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Management

Message from the President of Osaka Gas

Guided by a “Service First” Spirit That Responds to the Issues of Our Customers and Society, We Will Keep Kindling the Flame of Hope for the Future

Representative Director and President
Masataka Fujiwara



“Service First”—The Foundation of the Daigas Group

Last year marked the 120th anniversary of the start of our operations in 1905. Over the past 120 years, the environment surrounding our business has changed dramatically, and we too have continually adapted to the times and society, while transforming and evolving along the way. At the same time, every company has principles that remain unchanged and should never be changed. For the Daigas Group, that enduring foundation is our corporate motto, “Service First.” It embodies the spirit of putting our customers first and supporting their lives and businesses.

Some may think it is only natural for a public utility providing essential energy infrastructure such as gas and electricity to embrace a philosophy of “Service First.” Others may find it surprising, given that the gas business in Japan was historically operated as a public utility serving designated supply areas. When I joined Osaka Gas in 1982, the liberalization of the gas market was still years away. Since Osaka Gas was not expected to compete with other companies, I honestly wondered why “Service First” was our corporate motto in the first place.

That perspective changed completely after I was assigned to a department responsible for selling gas to industrial customers. I spent my days visiting small manufacturing businesses throughout Osaka, proposing that customers switch their factory fuel from heavy oil or propane gas to natural gas. At the time, heavy fuel oil and propane gas were the fuels predominantly used by factories, while natural gas, which was more expensive, attracted little interest. As I struggled to win customers, I found myself thinking, “So much for an easy ride in the gas business.” Yet those struggles led me to an important realization. Simply asking customers to use natural gas was never enough. We needed to demonstrate concretely what value it could create for their businesses —a value compelling enough for customers to choose natural gas despite its higher cost.

To do so, I carefully examined our customers' factories, reviewing their manufacturing processes in detail to identify energy waste and opportunities to improve energy efficiency. I looked beyond energy costs to consider how we could also reduce the workload on people at the site and the burden of managing equipment. By looking at the factory as a whole, we developed a series of proposals showing how switching to natural gas could create new value for the customer.

Engaging with customers directly, discovering and addressing their needs and challenges, and earning their trust taught me that the key to earning customers' continued choice of natural gas over competing energy sources is an unwavering commitment to "Service First."
I came to realize that this philosophy is the foundation of everything we do at the Daigas Group. This was, in a sense, the formative experience in my career.

As we have put "Service First" into practice with sincerity, it has also given rise to various mindsets and ways of thinking within our Group. One of these is what we call *osekkai*. It means not only identifying our customers' current needs and issues, but also uncovering latent needs and challenges they have yet to recognize and proactively proposing solutions ahead of time. This spirit of going the extra mile for our customers is what we at the Daigas Group call *osekkai*.

Over the years, this spirit has enabled us to pioneer products and systems ahead of their time and industry, including gas fan heaters, floor heating systems, and Eco-Jozu high-efficiency water heaters for residential customers, as well as combined heat and power (CHP) systems and energy-efficiency assessments for commercial and industrial customers. These products and systems have since become commonplace, enriching people's daily lives and advancing industry. "Service First," together with the spirit of *osekkai* that has grown from it, continues to be passed down throughout the Daigas Group.

A History of Facing Adversity and Taking on New Challenges

Looking back on the history of the Daigas Group, I see a history of adversity and challenge—and of confronting adversity and rising to each challenge. Our business began with gas lighting, but when the spread of electric lighting meant giving up our position as the primary source of illumination, we faced our first major test. At that time, we found a new path forward in supplying thermal energy to residential customers.

As people's lifestyles continued to evolve, we expanded the use of natural gas into space heating and water heating, and then into commercial and industrial applications. We built our position today by overcoming intensifying competition brought about by energy market liberalization and other changes. Responding to change was demanding, but it also gave us opportunities to move our business forward.
However, remaining in the domestic market, where the population is expected to decline, would slow our growth. That is why we have boldly pursued expansion not only in the scope of our businesses but also in our geographic footprint. In terms of energy sources, we have expanded from natural gas to electricity and then to renewable energy. Geographically, we have expanded overseas, including through participation in upstream operations in Australia and the United States. We have also grown the Life & Business Solutions (LBS) segment, comprising three fields—real estate, information, and materials—as a stable earnings base distinct from our energy businesses, thereby building a resilient business portfolio capable of withstanding changes in the business environment.
Whenever we face adversity, we seek new ways to create value and broaden the role we play. Those accumulated efforts underpin the strong earnings base that supports the Daigas Group today.

Digitalization, AI, and technological innovation are transforming society. Even a business model that is optimal today can quickly become obsolete tomorrow if we fail to pursue continuous reform and innovation. At the same time, when the scale and pace of change increase, risks and opportunities both grow. We intend to identify opportunities amid change, take on new challenges, drive innovation, and translate those efforts into the growth and evolution of the Daigas Group.

Enhancing Profitability in Our Existing Businesses While Building a "Second Osaka Gas" in Rapidly Growing India

In the fiscal year ended March 2026 (FY2026), we made steady progress toward achieving the goals of our Medium-Term Management Plan 2026. Although consolidated net sales decreased 1.9% year on year to 2.03 trillion yen, operating profit increased 8.8% to 174.8 billion yen, and ordinary profit increased 7.8% to 204.5 billion yen. ROIC reached 5.8%, and ROE 8.7%, with both remaining on track to achieve our final-year targets under the Medium-Term Plan 2026.



By segment, the Domestic Energy segment reported lower profit, reflecting higher fixed costs following the commencement of operations at the Himeji Natural Gas Power Plant, as well as lower gains from electricity market transactions. The International Energy segment delivered higher revenue and profit, driven by strong performance in the U.S. The LBS segment also posted higher profit, driven primarily by improved earnings in the real estate business. By broadening our business portfolio and growing each business into a solid earnings pillar, we have built a stronger overall earnings base.

For the fiscal year ending March 2027 (FY2027), we expect consolidated net sales of 2.07 trillion yen, operating profit of 150.0 billion yen, and ordinary profit of 190.0 billion yen. As the final year of our Medium-Term Plan 2026, we will keep a clear focus on achieving our ROE and ROIC targets while further enhancing corporate value through the organic growth of the Domestic Energy, International Energy, and LBS segments. In the Domestic Energy segment, Unit 2 of the Himeji Natural Gas Power Plant came online in May. Together with Unit 1, which commenced operations in January, it increased our domestic thermal power generation capacity from 2 GW to 3.2 GW. This large-scale project took nearly 10 years from the start of the environmental assessment process in April 2016, and I am pleased that we brought it into operation as planned. Preparatory work has also begun for Unit 3, which was selected in Japan's Long-Term Decarbonized Power Source Auction and is scheduled to commence operations in 2030. Together, the three units will have approximately 1.8 GW of new high-efficiency generation capacity. By expanding the use of natural gas, which is becoming increasingly important during the energy transition, we will help meet growing electricity demand over the medium to long term.

The International Energy segment is an important area for sustaining our medium- to long-term growth. One of its key earnings pillars today is Sabine Energy Inc., our U.S. shale gas business. At the beginning of each fiscal year, we hedge the selling price for approximately 70–80% of our planned sales volume for the year to stabilize earnings, while capturing upside potential through increased production when gas prices rise. In thermal power generation, we aim to enhance the value of our existing generating assets by leveraging the power plant operating expertise we have developed in Japan to meet robust electricity demand in the United States, driven in part by AI and data centers. At the same time, drawing on the knowledge we have accumulated through our overseas businesses, we will consider opportunities, including new investments.

Another market we expect to make a significant contribution to our performance in the future is India. Since making our initial investment in an energy infrastructure company in 2021, we have expanded our involvement in the country. Today, we operate a gas distribution business across a total area of approximately 320,000 km^2, equivalent to about 90% of Japan's land area, primarily in southern India. Sales volume is expected to increase from 150 million m^3 in FY2024 to 820 million m^3 in FY2027. In India, we do more than simply invest for returns. We lay gas pipelines, develop natural gas stations, and supply gas to customers in the region, operating a business that directly supports energy infrastructure. This enables us to fully leverage the experience and expertise we have developed as an energy provider in Japan. Naturally, operating in India involves country risks and compliance challenges. We apply rigorous investment criteria, deploy our own people on the ground, and remain closely involved in the business, verifying conditions firsthand. With a long-term focus on the market, we aim to build a "second Osaka Gas" in rapidly growing India.

Driving Energy Transition toward Carbon Neutrality through e-methane

The energy transition is another key to our success during the period of the Medium-Term Plan and beyond. Following Cabinet approval of the Seventh Strategic Energy Plan in February 2025, Japan's energy policy is moving along a more realistic path. While achieving decarbonization is an essential objective, it cannot be accomplished overnight. Progress must be made while simultaneously meeting the requirements of safety, energy security, economic efficiency, and environmental considerations.

