

# Governance

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# Corporate Governance

## Summary

### Basic approach

For its business activities, the commitment of the Daigas Group is to place the highest priority on creating value for customers, and the Group aims to expand it to creating value for society, for shareholders, and for employees. We believe that our social responsibility is fulfilled by creating the four types of value for all these stakeholders through fair and transparent business activities. To appropriately respond to the exercise of shareholder rights and improve our own value, we believe that it is important to have a system for appropriately operating and developing the business based on relationships of trust between its stakeholders and the Group through dialogue and collaboration.

The Daigas Group Code of Business Conduct was established as a specific code of conduct to be followed by our officers and employees. We follow the code, viewing it as widely governing common sense corporate behavior based on sound ethics as well as laws and regulations. The Group's officers and employees act appropriately in accordance with the code when performing their duties.

We positioned compliance as one of our material issues in the Medium-Term Management Plan 2023. In the Medium-Term Management Plan 2026, we have positioned maintaining and improving the soundness and flexibility of management foundation as one of our material issues to accelerate initiatives.

Theme	Items to be addressed	Specific initiatives				
<b>Corporate governance</b> → P.118	<ul style="list-style-type: none"> <li>Separation of business execution from supervision</li> <li>Ensuring diversity (The percentage of women among executives/directors has been adopted as KPIs based on materiality. For detailed information, please see <a href="#">P.019</a>.)</li> <li>Remuneration linked with sustainable growth</li> <li>Internal control</li> </ul>	<b>Policy and promotion system</b> Based on corporate principles, we will respond appropriately to the exercise of shareholder rights and strive to maintain and improve trust of stakeholders through dialogue and collaboration with them. We are continually working to enhance and strengthen our corporate governance to respond quickly and accurately to changes in the business environment, make transparent, fair, and decisive decisions, and execute business operations efficiently and appropriately.				
		<b>Initiatives undertaken in FY2024.3</b> <ul style="list-style-type: none"> <li>Percentage of women among executives/directors: 26.7%/20.0% (Results after the Annual Meeting of Shareholders held in June 2024: Percentage of women among executives/directors: 26.7%/26.7%)</li> </ul>				
<b>Compliance</b> → P.130	<ul style="list-style-type: none"> <li>Predictive data monitoring</li> <li>Improving compliance awareness</li> <li>Proper operation of the whistleblowing system</li> <li>Promoting anti-corruption initiatives</li> </ul> <p><b>Materiality Compliance</b></p>	<b>Policy and promotion system</b> With a good understanding of the Code of Business Conduct, we act in accordance with the internal rules and regulations. We have established the Compliance/Risk Management Subcommittees under the ESG Committee to improve compliance through efforts such as development of measures and information sharing in a cross-organizational manner.				
		<table border="1"> <tr> <th>KPIs based on the materiality</th> <th>FY2024.3 results</th> </tr> <tr> <td>Number of serious violations of laws and regulations</td> <td>There were no serious violations of laws and regulations in our group.</td> </tr> </table> <b>Initiatives undertaken in FY2024.3</b> <ul style="list-style-type: none"> <li>Implementation of monitoring</li> <li>Provision of compliance training</li> <li>Proper operation of the whistleblowing system</li> <li>Promoting anti-corruption initiatives</li> </ul>	KPIs based on the materiality	FY2024.3 results	Number of serious violations of laws and regulations	There were no serious violations of laws and regulations in our group.
KPIs based on the materiality	FY2024.3 results					
Number of serious violations of laws and regulations	There were no serious violations of laws and regulations in our group.					
<b>Information security</b> → P.133  <b>Protection of personal information</b> → P.134	<ul style="list-style-type: none"> <li>Establishment and revision of the Information Security Guidelines</li> <li>Investigations of and measures for information security at group companies</li> <li>Strengthening risk management related to information security</li> </ul>	<b>Policy and promotion system</b> As a business operator responsible for social infrastructure, we recognize the importance of managing customer information and other data. In line with a relevant set of guidelines, we implement information security measures. As an information security promotion system, we have established an Information Security Subcommittee under the Cyber Security Committee, a corporate committee, to implement group-wide measures. We are striving to properly manage and prevent leakage of personal information by establishing a personal information protection system, which comprises managers appointed at each organization and affiliate under the direction of the Chief Privacy Officer.				
		<b>Initiatives undertaken in FY2024.3</b> <ul style="list-style-type: none"> <li>Maintained and operated the Information Security Guidelines</li> <li>Investigations of and measures for information security at group companies</li> <li>Provision of training on information security</li> </ul>				

# Corporate Governance

## Basic Views on Corporate Governance

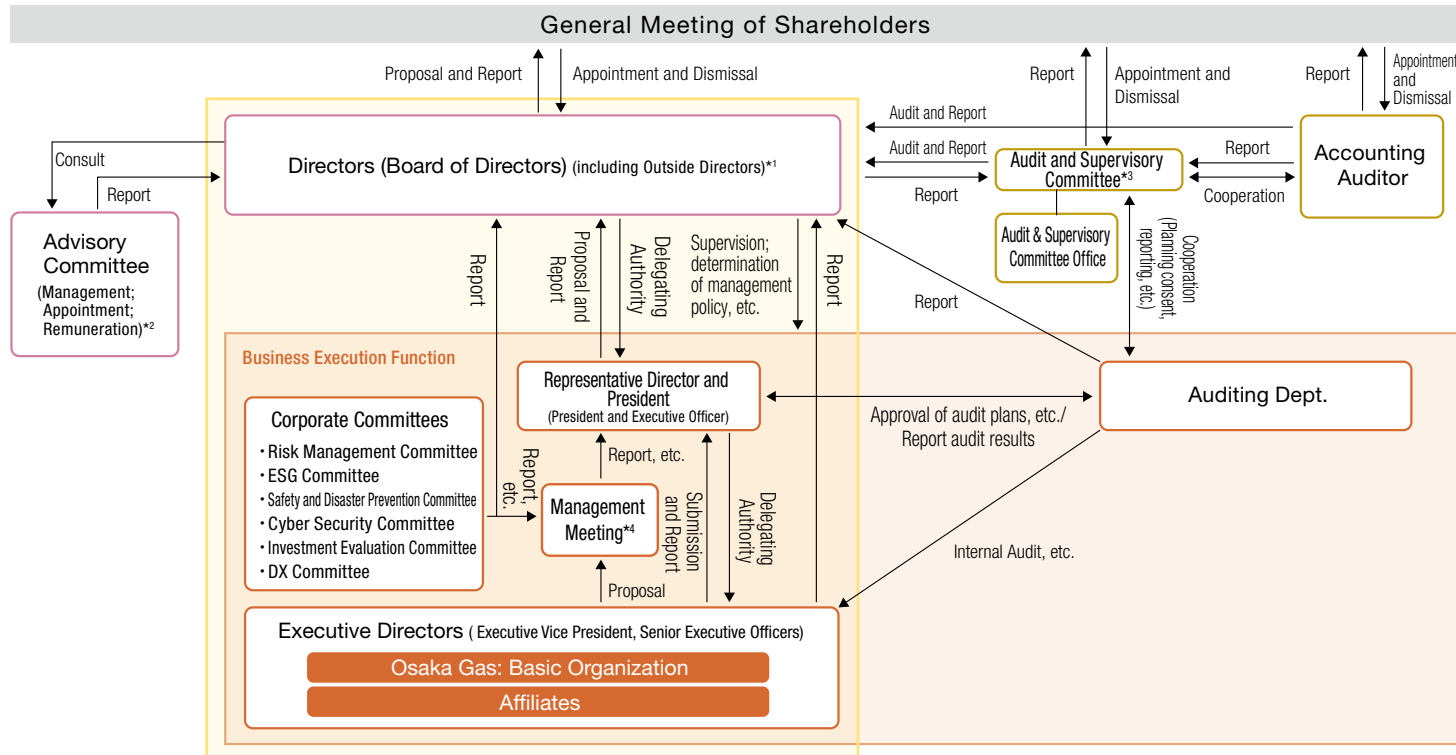
As a corporate group that powers continuous advancement in customers' lives and businesses, our Corporate Principles aim to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to not only the energy business, including natural gas, electricity, and LPG, but also its peripheral services and non-energy businesses, such as urban development, materials and information businesses.

Under these Corporate Principles, the Company and its affiliates (the "Group") will work toward maintaining and increasing a sense of trust by dialogue and cooperation with its various stakeholders including shareholders and customers. In addition, the Group will continue to enhance and strengthen corporate governance in order to respond quickly and appropriately to changes in the business environment surrounding the Group, make transparent, fair, and decisive decisions, and execute business efficiently and appropriately.

