(Translation)

Corporate Governance Report

Last Update: December 23, 2024
Osaka Gas Co., Ltd.
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Securities code: 9532
https://www.osakagas.co.jp/en/index.html

The status of corporate governance of Osaka Gas Co., Ltd. (the "Company") is described as follows.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

As a corporate group that powers "continuous advancement" in customers' lives and businesses, we set our Corporate Principles to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to not only the energy business, including natural gas, electricity and LPG, but also its peripheral services and non-energy businesses, such as urban development, materials and information businesses.
Under this Corporate Principles, the Company and its affiliates (the "Group") will respond appropriately to the exercising of shareholder rights, and work toward maintaining and increasing a sense of trust through dialogue and cooperation with its stakeholders. In addition, the Group will continue to enhance and strengthen corporate governance in order to respond quickly and appropriately to changes in the business environment surrounding the Group, make transparent, fair and decisive decisions, and execute business efficiently and appropriately.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company has implemented all principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] (Updated)

[Principle 1.4] (Cross-shareholdings)
The Group has stipulated the following in its rules on the purchase and management of third-party stocks:

- That stocks may be held and only if sales/procurement transactions and cooperation with other companies through business alliances are necessary for promoting the Group's business and the purchase can be expected to contribute to the Group's business;
- That after the stock purchase, it will be regularly confirmed whether continued ownership makes sense, and reports will be made to the Board of Directors;
- That impact on the market is to be taken into account before any sale of stocks that no longer make much sense to own.

Pursuant to these rules, the Company's Board of Directors examines and verifies each individual stock to determine whether it is contributing to the Group's business through transactions, business alliances, or other means and whether the related earnings of our investees, such as dividends and related transaction profits, exceed the target cost of capital. If the significance of holding an issue has waned, we sell it sequentially, taking into account the impact on the market, profit or loss on sale, funding needs, and other factors. In FY2023, one stock was sold in its entirety, and for the mid-term period (FY2021-FY2023), 16 stocks were

sold (including 12 stocks sold in their entirety).
With respect to the exercise of voting rights, the Company examines the content of proposals through various methods, including dialogue with the investee, and decides whether to approve or disapprove, taking into consideration whether the proposal will contribute to the sustainable growth and improvement of the medium- and long-term corporate value of the company concerned and whether there is any risk of damaging the corporate value of the Group.

[Principle 1.7] (Related Party Transactions)
The Group complies with the stipulations of the Companies Act, and if Directors engage in competitive transactions or conflict-of-interest transactions, the Regulations of the Board of Directors stipulates that such transactions require the approval of and report to the Board of Directors.
A briefing is given when Directors are appointed concerning competitive transactions or conflict-of-interest transactions. Subsequently, an opportunity is provided to the Directors every year to confirm that the individual and other directors have not conducted such transactions.

[Supplementary Principle 2.4.1] (Ensuring Diversity)
Explanations regarding the Ensuring Diversity are as provided in "III.3. Status of Measures to Ensure Due Respect for Stakeholders [Other] " of this report.

[Principle 2.6] (Performance of Functions as Corporate Pension Asset Owner)
The Company has assigned the Finance Department as the department in charge of asset management for corporate pension plans, which has staff with the necessary experience and knowledge for the job. In addition, we are striving to improve our expertise by acquiring knowledge of asset management through participation in training programs and seminars.
Investment of reserve funds is entrusted to multiple investment management institutions after a comprehensive evaluation of their investment policies, experience and track record in pension investment, systems for compliance with laws and regulations, and other factors. The Company fully delegates selection of individual investment targets and voting to the investment management institutions to avoid any conflicts of interest between pension beneficiaries and the Company. In addition, we obtain support from pension management consultants to enhance the expertise of our investment management. And In monitoring, we confirm the status of compliance with the Stewardship Code of the institutions that manage domestic stocks.

[Principle 3-1] (Full Disclosure)
(1) Corporate Principles, Business Strategies and Business Plans
The Group has formulated and announced its Daigas Group Corporate Principles and is striving to enhance its medium- and long-term corporate value through fair and transparent business practices.
In formulating and announcing its business strategies and business plans, the Company discloses its basic policy regarding earnings plans and, capital policy, as well as listing indictors such as ROIC (Return on Invested Capital) (*1), ROE (Return on Equity), Shareholders' equity ratio, D (Debt) / E (Equity) ratio, and DOE (Dividend on equity ratio) to explain its efforts to continuously improve corporate value to its shareholders and investors.
The Daigas Group Corporate Principles and business plans are provided at the following website:
https://www.osakagas.co.jp/en/aboutus/index.html
(*1) ROIC = (Ordinary profit + Interest expenses - Interest income - Income taxes) / (Interest-bearing debts + Shareholders' equity)
Interest-bearing debts exclude risk-free leased liabilities to us.

(2) Basic Principles on Corporate Governance
The basic principles of corporate governance are as provided in "I. 1. Basic Views" of this report.

(3) Policy and Procedures for Deciding Officer Remuneration
The policy and procedures for deciding officer remuneration are as provided in "II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System), (3) Policies on Deciding Remuneration for Officers."

(4) Policy and Procedures concerning Selection etc. of Officer Candidates
The policy and procedures concerning selection of officer candidates are as provided in "II. 2. Matters

Concerning Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System), (4) Policies on Selecting Candidates for Directors and on Selecting and Dismissing Representative Directors and Other Executive Directors."

(5) Reasons for Selecting Officer Candidates
Explanations regarding the selection of Director and Audit & Supervisory Board Member candidates are provided in the reference documents of the shareholders meeting convocation notice.
(Notice of Annual Meeting of Shareholders https://www.osakagas.co.jp/en/ir/stock/inform/index.html)

[Supplementary Principle 3.1.3] (Sustainability Initiatives)
(1) Governance and Risk Management related to overall sustainability
1) Governance
In order to put the Daigas Group Corporate Principles into practice and achieve sustainable growth, we are working to promote the Group's overall sustainability activities and to enhance and strengthen governance, including the environment, compliance, social contribution, respect for human rights, and risk management, etc.
As for the governance structure regarding sustainability in general, we have established the ESG Committee, which is chaired by the Executive Officer in Charge of ESG Promotion (Executive Vice President and Representative Director), who oversees the Group's sustainability activities, and includes the heads of related organizations and other members.
The ESG Committee meets three times a year in principle to discuss and promote sustainability activities across the organization.
Material issues (materiality) for ESG management and its indicators and targets, the status of those performances and other matters are submitted to and deliberated at the ESG Council, which is held three times a year in principle by the Management Meeting chaired by the President and Representative Director. The Board of Directors is then consulted on important matters related to sustainability activities, and is responsible for decision-making and supervision.
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.
2) Risk Management
As the Group's business domain expands, we have established a system to comprehensively manage risks across the entire company (sustainability, compliance, accounting and finance, cyber security, overseas investment, etc.), and we have selected key risks and implemented focused countermeasures to ensure efficient and effective risk management.
As part of our risk management system, we have established a Risk Management Committee, which is chaired by the Executive Officer in Charge of Risk Management (Executive Vice President and Representative Director), who oversees the Group's Risk Management, and includes the heads of related organizations and other members. The Risk Management Committee meets twice a year in principle to review and select important risks on a regular basis, deliberate and promote preventive maintenance measures for important risks, and report and deliberate on plans and results of risk preventive maintenance activities at the Management Committee.
Matters that have a significant impact on management are brought to the Board of Directors for decision-making and supervision.
In addition, risk management related to climate change is reported and discussed at the ESG Promotion Committee and ESG Promotion Meeting. In addition, the Board of Directors makes decisions and oversees basic management policies, including investment decisions, taking into account climate change risks and sustainability. For new investment projects, we will use ICP (Internal Carbon Pricing) in scenario analysis to grasp the economic impact, and if the impact is significant, we will also evaluate the presence or absence of risk countermeasures and their effectiveness.
Specific initiatives regarding sustainability are described in this report under "III. 3. Implementation of Environmental Preservation Activities, CSR Activities, etc." in this report.

(2) Investment in human capital and intellectual property
The Group regards its employees as one of its most important management resources.
In the "Medium-Term Management Plan 2026," we have identified the "enhancement of employees' brilliance" as one of the key initiatives, and we aim to create an environment in which the value of employees

and the company mutually increase by stimulating each initiative through two-way communication between the company and human resources, and by creating a relationship in which employees and the company grow together. Materialities are identified to achieve these.
Each materiality indicator, management approach and evaluation, and major initiatives are disclosed in the "Sustainability Management" section of the "Sustainability" section of our website. The site is scheduled to be updated around October 2024.Policies, initiatives, and achievements related to diversity promotion and health management are described in this report under “III. Status of Measures to Ensure Due Respect for Stakeholders [Other]” in this report.
（Sustainability Management（Materiality of the Daigas Group）
https://www.daigasgroup.com/en/sustainability/management/materiality/)

In addition, the Group positions intellectual property rights as an important management resource and is actively working to secure and utilize rights in conjunction with its business and technology development strategies. Please refer to our website and the Annual Securities Report (Section 2.6. “Research and Development Activities”) for specific information on the Group's technological development and intellectual property initiatives and achievements.
(technological development https://www.osakagas.co.jp/en/rd/)

[Supplementary Principle 4.1.1] (Overview of the Scope of Management Delegation)
The Board of Directors establishes its meeting rules, agenda standards for items to be discussed at the meetings, make resolutions and approve important business matters relating to the Group. Important management matters include the determination of basic management policies for the Group, the appointment and dismissal of directors, and the determination of policies related to the determination of individual director compensation and other details. As for other matters, executive Directors, Executive Officers, and organizational heads are delegated authority for operations in accordance with the Company’s internal rules stipulating job responsibilities and job authorities. To supervise operations, the executive Directors reports the status of operations at least once every three months to the Board of Directors.

[Principle 4.9] (Independence Criteria and Qualification for Independent Directors)
Criteria for judging the independence of the Company’s outside Directors are as provided in “II. 1. Organizational Composition and Operation [Independent Officers] Other Matters regarding Independent Officers” of this report.

[Supplementary Principle 4.10.1] (Use of Voluntary Committees, etc.)
Explanations regarding Voluntary Committees are as provided in “II. 1. Organizational Composition and Operation [Status of Voluntary Establishment of Committee(s), Composition of Members, and Attributes of Chairperson]” of this report.

