

Corporate Governance as the Foundation for Value Creation

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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 FY2026, we held a series of briefings on our carbon neutral initiatives, as well as guided tours of our methanation demonstration facility at the Expo 2025 Osaka, Kansai, Japan.

Through these activities, Directors engage 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 (domestic and overseas growth drivers, addressing the need for carbon neutrality, etc.)
- Financial strategies (approach to cash allocation, future growth investment strategies, shareholder return approach, etc.)
- Recent results (trends in underlying profit, the performance of each segment, etc.)
- Sustainability initiatives (progress with CO₂ emissions reduction targets, human capital strategy, governance initiatives, etc.)

System of IR Activities

(i) Head of IR

Dialogue with shareholders and investors is overseen by Executive Vice President and CFO (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 FY2026

President and CEO	Annual Meeting of Shareholders, management plan briefings, small meetings with domestic institutional investors, dialogues with overseas institutional investors (8 times)
Executive Vice President and CFO (President of the Corporate Planning HQ)	Annual Meeting of Shareholders, dialogues with overseas institutional investors (14 times)
Outside Director	Small meetings with domestic institutional investors Please see □□ P.43 for details.
Department in charge of IR	Management plan briefings, financial results briefings, business tours, briefings for individual investors, dialogues with investors (approx. 180 times) (dialogues with sell-side analysts (approx. 30 times), dialogues with domestic institutional investors (approx. 75 times), dialogues with overseas institutional investors (approx. 75 times), etc.)
Department in charge of SR	Dialogues with domestic shareholders (15 times)

Main opinions from shareholders and investors and our responses

Opinions received through dialogues	Our responses
While it is acceptable to use funds for share buybacks, it is also important to use these funds for dividend increases.	Raised dividend on equity (DOE) from 3.0% to 3.5% starting from the FY2026 interim dividend, resulting in a dividend increase.
I would like enhanced disclosure to strengthen credibility in achieving the targets of the Medium-Term Management Plan 2026.	Clarified target profit levels required to achieve ROIC and ROE targets. Disclosed factors expected to contribute to profit upside versus initial assumptions.
It is important to ensure more detailed and easy-to-understand descriptions of business strategies.	Provided more specific disclosure regarding market environment assumptions and the Group's strategy for each business.

Dialogue between Outside Directors and Institutional Investors

Through Constructive Dialogue with Investors, We Seek to Achieve Sustainable Growth and Enhance Corporate Value.

As part of its efforts to strengthen governance, the Daigas Group provides opportunities for dialogue between Outside Directors and institutional investors. In March 2026, three Outside Directors engaged in candid discussions with institutional investors on a wide range of topics, including growth strategies, capital efficiency, and the role of an infrastructure company.



Kazutoshi Murao
Outside Director

Appointed as an Outside Director of Osaka Gas in 2019.
• Chairperson of the Advisory Committee on Appointment
• Main areas of expertise: Corporate management, organizational management, risk management, etc.



Yumiko Sato
Outside Director

Appointed as an Outside Director of Osaka Gas in 2021.
• Chairperson of the Advisory Committee on Remuneration
• Main areas of expertise: Sustainability in life and culture, etc.



Chieko Minami
Outside Director serving as an Audit and Supervisory Committee Member

After serving as an Outside Member of the Audit and Supervisory Board in 2023, she was appointed as an Outside Director serving as an Audit and Supervisory Committee Member in 2024.
• Main areas of expertise: Marketing, DX, corporate management, organizational management, etc.

Perspectives as Outside Directors

We support the Group's management by drawing on diverse expertise from outside the Company in areas such as balancing the public interest with growth and promoting diversity.

Q. How do you apply your knowledge and experience to the management of the Daigas Group?

Murao Having been involved in the management of businesses that serve the public interest, such as telecommunications, for many years, I have always focused on how to maintain the right balance in management. On the one hand, we must fulfill our mission as a public-interest business that supports the infrastructure underpinning people's daily lives; on the other, we must achieve sustainable corporate growth. To balance these two objectives, I place particular importance on ensuring that the Daigas Group is steadily implementing strategies from a medium- to long-term perspective, and I

oversee management from an outside perspective.

Sato I spent many years conducting research on everyday life and culture at a private company's research institute, and have also followed social trends over time through my service on national government advisory councils and local government committees. Because I am able to provide an external perspective as an Outside Director, I strive to offer proposals that are not bound by existing frameworks.

I also actively engage in dialogue with employees because I hope that the Daigas Group will become a leader in women's empowerment. The Group has many talented people, and I believe that having diverse values is beneficial to corporate decision-making and growth. I consider this initiative to be one of my important missions.

Minami As an Outside Director serving as an Audit and Supervisory Committee Member, I place particular importance on maintaining my independence while comprehensively assessing risks. Outside Directors serving

on the Audit and Supervisory Committee are often legal or accounting professionals. My own areas of expertise, however, are business administration and marketing. To enhance corporate value, I also pay close attention to whether the Daigas Group's strengths are being fully leveraged and effectively applied to its management.

Optimizing the Business Portfolio

Flexible decision-making based on multiple scenarios and timely optimization of the business portfolio are essential.

