

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

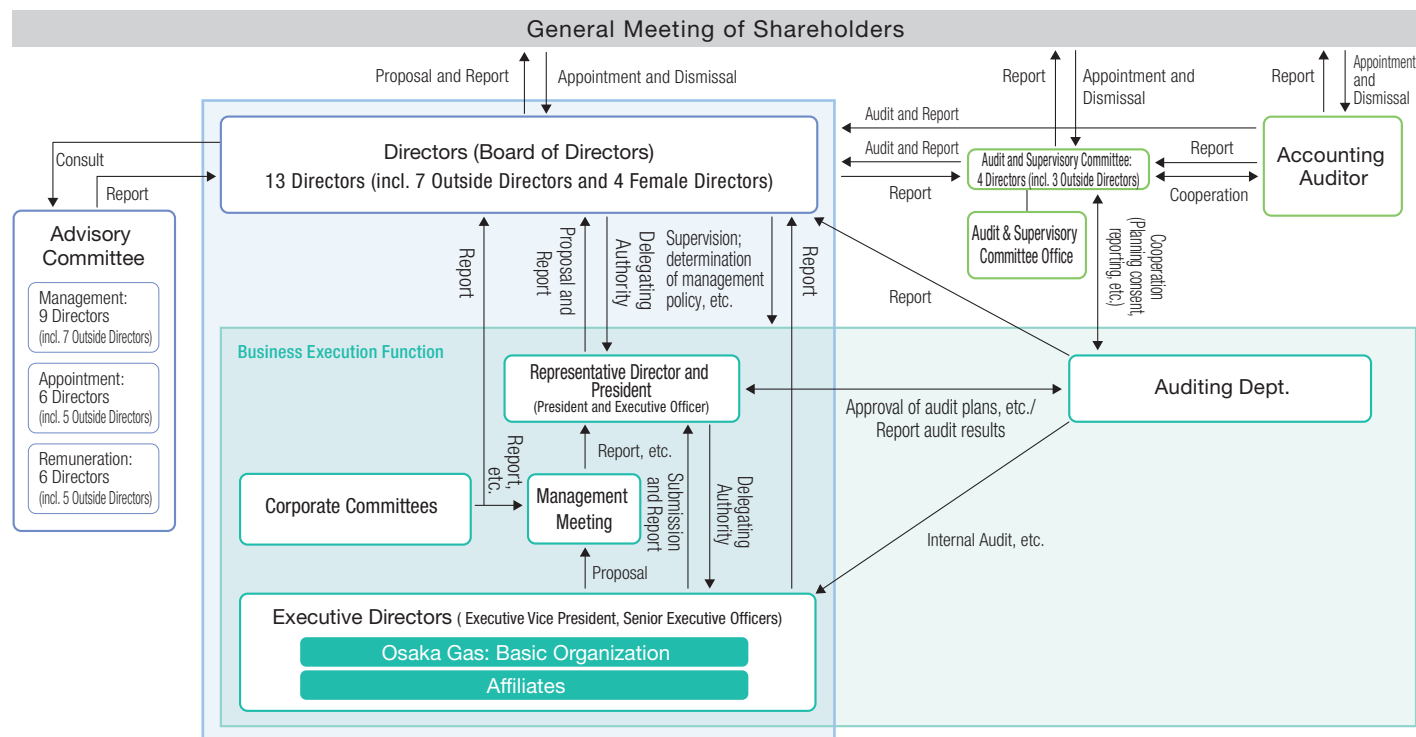
To address the rapidly changing business environment, we have transitioned to a Company with an Audit and Supervisory Committee. This structure enables agile decision-making by delegating business execution authority, while allowing the Board of Directors to focus on enhancing discussions regarding management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

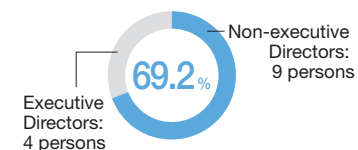
To achieve sustainable growth and enhance medium- to long-term corporate value, Osaka Gas has adopted a basic policy of appointing diverse talent as Directors, taking into full consideration their knowledge, experiences, abilities, and character, regardless of gender, nationality, career background, 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)