[Supplementary Principle 4.11.1] (Point of View regarding Overall Balance of the Board of Directors, Diversity and Size)
Pursuant to the Articles of Incorporation, the number of directors (excluding directors who are the Audit and Supervisory Committee Members) shall be 15 or less, and the number of directors who are Audit and Supervisory Committee Members shall be 5 or less.
To attain sustainable growth and improve medium- and long-term corporate value for the Group, candidates for Directors are in principle selected from a diverse group of people without regard to gender, nationality, career, or age etc., taking their knowledge, experiences, abilities, and personalities etc. into account.
(For details on policies and initiatives regarding diversity and women's empowerment, please refer to “III Implementation of Measures for Shareholders and Other Stakeholders, 3. Status of Measures to Ensure Due Respect for Stakeholders [Other]”. The Group has set a target of increasing the percentage of female directors to 30% or more by FY2030, and as of June 30, 2024, the percentage of female directors was 26.7%.
Based on this, in light of the medium- and long-term management plans, Internal Directors shall have experience and expertise, etc. in corporate management, marketing, technology/R&D, DX, global management, ESG, finance/accounting, legal / risk management, human resources development of the Group including the energy business, The Board of Directors as a whole has a well-balanced composition, with outside directors having, in addition to independence that contributes to objective judgment, broad insight, a wealth of experience, and a high degree of expertise in their fields of expertise.
The skills that the Board of Directors should have, identified in light of the medium- to long-term

management plan, and the particularly notable skills possessed by each Director are listed in Notice of Convocation of Meeting of Shareholders and on the Company's website as the "Skills Matrix.
(Notice of Annual Meeting of Shareholders https://www.osakagas.co.jp/en/ir/stock/inform/index.html)
(Corporate Governance https://www.daigasgroup.com/en/sustainability/governance/governance.html)
The site is scheduled to be updated around October 2024.

[Supplementary Principle 4.11.2] (Status of concurrent directorships)
There may be a case where the Company's Directors at times serve concurrently as an Officer for another listed company, however, the number thereof is within a reasonable range, and important concurrent positions held are disclosed annually in the business report as well as in the reference documents which are attached to the shareholders meeting convocation notice. Concurrent positions held by Directors are reported regularly to the Board of Directors to make sure that there are no problems with the Director fulfilling his/her duties to the Company.
(Notice of Annual Meeting of Shareholders https://www.osakagas.co.jp/en/ir/stock/inform/index.html)

[Supplementary Principle 4.11.3] (Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole)
The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors each fiscal year based on the results of interviews conducted by the Secretariat of the Board of Directors with each Director and Audit & Supervisory Board Member. The methods and results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2024 are summarized below.

(1) Evaluation Method

- Interviews were conducted with all Directors (10) and all Audit & Supervisory Board Members (5) from March to April 2024 regarding the composition of the Board of Directors, its operation, and the content of deliberations, etc.
- Discussed and confirmed the effectiveness of the Board of Directors at the Outside Directors Meeting held in April of the same year (attended by all outside Directors and outside Audit & Supervisory Board Members).
- At the Board of Directors meeting held in May of the same year, outside Directors reported the results of the Outside Directors Meeting, and the Board of Directors confirmed their assessment of the effectiveness of the Board of Directors for the fiscal year ending March 31, 2023.

(2) Interview Items
Based on periodic evaluations by external professional organizations, we have established interview items for the fiscal year ending March 31, 2023. The major items of the interview are as follows.
<Major items of the Interview>
1) FY2023 Initiatives to Address Issues Identified in FY2022

- Board operations that devote more time to discussion
- Increase in the number of meetings of the Advisory Committee on Management
- Expanding opportunities for contact with board candidates
- Developing internal executive candidates from a medium- to long-term perspective (especially women and highly specialized personnel)

2) Composition of the Board of Directors

- The ideal structure and composition of the Board of Directors to realize the long-term management vision and medium-term management plan Ensure diversity (gender, expertise, experience, ability, etc.), etc.

3)Operation of the Board of Directors, etc.

- Frequency and time of meetings, agenda, materials
- Development of appropriate management strategies and plans, status of response to key issues such as climate change risks and DX, etc.

4) Advisory committee

- Frequency of meetings, content of deliberations, method of operation
- Perspectives and factors to consider when selecting director candidates, evaluation of directors, etc.

5) Outside Directors Meetings, etc.

・ Exchange of opinions on themes and management development, etc.

6) Free opinion

(3) Summary of Evaluation Results

- Issues recognized in FY2022(Board operations that devote more time to discussion, Increase in the number of meetings of the Advisory Committee on Management, Expanding opportunities for contact with board candidates, Developing internal executive candidates from a medium- to long-term perspective (especially women and highly specialized personnel)) have improved.
- Issues identified in the FY2023 Board effectiveness assessment were prioritized according to their importance and the timeframe for consideration, and the Board of Directors discussed the direction of improvement.
  <Major issues>
- Enhancement of discussions on medium- to long-term management issues
- Expanding opportunities for contact with board candidates
- Concretize measures to develop internal executive candidates from a medium- to long-term perspective (especially women and highly specialized personnel)

[Supplementary Principle 4.14.2] (Training Policy for Directors)
When appointed, the Company provides Internal Directors an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected for a Director. Subsequently, the Company regularly provides opportunities internally or externally for Officers to receive training regarding legal affairs, risk management, compliance, and other matters to continue to acquire knowledge necessary for comprehension of legal revisions and other latest world trends. Further, as part of the succession plan for top management, human resources to oversee the Company's management are fostered through measures like systematic rotation of the areas of responsibility of internal Directors and Executive Officers.
As for Outside Directors, the Company explains the Group's businesses and offers an opportunity to the Officers upon appointment to deepen their understanding so that they can put to practice their expertise and experience in each of their fields for supervising and auditing the Company's business. Later, the Company also offers opportunities as necessary in which the business environment and business trends are explained accurately in a timely manner so that outside Officers can gain an understanding.

[Principle 5.1] (Policy for Constructive Dialogue with Shareholders)
The Company looks to build long-term relationships with its shareholders and investors based on trust by making timely and fair information disclosures regarding the Group's business and finances and by engaging in constructive dialogue with them.

(1) Responsible person/promotion system
Dialogue with shareholders and investors is overseen by the Representative Director, Executive Vice President and President of the Corporate Planning HQ, with the IR organization of the Corporate Strategy Department playing a central role as the responsible department. Depending on the theme of the dialogue, corporate departments such as the Finance Department, Corporate Communication Department and General Affairs Department and related organizations such as each business unit organically collaborate to implement the dialogue.
Specifically, the Company conducts quarterly briefings for analysts and institutional investors. In addition, the Company holds individual IR meetings, ESG-focused meetings, and other meetings in response to the needs of analysts and institutional investors.
For individual investors, in addition to holding the briefings as necessary, the Company provides an explanation on the businesses and management plans on the Company website (*1). Furthermore, in addition to statutory disclosures such as annual securities reports and notices of annual meeting of shareholders, we have created websites dedicated to IR information (*2) and sustainability information (*3), and publish Integrated Reports, Fact Books, and other information. In the Integrated Report, we will include a message from the outside directors to shareholders and other stakeholders.
<List of activities in fiscal year 2024.3>
President and Representative Director: Annual Meeting of Shareholders, mid-term management plan briefings, financial results briefings, president's small meetings, dialogues with overseas

institutional investors (6 times)
Executive Vice President and Representative Director: Annual Meeting of Shareholders, dialogues with overseas institutional investors (11 times)
Outside Director: Small meetings with domestic institutional investors
Department in charge of IR: Mid-term management plan briefings, financial results briefings, business briefings, dialogue with sell-side analysts (approx. 20 times), dialogue with domestic institutional investors (approx. 120 times), dialogue with overseas institutional investors (approx. 30 times), etc.
General Affairs Department: Dialogue with domestic shareholders (13 times)
< Main themes of the dialogue>

・Medium- to long-term business strategies (e.g., progress in ROIC management, addressing the need for a decarbonized society, etc.)

・Financial strategy (approach to capital structure, shareholder return policy, etc.)

・Most recent results (status of each segment, etc.)

・ESG Initiatives (CO2 emissions, renewable energy diffusion contribution, human capital strategy, governance initiatives, etc.)

(2) Feedback to Management
In addition to providing opportunities for senior management to engage in direct dialogue with shareholders and investors, the Company has a system in place and functioning to ensure that opinions from shareholders and investors and management issues obtained through IR activities are appropriately reported, discussed, and confirmed by the Board of Directors and senior management.

.(3) Management of insider information
The Company has established a disclosure policy (*4) concerning insider information (material information not yet made public) pursuant to its information disclosure rules and insider trading rules and has rules against transmitting insider information. The two-week period leading up to a results announcement is designated as a "quiet period" and no information is given out regarding the upcoming financial results announcement during this period.

(*1) https://www.daigasgroup.com/en/ir/index.html
(*2) https://www.daigasgroup.com/en/ir/library/financial-results/
(*3) https://www.daigasgroup.com/en/sustainability/
(*4) https://www.daigasgroup.com/en/ir/disclosure-policy/

[Principle 5.2] (Formulate and Publish Management Strategies and Plans)
The Company has formulated our "Long-Term Management Vision," which sets forth the direction of our business domains and activities for FY2031.3, aiming to become "an innovative energy & service company that continues to be the first choice of customers" and to triple consolidated ordinary income in FY2018.3 based on our "three business pillars (Domestic Energy Business, International Energy Business, and Life & Business Solution Business)." To achieve this goal, we have formulated a three-year "Medium-Term Management Plan" (2024-2026) based on discussions at the Board of Directors meetings. With an eye toward a carbon neutral society, we have a policy of increasing our investment in renewable energy and e-methane to transform our business portfolio, while also investing in existing areas (thermal power sources, shale gas, etc.) to expand our earnings during the transition period. By improving capital efficiency through current profit growth, asset replacement, and business portfolio review, we aim to achieve a medium-term management benchmark of approximately 5% ROIC, maintain financial soundness (capital adequacy ratio of 45% or more), and 8% ROE. With regard to shareholder returns, we aim to increase dividends in line with medium- to long-term growth under our policy of progressive dividends (in principle, we will not reduce dividends and will increase or maintain dividends) and a dividend on equity ratio (DOE) of 3.0%. In addition, the Company will consider flexible acquisition of treasury stock to improve capital efficiency.
These details are appropriately explained at financial results briefings and IR opportunities, in addition to announcements on our website.
(Medium-Term Management Plan 2026
https://www.daigasgroup.com/en/ir/library/business-plans/index.html#Medium_term)

(Management Vision / Business Plans https://www.daigasgroup.com/en/ir/manage/)

[Actions to Achieve the Management Being Conscious of Cost of Capital and Stock Price]
[Last Update: July 1, 2024]
As stated in [Principle 5.2: Formulate and Publish Management Strategies and Plans]