Q. As uncertainty continues to grow across society, what advice do you provide on the Group's business strategy?

Murao Navigating the uncertain business environment is indeed a very difficult management challenge. In our pursuit of sustainable growth, we determine our strategies with medium- to long-term scenarios in mind. However, in

times of heightened uncertainty like this, I believe that we need to consider and respond to multiple scenarios rather than relying on a single assumption. The flexibility to review scenarios as circumstances develop is crucial, and the executive team is keenly aware of this. We also appreciate the Group's efforts to review past experiences and challenges and to develop appropriate responses based on them, and as Outside Directors, we will support these discussions.

Q. What do you consider most important when it comes to optimizing the business portfolio?

■ **Minami** In our U.S. operations, we are continuously reviewing our existing businesses as part of our asset-light approach to management, including gradually selling power plants with limited prospects for profitability. I believe these efforts are progressing steadily.

■ **Murao** I believe that the Daigas Group's current business portfolio is well balanced, built around our domestic gas operations and spanning businesses in areas such as electricity, international energy, and real estate. We also evaluate and review our business portfolio every year from the perspective of medium- to long-term growth, and the Board of Directors engages in in-depth discussions on the portfolio.

■ **Sato** While various discussions and reviews are taking place, I sometimes feel that it can take longer than ideal to make decisions on whether to continue or exit individual



businesses. The Daigas Group often develops new businesses from the bottom up, but when it comes to exiting a business, top-down decision-making is often necessary. Finding the right balance is an important issue. Other companies, for example, appear to make faster decisions on exiting businesses through a top-down approach, so I believe this is something we should keep in mind when considering our portfolio, including how to achieve agility.

“ Toward Our Next Stage of Growth

While our domestic operations remain the foundation of the Group, acquiring new customers through our international operations, with appropriate risk management in place, is an essential strategy. ”

Q. How do you define “customers” when discussing the business portfolio? Has the profile of your target customers changed—from households and businesses in the Kansai region, as in the past, to customers across Japan or even around the world?

■ **Murao** As the scope of our businesses has expanded significantly, so too has our customer base—from our gas business in the Kansai region to gas and electricity businesses in Japan, and further to gas and electricity businesses overseas, particularly in the United States and India.

I saw this change firsthand during a recent visit to our gas distribution operations in India. A number of global technology companies are developing data centers, while demand for clean energy is also growing. In other words, through our international expansion, the Group is developing a new customer segment: global companies that place a strong emphasis on environmental value, distinct from our traditional customer base.

As the Group has expanded into businesses such as gas, electricity, and real estate, our customer base has also expanded significantly. In addition, in recent years, we have been expanding our efforts to offer customers solutions for more efficient energy use. The nature of our business has changed dramatically compared with 20 years ago.



■ **Minami** While it is important to recognize that each business serves different customers, I also feel that the Group remains committed to its roots, as reflected in the CEO's statement that “our gas customers are our top priority.” At the same time, considering Japan's demographic trends, there are limits to the growth of domestic demand. To continue growing as a company, I believe that acquiring new customers through international expansion, while maintaining our domestic customer base as our foundation, is a strategy we cannot afford to overlook.

Q. As the share of the Group's international operations has increased in recent years, how do you view the risks associated with international expansion?

■ **Minami** Our U.S. upstream operations and Freeport LNG have been growing steadily and have become reliable contributors to the Group's earnings. However, determining how much risk to take is always an important consideration. The Daigas Group is making cumulative investments for growth of ¥560.0 billion over the period of the Medium-Term Management Plan 2026. I believe this reflects a well-balanced approach to investments for growth in international operations, appropriately managing risks by diversifying them through measures such as participation in consortia.

The LBS segment has relatively low-volatility businesses in Japan, which is a strength that makes it easier for the Group as a whole to pursue international business opportunities. From a marketing perspective, securing upstream interests is important for an energy company.

While the investment is substantial, I believe such involvement is strategically important.



Enhancing Capital Efficiency

While continuing discussions on improving profitability and fulfilling our public interest role, we prioritize an appropriate balance between investments for growth and shareholder returns and oversee efforts to steadily improve ROE.

Q. The Daigas Group's capital and financial strategy has been well received by the equity markets. Its efforts to improve capital efficiency with a target ROE of 8%, raise DOE, and achieve ROE of 10% in the early 2030s appear to put the Group ahead of its peers. As an Outside Director, how are you involved in and overseeing these capital strategies?

Minami While there are various views on share buybacks, I have supported them based on their effectiveness and significance. Capital efficiency is an issue that listed companies cannot avoid addressing, and since the Daigas Group has clearly stated its commitment to improving capital efficiency, I believe it is important to make steady progress in that direction.

Murao The key is to strike an appropriate balance between shareholder returns and investment for growth. When discussing ROE targets such as 8% or 10%, I believe

it is important to first confirm how much investment for growth is being made and whether the scale of that investment is clearly presented in concrete figures. Under the current Medium-Term Plan, investment for growth has increased significantly compared with the previous plan, while shareholder returns have also been strengthened. Considering these factors, I believe the Daigas Group is currently pursuing a balanced approach that takes both growth and shareholder returns into account.

