

# Environmental Management

## Principle and Outline

The Daigas Group has established and operated an environmental management system (EMS) in line with the Daigas Group Environmental Policy, aiming for its achievement. The Policy declares our commitment to addressing climate change and other environmental issues, stating that we will work to further reduce environmental impact, prevent pollution, and protect the environment including biodiversity.



▶ Daigas Group Environmental Policy

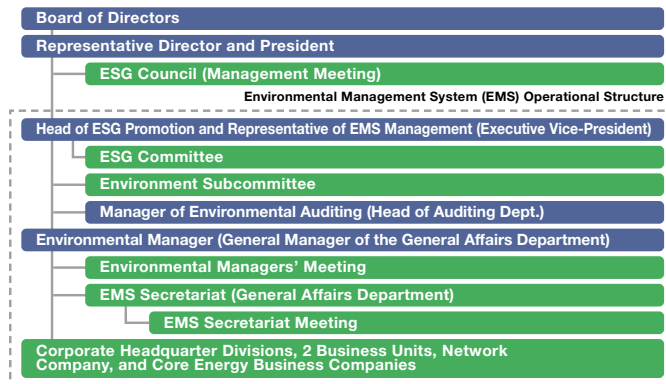
## Environmental Governance Promotion Structure

To carry out appropriate and robust activities toward sustainability under the leadership of the Representative Director and President, the Daigas Group has established the ESG Council, which comprises executives and deliberates sustainability action plans and reports, and the ESG Committee chaired by the Head of ESG Promotion (Representative Director and Vice-President), who supervises the Group's sustainability activities. The ESG Committee meets four times a year to discuss and report to the Board of Directors on important matters, including the status of performance against ESG management targets related to sustainability and business plans that are expected to have a significant financial impact due to climate change.

In addition, the Environment Subcommittee has been set up to advance environmental management in coordination with the ESG Committee. Under the supervision of the Head of ESG Promotion, Osaka Gas operates a company-wide integrated environmental management system (EMS) based on ISO 14001 to ensure that all employees reduce the environmental impact of our business activities and comply with environmental laws and regulations.

Domestic Daigas Group companies also operate under EMS standards, such as ISO 14001 and the Daigas Group Environmental Management System and others.

### ■ Environmental Management Promotion Structure

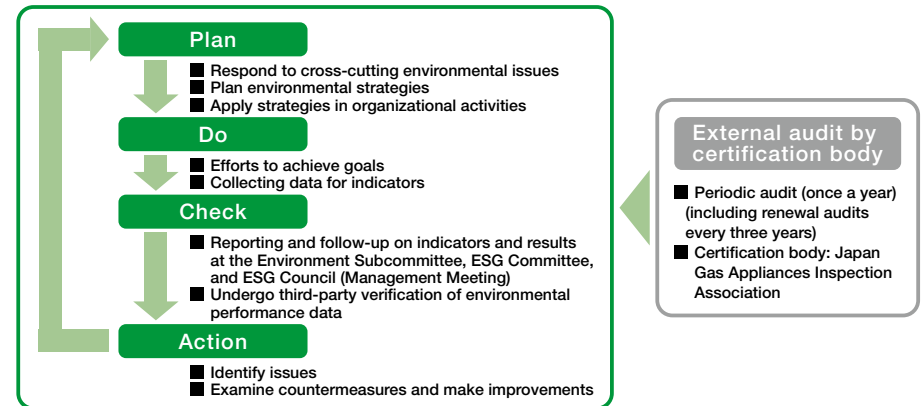


## How the Daigas Group's Environmental Management System Works

To reduce the environmental impact of its Group-wide business activities, the Daigas Group has set medium-term environmental targets in its Long-Term Management Vision 2030 and other plans and manages progress in achieving the targets. The environmental targets include those for CO<sub>2</sub> emissions reduction, more widespread use of renewable energy, waste reduction and recycling, and the reduction of excavated soil for final disposal. We also annually calculate GHG emissions that affect climate change from the activities throughout our Group's value chain and use that data to advance our efforts to reduce GHG emissions. These targets and the results of our efforts to achieve the targets are managed by following a PDCA (plan-do-check-act) cycle, which utilizes the mechanism of the EMS.

Please see [P.049](#) for information on the climate change-related framework.