[Promotion of Dialogue with Shareholders and Disclosure]
As stated in [Principle 5.1: Policy for Constructive Dialogue with Shareholders]

2. Capital Structure

Foreign Shareholding Ratio (Updated)	30% or more

[Status of Major Shareholders] (Updated)

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	65,445,900	16.00%
Custody Bank of Japan, Ltd. (trust account)	28,146,340	6.88%
Nippon Life Insurance Company	13,469,784	3.29%
Resona Bank, Limited	10,555,416	2.58%
STATE STREET BANK WEST CLIENT-TREATY 505234	10,053,308	2.46%
MUFG Bank, Ltd.	8,391,680	2.05%
Aioi Nissay Dowa Insurance Co., Ltd.	5,973,183	1.46%
Meiji Yasuda Life Insurance Company	5,838,261	1.43%
JP MORGAN CHASE BANK 385781	5,417,991	1.32%
STATE STREET BANK AND TRUST COMPANY 505103	4,986,251	1.22%

Controlling Shareholder (except for Parent Company)	―――
Parent Company	None

Supplementary Explanation (Updated)

・ Above information on Status of Major Shareholders is based on the list as of March 31, 2024.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Electric Power & Gas
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) of the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may Have Material Impact on Corporate Governance

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II. Status of Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation (Updated)	20
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairman of the Company (except when also serving as President)
Number of Directors (Updated)	15
Appointment of outside Directors	Yes
Number of outside Directors (Updated)	7
Of the outside Directors, Number Appointed as Independent Officers (Updated)	7

Outside Directors' Relationship with the Company (1) (Updated)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kazutoshi Murao	From another company											
Tatsuo Kijima	From another company											
Yumiko Sato	From another company											
Mikiyo Niizeki	Academic											
Eriko Nashioka	Certified Public Accountants											
Chieko Minami	Academic											
Eimei Kozai	Other											

* Categories for "Relationship with the Company"
* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past
* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive Director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Officer
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside Directors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) (Updated)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kazutoshi Murao		○	None of a. through k. above are applicable.	The Company in principle selects candidates for Directors from a diverse group of people without regard to gender, nationality, career or age etc., taking their knowledge, experiences, abilities, and personalities etc. into account. Furthermore, outside Directors are basically required to have independent-mindedness for making objective judgments, wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Mr. Murao has the experience of serving as Representative Director and President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION and has not only considerable experience and extensive knowledge in corporate and organizational management but also other expertise and experience. Since assuming the office of Director of the Company in June 2019, Mr. Murao has appropriately performed his duties as an outside Director, so the Company considers him qualified as an outside Director and has appointed him to serve. Further, because the Company has specified criteria for determining the independence of outside Officers, i.e., not having any special conflict-of-interest relationship with the Company impacting decision-making, and Mr. Murao satisfies those criteria, the Company judges that he is adequately

				independent and that there is no concern that there will be a conflict of interest with general shareholders.
Tatsuo Kijima		○	None of a. through k. above are applicable.	The Company in principle selects candidates for Directors from a diverse group of people without regard to gender, nationality, career, age, etc., taking their knowledge, experiences, abilities, and personalities etc. into account. Furthermore, outside Directors are basically required to have independent-mindedness for making objective judgments, wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Mr. Kijima has the experience of serving as President, Representative Director and Executive Officer of West Japan Railway Company and has not only considerable experience and extensive knowledge expertise in corporate and organizational management but also other expertise and experience. Since assuming the office of Director of the Company in June 2020, Mr. Kijima has appropriately performed his duties as an outside Director, so the Company considers him qualified and has appointed him as an outside Director. Further, because the Company has specified criteria for determining the independence of outside Officers, i.e., not having any special conflict-of-interest relationship with the Company impacting decision-making, and Mr. Kijima satisfies those criteria, the Company judges that he is adequately independent and that there is no concern that there will be a conflict of interest with general shareholders.
Yumiko Sato		○	None of a. through k. above are applicable.	The Company in principle selects candidates for Directors from a diverse group of people without regard to gender, nationality, career, age, etc., taking their knowledge, experiences, abilities, and personalities etc. into account. Furthermore, outside Directors are basically required to have independent-mindedness for making objective judgments, wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Ms. Sato has made numerous considerable achievements in the field of social studies related to life and culture. In addition, she held positions as General Manager of Next Generation Institute of Suntory Co., Ltd. and Trustee of Otemon Gakuin Educational Foundation, and has not only deep insight in life and culture but also other expertise and

				experience, Since assuming the office of Director of the Company in June 2021, Ms. Sato has appropriately performed her duties as an outside Director, so the Company considers her qualified as an outside Director and has appointed her to serve. Further, because the Company has specified criteria for determining the independence of outside Officers, i.e., not having any special conflict-of-interest relationship with the Company impacting decision-making, and Ms. Sato satisfies those criteria, the Company judges that she is adequately independent and that there is no concern that there will be a conflict of interest with general shareholders.
Mikiyo Niizeki		○	None of a. through k. above are applicable.	The Company in principle selects candidates for Directors from a diverse group of people without regard to gender, nationality, career, or age etc., taking their knowledge, experiences, abilities, and personalities etc. into account. Furthermore, outside Directors are basically required to have independent-mindedness for making objective judgments, wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Ms. Niizeki has made numerous considerabl achievements in research activities in the field of economics related to finance and investment, and has deep insight into the field of economics and abundant experience and other expertise in organizational management, including serving as Vice President of Doshisha University and Director of its Educational Support Organization but also other expertise and experience. Since assuming the office of Director of the Company in June 2023, Ms. Niizeki has appropriately performed her duties as an outside Director, so the Company considers her qualified as an outside Director and has appointed her to serve.Further, because the Company has specified criteria for determining the independence of outside Officers, i.e., not having any special conflict-of-interest relationship with the Company impacting decision-making, and Ms. Niizeki satisfies those criteria, the Company judges that she is adequately independent and that there is no concern that there will be a conflict of interest with general shareholders.
Eriko Nashioka	○	○	None of a. through k. above are applicable.	The Company in principle selects candidates for Directors from a diverse group of people without regard to gender, nationality, career, or age etc., taking their knowledge,

				experiences, abilities, and personalities etc. into account. Furthermore, outside Directors are basically required to have independent-mindedness for making objective judgments, wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Ms. Nashioka has not only accumulated abundant experience as a Certified Public Accountant and Licensed Tax Accountant but also made considerable achievements in research activities in the field of environmental accounting. In addition, she has served as Representative Director of the Institute for Environmental Management Accounting, accumulating considerable experience and deep insight in the fields of finance and accounting and ESG (Environment, Society and Governance) as well as other expertise and experience. Since assuming the an outside Audit & Supervisory Board Member in June 2022, Ms. Nashioka has appropriately performed her duties as an outside Audit & Supervisory Board Member, so the Company considers her qualified as an outside director as the Audit & Supervisory Committee Members and has appointed her to serve. Further, because the Company has specified criteria for determining the independence of outside Officers, i.e., not having any special conflict-of-interest relationship with the Company impacting decision-making, and Ms. Nashioka satisfies those criteria, the Company judges that she is adequately independent and that there is no concern that there will be a conflict of interest with general shareholders.
Chieko Minami	○	○	None of a. through k. above are applicable.	The Company in principle selects candidates for Directors from a diverse group of people without regard to gender, nationality, career, or age etc., taking their knowledge, experiences, abilities, and personalities etc. into account. Furthermore, outside Directors are basically required to have independent-mindedness for making objective judgments, wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Ms. Minami has made numerous achievements in research activities in the field of business administration related to marketing, DX, etc., and has deep insight into the field of business administration, abundant experience in organizational management, and other expertise, including serving as the Assistant to the President of Kobe University

				and Vice President of Kobe University. Since assuming the an outside Audit & Supervisory Board Member in June 2023, Ms. Minami has appropriately performed her duties as an outside Audit & Supervisory Board Member, so the Company considers her qualified as an outside director as the Audit & Supervisory Committee Members and has appointed her to serve. Further, because the Company has specified criteria for determining the independence of outside Officers, i.e., not having any special conflict-of-interest relationship with the Company impacting decision-making, and Ms. Minami satisfies those criteria, the Company judges that she is adequately independent and that there is no concern that there will be a conflict of interest with general shareholders.
Eimei Kozai	○	○	None of a. through k. above are applicable.	The Company in principle selects candidates for Directors from a diverse group of people without regard to gender, nationality, career, or age etc., taking their knowledge, experiences, abilities, and personalities etc. into account. Furthermore, outside Directors are basically required to have independent-mindedness for making objective judgments, wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Mr. Kozai has served as President of Kobe District Court and President of Sendai High Court, and has accumulated not only expert knowledge as a legal practitioner and considerable experience in organizational management but also other expertise and experience, so the Company considers him qualified as an outside director as the Audit & Supervisory Committee Members and has newly appointed him to serve. Further, because the Company has specified criteria for determining the independence of outside Officers, i.e., not having any special conflict-of-interest relationship with the Company impacting decision-making, and Mr. Kozai satisfies those criteria, the Company judges that he is adequately independent and that there is no concern that there will be a conflict of interest with general shareholders.

The Audit and Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson (Updated)

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
The Audit and Supervisory Committee	5	2	2	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee (Updated)	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers (Updated)

Employees engaged in assisting the duties of the Audit and Supervisory Committee (The Audit and Supervisory Committee Assistants) shall exclusively perform duties related to assisting the duties of the Audit and Supervisory Committee in accordance with the instructions and orders of the Audit and Supervisory Committee. Executive directors may not direct or order assistants to the Audit and Supervisory Committee except for duties that should be equally assigned to all employees. In addition, the opinions of the Audit and Supervisory Committee shall be solicited and respected prior to any personnel evaluations, transfers, etc., of assistants to the Audit and Supervisory Committee.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department (Updated)

The effectiveness and quality of auditing are improved through enhanced mutual cooperation by sharing information as necessary, including holding regular meetings concerning annual audit plans and audit reports.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Status of Voluntary Establishment of Committee(s), Composition of Members, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Advisory Committee on Nominations	Advisory Committee on Remuneration
All Committee Members	5	6
Full-time Members	0	0
Inside Directors	1	2
Outside Directors	4	4

Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation (Updated)

From the perspective of enhancing corporate value, ensuring objectivity and transparency in the decision-making process, the Company has established a voluntary advisory committee to deliberate on medium- to long-term strategies, key issues such as sustainability, selection of candidates for directors, selection and dismissal of representative directors and other executive directors, succession planning, policies for determining remuneration and matters related to the content of compensation.
The Advisory Committee on Appointment and the Advisory Committee on Remuneration consist of all outside directors (excluding those who are Audit and Supervisory Committee Members) who meet the criteria for independence established by the Company (*), the President and Representative Director, and persons appointed by the President and Representative Director as necessary (the President may appoint up to one person from among other representative directors), with one director who is the Audit and Supervisory Committee Members participating as an observer.
The Advisory Committee on Management consists of all outside Directors (7 members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors).
All committees are chaired by outside directors.