Q. Foreign investors are particularly interested in improving ROIC in the Domestic Energy segment. As an infrastructure company, how do you view the balance between improving profitability and fulfilling our public interest role?

Minami I fully understand investors' view that our domestic energy operations, with a larger asset base than our international energy operations, tend to appear relatively less capital-efficient. On the other hand, given our mission to provide a stable supply of gas and electricity to society, it is true that there are aspects that cannot be evaluated based on profitability alone. Of course, this does not mean that we can leave inefficiencies unaddressed, but realistically, they cannot be improved overnight.

Regarding equity capital, there remains a strong view that the Group should maintain a solid equity base from the perspectives of ensuring a stable energy supply and responding to disasters, and continued discussion is needed to determine the appropriate level. We express our views candidly on these issues through meetings of Outside Directors and the Advisory Committee on Management, and continue to engage in these discussions with a keen awareness of our relationship with the capital markets.

Murao In addressing these issues, we believe there is room to consider options such as utilizing external financing and reviewing our capital structure as needed. Furthermore, the maintenance and renewal of infrastructure cannot be addressed by a single company alone; creative approaches, including the use of public-private partnerships (PPPs) and

other forms of collaboration with external parties, are crucial. For example, in the telecommunications sector, universal service mechanisms have been introduced as a way of supporting infrastructure across society. In the energy sector, it is also necessary to deepen discussions from this perspective. Addressing aging infrastructure is an unavoidable challenge in maintaining Japan's economic foundation, and we intend to continue addressing this issue with a strong sense of urgency.

Advancing Sustainability

It is important to remain committed to initiatives that contribute to global emissions reductions, while keeping the medium- to long-term direction toward carbon neutrality in mind.

Q. As an Outside Director, from what perspective do you encourage discussions on sustainability initiatives and ensure their effectiveness?

Murao While we are seeing changes in various trends at present, carbon neutrality remains an unavoidable challenge that must be addressed globally from a medium- to long-term perspective, and I believe the Group is managing its business with this direction firmly in mind. Although there may be some flexibility in the specific timing and approach depending on technological advancements and developments in international rules, I believe the basic direction will remain unchanged.

Furthermore, from this perspective, I believe the Group's efforts should be evaluated not only on the basis of its own emissions, but also on the extent to which they contribute to reducing emissions on a global scale. Even if the provision of highly efficient energy leads to increased energy use by customers and consequently appears to increase emissions, it is necessary to consider the overall reduction in emissions. It is important to continue advocating this perspective in international rule-making, and I believe the Daigas Group is moving forward without wavering.

Introducing Our Directors

(As of June 23, 2026)

*Please see the [Notice of Convocation of Annual Meeting of Shareholders](#) for career summaries and reasons for appointment.

Internal Directors



Chairman of the Board
Takehiro Honjo
72 years old
17 years in office

Attendance at Board of Directors meetings: 100%



President and CEO
Masataka Fujiwara
68 years old
10 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%



Executive Vice President, CTO
Keiji Takemori
62 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%



Executive Vice President, CFO, CDIO, and CSaO
Ko Sakanashi
58 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%



Executive Vice President
Toshiyuki Imai
60 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%

Outside Directors



Outside Director
Kazutoshi Murao
73 years old
7 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%



Outside Director
Tatsuo Kijima
71 years old
6 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%



Outside Director
Yumiko Sato
74 years old
5 years in office

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 83%
Attendance at Appointment Advisory Committee: 100%
Attendance at Remuneration Advisory Committee: 100%



Outside Director
Mikiyo Niizeki
58 years old
3 years in office

Attendance at Board of Directors meetings: 100%
Attendance at all advisory committees: 100%

Introduction of chief officer system

With the aim of enhancing corporate value over the medium to long term and to address cross-Group management issues, the Company introduced the chief officer system effective April 1, 2026.

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Chief Digital & Information Officer (CDIO)
- Chief Human Resource Officer (CHRO)
- Chief Technology Officer (CTO)
- Chief Risk Officer (CRO)
- Chief Safety Officer (CSaO)
- Chief Sustainability Officer (CSuO)
- Chief Carbon Neutral Officer (CCNO)

Directors Who Are Audit and Supervisory Committee Members



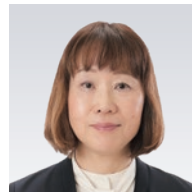
Director, Audit and Supervisory Committee Member (full time)
Fumitoshi Takeguchi
64 years old
5 years in office*

Attendance at Board of Directors meetings: 100%



Outside Director, Audit and Supervisory Committee Member
Eriko Nashioka
59 years old
4 years in office*

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%
Attendance at Appointment Advisory Committee: 100%



Outside Director, Audit and Supervisory Committee Member
Chieko Minami
65 years old
3 years in office*

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%
Attendance at Remuneration Advisory Committee: 100%



Outside Director, Audit and Supervisory Committee Member
Eimei Kozai
68 years old
2 years in office

Attendance at Board of Directors meetings: 100%
Attendance at Management Advisory Committee: 100%

*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 Eriko Nashioka and Chieko Minami include their previous positions (Audit & Supervisory Board Member).