## Corporate Governance System

Osaka Gas has transitioned from a Company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The transition to a company with an Audit and Supervisory Committee is intended to enhance discussion of management policies and strategies by the Board of Directors, further strengthen the supervisory function, and achieve more flexible decision-making. In addition, we have conducted the introduction of an executive officer system, appointment of multiple Outside Directors, and establishment of voluntary advisory committees on management, appointment of Directors and Director remuneration.

### ■ Corporate Governance System (as of June 27, 2024)



\*1 Board of Directors:  
15 Directors (8 Internal Directors and 7 Outside Directors)

\*2 Advisory Committee on Management:  
7 Outside Directors, Representative Director and President, and 1 person appointed by the President

The Advisory Committee on Appointment and Remuneration:  
all 4 Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Representative Director and President, and 1 person appointed by the President

\*3 Audit and Supervisory Committee:  
5 Audit and Supervisory Committee Members (2 full-time Directors and 3 Outside Directors)

\*4 Management Meeting:  
1 President,  
3 Executive Vice President,  
8 Senior Executive Officers,  
and 2 Executive Officers

## Overview of Corporate Governance System

### Board of Directors, Directors of the Company

The Board of Directors consists of at least one-third of the 15 Directors, 7 of whom are Outside Directors and discusses management policies and strategies to ensure prompt and accurate decision-making and enhance supervisory functions.

The Company's Articles of Incorporation stipulate that there shall be no more than 15 Directors (excluding Directors who are Audit and Supervisory Committee Members), and that the number of Directors who are Audit and Supervisory Committee Members shall be no more than 5. They also direct that the appointment of Directors is to take place with a quorum of shareholders possessing at least one-third of shareholder voting rights and by a majority of voting rights held by shareholders present, distinguishing between Directors who are Audit and Supervisory Committee Members and those who are not. In addition, they stipulate that no cumulative voting may be used for appointing Directors.

In FY2024.3, the Board of Directors held 13 meetings, with 100% attendance by all Directors. Meetings discussed the Group's management plans, the establishment of important organizations, important human resources matters, execution of important investments and agreements greater than a certain amount, and operational status reports from Executive Directors, etc.

### Executive Officers

The Company has adopted an executive officer system (Executive Officers consist of President, Executive Vice President, Senior Executive Officer, and Executive Officers), which enables the Directors of the Company to focus on making business decisions and monitoring and supervisory functions, and worked toward strengthening the business efficiency and the supervisory functions by vitalizing the Board of Directors. Executive Officers perform duties determined by the Board of Directors, and some Representative Directors and Directors concurrently serve as Executive Officers to make management decision-making more accurate and efficient.

### Management Meeting

The Company examines basic management policies and important management issues at the Management Meeting and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the Management Meeting consists of President, Executive Vice President, Senior Executive Officer and head of each headquarter and business unit.

In principle, the Management Meeting is held three times per year as the "ESG Council," which deliberates on activity plans and reports on activities related to the promotion of ESG management.

### Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors, and audits the execution of work duties by the Directors.

### Auditing Department

The Company has established the Auditing Department as an internal audit division. Based on a yearly auditing plan, it audits, from independent and neutral viewpoints, the status of execution of business activities. Audit results are reported regularly to all attendees of the Board of Directors and the Audit and Supervisory Committee, in addition to periodic reports at the Management Meetings. In the event that an internal audit identifies a matter that may have a significant impact on management, it is reported to the Board of Directors (dual reporting). The Auditing Department evaluates internal control over financial reporting based on the Financial Instruments and Exchange Act. The Head of the Auditing Department regularly exchanges opinions with the Audit and Supervisory Committee and the accounting auditor.

### Advisory Committee

The Advisory Committee on Management consists of all Outside Directors (7 members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of enhancing corporate value, the committee deliberates on key issues such as medium- and long-term management strategy, sustainability, risk management, and DX.

The Advisory Committee on Appointment and the Advisory Committee on Remuneration consist of all Outside Directors (4 members, excluding Directors who are Audit and Supervisory Committee Members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of ensuring objectivity and transparency in the decision-making process, the Advisory Committee on Appointment and Remuneration deliberates on matters related to the election of candidates for Directors, the selection and dismissal of Representative Directors and other Executive Directors, and matters related to the remuneration of Directors. In addition, one Director who is the Audit and Supervisory Committee Member participates in each Advisory Committee meeting as an observer.

All committees\* are chaired by outside directors.

\* Advisory committees on management, appointment and remuneration

### ESG Committee

The Company has established the ESG Committee to promote activities relating to the Group's sustainability, including the environment, compliance, social contribution, respect for human rights, etc.  
(Chairman: Head of ESG Promotion/Representative Director and Executive Vice President)

### Safety and Disaster Prevention Committee

In order to take all possible measures to ensure safety, disaster prevention, and gas supply stability after the legal spin-off of the gas pipeline service business, the Company established the Safety and Disaster Prevention Committee to centrally manage events and promote measures, related to safety, disaster prevention, and gas supply stability within the Group.  
(Chairman: Head of Safety/Senior Executive Officer)

### Cyber Security Committee

The Company has established the Cyber Security Committee to reinforce the cyber security measures of the Group.  
(Chairman: Head of Technology/Representative Director and Executive Vice President)

### Investment Evaluation Committee

The Company has established the Investment Evaluation Committee to examine risk and return and assess investments in excess of a certain amount, and report findings to the Management Meeting to help make appropriate investment decisions.  
(Chairman: President of the Corporate Planning HQ/Representative Director and Executive Vice President)

### DX Committee

The Company has established the DX Committee to promote DX for the entire group while coordinating the alignment with business, IT, and financial strategies across the organization.  
(Chairman: President of the Corporate Planning HQ/Representative Director and Executive Vice President)

### Risk Management Committee

In April 2024, the Company established the Risk Management Committee to strengthen appropriate responses to risks in its Group, which is expanding its business domain.  
(Chairman: Head of Risk Management/Representative Director and Executive Vice President)

## Views on the Composition of Directors

From the perspective of contributing to its sustainable growth and improvement of the medium- to long-term corporate value of the Daigas Group, Osaka Gas has adopted a basic policy of appointing diverse talent as Directors in full consideration of their knowledge and experiences in “corporate management,” “marketing,” and other fields, ability, personality, etc. regardless of gender, nationality, career, or age, etc. We have set a target of increasing the Ratio of female directors to 30% or higher by FY2031.3, and the Ratio of female directors has been 26.7% since the close of the Annual Meeting of Shareholders for FY2024.3. Moreover, in light of the medium- and long-term management plans, we have defined corporate management, marketing, technology/R&D, DX, global management, ESG, finance/accounting, legal/risk management, and human resources development as area of expertise that the Board of Directors should possess.

In addition, we have long since defined the term of Director as one year in order to respond flexibly to changes in our business environment and clarify management responsibility.

Based on the above-mentioned policy, decisions on the selection of candidates for Directors and the appointment and dismissal of Representative Directors and other Executive Directors are made based on deliberations by a voluntarily appointed Advisory Committee made up of a majority of Outside Directors in order to ensure objectivity and transparency in decision-making.

The following is a list of the skills that the Board of Directors should possess as identified in light of the medium- to long-term management plan as well as the particularly significant skills of each Director.

