

# Corporate Governance

## Basic Views on Corporate Governance

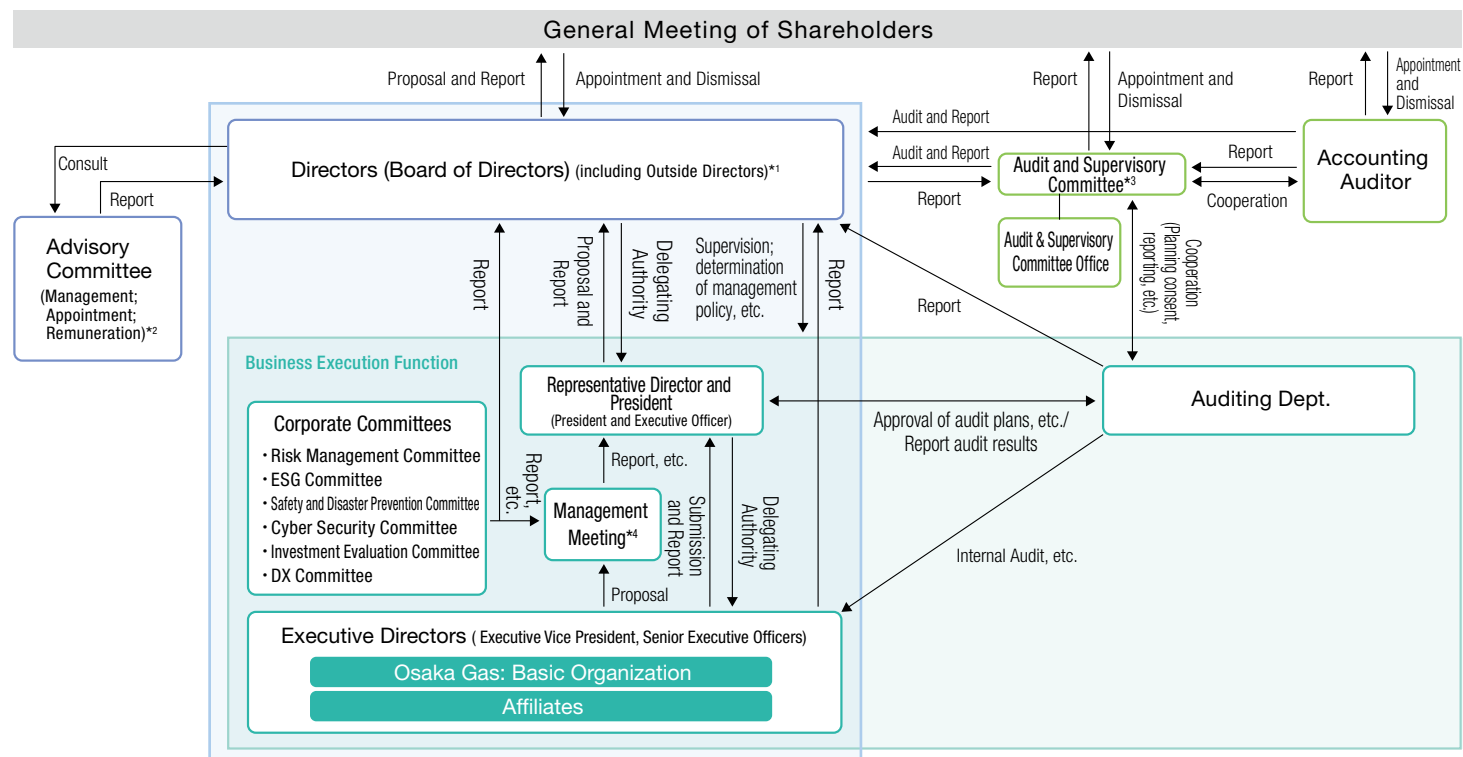
As a corporate group that powers continuous advancement in customers' lives and businesses, our Corporate Principles aim to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to 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)