- Member of Management Advisory Committee
- Member of Appointment Advisory Committee
- Member of Remuneration Advisory Committee
- C Chairperson



Views on the Composition of Directors

The key skills of each Director and the definitions of those skills are presented below.

■ Skills Matrix (as of June 23, 2026)

Name	Position	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	Chairman of the Board	●	●				●	●	●	●
Masataka Fujiwara	President and CEO	●	●	●	●	●	●			
Keiji Takemori	Executive Vice President, CTO	●		●		●		●		●
Ko Sakanashi	Executive Vice President , CFO, CDIO, and CSaO	●		●	●		●	●		
Toshiyuki Imai	Executive Vice President		●				●		●	●
Kazutoshi Murao	Outside Director	●			●		●		●	●
Tatsuo Kijima	Outside Director	●					●		●	●
Yumiko Sato	Outside Director						●		●	●
Mikiyo Niizeki	Outside Director	●	●					●		●
Fumitoshi Takeguchi	Director Audit and Supervisory Committee Member						●	●	●	●
Eriko Nashioka	Outside Director Audit and Supervisory Committee Member	●					●	●		●
Chieko Minami	Outside Director Audit and Supervisory Committee Member	●	●		●					●
Eimei Kozai	Outside Director Audit and Supervisory Committee Member	●							●	●

■ Definition of Skills

Corporate Management	Experience and expertise in corporate management and organizational management, and in the formulation and promotion of management strategies
Marketing	Experience and expertise in the formulation and promotion of marketing strategies through an accurate understanding of market trends and consumer needs
Technology / R&D	Experience and expertise in creation of innovations through the promotion and oversight of technological development, R&D, and engineering
DX	Experience and expertise in business reform and DX promotion through the use of digital technologies and data
Global Management	Experience and expertise in the international energy business (resource development, procurement, trading, energy infrastructure, etc.) and other international businesses
Sustainability	Experience and expertise in sustainability management, including Environmental, Social, and Governance matters
Finance/Accounting	Knowledge and expertise in finance and accounting, including the formulation of financial strategies and the creation of a sound financial base
Legal/Risk Management	Experience and expertise in promoting legal and compliance initiatives and in managing diverse business-related risks
Human Resources Development	Experience in acquiring and developing diverse human resources and in organizational development, and expertise in human resource strategies for sustainable growth

Corporate Governance

Basic Views

Guided by our Corporate Principles, the Daigas Group strives to maintain and build trust through dialogue and cooperation with its various stakeholders including shareholders and customers. We continue to enhance and strengthen corporate governance in order to respond quickly and appropriately to changes in the business environment, make transparent, fair, and decisive decisions, and realize efficient and appropriate business execution.

Corporate Governance Framework and Features of the Daigas Group

Separation of supervision and business execution

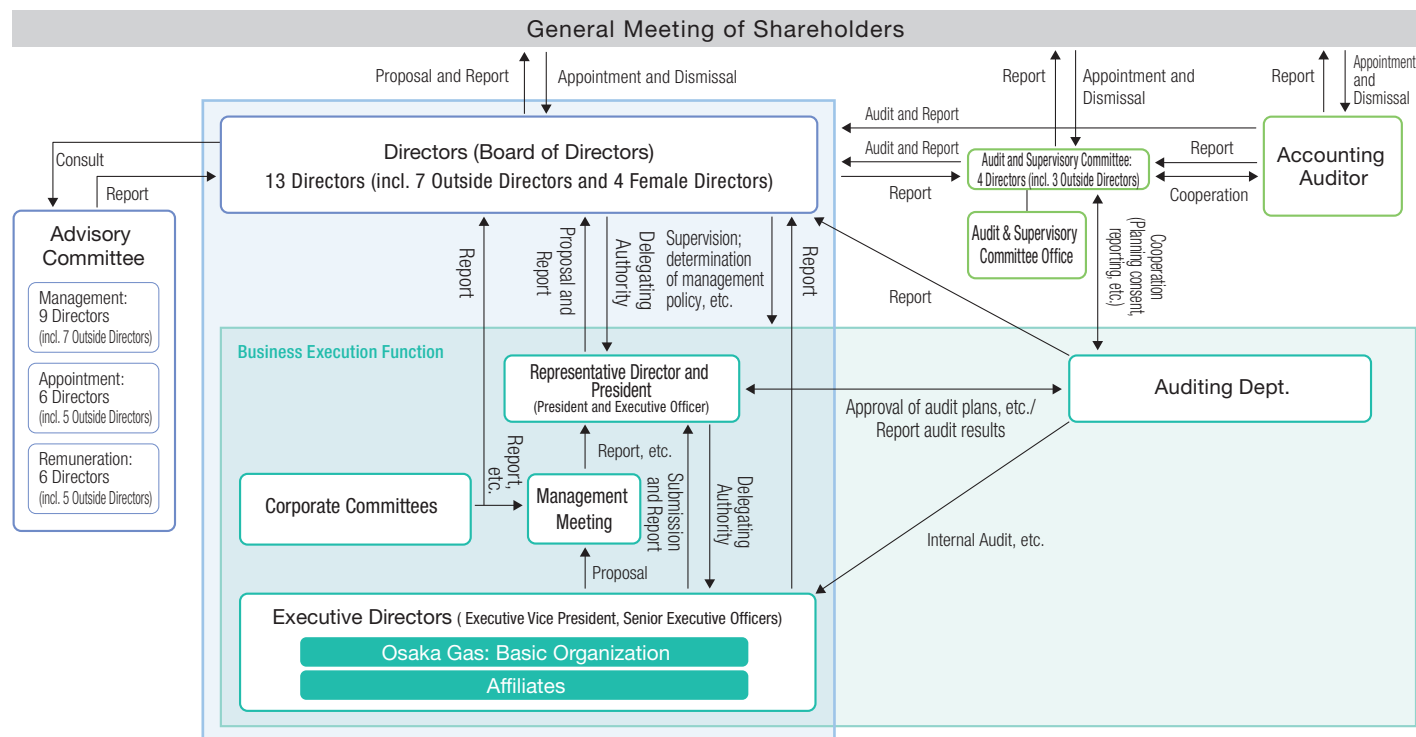
To address the rapidly changing business environment, we have transitioned to a Company with an Audit and Supervisory Committee. This structure enables agile decision-making by delegating business execution authority, while allowing the Board of Directors to focus on enhancing discussions regarding management policies and strategies, thereby strengthening its supervisory function.

