2023)



Major Energy Infrastructure in Japan (As of March 31, 2023)

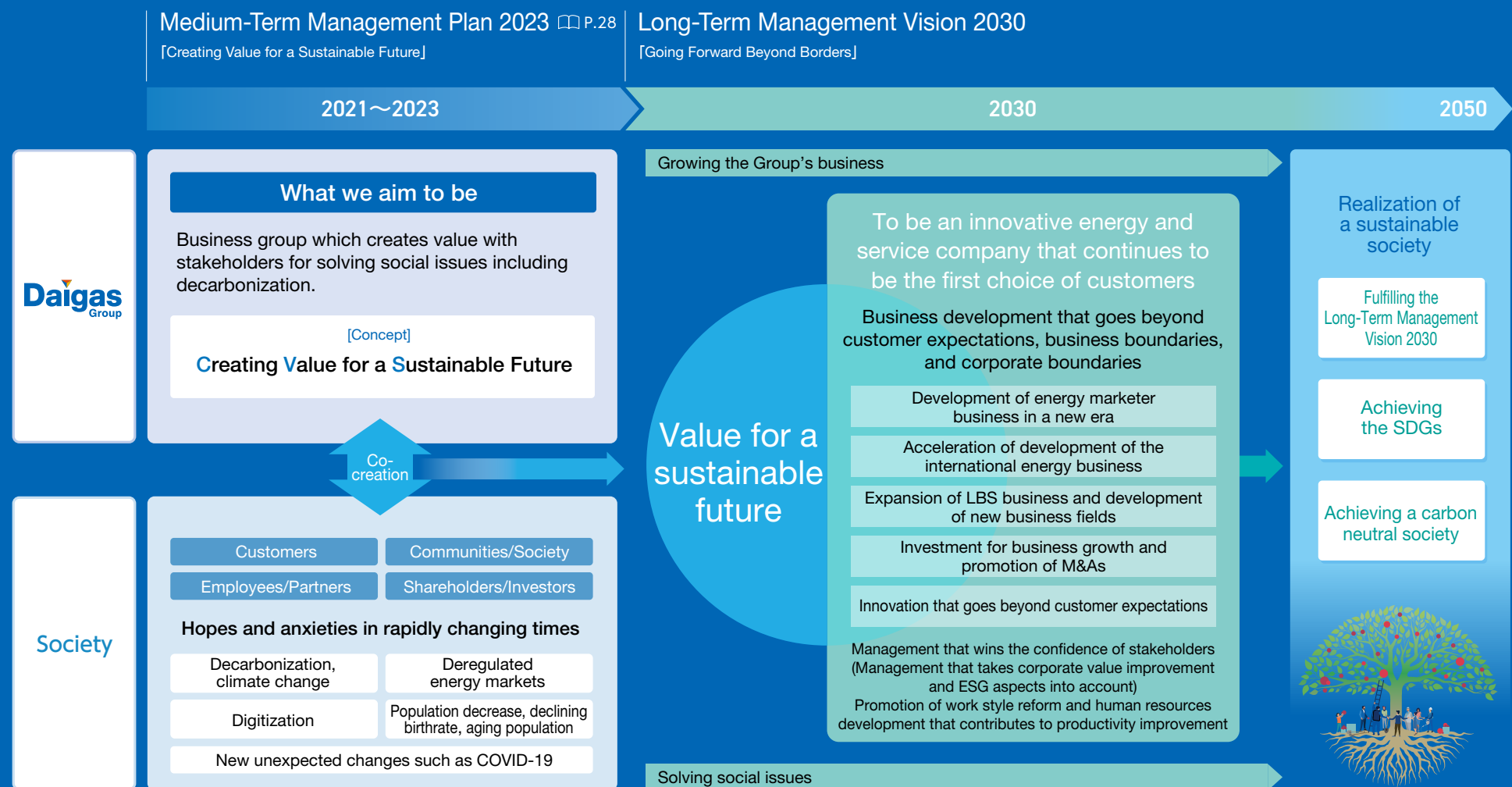




Long-Term Management Vision 2030 and Medium-Term Management Plan 2023

In 2017, the Daigas Group formulated a Long-Term Management Vision that looks toward FY2031.3, aiming to be “an innovative energy and service company that continues to be the first choice of customers” and achieve carbon neutrality by 2050.

In our Medium-Term Management Plan 2023, “Creating Value for a Sustainable Future,” announced in 2021, we have adopted a backcasting approach from our long-term vision in formulating our plan. Our aim is to create “value for a sustainable future” together with our stakeholders and continue to grow as a corporate group that creates value that contributes to solving social issues, with the goal of achieving a sustainable society.





In formulating the Medium-Term Management Plan 2023 (Plan 2023), in addition to introducing ROIC as a management indicator, we newly identified important aspects (materiality) for the acceleration of ESG management and set each indicator. Please refer to [P.84](#) for the results of financial indicators. Please refer to [P.29-30](#) for the results of the key performance indicators related to materiality.

Medium- to Long-term Management Indicators

			FY2024.3 Targets	FY2031.3 Targets	FY2051.3 Targets
Profitability indicators	ROIC ^{*1}		Nearly 5%	Nearly 7% ^{*2}	
Financial soundness indicators	Debt equity ratio		Nearly 0.7%		
	Shareholders' equity ratio		Nearly 50%		
Shareholder returns	Payout ratio		30% or higher		
Investment for growth			500.0 billion yen ^{*3}	1,450.0 billion yen ^{*4}	
	Domestic Energy		174.0 billion yen ^{*3}	520.0 billion yen ^{*4}	
	International Energy		168.0 billion yen ^{*3}	550.0 billion yen ^{*4}	
	LBS		158.0 billion yen ^{*3}	380.0 billion yen ^{*4}	
Investment for quality improvement			237.0 billion yen ^{*3}	550.0 billion yen ^{*4}	
Materiality key performance indicators (KPI)	Establishing lifestyles and businesses adjusted to the new normal	Number of customer accounts		10 million or more	
		Customer satisfaction rate	90%		
	Enhancing resilience of customers and society	Number of serious accidents	Continued zero serious accident		
		Build resilient energy supply facilities	Implementation of measures for disaster prevention and aging pipes ^{*2}		
	Achieving a low carbon/carbon neutral society	CO ₂ emissions of Daigas Group	27.02 million tons ^{*5} (5 million tons reduction from FY2018.3)		
		Percentage of renewables in our power generation portfolio in Japan		Nearly 50% ^{*2}	
		Contribution to developing renewables capacity on a global basis	2.5 GW	5.0 GW ^{*2}	
		Avoided emissions (Baseline: FY2017.3)		10.00 million tons ^{*2}	
					Carbon Neutral
	Building foundations that support the realization of value for a sustainable future	Number of our participation in local governments' activities	14 cases		
		Number of joint efforts with local communities	170 times		
		Appropriate new supplier ratio	100%		
		Number of serious violations of laws and regulations	Continued zero serious violation		
		Employee attitude survey	Maintained and improved employee engagement ^{*2}		
		Annual average hours of training per employee	Implementation of human resource development and work environment improvement ^{*2}		
		Percentage of female officers/Percentage of female Directors ^{*6}		20% or more ^{*2}	
		Percentage of women in members newly promoted to middle management positions		30% or more ^{*2}	
		Percentage of women in new recruits for career-track positions		Continue 30% or more ^{*2}	

Striving to achieve carbon neutrality by 2050

In light of the growing demands of society for responses to climate change, the Daigas Group aims to become carbon neutral by 2050. We plan to reach the goal through decarbonization of our gas and electricity by introducing methanation technology, which uses hydrogen generated by renewable energy, and by increasing the share of renewables in our power generation portfolio. Further, we announced our "Carbon Neutral Vision" in January 2021 to indicate our efforts to achieve this goal.

Under that Vision, we released "Energy Transition 2030 (ET2030)," which outlines the overall path toward a low-carbon / decarbonized energy transition, in March 2023. In ET2030, we declared new CO₂ emissions reduction targets for FY2031.3 for the Group.

Please refer to [P.33-38](#) for details of "Energy Transition 2030 (ET2030)."

^{*1} Please see [P.45](#) for an explanation on ROIC.

^{*2} Targets for FY2031.3 newly set in the Medium-Term Management Plan 2023

^{*3} FY2024.3 targets are cumulative for FY2022.3 - FY2024.3.

^{*4} FY2031.3 targets are cumulative for FY2018.3 - FY2031.3.

^{*5} Emissions throughout the domestic supply chain (scope 1, 2 & 3). Target newly set in March 2023

^{*6} Target for percentage of female Directors newly set in March 2023



Medium-Term Management Plan 2023

Medium-Term Management Plan 2023 as a Momentum Builder

Under the Medium-Term Management Plan 2023, we strive to build up momentum for a further growth of our business as a corporate group that provides solutions to achieving a sustainable society, focusing on creating value for a sustainable future with our stakeholders.

Key Strategies and Initiatives



I . Co-create Value for a Sustainable Future

Pursuing the creation of value for solving social issues alongside stakeholders.

Achieving a Low Carbon/Carbon Neutral Society

As our contribution to achieving a low carbon/carbon neutral society, we strive to become carbon neutral by 2050 through decarbonization of our gas and electricity and through contribution to the reduction of CO₂ emissions.

Establishing Lifestyles and Businesses Adjusted to the New Normal

We globally provide services as optimal solutions to each customer's adjustment of their lifestyles and businesses to the new normal.

Enhancing Resilience of Customers and Society

We aim to enhance energy resilience for customers and society by reinforcing gas supply chain infrastructure for stable supply and expanding energy network combined with distributed power sources.



II . Evolve Our Corporate Group

Building a robust business portfolio and strengthening the management foundation to support the enhancement of our business portfolio management.

Enhancing Business Portfolio Management

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.

Promoting Business Transformation with DX

We aim to achieve corporate evolution through business reform and innovation by increasing both quality and speed in customer interaction, digitization, and reform of all operations.

Maximizing Value for Each Employee















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.



Materiality and Daigas Group Charter of Business Conduct

In light of the process to identify materiality, the Daigas Group has set forth “co-create value for a sustainable future” in its Medium-Term Management Plan, defining the pursuit of the creation of value for solving social issues alongside stakeholders as one of its key strategies.

Through unified management that integrates corporate principles, the Medium-Term Management Plan, materiality, and key performance indicators (KPIs), we will work to accelerate ESG management.

Charter of Business Conduct	Important issues (Materiality)	Value for a sustainable future	Initiatives to create value for a sustainable future	Indicators	Goals	Fiscal year to be achieved	FY2023.3 results	Contribution to SDGs
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	2031.3	10.02 million 📖 P.39	 
	Improvement of customer satisfaction and quality of services		Enhance customer relationship management	Customer satisfaction rate	90%	2024.3	90% 📖 P.40	
	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 accidents	2031.3	Zero serious accidents 📖 P.42	   
	Stable supply of services		Strengthen resilience of energy supply	Build resilient energy supply facilities	Implementation of measures for disaster prevention and aging pipes	2031.3	Ratio of strengthening of earthquake resistance: about 89% Number of supply area subdivisions: 713 blocks 📖 P.42	
II	Contributing to the sustainability of the environment and society	Climate change GRI Standards: 302-1 305-5	Implement carbon-neutral measures	CO ₂ emissions of Daigas Group	Net zero emissions	2051.3	25.98 million tons 📖 P.32	   
					27.02 million tons*1 (5 million tons reduction from FY2018.3)	2031.3	25.05 million tons*1 📖 P.32	
			Provide clean energy and expand renewable energy value chain	Percentage of renewables in our power generation portfolio in Japan*2	Nearly 50%	2031.3	13.0% 📖 P.32	
				Contribution to developing renewables capacity on a global basis*2	5 GW	2031.3	2.11 GW 📖 P.32	
			Promote advanced utilization of natural gas and environmental products	Avoided emissions (Baseline: FY2017.3)	10 million tons	2031.3	3.86 million tons 📖 P.32	
III	Engaging with and contributing to society	Coexistence with local community GRI Standards: 413-1	Promote communication with local communities	Number of our participation in local governments' activities (i.e. community development planning)	14 cases	2024.3	38 cases 📖 P.56	   
				Number of joint efforts with local communities	170 times	2024.3	326 times 📖 P.56	

*1 Emission throughout the domestic supply chain (Scope 1, 2 & 3) (New targets for FY2031.3 set in Energy Transition 2030)

*2 Including power sources under the feed-in tariff (FIT) system.



Charter of Business Conduct	Important issues (Materiality)	Value for a sustainable future	Initiatives to create value for a sustainable future	Indicators	Goals	Fiscal year to be achieved	FY2023.3 results	Contribution to SDGs
IV Respecting human rights	Supply chain management GRI Standards: 308-1 414-1	Building foundations that support the realization of value for a sustainable future	Build a responsible supply chain	Appropriate new supplier ratio	100%	2024.3	100% P.57	
V Complying with laws and regulations	Compliance GRI Standards: 307-1 418-1 419-1		Promote the Group's compliance	Number of serious violations of laws and regulations	Continued zero serious violation	2024.3	Zero serious violations of laws and regulations P.56	
VI Providing a work environment that supports employees' personal growth	Employee engagement		Create a workplace where employees can feel a sense of fulfillment	Attitude survey (Loyalty Score)	Maintained and improved employee engagement	2031.3	Four comprehensive indicators remained at appropriate levels P.54	
	Development of employee skills GRI Standards: 404-1			Annual average hours of training per employee	Implementation of human resource development and work environment improvement	2031.3	26.3 hours/person Hours of e-Learning courses were taken*1 5.83 hours/person P.54	
	Diversity and inclusion GRI Standards: 405-1		Promote diversity and inclusion	① Percentage of female executives/Percentage of female Directors*2 ② Percentage of women in members newly promoted to middle management positions ③ Percentage of women in new recruits for career-track positions	① 20% or more for each category ② 30% or more ③ Continue 30% or more	2031.3	① 13.3%/10.0% ② 14.3% ③ 28.1% P.54	

*1 Includes some temporary employees and part-time workers. Covers e-learning programs on safety, information security, environment, digital transformation, etc. *2 Target for percentage of female Directors newly set in March 2023



Value Creation Stories

I. Co-create Value for a Sustainable Future

Achieving a Low-Carbon/Carbon-Neutral Society

Energy Transition 2030

Establishing Lifestyles and Businesses Adjusted to the New Normal

Enhancing Resilience of Customers and Society

II. Evolve Our Corporate Group

Enhancing Business Portfolio Management

Domestic Energy Business

International Energy Business

Life & Business Solutions Business

Promoting Business Transformation with DX

Maximizing Value for Each Employee

Building Foundations that Support the Realization of Value for a Sustainable Future

Disclosure based on the TCFD Recommendations

Environmental Impact throughout the Daigas Group Value Chain



I . Co-create Value for a Sustainable Future

Achieving a Low-Carbon/Carbon-Neutral Society

Materiality

Climate change



Recognition of External Environment

As the trend toward decarbonization accelerates even further, global economic stagnation and growing volatility in energy markets are becoming more apparent. From the perspective of S+3E,*1 the basic policy of the Japanese government's energy policy, we believe in the importance of achieving both the stable supply and securing security of energy and carbon neutralization of energy.

Review of FY2023.3 and Future Strategy

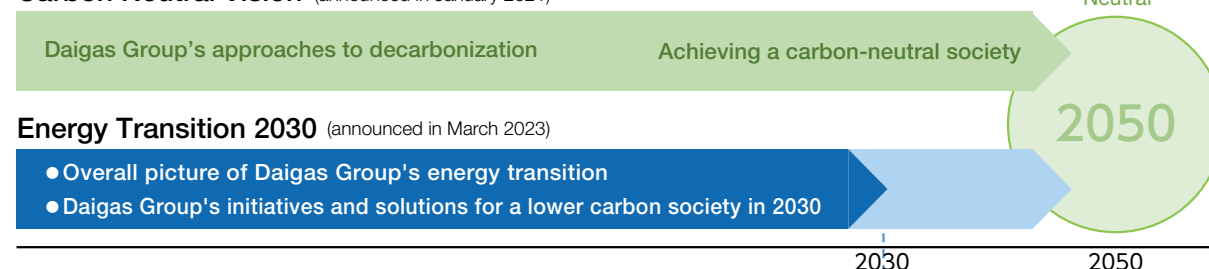
In FY2023.3, under the Carbon Neutral Vision announced in 2021, the Daigas Group strengthened its efforts to build a supply chain for e-methane*2 both in Japan and overseas, along with advancing the development of technologies and renewable energy, for the full-scale introduction of methanation*2 technologies in FY2031.3. With the recognition of the external environment as described above, we released Energy Transition 2030 (ET2030) in March 2023 that outlines the overall picture of the Group's transition to low-carbon and carbon-neutral energy.

*1 S+3E: Safety, Energy security, Economic efficiency, and Environment

*2 Methanation is a technology that synthesizes methane, the main component of city gas, from hydrogen and CO₂. "e-methane" refers to methane synthesized by methanation.

Carbon Neutral Vision and Energy Transition 2030

Carbon Neutral Vision (announced in January 2021)



Energy Transition 2030 (announced in March 2023)

FY2031.3 Targets	Contribution to developing renewables capacity on a global basis 5 GW	Percentage of renewables in our power generation portfolio in Japan Nearly 50%	Avoided emissions 10 million tons (baseline: FY2017.3)
	Reduction of Daigas Group CO ₂ emissions 5 million tons (relative to FY2018.3)	e-methane 1% introduction	

Indicators and FY2023.3 Results

CO₂ emissions across the Group ► **25.98 million tons***3
25.05 million tons*4

In ET2030, we declared CO₂ emissions reduction targets for FY2031.3 for the Daigas Group. To achieve these targets, we will promote initiatives aimed at net zero emissions from fleets, etc.

*3 Please refer to □□ P.62 for details of greenhouse gas (GHG) emissions from the Daigas Group's value chain (Scope 1, 2 & 3).

*4 Emissions throughout the domestic supply chain (Scope 1, 2 & 3) (New targets for FY2031.3 set in ET2030)

Percentage of renewables in our power generation portfolio in Japan ► **13.0%**

Renewables development contribution on a global basis ► **2.11 GW**

In FY2023.3, we promoted the more widespread use of renewable energy sources with various initiatives such as the joint development of solar power projects in Japan and overseas and the launch of commercial operation of new wind farms in Japan. In doing so, we have steadily increased our renewables development contribution toward our FY2024.3 target of 2.50 GW.

Avoided emissions*5 (baseline: FY2017.3) ► **3.86 million tons**

We have taken several initiatives, which included cryogenic power generation at our LNG terminals, the introduction of renewable energy sources in Japan and high-efficiency thermal power generation both in Japan and overseas, the introduction of fuel cells and gas-powered air conditioning and high-efficiency hot-water heaters at customer sites, and conversion to the use of natural gas as a fuel in Japan and overseas.

*5 Please refer to □□ P.35 for our approach to avoided emissions.



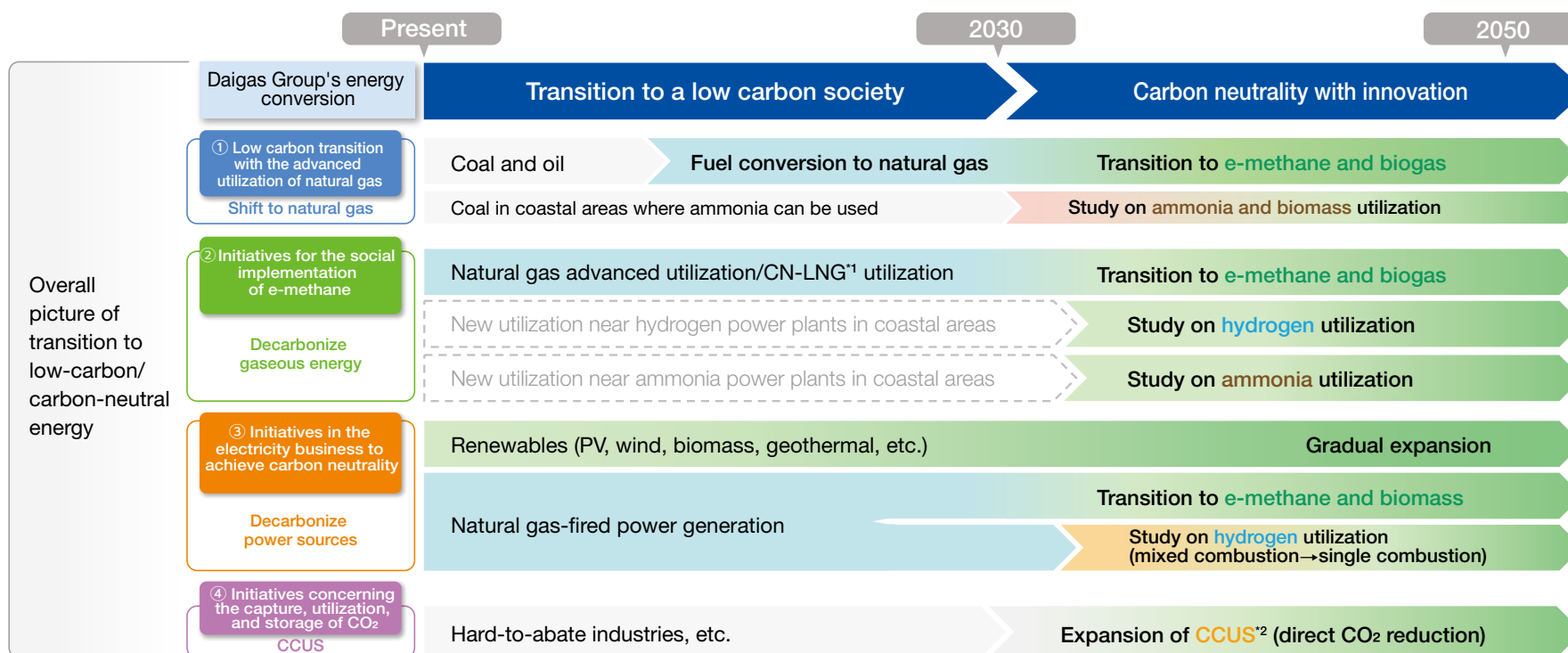
Achieving a low-carbon/carbon-neutral society

Energy Transition 2030

Under Energy Transition 2030 (ET2030), the Daigas Group outlines the overall picture of its transition to low-carbon and carbon-neutral energy.

In order to achieve carbon neutrality, a steady transition to low-carbon energy is crucial, as a great deal of time and social cost will be required for technological innovation and the building of new supply chains. It is also important to choose optimal energies and supply methods to suit the customer's energy use characteristics, such as the balance of electricity and heat use and their location. Focusing on the transition to low-carbon energy by 2030 through a shift from coal and oil to natural gas, and the seamless transition to carbon-neutral energy with the introduction of e-methane and biogas in the future, we will continue to pursue the decarbonization of power sources in ways that meet customer needs. This will include the use of hydrogen and ammonia, the decarbonisation of power sources, such as renewable energy generation and zero-emission thermal power plants. The following pages present the Daigas Group's roadmap for CO₂ reduction, along with the background and approach to our major initiatives for decarbonization through

- ① Low carbon transition with the advanced utilization of natural gas, ② Initiatives for the social implementation of e-methane, ③ Initiatives in the electricity business to achieve carbon neutrality, and ④ Initiatives concerning the capture, utilization, and storage of CO₂.



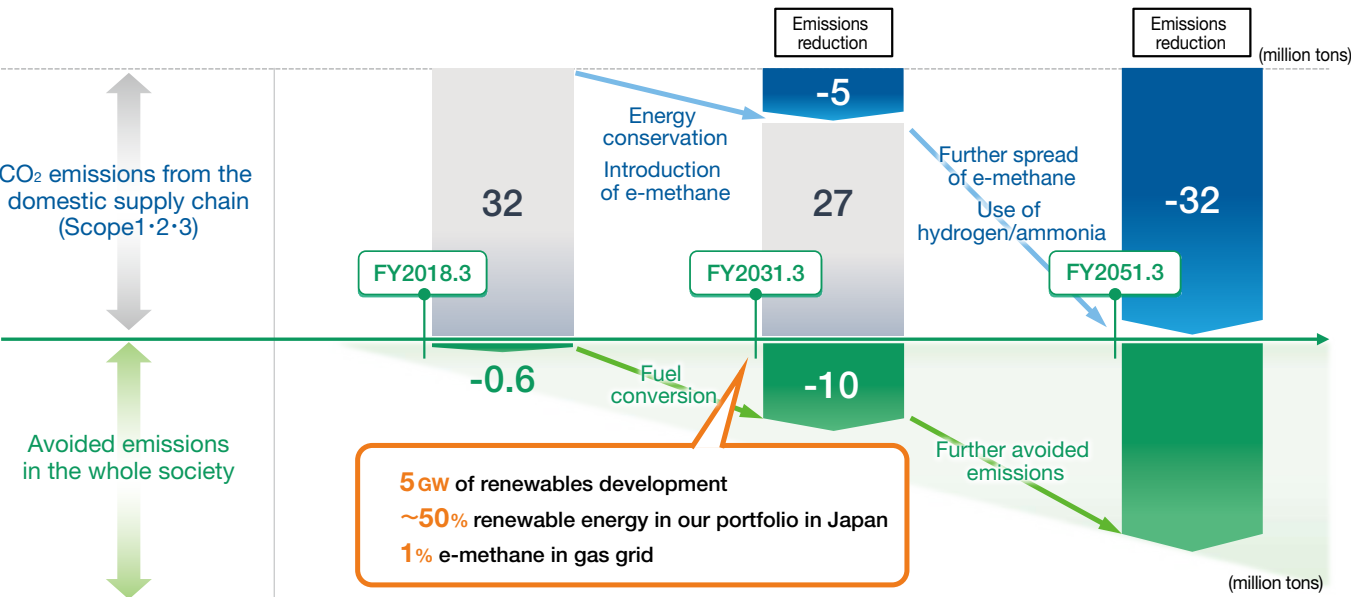
*1 CN-LNG: Carbon Neutral LNG, which is considered to produce no CO₂ on a global basis when greenhouse gases emitted in the supply chain from natural gas production to combustion are offset by CO₂ absorbed and reduced in a separate process from the value chain.