In this regard, we believe that promoting the use of natural gas during the transition to carbon neutrality—that is, shifting from coal and oil to natural gas, which emits less CO_2—is a practical and effective approach. From a long-term perspective, we will pursue the optimal approach to energy during the transition period. This includes natural gas-fired power generation, which can respond flexibly to supply-demand gaps that cannot readily be met by baseload power sources such as nuclear and hydropower while enabling more efficient energy use, as well as LNG bunkering (LNG fuel supply for vessels), which helps reduce the carbon intensity of marine fuels.

The key to achieving decarbonization is e-methane, a gas produced by recycling CO_2. While e-methane is a carbon-neutral energy source, it has virtually the same composition as natural gas, allowing existing gas infrastructure and gas appliances to be used without modification. This compatibility gives e-methane a significant advantage over other decarbonized energy sources.

Of course, achieving this will not be easy. Many challenges remain, including developing technologies to reduce costs and designing global regulatory frameworks. Nevertheless, we have set a target of having e-methane and other carbon-neutral gases account for 1% of the gas supplied through our gas network by 2030, and we are making steady progress toward that goal. As I have noted, transforming social infrastructure cannot happen overnight. We must first achieve that 1%, and then build on it step by step. Beyond that lies a fundamental transition from natural gas to carbon-neutral gases. I believe we can achieve this transition because we have faced adversity, taken on challenges, and overcome them before. From gas lamps to residential thermal energy supply, from coal gas to natural gas, and from a regional gas utility to an integrated energy company. We take pride in having grown by evolving the value we create in response to changing times and an increasingly competitive business environment. We see our pursuit of e-methane as a natural extension of that journey.

Stable Supply, Safety, and Peace of Mind—the Foundation of Our Energy Business

Geopolitical risks are affecting energy supply on a global scale. At times like these, we must reaffirm our foremost responsibility as an energy company: ensuring a stable energy supply and maintaining safety as our highest priority. This means securing LNG reliably through long-term contracts and diversified procurement that does not depend on any single country or region, delivering gas reliably to our customers, and maintaining safety as our highest priority at all times. These are the very foundation of our business. No matter how our business portfolio expands or how our company evolves, this mission and these responsibilities will never change. The trust that our customers and society place in us as an energy provider depends on our ability to ensure stable supply, safety, and peace of mind. A serious supply disruption or major accident could cause the trust we have built over the years to collapse in an instant. This is why we always believe that ensuring safety and peace of mind is the Daigas Group's greatest brand asset.

Above all, ensuring stable supply, safety, and peace of mind requires the strength of our people as professionals. In recent years, we have been called upon to respond to changes in the conditions at our operations, including workforce shortages and the increasing burden on workers caused by extreme heat. By using digital technologies, AI, and other approaches to reduce the burden on our frontline workforce and improve efficiency, while further enhancing safety and quality, we will pursue both objectives.

Creating an Environment That Allows Diligent and Reliable People to Take on New Challenges: A Duty and Commitment of Management

The people of the Daigas Group are known for their diligence and reliability. That is one of our greatest strengths as a company that supports essential infrastructure. But to continue growing, diligence alone is not enough. We also need the ability to take that extra step. I encourage our people to sometimes get a little carried away and take on challenges—to *ichibiru*, as we say in the Kansai dialect. Of course, I do not mean that they should take reckless risks. Rather, I encourage them to deepen their expertise, carefully assess the risks involved, and then have the courage to take on new challenges.

To make that possible, management must create opportunities for our people to take on challenges. We will invest in their development and provide opportunities for them to grow. Above all, we believe in our people and will support them even when they fail. We are committed to creating the foundation that enables our people to take on challenges. Our company will not move forward if we simply repeat yesterday's work in the same way today. We need to be willing to cross boundaries, create new value, and foster that spirit throughout the organization.

Further Challenges and Evolution of the Daigas Group

While advancing these initiatives, the Daigas Group pursues sustainability management that focuses on the environment, human rights, and other social and governance issues. We are committed to upholding the Daigas Group Charter of Business Conduct, which articulates our corporate stance, and the Daigas Group Code of Business Conduct, which specifies behavioral standards for our executives and employees, in order to realize our corporate philosophy. Additionally, in 2007, we became the first Japanese public utility company to participate in the United Nations Global Compact, endorsing the principles that guide companies in their contributions to sustainability as responsible members of the international community.

The Ten Principles of the UN Global Compact

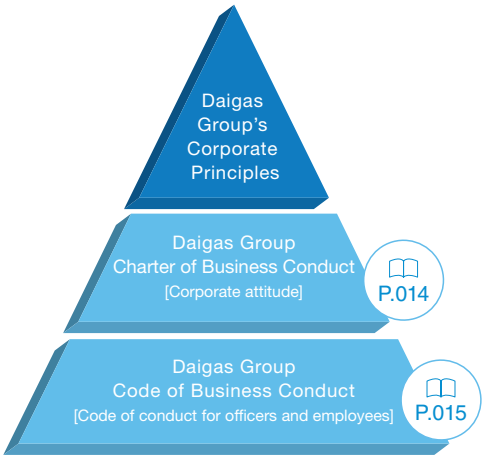
Human Rights	Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2 : make sure that they are not complicit in human rights abuses.
Labour	Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4 : the elimination of all forms of forced and compulsory labour;
	Principle 5 : the effective abolition of child labour; and
	Principle 6 : the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7 : Businesses should support a precautionary approach to environmental challenges;
	Principle 8 : undertake initiatives to promote greater environmental responsibility; and
	Principle 9 : encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Looking ahead, the Daigas Group will pursue growth across a broad range of businesses, building on the strength of our Domestic Energy operations while expanding internationally and advancing carbon neutrality through initiatives such as e-methane and renewable energy. Yet the principles that underpin everything we do will remain unchanged. We will strive to anticipate and respond to the needs of our customers and society—even to the point of seeming overly proactive. We will chart a course through an uncertain future by drawing on the technologies and expertise we have built over many years. And we will bring our knowledge and expertise to bear to keep the flame of hope alive for the future. "Service First" is not a phrase for looking back with nostalgia. It is our compass for navigating an era of change. Guided by this spirit, we will remain a corporate group that earns the understanding and trust of all our stakeholders. As we pursue our vision of becoming "an innovative energy & service company that continues to be the first choice of customers" and enhance our corporate value, we invite you to look forward to the further challenges and evolution of the Daigas Group as we move forward.

Daigas Group's Values

Daigas Group Philosophy

The Daigas Group has established the Daigas Group Corporate Principles, the Daigas Group Charter of Business Conduct, and the Daigas Group Code of Business Conduct. The Daigas Group Corporate Principles consist of What We Aim To Be, Our Commitment, and Our Corporate Motto. The Group believes that the creation of four types of value is the fulfillment of its social responsibility by creating value primarily for customers, as well as for society, shareholders, and employees, aiming to become a corporate group that powers continuous advancement in customers' lives and businesses. We have also established the Daigas Group Charter of Business Conduct as a statement of our corporate stance and the Daigas Group Code of Business Conduct as a specific code of conduct to be followed by our officers and employees, and we conduct our business activities based on them.



Daigas Group's Corporate Principles

Daigas Group's Corporate Principles

–What the Daigas Group Aims To Be–

A corporate group that powers continuous advancement in customer's lives and businesses.

–Daigas Group's Commitment–

We create four types of value.

Creating Value for Customers | Creating Value for Society | Creating Value for Shareholders | Creating Value for Employees

–Our Corporate Motto–

Service First

■ Realization of Value Creation

Value for Customers

We provide services that meet customer expectations for comfort, convenience and reliability in diverse fields.

- Promotion of development and provision of new products and services in the energy business
- Continuation of zero serious accidents in energy production and supply
- Expansion into the real estate, telecommunications, and new materials businesses
- Contribution to the creation of new services and the elimination of the labor shortage through DX and other means
- Customer accounts: 10.89 million (FY2026)
- Customer satisfaction rate of 90% or higher for 14 consecutive years (FY2026)

*Results of a satisfaction survey on five operations: opening of gas lines, repair of gas appliances, sales and installation of appliances, regular security patrols (gas equipment inspection), and response to telephone inquiries (at the customer center).

Value for Society

We conduct fair and transparent business operations and contribute to the sustainable development of society and the improvement of the global environment.

- Ongoing maintenance of stable and safe supply of energy
- Promotion of earthquake countermeasures: Extension of polyethylene (PE) pipes to 19,400 km (as of March 31, 2026)
- Contribution to the realization of a carbon neutral society through the advanced use of natural gas, the provision of carbon neutral gaseous energy, and the widespread use of renewable energies
  Avoided emissions: 7.38 million tons (FY2026)
- Promotion of co-creation with local communities
- Initiatives to promote fair and transparent business with suppliers

Value for Shareholders

We strive to achieve stable long-term growth and maximize corporate value while maintaining a sound financial foundation.

- Introduction and deepening of ROIC-focused management
- Shareholder returns in line with profit growth
- Promotion of understanding of company through dialogue with capital markets
- Implementation of transition finance
  Funds procured: Over 150.0 billion yen (FY2023 - FY2026)

Value for Employees

We respect the individuality of each employee and provide support for their personal growth and professional fulfillment.

