

Management

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Message from the President

Secure Peace of Mind Today, Build Sustainable Lifestyles for Tomorrow

Representative Director and President

Masataka Fujiwara



Review of the previous Medium-Term Management Plan period

The previous Medium-Term Management Plan period was marked by a series of unexpected events, such as the COVID-19 pandemic, growing political and economic instability both in Japan and overseas, and the Freeport LNG's plant shutdown. Amid such challenging circumstances, we devoted our efforts to the continuity of energy supply and services without disruption to fulfill our mission to ensure safety, security, and supply stability. Consequently, the Daigas Group achieved business growth and expansion despite the adversity. This

success is a testament to the propriety of our vision and portfolio-oriented business management, which have been driven by the dedication of the Daigas Group people, who understand the importance of the Group's vision and management approach.

Under the previous Medium-Term Management Plan, we focused on co-creating value for a sustainable future with our stakeholders and evolving our corporate group by strengthening our business foundation, aiming to contribute to realizing a sustainable society. In our value-creation efforts, we achieved a 2.5 GW renewable energy development contribution, advanced e-methane supply chain and technology development, gained

10 million customer accounts ahead of schedule, and expanded the business fields of the Life & Business Solutions (LBS) segment. In our corporate-evolution initiatives, we boosted the Group's profitability and business foundation by strengthening our portfolio with business growth in the International Energy and LBS segments, raising the awareness of ROIC, advancing DX, and diversifying employees' ways of work.

As a result, our FY2024.3 profitability indicators exceeded the Medium-Term targets.

In the same period, our business environment underwent significant changes. There has been an

acceleration in global carbon-neutral efforts and an increased focus on energy security, which heightened society's expectations for the Daigas Group to achieve carbon neutrality and energy security. We are working on carbon-neutral solutions, focusing on e-methane and aiming to commence its production and supply to the Japanese markets. In the meantime, we intend to resolve relevant issues, such as discontinuous technological development and a lack of cross-border carbon emissions accounting rules.

Another change in our business environment can be seen in the labor market. Securing human resources has become a pressing issue in this age of diversified ways of work, enhanced labor mobility, and a shrinking working population due to the declining birthrate and aging demographics. Our human capital management strategy puts an

emphasis on DE&I (Diversity, Equity & Inclusion) to enhance employee engagement and connection to the company, adapting to their increasingly diverse values, ways of work, and even views of life affected by the pandemic. At the Daigas Group, we value a corporate culture that encourages collaboration among talents with diverse values to promote their development. We employ multiple approaches to this goal rather than relying on a single solution.

Daigas Group's vision for the future

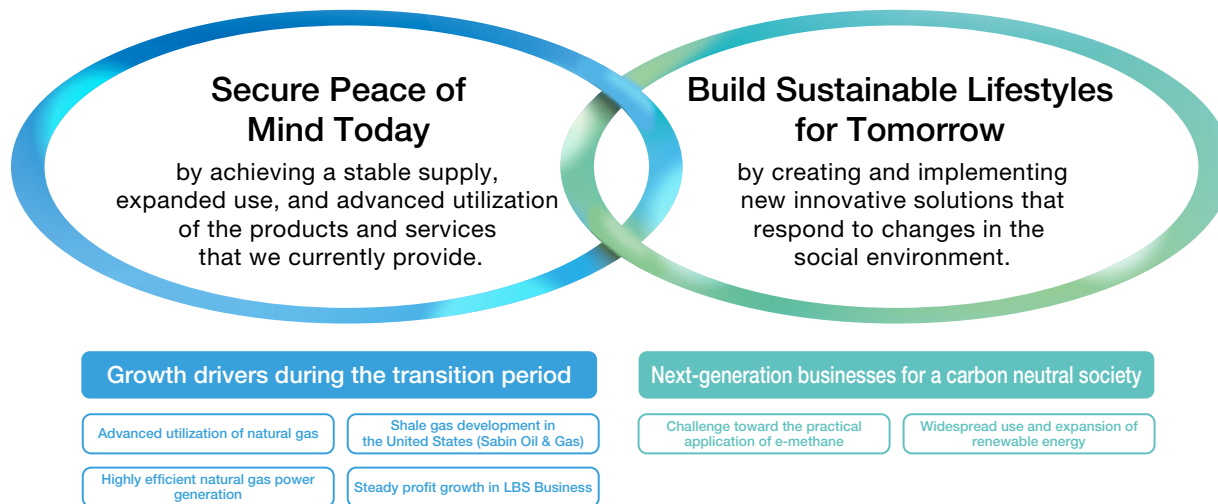
We are in a time of significant shift, facing the growing instability of energy security and intensifying natural disasters, which are posing a threat to people's peace of mind today. Simultaneously, we must advance the development

