

What Is the Foundation for the Daigas Group's Corporate Value Enhancement?

The Group recognizes the importance of maintaining and enhancing trust with various stakeholders in order to realize value creation stated in the Corporate Principles, and is continually enhancing and strengthening corporate governance.

This section presents the Group's initiatives for dialogue with shareholders and investors, and strengthening our corporate governance system.

Corporate Governance

- 56 Communication with Shareholders and Investors
- 57 Roundtable with the Outside Directors
- 61 Introducing Our Directors
- 64 Corporate Governance



Value the Daigas Group Creates

Getting to Know the Daigas Group

Future the Daigas Group Envisions

Value Creation Practices

Sustainability

Corporate Governance

Corporate Data

Communication with Shareholders and Investors

Recognizing that it is important to have constructive dialogue with shareholders and investors to achieve sustainable growth and enhance medium- to long-term corporate value, we are developing measures and systems to promote dialogue with them. Through IR activities, we are providing information regarding our management policies and financial position, and initiatives for sustainable growth in a timely and fair manner, as well as continually providing easy-to-understand explanations, thereby looking to build longer-term relationships of trust with shareholders and investors.

Status of Dialogue

We conduct quarterly briefings on financial results for shareholders and institutional investors. We are continually improving our information disclosure by distributing information through online meetings and disclosure of questions (in Japanese and English) on our website.

In addition, we hold small meetings with senior management, briefings focused on topics of high interest to capital market such as ESG and business activities, and individual IR meetings with institutional investors as appropriate. In our business briefing in FY2024.3, a responsible division provided detailed explanations on the status of our electricity business.

Through these activities, senior management engages in direct dialogue with shareholders and investors, and the IR team regularly reports opinions and recommendations on management issues from shareholders and investors obtained through its day-to-day activities to the Board of Directors and senior management, as well as widely to the company, striving to reflect them in management as appropriate.

Main themes of the dialogue in FY2024.3

- Medium- to long-term business strategies (e.g., progress in ROIC management, addressing the need for a decarbonized society, etc.)
- Financial strategy (approach to capital structure, shareholder return policy, etc.)
- Most recent results (status of each segment, etc.)
- ESG initiatives (CO₂ emissions, renewable energy diffusion contribution, human capital strategy, governance initiatives, etc.)

TOPIC

Dialogue between Outside Director and institutional investors

As part of our efforts to help investors and other stakeholders understand the actual state of our governance, we held our first small meeting with Outside Directors on March 22, 2024, and Director Murao engaged in dialogue with nine institutional investors.

On the day of the meeting, Director Murao responded to questions regarding the status of discussions at the Board of Directors in the formulation of the Medium-Term Management Plan, evaluation of 2026 targets by Outside Directors, and views on the transition to a company with an Audit and Supervisory Committee, from his perspective as an Outside Director who had led governance reform.

Participants made comments such as “it was a good meeting which conveyed the feelings of Director Murao,” “my understanding of the management of the Daigas Group was further deepened,” and “the opportunity to listen to the real voices of outside officers is valuable, and we hope to have such opportunities in the future.”



System of IR Activities

(i) Head of IR

Dialogue with shareholders and investors is overseen by the Representative Director, Vice-President and Executive Officer, and President of the Corporate Planning HQ.

(ii) Promotion system

With the IR organization of the Corporate Strategy Dept. playing a central role as the responsible department, and depending on the theme of the dialogue, corporate departments such as the Finance Dept., Corporate Communication Dept. and General Affairs Dept. and related organizations such as each business unit organically collaborate to implement the dialogue.

List of activities in FY2024.3

Representative Director and President	Annual Meeting of Shareholders, briefings for institutional investors for financial results (twice) and medium-term management plan, president's small meetings, dialogues with overseas institutional investors (6 times)
Representative Director and Executive Vice President, President of the Corporate Planning HQ	Annual Meeting of Shareholders, dialogues with overseas institutional investors (11 times)
Outside Director	Small meeting with institutional investors
Department in charge of IR	Briefings for institutional investors on financial results, management plans, and business activities, dialogues with institutional investors (with domestic institutional investors: approx. 120 times, with overseas institutional investors: approx. 30 times, with sell-side analysts: approx. 20 times), information disclosure, response to inquiries from individual investors, etc.
General Affairs Dept.	Dialogue with domestic shareholders (13 times)



Roundtable with the Outside Directors

We will further explore the vision for the Daigas Group from long-term perspectives.

Outside Director

**Kazutoshi
Murao**

Outside Director

**Tatsuo
Kijima**

Outside Director

**Yumiko
Sato**

Outside Director

**Mikiyo
Niizeki**



The Daigas Group is working to strengthen its corporate governance system to sustain growth and enhance medium- and long-term corporate value. We invited the four Outside Directors to come together to discuss the Group's management issues and future vision.



Effectiveness of the Board of Directors

Niizeki: Since joining the Board of Directors as an Outside Director appointed in June 2023, I have observed the effectiveness of our corporate governance. I appreciate how promptly governance issues are addressed.

Meanwhile, I would like us to discuss the company's purpose and long-term challenges more thoroughly. To deepen such discussions, we should explore ways to stay updated on each line of work, besides management information, more closely than ever.

Sato: I agree. During the previous Medium-Term Management Plan period, the entire company had to focus on addressing short-term issues, such as the impact of Russia's invasion of Ukraine and the Freeport LNG's plant shutdown. Osaka Gas' decision to transition to a company with an Audit and Supervisory Committee, as resolved at the June 2024 Annual Shareholders' Meeting, signifies the company's commitment to further exploring management policies and long-term strategies while enhancing corporate governance.

At the Remuneration Advisory Committee that I chair, we engage in dynamic discussions on officers' remuneration and other pertinent matters. The debate about introducing ROE as an indicator for performance-linked remuneration was a significant step toward achieving the Medium-Term Management Plan 2026 goals.

