

# What Initiatives for Corporate Governance is the Daigas Group Implementing to Build Trust?

The Daigas Group strives to maintain and increase a sense of trust with its various stakeholders through dialogue and other means, and is working to enhance and strengthen corporate governance.

In this chapter, we will present details of the Group's corporate governance activities.

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# 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 reinforcing measures and systems to promote dialogue with them.

Through IR activities, we strive to provide timely and fair information, and easy-to-understand explanations on our business and financial conditions, as well as our initiatives for sustainable growth. In addition, we are building longer-term relationships of trust with our shareholders and investors by proactively expanding opportunities for dialogue, and appropriately reflecting the opinions received and needs of capital markets in our management strategies.

## 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 institutional investors and Directors, briefings focused on topics of high interest to capital market such as sustainability information and business activities, and individual IR meetings with institutional investors as appropriate. In our business briefing in FY2025.3, the theme was carbon neutrality. Joint tours of the Nagaoka e-methane demonstration experiment facility were held in collaboration with INPEX CORPORATION, as well as tours of the Niigata Prefecture site, and a responsible division provided detailed explanations.

Through these activities, Directors 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

- Medium- to long-term business strategies (e.g., progress in the Medium-Term Management Plan 2026, addressing the need for carbon neutrality, etc.)
- Financial strategy (approach to capital structure, shareholder return approach etc.)
- Most recent results (status of each segment, etc.)
- Sustainability initiatives (CO<sub>2</sub> emissions, renewable energy diffusion contribution, human capital strategy, governance initiatives, etc.)

## System of IR Activities

### (i) Head of IR

Dialogue with shareholders and investors is overseen by the Representative Director and Executive Vice President (President of the Corporate Planning HQ).

### (ii) Promotion system

Dialogues are promoted by the IR organization of the Corporate Strategy Dept. under the supervision of the Representative Director and Executive Vice President (President of the Corporate Planning HQ). 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 FY2025.3

Representative Director and President	Annual Meeting of Shareholders, management plan briefings, financial results briefings, dialogues with overseas institutional investors (5 times)
Representative Director and Executive Vice President (President of the Corporate Planning HQ)	Annual Meeting of Shareholders, small meetings with domestic institutional investors, dialogues with overseas institutional investors (11 times)
Outside Director	Small meetings with domestic institutional investors Please see □□ P.59 for details.
Department in charge of IR	Management plan briefings, financial results briefings, business tours, briefings for individual investors, dialogues with investors (approx. 190 times) (dialogues with sell-side analysts (approx. 20 times), dialogues with domestic institutional investors (approx. 80 times), dialogues with overseas institutional investors (approx. 90 times), etc.)
Department in charge of SR	Dialogues with domestic shareholders (13 times)

## Main opinions from shareholders and investors and our responses

### Opinions received during dialogues

Even when business conditions fluctuate and short-term profits vary, I would like dividends to be more predictable.

I would like enhanced disclosure to strengthen credibility in achieving the targets of the Medium-Term Management Plan 2026.

In order to strengthen governance, I would like opportunities for dialogue between investors and Outside Directors.

### Our responses

Introduced a dividend on equity (DOE) based on shareholders' equity, less affected by short-term earnings fluctuations, and announced progressive dividend policy in the Medium-Term Management Plan 2026.

- Disclosed ROIC forecast by segment.
- Improved international energy segment disclosure (area-based breakdowns, overseas upstream production results).
- Disclosed explanations on the impact of exchange rate fluctuations on shareholders' equity (foreign currency translation adjustments), etc.

- Held small meetings between Outside Directors and institutional investors; disclosed meeting details in the Integrated Report (initiated FY2025.3; expanded disclosure in FY2026.3). Please see □□ P.59 for details.



## Enhancing Governance Quality with Diverse Stakeholder Insights

As part of efforts to strengthen governance, the Daigas Group facilitates forums for exchanging opinions between Outside Directors and investors. In March 2025, two Outside Directors engaged in an open and productive dialogue with institutional investors on a variety of topics.



Outside Director

### Tatsuo Kijima

Appointed as an Outside Director of Osaka Gas in June 2020, Mr. Kijima brings extensive leadership experience from his previous role as President and Representative Director of West Japan Railway Company (JR West) from 2016 to 2019, where he successfully led important management reforms.



Outside Director Who Is an Audit and Supervisory Committee Member

### Eriko Nashioka

Appointed as an Outside Member of the Audit & Supervisory Board in June 2022 and as a Director Who Is an Audit and Supervisory Committee Member in June 2024, Ms. Nashioka brings a wealth of experience as a certified public accountant and tax accountant. She is also active as an environmental accounting expert, serving as Representative Director of Institute for Environmental Management Accounting.

#### Working to improve PBR

As the Daigas Group prioritizes achieving an ROE of 8%, pursuing growth beyond traditional regulated businesses is essential.

**Q.** How would you assess our current efforts in responding to the Tokyo Stock Exchange's request to improve PBR?

**Kijima** Currently, Osaka Gas has a PBR in the 0.8 range, and I believe the executive team is fully committed to achieving a PBR over 1.

To improve our PBR, we must prioritize growth while adapting to changes in the business environment, instead of remaining dependent on the conventional gas business, which is regulated.

Since PBR is derived from multiplying ROE and PER, it

is crucial that we first focus on increasing our ROE. I believe we need to prioritize reaching the 8% ROE target set in the medium-term management plan and strive to consistently exceed that level.

#### Initiatives to enhance capital efficiency

We are dedicated to meeting shareholder expectations by driving profitability across the entire organization and implementing balance-sheet-focused business management throughout the Group.

**Q.** What do you consider to be the key elements of our initiatives aimed at enhancing capital efficiency?

**Kijima** The Group has adjusted its optimal shareholders' equity ratio target from "around 50%" to "45% or higher," reflecting our strengthened cash flow and enhanced business portfolio, particularly due to the

growth of our International Energy segment and Life & Business Solutions (LBS) segment. As an infrastructure company, we must prioritize long-term capital investments and adopt a flexible approach to determining our optimal capital structure by balancing financial soundness with improved capital efficiency.

In this initiative, we emphasize making informed investment decisions and engaging in diligent business management with a strong focus on the balance sheet to enhance overall organizational profitability. We introduced ROIC-focused management in FY2022.3, establishing a system to set KPIs for each business. This allows us to swiftly identify signs of performance fluctuations and take corrective actions to improve the businesses, with the aim of achieving an ROIC of 5% by FY2027.3. Additionally, it is essential to consider the levels of interest-bearing debt and the cost of equity to maintain a low WACC.

**Q. Should we consider striving to enhance our corporate value by reducing our shareholders' equity ratio to 30%, similar to railway companies, which also operate within the infrastructure sector?**

**Kijima** The Daigas Group faces structural risks unique to the energy industry, such as the full liberalization of the gas retail market in 2017 and the obligation to meet carbon neutrality targets. In light of this fact, I believe that the difference in our shareholders' equity ratio compared to other companies reflects not only variations in business format but also our distinct risk perspectives.