of sustainable lifestyles for tomorrow, when today's social issues are resolved by achieving carbon neutrality and other goals for 2050. We believe the trend toward carbon neutrality and the mounting instability of energy security will have the most profound impact on the Group's business development in the coming years.

The Group has been working toward achieving the Long-Term Management Vision 2030, which we announced in March 2017. In formulating the Medium-Term Management Plan 2026: Connecting Ambitious Dreams (CAD2026), we recognized the necessity of ultra-long-term perspectives that stretch beyond 2030.

Envisioning society around 2030, I imagine we would see greater diversity in values, a technologically advanced society driven by digitalization, and increased calls for companies to address social issues globally. The energy sector is in dire need of a powerful leader in building a pathway toward achieving carbon neutrality by 2050 and implementing practical solutions for the goal.

This aspiration is expressed as "secure peace of mind today, build sustainable lifestyles for tomorrow" in CAD2026. It aligns with the Daigas Group's Corporate Principles and Corporate motto and takes into account ongoing changes in the business environment and our ultra-long-term perspectives. Embracing this aspiration, the Group strives to respond to immediate changes and devise solutions for a sustainable future.



Intentions incorporated in the Medium-Term Management Plan (CAD2026)

To realize this aspiration, we have identified Three Commitments as our Key Strategy in CAD2026 to ensure value creation for our stakeholders. The first Commitment is to co-create value for a sustainable future by addressing social issues through the two-pronged approach of advancing carbon neutrality and promoting the use of natural gas. The second Commitment is to support employees in shining in their roles by cultivating a corporate culture that encourages the development of diverse talent through collaboration. The third Commitment is to evolve the business foundation by executing asset-light management throughout the Group. Our goal is to achieve the Group's continued growth and contribute to realizing a sustainable society.

Under our first Commitment to co-create value for a sustainable future, we are developing e-methane technologies, building its supply chains, and working toward expanding renewable energies. We are also facilitating wider usage of natural gas as a key transition fuel globally to contribute to CO₂ emissions reduction in the near term. In addition, we are responding swiftly to new developments in e-methane, such as the recent announcement of the Japanese government's Basic Hydrogen Strategy, which has garnered increased public recognition of e-methane. We are leveraging this opportunity to expedite our efforts to incorporate e-methane into international rules for CO₂ emissions.

We are also improving our services with our digitalization solutions. We pursue advanced data utilization to provide comfortable lifestyles for residential energy customers. For commercial and industrial energy customers, we offer expanded energy-related services, such as D-Lineup, to enhance their corporate value.

Energy safety, security, and resilience are essential in achieving our value co-creation. We take measures to reinforce the safety and stability of energy supply chains by striving for zero serious accidents and zero supply disruptions caused by our own company. We also aim to boost the resilience of customers and society by promoting the development and widespread use of fuel cells and other disaster-resistant equipment and energy systems.

Our second Commitment to support employees in excelling in their roles follows our Charter of Business Conduct, in which we advocate providing a work environment that supports employee development. This Commitment is also in sync with the ongoing changes in the environment surrounding our people.

In recent years, the values of working individuals have increasingly diversified, accompanied by significant changes in the working environment. We have entered an era in which individual employees proactively manage their own drive and motivation toward their work. We firmly believe that our distinctive corporate culture, which we have cultivated through many years of business operations, sets the standards for their judgements and actions. It also serves as the basis for

improving the quality of work and the organization's solidarity. The corporate culture plays a crucial role in these times of growing diversity and uncertainty. We foresee a time when companies are chosen based on their corporate culture that resonates with customers, communities, and workers.

Such selected companies will attract more diverse talent and enhance corporate value through their collaboration where they are encouraged to perform to their fullest potential. This is what we aim to be, and we concentrate our efforts on acquiring, developing, upgrading, and deploying skilled talent to align with job requirements.