*2 CCUS: Carbon dioxide Capture, Utilization and Storage

Energy Transition 2030

Daigas Group’s CO₂ Emissions Reduction Roadmap

In Energy Transition 2030, we have declared targets for 2030 and 2050 regarding CO₂ emissions in our domestic supply chain and avoided emissions in the whole society, and presented a CO₂ emissions reduction roadmap. Through such measures as the 1% introduction of e-methane into existing infrastructure, we will aim to reduce the CO₂ emissions of the Daigas Group’s supply chain in Japan by 5 million tons, and 10 million tons of avoided emissions in society as a whole in FY2031.3 through the Group’s activities. After the introduction of e-methane in FY2031.3, we will pursue decarbonization through its wider use.



Introduction of ICP

Osaka Gas introduced the concept of “Environmental Management Efficiency” in 2003, which is used to quantify the environmental impact of business activities by converting environmental impacts per volume of gas produced into monetary values. In addition, from FY2022.3, we have adopted internal carbon pricing (ICP) to identify the carbon impact of our invested projects. From FY2024.3, we also reference ICP when making decisions on new investments in business fields that have a large carbon impact.

Joint investment in forest fund established by Sumitomo Forestry Group

In July 2023, Osaka Gas announced its joint investment, along with nine other Japanese companies, in the Eastwood Climate Smart Forestry Fund I (“the Fund”) established by the Sumitomo Forestry Group. The pooled capital amounts to approximately ¥60.0 billion and will be invested over 15 years. By 2027, the pooled capital will have been invested in the acquisition and management of 130 thousand hectares of forest, primarily in North America. With a target of sequestering an additional 1 million tons of carbon dioxide a year, the Fund will promote the production and trading of high-integrity carbon credits, which will contribute to the realization of a decarbonized society. The Fund will deliver global climate benefits by supporting responsible forest management at a spatial and financial scale beyond that which individual companies could achieve on their own.

Decarbonize power

Low-carbon/carbon neutral power (renewables, e-methane, hydrogen, and CCUS)

Decarbonize gas

Low carbon transition with natural gas

Carbon neutrality with e-methane

Reduce in-house emissions

Net zero in our office buildings and vehicles

Investment valuation

Application of internal carbon pricing (ICP)



Energy Transition 2030

1 Low Carbon Transition with the Advanced Utilization of Natural Gas

The Daigas Group is proceeding with fuel conversion from coal and oil, etc. to natural gas, which emits less CO₂, and with the introduction of energy-saving technologies (cogeneration, etc.). The Group is thus contributing to CO₂ reduction in society as a whole. We are undertaking the fuel conversion not only in the Kansai area, but throughout other parts of Japan and in the Asian region, and will expand this activity even further going forward.



Contribution to low carbon transition with the introduction of gas cogeneration systems

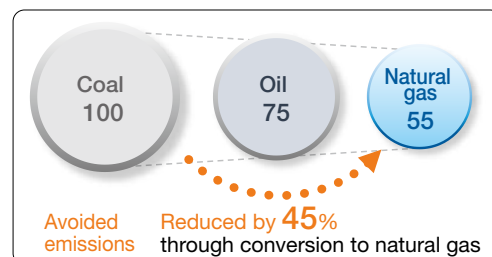
The Group is contributing to low carbon transition through the introduction of gas cogeneration systems to customers. Cogeneration systems generate power with city gas and use the waste heat generated for other applications such as cooling and heating, hot water supply, and steam, thus realizing high overall energy efficiency of 70-90%. Since the initial introduction in 1982, we have installed systems totaling 1.50 GW. In March 2022, we developed a new and improved gas cogeneration system that offers even higher power generation efficiency. This new system will also contribute to power security because gas can be used to generate power during blackout.

Approach to Avoided Emissions in Society

The following sums up our approach to avoided emissions in society. For example, we can reduce approximately 45% of CO₂ emissions with the switch from coal to natural gas. However, if we have supplied the natural gas, our gas sales volumes increase, which means an increase in Scope 3 CO₂ emissions according to the GHG Protocol*¹ that is commonly used by companies to calculate their CO₂ emissions. For this reason, in the transition phase until 2030, our CO₂ emissions will increase by promoting fuel conversion from oil and coal to natural gas. On the other hand, by switching to natural gas, CO₂ emissions per the same calorific value will be reduced, which means that we can contribute to CO₂ emissions reduction in the whole society. However, under the current GHG Protocol, there is no way of evaluating the CO₂ reduction effect on society as a whole through contributions to other parties.

To steadily promote the transition to low-carbon/decarbonization together with our many customers, we believe that it is important to understand our progress with an indicator that shows the effect of CO₂ emissions reduction in the whole society (avoided emissions) and to obtain the understanding of our stakeholders.

CO₂ emissions per same calorific value²



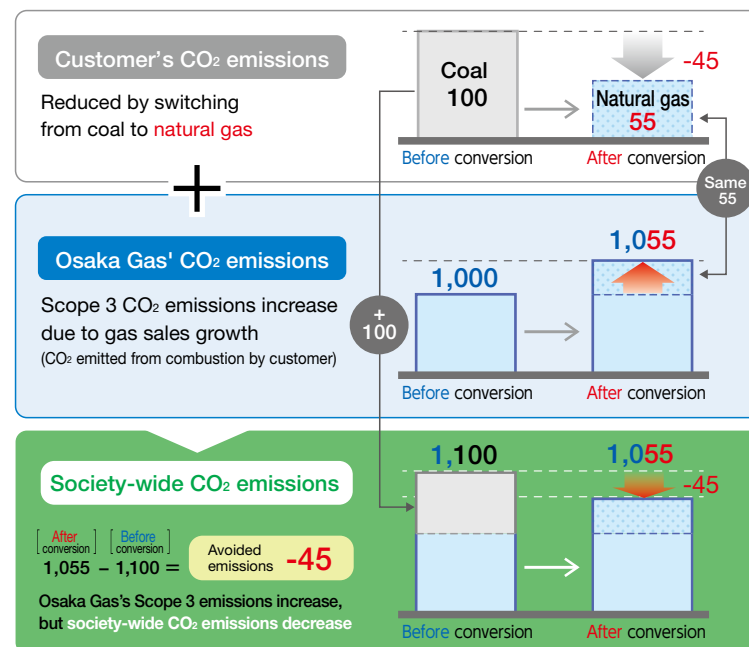
What is "avoided emissions"?

Quantified CO₂ emissions reduction through products and services provided to others

Calculated based on the "Guidelines for Quantifying GHG emission reductions of goods or services through Global Value Chain" (Ministry of Economy, Trade and Industry, March 2018)

Indicator of society-wide avoided emissions through contribution to other companies' emissions reduction

Avoided emissions calculation example



*1 International standard for calculating and reporting GHG emissions

*2 Prepared based on the "Ordinance Concerning Calculation of GHG Emissions from Business Activities of Specified Emitters" issued by METI and the Ministry of the Environment



Energy Transition 2030

② Initiatives for the Social Implementation of e-methane — Efforts for Transition toward 2030 —

The Daigas Group believes that e-methane, which is synthesized from hydrogen produced with renewable energy and CO₂, will be the key to realizing the carbon neutralization of city gas. The value offered by e-methane includes reducing additional social costs. The Group is implementing various initiatives*1 toward the social implementation of e-methane.

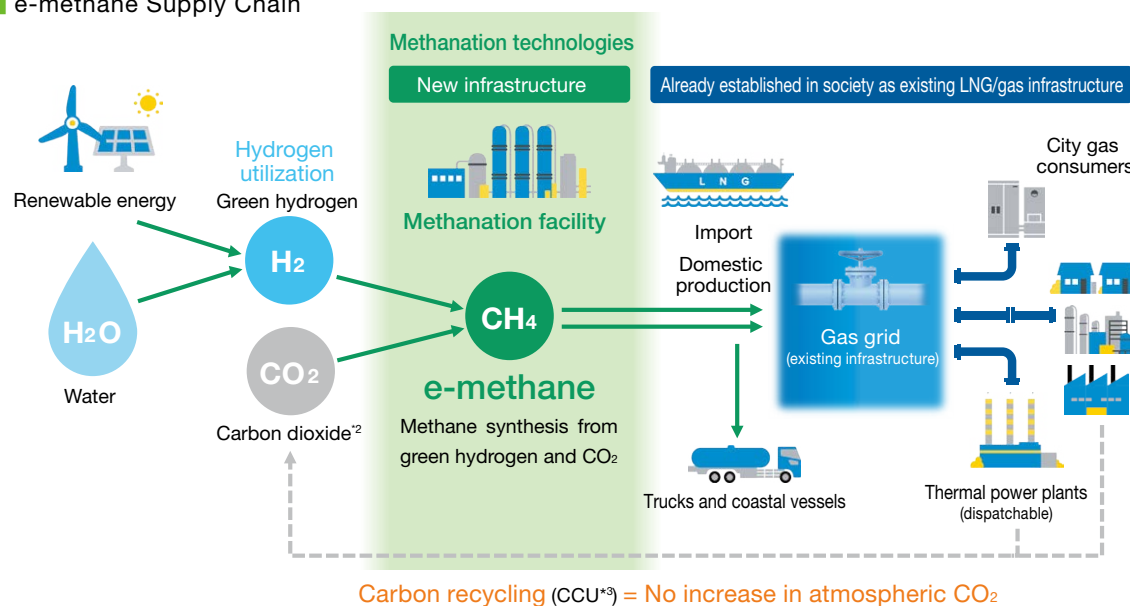
*1 Please see the next page for details of our initiatives toward the social implementation of e-methane.

Supply Chain and Cost Benefits of the Social Implementation of e-methane

"e-methane" is considered as a carbon-neutral energy because it is produced by recycling CO₂ emitted into the atmosphere and synthesizing it with hydrogen, and does not increase atmospheric CO₂ even when combusted.

Furthermore, since "e-methane" has almost the same composition as city gas, existing city gas infrastructure and customers' combustion equipment can be used without modification, enabling seamless decarbonization from the transition period. This has the advantage of reducing social implementation costs.

■ e-methane Supply Chain



*2 Biogenic CO₂ and possibly CO₂ derived from DAC (Direct Air Capture: a technology used to capture and remove CO₂ directly from the atmosphere) might be utilized in the future

*3 Carbon dioxide Capture and Utilization

Four Value Propositions of e-methane

"e-methane" offers four value propositions that contribute to customers and society. Based on these values, the Group aims to introduce "e-methane" accounting for 1% of the Group's gas sales as of FY2031.3.

■ Four value propositions

- | | |
|---|---|
| Value proposition ①
Decarbonized heat demand | Decarbonizing heat demand, which accounts for 60% of the energy including high-temperature heat that cannot be generated by electricity |
| Value proposition ②
Lower social costs | Significantly reducing social costs by using the existing gas infrastructure and customers' equipment without replacement |
| Value proposition ③
Enhanced energy security | Mitigating geopolitical risks through diversified sources of e-methane produced in various locations in Japan and overseas |
| Value proposition ④
Carbon neutral Asia | Exporting competitive Japanese industries and contributing to environment conservation and economic growth in Asia and Japan |



Energy Transition 2030

② Initiatives for the Social Implementation of e-methane — Efforts for Transition toward 2030 —

e-methane Supply Chain Development in Japan and Overseas

For the full-scale introduction of e-methane in 2030, the Daigas Group will consider establishing diverse methanation technologies, developing renewable energy sources, and building a supply chain both in Japan and overseas, including the procurement of hydrogen and CO₂ in collaboration with customers.

We will study the introduction of e-methane primarily in the city gas supply area in the Kansai region and comprehensively verify necessary elemental technologies and feasibility of the supply chain, in our aim to establish the optimal supply model for e-methane. In addition to supply chain development in Japan, we view the building of a supply chain overseas as another promising option for the introduction of e-methane. In collaboration with business operators both in Japan and overseas, we are conducting several feasibility studies and basic design work regarding the building of such a global supply chain. For stable procurement in the future, we are identifying locations suitable for e-methane production, focusing our consideration on North America, South America, Australia, the Middle East, and Southeast Asia, where existing natural gas and LNG facilities can be used. We will also promote more widespread use of e-methane in Asia as a new location of use.

■ e-methane Supply Chain Development

Methanation technology development

- ① **Sabatier methanation**^{*1} (existing technology)
Scaled up and implemented in society at an early stage
- ② **Biomethanation**^{*2} (innovative technology)
Produce and use energy locally for local consumption
- ③ **SOEC methanation**^{*3} (Innovative technology)
Reduce cost by enhancing energy efficiency

Supply Chain Development Overseas

The United States

- A joint study is underway on the production of e-methane using biomass-derived CO₂ from a bioethanol plant and blue hydrogen derived from natural gas through the reforming process.
(Main operators: Osaka Gas USA Corporation, Tallgrass MLP Operations, LLC, Green Plains Inc.)
- A joint study is underway on the production of e-methane near the Cameron LNG facility.
(Main operator: Osaka Gas, Tokyo Gas Co., Ltd., Toho Gas Co., Ltd., Mitsubishi Corporation)

Australia

- A joint study is underway on the production of e-methane using CO₂ captured from exhaust gas in industrial areas and natural gas liquefaction plants and green hydrogen generated through water electrolysis powered by renewable energy.
(Main operator: Osaka Gas Australia Pty. Ltd., Santos Ltd)

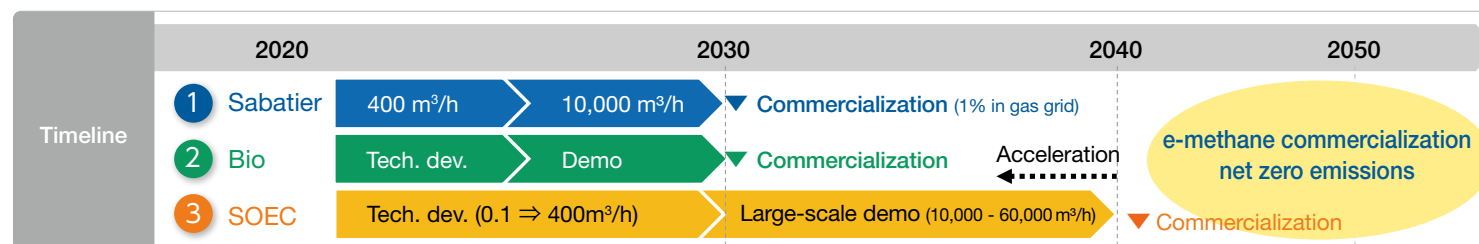
Southeast Asia

- A joint study is underway in Malaysia on the production of e-methane that is not affected by renewable electricity prices, using methanation by converting biomass, such as unutilized forest resources, into gas.
(Main operator: Osaka Gas, IHI Corporation, PETRONAS Global Technical Solutions Sdn. Bhd.)

South America

- A joint study is underway at PERU LNG's plant on the production of e-methane using green hydrogen produced through water electrolysis using renewable energy and CO₂.
(Main operator: Osaka Gas, Marubeni Corporation, PERU LNG S.R.L.)

■ Roadmap for Social Implementation of Methanation Technology



*1 CO₂ conversion by a catalytic reaction with hydrogen derived from renewable energy, etc. to synthesize methane.

*2 Technology that uses biological reactions to synthesize methane from CO₂ and hydrogen

*3 Use of SOEC equipment to electrolyze water and CO₂ into hydrogen and carbon monoxide using renewable energy, etc., and then synthesize methane by catalytic reaction of the hydrogen and carbon monoxide.



Energy Transition 2030

3 Carbon Neutral Initiatives in the Electricity Business — Efforts for Energy Transition toward 2030 —

Low-Carbon/Carbon-Neutral Transition of Power Sources

We are promoting the development of a wide range of renewable energy sources such as wind, solar, and biomass together with various partners nationwide, aiming for 5 GW of renewable energy development contribution,*1 one of our targets for FY2031.3.

We are also working on initiatives for storage batteries and VPP utilization, as well as the low-carbon/carbon-neutral transition of thermal power plants needed as dispatchable sources.

*1 Including power sources under the feed-in tariff (FIT) system.

Energy conservation and grid stabilization with VPP

A VPP is a system that uses IoT-based energy management technology to control distributed energy resources remotely and in an integrated manner, thereby adjusting the supply-demand balance of electricity like a single virtual power plant.

The Daigas Group is pursuing initiatives to contribute to grid stabilization in a society with the mass introduction of renewable energy. In June 2022, we launched a verification project to build a VPP using our residential fuel cell, ENE-FARM.

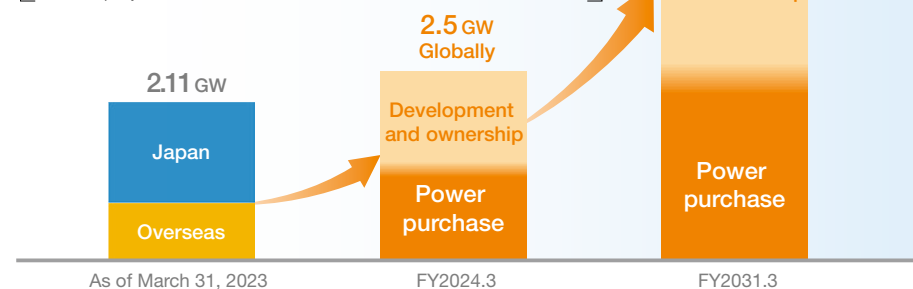
Major initiatives to develop and spread renewable energy sources

Japan

- Commencement of commercial operation of Noheji Mutsu Bay Wind Farm and Yokohama Town Wind Power Plant
- Investment in mega solar power plants (three solar power plants in Japan) owned by Sonnedix Power Holdings Ltd.

Overseas

- Participation in distributed solar power project in Illinois, United States
- Joint development with Oriden LLC of a utility-scale solar project in the United States



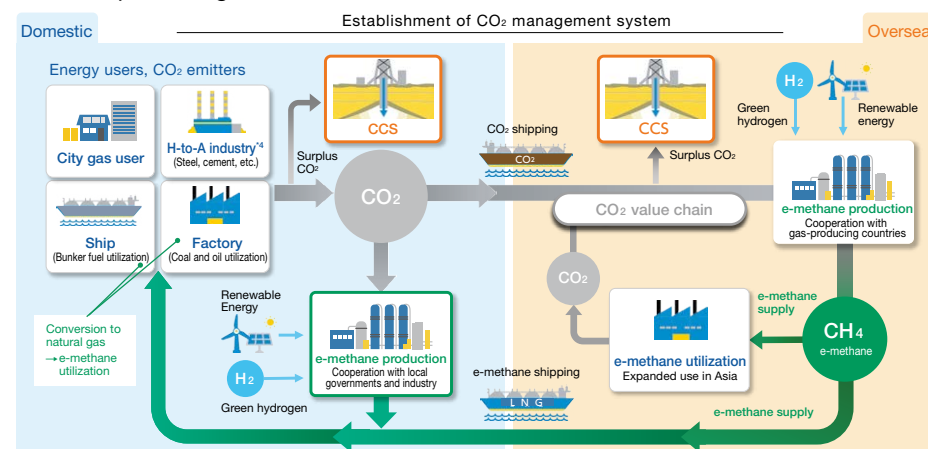
4 Initiatives Concerning CO₂ Capture, Utilization, and Storage

The Daigas Group aims at contributing to a circular society that reduces customers' CO₂ emissions and environmental burdens by reusing emitted CO₂ in the atmosphere (CCU*2) and supplying e-methane produced by methanation. We are also pursuing initiatives such as joint studies in Japan and overseas on establishing a CO₂ value chain and injecting and storing surplus CO₂ deep underground by CCS.*3

*2 CCU: Carbon dioxide Capture and Utilization

*3 CCS: Carbon dioxide Capture and Storage

Conceptual Diagram of CO₂ Value Chain



*4 H-to-A industries: Industries where CO₂ emissions reduction is difficult (hard-to-abate)

Initiatives for CO₂ Value Chain Development

To develop a CO₂ value chain, Daigas Group commenced a joint study on the capture, transport, utilization, and storage of CO₂ emitted from domestic plants and factories in hard-to-abate industries, such as steel, cement, and chemicals.

A joint study on CO₂ value chain development

Osaka Gas and Mitsubishi Heavy Industries, Ltd. (MHI) have entered into an agreement to conduct a feasibility study on the development of an efficient CO₂ value chain, leveraging Osaka Gas's expertise in e-methane production and CO₂ storage and MHI's expertise in CO₂ capture, vessel transport of liquefied CO₂, and CO₂ management.

A joint study on CCS value chain development with Shell

Osaka Gas and Shell Singapore Pte. Ltd. have commenced a joint study on the development of a CCS value chain, in which CO₂ is captured from emissions by industrial facilities in Japan and injected into underground storage overseas.

A joint study on the capture and utilization of CO₂ emissions from the Senboku Industrial Complex

Osaka Gas and Mitsui Chemicals, Inc. have commenced a joint study on a project to capture and utilize CO₂ emitted from the Senboku Industrial Complex.



I . Co-create Value for a Sustainable Future

Establishing Lifestyles and Businesses Adjusted to the New Normal



Materiality

Maintain and expand customer base/
Improvement of customer satisfaction
and quality of services

Indicators and FY2023.3 Results

Number of customer accounts ► **10.02 million**

The Daigas Group's business started more than 100 years ago from lighting (gas lamps). We have been expanding the applications of gas ever since to kitchens, hot-water supply, heating, and power generation, responding to various requests from customers. In addition, we have broadened the scope of our business to include industrial gas, real estate, telecommunications, new materials, and life-related fields, based on the relationships with a large number of customers. The Group's corporate purpose is to strive to make a multitude of customers' businesses and lifestyles better.

Setting the number of customer accounts, which represents contracts for gas and power supply, safety and warranty services, etc., as the indicator, we are working to establish their lifestyles and businesses adjusted to the new normal.

In FY2023.3, we launched a new electricity rate and service "Support Plans" and expanded services offered by our life service platform "Sumai LINK," thereby working to roll out optimal services and solutions for each customer.

In the International Energy Business, we increased the number of new contracts through gas supply contracts, energy service contracts, rooftop solar power generation projects, and other initiatives.

As a result of developing these new services and taking other measures, the number of customer accounts reached 10.02 million, topping the 10 million target for 2030 set in the Long-Term Management Vision.

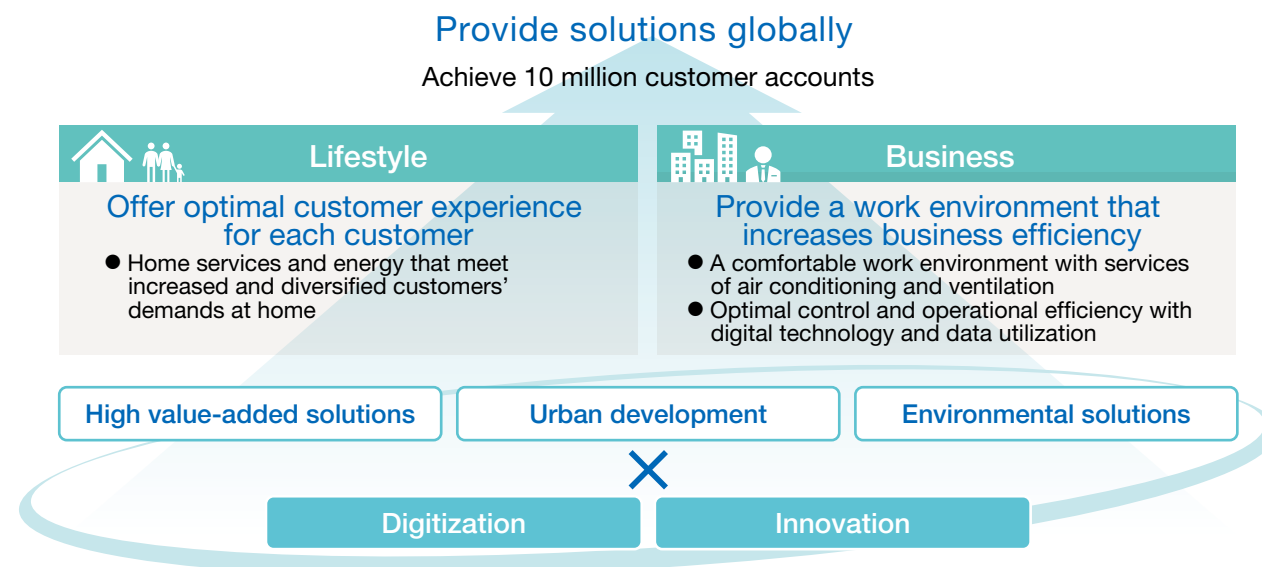
Recognition of External Environment

Japan is facing a declining population and other social structure changes. In addition, there have been dramatic changes in the premises for business activities, such as the advancement of technological innovation and digitalization and diversification of values. In times of dramatic changes and uncertainty, we are expected to embrace changes of the times and continue creating and providing advanced and diverse value that meets customers' needs.

Review of FY2023.3 and Future Strategy

To meet the diverse needs of our customers, we launched new services, such as a life service platform, fixed-line telecommunications, and home renovation. We also deepened initiatives in the Life & Business Solutions (LBS) Business.

We will continue to develop the LBS Business, as well as offer new services for residential customers that are suited to diverse lifestyles and advanced total solutions for commercial and industrial customers that go beyond the framework of energy. We thus aim to achieve sustainable growth by contributing to the advancement of lifestyles and businesses as a company that continues to be the first choice of customers.





Customer satisfaction rate ▶ 90%

For our customers to be able to use our products and services more safely and comfortably, the Daigas Group strives to ensure security and improve service quality. We also consider it important to appropriately provide information on safe use.