### Skills Matrix (as of June 27, 2024)

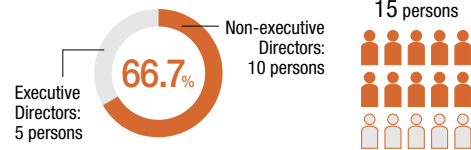
Name	Position	Age	Years in office	Internal/Outside	Independence	Attendance at Board of Directors Meetings in FY2024.3	Fields of Significant Expertise and Experience								
							Corporate Management	Marketing	Technology/R&D	DX	Global Management	ESG	Finance/Accounting	Legal/Risk Management	Human Resources Development
Takehiro Honjo	Director, Chairman of the Board	70	15	Internal	—	100%	●	●				●	●	●	●
Masataka Fujiwara	Representative Director	66	8	Internal	—	100%	●	●	●	●	●	●			
Takayuki Tasaka	Representative Director	61	6	Internal	—	100%	●	●				●	●		
Keiji Takemori	Representative Director	60	—	Internal	—	—	●				●	●			●
Ko Sakanashi	Representative Director	57	—	Internal	—	—	●		●	●		●	●		
Toshiyuki Imai	Director	58	—	Internal	—	—		●				●		●	●
Kazutoshi Murao	Director	71	5	Outside	○	100%	●				●		●	●	●
Tatsuo Kijima	Director	69	4	Outside	○	100%	●					●		●	●
Yumiko Sato	Director	72	3	Outside	○	100%						●		●	●
Mikiyo Niizeki	Director	56	1	Outside	○	100%	●	●					●		●
Fumitoshi Takeguchi	Director	62	(3)*1	Internal	—	100%*1						●	●	●	●
Ichiro Hazama	Director	58	(1)*2	Internal	—	100%*2			●					●	●
Eriko Nashioka	Director	57	(2)*2	Outside	○	100%*2	●					●	●		●
Chieko Minami	Director	63	(1)*2	Outside	○	100%*2	●	●		●					●
Eimei Kozai	Director	66	—	Outside	○	—	●							●	●

\*1 Status in previous position (Director and Senior Executive Officer)

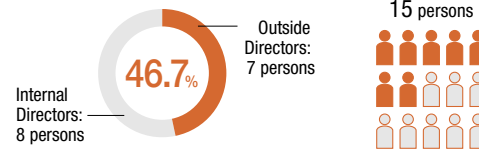
\*2 Status in previous position (Audit & Supervisory Board Member)

■ Independence of Directors (as of June 27, 2024)

Percentage of Non-executive Directors

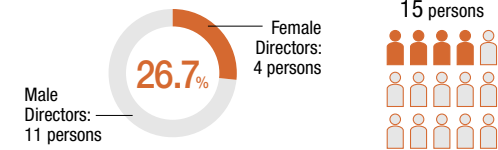


Percentage of Independent Outside Directors



■ Diversity of Directors (as of June 27, 2024)

Ratio of Female Directors



■ Corporate Governance Initiatives

		2019	2020	2021	2022	2023	2024	
Separation of business execution and supervision	Medium-Term Management Plan	Going Forward Beyond Borders		Creating Value for a Sustainable Future			Connecting Ambitious Dreams	
	Organization design	From 1897 (establishment): a company with an Audit & Supervisory Board (Members)					From 2024: a company with an Audit and Supervisory Committee	
	Chairperson of the Board	From 2015: Representative Director and Chairman of the Board			From 2021: Director, Chairman of the Board			
	Execution system	From 2009: adoption of an executive officer system						
	Outside Directors/Outside Audit & Supervisory Board Members	From 2016: Outside Directors: 3 persons			From 2021: Outside Directors: 4 persons			From 2024: Outside Directors: 7 persons
		From 2020: percentage of Outside Directors: 1/3 or more						
Voluntary advisory committee	In 2013: established (appointment and remuneration)				In 2022: expanded (management, appointment, and remuneration)			
Diversity	Female officers	From 2014: one person (one Audit & Supervisory Board Member)		From 2021: 2 persons (one Director and one Audit & Supervisory Board Member)		From 2023: 4 persons (2 Directors and 2 Audit & Supervisory Board Members)	From 2024: 4 persons (4 Directors)	
	Skills matrix						Since 2021: disclosed	
Linkage between sustainable growth and remuneration	Composition of remuneration	Since 2013: basic : performance-linked = 6:4		Since 2021: basic : performance-linked : stock-based = 5:4:1			Since 2024: basic : performance-linked : stock-based = 4:4:2	
	Remuneration system	In 2013: established performance-linked remuneration system					In 2021: established stock-based remuneration system (equivalent to 10% of total remuneration)	
	Indicators for performance-linked remuneration	Since 2013: indicators: profit attributable to owners of parent				Since 2022: linked remuneration to ESG indicators achievement		Since 2024: indicators: consolidated EBITDA, consolidated ROE
Internal control	Corporate committee <sup>1)</sup>	From 2003: Investment Evaluation Committee						
		From 2006: CSR Committee <sup>3)</sup>	From 2020: ESG Committee					
		From 2019: Cyber Security Committee						
		From 2021: DX Committee						
	From 1996: Executive Safety Council				From 2022: Safety and Disaster Prevention Committee			
Strengthening risk management (operation of G-RIMS <sup>2)</sup> )	From 2006: targeting Osaka Gas and domestic affiliates (in 2017: expanded to include overseas affiliates)							
Cross-shareholdings	In 2013: established policies regarding cross-shareholdings <sup>4)</sup>							

<sup>1)</sup> Established for the purpose of coordinating and promoting matters (important issues for the entire Group) across multiple basic organization

<sup>2)</sup> Systematized self-assessment of risk management practices (Gas Group Risk Management System)

<sup>3)</sup> The new "CSR Committee" was established to coordinate and promote the activities of the committees (Compliance Committee and Energy & Global Environment Committee), which had been operating separately by field, as well as community and social contribution, human rights, employment, and other activities promoted by the organizations in charge, on a cross-organizational basis.

<sup>4)</sup> Rules on the purchase and management of third-party stocks were established. The Board of Directors examines the significance of each individual stock holding. If the significance of holding an issue has waned, we sell it sequentially. With respect to the exercise of voting rights, a standard for exercising voting rights was established (in 2016). We examine the content of proposals through various methods, including dialogue with investees, and decide whether to approve or disapprove.






## Advisory Committee Activities

In FY2024.3, the Advisory Committee on Management held four times, the Advisory Committee on Appointment held three times, and the Advisory Committee on Remuneration held twice. The attendance of chair and committee members and main agenda are shown in the table below.

All committees are chaired by Outside Directors.

### FY2024.3 Results

Name	Composition of each advisory committee and percentage of Outside Directors	Agenda	Issues discussed	Name	Position	Attendance	Attendance rate	Number of the meetings held in FY2024.3
Advisory Committee on Management	(Management) <b>67%</b> 	Key issues such as medium- to long-term corporate strategy and sustainability	Next Medium-term Management Plan, overseas M&A strategy, transition to a company with an Audit and Supervisory Committee, etc.	Tatsuo Kijima	Chairperson	Outside Director	4 out of 4 meetings	100%
				Kazutoshi Murao		Outside Director	4 out of 4 meetings	100%
				Yumiko Sato		Outside Director	4 out of 4 meetings	100%
				Mikiyo Niizeki		Outside Director	4 out of 4 meetings	100%
				Masataka Fujiwara		Representative Director and President	4 out of 4 meetings	100%
				Takeshi Matsui*1		Representative Director and Executive Vice President	4 out of 4 meetings	100%
Advisory Committee on Appointment	(Appointment) <b>80%</b> 	Matters related to the election of candidates for Directors and Audit & Supervisory Board Members, the selection and dismissal of Representative Directors and other Executive Directors, skills matrix, and succession plan, etc.	Matters to be considered in the selection of candidates for Directors, the election of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc.	Kazutoshi Murao	Chairperson	Outside Director	3 out of 3 meetings	100%
				Tatsuo Kijima		Outside Director	3 out of 3 meetings	100%
				Yumiko Sato		Outside Director	3 out of 3 meetings	100%
				Mikiyo Niizeki		Outside Director	3 out of 3 meetings	100%
				Masataka Fujiwara		Representative Director and President	3 out of 3 meetings	100%
Advisory Committee on Remuneration	(Remuneration) <b>67%</b> 	Policy on determining remuneration of Directors, calculation method for the portion linked to business performance of the remuneration, payment coefficient, appropriateness of the remuneration levels, etc.	Policy on determining remuneration of Directors, appropriateness of the remuneration levels, calculation method for the portion linked to business performance, payment coefficient for the portion linked to business performance, etc.	Yumiko Sato	Chairperson	Outside Director	2 out of 2 meetings	100%
				Kazutoshi Murao		Outside Director	2 out of 2 meetings	100%
				Tatsuo Kijima		Outside Director	2 out of 2 meetings	100%
				Mikiyo Niizeki		Outside Director	1 out of 1 meeting*2	100%
				Masataka Fujiwara		Representative Director and President	1 out of 1 meeting*3	100%
				Takayuki Tasaka		Representative Director and Executive Vice President	1 out of 1 meeting*3	100%

\*1 Retired as of the close of the Company's Annual Meeting of Shareholders held in June 2024.

\*2 Appointed on June 23, 2023

\*3 Deliberations on Directors' remuneration levels, etc. are not subject to attendance.

 Outside Directors  Internal Directors

## 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, the Company formulates a succession plan for top management, and fosters human resources to oversee 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.