While the Group has set a target ROIC of 5% for FY2027.3, I am concerned about the low ROIC of our businesses in the Domestic Energy segment. Similar to railway operations at railway companies, I believe that enhancing the profitability of our core businesses is crucial for elevating our overall ROIC.

To increase our corporate value, it is vital to strategically design our entire balance sheet. While we currently adhere to a guideline of maintaining a shareholders' equity ratio of 45% or higher, we may reconsider this position in the future. The comparison with railway companies provides valuable insights, but we must carefully evaluate whether aiming for the same equity ratio is truly optimal for our unique circumstances.



**Q. From the perspective of ROIC, what do you think about separating part of the gas business and its assets?**

**Kijima** While separating certain assets from the gas business may improve the calculated ROIC, it won't result in a fundamental enhancement of ROIC itself. Given that the gas business is integral to our group's mission, we should focus on strategies to genuinely enhance ROIC within that context. Simply advocating for ROIC-focused management within the Group is not sufficient. As an Outside Director, I have a responsibility to deepen my understanding of the profit structure, explore ways to improve both the numerator and denominator of ROIC, and drive us toward the next phase of growth.

#### Climate change initiatives

**I believe that proactive information disclosure and open dialogue are essential for fostering public understanding of advanced initiatives.**

**Q. How do you evaluate our initiatives aimed at addressing climate change?**

**Nashioka** Based on my extensive experience in environmental accounting, I believe that addressing the social issue of climate change is a critical priority.

In February 2025, the Group announced the Energy Transition 2050 initiative, through which we are implementing practical and strategic measures, such as developing e-methane and carbon capture, utilization, and storage (CCUS) technologies. As an energy company, we prioritize the "S + 3E" framework—safety, environment, economic efficiency, and energy security. We believe it is essential to adopt a balanced approach to achieving a sustainable society, rather than sacrificing all aspects for environmental concerns.

As e-methane and CCUS are not as widely recognized as solar and wind power, we have a role to play in fostering stakeholder understanding through proactive information disclosure and open dialogue.

I also find the concept of "CO<sub>2</sub> emissions reduction contribution" to be quite rational. Companies that launch environmentally friendly products may increase their own CO<sub>2</sub> emissions by expanding production, yet their contributions to overall emissions reduction in society should be properly evaluated. This principle aligns with the "profit contribution effect" and "risk avoidance effect" in environmental accounting, in which I have been engaged.

Ensuring the transparency and reliability of our calculation methods is crucial. Moving forward, more companies must disclose their avoided emissions and establish fair standards through third-party verification and the creation of robust rules. We aim to contribute to developing a system where corporate initiatives are appropriately evaluated, as we stay attuned to trends in international discussions.

**Q. With the anticipated full-fledged implementation of carbon pricing, do you believe that disclosing CO<sub>2</sub> reduction targets will be necessary in terms of not only quantity but also monetary value in the future? What is your perspective on this trend, particularly in the energy industry?**

**Nashioka** The concept of carbon pricing is to refute the belief among companies that environmental investments do not contribute to profits. It will contribute to investment decisions in anticipation of the future introduction of emissions trading markets and carbon levies. However, ensuring transparency in calculation methods remains a challenge for external applications, and the system is currently navigating a trial-and-error process. In particular, how to manage e-methane and CCUS will significantly affect





international financial implications. I believe that by clearly defining the basis for financial impact calculations, as well as establishing robust guarantees and consistent rules across the energy industry, we can create a system in which CO<sub>2</sub> reductions are converted into monetary value and subsequently reflected in corporate value.

#### Insight from an Outside Director Perspective

We aim to enhance our corporate value by identifying hidden risks and quantifying non-financial information from a third-party perspective.

#### Q. As an Outside Director, what perspectives do you prioritize on a day-to-day basis?

**Kijima** Since transitioning to a Company with an Audit and Supervisory Committee, we have fewer routine proposals to discuss, but there is a greater necessity for in-depth discussions focused on strategy and risk.

Drawing from my experience in accident response as a management member of JR West, I aim to emphasize both risk and organizational culture, even in the distinctively different energy sector. From the perspective of identifying hidden risks, I will support enhancements in management quality. Instead of simply discussing theoretical concepts, I intend to approach our actions based on practical considerations—understanding which organizational capabilities to leverage, when to act, what to do, and how to execute it. My role will involve highlighting and optimizing the company's strengths.

**Nashioka** I will leverage my extensive experience as a certified public accountant specializing in environmental and sustainability issues to facilitate

constructive dialogues with stakeholders and contribute to enhancing our corporate value through the quantification of non-financial information.

Given that information disclosure requirements have become more stringent, there are increased opportunities for me to contribute a third-party perspective to the company. Regarding our human resources strategy, we are dedicated to creating an inclusive environment for both men and women. While it may take time to appoint a female director from within the company, I believe that promoting more female managers will positively impact labor productivity. Additionally, we are implementing innovative initiatives to encourage the participation of senior employees, such as extending the retirement age and eliminating mandatory retirement for managerial positions. Quantifying and effectively utilizing human capital will be crucial for increasing our corporate value in the future, and I am eager to actively propose these changes.

#### Q. What specific hidden risks do you refer to, Mr. Kijima?

**Kijima** Since I became an Outside Director, the company has experienced serious incidents, such as the accident at the Freeport LNG plant and the fire at the Sodegaura Biomass Power Plant. I continuously observe how each department responds to these events and consider the lessons we can learn to enhance our future actions. While accidents in the gas business are relatively rare, they can have a significant impact when they occur. Therefore, I believe it is crucial to anticipate and prepare for accidents to minimize their consequences.

#### Q. How do you view the progress of quantifying non-financial information, Ms. Nashioka?

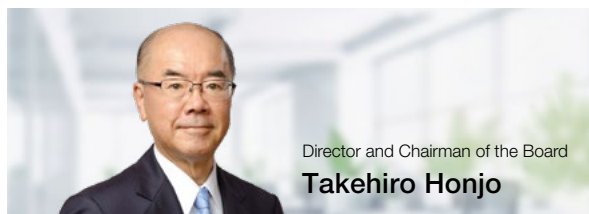
**Nashioka** Quantifying non-financial information is an area I have been dedicated to since I began my work in environmental accounting. Corporate value creation needs to be evaluated from both economic and social value perspectives. However, discussions around social value have largely remained intuitive, making it challenging to compare and assess effectively. Thus, our key challenge is to quantify non-financial capitals, such as CO<sub>2</sub>, water, and human capital, to develop reliable indicators.