I strongly believe that it is people who drive corporate activities, and I communicate this belief to employees whenever I have the opportunity. In my regular workplace visits and dialogues with employees, I talk with them about how to make our company more attractive and our working environment more comfortable. The employees always display a strong awareness, further strengthening my determination to respond to their expectations. I am dedicated to fostering a work environment where all employees have growth



President's dialogue with junior staff filmed and posted on the inhouse website.

opportunities and derive satisfaction from collaborative efforts. I am confident that such a work environment will lead to the advancement and evolution of the Daigas Group.

In our third Commitment to evolve the business foundation, we are implementing asset-light management to enhance corporate value without compromising capital efficiency while investing in the carbon neutrality field and developing other businesses for future growth. When I speak of asset-light management, I don't mean merely divesting our assets. It means identifying value-generating assets and concentrating our efforts on maximizing the value of such assets instead of holding onto those no longer make a difference in holding. This approach will allow us to evolve into a lean company, which I believe is the source of our competitiveness.

In these times of change, I believe that what is required above all is the ability to respond flexibly and dynamically to changing business environment. While demonstrating our Group's collective strengths, we are working to develop our digital talent and strengthen our structures, aiming to promote our business digitalization and reform through DX.

We also strive to make decisions flexibly in response to the changing business environment. To meet the goal, we established the Risk Management Committee in April 2024. It is a Group-wide organization that comprehensively manages risk associated with sustainability, compliance, accounting, finance, cyber security, and overseas investment in the Group's expanding

business domains. Furthermore, transforming ourselves to a company with an Audit and Supervisory Committee will strengthen our supervisory functions and enhance discussions about management policies and strategies at the Advisory Committee on Management and other committees.

Targets we aim to achieve at the Daigas Group

Our goal is to co-create value with our stakeholders to resolve social issues. We intend to fulfill this mission through our Three Commitments in CAD2026, which are to co-create value for a sustainable future, support employees in shining in their roles, and strengthen the business foundation. These three Commitments were formulated based on our key issues (materiality), which were reviewed by external experts and the Group's relevant organizations.

In addition, we are committed to steadily executing our business management focused on ESG (Environment, Society, and Governance) issues as per CAD2026. We also strive to embody our Corporate Principles by adhering to the Daigas Group Charter of Business Conduct, which outlines our corporate stance, and the Daigas Group Code of Business Conduct, which sets forth specific standards of behavior for the Group's officers and employees to follow. Furthermore, as the first Japanese public utility to declare participation in the United Nations Global Compact in 2007, we fully support the principles that companies should

uphold as members of the international community. To realize sustained growth, we aim to continue our corporate evolution by constantly taking on challenges in various fields in Japan and overseas to contribute to resolving social issues.

September 2024

■ 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
Environment	Principle 6 : the elimination of discrimination in respect of employment and occupation.
	Principle 7 : Businesses should support a precautionary approach to environmental challenges;
	Principle 8 : undertake initiatives to promote greater environmental responsibility; and
Anti-Corruption	Principle 9 : encourage the development and diffusion of environmentally friendly technologies.
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

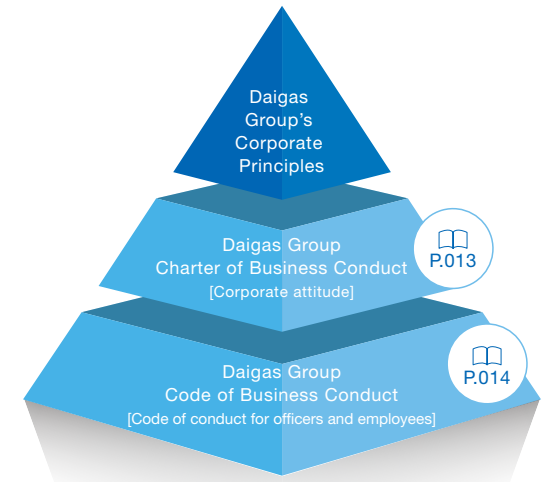
Daigas Group's Values

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

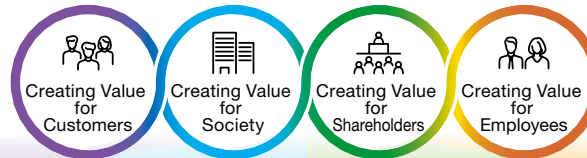


-What the Daigas Group Aims To Be-

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

-Daigas Group's Commitment-

We create four types of value.



