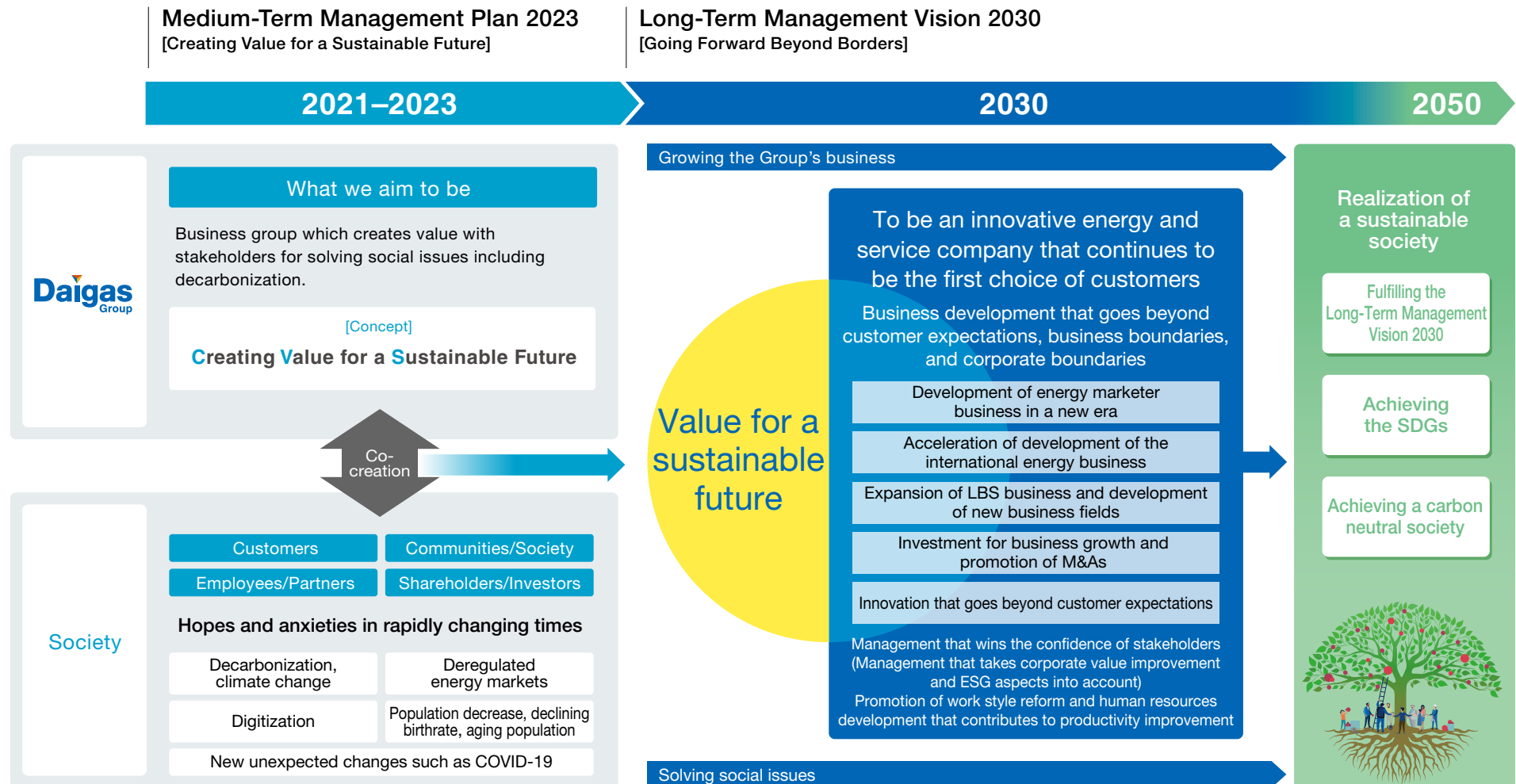


Medium-Term Management Plan 2023 and Sustainability

In 2017, the Daigas Group formulated a Long-Term Management Vision that looks toward FY2031.3, aiming to be “an innovative energy and service company that continues to be the first choice of customers” and achieve carbon neutrality by 2050.

