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# Introduction

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# Sustainability Report Editorial Policy

## Principle and Outline

The Daigas Group deems that it is necessary for the Group to listen to people's voices sincerely, and conduct its business activities based on such voices, in order to fulfill its corporate social responsibility (CSR).

In the Daigas Group Medium-Term Management Plan 2026 "Connecting Ambitious Dreams," we laid out the key strategy of "co-create value for a sustainable future," "support employees to shine in their roles," and "evolve business foundation," which contribute to solving social issues. We also reviewed materiality.

On its sustainability site, the Daigas Group reports on the status of management and the progress of related initiatives for the materiality. Activities other than materiality reports are also posted to the extent possible so that the overall picture of the Group's initiatives can be made known to parties outside and inside the Group.

This Sustainability Report is an integrated and edited PDF of the main contents previously posted on the sustainability site.

### Coverage and Materiality



▶ Materiality of the Daigas Group

In selecting topics to be covered in the report and prioritizing them, we took into consideration both the impact on society and the environment and the future financial impact on the Group.

For more information on consideration to importance, click the above link for Materiality of the Daigas Group.

### Readability and Ease of Understanding

To ensure that a wide range of readers can understand the information provided in the report, careful consideration is given to visual design, including the text size, use of colors, pictures, and diagrams, and technical terms are supplemented with annotations and other explanations.

### Reliability

To ensure the reliability of the content of the report and the data that it contains, environmental performance data is reported on this website after undergoing third-party verification by Bureau Veritas Japan, Inc.

### Scope of This Report

#### Reporting Period:

Fiscal year 2023.3 (April 1, 2023 to March 31, 2024)

\*Matters on other periods are partially included.

#### Reporting Boundary:

Osaka Gas Co., Ltd. and its consolidated subsidiaries

- **Financial data:**

Osaka Gas Co., Ltd. (1), and its consolidated subsidiaries (159)

- **Environmental data:**

67 companies in total, including Osaka Gas Co., Ltd. and 66 companies among 159 consolidated subsidiaries are subject to calculation of environmental performance data. Those housed in office buildings as tenants and whose environmental data are difficult to grasp and whose environmental effects are minimal are not subject to such calculation. Energy consumption and greenhouse gas emissions for a total of 69 companies exclude overseas subsidiaries, except for two overseas subsidiaries.

- **Social, Governance data:**

Data ranges are described in the respective articles.

#### Publication Information

This report will be published annually as an annual report.

Publication: September 2024

Last update of the sustainability website: September 2023

### About the Notation

Some information, as noted in this report by phrases such as "Osaka Gas" or "the Company," refers exclusively to Osaka Gas Co., Ltd.

### Guidelines Referred to

- ISO 26000 (Guidance on social responsibility)
- Sustainability Reporting Standards of the Global Reporting Initiative (GRI)

This report contains information corresponding to disclosure requirements of the GRI Sustainability Reporting Standards.



▶ Global Reporting Initiative (GRI) Index

- Environmental Reporting Guidelines 2018 of the Ministry of the Environment
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (v1.0)
- International Integrated Reporting Framework of the IFRS Foundation
- Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry
- SASB Standards
- The United Nations Global Compact COP\* Policy

\*COP

COP stands for Communication on Progress. COP is an annual report that provides information on the status of participants' commitment to the 10 principles of the UN Global Compact. It is an important requirement for participation in the UN Global Compact.

# Outline of the Daigas Group

## Corporate Profile of Osaka Gas Co., Ltd. (As of March 31, 2024)

|                       |   |
|-----------------------|---|
| Head Office           | 4-1-2, Hiranomachi, Chuo-ku, Osaka 541-0046, Japan  |
| Date of Establishment | April 10, 1897  |
| Date of Founding      | October 19, 1905  |
| Net Sales*1           | [Non-consolidated] 1,565.3 billion yen<br>[Consolidated] 2,083.0 billion yen  |
| Ordinary Profit*1     | [Non-consolidated] 80.1 billion yen [Consolidated] 226.5 billion yen  |
| Profit*1              | [Non-consolidated] 68.4 billion yen [Consolidated] 132.6 billion yen*2  |
| Capital               | 132,166 million yen   |
| Number of Employees   | [Non-consolidated] 1,137<br>(excluding employees temporarily transferred to other companies; including employees temporarily transferred to the Company)<br>[Consolidated] 21,159<br>(excluding employees temporarily transferred outside the Group; including employees temporarily transferred from outside the Group to the Group) |

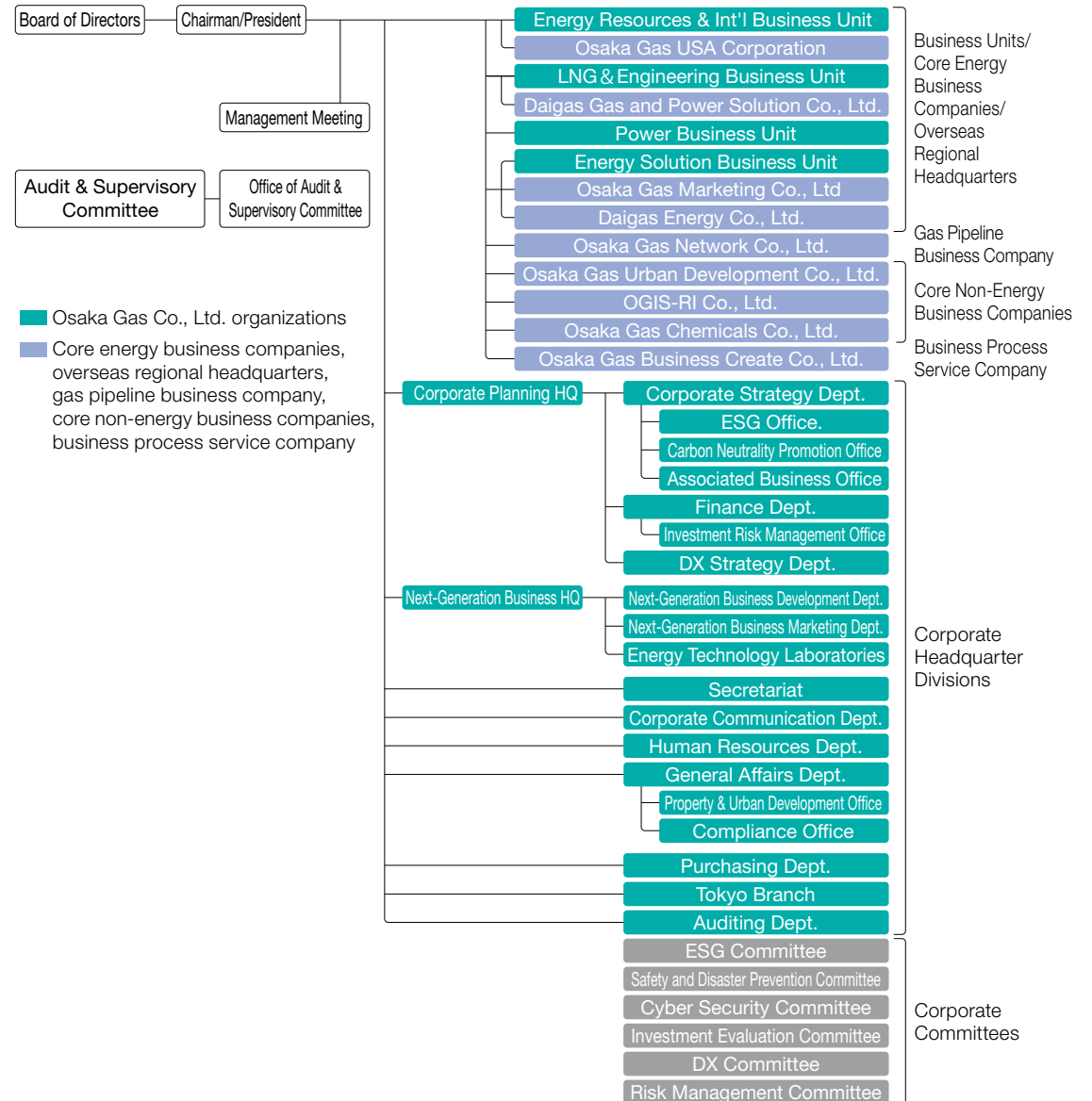
\*1 FY2024.3

\*2 Profit attributable to owners of parent

## Main Business Lines of the Daigas Group (As of March 31, 2024)

| Business segments               | Main business lines   |
|---------------------------------|---|
| Domestic Energy                 | Production, supply and sale of city gas, sale of gas appliances, gas pipe installation, sale of LNG, LNG transport, sale of LPG, sale of industrial gas, power generation and sale of electricity |
| International Energy            | Development of and investment regarding natural gas, energy supply  |
| Life & Business Solutions (LBS) | Development and leasing of real estate properties, information-processing services, sale of fine materials and carbon material products   |

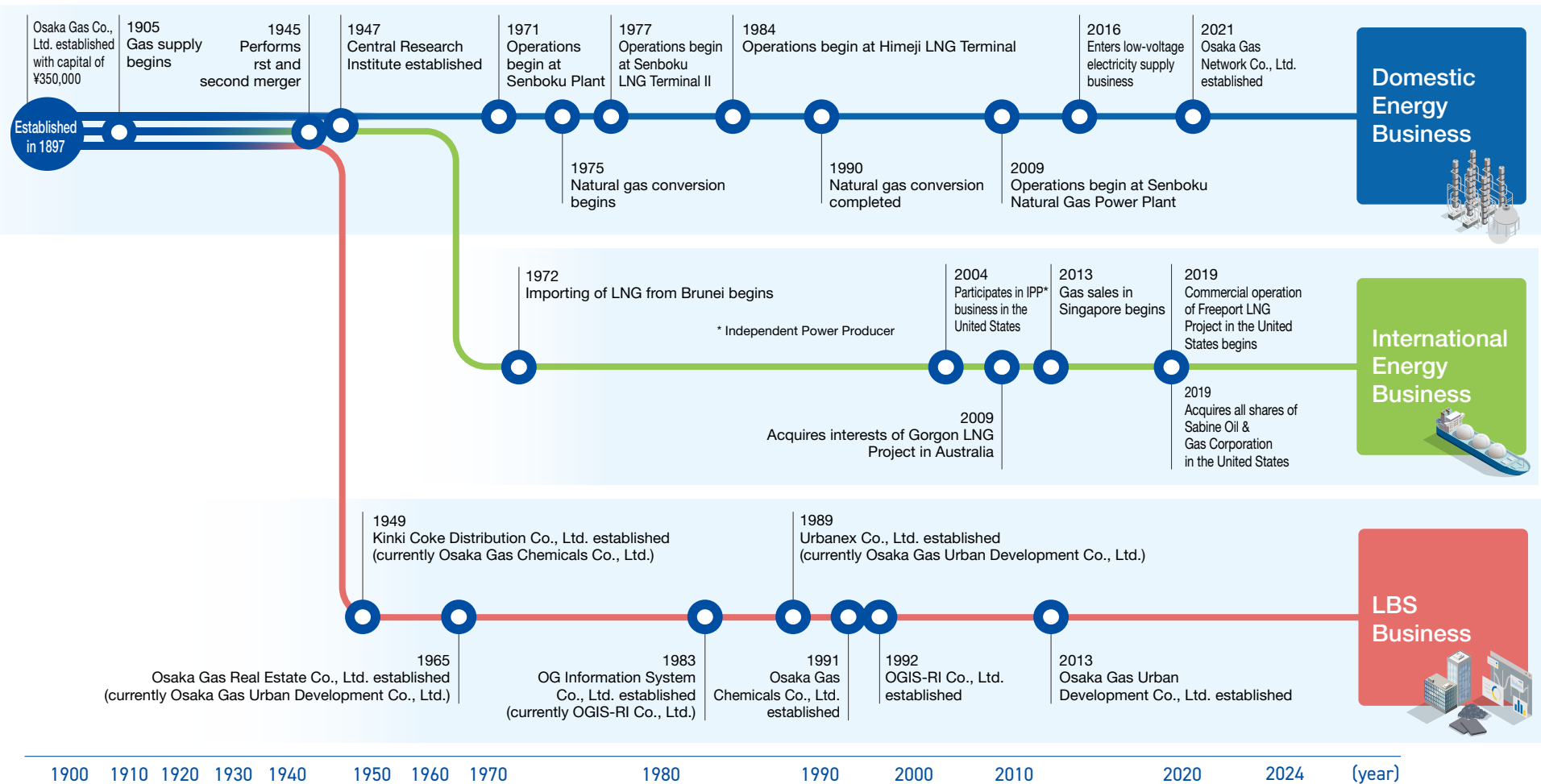
## Daigas Group Organization (As of June 27, 2024)



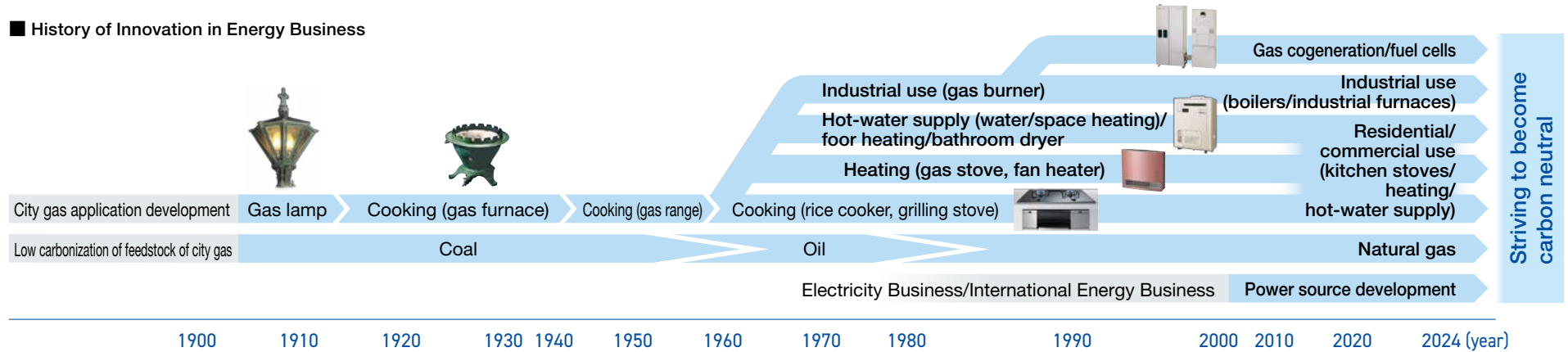
# History of Co-creation of Value

The Daigas Group's gas business began with gas supply in 1905. In over 110 years since, the gas business that started with lighting gas lamps has expanded the application of gas to cooking, heating, hot water, and power generation, overcoming many obstacles as society evolved and lifestyles changed. Additionally, founded on the relationships with customers and regions that have been fostered through the energy business, the Daigas Group has expanded its business domains and developed into a corporate group that provides various products, services, and solutions.

## History of Growth in the Daigas Group's Businesses

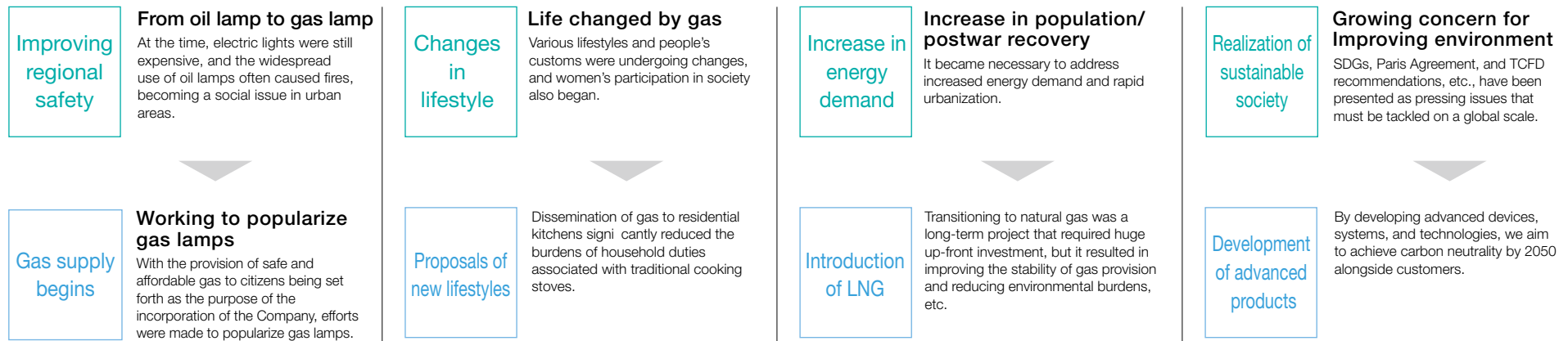


History of Innovation in Energy Business



Social Background and Daigas Group's Strategy

Social Issues and Needs



Daigas Group's Co-creation of Value



# Management

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# Message from the President

## Secure Peace of Mind Today, Build Sustainable Lifestyles for Tomorrow

Representative Director and President

**Masataka Fujiwara**



### Review of the previous Medium-Term Management Plan period

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

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

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

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

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

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

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

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

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

### Daigas Group’s vision for the future

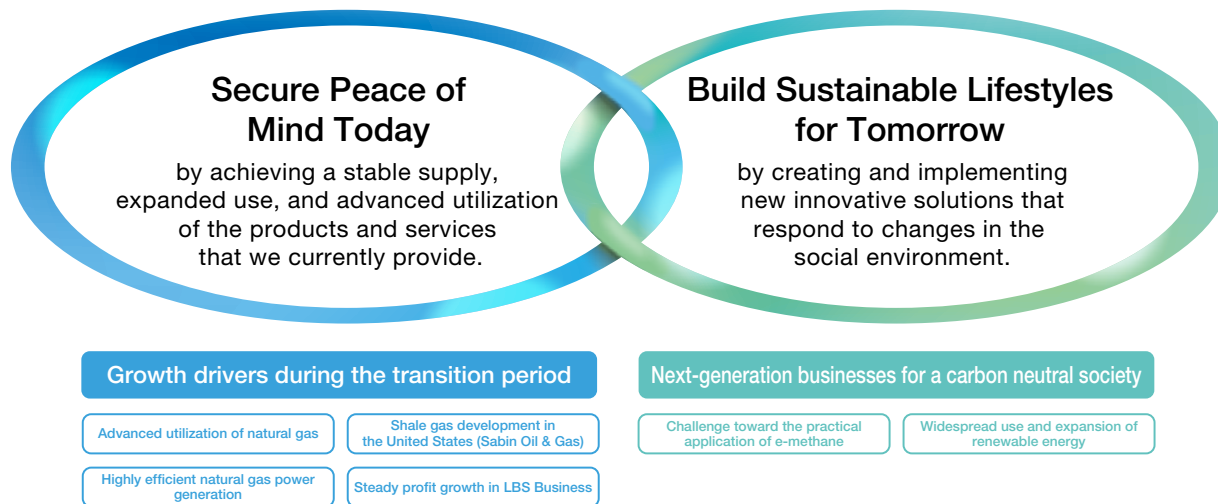
We are in a time of significant shift, facing the growing instability of energy security and intensifying natural disasters, which are posing a threat to people’s peace of mind today. Simultaneously, we must advance the development

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

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

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

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



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

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

Under our first Commitment to co-create value for a sustainable future, we are developing e-methane technologies, building its supply chains, and working toward expanding renewable energies. We are also facilitating wider usage of natural gas as a key transition fuel globally to contribute to CO<sub>2</sub> emissions reduction in the near term. In addition, we are responding swiftly to new developments in e-methane, such as the recent announcement of the Japanese government's Basic Hydrogen Strategy, which has garnered increased public recognition of e-methane. We are leveraging this opportunity to expedite our efforts to incorporate e-methane into international rules for CO<sub>2</sub> emissions.

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

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

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

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

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

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

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



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

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

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

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

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

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

### Targets we aim to achieve at the Daigas Group

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

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

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

September 2024

#### ■ The Ten Principles of the UN Global Compact

|                 |  |
|-----------------|--|
| Human Rights    | Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and                     |
|                 | Principle 2 : make sure that they are not complicit in human rights abuses.  |
| Labour          | Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; |
|                 | Principle 4 : the elimination of all forms of forced and compulsory labour;  |
|                 | Principle 5 : the effective abolition of child labour; and   |
| Environment     | Principle 6 : the elimination of discrimination in respect of employment and occupation.   |
|                 | Principle 7 : Businesses should support a precautionary approach to environmental challenges;  |
|                 | Principle 8 : undertake initiatives to promote greater environmental responsibility; and   |
| Anti-Corruption | Principle 9 : encourage the development and diffusion of environmentally friendly technologies.  |
|                 | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.                             |



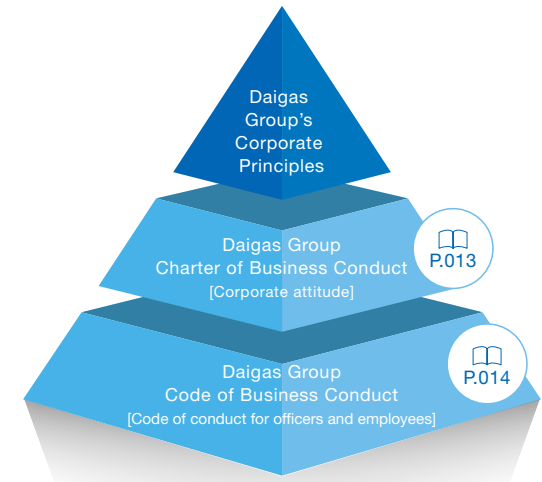
# Daigas Group's Values

## Daigas Group Philosophy

The Daigas Group has established the Daigas Group Corporate Principles, the Daigas Group Charter of Business Conduct, and the Daigas Group Code of Business Conduct. The Daigas Group Corporate Principles consist of What We Aim To Be, Our Commitment, and Our Corporate Motto.

The Group believes that the creation of four types of value is the fulfillment of its social responsibility by creating value primarily for customers, as well as for society, shareholders, and employees, aiming to become a corporate group that powers continuous advancement in customers' lives and businesses.

We have also established the Daigas Group Charter of Business Conduct as a statement of our corporate stance and the Daigas Group Code of Business Conduct as a specific code of conduct to be followed by our officers and employees, and we conduct our business activities based on them.



## Daigas Group's Corporate Principles

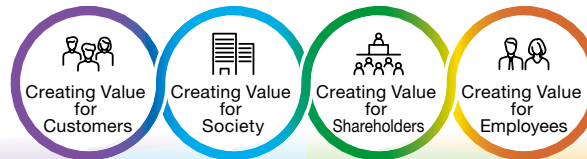


### –What the Daigas Group Aims To Be–

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

### –Daigas Group's Commitment–

**We create four types of value.**



### –Our Corporate Motto–

**Service First**

## Realization of Value Creation

### Value for Customers

We provide services that meet customer expectations for comfort, convenience and reliability in diverse fields.

- Promotion of development and provision of new products and services in the energy business
- Continuation of zero serious accidents in energy production and supply
- Expansion into the real estate, telecommunications, and new materials businesses
- Contribution to the creation of new services and the elimination of the labor shortage through DX and other means
- Customer accounts: 10.38 million (FY2024.3)
- Customer satisfaction rate of 90% or higher for 12 consecutive years (FY2024.3)

### Value for Society

We conduct fair and transparent business operations and contribute to the sustainable development of society and the improvement of the global environment.

- Ongoing maintenance of stable and safe supply of energy
- Promotion of earthquake countermeasures: Extension of polyethylene (PE) pipes to 18,300 km (FY2024.3)
- Contribution to the realization of a carbon neutral society through the advanced use of natural gas, the provision of carbon neutral gaseous energy, and the widespread use of renewable energies Avoided emissions: 5.01 million tons (FY2024.3)
- Promotion of co-creation with local communities
- Initiatives to promote fair and transparent business with suppliers

### Value for Shareholders

We strive to achieve stable long-term growth and maximize corporate value while maintaining a sound financial foundation.

- Introduction and deepening of ROIC-focused management
- Shareholder returns in line with profit growth
- Promotion of understanding of company through dialogue with capital markets
- Implementation of transition finance Funds procured: Over 100.0 billion yen (FY2023.3 - FY2024.3)

### Value for Employees

We respect the individuality of each employee and provide support for their personal growth and professional fulfillment.

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

## Daigas Group Charter of Business Conduct [Daigas Group Charter of Business Conduct](#)

The Daigas Group places the highest priority on creating value for customers and aims to lead creating value for customers to creating value for society, for shareholders, and for employees through its business activities. We believe that our social responsibility lies in creating value for all these stakeholders through fair and transparent business activities.