-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: 10.38 million (FY2024.3)
- Customer satisfaction rate of 90% or higher for 12 consecutive years (FY2024.3)

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 18,300 km (FY2024.3)
- 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: 5.01 million tons (FY2024.3)
- 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 100.0 billion yen (FY2023.3 - FY2024.3)

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 executives: 26.7% (FY2024.3) Ratio of female directors: 20.0% (FY2024.3)
- Enhancement of skills development programs and development of training systems that will enable anyone to take on challenges Annual average hours of training per employee: 25.1 hours (FY2024.3)
- Employee engagement Maintenance at appropriate levels Confirmed four comprehensive indicators (overall satisfaction, loyalty, intention to continue working, and intention to recommend) (FY2024.3)

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 Procurement Policy
- Daigas Group Procurement Policy for Suppliers (the Daigas Group Procurement Guidelines for Suppliers)
- Daigas Group Environmental Policy
- Daigas Group Biodiversity Promotion Policy
- Green Purchasing Guidelines
- Privacy Policy
- Product Safety Voluntary Action Plan
- Declaration of Health and Productivity Management

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 safe and secure workplace
3. Complying with laws and regulations
4. Avoiding 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 the environmental conservation
7. Complying with anti-monopoly laws and regulations, and conducting fair transactions
8. Providing products and services
9. Ensuring 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 following Daigas Group Code of Business Conduct
14. Managing 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 payment and performing accounting practices proper

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



- 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.

Activities for dissemination of the Corporate Principles

In its Long-Term Management Vision 2030, the Daigas 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 the Principles in order to realize value creation, we designated October, which is the anniversary of our founding, as "Group Corporate Principles Month" in FY2022.3, and we have provided e-learning and workshops in continuous efforts to promote familiarization of the Principles among Group employees.

Setting up opportunities for direct dialogue between the President and Group employees

With the aim of fostering a sense of unity among employees, the Daigas Group provides opportunities for the President to visit workplaces and engage in direct dialogue with employees.

The President communicates his thoughts on "a corporate group that powers continuous advancement in customers' lives and businesses," which is clearly stated in the Daigas Group Corporate Principles as what the Group aims to be, and engages in a frank exchange of opinions with the members at each workplace, thereby working to foster a sense of unity within the Group.

In FY2024.3, a total of nine dialogues took place at the LNG & Engineering Business Unit, Osaka Gas USA Corporation, OGIS-RI Co., Ltd., and other organizations. Also, meetings with junior staff were held three times.



The President's visit to a workplace

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 July 2011, we revised the "Daigas Group Code of Business Conduct" again to reflect ISO 26000, which was published in November 2010, to add principles such as respecting international norms, including the laws and regulations of each country/region and those concerned with human rights, and promoting the understanding and requesting the cooperation of business partners.

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 FY2024.3, about 90% of approximately 21,500 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 FY2015.3, 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 an ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice-President), who supervises the Group's sustainability activities, and consisting of the heads of related organizations and other members. In principle, the ESG Committee meets three times a year for cross-organizational deliberation and coordination of sustainability activities. In principle, the Management Meeting, chaired by the Representative Director and President, is held three times per year as the ESG Council, which deliberates on established key issues (materiality), indicators and targets in ESG 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.120 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.

■ Sustainability Promotion System (As of April 1, 2024)

