

Sustainability Management

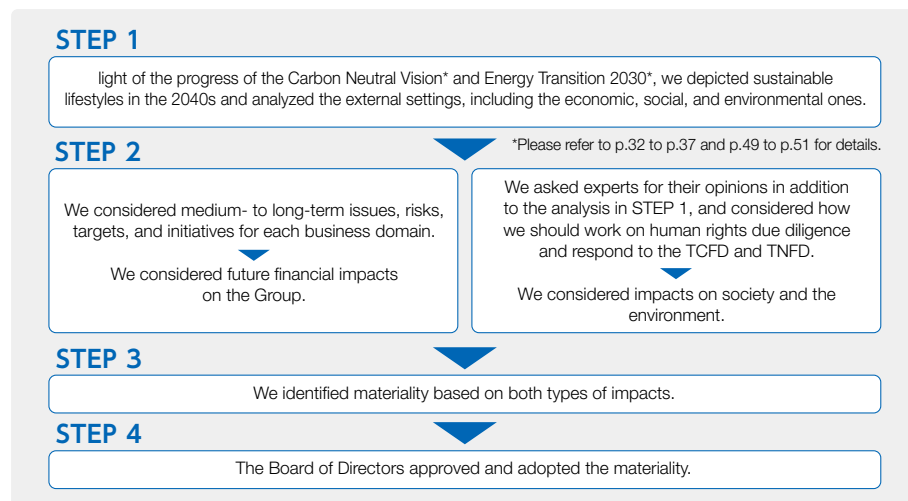
Sustainability Promotion System and Governance

The Daigas Group has an ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice-President), who supervises the Group's sustainability activities. This committee, whose members include the heads of related organizations, coordinates and promotes sustainability activities in a cross-organizational manner. The setting of key issues (materiality), indicators and targets for ESG management, the status of achievement, and other matters are submitted to and deliberated at the ESG Council. The Board of Directors is then consulted on important matters related to sustainability activities and is responsible for decision-making and supervision.

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

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.



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 a work environment where employees and the company resonate and enhance each other
- 5 Maintain and improve the soundness and flexibility of management foundation

Sustainability Promotion System (As of April 1, 2024)



Comments from an Expert

Identification of Materiality at the Daigas Group

While the process for identifying materiality has not changed significantly from FY2021.3, when the previous Medium-Term Management Plan was formulated, relevance to corporate strategies is clearer this time. This can be attributable to the fact that materiality was identified with consideration given to medium- to long-term targets, including the Carbon Neutral Vision announced in January 2021 to achieve carbon neutrality by 2050. As with the last time, the Daigas Group adopted the idea of so-called double materiality, where both financial impacts and social and environmental impacts are taken into account. This approach can be considered appropriate as the Group engages in infrastructure-related businesses that have considerable social and environmental impacts.



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The identified materiality has a limited number of elements, indicates overall directions, and is clearly aligned with "Key Strategy: the Three Commitments" in the Medium-Term Management Plan 2026. When it comes to KPIs that are linked with materiality, financial indicators are increasingly integrated with sustainability indicators with an eye on 2026, the target fiscal year of the Medium-Term Management Plan. Meanwhile, part of the targets are qualitative. Going forward, I expect the Group to improve accountability for such targets and fine-tune them.