We have established the Daigas Group Charter of Business Conduct in order to demonstrate our determination to match our stakeholders' expectations and fulfill our corporate social responsibility toward our Group's sustainable development. This Charter serves as the Group's fundamental guide to achieving sustainable economic growth and resolving social issues through its business activities in cooperation with customers, society, shareholders, and employees.

The Daigas Group's management members are expected to be role models in acting in accordance with the Charter. They will take strict corrective action in case of any infringement of the Charter.

### Daigas Group Charter of Business Conduct

#### I. Creating Value for Customers

The Daigas Group aims to enhance energy resilience through a reliable and safe supply of energy, including natural gas, electricity, and LPG, while ensuring safety and providing services. The Daigas Group strives to create value through the development of various businesses and innovation for customers' comfortable lifestyles and sustainable business development.

#### II. Contributing to the Sustainability of the Environment and Society

The Daigas Group addresses the environmental issues both at regional and global levels as a matter of paramount importance in its business centered on energy supply. In light of the impacts of its business activities on the environment, the Daigas Group strives to tackle climate change and other environmental issues, develop innovative technologies and promote their wider use, and support the advanced use of resources and materials.

#### III. Engaging With and Contributing to Society

The Daigas Group ensures the transparency of its business operations and discloses information for the public's better understanding of its corporate activities. The Daigas Group promotes cooperation with various stakeholders through productive dialogue and makes positive contribution to the local community as a good corporate citizen.

#### IV. Respecting Human Rights

The Daigas Group respects human rights as basic rights inherent to all. The Group supports the international standards on human rights and promotes activities and programs to protect the human rights of its stakeholders.

#### V. Complying with Laws and Regulations

The Daigas Group strives to earn the trust of society through its compliance with laws and regulations on all levels, including the management and employees. The Group's compliance is not limited to observing laws and regulations but includes acting sensibly as a member of society. The Group conducts business activities with fairness and integrity, respecting the culture and customs of each country and region where it operates.

#### VI. Providing Work Environment That Supports Employees' Personal Growth

The Daigas Group provides a safe and healthy working environment for its employees while securing employment opportunities. The Group values its employees' individual uniqueness, respects their independence as individuals, supports their personal growth, and promote DE&I (Diversity, Equity, and Inclusion) at the workplace.

## Daigas Group Policies [Daigas Group Policies](#)

The Daigas Group has established policies to demonstrate its corporate attitude in each field. The policies, including those related to sustainability, and declarations are as follows:

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

## Daigas Group Code of Business Conduct



The Daigas Group's corporate social responsibility is to create new value through fair competition and thereby contribute to society. In fulfilling its corporate social responsibility, compliance is of utmost importance for the Daigas Group.

The Daigas Group Code of Business Conduct ("the Code") sets forth the standards of conduct that all officers and employees of the Daigas Group are required to follow in order to achieve compliance management.

As we operate business in accordance with the Code, which also forms the basis of the Group's other internal rules, we should always adhere to the spirit and intent of the Code even in face of any circumstances that fall outside its expected situations, which we might encounter in the rapidly changing business environment.

### Daigas Group Code of Business Conduct

1. Respecting human rights
2. Providing safe and secure workplace
3. Complying with laws and regulations
4. Avoiding use of professional positions and company property for personal reasons
5. Complying with laws in each country and region, and respecting international standards including those on human rights
6. Contributing to the environmental conservation
7. Complying with anti-monopoly laws and regulations, and conducting fair transactions
8. Providing products and services
9. Ensuring safety of products and services
10. Interacting with customers appropriately
11. Engaging with and contributing to society
12. Building and maintaining sound relationships with business partners
13. Engaging business partners in following Daigas Group Code of Business Conduct
14. Managing proper use of information and systems
15. Disclosing information and engaging with stakeholders
16. Properly handling intellectual property
17. Avoiding association with anti-social groups and individuals
18. Making tax payment and performing accounting practices proper

To make the Daigas Group Code of Business Conduct easier to understand for officers and employees working for the Group, we have extracted the essence of the 18 items in the Code to create "Our Declaration" (10 items).

### "Our Declaration," Summarizing the Daigas Group Code of Conduct



- I. We will achieve a workplace where human rights are respected and employees can work in comfort and with peace of mind.
- II. We will conduct business activities with legal compliance and decency.
- III. In conducting global business activities, we will comply with all local laws and regulations, and will respect international norms including those concerning human rights.
- IV. We will properly consider the global environment in all of our actions.
- V. We will conduct fair business transactions and competitions.
- VI. We will provide safe and high-quality products and services at reasonable prices, with the aim of enhancing customer satisfaction.
- VII. We will act modestly and sensibly in our relationships with those with whom we do business.
- VIII. We will appropriately handle and disclose information with proper recognition of its value and importance.
- IX. We will prohibit any association with anti-social forces.
- X. We will make appropriate tax payments and properly handle our financial accounts.

### Activities for dissemination of the Corporate Principles

In its Long-Term Management Vision 2030, the Daigas Group has set its sights on evolving into an innovative energy & service company that continues to be the first choice of customers. In addition, the Medium-Term Management Plan 2026 presents the Group's aspiration, "secure peace of mind today, build sustainable lifestyles for tomorrow."

These plans have been formulated based on the Daigas Group Corporate Principles ("Principles"), which the Group has valued since its founding. Based on the belief that it is important for each and every employee to understand the Principles in order to realize value creation, we designated October, which is the anniversary of our founding, as "Group Corporate Principles Month" in FY2022.3, and we have provided e-learning and workshops in continuous efforts to promote familiarization of the Principles among Group employees.

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

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

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

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



The President's visit to a workplace

### Revision of the Daigas Group Code of Business Conduct in line with the 10 principles of the UN Global Compact and ISO 26000

We fully embrace the UN Global Compact, and in June 2007, we became the first utility in Japan to join. We uphold the 10 principles for enterprises to follow (supporting and respecting the protection of human rights, not being complicit in human rights abuses, upholding the freedom of association and recognizing the right to collective bargaining, eliminating forced labor, effectively abolishing child labor, eliminating discrimination in respect of employment and occupation, supporting a precautionary approach to environmental challenges, undertaking initiatives for environmental responsibility, developing and diffusing environmentally friendly technologies, and working against corruption in all its forms, including extortion and bribery) in the four fields of human rights, labor, environment, and anti-corruption.

In May 2008, the Daigas Group revised its Code of Business Conduct to incorporate the 10 principles of the UN Global Compact and in doing so clearly prohibited activities such as bribes to foreign officials and the use of child labor (currently, details are described in the internal guide for understanding the Code). Because these principles also relate to the dealings that the Group has with its business partners, in June 2009 the "Policy for Purchasing" (currently the "Daigas Group Procurement Policy" and the "Daigas Group Procurement Policy for Suppliers (Daigas Group Procurement Guidelines for Suppliers)") were also revised to stipulate adherence to the UN Global Compact.

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

### Familiarization of the Daigas Group Code of Business Conduct

To promote understanding of the Daigas Group Code of Business Conduct, we have prepared Our Declaration (10 items) as a summary version extracting the essence of the Code and have made it known to all employees by distributing a portable card and posting it on the intranet. In addition, an annual survey is conducted to see the degree of awareness toward compliance among the Group employees, as well as the degree of its penetration at workplace. In FY2024.3, about 90% of approximately 21,500 employees (including temporary employees and part-time workers) responded to the survey, and their answers indicated that the level of understanding on the Daigas Group Code of Business Conduct remained high. We also reflected issues recognized through the survey to organizational countermeasures and took other measures to raise Group employees' awareness.



# Sustainability Management

## Principle and Outline

The Daigas Group aims to become a corporate group that helps further the evolution of customers' livelihoods and businesses. To this end, the management and employees act based on the "Daigas Group Charter of Business Conduct ("the Charter")," which stipulates the basic concept of our CSR. As the Group's business field expands, the range of stakeholders that our business affects will further expand, including customers, local communities, shareholders and investors, and employees.

In order to recognize the impact our business activities may have on society and the environment, and conduct business while taking such impact into account, the Daigas Group has been promoting CSR activities. Specifically, in 2009, the Group introduced indicators to promote CSR activities and visualize their processes. In FY2015.3, we identified important aspects for the Group (materiality) for the first time by turning to the opinions of outside knowledgeable people. In light of expectations from society and changes in the business environment, materiality is reviewed when a Medium-Term Management Plan is formulated and on other occasions.

We are promoting sustainability activities to achieve sustainable economic growth and solve social issues by addressing the Sustainable Development Goals (SDGs), including climate change and human rights issues.

## Sustainability Promotion System

The Daigas Group has an ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice-President), who supervises the Group's sustainability activities, and consisting of the heads of related organizations and other members. In principle, the ESG Committee meets three times a year for cross-organizational deliberation and coordination of sustainability activities. In principle, the Management Meeting, chaired by the Representative Director and President, is held three times per year as the ESG Council, which deliberates on established key issues (materiality), indicators and targets in ESG management, and their progress. The Board of Directors is then consulted on important matters related to sustainability activities (including risks concerning ESG) and is responsible for decision-making and supervision. The Group has also established the Environment Subcommittee, Social Contribution Subcommittee, and Compliance/Risk Management Subcommittee, and works closely with the subcommittees in promoting sustainability activities.

In addition, in order to enhance governance over our overall sustainability activities, we appoint Outside Directors with expertise in the fields of environmental accounting and sociology, as well as a wealth of experience and broad insight in corporate and organizational management. (Please see P.120 for the skills matrix of our directors.)

All these moves represent the Group's efforts to strengthen sustainability activities to live up to higher social expectations for the Group through communication with internal and external stakeholders.

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



# Long-Term Management Vision / Medium-Term Management Plan

In 2017, the Daigas Group formulated a Long-Term Management Vision that looks toward FY2031.3, aiming to be “an innovative energy and service company that continues to be the first choice of customers” and achieve carbon neutrality by 2050. In our Medium-Term Management Plan 2026 announced in 2024, recognizing 2030 as the turning point in which moves to realize a carbon neutral society in 2050 will start to accelerate even further, we have adopted the key strategy of “Co-create Value for a Sustainable Future” “Support Employees to Shine Their Roles,” and “Evolve Business Foundation,” which contribute to solving social issues. We also set targets for our continued contribution to the realization of sustainable society.














Medium-Term Management Plan 2023  
“Creating Value for a Sustainable Future”

Medium-Term Management Plan 2026  
“Connecting Ambitious Dreams”



# Results of Materiality Indicators in Medium-Term Management Plan 2023

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

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

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

| Charter of Business Conduct   | Important issues (Materiality)                            | Value for a sustainable future  | Initiatives to create value for a sustainable future               | Indicators   | Goals  | Fiscal year to be achieved        | FY2024.3 results  | Contribution to SDGs                            |
|---|---|---|--|--|--|-----------------------------------|---|---|
| IV<br>Respecting human rights   | Supply chain management<br>GRI Standards:<br>308-1 414-1  | Building foundations that support the realization of value for a sustainable future | Build a responsible supply chain                                   | Appropriate new supplier ratio   | 100%   | 2024.3                            | 100%  |   |
|   | V<br>Complying with laws and regulations                  |   | Compliance<br>GRI Standards:<br>307-1 418-1 419-1                  | Promote the Group's compliance   | Number of serious violations of laws and regulations   | Continued zero serious violations | 2024.3  | Zero serious violations of laws and regulations |
| VI<br>Providing a work environment that supports employees' personal growth | Employee engagement                                       |   | Create a workplace where employees can feel a sense of fulfillment | Attitude survey  | Maintained and improved employee engagement  | 2031.3                            | Four comprehensive indicators remained at appropriate levels                                      |   |
|   | Development of employee skills<br>GRI Standards:<br>404-1 |   | Promote diversity and inclusion                                    | Annual average hours of training per employee  | Implementation of human resource development and work environment improvement  | 2031.3                            | 25.1 hours/person<br>Hours of e-Learning courses were taken*1: 6.2 hours/person                   |   |
|   | Diversity and inclusion<br>GRI Standards:<br>405-1        |   |  | <ul style="list-style-type: none"> <li>① Ratio of female executives/Ratio of female Directors*2</li> <li>② Ratio of women in members newly promoted to middle management positions</li> <li>③ Ratio of women in new recruits for career-track positions</li> </ul> | <ul style="list-style-type: none"> <li>① 20% or higher for each category</li> <li>② 30% or higher</li> <li>③ Continue 30% or higher</li> </ul> | 2031.3                            | <ul style="list-style-type: none"> <li>① 26.7%/20.0%</li> <li>② 15.9%</li> <li>③ 32.8%</li> </ul> |   |

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



# Review of Materiality

The Daigas Group identifies materiality to understand what impact the Group’s activities have on the environment and society, as well as to conduct business while managing the probability of the impact and the impact itself. Materiality was identified for the first time in FY2014.3, and we have been implementing PDCA management since FY2015.3. Every year, we check the progress of each indicator and consider issues, as well as we manage indicators while revising them as necessary. In light of expectations from society, we reviewed and redesigned materiality when formulating a Medium-Term Management Plan and on other occasions.

## Identification of Materiality

In formulating the Medium-Term Management Plan 2026, the Daigas Group identified materiality in light of experts’ opinions and other factors, taking into account the progress of climate change countermeasures, changes in the business environment, and social trends related to sustainability.

### ■ Process of Materiality Identification (during the formulation of the Midium-Term Management Plan 2026)

#### Step 1

light of the progress of the Carbon Neutral Vision\* and Energy Transition 2030\*, we depicted sustainable lifestyles in the 2040s and analyzed the external settings, including the economic, social, and environmental ones.

\*Please refer to □□P.040 for details.

#### Step 2

We considered medium- to long-term issues, risks, targets, and initiatives for each business domain.

We considered future financial impacts on the Group.

We asked experts for their opinions in addition to the analysis in STEP 1, and considered how we should work on human rights due diligence and respond to the TCFD and TNFD.

We considered impacts on society and the environment.

#### Step 3

We identified materiality based on both types of impacts.

#### Step 4

The Board of Directors approved and adopted the materiality.

### Identified Materiality

- 1 Provide carbon neutral energy
- 2 Enhance the resilience of customers and society
- 3 Co-create advanced, diverse solutions that meet customer values
- 4 Create a work environment where employees and the company resonate and enhance each other
- 5 Maintain and improve the soundness and flexibility of management foundation

### ■ Materiality Identification in the Past

#### 2013 <Identification>

- Step 1**  
Summarized the scope of impact according to the region and type of business
- Step 2**  
Analyzed the level of importance and set temporary priorities (from the Group’s perspective)
- Step 3**  
Had the appropriateness checked by and engaged in dialogue with outside knowledgeable people
- Step 4**  
Finalized the priorities and materiality
- Step 5**  
Approved and decided by the CSR Promotion Council, the decision-making body for CSR matters (Considered in accordance with the identification process in the fourth edition of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI))

#### 2017 <Review>

- Step 1**  
Evaluated the progress of materiality activities between FY2014.3 and FY2017.3
- Step 2**  
Added priority items and considered the boundary
- Step 3**  
Had the appropriateness checked by and engaged in dialogue with outside knowledgeable people
- Step 4**  
Identified new materiality
- Step 5**  
Approved and decided by the CSR Promotion Council, the decision-making body for CSR matters (Referred to the GRI Standards in light of social trends, including the implementation of the Paris Agreement and the adoption of the SDGs)

#### 2021 <Redesigning>

- Step 1**  
Analyzed the external environment in 2030 in areas such as economy, society, and the environment
- Step 2**  
Envisioned what each business domain aims to be in 2030 and considered risks→Considered future financial impacts on the Group  
In addition to the analysis in Step 1, held interviews with external experts→Considered impacts on society and the environment
- Step 3**  
Identified materiality based on both types of impacts
- Step 4**  
Approved and decided at the Board of Directors (In light of measures against global risks, contribution to the SDGs, and changes in the business environment and lifestyles due to the COVID-19 pandemic, considered the items of impacts on society and the environment and future financial impacts on the Group, using the GRI Standards as a reference)

## Comments from an Expert

### Identification of Materiality at the Daigas Group

While the process for identifying materiality has not changed significantly from FY2021.3, when the previous Medium-Term Management Plan was formulated, relevance to corporate strategies is clearer this time. This can be attributable to the fact that materiality was identified with consideration given to medium- to long-term targets, including the Carbon Neutral Vision announced in January 2021 to achieve carbon neutrality by 2050. As with the last time, the Daigas Group adopted the idea of so-called double materiality, where both financial impacts and social and environmental impacts are taken into account. This approach can be considered appropriate as the Group engages in infrastructure-related businesses that have considerable social and environmental impacts.

The identified materiality has a limited number of elements, indicates overall directions, and is clearly aligned with “Key Strategy: the Three Commitments” in the Medium-Term Management Plan 2026. When it comes to KPIs that are linked with materiality, financial indicators are increasingly integrated with sustainability indicators with an eye on 2026, the target fiscal year of the Medium-Term Management Plan. Meanwhile, part of the targets are qualitative. Going forward, I expect the Group to improve accountability for such targets and fine-tune them.



**Hidemi Tomita**  
CEO,  
Institute for  
Sustainability  
Management

# Recognition of Risks and Opportunities and Materiality in Sustainability Management

In formulating the Medium-Term Management Plan 2026(FY2025.3-FY2027.3), the Daigas Group recognized changes in the business environment and new challenges, and reviewed materiality.

## ■ Recognition of Risks and Opportunities






| Changes in the business environment and the associated issues that need to be addressed   | Risks  | Opportunities  | Materiality   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>● Climate change                             <ul style="list-style-type: none"> <li>▶ Acceleration of the decarbonization trend</li> <li>▶ Stronger position of natural gas as transition energy</li> <li>▶ CO<sup>2</sup> reduction</li> <li>▶ Energy system transition</li> <li>▶ Technological innovation</li> <li>▶ Response to the TNFD</li> </ul> </li> </ul>          | <ul style="list-style-type: none"> <li>• Impact on business plans stemming from international rules and regulations related to carbon neutrality</li> <li>• Intensifying competition to secure suitable business sites</li> </ul>  | <ul style="list-style-type: none"> <li>• Promotion of widespread use and advanced utilization of natural gas across the globe</li> <li>• Development of e-methane, hydrogen, and other new energy sources</li> <li>• Promotion of business that provides carbon neutral energy seamlessly by utilizing established equipment and infrastructures</li> <li>• Development of carbon neutral technologies and services</li> </ul> | <p style="text-align: center;"><b>Provide carbon neutral energy</b></p>   |
| <ul style="list-style-type: none"> <li>● Energy security                             <ul style="list-style-type: none"> <li>▶ Preparation for heightened geopolitical risks</li> <li>▶ Safe and secure management and operation of energy production and supply facilities</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>• Difficulty in procuring fuels and materials</li> <li>• Increase in spending on facility repair and countermeasures associated with natural disasters</li> <li>• Supply disruption due to disasters and accidents</li> </ul>   | <ul style="list-style-type: none"> <li>• Increased demand due to the development of disasterresistant infrastructures and products</li> <li>• Maintenance of sustainable business foundations through know-how sharing and cooperation with local communities in taking measures against disasters</li> </ul>  | <p style="text-align: center;"><b>Enhance the resilience of customers and society</b></p>   |
| <ul style="list-style-type: none"> <li>● Diversification of values                             <ul style="list-style-type: none"> <li>▶ Transition to a digital society</li> <li>▶ Creation of customer contact points through diverse methods</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>• Changes in customer mindset</li> <li>• Delay in the advancement of digital transformation</li> <li>• Obsolescence of existing business models</li> <li>• Intensifying competition due to productivity improvement and new entrants to the market</li> </ul>         | <ul style="list-style-type: none"> <li>• Improved operational efficiency and productivity due to the advancement of digital transformation</li> <li>• Enhancement of business creation capabilities through operational reform and behavioral change</li> <li>• Enhancement of organizational culture and structure to create new businesses and services</li> </ul>   | <p style="text-align: center;"><b>Co-create advanced, diverse solutions that meet customer values</b></p>                           |
| <ul style="list-style-type: none"> <li>● Demographic changes                             <ul style="list-style-type: none"> <li>▶ Multi-pillared and diversified business</li> <li>▶ Labor shortages and diversifying ways of work</li> <li>▶ Human resource development</li> <li>▶ Improved employee satisfaction and motivation</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>• Shortage of workers</li> <li>• Increased measures to secure and develop the next generation</li> </ul>  | <ul style="list-style-type: none"> <li>• Promotion of innovation by taking advantage of diverse human resources</li> <li>• Maximization of output</li> </ul>   | <p style="text-align: center;"><b>Create a work environment where employees and the company resonate and enhance each other</b></p> |
| <ul style="list-style-type: none"> <li>● Growing interest in and calls for ESG management                             <ul style="list-style-type: none"> <li>▶ Corporate governance</li> <li>▶ Thorough compliance</li> <li>▶ Human rights due diligence</li> <li>▶ Creation of a recycling-oriented society</li> <li>▶ Contribution to local communities</li> <li>▶ Supply chain management</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Tightening, revision, and abolition of laws and regulations</li> <li>• Loss of trust from stakeholders</li> <li>• Litigation, suspension of transactions, and other obstacles to business continuity</li> <li>• Increased difficulty in fund procurement</li> </ul> | <ul style="list-style-type: none"> <li>• Enhancement of corporate governance</li> <li>• Enhancement of compliance</li> <li>• Stabilization of the Group's business revenue through the development of local communities</li> </ul>   | <p style="text-align: center;"><b>Maintain and improve the soundness and flexibility of management foundation</b></p>               |

■ Why the Issue Is Material

| Materiality   | Why the Issue Is Material   |
|---|---|
| <p><b>Provide carbon neutral energy</b></p>   | <ul style="list-style-type: none"> <li>• The Group engages in the energy business, which uses natural gas as its main raw material and fuel, and recognizes risks and opportunities associated with climate change.</li> <li>• Significant risks include the possibility that rising sea levels and natural disasters such as typhoons and torrential rains due to localized abnormal weather events, etc. may cause damage to our manufacturing and supply equipment. In addition, it is possible that our businesses may be affected by introduction of the carbon tax or significant increases in the tax rate in Japan, or an increased desire among our customers to switch to non-fossil fuels.</li> <li>• Meanwhile, promotion of the development and spread of renewable energy and technologies for carbon neutrality, with the aim of providing carbon neutral energy, also represents a significant opportunity for the Group.</li> <li>• While the Group's energy business contributes to local job creation, investments, skills development, and economic development, we consider it essential and are working to address social and environmental issues, including the loss of biodiversity; soil, water, and air pollution; respect for human rights; and occupational safety.</li> </ul> |
| <p><b>Enhance the resilience of customers and society</b></p>   | <ul style="list-style-type: none"> <li>• Stable energy supply, which allows customers to maintain and continue their lifestyles and various businesses, is a responsibility with the highest priority in the Group's business and is regarded as the very basis of the business.</li> <li>• Inadequate operations and facility troubles caused by heightened geopolitical risks and natural disasters may have a large impact on markets other than the Group's business, as well as on people's lifestyles.</li> <li>• Updating facilities in a planned manner, constructing disaster-resistant infrastructure by continuing to develop pipeline networks, and promoting technological development are considered to enhance the sustainability of local communities.</li> </ul>   |
| <p><b>Co-create advanced, diverse solutions that meet customer values</b></p>                           | <ul style="list-style-type: none"> <li>• For the sustainable growth of the Group's business, we consider it essential to co-create advanced, diverse solutions that meet diversifying customer values and can solve global social issues.</li> <li>• In order to increase our market competitiveness, we consider it necessary to pursue added value with DX and invest in the creation of businesses in new domains.</li> <li>• We also consider it important and therefore work to strengthen the organizational culture and structure that encourage employees to reengineer business processes and change behavior.</li> </ul>  |
| <p><b>Create a work environment where employees and the company resonate and enhance each other</b></p> | <ul style="list-style-type: none"> <li>• In a rapidly changing business environment where the working population is decreasing, the labor market is becoming more flexible, and people have diversifying ways of work, the Group is driving forward business portfolio management, envisioning a strategy to keep growing by diversifying its business.</li> <li>• To achieve sustainable growth in the future as well, we recognize the need to further enhance initiatives for human capital. We consider it necessary to acquire and develop diverse talent with high levels of expertise; deploy talent strategically to align with job requirements, deploying employees to serve the purpose of business operations while achieving higher levels of employee satisfaction; create an environment where employees feel more rewarded and motivated. In addition, we consider it necessary to realize maximization of the overall output.</li> </ul>   |
| <p><b>Maintain and improve the soundness and flexibility of management foundation</b></p>               | <ul style="list-style-type: none"> <li>• Even in an environment where the future is increasingly uncertain and difficult to foresee, we recognize that continuing to meet the trust and expectations from the Group's stakeholders and steadily addressing key issues will lead to the development of supply chains and local communities as a whole.</li> <li>• We consider that a sound and sustainable management foundation will be maintained and upgraded by not only ensuring legal compliance but also respecting human rights, including the safety, health, and employment and working environment of stakeholders involved in the Group's business, and working on the enhancement of the corporate governance system.</li> <li>• To implement the Group's business strategy steadily, reengineer business processes, and further grow in fields other than energy, we consider it necessary to secure core DX staff who drive relevant initiatives.</li> </ul>  |

# New Materiality Indicators and Targets

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

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

\*1 Calculate the estimated effect of CO<sub>2</sub> emissions reduction in one year of the target FY by introducing high efficiency facilities and low carbon energy, etc. to customer side and the company's business activities in and after FY2018.3.