Since FY1989.3, Osaka Gas has conducted Customer Satisfaction Survey to improve customer satisfaction. The survey covers five areas of operation that have direct interaction with customers (opening gas valves, appliance repairs, appliance sales with installation, periodic safety inspections [gas facility surveys], and telephone support [customer center]). After each interaction, customers evaluate their levels of satisfaction in the survey, and the results are aggregated. Overall satisfaction represents the percentage of evaluations in the highest two ranks of a six-rank scale regarding customer satisfaction levels.

To achieve higher service standards, we have created a shared manual for each area of operation. We also raise awareness through training for managers and employees in charge.

We received 33,400 survey responses in FY2023.3, and the overall satisfaction level for the five areas of operation stood at 90%. This was lower than the result for the previous fiscal year, which was 92%. We consider that the prolonged delay in the delivery of some products to customers, mainly due to the spread of COVID-19 and the global supply shortage of electronic components, affected the satisfaction level. In addition to improving the supply, we strived to improve the touch point operation based on customer opinions. We will make improvements to collect feedback from a wider range of customers and increase response rates.

Based on customer feedback, we will continue to offer services from the customer's perspective.

Key Initiatives

Launch of Home Renovation and Other New Services

The Daigas Group rolls out a variety of services, with the aim of offering optimal customer experience for each customer. Since 2022, we have expanded services offered by our life service platform "Sumai LINK" and launched "Support Plans" and other services and rates that are attentive to customers' lifestyles and business styles. In addition, Osaka Gas subsidiaries Osaka Gas Marketing Co., Ltd. and Global Base Corporation launched a joint business "MyRENO,"* which satisfies a wide range of requests from customers, from property search targeting pre-owned collective housing to renovation. "MyRENO" materializes ideal renovation for customers by offering a one-stop service that covers property search, financial planning, design, and construction.

In FY2024.3, we also plan to launch a refrigerated food delivery service, utilizing our culinary business expertise. With refrigerated foods that are easy to prepare in the microwave oven, we will create satisfying meals and time for customers who have little time to think of menus.

Taking advantage of these new services as well as digital capabilities and in-person responsiveness the Daigas Group has cultivated, we aim to support customers' comfortable living by responding to their diverse needs appropriately.

Refrigerate foods home delivery service "FitDish"

Creating satisfying meals and time, utilizing experience in cooking equipment development and operation of cooking schools



Life service platform

① "Sumai LINK"

Services that provide convenience in everyday shopping and daily life



Internet service

"Sasuga Net"



Tailored renovation

③ "MyRENO"



Rate options for different lifestyles

② Gas and electricity rates

Rate option examples

Gas rates	Electricity rates
GAST-Gクラブ	新生活応援プラン
まとめトク料金	ファミリー応援プラン

Contribute to low carbon and decarbonization

Equipment sales

Solar PV



Fuel cell "ENE-FARM"



Storage battery

* The name and logo of "MyRENO" is a registered trademark or trademark of Global Base Corporation in Japan and other countries.

Please see the next page for the details of services ① to ③.



Overview of Key Services

① Digital Service Platform “Sumai LINK”

In addition to online services, including shopping via the Internet, Sumai LINK will offer a wide variety of offline services that enrich customers' time spent at home, including medical care and housekeeping services. From FY 2023.3, we also started to offer a TV stick exclusively for Osaka Gas customers that allows the whole family to enjoy online shopping and entertainment content on large screens of their home TV or PC monitor, as well as digital tickets that can be used at member restaurants in the Kansai region.

② New rate and service “Support Plans”

The environment surrounding customers has been changing dramatically, with fuel prices soaring and inflation accelerating. Considering that this has increased concerns about energy conservation and utility costs, we launched a new electricity rate and service “Support Plans” in October 2022, so that customers can enjoy a comfortable and eco-friendly lifestyle in accordance with life events that may cause significant changes in energy use.

③ “MyRENO”

“MyRENO” is a one-stop renovation service that covers property search, financial planning, design, and construction.

Customers can search for information on pre-owned properties suitable for renovation. Based on the understanding of the current lifestyles of customers, the service takes a customized, customer-centric approach to come up with housing plans with an eye on the future.

In October 2022, we opened MYRENO OSAKA, one of the largest showrooms in the Kansai region* dedicated to collective housing renovation. MYRENO OSAKA is not just a showroom. It also hosts a variety of lifestyle-related events and consultation sessions. We will continue to work to expand the renovation market in the Kansai region.

* One of the largest showrooms in the Kansai region that is specialized in collective housing renovation and is run by a one-stop service operator covering from pre-owned collective housing search to renovation (as of October 2022, based on research by Osaka Gas)

Key Initiatives

New Initiatives in Life & Business Solutions (LBS) Business

Osaka Gas Urban Development Group

—Participating in the Private REIT Business of the Daigas Group—

In June 2023, Osaka Gas Urban Development Co., Ltd. established Osaka Gas Urban Development Private REIT, Inc., an unlisted open-ended REIT. By combining the Daigas Group's accumulated know-how in real estate development and expertise in real estate securitization and by expanding the private REIT business through strengthened partnerships with institutional investors, we will enhance asset efficiency over the medium to long term. We will thus evolve into an innovative energy and service company that continues to be the first choice of customers while striving to make contributions to realizing a sustainable society.

Osaka Gas Chemicals Group

—Making Chuo Silika Co., Ltd. a Group Company for Further Growth of the Silica- and Alumina-Based Materials Business—

In March 2023, Mizusawa Industrial Chemicals, Ltd. made Chuo Silika Co., Ltd. a group company for the further growth of its silica- and alumina-based materials business. Chuo Silika manufactures and sells diatomaceous earth, a natural porous silica material.

By taking advantage of Mizusawa Industrial Chemicals' technological capabilities, the Group will continue to pursue synergy and aim for further growth.

OGIS-RI Group

—Starting to Offer Electricity Risk Management Solutions—

OGIS-RI Co., Ltd. started to offer electricity risk management solutions. The solutions apply business knowledge and know-how in finance, energy, AI, data analysis, and other fields, which OGIS-RI has accumulated over the years, to electricity transactions. Customers can measure their company's risk quantity by merely entering such information as transaction and market data and clicking the screen, without any particular knowledge of financial engineering. By offering these solutions, the Group strongly supports the visualization of risks in the electricity business and decision making in electricity transactions, and helps stabilize customers' businesses.



I . Co-create Value for a Sustainable Future

Enhancing Resilience of Customers and Society

Materiality

Customer Health and Safety/
Stable Supply of Services

Indicators and FY2023.3 Results

Number of serious accidents ► **Zero serious accidents**

Ensuring the safety of city gas, gas production, and power generation facilities is our top priority. We therefore consider it important to work toward better safety.

We achieved continued zero serious accidents for FY2023.3 by carrying out quality control of city gas in gas production facilities and safety inspection of gas pipelines and supply facilities in the gas supply business. The procedures were conducted based on guidelines in accordance with laws and regulations as well as in-house rules.

Although it did not lead to a serious accident, a fire broke out in a fuel storage silo at Sodegaura Biomass Power Plant, which an affiliate of Osaka Gas had built and was in the process of commissioning. The fire neither caused any injuries nor affected the gas supply.

Build resilient energy supply facilities ►
Ratio of strengthening of earthquake resistance: Approx. **89%**
Number of block divisions of supply network: **713 blocks**

For a stable gas supply, we consider it important to strive to conduct scheduled facility updates, extend the pipeline network, and take disaster prevention measures, thereby strengthening the base for better supply stability.

Based on the Gas Safety Enhancement Plan by the Ministry of Economy, Trade and Industry, we have been working to increase the ratio of strengthening of earthquake resistance, which is the percentage of earthquake-resistant pipelines. We have also been dividing supply blocks into smaller segments to minimize the scope of emergency gas suspension (measures to prevent secondary disasters).

We believe that we can improve energy resilience by enhancing earthquake resistance as precautionary measures, as well as by minimizing earthquake damage and achieving early recovery.

Recognition of External Environment

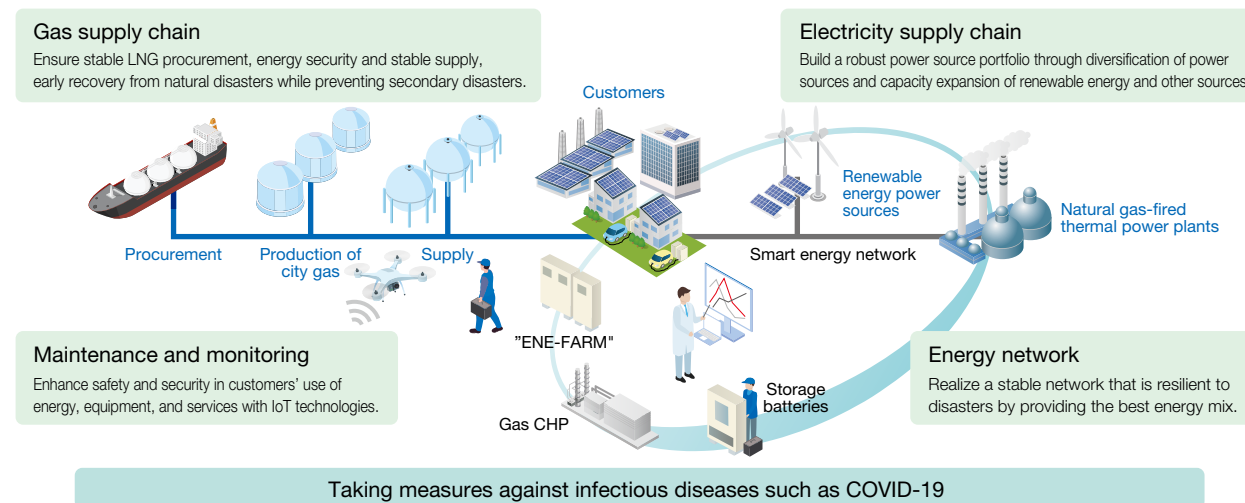
Heightened global geopolitical risks, changes in the global situation, and accelerating decarbonization trend have resulted in an unstable energy demand-supply balance, making the world reaffirm the importance of a stable energy supply.

As the Daigas Group is responsible for social infrastructure essential to people's life and industry, a stable supply of energy and maintenance of safety are our most critical missions. To keep supplying energy in a safe and stable manner, we need to respond promptly and appropriately to incessant changes in the business environment.

Review of FY2023.3 and Future Strategy

In FY2023.3, we worked on further enhancement of safety and stability in securing LNG and electricity, as well as in each part of the energy supply chain.

In LNG procurement, we will strive to secure LNG more flexibly to further enhance energy resilience. In electricity procurement, we will achieve stable power supply through in-house power generation and procurement, and establish a power source portfolio centered on highly efficient LNG thermal power plants and renewables. In addition, we will maintain a stable supply by taking advantage of AI and other digital transformation initiatives to upgrade conventional measures.





Key Initiatives

Initiatives to Ensure Energy Security and Enhance Resilience

The Daigas Group has established the Safety and Disaster Prevention Committee to unify the management of events related to safety, disaster prevention, and stable gas supply and promote relevant measures. To fulfill our critical mission of safely and stably supplying energy to customers, we take measures at each stage of the process, from LNG procurement to use of gas by customers. We will ensure energy security and enhance the overall resilience of society by stably procuring and flexibly transporting LNG, taking countermeasures against typhoons, heavy rains, and other natural disasters to enhance the stability of production and supply, and promoting widespread use of products that can be used in times of disasters.

■ Safety Promotion System



Inspection of Operations and Maintenance Work

In the infrastructure business, one accident may affect stable supply in many ways and cause a substantial loss. We therefore conducted not only daily inspections but also an inspection of operations and maintenance work, led by the Safety Subcommittee.

In FY2023.3, we reviewed and improved initiatives and systems that prevent accidents and ensure stable supply in the energy business essential to people's life and industry, including gas, electricity, and heat supply.

We will constantly check the operational status of the work we inspected in FY2023.3. In FY2024.3., we will expand the scope to the renewable energy business and roll out good practices learned from inspection results to new businesses.

Initiatives at the Procurement and Transportation Stages

At the procurement stage, we make efforts to secure LNG, and achieve stable and flexible procurement in the volatile market by responding timely in trading.

In procuring LNG, Osaka Gas mainly signs long-term contracts and reduces procurement risks by diversifying sources (seven countries).

As for transportation, we started to own LNG tankers in 1993. We currently take advantage of a fleet of nine ships, which mainly consists of our own tankers. Using our own carriers for transportation enables a substantial reduction of transportation costs, timely response, and flexible scheduling.

In FY2023.3, we experienced a shortage of some LNG due to a fire at Freeport LNG, one of our suppliers. We, however, ensured stable supply by increasing the volume we procure from suppliers with long-term contracts and procuring from alternative suppliers. For FY2024.3, we are making room for flexibility in procurement to prepare for contingencies, thereby creating a system to address the risk of a decrease in procurement volume.

Initiatives at the Production Stage

To appropriately meet the demand for city gas, the gas production business processes LNG into city gas at Senboku LNG Terminal and Himeji LNG Terminal and strives to send the gas to customers in a stable manner. Advanced earthquake-proof technologies are adopted for LNG tanks. Measures are taken to ensure the safety of facilities, such as the installation of dikes to prevent leaked LNG from spilling out of the premises. Central control rooms at LNG terminals operate and monitor all facilities 24 hours a day, 365 days a year, from LNG receipt to production and sending of city gas. We thus make sure to prevent, detect early, and deter the spread of abnormalities and accidents.

In FY2023.3, comprehensive disaster-prevention drills for a Nankai Trough earthquake, as well as drills for addressing troubles in LNG terminals, took place. These practical drills aim to enhance capabilities for initial response to disasters, as well as to share the flow of response to disasters down to the completion of recovery.



Initiatives at the Supply Stage

As preventive measures, Osaka Gas Network Co., Ltd. strives to enhance earthquake resistance of gas facilities by promoting the introduction of earthquake-proof gas pipes and taking other measures to promote the widespread use of earthquake resistant facilities. Aging gas pipelines are repaired in a planned manner and earthquake- and corrosion-proof polyethylene (PE) pipes are being introduced. We actively propose the repair of customers' old underground gas pipes that are at risk of corrosion. We took care of gray cast iron pipes that required action by FY2016.3, ahead of the planned FY2021.3. We are still working on gray cast iron pipes that need maintenance and pipes that need measures against corrosion and deterioration. As emergency measures to prevent secondary disasters, we have established a system that suspends gas in times of earthquakes and other natural disasters, preventing secondary disasters caused by gas leakage. In addition, the Central Control Office of Osaka Gas Network Co., Ltd. has a system in place for emergencies, accepting gas leakage and other alerts 24 hours a day, 365 days a year.

Initiatives at the Customer Consumption Stage

To have customers use gas safely, we not only conduct periodic facility investigations and inspections but also enhance safety to prepare for earthquakes and other disasters. We will develop and promote widespread use of "ENE-FARM", gas co-generation systems, and other equipment that allows continued energy use even in times of blackout. We are also taking measures to reduce risks in procuring components of and producing gas equipment, in response to a prolonged delay in the delivery of some products to customers. The delay happened from FY2022.3 to FY2023.3, caused mainly by the COVID-19 pandemic.

Business Continuity Plan (Measures Against Large-Scale Earthquakes, etc.)

In July 2013, the Daigas Group formulated a Business Continuity Plan (BCP) to be implemented in the event of a large-scale disaster or accident. This BCP aims to enhance the Group's capabilities to respond to disasters and accidents and has been disseminated throughout the Group. In principle, we review our BCP annually and implement BCP drills and earthquake drills. According to the terms of the "Act on Special Measures for Pandemic Influenza and New Infectious Diseases" (took effect in April 2013), the Group should respond promptly and appropriately to the outbreak of a new strain of influenza or other infectious diseases to prevent infection of employees and to protect public health. We have established company regulations "Pandemic Influenza and New Infectious Diseases Preparedness Action Plan" in order to ensure the stable supply of gas in such a situation.

Progress of Earthquake Countermeasures after the Great Hanshin-Awaji Earthquake

Focus	Main earthquake countermeasures	At the time of Great Hanshin-Awaji Earthquake (January 1995)	Present (April 2023)
Strengthen information gathering function	Install additional seismometers	Installed at 34 locations	<ul style="list-style-type: none"> Installed at approx. 3,300 locations
	Introduce earthquake damage prediction system	—	<ul style="list-style-type: none"> Introduced at the Central Control Office (head office, back-up center) and 5 areas
Establish supply suspension system	Subdivide supply blocks into smaller segments	55 middle blocks	<ul style="list-style-type: none"> 87 middle blocks 713 little blocks
	Introduce supply suspension equipment	Remote suspension equipment only for super blocks (dividing the supply area into 8)	<ul style="list-style-type: none"> Remote suspension equipment at approx. 3,600 locations Earthquake-sensitive automatic suspension equipment at approx. 3,000 locations
Strengthen emergency communications	Strengthen wireless systems	—	<ul style="list-style-type: none"> Head office and back-up center serve as two hubs 6 portable satellite communications facilities
Other	Ratio of strengthening of earthquake resistance	Percentage of earthquake resistant pipes: 68%	<ul style="list-style-type: none"> Percentage of earthquake resistant pipes: Approx. 89%
	Promote widespread use of polyethylene (PE) pipes	PE pipeline length: Approx. 1,200 km	<ul style="list-style-type: none"> PE pipes used for basically all low-pressure pipelines PE pipeline length: Approx. 17,900 km
	Promote widespread use of microcomputer meters	Overall adoption rate: Approx. 75%	<ul style="list-style-type: none"> Installation completed for residential sector Overall adoption rate including non-residential sector: Approx. 99%
	Back up important online information	—	<ul style="list-style-type: none"> Back-up center opened



II. Evolve Our Corporate Group

Enhancing Business Portfolio Management

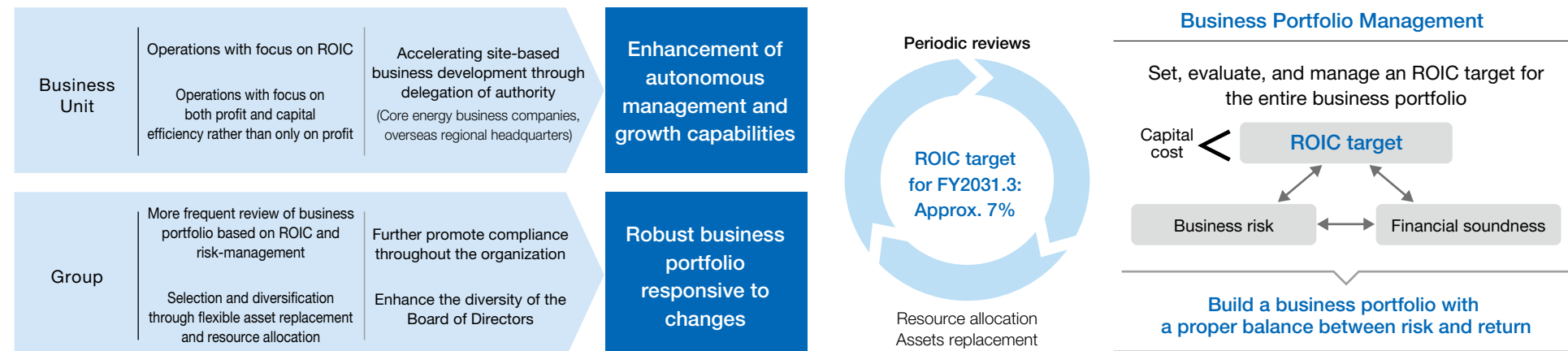
Recognition of External Environment

A sense of uncertainty is growing due to Russia's prolonged aggression against Ukraine, heightened global geopolitical risks, weaker yen, continued inflation, and expected economic recession. This has resulted in unstable energy supply-demand balance and surging prices, which has a serious impact on the Daigas Group's business. We are therefore expected to improve the robustness of our business portfolio and quickly adapt to change.

Review of FY2023.3 and Future Strategy

In FY2023.3, we evaluated each business unit against the ROIC results in the first year of the Medium-Term Management Plan 2023, with a view to stay focused on ROIC. In addition, we took various measures to improve NOPAT, sold cross-shareholdings, and worked to securitize Group-owned real estate.

Going forward, we will accelerate business portfolio management by familiarizing and establishing ROIC management and thereby encouraging each business unit's autonomous growth. We will thus aim for a sustainable growth and medium- to long-term corporate value improvement.



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

- 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.

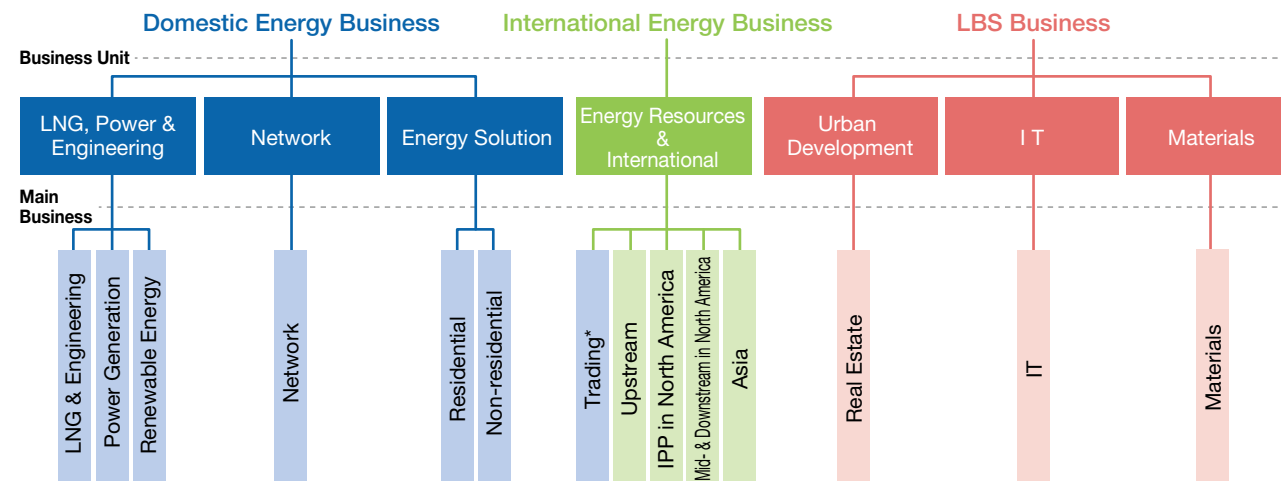
Enhancing Business Portfolio

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.


■ Main Initiatives under the Medium-Term Management Plan 2023

Promote business units' autonomous asset divestment	<ul style="list-style-type: none"> Sell overseas assets that have completed their purpose (Idemitsu Snorre, 4 IPP projects) For cross-shareholdings, re-examine the significance of holdings for each individual stock and sell stocks appropriately (divestment of 14 stocks)
Invest in assets with focus on ROIC target	<ul style="list-style-type: none"> In renewable energy development in Japan, maximize investment efficiency through share-out with strategic partners, offtake in excess of stakes in the project, innovation in finance schemes, etc.
Improve asset efficiency	<ul style="list-style-type: none"> Work on securitization of the Group-owned real estate Mitigate business risk and improve asset efficiency through leasing in industrial energy services
Increase NOPAT	<ul style="list-style-type: none"> Take advantage of the market price surge and expand shale gas output Optimize LNG trading Expand the gas and electricity businesses to a wider area

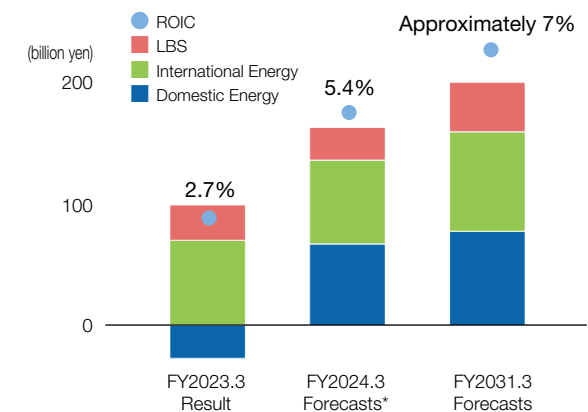
■ Domestic Energy ■ International Energy ■ Life & Business Solutions



*Trading is included in the Domestic Energy Business segment.

Please see  P.22 for the details of each business.

■ Forecasts for ordinary profit by segment and ROIC targets



*Disclosed in March 2023



Domestic Energy Business

Main business lines Production, supply and sale of city gas, sale of gas appliances, gas pipe installation, sale of LNG, LNG transport, sale of LPG, sale of industrial gas, power generation and sale of electricity

What We Aim to Be in FY2031.3

The Daigas Group is striving to develop its business as an energy marketer in a new era by strengthening each of the three areas in the Domestic Energy Business; namely, gas manufacturing and sales, gas distribution, and power generation and electricity sales.

In addition to ensuring that customers in the Kansai region use city gas in a stable, safe, and secure manner, we are proceeding with the comprehensive provision of energy and services by expanding the electric power and LPG businesses and enhancing life support services and one-stop services as a utility agent. Furthermore, we will expand the know-how and services developed in the Kansai region to a wide area through alliances.

With these activities going beyond customer expectations, business boundaries, and corporate boundaries, we aim to reach more than 10 million customer accounts by FY2031.3.