## Directors Remuneration

Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members. The same shall apply hereinafter) shall be provided in a remuneration system designed to raise motivation for Directors to achieve sustainable growth and mid- to long-term increase in corporate value. Remuneration for Executive Directors shall consist of basic remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration, and remuneration for Director, Chairman of the Board shall consist of basic remuneration as fixed remuneration and stock-based remuneration in order to clarify the separation of business execution and supervision. Remuneration for Outside Directors shall only consist of basic remuneration as fixed remuneration, as they have a standpoint independent of business execution.

Remuneration for Directors shall be determined within the total amount of remuneration\*<sup>1</sup> approved at the Annual Meeting of Shareholders, after deliberation at a voluntarily appointed Advisory Committee on Remuneration made up of a majority of the Outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.\*<sup>2</sup>

The Company has established a policy on determining the remuneration of Directors as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed Advisory Committee made up of a majority of Outside Directors. This policy is summarized as follows. The system of paying retirement benefits to Directors was abolished in June 2004.

Remuneration for Directors who are the Audit and Supervisory Committee Members shall be determined by consultation among the Directors who are the Audit and Supervisory Committee Members within the total amount of remuneration approved at the Annual Meeting of Shareholders.

\*<sup>1</sup> At the 206th Annual Meeting of Shareholders held on June 27, 2024, it was resolved that the monetary remuneration quota would be up to 57 million yen per month, the stock remuneration quota would be within 144 million yen per year, and the maximum number of shares would be within 96,000 shares per year. As of the close of the said Annual Meeting of Shareholders, the number of Directors subject to monthly cash remuneration was 10 (of which, 4 are Outside Directors, with monetary remuneration quota of up to 5 million yen).

\*<sup>2</sup> The content of monetary remuneration may be determined by the Representative Director and President based on delegation of authority by the resolution of the Board of Directors.

### ■ Outline of Remuneration

Remuneration items	Fixed/variable	Standard composition* <sup>3</sup>			Type of remuneration	Outline
		Executive Directors	Director, Chairman of the Board	Outside Directors		
Basic remuneration	Fixed	40%	80%	100%	Monetary remuneration	<ul style="list-style-type: none"> <li>Monetary remuneration paid on a monthly basis</li> <li>The amount shall be determined in accordance with the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director's position and responsibilities, public standards, and other factors.</li> </ul>
Performance-linked remuneration	Variable (short-term incentive)	40%	—	—	Monetary remuneration	<ul style="list-style-type: none"> <li>Monetary remuneration paid on a monthly basis</li> <li>The amount shall be determined using ESG indicators in the Medium-Term Management Plan (indicators: main non-financial (materiality) indicators achievement) as the main indicators</li> </ul>
Stock-based remuneration	Variable (mid- to long-term incentive)	20%	20%	—	Stocks	<ul style="list-style-type: none"> <li>Restricted stock shall be granted at a certain time every year for the purpose of strengthening the linkage between remuneration and mid- to long-term increase in corporate value and further promoting sharing of value with the shareholders.</li> <li>The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc.</li> <li>A Director shall not transfer, establish a security interest on, or otherwise dispose of the allotted shares during the period from the date of the allotment of shares to the date of his/her retirement from office.</li> <li>Transfer restrictions shall be lifted on the condition that the resignation of a Director is due to reasons deemed justifiable by the Company or due to the death of the Director.</li> <li>In the event that a Director commits an act of misconduct or falls under other certain events stipulated in the restricted stock allotment agreement, the Company will naturally acquire all or part of the allotted shares without remuneration (malus and clawback provisions).</li> </ul>

\*<sup>3</sup> Standard applied when performance-linked remuneration targets are fully achieved.



### Officer Remuneration System Taking into Account ESG Indicators Achievement

At the Board of Directors meeting held on December 23, 2021, Osaka Gas resolved to reflect the coefficient of ESG indicators achievement in the previous year in officer remuneration to contribute to short-term and mid- to long-term increases in corporate value.

The coefficient of ESG indicators achievement includes the achievement of the ESG indicators stated on P.018-P.019, and this system has been applied from July 2023 onward, when remuneration is paid based on FY2023.3 results.

#### Profit Attributable to Owners of Parent (Consolidated Profit) for the Last Three Years

Term			203rd	204th	205th
Fiscal year ended			March 31, 2021	March 31, 2022	March 31, 2023
Profit attributable to owners of parent	million yen	Plan	73,000	70,500	82,000
		Result	80,857	130,421	57,110

#### Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers (Fiscal year ended March 31, 2024)

Classification	Total amount of remuneration (million yen)	Total amount of remuneration by type of remuneration (million yen)			Number of payees
		Fixed	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	421	203	173	45	6
Audit & Supervisory Board Members (excluding Outside Members)	67	67	—	—	3
Outside Directors	48	48	—	—	5
Outside Audit & Supervisory Board Members	36	36	—	—	4

Note: The number of persons and amounts include one Outside Director and two Audit & Supervisory Board Members (of whom one is Outside Audit & Supervisory Board Member) who retired as of the close of the Company's 205th Annual Meeting of Shareholders held on June 23, 2023.

\* The total amount of remuneration for each officer is not stated as there is no officer with a total amount of consolidated remuneration of 100 million yen or more.

\* There are no employees concurrently serving as officers.

From FY2025.3 onward, the coefficient of ESG indicators achievement includes the achievement of the following main non-financial (materiality) indicators achievement stated in the Medium-Term Management Plan 2026.

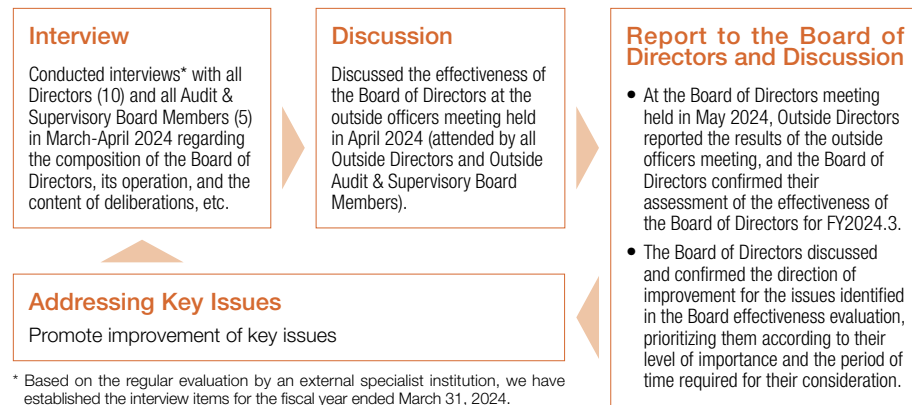
#### Main ESG Indicators

Materiality	ESG indicators	FY2027.3 targets
Provide carbon neutral energy	• Avoided emissions	7 million tons/year
	• Renewable energy development contribution	4 GW
	• CO <sub>2</sub> emissions reduction in the Group company offices and vehicles	67%
Enhance the resilience of customers and society	• 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 a work environment where employees and the company resonate and enhance each other	• 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

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

The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors and the Advisory Committee each fiscal year based on the results of interviews conducted by the Board of Directors Secretariat with each Director and Audit & Supervisory Board Member. The methods and results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2024 are summarized below.

### 1. Method



### 2. Interview Items

- ① Initiatives in response to issues
  - Board operations that devote more time to discussion
  - Increase in the number of meetings of the Advisory Committee on Management
  - Expanding opportunities for contact with board candidates
  - Cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)
- ② Composition of the Board of Directors
  - The ideal structure and composition of the Board of Directors to realize the long-term management vision and medium-term management plan
  - Ensuring diversity (gender, expertise, experience, ability, etc.), etc.
- ③ Operation of the Board of Directors meetings
  - Frequency and time, proceedings, materials
  - Development of appropriate management strategies and plans, the status of response to key issues such as climate change risks and DX, etc.
- ④ Advisory Committee
  - Frequency of meetings, content of deliberations, method of operation
  - Perspectives and factors to consider when selecting director candidates, evaluation of directors, etc.
- ⑤ Outside officers' meetings and others
  - Exchanging opinions for the purpose of developing management, etc.
- ⑥ Free opinion

### 3. Evaluation Results

It was confirmed that improvements have been made on the issues recognized in FY2023.3. The Board of Director discussed the direction of improvement for the following issues identified in FY2024.3.