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

# Stakeholder Engagement

## Dialogue and Cooperation with Stakeholders

The Daigas Group focuses on active engagement with stakeholders through dialogue to recognize various possible issues involved in its business activities and to work toward mutually acceptable solutions to such issues, based on the Daigas Group Charter of Business Conduct and Daigas Group Code of Conduct. For example, the Group has been promoting dialogue with the Kansai Consumers' Association Liaison Commission, the Osaka Voluntary Action Center, and the Osaka Gas Labor Union. Furthermore, the Group shares information and cooperates as a member of the Global Compact Network Japan and actively takes part and makes recommendations in the formulation of various policy measures by the government and municipalities. One of the results of such engagement is that five business associations formed by partner companies undertaking gas-related services established a Code of Ethics in response to the Group's policy. In addition, we are actively pursuing collaborative projects with companies, universities, NPOs and other organizations.

### ■ Main Opportunities and Tools for Contacts with Stakeholders, and Value Created through the Contacts

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

For detailed information, please see P.012.



**Dialogue with stakeholders  
(FY2024.3 results of activities)**

■ Stakeholders of the Daigas Group



Dialogue with Customers

To provide services in excess of customer expectations, we are listening to their voices through various contacts with them, with the aim of improving our products and services.

- Phone calls received by customer centers: approx. 3.60 million
- No. of replies to a survey on customer satisfaction: approx. 31 thousand



Customer Center

Dialogue with Various Groups

The groups with which we held meetings included the Kansai Consumers' Association Liaison Commission, the Osaka Voluntary Action Center, and the Osaka Gas Labor Union.

- Dialogue with consumer groups and other private organizations, etc. 986 times



Kansai Consumers' Association Liaison Commission

Dialogue with Local Communities

To realize vibrant local communities, we engage in dialog with local governments, NPOs, corporations, experts, next-generation people, and other stakeholders.

Through communication with local communities, we help solve social issues and realize a sustainable society.

- Urban development and city planning outreach: 51 cases
- Activities contributing to regional revitalization in collaboration with experts and NPOs: 248 times
- Activities contributing to next-generation education: 1,499 times



Food education

Dialogue with Shareholders and Investors

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

In ESG interviews conducted with institutional investors and other parties, we exchanged views on actions against climate change, corporate governance and other topics.

We will continue our efforts to create value for shareholders through dialogues with institutional investors and other parties.

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



Integrated Report

Dialogue between Supervisors and Subordinates

Osaka Gas implements an evaluation system that leads to the growth of each and every employee. While enhancing opportunities for meetings between supervisors and subordinates, we clarify each employee's strengths and areas for improvement, which leads to skill development.

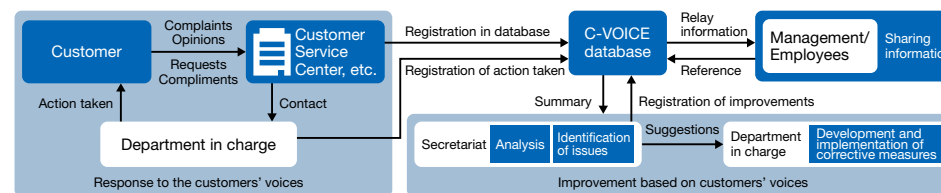
- Meetings based on Management by Objectives (MBO): twice a year
- Interviews based on role expectation evaluation: once a year

### System for reflecting the opinions of stakeholders

The Daigas Group considers it a matter of course to listen and respond sincerely to questions/requests regarding our products and services, but we also hear a variety of questions, concerns and comments from numerous stakeholders in the course of conducting our business activities. We believe these opinions to be extremely important to enhancing the quality of the Group’s management.

Under these circumstances, we have built the “C-VOICE” database, whereby these customer voices are shared by top-management officials and rank-and-file employees, and are put to good use in improving our business operations and enhancing our service quality. In particular, with regard to complaints, we try to share not only the factual process and the status of our response to customers but also measures to prevent recurrence and improve our systems.

### Overview of C-VOICE



### Mechanism for receiving stakeholder grievances

The Daigas Group responds to the opinions and requests in accordance with the Group’s Code of Business Conduct which incorporated international standards such as the Universal Declaration of Human Rights and the United Nations Global Compact, while observing domestic laws such as the Act on the Promotion of Global Warming Countermeasures and the Whistleblower Protection Act.

To deal with voices on the environment, Osaka Gas operates a company-wide Environmental Management System (EMS) according to the ISO 14001. As for the voices of local people who are concerned about the possible effects on local communities of our operations, we set up contact desks including “Customer Centers.” To address issues associated with human rights and labor practices, we set up “Compliance Desks” at Osaka Gas’s headquarters, major affiliated companies and outside law firms representing Osaka Gas, to receive reports and offer consultation regarding the observance of laws and in-house rules. Furthermore, we have also established a “Human Rights Desk” in the Human Resources Department as a contact point for consultations about the human rights of employees, as well as “Harassment Desk” within respective organizations and affiliates as contact points for consultations about harassment from employees. Other systems established for the benefit of employees include the conducting of surveys designed to measure their work-related awareness, periodically holding meetings for the management to hold talks with labor union members, as well as meetings for employees and their superiors.

As for consultations, grievance, etc. received by the contact desks in FY2024.3, measures to remedy the situation and prevent recurrence were appropriately taken as necessary. We found no serious violations of laws and regulations.

| Theme             | International and domestic standards   | In-house policy and standards   | Reponsiibilities   |
|-------------------|--|---|--|
| Environment       | <ul style="list-style-type: none"> <li>• ISO 14001</li> <li>• Act on Basic Policy on the Rationalizing Use of Energy and Shifting to Non-fossil Energy</li> <li>• Act on Promotion of Global Warming Countermeasures</li> <li>• Waste Management and Public Cleansing Law</li> </ul> | <ul style="list-style-type: none"> <li>• Daigas Group Code of Business Conduct</li> <li>• Daigas Group Environmental Policy</li> <li>• Daigas Group Procurement Policy</li> <li>• Rules for Environment Management Systems</li> <li>• Customer Service Rules</li> </ul> | Osaka Gas operates a unified ISO 14001-registered environmental management system (EMS) across the Company under the supervision of the Head of ESG Promotion (Representative Director and Executive Vice-President), and all employees work to reduce the environmental impact of business activities and ensure compliance with environmental laws and regulations. In addition, the Daigas Group’s domestic affiliates operate their own EMSs, such as ISO 14001-registered systems, Eco Action 21, and the Daigas Group Environmental Management System (OGEMS).   |
| Local communities | <ul style="list-style-type: none"> <li>• ISO 26000</li> <li>• Basic Act on Consumer Policies</li> </ul>  | <ul style="list-style-type: none"> <li>• Daigas Group Code of Business Conduct</li> <li>• Customer Service Rules</li> </ul>   | We have improved systems that directly deal with customers, including “Customer Centers,” to enable our customers to express their opinions of our services more expeditiously. We utilize the “C-VOICE” system to share customer opinions and requests throughout the company for use in business improvement measures, product development, and other activities.  |
| Human rights      | <ul style="list-style-type: none"> <li>• Universal Declaration of Human Rights</li> <li>• U.N. Global Compact</li> <li>• Whistleblower Protection Act</li> </ul>   | <ul style="list-style-type: none"> <li>• Daigas Group Human Rights Policy</li> <li>• Daigas Group Code of Business Conduct</li> <li>• Customer Service Rules</li> <li>• Rules for the systems of consultation and reporting on legal compliance</li> </ul>              | For the protection of human rights we have set up “Customer Centers,” which are open to stakeholders such as customers and local community members. We have also established the “Human Rights Desk” at the Human Resources Department, and posted “Human Rights Awareness Promotion Leaders” at each Business Unit and major affiliated companies. In addition, we have also set up “Compliance Desks” at Osaka Gas’s headquarters, major affiliated companies and outside law firms representing Osaka Gas to receive reports and offer consultations regarding the observance of laws and in-house rules.   |
| Labor practices   | <ul style="list-style-type: none"> <li>• Universal Declaration of Human Rights</li> <li>• U.N. Global Compact</li> <li>• Whistleblower Protection Act</li> </ul>   | <ul style="list-style-type: none"> <li>• Daigas Group Human Rights Policy</li> <li>• Daigas Group Code of Business Conduct</li> <li>• Rules for the systems of consultation and reporting on legal compliance</li> </ul>  | We have established “Compliance Desks” at Osaka Gas’s headquarters, major affiliated companies and outside law firms representing Osaka Gas in order to receive reports and offer consultations regarding the observance of laws and in-house rules. Furthermore, the “Harassment Desk” has been set up at each in-house organization and each affiliated company to assist employees facing harassment-related problems in their work. Others systems established for the betterment of employees include the conducting of surveys designed to measure their work-related awareness, periodically holding meetings for the management to hold talks with labor union members, as well as meetings for employees and their superiors. |

# Initiatives and Organizations the Daigas Group Participates In

We fully embrace the United Nations Global Compact, and in June 2007, we became the first utility in Japan to join. Furthermore, we actively take part and make recommendations in the formulation of various policy measures by the government and municipalities. Through our participation in sustainability initiatives, we will fulfill our role toward the achievement of a sustainable society.

## ■ Initiatives and Organizations the Daigas Group Participates In

| Name  | Activity   |
|---|--|
| <b>UN Global Compact</b>  | The Global Compact encompasses 10 principles for enterprises to follow in the four fields of human rights, labor standards, the environment, and anti-corruption. Osaka Gas signed and joined the Global Compact in June 2007. We report the progress of our initiatives under the 10 principles of the UN Global Compact on an annual basis.  |
| <b>Women's Empowerment Principles (WEPs)</b>                      | The Women's Empowerment Principles (WEPs), a partnership initiative of UN Women and UN Global Compact, are a set of seven principles offering practical guidance to companies and private organizations in advancing women's empowerment in the workplace, in the market, and in the community. The seven Women's Empowerment Principles are as follows: Establish high-level corporate leadership for gender equality; Treat all women and men fairly at work - respect and support human rights and nondiscrimination; Ensure the health, safety and well-being of all women and men workers; Promote education, training and professional development for women; Implement enterprise development, supply chain and marketing practices that empower women; Promote equality through community initiatives and advocacy; and Measure and publicly report on progress to achieve gender equality. The Daigas Group endorsed the objective of the Principles and expressed its support in September 2010. |
| <b>Task Force on Climate-Related Financial Disclosures (TCFD)</b> | The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) encourage companies to disclose climate change-related financial information to promote appropriate investment decisions by investors. Osaka Gas endorsed the TCFD recommendations in May 2019, and utilize them as indicators to validate our climate change response. We also participate in the TCFD Consortium, where discussions take place on efforts toward information disclosure on responses to climate change based on the TCFD recommendations.  |
| <b>World Wide Fund for Nature Japan (WWF Japan)</b>               | The World Wide Fund for Nature is a conservation organization active in approximately 100 countries. It aims to build a future in which humans live in harmony with nature by reducing the human impact on the environment and wildlife. Osaka Gas has been supporting WWF Japan as a corporate member since 1983.   |
| <b>Japan Business Initiative for Biodiversity (JBIB)</b>          | The initiative was launched in 2008 with the aim of truly contributing to the conservation of biological diversity within and outside Japan through joint research by a wide range of companies, thus generating results that cannot be achieved when a company acts alone. Osaka Gas participated in the initiative as a regular member from 2011 and has been an associate member since FY2025.3.  |
| <b>Keidanren (Japan Business Federation)</b>                      | As a member company of Keidanren, we respect and practice the spirit of its Charter of Corporate Behavior.   |
| <b>Committee on Nature Conservation</b>                           | The Committee on Nature Conservation is an organization affiliated with Keidanren. It provides its members information on donations and social contribution activities, as well as conducting projects aimed at deepening the general public's understanding of companies' nature conservation activities. Osaka Gas has participated in the committee as a member company since 2003.   |
| <b>Keidanren Initiative for Biodiversity Conservation</b>         | The Keidanren Initiative for Biodiversity Conservation is open to companies and organizations that are committed to more than one of the seven items listed in the Declaration of Biodiversity by Keidanren (Revised Edition) or that agree with the overall objectives of the Initiative. Osaka Gas has been participating in it since 2023.  |

# External Evaluation

## Inclusion in SRI Indices

Osaka Gas was included in the following socially responsible investment (SRI) indices, Morningstar Japan ex-REIT Gender Diversity Tilt Index and an investment universe (candidates for inclusion in indices) as of June 30, 2024. Osaka Gas has been selected as a constituent of all six ESG indices for Japanese equities used by the Government Pension Investment Fund (GPIF).



FTSE Blossom Japan Sector Relative Index\*1



FTSE Blossom Japan Index



FTSE4Good Index Series



ECPI World ESG Equity



MSCI ESG Leaders\*2



MSCI Japan ESG Select Leaders Index\*2



MSCI Japan Empowering Women Index\*2



MSCI Nihonkabu ESG Select Leaders Index\*2



S&P/JPX Carbon Efficient Index



Sompo Sustainability Index



Ethibel Excellence

## Outside Assessment of Sustainability Activities

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

\*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Osaka Gas has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

\*2 The inclusion of Osaka Gas Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Osaka Gas Co., Ltd. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI.

MSCI and the MSCI Indexes names and logos are trademarks or service marks of MSCI or its affiliates.

# Environmental

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  - 038 Environmental Targets
  - 040 Actions for Climate Change
  - 047 Disclosure Based on the TCFD Recommendations:
    - Recognition of and Action on Risks and Opportunities
  - 050 Contributing to the Resource-Recycling Society
  - 053 Biodiversity
  - 059 Development of Environmental Technology



# Environment

## Summary

### Basic approach

Contributing to regional and global environmental conservation is a pivotal mission of the Daigas Group, which conducts business mainly in the field of energy. Being seriously aware of the close linkage between all its activities and the environment, the Daigas Group will respond to environmental issues, including climate change, develop and promote innovative technologies, address the most critical challenge of working out low-carbon/carbon-neutral energy solutions, and achieve more efficient use of energy, raw materials, and other resources.

In March 2017, the Daigas Group unveiled Long-Term Management Vision 2030, which shows the Group's vision for FY2031, and Medium-Term Management Plan 2020. Under these, we have devoted active efforts to helping increase the use of natural gas, developing and facilitating more widespread use of highly efficient equipment, including fuel cells, offering customers proposals for the use of energy-saving products and services, and introducing renewable energy.

The Daigas Group announced the Daigas Group Carbon Neutral Vision in January 2021, and Medium-Term Management Plan 2023 in March of the same year. Thus, the Group indicated its aim to become carbon neutral by 2050 by decarbonizing the raw materials of city gas through methanation\* using renewable energy and hydrogen and by decarbonizing power sources through introduction of renewable energy, in addition to conventional efforts to expand the use of natural gas.

In March 2024, we announced Medium-Term Management Plan 2026, in which we presented our key strategy, positioning the 2024-2026 period as a period to be focused on contributing to the energy transition toward achieving carbon neutrality in 2050 and building a foundation to accelerate our initiatives for a carbon neutral society.

We have positioned climate change as one of our material issues in the Medium-Term Management Plan 2023. In the Medium-Term Management Plan 2026, we have positioned providing carbon neutral energy as one of our material issues to accelerate our initiatives to become carbon neutral.

\* A technology for synthesizing methane, which is the main component of city gas, from hydrogen and carbon dioxide (CO<sub>2</sub>)

### Specific initiatives

#### Policy and promotion system

To achieve our medium- to long-term vision, measures, and targets in the environmental field and in line with the Daigas Group Environmental Policy and other bylaws, important environmental matters are monitored by the Environment Subcommittee and the ESG Committee, reported to and deliberated by the ESG Council (Management Meeting), and submitted to the Board of Directors.

| Theme   | Items to be addressed   | Specific initiatives   |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |
|---|---|--|-----------------------|-------------------------------|------------------|---|--|---|---|--|-------|--|--|---------|--|--|----------------|
| <b>Environmental management</b><br>→ p.032<br><b>Environmental targets</b><br>→ p.038                       | <ul style="list-style-type: none"> <li>Strengthening environmental governance</li> <li>Maintenance and continuation of the environmental management system</li> <li>Follow-up and raising awareness toward achievement of environmental targets</li> <li>Enhancing environmental compliance</li> </ul>  | <b>Initiatives undertaken in FY2024.3</b> <ul style="list-style-type: none"> <li>Continued operation of the environmental management system</li> <li>Monitored the environmental impacts in the value chain</li> <li>Developed environmental human resources through e-learning (5,539 people)</li> </ul>  |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |
| <b>Climate change measures</b><br>→ p.040<br><b>Disclosure based on the TCFD Recommendations</b><br>→ p.047 | <ul style="list-style-type: none"> <li>Carbon neutrality</li> <li>Reduction of CO<sub>2</sub> emissions from the Group's own business activities</li> <li>Reduction of CO<sub>2</sub> emissions from customers' activities and their value chains</li> <li>Contribution to CO<sub>2</sub> emissions reduction in society as a whole</li> </ul> <p><b>Materiality</b> Climate change</p> | <table border="1"> <thead> <tr> <th>Environmental targets</th> <th>KPIs based on the materiality</th> <th>FY2024.3 results</th> </tr> </thead> <tbody> <tr> <td>CO<sub>2</sub> emissions of the Daigas Group</td> <td></td> <td>25.63 million t / 24.63 million t*<br/>*Emissions in domestic supply chain (Scopes 1, 2 and 3)</td> </tr> <tr> <td>Percentage of renewables in our power generation portfolio in Japan</td> <td></td> <td>22.4%</td> </tr> <tr> <td>Contribution to developing renewables capacity on a global basis</td> <td></td> <td>3.17 GW</td> </tr> <tr> <td>Avoided emissions (Baseline: FY2017.3)</td> <td></td> <td>5.01 million t</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Operating LNG carriers efficiently and increasing the use of low-emission vehicles</li> <li>Accelerating low-carbon/carbon-neutral solutions by using natural gas and facilitating more widespread use of highly energy-efficient and high-value-added equipment</li> <li>Providing environmental value by disseminating high-quality solutions in the fields of information, real estate, and materials</li> </ul> | Environmental targets | KPIs based on the materiality | FY2024.3 results | CO <sub>2</sub> emissions of the Daigas Group |  | 25.63 million t / 24.63 million t*<br>*Emissions in domestic supply chain (Scopes 1, 2 and 3) | Percentage of renewables in our power generation portfolio in Japan |  | 22.4% | Contribution to developing renewables capacity on a global basis |  | 3.17 GW | Avoided emissions (Baseline: FY2017.3) |  | 5.01 million t |
| Environmental targets   | KPIs based on the materiality   | FY2024.3 results   |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |
| CO <sub>2</sub> emissions of the Daigas Group   |   | 25.63 million t / 24.63 million t*<br>*Emissions in domestic supply chain (Scopes 1, 2 and 3)  |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |
| Percentage of renewables in our power generation portfolio in Japan   |   | 22.4%  |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |
| Contribution to developing renewables capacity on a global basis  |   | 3.17 GW  |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |
| Avoided emissions (Baseline: FY2017.3)  |   | 5.01 million t   |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |

| Theme  | Items to be addressed  | Specific initiatives   |
|--|--|--|
| <p><b>Contributing to creating a resource recycling society</b></p> <p>→ p.050</p> | <ul style="list-style-type: none"> <li>Promoting 3R efforts in business activities</li> <li>Promoting 3R efforts in the value chain</li> <li>Plastic resource recycling activities</li> <li>Response to water risks</li> <li>Chemical substance management in business activities</li> </ul> | <p><b>Environmental targets</b></p> <ul style="list-style-type: none"> <li>Osaka Gas (including Network Company and core energy business companies) (1) Final disposal rate of industrial and general waste: 2% or lower, (2) Final disposal rate of soil excavated during piping works: 1% or lower, (3) PE pipe recycling rate: 100%, (4) Gas meter reuse rate: 98% or higher</li> <li>Affiliates (1) Final disposal rate of industrial and general waste: 4% or lower</li> <li>Promoting 3R efforts concerning used equipment collected from customers or business activities</li> </ul> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Osaka Gas (including Network Company and core energy business companies) (1) Final disposal rate of industrial and general waste: 1.0%, (2) Final disposal rate of soil excavated during piping works: 0.1%, (3) PE pipe recycling rate: 100%, (4) Gas meter reuse rate: 98.7%</li> <li>Affiliates (1) Final disposal rate of industrial and general waste: 3.6%</li> <li>Water usage reduced through water saving in operations</li> <li>Response to CDP's climate change and water security</li> </ul> |
| <p><b>Biodiversity</b></p> <p>→ p.053</p>  | <ul style="list-style-type: none"> <li>Promoting ecosystem conservation efforts</li> <li>Efforts to minimize impact on natural capital</li> <li>Preparing for the TNFD response</li> </ul>   | <p><b>Environmental targets</b></p> <ul style="list-style-type: none"> <li>Paying due attention to biodiversity in business activities in line with the Daigas Group Biodiversity Promotion Policy</li> </ul> <p><b>Initiatives undertaken in FY2024.3</b></p> <p>Continued efforts to avoid or reduce impacts on biodiversity in the value chain</p> <ul style="list-style-type: none"> <li>Management of ballast water</li> <li>Conservation of native seeds, seedlings, and rare species</li> <li>Utilization of native seeds and seedlings in urban development business</li> <li>Reduced excavated soil due to non-excavating method</li> <li>Education and training on biodiversity provided for local communities and customers</li> </ul>  |
| <p><b>Development of environmental technology</b></p> <p>→ p.059</p>               | <ul style="list-style-type: none"> <li>Contribution to carbon neutrality</li> <li>Utilization of unused energy</li> </ul>  | <p><b>Environmental targets</b></p> <p>Facilitating the development of technologies that will contribute to realizing a low-carbon or decarbonized society and provide a strong business foundation</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Promotion of development of methanation technology, etc.</li> <li>Promotion of development of hydrogen/ammonia combustion technology, etc.</li> <li>Expanding sales of radiative sky cooling material</li> </ul>   |
| <p><b>Green procurement and purchase</b></p> <p>→ p.098</p>                        | <ul style="list-style-type: none"> <li>Promotion of green procurement and purchase</li> </ul>  | <p><b>Environmental targets</b></p> <p>Promoting green purchase, the Green Partner Initiative,* etc. in cooperation with business partners</p> <p>*A system for evaluating proactive environmental initiatives such as building an environmental management system and obtaining certification</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>85 suppliers registered with the Green Partner Initiative</li> </ul>  |

# 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.



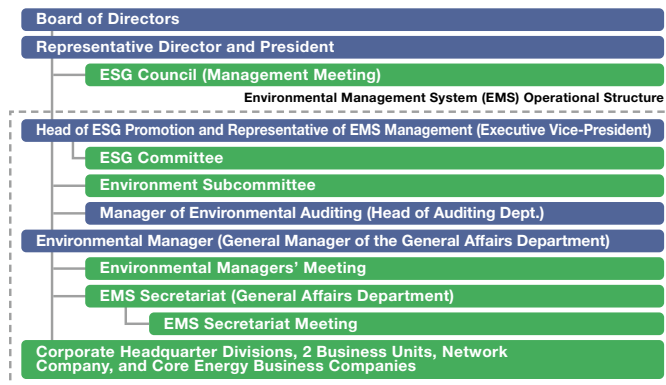
## Environmental Governance Promotion Structure

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

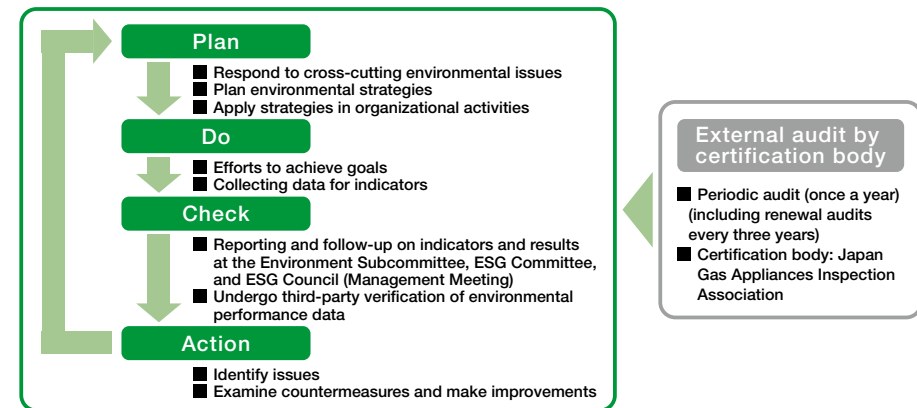


## How the Daigas Group's Environmental Management System Works

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.