FY2023.3
Results

Net Sales **1,971.6** billion yen

Segment Loss* **-27.3** billion yen

*Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

Investment
for Growth for
FY2031.3

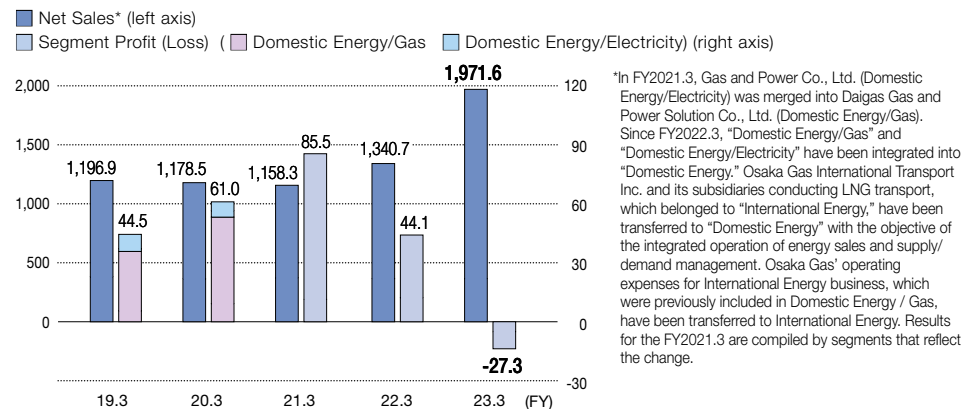
520.0 billion yen*

*From FY2018.3 to FY2031.3 (Plan)

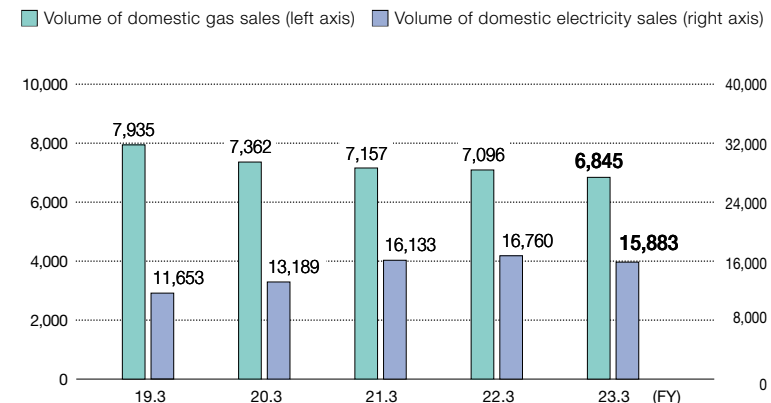
Key Strategy

We will promote an efficient gas pipeline business that meet the needs of local communities and other stakeholders, while working on the following matters: (1) procure raw materials stably and economically by diversifying source LNG projects and contract price indicators; (2) establish a competitive power source portfolio by finding new power sources and procuring from markets and expand the use of renewable energy through development and collaboration; (3) achieve stable gas supply by taking measures against natural disasters and other contingencies, and ensure safety through emergency response to gas leakage and other accidents; (4) expand marketer businesses that help solve social issues, such as low-carbon and decarbonization and resilience enhancement, achieve a comfortable life and develop businesses for customers; (5) expand new energy infrastructure development, such as LNG terminals, as well as the engineering business based on solution proposals that take advantage of our know-how; and (6) ensure impartiality and transparency of wheeling.

Net Sales* (billion yen) **Segment Profit (Loss)*** (billion yen)



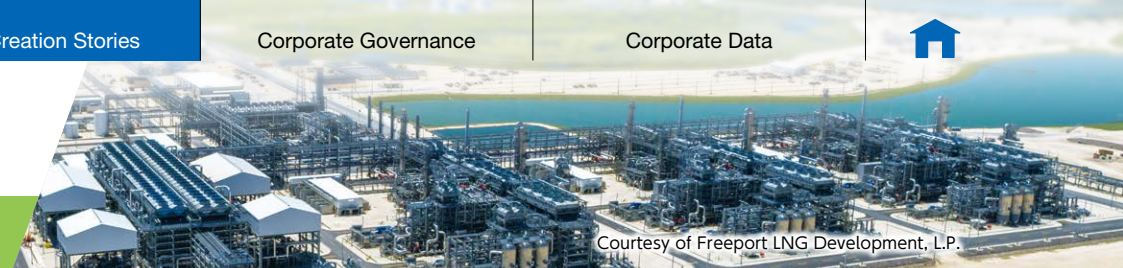
Domestic gas sales volume (million m³) **Domestic electricity sales volume** (million kWh)





International Energy Business

Main business lines Development of and investment regarding natural gas, energy supply



Courtesy of Freeport LNG Development, L.P.

What We Aim to Be in FY2031.3

As an energy business operator, the Daigas Group has focused on the natural gas value chain from early on and has made investments abroad accordingly. In the future, we will continue to invest outside of Japan and by FY2031.3 will increase our international-to-domestic business ratio to 1:2. The Group will create a business model capable of generating balanced earnings streams from North America, Asia, Oceania, and Europe, in addition to Japan.

FY2023.3
Results

Net Sales **123.2** billion yen

Segment Profit* **69.7** billion yen

*Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

Investment
for Growth for
FY2031.3

550.0 billion yen*

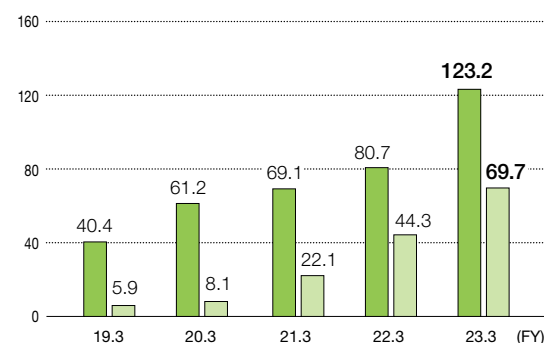
*From FY2018.3 to FY2031.3 (Plan)

Key Strategy

To procure natural gas, etc. in a stable manner and gain profits, we will steadily drive forward ongoing projects, such as production at the Gorgon and Ichthys LNG Projects in Australia, shale gas development by Sabine Oil & Gas Corporation in the United States, and the liquefaction business at the Freeport LNG. In the IPP business, we will steadily work on the gas-fired thermal power generation business, as well as develop and acquire renewable energy. In the marketer business, we will take advantage of the knowledge cultivated in Japan, based on which we will steadily operate the gas, electricity, and energy service business and develop new projects, as well as gain know-how in new domains through business participation and other initiatives. In addition, we will expand energy infrastructure development and the engineering business by proposing solutions that meet customer needs.

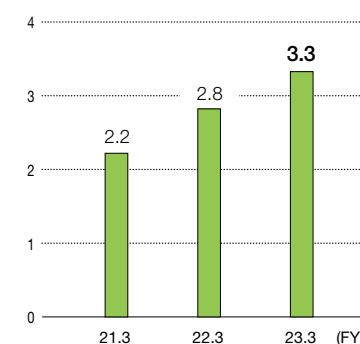
Net Sales* (billion yen) **Segment Profit*** (billion yen)

■ Net Sales ■ Segment profit



*Since FY2022.3, Osaka Gas International Transport Inc., which belongs to "International Energy" and conducts LNG transport, has been merged into "Domestic Energy" with the objective of the integrated operation of energy sales and supply/demand management, and operating expenses for international energy included in Osaka Gas (Domestic Energy/Gas) have been transferred to International Energy.

Sabine Oil & Gas Corporation's Shale Gas Production Volume (million tons)





Life & Business Solutions Business

Main business lines Development and leasing of real estate properties, information-processing services, sale of fine materials and carbon material products

What We Aim to Be in FY2031.3

The Daigas Group actively applies the technologies and know-how it has accumulated in the energy business, developing businesses that differ from the energy field in order to diversify business risk. These non-energy businesses are playing a major role in supporting the Daigas Group's earnings base as a stable source of earnings, particularly as crude oil prices and foreign exchange trends remain unclear.

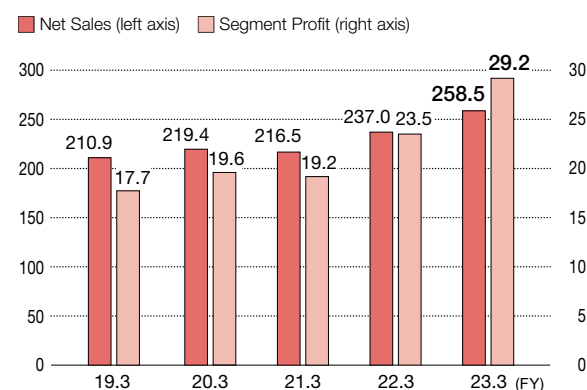
We plan to accelerate growth in three core business areas in Life & Business Solutions (LBS)—Urban Development, Materials Solutions, and Information Solutions—aiming to consistently increase profits through FY2031.3.

Key Strategy

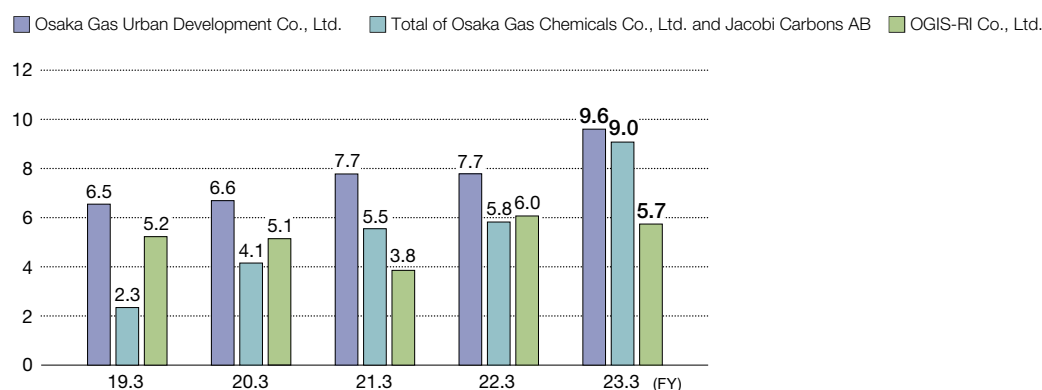
Based on the technologies and know-how accumulated in the energy business, we provide products and services in such business areas as Urban Development, Materials Solutions, and Information Solutions. These products and services take advantage of strengths unique to us. We thus help domestic and overseas customers achieve comfort, convenience, and health, as well as enrich lives and develop businesses. Described below are what we aim to be in the three business areas.

- **Urban Development Business:** A corporate group in which employees are actively engaged in various areas including development, operation, and maintenance, and one that meets the needs of customers and society through diverse solutions that are blended with real estate and services
- **Material Solutions Business:** A corporate group that has top class technologies and shares in various business domains in the functional materials market and provides highly functional materials solutions and adsorption separation solutions to customers across the world.
- **Information Solutions Business:** A corporate group that provides comprehensive IT services ranging from consulting to design, development, and operation of systems and grows sustainably with customers

Net Sales (billion yen) Segment Profit (billion yen)



Operating Profit of Each Company (billion yen)



FY2023.3 Results	Net Sales 258.5 billion yen
	Segment Profit* 29.2 billion yen
Investment for Growth for FY2031.3	*Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method
	380.0 billion yen*
	*From FY2018.3 to FY2031.3 (Plan)



Responding to Customer Needs and Expanding Business Domains in the Life & Business Solutions (LBS) Business

To further develop the LBS business as our core business, we will promote the growth of existing fields and the expansion of business domains. Described below are major activities in each business field.

Urban Development Business



Providing comfortable, healthy, and high-quality living space and productivity-boosting office space



Osaka Gas Urban Development Group

The Urban Development Business rolls out real estate business, which extends widely to include the development of properties such as sale and rental apartments, office buildings, management of buildings and facilities, and so on.

Osaka Gas Urban Development Co., Ltd. has adopted ZEH-M Oriented^{*1} as standard features of its condominiums planned from April 2022 onward. This facilitates the provision of condominiums that save and create energy and allow residents to contribute to the environment.

We will continue to aim for sustainable profit growth and improvement of capital efficiency by deepening the strength of existing businesses, expanding business domains, and evolving our business model. Specifically, we will continue to develop and supply quality housing that address social issues (SDGs, etc.) and customer needs, accelerate new businesses such as logistics real estate and private-placement REIT, provide comprehensive facility management services in the building maintenance business, expand out-of-area projects in the research park business, and provide interaction opportunities and a business environment that triggers the creation of innovations.

^{*1} ZEH-M Oriented condominiums aim to reduce primary energy consumption by 20% or more for the entire condominium including communal areas. This is materialized by significantly improving outer surface insulation and other functions of buildings and achieving significant energy saving through the introduction of highly efficient facility systems.



Osaka Gas Urban Development Asset Management

Materials Solutions Business



Providing value and contributing to a sustainable society through high-quality materials solutions



Osaka Gas Chemicals Group

The Materials Solutions Business develops, manufactures, and sells a variety of highly functional materials based on our own coal chemistry technologies and pharmaceutical- and agrochemical-related technologies. Specific business fields include fine materials, carbon fiber materials, activated carbon, silica- and alumina-based materials, and preservatives. In 2014, we acquired activated carbon producer Jacobi Carbons AB (Sweden) and are developing our business globally.

Frontier Materials Laboratories of Osaka Gas Chemicals Co., Ltd. develops new materials and technologies to create future-oriented materials conducive to value creation, focusing on the three fields of organic synthesis,^{*2} polymerization and compounds,^{*3} and bioscience.

We will continue to aim to establish a stable earnings base and achieve sustainable growth by developing and expanding sales of products with high added value in a diverse product offering, while also pursuing synergies and developing new markets.

^{*2} New monomers for optoelectronic materials and semiconductors are mainly developed in the organic synthesis field.

^{*3} Optoelectronic materials, resin modifiers, and carbon dispersion materials are mainly developed in the polymerization and compounds field.



Mizusawa Industrial Chemicals, Ltd.



Information Solutions Business



Contributing to the evolution of corporations and individuals in the digital age



OGIS-RI Group

OGIS-RI traces its roots back to developing and managing systems for the gas business of Osaka Gas Co., Ltd. It rolls out services for general consumers as well. Through various acquisitions, the company has organized a group of IT companies that offer services to the manufacturing and financial industries or have strength in ERP,^{*4} thereby expanding business domains. By sharing the expertise within the group, we provide comprehensive IT services ranging from consulting, design, development, and operation of information systems to cloud data centers, and security.

In addition, the strength of OGIS-RI Group, which is the ability to accelerate the evolution of business by asking essential questions and finding answers without fail, is set as the company's PURPOSE. We strive to secure and develop talented human resources to resolve customers' issues by using technology.

We will continue to help improve the competitiveness of the Daigas Group, responding to new customer needs in the fields of energy, manufacturing, and finance; ERP; clouds; and digital transformation.

^{*4} ERP is the abbreviation for enterprise resource planning. ERP has been adopted in a wide range of industries as a system that centrally manages customers' corporate activities and contributes to efficient management.





II. Evolve Our Corporate Group

Promoting Business Transformation with DX

Daigas Group's Digital Transformation Strategy

[Main 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.” 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, the 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 an internal “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 customers’ needs from data, we can offer services optimized for each customer. We will continue to create new value in optimized customer experiences and our supply chain by developing our initiatives in the past and evolving data management further.

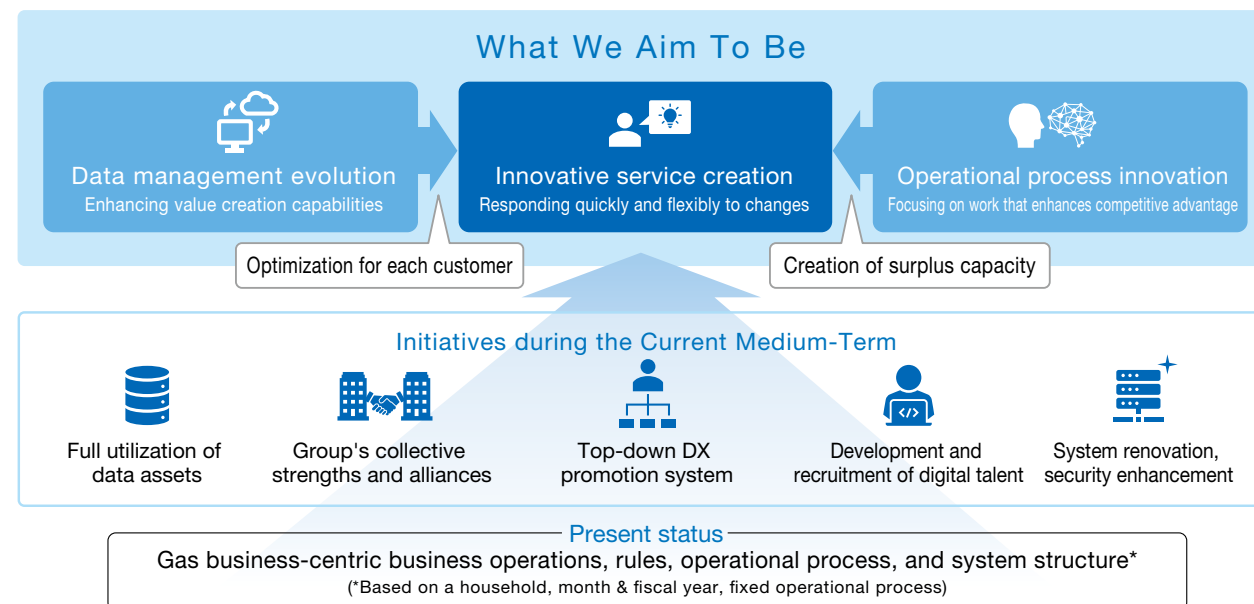
Recognition of External Environment

In the times when everything is connected via digital technology and evolves rapidly, how we compete to offer services to customers is completely different from conventional approaches. Under such circumstances, our business operation needs to respond quickly and flexibly to changes. Operational process innovation increases the productivity of internal operations, which will also enhance competitiveness.

Review of FY2023.3 and Future Strategy

In FY2023.3, we launched the DX Strategy Department in the Corporate Planning Headquarters to implement effective and swift digital transformation under the leadership of top management. We also enhanced the development of digital talent by offering training by job level, group-wide e-learning, and other programs.

Going forward, we will accelerate the Daigas Group's business activities by taking advantage of digital technologies. Specifically, we will create services that are ahead of the times, as well as promote innovation in operational processes through the full-scale launch of Daigas X (Daigas Transformation).





Key Initiatives

Transforming Value for Customers

We are giving a concrete form to what we aim to be in 2030. To achieve this goal, we have started to transform our business activities to keep providing value to customers. Under the key phrase of “All for everyone’s smile,” Osaka Gas Marketing Co., Ltd.,*¹ which conducts business for residential customers, aims to create a future where not only customers but also business partners and Group employees are smiling. The Group will continue to provide optimized experiences tailored to each customer by taking advantage of digital technologies and transforming services and communication in accordance with customer and societal needs. Helping customers achieve a safe and secure, comfortable and convenient, and energy-saving and eco-friendly lifestyle, we aim to be a “housing and lifestyle partner.”

*¹ Please refer to □□ P. 40 for examples of FY2023.3 activities in services for residential customers.

Transforming Employee Value Through Daigas X (Daigas Transformation)

In FY2023.3, we launched an initiative to evolve how we work and operate, so that we can keep producing a virtuous cycle of employee and company value creation in unprecedented, rapidly changing times.

In FY2024.3, the initiative was named “Daigas X (Daigas Transformation),” and shared with all employees via the intranet along with specific measures and what we aim to be. Daigas X rolls out activities that aim to enable diverse human resources to take on challenges, keep learning, and grow, as well as to let us speedily explore and deepen our understanding of unprecedented changes. Simultaneously, we are creating environments and systems that support the initiative. Each organization considers what they aim to be and what action they take to that end, based on the reality in the organization and on the frontline. In parallel, the company is developing internal mechanisms, such as the introduction of chat tools to stimulate communication, and the expansion of learning opportunities for employees to encourage autonomous career development.*²

*² Please refer to □□ P. 53-55 for measures to encourage autonomous career development.

■ Offering Information on the Intranet



Systems and Structures That Take Advantage of Group’s Collective Strength

Under the DX promotion system built in FY2023.3, we are building group-wide systems and structures from FY2024.3 to accelerate DX promotion, with stronger collaboration with OGIS-RI Co., Ltd. in charge of the Information Solutions Business. Specific initiatives include the launch of “DX Practical Training,” a consulting service that works together with each organization to help resolve their issues. This aims to support Group employees to improve business operations and take on the challenge of transformation. In collaboration with OGIS-RI Co., Ltd., we are also taking advantage of the Group’s collective strength in working on Daigas X and the transformation of customer value in the residential energy business.

Human Resources Development That Aims to Integrate Business with Digital

To focus on the development of human resources who can integrate business with digital and draw and promote what we aim to be, we are promoting systematic training by job level. In FY2023.3, we invited external experts for monthly lectures and dialogues for the management, which featured case studies of corporate reforms, trends in the shift of customers’ values, and other topics. The contents were shared with employees as well. We also develop core human resources who take advantage of digital technologies for operational reform and new business planning. After defining the skills necessary for core human resources, we implemented a development program that includes lectures, OJT, and feedback interviews. As of April 2023, a total of approximately 120 employees have undergone the development program. For all employees, we offered e-learning, as well as courses for obtaining qualifications, and enhanced reskilling support. From FY2024.3, our initiatives will target managers as well. We thus aim to build a system where top-down and bottom-up approaches create synergy.

■ Development Program by Job Level

Target	Development program
Management	● Lectures by and dialogues with external experts held about once a month (approx. 20 participants)
Managers	● Launch initiatives in FY2024.3
Core human resources	● Development program including lectures, OJT, and interviews (targeting approx. 120 employees)
All employees	● E-learning, courses for obtaining qualifications ● Share lectures for the management ● Enhance reskilling support



II. Evolve Our Corporate Group

Maximizing Value for Each Employee



Recognition of External Environment

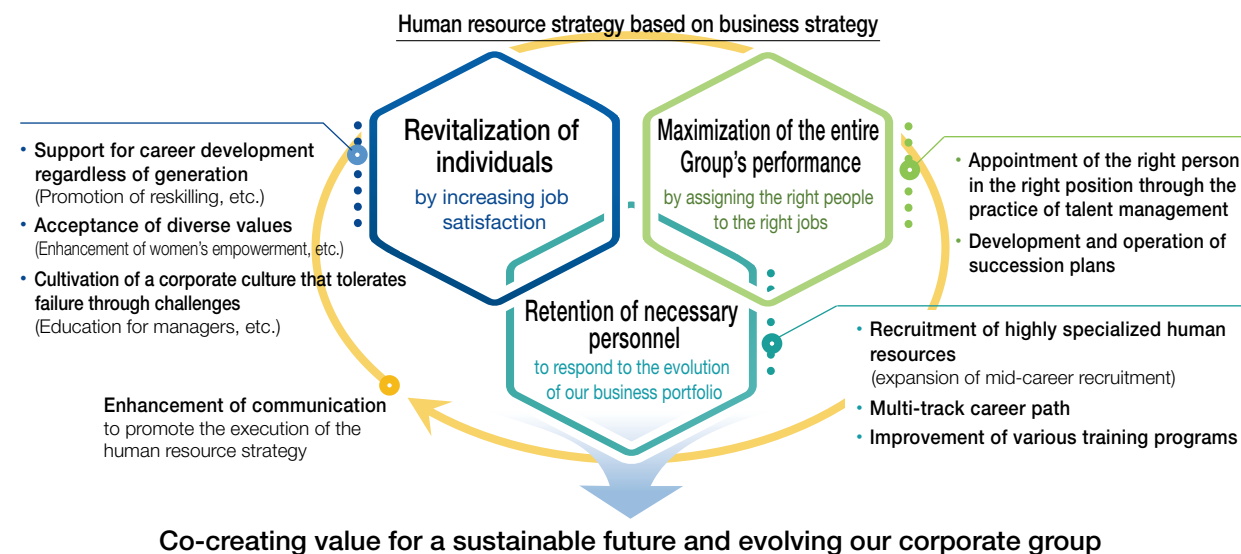
Amid a rapidly changing business environment and diversifying mindset toward working, the Daigas Group considers human capital as a source of value creation. Based on such recognition, we will drive forward initiatives that enhance employees' sense of fulfillment and overall Group performance, raising both corporate value and value for employees.

Review of FY2023.3 and Future Strategy

To materialize “diverse talent and ways of work” and an “organization that provides personal growth and a sense of fulfillment” stated in the Medium-Term Management Plan 2023, we strengthened the recruitment of highly specialized human resources. In addition, employee career path was made multi-track, and a talent management system was introduced. Furthermore, we constantly supported career development regardless of generation and worked on the creation of a pleasant working environment.

We also measure employee engagement in the Daigas Group's Employee Attitude Survey and reflect the results in measures we take.

We will continue to deepen communication with each employee and steadily implement a human resource strategy based on our business strategy.



Daigas Group's Human Resource Strategy

Basic Approach

To achieve the Long-Term Management Vision and the Medium-Term Management Plan objectives, it is important to develop and implement a human resource strategy aligned with our business strategy, including initiatives to realize a low-carbon and carbon-neutral society and enhance of business portfolio management. To this end, we recruit and develop human resources important in our business strategy, let individuals demonstrate the best of their abilities, and promote diversity, equal opportunity, and inclusion.

[Main initiatives]

1 Retention of necessary personnel to respond to the evolution of our business portfolio

We work to secure the quality and quantity of personnel for portfolio development of the Domestic Energy Business, International Energy Business, and Life & Business Solutions (LBS) Business, as well as to recruit and develop human resources who can flexibly respond to changes in the business environment and highly specialized human resources. In particular, we are committed to working on the urgent issue of securing human resources who can elevate our business to the next level. Specifically, our focus is on initiatives to achieve carbon neutrality, acceleration of overseas energy business development, and digital transformation.

2 Maximization of the entire Group's performance by assigning the right people to the right jobs

We will introduce a talent management system, and create a foundation by reviewing job requirements and centralizing the management of human resource information. After defining all job requirements, we will match them with human resource information, such as personal characteristics and job transfer experiences. We thus aim to maximize performance by assigning the right people to the right jobs and empowering diverse human resources. In addition, we will develop succession plans mainly for management positions, with an eye to showing sustainable performance as an organization.

3 Revitalization of individuals by increasing job satisfaction

We consider that taking measures to offer a satisfying and pleasant working environment enables employees to demonstrate their abilities and skills. We aim to achieve sustainable growth by helping employees develop their careers autonomously and take on challenges and grow, thereby increasing engagement and labor productivity. To this end, programs are in place to offer diverse experiences.