<Composition of Committees>

- Advisory Committee on Appointment:
  committee chairman Kazutoshi Murao (Outside Director)
  committee member Masataka Fujiwara (Representative Director and President), Tatsuo Kijima (Outside Director), Yumiko Sato (Outside Director), Mikiyo Niizeki (Outside Director)
- Advisory Committee on Remuneration:
  committee chairman Yumiko Sato (Outside Director)
  committee member Masataka Fujiwara (Representative Director and President), Takayuki Tasaka (Representative Director), Kazutoshi Murao (Outside Director), Tatsuo Kijima (Outside Director), Mikiyo Niizeki (Outside Director)
- Advisory Committee on Management:
  committee chairman Tatsuo Kijima (Outside Director)
  committee member Masataka Fujiwara (Representative Director and President),
  Ko Sakanashi(Representative Director), Kazutoshi Murao (Outside Director), Yumiko Sato (Outside Director),Mikiyo Niizeki (Outside Director), Eriko Nashioka (Outside Director), Chieko Minami (Outside Director), Eimei Kozai (Outside Director)

< Attendance of Chair and Committee Members (April 2023 - March 2024)>
In FY2024.3,The Advisory Committee on Appointment held three times, the Advisory Committee on Remuneration held twice, and the Advisory Committee on Management held four times, with 100% attendance by all committee members at all meetings.
< Main Issues Discussed >
Advisory Committee on Appointment: Matters to be considered in the selection of candidates for directors, election of candidates for directors, selection and dismissal of representative directors and other executive directors, skills matrix, etc.
Advisory Committee on Remuneration: Policy for determining Directors' remuneration, appropriateness of remuneration levels, calculation method for performance-linked portion, coefficient of payment for performance-linked portion, etc.
Advisory Committee on Management: Next Mid-term Management Plan, Overseas M&A Strategy, Transition to a Company with an Audit and Supervisory Committee, etc.
*1. Criteria for judging the independence of the Company's outside Directors are as provided in "II. 1. Organizational Composition and Operation [Independent Officers]" of this report.

[Independent Officers]

Number of Independent Officers (Updated)	7

Other Matters regarding independent Officers

The Company designates as independent directors all outside directors who meet the criteria for independent directors.

The Company has established criteria for determining the independence of its outside Officers as follows.

1. The individual may not be an executive Director, Officer, Executive Officer, or employee ("business operator") of the Company or its affiliates (the "Company Group") and may not have been a business operator of the Company Group for ten (10) years prior to being appointed.
2. The individual may not be a major vendor of the Company (*1) or an executive thereof, and may not have been a business operator of the same for three (3) years prior.
3. The individual may not be a major client of the Company (*2) or an executive thereof, and may not have been a business operator of the same for three (3) years prior.
4. The individual may not be a major shareholder (an individual or entity which owns 10% or more of the total voting rights of the Company, hereafter the same) or an executive thereof.
5. The individual may not be an executive of an entity for which the Company is a major shareholder.
6. The individual may not be receiving substantial donations (*3) from the Company or be an executive for an entity receiving such donations.
7. In addition to remuneration as an Officer, the individual may not receive substantial remuneration (*4) from the Company as a consultant, an accounting specialist such as a Certified Public Accountant, etc. or as a legal specialist such as an attorney, etc. (if the entity receiving the fees concerned is a corporation or a limited liability company, etc., any individual belonging to such an organization). The individual also may not be the Accounting Auditor of the Company Group.
8. If a business operator of the Company is an outside officer of another company, the individual may not be an executive at the company concerned, the parent company or subsidiary of the company concerned.
9. The individual may not be a close relative (spouse or a relation in the second degree) of persons listed below:
(a) Persons who are currently or have been a Director, Audit & Supervisory Board Member, Executive Officer or a key employee with an equivalent position ("important executive") for the Company Group within the past three years.
(b) Of the persons in 2 to 6 above, those who are important executives.
(c) Of the persons listed in 7 above, those who have professional licenses such as CPAs, attorneys, etc.
10. In addition to 1 to 9 above, individuals must not have issues that could cause constant and real conflicts of interest against the Company's general shareholders.

*1. Payment amount to vendor accounts for 2% of consolidated sales or more
*2. Received amount from client accounts for 2% of the Company Group's consolidated sales or more, or the loan balance outstanding is 2% of the Company Group's consolidated gross assets or more.
*3. More than 10 million yen on average over the past three years
*4. The larger of more than 10 million yen on average over the past three years or an amount equivalent to 2% of total sales (total revenues) of the organization to which payment is made (three-year average)

Even if the individual does not satisfy one of the criteria listed above in 1 to 10, if the individual is suitable as an independent officer, the Company may still appoint him/her as an independent officer of the Company by providing an explanation or disclosing the reasons.

[Incentives]

Incentive Policies for Directors	Performance-linked remuneration system, etc. established

Supplementary Explanation

The policy and procedures for deciding officer remuneration are as provided in “II 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System), (4) Policies on Deciding Remuneration for Officers.”

Recipients of Stock Options	

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure

Supplementary Explanation (Updated)
Remuneration paid to Directors in the fiscal year ended March 31, 2024 reached 469 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
The policy on determining remuneration amounts and calculation methods are as provided in “II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System), (4) Policies on Deciding Remuneration for Officers.”

[Support System for Outside Directors] (Updated)

Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) are supported by the Secretarial Department, and Outside Directors who are members of the Audit Committee are supported by the Office of the Audit and Supervisory Committee. In addition, in order to deepen the Outside Directors' understanding of the company's overall situation, we provide them with opportunities to provide information as appropriate and timely, such as by holding regular meetings between the outside directors and the Audit and Supervisory Committee, as well as meetings among the Outside Directors.

[Status of Those Who Resigned from Representative Director, President etc.]

Name etc. of Senior Advisor/Advisor who is a Former President and Representative Director etc. (Updated)

Name	Title / Status	Content of Operation	Working Form/Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from President, etc.	Term
Hiroshi Ozaki	Senior Advisor	External activities with business circles and contributions to local communities, among other things	Full Time/ With Compensation	March 31, 2015	Renewed every year

Akio Nomura	Honorary advisor	Contributions to local communities, among other things	Part-Time/ No Compensation	June 27, 2003	Renewed every year

Total number of counselors, advisors, etc., who previously held positions such as Representative Director President	2

Other Matters (Updated)

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) (Updated)

(1) Corporate Governance System of the Company

The Company has transitioned from a Company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The transition to a company with an Audit and Supervisory Committee is intended to enhance discussion of management policies and strategies by the Board of Directors, further strengthen the supervisory function, and achieve more flexible decision-making. In addition, we have implemented measures such as "introduction of an executive officer system," the appointment of several outside directors, and the establishment of a voluntary advisory committee on management, director selection, and director compensation. The Company believes that this structure is the optimal system for promptly responding to changes in the Group's business environment, transparent, fair, and decisive decision-making, and efficient and appropriate business execution. The structure is as follows.

a. Board of Directors, Directors of the Company

The Board of Directors consists of at least one-third of outside directors and discusses management policies and strategies to ensure prompt and accurate decision-making and enhance supervisory functions.

From the viewpoint of contributing to the sustainable growth of the Group and enhancing its corporate value over the medium to long term, the Company's basic policy is to have a diverse group of directors, regardless of gender, nationality, professional experience, or age, taking into consideration their knowledge, experience, abilities, and personalities. The selection of directors is based on the deliberations of a voluntary advisory committee, the majority of which are outside directors.

The Company's Articles of Incorporation stipulate that the Company shall have no more than 15 Directors (excluding Directors who are Audit and Supervisory Committee Members), and that the number of Directors who are Audit and Supervisory Committee Members shall be no more than 5, and that the resolution to elect Directors shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding no less than one-third of the voting rights of shareholders entitled to exercise their voting rights are present, distinguishing between Directors who are Audit and Supervisory Committee Members and those who are not. In addition, the Articles of Incorporation stipulate that the election of directors shall not be by cumulative voting.

In FY2024.3, the Board of Directors held 13 meetings, with 100% attendance by all Directors. Meetings discussed the Group's management plans, the establishment of important organizations, important human resources matters, execution of important investments and agreements greater than a certain amount, and operational status reports from executive Directors, etc.

b. Executive Officers

The Company has adopted an executive officer system (Executive Officers consists of Executive President, Executive Vice Presidents, Senior Executive Officers, and Executive Officers), which enables the Directors of the Company to focus on making business decisions and monitoring and supervising, and work toward strengthening business efficiency and supervisory functions by vitalizing the Board of Directors. Executive Officers perform duties determined by the Board of Directors, and some Representative Directors and

Directors concurrently serve as Executive Officers to make management decision-making more accurate and efficient.

c. Management Meeting
The Company examines basic management policies and important management issues at the Management Meeting and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the Management Meeting consists of the President, Executive Vice President, Senior Executive Officer and head of each headquarter and business unit. In principle, the Management Meeting is held three times per year as "ESG Council", which deliberate on activity plans and report on activities related to the promotion of ESG management.

d. Audit and Supervisory Committee
The Audit and Supervisory Committee consists of five Directors who are the Audit and Supervisory Committee Members, including three Outside Directors, and audits the execution of duties by the Directors.

e. Auditing Department
The Company has established the Audit Department as its internal audit division. Based on an annual audit plan and from an independent and objective standpoint, we evaluate the compliance and efficiency of business activities and the appropriateness of systems and standards, identify issues, and make recommendations and follow-up actions that lead to operational improvements in the audited organization. Audit results are reported regularly to all attendees of the Board of Directors and the Audit and Supervisory Committee, in addition to periodic reports at the Management Meetings. In the event that an internal audit identifies a matter that may have a significant impact on management, ~~or~~ the General Manager of the Audit Department reports to the Board of Directors (dual reporting). At the same time, in accordance with internal rules, the Company is striving to enhance and strengthen its auditing and internal control functions by appointing auditors (internal auditors) at business divisions, Core Non-Energy Business Companies, Network Company, Core Energy Business Companies, etc., and conducting self-audits. The Audit Department, in cooperation with the internal auditors, evaluates internal control over financial reporting based on the Financial Instruments and Exchange Law, and reports the results to the Management Meeting. The Audit Department maintains and improves the quality of audit work while taking into consideration the opinions and evaluations of external organizations.
The General Manager of the Audit Department exchanges information with the Audit and Supervisory Committee and accounting auditors as needed to enhance mutual cooperation and improve the effectiveness and quality of audits.

