

Recognition of Risks and Opportunities and Materiality in Sustainability Management

In formulating the Medium-Term Management Plan 2026(FY2025.3-FY2027.3), 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 <ul style="list-style-type: none"> ▶ Acceleration of the decarbonization trend ▶ Stronger position of natural gas as transition energy ▶ CO₂ reduction ▶ Energy system transition ▶ Technological innovation ▶ Response to the TNFD 	<ul style="list-style-type: none"> • Impact on business plans stemming from international rules and regulations related to carbon neutrality • Intensifying competition to secure suitable business sites 	<ul style="list-style-type: none"> • 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 	<p>Provide carbon neutral energy</p>
Energy security <ul style="list-style-type: none"> ▶ Preparation for heightened geopolitical risks ▶ Safe and secure management and operation of energy production and supply facilities 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Increased demand due to the development of disaster-resistant infrastructures and products • Maintenance of sustainable business foundations through know-how sharing and cooperation with local communities in taking measures against disasters 	<p>Enhance the resilience of customers and society</p>
Diversification of values <ul style="list-style-type: none"> ▶ Transition to a digital society ▶ Creation of customer contact points through diverse methods 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<p>Co-create advanced, diverse solutions that meet customer values</p>
Demographic changes <ul style="list-style-type: none"> ▶ Multi-pillared and diversified business ▶ Labor shortages and diversifying ways of work ▶ Human resource development ▶ Improved employee satisfaction and motivation 	<ul style="list-style-type: none"> • Shortage of workers • Increased measures to secure and develop the next generation 	<ul style="list-style-type: none"> • Promotion of innovation by taking advantage of diverse human resources • Maximization of output 	<p>Create a work environment where employees and the company resonate and enhance each other</p>
Growing interest in and calls for ESG management <ul style="list-style-type: none"> ▶ Corporate governance ▶ Thorough compliance ▶ Human rights due diligence ▶ Creation of a recycling-oriented society ▶ Contribution to local communities ▶ Supply chain management 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Enhancement of corporate governance • Enhancement of compliance • Stabilization of the Group's business revenue through the development of local communities 	<p>Maintain and improve the soundness and flexibility of management foundation</p>