For example, the price of one ton of CO<sub>2</sub> emissions has historically varied widely, from a few hundred yen to several tens of thousands of yen. Recently, however, the methods of calculating these values have been refined, bringing them closer to a reliable, verifiable level. I believe we will see gradual progress in the quantification of human capital and other assets in the future. It is crucial for companies to disclose numerical information as indicators of value creation through trial and error. Investors, in turn, must use this information for their decision-making. I am fully dedicated to supporting this movement.



# 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.



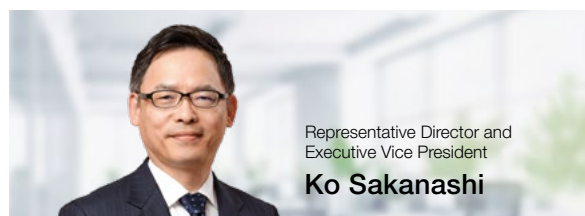
Representative Director and Executive Vice President  
**Keiji Takemori**

### [ 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

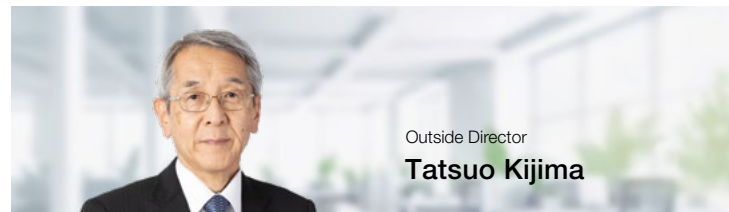
**Kazutoshi Murao**

### [ 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)

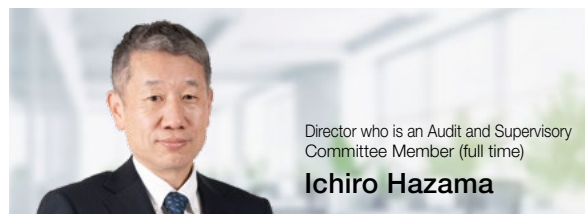
**Fumitoshi Takeguchi**

### [ 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)

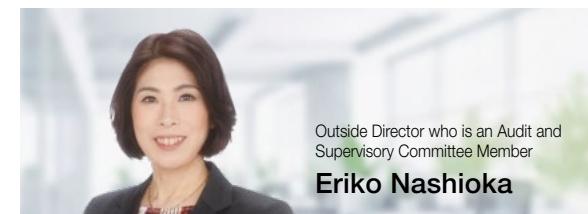
**Ichiro Hazama**

### [ 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 Sustainability 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

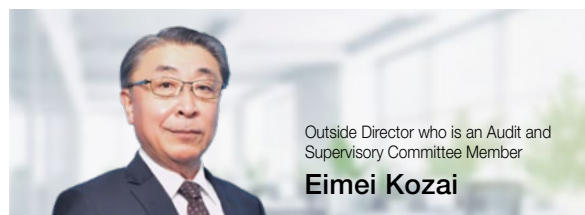
**Chieko Minami**

### [ 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

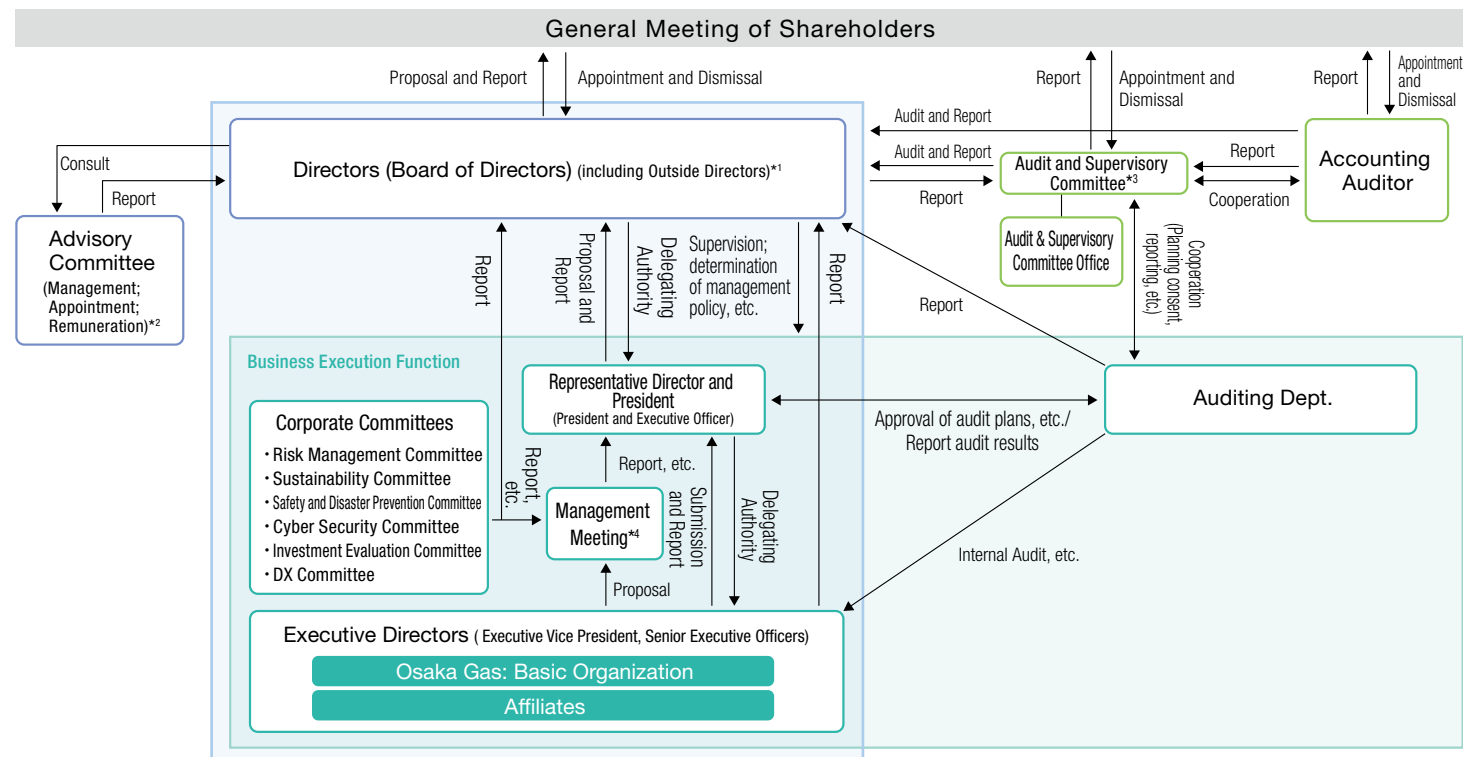
As a corporate group that powers continuous advancement in customers' lives and businesses, our Corporate Principles aim to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to 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 transitioned 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. With the business environment changing at an ever-increasing pace, we aim to achieve flexible decision-making by delegating decision-making authority for important business execution to Executive Directors, while also enhancing discussion of management policies and strategies by the Board of Directors and further strengthening the supervisory function. 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 24, 2025)



\*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 4 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 FY2025.3, the Board of Directors held 13 meetings, with 100% attendance by all Directors. The 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 Executive President, Executive Vice Presidents, Senior Executive Officers, and Executive Officers), which enables the Directors of the company to focus on making business decisions and monitoring and supervisory functions, and work toward strengthening the business efficiency and the supervisory functions by vitalizing the Board of Directors. Executive Officers perform duties determined by the Board of Directors, and some Representative Directors and Directors concurrently serve as Executive Officers to make management decision-making more accurate and efficient.