Kijima: I believe the Board of Directors operates effectively, with mechanisms being reinforced every year. Following our transition to a company with an Audit and Supervisory Committee, it would be beneficial for the Board to strengthen relationships of

trust with organization heads and devote more discussion to the company's directions.

Moreover, it is crucial to discuss future plans while reviewing the progress of the Medium-Term Management Plan execution. I believe that incorporating long-term, medium-term, and short-term perspectives in discussions will further enhance the effectiveness of the Board.

Murao: I have observed a corporate culture that values open and honest communication in the Board of Directors meetings, which is valuable for its effectiveness. Separately from the Board of Directors, we also hold Outside directors' meetings, where discussions become more extensive every year. It is critical to continue aiming higher instead of settling for the status quo. I am confident that transitioning to a company with an Audit and Supervisory Committee will further enhance the Board of Directors as a platform for more substantive discussions. As Ms. Niizeki pointed out, it is essential for us to remain updated on current issues by engaging with relevant personnel, including Executive Officers, to facilitate well-informed discussions on general subjects.

Discussions during the development of the Medium-Term Management Plan 2026 (CAD2026)

Kijima: When formulating CAD2026, I emphasized the need for a thorough review of the results of the previous plan. I believe that delving deeply into the issues and clearly defining our starting line will help to clarify how the Group should evolve over the next three years.

On one other point, given the Group's impressive aspiration of "secure peace of mind today, build

sustainable lifestyles for tomorrow" declared in CAD2026, I think it will be critical to discuss how to put this aspiration into action.

Niizeki: I remember that during the formulation of the Plan, we talked about the importance of clearly communicating the direction of the Daigas Group. There were also concerns about effectively communicating this Plan externally. It is vital to identify the target audience for specific topics. Across the company, numerous exciting initiatives are underway. There may be an opportunity to be more creative in communicating these initiatives.

Sato: Although the Group employs a variety of expressions to describe itself, as befits such a serious company, it might be more effective to communicate them in simpler, more easily conveyed terms for promoting our numerous excellent initiatives, as we have discussed previously.

Murao: As already pointed out in this discussion, in formulating CAD2026, I emphasized the importance of considering the future state of the Daigas Group on several occasions. This is not just about the next several years but about how the company will contribute to society in 20 or 30 years. I believe this discussion is crucial.



While discussing investment for growth as an extension of current business is essential, we should also look further into the future. We need to expand our businesses that give hope and dreams to society and help result its issues. These discussions require long-term perspectives and should be led by emerging talent within the company rather than the current management executives. It would be beneficial to explore new ideas, such as what the nature of the business will look like in 30 years.

Initiatives in the Medium-Term Management Plan 2026 (CAD2026)

■ Murao: CAD2026 focuses on allocating cash generated from successful management strategies executed to date. It is important for the Group to balance capital allocation between shareholder returns and investment for medium- to long-term business growth and human resource development.

■ Niizeki: I am proud of the Group's ongoing progress in e-methane and renewable energy initiatives, aiming to become a leading company in a

carbon neutral society. This progress will create value for a sustainable future. When it comes to co-creating value for a sustainable future, which is the first of the Three Commitments,* the Key Strategy for the current medium-term period, we need to enhance our engagement in co-creating such value globally, going beyond the borders of the Kansai region and Japan.

*Please see □□ P.31 for details about the Three Commitments.

In terms of the second Commitment to supporting employees in shining in their roles, DE&I (Diversity, Equity, and Inclusion) is a significant challenge. We need to identify ways to further advance employees' inclusion, or in other words, co-creating value with them, as well as providing a pleasant working environment for all our employees.

Regarding the third Commitment to evolving the business foundation, I strongly support the strategies of setting targets for ROE and ROIC, as well as pursuing asset rebalancing. Meanwhile, it will also be increasingly critical to update our long-term strategies, such as how to deploy future-oriented investment for growth by leveraging the Group's financial soundness.

■ Kijima: The Key Strategy's Three Commitments are all equally important, and I believe they serve as excellent guiding principles that will steer the Daigas Group toward a successful future. Echoing the words of management scholar Peter Drucker, "Culture eats strategy for breakfast," I would like to emphasize the importance of assessing the corporate culture as the driving force behind strategy implementation, which the Group has fostered over the years. While revisiting the core purpose of Group as a gas business operator, we need to continue upholding a corporate ethos centered on a strong sense of mission in its contributions and roles as a down-to-earth business.

■ Sato: I admire the Group's aspiration of "Secure peace of mind today, build sustainable lifestyles for



tomorrow," the Purpose declared in CAD2026. I have always seen the Daigas Group as an "audacious" company that daringly takes on various challenges. While the Group is addressing a wide variety of issues in our evolving society, the company needs to improve its communication of these efforts to the public in light of how we want them to be perceived by society.

Regarding the issue of DE&I that Ms. Niizeki mentioned, while I acknowledge the Group's steady progress in implementing its plans, I believe we need to communicate more vigorous and straightforward messages internally to boost the morale of the entire Group. I support the Group's innovative approaches based on diverse ideas.





Next focus areas for the Daigas Group

■ **Kijima:** Amid significant changes of the times, we need to reflect on the mission of the Daigas Group. Identifying what should be firmly upheld and what should be changed will provide clarity on the key areas that require our attention. As we implement CAD2026, we must foster a shared understanding across the organization regarding what must be maintained and what must be updated before undertaking the Three Commitments.

■ **Murao:** The Group's gas business, which is our core operation that supports people's daily lives and businesses, must operate steadily, prudently, and with a down-to-earth approach. Meanwhile, in sectors beyond gas and pipelines, the Group needs to evolve into an innovation business. This transformation requires investment in research and development. In addition to the ongoing research on methanation, we need to explore our involvement in hydrogen energy utilization, increasingly competitive storage battery development, and other emerging sectors. We should also aim to enhance our businesses in the Life & Business Solutions segment. I am dedicated to providing valuable recommendations.