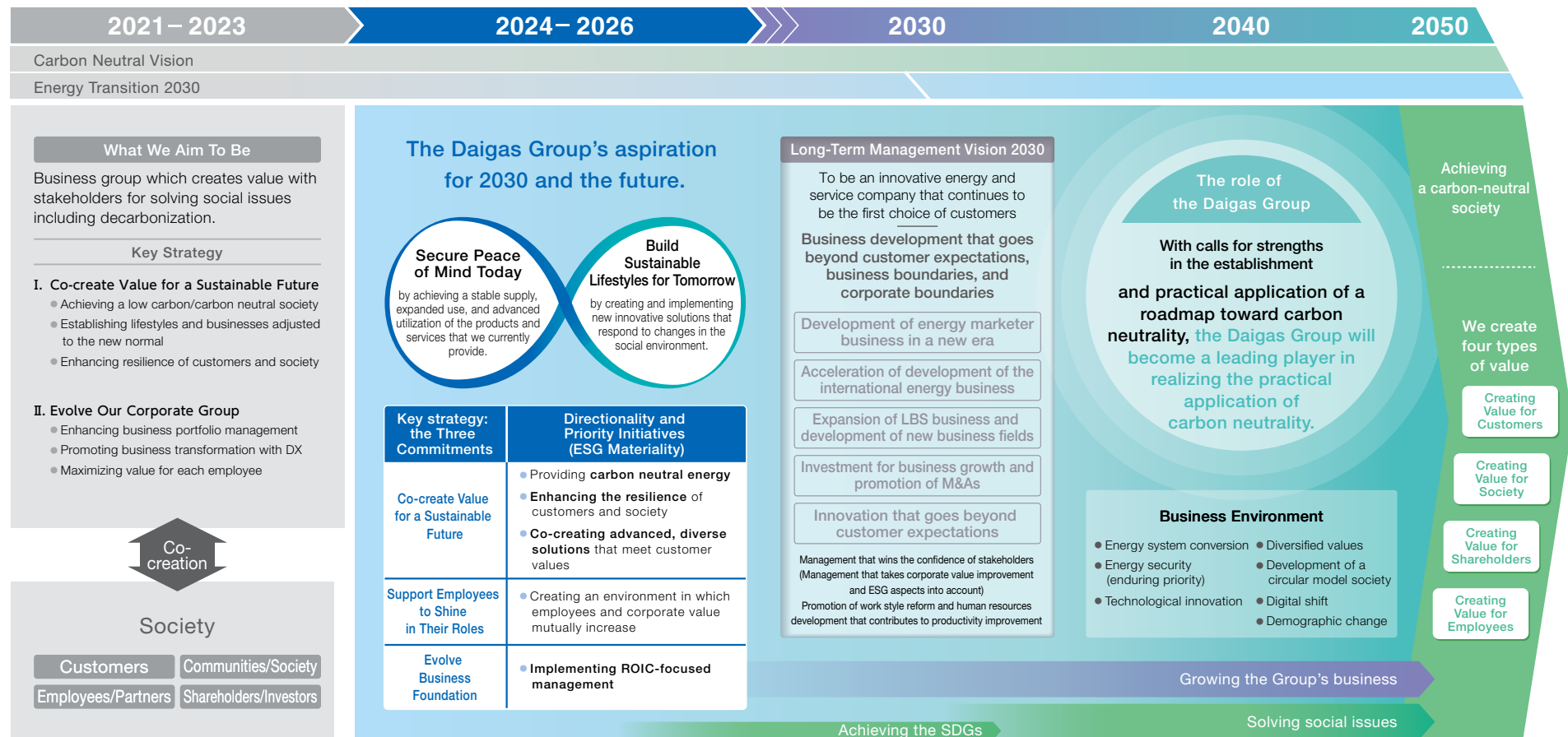


Long-Term Management Vision / Medium-Term Management Plan

In 2017, the Daigas Group formulated a Long-Term Management Vision that looks toward FY2031.3, 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”



Results of Materiality Indicators in Medium-Term Management Plan 2023

In light of the process to identify materiality, the Daigas Group set forth “co-create value for a sustainable future” and “evolve our corporate group” in its Medium-Term Management Plan 2023, defining the pursuit of the creation of value for solving social issues alongside stakeholders as one of its key strategies and driving forward relevant initiatives. While we achieved most of the targets for materiality indicators, key issues that we should keep working on were selected again when we formulated the Medium-Term Management Plan 2026.