Moreover, through the introduction of an executive officer system and a chief officer system, and the establishment of voluntary advisory committees on management, appointment, and remuneration, we are ensuring swift response to environmental changes, transparent and fair decision-making and efficient and appropriate business execution.

Independence and diversity of the Board of Directors

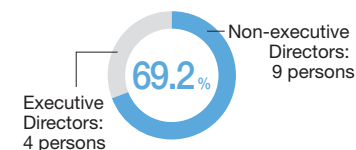
To achieve sustainable growth and enhance medium- to long-term corporate value, Osaka Gas has adopted a basic policy of appointing diverse talent as Directors, taking into full consideration their knowledge, experiences, abilities, and character, regardless of gender, nationality, career background, or age. Since June 2026, independent Outside Directors have made up the majority of the Board of Directors, while the ratio of female directors has risen to 30.8%. As a result, we have ensured both the independence and diversity of the Board of Directors and further strengthened its oversight of management.

■ Corporate Governance System (as of June 23, 2026)

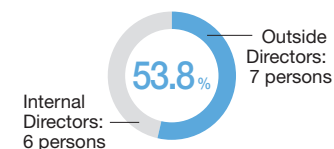


■ Independence of Directors (as of June 23, 2026)

Percentage of Non-executive Directors

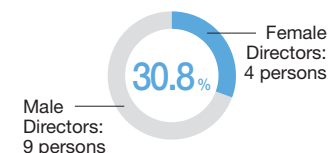


Percentage of Independent Outside Directors



■ Diversity of Directors (as of June 23, 2026)

Percentage of Female Directors



Activities of the Board of Directors and Advisory Committees

Operational Status of the Board of Directors (FY2026 Results)

The Board of Directors discusses management policies and strategies to ensure prompt and accurate decision-making and enhance supervisory functions.

We ensure thorough discussions, exchange of opinions, and sharing of information regarding important management policies and individual business strategies through advisory committees, the majority of whose members are Outside Directors, and Outside Directors' meetings and others. Through enhancement of these pre-meeting discussions and information sharing opportunities, on the day of Board of Directors meetings, we balance efficient and effective decision-making focused on key matters with appropriate supervision.

In the current fiscal year, in principle we held one Board of Directors meeting each month, and all Directors attended all meetings.

Meetings held	Topics	Main Topics Discussed
13	Corporate governance	Important personnel and remuneration matters, report on evaluation of the effectiveness of the Board of Directors, matters related to the Annual Meeting of Shareholders
	Company-wide strategies	Group business plan, capital policy, sustainability-related reports
	Monitoring of execution	Report on important investments and contracts, report on execution of duties, report on personnel measures, report on initiatives in each business department, financial results report
	Risk management	Report on internal controls, Risk Management Committee report, audit report, derivative performance report

Activities of Advisory Committees (FY2026)

We have established three voluntary advisory committees (management, appointment, and remuneration) to ensure objectivity and transparency in decision-making processes, and to facilitate discussions on key medium- to long-term issues and the enhancement of supervisory functions. All committees are chaired by Outside Directors.

Name	Meetings held	Issues discussed
Advisory Committee on Management	6	Exchange of opinions on overseas business strategies, marketer business strategies, LBS business strategies, and next fiscal year management plans, and discussions on future policies
Advisory Committee on Appointment	4	Discussions on the composition of the Board of Directors, election of candidates for Directors, the selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc.
Advisory Committee on Remuneration	3	Discussions on the determination of monthly monetary remuneration of Directors, appropriateness of the remuneration levels, and determination of payment coefficient for the portion linked to business performance, etc.