■ **Sato:** In the future, we cannot rely solely on the Japanese markets. Instead, we must expand our overseas businesses with strong commitment. Business planning based on the current market conditions will not lead to sustainable growth. It is essential to send our emerging talent into global markets to collaborate with individuals from diverse backgrounds. While there may be instances of failure and the subsequent pain in business retreat, there is much to be gained and many lessons to be learned from these experiences. The Group is already advancing its initiatives overseas, and these invaluable experiences will develop human resources needed to drive our future business growth.

■ **Niizeki:** From the perspective of society's sustainability, the Daigas Group must establish systems to address carbon neutrality and other pressing challenges ahead of others, which requires innovation. One area of particular focus for me is corporate governance. While I believe the Group can swiftly respond to management risks, I also see the importance of promoting shared approaches to risks and risk hedging across the organization from company-wide perspectives. Strengthening governance in this manner will contribute to the sustainable growth of the Group.

Anticipations for the Daigas Group

■ **Sato:** I hope that the Daigas Group will continue to be "audacious" in a positive way, known for its intriguing undertakings that give hopes and dreams to society. The Group comprises exceptional individuals with tremendous potential. I look forward to the Group's evolution into a business organization that embraces challenges of a grand scale.

■ **Niizeki:** Similar to what Ms. Sato mentioned, I want the Daigas Group to embody its catchphrase, "SasuGas" (a play on words combining the Japanese word "sasuga," meaning "just as you would expect," and the English word "gas"). I hope the Daigas Group always aspires to be a corporate group that meets and even goes beyond people's expectations in taking on challenges, engaging with local communities, and performing meticulous work.

■ **Kijima:** I have high hopes for the Daigas Group to become a standout business entity in 2040 and 2050. Achieving this requires three key factors: first, establishing robust governance; second, aligning business strategies with environmental changes; and third, adapting organizational culture in response to these changes. Combining these factors will make the outlook for 2050 promising. The basis for achieving this goal is the human resources strategy. Given the ongoing social transition to carbon neutrality, we need to enhance the skills of a limited workforce, cultivate the right talent to tackle future social challenges, and reform personnel systems and the frameworks for education and training. As an Outside Director, I am committed to carefully considering solutions to these challenges.

■ **Murao:** I want the Daigas Group to continue pursuing innovation. It will play a key role in realizing the ambition to become a leading company 20 or 30 years from now in business fields that are entirely different from the Group's origin. Taking real estate development business in the Life & Business Solutions segment as an example, I hope our endeavors extend beyond building condominiums to offering comprehensive daily-life solutions encompassing energy, transportation, and community development tailored to future needs. I eagerly anticipate the transformation of the Daigas Group into an integrated innovation business by 2050.



Introducing Our Directors

Directors



Director and Chairman of the Board
Takehiro Honjo

[Biography]

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

[Reason for appointment]

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



Representative Director and President
Masataka Fujiwara

[Biography]

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

[Reason for appointment]

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



Representative Director and Executive Vice President
Takayuki Tasaka

[Biography]

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

[Reason for appointment]

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



Representative Director and Executive Vice President
Keiji Takemori

[Biography]

1987. 4 Joined the Company
2015. 4 Associate Director
2015. 4 Director and President of Osaka Gas Australia Pty. Ltd.
2016. 4 General Manager of Planning Dept., Energy Resources & Int'l Business Unit
2018. 4 Executive Officer
2018. 4 General Manager of LNG Trading Dept., Energy Resources & Int'l Business Unit
2021. 4 Senior Executive Officer
2021. 4 Head of Energy Resources & Int'l Business Unit
2024. 4 Executive Vice President
2024. 6 Representative Director and Executive Vice President (current)

[Reason for appointment]

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



Representative Director and Executive Vice President
Ko Sakanashi

[Biography]

1992. 4 Joined the Company
2017. 4 Associate Director
2017. 4 General Manager of Power Business Development Dept., LNG Terminal & Power Generation Business Unit
2018. 4 General Manager of Power Business Development Dept., LNG, Power & Engineering Business Unit
2020. 4 Executive Officer
2020. 4 General Manager of Corporate Strategy Dept.
2023. 4 Senior Executive Officer
2024. 4 Executive Vice President
2024. 6 Representative Director and Executive Vice President (current)

[Reason for appointment]

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



Director Senior Executive Officer
Toshiyuki Imai

[Biography]

1990. 4 Joined the Company
2018. 4 Associate Director
2018. 4 General Manager of Secretariat
2021. 4 Executive Officer
2021. 4 General Manager of Metropolitan Energy Sales Dept., Daigas Energy Co., Ltd.
2023. 4 General Manager of Human Resources Dept. (current)
2024. 4 Senior Executive Officer
2024. 6 Director, Senior Executive Officer (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in marketing, human resources development and risk 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.

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
2019. 6 Director of Keihan Holdings Co., Ltd.
2019. 6 Director of the Company (current)
2024. 6 Director of West Nippon Expressway Company Limited (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.
1998. 3 General Manager of Research Institute on Continuity and Change in Life of Suntory Co., Ltd.
2005. 3 General Manager of Next Generation Institute of Suntory Co., Ltd.
2008. 4 Senior Research Fellow of Suntory Foundation (incorporated foundation)
2013.10 Specially-appointed Professor of Otomon Gakuin University, Special Professor of Institute for Creating Local Culture of Otomon Gakuin University
2014. 5 Director of Mature Society Research Institute, Otomon Gakuin Educational Foundation
2015. 4 Professor of Faculty of Regional Development Studies, Otomon Gakuin University
2016. 4 Director of Mature Society Research Institute, Otomon Gakuin University
2020. 6 Trustee of Otomon Gakuin Educational Foundation (current)
2021. 6 Director of the Company (current)

[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 (renamed Next Generation Institute of Suntory Co., Ltd. in 2005) and Trustee of Otomon 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
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.