Charter of Business Conduct	Important issues (Materiality)	Value for a sustainable future	Initiatives to create value for a sustainable future	Indicators	Goals	Fiscal year to be achieved	FY2024.3 results	Contribution to SDGs
I	Creating value for customers	Maintain and expand customer base	Maintain and expand customer base	Number of customer accounts	10 million or more	2031.3	10.38 million	   
		Improvement of customer satisfaction and quality of services	Enhance customer relationship management	Customer satisfaction rate	90%	2024.3	92%	
		Customer health and safety GRI Standards: 416-1	Maintain safety and quality levels	Number of serious accidents	Continued zero serious accidents	2031.3	Zero serious accidents	
		Stable supply of services	Strengthen resilience of energy supply	Build resilient energy supply facilities	Implementation of measures for disaster prevention and aging pipes	2031.3	Ratio of strengthening of earthquake resistance: about 89% Number of supply area subdivisions: 727 blocks	
II	Contributing to the sustainability of the environment and society	Climate change GRI Standards: 302-1 305-5	Implement carbon-neutral measures	CO ₂ emissions of Daigas Group	Net zero emissions	2051.3	25.63 million tons	    
			Provide clean energy and expand renewable energy value chain	Percentage of renewables in our power generation portfolio in Japan*2	Nearly 50%	2031.3	22.4%	
			Promote advanced utilization of natural gas and environmental products	Contribution to developing renewable capacity on a global basis*2	5 GW	2031.3	3.17 GW	
				2.5 GW	2024.3			
III	Engaging with and contributing to society	Coexistence with local community GRI Standards: 413-1	Promote communication with local communities	Number of our participation in local governments' activities (i.e. community development planning)	14 cases	2024.3	51 cases	   
				Number of joint efforts with local communities	170 times	2024.3	248 times	

*1 Emission throughout the domestic supply chain (Scope 1, 2 & 3) (New targets for FY2031.3 set in Energy Transition 2030) *2 Including power sources under the feed-in tariff (FIT) system.

Charter of Business Conduct	Important issues (Materiality)	Value for a sustainable future	Initiatives to create value for a sustainable future	Indicators	Goals	Fiscal year to be achieved	FY2024.3 results	Contribution to SDGs
IV Respecting human rights	Supply chain management GRI Standards: 308-1 414-1	Building foundations that support the realization of value for a sustainable future	Build a responsible supply chain	Appropriate new supplier ratio	100%	2024.3	100%	
	V Complying with laws and regulations		Compliance GRI Standards: 307-1 418-1 419-1	Promote the Group's compliance	Number of serious violations of laws and regulations	Continued zero serious violations	2024.3	Zero serious violations of laws and regulations
VI Providing a work environment that supports employees' personal growth	Employee engagement		Create a workplace where employees can feel a sense of fulfillment	Attitude survey	Maintained and improved employee engagement	2031.3	Four comprehensive indicators remained at appropriate levels	
	Development of employee skills GRI Standards: 404-1		Promote diversity and inclusion	Annual average hours of training per employee	Implementation of human resource development and work environment improvement	2031.3	25.1 hours/person Hours of e-Learning courses were taken*1: 6.2 hours/person	
	Diversity and inclusion GRI Standards: 405-1		① Ratio of female executives/Ratio of female Directors*2 ② Ratio of women in members newly promoted to middle management positions ③ Ratio of women in new recruits for career-track positions	① 20% or higher for each category ② 30% or higher ③ Continue 30% or higher	2031.3	① 26.7%/20.0% ② 15.9% ③ 32.8%		

*1 Includes some temporary employees and part-time workers. Covers e-learning programs on safety, information security, environment, digital transformation, etc. *2 Target for Ratio of female Directors newly set in March 2023

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)

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.

*Please refer to □□P.040 for details.

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 addition to the analysis in STEP 1, and considered how we should work on human rights due diligence and 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.

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 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

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 FY2014.3 and FY2017.3
- 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)

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.

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.



Hidemi Tomita
CEO,
Institute for
Sustainability
Management

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
<ul style="list-style-type: none"> ● 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 style="text-align: center;">Provide carbon neutral energy</p>
<ul style="list-style-type: none"> ● 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 style="text-align: center;">Enhance the resilience of customers and society</p>
<ul style="list-style-type: none"> ● 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 style="text-align: center;">Co-create advanced, diverse solutions that meet customer values</p>
<ul style="list-style-type: none"> ● 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 style="text-align: center;">Create a work environment where employees and the company resonate and enhance each other</p>
<ul style="list-style-type: none"> ● 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 style="text-align: center;">Maintain and improve the soundness and flexibility of management foundation</p>

■ Why the Issue Is Material

Materiality	Why the Issue Is Material
<p>Provide carbon neutral energy</p>	<ul style="list-style-type: none"> • 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.
<p>Enhance the resilience of customers and society</p>	<ul style="list-style-type: none"> • 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.
<p>Co-create advanced, diverse solutions that meet customer values</p>	<ul style="list-style-type: none"> • 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.
<p>Create a work environment where employees and the company resonate and enhance each other</p>	<ul style="list-style-type: none"> • 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.
<p>Maintain and improve the soundness and flexibility of management foundation</p>	<ul style="list-style-type: none"> • 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.