- Promoting diversity, equity and inclusion (DE&I)
  Ratio of female directors: 26.7% (FY2026)
- Enhancement of skills development programs and development of training systems that will enable anyone to take on challenges
- Common training hours to strengthen the management foundation
  12.1 hours/person (FY2026)
- Employee engagement
  Maintained at appropriate levels
  The "overall satisfaction" score, which shows employees' current satisfaction level with the Company, was used as a comprehensive indicator to evaluate employee engagement (FY2026).

Daigas Group Charter of Business Conduct

Daigas Group Charter of Business Conduct

The Daigas Group places the highest priority on creating value for customers and aims to lead creating value for customers to creating value for society, for shareholders, and for employees through its business activities. We believe that our social responsibility lies in creating value for all these stakeholders through fair and transparent business activities.

We have established the Daigas Group Charter of Business Conduct in order to demonstrate our determination to match our stakeholders' expectations and fulfill our corporate social responsibility toward our Group's sustainable development. This Charter serves as the Group's fundamental guide to achieving sustainable economic growth and resolving social issues through its business activities in cooperation with customers, society, shareholders, and employees.

The Daigas Group's management members are expected to be role models in acting in accordance with the Charter. They will take strict corrective action in case of any infringement of the Charter.

Daigas Group Charter of Business Conduct

I. Creating Value for Customers

The Daigas Group aims to enhance energy resilience through a reliable and safe supply of energy, including natural gas, electricity, and LPG, while ensuring safety and providing services. The Daigas Group strives to create value through the development of various businesses and innovation for customers' comfortable lifestyles and sustainable business development.

II. Contributing to the Sustainability of the Environment and Society

The Daigas Group addresses the environmental issues both at regional and global levels as a matter of paramount importance in its business centered on energy supply. In light of the impacts of its business activities on the environment, the Daigas Group strives to tackle climate change and other environmental issues, develop innovative technologies and promote their wider use, and support the advanced use of resources and materials.

III. Engaging With and Contributing to Society

The Daigas Group ensures the transparency of its business operations and discloses information for the public's better understanding of its corporate activities. The Daigas Group promotes cooperation with various stakeholders through productive dialogue and makes positive contribution to the local community as a good corporate citizen.

IV. Respecting Human Rights

The Daigas Group respects human rights as basic rights inherent to all. The Group supports the international standards on human rights and promotes activities and programs to protect the human rights of its stakeholders.

V. Complying with Laws and Regulations

The Daigas Group strives to earn the trust of society through its compliance with laws and regulations on all levels, including the management and employees. The Group's compliance is not limited to observing laws and regulations but includes acting sensibly as a member of society. The Group conducts business activities with fairness and integrity, respecting the culture and customs of each country and region where it operates.

VI. Providing Work Environment That Supports Employees' Personal Growth

The Daigas Group provides a safe and healthy working environment for its employees while securing employment opportunities. The Group values its employees' individual uniqueness, respects their independence as individuals, supports their personal growth, and promote DE&I (Diversity, Equity, and Inclusion) at the workplace.

Daigas Group Policies

Daigas Group Policies

The Daigas Group has established policies to demonstrate its corporate attitude in each field.
The policies, including those related to sustainability, and declarations are as follows:

- Daigas Group Human Rights Policy
- Daigas Group Diversity Promotion Policy
- Daigas Group Tax Policy
- Daigas Group Procurement Policy
- Daigas Group Procurement Policy for Suppliers (the Daigas Group Procurement Guidelines for Suppliers)
- Daigas Group Environmental Policy
- Daigas Group Biodiversity Promotion Policy
- Daigas Group Basic Policy on Customer Harassment
- Daigas Group Multi-Stakeholder Policy
- Green Purchasing Guidelines
- Privacy Policy
- Product Safety Voluntary Action Plan
- Declaration of Health and Productivity Management

Daigas Group Code of Business Conduct

Daigas Group Code of Business Conduct

The Daigas Group's corporate social responsibility is to create new value through fair competition and thereby contribute to society. In fulfilling its corporate social responsibility, compliance is of utmost importance for the Daigas Group.

The Daigas Group Code of Business Conduct ("the Code") sets forth the standards of conduct that all officers and employees of the Daigas Group are required to follow in order to achieve compliance management.

As we operate business in accordance with the Code, which also forms the basis of the Group's other internal rules, we should always adhere to the spirit and intent of the Code even in face of any circumstances that fall outside its expected situations, which we might encounter in the rapidly changing business environment.

Daigas Group Code of Business Conduct

1. **Respecting human rights**
2. **Providing a safe and secure workplace**
3. **Complying with laws and regulations**
4. **Avoiding the use of professional positions and company property for personal reasons**
5. **Complying with laws in each country and region, and respecting international standards, including those on human rights**
6. **Contributing to environmental conservation**
7. **Complying with antimonopoly laws and regulations, and conducting fair transactions**
8. **Providing products and services**
9. **Ensuring the safety of products and services**
10. **Interacting with customers appropriately**
11. **Engaging with and contributing to society**
12. **Building and maintaining sound relationships with business partners**
13. **Engaging business partners in adhering to the Daigas Group Code of Business Conduct**
14. **Managing the proper use of information and systems**
15. **Disclosing information and engaging with stakeholders**
16. **Properly handling intellectual property**
17. **Avoiding association with anti-social groups and individuals**
18. **Making tax payments and performing accounting practices properly Daigas Group Code of Business Conduct**

To make the Daigas Group Code of Business Conduct easier to understand for officers and employees working for the Group, we have extracted the essence of the 18 items in the Code to create "Our Declaration" (10 items).

"Our Declaration," Summarizing the Daigas Group Code of Conduct

"Our Declaration," Summarizing the Daigas Group Code of Conduct

I. We will achieve a workplace where human rights are respected and employees can work in comfort and with peace of mind.

II. We will conduct business activities with legal compliance and decency.

III. In conducting global business activities, we will comply with all local laws and regulations, and will respect international norms including those concerning human rights.

IV. We will properly consider the global environment in all of our actions.

V. We will conduct fair business transactions and competitions.

Vi. We will provide safe and high-quality products and services at reasonable prices, with the aim of enhancing customer satisfaction.

VII. We will act modestly and sensibly in our relationships with those with whom we do business.

VIII. We will appropriately handle and disclose information with proper recognition of its value and importance.

IX. We will prohibit any association with anti-social forces.

X. We will make appropriate tax payments and properly handle our financial accounts.

Realizing the Group's Corporate Principles

We strive to increase value for employees and engagement by building frameworks and mechanisms for communication within the Daigas Group and by using our internal media to share information. We also encourage communication between management and employees with the aim of realizing our Corporate Principles using both top-down and bottom-up approaches.

Activities for Dissemination of the Corporate Principles

In its Long-Term Management Vision 2030, the Group has set its sights on evolving into an innovative energy & service company that continues to be the first choice of customers. In addition, the Medium-Term Management Plan 2026 presents the Group's aspiration, "secure peace of mind today, build sustainable lifestyles for tomorrow." These plans have been formulated based on the Daigas Group Corporate Principles ("Principles"), which the Group has valued since its founding.

Based on the belief that it is important for each and every employee to understand and be on board with the Principles in order to realize value creation, we designated October, which is the anniversary of our founding, as "Group Corporate Principles Month" in FY2022, and we have provided e-learning and workshops in continuous efforts to promote familiarization of the Principles among Group employees.

What's more, in FY2026, to commemorate the Group's 120th anniversary, we created the Daigas Group 120th Anniversary Book. This publication, posted on the intranet, presented how the Group has innovated and progressed over the past decade in accordance with its Corporate Principles.



Three Daigas Group Guiding Principles That Support the Realization of the Daigas Group Corporate Principles

We think our employees are the driving force behind the embodiment of the Daigas Group Corporate Principles and continuous innovation and progress. To ensure that our Corporate Principles are reflected in the day-to-day activities of our employees, we work to thoroughly establish three guiding principles of "customer-oriented approach," "wholeheartedness and a sense of mission," and "enterprising spirit."

We believe that having all of our employees apply these guiding principles will help us solve the problems faced by our customers and society, and will help us become a corporate group that powers continuous advancement in customers' lives and businesses.

■ **Daigas Group Guiding Principles**



“Town hall meetings” that provide opportunities for direct dialogue between the President and Group employees

With the aim of fostering expectation for the future of the Group and a sense of unity among employees, the Daigas Group provides opportunities for the President to visit workplaces and engage in direct dialogue with employees through “town hall meetings.” The President communicates his thoughts on “a corporate group that powers continuous advancement in customers’ lives and businesses,” the goal of the Daigas Group Corporate Principles, and engages in a frank exchange of opinions with members at each workplace, thereby working to better disseminate the Corporate Principles by the President himself and foster a sense of unity within the Group. In FY2026, the town hall meetings were held for the Power Business Unit, the LNG & Engineering Business Unit, Energy Solution Business Group (the Energy Solution Business Unit, Osaka Gas Marketing Co., Ltd., and Daigas Energy Co., Ltd.), the Next-Generation Business HQ, and more.