Training Policy for Directors and Succession Plan

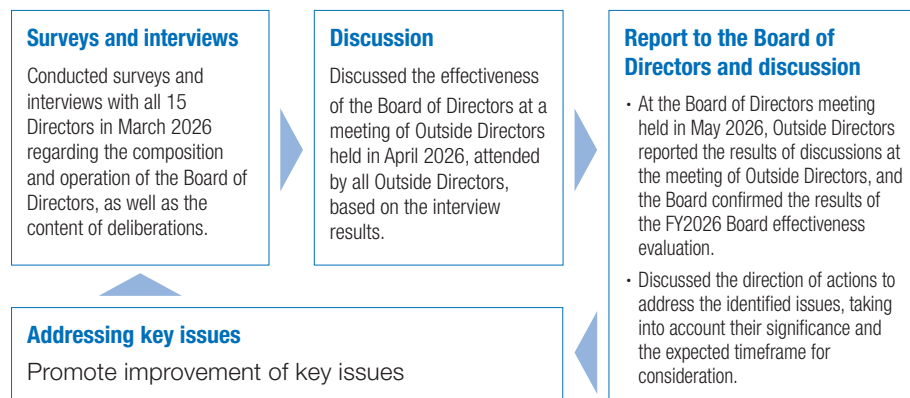
When appointed, the Company provides Internal Directors an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected of a Director. Subsequently, the Company regularly provides opportunities internally or externally for Directors to receive 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, the Company develops personnel capable of overseeing 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.

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

The Board of Directors annually analyzes and evaluates the effectiveness of the Board and its Advisory Committee based on interviews conducted by the Board Secretariat with each Director. A summary of the methodology and results of the FY2026 Board effectiveness evaluation is presented below.

1. Method



2. Interview Questions

Based on regular evaluation by an external expert organization, we established the interview questions. From this fiscal year, in addition to conventional risk oversight, we added questions regarding the Board's effectiveness in promoting appropriate risk-taking, areas for improvement in Secretariat functions, and self-assessments by individual Directors.

- | | |
|---|---|
| ① Initiatives in FY2026 to address issues identified in FY2025 | and management policies with due consideration of capital costs and stock price performance, etc.) |
| ② Composition of the Board of Directors (its composition and diversity to support the achievement of the long-term management vision and medium-term management plan, etc.) | ⑤ Operation of the Board of Directors (information sharing and support systems provided by the secretariat) |
| ③ Monitoring and oversight functions (monitoring risks associated with key strategies and the execution of initiatives with significant impacts on management, etc.) | ⑥ Advisory Committees (themes, frequency and duration of meetings, content of deliberations, etc.) |
| ④ Formulation of management policies and strategies (discussions on key strategies | ⑦ Others (opportunities for information sharing such as site visits, Directors' contributions to discussions, etc.) |

3. Evaluation Results

Regarding the initiatives undertaken in FY2026 to enhance the effectiveness of the Board of Directors in response to issues identified in FY2025, we confirmed that these initiatives were implemented appropriately and that the effectiveness of the Board of Directors was ensured.

(FY2026 initiatives and outcomes to address issues identified in FY2025)

- The Advisory Committee on Appointment elected Directors and Executive Officers in line with our vision for the Board of Directors.
- We advanced the appointment and recruitment of professionals with expertise in areas such as international business and risk management, etc. To support the appointment of female Directors, we held discussions among female Outside Directors, female executives from other companies, and female managerial employees.
- We strengthened our monitoring functions by ensuring the timely reporting of matters with a significant impact on management, and enhancing reporting on risk responses and key matters through meetings of Outside Directors.
- We provided information on the status of our financial strategies and ROIC management in each business. Moreover, the Advisory Committee on Management deepened strategic discussions by reviewing key business strategies, including those for the international, marketer, and LBS businesses. In addition, it identified key themes and developed a schedule in preparation for the next medium-term management plan.
- We expanded opportunities for communication with employees and deepened understanding of the business through site visits and seminars, including career development seminars.
- We disclosed our initiatives and effects of the transition to a company with an Audit and Supervisory Committee.

On the other hand, we identified additional challenges ahead of further enhancements, and discussed the direction of our future response in line with level of importance and review periods to further improve the effectiveness of the Board of Directors in the future. As a result, it recognized the following issues.

(Major issues)

- Secure key specialized and diverse talent for medium-to long-term strategies, in light of the new structure of the Board of Directors
- Enhance supervision and monitoring functions (continuation of prompt initial reporting, enhancement of information provision including international affairs, etc.)
- Deepen medium- to long-term strategic discussions (discussions on key issues toward formulating the next medium-term management plan)
- Create an environment to enhance the quality of deliberations at the Board of Directors and other meetings (enhancement of individual information, site visits, etc.)

In the future, we will enhance the provision of information to Directors through the Board of Directors, the Advisory Committee on Management, and Outside Directors meetings, and repeatedly discuss the overall Group strategy based on the long-term vision. Through a series of these initiatives, we aim to further improve the effectiveness of the Board of Directors in both discussions on management policies, management strategies, and key issues, as well as its monitoring and supervisory functions. Moreover, we will continue to strive to develop and secure the human resources necessary for medium- to long-term growth by re-organizing the skills required of Directors and promoting succession plans.

In addition, starting this fiscal year, the Audit and Supervisory Committee has also evaluated its effectiveness through surveys and interviews with the Audit and Supervisory Committee Members, and we have confirmed that the Audit and Supervisory Committee as a whole has been functioning effectively.

