Initiative (GRI))

2021 <Redesigning>

Analyzed the external environment in 2030 in

Envisioned what each business domain aims to be

in 2030 and considered risks→Considered future

areas such as economy, society, and the

In addition to the analysis in Step 1, held interviews with external experts → Considered

impacts on society and the environment

(In light of measures against global risks,

Identified materiality based on both types of

Approved and decided at the Board of Directors

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

financial impacts on the Group

GRI Standards as a reference)

Step 1

Step 2

Step 3

impacts

Step 4

environment

Review of Materiality

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 FY2014.3, and we have been implementing PDCA management since FY2015.3. 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.

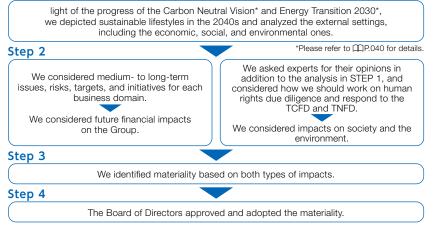
Identification of Materiality

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 Midium-Term Management Plan 2026)





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

Materiality Identification in the Past



Social

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



Hidemi Tomita CEO, Institute for Sustainability Management

into account. This approach can be considered appropriate as the Group engages in infrastructure-related businesses that have considerable social and environmental impacts.

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.