### Management Meeting

The company examines basic management policies and important management issues at the Management Meeting and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the Management Meeting consists of the 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 "Sustainability Council", which deliberates on activity plans and reports on activities related to the promotion of sustainability management.

\*On April 1, 2025, the ESG Council was renamed the Sustainability Council.

### Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five Directors who are the Audit and Supervisory Committee Members, including 3 Outside Directors, and audits the execution of duties by the Directors. It is responsible for ensuring sound management to enhance corporate value through audits of the Directors' execution

of their duties, the operation of internal control systems, and the appropriateness of accounting audits. The composition of the Audit and Supervisory Committee includes persons with appropriate knowledge of law, finance, and accounting, and in accordance with the Articles of Incorporation, the number of members is at least 3, and at least half of them are outside Audit and Supervisory Committee members.

### Auditing Department

The Company has established the Audit Department as its internal audit division. Based on an annual audit plan agreed to by the Audit and Supervisory Committee and from an independent and objective standpoint, the Audit Department evaluate the compliance and efficiency of business activities and the appropriateness of systems and standards, identify issues, and make recommendations and follow-up actions that lead to operational improvements in the audited organization. Audit results are reported regularly to the Management Meetings, the Board of Directors, and the Audit and Supervisory Committee. In the event that an internal audit identifies a matter that may have a significant impact on management, the Executive Officer in charge of the Audit Department or the General Manager of the Audit Department reports to the Board of Directors (Dual Reporting). At the same time, in accordance with internal rules, the Company is striving to enhance and strengthen its auditing and internal control functions by appointing auditors (internal auditors) at business divisions, Core Non-Energy Business Companies, Network Company, Core Energy Business Companies, etc., and conducting self-audits. The Audit Department, in cooperation with the internal auditors, evaluates internal control over financial reporting based on the Financial Instruments and Exchange Law, and reports the results to the Management Meeting. The Audit Department maintains and improves the quality of audit work while taking into consideration the opinions and evaluations of external organizations. The General Manager of the Audit Department exchanges information with the Audit and Supervisory Committee and accounting auditors as needed to enhance mutual cooperation and improve the effectiveness and quality of audits.

### 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 1 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 strategy, sustainability, risk management, and DX.

The Advisory Committee on Appointment and the Advisory Committee on Remuneration are composed of all Outside Directors (4 members, excluding Directors who are Audit and Supervisory Committee Members), 1 Outside Director who is a member of the Audit and Supervisory Committee, and the President, and deliberates on matters related to the selection of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, and remuneration of Directors from the perspective of ensuring objectivity and transparency in the decision-making process. In addition, the participation of 1 director who is a

member of the Audit and Supervisory Committee ensures that the Audit and Supervisory Committee can accurately exercise its right to express its opinions regarding director nominations and compensation.

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

### Sustainability Committee\*

The company has established the Sustainability Committee to promote activities relating to the Group's sustainability, including the environment, compliance, social contribution, respect for human rights, etc. (Chairman: Head of Sustainability Promotion/Director and Senior Executive Officer)

\*On April 1, 2025, the ESG Committee was renamed the Sustainability Committee.

### Safety and Disaster Prevention Committee

In order to take all possible measures to ensure safety, disaster prevention, and gas supply stability, 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/Representative Director and Executive Vice President)

### 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

The company has established the Risk Management Committee to efficiently and effectively respond to significant risks that may affect the business performance and financial position of the Group, which is expanding its business domain. (Chairman: Head of Risk Management/Director and Senior Executive Officer)

## 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 promote diversity including gender at important decision-making bodies such as the Board of Directors, and in the "Daigas Group Diversity Promotion Policy," 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 24, 2025)

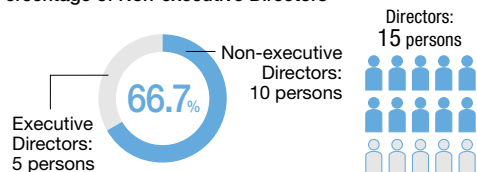
Name	Position		Age	Years in office	Executive Director	Internal/Outside	Attendance at Board of Directors Meetings in FY2025.3	Fields of Significant Expertise and Experience								
								Corporate Management	Marketing	Technology/R&D	DX	Global Management	Sustainability	Finance/Accounting	Legal/Risk Management	Human Resources Development
Takehiro Honjo	Director, Chairman of the Board		71	16	— Chairman of the Board of Directors	Internal	100%	●	●				●	●	●	●
Masataka Fujiwara	Representative Director	President	67	9	○	Internal	100%	●	●	●	●	●	●			
Takayuki Tasaka	Representative Director	Executive Vice President	62	7	○	Internal	100%	●	●					●	●	
Keiji Takemori	Representative Director	Executive Vice President	61	1	○	Internal	100% <sup>*2</sup>	●				●		●		●
Ko Sakanashi	Representative Director	Executive Vice President	58	1	○	Internal	100% <sup>*2</sup>	●		●	●		●	●		
Toshiyuki Imai	Director	Senior Executive Officer	59	1	○	Internal	100% <sup>*2</sup>		●				●		●	●
Kazutoshi Murao	Director		72	6	— Outside Director	Outside	100%	●			●		●		●	●
Tatsuo Kijima	Director		70	5	— Outside Director	Outside	100%	●					●		●	●
Yumiko Sato	Director		73	4	— Outside Director	Outside	100%						●		●	●
Mikiyo Niizeki	Director		57	2	— Outside Director	Outside	100%	●	●					●		●
Fumitoshi Takeguchi	Director Audit and Supervisory Committee Member		63	(4) <sup>*1</sup>	—	Internal	100% <sup>*2</sup>						●	●	●	●
Ichiro Hazama	Director Audit and Supervisory Committee Member		59	(2) <sup>*1</sup>	—	Internal	100% <sup>*2</sup>		●						●	●
Eriko Nashioka	Director Audit and Supervisory Committee Member		58	(3) <sup>*1</sup>	— Outside Director	Outside	100% <sup>*2</sup>	●					●	●		●
Chieko Minami	Director Audit and Supervisory Committee Member		64	(2) <sup>*1</sup>	— Outside Director	Outside	100% <sup>*2</sup>	●	●		●					●
Eimei Kozai	Director Audit and Supervisory Committee Member		67	1	— Outside Director	Outside	100% <sup>*2</sup>	●							●	●

<sup>\*1</sup> The status of Director who is an Audit and Supervisory Committee Member Fumitoshi Takeguchi includes his previous position (Director and Senior Executive Officer), while the statuses of Ichiro Hazama, Eriko Nashioka and Chieko Minami include their previous positions (Audit & Supervisory Board Member).