Directors who are Audit and Supervisory Committee Members



Director who is an Audit and Supervisory Committee Member (full time)

Fumitoshi Takeguchi

[Biography]

1985. 4 Joined the Company
2011. 4 General Manager of Secretariat
2016. 4 Executive Officer
2016. 4 General Manager of General Affairs Dept.
2018. 4 Senior Executive Officer
2018. 6 Director, Senior Executive Officer
2020. 6 Senior Executive Officer
2021. 6 Director, Senior Executive Officer
2024. 4 Director
2024. 6 Director who is an Audit and Supervisory Committee Member (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 has appointed him as Director who is an Audit and Supervisory Committee Member.



Director who is an Audit and Supervisory Committee 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
2024. 6 Director who is an Audit and Supervisory Committee Member (current)

[Reason for appointment]

He has considerable experience and extensive knowledge in risk management, as well as other expertise. The Company therefore has appointed him as Director who is an Audit and Supervisory Committee Member.



Outside Director who is an Audit and Supervisory Committee 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.
2022. 6 Director, Fukushima Galilei Co., Ltd. (current)
2022. 6 Audit & Supervisory Board Member of the Company
2024. 6 Director, Sansha Electric Manufacturing Co., Ltd. (current)
2024. 6 Director who is an Audit and Supervisory Committee Member of the Company (current)

[Reason for appointment]

She has deep insight in the fields of finance, accounting and ESG (Environment, Society and Governance) and considerable experience and extensive knowledge in corporate and organizational management, as well as other expertise, etc. The Company therefore has appointed her as Director who is an Audit and Supervisory Committee Member.



Outside Director who is an Audit and Supervisory Committee Member

Chieko Minami

[Biography]

2004.12 Professor of Graduate School of Business Administration, Kobe University
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
2023. 4 Vice President of Kobe University
2023. 6 Audit & Supervisory Board Member of the Company
2024. 4 Professor of Department of Modern Management, Sugiyama Jogakuen University (current)
2024. 4 Professor Emeritus, Kobe University (current)
2024. 6 Director who is an Audit and Supervisory Committee Member of the Company (current)

[Reason for appointment]

She has considerable experience and extensive knowledge in the field of business administration, as well as other expertise. The Company therefore has appointed her as Director who is an Audit and Supervisory Committee Member.



Outside Director who is an Audit and Supervisory Committee Member

Eimei Kozai

[Biography]

1986. 4 Appointed a judge
2020.10 President of Kobe District Court
2021. 5 President of Sendai High Court
2022. 8 Retired from judgeship
2023. 4 Professor of Graduate School of Law, Kyoto University (current)
2024. 6 Director who is an Audit and Supervisory Committee Member of the Company (current)

[Reason for appointment]

He has expert knowledge as a legal practitioner and considerable experience and extensive knowledge in organizational management, as well as other expertise. The Company therefore has appointed him as Director who is an Audit and Supervisory Committee Member.

Corporate Governance

Basic Views on Corporate Governance

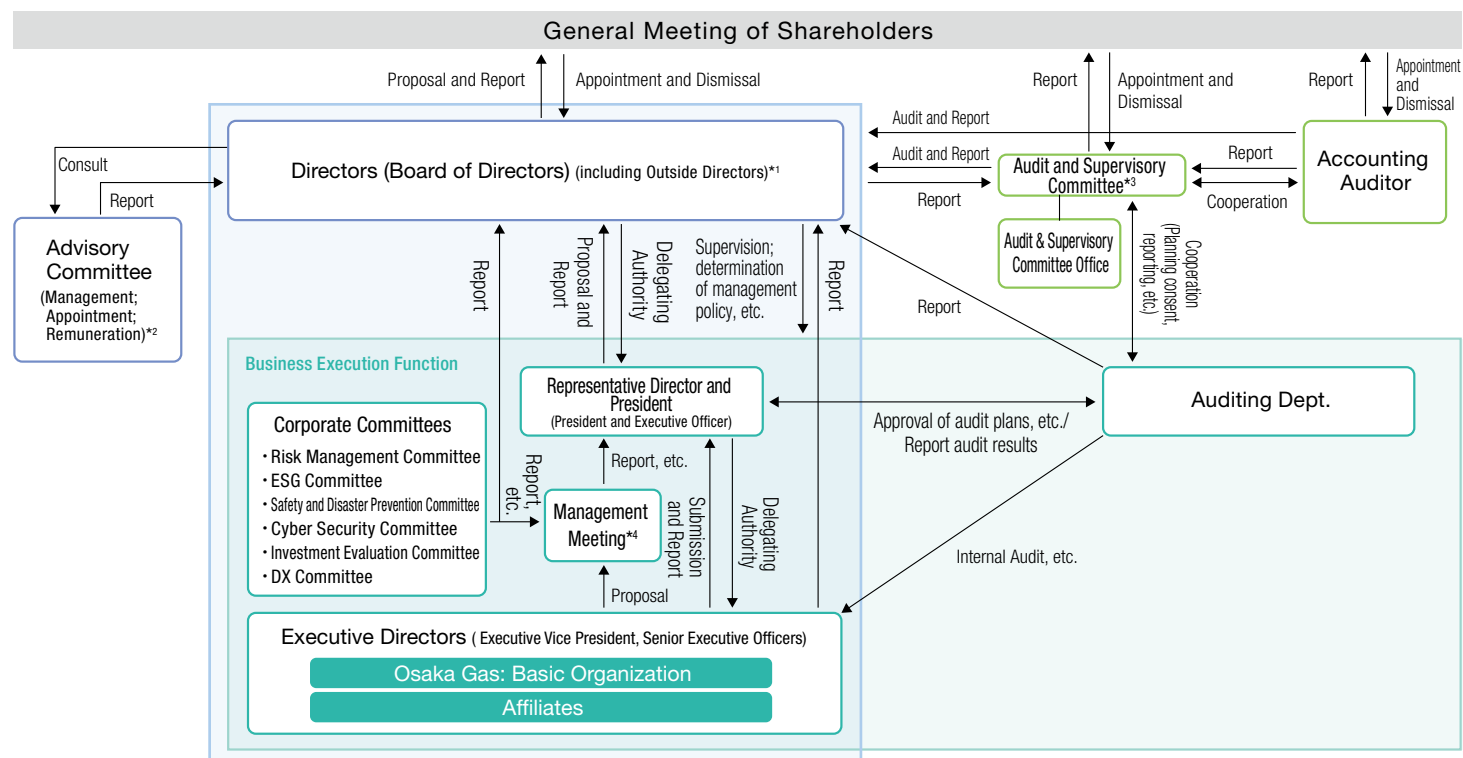
As a corporate group that powers continuous advancement in customers' lives and businesses, our Corporate Principles aim to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to 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 work toward maintaining and increasing a sense of trust by dialogue and cooperation with its various stakeholders including shareholders and customers. 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 transitioned from a Company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The transition to a company with an Audit and Supervisory Committee is intended to enhance discussion of management policies and strategies by the Board of Directors, further strengthen the supervisory function, and achieve more flexible decision-making. In addition, we have 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 Director remuneration.