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.



E-learning

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.

Verified by a third party A third-party verification has been conducted by Bureau Veritas Japan Co., Ltd.

## Environmental Impact throughout the Daigas Group Value Chain

### Main materials and fuels

|   |  |
|---|--|
| Amount of LNG procured                        | <b>6,121 thousand tons</b>   |
|   | The figure above includes the amounts of the items listed below:<br><ul style="list-style-type: none"> <li>● Materials of city gas</li> <li>● Fuels at LNG terminals</li> <li>● Fuels for power generation by Group companies</li> </ul> |
| LPG used for calorific adjustment of city gas | <b>231 thousand tons</b>   |

### Procurement of materials and fuels (Business activities by companies outside the Group)

|  |   |
|--|---|
| <b>LNG, natural gas</b><br>City gas use/power generation use/marketing use | <b>LPG</b><br>City gas use/marketing use  |
| <b>Coal, biomass</b><br>Power generation use                               | <b>Other purchased goods</b><br>Materials/consumable goods/capital goods/gas equipment for sale/electricity/gasoline and others |

### Amount of energy used

|                       |  |
|-----------------------|--|
| City gas              | <b>1,382 million m<sup>3</sup></b><br>(including gas whose calorific value has yet to be adjusted) |
| Purchased electricity | <b>494 million kWh</b>   |
| Other energy sources  | <b>11,516 TJ</b>   |

### Amount of vehicle fuel used

|          |                                  |
|----------|----------------------------------|
| Gasoline | <b>1,494 kl</b>                  |
| City gas | <b>24 thousand m<sup>3</sup></b> |
| Diesel   | <b>801 kl</b>                    |
| LPG      | <b>4 thousand m<sup>3</sup></b>  |

### Business activities by Osaka Gas

|                            |                 |
|----------------------------|-----------------|
| City gas production/supply | Business office |
| Power generation           | Heat supply     |
| LBS business               | Others*         |

\* Engineering/energy services/renovation/maintenance service/R&D etc.

### Sales, waste disposal (Business activities by companies outside the Group)

|  |                   |
|--|-------------------|
| Commuting, business trips                    | Waste disposal    |
| Product shipment                             | Leasing of assets |
| Outlets providing sales support to Osaka Gas |                   |

### Sales volume of main products

|             |                                    |
|-------------|------------------------------------|
| Gas         | <b>6,845 million m<sup>3</sup></b> |
| Electricity | <b>15,883 million kWh</b>          |

### Use at customer site

|             |                   |
|-------------|-------------------|
| City gas    | Gas appliances    |
| Electricity | Chemical products |
| LNG         | Services          |

### GHG (scope 3\*1)

|                         | Emissions (1,000 t-CO <sub>2</sub> e) |
|-------------------------|---------------------------------------|
| LNG, natural gas        | 3,386                                 |
| LPG, coal, biomass      | 179                                   |
| Other procurement items | 1,062                                 |
| <b>Total</b>            | <b>4,627</b>                          |

### GHG (scope 1 and 2)

|                                    | Emissions (1,000 t-CO <sub>2</sub> e) |            |
|------------------------------------|---------------------------------------|------------|
|                                    | Scope 1                               | Scope 2    |
| City gas production                | 34                                    | 82         |
| Business office (including supply) | 15                                    | 16         |
| Power generation                   | 4,011                                 | 20         |
| Heat supply                        | 56                                    | 34         |
| LBS and others                     | 325                                   | 173        |
| <b>Total</b>                       | <b>4,441</b>                          | <b>324</b> |

### GHG (scope 3\*2)

| Emissions (1,000 t-CO <sub>2</sub> e) |
|---------------------------------------|
| <b>97</b>                             |

GHG emissions due to energy consumption arising from various activities, including commuting of employees, business trips, transportation of products, business activities at outlets that provide sales support to Osaka Gas, disposal of own waste, disposal of product waste, and leasing of assets.

### GHG (scope 3\*3)

|                        | Emissions (1,000 t-CO <sub>2</sub> e) |
|------------------------|---------------------------------------|
| Combustion of city gas | 15,219                                |
| Combustion of LNG      | 923                                   |
| <b>Total</b>           | <b>16,143</b>                         |

Companies subject to the calculation of GHG emissions: 69 companies in total, including Osaka Gas Co., Ltd., 2 overseas subsidiaries and 66 companies among 159 consolidated subsidiaries, are subject to calculation of GHG emissions. Those housed in office buildings as tenants and whose environmental data are difficult to grasp and whose environmental effects are minimal and overseas companies, except two companies, are not subject to such calculation.

Please refer to □□ P.035 for CO<sub>2</sub> emission factors used.

### Waste

|                               | Generated | Recycled |
|-------------------------------|-----------|----------|
| General waste                 | 1,007 t   | 96%      |
| Industrial waste              | 105,439 t | 97%      |
| Excavated soil                | 566,000 t | 100%     |
| PE pipe                       | 126 t     | 100%     |
| Used gas appliances recovered | 1,498 t   | 86%      |

### Amount of water intake and water discharge Stated on □□ P.058

#### Breakdown of Scope 3 categories

\*1 Category 1-4 (purchased products, capital goods, fuel procurement, upstream transportation)

\*2 Category 5-7, 9, 12-14 (waste, business trips, commuting, leased assets, product shipment, end-of-life treatment of sold products, franchises)

\*3 Category 11 (use of sold products)



## Calculation of environmental impacts in the value chain on [P.034](#)

### ■ CO<sub>2</sub> emission factors used (GHG scopes 1 and 2)

- Electricity: 0.65 kg-CO<sub>2</sub>/kWh (Average emission factor of thermal power plants in FY2014.3, stipulated in the Plan for Global Warming Countermeasures issued by the government in 2021)
- City gas: 2.29 kg-CO<sub>2</sub>/m<sup>3</sup> (based on Osaka Gas data)
- Others: Factors listed under the Law Concerning the Promotion of Measures to Cope with Global Warming

### ■ Sources of emission factors used for calculating CO<sub>2</sub> emissions (GHG scope 3)

- Production and transmission of city gas: “Life cycle evaluation of city gas” on the website of the Japan Gas Association
- Production and shipment of LNG: Calculation of life cycle greenhouse gas emissions of LNG and City Gas 13A (papers presented at research presentation meetings of the 35th Meeting of the Japan Society of Energy and Resources, June 2016)
- Production and shipment of LPG and coal: Future forecast for life cycle greenhouse gas emissions of LNG and City Gas 13A (Energy and Resources, Vol. 28, No. 2, March 2007)
- Other main emission factors: Emission factors for calculating supply-chain greenhouse gas emissions, etc. (Database Ver. 3.3) published in March 2023 by the Ministry of Environment

### LCA comparison of GHG emissions by fossil fuel (CO<sub>2</sub> equivalents)

The chart below uses life cycle assessment (LCA<sup>\*1</sup>) to show a comparison of fossil fuel greenhouse gas emissions (as carbon dioxide equivalents), covering all processes from production to combustion. LNG is the cleanest energy of all fossil fuels in terms of GHG emissions.

### ■ Greenhouse Gas Emissions Comparison (g-CO<sub>2</sub>/MJ, Total Calorific Value)

|                        | Coal <sup>*2</sup> | Oil <sup>*2</sup> | LPG <sup>*2</sup> | LNG <sup>*2</sup> | City gas 13A <sup>*3</sup> |
|------------------------|--------------------|-------------------|-------------------|-------------------|----------------------------|
| Production             | 4.58               | 4.06              | 4.94              | 8.62              | 7.63                       |
| Transport              | 1.71               | 0.79              | 1.80              | 1.83              | 1.48                       |
| Domestic manufacturing | –                  | –                 | –                 | –                 | 0.49                       |
| Infrastructure         | 0.11               | 0.08              | 0.11              | 0.05              | 0.34                       |
| Combustion             | 88.53              | 68.33             | 59.85             | 49.40             | 50.96                      |
| Total                  | 94.93              | 73.26             | 66.70             | 59.90             | 60.90                      |
| Ratio                  | 160                | 122               | 111               | 100               | –                          |

\*1 LCA

Life Cycle Assessment. A comprehensive quantitative method of survey, analysis, and evaluation for best assessing the amount of environmental impact of products and services. The assessment covers all processes related to products and services from resource extraction to waste disposal including production, transportation, consumption, recycling, and disposal.

\*2 Source

Future Forecast for Life Cycle Greenhouse Gas Emissions of LNG and City Gas 13A (Energy and Resources, Vol. 28, No. 2, March, 2007)

\*3 Source

Emission factors related to the production and transportation of city gas: “City Gas’s Life Cycle Assessment” on the Japan Gas Association’s website. However, for domestic manufacturing, the figures are based on the Company’s emissions in FY2024.3.

## Environmental Accounting

### FY2024.3 results of environmental accounting

In FY2001.3, we introduced environmental accounting, which we see as an important tool for quantifying environmental costs and economic benefits toward more efficient environmental activities and continuous enhancement of our environmental performance. Regarding environmental conservation costs for FY2024.3, environmental investment increased from the previous fiscal year mainly due to an increase in environmental R&D-related investment, while expenses decreased from the previous fiscal year mainly due to a decrease in the amount of green purchasing. In terms of internal economic effects, cost reduction progressed due to reducing and recycling excavated soil.

We will continue to follow up on our environmental initiatives in monetary terms to ensure efficient environmental investment and expenses.

#### (1) Environmental conservation costs

| Environmental conservation costs item              |                                  |   | Investment (million yen) |          |          | Expense (million yen) |          |          |
|--|----------------------------------|---|--------------------------|----------|----------|-----------------------|----------|----------|
| Details  |                                  |   | FY2022.3                 | FY2023.3 | FY2024.3 | FY2022.3              | FY2023.3 | FY2024.3 |
| In-house activities                                | Global environment               | Capital investment in and management and labor costs incurred by energy conservation, efficient energy use, the protection of the ozone layer, etc.         | 216                      | 48       | 68       | 577                   | 597      | 493      |
|  | Pollution prevention             | Capital investment in and management and labor costs incurred by the prevention of air, water, and noise pollution  | 54                       | 6        | 5        | 49                    | 31       | 33       |
|  | Resource recycling               | Capital investment in and management and labor costs incurred by the reduction and recycling of excavated soil, waste management, etc.                      | 0                        | 2        | 0        | 32                    | 20       | 21       |
|  | Environmental management         | Costs of green purchasing, environmental education, the development of environmental management systems, the operation of environmental organizations, etc. | 0                        | 0        | 0        | 8,927                 | 4,320    | 4,265    |
|  | Other                            | Greening at plants, environmental preservation grants, etc.   | 3                        | 2        | 7        | 50                    | 15       | 18       |
| Environmental impact reduction at customers' sites | Environmental R&D                | Cost of researching and developing technologies for environmental impact reduction, environmentally sustainable products, etc.                              | 127                      | 128      | 174      | 328                   | 156      | 136      |
| Environmental impact reduction by recycling        | Recycling of used gas appliances | Cost of collecting and recycling sold gas appliances, their packaging, etc.   | 0                        | 0        | 0        | 47                    | 37       | 16       |
| Social contribution activities                     |                                  | Costs of voluntary greening, environmental advertising, the disclosure of environmental information, etc.   | 1                        | 22       | 0        | 7                     | 115      | 138      |
| Total  |                                  |   | 400                      | 208      | 253      | 10,018                | 5,291    | 5,119    |

#### (2) Internal economic benefits

|   | Economic benefits (million yen) |          |          |
|---|---------------------------------|----------|----------|
|   | FY2022.3                        | FY2023.3 | FY2024.3 |
| Saving from reducing and recycling excavated soil | 1,847                           | 1,836    | 2,585    |
| Sales of valuable resources (LNG cold heat)       | 169                             | 195      | 218      |
| Saving from conserving energy, resources, etc.    | 128                             | -940     | -69      |
| Total   | 2,143                           | 1,091    | 2,734    |

## (3) Environmental conservation results

|   | Impact per output                 |          |          | Total amount            |          |          | Reduction               |          |          |
|---|-----------------------------------|----------|----------|-------------------------|----------|----------|-------------------------|----------|----------|
|   | Unit                              | FY2023.3 | FY2024.3 | Unit                    | FY2023.3 | FY2024.3 | Unit                    | FY2023.3 | FY2024.3 |
| NOx emissions from LNG terminals in the city gas business     | mg/m <sup>3</sup>                 | 2.35     | 2.53     | t                       | 16.01    | 16.55    | t                       | 94.18    | 101.05   |
| COD at all LNG terminals                                      | mg/m <sup>3</sup>                 | 0.40     | 0.40     | t                       | 2.72     | 2.60     | t                       | 9.55     | 8.66     |
| CO <sub>2</sub> emissions from LNG terminals                  | g-CO <sub>2</sub> /m <sup>3</sup> | 16.25    | 17.37    | 1,000 t-CO <sub>2</sub> | 116.30   | 115.43   | 1,000 t-CO <sub>2</sub> | 0.00     | 0.00     |
| CO <sub>2</sub> emissions from other sites                    | g-CO <sub>2</sub> /m <sup>3</sup> | 4.35     | 4.68     | 1,000 t-CO <sub>2</sub> | 31.15    | 31.07    | 1,000 t-CO <sub>2</sub> | 34.41    | 29.80    |
| Excavated soil for final disposal                             | t/km                              | 0.00     | 0.00     | 1,000 t                 | 0.65     | 0.63     | 1,000 t                 | 22.20    | 39.90    |
| General waste for disposal                                    | g/m <sup>3</sup>                  | 0.00     | 0.00     | t                       | 11.15    | 11.11    | t                       | 1,062.40 | 985.79   |
| Industrial waste for disposal (including used gas appliances) | g/m <sup>3</sup>                  | 0.03     | 0.03     | t                       | 223.64   | 218.67   | t                       | 1,238.76 | 1,213.28 |

## (4) Social benefits of environmental conservation efforts (monetary value)

|   | FY2022.3 monetary value (million yen) | FY2023.3 monetary value (million yen) | FY2024.3 monetary value (million yen) |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| NOx emissions from LNG terminals in the city gas business     | 14                                    | 34                                    | 36                                    |
| COD at all LNG terminals                                      | 13                                    | 14                                    | 13                                    |
| CO <sub>2</sub> emissions from LNG terminals                  | 0                                     | 0                                     | 0                                     |
| CO <sub>2</sub> emissions from other sites                    | 120                                   | 121                                   | 105                                   |
| Excavated soil for final disposal                             | 447                                   | 491                                   | 883                                   |
| General waste for disposal                                    | 3                                     | 3                                     | 3                                     |
| Industrial waste for disposal (including used gas appliances) | 103                                   | 38                                    | 37                                    |
| <b>Total</b>  | <b>700</b>                            | <b>702</b>                            | <b>1,077</b>                          |

# Environmental Targets

## Principle and Outline

Contributing to regional and global environmental conservation is a pivotal mission of the Daigas Group, which is mainly engaged in the energy business. In line with its Charter of Business Conduct, Code of Business Conduct, and Environmental Policy, the Daigas Group promotes environmental conservation activities.

Having set the medium-term environmental targets for the reduction of GHG emissions from its business activities, resource recycling, and the like, we have devoted active efforts to helping increase the use of natural gas, developing and facilitating more widespread use of highly efficient equipment, including fuel cells, offering customers proposals for the use of energy-saving products and services, and introducing renewable energy.

In line with the worldwide trend toward action against climate change, we are striving to reduce GHG emissions from its business activities, including CO<sub>2</sub> and methane (CH<sub>4</sub>), to help realize a low-carbon or decarbonized society. Specifically, we devote positive efforts to reduce CO<sub>2</sub> emissions from liquefied natural gas (LNG) transportation, city gas production, and power generation. We also implement various energy-saving measures at offices.

In addition, as the trend toward decarbonization further accelerates, and as global economic stagnation and increased volatility in the energy market become apparent, it is becoming more important from the perspective of “S + 3Es”<sup>\*</sup>—the basic policy of the nation’s energy policy—to make energy carbon-neutral without compromising stability and security of energy supply.

In line with the “Carbon Neutral Vision” announced in January 2021 and “Medium-Term Management Plan 2023” in March of the same year, we are further accelerating our efforts toward lowcarbon/decarbonized business operations. In March 2023, we announced “Energy Transition 2030 (ET2030),” which provided an overall picture of the path toward low-carbon/carbon-neutral energy solutions.

We will accelerate our efforts to combat climate change toward our medium- to long-term targets.

The results for each target established based on the Daigas Group Environmental Policy and “Medium-Term Management Plan 2023” are presented below.

<sup>\*</sup> S + 3Es: safety, energy security, economic efficiency, and environment

**Environmental Targets (FY2024.3 Targets) and Results** Osaka Gas underwent a third-party verification by Bureau Veritas Japan Co., Ltd. (Verified items are indicated with an asterisk [\*].)

| Field  | Indicators   | Targets  | Target fiscal year  | FY2024.3 results                               |         |
|--|--|--|---|--|---------|
| Climate change   | CO <sub>2</sub> emissions of Daigas Group <sup>*</sup>   | Net zero emissions   | 2051.3  | 25.63 million tons                             |         |
|  |  | 27.02 million tons <sup>*1</sup><br>(5 million tons less than FY18.3)        | 2031.3  | 24.63 million tons                             |         |
|  | CO <sub>2</sub> emissions reductions from our own business activities  | Percentage of renewables in our power generation portfolio in Japan          | Nearly 50%  | 2031.3   | 22.4%   |
|  |  | Contribution to developing renewables capacity on a global basis             | 5 GW  | 2031.3   | 3.17 GW |
|  | 2.5 GW   |  | 2024.3  |  |         |
| CO <sub>2</sub> emissions reductions at customer sites and through the value chain | <ul style="list-style-type: none"> <li>Accelerating low-carbonization/decarbonization by facilitating more widespread use of highly energy-efficient and highvalue- added equipment using natural gas, renewable energy, etc.</li> <li>Operating LNG carriers efficiently and increasing the use of low-emission and other environmentally sustainable vehicles</li> <li>Providing environmental value by disseminating high-quality solutions in the fields of informatiOSSn, real estate, and materials</li> </ul> |  | Every year until 2031.3   | Please see □□ P.044 for major initiatives.     |         |
| Contribution to CO <sub>2</sub> emissions reductions across society                | Avoided emissions (Including reductions contributed at customer sites and overseas <sup>*</sup> )  | 10 million tons<br>(Baseline: FY2017.3)                                      | 2031.3  | 5.01 million tons                              |         |
| Resource recycling   | 3R (reduce, reuse, and recycle) efforts in the Group's own business activities   | Osaka Gas (including network company and the core energy business companies) | Industrial and general waste (final disposal rate) <sup>*</sup>       | 2% or lower                                    | 1.4%    |
|  |  | Affiliates   | Soil excavated during piping works (final disposal rate) <sup>*</sup> | 1% or lower                                    | 0.1%    |
|  |  |  | Soil excavated during piping works (final disposal rate) <sup>*</sup> | 100%   | 100%    |
|  |  |  | Industrial and general waste (final disposal rate) <sup>*</sup>       | 98% or higher                                  | 99.4%   |
|  |  | Value chain  | Gas meters (reuse rate) <sup>*</sup>                                  | 4% or lower                                    | 3.0%    |
|  | Promoting 3R efforts concerning used equipment collected from customers or business activities   |  |   | Please see □□ P.050-052 for major initiatives. |         |
| Biodiversity   | Paying due attention to biodiversity in business activities in line with the Daigas Group Biodiversity Promotion Policy  |  | Every year until 2031.3   | Please see □□ P.053-058 for major initiatives. |         |
| Development of technology  | Facilitating the development of technologies that will contribute to realizing a low-carbon or decarbonized society and provide a strong business foundation   |  | Every year until 2031.3   | Please see □□ P.059-062 for major initiatives. |         |
| Green procurement and purchase   | Promoting green purchase, the green partner system, etc. in cooperation with business partners   |  | Every year until 2031.3   | Please see □□ P.098 for major initiatives.     |         |

<sup>\*1</sup> Emissions in domestic supply chain (Scopes 1, 2 and 3) (Targets for FY2031.3 newly set in “ET2030”)

## New Environmental Targets

In March 2024, the Daigas Group announced Medium-Term Management Plan 2026, in which we presented our key strategy, positioning the 2024-2026 period as a period to be focused on contributing to the energy transition toward achieving carbon neutrality in 2050 and building a foundation to accelerate our initiatives for a carbon neutral society.

In addition, we revised the Daigas Group Biodiversity Promotion Policy and the Daigas Group Environmental Policy in April 2024, with reference to the National Biodiversity Strategy and Action Plan of Japan 2023-2030 formulated based on the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) in June 2021 and Kunming-Montreal Global Biodiversity Framework, which was adopted at the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) held in December 2022.

Based on these policies, we have established new environmental targets.

### Daigas Group Environmental Targets (2024-2026)

| Field  | Indicators   |  | Targets  | Target fiscal year      |        |
|--|--|--|--|-------------------------|--------|
| Climate change                               | CO <sub>2</sub> emissions of Daigas Group  |  | Net-zero CO <sub>2</sub> emissions   | 2051.3                  |        |
|  |  |  | 27.02 million tons* <sup>1</sup><br>Domestic: 5 million tons less than FY2018.3. | 2031.3                  |        |
|  | Contribution to CO <sub>2</sub> emissions reductions across society  | Avoided emissions* <sup>2</sup>  |  | 10 million tons         | 2031.3 |
|  |  |  |  | 7 million tons          | 2027.3 |
|  | CO <sub>2</sub> emissions reductions from our own business activities                                      | Renewable energy development contribution  |  | 5 GW                    | 2031.3 |
|  |  |  |  | 4 GW                    | 2027.3 |
|  |  | Percentage of renewables in our power generation portfolio in Japan                            |  | Nearly 50%              | 2031.3 |
|  |  |  |  | Nearly 30%              | 2027.3 |
|  | Contribution by development of technologies  | CO <sub>2</sub> emissions reduction in the Group company offices and vehicles                  |  | 100%                    | 2031.3 |
|  |  |  |  | 67%                     | 2027.3 |
| Promotion of e-methane practical application |  | 1% e-methane in gas grid   | 2031.3   |                         |        |
|  |  | Final investment decisions in e-methane supply chain PJ  | 2027.3   |                         |        |
|  |  | Establishing a pilot-scale (400 Nm <sup>3</sup> /h class) SOEC technology                      | 2031.3   |                         |        |
|  |  | Transition to the second phase of SOEC GI funds business                                       | 2027.3   |                         |        |
| Resource recycling                           | Osaka Gas, core energy business companies, and Osaka Gas Network   | Industrial and general waste   | Recycling rate: 98% or higher  | Every year until 2031.3 |        |
|  |  | Polyethylene (PE) pipes  | Recycling rate: 100%   |                         |        |
|  |  | Gas meters   | Recycling rate: 100%   |                         |        |
|  | Affiliates   | Industrial and general waste   | Recycling rate: 96% or higher  |                         |        |
| Value chain                                  |  | Promoting 3R efforts concerning used equipment collected from customers or business activities |  |                         |        |
| Biodiversity                                 | Identifying risks and promoting conservation initiatives through biodiversity impact assessments           |  |  | Every year until 2031.3 |        |
|  | Conserving the environment by promoting reuse of soil excavated during gas piping works                    |  | Recycling rate of soil excavated during piping works: 99% or higher              |                         |        |
| Water resources                              | Identifying water risks through water stress impact assessments and promoting water resources conservation |  |  | Every year until 2031.3 |        |
|  | Preventing water pollution   |  | Violation of environmental regulations related to water pollution: 0             |                         |        |

\*1 Emissions in domestic supply chain (Scopes 1, 2 and 3)

\*2 Calculate the estimated effect of CO<sub>2</sub> emissions reduction in one year of the calculation FY by introducing high efficiency facilities and low carbon energy, etc. to customer side and the company's business activities in and after FY2018.3.