Materiality

Employee Engagement
Development of Employee Skills
Diversity and Inclusion

Indicators and FY2023.3 Results

Employee Attitude Survey ▶ Remained at appropriate levels

Employee engagement was measured based on the following four indicators: overall satisfaction, which indicates the current level of satisfaction with the company; loyalty, which indicates the level of attachment to the company; intention to continue working, which indicates the intention to continue working for the company; and intention to recommend, which indicates the likeliness of recommending the company to friends and acquaintances. The scores for Osaka Gas and its affiliates were higher than the society average. The attitude survey results are analyzed by age cohort, organization, and other factors, and measures are taken to address issues found.

Annual average hours of training per employee

▶ **26.3** hours/personParticipation in e-Learning program*: **5.83** hours/person

Osaka Gas attaches importance to the development of human resources who can play an active role in a rapidly changing business environment. We therefore offer diverse education programs for each employee's skills development. Specifically, a variety of training sessions take place according to positions and job categories, including various training programs by job level and extensive self-selection style training.

We organized training sessions in a planned manner throughout FY2023.3. e-learning courses saw 5,264 participants per course.

*Includes some temporary employees and part-time workers; covers the area of safety, information security, environment, digital transformation, etc.

Percentage of women

▶ Executives/Directors: **13.3%** / **10.0%**Newly-promoted to middle management positions: **14.3%**New recruits for career-track positions: **28.1%**

Osaka Gas promotes initiatives to empower female employees to achieve the targets for 2030.

In FY2023.3, we strived to respect diverse careers and values and roll out measures attentive to individuals' situations. We made efforts in multiple areas to achieve our female advancement goals, including training appropriate to the timing of job responsibilities and life events, dissemination of the importance of individual-based management in training for managers, and promotion of male employees to take childcare leave. As of June 2023, the ratio of female executives was 26.7%, and the ratio of female directors was 20.0%.

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.

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

	FY19.3	FY20.3	FY21.3	FY22.3	FY23.3
Number of employees who took childcare leave/leave for childcare purposes	201	201	111	135	46
Of which, male employees	178	172	97	123	39
Rate of male employees	84.1%	93.1%	93.3%	93.8%	87.8%
Number of employees who shortened their working hours due to childcare	35	33	22	26	29

[Main initiatives]

Recruitment

Strengthen recruitment activities for female students

- As a diversity seminar, introduce female employees' career paths and workplace environments where they are playing an active role; Hold seminars for science-major female students
- Post career examples of women as part of the information on recruitment on our website

Development

To support female employees' career formation, offer continuous career education, including how they would balance work and childcare

- Transfer and appointment: transfer and appoint based on individual development plans suited to each employee
- Career education: offer the mentoring program, have interviews with young female employees, and dispatch to external training

- For supervisors: offer training for newly appointed and existing managers/supervisors, and hold a Diversity Promotion Forum (lecture by knowledgeable person and workshop)

Work environment

Create a work environment where life events do not disrupt career

- Childcare: hold child-rearing luncheon meetings (job networking event)
Hold Childcare Worker + Supervisor Forums
Offer intranet networking opportunities for workers on leave and returners
Hold roundtable talks for people taking childcare leave
Hold seminars on balancing work and childcare for men (Diversity West Japan Study Group)
- Corporate culture: provide information through continued distribution of e-mail news and in-house web magazines
Continue to implement measures to promote efficient working



Progress of Major Initiatives Based on Human Resource Strategy

1 Retention of necessary personnel to respond to the evolution of our business portfolio (recruitment and development)

Strengthening of mid-career recruitment and multi-track career path after joining the company

We have strengthened mid-career recruitment. Mid-career hires accounted for 16.7% of new employees in FY2023.3, up from roughly 5% in the previous years.

By conducting interviews with mid-career hires, we were able to confirm that a corporate culture that accepts diverse human resources has been cultivated and employees are being recognized equally regardless of whether they joined the company as new graduates or mid-career hires.

Through interviews with specialist employees whose strengths lie mainly in

technology, we found out that it is difficult to see a career track other than that leading to managerial human resources. In response to such a concern, we created a new career track applicable from FY2023.3.

Result

Hired 29 mid-career employees (16.7% of the total number of new employees)
Appointed 10 Fellows and 4 Authorities

2 Maximization of the entire Group's performance by assigning the right people to the right jobs

Introduction and utilization of talent management system

We started to consider introducing a talent management system in FY2022.3, and have been utilizing the system on a trial basis. Our job fields have been classified into 18 domains, including international business, electricity business, and finance. We reviewed the work experiences of eligible employees by linking those experiences with the domains, which enabled us to centrally manage employees' professional experience at the company.

We will create a foundation by reviewing job requirements and centralizing the management of human resource information, define clear job requirements, and match them with human resource information, such as personal characteristics and job transfer experiences. We thus aim to maximize performance by assigning the right people to the right jobs and empowering diverse human resources.

3 Revitalization of individuals by increasing job satisfaction

Support for career development regardless of generation

Based on the recognition that each employee needs to develop their careers autonomously and proactively, we have been reorganizing the conventional system of approaches. In April 2023, we newly established the Career Development Project Team in the Human Resources

Department. Serving as a contact point for employee career development, whose support extends from young employees to senior employees, the team is restructuring the system for training, interviews, and other initiatives that help career development.

Creation of a Pleasant Working Environment

Health promotion was positioned as Osaka Gas's priority management policy in 1975. Since then, we have been promoting the physical and mental health of employees. We established the Daigas Group Health Management Declaration* in March 2021, and have been taking action according to the declaration, such as encouraging employees to refrain from smoking during work hours. Our efforts from the past years bore fruit, and in March 2023, we were recognized under the Health and Productivity Management Stock Selection program for the first time.

*Health and Productivity Management is a registered trademark of the NPO Kenko Keiei Kenkyukai.





Building Foundations that Support the Realization of Value for a Sustainable Future

The Daigas Group aims to realize sustainable value creation for stakeholders and society and strives to establish its management foundation by strengthening capital.

We have set materiality and key performance indicators (KPIs) as foundations that support the realization of value for a sustainable future, and advance initiatives based on them.

Materiality

Coexistence with Local Community

Indicators and FY2023.3 Results

Number of our participations in local governments' activities (i.e. community development planning) ▶ **38 cases**

Number of joint efforts with local communities ▶ **326 times**

The Daigas Group operates a business that is rooted in and supported by local communities. We believe that our various contributions to local communities will create a virtuous cycle leading to the development of both the Group and society.

In FY2023.3, we participated in local governments' activities for community development including proposals aimed at building resilient cities and creating attractive communities with added value, as well as measures against global warming.

Joint efforts with local communities included joint activities that help solve social issues, tackle the declining birthrate and aging population, and revitalize local communities, as well as initiatives in collaboration with NPOs and community organizations. Major activities are shown in the table below.

Major activities

Theme	Major activities
Participation in local governments' activities for community development	<ul style="list-style-type: none">Support to local governments' SDGs promotion activities through community development proposalsProposals to and participation in councils, committees, etc. organized by various organizations and local governments
Joint efforts with local communities	<ul style="list-style-type: none">Research activities with third parties on making cities attractiveSupport to elderly people's activities in cooperation with local government, NPOs, etc.Collaborative activities with NPOs and social entrepreneursCommunication related to social issues through NPO for social designingSupport to NPOs with loyalty program of Osaka Gas Bazaar held as part of the social contribution programCommunity revitalization activities in cooperation with local governments and third parties

Materiality

Compliance

Indicators and FY2023.3 Results

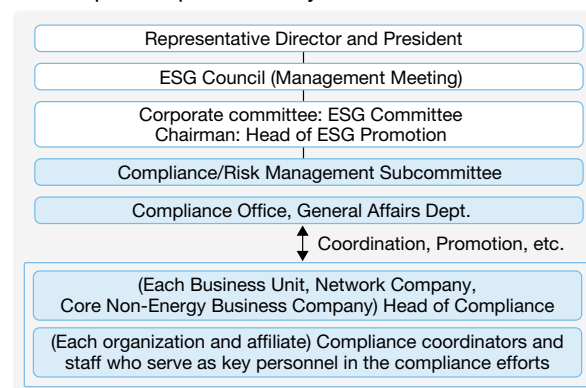
Number of serious violations of laws and regulations ▶ **Zero serious violations of laws and regulations**

The Group's view on compliance is that it entails sensible corporate activities based on sound ethics with a particular focus on observing laws and regulations. To maintain the trust of stakeholders, it is essential that officers and employees put compliance into practice. Recognizing that every management and employee is the key to ensuring compliance, we are continually conducting training sessions and employee surveys to raise awareness.

FY2023.3 saw no serious violations of laws and regulations.

The employee survey conducted in FY2023.3 showed year-on-year increases in the levels of employee awareness and understanding toward the Daigas Group Corporate Principles, Charter of Business Conduct, and Code of Business Conduct. We will continue to familiarize employees with compliance and strive to promote the concept.

Compliance promotion systems



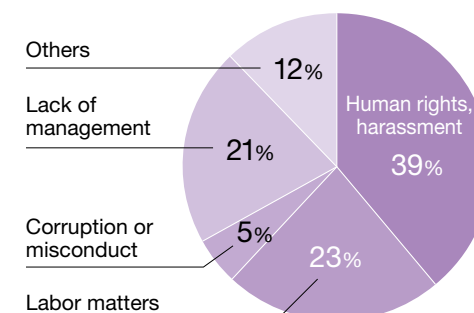
Compliance Desks (Internal Reporting System)

"Compliance Desks" have been established within Osaka Gas, key affiliates, and an external attorney's office. The desks accept consultations and reports about compliance with laws and regulations, internal regulations, and other rules in the Group. Not only the Group's officers, employees, and temporary employees but also officers and employees of business partners who constantly supply goods and services to Group companies can consult and report by phone, in writing, by email, or by other appropriate means. Consultations and reports can be made anonymously.

The desks accepted a total of 166 consultations and reports in FY2023.3. We examined the necessity of factual investigations on these cases and conducted interviews, evidence checks, etc. Measures to remedy the situation and prevent recurrence were taken as necessary.

When cases are brought to "Compliance Desks," violations of laws and regulations, etc. are remedied. Improvements are made as necessary even if no violations are found, in order to maintain and improve a sound work environment.

Breakdown of report content





Materiality

Supply Chain Management

Indicators and FY2023.3 Results

Ratio of new suppliers met the company's eligibility criteria ► **100%**

The Daigas Group's broad-based city gas value chain is built on the cooperation of various business partners.

Fulfilling our social responsibility by working with our suppliers in the value chain builds relationships of trust with our stakeholders and furthers the development of the entire value chain.

Based on this belief, we have established the Daigas Group Procurement Policy. In starting new business transactions, such as material purchases, we explain the policy and Daigas Group Procurement Policy for Suppliers to business partners and ask for their understanding.

A total of 27 suppliers began new business transactions with us in FY2023.3. No business deals were barred from being started due to violations of standards set in the fields of environmental and social impacts, human rights and labor practices.

In addition, we conduct questionnaire surveys targeting major business partners, and take other measures to fulfill social responsibility with our business partners and strive for mutual development across the value chain.

■ Questionnaire surveys, etc. regarding sustainability activities (FY2023.3)

Target	No. of target companies	No. of responses	Other initiatives
Major material suppliers	146	146	Operation of the "Green Partner Initiative"
Gas equipment manufacturers	36	36	
Service chain partners and construction work contractors	205	165	
LNG suppliers	8	6	

Human Rights Due Diligence

System for Carrying Out Human Rights Due Diligence

The Board of Directors oversees human rights issues throughout the Group. At the "ESG Council (Management Meeting)," officers deliberate on human rights DD activity plans and activity reports, and submit reports to the Representative Director and President. In addition, the ESG Committee, chaired by Head of ESG Promotion (Representative Director and Vice President), oversees the promotion of human rights DD across the organization.

The Human Rights Center in the Human Resources Department, Compliance Office and Internal Control Planning Team in the General Affairs Department, and the ESG Office in the Corporate Strategy Department work together to promote human rights DD activities. The Human Rights Committee, chaired by the director in charge of the Human Resources Department (Director and Managing Executive Officer), promotes human rights activities.

Identification of Priority Human Rights Risks (Assessment Results for FY2023.3)

Based on the FY2023.3 investigation results and cases handled by consultation desks, as well as discussions with experts, we identified important human rights themes that the Daigas Group should consider in the course of its business activities. The themes were classified by stakeholder group whose human rights could be violated.

Among the human rights risks that may occur in the course of the Group's business activities, 14 items were identified as significant human rights risks. Such risks include lack of consideration for occupational health and safety, infringement of human rights caused by excessive working hours or unpaid wages, and harassment, as well as forced labor, child labor, and bribery/corruption in the international business, and infringement of the rights of foreign workers or technical interns in the domestic business. We take various measures to prevent and mitigate these risks, under relevant policies and other systems.

In addition, experts we discussed with pointed out that the nature of the chemical and developer industries makes it especially necessary to take precautions for human rights risks in those industries. We understand that the chemical industry needs to pay attention to such human rights risks as forced labor and child labor by raw material suppliers in the supply chain, and that the developer industry, which is facing labor shortages, needs to pay attention to human rights risks in employing foreign workers and accepting technical interns.

We also assess human rights risks in new businesses. For example, we investigate the status of legal compliance concerning labor standards and health and safety as part of due diligence for M&A deals. We thus confirm that serious human rights risks do not exist in companies joining the Group.

■ Identified Human Rights Themes and Classification of Entities of Rights

		Entity of rights				Relevant policy
		Group employees	Customers	Local residents and others	Suppliers	
Daigas Group's important human rights risks	Forced labor	●*1			●	Daigas Group Human Rights Policy
	Child labor	●*1			●	Daigas Group Human Rights Policy
	Lack of consideration for occupational health and safety	●			●	Occupational health and safety
	Infringement of human rights caused by excessive working hours or unpaid wages	●			●	Occupational health and safety
	Discrimination on the basis of disability, race, nationality, gender, etc.	●		●		Daigas Group Diversity Promotion Policy
	Discrimination based on one's origin	●		●		Daigas Group Human Rights Policy
	Harassment	●		●		Daigas Group Code of Business Conduct
	Infringement of the rights of foreign workers or technical interns	●*2			●	Daigas Group Human Rights Policy
	Infringement of rights to privacy	●	●	●		Initiatives to protect personal information
	Infringement of the rights of indigenous peoples or local residents			●		Daigas Group Code of Business Conduct
	Human rights problems caused by environmental pollution			●		Daigas Group Environmental Policy
	Defective quality of products or services, and inappropriate provision of information		●			Daigas Group Code of Business Conduct
	Bribery/corruption	●*1		●	●	Daigas Group Code of Business Conduct
	Procurement of conflict minerals			●	●	Daigas Group Procurement Policy

*1 Overseas subsidiaries, *2 Domestic subsidiaries

Please refer to P.82-84 of the Sustainability Report for more information.



Environmental Conservation Initiatives

Initiatives on Water and Biodiversity

The Daigas Group believes that companies have a responsibility to ascertain the environmental impact of their business activities, to take appropriate steps in compliance with international norms, laws and ordinances, and to implement voluntary risk countermeasures.

We use an environmental management system (EMS) to manage environmental aspects, such as water and biodiversity. For example, we have obtained the ISO 14001 certification. In water management, we use an index called “Environmental Management Efficiency,” which converts environmental impact, including water withdrawal, into monetary values to quantify the environmental impact.

When launching investment and development projects, whether in Japan or abroad, we gain understanding from local communities by conducting an environmental impact assessment and disclosing information.

Appropriate use and discharge of water resources

In the business activities of the Group, water is not a significant raw material for the products we handle. We therefore recognize that water does not pose a major business risk for us.

However, the Group controls water discharge after using drinking water, industrial-use water, groundwater and seawater. At power plants, core facilities for its electricity business, the Group uses industrial water as a coolant in a steam turbine condenser, and vaporizes it inside the cooling tower. Drinking water, industrial-use water and groundwater are also used at LNG terminals, power plants and offices, and discharged. Seawater is mainly used for vaporization of LNG in city gas plants and for cooling in steam turbine condensers in some power plants, and is discharged to the sea without being consumed. In discharging water after it is used in our industrial activities, we have controlled its quality in line with relevant laws, ordinances and agreements with local municipalities to ensure that chemical substances such as COD, pH, phosphorus and nitrogen are not contained in the water being discharged in excess of the relevant

standards. Thanks to such efforts, there were no violations regarding the quality of water being discharged.

The Group sees water as a limited natural resource. We will continue to use water adequately, control its discharge strictly, and promote water saving.



Amount of water intake in FY2023.3

General water, industrial water	10,800 thousand m³
Underground water	3,463 thousand m³
Seawater	534,660 thousand m³

Amount of water discharge in FY2023.3

Sewer	581 thousand m³
River	3,089 thousand m³
Sea	536,070 thousand m³

Consideration to biodiversity

The Group will undertake efforts that promote the conservation of biodiversity and sustainable use, based on the “Daigas Group Biodiversity Promotion Policy.” Specific initiatives in FY2023.3 are described below.

Main biodiversity initiatives in the value chain

Procurement 	Consideration to biodiversity in LNG tanker transportation <ul style="list-style-type: none"> Ballast water management
Production 	Green space management at LNG terminals using native seeds and seedlings, etc. <ul style="list-style-type: none"> Conservation of native seeds and seedlings and rare species Network formation with nature in local areas
Supply 	Reduction in excavated soil from underground gas piping works and promotion of recycling to reduce pit sand extraction <ul style="list-style-type: none"> Use of Vermeer method to reduce excavated soil Recycling of excavated soil and road work waste
Business offices Customers 	Activities to raise awareness toward biodiversity <ul style="list-style-type: none"> Implementation and dissemination of initiatives at showrooms and LNG terminals Use of native seeds and seedlings in the urban development business

Certification as Eco-First Company

On April 5, 2023, Osaka Gas was certified as an Eco-First company by the Minister of the Environment.

Under this certification program, companies declare Eco-First Commitments, which are commitments to advanced and unique environmental conservation activities that have ripple effects, and the Minister of the Environment certifies environmentally advanced companies in each industry.

We are the first Eco-First company in the energy industry.



Response to the Plastic Resource Circulation Act

To create a recycle-oriented society, the Daigas Group facilitates resource circulation by promoting “3Rs (Reduce, Reuse and Recycle) + Renewable.”

We actively recycle plastic resources in the supply chain. For example, waste from PE pipes, materials for gas pipelines, is recycled 100%. Resin used for gas alarm devices is also recycled.

We intend to make effective use of waste from other products that use plastics as well, by processing such waste into refuse paper & plastic fuel (RPF) for use as heat energy. We thus continue to work to minimize the amount of final landfill disposal.



Disclosure based on the TCFD Recommendations Recognition of and Actions on Risks and Opportunities



Osaka Gas supported the TCFD recommendations in May 2019, and utilizes them as indicators to validate its climate change response.

We also participate in the TCFD Consortium,* where discussions take place on efforts toward information disclosure on responses to climate change based on the TCFD recommendations.

* TCFD Consortium: The TCFD Consortium was established on May 27, 2019, whose members from the Japanese private sector discuss how companies can effectively disclose information on tackling climate change and how financial institutions can use the disclosed information to make appropriate investment decisions. From the Japanese government, the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate as observers in the consortium.

Climate Change Governance

The Daigas Group regards tackling climate change as a key management issue. Just as with other important business activities across the Group, the Board of Directors is responsible for making decisions on and supervising activities aimed at tackling climate change and other environmental issues. At the ESG Council (Management Meeting), which is held three times a year, executives discuss activity plans and activity reports related to ESG issues, including climate change issues, and submit reports to the President.

The Group also has the ESG Committee, chaired by the Executive in Charge of ESG Promotion (Representative Director and Executive Vice-President), who supervises the Group's sustainability activities, and consisting of the heads of related organizations. The ESG Committee meets four times a year for cross-organizational deliberation, coordination, and supervision of climate-change-related issues, including the planning and promotion of related business activities, progress in achieving relevant targets, and risk management and countermeasures. The committee submits to the Board of Directors deliberation proposals and reports on important agenda items, such as the status of achievement of sustainability-related ESG management targets and business projects expected to sustain a major financial impact due to climate change.

Directors other than Outside Directors are paid performance-linked remuneration, and the coefficient of ESG indicators achievement is used as one of the performance indicators. ESG indicators include CO₂ emissions and other climate change-related indicators toward achieving carbon neutrality.

Strategy

Scenario analysis

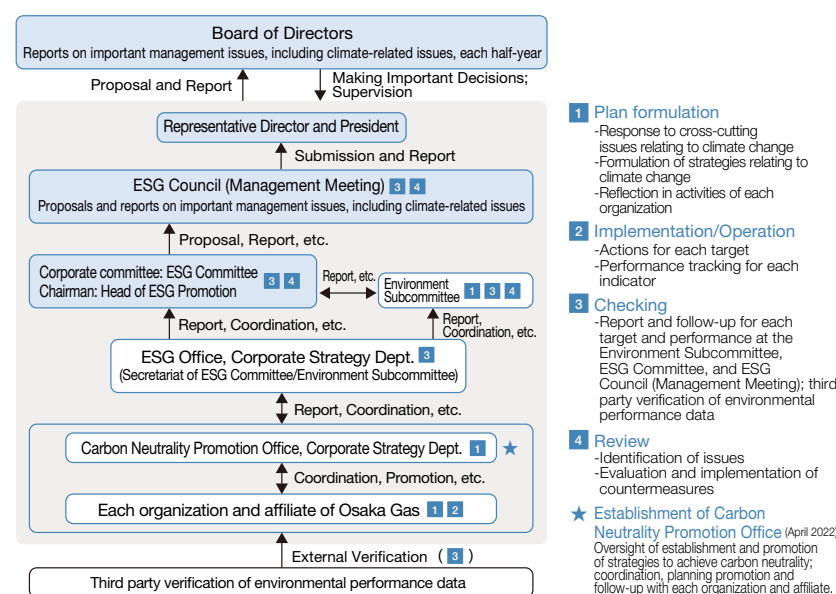
The Group has been working on climate change scenario analysis using scenarios published by an external organization (International Energy Agency, IEA) with the aim of understanding the impact of climate change on the Group's business on a medium- and long-term basis and using its results as reference material for evaluating and preparing countermeasures.

We assessed our energy businesses (gas, electricity and related businesses in Japan and overseas) which are expected to experience the greatest impact from climate change among the Group's businesses, assuming the scenarios that take into account the progress of energy conservation and changes in the composition of power sources, etc. (1.5°C Scenario (NZE2050) and 2.6°C Scenario (STEPS)*).

We steadily implement initiatives to increase the resilience of the Group's businesses, while applying the suggestions gained from scenario analysis to our evaluation of medium- and long-term business strategies. Moreover, as the global response to climate change continues to progress, the scenario's preconditions may also change in the future. We will continue to deepen our scenario analysis, renewing our assumptions in line with the latest conditions as necessary, taking into account scenarios established by external authorities.

* Authority: IEA "World Energy Outlook 2021"

Governance/Risk Management System for Climate Change





Recognition of risks and opportunities

Using a multi-track scenario analysis, the Daigas Group identified anticipated risks and opportunities, based on the environment surrounding its domestic and overseas energy businesses, evaluated them, and examined countermeasures in the short- to medium-term toward 2030 and the long-term toward 2050.

The Group is engaged in gas and electricity businesses, primarily in the Kansai region, which use natural gas as their main raw material and fuel. The external environment is undergoing various changes due to climate change. We have classified the major factors associated with these changes into “transition risks” and “physical risks,” and identified the major risks and opportunities. Significant risks for the Group related to climate change include the possibility that rising sea levels and natural disasters such as typhoons and torrential rains due to localized abnormal weather events, etc. may cause damage to our manufacturing equipment. In addition, it is possible that our businesses may be affected by significant increases in the carbon tax rate in Japan, or an increased desire among our customers to switch to non-fossil fuels. However, promotion of the development and spread of renewable energy and decarbonization technologies also represents a significant opportunity for the Group.

The Group will respond appropriately to identified risks and opportunities by promoting diverse businesses through portfolio management.

Evaluation of Risks and Opportunities

Evaluation of Risks and Opportunities					Impact on Business			
					Scenario	Impact	Short- and Medium-Term	Long-Term
Risks	Physical	Physical risks	2.6°C	Damage to facilities arising from meteorological disasters	Increase in capital investment costs and insurance premiums	Increase in facilities countermeasure costs		
	Transition	Market	2.6°C	Switch to natural gas	Increase in prices due to greater competition in LNG procurement	Further price hikes and impediments to procurement, due to increasing competition in LNG procurement		
			1.5°C	Switch to non-fossil fuel energy	Fall in sales of gas and thermal power	Fall in sales of gas and thermal power		
		Reputation	1.5°C	Focus of investment criteria on low-carbon or decarbonized businesses	Diminished capital procurement power in gas-related businesses	Declining investment in fossil fuels businesses		
		Policy and framework	1.5°C 2.6°C	Introduction of a carbon tax	Carbon tax burden on gas and thermal power businesses	Increasing burden with rising carbon tax rates		
Opportunity	Physical	Physical opportunity	2.6°C	Increase in awareness and support measures for weather disaster countermeasures	Increase in sales of products /services with disaster response function	Expansion of decentralized energy systems		
	Transition	Market	2.6°C	Switch to natural gas	Switch to LNG in Japan; Expansion of LNG business oversea	Switch to LNG and expansion of sales of high-efficiency equipment abroad		
		Technology	1.5°C	Development of renewable energy and CCUS technologies	Expansion of development of renewable energy sources	Introduction of "e-methane," expansion of renewable energy sources, utilization of thermal power generation with CCS		
		Policy and framework	1.5°C 2.6°C	Implementation of a national policy for the mass introduction of renewable energy sources	Expansion of sales of electricity from renewable energy sources	Expansion of sales of electricity from renewable energy sources		
		Technology	1.5°C 2.6°C	Development of AI/IoT	Participation in decentralized power sources aggregation business	Expansion of decentralized power sources aggregation business		

Financial impact : Small



Financial impact : Large



Strategies/Countermeasures for Risks and Opportunities

		Short- and Medium-Term	Long-Term
Risks	Physical	<ul style="list-style-type: none"> Implement disaster countermeasures for facilities 	
	Transition	<ul style="list-style-type: none"> Diversify procurement sources Develop and expand sales of renewable energy power sources in Japan and abroad Engage in dialogue with investors <p>Please see the following material for our major initiatives</p> ▶ Carbon Neutral Vision	
		<ul style="list-style-type: none"> Investigate, develop, and verify CCUS/"e-methane" technologies 	<ul style="list-style-type: none"> Conduct verification and establish supply chains toward the introduction of CCUS/"e-methane," hydrogen, etc.
Opportunity	Physical	<ul style="list-style-type: none"> Development and sale of equipment with disaster response functions 	
	Transition	<ul style="list-style-type: none"> Develop and expand sales of renewable energy power sources in Japan and abroad Develop and market high efficiency, compact decentralized power sources (CHP, fuel cells) Expand fuel switching, sales of high efficiency equipment in Japan and abroad Verify and participate in the decentralized power sources aggregation business <p>Please see the following material for our major initiatives</p> ▶ Carbon Neutral Vision	
		<ul style="list-style-type: none"> Further develop energy-saving technologies 	<ul style="list-style-type: none"> Conduct verification and establish supply chains toward the introduction of CCUS/"e-methane," hydrogen, etc.