Holding online town hall meetings

In December 2025, we held our first online town hall meeting for all Group employees.

The President and roughly 100 participants shared their opinions on the theme of the “three guiding principles (Daigas Group guiding principles)” that support the realization of our Corporate Principles.

Questions from employees included requests for examples of times when the President felt that Daigas Group’s corporate culture enabled him to achieve something, and questions about what is most important when listening to customers’ needs. The President responded based on his own experience, conveying the importance of realizing the Corporate Principles and practicing the Group guiding principles from the top down. The participants also deepened their understanding of and resonance with the Corporate Principles through the dialogue.

In June 2026, we held another online town hall meeting on the theme of the Daigas Group FY2027 Management Plan, attended by more than 450 employees. The content of the meeting was also made available in video format on the intranet and shared throughout the Group via articles in Gasuto, the Group’s newsletter.



Feedback from a participating mid-level employee

It reaffirmed for me that our foundation is a culture of continually taking on new challenges, even when we experience failure.

Feedback from a participating junior-level employee

It made me realize how important it is to first understand our customers’ businesses in order to solve their problems.



Promoting Communication Within the Company

Laying the groundwork for fostering a sense of unity among all employees through “Daigas Yomoyama” events

We conduct “Daigas Yomoyama,” online events where employees discuss a wide range of topics across departmental and hierarchical boundaries, with the aim of creating opportunities for employees to connect and fostering a sense of unity across the Group.



In these events, participants share their values and deepen their mutual understanding through their interactions. They also combine their diverse knowledge to prepare the groundwork for new value creation.

These events have a broad range of themes, covering everything from work-related topics such as interacting with local staff and changing how we work to topics of interest to employees such as childcare and travel. 17 of these events were held in FY2026, attended by roughly 2,200 people.

Sharing challenges based on our Corporate Principles through the web-based Group newsletter “Gasuto”

Gasuto, which means “gas lamp” and is the Daigas Group’s newsletter, serves as a communication tool for approximately 20,000 employees engaged in diverse businesses in Japan and overseas, playing an important role in connecting management with the frontlines and employees with one another.

Through Gasuto, we communicate management policy and the challenges being taken on in the field in a timely manner. By leveraging the interactive nature of the web, we get employees fully on board with our policies, share the pride and sense of mission inherent in their daily work, and foster greater attachment to the organization and willingness to contribute voluntarily.

Furthermore, our efforts to stimulate internal communication and motivate our employees to take action led to Gasuto being recognized with several awards in FY2026. We won the Overall Award in the online in-house newsletter category of the Keidanren Recommended In-House Newsletter Review and the Silver Award in the In-House Newsletter Awards presented by wis works, Inc.

Formulating and Disseminating the Code of Business Conduct, Which Sets Out Specific Standards of Conduct

Revision of the Daigas Group Code of Business Conduct in line with the 10 principles of the UN Global Compact and ISO 26000

We fully embrace the UN Global Compact, and in June 2007, we became the first utility in Japan to join. We uphold the 10 principles for enterprises to follow (supporting and respecting the protection of human rights, not being complicit in human rights abuses, upholding the freedom of association and recognizing the right to collective bargaining, eliminating forced labor, effectively abolishing child labor, eliminating discrimination in respect of employment and occupation, supporting a precautionary approach to environmental challenges, undertaking initiatives for environmental responsibility, developing and diffusing environmentally friendly technologies, and working against corruption in all its forms, including extortion and bribery) in the four fields of human rights, labor, environment, and anti-corruption.

In May 2008, the Daigas Group revised its Code of Business Conduct to incorporate the 10 principles of the UN Global Compact and in doing so clearly prohibited activities such as bribes to foreign officials and the use of child labor (currently, details are described in the internal guide for understanding the Code). Because these principles also relate to the dealings that the Group has with its business partners, in June 2009 the “Policy for Purchasing” (currently the “Daigas Group Procurement Policy” and the “Daigas Group Procurement Policy for Suppliers (Daigas Group Procurement Guidelines for Suppliers)”) were also revised to stipulate adherence to the UN Global Compact.

In FY2024, we prepared the Daigas Group Anti-Bribery Guidebook, which prohibits the following acts and items:

Major items ・Bribes to Japanese and foreign officials ・Inappropriate entertainment and gifts ・Small facilitation payments, etc.

Familiarization of the Daigas Group Code of Business Conduct

To promote understanding of the Daigas Group Code of Business Conduct, we have prepared Our Declaration (10 items) as a summary version extracting the essence of the Code and have made it known to all employees by distributing a portable card and posting it on the intranet. In addition, an annual survey is conducted to see the degree of awareness toward compliance among the Group employees, as well as the degree of its penetration at workplace. In FY2026, about 90% of approximately 21,000 employees (including temporary employees and part-time workers) responded to the survey, and their answers indicated that the level of understanding on the Daigas Group Code of Business Conduct remained high. We also reflected issues recognized through the survey to organizational countermeasures and took other measures to raise Group employees’ awareness.

Sustainability Management

Principle and Outline

The Daigas Group aims to become a corporate group that helps further the evolution of customers' livelihoods and businesses. To this end, the management and employees act based on the "Daigas Group Charter of Business Conduct ("the Charter")," which stipulates the basic concept of our CSR. As the Group's business field expands, the range of stakeholders that our business affects will further expand, including customers, local communities, shareholders and investors, and employees.

In order to recognize the impact our business activities may have on society and the environment, and conduct business while taking such impact into account, the Daigas Group has been promoting CSR activities. Specifically, in 2009, the Group introduced indicators to promote CSR activities and visualize their processes. In FY2015, we identified important aspects for the Group (materiality) for the first time by turning to the opinions of outside knowledgeable people. In light of expectations from society and changes in the business environment, materiality is reviewed when a Medium-Term Management Plan is formulated and on other occasions.

We are promoting sustainability activities to achieve sustainable economic growth and solve social issues by addressing the Sustainable Development Goals (SDGs), including climate change and human rights issues.

Sustainability Promotion System

The Daigas Group has a Sustainability Committee, chaired by the Chief Sustainability Officer (CSuO)* (Senior Executive Officer), who supervises the Group's sustainability activities, and consisting of the heads of related organizations and other members.

In principle, the Sustainability Committee meets three times a year for cross-organizational deliberation and coordination of sustainability activities. In principle, the Management Meeting, chaired by the President and Executive Officer, is held three times per year as the Sustainability Council, which deliberates on established key issues (materiality), indicators and targets in sustainability management, and their progress. The Board of Directors is then consulted on important matters related to sustainability activities (including risks concerning ESG) and is responsible for decision-making and supervision.

The Group has also established the Environment Subcommittee, Social Contribution Subcommittee, and Compliance/Risk Management Subcommittee, and works closely with the subcommittees in promoting sustainability activities.

In addition, in order to enhance governance over our overall sustainability activities, we appoint Outside Directors with expertise in the fields of environmental accounting and sociology, as well as a wealth of experience and broad insight in corporate and organizational management.

(Please see 📖P.138 for the skills matrix of our directors.)

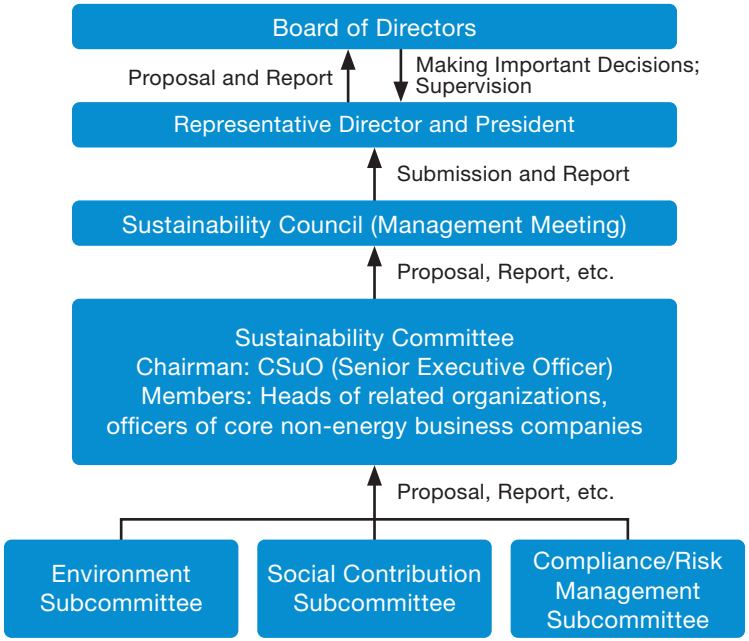
All these moves represent the Group's efforts to strengthen sustainability activities to live up to higher social expectations for the Group through communication with internal and external stakeholders.

* With the aim of enhancing corporate value over the medium to long term and to address cross-Group management issues, the Company introduced the chief officer system effective April 1, 2026.

■ Main Topics for Sustainability at the FY2026 Board of Directors Meetings

- May 2025: Performance report for FY2025 sustainability indicators and human rights due diligence report
- Nov 2025: First-half performance report for FY2026 sustainability indicators
- Feb 2026: Performance forecast report for FY2026 sustainability indicators, and sustainability indicator targets and sustainability management plans for FY2027, revisions to Group regulations and policies, etc.