■ Corporate Governance System (as of June 27, 2024)



*1 Board of Directors:

15 Directors (8 Internal Directors and 7 Outside Directors)

*2 Advisory Committee on Management:

7 Outside Directors, Representative Director and President, and 1 person appointed by the President

The Advisory Committee on Appointment and Remuneration:

all 4 Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Representative Director and President, and 1 person appointed by the President

*3 Audit and Supervisory Committee:

5 Audit and Supervisory Committee Members (2 full-time Directors and 3 Outside Directors)

*4 Management Meeting:

1 President,
3 Executive Vice President,
8 Senior Executive Officers,
and 2 Executive Officers





Overview of Corporate Governance System

Board of Directors, Directors of the Company

The Board of Directors consists of at least one-third of the 15 Directors, 7 of whom are Outside Directors and discusses management policies and strategies to ensure prompt and accurate decision-making and enhance supervisory functions.

The Company's Articles of Incorporation stipulate that there shall be no more than 15 Directors (excluding Directors who are Audit and Supervisory Committee Members), and that the number of Directors who are Audit and Supervisory Committee Members shall be no more than 5. 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, distinguishing between Directors who are Audit and Supervisory Committee Members and those who are not. In addition, they stipulate that no cumulative voting may be used for appointing Directors.

In FY2024.3, 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, Executive Vice President, Senior Executive Officer, 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, Executive Vice President, Senior Executive Officer and head of each headquarter and business unit. 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 and Supervisory Committee

The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors, and audits 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 to all attendees of the Board of Directors and the Audit and Supervisory Committee, in addition to periodic reports at the Management 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 the Audit and Supervisory Committee and the accounting auditor.

Advisory Committee

The Advisory Committee on Management consists of all Outside Directors (7 members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of enhancing corporate value, the committee deliberates on key issues such as medium- and long-term management strategy, sustainability, risk management, and DX.

The Advisory Committee on Appointment and the Advisory Committee on Remuneration consist of all Outside Directors (4 members, excluding Directors who are Audit and Supervisory Committee Members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of ensuring objectivity and transparency in the decision-making process, the Advisory Committee on Appointment and Remuneration deliberates on matters related to the election of candidates for Directors, the selection and dismissal of Representative Directors and other Executive Directors, and matters related to the remuneration of Directors. In addition, one Director who is the Audit and Supervisory Committee Member participates in each Advisory Committee meeting as an observer.

All committees are chaired by outside directors.

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, etc.

(Chairman: Head of ESG Promotion/Representative Director and Executive 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 centrally manage events and promote measures, related to safety, disaster prevention, and gas supply stability within the Group.

(Chairman: Head of Safety/Senior 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 Executive 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 Executive 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 Executive Vice President)

Risk Management Committee

In April 2024, the Company established the Risk Management Committee to strengthen appropriate responses to risks in its Group, which is expanding its business domain.

(Chairman: Head of Risk Management/Representative Director and Executive Vice President)

Views on the Composition 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 in full consideration of their knowledge and experiences in “corporate management,” “marketing,” and other fields, ability, personality, etc. regardless of gender, nationality, career, or age, etc. We have set a target of increasing the Ratio of female directors to 30% or higher by FY2031.3, and the Ratio of female directors has been 26.7% since the close of the Annual Meeting of Shareholders for FY2024.3. Moreover, in light of the medium- and long-term management plans, we have defined corporate management, marketing, technology/R&D, DX, global management, ESG, finance/accounting, legal/risk management, and human resources development as area of expertise that the Board of Directors should possess.

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 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 skills that the Board of Directors should possess as identified in light of the medium- to long-term management plan as well as the particularly significant skills of each Director.

Skills Matrix (as of June 27, 2024)