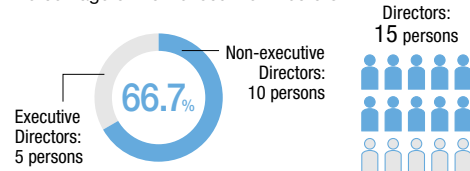
Name	Position		Age	Years in office	Internal/Outside	Independence	Attendance at Board of Directors Meetings in FY2024.3	Fields of Significant Expertise and Experience								
								Corporate Management	Marketing	Technology/R&D	DX	Global Management	ESG	Finance/Accounting	Legal/Risk Management	Human Resources 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) <sup>*1</sup>	Internal	—	100% <sup>*1</sup>						●	●	●	●
Ichiro Hazama	Director	Audit and Supervisory Committee Member	58	(1) <sup>*2</sup>	Internal	—	100% <sup>*2</sup>		●						●	●
Eriko Nashioka	Director	Audit and Supervisory Committee Member	57	(2) <sup>*2</sup>	Outside	○	100% <sup>*2</sup>	●					●	●		●
Chieko Minami	Director	Audit and Supervisory Committee Member	63	(1) <sup>*2</sup>	Outside	○	100% <sup>*2</sup>	●	●		●					●
Eimei Kozai	Director	Audit and Supervisory Committee Member	66	—	Outside	○	—	●							●	●

<sup>\*1</sup> Status in previous position (Director and Senior Executive Officer)

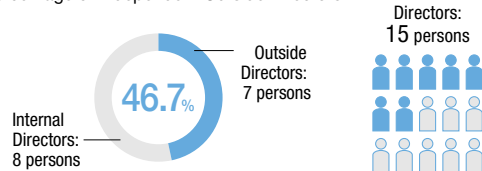
<sup>\*2</sup> Status in previous position (Audit & Supervisory Board Member)

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

Percentage of Non-executive Directors

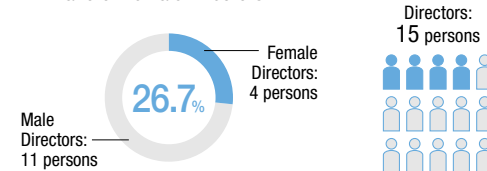


Percentage of Independent Outside Directors



## ■ 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					
Diversity	Voluntary advisory committee	In 2013: established (appointment and remuneration)			In 2022: expanded (management, appointment, and remuneration)		
	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	
Internal control	Corporate committee <sup>*1</sup>	From 2003: Investment Evaluation Committee					
		From 2006: CSR Committee <sup>*3</sup>		From 2020: ESG Committee			
		From 2019: Cyber Security Committee					
					From 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 <sup>*2</sup> )	From 2006: targeting Osaka Gas and domestic affiliates (in 2017: expanded to include overseas affiliates)					
Cross-shareholdings	In 2013: established policies regarding cross-shareholdings <sup>*4</sup>						

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

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

<sup>\*3</sup> 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.

<sup>\*4</sup> 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\*<sup>1</sup> 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.\*<sup>2</sup>

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.

\*<sup>1</sup> 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).

\*<sup>2</sup> 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* <sup>3</sup>			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"> <li>● Monetary remuneration paid on a monthly basis</li> <li>● 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.</li> </ul>
Performance-linked remuneration	Variable (short-term incentive)	40%	—	—	Monetary remuneration	<ul style="list-style-type: none"> <li>● Monetary remuneration paid on a monthly basis</li> <li>● 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</li> </ul>
Stock-based remuneration	Variable (mid- to long-term incentive)	20%	20%	—	Stocks	<ul style="list-style-type: none"> <li>● 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.</li> <li>● The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc.</li> <li>● 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.</li> <li>● 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.</li> <li>● 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).</li> </ul>

\*<sup>3</sup> 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.