f. Advisory Committee
The Advisory Committee on Management consists of all outside Directors (7 members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of enhancing corporate value, the committee deliberates on key issues such as medium- and long-term strategy, sustainability, risk management, and DX.
The Advisory Committee on Appointment and the Advisory Committee on Remuneration are composed of all outside Directors (4 members, excluding directors who are Audit and Supervisory Committee Members), the President and, if necessary, a person appointed by the President (the President may appoint up to one person from among other Representative Directors). From the perspective of ensuring objectivity and transparency in the decision-making process, the Advisory Committee on Appointment and Remuneration deliberates on matters related to the selection of candidates for directors, the selection and dismissal of representative directors and other executive directors, and the compensation of directors. In addition, one director who is the Audit and Supervisory Committee participates in each Advisory Committee meeting as an observer.
All committees are chaired by outside directors (Advisory Committee on Management, Advisory Committee on Appointment, and Advisory Committee on Remuneration).

g. ESG Committee
The Company has established the ESG Committee to promote activities relating to the Group's sustainability, including the environment, compliance, social contribution, respect for human rights, etc.

h. Safety and Disaster Prevention Committee
In order to take all possible measures to ensure safety, disaster prevention, and gas supply stability after the legal separation of the gas pipeline division, the Company established the Safety and Disaster Prevention

Committee to centrally manage events and promote measures, related to safety, disaster prevention, and gas supply stability within the Group.

i. Cyber Security Committee
The Company has established the Cyber Security Committee to reinforce the cyber security measures of the Group.

j. Investment Evaluation Committee
The Company has established the Investment Evaluation Committee to examine risk and return and makes an evaluation on investments exceeding a certain amount, and it reports findings to the Management Meeting to help make appropriate investment decisions.

k. DX Committee
The Company has established the DX Committee to coordinate and promote the Group-wide DX from the perspective of alignment with business, IT, financial strategies, etc.

l. Risk Management Committee
In April 2024, we established the Risk Management Committee to strengthen appropriate responses to risks in our Group, which is expanding its business domain.

(2) Matters Relating to Outside Directors (Roles and Functions of Outside Directors)
Based on their own experience and insights in their respective fields, each outside Director plays a role in decision-making as a member of the Board of Directors and monitors and supervises the execution of work duties of the executive Directors from an independent viewpoint.
Pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has entered into an agreement with all outside directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act to the minimum liability amount stipulated by law.

(3) Policies on Deciding Remuneration for Officers
1) Decision Policies on Content of Remuneration, etc. for Each Individual Director
The Company has established a policy on determining the content of remuneration, etc. for each individual Director (hereinafter the "Policy on Determining Remuneration") as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed advisory committee on remuneration made up of a majority of the outside Directors. This policy is summarized below. The system of paying retirement benefits to Directors has been abolished.
< Policy on Determining Remuneration >
a. Basic Approach
Remuneration for directors (excluding directors who are Audit and Supervisory Committee Members. The same shall apply hereinafter) shall be based on a remuneration system that motivates directors to achieve sustainable growth and medium- to long-term improvements in corporate value.
Remuneration for executive directors shall consist of base remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration.
The remuneration of the Chairman of the Board of Directors shall consist of base remuneration as fixed remuneration and stock-based remuneration in order to clarify the separation of execution and supervision.
Outside Directors, who are independent from the execution of business, shall receive only basic remuneration as fixed remuneration.
Remuneration for Directors shall be determined within the total amount of remuneration approved at the Annual Meeting of Shareholders, after deliberation at a voluntarily appointed Advisory Committee on Remuneration made up of a majority of the outside Directors, from the perspective of ensuring objectivity and seeking transparency in the decision-making process.
b. Basic Remuneration
Basic remuneration shall be monetary remuneration paid on a monthly basis. The amount shall be determined in accordance with the rules prescribed by the resolution of the Board of Directors, while considering such factors as each Director's position and responsibilities, public standards, and other factors.
c. Performance-linked Remuneration
Performance-linked remuneration shall be monetary remuneration paid on a monthly basis. The amount shall

be determined based on consolidated EBITDA for a single year, consolidated ROE for the most recent three years, and ESG indicators in the mid-term management plan as key indicators, with the aim of contributing to the enhancement of corporate value in the short- and mid-term.
< ESG Indicators >
ESG indicators such as number of customer accounts, ratio of renewable energy sources, amount of CO2 emission reduction contribution, ratio of female executives and female managers, etc. are shown on the website.
(https://www.daigasgroup.com/en/sustainability/materiality/)
d. Stock-based Remuneration
Restricted stock shall be granted at a certain time every year for the purpose of strengthening the linkage between remuneration and mid- to long-term increase in corporate value and further promoting sharing of value with the shareholders. The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc. (*2)
e. Ratio by Type of Remuneration
For executive directors, the approximate ratio of base remuneration, performance-linked remuneration and stock-based remuneration shall be 4:4:2. The Chairman of the Board of Directors shall have a standard ratio of base salary and equity compensation of 8:2. Remuneration for outside Directors shall fully consist of basic remuneration.
f. Procedures for Determining Remuneration
The content of remuneration for each individual Director shall be made in accordance with the rules prescribed by the resolution of the Board of Directors, and, after deliberation at the voluntarily appointed Advisory Committee on Remuneration, shall be determined by the resolution of the Board of Directors.
However, the content of monetary remuneration may be determined by the Representative Director and President based on the delegation of authority by the resolution of the Board of Directors.
The remuneration of Directors who are the Audit and Supervisory Committee Members shall be determined by consultation among the Directors who are the Audit and Supervisory Committee Members within the scope of the total amount of remuneration approved by the General Meeting of Shareholders.
(*1): In the event that the grantee of stock-based compensation commits an act of misconduct, files a petition for commencement of bankruptcy proceedings, or falls under other certain events stipulated in the restricted stock allotment agreement, the Company will naturally acquire all or part of the allotted shares without compensation (Malus and Clawback clauses).

2) Resolution of the Annual Meeting of Shareholders on Remuneration, etc. of Directors
The 206th Annual Meeting of Shareholders held on June 27, 2024 resolved that the amount of monetary remuneration for directors(including Outside Directors and excluding directors who are Audit and Supervisory Committee Members) shall not exceed 57 million yen per month.
At the same Annual Meeting of Shareholders, it was resolved that the total amount of monetary compensation to be paid to directors(excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) for the grant of restricted stock shall be no more than 144 million yen per year (12 million yen per month) and the total number of shares of common stock of the Company to be issued or disposed of by the Company in exchange for the payment of such monetary compensation claims to the Company shall be no more than 96 thousand shares per year.
As of the close of the said Annual Meeting of Shareholders, the number of directors subject to monthly cash remuneration was 10(Of which, 4 are Outside Directors) and the number of directors subject to stock-based remuneration was 6.

3) Delegation, etc. of Decision of Content of Remuneration, etc. for Each Individual Director
The amount, timing and method of remuneration payment for each Director is determined by Representative Director and President based on delegation of authority by a resolution of the Board of Directors. The Company has delegated the above authority to the Representative Director and President, as the position is considered to be the best suited to determine the contents of remuneration, taking into account the status of the execution of duties by each executive Director while maintaining a comprehensive view of the Company's performance.
In addition, to ensure that the authority of Representative Director and President is properly exercised, the above delegation will be in accordance with the policy for determining compensation and the rules established by resolution of the Board of Directors. The amount of remuneration, etc. for each individual director is determined after deliberation by a voluntary Advisory Committee on Remuneration, of which the majority is

composed of outside directors, based on the position and responsibilities of each director, the standard of the market, the company's performance, and other factors.As the amount of remuneration, etc. for each individual Director is determined through such a procedure, the Board of Directors has judged that the content of remuneration, etc. for each individual Director for the fiscal year under review is in line with the Policy on Determining Remuneration.

4) Matters Concerning Resolution of the Shareholders Meeting and Determination of Remuneration, etc, for Directors Who Are Audit and Supervisory Committee Members
The amount of remuneration for Directors who are Audit and Supervisory Committee Members was resolved at the 206th Annual Meeting of Shareholders held on June 27, 2024 to be no more than 14 million yen per month. The number of directors who are members of the Audit and Supervisory Committee as of the conclusion of the said Annual Meeting of Shareholders is five (5).
Within this range, the amount of remuneration for each Audit and Supervisory Committee Member shall be determined through discussions among the Directors who are Audit and Supervisory Committee Audit members. Since the role of the Audit and Supervisory Board Members is to audit the execution of duties by the Directors from an independent standpoint unaffected by business performance, only fixed remuneration will be paid, which will be determined based on the position and other factors of each Audit and Supervisory Board Member Director. In addition, There are no retirement benefits.

(4) Policies on Selecting Candidates for Directors and on Selecting and Dismissing Representative Directors and Other Executive Directors
To attain sustainable growth and improve medium- and long-term corporate value, candidates for Directors are in principle selected from a diverse group of people without regard to gender, nationality, career, age, etc., taking their knowledge, experiences, abilities, and personalities, etc. into account.
In addition and in principle, based on medium- and long-term management plans, internal Directors and Audit & Supervisory Board Members shall have experience and expertise, etc. in corporate management, financial accounting, marketing, legal affairs and risk management, etc. of the Group, including the energy business, and outside Directors and Audit & Supervisory Board Members shall have not only independence that enables objective judgments but also wide-ranging knowledge, a wealth of experience, and expertise in their specialized fields. Further, the Company has heretofore ensured agile adaptation to changes in the management environment and clarification of management responsibilities by setting the term of appointment for Directors at one year.
In selecting candidates for Directors and selecting and dismissing Representative Directors and other executive Directors, pursuant to the above policy, the Company makes a decision based on the deliberation of a voluntary advisory committee in which outside Directors comprise a majority from the standpoint of securing objectivity and transparency of the decision-making process (the composition of the voluntary Advisory Committee is the same as the Advisory Committee on Remuneratio.)