### ■ PDCA Cycle Utilizing the Mechanism of EMS



### Remuneration system for executives with environmental value taken into account

Osaka Gas at its Board of Directors meeting held on December 23, 2021 resolved that remuneration for the executives would reflect the ESG indicators achievement coefficient of the previous fiscal year in order to help short- and medium- to long-term improvements in corporate value. The resolution took effect with remuneration for July 2023 and thereafter, paid based on the results for FY2023.3. From FY2025.3 onward, the ESG indicators achievement coefficient includes the achievement of the target for providing carbon neutral energy and other non-financial (materiality) indicators included in the Medium-Term Management Plan 2026. Please see [P.123-P.124](#) for officer remuneration system.

## Introduction of ICP

Osaka Gas introduced the concept of “Environmental Management Efficiency” in 2003, which is used to quantify the environmental impact of business activities by converting environmental impacts per volume of gas produced into monetary values.

From 2023, we have adopted internal carbon pricing (ICP) to conduct scenario analysis when evaluating investments with a large carbon impact, which we reference as one of tools when making decisions, including the degree of risk and the existence and effectiveness of countermeasures.

Prices are set according to investment target countries/timeframes with reference to carbon price trend forecasts by the International Energy Agency (IEA), etc. They are to be reviewed annually based on the latest policy trends and other factors.

### ■ Example: ICP Applied to Domestic Investment Projects (as of June 2024)

2030	40 dollars/t-CO <sub>2</sub>
2040	70 dollars/t-CO <sub>2</sub>
2050	90 dollars/t-CO <sub>2</sub>

## ISO 14001 Certification Acquisition Status

In FY1998.3, Osaka Gas launched efforts to acquire certification of each business unit’s compliance with ISO 14001, a set of international standards for EMSs, resulting in seven business-unit-specific EMSs covering the entire Company by FY2006.3. In FY2007.3, the Company began to work to integrate all the different EMSs into a unified one and obtained certification of its Company-wide compliance with ISO 14001 in December 2007. Since 2009, the Company has undergone triennial ISO 14001 renewal audit and has continued to obtain integrated certification in response to organizational restructuring, including the transfer of functions to three Core Energy Business Companies in 2020 and Osaka Gas Network Co., Ltd. in 2022.



Certificate of Registration for ISO14001



External audit meeting for renewal of ISO 14001 certification

### All affiliates in Japan completed EMS building and certification

As a general, all affiliates in Japan have constructed and operate an EMS, and these efforts are based on the Group common rules “Environmental Management Rules.”

The EMSs introduced by affiliate companies include ISO 14001 and an EMS established under the leadership of local governments as well as the Daigas Group Environmental Management System (OGEMS), a voluntary EMS that functions in a similar way to such an EMS.

## Violations of Laws and Fines

During FY2024.3, Osaka Gas did not impose any administrative sanction due to the violation of environment-related laws.

## Osaka Gas Certified as the Eco-First Company

On April 5, 2023, Osaka Gas was certified as an Eco-First company by the Minister of the Environment. Under this certification program, companies declare Eco-First Commitments, which are commitments to advanced and unique environmental conservation activities that have ripple effects, and the Minister of the Environment certifies environmentally advanced companies in each industry. We are the first Eco-First company in the energy industry.



From left, Masataka Fujiwara, President of Osaka Gas; Miki Yamada, State Minister of the Environment (Job titles are as of the time of the certification ceremony.)



## Environmental Communication

### Environmental education

#### Various events during the Environment Month

Every year in June, designated as Environment Month, employees of the Daigas Group engage in various environmental activities. Among them are energy-saving efforts at offices, environmental preservation activities, environmental education both inside and outside the Company, and participation in regional environmental events such as cleaning activities. By participating in these activities, each and every employee comes to recognize the great connection existing between his or her activities, and their impact on the environment. Such activities provide the Group with opportunities to continue efforts to build an environmentally harmonious society.

### E-learning and collective training programs for employees

The Daigas Group provides e-learning and collective training programs as part of operating the environmental management system to ensure that employees are capable of keeping up with the environmental initiatives.



E-learning

In the ISO Environmental Education Course via e-learning, employees learn basic knowledge about the environment, details of group initiatives, and knowledge of environmental laws and regulations.

In addition, in collective training programs, employees learn about the latest trends in environmental issues and practical examples of initiatives, increasing their awareness of the environment.

### Environmental awareness-raising activities

#### Environmental communication based on expertise we have accumulated through business activities

As a corporate group operating in a community-based manner, the Daigas Group believes that its good relationships with local communities is an indispensable foundation for its management. In addition to disseminating knowledge on energy conservation and information useful for familiar energy conservation activities through media such as the “My Osaka Gas” membership site, we are also striving to foster the next generation through “energy and environmental education” and other programs that leverage expertise the Group has cultivated through its business activities.