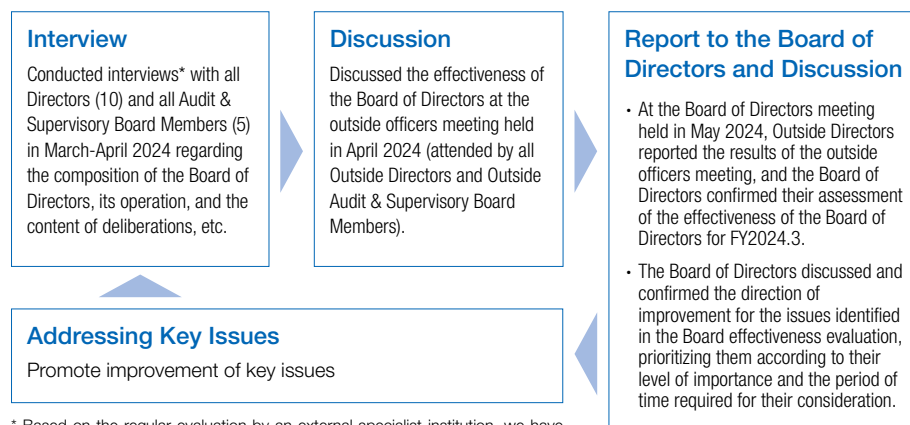
### ■ Main ESG Indicators

Materiality	ESG indicators	FY2027.3 targets
Provide carbon neutral energy	● Avoided emissions	7 million tons/year
	● Renewable energy development contribution	4 GW
	● CO <sub>2</sub> 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"> <li>• Attend important meetings such as Management Meeting and read important documents</li> <li>• Conduct visiting audits at Head Office, major offices, and affiliates</li> <li>• Listen to reports from each organization and affiliate</li> <li>• Exchange opinions with Directors (including Outside Directors)</li> <li>• Cooperate with the internal audit division and Audit &amp; Supervisory Board Members of affiliates</li> </ul>
(b) Accounting audit	<ul style="list-style-type: none"> <li>• Confirm the independence of the accounting auditor and proper conduct of audits</li> <li>• Confirm accounting audit plans and audit results, etc.</li> </ul>

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

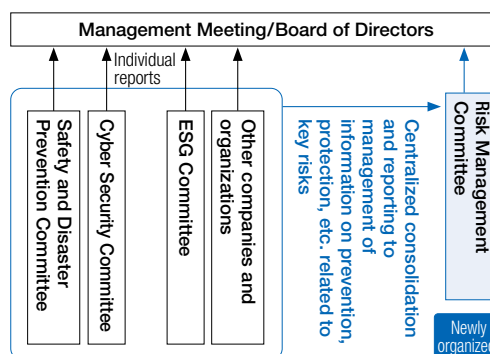
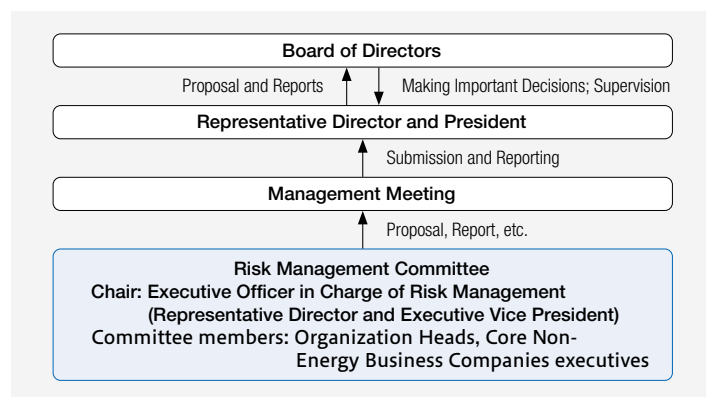
The Company has been implementing risk preventive maintenance planning and progress follow-up through corporate committees such as the ESG Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee. As the Group's business domain expands, the Risk Management Committee, 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



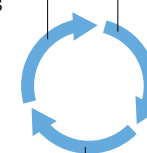
### ■ Group-wide Risk Management Cycle

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