3. Reasons for Adoption of Current Corporate Governance System (Updated)

The Company has transitioned from a Company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the Annual Meeting of Shareholders held on June 27, 2024 to partially amend its Articles of Incorporation to include the transition to a company with an Audit and Supervisory Committee. The transition to a company with an Audit and Supervisory Committee is intended to enhance discussion of management policies and strategies by the Board of Directors, further strengthen the supervisory function, and achieve more flexible decision-making. In addition, we have implemented measures such as "introduction of an executive officer system," the appointment of several outside directors, and the establishment of a voluntary advisory committee on management, director selection, and director compensation". The Company believes that this structure is the optimal system for promptly responding to changes in the Group's business environment, transparent, fair, and decisive decision-making, and efficient and appropriate business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	To allow shareholders time to carefully consider proposed resolutions, the Company sends out its shareholder meeting notifications early (about four weeks in advance of the meeting). Before sending out convocation notices, the Company discloses them on the website of the Tokyo Stock Exchange, on the electronic voting platform for institutional investors operated by the ICJ, Inc., and on the Company's website.
Allowing Electronic Exercise of Voting Rights	The Company has adopted an electronic voting system in which voting rights can be exercised electronically over the Internet, etc.
Participation in Electronic Voting Platform	The Company participates in the electronic voting platform for institutional investors operated by the ICJ, Inc.
Providing Convocation Notice in English	The Company prepares English translations of its convocation notices (entire text), and before sending out the notices, the Company discloses them on the website of the Tokyo Stock Exchange, on the electronic voting platform for institutional investors operated by the ICJ, Inc., and on the Company's website.
Other	Convocation notices, resolution notices and extraordinary reports related to the exercise of voting rights (both in Japanese and English) are listed on the Company's website.

2. IR Activities (Updated)

	Supplementary Explanations	Briefing given by President
Preparation and Publication of Disclosure Policy	The Company's Disclosure Policy has been prepared and can be accessed on the Company's website (https://www.daigasgroup.com/en/ir/disclosure-policy/).	-
Regular Investor Briefings for Individual Investors	We do not hold regular briefings for individual investors, but we post on our website the scripts and main QAs for the financial results briefings we hold for domestic investors. In addition, we conduct briefings for individual investors at stock investment seminars sponsored by securities firms.	No
Regular Investor Briefings for Analysts and Institutional Investors	Briefings for analysts and institutional investors are held four times per year (quarterly). For two of the briefings (when announcing financial results for the second and fourth quarters), Representative Director and President provides explanations.	Yes
Regular Investor Briefings held for Overseas Investors	We do not hold regular briefings for overseas investors, but the scripts and main QAs for financial results briefings for domestic investors are translated into English and posted on our website. In addition, representative directors and others hold regular one-on-one meetings with overseas investors to explain management strategies and other matters.	No
Posting of IR Materials on Website	Earnings results, financial information, business reports, securities reports, integrated reports, fact books, and other corporate data are accessible via the Internet (https://www.daigasgroup.com/en/ir/).	-
Establishment of Department and/or Manager in Charge of IR	● Department in charge of IR: Corporate Strategy Department, Corporate Planning Headquarters ● Officer in charge of IR: Ko Sakanashi (Representative Director, Executive Vice-President, President of Corporate Planning Headquarters) ● IR Liaison Officer: Hiroki Matsui (IR General Manager, Corporate Planning Headquarters)	-

3. Status of Measures to Ensure Due Respect for Stakeholders (Updated)

Supplementary Explanation

Stipulation of Internal Rules for Respecting the Position of Stakeholders
In order to contribute to the sustainable growth of our society with the business partners in its domestic and overseas supply chain, the Group has formulated its "Daigas Group Corporate Principles," the "Daigas Group Charter of Business Conduct" and "Daigas Group Code of Business Conduct" to improve the level of sustainability activities of the entire Group through communication with stakeholders. (1) Daigas Group Corporate Principles The Group gives top priority to creating value for customers by placing the Company's motto "Service comes first" as the core belief behind its business activities and by striving to become useful in enhancing the lives and businesses of its customers. The Group pursues "Creation of Four Values" in which it endeavors to create value for its customers and thereby build social value, shareholder value, and value for its employees. (Please refer to the Company's home page for details: (https://www.daigasgroup.com/en/about/philosophy/) (2) Daigas Group Charter of Business Conduct Through its business activities, the Group aims to achieve sustainable economic growth and solve social issues together with its customers, society, shareholders, and employees. In order to fulfill its stakeholders' expectations, to fulfill its corporate social responsibility, and for the Group to seek sustainable growth, the Group has established the "Daigas Group Charter of Business Conduct." (*) Effective April 1, 2021, the "Daigas Group CSR Charter" has been reformulated as the "Daigas Group Charter of Business Conduct." (Please refer to the Group's home page at (https://www.daigasgroup.com/en/sustainability/management/principle.html) (3) Daigas Group Code of Business Conduct The Group believes that implementing thorough compliance is the most important element of fulfilling its "corporate social responsibility," and has thus formulated the Daigas Group Code of Business Conduct (the "Code") as a standard for all Group companies on the conduct that the Group's Officers and employees must exhibit. The Code is to be used as a basic template when the Group companies create rules. By conducting our business activities based on the Daigas Group Charter of Business Conduct and the Code, we will fulfill our social responsibilities, be recognized by our customers and society as an indispensable and respectable company, and continue to be a company where each of us can realize our dreams and work with pride. Since the world moves very fast, even if matters not stipulated in these standards arise, we clearly state that we will consider the background and spirit of the Daigas Group Charter of Business Conduct and the Code and take appropriate actions in accordance with them. The Code has also been revised to reflect the principles of global guidelines such as the UN Global Compact and ISO 26000. In addition, in April 2021, the Environmental Activities Policy was integrated into this Code, and content related to contribution to climate change countermeasures and anti-corruption was added. (Please refer the Company website: https://www.daigasgroup.com/en/sustainability/management/code.html) Reference: The Essence of the Daigas Group Code of Business Conduct a. We will achieve a workplace where human rights are respected, and employees can work in comfort and with peace of mind. b. We will conduct business activities with legal compliance and decency. c. In conducting global business activities, we will comply with all local laws and regulations, and will respect international norms including those concerning human rights. d. We will properly consider the global environment in all of our actions. e. We will conduct fair business transactions and competitions. f. We will provide safe and high-quality products and services at reasonable prices, with the aim of enhancing customer satisfaction. g. We will act modestly and sensibly in our relationships with those with whom we do business. h. We will appropriately handle and disclose information with proper recognition of its value and importance.

i. We will prohibit any association with anti-social forces.
j. We will make appropriate tax payments and properly handle our financial accounts.
The ethos of the above-mentioned Corporate Principles, Charter of Business Conduct, and Code of Business Conduct is incorporated into the policies and rules of every aspect of the Group's business procedures and strictly enforced.

Implementation of Environmental Preservation Activities, CSR Activities, etc.

<Implementation of management taking ESG aspects into account>

As a corporate group that creates value that contributes to the resolution of social issues toward the realization of a sustainable society, we aim to be "a corporate group that contributes to the further evolution of lifestyles and business" as stated in Daigas Group Corporate Principles. In addition, " Daigas Group Charter of Business Conduct " clearly defines the basic concept of "Corporate Social Responsibility".

Recognizing the social impact of the Group's value chain, we identify materiality issues in ESG management and address them in our business activities. In"Medium-Term Management Plan 2026"we have identified addressing sustainability issues, such as "becoming carbon neutral in energy" and "improving the resilience of our customers and society," as important initiatives that will contribute to enhancing our corporate value over the medium to long term.

The "Medium-Term Management Plan 2026" is disclosed on the Company's website.

(https://www.daigasgroup.com/en/ir/library/business-plans/index.html#Medium_term)

We disclose our sustainability promotion system and specific initiatives, including governance, human capital, investment in intellectual property, and disclosure based on the TCFD framework on climate change, in our Annual Securities Report (Section 2.2. Sustainability Policy and Initiatives) and on our website.

(Annual Securities Report: https://www.daigasgroup.com/en/sustainability/)

(The Group's integrated report: https://www.daigasgroup.com/en/ir/library/ar/)

(The Group's Sustainability site: https://www.daigasgroup.com/en/sustainability/)

(Integrated Report is scheduled to be updated by the end of September 2024 and Sustainability website by October 2024)

Formulation of Policies on Providing Information to Stakeholders

The Daigas Group Code of Business Conduct includes a provision concerning information disclosure, stating that the Group must work toward disclosing information in an appropriate and timely manner and that the Group must promote communication with society at large. "Rules for Information Disclosure" was formulated based on this article in the Code of Business Conduct and specify the organizations responsible for information disclosure, and requires improved transparency as well as active disclosure of information that must be disclosed.
Information that must be announced in a timely manner is accordingly disclosed via press release, while quarterly and annual reports are disclosed on the Group's website.
The reports of the Group's sustainability activities – created in reference to the international sustainability reporting guidelines (GRI) and the Environmental Reporting Guidelines (Ministry of the Environment), etc.– are disclosed on the website as well.

Other

(1) Promotion of Diversity
To strive for improved corporate value, the Group's corporate and organizational structures are made up of members with diverse attributes such as gender, age, disability status, and nationality. The Group understands

the indispensability of promoting diversity to build and environment where open and easy discourse is possible, and has established the Daigas Group Diversity Promotion Policy. We hope that each company of the Group will provide our employees with rewarding workplace where everyone is respected and free of discrimination and prejudice.

(2) Daigas Group Diversity Promotion Policy
Principle on Diversity
The Daigas Group promotes DE&I (Diversity, Equity & Inclusion) in order to enhance corporate value through the creation of a strong organization capable of generating new value.
- We aim to be a group of enterprises that provide a work environment that values uniqueness of each employee, tolerates no discrimination, acknowledges employee diversity including gender, age, physical disabilities, nationalities, form of employment, lifestyles, religions, sexual orientation, and gender identity.
- We provide support in realizing highly productive way of working and suitable work-life balance for each employee as a basis for them to pursue their career opportunities.

Targets and Sustainable Actions
The Group intends to implement its activities for supporting, among others, females, the elderly, the physically challenged, and foreign nationals. A consideration will be given to building work environment for employees to achieve their higher career objectives. Minority workers should not be subjected to a disadvantage. Osaka Gas has set the goals of increasing the percentage of female directors to 30% or more, increasing the percentage of female employees promoted to managerial positions in career-track positions(*) to 30% or more, and maintaining the percentage of female employees in career-track positions at 30% or more by FY2030.
As of June 2024, the ratio of female directors was 26.7%, the ratio of female board members was 26.7%, the ratio of women newly promoted to the middle managerial positions in FY2024.3 was 15.9%, and the ratio of women in the number of career track hires in FY2024.3 was 32.8%.The Company intends to implement these actions in a sustainable manner and report its performance.
The Company also actively recruits career workers, and in FY2024.3, 43 workers joined the Company as career hires (the ratio of career hires to full-time workers is 22.4%). Currently, career hires account for about 7% of management positions. In addition, more than 30% of our group's overseas base companies have foreign personnel among their directors. Going forward, the Group will continue to assign the right people to the right positions, regardless of whether they are new graduates, career hires, nationalities, etc., for executive and managerial positions.
(*) The ratio of female employees among career-track employees promoted to managerial positions in the fiscal year.