Officer Remuneration System

Director remuneration is designed to incentivize Directors to achieve sustainable growth and enhance corporate value over the medium to long term. In line with the roles and responsibilities of each position, we have established an optimal remuneration system and composition while ensuring objectivity and transparency in the decision-making process. It shall be determined by the resolution of the Board of Directors within the total amount of remuneration approved at the Annual Meeting of Shareholders, after deliberation at a voluntary Remuneration Advisory Committee comprising a majority of the Outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.

Executive Directors

To boost motivation to achieve sustainable growth and enhance corporate value over the medium to long term, we have set the target composition of basic remuneration, performance-linked remuneration, and stock-based remuneration as 4:4:2.

By adopting a remuneration structure that is linked not only to single-year performance but also more closely to medium- to long-term corporate value enhancement, we provide a strong incentive for sustainable growth.

Basic remuneration (Fixed) 40%	Performance-linked remuneration (Short-term incentive) 40%	Stock-based remuneration (Mid- to long-term incentive) 20%
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■ Basic remuneration (monetary and a monthly basis) ■ Performance-linked remuneration (monetary and a monthly basis)
■ Stock-based remuneration (restricted stock)

Director, Chairman of the Board

To clearly separate execution and supervision, remuneration comprises basic remuneration as fixed remuneration (approximately 80%) and stock-based remuneration (approximately 20%).

Outside Directors and Directors who are Audit and Supervisory Committee Members

To ensure objective supervision and auditing from a perspective independent of business execution, remuneration consists solely of fixed basic remuneration (100%) and is not linked to performance.

Remuneration Limits (Approved at the Annual Meeting of Shareholders)

To ensure objectivity and transparency, each type of remuneration is paid within the maximum limits shown below, as approved at the Annual Meeting of Shareholders.

Payees	Approved scope
Directors (excluding Audit and Supervisory Committee Members)	Monetary remuneration (including Outside Directors) : Up to 57 million yen per month Stock-based remuneration (excluding Outside Directors) : Up to 144 million yen per year (equates to 12 million yen per month) / Total number of shares: Up to 96,000 per year
Directors who are Audit and Supervisory Committee Members	Monetary remuneration (fixed remuneration only): Up to 14 million yen per month (comprises only fixed remuneration to ensure independence, with the amount determined through discussions.)

Performance-linked Remuneration Indicators (Short-term Incentive)

To enhance corporate value over the short, medium, and long term, we have adopted the core performance indicators from the Medium-Term Management Plan.

Single-year consolidated EBITDA Measure the Group's basic single-year earnings capacity	+	ROE for the last three years Measure sustainable improvements to capital efficiency	+	Sustainability indicators Measure level of achievement of Medium-Term Management Plan (FY2025–2027)
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Main Sustainability Indicators Used for Assessment

Materiality	Sustainability indicators	FY2027 targets
Provide carbon neutral energy	● Avoided emissions	7 million tons/year
	● Renewable energy development contribution	4 GW
	● CO ₂ emissions reduction in the Group company offices and vehicles	67%
Enhance the resilience of customers and society	● Number of 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 an environment that enhances value for employees and the Company	● 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

Stock-based Remuneration and Governance Framework (Medium- to Long-term Incentive)

Restricted stock is granted with transfer restrictions until retirement to encourage medium- to long-term corporate value enhancement and further align interests with shareholders.

Restricted transfer period

Transfer or other disposal of shares is prohibited from the date the shares are granted to the date of the Director's retirement.

Malus and clawback provisions

As a set of strict provisions to support sound risk-taking, the Company will acquire all or part of the restricted stock granted to eligible Directors without consideration in the event of misconduct or other circumstances.

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. Against this backdrop, as the Daigas Group develops and expands its businesses across various regions, the importance of risk management is increasing.

The Group recognizes the importance of risk management and has established basic guidelines for risk-related actions, in its Group regulations. Referring to ISO 31000, the international standard for risk management, the Group promotes its risk management processes.

Risk Management System

As the Group's business domains expand, in addition to developing proactive risk management plans and monitoring their progress by company-wide 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 company-wide committee independent of 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 Chief Risk Officer (CRO) (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 proactive risk management plans and results for key risks, and implement efficient and effective risk management.

With regard to the proactive risk management activities, the Management Meeting, chaired by the President and Executive Officer, receives reports and holds discussions on selected key risks (see [P.53](#) for details), as well as on proactive risk management plans and results. The Board of Directors makes decisions on matters that have a significant impact on management and oversees the risk management process.