# Actions for Climate Change

## Principle and Outline

The Daigas Group believes that climate change represents an important management challenge, and that initiatives to reduce CO<sub>2</sub> emissions are a crucial mission. In January 2021, we established and announced the “Daigas Group Carbon Neutral Vision,” indicating our vision of how we strive to become carbon neutral by 2050. In light of the global trend to address climate change, we aim to become carbon neutral by 2050 by reducing CO<sub>2</sub> emissions at the Group, customers, and their value chains, to contribute to achieving a carbon neutral society.

## Carbon Neutral Vision

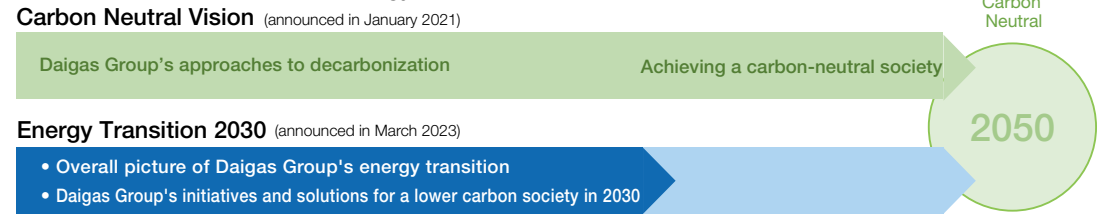
In response to the further increase in social demands for global warming countermeasures, the Daigas Group aims to become carbon neutral by 2050. We plan to reach the goal through decarbonization of our gas and electricity by introducing methanation to generate gas with renewable energy and hydrogen and by increasing the share of renewables in its power generation portfolio, in addition to continuing efforts to expand the use of natural gas to date.

## Energy Transition 2030 (ET2030)

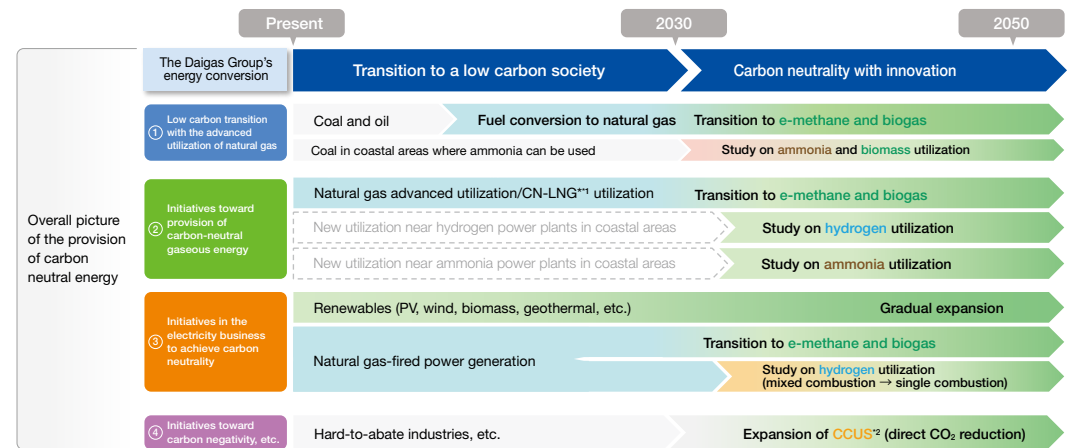
In Energy Transition 2030 (ET2030) released in March 2023, the Daigas Group outlines the overall picture of the provision of carbon neutral energy. The Group has been working on specific initiatives in accordance with a roadmap.

In order to achieve carbon neutrality, a steady transition to low-carbon energy is crucial, as a great deal of time and social cost will be required for technological innovation and the building of supply chains. It is also important to choose optimal energies and supply methods to suit the customer's energy use characteristics, such as the balance of electricity and heat use and their location. Focusing on the transition to low-carbon energy by 2030 through a shift from coal and oil to natural gas, and the seamless transition to carbon neutral energy with the introduction of e-methane and biogas in the future, we will continue to pursue carbon neutrality of power sources in ways that meet customer needs. This will include the use of hydrogen and ammonia, as well as carbon neutrality of power sources, such as renewable energy generation and zero-emission thermal power plants. [Please see our Integrated report 2024, P.32 to P.37](#) for initiatives under the Medium-Term Management Plan 2026.

### Carbon Neutral Vision and Energy Transition 2030



|                  | 2030   | 2050   |   |
|------------------|--|--|---|
| FY2031.3 Targets | Contribution to developing renewables capacity on a global basis <b>5 GW</b>                     | Percentage of renewables in our power generation portfolio in Japan <b>Approx. 50%</b> | Avoided emissions <b>10 million tons</b> (baseline: FY2017.3)                 |
|                  | Reduction of Daigas Group CO <sub>2</sub> emissions <b>5 million tons</b> (relative to FY2018.3) | e-methane <b>1% introduction</b>   | Establishment of a pilot-scale (400 Nm <sup>3</sup> /h class) SOEC technology |

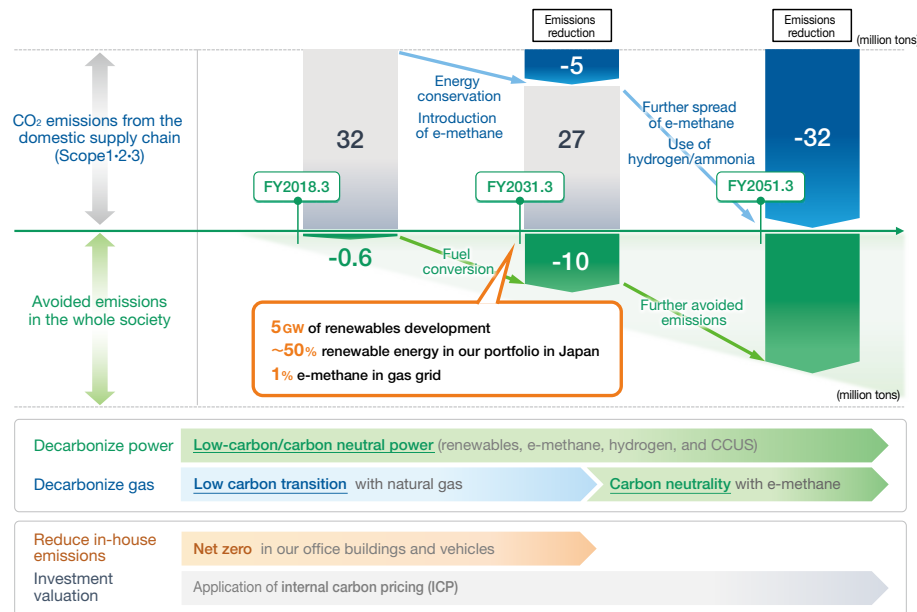


\*1 CN-LNG: Carbon Neutral LNG, which is considered to produce no CO<sub>2</sub> on a global basis when greenhouse gases emitted in the supply chain from natural gas production to combustion are offset by CO<sub>2</sub> absorbed and reduced in a separate process from the value chain.

\*2 CCUS: Carbon dioxide Capture, Utilization and Storage

## Daigas Group's CO<sub>2</sub> Emissions Reduction Roadmap

In Energy Transition 2030, we have declared targets for 2030 and 2050 regarding CO<sub>2</sub> emissions in our domestic supply chain and avoided emissions in the whole society, and presented a CO<sub>2</sub> emissions reduction roadmap. Through such measures as the 1% introduction of e-methane into existing infrastructure, we will aim to reduce the CO<sub>2</sub> emissions of the Daigas Group's supply chain in Japan by 5 million tons, and 10 million tons of avoided emissions in society as a whole in FY2031.3 through the Group's activities. After the introduction of "e-methane" in FY2031.3, we will pursue decarbonization through its wider use.

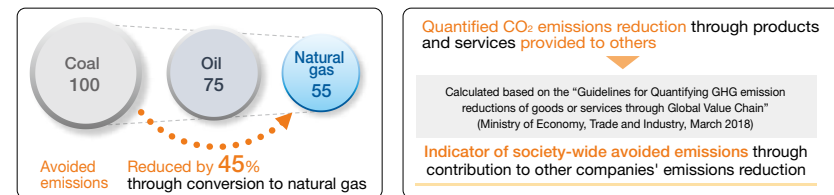


## Approach to Avoided Emissions in Society

The following sums up our approach to avoided emissions in society. For example, we can reduce approximately 45% of CO<sub>2</sub> emissions with the switch from coal to natural gas. However, if we have supplied the natural gas, our gas sales volumes increase, which means an increase in Scope 3 CO<sub>2</sub> emissions according to the GHG Protocol\*1 that is commonly used by companies to calculate their CO<sub>2</sub> emissions. For this reason, in the transition phase until 2030, our CO<sub>2</sub> emissions will increase by promoting fuel conversion from oil and coal to natural gas. On the other hand, by switching to natural gas, CO<sub>2</sub> emissions per the same calorific value will be reduced, which means that we can contribute to CO<sub>2</sub> emissions reduction in the whole society. However, under the current GHG Protocol, there is no way of evaluating the CO<sub>2</sub> reduction effect on society as a whole through contributions to other parties.

To steadily promote the transition to low-carbon/decarbonization together with our many customers, we believe that it is important to understand our progress with an indicator that shows the effect of CO<sub>2</sub> emissions reduction in the whole society (avoided emissions) and to obtain the understanding of our stakeholders.

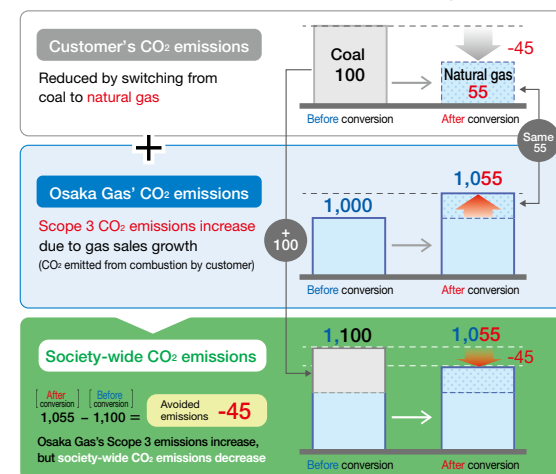
### CO<sub>2</sub> Emissions Per Same Calorific Value\*2 ■ What is "Avoided Emissions"?



\*1 International standard for calculating and reporting GHG emissions

\*2 Prepared based on the "Ordinance Concerning Calculation of GHG Emissions from Business Activities of Specified Emitters" issued by METI and the Ministry of the Environment

### Avoided Emissions Calculation Example



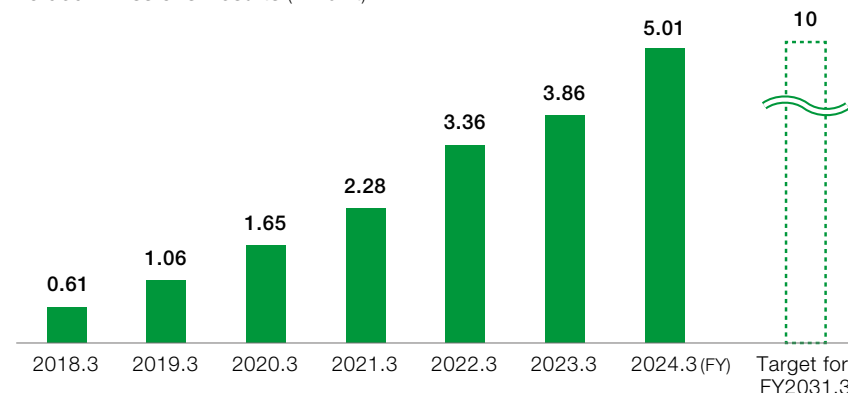
## Daigas Group's Avoided Emissions

The Daigas Group is working to introduce various low-carbon or decarbonized systems both domestically and internationally at our customers' sites and in our own business activities. The avoided CO<sub>2</sub> emission is calculated for such systems that contribute to the reduction of CO<sub>2</sub> emissions in society as a whole.



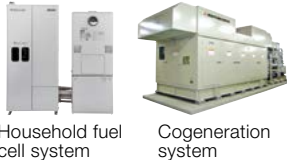



The Daigas Group contributed to a 5.01-million-ton CO<sub>2</sub> emissions reduction, as revealed by the results of calculations of the effect of reducing CO<sub>2</sub> emissions in FY2024.3 (FY2024.3 results) achieved by using the systems listed below that the Daigas Group has introduced since FY2018.3 at customer sites and in its own business activities.

The results were calculated using the stock-based approach, based on the "Guidelines for Quantifying GHG Emission Reductions of Goods or Services through Global Value Chain" (published by the Ministry of Economy, Trade and Industry in March 2018), assuming the calculation method and baseline concept shown in the table below. The calculation results were validated by a third-party review by Bureau Veritas Japan Co., Ltd.

■ Avoided Emissions Results (million t)



### ■ Calculation Method

|   | Low-carbon/<br>carbon-neutral system  | Reduction effect<br>calculation method   | Baseline concept   |  | Low-carbon/<br>carbon-neutral system  | Reduction effect<br>calculation method   | Baseline concept  |
|---|---|--|--|--|---|--|---|
| Reduction of CO <sub>2</sub> emissions from business activities | Renewable energy sources<br><br>Wind farm    Solar power plant<br><br>Biomass power plant etc. | Amount of electricity generated or procured<br>×<br>Average electricity emission factor of thermal power*                                | Substitution for thermal power generation                            | Reduction of CO <sub>2</sub> emissions at customer sites                                       | High-efficiency distributed system<br><br>Household fuel cell system    Cogeneration system      | Household fuel cell system:<br>Number of installed units × Reduction per unit<br><br>Cogeneration system:<br>Installed capacity × Reduction per unit capacity            | Substitution for conventional water heaters (boilers) and purchased electricity             |
|   | High-efficiency thermal power generation<br><br>High-efficiency thermal power plant  | Amount of electricity generated<br>×<br>Difference in CO <sub>2</sub> emission factor between high-efficiency and existing thermal power | Comparison with emission factor of existing thermal power generation |  | Expanded and advanced use of natural gas<br><br>Fuel conversion    High-efficiency water heater | Fuel conversion:<br>Amount developed × Difference in CO <sub>2</sub> emission factor<br><br>Gas-powered air conditioning:<br>Capacity sold × Reduction per unit capacity | Emissions comparison with other fuels<br><br>Substitution for conventional air conditioners |
|   | Cryogenic power generation facilities using cold heat generated in the manufacturing process of city gas  | Amount of electricity generated<br>×<br>Average electricity emission factor of thermal power   | Substitution for thermal power generation                            |  | <br>Gas-powered air conditioning   | High-efficiency water heater:<br>Number of installed units × Reduction per unit  | Substitution for conventional water heaters   |
|   |   |  |  | Proposals for energy saving (Photovoltaic power generation systems/Conversion to LED lighting) | Amount of electricity generated or saved × Average electricity emission factor of thermal power*  | Substitution for thermal power generation  |   |

\*Calculated using the average electricity emission factor of thermal power given in the Plan for Global Warming Countermeasures (approved by the Cabinet on October 22, 2021): 0.65 kg-CO<sub>2</sub>/kWh (FY2014.3)

## Efforts to achieve net zero emissions regarding the Group's CO<sub>2</sub> emissions (environmental impact throughout the Daigas Group value chain)

The Daigas Group calculated the amount of greenhouse gas (GHG) emissions from companies that constitute the Daigas Group's value chain network, based on the GHG Protocol, an international emission accounting standards. The methodology of the calculation and its results have been certified by an independent organization to verify their reliability and accuracy.

Combined GHG emissions by the Daigas Group and value chain companies, measured by CO<sub>2</sub>, totaled about 25.63 million tons in FY2024.3. The sum breaks down into about 4.77 million tons, or about 19%, for GHG emitted through business activities by the Daigas Group (Scope 1 and Scope 2), and about 20.87 million tons, or about 81%, emitted by others in our value chain (Scope 3). GHG emissions from city gas and LNG combustion on the customer side amounted to 16.14 million tons in the reporting year in terms of CO<sub>2</sub>, accounting for about 63% of the total. GHG emissions through electricity generation, as measured in terms of CO<sub>2</sub> in the year, amounted to 4.03 million tons, accounting for about 16% of the total emissions, which represented the majority of GHG emissions from the Group's own business activities. As a way of reducing GHG emissions from power generation, the Group will continue to actively introduce highly advanced energy-efficient power generation facilities and use renewable energy sources.

GHG emissions from material and fuel procurement totaled 4.63 million tons, as measured in terms of CO<sub>2</sub> in the year, accounting for about 18% of the total emissions. The procurement of energy sources, especially LNG, accounted for over 70% of that amount. Under these circumstances, we will continue our efforts to improve fuel efficiency regarding the operation of LNG tankers in collaboration with resource suppliers.

## Reduction of CO<sub>2</sub> emissions from the Group's own business activities—facilitating the development of renewable energy sources

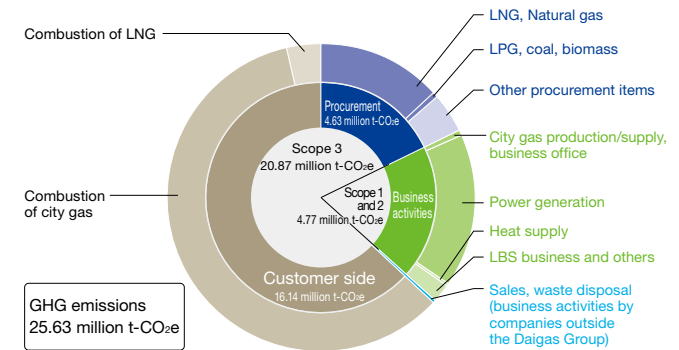
The Daigas Group aims to raise by FY2031.3 the percentage of renewables in its power portfolio in Japan to about 50% and renewables development contribution on a global basis to 5 GW. To achieve these targets, it is engaged in renewable energy businesses such as wind, solar, and biomass.

In FY2024.3, the percentage of renewables in our power portfolio was 22.4%, and renewable power development contribution was 3.17 GW.

In November 2023, we acquired a 40% stake in Sano Solar Power Plant operated by a company owned by Sonnedix Power Holdings Limited, a global renewable energy generator. As a result of the investment in the power plant, we have achieved the target set forth in the Daigas Group Medium-Term Management Plan 2023 (to increase our contribution to developing renewables capacity to 2.5 GW by FY2024.3).

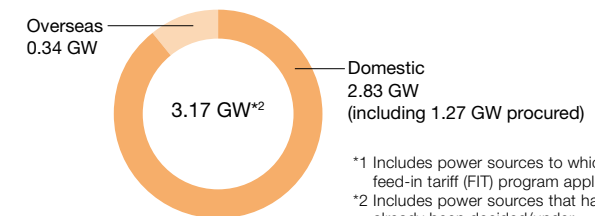
### GHG Emissions from the Value Chain (FY2024.3 results)

Please see P.034 for detailed data.



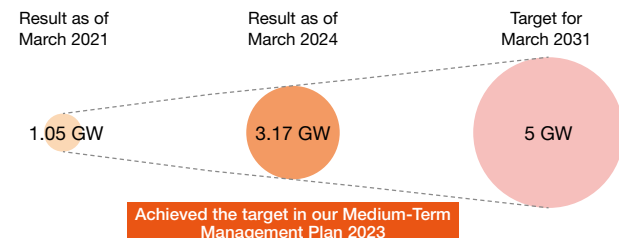
Companies subject to the calculation of GHG emissions: 67 companies in total, including Osaka Gas Co., Ltd. and 66 companies among 159 consolidated subsidiaries are subject to calculation of GHG emissions. Those housed in office buildings as tenants and whose environmental data are difficult to grasp and whose environmental effects are minimal are not subject to such calculation. Also excluded from the calculation are overseas companies, except two companies.

### Contribution to Developing Renewables Capacity on a Global Basis\*1 (FY2024.3)



\*1 Includes power sources to which the feed-in tariff (FIT) program applies  
\*2 Includes power sources that have already been decided/under construction

### Contribution to Developing Renewables Capacity on a Global basis: Targets and Results



## CO<sub>2</sub> Reduction Initiatives at Customers and in the Value Chain

The Daigas Group believes that it is important to reduce not only GHG emissions from its own business activities but also CO<sub>2</sub> emissions at customers' sites. We are seeking to assist customers in reducing their CO<sub>2</sub> emissions by popularizing the use of natural gas and developing and proposing highly energy-efficient equipment. We are also cooperating with our business partners and affiliated companies to reduce CO<sub>2</sub> emissions from logistics.

### Efforts to reduce CO<sub>2</sub> emissions in LNG transportation

In 2022, Osaka Gas began chartering the low-fuelconsumption LNG carrier Grace Freesia to achieve even greater energy savings when transporting LNG, an essential material for city gas. The new type of LNG carrier is equipped with a dualfuel low-speed diesel engine and a reliquefaction device that effectively utilizes surplus boil-off gas to further reduce fuel consumption, CO<sub>2</sub> emissions, and transport costs.



Low fuel consumption LNG carrier chartered

### Reducing CO<sub>2</sub> emissions in logistics

In Japan, the number of trucks accounts for less than 20% of the overall number of automotive vehicles, yet CO<sub>2</sub> emissions in the transportation sector are as high as about 35%. Large trucks generate particularly high emissions, so the introduction of natural gas-powered large trucks can have a significant effect on reducing CO<sub>2</sub> emissions. According to a road verification report by the Organization for the Promotion of Low Emission Vehicles (LEVO), large natural gas trucks have 12.9% lower CO<sub>2</sub> emissions than large diesel trucks. Osaka Gas is working to expand the use of large natural-gas trucks for long-distance transport between cities, and small and medium-sized natural-gas trucks for transport within municipalities.

We have also transported LNG using LNG tanker trucks fueled by compressed natural gas (CNG). These LNG tanker trucks can help reduce CO<sub>2</sub> emissions by about 7%, compared with diesel-fueled tanker trucks.

Japan's first commercial LNG station was opened in Osaka City in June 2018, allowing the start of transport using large LNG trucks. LNG features high-efficiency fuel storage, which lets trucks run for over 1,000 kilometers without refueling for further reductions in CO<sub>2</sub> emissions.



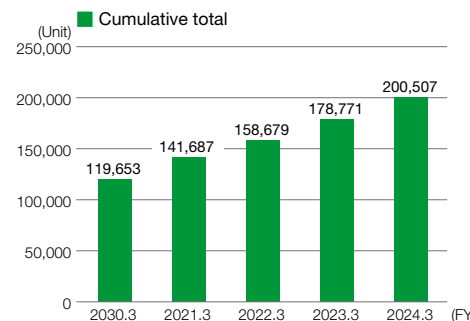
LNG tanker truck fueled by CNG

### Approaches at customer sites to reduce CO<sub>2</sub> emissions through the introduction of high-efficiency decentralized system

To help realize a low-carbon society, Osaka Gas is striving to sell and disseminate "ENE-FARM" as a co-generation system for household use that helps conserve energy and reduce CO<sub>2</sub> emissions, which generates electricity through chemical reactions between the hydrogen extracted from city gas and oxygen in the air. "ENE-FARM" is a high-efficiency energy system that makes effective use of the heat generated alongside electricity to supply hot water.

"ENE-FARM type S," launched in April 2020, attains the highest power generation efficiency in the world\*1 of 55%\*2. Moreover, the main unit has improved in durability and has been significantly downsized. It is equipped with the industry's first electric water-heating mode, which allows customers to use hot water heated by a built-in electric heater even when the supply of city gas is interrupted. As these features were highly regarded, "ENE-FARM type S" won the 7th Japan Resilience Award (2021)\*3 and other awards. Additionally, we offer various enhanced services, which have been chosen by many customers. These include IoT connection service, which benefits the user with improved convenience and security, and the surplus power purchase service "E-Share," designed to improve ENE-FARM's environmental friendliness and economical efficiency even more.

### Cumulative Sales Total of the Fuel Cell Systems



\*1 Household fuel cell system whose rated output is 1 kW or less in Lower Heating Value (LHV). (based on a survey conducted by Osaka Gas as of the end of January 2020)

\*2 Power generation efficiency when rated power generation is continued for at least three hours (e.g. under the surplus electricity purchase system). In the cases other than the above, the rated power generation efficiency is 54% (overall efficiency: 87%) in Lower Heating Value (LHV).

\*3 A system organized by the Association for Resilience Japan that discovers, evaluates, and awards advanced activities related to resilience which are being developed throughout Japan in order to build a resilient society for the next generation. The award was held for the seventh time in FY2022.3.

### Participated in the "Keidanren Carbon Neutrality Action Plan" (formerly titled "Commitment to a Low Carbon Society")

Recognizing that global warming is a global long-term issue to be solved, the Japan Business Federation (Keidanren) formulated a plan titled "Keidanren's Commitment to a Low Carbon Society" in 2013 (revised in 2017), presenting a vision common to the Japanese industries of leveraging their technological prowess to play a central role in achieving the target of reducing global GHG emissions by half by 2050. This plan envisions that each member industry should work to reduce CO<sub>2</sub> emissions from business activities and people's lives in Japan by introducing the best available technologies (BAT) to the maximum and that aspiring initiatives to stop global warming should be actively encouraged abroad. The plan also sets targets for strategically developing innovative technologies that will help achieve a breakthrough for the reduction of CO<sub>2</sub> emissions by half by 2050.