(3) Policy and Efforts Supporting Female Employees to Play Active Roles
Since implementing its childcare leave and eldercare leave system in 1992, the Company has been making efforts to create a better working environment which promotes a work-life balance for its employees even before the Act on Advancement of Measures to Support Raising Next-Generation Children was implemented. The levels at the Company exceed the legal requirements, and in recognition of its efforts the Company was recognized by the Minister of Labour in 2001 as a “Family Friendly Company”. The Company has submitted an action plan since 2007 in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and the Minister of Health, Labour and Welfare has certified the Company as a company with “Kurumin Mark”. With few female employees resigning due to childbirth or childrearing because of the Company’s merit-based system and its initiatives to expand the work field for female employees, the average duration of employment for male and female employees in FY2024.3 are at 16.0 years and 18.1 years, respectively.
In 2010, the Company, with its six affiliates, endorsed and expressed their support for the objectives of the Women’s Empowerment Principles (WEPs) and established the Diversity Promotion Team in the Human Resources Department in 2013. In March 2014, the Group has announced the Osaka Gas Group (Daigas Group) Diversity Promotion Policy. The Team has been working to diversify the workforce and progress advancement of women as a first step, raising awareness and promoting its “Smart Work” initiatives to create a work environment in which a diverse workforce can achieve success. In recent years, in particular, the Company has focused its efforts in multiple areas to achieve its female advancement goals, including the development of measures appropriate to the timing of job responsibilities and life events, the implementation of training for managers, and the promotion of male employees to take childcare leave. In recognition of these efforts, in FY2021 we were recognized by the Minister of Health, Labor and Welfare as an “Eruboshi

certification (highest rank)", and in FY2023 we were selected as a "Nadeshiko Brand" by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry. (The company has been selected for the "Nadeshiko Brand" seven times since fiscal 2013.)

(4) Creating a Work Environment for the Disabled
1) Hiring the disabled
The Company does all it can to hire disabled persons and creates a work environment conducive to the talents of each individual. As a result of these efforts, disabled persons accounted for 2.71% of our workforce as of June 2024, exceeding the legal minimum of 2.5%.

2) Reemployment scheme
The Company has implemented a reemployment scheme to rehire employees who have reached mandatory retirement age, under which applicants are placed in jobs that match their skills and preferences. All the Group companies have similar reemployment schemes.
*Of the 148 employees reaching retirement age in the FY2024.3, 126 are rehired (100% of applicants)
*There were 1,649 senior workers at the Group in the FY2024.3 (employees 60 years of age or older in domestic consolidated companies)

(5) Human resource development policy and internal environment development policy to ensure diversity
1) Human Resource Development Policy
The Group aims to practice portfolio management based on the three pillars of "Domestic Energy Business," "Overseas Energy Business," and "Life & Business Solutions Business." In order to secure the quality and quantity of personnel for these businesses and to maximize performance through the promotion of diverse human resources based on the right person in the right place, we will work to hire and train personnel who can flexibly respond to changes in the business environment and who have a high level of expertise.
In particular, we will secure human resources while expanding career recruitment, as the need for highly specialized human resources increases in order to realize our management strategies, such as efforts to achieve carbon neutrality, accelerate overseas energy business development, and transform through DX.
In addition, based on the recognition that sustainable organizational management is important for the achievement of future management strategies, we will work to secure personnel in a systematic manner and assign and appoint personnel with an awareness of human resource development.
2) Internal Environment Development Policy
The Group aims to achieve sustainable growth by supporting employees' autonomous career development through education, training, and self-development support, thereby increasing engagement and labor productivity.
We also believe that it is important to create discontinuous innovation in order to improve corporate value over the medium to long term, and we believe that the driving force for such innovation is the cross-fertilization of diverse individuals. To this end, we will promote DE&I, and actively incorporate diversity in terms of experience, sensitivity, and values. We have provided active support for women, the elderly, people with disabilities, and non-Japanese, and we will take care to ensure that they are not disadvantaged because of their minority status, and we will develop an environment that allows them to further demonstrate their abilities.

(6) Daigas Group Health Management Declaration
The Group has always believed that safety and the maintenance and improvement of a healthy mind and body are the foundation of all of its operations, and has made efforts to treat and prevent illnesses among its employees. In today's age of 100-year life expectancy, we believe that good health throughout one's life is of great significance not only to employees but also to society. In March 2021, we issued the "Daigas Group Health Management Declaration," summarizing our stance on health management (*), which had been expressed in the "Daigas Group Corporate Philosophy," "Daigas Group Charter of Corporate Behavior, " and "Daigas Group Code of Conduct." In addition, we established the "Daigas Group Action Guidelines "Healthy 7" to promote healthy lifestyles.
In recognition of our efforts to date, we have been selected as one of the "Health Management Issues 2024" jointly implemented by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. The "Health Management Issues" are companies practicing particularly excellent health management selected from among listed companies that consider the health management of their employees from a management perspective and are strategically engaged in it. This is a system to promote health management initiatives by companies through introducing such companies as attractive companies to investors who are focused on

improvement of company value from long-term perspectives. This is the second time the Company has been selected, following the selection in FY2023.
(*) Health Management is a registered trademark of the NPO Kenko Kanri Kenkyukai.

Our policy, specific initiatives, and results regarding investment in human capital, including diversity, are disclosed in detail on our website. (Our site will be updated around October 2024)
(diversity:https://www.daigasgroup.com/en/sustainability/management/diversity_policy.html)
(Sustainability: https://www.daigasgroup.com/en/sustainability/)

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development (Updated)

(1) Description of Internal Control Systems
The Company establishes systems (internal control systems) to ensure that Directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Group's operations at meeting of the Board of Directors, and the Board of Directors approved revisions to this system on March 28, 2024. A summary of this is as follows.

(i) Systems to ensure that the execution of the duties complies with the laws and regulations and the Articles of Incorporation
a. Directors and employees of the Group shall sufficiently acquire and investigate information as the basis to execute the duties and through accurate understanding of the facts, make reasonable decisions in accordance with regulations on responsibilities and authorities.
b. For the Board of Directors to make appropriate decisions and enhance its supervisory role, executive Directors shall retain independent outside Officers. In addition, the executive officer system shall be adopted to enhance the Board of Directors' supervisory role and ensure efficiency in the execution of duties.
c. Executive Directors shall hold Management Meetings to provide information to the President and the Board of Directors to assist in the decision-making process and discuss strategies and important matters concerning its management of the business.
d. Executive Directors shall establish the "Daigas Group Code of Business Conduct" based on "Daigas Group Charter of Business Conduct." By familiarizing the directors and employees with the Code, executive Directors shall not only ensure the performance of duties in compliance with applicable laws and regulations and the Articles of Incorporation within the Group but also promote business activities in a fair and appropriate manner, which includes contributing to the preservation of the environment, promoting social contribution activities and dissociating from antisocial forces.
e. Executive Directors shall make efforts to understand the status concerning compliance within the Group and promote compliance practices by establishing a consulting and reporting system as an internal reporting system and an ESG Committee.
f. If any problems are discovered regarding compliance, Directors and employees of the Group are required to consult with or report to an executive Director or other superior, or report the matter via the consulting and reporting system depending on the level of seriousness or urgency. Executive Directors, General Manager of General Affairs Department or other superiors shall investigate details of such matter and take necessary remedial measures.

(ii) System concerning the maintenance and the management of information on execution of duties
a. Executive Directors and employees of the Group shall prepare minutes of the meetings of the Board of Directors, approval documents or other similar documents specifying matters including matters affecting decisions and the process by which a decision was reached, in accordance with regulations on responsibilities and authorities.
b. Executive Directors and employees of the Group shall properly store and manage the minutes of the meetings of the Board of Directors, approval documents or other information on execution of duties according to the nature thereof.

(iii) Regulations and other systems to manage the risk of losses
a. The Group's executive directors shall establish a Risk Management Committee to select the Daigas Group's material risks and promote risk management.

b. The Group's executive directors and the head of the Company's basic organizational unit (the head of the Company's basic organizational unit) shall manage the risk of loss by taking measures to prevent the occurrence of risks or minimize losses if they do occur, as provided for in the Risk Management Regulations.
c. The executive directors of the Group will take all possible measures to ensure safety and stable supply in the gas business by establishing safety regulations on matters related to construction, maintenance, and operation of production and supply facilities, as well as by promoting the development of a production and supply system.
d. The response to emergency contingencies that may have a particularly significant impact on the Group's management is governed by the Risk Management Regulations.

(iv) Systems to ensure the efficient execution of duties
a. Executive Directors of the Group and organizational heads of the Company shall determine matters concerning the division of duties and decision-making within the Company and the Group in accordance with regulations on responsibilities and authorities. They shall also provide regulations regarding details of organizations and general matters to be observed during the execution of duties. By familiarizing employees with such regulations, they shall ensure the smooth management of organizations and the improvement of quality and efficiency of operations.
b. With the aim of maximizing corporate value, executive Directors of the Group and organizational heads of the Company shall establish medium-term business plans and annual plans for the Company and the Group, monitor its attainment by means of performance indicators and focus on achieving these plans.

(v) Other systems to ensure the properness of business operations
In addition to the above, executive Directors shall take the following measures and make efforts to ensure proper operations.
a. Companies to play a central role in each business area of the Group (Core Non-Energy Business Company, Network Company and Overseas Regional Headquarters) or basic organizations to supervise affiliates (management support organizations) shall be designated to be responsible for day-to-day management of affiliates.
b. Compliance with applicable laws and regulations and the Articles of Incorporation, the efficiency and other similar matters of the Group as a whole shall be audited internally by the Head of the Auditing Department of the Company. If necessary in light of the results of such audit, remedial measures shall be taken promptly.
c. Internal control procedures shall be maintained, operated and evaluated in relation to financial reporting to ensure its credibility.