■ Sustainability Promotion System (As of April 1, 2026)



Long-Term Management Vision / Medium-Term Management Plan

In 2017, the Daigas Group formulated a Long-Term Management Vision that looks toward FY2031, 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 2026 announced in 2024, recognizing 2030 as the turning point in which moves to realize a carbon neutral society in 2050 will start to accelerate even further, we have adopted the key strategy of “Co-create Value for a Sustainable Future” “Support Employees to Shine Their Roles,” and “Evolve Business Foundation,” which contribute to solving social issues. We also set targets for our continued contribution to the realization of sustainable society.

Medium-Term Management Plan 2023
“Creating Value for a Sustainable Future”

Medium-Term Management Plan 2026
“Connecting Ambitious Dreams”

2021– 2023 | 2024– 2026 | 2030 | 2040 | 2050

Carbon Neutral Vision
Energy Transition 2030
Energy Transition 2050

What We Aim To Be

Business group which creates value with stakeholders for solving social issues including decarbonization.

Key Strategy

I. Co-create Value for a Sustainable Future
- Achieving a low carbon/carbon neutral society
- Establishing lifestyles and businesses adjusted to the new normal
- Enhancing resilience of customers and society

II. Evolve Our Corporate Group
- Enhancing business portfolio management
- Promoting business transformation with DX
- Maximizing value for each employee

Co-creation

Society

Customers | Communities/Society
Employees/Partners | Shareholders/Investors

The Daigas Group’s aspiration for 2030 and the future.

Secure Peace of Mind Today
by achieving a stable supply, expanded use, and advanced utilization of the products and services that we currently provide.

Build Sustainable Lifestyles for Tomorrow
by creating and implementing new innovative solutions that respond to changes in the social environment.

Key strategy: the Three Commitments	Directionality and Priority Initiatives (Materiality)
Co-create Value for a Sustainable Future	● Providing **carbon neutral energy** ● **Enhancing the resilience** of customers and society ● **Co-creating advanced, diverse solutions** that meet customer values
Support Employees to Shine in Their Roles	● Create an environment that enhances value for employees and the company
Evolve Business Foundation	● **Implementing ROIC-focused management**

Long-Term Management Vision 2030

To be an innovative energy and service company that continues to be the first choice of customers

Business development that goes beyond customer expectations, business boundaries, and corporate boundaries

- Development of energy marketer business in a new era
- Acceleration of development of the international energy business
- Expansion of LBS business and development of new business fields
- Investment for business growth and promotion of M&As
- Innovation that goes beyond customer expectations

Management that wins the confidence of stakeholders (Management that takes corporate value improvement and ESG aspects into account)
Promotion of work style reform and human resources development that contributes to productivity improvement

The role of the Daigas Group

With calls for strengths in the establishment and practical application of a roadmap toward carbon neutrality, the Daigas Group will become a leading player in realizing the practical application of carbon neutrality.

Business Environment
- Energy system conversion
- Energy security (enduring priority)
- Technological innovation
- Diversified values
- Development of a circular model society
- Digital shift
- Demographic change

Achieving a carbon-neutral society

We create four types of value
- Creating Value for Customers
- Creating Value for Society
- Creating Value for Shareholders
- Creating Value for Employees

Growing the Group’s business
Solving social issues
Achieving the SDGs

Materiality Identification and KPI Performance Evaluation Process

The Daigas Group identifies materiality to understand what impact the Group's activities have on the environment and society, as well as to conduct business while managing the probability of the impact and the impact itself. Materiality was identified for the first time in FY2014, and we have been implementing PDCA management since FY2015. Every year, we check the progress of each indicator and consider issues, as well as we manage indicators while revising them as necessary. In light of expectations from society, we reviewed and redesigned materiality when formulating a Medium-Term Management Plan and on other occasions.

Identification of Materiality

In formulating the Medium-Term Management Plan 2026, the Daigas Group identified materiality in light of experts' opinions and other factors, taking into account the progress of climate change countermeasures, changes in the business environment, and social trends related to sustainability.

Process of Materiality Identification (during the formulation of the Medium-Term Management Plan 2026)

Step 1

light of the progress of the Carbon Neutral Vision and Energy Transition 2030, we depicted sustainable lifestyles in the 2040s and analyzed the external settings, including the economic, social, and environmental ones.

Step 2

We considered medium- to long-term issues, risks, targets, and initiatives for each business domain.

We considered future financial impacts on the Group.

We asked experts for their opinions in additionto the analysis in STEP 1, and considered howwe should work on human rights due diligenceand respond to the TCFD and TNFD.

We considered impacts on society and the environment.

Step 3

We identified materiality based on both types of impacts by exchanging opinions with external experts.

Step 4

The Board of Directors approved and adopted the materiality.

Identified Materiality

1 Provide carbon neutral energy
2 Enhance the resilience of customers and society
3 Co-create advanced, diverse solutions that meet customer values
4 Create an environment that enhances value for employees and the company
5 Maintain and improve the soundness and flexibility of management foundation

Materiality Identification in the Past

2013 <Identification>

Step 1
Summarized the scope of impact according to the region and type of business
Step 2
Analyzed the level of importance and set temporary priorities (from the Group's perspective)
Step 3
Had the appropriateness checked by and engaged in dialogue with outside knowledgeable people
Step 4
Finalized the priorities and materiality
Step 5
Approved and decided by the CSR Promotion Council, the decision-making body for CSR matters
(Considered in accordance with the identification process in the fourth edition of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI))

2017 <Review>

Step 1
Evaluated the progress of materiality activities between FY2014 and FY2017
Step 2
Added priority items and considered the boundary
Step 3
Had the appropriateness checked by and engaged in dialogue with outside knowledgeable people
Step 4
Identified new materiality
Step 5
Approved and decided by the CSR Promotion Council, the decision-making body for CSR matters
(Referred to the GRI Standards in light of social trends, including the implementation of the Paris Agreement and the adoption of the SDGs)

2021 <Redesigning>

Step 1
Analyzed the external environment in 2030 in areas such as economy, society, and the environment
Step 2
Envisioned what each business domain aims to be in 2030 and considered risks→Considered future financial impacts on the Group
In addition to the analysis in Step 1, held interviews with external experts→Considered impacts on society and the environment
Step 3
Identified materiality based on both types of impacts
Step 4
Approved and decided at the Board of Directors
(In light of measures against global risks, contribution to the SDGs, and changes in the business environment and lifestyles due to the COVID-19 pandemic, considered the items of impacts on society and the environment and future financial impacts on the Group, using the GRI Standards as a reference)

KPI Performance Evaluation Processes

Outcomes of the initiatives related to sustainability indicators are reported and followed up on three times a year at each meeting within the sustainability promotion system*, and are evaluated and supervised by the Board of Directors. At Board of Directors meetings, discussions are held on whether medium- to long-term targets set for initiatives that are progressing smoothly are appropriate. In addition, regarding indicators whose targets are difficult to achieve, discussions are held on causes and solutions. These evaluation processes are used to improve initiatives and review plans for each business related to materiality. Furthermore, sustainability indicators achievement levels are reflected in the assessment of performance-linked remuneration of directors after the deliberation by the Advisory Committee on Remuneration, which is chaired by an Outside Director and made up of a majority of the Outside Directors.

*Please see P.19 for the sustainability promotion system.

Recognition of Risks and Opportunities and Materiality in Sustainability Management

In formulating the Medium-Term Management Plan 2026(FY2025-FY2027), the Daigas Group recognized changes in the business environment and new challenges, and reviewed materiality.

Recognition of Risks and Opportunities

Changes in the business environment and the associated issues that need to be addressed	Risks	Opportunities	Materiality
●Climate change ▶Acceleration of the decarbonization trend ▶Stronger position of natural gas as transition energy ▶CO_2 reduction ▶Energy system transition ▶Technological innovation ▶Response to the TNFD	• Impact on business plans stemming from international rules and regulations related to carbon neutrality • Intensifying competition to secure suitable business sites	• Promotion of widespread use and advanced utilization of natural gas across the globe • Development of e-methane, hydrogen, and other new energy sources • Promotion of business that provides carbon neutral energy seamlessly by utilizing established equipment and infrastructures • Development of carbon neutral technologies and services	Provide carbon neutral energy
●Energy security ▶Preparation for heightened geopolitical risks ▶Safe and secure management and operation of energy production and supply facilities	• Difficulty in procuring fuels and materials • Increase in spending on facility repair and countermeasures associated with natural disasters • Supply disruption due to disasters and accidents	• Increased demand due to the development of disasterresistant infrastructures and products • Maintenance of sustainable business foundations through know-how sharing and cooperation with local communities in taking measures against disasters	Enhance the resilience of customers and society
●Diversification of values ▶Transition to a digital society ▶Creation of customer contact points through diverse methods	• Changes in customer mindset • Delay in the advancement of digital transformation • Obsolescence of existing business models • Intensifying competition due to productivity improvement and new entrants to the market	• Improved operational efficiency and productivity due to the advancement of digital transformation • Enhancement of business creation capabilities through operational reform and behavioral change • Enhancement of organizational culture and structure to create new businesses and services	Co-create advanced, diverse solutions that meet customer values
●Demographic changes ▶Multi-pillared and diversified business ▶Labor shortages and diversifying ways of work ▶Human resource development ▶Improved employee satisfaction and motivation	• Shortage of workers • Increased measures to secure and develop the next generation	• Promotion of innovation by taking advantage of diverse human resources • Maximization of output	Create an environment that enhances value for employees and the company
●Growing interest in and calls for Sustainability management ▶Corporate governance ▶Thorough compliance ▶Human rights due diligence ▶Creation of a recycling-oriented society ▶Contribution to local communities ▶Supply chain management	• Tightening, revision, and abolition of laws and regulations • Loss of trust from stakeholders • Litigation, suspension of transactions, and other obstacles to business continuity • Increased difficulty in fund procurement	• Enhancement of corporate governance • Enhancement of compliance • Stabilization of the Group's business revenue through the development of local communities	Maintain and improve the soundness and flexibility of management foundation