New Materiality Indicators and Targets

We have developed indicators for materiality that are more strongly associated with management approaches. We will thus drive the co-creation of value for a sustainable future, strengthening of human capital, and evolution of the business foundation.

Key issues (materiality)	ESG indicators	FY2027.3 targets	FY2031.3 targets	Contribution to SDGs
Provide carbon neutral energy	Avoided emissions*1	7 million tons/year	10 million tons/year	
	Renewable energy development contribution	4 GW	5 GW	
	Percentage of renewables in our power generation portfolio in Japan	Approx. 30%	Approx. 50%	
	CO ₂ emissions of Daigas Group	—	-5 million tons in Japan (compared to FY2018.3)	
	CO ₂ emissions reduction in the Group company offices and vehicles	67%	100%	
	Promotion of e-methane practical application	Final investment decisions in e-methane supply chain PJ	1% e-methane in gas grid	
	Promotion of methanation technology development	Transition to the second phase of SOEC GI funds business	Establishing a pilot-scale (400 Nm ³ /h class) SOEC technology	
Enhance the resilience of customers and society	Number of serious accidents and serious energy supply disruptions caused by the company	Zero	Zero	
	Establishment of resilient facilities	Implementation of measures for disaster prevention and aging pipes		
Co-create advanced, diverse solutions that meet customer values	Customer accounts	10.9 million accounts	11.5 million accounts	
	Customer satisfaction rate	90%	—	
	Creation of innovation	Creation of new business and services		
Create a work environment where employees and the company resonate and enhance each other	Percentage of women in members newly promoted to middle management positions	20% or higher	30% or higher	
	Percentage of women in new recruits for career-track positions	30% or higher	30% or higher	
	Work engagement score*2	50 or more	50 or more	
	Total number of new graduates and mid-career hires	Cumulative total of 3 years: 330 people		
	Reserve ratio of next-generation management personnel	250%	—	
Maintain and improve the soundness and flexibility of management foundation	Ratio of female directors	25% or higher	30% or higher	
	Number of serious violations of laws and regulations	Zero	Zero	
	Recruitment of DX core staff	300 employees	—	
	Respect for human rights	Implementation of human rights initiatives within the Daigas Group and throughout the supply chain		
	Contribution to local communities	Engagement with local communities		
	Sustainable growth of LBS Business	Implementation of unique ESG initiatives in LBS Business		

*1 Calculate the estimated effect of CO₂ emissions reduction in one year of the target FY by introducing high efficiency facilities and low carbon energy, etc. to customer side and the company's business activities in and after FY2018.3.



*2 Deviation in work engagement results for companies using the Advantage Toughness Survey.

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	<ul style="list-style-type: none"> • Business opportunities such as safety check and sale • "Customer Centers" • Service shops • Showrooms 	<ul style="list-style-type: none"> • Corporate PR events • Advertisements via TV and other media • Website • Catalogs for products and services 	 <p>Value for Customers The Group is committed to providing services that meet customer expectations for comfort, convenience and reliability in diverse fields.</p>
Business partners and suppliers	<ul style="list-style-type: none"> • Business opportunities • Various regular meetings 	<ul style="list-style-type: none"> • Joint training and drills 	
Consumers groups	<ul style="list-style-type: none"> • Meetings • Tours 	<ul style="list-style-type: none"> • Seminars, study meetings 	
Local communities	<ul style="list-style-type: none"> • Social contribution activities • Tours 	<ul style="list-style-type: none"> • "Energy and environmental education" 	
Students and educational institutions	<ul style="list-style-type: none"> • Joint study • "Energy and environmental education," "food education," "fire education," "education on disaster prevention" 	<ul style="list-style-type: none"> • Acceptance of interns • Recruitment meetings • Website 	
Knowledgeable people	<ul style="list-style-type: none"> • Joint study 	<ul style="list-style-type: none"> • Meetings 	
Administrative authorities	<ul style="list-style-type: none"> • Submission of various documents • Meetings 	<ul style="list-style-type: none"> • Cooperation for regional development 	
NPOs/NGOs	<ul style="list-style-type: none"> • Joint research • Joint work and cooperation for solving regional issues 	<ul style="list-style-type: none"> • Meetings 	
Shareholders/ investors	<ul style="list-style-type: none"> • Issuance of various reports (Securities Reports, Integrated Reports, etc.) 	<ul style="list-style-type: none"> • Briefings • Website 	 <p>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.</p>
Employees	<ul style="list-style-type: none"> • Labor-management meetings • Education and training sessions • Interviews • "Compliance Desks" 	<ul style="list-style-type: none"> • "Human Rights Desk" • "Harassment Desk" • Intranet, in-house publications 	