Financial Impact of Climate Change Risks and Opportunities

The Daigas Group's Medium-Term Management Plan has identified “achieving a low carbon/carbon neutral society” as a priority issue, and expects to spend 150 billion yen on decarbonization related investments in the period from 2021 to 2023 as it works toward achieving the goal of carbon neutrality in 2050.

The Daigas Group is actively contributing to the spread of renewable energy, and estimates that the impact on sales of its renewable energy business expansion will be in the order of 100 billion yen in fiscal 2031.3.

It should be noted that there are uncertainties and assumptions in the above estimation of financial impact. In practice, the impact may vary significantly as a result of changes in key factors.

Initiatives to Reduce Greenhouse Gas Emissions

Initiatives to reduce greenhouse gas emissions are a crucial mission for the Daigas Group. We focus on reducing CO₂ emissions, not only from our own business activities, but also from customers who use the energy we provide.

In the Daigas Group Energy Transition 2030 (ET2030), we have set a target of reducing CO₂ emissions in our domestic supply chain by 5 million tonnes by FY2031.3 compared to FY2018.3, and we are taking various initiatives to reduce CO₂ emissions.

Under the Daigas Group Carbon Neutral Vision, we have established the goal of contributing 10 million tons per year of CO₂ emissions reductions by FY 2031.3 This indicator will enable us to contribute to reductions throughout society, and we therefore use it as a management target linked to the Group's business initiatives.

Initiatives Ensuring Resiliency for a Decarbonized Society

Securing a stable supply of energy, a core social infrastructure, is one of the major climate change-driven challenges facing society as a whole. By continuing to provide a range of services, including multiple sources of clean energy such as gas and electricity utilizing decarbonization technologies, disaster response equipment, and the widespread and advanced use of energy, the Daigas Group will strive to contribute to society in terms of stable supply and resilience for a decarbonized society.

Please see □ P.32-38 for an overall picture of the Daigas Group's efforts for low carbonization and decarbonization of energy.

Risk Management

When deciding on the Daigas Group's business plan and investment plan, the internal organizations responsible for the gas, electricity and other businesses analyze the risk factors and their impact on each business, distill and identify risks, and submit these together with other business risks, etc. to the Executive Board for deliberation. Climate change risks in the formulated plans are managed through a PDCA cycle, and are reported and followed up at the Environment Subcommittee, ESG Committee, and ESG Council (Management Meeting). The PDCA (plan-do-check-act) cycle is used to manage such actions.

Decisions on climate-related risk and sustainability, including investment decisions, are made by the Board of Directors and the Management Meeting. Matters related to climate change that were proposed or reported by March 31, 2023, included those listed below.

- Resolutions for collaboration and participation in projects for a decarbonized society, based on the Carbon Neutral Vision
- Formulation and disclosure of ET2030
- Monitoring of the results for indicators used to manage climate change response, etc.

*Please see □ P.59 for the risk management system for climate change

Indicators and Targets

The Daigas Group will proceed to contribute to radically reducing CO₂ emissions and realizing a decarbonized society, through initiatives such as energy conservation, the advanced use of natural gas, and the widespread use of renewable energies.

Field	Indicators	Targets	Target FY
Climate Change	CO ₂ emissions of Daigas Group	Net-zero CO ₂ emissions	2051.3
		27.02 million tons* (5 million tons less than FY18.3)	2031.3
	CO ₂ emissions reductions from our own business activities	Percentage of renewables in our power generation portfolio in Japan	Nearly 50%
		Contribution to developing renewables capacity on a global basis	5 GW 2031.3 2.5 GW 2024.3
	CO ₂ emissions reductions at customer sites and through the value chain	<ul style="list-style-type: none"> ● Promote carbon reduction and decarbonization through more widespread use of high efficiency, high value-added equipment with natural gas, renewable energy, etc. ● Efficient operation of LNG tankers and expanded use of low emission vehicles, etc. ● Provide environmental value through the dissemination of high-quality solutions in the fields of information, real estate, and materials 	Each year until 2031.3
	Contribution to CO ₂ emissions reductions across society	Avoided emissions (t-CO ₂ e) (Including reductions contributed at customer sites and overseas)	10 million tons (baseline: FY2017.3) 2031.3

*Emissions in domestic supply chain (Scopes 1, 2 and 3) (Targets for FY2031.3 newly set in the "ET2030")



Environmental Impact throughout the Daigas Group Value Chain in FY2023.3

The Daigas Group calculated the amount of greenhouse gas (GHG) emissions from companies that constitute the Daigas Group's value chain network, based on the GHG Protocol, an international emission accounting standards. The methodology of the calculation and its results have been certified by an independent organization to verify their reliability and accuracy.

Combined GHG emissions by the Daigas Group and value chain companies, measured by CO₂, totaled about 25.98 million tons in FY2023.3. The sum breaks down into about 4.73 million tons, or about 18%, for GHG emitted through business activities by the Daigas Group (Scope 1 and Scope 2), and about 21.25 million tons, or about 82%, emitted by others in our value chain (Scope 3).

GHG emissions from city gas and LNG combustion on the customer side amounted to 16.54 million tons in the reporting year in terms of CO₂, accounting for about 64% of the total.

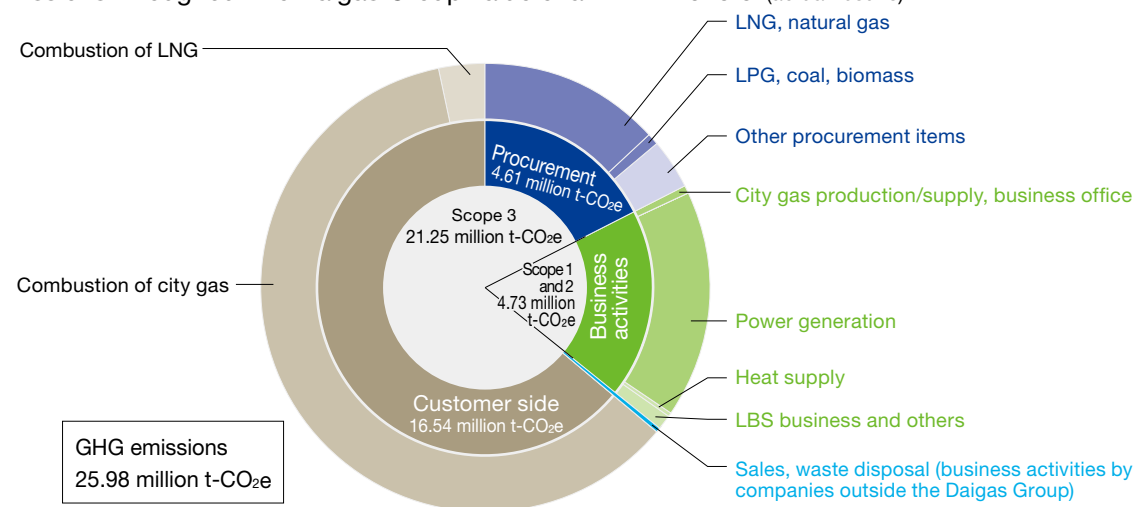
GHG emissions through electricity generation, as measured in terms of CO₂ in the year, amounted to 3.89 million tons, accounting for about 15% of the total emissions, which represented the majority of GHG emissions from the Group's own business activities. As a way of reducing GHG emissions from power generation, the Group will continue to actively introduce highly advanced energy-efficient power generation facilities and use renewable energy sources.

GHG emissions from material and fuel procurement totaled 4.61 million tons, as measured in terms of CO₂ in the year, accounting for about 18% of the total emissions. The procurement of energy sources, especially LNG, accounted for over 70% of that amount. Under these circumstances, we will continue our efforts to improve fuel efficiency regarding the operation of LNG tankers in collaboration with resource suppliers.

Activities that have potential environmental impacts other than GHG emissions include the disposal of waste (general waste and industrial waste), and the disposal of excavated soil and polyethylene pipes associated with gas pipe construction. Regarding these items, we have achieved a high recycling rate and will continue to strive to maintain this level. About 97% of water used for our

industrial activities is taken from the sea. Such water is mostly used to vaporize LNG at LNG terminals. Seawater is also used as coolant inside the steam turbine condenser at some power plants. Once used, the water is discharged into the sea without being consumed under strict quality control.

■ GHG emissions throughout the Daigas Group value chain in FY2023.3 (actual results)



Companies subject to the calculation of GHG emissions: 63 companies in total, including Osaka Gas Co., Ltd. and 62 companies among 154 consolidated subsidiaries are subject to calculation of GHG emissions. Those housed in office buildings as tenants and whose environmental data are difficult to grasp and whose environmental effects are minimal are not subject to such calculation. Also excluded from the calculation are overseas companies, except two companies.

CO₂ emission factors used (GHG scopes 1 and 2)

- Electricity: 0.65 kg-CO₂/kWh (Average emission factor of thermal power plants in FY2014.3, stipulated in the Plan for Global Warming Countermeasures issued by the government in 2021.)
- City gas: 2.29 kg-CO₂/m³ (based on Osaka Gas data)
- Others: Factors listed under the Law Concerning the Promotion of Measures to Cope with Global Warming

Sources of emission factors used for calculating CO₂ emissions (GHG scope 3)

- Production and transmission of city gas: "Life cycle evaluation of city gas" on the website of the Japan Gas Association
- Production and shipment of LNG: Calculation of life cycle greenhouse gas emissions of LNG and City Gas 13A (papers presented at research presentation meetings of the 35th Meeting of the Japan Society of Energy and Resources, June 2016)
- Production and shipment of LPG and coal: Future forecast for life cycle greenhouse gas emissions of LNG and City Gas 13A (Energy and Resources, Vol. 28, No. 2, March 2007)
- Other main emission factors: Emission factors for calculating supply-chain greenhouse gas emissions, etc. (Database Ver. 3.3) published in March 2023 by the Ministry of Environment



Verified by a third party A third-party verification has been conducted by Bureau Veritas Japan Co., Ltd.

Environmental Impact throughout the Daigas Group Value Chain

Main materials and fuels

Amount of LNG handled	6,488 thousand tons
The figure above includes the amounts of the items listed below: ● Materials of city gas ● Fuels at LNG terminals ● Fuels used by Group companies for power generation	
LPG used for calorific adjustment of city gas	210 thousand tons

Amount of energy used

City gas	1,232 million m³ (including gas whose calorific value has yet to be adjusted)
Purchased electricity	493 million kWh
Other energy sources	13,568 TJ

Amount of vehicle fuel used

Gasoline	1,553 kl
City gas	31 thousand m³
Diesel	699 kl
LPG	4 thousand m³

Sales volume of main products

Gas	6,845 million m³
Electricity	15,883 million kWh

Procurement of materials and fuels (Business activities by companies outside the Group)

LNG, natural gas City gas use/power generation use/marketing use	LPG City gas use/marketing use
Coal, biomass Power generation use	Other purchased goods Materials/consumable goods/capital goods/gas equipment for sale/electricity/gasoline and others

Business activities by Osaka Gas

City gas production/supply	Business office
Power generation	Heat supply
LBS business	Others*

* Engineering/energy services/renovation/maintenance service/R&D etc.

Sales, waste disposal (Business activities by companies outside the Group)

Commuting, business trips	Waste disposal
Product shipment	Leasing of assets
Outlets providing sales support to Osaka Gas	

Use at customer site

City gas	Gas appliances
Electricity	Chemical products
LNG	Services

GHG (scope 3¹)

	Emissions (1,000 t-CO ₂ e)
LNG, natural gas	3,362
LPG, coal, biomass	192
Other procurement items	1,051
Total	4,606

Breakdown of Scope 3 categories

*1 Category 1-4 (purchased products, capital goods, fuel procurement, upstream transportation)

*2 Category 5-7, 9, 12-14 (waste, business trips, commuting, leased assets, product shipment, end-of-life treatment of sold products, franchises)

*3 Category 11 (use of sold products)

GHG (scope 1 and 2)

	Emissions (1,000 t-CO ₂ e)	
	Scope 1	Scope 2
City gas production	34	82
Business office (including supply)	16	15
Power generation	3,869	21
Heat supply	56	34
LBS and others	431	172
Total	4,406	324

Waste

	Generated	Recycled
General waste	1,103 t	96%
Industrial waste	101,654 t	96%
Excavated soil	580,000 t	100%
PE pipe	137 t	100%
Used gas appliances recovered	1,569 t	86%

Amount of water intake and water discharge Stated on P.58

GHG (scope 3²)

Emissions (1,000 t-CO ₂ e)
99

GHG emissions due to energy consumption arising from various activities, including commuting of employees, business trips, transportation of products, business activities at outlets that provide sales support to Osaka Gas, disposal of own waste, disposal of product waste, and leasing of assets.

GHG (scope 3³)

	Emissions (1,000 t-CO ₂ e)
Combustion of city gas	15,675
Combustion of LNG	867
Total	16,542



Corporate Governance

Basic Views on Corporate Governance

Corporate Governance System

Overview of Corporate Governance System

Views on the Composition of the Board of Directors

Advisory Committee

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

Directors and Audit & Supervisory Board Members Remuneration

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

Audit & Supervisory Board, Audit & Supervisory Board Members

Risk Management

Directors and Audit & Supervisory Board Members

Message from the Outside Directors



Corporate Governance

Basic Views on Corporate Governance

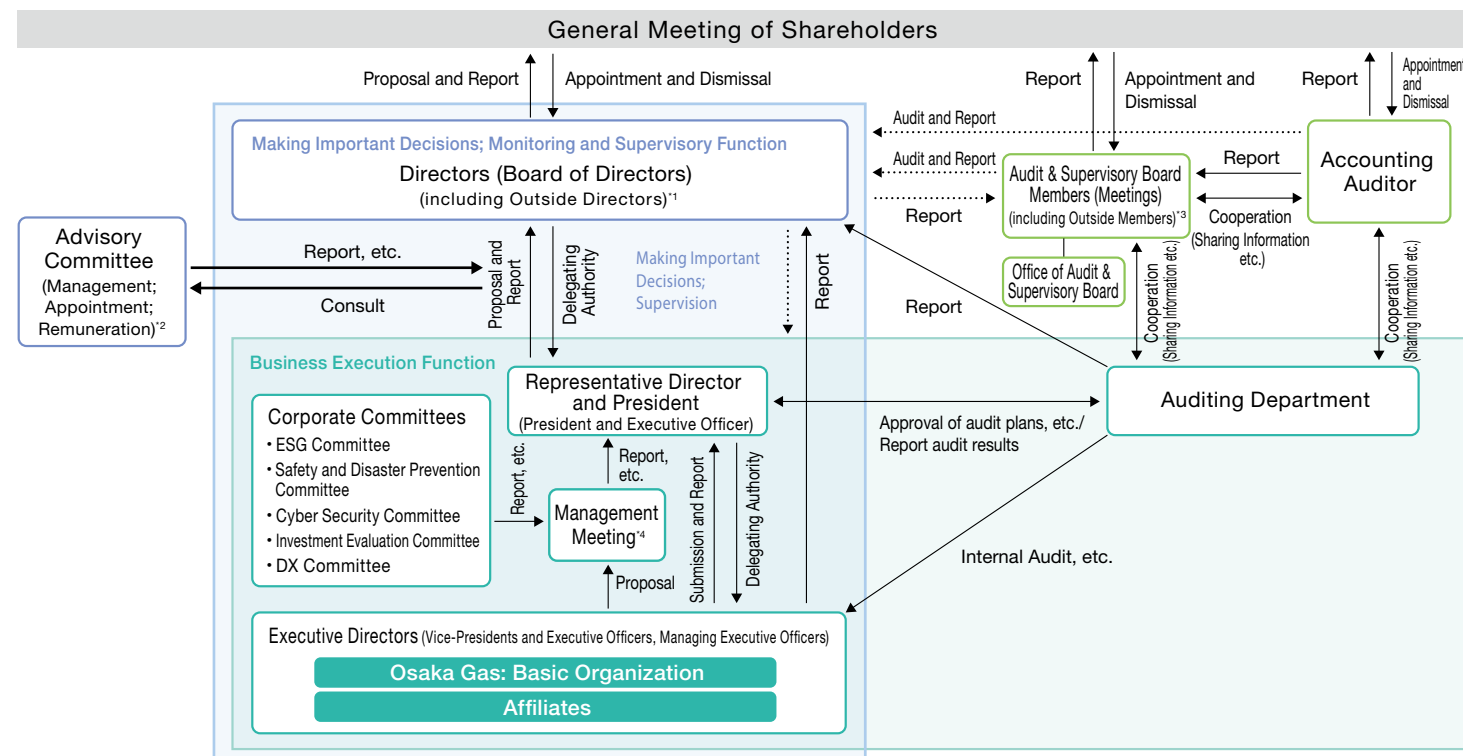
As a corporate group that powers “continuous advancement” in consumer life and business, our Corporate Principles aim to create four types of value: “Value for Customers,” “Value for Society,” “Value for Shareholders” and “Value for Employees” by providing various products and services relating to not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

Osaka Gas 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 on 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 System (as of June 23, 2023)



^{*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 [Internal] and 3 Outside Audit & Supervisory Board Members)

^{*4} Management Meeting: 1 President and Executive Officer, 3 Vice-Presidents and Executive Officers, and 7 Managing Executive Officers



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 formulate the "Regulations of the Board of Directors" and the "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 enhance supervisory capabilities. The Articles of Incorporation stipulate that there shall be no more than 15 Directors. They also direct that the 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.

In FY2023.3, the Board of Directors held 13 meetings, with 100% attendance by all Directors. 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 from executive Directors, etc.

Executive Officers

The Company has adopted an executive officer system (Executive Officers consist of President and Executive Officer, Vice-President and Executive Officers, Managing Executive Officers, and Executive Officers), which enables the Directors of the Company to focus on making business decisions 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 President and Executive Officer, Vice-President and Executive Officers, and Managing Executive Officers. In principle, the Management Meeting is held three times per year as the "ESG Council," which deliberates on activity plans and reports on activities related to the 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 Audit & Supervisory Board Members and each Audit & Supervisory Board Member monitors the execution of work duties by the Directors.

Auditing Department

The Company has established the Auditing Department as an internal audit division. Based on a yearly auditing plan, it audits, from independent and neutral viewpoints, the status of execution of business activities. Audit results are reported regularly at the Management Meeting and other meetings. In the event that an internal audit identifies a matter that may have a significant impact on management, it is reported to the Board of Directors (dual reporting). The Auditing Department evaluates internal control over financial reporting based on the Financial Instruments and Exchange Act. The Head of the Auditing Department regularly exchanges opinions with Audit & Supervisory Board Members, the accounting auditor, and outside officers (Outside Audit & Supervisory Board Members and Outside Directors).

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 and sustainability, 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. All committees are chaired by Outside Directors (Advisory Committee on Management, Advisory Committee on Appointment, and Advisory Committee on Remuneration).

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.
(Chairman: Head of ESG Promotion/Representative Director and Vice-President)

Safety and Disaster Prevention Committee

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.
(Chairman: Head of Safety/Managing Executive Officer)

Cyber Security Committee

The Company has established the Cyber Security Committee to reinforce the cyber security measures of the Group.
(Chairman: Head of Technology/Representative Director and Vice-President)

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.
(Chairman: President of the Corporate Planning HQ/Representative Director and Vice-President)

DX Committee

The Company has established the DX Committee to promote DX for the entire group while coordinating the alignment with business, IT, and financial strategies across the organization.
(Chairman: President of the Corporate Planning HQ/Representative Director and Vice-President)



Views on the 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 Group positions the advancement of women as a first step for diversity promotion and has set a target of 20% or more in both the ratio of female officers and female directors by FY2031.3. As of June 2023, the ratio of female officers and directors was 26.7% and 20.0%, respectively.

Moreover, based on medium- and long-term management plans, we have defined the basic qualifications for Internal Directors as having experience and expertise, etc. in corporate management, marketing, technology/R&D, DX, global management, ESG, finance/accounting, legal/risk management, human resources development of the Group including the energy business, 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 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.

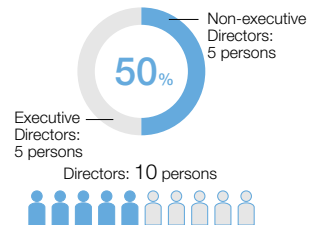
■ Skills Matrix (as of June 23, 2023)

Name	Position	Age	Years in office	Internal/Outside	Independence	Attendance at Board of Directors Meetings	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	69	14	Internal	—	100%	●	●				●	●	●	●
Masataka Fujiwara	Representative Director and President	65	7	Internal	—	100%	●	●	●	●	●	●			
Tadashi Miyagawa	Representative Director	64	7	Internal	—	100%	●		●	●	●	●		●	
Takeshi Matsui	Representative Director	62	6	Internal	—	100%	●			●	●	●	●		●
Takayuki Tasaka	Representative Director	60	5	Internal	—	100%	●	●					●	●	
Fumitoshi Takeguchi	Director	61	2	Internal	—	100%						●	●	●	●
Kazutoshi Murao	Director	70	4	Outside	○	100%	●			●		●		●	●
Tatsuo Kijima	Director	68	3	Outside	○	100%	●					●		●	●
Yumiko Sato	Director	71	2	Outside	○	100%						●		●	●
Mikiyo Niizeki	Director	55	—	Outside	○	—	●	●					●		●
Hisaichi Yoneyama	Audit & Supervisory Board Member	62	3	Internal	—	100%	●		●		●			●	●
Ichiro Hazama	Audit & Supervisory Board Member	57	—	Internal	—	—		●						●	●
Shigemi Sasaki	Audit & Supervisory Board Member	75	7	Outside	○	100%	●							●	●
Eriko Nashioka	Audit & Supervisory Board Member	56	1	Outside	○	100%	●					●	●		●
Chieko Minami	Audit & Supervisory Board Member	62	—	Outside	○	—	●	●		●					●

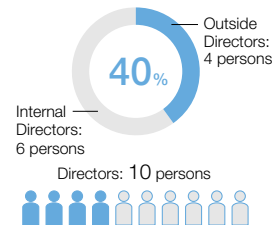


■ Independence of Directors

Percentage of Non-executive Directors

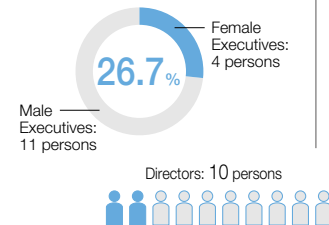


Percentage of Independent Outside Directors

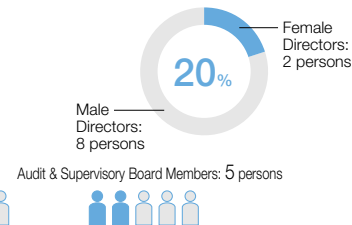


■ Diversity of Directors and Audit & Supervisory Board Members

Percentage of Female Executives



Percentage of Female Directors



■ Corporate Governance Initiatives

		2019	2020	2021	2022	2023
Separation of business execution and supervision	Chairperson of the Board	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 2016: 3 persons		From 2021: 4 persons		
		From 2020: percentage of Outside Directors: 1/3 or more				
	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)		From 2023: 4 persons (2 Directors and 2 Audit & Supervisory Board Members)
	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	
		In 2021: established stock-based remuneration system				
Internal Control	Corporate committee*1	From 2003: Investment Evaluation Committee				
		From 2006: CSR Committee*3	From 2020: ESG Committee			
		From 2019: Cyber Security Committee				
					From 2021: DX Committee	
		From 1996: Executive Safety Council			From 2022: Safety and Disaster Prevention Committee	
	Strengthening risk management (operation of G-RIMS*2)	From 2017: targeting Osaka Gas, domestic and overseas affiliates				
	Cross-shareholdings	In 2013: established policies regarding cross-shareholdings*4				

*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 were 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 investees, 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 and sustainability, 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. All committees are chaired by Outside Directors.