Why the Issue Is Material

Materiality	Why the Issue Is Material
Provide carbon neutral energy	• The Group engages in the energy business, which uses natural gas as its main raw material and fuel, and recognizes risks and opportunities associated with climate change. • Significant risks include the possibility that rising sea levels and natural disasters such as typhoons and torrential rains due to localized abnormal weather events, etc. may cause damage to our manufacturing and supply equipment. In addition, it is possible that our businesses may be affected by introduction of the carbon tax or significant increases in the tax rate in Japan, or an increased desire among our customers to switch to non-fossil fuels. • Meanwhile, promotion of the development and spread of renewable energy and technologies for carbon neutrality, with the aim of providing carbon neutral energy, also represents a significant opportunity for the Group. • While the Group's energy business contributes to local job creation, investments, skills development, and economic development, we consider it essential and are working to address social and environmental issues, including the loss of biodiversity; soil, water, and air pollution; respect for human rights; and occupational safety.
Enhance the resilience of customers and society	• Stable energy supply, which allows customers to maintain and continue their lifestyles and various businesses, is a responsibility with the highest priority in the Group's business and is regarded as the very basis of the business. • Inadequate operations and facility troubles caused by heightened geopolitical risks and natural disasters may have a large impact on markets other than the Group's business, as well as on people's lifestyles. • Updating facilities in a planned manner, constructing disaster-resistant infrastructure by continuing to develop pipeline networks, and promoting technological development are considered to enhance the sustainability of local communities.
Co-create advanced, diverse solutions that meet customer values	• For the sustainable growth of the Group's business, we consider it essential to co-create advanced, diverse solutions that meet diversifying customer values and can solve global social issues. • In order to increase our market competitiveness, we consider it necessary to pursue added value with DX and invest in the creation of businesses in new domains. • We also consider it important and therefore work to strengthen the organizational culture and structure that encourage employees to reengineer business processes and change behavior.
Create an environment that enhances value for employees and the company	• In a rapidly changing business environment where the working population is decreasing, the labor market is becoming more flexible, and people have diversifying ways of work, the Group is driving forward business portfolio management, envisioning a strategy to keep growing by diversifying its business. • To achieve sustainable growth in the future as well, we recognize the need to further enhance initiatives for human capital. We consider it necessary to acquire and develop diverse talent with high levels of expertise; deploy talent strategically to align with job requirements, deploying employees to serve the purpose of business operations while achieving higher levels of employee satisfaction; create an environment where employees feel more rewarded and motivated. In addition, we consider it necessary to realize maximization of the overall output.
Maintain and improve the soundness and flexibility of management foundation	• Even in an environment where the future is increasingly uncertain and difficult to foresee, we recognize that continuing to meet the trust and expectations from the Group's stakeholders and steadily addressing key issues will lead to the development of supply chains and local communities as a whole. • We consider that a sound and sustainable management foundation will be maintained and upgraded by not only ensuring legal compliance but also respecting human rights, including the safety, health, and employment and working environment of stakeholders involved in the Group's business, and working on the enhancement of the corporate governance system. • To implement the Group's business strategy steadily, reengineer business processes, and further grow in fields other than energy, we consider it necessary to secure core DX staff who drive relevant initiatives.

Materiality Indicators, Targets and Results

In formulating the Medium-Term Management Plan 2026, we identified five materialities taking into account the views of experts and other stakeholders. To strengthen alignment with our management strategy and promote initiatives that contribute to “co-create value for a sustainable future,” “support employees to shine in their roles,” and “evolve the business foundation,” we have established indicators and targets to monitor progress of these initiatives. For indicators that achieved their FY2027 targets ahead of schedule as of FY2026 through accelerated initiatives, we will continue to pursue further improvements without being constrained by those targets.

Materiality	What we aim to be	Sustainability indicators	Main achievements in FY2025	Main achievements in FY2026		FY2027 targets	FY2031 targets
Provide carbon neutral energy	We will contribute to the achievement of a carbon neutral society through the advanced use of natural gas, the introduction and popularization of e-methane, the expansion of renewable energy, and other efforts to achieve carbon neutral thermal and electrical energy, as well as negative emission initiatives.	Avoided emissions[1]	6.29 million tons/year	7.38 million tons/year	P.46	7 million tons/year	10 million tons/year
		Renewable energy development contribution	3.7 GW	4.54 GW	P.48	4 GW	5 GW
		Percentage of renewables in our power generation portfolio in Japan	30.4%	38.0%	P.48	Approx. 30%	Approx. 50%
		CO_2 emissions of Daigas Group[2]	23.44 million tons (-8.58 million tons)	23.32 million tons (-8.70 million tons)	P.47	—	27.02 million tons (-5 million tons)
		CO_2 emissions reduction in the Group company offices and vehicles	50%	57%	P.48	67%	100%
		Promotion of e-methane, etc. practical application	Conducted a detailed FEED study on e-methane supply chain projects	Decided to conduct FEED study on e-methane supply chain projects	P.72-P.74	Final investment decisions in e-methane supply chain projects	1% e-methane in gas grid
		Promotion of methanation technology development	Completed the first phase of SOEC GI funds business and formulated the second phase implementation plan	Completed manufacture of SOEC methanation bench-scale equipment and began trial operation	P.72-P.74	Transition to the second phase of SOEC GI funds business	Establishing a pilot-scale (400 Nm3/h class) SOEC technology
Enhance the resilience of customers and society	We will strengthen the safety and stability of the energy supply chain and continue to fulfill our mission of ensuring a stable supply.	Number of serious accidents and serious energy supply disruptions caused by the company	Zero	Zero	P.117-P.119	Zero	Zero
		Establishment of resilient facilities	• Seismic retrofit rate: Approx. 90% • Number of seismic supply blocks: 738 blocks • Completed countermeasures for gray cast iron pipes	• Seismic retrofit rate: Approx. 90% • Number of seismic supply blocks: 745 blocks	P.118-P.119	Implementation of measures for disaster prevention and aging pipes	

Materiality Indicators, Targets and Results

Materiality	What we aim to be	Sustainability indicators	Main achievements in FY2025	Main achievements in FY2026		FY2027 targets	FY2031 targets
Co-create advanced, diverse solutions that meet customer values	We will provide cuttingedge and diverse options to realize comfortable living and increased corporate value.	Customer accounts	10.71 million accounts	10.89 million accounts	P.122-P.124	10.9 million accounts	11.5 million accounts
		Customer satisfaction rate	92%	93%	P.122-P.124	90%	—
		Creation of innovation	Social implementation of new services that contribute to low/decarbonization and efficient infrastructure maintenance	Social implementation of diverse new services in the digital, energy, and environment domains	P.85	Creation of new business and services	
Create an environment that enhances value for employees and the company	By attracting diverse talents and creating an environment where employees can work hard, we will maximize the potential of our employees and build relationships in which both employees and the company can grow.	Percentage of women among employees newly promoted to middle management positions	18.2%	17.4%	P.93-P.94	20% or higher	30% or higher
		Percentage of women among newly hired career-track employees	39.4%	31.5%	P.93-P.94	30% or higher	30% or higher
		Work engagement score[3]	52.2	52.8	P.88	50 or more	50 or more
		Total number of new graduates and mid-career hires (career-track positions)	116 people	Cumulative total of 2 years:250 people	P.88	Cumulative total of 3 years:330 people	—
		Readiness rate for nextgeneration management talent	260%	280%	P.88	250%	—