<Major issues>

- Enhancement of discussions on medium- to long-term management issues
- Expanding opportunities for contact with board candidates
- Concretize measures to cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)

## Audit

The Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the 206th Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors.

The following items describe the audit status in FY2024.3, prior to the Company's transition to a company with an Audit and Supervisory Committee.

### ■ Main Activities of Audit & Supervisory Board Members

(a) Business audit	<ul style="list-style-type: none"> <li>• Attend important meetings such as Management Meeting and read important documents</li> <li>• Conduct visiting audits at Head Office, major offices, and affiliates</li> <li>• Listen to reports from each organization and affiliate</li> <li>• Exchange opinions with Directors (including Outside Directors)</li> <li>• Cooperate with the internal audit division and Audit &amp; Supervisory Board Members of affiliates</li> </ul>
(b) Accounting audit	<ul style="list-style-type: none"> <li>• Confirm the independence of the accounting auditor and proper conduct of audits</li> <li>• Confirm accounting audit plans and audit results, etc.</li> </ul>

At the Audit & Supervisory Board meeting, reports and information on the implementation of the audit are shared, and necessary deliberations and resolutions are made.

14 Audit & Supervisory Board meetings were held in FY2024.3. The main resolutions of the Audit & Supervisory Board meetings are as follows.

### ■ Main Resolutions at the Audit & Supervisory Board Meetings

- Audit plans by Audit & Supervisory Board Members
- Report on audits by the Audit & Supervisory Board
- Approval of proposal for election of Audit & Supervisory Board Members
- Selection of full-time Audit & Supervisory Board Members
- Assignment of duties of each Audit & Supervisory Board Member
- Evaluation and reappointment/non-reappointment of the accounting auditor
- Approval of remuneration for the accounting auditor

## 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. In this environment, as the Daigas Group develops and expands its various businesses in various regions, risk management is becoming increasingly important.

Recognizing the importance of risk management, the Group has established in its regulations basic guidelines for risk-related actions and is promoting efforts in this area.

### Risk Management System

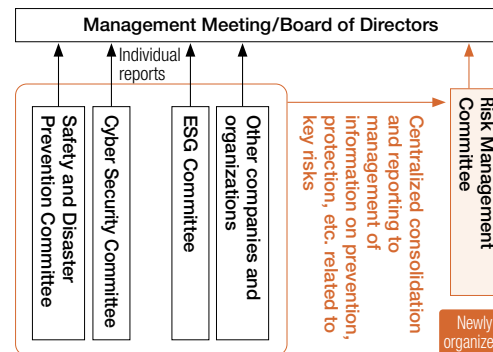
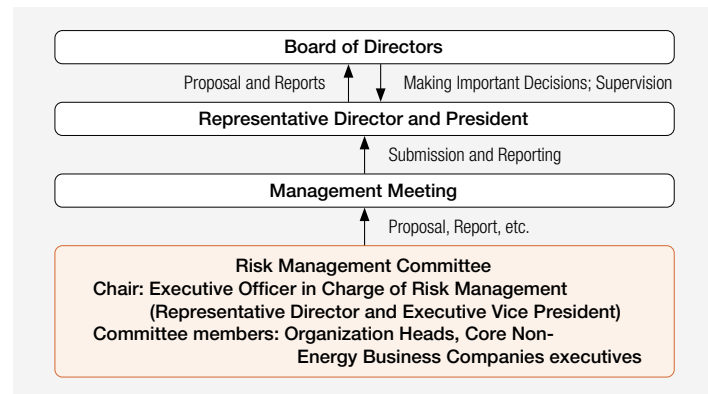
The Company has been implementing risk preventive maintenance planning and progress follow-up through corporate committees such as the ESG Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee. As the Group's business domain expands, the Risk Management Committee, a corporate committee independent from the Audit & Supervisory Committee has been established in April 2024 in addition to the above framework to comprehensively manage key risks across the entire company.

The Risk Management Committee is chaired by the Executive Officer in Charge of Risk Management (Representative Director and Executive Vice President), 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 preventive maintenance plans and results for key risks that may affect business performance and financial position, and implement efficient and effective risk management.

In addition, risk preventive maintenance activities are reported and discussed at the Management Meeting, which is chaired by the Representative Director and President, regarding plans, results, and other matters related to risk preventive maintenance activities. Matters that have a significant impact on management are submitted to the Board of Directors for decision-making and oversight.

### Group-wide Risk Management System



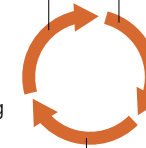
### Group-wide Risk Management Cycle

#### Plan

- Development and sharing of preventive maintenance plans for key risks
- Reporting and evaluation of activity plans to the Management Meeting and Board of Directors

#### Execution

- Implementation and progress report of activities based on the key plan
- Reporting and sharing of key risk predictions and occurrences



### Confirmation, improvement and countermeasures

- Reporting and evaluation of activity results to the Management Meeting and Board of Directors
- Reconfirmation and re-selection of key risks
- Risk preventive maintenance plan study based on activity results

## Internal Control

### Operating Status of the Internal Control Systems

Osaka Gas established systems (internal control systems) to ensure that Directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Daigas Group's operations at the Board of Directors. The Company confirms the operating status of the internal control systems periodically by identifying items to confirm for various matters and receiving reports from the organizational heads and other persons concerned. At the meeting of the Board of Directors held on April 25, 2024, it was reported that the internal control systems were operating in a proper manner.

#### Overview of Operating Status of the Internal Control Systems (FY2024.3)

##### ① Matters concerning compliance, etc.

The ESG Committee promotes initiatives in each domain, including sustainability activities, through the Compliance and Risk Management Subcommittee, Environment Subcommittee, and Social Contribution Subcommittee. Educational materials, including a guide to the Daigas Group Code of Business Conduct, are posted on the intranet at all times to familiarize officers and employees of the Group with said Code to promote and ensure its understanding.

To ensure compliance with laws and regulations related to appropriate gas transactions, we held legal lectures on the Antimonopoly Law and provided education on regulations conduct.

CD Energy Direct, Inc. received an order from the Consumer Affairs Agency to suspend its door-to-door sales operations (for six months) based on the Act on Specified Commercial Transactions, for some inappropriate business practices in door-to-door sales by a subcontractor. In order to prevent recurrence, the company is reviewing its compliance system and strengthening the supervision and education of its contractors. In addition, legal training sessions on the Act on Specified Commercial Transactions were held within the Group.

##### ② Matters concerning risk management, etc.

Organizational heads of the Company and presidents of the affiliates promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or affiliate identifies risk items, checks the status of management concerning the risk items, and conducts follow-ups or other measures by using such means as the "G-RIMS (Gas Group Risk Management System)," which systematizes the self-assessment of risk management practices.

Following the fire incident at the Freeport LNG plant in the U.S., we have reviewed and implemented risk management measures and rules for the LNG trade business. In response to the fire accident at Sodegaura Biomass Power Co., Ltd, we have reviewed risks and countermeasures related to biomass power plant operations and fuel management, and are implemented them horizontally at our Group's biomass power plants.

Regarding the management of risks concerning security and disaster prevention which are common to the Group, the organization in charge is clearly specified, and the organization supports each basic organization and affiliate to ensure risk management on a Group-wide basis.

We established a Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the legal separation. The Network Company also implemented internal investigations to confirm the status of measures to block the transfer of information between the Network Company and the Company which is gas retailer, as well as the Network Company and affiliated companies which are gas retailers, and the status of information management at each company.

To prepare for emergencies, regulations for disaster countermeasures and business continuity plans (BCP) are prepared. We also carry out Group-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises.

The Cyber Security Committee has been established to further strengthen measures against cyberattacks from outside the Group's network such as by carrying out periodic inspections and following up on the Group's security.

In April 2024, we established the Risk Management Committee to comprehensively manage the risks of the Group, which is expanding its business domain, with the aim of strengthening its risk monitoring function.

##### ③ Matters concerning the management of businesses in the Group

The affiliates to be managed by the Core Non-Energy Business Companies, the Network Company, the Overseas Regional Headquarters, or the management support organizations are designated and their managerial tasks are monitored by receiving periodic reports and reports on important issues from the affiliates. In addition, day-to-day management of those affiliates is performed by using the G-RIMS and/or conducting audits.

The Company's Auditing Department, which conducts internal audits, implements planned internal audits of the Company's organizations and affiliates and provides follow-up audits after a certain period of time.