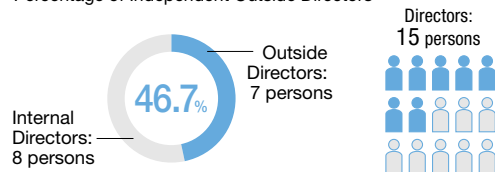
<sup>\*2</sup> This represents the attendance at meetings held since assumption of office on June 27, 2024. During the period prior to the transition to a Company with an Audit and Supervisory Committee, Director who is an Audit and Supervisory Committee Member Fumitoshi Takeguchi had been appointed as a Director of the Company, and Ichiro Hazama, Eriko Nashioka and Chieko Minami had been appointed as Audit & Supervisory Board Members of the Company, and all of them attended all Board of Directors meetings held during said period.

## ■ Independence of Directors (as of June 24, 2025)

### Percentage of Non-executive Directors

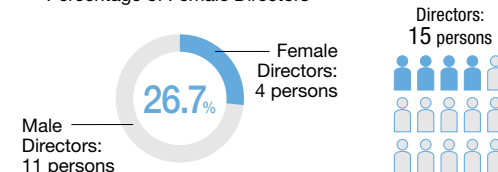


### Percentage of Independent Outside Directors



## ■ Diversity of Directors (as of June 24, 2025)

### Percentage of Female Directors



## ■ Corporate Governance Initiatives

		2020	2021	2022	2023	2024	2025
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)		
Internal control	Corporate committee <sup>2</sup>	Since 2013: indicators: profit attributable to owners of parent				Since 2024: indicators: consolidated EBITDA, consolidated ROE	
		Since 2022: linked remuneration to ESG indicators achievement					Since 2025: linked remuneration to Sustainability indicators achievement
		From 2003: Investment Evaluation Committee					
From 2020: ESG Committee					From 2025: Sustainability Committee		
From 2019: Cyber Security Committee							
Internal control	Corporate committee <sup>2</sup>	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>3</sup> )					
		From 2006: targeting Osaka Gas and domestic affiliates (in 2017: expanded to include overseas affiliates)					
Internal control	Cross-shareholdings	In 2013: established policies regarding cross-shareholdings <sup>4</sup>					

\*1 ESG indicators changed its name to Sustainability indicators on April 1, 2025.

\*2 Established for the purpose of coordinating and promoting matters (important issues for the entire Group) across multiple basic organizations

\*3 Systematized self-assessment of risk management practices (Gas Group Risk Management System)

\*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 FY2025.3, the Advisory Committee on Management held five times, the Advisory Committee on Appointment held four times, and the Advisory Committee on Remuneration held three times. The attendance of chair and committee members and main agenda are shown in the table below.

All committees are chaired by Outside Directors.

### FY2025.3 Results

Name	Composition of each advisory committee and percentage of Outside Directors	Agenda	Issues discussed	Name	Chairperson	Position	Attendance	Attendance rate	Number of the meetings held in FY2025.3
Advisory Committee on Management	<b>(Management)</b> 78% 	Key issues such as medium- to long-term corporate strategy and sustainability	Carbon neutral strategy, technology strategy, human resources strategy, domestic power business strategy, management plan for the next fiscal year, etc.	Tatsuo Kijima	○	Outside Director	5 out of 5 meetings	100%	5 meetings
				Masataka Fujiwara		Representative Director and President	5 out of 5 meetings	100%	
				Ko Sakanashi		Representative Director and Executive Vice President	5 out of 5 meetings	100%	
				Kazutoshi Murao		Outside Director	5 out of 5 meetings	100%	
				Yumiko Sato		Outside Director	5 out of 5 meetings	100%	
				Mikiyo Niizeki		Outside Director	5 out of 5 meetings	100%	
				Eriko Nashioka		Outside Director and Audit and Supervisory Committee Member	5 out of 5 meetings	100%	
				Chieko Minami		Outside Director and Audit and Supervisory Committee Member	5 out of 5 meetings	100%	
				Eimei Kozai		Outside Director and Audit and Supervisory Committee Member	5 out of 5 meetings	100%	
Advisory Committee on Appointment	<b>(Appointment)</b> 80% 	Matters related to the election of candidates for Directors and Audit & Supervisory Board Members, the selection and dismissal of Representative Directors and other Executive Directors, skills matrix, and succession plan, etc.	Revision of the composition of the Board of Directors, the policy for selecting director candidates, etc., the election of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc.	Kazutoshi Murao	○	Outside Director	4 out of 4 meetings	100%	4 meetings
				Masataka Fujiwara		Representative Director and President	4 out of 4 meetings	100%	
				Tatsuo Kijima		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%	
				Yumiko Sato	○	Outside Director	3 out of 3 meetings	100%	
Advisory Committee on Remuneration	<b>(Remuneration)</b> 67% 	Policy on determining remuneration of Directors, calculation method for the portion linked to business performance of the remuneration, payment coefficient, appropriateness of the remuneration levels, etc.	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.	Masataka Fujiwara		Representative Director and President	3 out of 3 meetings	100%	3 meetings
				Takayuki Tasaka		Representative Director and Executive Vice President	2 out of 2 meetings*	100%	
				Kazutoshi Murao		Outside Director	3 out of 3 meetings	100%	
				Tatsuo Kijima		Outside Director	3 out of 3 meetings	100%	
				Mikiyo Niizeki		Outside Director	3 out of 3 meetings	100%	
				Yumiko Sato	○	Outside Director	3 out of 3 meetings	100%	

\* Deliberations, etc. on Directors' remuneration, 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, as part of the 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.

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), and the number of Directors subject to stock-based remuneration is 6. Matters related to monetary compensation were previously determined by the Representative Director and President based on delegation by resolution of the Board of Directors, following deliberation by Advisory Committee on Remuneration. However, with the aim of enhancing objectivity, transparency, and ensuring fairness in the determination of individual compensation for directors, the Remuneration Rules for Directors were revised by a resolution of the Board of Directors in January 2025. Accordingly, such matters are now resolved by the Board of Directors following deliberation by the Advisory Committee on Remuneration.

### Outline of Remuneration

Remuneration items	Fixed/variable	Standard composition*2			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 consolidated EBITDA, consolidated ROE and Sustainability indicators in the Medium-Term Management Plan (indicators: main Sustainability 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>

\*2 Standard applied when performance-linked remuneration targets are fully achieved.

## Details of Activities of the Board of Directors and Advisory Committee in the Process for Determining the Amount of Remuneration, etc., for Officers during FY2025.3.