Materiality Indicators, Targets and Results

Materiality	What we aim to be	Sustainability indicators	Main achievements in FY2025	Main achievements in FY2026	FY2027 targets	FY2031 targets
Maintain and improve the soundness and flexibility of management foundation	By maintaining and improving the management foundation of the Group, we will steadily address each of our key issues and contribute to the development of the supply chain and the local community as a whole.	Percentage of female directors	26.7%	26.7% P.134	25% or higher	30% or higher
		Number of serious violations of laws and regulations	1 case[4]	Zero P.134	Zero	Zero
		Recruitment of DX core staff	243 employees	310 employees P.81	300 employees	—
		Respect for human rights	Implemented human rights due diligence	Implemented human rights due diligence and identified risks in each business P.106 P.108	Promotion of human rights initiatives across the Daigas Group and throughout the supply chain	
		Contribution to local communities	• Provided next-generation education on energy and the environment, disaster preparedness, etc. • Provided support for children in need of social care and employment support for people with disabilities • Supported local governments in implementing their climate action plans	• Promoted the healthy development of the next generation through energy and environmental education, disaster preparedness education, and the NOBY SPORTS CLUB • Provided support for children in need of social care and employment support for people with disabilities • Implemented community co-creation activities in collaboration with NPOs, etc. • Participated in administrative activities (urban development concepts, etc.) P.127-P.130	Engagement with local communities	
		Sustainable growth of LBS business	• Materials business: Reduced environmental impact by introducing power generation facilities utilizing waste heat from an activated carbon plant in India • Information Technology business:Supported the employment of people with disabilities and contributed to environmental sustainability through PC reuse initiatives • Urban Development business:Obtained ZEH-M certification for rental apartments and condominiums	• Materials business: Expanded the FY2025 initiative to other factories in India and, to reduce environmental impact, considered introducing a new carbonization furnace and a power generation facility utilizing its waste heat P.47 • Information Technology business:Contributed to environmental sustainability, supported the employment of people with disabilities through the donation of refurbished PCs and the outsourcing of work to welfare workshops, and provided support for people with disabilities and children through employee participation events P.128 • Urban Development business: Obtained ZEH-M certification for rental apartments and condominiums, and promoted ZEB-Ready and other certifications for other development projects. P.52	Promoting distinctive sustainability initiatives in the LBS business	

1 Calculate the estimated effect of CO_2 emissions reduction in one year of the target FY by introducing high efficiency facilities and low carbon energy, etc. to customer sites and the company's business activities in and after FY2018.
2 CO_2 emissions in the domestic supply chain (Scope 1, 2 & 3). Figures in parentheses represent CO_2 emissions reduction compared to FY2018. Please refer to P.47 for greenhouse gas emissions from the Daigas Group's value chain (Scope 1, 2 & 3).
3 Deviation in work engagement results for companies using the Advantage Toughness Survey
4 Please refer to P.151 for further details on inappropriate conduct in the sale of ENE-FARM in FY2025.

Stakeholder Engagement

Dialogue and Cooperation with Stakeholders

The Daigas Group focuses on active engagement with stakeholders through dialogue to recognize various possible issues involved in its business activities and to work toward mutually acceptable solutions to such issues, based on the Daigas Group Charter of Business Conduct and Daigas Group Code of Conduct. For example, the Group has been promoting dialogue with the Kansai Consumers' Association Liaison Commission, the Osaka Voluntary Action Center, and the Osaka Gas Labor Union. Furthermore, the Group shares information and cooperates as a member of the Global Compact Network Japan and actively takes part and makes recommendations in the formulation of various policy measures by the government and municipalities. One of the results of such engagement is that five business associations formed by partner companies undertaking gas-related services established a Code of Ethics in response to the Group's policy. In addition, we are actively pursuing collaborative projects with companies, universities, NPOs and other organizations.

■ **Main Opportunities and Tools for Contacts with Stakeholders, and Value Created through the Contacts**

Stakeholders	Main contact opportunities and contact tools		Value creation	
Customers	• Business opportunities such as safety check and sale • "Customer Centers" • Service shops • Showrooms	• Corporate PR events • Advertisements via TV and other media • Website • Catalogs for products and services	**Value for Customers** The Group is committed to providing services that meet customer expectations for comfort, convenience and reliability in diverse fields.	For detailed information, please see P.13.
Business partners and suppliers	• Business opportunities • Various regular meetings	• Joint training and drills		
Consumers groups	• Meetings • Tours	• Seminars, study meetings		
Local communities	• Social contribution activities • Tours	• "Energy and environmental education"		
Students and educational institutions	• Joint study • "Energy and environmental education," "food education," "fire education," "education on disaster prevention"	• Acceptance of interns • Recruitment meetings • Website	**Value for Society** The Group is committed to supporting sustainable development and environmental protection in society through business, mindful of compliance and transparency.	
Knowledgeable people	• Joint study	• Meetings		
Administrative authorities	• Submission of various documents • Meetings	• Cooperation for regional development		
NPOs/NGOs	• Joint research • Joint work and cooperation for solving regional issues	• Meetings		
Shareholders/ investors	• Issuance of various reports (Securities Reports, Integrated Reports, etc.)	• Briefings • Website	**Value for Shareholders** The Group is committed to meeting shareholders' expectations for stable, long-term growth and maximized corporate value, while maintaining its sound financial base.	
Employees	• Labor-management meetings • Education and training sessions • Interviews • "Compliance Desks"	• "Human Rights Desk" • "Harassment Desk" • Intranet, in-house publications	**Value for Employees** The Group is committed to respecting the individuality of employees and providing opportunities to pursue their careers and achieve self-development.	

Dialogue with stakeholders (FY2026 results of activities)

■ Stakeholders of the Daigas Group



Dialogue with Customers

To provide services in excess of customer expectations, we are listening to their voices through various contacts with them, with the aim of improving our products and services.

- Phone calls received by customer centers: approx. 3.77 million
- No. of replies to a survey on customer satisfaction: approx. 35 thousand


Customer Center

Dialogue with Various Groups

The groups with which we held meetings included the Kansai Consumers' Association Liaison Commission, the Osaka Voluntary Action Center, and the Osaka Gas Labor Union.

- Dialogue with consumer groups and other private organizations, etc. 1,031 times


Kansai Consumers' Association Liaison Commission

Dialogue with Local Communities

To realize vibrant local communities, we engage in dialog with local governments, NPOs, corporations, experts, next-generation people, and other stakeholders.

Through communication with local communities, we help solve social issues and realize a sustainable society.

- Urban development and city planning outreach: 50 cases
- Activities contributing to regional revitalization in collaboration with experts and NPOs: 169 times
- Education for the next generation and community contribution activities through the "NOBY SPORTS CLUB" 2,158 times


Food education

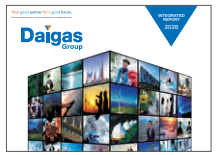
Dialogue with Shareholders and Investors

Osaka Gas strives to build long-term relationships of trust with shareholders and investors by disclosing management and financial information of the Company in a timely and fair manner and appropriately incorporating capital market needs ascertained through constructive dialogue into its management strategies.

In ESG interviews conducted with institutional investors and other parties, we exchanged views on actions against climate change, corporate governance and other topics.

We will continue our efforts to enhance value for shareholders through dialogues with institutional investors and other parties.

- Briefings on financial results; facility tours; President's small meetings; Outside Directors' small meetings; etc.
- Dialog with institutional investors
  (CFO/CEO: 22 times, Department in charge of IR: approx. 220 times, Department in charge of SR: 15 times)



Integrated Report

Dialogue between Supervisors and Subordinates

Osaka Gas implements an evaluation system that leads to the growth of each and every employee. While enhancing opportunities for meetings between supervisors and subordinates, we clarify each employee's strengths and areas for improvement, which leads to skill development.

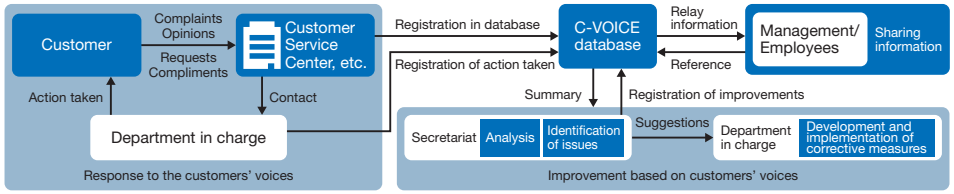
- Meetings based on Management by Objectives (MBO): twice a year
- Interviews based on role expectation evaluation: twice a year

System for reflecting the opinions of stakeholders

The Daigas Group considers it a matter of course to listen and respond sincerely to questions/requests regarding our products and services, but we also hear a variety of questions, concerns and comments from numerous stakeholders in the course of conducting our business activities. We believe these opinions to be extremely important to enhancing the quality of the Group's management.

Under these circumstances, we have built the "C-VOICE" database, whereby these customer voices are shared by top-management officials and rank-and-file employees, and are put to good use in improving our business operations and enhancing our service quality. In particular, with regard to complaints, we try to share not only the factual process and the status of our response to customers but also measures to prevent recurrence and improve our systems.

■ Overview of C-VOICE



Mechanism for receiving stakeholder grievances

The Daigas Group responds to the opinions and requests in accordance with the Group's Code of Business Conduct which incorporated international standards such as the Universal Declaration of Human Rights and the United Nations Global Compact, while observing domestic laws such as the Act on the Promotion of Global Warming Countermeasures and the Whistleblower Protection Act.