##### ④ Matters concerning the effectiveness of audits by Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members have periodic exchanges of opinion with the Director and Chairman of the Board, the Representative Director and President and the accounting auditor, in which Outside Audit & Supervisory Board Members also participate as necessary. Partly through the opportunity to exchange opinions with the accounting auditor, Audit & Supervisory Board Members evaluate the qualifications, expertise and independence of the accounting auditor.

Full-time Audit & Supervisory Board Members attend important meetings such as the Management Meeting, the ESG Council, the Investment Evaluation Committee, etc., and read approval documents and other important documents. Through the Board of Directors' resolution on the internal control systems, they also clarify important matters to be reported to Audit & Supervisory Board Members and disseminate information thereof.

Five assistants to Audit & Supervisory Board Members are in place to engage solely in assisting Audit & Supervisory Board Members in the performance of their duties.

## Periodic Reviews and Monitoring

### Operating our own self-assessment system G-RIMS

The Group introduced the “G-RIMS,” a system for risk management in routine business operations, in 2006. The manager of each organization and affiliated company checks if preventive measures have been implemented or if an early-detection system is in place as required, using a checklist comprising about 50 risk items. After assessing the magnitude of the risks and identifying the risks that need to be addressed, the PDCA cycle is operated, including planning, implementation and follow-up of response measures.

#### ■ Areas and items of G-RIMS (Gas Group Risk Management System)

<p><b>1. Management environment</b></p> <ul style="list-style-type: none"> <li>Dissemination of corporate principles</li> <li>Decision-making and follow-up process</li> <li>Poor maintenance of regulations</li> <li>Failure to report business information that should be reported</li> <li>Effectiveness of self-audits</li> </ul> <p><b>2. Human rights, harassment</b></p> <ul style="list-style-type: none"> <li>Violation of human rights (workers, local residents, consumers, etc.)</li> <li>Harassment (sexual harassment, maternity harassment, power harassment)</li> </ul> <p><b>3. Personnel affairs, labor affairs</b></p> <ul style="list-style-type: none"> <li>Inappropriate labor management and incompliance with labor-related laws and regulations</li> <li>Inappropriate employment contracts with non-regular employees</li> <li>Securing human resources</li> <li>Developing human resources</li> </ul> <p><b>4. Accident prevention, workplace safety</b></p> <ul style="list-style-type: none"> <li>Slack conduct regarding accident prevention and workplace safety</li> <li>Vehicles for business use</li> </ul>	<p><b>5. Response to relevant laws</b></p> <ul style="list-style-type: none"> <li>Violation of applicable laws and regulations</li> </ul> <p><b>6. Illegal transactions</b></p> <ul style="list-style-type: none"> <li>Violation of the antitrust act</li> <li>Violation of the subcontract act</li> <li>Violation of the labeling act</li> </ul> <p><b>7. Inappropriate relationships</b></p> <ul style="list-style-type: none"> <li>Cozy relationships, bribery, etc. with public servants; cozy relationships with clients and suppliers</li> </ul> <p><b>8. Anti-social forces</b></p> <ul style="list-style-type: none"> <li>Refusal to have a relationship with anti-social forces</li> </ul> <p><b>9. Insider trading</b></p> <ul style="list-style-type: none"> <li>Practice of insider trading, provision of insider information</li> </ul> <p><b>10. Subsidies</b></p> <ul style="list-style-type: none"> <li>Illegal receipt of public funds (subsidies, etc.)</li> </ul> <p><b>11. Management of seals</b></p> <ul style="list-style-type: none"> <li>Illegal use of seals</li> </ul> <p><b>12. Purchase, expense-related spending</b></p> <ul style="list-style-type: none"> <li>Inappropriate procedures and illegal practices concerning purchase and expense-related spending (accounting spending)</li> </ul> <p><b>13. Illegal practices concerning money transfer</b></p> <ul style="list-style-type: none"> <li>Illegal use of bank accounts</li> <li>Embezzlement of cash</li> </ul>	<ul style="list-style-type: none"> <li>Embezzlement of sales proceeds</li> <li>Illegal spending</li> <li>The same person taking a spending-related post for a long time</li> </ul> <p><b>14. Accounting, tax-related procedures</b></p> <ul style="list-style-type: none"> <li>Errors, illegal practices, and delays concerning accounting and tax-related procedures</li> </ul> <p><b>15. Credit control, loan control</b></p> <ul style="list-style-type: none"> <li>Irrecoverable loans, delays in loan collection</li> <li>Acceptance and execution of guaranteed debts</li> </ul> <p><b>16. Scandals involving suppliers</b></p> <ul style="list-style-type: none"> <li>Compliance problems emerged at corporate clients concerning human rights, labor practices, environment, and corruption</li> </ul> <p><b>17. Whistle-blowing system (Compliance Desks)</b></p> <ul style="list-style-type: none"> <li>Insufficient dissemination of a whistleblowing system</li> <li>Operational defects of a whistleblowing system</li> </ul> <p><b>18. Environment-related</b></p> <ul style="list-style-type: none"> <li>Violation of environment-related laws</li> </ul> <p><b>19. Products, services</b></p> <ul style="list-style-type: none"> <li>Quality of products and services (complaints, defects, recall,</li> </ul>	<ul style="list-style-type: none"> <li>product liability, consumer protection, etc.)</li> </ul> <p><b>20. Business continuity in emergency</b></p> <ul style="list-style-type: none"> <li>Suspension or delay of business activities/operations in an emergency, such as a disaster</li> </ul> <p><b>21. Intellectual property</b></p> <ul style="list-style-type: none"> <li>Insufficient protection of intellectual property rights owned by the Group</li> <li>Infringement of intellectual property rights owned by third companies</li> </ul> <p><b>22. Lawsuits</b></p> <ul style="list-style-type: none"> <li>Legal disputes such as lawsuits</li> </ul> <p><b>23. Information disclosure</b></p> <ul style="list-style-type: none"> <li>Inappropriate information disclosure procedures and the subsequent erosion of public trust in the Group</li> </ul> <p><b>24. Information control in general</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of information</li> </ul> <p><b>25. Computer network related (computer networks, business apps related to computer networks, information used via such networks and apps)</b></p> <ul style="list-style-type: none"> <li>Illegal use of information, illegal alteration of information, and information leakage, all arising</li> </ul>	<ul style="list-style-type: none"> <li>from the lack of security measures</li> </ul> <p><b>26. Personal information concerning customers and corporate clients (including customer information)</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of personal information concerning customers</li> </ul> <p><b>27. Personal information concerning employees</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of personal information concerning employees</li> </ul> <p><b>28. “My Number” system (individual identification number and specified personal information)</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of “My Number” identification numbers</li> </ul> <p><b>29. Funds, derivatives</b></p> <ul style="list-style-type: none"> <li>Problematic fund management and fund procurement</li> <li>Problematic fund control</li> <li>Speculative derivative transactions</li> </ul> <p><b>30. Electronic banking</b></p> <ul style="list-style-type: none"> <li>Illegal and erroneous money transfers using the electronic banking system</li> </ul>
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## Recognition of and Countermeasures Against Business Risks

In addition to the measures preparing for the following risks, the Daigas 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.

### Risks Related to All Businesses within the Group

### Countermeasures against Risks

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."
Occurrence of catastrophic disasters, accidents, or infectious diseases	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.
Changes in international rules, politics, 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, politics, laws and regulations, and institutional systems.
Changes in foreign exchange rates and borrowing rates, and rising prices	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.
Securing human resources	We are striving to secure human resources in the face of a declining working population.
Uncollected investments	The Board of Directors makes decisions on various types of investments for growth based on comprehensive management decisions by the Investment Evaluation Committee including projects' economic and risk evaluation.
Climate change and trend toward carbon-neutrality	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.
Intensifying competition	In order to increase our market competitiveness in all business segments, we are promoting initiatives to increase added value, reduce raw material costs, develop technologies, promote digital transformation, etc.
Breakdown or malfunction of critical IT systems, development delays or cancellations, and information leaks	We are promoting and monitoring security measures, ensuring dissemination and education of information management, building and upgrading information systems, etc.
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.
Non-compliance with laws and regulations	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.

### Individual Risks of Each Business Segment

#### • Domestic Energy Business

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.
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.
Difficulty in procuring raw fuels	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.
Changes in electricity procurement costs	We are working to ensure a stable electricity supply by responding to power demand through procurement from procurement contracts with other companies, and from the Japan Electric Power Exchange and other markets, in addition to procurement from our own power source.
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.
Products such as gas equipment and facility issues	We are striving to ensure a stable supply of products, and promoting the use of safe equipment and related inspection and dissemination.
Intensifying competition in the industry and the resulting increase in choices available to consumers	We are working to provide various added values, aiming to be a company that continues to be the first choice of customers.