Among the industrial organizations participating in this plan, the Japan Gas Association and the Electric Power Council for a Low Carbon Society have established their own action plans to achieve a low-carbon society in the city gas industry and the electricity industry, respectively. Osaka Gas, a member of both organizations, participates in those plans for both industries and promotes initiatives to address global warming (climate change).

In June 2021, this plan was renewed as the "Keidanren Carbon Neutrality Action Plan." From now on, we will formulate a plan to achieve carbon neutrality by 2050 and promote initiatives to serve that purpose.



**A business aiming to achieve local production for local consumption of biomass fuel and a stable supply system using fast-growing trees**

In March 2019, Osaka Gas established Green Power Fuel Corporation (hereinafter, “GPF”), a joint venture company that procures and sells domestically grown woody biomass for biomass power plants, in cooperation with Seishin Shinrin Shigen Co., Ltd. and Nippon Paper Lumber Co., Ltd. The Daigas Group already operates or plans to operate seven biomass plants in Japan, including participating in operating the Matsusaka Woody Biomass Power Plant, which is fueled 100% by locally available biomass. In cooperation with Seishin Shinrin Shigen, which has abundant knowledge about forestry, and Nippon Paper Lumber, which has a long track record in dealing in domestically grown woody biomass, GPF procures and transports unused wood from woodlands in Japan as power generation fuel to ensure stable, long-term biomass supply for several biomass power plants owned or under development by the Daigas Group.

On December 17, 2021, Green Power Fuel Corporation signed a cooperation agreement with Shiso City, Hyogo Prefecture, on the utilization of fast growing trees\*1 for fuel applications, aiming for local production and consumption of biomass fuels and sustainable growth of domestic forestry. GPF decided to start a demonstration project that aims to build a stable supply system of biomass fuels using fast growing trees, in cooperation with Shiso City, which has abundant forest resources (land suitable for project operationalization). The company focuses on fast growing trees, which are expected to have shorter growth and logging cycles than those of general tree species, from the viewpoint of further increasing its biomass procurement volume and reducing cost. As the first step of this project, the company plans to examine the growth of fast growing trees and evaluate their usefulness as biomass fuels through trial planting in the forests and on abandoned cultivated land owned by Shiso City. Through this demonstration project, GPF will work to build a sustainable business model for domestic forestry by utilizing fast growing trees as fuels. In addition, by utilizing the output of this project, the company will try to realize the independent operation\*2 of biomass power plants after the purchase period under the FIT scheme expires.

\*1 A general term for trees that grow faster than the commonly planted tree species. Some representative species include Chinaberry and Chinese Fir.

\*2 Under the feed-in tariff (FIT) scheme, renewable electricity is purchased at fixed prices for 20 years at maximum. After this period, the generated electricity must be sold at market prices. For this reason, GPF aims to substantially reduce mainly transportation costs by using domestically produced fuels, thereby realizing sustainable fuel costs.

**Involvement in a forestry fund formed by the Sumitomo Forestry Group**

In July 2023, Osaka Gas announced its joint investment, along with nine other Japanese companies, in the Eastwood Climate Smart Forestry Fund I (“the Fund”) established by the Sumitomo Forestry Group.

The size of this fund is approximately USD 415 million, and the investment period is planned for 15 years. By 2027, the pooled capital will have been invested in the acquisition and management of 130 thousand hectares of forest, primarily in North America. The Fund will contribute to the realization of a carbon-neutral society by generating new absorption of CO<sub>2</sub> and the production and trading of high-integrity carbon credits. (Approx. 46 thousand hectares of forest assets acquired as of June 2024.) The value of forests as natural capital will also be enhanced, such as by maintaining biodiversity and conserving water resources. The Fund will deliver global climate benefits by supporting responsible forest management at an area and financial scale beyond that which individual companies could achieve on their own.



An example of forests purchased by the fund (Courtesy of Eastwood Forests, LLC)

**Received “Director-General of the Agency for Natural Resources and Energy Award and the Energy Conservation Center, Japan Chairman’s Award for Energy Conservation Grand Prize 2023”**

Daigas Energy Co., Ltd. received two awards in the Product and Business Model Category of the Energy Conservation Grand Prize 2023, sponsored by the Energy Conservation Center, Japan: Director-General of the Agency for Natural Resources and Energy Award and the Energy Conservation Center, Japan Chairman’s Award.

The Energy Conservation Grand Prize is awarded to business operators that promote energy conservation in companies, factories, and business places in industrial, operation, and transportation sectors in Japan, as well as to business operators who have developed products with excellent energy conservation performance, and their activities are shared widely at the award ceremony. By so doing, it aims to contribute to the spread of energy-conservation awareness, promotion of energy-saving products, development of energy-saving industries, and building an energy conservation society.

**Director-General of the Agency for Natural Resources and Energy Award in the Product and Business Model Category: “Dr.Flame,” digital combustion control system for industrial furnaces**

The system, launched in June 2022, is a digital combustion control system that is capable of precisely controlling the air ratio of gas fuel supplied to industrial furnace burners.

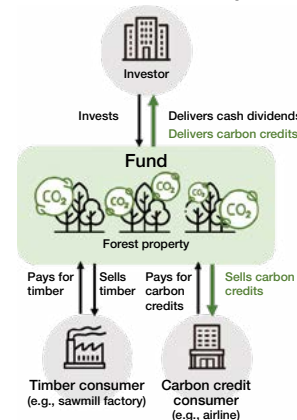
Since conventional combustion control system requires experience and skill to adjust the air ratio, it is difficult to adjust air ratio to ideal ratio. Dr.Flame is capable of automatically performing precise air ratio control over a wide range of combustion volume, making it a solution for the entire industrial furnace issues including energy conservation, CO<sub>2</sub> emissions reduction, and eliminating labor shortages.

**The Energy Conservation Center, Japan Chairman’s Award in the Product and Business Model Category: small pressure cooker for commercial use that both saves energy and reduces working hours (awarded jointly with HATTORI KOGYO K.K., which has co-developed the product)**

Launched in November 2022, this product is a compact, low-priced product that can significantly reduce energy use without spending time and effort while maintaining the same good taste.

This product is the first pressure cooker for commercial use to be certified by the Japan Gas Appliances Inspection Association (“formal certification” and “gas appliance fire prevention performance rating”).

**Structure of forestry fund**



**Osaka Gas Urban Development Co., Ltd. completed construction of its first logistics facility “MFLP•OGUD Osaka-Torishima” –environmentally friendly facility, including ZEB certification –**

Osaka Gas Urban Development Co., Ltd. completed construction of “MFLP•OGUD Osaka-Torishima” (Konohana-ku, Osaka), a joint project with Mitsui Fudosan Co., Ltd., in February 2024. “MFLP•OGUD Osaka-Torishima” is the first logistics facility project by Osaka Gas Urban Development, with solar panels installed on its rooftop that generate approximately 650,000 kWh of electricity through a corporate PPA project\*1 with Daigas Energy Co., Ltd. In addition, it supports carbon neutrality, including provision of LED lighting for indoor lighting in common and private areas and RE100-compliant green power to meet customer needs.

These environmentally friendly efforts were highly regarded, and it received the A rank of the CASBEE Osaka Mirai (Comprehensive Assessment System for Built Environment Efficiency in Osaka City) and the highest rank of ZEB certification.

DBJ Green Building Certification\*2 was also obtained.

\*1 Corporate PPA project

Long-term contracts for the purchase of renewable energy power between companies as consumers of electricity and power producers.

\*2 DBJ Green Building Certification

A certification system established by the Development Bank of Japan Inc. (DBJ) in April 2011 to support real estate with environmental and social consideration.

**Osaka Gas Urban Development Co., Ltd. has adopted ZEH-M Oriented as standard features of its condominium.**



Osaka Gas Urban Development Co., Ltd. obtained ZEH developer certification in April 2022, and has since adopted ZEH-M Oriented as standard features for its new condominium brand “Scenes.” For Scenes, efforts have been made to obtain Comprehensive Assessment System for Built Environment Efficiency (CASBEE) rank A certified, and certification as a low-carbon building (a building that contributes to the reduction of carbon dioxide emissions). In addition, the company is actively adopting energy-saving equipment such as household fuel cell system ENE-FARM, low-E double glazing, heated bathtubs, water-saving toilets, and LED lighting. Four new condominiums have been offered with ZEH-M Oriented as standard features by FY2024.3 (Ready: 1 and Oriented: 3).

**Rental apartment series “Urbanex” of Osaka Gas Urban Development Co., Ltd. obtained certification for CASBEE for Real Estate**

Osaka Gas Urban Development Co., Ltd. develops urban-type rental apartment series “Urbanex.” Urbanex Kobe Rokko obtained CASBEE for Real Estate\*1 rank S★★★★★, and Urbanex Sanadayama, Urbanex Doshin, Urbanex Kitahorie II, Urbanex Shinsaibashi II, Urbanex Shinosaka, Urbanex Kobe Mizukidori, and Urbanex Sannomiya Isobedori obtained rank A★★★★, as of April 21, 2023.

In addition to obtaining environmental certifications for its rented apartments, the company also works to obtain ZEH-M Oriented certification\*2, and to introduce renewable energy through Style Plan E-ZERO\*3.

**Rented Apartments with Renewable Energy**

| Name          | Urbanex Doshin II   | Urbanex Shinsaibashi EAST   | Urbanex Namba WEST  |
|---------------|---|---|---|
| Exterior view |  |  |  |
| Outline       | Completed in 2023<br>Total number of units: 91                                      | Completed in 2023<br>Total number of units: 70                                      | Completed in 2023<br>Total number of units: 112                                     |

\*1 CASBEE for Real Estate

CASBEE evaluates and rates the building’s environmental performance. It is a system that comprehensively assesses the building’s environmental performance including indoor comfort and consideration for the landscape, in addition to aspects of reducing environmental impact such as energy conservation, resource conservation, and recycling performance. CASBEE for Real Estate was developed to utilize the environmental assessment results of buildings in CASBEE for real estate assessment. The assessment is conducted on existing buildings that have been completed for at least one year, and buildings are scored in five categories of energy/greenhouse gases, water, resource use/safety, biodiversity/site, and indoor environment, and rated on four levels: “rank S★★★★★,” “rank A★★★★,” “rank B+★★★,” and “rank B★★.”

\*2 ZEH-M Oriented certification

ZEH is an abbreviation for “net Zero Energy House.” ZEH-M Oriented certification is obtained by reducing annual primary energy consumption by 20% or higher by achieving substantial energy conservation while maintaining the indoor environment through measures such as improving insulation performance and introducing efficient equipment, etc. in ZEH-M, the housing complex version.

\*3 Style Plan E-ZERO

Electricity price menu offered by Osaka Gas, with zero CO<sub>2</sub> emissions and consisting of 100% renewable energy.

# Disclosure Based on the TCFD Recommendations: Recognition of and Action on Risks and Opportunities

## Principle and Outline

Tackling climate change is seen as one of the Sustainable Development Goals (SDGs) adopted by the United Nations. Since the Paris Agreement came into force in November 2016, initiatives to tackle climate change are being undertaken around the world. In Japan, the country declared carbon neutral by 2050 in October 2020, making it even more important to address climate change.

For the Daigas Group, which is engaged primarily in the energy business, climate change represents an important management challenge, and initiatives to reduce CO<sub>2</sub> emissions are a crucial mission. In January 2021, the Daigas Group established and announced the “Daigas Group Carbon Neutral Vision,” indicating its vision of how it strives to become carbon neutral by 2050. In March of the same year, the Company announced its “Medium-Term Management Plan 2023.”

In March 2023, we released “Energy Transition 2030 (ET2030),” which outlines the overall roadmap for the transition to carbon neutral energy, as well as our Group’s specific initiatives and solutions we can offer our customers toward 2030. In the Daigas Group Medium-Term Management Plan 2026, announced in March 2024, we position providing carbon neutral energy as one of our key initiatives.

The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) announced in June 2017 (the “TCFD recommendations”) encourage companies to disclose climate change-related financial information to promote appropriate investment decisions by investors. Osaka Gas supports the TCFD recommendations, and utilizes them as indicators to validate its climate change response. We also participate in the TCFD Consortium\*, where discussions take place on efforts toward information disclosure on responses to climate change based on the TCFD recommendations.

\* TCFD Consortium

The TCFD Consortium was established on May 27, 2019, whose members from the Japanese private sector discuss how companies can effectively disclose information on tackling climate change and how financial institutions can use the disclosed information to make appropriate investment decisions. From the Japanese government, the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate as observers in the consortium.

## Climate Change Governance

The Daigas Group regards tackling climate change as a key management issue. Just as with other important business activities across the Group, the Board of Directors is responsible for making decisions on and supervising activities aimed at tackling climate change and other environmental issues. At the ESG Council (Management Meeting), which is held three times a year, executives discuss activity plans and activity reports related to ESG issues, including climate change issues, and submit reports to the President.

The Group also has the ESG Committee, chaired by the Executive in Charge of ESG Promotion (Representative Director and Executive Vice President), who supervises the Group’s sustainability activities, and consisting of the heads of related organizations. The ESG Committee meets three times a year for the cross-organizational deliberation, coordination, and supervision of climate-change-related issues, including the planning and promotion of related business activities, progress in achieving relevant targets, and risk management. The committee submits to the Board of Directors deliberation proposals and reports on important agenda items, such as the status of achievement of sustainability-related ESG management targets and business projects expected to sustain a major financial impact due to climate change.

Directors other than Outside Directors are paid performance-linked remuneration, and one of the performance indicators is the ESG indicators achievement coefficient. For ESG indicators, CO<sub>2</sub> emissions aimed at carbon neutrality and other climate change-related indicators are employed.

## Strategy

### Scenario analysis

The Daigas Group has been working on climate change scenario analysis that is intended to be utilized as reference material in the evaluation and preparation of countermeasures, and to understand the impact of climate change on the Group’s business on a medium- and long-term basis. For the analysis, we used the scenarios\* published by IEA.

We assessed our energy businesses (gas, electricity and related businesses in Japan and overseas) which are expected to experience the greatest impact from climate change among the Group’s businesses, assuming a multi-track scenario (1.5°C Scenario (NZE2050), 2.6°C Scenario (STEPS)\*) that takes into account the progress of energy conservation and changes in the composition of power sources, etc.

We steadily implement initiatives to increase the resilience of the Group’s businesses, while applying the suggestions gained from scenario analysis to our evaluation of medium- and long-term business strategies. Moreover, as the global response to climate change continues to progress, the scenario’s preconditions may also change in the future. We will continue to deepen our scenario analysis, renewing our assumptions in line with the latest conditions as necessary, taking into account scenarios established by external authorities.

Source: IEA “World Energy Outlook 2021”

### ■ Governance System for Climate Change



- Board of Directors  
15 Directors (8 Internal Directors and 7 Outside Directors)
- ESG Council (Management Meeting)  
1 President, 3 Executive Vice Presidents and  
8 Senior Executive Officers  
\* In principle, it is held three times per year as “ESG Council.”
- ESG Committee  
Executive Vice President (Head of ESG Promotion) and  
heads of related business units, etc.

(As of June 27, 2024)

### Recognition of risks and opportunities

Using a multi-track scenario analysis, the Daigas Group identified anticipated risks and opportunities, based on the environment surrounding its domestic and overseas energy businesses, evaluated them, and examined countermeasures in the short- to medium-term toward 2030 and the long-term toward 2050.

The Group is engaged in gas and electricity businesses, primarily in the Kansai region, which use natural gas as their main raw material and fuel. The external environment is undergoing various changes due to climate change. We have classified the major factors associated with these changes into “transition risks” and “physical risks,” and identified the major risks and opportunities. Significant risks for the Group related to climate change include the possibility that rising sea levels and natural disasters such as typhoons and torrential rains due to localized abnormal weather events, etc. may cause damage to our manufacturing/distribution equipment. In addition, it is possible that our businesses may be affected by significant increases in the carbon tax rate in Japan, or an increased desire among our customers to switch to non-fossil fuels. However, promotion of the development and spread of renewable energy and technologies for carbon neutrality also represents a significant opportunity for the Group.

The Group will pursue sustainable growth by promoting portfolio management through diverse businesses in order to respond appropriately to the identified risks and opportunities.

#### ■ Evaluation of Risks and Opportunities

|               |            | Impact on Business              |   |   |  |
|---------------|------------|---------------------------------|---|---|--|
|               |            | Scenario                        | Impact  | Short- and Medium-Term  | Long-Term  |
| Risks         | Physical   | Physical risks<br>2.6°C         | Damage to facilities arising from meteorological disasters                                | Increase in capital investment costs and insurance premiums             | Increase in facilities countermeasure costs  |
|               | Transition | Market                          | Switch to natural gas   | Increase in prices due to greater competition in LNG procurement        | Further price hikes and impediments to procurement, due to increasing competition in LNG procurement                 |
|               |            |                                 | Switch to non-fossil fuel energy  | Fall in sales of gas and thermal power                                  | Fall in sales of gas and thermal power   |
|               |            | Reputation                      | Focus of investment criteria on low-carbon or decarbonized businesses                     | Diminished capital procurement power in gas-related businesses          | Declining investment in fossil fuels businesses  |
|               |            | Policy and legal                | Introduction of a carbon tax  | Carbon tax burden on gas and thermal power businesses                   | Increasing burden with rising carbon tax rates   |
| Opportunities | Physical   | Physical Opportunities<br>2.6°C | Increase in awareness and support measures for weather disaster countermeasures           | Increase in sales of products /services with disaster response function | Expansion of decentralized energy systems  |
|               | Transition | Market                          | Switch to natural gas   | Switch to LNG in Japan; Expansion of LNG business oversea               | Switch to LNG and expansion of sales of high-efficiency equipment abroad   |
|               |            | Technology                      | Development of renewable energy and CCUS technologies                                     | Expansion of development of renewable energy sources                    | Introduction of "e-methane," expansion of renewable energy sources, utilization of thermal power generation with CCS |
|               |            | Policy and legal                | Implementation of a national policy for the mass introduction of renewable energy sources | Expansion of sales of electricity from renewable energy sources         | Expansion of sales of electricity from renewable energy sources  |
|               |            | Technology                      | Development of AI/IoT   | Participation in decentralized power sources aggregation business       | Expansion of decentralized power sources aggregation business  |

Financial impact : Small     Financial impact : Large    

#### ■ Strategies/Countermeasures for Risks and Opportunities

|               |            | Short- and Medium-Term  | Long-Term  |
|---------------|------------|---|--|
| Risks         | Physical   | ● Implement disaster countermeasures for facilities   |  |
|               | Transition | <ul style="list-style-type: none"> <li>● Diversify procurement sources</li> <li>● Develop and expand sales of renewable energy power sources in Japan and abroad</li> <li>● Engage in dialogue with investors</li> </ul> Please see the following material for our major initiatives*   |  |
| Opportunities |            | ● Investigate, develop, and verify "e-methane" technologies   | ● Full-scale introduction of CCUS/"e-methane," hydrogen, etc. and establishment of supply chains |
|               | Physical   | ● Development and sale of equipment with disaster response functions  |  |
|               | Transition | <ul style="list-style-type: none"> <li>● Develop and expand sales of renewable energy power sources in Japan and abroad</li> <li>● Develop and sell high efficiency, compact decentralized power sources (CHP, fuel cells)</li> <li>● Expand fuel switching, sales of high efficiency equipment in Japan and abroad</li> <li>● Verify and participate in the decentralized power sources aggregation business</li> </ul> Please see the following material for our major initiatives* |  |
|               |            | ● Further develop energy-saving technologies  | ● Full-scale introduction of CCUS/"e-methane," hydrogen, etc. and establishment of supply chains |

\*  Carbon Neutral Vision  Energy Transition 2030

#### Financial Impact of Climate Change Risks and Opportunities

In its Medium-Term Management Plan 2026, the Daigas Group expects to invest 100.0 billion yen in the carbon neutral field (renewable energy, e-methane, etc.) for a future earnings structure as investment for growth from FY2025.3 to FY2027.3.

The Daigas Group is actively contributing to the spread of renewable energy, and estimates that the sales impact of expanding its renewable energy business in FY2031.3 will be on the order of 100 billion yen.

It should be noted that there are uncertainties and assumptions in the above estimation of financial impact. In practice, the impact may vary significantly as a result of changes in key factors.



### Initiatives to Reduce Greenhouse Gas Emissions

Initiatives to reduce greenhouse gas emissions are a crucial mission for the Daigas Group. We focus on reducing CO<sub>2</sub> emissions, not only from our own business activities, but also from customers who use the energy we provide. In the Daigas Group Energy Transition 2030 (ET2030), we have set a target of reducing CO<sub>2</sub> emissions in our domestic supply chain by 5 million tons by FY2031.3 compared to FY2018.3, and we are taking various initiatives to reduce CO<sub>2</sub> emissions.

Under the Daigas Group Carbon Neutral Vision, we have established the goal of contributing 10 million tons per year of CO<sub>2</sub> emissions reductions in FY2031.3. This indicator will enable us to contribute to reductions throughout society, and we therefore use it as a management target linked to the Group's business initiatives. Please see □□P.038-P.046 for each initiative.

### Initiatives Ensuring Resiliency for a Carbon Neutral Society

Securing a stable supply of energy, a core social infrastructure, is one of the major climate change-driven challenges facing society as a whole. By continuing to provide a range of services, including multiple sources of clean energy such as gas and electricity utilizing technologies for carbon neutrality, disaster response equipment, and the widespread and advanced use of energy, the Daigas Group will strive to contribute to society in terms of stable supply and resilience toward a carbon neutral society.

The Daigas Group will aim to achieve both business growth and stable social infrastructure, and promote activities that contribute to reducing CO<sub>2</sub> emissions throughout society, promote the advanced use of gas, and develop technologies for carbon neutrality, in response to the growing global trend toward carbon neutrality. Please see □□P.040 for an overall picture of the Daigas Group's efforts to provide carbon neutral energy.

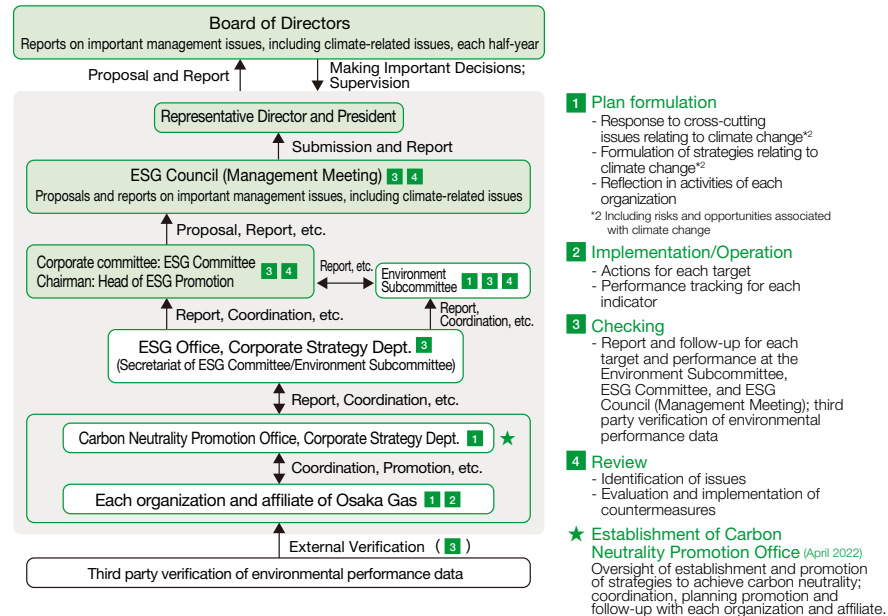
## Risk Management

When deciding on the Daigas Group's business plan and investment plan, the internal organizations responsible for the gas, electricity and other businesses analyze the risk factors and their impact on each business, distill and identify risks, and submit these together with other business risks, etc. to the Management Meeting for deliberation. Climate change risks in the formulated plans are managed through a PDCA cycle, and are reported and followed up at the Environment Subcommittee, ESG Committee, and ESG Council (Management Meeting).

Decisions on climate-related risks and sustainability, including investment decisions, are made by the Board of Directors and the Management Meeting. Matters related to climate change that were proposed or reported by March 31, 2024, included those listed right.