For detailed information, please see P.012.

**Dialogue with stakeholders
(FY2024.3 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. 3.60 million
- No. of replies to a survey on customer satisfaction: approx. 31 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. 986 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: 51 cases
- Activities contributing to regional revitalization in collaboration with experts and NPOs: 248 times
- Activities contributing to next-generation education: 1,499 times



Food education

Dialogue with Shareholders and Investors

The Group has been stepping up information disclosure and dialogue through various media and briefings, aiming to generate stable profits and continuous shareholder returns by strengthening our management base.

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 create value for shareholders through dialogues with institutional investors and other parties.

- Briefings on financial results, management plans, and ESG efforts; president's small meetings; Outside Directors' small meetings; etc.
- Dialog with institutional investors (Japan: approx. 120 times, Overseas: approx. 30 times, Sell-side analysts: approx. 20 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.

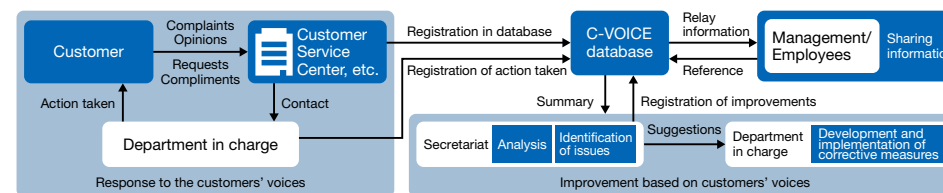
- Meetings based on Management by Objectives (MBO): twice a year
- Interviews based on role expectation evaluation: once a year

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 FY2024.3, measures to remedy the situation and prevent recurrence were appropriately taken as necessary. We found no serious violations of laws and regulations.

Theme	International and domestic standards	In-house policy and standards	Reponsiibilities
Environment	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 Head of ESG Promotion (Representative Director and Executive Vice-President), 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	<ul style="list-style-type: none"> • ISO 26000 • Basic Act on Consumer Policies 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Universal Declaration of Human Rights • U.N. Global Compact • Whistleblower Protection Act 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Universal Declaration of Human Rights • U.N. Global Compact • Whistleblower Protection Act 	<ul style="list-style-type: none"> • 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 FY2025.3.
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 and an investment universe (candidates for inclusion in indices) as of June 30, 2024. 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 Blossom Japan Sector Relative Index*1



FTSE Blossom Japan Index



FTSE4Good Index Series



ECPI World ESG Equity



MSCI ESG Leaders*2



MSCI Japan ESG Select Leaders Index*2



MSCI Japan Empowering Women Index*2



MSCI Nihonkabu ESG Select Leaders Index*2



S&P/JPX Carbon Efficient Index



Sompo Sustainability Index



Ethibel Excellence

Outside Assessment of Sustainability Activities

Medium	Evaluation of our company
CDP Climate Change Report 2023	Leadership A-
CDP Water Security 2023	Leadership A-
Ministry of the Environment Eco-First Program	Certified as an Eco-First Company
Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange 2024 Health & Productivity Stock Selection program	Selected as a 2024 Health & Productivity Stock Selection Brand
Toyo Keizai Japan CSR Ranking 2024	41th (of about 1,400 companies)
Ministry of the Environment ESG Finance Awards Japan	Selected as an Environmentally Sustainable Company

*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Osaka Gas has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index 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 indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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