#### • International Energy Business

Changes in the operating environment, such as decreased profitability or project delay or cancellation, resulting from the public policies, implementation of or changes in regulations, deterioration of economic or social conditions, market fluctuation in areas including crude oil prices and gas prices, technical issues, or damage by natural disasters in the countries in which the Group operates	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.
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#### • Life & Business Solutions Business

Changes in the operating environment, such as soaring material costs, suspension of material supplies, and worsening economic conditions	We are working on internal growth, investment for growth, and other initiatives based on technologies and knowledge we have cultivated in our energy business.
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# Compliance

## Principle and Outline

The Daigas Group views compliance not only as adherence to laws and regulations but also as the practice of sensible corporate activities based on sound ethics. The Group believes that ensuring compliance is the most important thing that it can do to gain the trust of customers and society, and it is the basis for continuing its business.

We are providing training and educational activities aimed at raising awareness of the importance of compliance, instilling knowledge, and improving the ability to think ethically to ensure that all officers and employees follow laws/regulations and their consciences, understand the foundations for compliance set forth in the Daigas Group Code of Business Conduct, and act in accordance with in-house regulations and rules.

Furthermore, we have established “Compliance Desks” as a system aimed at quickly identifying cases of violations of laws and regulations, misconduct, etc., and responding quickly and appropriately.

We have also established a “Human Rights Desk” in the Human Resources Department as a contact point for consultations about the human rights of employees, as well as a “Harassment Desk” within respective organizations and affiliated companies as contact points for consultations about harassment for employees.

## Compliance Promotion Systems

The Daigas Group has established “Compliance/Risk Management Subcommittees” under the “ESG Committee,” in order to consider crossorganizational measures and share information, etc. The Compliance Office in the General Affairs Department promotes compliance across the Daigas Group as a whole, and we have also selected “Heads of Compliance” at each Business Unit, Gas Pipeline Business Company, and Core Affiliate, as well as “Compliance coordinators” and “staff who serve as key personnel in the compliance efforts” at each organization of Osaka Gas and each affiliate, as part of efforts to enhance compliance across the Group as a whole.



## Predictive Data Monitoring

The “Predictive Data Monitoring” initiative has been conducted throughout the Daigas Group since FY2012.3 for the purpose of detecting signs of potential compliance-related problems. This initiative aims to prevent dishonest acts from occurring by detecting unusual changes in the data through regular and continuous monitoring and by taking proactive measures as soon as possible. In FY2024.3, we monitored 148 items.

## Improving Compliance Awareness

### Promotion of global compliance in line with overseas business expansion

In view of expanding business operations abroad, an English version of a leaflet summarizing the Daigas Group Corporate Principles, the Daigas Group Charter of Business Conduct and the Daigas Group Code of Business Conduct and information on Compliance Desks used for the internal reporting system are posted on the intranet for dissemination to employees.

In addition, Osaka Gas overseas affiliated companies have made the English version of the Daigas Group Code of Business Conduct known to all of their employees to raise employee awareness with respect to human rights, work standards, the environment and anticorruption measures.

In FY2024.3, we utilized the Osaka Gas proprietary risk management system “G-RIMS,” with revisions to certain items for overseas subsidiaries, as we endeavored to identify the status of implementation of actions on risks at 20 major overseas subsidiaries. For approximately 40 risk items, we promote implementation of actions on risks by inspecting the status of implementation of initiatives for prevention and early detection of risks.

### Internal training and other initiatives

We are continually working to improve compliance awareness through such efforts as training sessions and awareness surveys.

For example, we offer Compliance Coordinator and Staff Seminars for compliance coordinators and staff who serve as key personnel in the compliance efforts of organizations and affiliated companies (including all subsidiaries), training sessions for organizational heads and higher-ranked managerial personnel conducted by invited outside instructors, and education arranged by job level for managers and new employees. In addition to the above, each organization/affiliate takes the initiative in conducting compliance training, such as in-workplace discussions on cases related to the Daigas Group Code of Business Conduct and cases to sharpen the ability to think ethically.

As a means of checking the degree of compliance penetration among Group employees, we also check the degree of understanding of the Daigas Group Charter of Business Conduct and the Daigas Group Code of Business Conduct (“Code”) through questionnaires, and that each employee is performing his or her duties in accordance with the Code. Furthermore, based on the results of the checking and social trends, we are periodically reviewing the Code.

Furthermore, we provide employees with a variety of compliance-related information through the intranet and other means and undertake educational activities such as soliciting “Compliance Slogans” from employees every year (10,480 submissions were received group-wide in FY2024.3).

### Setting compliance as a personnel evaluation item

Osaka Gas has set compliance initiatives as one of the evaluation items in the role expectation evaluation to evaluate the level of conduct demonstrated by employees in their daily activities. This promotes compliance with laws and regulations and ethical standards.

## Internal Reporting Systems and Compliance Desks

### Established at Osaka Gas’s headquarters, major affiliated companies, outside law firms, etc. as points of contact receiving reports and offering consultation from inside and outside the Group

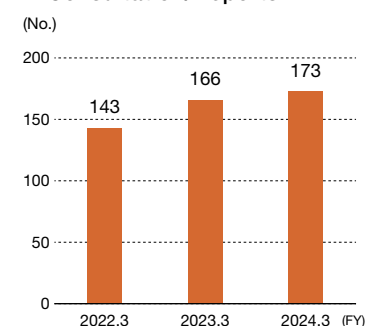
We have established Compliance Desks at Osaka Gas’s headquarters, major affiliated companies and outside law firms representing Osaka Gas as points of contact to receive reports and offer consultation regarding the observance of laws and in-house rules in the Daigas Group. Not only executives, regular employees and temporary employees of the Group but also executives, employees and temporary employees of business partners (including those who have retired within one year) that continually provide products and services to group companies can seek advice or give reports by phone or email, or through other means. The Compliance Desks can also be used anonymously.

In FY2024.3, a total of 173 requests for consultation and reports were received. For these cases, after considering the necessity of fact-finding investigations, we conducted interviews, verified the evidence, and took corrective and recurrence-prevention measures as necessary. As a result, no serious violations of laws and regulations were found.

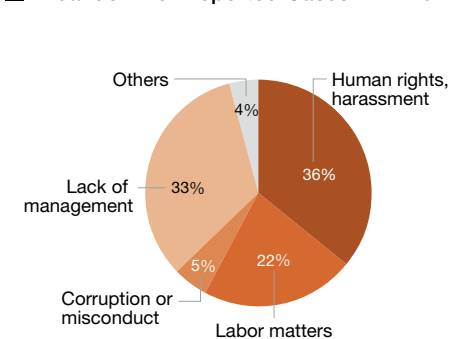
If the Compliance Desk receives a report of a violation of laws and regulations, we will take corrective action if the results of the investigation indicate that there has been a violation. Even in cases where there is no violation of laws and regulations, we will make improvements as necessary to maintain and improve a healthy work environment.

We report on and share the description of the reports received, investigation results, corrective measures, etc. at the Compliance/Risk Management Subcommittee, the ESG Committee and other meetings to prevent recurrence.

■ Number of Requests for Consultation/Reports



■ Breakdown of Reported Cases in FY2024.3



### Protection of informants

We handle requests for consultation/reports received by the Compliance Desks and conduct investigation, etc. regarding them in accordance with the Rules for the systems of consultation and reporting on legal compliance, which clearly specify the confidentiality of the names of informants and persons being reported and other information and the prohibition of prejudicial treatment of informants.

We report on and share the description of the reports received, investigation results, corrective measures, etc. at the Compliance/Risk Management Subcommittee, the ESG Committee and other meetings to prevent recurrence.

### System of Compliance Desks



### Initiatives for proper operation of the internal reporting system

Requests for consultation regarding compliance violations, including harassment, may be received not only by the Compliance Desks but also by the department in charge of general affairs in each organization. In order for each organization to be able to properly respond to such requests, training sessions are held for newly appointed compliance coordinators and staff, etc. to learn how to respond when receiving requests for consultation.

## Tax Compliance

### Fundamental concept

In the Daigas Group's business operations, we follow the Daigas Group Code of Business Conduct, comply with laws and regulations, and act sensibly based on sound ethical standards.