- Resolutions for collaboration and participation in projects for a carbon neutral society, based on the Carbon Neutral Vision
- Formulation and disclosure of Medium-Term Management Plan 2026
- Monitoring of the results for indicators used to manage climate change response, etc.

### ■ Governance/Risk Management System for Climate Change



## Indicators and Targets

The Daigas Group will proceed to contribute to radically reducing CO<sub>2</sub> emissions and realizing a carbon neutral society, through initiatives such as energy conservation, the advanced use of natural gas, and the widespread use of renewable energies.

|  | Field   | Indicators  | Targets   | Target FY |
|--|---|---|---|-----------|
| Climate Change   | CO <sub>2</sub> emissions of Daigas Group                                     |   | Net-zero CO <sub>2</sub> emissions  | 2051.3    |
|  |   |   | 27.02 million tons <sup>*1</sup><br>Domestic: 5 million tons less than FY18.3 | 2031.3    |
|  | Contribution to CO <sub>2</sub> emissions reductions across society           | Avoided emissions <sup>*2</sup>   | 10 million tons   | 2031.3    |
|  |   |   | 7 million tons  | 2027.3    |
|  | CO <sub>2</sub> emissions reductions from our own business activities         | Renewable energy development contribution                                 | 5 GW  | 2031.3    |
|  |   |   | 4 GW  | 2027.3    |
|  |   | Percentage of renewables in our power generation portfolio in Japan       | Approx. 50%   | 2031.3    |
|  |   |   | Approx. 30%   | 2027.3    |
|  | CO <sub>2</sub> emissions reduction in the Group company offices and vehicles |   | 100%  | 2031.3    |
|  |   |   | 67%   | 2027.3    |
| Contribution by development of technologies              | Promotion of e-methane practical application                                  | 1% e-methane in gas grid  | 2031.3  |           |
|  |   | Final investment decisions in e-methane supply chain PJ                   | 2027.3  |           |
|  | Promotion of methanation technology development                               | Establishing a pilot-scale (400 Nm <sup>3</sup> /h class) SOEC technology | 2031.3  |           |
| Transition to the second phase of SOEC GI funds business |   | 2027.3  |   |           |

<sup>\*1</sup> Emissions in domestic supply chain (Scopes 1, 2 and 3)

<sup>\*2</sup> Calculate the estimated effect of CO<sub>2</sub> emissions reduction in one year of the target FY by introducing high efficiency facilities and low carbon energy, etc. to customer side and the company's business activities in and after FY2018.3.



# Contributing to the Resource-Recycling Society

## Principle and Outline

With the aim of creating a recycling-oriented society, the Daigas Group strives to minimize waste emissions through efficient use of resources throughout its business activity value chain and through resource recycling by means of promoting the 3R + Renewable efforts. The Group also strives to conserve water through appropriate use of water and wastewater management.

More Specifically, Daigas Group is thoroughly implementing the 3Rs (reduce, reuse, recycle), cutting its resource consumption and waste generation, and endeavoring to reuse and recycle used resources. We are recycling resources throughout our business activity value chain by such means as striving for zero emissions at LNG terminals, reusing gas meters, recycling gas pipe materials, reusing excavated soil from gas pipe installation, and recycling used gas equipment.

## Consumption of Resources by Daigas Group

### Recycling of used gas pipes

The polyethylene (PE) pipes waste material generated at work sites is mainly used as covers to protect gas pipes and as post markers to indicate the location of supply pipes. In FY2024.3, 127 tons of polyethylene (PE) pipe waste was generated and all was reused. Metal pipes, such as steel and cast-iron pipes, are sold to electric furnace manufacturers and recycling companies, who use them as raw materials for products.

### Reusing of gas meters

To measure the amount of gas used by customers, Osaka Gas has installed approximately 7.4 million gas meters. Under the Japanese Measurement Law, these devices must be replaced every 10 years.\*1

After 10 years in use, gas meters are repaired (taken apart, inspected, and fixed) to make them perform as well as new ones. They are then installed at customer sites. In the past, this type of repair was conducted a third time to give the gas meters a total lifespan of 40 years. After conducting evaluations including durability tests\*2 jointly with the gas meter manufacturers, we came to a decision that these gas meters can be used another 20 years if twice of additional repairs are conducted. Based on the result, the Company has decided to increase the maintenance of gas meters by two times since FY2010, and to use them for 60 years.

As a component material, around 2 kg\*3 of aluminum is used in each gas meter body. Reusing gas meter reduce 80%\*4 of CO<sub>2</sub> emissions, that includes CO<sub>2</sub> emission that would have been emitted in the process of casting a new gas meter body, giving a cumulative total reduction of 85,000 tons over the next 20 years, compared with producing new meters.

\*1 Replacement of meters: Some exceptions apply. (Meters from #25 or higher need to be replaced every seven years)

\*2 Durability test: Cyclic tests, accelerated temperature tests, etc.

\*3 Calculation of aluminum use: A body of gas meter contains approximately 2 kg (average of from #2.5 to #6) of aluminum.

\*4 Calculation of CO<sub>2</sub> emissions: Calculated with new meters also using regenerated aluminum.

### Electronic issuance of a manifest certifying waste disposal via the Daigas Group's e-Cycle system

The Daigas Group operates a proprietary "e-Cycle" system that links appliance sales agents, collection and transportation companies, and disposal companies via the Internet. This system

enables prompt confirmation of "manifests," which certify that used equipment collected by sales agents has been appropriately handled by the shipping companies and the disposal companies.

The manifest is electronically issued, as the Daigas Group's e-Cycle system is connected to the Japan Industrial Waste Information Center (JWNET) through the EDI.\*

\* EDI

EDI stands for electronic data interchange. Electronic data are exchanged between the JWNET and Osaka Gas's e-Cycle system.

### Compliance with the Home Appliance Recycling Law

The Daigas Group appropriately disposes of gas air conditioners for household use and clothes dryers, covered by the Home Appliance Recycling Law, in line with the law. In FY2024.3, about 106 tons of gas air conditioners for household use were collected, and 91% of them were recycled, higher than the minimum mandatory recycling rate of 80%. The amount of clothes dryers collected during the same year came to about 17 tons, 91% of which was recycled, far above the mandatory recycling rate of 82%.

#### ■ Air Conditioners

|                                  | FY2020.3 | FY2021.3 | FY2022.3 | FY2023.3 | FY2024.3 |
|----------------------------------|----------|----------|----------|----------|----------|
| Number of units recycled (units) | 4,348    | 3,656    | 2,921    | 2,755    | 2,645    |
| Gross weight recovered (t)       | 177      | 147      | 118      | 111      | 106      |
| Weight recycled (t)              | 161      | 134      | 107      | 101      | 97       |
| Recycling rate (%)               | 91       | 90       | 90       | 91       | 91       |

#### ■ Clothes Dryers

|                                  | FY2020.3 | FY2021.3 | FY2022.3 | FY2023.3 | FY2024.3 |
|----------------------------------|----------|----------|----------|----------|----------|
| Number of units recycled (units) | 476      | 523      | 393      | 445      | 408      |
| Gross weight recovered (t)       | 19       | 21       | 16       | 19       | 17       |
| Weight recycled (t)              | 17       | 19       | 15       | 17       | 15       |
| Recycling rate (%)               | 88       | 89       | 90       | 90       | 91       |

### Environmentally Conscious Procurement

The Daigas Group aims to contribute to the development of a sustainable society and believes that environmental and social consideration is important in procurement. We have established the Daigas Group Procurement Policy, and are promoting purchasing activities based on the Daigas Group Environmental Policy.

Considering the balance between economic conditions and the reduction of environmental impact, we are promoting green purchasing that prioritizes the purchase of products and services with the lowest possible environmental impact throughout their product life cycle, from resource extraction to waste disposal, from business operators who strive to reduce their environmental impact.

#### ■ Main examples

By replacing the plastic folder opening packs (distributed 587,500 packs/year) that are provided when gas is opened at customers' homes with paper folders, we have reduced approximately 13 tons of plastic.

Before change



After change



We have adopted “waterless printing\*” in our Group’s brochure to present corporate profile (issued 10,000 copies/year) for the first time.

\* Waterless printing is a printing method that produces no harmful waste fluid. This method is also effective in reducing CO<sub>2</sub> emissions including VOCs (volatile organic compounds) in the print production process. (Source: Japan Waterless Printing Association website)



We promote environmentally friendly purchasing in our “SOLOEL Purchasing Convenience Book,” a product catalog purchasing system for Group companies, by introducing environmentally friendly items available through SOLOEL external catalogs (ASKUL, Biznet). Such items include “HOTAMET,” an environmentally friendly helmet made from scallop shells. Approximately 14,000 out of 33,000 items (approx. 42%) offered by ASKUL, and approximately 12,000 out of 30,000 items (approx. 40%) offered by Biznet are environmentally friendly products.



## Chemical substance management

### Legal compliance and proper management

There are very few hazardous chemicals handled by the Daigas Group during the processing and supply of natural gas. The Group will continue to manage and reduce the amount of chemicals it uses under the policies shown below.

#### ■ Daigas Group Chemical Substance Management Principles

1. We comply with laws and environmental regulations concerning the use of chemical substances.
2. We use ISO 14001-compliant and other environmental management activities to step up management and decrease emissions of chemical substances.
3. We disclose information on chemical substance management mainly on our website.

## Soil and groundwater conservation



### Inspecting soil and groundwater on former coal gas production sites

In compliance with relevant laws and regulations, Osaka Gas has checked the possibility of soil pollution at former coal gas production sites by measuring the amount of specified chemical substances contained in the soil and groundwater taken from the sites and assessing their impact on the sites and surrounding areas. The results of the surveys have been disclosed and response measures have been implemented where necessary. For example, when chemical substances (mainly cyanide compounds and benzene) in excess of the maximum amount allowed under the Soil Contamination Countermeasures Law were found, the incidents were reported to administrative authorities and adequate measures, including removal and cleaning the problematic soil, were taken promptly. Before changing the form of land, we conducted surveys based on relevant laws and regulations, followed by implementing appropriate response measures, including disposing of the contaminated soil and on-site containment of the soil. We have issued press releases regarding the results of investigations and the response measures, all of which have already been implemented. We will continue to take necessary measures based on the Soil Contamination Countermeasures Law.

### Management of asbestos

The status of asbestos use at major facilities and buildings of the Group, and in its gas equipment, is given below.

| Gas manufacturing and supply facilities  | Gas equipment, combustion equipment  | Daigas Group's buildings   |
|--|--|--|
| Asbestos is not used in new facilities. The asbestos used in existing facilities as installed does not disperse into the air. When these facilities are serviced or reclaimed, nonasbestos material will be used in place of asbestos. | Asbestos is not used in new gas equipment or combustion equipment. Some of the gas equipment sold in the past used asbestos in gaskets or the like, which does not disperse into the air under ordinary conditions of use. | Measures to systematically eliminate spray-on asbestos insulation in buildings have been completed. Showrooms and other open spaces visited by customers do not use spray-on asbestos. |

## Compliance with the Act on Promotion of Recycling of Plastic Resources

The Daigas Group promotes resource recycling efforts through the promotion of the 3Rs (reduce, reuse, and recycle) plus renewable with the aim of creating a recycling-oriented society.

With regard to plastic resources, we are actively implementing material recycling in our business supply chain, including 100% recycling of waste polyethylene (PE) pipes, which are gas pipe materials, and recycling of resin used for gas alarms.

We will also continue our efforts to minimize the amount of landfill waste and other waste finally disposed of by effectively utilizing waste from other plastic products as thermal energy by, for example, converting it into refuse paper & plastic fuel (RPF).

## Management of waste containing PCBs

### Proper management and disposal of PCBs in line with government policy

Every company in the Daigas Group manages and disposes of waste containing PCBs in accordance with Japan's Act on Special Measures for Promotion of Proper Treatment of Polychlorinated Biphenyl (PCB) (PCB Special Measures Act). All capacitors and transformers with a high density of PCBs over 10 kg were disposed of by FY2013.3. All ballasts and other equipment that contain PCBs were also disposed of by the statutory processing deadline. Low-density PCBs have been consigned to approved decontamination facilities since FY2014.3 in a systematic process of disposal.

Going forward, we will continue to store and dispose of PCBs properly, in accordance with the government's disposal schedule and policies.

## Gas appliance eco-design

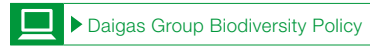
### Conform with all laws and take the environment into consideration, such as by restricting the use of chemical substances

July 2006 was the start of the RoHS Directive, which restricts the use of specified substances, such as lead and cadmium, in appliances. Also in July 2006, in Japan the revised Law for the Promotion of Effective Utilization of Resources went into effect, obligating companies to label products as containing the six specific hazardous substances of the RoHS Directive according to J-MOSS, the JIS standard for the labeling of electrical and electronic products containing chemical substances.

In line with the measures propelled in the automobiles and home appliances sectors, we are working together with gas appliance manufacturers on the development of environmentally-friendly gas appliances and its labeling. The Daigas Group currently does not manufacture or sell gas appliances containing any of the specified substances that require labeling under J-MOSS. The Group abides by Japanese regulations on chemical substances (the Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances, and the Law for the PRTR and Promotion of Chemical Management). We also engage in independent evaluations of chemical management according to the RoHS Directive and are working to reduce chemical substances outlined therein.

# Biodiversity

## Principle and Outline



Believing that the many blessings of biodiversity are essential for the promotion of the Group’s business, the Daigas Group in April 2010 established the “Osaka Gas Group Biodiversity Promotion Policy,” which was revised to the Daigas Group Biodiversity Promotion Policy in March 2018. Subsequently, we made revisions to the Daigas Group Biodiversity Promotion Policy in April 2024 to clearly state that we will work to “understand our dependence and impact on biodiversity, as well as the risks and opportunities that come with them,” and to “avoid or minimize our impact on biodiversity.” Prior to the revisions, we referred to Japan’s National Biodiversity Strategy 2023-2030 formulated based on the launch of the Taskforce on Nature-related Financial Disclosures (TNFD)\* in June 2021 and Kunming-Montreal Global Biodiversity Framework, which was adopted at the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) held in December 2022. The Group have begun to identify the relevance (dependencies/impacts) between nature and our business as recommended by the TNFD and to study our response, in line with the Policy. Through its business activities, the Group intends to offset its negative impacts on biodiversity and aims to build a nature-positive society.

\* An international organization, originally conceived at the Annual Meeting of the World Economic Forum (known as the Davos Meeting) in 2019. It requires companies to disclose and act on their nature-related dependencies and impacts, and risks and opportunities.

## Start of Study for TNFD Response

The recognition that natural capital is in crisis has been shared globally, as it was reported at the World Economic Forum that more than half of the world’s GDP (approximately 44 trillion US dollars) has been potentially threatened by the loss of nature. In response to this situation, “nature positive,” a global societal goal to halt the loss of nature and put it on a recovery track by 2030, and achieve a society in harmony with nature by 2050, was established. Recognizing that companies are required to make efforts to contribute to achieving that goal, the Daigas Group has embarked on an analysis and assessment in line with the LEAP approach\*, recommended by the TNFD, in studying nature-related dependencies, impacts, risks and opportunities.

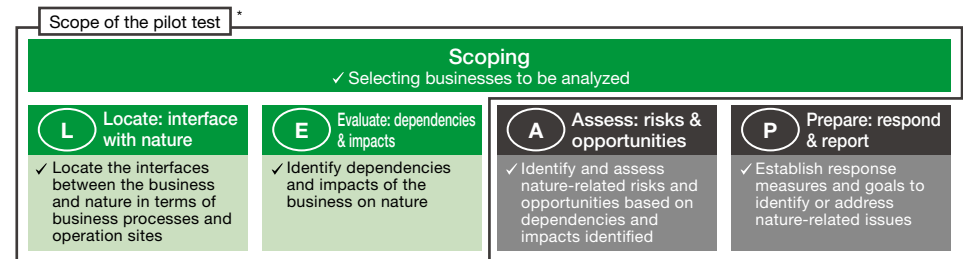
\* A methodology developed by the TNFD to enable assessment of nature-related issues in corporate activities such as interfaces with nature, dependencies and impacts on nature, and nature-related risks and opportunities.

## TNFD and LEAP approach

Taking into consideration the Group’s business scale and the degree of its dependencies and impacts on biodiversity, we included the direct operations of the Group’s domestic and international energy (LNG utilization) business in the scope of analysis under the LEAP approach. In the analysis, items related to Locate (interface with nature) and Evaluate (dependencies & impacts) were pilot tested within the scope of the LEAP approach.

As for governance, our biodiversity-related initiatives are managed and supervised under the same system as for climate change. Please see “Disclosure based on the TCFD Recommendations” (P.047) for details.

### Pilot Test Process Using the LEAP Approach



\* L (Locate) and E (Evaluate) processes were analyzed and assessed this time.

## Analysis result 1 Dependencies and impacts on nature

Under the LEAP approach, we used ENCORE,\* one of the analysis tools recommended by the TNFD, to analyze the ecosystem services of the business analyzed and their relationship to natural capital in terms of potential dependencies and impacts. We also created a heat map showing the dependencies and impacts relationship between the business analyzed and nature, based on the results of the ENCORE analysis.

As a result of the ENCORE analysis, in the nature impacts category, the impact on nature through GHG emissions was assessed as high, in common except for the storage process in the gas business. For the production process, the impact was assessed as high in the category of impacts on nature through input such as the use of terrestrial and freshwater biological systems.

In the category of dependencies on nature, it was assessed that the businesses analyzed were commonly dependent on the supply service of surface water and underground water. The transportation process was also assessed as being dependent on the climate control services through ocean currents and wind. The ENCORE data used in the analysis (as of April 2024) did not include the impacts by invasive species in the assessment metrics. However, we are aware of their impacts on nature in the Group’s businesses, and will continue our existing initiatives.

\* A tool jointly developed by UNEP-FI, UNEP-WCMC, and Global Canopy that can be used to identify the general dependencies and impacts of each business process relevant to a company.

**Heat Map Showing Dependencies and Impacts of the Business on Nature\*1**

| Business category    |                  | Dependencies on nature |                   |   |                    |                 |               |                        |   |                            |
|----------------------|------------------|------------------------|-------------------|---|--------------------|-----------------|---------------|------------------------|---|----------------------------|
|                      |                  | Supply services        |                   | Adjustment and maintenance services       |                    |                 |               |                        |   |                            |
| Name of business     | Category         | Water                  |                   | Removal/mitigation of hazardous substance | Atmosphere-related | Water-related   |               | Land-related           | Other                                   |                            |
|                      |                  | Surface water          | Underground water | Decomposition function                    | Filtration         | Climate control | Water quality | Water flow maintenance | Slope stabilization and erosion control | Flood and storm prevention |
| Gas business         | Transportation*2 | H                      | H                 | —   | —                  | VH              | M             | M                      | M                                       | H                          |
|                      | Storage          | —                      | —                 | —   | —                  | VL              | —             | —                      | L                                       | M                          |
|                      | Production       | H                      | VH                | M   | M                  | M               | H             | —                      | M                                       | H                          |
|                      | Supply           | —                      | —                 | VL  | VL                 | M               | VL            | VL                     | H                                       | M                          |
| Electricity business | Power supply     | VH                     | M                 | VL  | L                  | VL              | L             | M                      | L                                       | M                          |

| Business category    |                  | Impacts on nature             |                              |                          |              |               |                        |                  |                   |              |                                   |
|----------------------|------------------|-------------------------------|------------------------------|--------------------------|--------------|---------------|------------------------|------------------|-------------------|--------------|-----------------------------------|
|                      |                  | Input                         |                              |                          |              | Output        |                        |                  |                   |              |                                   |
| Name of business     | Category         | Use of terrestrial ecosystems | Use of freshwater ecosystems | Use of marine ecosystems | Use of water | GHG emissions | Non-GHG air pollutants | Water pollutants | Soil contaminants | Solid wastes | Disturbance (disturbance to life) |
| Gas business         | Transportation*2 | H                             | VH                           | VH                       | —            | VH            | H                      | H                | H                 | M            | H                                 |
|                      | Storage          | H                             | —                            | —                        | —            | —             | —                      | L                | L                 | —            | —                                 |
|                      | Production       | VH                            | VH                           | VH                       | VH           | VH            | VH                     | H                | H                 | H            | H                                 |
|                      | Supply           | H                             | H                            | H                        | H            | VH            | M                      | H                | H                 | M            | —                                 |
| Electricity business | Power supply     | —                             | H                            | —                        | VH           | VH            | H                      | H                | H                 | H            | H                                 |

**Analysis result 2 Interface with important areas in relation to natural capital**

In addition to identifying dependencies and impacts on natural capital in the Group’s businesses, we identified areas requiring attention\*2 in the Group by using a tool\*1 recommended as an assessment perspective in the TNFD, with the aim of understanding the relationship between the Group’s operation sites and the surrounding natural environment.

The results of the analysis showed that five of our domestic and overseas sites (overseas offices and domestic LNG terminals and power plants) are located in protected areas and areas of biodiversity importance, and we have identified them as falling under areas requiring attention.

As for water stress assessment of our business sites, Osaka Gas has been compliant with CDP,\*3 a global environmental protection organization that evaluates environment-related strategies and initiatives of companies and other organizations, and we conducted water stress assessment using Aqueduct at our sites, including office sites not covered by the LEAP approach. As a result, business sites covered by the LEAP approach were not located in areas of high water stress. We found that several business sites not covered by the LEAP approach were located in areas of high water stress, mainly overseas sites. Since businesses at these sites do not use a large amount of freshwater, the Group considers them to be areas of low priority for response while identifying them as areas requiring attention.

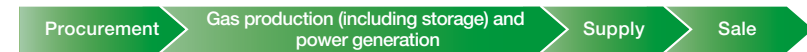
Furthermore, we studied trends in the state of the natural environment at our business sites using Biodiversity Risk Filter of WWF, and found that tree cover is on a decreasing trend in the surrounding areas at our overseas sites. The study results suggested that the ecosystem condition tends to deteriorate in the surrounding area of sites in Japan. We will analyze these trends to see how they relate to our business and assess the effectiveness of environmental impact reduction measures through our various existing initiatives.

\*1 Area where activities in the organization’s direct operations (or in the entire value chain) interface with environments assessed as requiring attention based on each standard. Standards defined by the TNFD are “biodiversity importance,” “ecosystem integrity,” “water stress,” and “importance of ecosystem services supply.”

\*2 We used four tools: IBAT (Integrated Biodiversity Assessment Tool), Global Forest Watch, BRF (Biodiversity Risk Filter), Aqueduct (WRI Aqueduct Water Risk Atlas and Tools). These tools help us to identify areas requiring attention.

\*3 Non-governmental organization (NPO) managed by UK charity. It runs the global information disclosure system for investors, companies, states, regions, and cities to manage their environmental impacts.

**Relationship between the Daigas Group’s Businesses and Nature Based on the LEAP Approach (Conceptual Diagram)**



**Ecosystem services we depend on**

- Water resources
- Climate control functions
- Slope stabilization and erosion prevention functions
- Flood and storm prevention functions

**Impact drivers on nature**

- Use of terrestrial, marine, and freshwater ecosystems
- GHG and non-GHG emissions
- Water use
- Water pollution
- Soil contamination
- Solid wastes
- Disturbance
- Invasive species

- VH ... Very High
- H ... High
- M ... Medium
- L ... Low
- VL ... Very Low
- ... Not Detected

\*1 Created in April 2024 using ENCORE. A heat map is created for each business and supply chain (if multiple processes can be considered, the assessment with higher impact is adopted as the result.) [Example of integration]: If there are two processes upstream of Business A, and L and VH are shown in impacts category A, then assessment is determined to be VH. Items that were assessed as ND in all categories of dependencies and impacts were excluded.

\*2 Since the same process and assessment results apply to those for electricity business, they are omitted in its section.



### Present and future initiatives

In terms of the dependencies and impacts on natural capital identified in ENCORE, the Daigas Group has implemented a wide variety of activities to conserve biodiversity and reduce impacts on nature, including conducting environmental assessments and activities to conserve biodiversity. In the energy business, we conduct ballast water management during transportation by LNG tankers, and appropriately use water resources and control water discharge at our power plants and LNG terminals. Please see P.055-P.058 for more information on our initiatives.

Going forward, we will conduct analysis and assessment in accordance with “Assess” (risks & opportunities) and “Prepare” (respond & report) of the LEAP approach based on “Locate” (interface with nature) and “Evaluate” (dependencies & impacts) obtained from the LEAP approach, as well as the business process specific to the Group’s business and the status of our initiatives, and strive to proactively disclose information.