(vi) Matters concerning employees assisting the Audit and Supervisory Committee in the performance of their duties
a. Executive Directors, if requested by the Audit and Supervisory Committee, shall appoint employees to assist the Audit and Supervisory Committee in the performance of their duties and establish an office of the Audit and Supervisory Committee staffed by these Audit and Supervisory Committee Assistants.
b. The Audit and Supervisory Committee Assistants shall be engaged solely in assisting the Audit and Supervisory Committee in the performance of their duties.
(vii) Matters concerning independence of the Audit and Supervisory Committee Assistants from Directors
a. Executive Directors cannot direct or give orders to the Audit and Supervisory Committee Assistants except where such directions or orders apply equally to all employees.
b. The opinions of the Audit and Supervisory Committee regarding the evaluation, transfer, etc., of the Audit and Supervisory Committee Assistants shall be sought in advance and respected.
(viii) Systems for reporting to the Audit and Supervisory Committee
a. Directors (excluding those who are Audit and Supervisory Committee Members) shall report immediately to the Audit and Supervisory Committee if a matter that is significantly detrimental to the Company is discovered.
b. Directors and employees of the Group or auditors of the affiliates shall report to the Audit and Supervisory Committee without delay matters that have a material impact on the business of the Group, the results of internal audits, the situation regarding the main reports under the consulting and reporting system and other important matters.
c. Directors of the Group and employees of the Company shall report without delay when requested by the Audit and Supervisory Committee to report on matters concerning the execution of duties.
d. Executive Directors and other supervisors of the Group shall not disadvantageously treat any person who

reports to the Audit and Supervisory Committee according to the preceding items for the reason that such report was made.

(ix) Other systems to ensure effective auditing by the Audit and Supervisory Committee
a. The Audit and Supervisory Committee Members may exchange opinions periodically with the Representative Directors and the accounting auditor.
b. The Audit and Supervisory Committee Members may attend Management Meetings and all company committee meetings. They may investigate as appropriate material information concerning the execution of duties, such as approval documents.
c. The Executive Directors and the General Manager of the Audit Department, in cooperation with the General Manager of the Audit Department and the auditors of affiliated companies, shall work to create an environment that enables the Audit Committee to conduct effective and efficient audits.
d. Executive Directors shall ensure the Company provides the expenses or liabilities necessary for the execution of the duties of the Audit and Supervisory Committee Members.

(x) Confirmation of operation status, etc.
a. Executive Directors shall periodically confirm and assess the status of the operation of the internal control system and report the results to the Board of Directors.
b. Executive Directors shall take necessary measures by taking into consideration the assessment results of internal control system and other situations.

(2) Operating Status of the Internal Control Systems
The Company confirms the operating status of the internal control systems on a periodic basis by identifying items to confirm for various matters and receiving reports from the organizational heads and other persons concerned. At the meeting of the Board of Directors held on April 25, 2024, it was reported that the internal control systems were operating in a proper manner.
The operating status of the internal control systems during FY2023.3 is described in the following.

1) Matters concerning compliance, etc.
The ESG Committee promotes initiatives in each sector, including sustainability activities, through the "Compliance and Risk Management Subcommittee," "Environment Subcommittee," and "Social Contribution Subcommittee."
Educational materials, including a guide to the "Daigas Group Code of Business Conduct," are posted on the intranet at all times to familiarize Directors and employees of the Group with said Code to promote and ensure its understanding.
To ensure compliance with laws and regulations related to appropriate gas transactions, we held legal lectures on the Antimonopoly Law and provided education on regulations conduct.
CD Energy Direct Inc. was ordered by the Consumer Affairs Agency to suspend (for six months) its door-to-door sales operations based on the Act on Specified Commercial Transactions, due to some inappropriate business practices in the door-to-door sales of its contractors.
To prevent a recurrence, the company is reviewing its compliance system and strengthening supervision and education of contractors. In addition, legal training sessions on the Act on Specified Commercial Transactions were held within the our Group.

2) Matters concerning risk management, etc.
Organizational heads of the Company and presidents of the affiliated companies promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or affiliated company identifies risk items, checks the status of management concerning the risk items and conducts follow-ups or other measures by using such means as the "G-RIMS (Gas Group Risk Management System)," which systematizes the self-assessment of risk management practices.
Following the fire incident at the Freeport Liquefaction Terminal in the U.S., we have reviewed and implemented risk management measures and rules for the LNG trade business. In response to the fire accident at Sodegaura Biomass Power Co., Ltd. we have reviewed risks and countermeasures related to biomass power plant operations and fuel management, and are implemented them horizontally at our Group's biomass power plants.
Regarding the management of risks concerning security and disaster prevention which are common to the Group, the organization in charge is clearly specified, and the organization supports each basic organization

and affiliated company to ensure risk management on a Group-wide basis.
We established a Security and Disaster Prevention Committee to coordinate and promote cross-organizational measures related to safety and disaster prevention within the Group, and are taking all possible measures to ensure safety and disaster prevention after the legal separation.
The Network Company also implemented internal investigations to confirm the status of measures to block the transfer of information between the Network Company and the Company which is gas retailers, as well as the Network Company and affiliated companies which are gas retailers, and the status of information management at each company.
To prepare for emergencies, regulations for disaster countermeasure and business continuity plans are prepared. We also carry out company-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises.
The Cyber Security Committee has been established to regularly inspect and follow up on the Group's security, and to further strengthen measures against attacks from outside the Group's network.
In April 2024, the Company established a Risk Management Committee to comprehensively manage the risks of the Group, which is expanding its business domain, with the aim of strengthening its risk monitoring function.

3) Matters concerning the management of businesses in the Group
The affiliates to be managed by the Core Non-Energy Business Companies, the Network Company, the Overseas Regional Headquarters, or the management support organizations are designated and their managerial tasks are monitored by receiving reports on important issues from the affiliates. In addition, day-to-day management of those affiliates is performed by using the G-RIMS and/or conducting audits.
The Company's Auditing Department, which conducts internal audits, implements planned internal audits of the Company's organizations and the affiliates and provides follow-up audits after a certain period of time.

4) Matters concerning the effectiveness of audits by Audit & Supervisory Board Members
Full-time Audit & Supervisory Board Members have periodic exchanges of opinion with the Director and Chairman, the Representative Director and President and the accounting auditor, in which outside Audit & Supervisory Board Members also participate as necessary. Partly through the opportunity to exchange opinions with the accounting auditor, Audit & Supervisory Board Members evaluate the qualifications, expertise and independence of the accounting auditor.
Full-time Audit & Supervisory Board Members attend important meetings such as the Management Meeting, the ESG Council, the Investment Evaluation Committee, etc., and read approval documents and other important documents. Through a Board of Directors' resolution on the internal control systems, they also clarify important matters to be reported to Audit & Supervisory Board Members and disseminate information thereof.
Five assistants to Audit & Supervisory Board Members are in place to engage solely in assisting Audit & Supervisory Board Members in the performance of their duties.

2. Basic Views on Eliminating Anti-Social Forces

The Company sets forth a principle in its Daigas Group Code of Business Conduct that any business transaction with or supply of profits to anti-social forces, for any reason, is unjustifiable and absolutely forbidden and shall cause the Officers and employees to comply with such principle by making them thoroughly aware each year on a regular basis. The following is a list of those measures' structures implemented.

- The General Affairs Department is responsible as the supervisory department, and a person in charge of preventing undue claims is appointed in every relevant organization.
- Preparing for emergencies, the Company cooperates with outside agencies specializing in anti-social forces (including police departments) and engages in information exchange.
- Information regarding anti-social forces are collected and appropriately shared within the Company.
- The Company is appropriately implementing awareness-raising efforts including preparing manuals and conducting in-house training.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
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2. Other Matters Concerning Corporate Governance System

Following is an outline of the Company's structure for timely information disclosure.

(1) Basic Policy on Disclosure of Corporate Information
The Group's Corporate Principles calls for the Company to work toward achieving fairness and transparency in its business activities and to improve its system for disclosing corporate information.

(2) Increasing Awareness and Enforcing Rules on Handling and Disclosing Information
The Company has established information handling and disclosure standards which the Group's Directors and employees must follow. Also, internal rules are in place for handling important business information related to insider trading regulations. The Company moreover has internal rules regarding information management and disclosure, and is working to strictly manage and make timely and appropriate disclosure of information concerning the Company's business, operations, and performance which may have a material effect on equities investment decisions.

(3) Comprehending and Managing Corporate Information
Each head of the organizational unit (for an affiliate, its representative) appropriately comprehends and manages corporate information. The status of information management is inspected regularly by each organizational head (for an affiliate, its representative).

(4) Disclosure of Corporate Information
The head of each organizational unit (for an affiliate, the Officer in charge of the business support organization, the President of Core Non-Energy Business Company Group to which the affiliate belongs, the President of Gas Pipeline Business Company, the President of Core Energy Business Company, or the President of Overseas Regional Headquarters) that manages corporate information shall make decisions on disclosing information by considering the safety and interests of customers, vendors, employees, interests of shareholders, and social demands for disclosure and after consulting with the Head of the Corporate Communications Department. Regarding important information of the corporate information, disclosure decisions shall be made by the Director, head of each headquarter and business unit responsible for the organizations (for an affiliate, the Officer, head of each headquarter and business unit in charge of business support organization, the President of Core Non-Energy Business Company Group to which the affiliate belongs or the President of Gas Pipeline Business Company). For especially important information including resolutions of the Board of Directors, the President/Representative Director of the Company shall make the decisions on disclosure.

(5) Voluntary Audits Examining the Status of Corporate Information Disclosure
The heads of organizational units who manage corporate information (for an affiliate, the head of the business support organization, the President of the Core Non-Energy Business Company Group to which the affiliate belongs, the President of Gas Pipeline Business Company, the President of Core Energy Business Company, or the President of Overseas Regional Headquarters) conducts periodic evaluations and inspections on the status of information disclosure. The Head of the Corporate Communication Department, who is responsible for planning and promoting corporate information disclosure requests the heads concerned to report the results of the voluntary audits and requests that improvements be made based on the results.

(6) Basic Process for Timely Disclosure
The head of the relevant organizational unit (for an affiliate, the head of the business support organization, the President of Core Non-Energy Business Company Group to which the affiliate belongs, the President of Gas

Pipeline Business Company, the President of Core Energy Business Company, or the President of Overseas Regional Headquarters) discusses about corporate information which is subject to timely disclosure with the Head of the Corporate Communication Department, who is in charge of information handling, as needed. For corporate information required to be disclosed, the Head of the Corporate Communication Department issues a press release and simultaneously gives directions to the Head of the General Affairs Department to immediately notify the stock exchanges in Tokyo, where the Company's shares are listed.

Corporate Governance System