To deal with voices on the environment, Osaka Gas operates a company-wide Environmental Management System (EMS) according to the ISO 14001. As for the voices of local people who are concerned about the possible effects on local communities of our operations, we set up contact desks including "Customer Centers." To address issues associated with human rights and labor practices, we set up "Compliance Desks" at Osaka Gas's headquarters, major affiliated companies and outside law firms representing Osaka Gas, to receive reports and offer consultation regarding the observance of laws and in-house rules. Furthermore, 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 "Harassment Desk" within respective organizations and affiliates as contact points for consultations about harassment from employees. Other systems established for the benefit of employees include the conducting of surveys designed to measure their work-related awareness, periodically holding meetings for the management to hold talks with labor union members, as well as meetings for employees and their superiors.

As for consultations, grievance, etc. received by the contact desks in FY2026, measures to remedy the situation and prevent recurrence were appropriately taken as necessary.

Theme	International and domestic standards	In-house policy and standards	Responsibilities
Environment	・ISO 14001 ・Act on Basic Policy on the Rationalizing Use of Energy and Shifting to Non-fossil Energy ・Act on Promotion of Global Warming Countermeasures ・Waste Management and Public Cleansing Law	・Daigas Group Code of Business Conduct ・Daigas Group Environmental Policy ・Daigas Group Procurement Policy ・Rules for Environment Management Systems ・Customer Service Rules	Osaka Gas operates a unified ISO 14001-registered environmental management system (EMS) across the Company under the supervision of the Chief Sustainability Officer (CSuO) (Senior Executive Officer), and all employees work to reduce the environmental impact of business activities and ensure compliance with environmental laws and regulations. In addition, the Daigas Group's domestic affiliates operate their own EMSs, such as ISO 14001-registered systems, Eco Action 21, and the Daigas Group Environmental Management System (OGEMS).
Local communities	・ISO 26000 ・Basic Act on Consumer Policies	・Daigas Group Code of Business Conduct ・Customer Service Rules	We have improved systems that directly deal with customers, including "Customer Centers," to enable our customers to express their opinions of our services more expeditiously. We utilize the "C-VOICE" system to share customer opinions and requests throughout the company for use in business improvement measures, product development, and other activities.
Human rights	・Universal Declaration of Human Rights ・U.N. Global Compact ・Whistleblower Protection Act	・Daigas Group Human Rights Policy ・Daigas Group Code of Business Conduct ・Customer Service Rules ・Rules for the systems of consultation and reporting on legal compliance	For the protection of human rights we have set up "Customer Centers," which are open to stakeholders such as customers and local community members. We have also established the "Human Rights Desk" at the Human Resources Department, and posted "Human Rights Awareness Promotion Leaders" at each Business Unit and major affiliated companies. In addition, we have also set up "Compliance Desks" at Osaka Gas's headquarters, major affiliated companies and outside law firms representing Osaka Gas to receive reports and offer consultations regarding the observance of laws and in-house rules.
Labor practices	・Universal Declaration of Human Rights ・U.N. Global Compact ・Whistleblower Protection Act	・Daigas Group Human Rights Policy ・Daigas Group Code of Business Conduct ・Rules for the systems of consultation and reporting on legal compliance	We have established "Compliance Desks" at Osaka Gas's headquarters, major affiliated companies and outside law firms representing Osaka Gas in order to receive reports and offer consultations regarding the observance of laws and in-house rules. Furthermore, the "Harassment Desk" has been set up at each in-house organization and each affiliated company to assist employees facing harassment-related problems in their work. Others systems established for the betterment of employees include the conducting of surveys designed to measure their work-related awareness, periodically holding meetings for the management to hold talks with labor union members, as well as meetings for employees and their superiors.

Initiatives and Organizations the Daigas Group Participates In

We fully embrace the United Nations Global Compact, and in June 2007, we became the first utility in Japan to join. Furthermore, we actively take part and make recommendations in the formulation of various policy measures by the government and municipalities. Through our participation in sustainability initiatives, we will fulfill our role toward the achievement of a sustainable society.

Initiatives and Organizations the Daigas Group Participates In

Name	Activity
UN Global Compact	The Global Compact encompasses 10 principles for enterprises to follow in the four fields of human rights, labor standards, the environment, and anti-corruption. Osaka Gas signed and joined the Global Compact in June 2007. We report the progress of our initiatives under the 10 principles of the UN Global Compact on an annual basis.
Women's Empowerment Principles (WEPs)	The Women's Empowerment Principles (WEPs), a partnership initiative of UN Women and UN Global Compact, are a set of seven principles offering practical guidance to companies and private organizations in advancing women's empowerment in the workplace, in the market, and in the community. The seven Women's Empowerment Principles are as follows: Establish high-level corporate leadership for gender equality; Treat all women and men fairly at work - respect and support human rights and nondiscrimination; Ensure the health, safety and well-being of all women and men workers; Promote education, training and professional development for women; Implement enterprise development, supply chain and marketing practices that empower women; Promote equality through community initiatives and advocacy; and Measure and publicly report on progress to achieve gender equality. The Daigas Group endorsed the objective of the Principles and expressed its support in September 2010.
Task Force on Climate-Related Financial Disclosures (TCFD)	The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) encourage companies to disclose climate change-related financial information to promote appropriate investment decisions by investors. Osaka Gas endorsed the TCFD recommendations in May 2019, and utilize them as indicators to validate our climate change response. We also participate in the TCFD Consortium, where discussions take place on efforts toward information disclosure on responses to climate change based on the TCFD recommendations.
World Wide Fund for Nature Japan (WWF Japan)	The World Wide Fund for Nature is a conservation organization active in approximately 100 countries. It aims to build a future in which humans live in harmony with nature by reducing the human impact on the environment and wildlife. Osaka Gas has been supporting WWF Japan as a corporate member since 1983.
Japan Business Initiative for Biodiversity (JBIB)	The initiative was launched in 2008 with the aim of truly contributing to the conservation of biological diversity within and outside Japan through joint research by a wide range of companies, thus generating results that cannot be achieved when a company acts alone. Osaka Gas participated in the initiative as a regular member from 2011 and has been an associate member since FY2025.
Keidanren (Japan Business Federation)	As a member company of Keidanren, we respect and practice the spirit of its Charter of Corporate Behavior.
Committee on Nature Conservation	The Committee on Nature Conservation is an organization affiliated with Keidanren. It provides its members information on donations and social contribution activities, as well as conducting projects aimed at deepening the general public's understanding of companies' nature conservation activities. Osaka Gas has participated in the committee as a member company since 2003.
Keidanren Initiative for Biodiversity Conservation	The Keidanren Initiative for Biodiversity Conservation is open to companies and organizations that are committed to more than one of the seven items listed in the Declaration of Biodiversity by Keidanren (Revised Edition) or that agree with the overall objectives of the Initiative. Osaka Gas has been participating in it since 2023.

External Evaluation

Inclusion in SRI Indices

Osaka Gas was included in the following socially responsible investment (SRI) indices, Morningstar Japan ex-REIT Gender Diversity Tilt Index as of June 30, 2026. Osaka Gas has been selected as a constituent of all six ESG indices for Japanese equities used by the Government Pension Investment Fund (GPIF).

FTSE JPX Blossom Japan Sector Relative Index[1]

FTSE JPX Blossom Japan Index.[2]

FTSE4Good Index Series[3]

MSCI SELECTION INDEXES[4]

MSCI Japan ESG Select Leaders Index[4]

MSCI Nihonkabu ESG Select Leaders Index[4]

MSCI Japan Empowering Women Index[4]

S&P/JPX Carbon Efficient Index

Sompo Sustainability Index

1 FTSE Russell confirms that Osaka Gas has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

2 FTSE Russell confirms that Osaka Gas has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index is designed to measure the performance of companies demonstrating specific Environmental, Social and Governance (ESG) practices. The FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

3 Osaka Gas announces it has been included in the FTSE4Good Index Series. Created by the global index and data provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indexes are used by a wide variety of market participants to create and assess responsible investment funds and other products. FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE4Good Index Series meet a variety of environmental, social and governance criteria.

4 The inclusion of Osaka Gas Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Osaka Gas Co., Ltd. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI.
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■ External Evaluation of Sustainability Activities (As of the end of June 2026)

Third-party organization	Evaluation of our company
CDP Climate Change 2025	• Leadership A- • Selected for the Supplier Engagement A List
Ministry of the Environment Eco-First Program	Certified as an Eco-First Company Press release
Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi 2026 Outstanding Organizations of KENKO Investment for Health Program	Certified as a 2026 White 500 company
Ministry of Economy, Trade and Industry FY2025 Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting	Selected as Next Nadeshiko company
Toyo Keizai Inc. CSR Ranking 2026	30th (of approx. 1,656 companies)
Ministry of the Environment ESG Finance Awards Japan	Bronze Award in the Environmentally Sustainable Company Category
Ministry of the Environment Nationally Certified Sustainably Managed Natural Sites	• Senboku LNG Terminal: Certified in the second half of FY2024 • Himeji LNG Terminal: Certified in the first round of FY2025