In our Medium-Term Management Plan 2023, “Creating Value for a Sustainable Future,” announced in 2021, we have adopted a backcasting approach from our long-term vision in formulating our plan. Our aim is to create “value for a sustainable future” together with our stakeholders and continue to grow as a corporate group that creates value that contributes to solving social issues, with the goal of achieving a sustainable society.



In formulating the Medium-Term Management Plan 2023 (Plan 2023), in addition to introducing ROIC as a management indicator, we newly identified important aspects (materiality) for the acceleration of ESG management and set each indicator. Please refer to P.20-21 for the results of the key performance indicators related to materiality.

■ Medium- to Long-term Management Indicators

		FY2024.3 Targets	FY2031.3 Targets	FY2051.3 Targets	
Profitability indicators	ROIC*1	Nearly 5%	Nearly 7%*2		
Financial soundness indicators	Debt equity ratio	Nearly 0.7%			
	Shareholders' equity ratio	Nearly 50%			
Shareholder returns	Payout ratio	30% or higher			
Investment for growth		500.0 billion yen*3	1,450.0 billion yen*4		
	Domestic Energy	174.0 billion yen*3	520.0 billion yen*4		
	International Energy	168.0 billion yen*3	550.0 billion yen*4		
	Life & Business Solutions Business	158.0 billion yen*3	380.0 billion yen*4		
Investment for quality improvement		237.0 billion yen*3	550.0 billion yen*4		
Materiality key performance indicators (KPI)	Establishing lifestyles and businesses adjusted to the new normal	Number of customer accounts		10 million or more	
		Customer satisfaction rate	90%		
	Enhancing resilience of customers and society	Number of serious accidents	Continued zero serious accidents		
		Build resilient energy supply facilities	Implementation of measures for disaster prevention and aging pipes*2		
	Achieving a low-carbon/carbon-neutral society	CO ₂ emissions of Daigas Group	27.02 million tons*5 (5 million tons reduction from FY2018.3)		
		Percentage of renewables in our power generation portfolio in Japan		Nearly 50%*2	Carbon Neutral
		Contribution to developing renewables capacity on a global basis	2.5 GW	5.0 GW*2	
		Avoided emissions (Baseline: FY2017.3)		10 million tons*2	
	Building foundations that support the realization of value for a sustainable future	Number of our participation in local governments' activities	14 cases		
		Number of joint efforts with local communities	170 times		
		Appropriate new supplier ratio	100%		
		Number of serious violations of laws and regulations	Continued zero serious violations		
		Employee attitude survey	Maintained and improved employee engagement*2		
		Annual average hours of training per employee	Development of human resource and work environment improvement*2		
		Percentage of female officers/Percentage of female Directors*6		20% or more*2	
Percentage of women in members newly promoted to middle management positions			30% or more*2		
Percentage of women in new recruits for career-track positions			Continue 30% or more*2		

Striving to achieve carbon neutrality by 2050

In light of the growing demands of society for responses to climate change, the Daigas Group aims to become carbon neutral by 2050. We plan to reach the goal through decarbonization of our gas and electricity by introducing methanation technology, which uses hydrogen generated by renewable energy, and by increasing the share of renewables in our power generation portfolio. Further, we announced our “Carbon Neutral Vision” in January 2021 to indicate our efforts to achieve this goal.

Under that Vision, we released “Energy Transition 2030 (ET2030),” which outlines the overall path toward a low-carbon/decarbonized energy transition, in March 2023. In ET2030, we declared new CO₂ emissions reduction targets for FY2031.3 for the Group.

Please refer to P.39-40 for details of “Energy Transition 2030.”

1 NOPAT (Ordinary profit + Interest expenses - Interest income - Income taxes) / Invested capital
 *Invested capital= (Business unit) Working capital + Non-current assets
 (Group-wide) Interest-bearing debts + Shareholders' equity (average of the beginning and the end of each fiscal year)
 Interest-bearing debts excludes risk-free leased liabilities to us.

*2 Targets for FY2031.3 newly set in the Medium-Term Management Plan 2023
 *3 FY2024.3 targets are cumulative for FY2022.3 - FY2024.3.
 *4 FY2031.3 targets are cumulative for FY2018.3 - FY2031.3.
 *5 Emissions throughout the domestic supply chain (scope 1, 2 & 3). Target newly set in March 2023
 *6 Target for percentage of female Directors newly set in March 2023