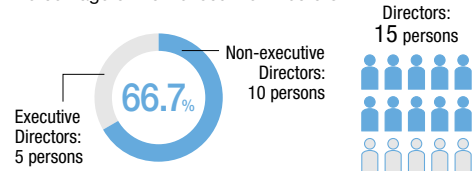
Name	Position		Age	Years in office	Internal/Outside	Independence	Attendance at Board of Directors Meetings in FY2024.3	Fields of Significant Expertise and Experience								
								Corporate Management	Marketing	Technology/ R&D	DX	Global Management	ESG	Finance/ Accounting	Legal/Risk Management	Human Resources Development
Takehiro Honjo	Director, Chairman of the Board	President	70	15	Internal	—	100%	●	●				●	●	●	●
Masataka Fujiwara	Representative Director		66	8	Internal	—	100%	●	●	●	●	●	●			
Takayuki Tasaka	Representative Director		Executive Vice President	61	6	Internal	—	100%	●	●				●	●	
Keiji Takemori	Representative Director		Executive Vice President	60	—	Internal	—	—	●			●	●			●
Ko Sakanashi	Representative Director	Executive Vice President	57	—	Internal	—	—	●		●	●		●	●		
Toshiyuki Imai	Director	Senior Executive Officer	58	—	Internal	—	—		●				●		●	●
Kazutoshi Murao	Director		71	5	Outside	○	100%	●			●		●		●	●
Tatsuo Kijima	Director		69	4	Outside	○	100%	●					●		●	●
Yumiko Sato	Director		72	3	Outside	○	100%						●		●	●
Mikiyo Niizeki	Director		56	1	Outside	○	100%	●	●					●		●
Fumitoshi Takeguchi	Director	Audit and Supervisory Committee Member	62	(3) ^{*1}	Internal	—	100% ^{*1}						●	●	●	●
Ichiro Hazama	Director	Audit and Supervisory Committee Member	58	(1) ^{*2}	Internal	—	100% ^{*2}		●						●	●
Eriko Nashioka	Director	Audit and Supervisory Committee Member	57	(2) ^{*2}	Outside	○	100% ^{*2}	●					●	●		●
Chieko Minami	Director	Audit and Supervisory Committee Member	63	(1) ^{*2}	Outside	○	100% ^{*2}	●	●		●					●
Eimei Kozai	Director	Audit and Supervisory Committee Member	66	—	Outside	○	—	●							●	●

*1 Status in previous position (Director and Senior Executive Officer)

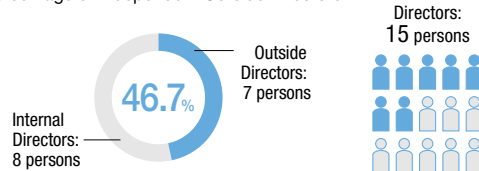
*2 Status in previous position (Audit & Supervisory Board Member)

■ Independence of Directors (as of June 27, 2024)

Percentage of Non-executive Directors

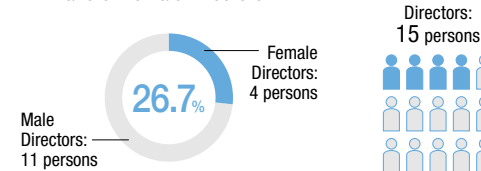


Percentage of Independent Outside Directors



■ Diversity of Directors (as of June 27, 2024)

Ratio of Female Directors



■ Corporate Governance Initiatives

		2019	2020	2021	2022	2023	2024	
Separation of business execution and supervision	Medium-Term Management Plan	Going Forward Beyond Borders		Creating Value for a Sustainable Future			Connecting Ambitious Dreams	
	Organization design	From 1897 (establishment): a company with an Audit & Supervisory Board (Members)					From 2024: a company with an Audit and Supervisory Committee	
	Chairperson of the Board	From 2015: Representative Director and Chairman of the Board		From 2021: Director, Chairman of the Board				
	Execution system	From 2009: adoption of an executive officer system						
	Outside Directors/Outside Audit & Supervisory Board Members	From 2016: Outside Directors: 3 persons		From 2021: Outside Directors: 4 persons			From 2024: Outside Directors: 7 persons	
		From 2020: percentage of Outside Directors: 1/3 or more						
		From 2014: Outside Audit & Supervisory Board Member: 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)	From 2024: 4 persons (4 Directors)	
	Skills matrix			Since 2021: disclosed				
Linkage between sustainable growth and remuneration	Composition of remuneration	Since 2013: basic : performance-linked = 6:4		Since 2021: basic : performance-linked : stock-based = 5:4:1			Since 2024: basic : performance-linked : stock-based = 4:4:2	
	Remuneration system	In 2013: established performance-linked remuneration system			In 2021: established stock-based remuneration system (equivalent to 10% of total remuneration)			In 2024: increased percentage of stock-based remuneration (equivalent to 20% of total remuneration)
	Indicators for performance-linked remuneration	Since 2013: indicators: profit attributable to owners of parent			Since 2022: linked remuneration to ESG indicators achievement			Since 2024: indicators: consolidated EBITDA, consolidated ROE
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				
							From 2024: Risk Management Committee	
	Strengthening risk management (operation of G-RIMS ^{*2})	From 2006: targeting Osaka Gas and domestic affiliates (in 2017: expanded to include 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 Activities

In FY2024.3, the Advisory Committee on Management held four times, the Advisory Committee on Appointment held three times, and the Advisory Committee on Remuneration held twice. The attendance of chair and committee members and main agenda are shown in the table below.

All committees are chaired by Outside Directors.

■ FY2024.3 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 FY2024.3
Advisory Committee on Management	(Management) 67% 	Key issues such as medium- to long-term corporate strategy and sustainability	Next Medium-term Management Plan, overseas M&A strategy, transition to a company with an Audit and Supervisory Committee, etc.	Tatsuo Kijima	Chairperson	Outside Director	4 out of 4 meetings	100%	4 meetings
				Kazutoshi Murao		Outside Director	4 out of 4 meetings	100%	
				Yumiko Sato		Outside Director	4 out of 4 meetings	100%	
				Mikiyo Niizeki		Outside Director	4 out of 4 meetings	100%	
				Masataka Fujiwara		Representative Director and President	4 out of 4 meetings	100%	
				Takeshi Matsui*1		Representative Director and Executive Vice President	4 out of 4 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
				Tatsuo Kijima		Outside Director	3 out of 3 meetings	100%	
				Yumiko Sato		Outside Director	3 out of 3 meetings	100%	
				Mikiyo Niizeki		Outside Director	3 out of 3 meetings	100%	
				Masataka Fujiwara		Representative Director and President	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	2 out of 2 meetings	100%	2 meetings
				Kazutoshi Murao		Outside Director	2 out of 2 meetings	100%	
				Tatsuo Kijima		Outside Director	2 out of 2 meetings	100%	
				Mikiyo Niizeki		Outside Director	1 out of 1 meeting*2	100%	
				Masataka Fujiwara		Representative Director and President	1 out of 1 meeting*3	100%	
				Takayuki Tasaka		Representative Director and Executive Vice President	1 out of 1 meeting*3	100%	

*1 Retired as of the close of the Company's Annual Meeting of Shareholders held in June 2024.