With regard to matters related to the remuneration for officers, at meetings held in February and May 2024, the Advisory Committee deliberated matters such as the performance-linked remuneration calculation methods, the payment coefficient, the appropriateness of remuneration levels, and the number of shares to be granted as stock-based remuneration. These matters were then decided by the Representative Director and President as mentioned above. Following an Advisory Committee meeting, the Board of Directors adopted a resolution at its March 2025 meeting on the remuneration for officers from April 2025 onwards.

### ■ EBITDA

Term			206th
Fiscal year ended			March 31, 2024
EBITDA	Billion yen	Plan	264.5
		Result	328.1

### ■ ROE for the Last Three Years

Term			204th	205th	206th
Fiscal year ended			March 31, 2022	March 31, 2023	March 31, 2024
ROE	%	Plan	6.6	6.8	8.5
		Result	11.0	4.3	8.9

### ■ Total Amount of Remuneration, etc. by Officer Classification and by Type of Remuneration, etc., and Number of Eligible Officers of Reporting Company

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 Audit and Supervisory Committee Members and Outside Directors)	503	223	159	119	8
Audit and Supervisory Committee Members (excluding Outside Directors)	63	63	—	—	2
Audit & Supervisory Board Members (excluding Outside Members)	16	16	—	—	2
Outside Directors	96	96	—	—	8

Note : The number of persons and amounts include two Directors 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 206th Annual Meeting of Shareholders held on June 27, 2024.  
The company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee on June 27, 2024.

## 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. \*ESG indicators changed its name to Sustainability indicators on April 1, 2025.

The coefficient of Sustainability indicators achievement includes the achievement of the following main Sustainability indicators achievement stated in the Medium-Term Management Plan 2026, and is evaluate based on the achievement status during the implementation period Medium-Term Management Plan 2026 (FY2025.3-FY2027.3).

### ■ Main Sustainability Indicators

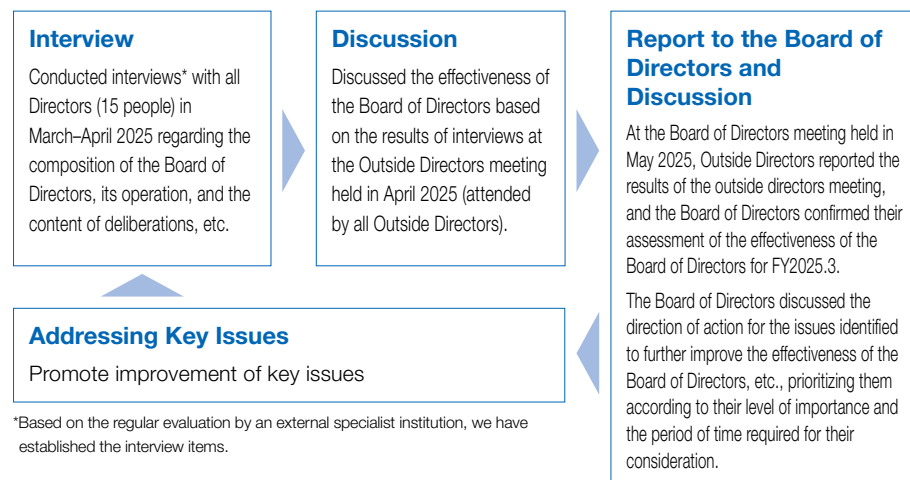
Materiality	ESG indicators	FY2027.3 targets
Provide carbon neutral energy	● Avoided emissions	7 million tons/year
	● Renewable energy development contribution	4 GW
	● CO <sub>2</sub> emissions reduction in the Group company offices and vehicles	67%
Enhance the resilience of customers and society	● Serious 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. The methods and results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2025 are summarized below.

### 1. Method



### 2. Interview Items

- ① Initiatives in response to issues
  - Enhancement of discussions and provision of information on medium- to long-term management issues
  - Expanding opportunities for contact with board candidates and employees at various levels
  - Developing internal executive candidates from a medium- to long-term perspective (especially women and highly specialized personnel)
  - Provide more information on director candidates
- ② Composition and operation of the Board of Directors, etc.
  - 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 Formulation of management policies and strategies, and monitoring and supervisory functions
  - Discussion, planning, and monitoring of management strategies and plans, and status of response to key issues
  - Initiatives to promote management conscious of capital costs and share price performance
  - Content and timing of reporting and provision of information, 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 Directors' meetings and others
  - Themes, number of meetings, time schedule, etc.
- ⑥ Free opinion

### 3. Evaluation Results

The evaluation confirmed that there were no problems with the effectiveness of the FY2025.3 initiatives to address issues identified in FY2024.3, including initiatives associated with the transition to a company with an Audit and Supervisory Committee, and that initiatives are being taken to improve effectiveness.

#### (FY2025.3 initiatives to address issues identified in FY2024.3 and the effect of such initiatives)

- The Advisory Committee on Management addressed important issues such as our carbon neutral strategy, technology strategy, power business strategy, and human resources strategy. The Committee also expanded the provision of information to enhance strategic discussions at Outside Directors meetings. In line with this, the exchange of opinions between Outside Directors and employees at the head of internal organizations and above was enhanced.
- We conducted meetings to exchange opinions with female Outside Directors and female executive employees, etc., with a view to promoting female officers.
- The Advisory Committee on Appointment expanded the provision of information on future candidates for Directors and enhanced discussions on the future shape of the Board of Directors.

#### (Initiatives and effects of the transition to a company with an Audit and Supervisory Committee)

- The company revised the criteria for the agenda of the Board of Directors meetings to delegate all resolutions that can be delegated to Directors, and generally stipulated such delegated items as matters to be reported at the Board of Directors meetings, thereby promoting prompt decision-making while ensuring the monitoring and supervisory functions, and focusing on discussions on management policy and management strategy.
- The number of meetings of the Advisory Committee on Management and meetings of Outside Directors was increased, and discussions on management policies and strategies were strengthened by reporting the results of deliberations of the Advisory Committee on Management to the Board of Directors.
- To enable the Audit and Supervisory Committee to properly exercise its right to express its opinions, The Audit and Supervisory Committee Members attended the Advisory Committee on Appointment and Remuneration and shared details of the deliberations with the Audit and Supervisory Committee.

The Board of Directors discussed the direction of action for the issues identified to further improve the effectiveness of the Board of Directors, prioritizing them according to their level of importance and the period of time required for their consideration. As a result, it recognized the following key issues.

#### (Major issues)

- Further enhance discussions on each strategy and important issues based on the long-term vision
- Strengthen supervision and monitoring functions (expansion of regular reporting and provision of information in a flexible manner)
- Concretize measures to develop internal executive candidates from a medium- to long-term perspective (training and securing human resources, education and training, etc.)