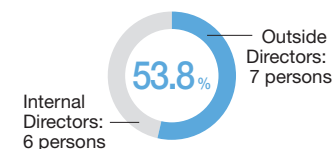


■ Independence of Directors (as of June 23, 2026)

Percentage of Non-executive Directors

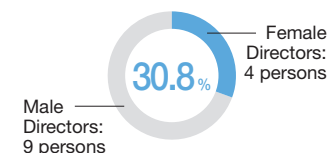


Percentage of Independent Outside Directors



■ 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

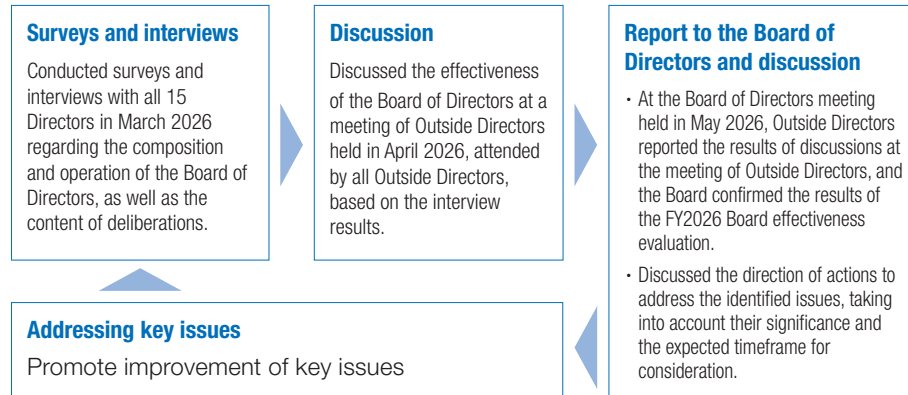
When appointed, the Company provides Internal Directors an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected of a Director. Subsequently, the Company regularly provides opportunities internally or externally for Directors to receive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

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| 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.

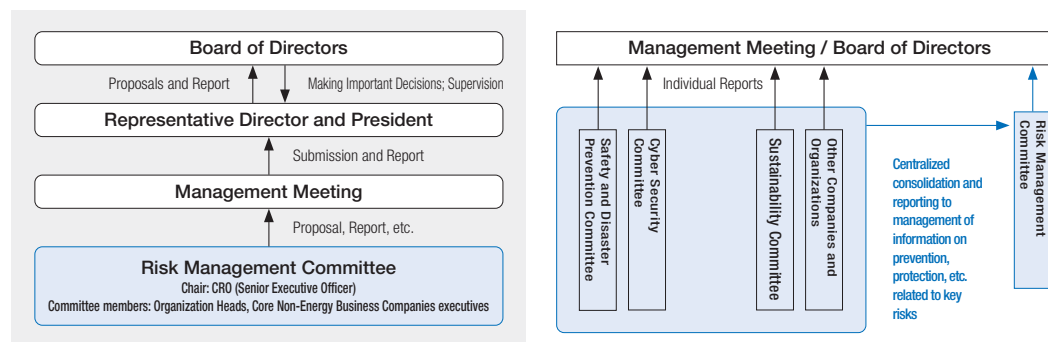
In FY2026, the Risk Management Committee met twice to identify key risks; formulate, implement, follow up on, and manage the performance of proactive risk management plans; and share risk-related information. In April 2026, the Board of Directors confirmed that the risk management process, including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

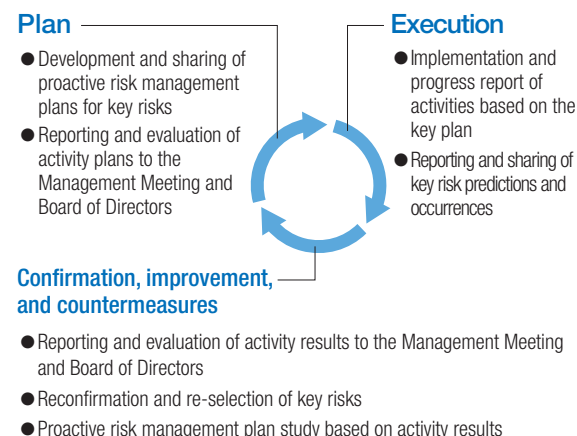
■ Main Activities and Achievements of the Risk Management Committee in FY2026

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 \(scheduled for publication in September 2026\)](#)