*2 Appointed on June 23, 2023

*3 Deliberations on Directors' remuneration levels, etc. are not subject to attendance.

Outside Directors Internal Directors

Training Policy for Directors and Succession Plan

When appointed, the Company provides Internal Directors an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected of a Director. Subsequently, the Company regularly provides opportunities internally or externally for Directors 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, the Company formulates a succession plan for top management, and fosters human resources to oversee the Company's management through such means as the systematic rotation of the areas of responsibility of Internal Directors and Executive Officers.

As for Outside Directors, 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 Directors can gain an understanding.

Directors Remuneration

Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members. The same shall apply hereinafter) 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 Executive Directors shall consist of basic remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration, and remuneration for Director, Chairman of the Board shall consist of basic remuneration as fixed remuneration and stock-based remuneration in order to clarify the separation of business execution and supervision. 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.

Remuneration for Directors who are the Audit and Supervisory Committee Members shall be determined by consultation among the Directors who are the Audit and Supervisory Committee Members within the total amount of remuneration approved at the Annual Meeting of Shareholders.

*¹ At the 206th Annual Meeting of Shareholders held on June 27, 2024, it was resolved that the monetary remuneration quota would be up to 57 million yen per month, the stock remuneration quota would be within 144 million yen per year, and the maximum number of shares would be within 96,000 shares per year. As of the close of the said Annual Meeting of Shareholders, the number of Directors subject to monthly cash remuneration was 10 (of which, 4 are Outside Directors, with monetary remuneration quota of up to 5 million yen).

*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
		Executive Directors	Director, Chairman of the Board	Outside Directors		
Basic remuneration	Fixed	40%	80%	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 ESG indicators in the Medium-Term Management Plan (indicators: main non-financial (materiality) indicators achievement) as the main indicators
Stock-based remuneration	Variable (mid- to long-term incentive)	20%	20%	—	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 Standard applied 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 ESG indicators stated in the Medium-Term Management Plan 2023, and this system has been applied from July 2023 onward, when remuneration is paid based on FY2023.3 results.

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

Term			203rd	204th	205th
Fiscal year ended			March 31, 2021	March 31, 2022	March 31, 2023
Profit attributable to owners of parent	million yen	Plan	73,000	70,500	82,000
		Result	80,857	130,421	57,110

■ Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers (Fiscal year ended March 31, 2024)

Classification	Total amount of remuneration (million yen)	Total amount of remuneration by type of remuneration (million yen)			Number of payees
		Fixed	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	421	203	173	45	6
Audit & Supervisory Board Members (excluding Outside Members)	67	67	—	—	3
Outside Directors	48	48	—	—	5
Outside Audit & Supervisory Board Members	36	36	—	—	4

Note: The number of persons and amounts include one Outside Director and two Audit & Supervisory Board Members (of whom one is Outside Audit & Supervisory Board Member) who retired as of the close of the Company's 205th Annual Meeting of Shareholders held on June 23, 2023.

* 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.

From FY2025.3 onward, the coefficient of ESG indicators achievement includes the achievement of the following main non-financial (materiality) indicators achievement stated in the Medium-Term Management Plan 2026.

■ Main ESG Indicators

Materiality	ESG indicators	FY2027.3 targets
Provide carbon neutral energy	● Avoided emissions	7 million tons/year
	● Renewable energy development contribution	4 GW
	● CO ₂ emissions reduction in the Group company offices and vehicles	67%
Enhance the resilience of customers and society	● Serious accidents and serious energy supply disruptions caused by the company	Zero
Co-create advanced, diverse solutions that meet customer values	● Customer accounts	10.9 million
	● Customer satisfaction rate	90%
Create a work environment where employees and the company resonate and enhance each other	● Work engagement score	50 or more
Maintain and improve the soundness and flexibility of management foundation	● Ratio of female directors	25% or higher
	● Number of serious violations of laws and regulations	Zero

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, 2024 are summarized below.

1. Method



* Based on the regular evaluation by an external specialist institution, we have established the interview items for the fiscal year ended March 31, 2024.

2. Interview Items

- ① Initiatives in response to issues
 - Board operations that devote more time to discussion
 - Increase in the number of meetings of the Advisory Committee on Management
 - Expanding opportunities for contact with board candidates
 - Cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)
- 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
 - Perspectives and factors to consider when selecting director candidates, evaluation of directors, etc.
- ⑤ Outside officers' meetings and others
 - Exchanging opinions for the purpose of developing management, etc.
- ⑥ Free opinion

3. Evaluation Results

It was confirmed that improvements have been made on the issues recognized in FY2023.3. The Board of Director discussed the direction of improvement for the following issues identified in FY2024.3.

<Major issues>

- Enhancement of discussions on medium- to long-term management issues
- Expanding opportunities for contact with board candidates
- Concretize measures to cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)

Audit

The Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the 206th Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors.

The following items describe the audit status in FY2024.3, prior to the Company's transition to a company with an Audit and Supervisory Committee.

■ 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.

At the Audit & Supervisory Board meeting, reports and information on the implementation of the audit are shared, and necessary deliberations and resolutions are made.

14 Audit & Supervisory Board meetings were held in FY2024.3. The main resolutions of the Audit & Supervisory Board meetings are as follows.

■ Main Resolutions at the Audit & Supervisory Board Meetings

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

Risk Management

Basic Approach and Policy

As social and economic changes intensify due to instability in international affairs, exchange rate fluctuations, and inflation, the uncertainty of the business environment surrounding companies is rapidly increasing. In this environment, as the Daigas Group develops and expands its various businesses in various regions, risk management is becoming increasingly important.

Recognizing the importance of risk management, the Group has established in its regulations basic guidelines for risk-related actions and is promoting efforts in this area.