We understand that appropriate tax payments are part of our corporate social responsibility, and we comply with the tax laws and regulations of all countries in which we operate and the spirit of those laws, and make tax filing and payment in a lawful and proper manner.

### Tax governance

Under the direction and supervision of the Executive Director in charge of the Corporate Planning HQ, who is ultimately responsible for tax governance of the Daigas Group, the Finance Dept., which belongs to the Corporate Planning HQ of Osaka Gas, manages tax-related matters in cooperation with the group companies.

The Finance Dept. establishes guidelines and systems for consultation to perform proper accounting practices and make proper tax filing, as well as conduct educational and awareness-raising activities for the company and group companies.

### Tax risk management

Under the aforementioned tax governance system, the Daigas Group strives to appropriately identify tax risks. We reasonably manage tax risks by seeking advice from outside tax experts on important transactions and utilizing a system of advance referrals to tax authorities as necessary.

International transactions between group companies are conducted at arm's length prices based on the functions and risks of each group company. We comply with the OECD Transfer Pricing Guidelines in setting transaction prices. We strive to mitigate tax risks by utilizing an advance pricing arrangement (APA) for important transfer pricing taxation risks.

### Building relationships of trust with tax authorities

We strive to build and maintain a relationship of trust with tax authorities through tax filing and payment in a lawful and proper manner, and appropriate information disclosure.

## Anti-corruption

### Fundamental concept

In the Daigas Group Code of Business Conduct, which sets forth the standards of conduct that all officers and employees of the Daigas Group must follow to ensure compliance management, the prevention of bribery and corruption is described in "Complying with laws in each country and region, and respecting international standards including those on human rights" and "Building and maintaining sound relationships with business partners," which stipulate compliance with laws and ordinances concerning corruption prevention, including the National Public Service Ethics Act and the Unfair Competition Prevention Act, and prohibition of bribes to foreign public servants.

In FY2024.3, we formulated the Daigas Group Anti-Bribery Guidebook to help understand legal concepts and conduct to be noted regarding bribery control laws\* common in many countries, and made it known to all employees in the Group to promote their understanding.

Furthermore, we have taken priority measures for business segments, bases and business activities that pose a high risk of bribery, and we are working to ensure that these measures are properly implemented.

In our G-RIMS system for managing risks related to daily business activities, we conduct periodic inspections and monitoring of suppliers in our supply chain to ensure that there are no compliance issues in human rights, labor, environment, anti-corruption and other areas.

Please see [P.128](#) for more information on G-RIMS.

\* Bribery control laws: stated as a general name for laws and regulations related to bribery control set forth in each country

### Employee training on anti-corruption

The Daigas Group has compiled the Daigas Group Code of Business Conduct ("Code") into a booklet and portable card, which are distributed and posted on the intranet to make the Code known to all employees. We strive to promote understanding of the Code by posting the Explanation of the Code of Business Conduct on the intranet and through training and other programs. We also provide training on the topic of anti-corruption, in which participants have group discussions on specific cases to examine what measures should have been taken by the organization and individuals and how to respond to cases of corruption when they occur, in an effort to prevent corruption.

# Information Security

## Principle and Outline

The evolution of the Internet has led to sharp rises in leaks of confidential information, infections by computer viruses and other serious social issues, and the harm suffered by companies from such incidents increasingly extends beyond direct damage, even resulting in the loss of public trust.

As a business operator responsible for social infrastructure, the Daigas Group recognizes the importance of managing customer information and other data and has established the Cyber Security Committee in August 2019 as a corporate committee. The Cyber Security Committee is chaired by the Head of Technology (Representative Director and Executive Vice-President), who oversees the Group's information security and other technology-related activities, and consists of the heads of related organizations and other members. The Cyber Security Committee meets twice a year to formulate medium- to long-term security strategies, coordinate and promote cross-organizational measures to address security risks across the Group, and gives instructions on improvements as necessary. The Committee submits to the Management Meeting deliberation proposals and reports on important agenda items. Under the leadership of its subcommittee called the Information Security Subcommittee, the Committee strives to step up information security measures.

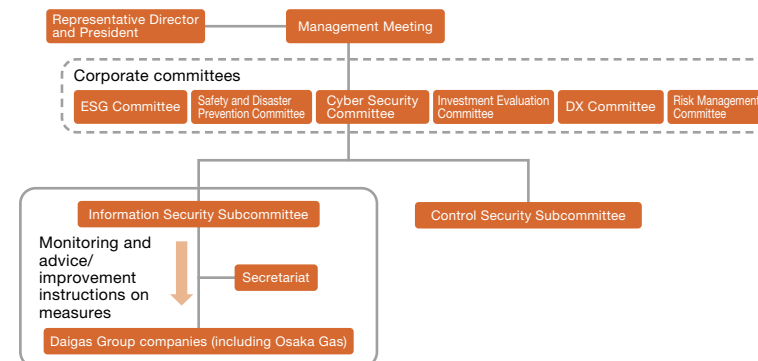
## Efforts to Strengthen Information Security

Under the leadership of the Information Security Subcommittee, the Daigas Group has established a system to enhance its overall information security by deploying managers in charge of promoting information security at core companies of the Daigas Group and organizations in charge of supporting the management of Osaka Gas and by deploying staff in charge of promoting information security at other organizations and affiliated companies.

In FY2022.3, we worked to strengthen information security measures through the establishment or revision of the internal rules for the Daigas Group, including the Information Security Guidelines. In addition to the existing content, we added and revised the Information Security Measures Standards based on recent security incidents that occurred inside and outside the company. We have been operating the telework guidelines, guidelines related to smart devices to respond to the expansion of the use of smart devices, and guidelines which compile the requirements that must be observed when using the cloud services, all of which were created in FY2021.3 and have been updated in light of the spread of telework.

Also, we conducted on-site surveys and checkups regarding information security at group companies, formulated improvement plans for each of these companies, and had them implement suitable measures. Education on security was also provided to all Daigas Group employees and employees in charge of IT at each affiliate and organization to improve the information security awareness and skills of each and every employee. To enhance employees' information security awareness and enable them to respond appropriately to security

### Information Security Promotion System (April 2024)



incidents, we conducted simulation training on targeted email attacks, based on actual cases (for about 20,000 employees).

In addition to the above measures, we have conducted vulnerability assessments and introduced mechanisms to detect and prevent unauthorized access. We are reviewing various countermeasures from time to time to strengthen information security measures.

### Major information security measures undertaken in FY2024.3

- Maintained and operated the Information Security Guidelines, etc.
- Implemented voluntary information security inspections of affiliated companies
- Implemented training on targeted email attacks (for approx. 20,000 employees)
- Implemented e-learning for employees (for approx. 8,000 employees)

# Protection of Personal Information

## Principle and Outline

The Daigas Group believes that information is an important asset for a company and should be properly managed to prevent leakage or loss, and it has established a system for the proper use and management of personal information received from customers. Furthermore, we are working to enhance risk management regarding personal information by utilizing our risk self-assessment system, G-RIMS, and to raise employee awareness through e-learning and training programs.

### Privacy Policy

In accordance with the Act on the Protection of Personal Information, our Rules for Personal Information Protection, and other related regulations, Osaka Gas has established a privacy policy regarding the handling of information on its customers, shareholders and other parties and posted it on its official website. Based on this policy, we strive to properly protect information on our customers, shareholders, and other parties. In addition, we handle personal information on our employees, etc. in the same manner as customer information. We are making the privacy policy regarding personal information of our employees, etc. known through the internal portal site and striving to properly protect the personal information on our employees, etc.



## Protection of Personal Information

### Establishing a personal information protection system that includes subcontractors in its scope

The Daigas Group, which handles a large amount of personal information, has established rules and implemented various security control measures to protect such information. We are striving to properly manage and prevent leakage of personal information by establishing a personal information protection system that includes subcontractors in its scope, in which the Representative Director and Executive Vice-President responsible for the General Affairs Department serves as the Chief Privacy Officer (CPO) and managers are assigned to the Business Units, the Human Resources Department and affiliated companies.

### Strengthening risk management through training and e-learning programs

Every year, the Daigas Group strengthens risk management regarding personal information by utilizing its risk self-assessment system, G-RIMS, and addresses personal information protection as an important theme in compliance training and other educational programs to raise employee awareness. Furthermore, all employees and temporary employees who have access to computers provided by the Group are required to take e-learning courses on information security, which consists of basics and case studies. We ensure that employees further deepen their understanding of personal information protection by providing e-learning programs to learn about personal information protection on a regular basis.

### Personal Information Protection System