In the future, we will enhance reporting and information sharing on important projects and issues through the Board of Directors, Advisory Committee on Management, and Outside Directors meetings. At the same time, we will continue to provide reports and information that contribute to supervision and monitoring, such as audit reports, risk response status, and investment follow-up. In addition, the Advisory Committee on Management will enhance discussions on the Group's overall and individual strategies based on the medium- to long-term vision. By doing so, we aim to further deepen the discussion of management policies, strategies, and important issues at the Board of Directors meetings. We will also continue to strive to develop and secure the human resources necessary for medium- to long-term growth.

## Audit

The company's Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors. We also established the Audit & Supervisory Committee Office, consisting of five full-time staff outside the chain of command of Executive Directors, to assist the Audit and Supervisory Committee in performing its duties, thereby enhancing the Audit and Supervisory Committee's auditing functions.

### ■ Main Activities of Audit and Supervisory Committee Members

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

The Audit and Supervisory Committee reports and share information on the implementation status of the audit, as well as conducts necessary deliberations and resolutions.

In FY2025.3, 11 Audit and Supervisory Committee meetings were held. The main resolutions of the Audit and Supervisory Committee are as follows.

The deliberations of the Advisory Committee on Appointment and the Advisory Committee on Remuneration are shared and used as a basis for forming opinions on the appointment and remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members).

### ■ Main Resolutions at the Audit and Supervisory Committee Meetings

- Audit plans by the Audit and Supervisory Committee Members
- Report on audits by the Audit and Supervisory Committee
- Selection of full-time Audit and Supervisory Committee Members
- Selection of Appointed Audit and Supervisory Committee Members
- Assignment of duties of each Audit and Supervisory Committee Member
- Evaluation and reappointment/non-reappointment of the accounting auditor
- Approval of remuneration for the accounting auditor

### Periodic rotation of accounting auditor

The company's accounting auditor is KPMG AZSA LLC. To ensure the independence of the accounting auditor, the lead engagement partner may not be involved in the audit for more than five consecutive accounting periods and the other engagement partners may not be involved for more than seven consecutive accounting periods.

The Audit and Supervisory Committee has assessed the accounting auditor's audit activities as appropriate.



## 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 24, 2025, it was reported that the internal control systems were operating in a proper manner.

#### Overview of Operating Status of the Internal Control Systems (FY2025.3)

##### ①Matters 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. We developed and published "Daigas Group Energy Transition 2050" to further clarify the roadmap for energy transition toward achieving carbon neutrality in 2050 and to summarize solutions to associated challenges. Educational materials, including a guide to the Daigas Group Code of Business Conduct, are posted on the intranet at all times to familiarize Directors and employees of the Group with said Code to promote and ensure its understanding.

As a result of an investigation regarding descriptions for the sale of ENE-FARM products, triggered by an internal reporting, we found that there existed representations that were questionable under the Act against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act), so we took measures to prevent recurrence and reported the matter to the Consumer Affairs Agency in March 2025. Osaka Gas Marketing Co., Ltd. and the rest of the Group will further strengthen training and control systems regarding the Premiums and Representations Act.

##### ②Matters concerning risk management, etc.

Organizational heads of the company and presidents of the affiliated companies 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.

The Risk Management Committee meets to identify important risks requiring management involvement, and to review preventive maintenance plans and the status of response to each important risk.

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 the Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the legal separation.

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 regularly inspect and follow up on the

Group's security, and to further strengthen measures against attacks from outside the Group's network.

In preparation for the Expo 2025 Osaka, Kansai, Japan, we established a company-wide liaison system in January 2025, with a focus on contingency preparedness and information sharing, to ensure the reliability of our energy production and supply systems.

\*For more details on BCP exercises, please see the Sustainability Report 2025.

##### ③Matters 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.

##### ④Matters concerning the effectiveness of audits by Audit and Supervisory Committee

Audit and Supervisory Committee Members have periodic exchanges of opinions with the Chairman and Director, the Representative Director and President, and the Accounting Auditor. Partly through the opportunity to exchange opinions with the accounting auditor, Audit and Supervisory Committee evaluates the qualifications, expertise, and independence of the accounting auditor.

Full-time Audit and Supervisory Committee Members attend important meetings such as the Management Meeting, the ESG Council, the Investment Evaluation Committee, and the Risk Management Committee, etc., and read approval documents and other important documents. All Audit and Supervisory Committee Members attend meetings of the Advisory Committee on Management, and Outside Audit and Supervisory Committee Members attend meetings of the Advisory Committee on Appointment and the Advisory Committee on Remuneration. The Audit and Supervisory Committee hears the annual audit plan in advance from the Auditing Department and receives regular reports on individual audit plans and audit results. Through the Board of Directors' resolution on the internal control systems, they also clarify important matters to be reported to Audit and Supervisory Committee Members and disseminate information thereof.

Five assistants to the Audit and Supervisory Committee are in place to engage solely in assisting the Audit and Supervisory Committee 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)

#### 1. Management environment

- 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

#### 2. Human rights, harassment

- Violation of human rights (workers, local residents, consumers, etc.)
- Harassment (sexual harassment, maternity harassment, power harassment)

#### 3. Personnel affairs, labor affairs

- Inappropriate labor management and incompliance with labor-related laws and regulations
- Inappropriate employment contracts with non-regular employees
- Securing human resources
- Developing human resources

#### 4. Accident prevention, workplace safety

- Slack conduct regarding accident prevention and workplace safety
- Vehicles for business use

#### 5. Response to relevant laws

- Violation of applicable laws and regulations

#### 6. Illegal transactions

- Violation of the antitrust act
- Violation of the subcontract act
- Violation of the labeling act

#### 7. Inappropriate relationships

- Cozy relationships, bribery, etc. with public servants; cozy relationships with clients and suppliers

#### 8. Anti-social forces

- Refusal to have a relationship with anti-social forces

#### 9. Insider trading

- Practice of insider trading, provision of insider information

#### 10. Subsidies

- Illegal receipt of public funds (subsidies, etc.)

#### 11. Management of seals

- Illegal use of seals

#### 12. Purchase, expense-related spending

- Inappropriate procedures and illegal practices concerning purchase and expense-related spending (accounting spending)

#### 13. Illegal practices concerning money transfer

- Illegal use of bank accounts
- Embezzlement of cash
- Embezzlement of sales proceeds
- Illegal spending
- The same person taking a spending-related post for a long time

#### 14. Accounting, tax-related procedures

- Errors, illegal practices, and delays concerning accounting and tax-related procedures

#### 15. Credit control, loan control

- Irrecoverable loans, delays in loan collection
- Acceptance and execution of guaranteed debts

#### 16. Scandals involving suppliers

- Compliance problems emerged at corporate clients concerning human rights, labor practices, environment, and corruption

#### 17. Whistle-blowing system (Compliance Desks)

- Insufficient dissemination of a whistleblowing system
- Operational defects of a whistleblowing system

#### 18. Environment-related

- Violation of environment-related laws

#### 19. Products, services

- Quality of products and services (complaints, defects, recall, product liability, consumer protection, etc.)