FY2023.3 Results

Name	Composition of each advisory committee and percentage of Outside Directors	Agenda	Issues discussed	Name		Position	Attendance	Attendance rate	Number of the meetings held in FY2023.3
Advisory Committee on Management	(Management) 67% 	Key issues such as medium- to long-term corporate strategy and sustainability	Prospects and challenges for achieving carbon neutrality, trends in human capital and the Company's personnel measures, etc.	Tatsuo Kijima	Chairperson	Outside Director	2 out of 2 meetings	100%	2 meetings
				Hideo Miyahara ^{*1}		Outside Director	2 out of 2 meetings	100%	
				Kazutoshi Murao		Outside Director	2 out of 2 meetings	100%	
				Yumiko Sato		Outside Director	2 out of 2 meetings	100%	
				Masataka Fujiwara		Representative Director, President and Executive Officer	2 out of 2 meetings	100%	
				Takeshi Matsui		Representative Director, Vice-President and Executive Officer	2 out of 2 meetings	100%	
Advisory Committee on Appointment	(Appointment) 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.	Matters to be considered in the selection of candidates for Directors, the election of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc.	Kazutoshi Murao	Chairperson	Outside Director	3 out of 3 meetings	100%	3 meetings
				Hideo Miyahara ^{*1}		Outside Director	3 out of 3 meetings	100%	
				Tatsuo Kijima		Outside Director	3 out of 3 meetings	100%	
				Yumiko Sato		Outside Director	3 out of 3 meetings	100%	
				Masataka Fujiwara		Representative Director, President and Executive Officer	3 out of 3 meetings	100%	
Advisory Committee on Remuneration	(Remuneration) 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.	Policy on determining remuneration of Directors, appropriateness of the remuneration levels, calculation method for the portion linked to business performance, payment coefficient for the portion linked to business performance, etc.	Yumiko Sato	Chairperson	Outside Director	3 out of 3 meetings	100%	3 meetings
				Kazutoshi Murao		Outside Director	3 out of 3 meetings	100%	
				Hideo Miyahara ^{*1}		Outside Director	3 out of 3 meetings	100%	
				Tatsuo Kijima		Outside Director	3 out of 3 meetings	100%	
				Masataka Fujiwara		Representative Director, President and Executive Officer	3 out of 3 meetings	100%	
				Takayuki Tasaka		Representative Director, Vice-President and Executive Officer	1 out of 1 meeting ^{*2}	100%	

^{*1} Retired as of the close of the Company's Annual Meeting of Shareholders held in June 2023.

^{*2} Deliberations on Directors' remuneration levels, etc. are not subject to attendance.

Outside Directors Internal Directors

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 of 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 the knowledge necessary for the 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

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*¹ approved at the Annual Meeting of Shareholders, after deliberation at a voluntarily appointed Advisory Committee on remuneration made up of a majority of the Outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.*²

The Company has established a policy on determining the remuneration of Directors as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed Advisory Committee made up of a majority of Outside Directors. This policy is summarized as follows.

The system of paying retirement benefits to Directors was abolished in June 2004.

*¹ At the 203rd Annual Meeting of Shareholders held on June 25, 2021, it was resolved that the monetary remuneration quota would be up to 57 million yen per month, the stock remuneration quota would be within 72 million yen per year, and the maximum number of shares would be within 48,000 shares per year. The number of Directors at the end of said Annual Meeting of Shareholders was ten.

*² 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.

■ Outline of Remuneration

Remuneration items	Fixed/variable	Standard composition* ³		Type of remuneration	Outline
		Internal Directors	Outside Directors		
Basic remuneration	Fixed	50%	100%	Monetary remuneration	<ul style="list-style-type: none"> ● 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.
Performance-linked remuneration	Variable (short-term incentive)	40%	—	Monetary remuneration	<ul style="list-style-type: none"> ● 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 as the main indicators <div> <div>Base amount by position</div> <div>×</div> <div>Payment coefficient of performance-linked remuneration (indicator: profit attributable to owners of parent)</div> <div>×</div> <div>ESG indicators achievement (indicator: internal ESG indicators achievement)</div> <div>=</div> <div>Performance-linked remuneration</div> </div>
Stock-based remuneration	Variable (mid- to long-term incentive)	10%	—	Stocks	<ul style="list-style-type: none"> ● 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. ● A Director shall not transfer, establish a security interest on, or otherwise dispose of the allotted shares during the period from the date of the allotment of shares to the date of his/her retirement from office. ● Transfer restrictions shall be lifted on the condition that the resignation of a Director is due to reasons deemed justifiable by the Company or due to the death of the Director. ● In the event that a Director commits an act of misconduct 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).

*³ When performance-linked remuneration targets are fully achieved.



Officer Remuneration System Taking into Account ESG Indicators Achievement

At the Board of Directors meeting held on December 23, 2021, Osaka Gas resolved to reflect the coefficient of ESG indicators achievement in the previous year in officer remuneration to contribute to short-term and mid- to long-term increases in corporate value.

The coefficient of ESG indicators achievement includes the achievement of the following items.

This has been applied from July 2023 onward, when remuneration is paid based on FY2023.3 results.

■ Main ESG Indicators Please see □ P.29-30 for FY2023.3 results.

Charter of Business Conduct	Materiality	Value for a sustainable future	Indicators
I Creating value for customers	Maintain and expand customer base	Establishing lifestyles and businesses adjusted to the new normal	Number of customer accounts
	Improvement of customer satisfaction and quality of services		Customer satisfaction rate
	Customer health and safety	Enhancing resilience of customers and society	Number of serious accidents
	Stable supply of services		Build resilient energy supply facilities
II Contributing to the sustainability of the environment and society	Climate change	Achieving a low-carbon/carbon-neutral society	CO ₂ emissions of Daigas Group
			Percentage of renewables in our power generation portfolio in Japan
			Contribution to developing renewables capacity on a global basis
			Avoided emissions (Baseline: FY2017.3)
III Engaging with and contributing to society	Coexistence with local community	Building foundations that support the realization of value for a sustainable future	Number of our participations in local governments' activities (i.e. community development planning)
IV Respecting human rights	Supply chain management		Number of joint efforts with local communities
			Appropriate new supplier ratio
V Complying with laws and regulations	Compliance		Number of serious violations of laws and regulations
VI Providing work environment that supports employees' personal growth	Employee engagement		Employee attitude survey (Loyalty Score)
	Development of employee skills		Annual average hours of training per employee
	Diversity and inclusion		Percentage of female officers/percentage of female Directors
			Percentage of women in members newly promoted to middle management positions
			Percentage of women in new recruits for career-track positions

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

Term			202nd	203rd	204th
Fiscal year ended			March 31, 2020	March 31, 2021	March 31, 2022
Profit attributable to owners of parent	million yen	Plan	55,000	73,000	70,500
		Result	41,788	80,857	130,421

■ Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers (Fiscal year ended March 31, 2023)

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)	417	183	187	46	6
Audit & Supervisory Board Members (excluding Outside Members)	69	69	—	—	2
Outside Directors	48	48	—	—	4
Outside Audit & Supervisory Board Members	36	36	—	—	4

Note: The number of persons and amounts include one Outside Audit & Supervisory Board Member who retired as of the close of the Company's 204th Annual Meeting of Shareholders held on June 28, 2022.

* 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 and the Advisory Committee 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, 2023 are summarized below.

1. Method



* Based on the evaluation by an external specialist institution, we have established the interview items for the fiscal year ended March 31, 2023.

2. Interview Items

- ① Initiatives in response to last year's 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 the Board of Directors meetings
- ② Composition of the Board of Directors
 - The ideal structure and composition of the Board of Directors to realize the long-term management vision and medium-term management plan
 - Ensuring diversity (gender, expertise, experience, ability, etc.), etc.
- ③ Operation of the Board of Directors meetings
 - Frequency and time, proceedings, materials
 - Development of appropriate management strategies and plans, the status of response to key issues such as climate change risks and DX, etc.
- ④ Advisory Committee
 - Frequency of meetings, content of deliberations, method of operation, topics to be discussed, etc.
- ⑤ Outside officers' meetings and others
 - Theme, exchanging opinions for the purpose of developing management, etc.
- ⑥ Free opinion

3. Evaluation Results

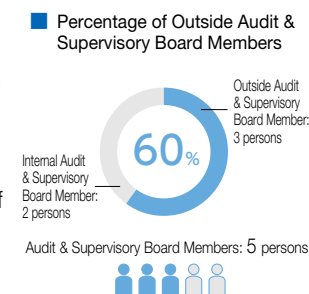
<Major issues>

- Board operations that devote more time to discussion
- Expansion of Advisory Committee on Management
- Expansion of opportunities to exchange views with internal officers
- Cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)

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 the 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.



■ Main Activities of Audit & Supervisory Board Members

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

The Audit & Supervisory Board reports on the implementation status of the audit, shares information, and conducts necessary deliberations and resolutions. 14 Audit & Supervisory Board meetings were held in FY2023.3. The main resolutions of the Audit & Supervisory Board meetings are as follows.

■ Main Resolutions at the Audit & Supervisory Board Meetings

<ul style="list-style-type: none"> • Audit plans by Audit & Supervisory Board Members • Report on audits by the Audit & Supervisory Board 	<ul style="list-style-type: none"> • Approval of proposal for election of Audit & Supervisory Board Members • Selection of full-time Audit & Supervisory Board Members • Assignment of duties of each Audit & Supervisory Board Member 	<ul style="list-style-type: none"> • Evaluation and reappointment/non-reappointment of the accounting auditor • Approval of remuneration for the accounting auditor
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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 was abolished in June 2004.



Risk Management

Basic Approach and Policy

As the social and economic environment is changing drastically, with the increasingly unstable international situation, exchange rate fluctuations and inflation, the importance of energy security is rapidly growing, along with the further acceleration of decarbonization. In such an environment, the Daigas Group, which operates a various types of businesses in various regions, recognizes that risks listed on □ P.74 may have an impact on its business performance and financial position. We are working on each measure under the risk management promotion system, and the ESG Committee, the Safety and Disaster Prevention Committee, and other corporate committees are implementing plans and following up on progress.

Matters concerning the future as stated are based on the Group's judgment and assumptions as of the end of FY2023.3.

Promotion System

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.

Periodic Reviews and Monitoring

Operating our own self-assessment system G-RIMS

The Group introduced the "G-RIMS," a system for risk management in routine business operations, in 2006. The manager of each organization and affiliated company checks if preventive measures have been implemented or if 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.

■ G-RIMS (Gas Group Risk Management System) Checklist

1.Management environment <ul style="list-style-type: none"> Dissemination of corporate principles Decision-making and follow-up process Poor maintenance of regulations Failure to report business information that should be reported Effectiveness of self-audits 	5.Response to relevant laws <ul style="list-style-type: none"> Violation of applicable laws and regulations 	<ul style="list-style-type: none"> Illegal use of bank accounts Embezzlement of cash Embezzlement of sales proceeds Illegal spending The same person taking a spending-related post for a long time 	19.Products, services <ul style="list-style-type: none"> Quality of products and services (complaints, defects, recall, product liability, consumer protection, etc.) 	<ul style="list-style-type: none"> Illegal use of information, illegal alteration of information, and information leakage, all arising from the lack of security measures
2.Human rights, harassment <ul style="list-style-type: none"> Violation of human rights (workers, local residents, consumers, etc.) Harassment (sexual harassment, maternity harassment, power harassment) 	6.Illegal transactions <ul style="list-style-type: none"> Violation of the antitrust act Violation of the subcontract act Violation of the labeling act 	14.Accounting, tax-related procedures <ul style="list-style-type: none"> Errors, illegal practices, and delays concerning accounting and tax-related procedures 	20.Business continuity in emergency <ul style="list-style-type: none"> Suspension or delay of business activities/operations in an emergency, such as a disaster 	26.Personal information concerning customers and corporate clients (including customer information) <ul style="list-style-type: none"> Leakage, loss, and illegal use of personal information concerning customers
3.Personnel affairs, labor affairs <ul style="list-style-type: none"> Inappropriate labor management and incompliance with labor-related laws and regulations Inappropriate employment contracts with non-regular employees Securing human resources Developing human resources 	7.Inappropriate relationships <ul style="list-style-type: none"> Cozy relationships, bribery, etc. with public servants; cozy relationships with clients and suppliers 	15.Credit control, loan control <ul style="list-style-type: none"> Irrecoverable loans, delays in loan collection Acceptance and execution of guaranteed debts 	21.Intellectual property <ul style="list-style-type: none"> Insufficient protection of intellectual property rights owned by Osaka Gas Infringement of intellectual property rights owned by third companies 	27.Personal information concerning employees <ul style="list-style-type: none"> Leakage, loss, and illegal use of personal information concerning employees
4.Accident prevention, workplace safety <ul style="list-style-type: none"> Slack conduct regarding accident prevention and workplace safety Vehicles for business use 	8.Anti-social forces <ul style="list-style-type: none"> Refusal to have a relationship with anti-social forces 	16.Scandals involving suppliers <ul style="list-style-type: none"> Compliance problems emerged at corporate clients concerning human rights, labor practices, environment, and corruption 	22.Lawsuits <ul style="list-style-type: none"> Legal disputes such as lawsuits 	28."My Number" system (individual identification number and specified personal information) <ul style="list-style-type: none"> Leakage, loss, and illegal use of "My Number" identification numbers
	9.Insider trading <ul style="list-style-type: none"> Practice of insider trading, provision of insider information 	17.Whistle-blowing system (Compliance Desk) <ul style="list-style-type: none"> Insufficient dissemination of a whistleblowing system Operational defects of a whistleblowing system 	23.Information disclosure <ul style="list-style-type: none"> Inappropriate information disclosure procedures and the subsequent erosion of public trust in Osaka Gas 	29.Funds, derivatives <ul style="list-style-type: none"> Problematic fund management and fund procurement Problematic fund control Speculative derivative transactions
	10.Subsidies <ul style="list-style-type: none"> Illegal receipt of public funds (subsidies, etc.) 	18.Environment-related <ul style="list-style-type: none"> Violation of environment-related laws 	24.Information control in general <ul style="list-style-type: none"> Leakage, loss, and illegal use of information 	30.Electronic banking <ul style="list-style-type: none"> Illegal and erroneous money transfers using the electronic banking system
	11.Management of seals <ul style="list-style-type: none"> Illegal use of seals 		25.Computer network related (computer networks, business apps related to computer networks, information used via such networks and apps)	
	12.Purchase, expense-related spending <ul style="list-style-type: none"> Inappropriate procedures and illegal practices concerning purchase and expense-related spending (accounting spending) 			
	13.Illegal practices concerning money transfer			



Recognition of and Countermeasures Against Business Risks

In addition to the measures preparing for the following risks, the Daigas Group aims to mitigate the 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.

Risks Related to All Businesses within the Group

Countermeasures against Risks

Changes in economic, financial, and social conditions as well as market contraction	The Group is practicing portfolio management that responds to changes in the business environment by growing each of three segments "Domestic Energy Business," "International Energy Business," and "Life & Business Solutions (LBS) Business."
Occurrence of catastrophic disasters, accidents, or infectious diseases	In preparation for the occurrence of natural disasters, terrorism, accidents, and infectious diseases, we are promoting initiatives including centralized management, intensive inspections, and continuous improvements of facilities, taking out various types of insurance such as disaster insurance, and formulation and review of a "Business Continuity Plan (BCP)" in the event of a catastrophic disaster or accident and an operational plan for responses to outbreaks of infectious diseases, etc. In addition, we are striving to build cooperative relationships in projects in which we participate for safe and stable business operations.
Changes in international rules, politics, laws and regulations, and institutional systems	We are executing our respective businesses in accordance with international rules on environmental, social and governance issues, as well as other domestic and international rules, politics, laws and regulations, and institutional systems.
Changes in foreign exchange rates and borrowing rates	We are working to minimize the impact of changes in foreign exchange rates and borrowing rates through hedging and foreign currency procurement.
Uncollected investments	The Board of Directors makes decisions on various types of investments for growth based on comprehensive management decisions by the Investment Evaluation Committee including projects' economic and risk evaluation.
Climate change and decarbonization	In order to respond to changes in regulations due to climate change issues, changes in social trends toward the realization of a carbon-neutral society in the future, and fluctuations in energy demand, etc., we are promoting initiatives for fuel conversion from coal and heavy oil to natural gas, the introduction of renewable energy and highly efficient products and facilities, and development of technologies and building supply chains related to low-carbon/carbon-neutral transition.
Intensifying competition	In order to increase our market competitiveness in all business segments, we are promoting initiatives to increase added value, reduce raw material costs, develop technologies, etc.
Breakdown or malfunction of critical IT systems, information leaks, and development delays	We are promoting and monitoring security measures, ensuring dissemination and education of information management, building information systems, etc.
Quality issues with products or services	In order to ensure that the products and services we offer are used securely and safely, we are working on thorough quality management and other measures.
Non-compliance with laws and regulations	To raise awareness of compliance, we are promoting initiatives to prevent problems from occurring through ongoing internal training, periodic risk identification, and review, follow-up and improvement of response status, etc.

Individual Risks of Each Business Segment

• Domestic Energy Business

Impact of fluctuations in temperature/water temperature on energy demand	In order to respond to the impact of fluctuations in energy demand, we are expanding sales in peripheral energy fields such as gas appliances and energy services.
Changes in raw fuel costs	We are working to minimize the impact of cash flows through diversifying contract price indices and hedging in the procurement of LNG, and to adjust unit gas prices under the fuel cost adjustment system.
Difficulty in procuring raw fuels	As most of the raw fuels for gas and electricity, such as LNG, are imported from overseas, we are promoting diversified procurement from numerous producers as well as utilizing LNG carriers owned by the Group, aiming to ensure stable and flexible raw fuel procurement.
Changes in electricity procurement costs	We are working to ensure a stable electricity supply by responding to power demand through procurement from procurement contracts with other companies, and from the Japan Electric Power Exchange and other markets, in addition to procurement from our own power source.
Difficulties in gas production/power generation and gas/power supply	In order to maintain safe and stable city gas production/supply and electricity generation/supply, we are carrying out various drills to prepare for emergencies, periodic inspections and upgrading of facilities, and measures to prevent accidents and supply disruptions including earthquake and tsunami countermeasures.
Products such as gas equipment and facility issues	We are striving to ensure a stable supply of products, and promoting the use of safe equipment and related inspection and dissemination.
Intensifying competition in the industry and the resulting increase in choices available to consumers	We are working to provide various added values, aiming to be a company that continues to be the first choice of customers.

• 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	We are promoting risk countermeasures such as proactive business operations and strict evaluation of target projects in the decision-making of investment for growth. In addition, for stable procurement, we are striving to build cooperative relationships that contribute to safe and stable operations in the participating projects.
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• Life & Business Solutions Business

Changes in the operating environment, such as soaring material costs, suspension of material supplies, and worsening economic conditions	We are working on internal growth, investment for growth, and other initiatives based on technologies and knowledge we have cultivated in our energy business.
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Status of Internal Control

Osaka Gas established systems (internal control systems) to ensure that Directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Daigas Group's operations at the Board of Directors. The Company confirms the operating status of the internal control systems periodically by identifying items to confirm for various matters and receiving reports from the organizational heads and other persons concerned. At the meeting of the Board of Directors held on April 26, 2023, it was reported that the internal control systems were operating in a proper manner.

Overview of Operating Status of the Internal Control Systems (FY2023.3)

①Matters concerning compliance, etc.

The ESG Committee promotes initiatives in each sector, including sustainability activities, through the Compliance and Risk Management Subcommittee, Environment Subcommittee, and Social Contribution Subcommittee. With the movement toward decarbonization gaining pace globally in response to the issue of climate change, the Company formulated and announced Energy Transition 2030 (ET2030) in March 2023, integrating an overall roadmap for the transition to low carbon and carbon neutral energy, as well as the Group's specific initiatives and the solutions it can provide for customers. Educational materials, including a guide to the Daigas Group Code of Business Conduct, are posted on the intranet at all times to familiarize Directors and employees of the Group with said Code to promote and ensure its understanding.

The consultation and reporting system has been revised in light of the Partial Amendment of the Whistleblower Protection Act (Act No. 51, 2020), which came into effect in June 2022. Effective April 1, 2022, the number of affiliated companies with whistleblower hotlines was expanded, and measures have been taken to ensure the independence of whistleblowing processes involving management. During FY2023.3, the Company implemented measures to improve the operational quality of whistleblower hotlines at affiliated companies.

On May 10, 2023, CD Energy Direct, Inc. (our stake of 50%) received an order from the Consumer Affairs Agency to suspend its door-to-door sales operations (for six months) based on the Act on Specified Commercial Transactions, for some inappropriate business practices in door-to-door sales by a subcontractor. In order to prevent recurrence, the Company is reviewing its compliance system and strengthening the supervision and education of its contractors.

②Matters concerning risk management, etc.

We are committed to risk management under the promotion system described on [P.73](#). 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.

With the legal separation of our gas pipeline division, we established a Security and Disaster Prevention Committee on April 1, 2022, 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 legal separation. We also implemented internal investigations to confirm the status of measures to block the transfer of information between the Network Company and the Company and its affiliated companies, which are gas retailers, and the status of information management.

To prepare for emergencies, regulations for disaster countermeasures and business continuity plans are prepared. We carry out company-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises. During FY2023.3, in addition to drills assuming disasters occurred amid an epidemic, we also implemented emergency coordination training and drills, including the use of remote communications, to ensure coordination between the Network Company and gas retailers.

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

③Matters concerning the management of businesses in the Group

The affiliates to be managed by the core non-energy Business companies, the gas pipeline business company, the overseas regional headquarters, or the management support organizations are designated and their managerial tasks are monitored by receiving periodic reports and reports on important issues from the affiliates. In addition, day-to-day management of those affiliates is performed by using the G-RIMS and/or conducting audits.

The Company's Auditing Department, which conducts internal audits, implements planned internal audits of the Company's organizations and affiliates and provides follow-up audits after a certain period of time.

④Matters concerning the effectiveness of audits by Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members have periodic exchanges of opinion with the Director and Chairman, the Representative Director and President and the accounting auditor, in which Outside Audit & Supervisory Board Members also participate as necessary. Partly through the opportunity to exchange opinions with the accounting auditor, Audit & Supervisory Board Members evaluate the qualifications, expertise and independence of the accounting auditor.

Full-time Audit & Supervisory Board Members attend important meetings such as the Management Meeting, the ESG Council, the Investment Evaluation Committee, etc., and read approval documents and other important documents. Through the Board of Directors' resolution on the internal control systems, they also clarify important matters to be reported to Audit & Supervisory Board Members and disseminate information thereof.

Five assistants to Audit & Supervisory Board Members are in place to engage solely in assisting Audit & Supervisory Board Members in the performance of their duties.



Directors and Audit & Supervisory Board Members

Directors



[Biography]

1978. 4 Joined the Company
2003. 4 General Manager of Corporate Strategy Dept.
2007. 6 Executive Officer
2008. 6 Managing Executive Officer
2008. 6 Head of Commercial & Industrial Energy Business Unit
2009. 6 Director, Managing Executive Officer
2010. 6 Head of Residential Energy Business Unit
2013. 4 Representative Director, Vice-President and Executive Officer
2015. 4 Representative Director and President, President and Executive Officer
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, etc. 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.



[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 Managing Executive Officer
2016. 4 Vice-President and Executive Officer
2016. 4 President of Corporate Planning HQ
2016. 6 Representative Director, Vice-President and Executive Officer
2020. 4 Head of Energy Solution Business Unit
2021. 1 Representative Director and President, President and Executive Officer (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.



[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 Managing Executive Officer
2016. 6 Director, Managing Executive Officer
2018. 4 Representative Director, Vice-President and Executive Officer (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.



[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 Managing Executive Officer
2016. 4 Head of Energy Resources & International Business Unit
2017. 6 Director, Managing Executive Officer
2019. 4 President of Corporate Planning HQ
2019. 4 Representative Director, Vice-President and Executive Officer (current)
2021. 1 President of Corporate Planning HQ (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.



[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 Managing Executive Officer
2016. 4 Head of Residential Energy Business Unit
2018. 4 Head of Commercial & Industrial Energy Business Unit
2018. 6 Director, Managing Executive Officer
2020. 4 President of Corporate Planning HQ
2021. 1 Representative Director, Vice-President and Executive Officer (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.



[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 Managing Executive Office
2018. 6 Director, Managing Executive Officer
2020. 6 Managing Executive Officer
2021. 6 Director, Managing 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

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 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)

[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, etc. 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 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
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 Suntory Research Institute on Continuity and Change in Life (currently Next Generation Institute of Suntory Co., Ltd.) and Trustee of Otemon Gakuin Educational Foundation, and has deep insight into life and culture as well as other expertise, etc. The Company therefore has appointed her as Director.



Outside Director

Mikiyo Niizeki

[Biography]

2006. 4 Professor of Faculty of Economics, Doshisha University
2010. 4 Professor of Master's Program, Graduate School of Economics, Doshisha University
2014. 4 Professor of Doctoral Program, Graduate School of Economics, Doshisha University (current)
2016. 4 Dean of Faculty of Economics and Graduate School of Economics, Doshisha University
2019. 4 Head of Research Promotion Division, Doshisha University Organization for Research Initiatives and Development
2020. 4 Vice President and Head of Center for Learning Support and Faculty Development, Doshisha University
2023. 4 Assistant to the President of Doshisha University (current)
2023. 6 Director of the Company (current)

[Reason for appointment]

She has made numerous considerable achievements in research activities in the field of economics related to finance and investment, and has deep insight into the field of economics and abundant experience and other expertise in organizational management, including serving as Vice President and Head of the Center for Learning Support and Faculty Development of Doshisha University but also other expertise and experience, etc. The Company therefore has appointed her as Director.



Audit & Supervisory Board Members



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 Managing Executive Officer
2017. 4 Head of LNG Terminal & Power Generation Business Unit
2018. 4 Head of LNG, Power & Engineering Business Unit
2018. 6 Director, Managing Executive Officer
2020. 6 Audit & Supervisory Board Member (current)



Audit & Supervisory
Board Member (full time)

Ichiro Hazama

[Biography]

1989. 4 Joined the Company
2016. 4 General Manager of Planning Division, Japan Gas Association
2018. 4 General Manager of Planning Dept., Residential Energy Business Unit of the Company
2019. 4 General Manager of Human Resources Dept.
2020. 4 Executive Officer, General Manager of Human Resources Dept.
2023. 4 Advisor
2023. 6 Audit & Supervisory Board Member (current)



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)



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
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 Gallei Co., Ltd. (current)
2022. 6 Audit & Supervisory Board Member of the Company (current)



Outside Audit & Supervisory
Board Member

Chieko Minami

[Biography]

2004.12 Professor of Graduate School of Business Administration, Kobe University (current)
2020. 4 Head of Business Administration, Dean of Graduate School of Business Administration and School of Business Administration, Kobe University
2022. 4 Executive Assistant to the President of Kobe University
2023. 1 Head of Recurrent Education Promotion Office, Kobe University (current)
2023. 4 Vice President of Kobe University (current)
2023. 6 Audit & Supervisory Board Member of the Company (current)



Message from the Outside Directors



Kazutoshi Murao

Outside Director



Yumiko Sato

Outside Director



Tatsuo Kijima

Outside Director

Message from newly
appointed Director



Mikiyo Niizeki

Outside Director

I will leverage my experience and expertise to enhance the Daigas Group's corporate value.

