

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)