#### 20. Business continuity in emergency

- Suspension or delay of business activities/operations in an emergency, such as a disaster

#### 21. Intellectual property

- Insufficient protection of intellectual property rights owned by the Group
- Infringement of intellectual property rights owned by third companies

#### 22. Lawsuits

- Legal disputes such as lawsuits

#### 23. Information disclosure

- Inappropriate information disclosure procedures and the subsequent erosion of public trust in the Group

#### 24. Information control in general

- Leakage, loss, and illegal use of information

#### 25. Computer network related (computer networks, business apps related to computer networks, information used via such networks and apps)

- Illegal use of information, illegal alteration of information, and information leakage, all arising from the lack of security measures

#### 26. Personal information concerning customers and corporate clients (including customer information)

- Leakage, loss, and illegal use of personal information concerning customers

#### 27. Personal information concerning employees

- Leakage, loss, and illegal use of personal information concerning employees

#### 28. “My Number” system (individual identification number and specified personal information)

- Leakage, loss, and illegal use of “My Number” identification numbers

#### 29. Funds, derivatives

- Problematic fund management and fund procurement
- Problematic fund control
- Speculative derivative transactions

#### 30. Electronic banking

- Illegal and erroneous money transfers using the electronic banking system



## 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 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 risk management processes with reference to ISO 31000, the international standard for risk management.

### Risk Management System

As the Group's business domains expand, in addition to implementing risk preventive maintenance planning and progress follow-up through corporate committees such as the Sustainability Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee, we have established the Risk Management Committee, a corporate committee that is independent from the Audit and Supervisory Committee. Across the entire company, we manage significant risks that may affect the business performance and financial position of the Group including ESG-related risks such as climate change and human rights.

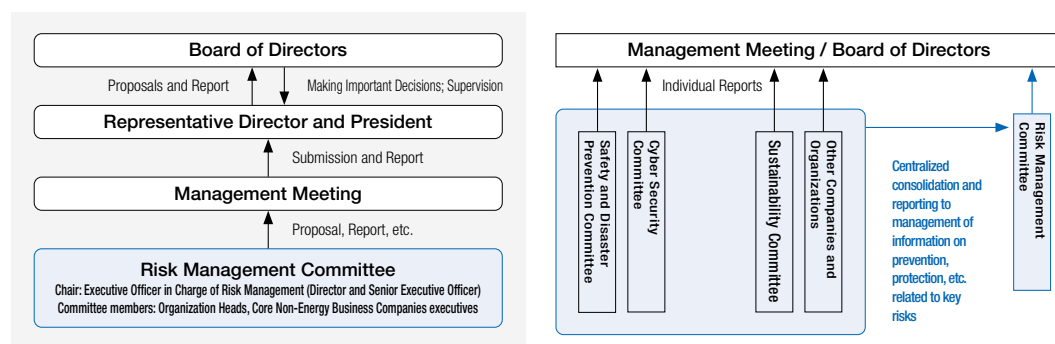
The Risk Management Committee is chaired by the Executive Officer in Charge of Risk Management (Director and Senior Executive Officer), who oversees the Group's risk management, and includes the heads of related organizations as members.

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, and implement efficient and effective risk management.

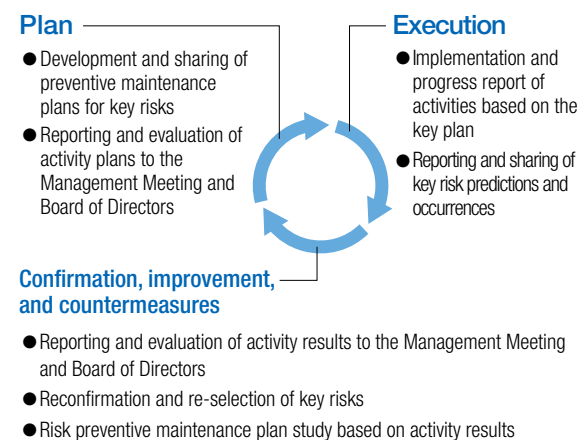
With regard to the risk preventive maintenance activities, the Management Meeting, chaired by the President and Executive Officer, receives reports and holds discussions on selected key risks (see □□ P.78 for details), as well as on preventive maintenance plans and their results. The Board of Directors makes decisions on matters that have a significant impact on management and oversees the risk management process.

In FY2025.3, the Risk Management Committee met three times to identify key risks; formulate, implement, follow up on, and manage the performance of preventive maintenance plans; and share risk-related information. In April 2025, the Board of Directors confirmed that the risk management process, including implementation results, had been properly executed.

### Group-wide Risk Management System



### Group-wide Risk Management Cycle



## Recognition of and Countermeasures against Significant Risks (Business Risks) That May Affect Business Performance and Financial Position

In addition to the measures preparing for the following risks, the 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.

Business Risks		Countermeasures against Risks
①Risks of business strategies	a. 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."
	b. 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.
	c. Changes in international rules, policies, 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, policies, laws and regulations, and institutional systems.
	d. Intensifying competition and the resulting increase in choices available to consumers	With the aim of becoming a company that continues to be the first choice of customers, we are working to increase our market competitiveness in all business segments by increasing added value, reducing raw material costs, developing technologies, and promoting digital transformation.
②Market risks	a. Changes in foreign exchange rates and borrowing rates	We are working to minimize the impact of changes in foreign exchange rates and borrowing rates through hedging and foreign currency procurement, and reducing costs against rising raw material prices and logistics costs.
	b. 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.
	c. 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.
③Procurement risks of raw materials		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.
④Environmental risks, such as responding to climate change		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.
⑤Security risks in information and control systems		We are promoting and monitoring security measures, ensuring dissemination and education of information management, building and upgrading information systems, etc.
⑥Accounting and financial risks		Based on comprehensive management judgments by the Investment Evaluation Committee, including evaluations of projects' economic feasibility and risks, the Board of Directors makes decisions on various types of investments for growth.
⑦Risks related to gas production, power generation, gas supply, and gas consumption equipment and services	a. 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.
	b. Issues related to products such as gas equipment and facilities	We are striving to ensure a stable supply of products, and promoting the use of safe equipment and related inspection and dissemination.
	c. 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.
⑧Risks related to catastrophic disasters, accidents, infectious diseases, etc.		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.
⑨Overseas investments risks		In our international business, 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.
⑩Compliance risks		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.
⑪Human capital risks		We are striving to secure human resources in the face of a declining working population.
⑫Human rights risks		We have positioned respect for human rights in our business activities as a key management issue, and have established the Daigas Group Human Rights Policy based on the United Nations Guiding Principles to ensure its penetration throughout the Group. We are also conducting human rights due diligence in an effort to respect human rights and achieve sustainable growth.