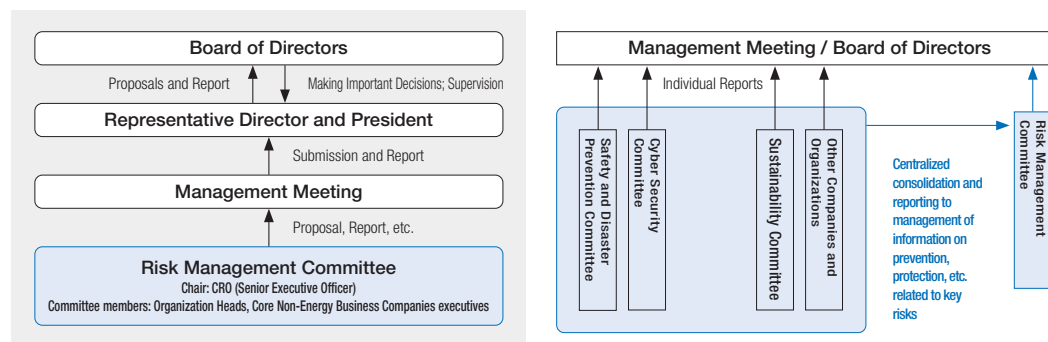
In FY2026, the Risk Management Committee met twice to identify key risks; formulate, implement, follow up on, and manage the performance of proactive risk management plans; and share risk-related information. In April 2026, the Board of Directors confirmed that the risk management process, including implementation results, had been properly executed.

*With the aim of enhancing corporate value over the medium to long term and to address cross-Group management issues, the Company introduced the chief officer system effective April 1, 2026.

■ Main Activities and Achievements of the Risk Management Committee in FY2026

Main activities	• Hosting of Risk Management Committee meetings (twice) • Selection of key risks; formulation, execution, and follow up of proactive risk management plans; performance management; sharing of risk-related information, etc.
Improvements/new activities	• Update of information-sharing rules upon initial response in the event that a significant risk materializes • Identification of potential risks through interviews with all Risk Management Committee members • Creation of report on geopolitical risks and other external changes, and rapid information-sharing in line with company-wide BCP • Analysis and sharing of risk cases from other companies, and proposals for new methods to gain new risk perspectives and detect early warning signs

■ 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 through our own power sources, procurement contracts with other companies, and purchases from the Japan Electric Power Exchange and other markets, while mitigating the impact on earnings through hedging.
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, providing thorough information-management awareness and training, building and upgrading information systems, and formulating business continuity plans for cyber incidents.
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 amid a declining working population and increasing labor market mobility.
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.

Initiatives for Compliance

The Group's view on compliance is that it is not only about observing laws and regulations but also entails sensible corporate activities based on sound ethics. Recognizing that to maintain trust of stakeholders, it is essential to ensure that officers and employees put compliance into practice, we are continually conducting training sessions and employee surveys to raise awareness.

Strengthening of Governance to Improve Management Foundation Following Compliance Violation

We received guidance from the Consumer Affairs Agency in December 2025 to prevent any similar representations that were questionable under the Act against Unjustifiable Premiums and Misleading Representations regarding the sale of ENE-FARM products.

We take this matter very seriously as an important governance issue. To ensure the soundness of our management foundation, which is our materiality, we will again ensure thorough Group-wide inspections and training for the Premiums and Representations Act, enhance our compliance education, and review our governance framework and organizational communication.

Moving forward, we will work as a Group to ensure fair and transparent business management, strive to appropriately respond to social changes, and continue to work thoroughly to prevent recurrence and restore society's trust.

Sustainability Management

Sustainability Promotion System and Governance

The Daigas Group has a Sustainability Committee, chaired by the Chief Sustainability Officer (CSuO)* (Senior Executive Officer), who supervises the Group's sustainability activities. This committee, whose members include the heads of related organizations, coordinates and promotes sustainability activities in a cross-organizational manner. The setting of key issues (materiality), indicators and targets for Sustainability management, the status of achievement, and other matters are submitted to and deliberated at the Sustainability Council. The Board of Directors is then consulted on important matters related to sustainability activities and is responsible for decision-making and supervision.

The Group has also established the Environment Subcommittee, Social Contribution Subcommittee, and Compliance/Risk Management Subcommittee, and works closely with the subcommittees in promoting sustainability activities.

* With the aim of enhancing corporate value over the medium to long term and to address cross-Group management issues, the Company introduced the chief officer system effective April 1, 2026.

■ Sustainability Promotion System (As of April 1, 2026)



Main Topics for Sustainability at the FY2026 Board of Directors Meetings

- May 2025: Performance report for FY2025 sustainability indicators and human rights due diligence report
- Nov 2025: First-half performance report for FY2026 sustainability indicators
- Mar 2026: Performance forecast report for FY2026 sustainability indicators, and sustainability indicator targets and sustainability management plans for FY2027

KPI Performance Evaluation Processes

Outcomes of the initiatives related to sustainability indicators are reported and followed up on three times a year at each meeting within the sustainability promotion system, and are evaluated and supervised by the Board of Directors. For initiatives that are progressing smoothly, the Board discusses whether the medium- to long-term targets remain appropriate. In addition, regarding indicators whose targets are difficult to achieve, discussions are held on causes and solutions. These evaluation processes are used to improve initiatives and review plans for each business related to materiality. Furthermore, with regard to the achievement of sustainability indicators, these are reflected in the assessment of Directors' performance-related remuneration following deliberations by the Remuneration Advisory Committee, which is chaired by an Outside Director and comprises a majority of Outside Directors.

* For details of performance-related remuneration assessment criteria, please refer to [□ P.51](#)

For details of sustainability activities including disclosures based on the TCFD/TNFD recommendations, please refer to [□ the Sustainability Report](#) (scheduled for publication in September 2026)