

# Evaluation of Sustainability Management

## Outline of Objectives and Activities Conducted

As a third party that has no business relationships with the Daigas Group, we would like to express our opinions to enhance the reliability of the Daigas Group Integrated Report 2021 by evaluating sustainability management described in the report, excluding numerical information on the environment. We interviewed Takeshi Matsui, Representative Director, Executive Vice President and Head of ESG Promotion, and asked questions to the person in charge at the head office about the sustainability management activities of the Daigas Group.

## Evaluation

The integrated report that Daigas Group introduced this year enables a better understanding of the connection between the Group's sustainability activities and its management strategies. The Daigas Group has clearly demonstrated in its value creation process that its existence as a corporate group contributes to society by creating the four values that it has been advocating. Furthermore, the Group has positioned the value co-created by the Group and society as "Value for a Sustainable Future" and presented its three key initiatives including "Achieving a low carbon / carbon neutral society", "Establishing lifestyles and businesses adjusted to the new normal" and "Enhancing the resilience of customers and society", which can be highly evaluated as showing value creation closely linked to social issues.

In particular, "Achieving a low carbon / carbon neutral society", which the Group has positioned as the first of its key initiatives for creating value for a sustainable future, is a globally urgent issue for an energy company. We can observe that the Group has been considering solutions for the transition from low carbon to decarbonization through various approaches, including combining renewable energy, development of technologies such as the decarbonization of natural gas itself, methanation and CCUS. As the global situation surrounding decarbonization is unpredictable for the Daigas Group, it can be understood that this kind of strategic response is becoming increasingly important. Along with decarbonization, energy companies are expected to provide a stable supply of gas and electricity. Local consumption of locally generated

energy is an issue of extreme importance from the perspective of not only energy efficiency but also regional vitalization and risk avoidance during a disaster. We expect the Daigas Group, a corporate group that has contributed to the local community for over a hundred years, to proactively tackle this issue by making the most of its accumulated know-how.

In addition to "Value for a Sustainable Future", the Group has also identified "Enhancing business portfolio management," "Promoting business transformation with DX" and "Maximizing value for each employee" as ways to "evolve the corporate group", which demonstrates a good integration of sustainability and management strategies. In particular, we believe that "Maximizing value for each employee" will be the key that connects sustainability strategies and business strategies. Organizations/Companies undertake missions, while individuals have purposes. As it is the employees that will co-create the Daigas Group's values, including "Value for a Sustainable Future", together with society, we believe that increasing the value of employees will become a crucial issue.

With the integrated report and the interviews, we have understood that the Daigas Group's value creation model comprises an unchanging and fundamental corporate philosophy, flexible activities that achieve the philosophy and create value for society, and employees who act autonomously with a sense of purpose. We expect the Daigas Group to utilize its integrated report and sustainability website to co-create value with a greater number of stakeholders.

July 26, 2021

Institute of Environmental Management Accounting (IMEA)

**Katsuhiko Kokubu,**

Director of IMEA; Professor, Graduate School of Business Administration, Kobe University

**Eriko Nashioka,**

Representative Director of IMEA; CPA and CTA