Companies are increasingly required to contribute to the sustainability of the global environment and provide safe and secure social infrastructure as the challenges in these current times, known as the VUCA* era when we face sudden and unforeseen changes in the business environment. I will leverage my experience in organizational management and my knowledge of corporate analysis and finance, my areas of expertise, to boost the Daigas Group's corporate value for a sustainable future through the Group's resilience enhancement and co-creation with stakeholders.

* Short for Volatility, Uncertainty, Complexity, and Ambiguity, referring to a state of unpredictability that is changing at a bewildering pace.

The Daigas Group is working to strengthen its corporate governance system to sustain growth and enhance medium- and long-term corporate value. Since the second half of FY2023.3, our Outside Directors have chaired our management, appointment, and remuneration advisory committees. As we enter the final year of the Medium-Term Management Plan 2023, our Outside Directors shared their opinions on the progress of the Plan, the effectiveness of the Board of Directors and the advisory committees, and the issues the Group faces in enhancing value sustainably.



Formulating long-term-focused management strategies, which is a Major Challenge

While the execution of the Medium-Term Management Plan has been progressing steadily, the Group has faced unforeseen issues in FY2023.3 caused by skyrocketing energy prices and Freeport LNG's plant shutdown in the United States, among others. I conveyed my opinion that the Group needed to review its risk hedging measures taken for LNG procurement in light of unforeseen situations. And I have acknowledged that the Daigas Group has already taken action in this regard. Overcoming these challenges should be viewed as an opportunity to boost the Group's robustness against the unexpected.

Now is the time to consolidate the Group's foundations, focusing on business strategies for the next twenty or thirty years. Currently, the Group is putting efforts into decarbonizing gaseous energy carriers, such as introducing renewable energy and developing methanation technologies. In the coming years, the Group needs to formulate long-term focused management strategies, which is a major challenge.

Board of Directors with an atmosphere conducive to free and open debate

At the Osaka Gas Board of Directors, there is an atmosphere conducive to free and open debate, and the Outside Directors speak frankly from their respective areas of expertise. I have made recommendations for

promoting digital transformation (DX) and Diversity & Inclusion. Board meetings are run flexibly to allow sufficient time to debate proposals that are deemed to require deeper consideration.

Debate in the Advisory Committee on Appointment, which I chair, is lively, and governance is functioning properly. Whenever a point of improvement occurs to us, we put requests to the Board. I see no areas that require significant improvement in the running of either the Board of Directors or the Advisory Committee on Appointment.

Aim to be a leading company in tackling social issues

I would like Osaka Gas to engage in the initiatives of an advanced DX company. DX is not just about digitalization or computerization. It also involves management reforms and business reforms. Top management needs to clarify the direction of those reforms and drive them forward. In that respect, I have high hopes for Osaka Gas's DX implementation in a top-down style, with the DX Strategy Department established in April 2022. I have recommended three objectives in implementing DX: First is to expedite the company's business development; Second is to offer new lifestyles to customers; Third is to improve how employees work. I will be checking the progress in all these areas.

I also hope to see Osaka Gas continue supplying energy safely, securely, and stably, responsibility as a key energy business operator in Japan, which continues in perpetuity, and the company's most important mission in the medium to long term. In resolving global environmental issues, Osaka Gas must remain at the forefront of industry-wide initiatives, including achieving carbon neutrality. It is also vital that Osaka Gas pursues basic research to support the business for the next twenty or thirty years while aiming to be a leading company in tackling global challenges, such as climate change. Osaka Gas's abilities are being tested to see how many effective forward-looking measures the company can develop to resolve social issues. Succeeding in those initiatives will enhance our corporate value in the medium- to long term.



Apply lessons from Freeport LNG's fire incident to the Group's all business fields

Osaka Gas has steadily executed the Medium-Term Management Plan toward 2023 and the Long-Term Management Vision toward 2030, both of which are well-formulated frameworks for the Group's overall business strategy, demonstrating Osaka Gas's serious stance as a responsible energy company on resolving social issues, such as energy transition to carbon neutrality.

On the other hand, the Group's financial results for FY2023.3 did not reach the planned figures, with profits falling far short of the targets, due mainly to the impact of Freeport LNG's plant shutdown. I have shared my view with the Board that this incident is relevant not only to directly related divisions but to all as an important lesson that similar incidents could happen to any business field of the Group.

Recommendation that Management Advisory Committee meetings be held more frequently to complement the Board of Directors

In the Board of Directors' discussions about investing in renewable energy development and other projects, it is crucial to deepen debate about each project's position in terms of the company's medium- to long-term vision and the progress of their execution.

At the three Advisory Committees, all attendees express their opinions from various standpoints,



including Outside Directors' perspectives, on the issues the company faces. It is important to have multiple opportunities to hold that kind of debate. The Management Advisory Committee has met twice to discuss carbon neutrality and human capital since its launch in FY2023.3. I will work with other Committee members to increase follow-ups on previous subjects to check the progress and identify new issues, in addition to proactively discussing the Group-wide issues and the Medium-Term Management Plan-related challenges. I would like the Advisory Committees to meet more frequently to complement the Board of Directors.

Re-acknowledge and rediscover the Daigas Group's identity

Besides the Medium-Term Management Plan and corporate governance, a corporate culture honoring the company's origins is integral in driving growth and enhancing corporate value. The Daigas Group plays a unique role in the energy space as a utility company that supplies gas and electricity, making it irreplaceable by any other competitors. As the Group continues expanding into new fields, we should embrace our origins and pursue safety and quality. In executing our strategic transformation following the Long-term Management Vision and Medium-Term Management Plan, each member and each division need to keep in mind what should be changed and what should be maintained. The Daigas Group's strength lies in the capabilities possessed by each of its employees. We intend to continue enhancing their capabilities and unlocking their potential in their current department and other divisions to inspire them with strategic personnel placements and career paths as needed. As we re-acknowledge and rediscover our Group's identity, we aim to enhance our corporate value and remain a company always required by society.



Diversity is a key issue in the Medium-Term Management Plan

In FY2023.3, the Daigas Group devoted the entire year to securing a stable energy supply due to the impact of the fire-caused shutdown at the Freeport LNG, one of our major procurement sources. By responding appropriately to such difficult circumstances, we fulfilled our responsibility for energy supply stability.

Regarding the execution of the Medium-Term Management Plan, while value enhancement for customers has progressed through various measures, value enhancement for employees has remained an item we need to accelerate. To that end, we need to boost measures, in particular, to provide opportunities for women to demonstrate their abilities in broader fields by adopting the best practices of leading companies in this area. My recent conversations with mid-ranking female employees gave me the sense that Osaka Gas has many highly motivated female employees. As a good working environment for women is also suitable for men, we will promote initiatives to increase women's perspectives in improving the Group's career assistance program and re-examining the Group's work, which I hope will lead to the transformation of the entire Group. We will also support efforts to promote job-based and mid-career recruitment. In response to significant social change since the full deregulation of the power and gas retail markets, we will tackle the challenge of balancing promoting our creative workforce to demonstrate their

abilities and leveraging our corporate DNA that has driven our social mission of energy supply.

Briefing from relevant teams before the Board meetings help the members make informed decisions.

In the Board of Directors meetings, we discuss various topics, such as risk diversification and ROIC management. Thanks to the briefings on complex matters given prior to the Board meetings by the relevant teams, the discussion points sink in, and the Board members can make informed decisions. Additional information is also provided so that the members learn what was discussed on the executive side about particular issues before discussing the topic at the Board meeting. Regarding the Advisory Committee on Remuneration where a highly transparent remuneration rule has been established, I will promote more lively discussions as the chair to encourage members to exchange views frankly for effective decision-making.

Present value for a sustainable future from long-term perspectives and promote the Company's appeal

I have deepened my understanding of the Daigas Group through site visits, conversations with employees, and the company newsletters. I have gained a true sense of a very energetic Group, whose strengths lie in its employees' high caliber and excellent corporate atmosphere. The Daigas Group has a history of constantly responding to business environment changes while maintaining a stable energy supply. We need to communicate more that we are a company full of energy and change. We also should promote our appeal to students searching for employment after graduation, as a corporate group that offers diverse experiences and value to its employees. It is important for us to gain empathy from stakeholders about our business and vision by presenting value for a sustainable future with dreams from a long-term, not short-term, perspective.



Corporate Data

Summary of Consolidated Operating Results

Group Companies

Company Data





Summary of Consolidated Operating Results

	(FY)	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3*1	2023.3*1
Financial Information												
Net sales	million yen	1,380,060	1,512,581	1,528,164	1,322,012	1,183,846	1,296,238	1,371,863	1,368,689	1,364,106	1,591,120	2,275,113
Operating profit	million yen	84,773	99,381	105,065	146,674	97,250	78,118	67,977	83,792	112,491	99,201	60,001
Ordinary profit	million yen	90,125	106,044	108,173	134,986	96,276	77,087	63,103	86,018	127,752	113,525	75,649
Profit attributable to owners of parent	million yen	52,467	41,725	76,709	84,324	61,271	37,724	33,601	41,788	80,857	130,421	57,110
Comprehensive income	million yen	83,844	80,850	106,084	38,256	78,029	60,590	27,966	14,996	108,723	210,905	146,373
Capital expenditures for quality improvement	million yen	44,507	41,082	44,698	56,051	48,253	42,191	44,205	57,498	68,873	67,931	65,019
Depreciation + amortization of goodwill	million yen	82,818	83,806	87,785	86,747	86,206	88,723	99,745	91,925	101,444	108,902	119,823
R&D expenses	million yen	10,875	11,793	11,434	11,340	10,374	9,708	10,961	10,174	9,440	9,500	9,627
Total assets*2	million yen	1,566,899	1,668,317	1,862,201	1,829,756	1,886,577	1,897,230	2,029,722	2,140,482	2,313,357	2,588,086	2,819,589
Net assets	million yen	774,317	828,565	918,869	935,786	991,870	1,028,799	1,035,044	1,027,667	1,114,597	1,296,089	1,417,178
Shareholders' equity	million yen	747,802	798,964	888,496	906,623	961,905	999,569	1,004,340	997,492	1,081,881	1,271,617	1,391,421
Balance of interest-bearing debts	million yen	540,199	573,586	633,923	567,164	540,668	503,789	647,465	754,006	785,383	815,079	981,556
Cash flows from operating activities	million yen	129,597	154,225	156,908	281,819	148,801	168,731	65,116	182,892	219,797	145,350	33,572
Cash flows from investing activities	million yen	(116,791)	(175,591)	(110,704)	(144,198)	(137,527)	(110,456)	(204,192)	(232,266)	(198,354)	(152,163)	(203,938)
Cash flows from financing activities	million yen	(27,897)	4,163	22,892	(90,716)	(50,530)	(51,591)	85,262	79,272	(1,636)	(30,479)	119,617
Cash and cash equivalents at end of period	million yen	109,456	90,359	162,793	209,367	166,912	171,061	115,769	146,813	166,762	130,769	84,793
Free cash flow (Cash flows from operating activities + Cash flows from investing activities)	million yen	12,805	(21,365)	46,204	137,620	11,274	58,274	(139,076)	(49,374)	21,443	(6,813)	(170,365)
Capital expenditures	million yen	112,987	124,146	119,398	114,418	88,657	81,716	107,259	131,010	189,454	189,317	195,330

*1 Prepared under the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (1976, Ministry of Finance Ordinance No. 28) since the year ended March 31, 2023. Figures for FY2022.3 are on a retrospective basis. Tax effect accounting calculations for FY2023.3 were done on a group tax sharing basis.

*2 "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No.28, February 16, 2018) have been applied from the beginning of FY2019.3. Key management indicators for FY2018.3 are calculated by retroactively applying the above accounting standard.



	(FY)	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3
Per Share Information*3												
Earnings per share (EPS)	yen	125.99	100.21	184.31	202.64	147.29	90.71	80.80	100.50	194.48	313.69	137.39
Net assets per share (BPS)	yen	1,795.79	1,919.49	2,134.92	2,179.23	2,312.68	2,403.68	2,415.37	2,399.06	2,602.18	3,059.40	3,347.34
Dividends	yen	42.5	45.0	47.5	50.0	50.0	50.0	50.0	50.0	52.5	57.5	60.0

Key Ratios												
EBITDA (Operating profit + Depreciation + Amortization of goodwill + Share of profit of entities accounted for using equity method)	million yen	173,927	191,105	199,840	228,883	188,403	167,100	159,916	180,943	227,554	220,946	192,754
Shareholders' equity ratio (Shareholders' equity / Total assets (as of the end of the fiscal year))	%	47.7	47.9	47.7	49.5	51.0	52.7	49.5	46.6	46.8	49.1	49.3
D/E ratio (Interest-bearing debts / Shareholders' equity (as of the end of the fiscal year))		0.72	0.72	0.71	0.63	0.56	0.50	0.64	0.76	0.73	0.64	0.71
Return on equity (ROE) (Profit attributable to owners of parent / Average shareholders' equity during the fiscal year)	%	7.3	5.4	9.1	9.4	6.6	3.8	3.4	4.2	7.8	11.0	4.3
Return on invested capital (ROIC)*4	%	—	—	—	—	—	—	—	—	6.2	7.1	2.7
Payout ratio (Interim dividends + Annual dividends) / Earnings per share (EPS))	%	33.7	44.9	25.8	24.7	33.9	55.1	61.9	49.8	27.0	18.3	43.7

Gas Sales Volume												
	million m ³	8,534	8,554	8,290	8,052	8,694	8,580	7,935	7,362	7,157	7,090	6,845

Number of Employees												
	employees	19,870	21,250	20,982	20,844	20,762	19,997	20,224	20,543	20,941	20,961	21,017

*3 Calculated in consideration of share consolidation.

*4 Please see □ P.45 for an explanation on ROIC.



Group Companies

As of March 31, 2023

Consolidated Subsidiaries

	Name of subsidiary	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
Domestic Energy	Osaka Gas Network Co., Ltd.*	General gas pipeline service business	6,000	100.0
	Osaka Gas Marketing Co., Ltd.	Sales of gas and electricity for residential customers, maintenance, sales of appliances, home renovation, and others	100	100.0
	Daigas Energy Co., Ltd.	Sales and maintenance of gas and electricity for commercial customers; sales of appliances, engineering, and construction; energy service; sales of LNG and LPG; heat supply; and others	310	100.0
	Daigas Gas and Power Solution Co., Ltd.	Operation and maintenance of LNG terminals and power plants; power generation and sales of electricity; engineering; and others	100	100.0
	Senboku Power Fuel Co., Ltd.	Purchase and sale of LNG for Senboku Natural Gas Power Plant	120	100.0
	Osaka Gas Energy Supply and Trading Pte. Ltd.	LNG trading	US\$40 million	100.0
	Shiribetsu Wind Development Co., Ltd.	Electric power supply	598	100.0 (100.0)
	Senboku Natural Gas Power Generation Co., Ltd.	Electric power supply	2,000	90.0
	Nakayama Joint Power Generation Co., Ltd.	Electric power supply	300	95.0 (95.0)
	Nakayama Nagoya Joint Power Generation Co., Ltd.	Electric power supply	450	95.0 (95.0)
	Hiragawa Myojin-yama Wind Power Generation Co., Ltd.	Electric power supply	490	100.0 (100.0)
International Energy	Daigas Oita Mirai Solar Co., Ltd.	Electric power supply	8	100.0 (100.0)
	Osaka Gas USA Corporation*	Investment in natural gas projects, energy supply business, and others	US\$1	100.0
	Osaka Gas Australia Pty. Ltd.*	Development of and investment in natural gas, and others	US\$1,327 million	100.0
	Osaka Gas Crux Pty. Ltd.*	Development of and investment in natural gas, and others	US\$107 million	100.0 (100.0)
	Osaka Gas Gorgon Pty. Ltd.*	Development of and investment in natural gas, and others	US\$322 million	100.0 (100.0)
	Osaka Gas Ichthys Pty. Ltd.*	Development of and investment in natural gas, and others	US\$152 million	100.0 (100.0)
	Osaka Gas Ichthys Development Pty. Ltd.*	Development of and investment in natural gas, and others	US\$149 million	100.0 (100.0)
	Osaka Gas Singapore Pte. Ltd.*	Research, development, investment and others relating to energy-related business	284 million Singapore dollars	100.0
	Osaka Gas UK, Ltd.*	Investment relating to energy supply business, and others	€134 million	100.0



	Name of subsidiary	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
Life & Business Solutions	Osaka Gas Urban Development Co., Ltd.	Development, leasing, management, sales of real estate, and others	1,570	100.0
	Osaka Gas Facilities Corporation	Operation, management, maintenance of buildings and facilities, and others	100	94.4 (94.4)
	OGIS-RI Co., Ltd.	Development of computer software/Computer-based data processing services, and others	440	100.0
	Sakura Information Systems Co., Ltd.	Software development/Computer-based data processing services, and others	600	51.0 (51.0)
	Osaka Gas Chemicals Co., Ltd.*	Manufacture and sales of fine materials, carbon material products, activated carbon, and wood protective coating	14,231	100.0
	Mizusawa Industrial Chemicals, Ltd.	Manufacture and sales of absorbent functional materials and resin additives, and others	1,519	100.0 (100.0)
	Jacobi Carbons AB	Manufacture and sales of activated carbon, and others	549,000 Swedish Kronor	100.0 (100.0)

and others, totaling 154 companies

*Specified subsidiary

Equity Method Affiliates

Name of affiliate	Main business	Capital (million yen)	Osaka Gas shareholding (indirect shareholding thereof) (%)
Enearc Co., Ltd.	Domestic Energy	1,040	50.0
CD Energy Direct Co., Ltd.	Domestic Energy	1,750	50.0
FLIQ1 Holdings, LLC	International Energy	—	25.0 (25.0)

and others, totaling 32 companies

Note: The column "Main business" shows segment names listed on [P.2](#) in this report.



Company Data

As of June 30, 2023

Directory

Head Office

4-1-2, Hiranomachi, Chuo-ku, Osaka
541-0046, Japan
(IR Team, Corporate Strategy Dept.)

Tokyo Office

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Otemachi, Chiyoda-ku, Tokyo
100-0004, Japan

United Kingdom

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126-130 Regent Street,
London W1B 5SE, UK

United States

Osaka Gas USA Corporation (Houston Office)
1330 Post Oak Blvd,
Suite 1900 Houston, TX 77056, USA

Osaka Gas USA Corporation (New York Office)
1 North Lexington Ave, Suite 1400, White Plains,
NY 10601, USA

Osaka Gas USA Corporation (Silicon Valley Office)
440 North Wolfe Rd, Sunnyvale, CA 94085, USA

Sabine Oil & Gas Corporation
1415 Louisiana Street, Suite 1600 Houston,
TX 77002, USA

Australia

Osaka Gas Australia Pty Ltd
Level 22, 108 St Georges Terrace Perth, Western Australia
6000, Australia

Singapore

Osaka Gas Singapore Pte. Ltd.
Osaka Gas Energy Supply and Trading Pte. Ltd.
182 Cecil Street #30-02 Fraser Tower Singapore 069547,
Singapore

Thailand

OSAKA GAS (THAILAND) CO., LTD.
55 Wave Place Building 10th Floor, Unit 10.04, Wireless
Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

Indonesia

PT OSAKA GAS INDONESIA
Summitmas 1, lantai 9 Jl. Jend. Sudirman Kav 61-62
Jakarta-12190, Indonesia

Philippines

Osaka Gas Singapore Pte. Ltd. Manila
Representative Office
37F, LKG Tower, 6801 Ayala Ave, Makati, 1226 Metro
Manila, Philippines

India

Osaka Gas India Private Limited
Room No. 517, 5th Floor, Caddie Commercial Tower,
Aerocity, New Delhi 110037, India

Investor Information

Date of Establishment April 10, 1897

Annual Meeting of Shareholders Held in June each year
(In 2023, the Annual Meeting of
Shareholders was held on June 23.)

Common Stock Authorized: 700,000,000 shares
Issued: 416,680,000 shares

Listing of Shares Tokyo Stock Exchange

Number of Shareholders
(As of March 31, 2022) 93,657

Stock Transaction Units 100 shares

**Independent Certified
Public Accountants** KPMG AZSA LLC

Transfer Agent Sumitomo Mitsui Trust Bank, Limited

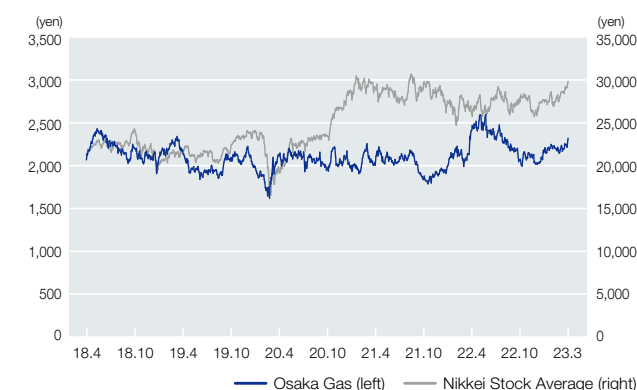
Contact Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Business Planning Department
Tel: (+81) 120-782-031 (Toll-free in Japan)

Major Shareholders (As of March 31, 2023)

Shareholder	Number of shares (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust a/c)	67,279	16.19
Custody Bank of Japan, Ltd. (Trust a/c)	25,601	6.16
Nippon Life Insurance Company	13,469	3.24
MUFG Bank, Ltd.	11,188	2.69
Resona Bank, Ltd.	10,555	2.54
STATE STREET BANK WEST CLIENT-TREATY 505234	9,296	2.24
Aioi Nissay Dowa Insurance Co., Ltd.	5,973	1.44
Meiji Yasuda Life Insurance Company	5,838	1.40
JP MORGAN CHASE BANK 385781	5,204	1.25
STATE STREET BANK AND TRUST COMPANY 505103	5,200	1.25

Note: The share ratio is the percentage with respect to the number of shares issued and outstanding.

Stock Price Range



We have created a page for investors on our website, which is updated in a timely manner.



Daigas Group investor relations web page: <https://www.daigasgroup.com/en/ir/>

● For inquiries about this report or requests for other materials, please contact:

✉ E-mail: keiri@osakagas.co.jp

● Please note that we do not accept files attached to e-mails, such as image files.



Unit Conversion List

Weight

kg	Metric ton	Imperial (short) ton	U.S. (long) ton
1	1×10^{-3}	0.984×10^{-3}	1.102×10^{-3}
1,000	1	0.9842	1.1023
1,016.0	1.0160	1	1.1200
907.19	0.9072	0.8927	1

Length

m	ft	yard	mile
1	3.2808	1.0936	0.622×10^{-3}
0.3048	1	0.333	0.189×10^{-3}
0.9144	3	1	0.568×10^{-3}
1,609	5,280	1,760	1

Volume (Liquid)

m³ (kl)	ft³	Imperial gallon	U.S. gallon
1	35.315	219.97	264.17
28.32×10^{-3}	1	6.288	7.481
4.55×10^{-3}	0.1606	1	1.2011
3.78×10^{-3}	0.1337	0.8327	1

1 kl = 6.29 barrels, 1 barrel (42 U.S. gallons) = 0.159 kl

Volume (Gas)

m³ (N)	m³ (S)	SCF
1	1.055	37.33
0.9476	1	35.37
0.0268	0.0283	1

N: 0°C, S: 15°C, SCF: 101.33 kPa, 15.5°C (60°F)

Energy

kcal	Btu	MJ	kWh
1	3.969	4.186×10^{-3}	1.162×10^{-3}
0.2520	1	1.055×10^{-3}	0.2929×10^{-3}
238.9	948.2	1	0.2778
860.1	3,414	3.600	1

Heating Value (Gas)

kcal/m³ (N)	Btu/SCF	MJ/m³ (S)
1	0.1063	3.97×10^{-3}
9.406	1	3.73×10^{-2}
252.1	26.81	1

1 ton of LNG = 13×10^6 kcal = 52×10^6 Btu

Inclusion in SRI Indices

Osaka Gas was included in the following socially responsible investment (SRI) indices and an investment universe (candidates for inclusion in indices) as of June 30, 2023. Osaka Gas has been selected as a constituent of all six ESG indices for Japanese equities used by the Government Pension Investment Fund (GPIF).



**FTSE Blossom
Japan Sector
Relative Index**

FTSE Blossom Japan Sector
Relative Index*¹

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

Dow Jones Sustainability Indexes



Sense in
sustainability

ECPI World ESG Equity



MSCI ESG Leaders*²



FTSE4Good

FTSE4Good Index Series



**FTSE Blossom
Japan Index**

FTSE Blossom Japan Index

**2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

MSCI Japan ESG Select
Leaders Index*²

**2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

MSCI Japan Empowering
Women Index*²



Sompo Sustainability Index
Sompo Sustainability Index



Ethibel Excellence



INDICES WORLD 120

EuroNext Vigeo World 120 Index



**Japan ex-REIT Gender Diversity
Tilt Index**

Morningstar Japan ex-REIT
Gender Diversity Tilt Index



S&P/JPX Carbon Efficient Index

*¹ FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Osaka Gas has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

*² The inclusion of Osaka Gas Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Osaka Gas Co., Ltd. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Indexes names and logos are trademarks or service marks of MSCI or its affiliates.



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