Risk Management System

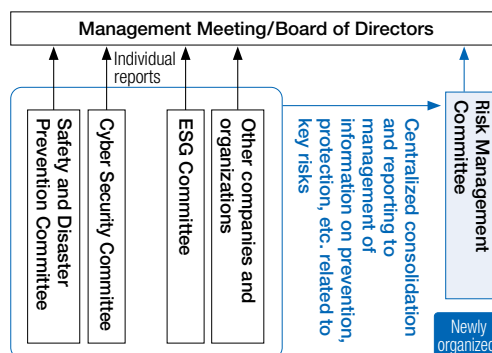
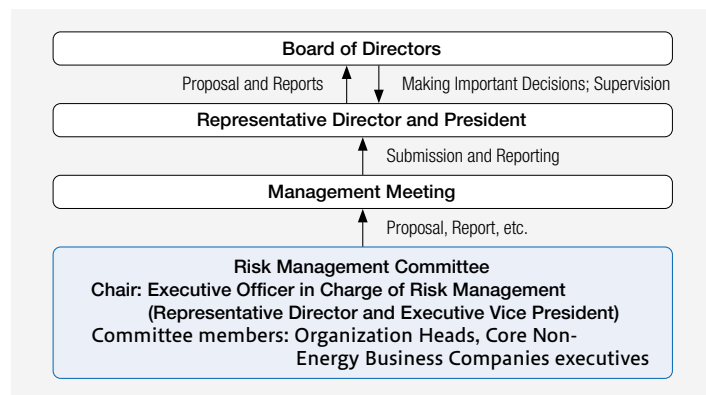
The Company has been implementing risk preventive maintenance planning and progress follow-up through corporate committees such as the ESG Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee. As the Group's business domain expands, the Risk Management Committee, a corporate committee independent from the Audit & Supervisory Committee has been established in April 2024 in addition to the above framework to comprehensively manage key risks across the entire company.

The Risk Management Committee is chaired by the Executive Officer in Charge of Risk Management (Representative Director and Executive Vice President), who oversees the Group's risk management, and includes the heads of related organizations as members.

The Risk Management Committee meets in principle twice a year to review and select key risks on a regular basis, deliberate on preventive maintenance plans and results for key risks that may affect business performance and financial position, and implement efficient and effective risk management.

In addition, risk preventive maintenance activities are reported and discussed at the Management Meeting, which is chaired by the Representative Director and President, regarding plans, results, and other matters related to risk preventive maintenance activities. Matters that have a significant impact on management are submitted to the Board of Directors for decision-making and oversight.

■ Group-wide Risk Management System



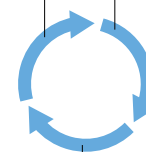
■ Group-wide Risk Management Cycle

Plan

- Development and sharing of preventive maintenance plans for key risks
- Reporting and evaluation of activity plans to the Management Meeting and Board of Directors

Execution

- Implementation and progress report of activities based on the key plan
- Reporting and sharing of key risk predictions and occurrences



Confirmation, improvement and countermeasures

- Reporting and evaluation of activity results to the Management Meeting and Board of Directors
- Reconfirmation and re-selection of key risks
- Risk preventive maintenance plan study based on activity results



Internal Control

Operating Status of the Internal Control Systems

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 25, 2024, it was reported that the internal control systems were operating in a proper manner.

Overview of Operating Status of the Internal Control Systems (FY2024.3)

① Matters concerning compliance, etc.

The ESG Committee promotes initiatives in each domain, including sustainability activities, through the Compliance and Risk Management Subcommittee, Environment Subcommittee, and Social Contribution Subcommittee. Educational materials, including a guide to the Daigas Group Code of Business Conduct, are posted on the intranet at all times to familiarize officers and employees of the Group with said Code to promote and ensure its understanding.

To ensure compliance with laws and regulations related to appropriate gas transactions, we held legal lectures on the Antimonopoly Law and provided education on regulations conduct.

CD Energy Direct, Inc. 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. In addition, legal training sessions on the Act on Specified Commercial Transactions were held within the Group.

② Matters concerning risk management, etc.

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.

Following the fire incident at the Freeport LNG plant in the U.S., we have reviewed and implemented risk management measures and rules for the LNG trade business. In response to the fire accident at Sodegaura Biomass Power Co., Ltd, we have reviewed risks and countermeasures related to biomass power plant operations and fuel management, and are implemented them horizontally at our Group's biomass power plants.

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.

We established a Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the legal separation. The Network Company also implemented internal investigations to confirm the status of measures to block the transfer of information between the Network Company and the Company which is gas retailer, as well as the Network Company and affiliated companies which are gas retailers, and the status of information management at each company.

To prepare for emergencies, regulations for disaster countermeasures and business continuity plans (BCP) are prepared. We also carry out Group-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises.

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.

In April 2024, we established the Risk Management Committee to comprehensively manage the risks of the Group, which is expanding its business domain, with the aim of strengthening its risk monitoring function.

③ Matters concerning the management of businesses in the Group

The affiliates to be managed by the Core Non-Energy Business Companies, the Network 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.

④ Matters 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 of the Board, 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.

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. After assessing the magnitude of the risks and identifying the risks that need to be addressed, the PDCA cycle is operated, including planning, implementation and follow-up of response measures.

■ Areas and items of G-RIMS (Gas Group Risk Management System)

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

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, and rising prices	We are working to minimize the impact of changes in foreign exchange rates and borrowing rates through hedging and foreign currency procurement, and reducing costs against rising raw material prices and logistics costs.
Securing human resources	We are striving to secure human resources in the face of a declining working population.
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 trend toward carbon-neutrality	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 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, promote digital transformation, etc.
Breakdown or malfunction of critical IT systems, development delays or cancellations, and information leaks	We are promoting and monitoring security measures, ensuring dissemination and education of information management, building and upgrading 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 adjusting supply and demand through LNG trading, 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.
---	--

● 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.
--	--