### Efforts live up to the Policy

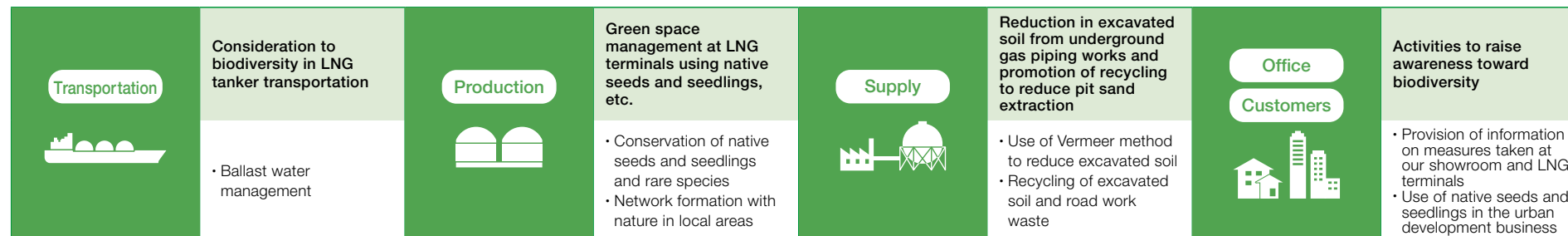
The Daigas Group has been striving to conserve biodiversity through various measures, including protecting rare native plants growing on the LNG terminal sites, reusing soil excavated during gas piping works, building multi-level gardens at the experimental residential complex NEXT 21,\* and planting trees in Japan. Since we formulated the Daigas Group Biodiversity Promotion Policy in April 2010, we have made positive efforts in line with this policy and actively provided information thereon. Our efforts to conserve biodiversity, have been made under the guidance of government and research institutes, outside experts, and external consultants. Since 2003, Osaka Gas has been participating in the Keidanren Nature Conservation Council as a member company; we also participate in the Keidanren Initiative for Biodiversity Conservation to collaborate with stakeholders, including the government and regulatory bodies. Based on its Green Purchasing Guidelines (formulated in 2000, revised in 2022), Osaka Gas works with business partners to promote green purchasing: prioritized procurement of biodiversity-friendly goods and construction works that have less impact on the environment.

In the Daigas Group, every new investment and development project, whether in Japan or abroad, follows an environmental impact assessment at the planning stage when required by law. We survey the water environment, flora and fauna on land, and ecosystems to assess environmental impacts and take necessary measures to achieve a sustainable society. We have set environmental targets in line with our environmental management system (EMS) and the Group Medium-Term Management Plan 2026, both of which are aimed at the complete implementation of the Daigas Group Environmental Policy. These environmental targets also include paying due consideration to biodiversity in business activities.

\*Experimental Residential Complex “NEXT 21”

The “NEXT 21” was constructed in October 1993 by Osaka Gas to propose an ideal neo-futuristic urban multiple-unit housing under the concept of “Achieving both comfortable and convenient life and energy-saving/ environmental preservation.” With Osaka Gas’s employees and their families actually living there, NEXT 21 has conducted demonstrative experiments based on the themes that are in tune with the times. Such themes include energy saving for the entire building, reducing its CO<sub>2</sub> emissions, greenery restoration and environmental symbiosis in urban areas, ideal forms of residence that reflect diverse lifestyles, and product development. Also, many proposals and presentations that may lead to ideal multiple-unit housing in the future have been made at a time when the liberalization of the energy market is advancing. Some of the proposals have been commercialized.

### Daigas Group’s Biodiversity Efforts in the Value Chain



**Biodiversity conservation activities**

The Daigas Group is committed to helping build a society harmonious with nature that can conserve biodiversity and enjoy the bounties of nature into the future, and will undertake efforts that promote the conservation of biodiversity and sustainable use, based on the “Daigas Group Biodiversity Promotion Policy.” We promoted the following initiatives in FY2024.3.

**Transportation** We manage ballast of LNG tankers we use in accordance with regulations of the country where the port of call is located. In addition, our tankers are equipped with water-processing facilities that meet the conditions set under the International Convention for the Control and Management of Ships’ Ballast Water and Sediments stipulated by the International Maritime Organization (enacted in September 2017). We have reduced the impact of ballast on ecosystems by, for example, replacing ballast taken on at a Japanese port with water from the open ocean before releasing the ballast in a foreign port.

**Production** At our LNG terminals (Senboku LNG Terminals I and II, Himeji LNG Terminal), green areas were managed in a way that contributes to biodiversity through native seeds and seedlings utilization, etc. In addition, biotopes were created, which also serve as refuge for rare species, and biodiversity monitoring studies were conducted at LNG terminals in collaboration with external experts.

**Supply** The Daigas Group works to reduce the amount of excavated soil and waste asphalt generated as a result of gas pipe installation, which contributes to reduce impact on the ecosystem. Ways to achieve this include the Vermeer method, which requires soil excavation of only two points, and the shallow pipe installation method. In FY2024.3 these methods allowed us to reduce the amount of excavated soil generated by approx. 399 thousand tons compared to what would have been generated using conventional methods. Our soil and asphalt recycling system promotes the reuse of waste asphalt and excavated soil as either recycled asphalt, regenerated roadbed material, or improved soil. These efforts allowed us to recycle 98% of material excavated during gas pipeline construction in FY2024.3 and send to final disposal approx. one thousand tons.

\* Since April 2022, the city gas supply business has been conducted by Osaka Gas Network Co., Ltd.

**Business office Customers** We conduct community and environmental communication, as well as environmental education in collaboration with local educational institutions, in approximately 100 m<sup>2</sup> of rice paddies and 12 m<sup>2</sup> of fields created on the roof of its own facilities. In addition, our group company engaged in urban development projects is working on planting plants that take biodiversity into consideration at its facilities and the condominiums they develop, encouraging interaction with the local community and creating connections between people and the city.

**Habitat creation for biodiversity: Use of native seedlings in green space management at LNG terminals**

At Osaka Gas LNG terminals, we are conducting afforestation activities that recreate the area’s original ecosystems and are capable of supporting a high level of biodiversity. We are also regularly conducting biodiversity monitoring studies to verify the effectiveness of our biodiversity efforts.

At the Senboku LNG Terminal, our concept is “a network of greenery that brings us closer to the community.” We are striving to create a green belt that will be home to a diverse range of life through efforts such as planting native seedlings in a green area, the “Senboku no Mori,” and planting a field of Japanese blood grass as described in “The Pillow Book,” an ancient Japanese essay written in the Heian Period.

Since 2002, under the guidance of the Museum of Nature and Human Activities, Hyogo, the Himeji LNG Terminal has been preserving rare plants native to the area of Nishi Harima, Hyogo Prefecture. We are currently growing rare plants including *Gardneria multifolia* “CHITOSEKAZURA” and Red-root Lithospermum (both rated level 2 endangered on the Ministry of the Environment’s endangered species list). The new biotope created in FY2014.3 reproduces satoyama woodlands, grasslands and marshes with plants originating from the area of Nishi Harima, preserving such rare species as the Platycodon or Japanese Bellflower.

LNG terminals are required to form green areas by laws and regulations, and a certain amount of greenery needs to be secured. Both LNG terminals believe that the quality of greenery is important, and are contributing to the preservation of biodiversity in the local communities by using seedlings of local origin.

As there are indications that these efforts are resulting in an increase in the number of insect and bird species, it is hoped that these trends will also spread to neighboring green belts. In the future, we will continue to monitor these areas under the guidance and advice of experts.

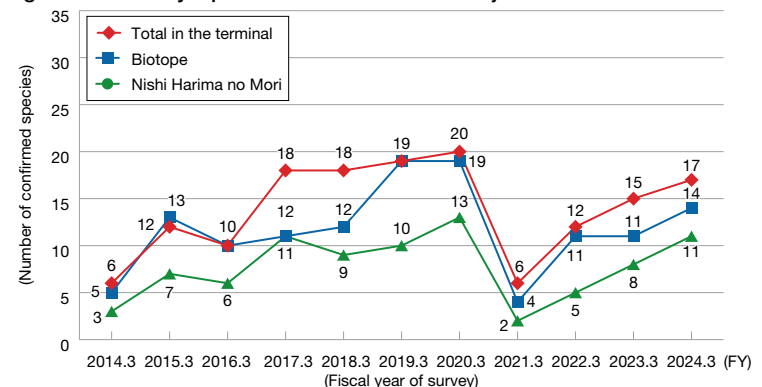


Green belt planted with Cogon Grass at Senboku LNG Terminal



Biotope at Himeji LNG Terminal

**Changes in Butterfly Species Confirmed at Himeji LNG Terminal**



\*The decline in the number of confirmed species in FY 2020 was due to the fact that survey activities were suspended due to COVID-19 measures.

**Creation of biodiversity habitats: Development of condominiums introducing the indigenous species in their gardens**

Osaka Gas Urban Development Co., Ltd. is a real estate company and is engaged in the development and management of office buildings and condominiums/rented apartments. In addressing “co-existence with the environment,” one of its “five focuses” for urban and property development, Osaka Gas Urban Development Co., Ltd. is pursuing a planting plan that takes biodiversity into consideration.

The planting of native seedlings of “Chimakizasa,” a species of bamboo grass called Sasa, was introduced to the garden of The Urbanex Kyoto Matsugasaki, which was completed in March 2014. Chimakizasa has been recognized as an endangered plant in Kyoto City as a result of excessive eating by wild deer, whose population in the neighboring woodlands has been increasing in recent years. All of the 10 bamboo grass plants that were planted in the garden of The Urbanex Kyoto Matsugasaki were donated by the Chimakizasa revival committee, a local team formed to increase numbers of the plant, with members being mainly residents of Sakyo Ward, Kyoto City and researchers from Kyoto University.

At the “Urbanex Kobe Okurayama” completed in February 2016, Osaka Gas Urban Development has planted Japanese blue oaks, gooseneck loosestrife, and other local seeds/seedlings with support from the Museum of Nature and Human Activities, Hyogo. Signs describing plant names and their characteristics were also installed to help local residents learn about the importance of biodiversity. These combined efforts, including the active use of native seedlings, earned the 2016 Good Design Award.

Osaka Gas Urban Development Co., Ltd. has steadily increased the use of native seedlings in the planting of its properties, and has introduced them to 37 properties as of March 31, 2024. Osaka Gas Urban Development will continue to standardize biodiversity-friendly planting plans as specifications and work on such plans at the condominiums it develops.



Scenes Tsukaguchi (Completed in May FY2024)

As of March 31, 2024, 37 properties have introduced local biodiversity-friendly planting. (including properties for sale and for rent)

**Biodiversity-conscious initiatives at the Scenes Tsukaguchi condominium selected for the 10th ABINC Certification and Good Design Award 2020**

In February 2021, Scenes Tsukaguchi, a condominium in Amagasaki City, Hyogo Prefecture, developed by Osaka Gas Urban Development Co., Ltd., acquired the 10th Ikimono Kyosei Business Establishment \*1 certification organized by the Association for Business Innovation in harmony with Nature and Community (ABINC)\*2.

The ABINC certification aims to foster harmony between nature and human beings in business activities. ABINC conducts a third-party assessment of biodiversity-conscious initiatives to create, manage and use green spaces, and it certifies eligible business sites as “Business Sites in Harmony with Nature.” Osaka Gas Urban Development constructed Scenes Tsukaguchi while implementing biodiversity-conscious initiatives in cooperation with experts, including those from the Museum of Nature and Human Activities, Hyogo. On the condominium site, native plant species, such as the bamboo-leaf oak and the sawtooth oak, were planted to create green spaces in consideration of local vegetation. These green spaces were designed to create a network with other small green spaces dotted nearby and help birds and butterflies find places to inhabit. In addition, seedlings thinned in the planting management process on land owned by the Daigas Group were transplanted to the condominium site to help preserve the genes of plant species native to the Rokko mountains in Hyogo prefecture.

Scenes Tsukaguchi also won the Good Design Award 2020 organized by the Japan Institute of Design Promotion. Following the Good Design Award 2016, this was the second time that Osaka Gas Urban Development had won the same award. The 2020 award came to the company in recognition of its success in facilitating interactions between the condominium and the neighborhood and creating a linkage between residents and the local community by designing the condominium to be open under the concept of “Re:CONNECT,” and in fostering communication between people from different areas or age groups in the living environment abundant with rich natural features by building three gardens with different themes on the condominium site.

\*1 “Ikimono Kyosei Business Establishment” (lit. “Business Sites in Harmony with Nature”) is the registered trademark of the Japan Business Initiative for Biodiversity (JBIB).

\*2 ABINC (Association for Business Innovation in harmony with Nature and Community)



**GOOD DESIGN  
AWARD 2020**



Scenes Tsukaguchi

## Appropriate Use and Discharge of Water Resources

Water is not a primary material among the products handled by the Daigas Group. We recognize that the use of water does not pose a major business risk for our Group. However, the Group controls water discharge after using drinking water, industrial-use water, groundwater and seawater. At power plants, core facilities for its electricity business, the Group uses industrial water as a coolant in a steam turbine condenser, and vaporizes it inside the cooling tower. Drinking water, industrial-use water and groundwater are also used at LNG terminals, power plants and offices, and discharged. Seawater is mainly used for vaporization of LNG at city gas plants and for cooling in steam turbine condensers at some power plants. We discharge the seawater to the sea without consuming it or affecting its composition. In discharging water, we have conducted water quality inspections in line with relevant laws, ordinances and agreements with local municipalities. We continued to comply with the effluent standards of the Water Pollution Prevention Act, etc. in FY2024.3, and there were no violations. The Group sees water as a limited natural resource. We will continue to use water adequately, control its discharge strictly, and promote water saving.

Osaka Gas has pleased to announce that we have been recognized for leadership in corporate transparency and performance on water security by global environmental non-profit CDP, achieving a place on the CDP A- List.

### ■ Amount of Water Intake in FY2024.3

|                                 |                                 |
|---------------------------------|---------------------------------|
| General water, industrial water | 11,744 thousand m <sup>3</sup>  |
| Underground water               | 3,493 thousand m <sup>3</sup>   |
| Seawater                        | 519,326 thousand m <sup>3</sup> |

### ■ Amount of Water Discharge in FY2024.3

|       |                                 |
|-------|---------------------------------|
| Sewer | 687 thousand m <sup>3</sup>     |
| River | 3,043 thousand m <sup>3</sup>   |
| Sea   | 520,739 thousand m <sup>3</sup> |

### Efforts to reduce water use

The Daigas Group is working together with business partners and customers to reduce water consumption.

In its employee activities at offices, the Group strives to conserve water and addresses the challenge of reducing the amount of water it uses.

Making use of its technological capabilities cultivated in the gas business, Daigas Energy Co., Ltd., a wholly owned subsidiary of Osaka Gas, provides customers with water purification and treatment services, including cooling water chemical services, to reduce water consumption.

## Biodiversity risk assessment

The Daigas Group, being aware of the environmental impact of its value chain, strives to minimize its impact on biodiversity and expand its contribution.

We conduct questionnaires regarding sustainability activities at our LNG suppliers to check on the status of their monitoring activities for local ecosystems and their efforts to conserve the biodiversity of local ecosystems.

In the Group, every new development project, whether in Japan or abroad, follows an environmental impact assessment at the planning stage when required by law. For example, in the process of constructing the Senboku Natural Gas Power Plant, the core facility for the Group's electricity business, between 2002 and 2006, we conducted an environmental impact assessment. It covered the construction work (the impact of transportation of construction materials, such as air pollution, noise, and vibration) and the presence and shared use of land and workpieces (the impact of ground modification and the facility's existence on local flora and fauna and the impact of exhaust gas and wastewater from the facility in operation on the quality of air and water). We also adopted environmental conservation measures against air pollution, noise, vibration, and wastewater, as well as measures to form green areas that foster biodiversity, in order to further reduce the environmental impact of the project.

Also, in the Himeji Natural Gas Power Plant construction project, which Himeji Natural Gas Power Generation Co., Ltd., a wholly owned subsidiary of Osaka Gas, is implementing, an assessment process has been completed in compliance with the Environmental Impact Assessment Act.

Please see the following website for more information about the initiatives in the Himeji Natural Gas Power Plant Construction Project.



# Development of Environmental Technology

## Principle and Outline

The Daigas Group views technology as the foundation for its corporate competitiveness and views research and development as one of its most important strategies for differentiating itself from the competition. While accelerating low-carbon transitions through development of technologies contributing to the reduction of CO<sub>2</sub> emissions, we take on the challenge of technical research and development for the carbon neutrality of our gas and electricity. We will actively tackle a wide range of subjects, from the advanced use of natural gas to the further utilization of renewable energy and the research and development of carbon-neutral gas technologies such as methanation, to accelerate development of technologies that will contribute to achieving carbon neutrality.

## Development of New Technologies that Contribute to Carbon-Neutral Solutions

The Daigas Group believes that “e-methane,”\* which is synthesized from hydrogen produced using renewable energy and CO<sub>2</sub>, is the key to making city gas carbon-neutral. The Group is working on establishing a variety of methanation technologies toward full-scale introduction of “e-methane” in 2030. Moreover, we are promoting development of technologies that contribute to further low-carbon/carbon-neutral solutions by making use of the gas synthesis/catalyst technology, combustion technology, and material technology that Osaka Gas has developed so far. The Company has developed a variety of natural gas combustion technologies tailored to our customers’ uses, and it is now leveraging that know-how to develop hydrogen and ammonia combustion technologies. Such efforts include development of a small ammonia engine system in cooperation with Toyota Industries Corporation. The Company is also working on the development of chemical looping combustion technology as a technique for producing carbon-neutral hydrogen and electricity from biomass. In addition to energy, Osaka Gas also develops and sells SPACECOOL®, a radiative cooling material. The Carbon Neutral Research Hub of Osaka Gas conducts these research and development projects, disseminates information, and forms business alliances. To further accelerate these efforts, we are establishing a new research and development base in the Torishima district of Osaka City, with full-scale operations scheduled for FY2026.3.

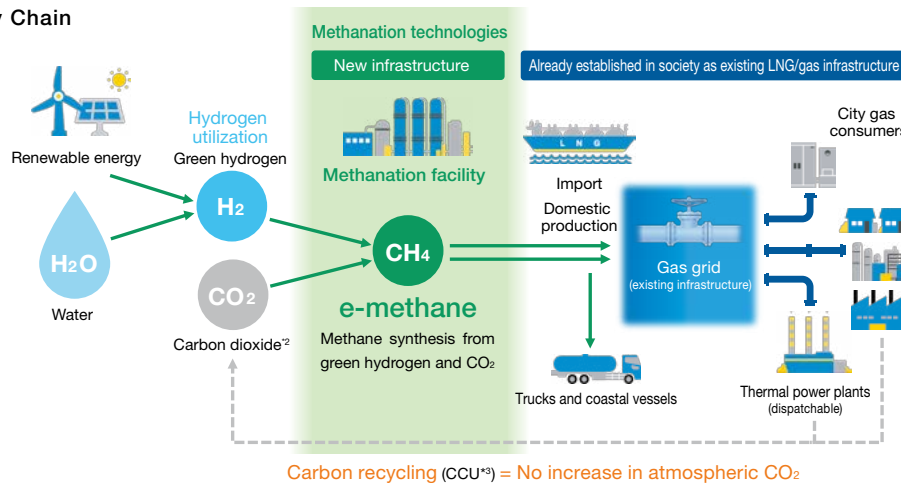
\*Synthetic methane produced from non-fossil energy sources, such as green hydrogen, is called “e-methane”.

### “e-methane” – the key to carbon-neutral solutions created by methanation technology

“e-methane,” which is produced by recycling CO<sub>2</sub> otherwise emitted into the atmosphere and synthesizing it with hydrogen, is a carbon-neutral hydrogen carrier\*1.

Since “e-methane” has almost the same composition as city gas, existing city gas infrastructure and combustion equipment at customers’ sites can be used as is, enabling seamless carbon neutralization during the transition period and advantageously reducing the cost of its social implementation.

### ■ e-methane Supply Chain



\*1 Hydrogen compounds that make it possible to store, transport and use hydrogen efficiently. (Hydrogen is inefficient to store or transport over long distances in its gaseous state.)

\*2 Biogenic CO<sub>2</sub> and possibly CO<sub>2</sub> derived from DAC (Direct Air Capture: a technology used to capture and remove CO<sub>2</sub> directly from the atmosphere) might be utilized in the future.

\*3 Carbon dioxide Capture and Utilization

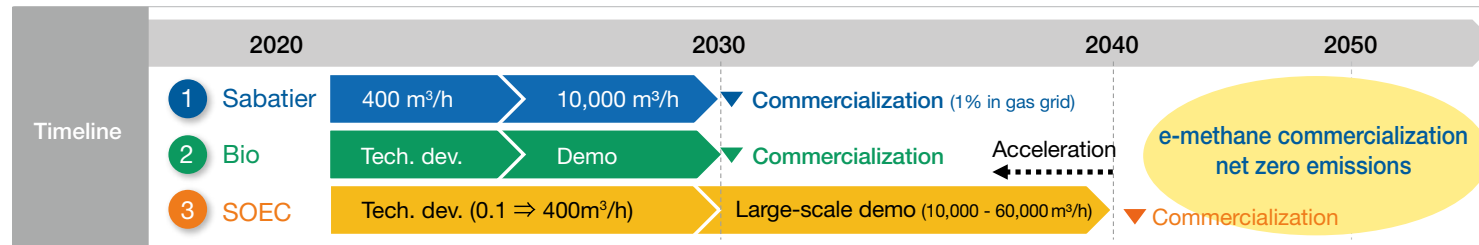


**Efforts to establish three methanation technologies to enable the introduction of "e-methane"**

In addition to working to scale up the existing technology, Sabatier methanation, we aim to commercialize biomethanation, a locally produced and locally consumed energy generation technology, and to achieve early introduction of highly efficient SOEC methanation, an innovative technology.

- 1 Sabatier methanation\*1 (existing technology): Scaled up and implemented in society at an early stage
- 2 Biomethanation\*2 (innovative technology): Produce and use energy locally for local consumption
- 3 SOEC methanation\*3 (Innovative technology): Reduce cost by enhancing energy efficiency

**Roadmap for Social Implementation of Methanation Technology**



\*1 CO<sub>2</sub> conversion by a catalytic reaction with hydrogen derived from renewable energy, etc. to synthesize methane.

\*2 Technology that uses biological reactions to synthesize methane from CO<sub>2</sub> and hydrogen

\*3 Use of SOEC equipment to electrolyze water and CO<sub>2</sub> into hydrogen and carbon monoxide using renewable energy, etc., and then synthesize methane by catalytic reaction of the hydrogen and carbon monoxide.

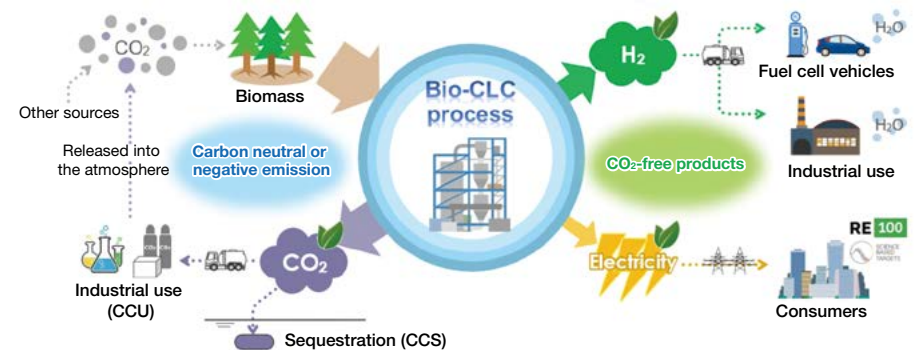
**Development of chemical looping combustion technology for simultaneous production of hydrogen, electricity and CO<sub>2</sub>**

Osaka Gas is working on the development of chemical looping combustion (CLC) technology, which produces hydrogen, electricity, and CO<sub>2</sub> by leveraging the redox action of iron oxide. CLC technology circulates iron oxide to have it react with fuel, water, and air, through which hydrogen, electricity, and CO<sub>2</sub> are produced simultaneously. The fuel may be coal or biomass. When carbon-neutral biomass fuel is used, this technology is expected to produce or supply green hydrogen, electricity, and biomass-derived CO<sub>2</sub>.

Meanwhile, there has been no implementation example of CLC technology aimed at producing hydrogen using biomass as fuel. For commercialization, it is necessary to solve technical issues such as elemental technology development toward the establishment of system design technology and process verification.

Osaka Gas aims to utilize this technology to produce and supply green hydrogen using biomass as fuel, helping customers achieve carbon neutrality.

**Our Vision for the Practical Application of CLC Technology**



### Radiative cooling material SPACECOOL®, a new product by SPACECOOL Inc. —Also contributing to realizing a carbon neutral society with world-class cooling performance—

SPACECOOL®, developed by Osaka Gas and manufactured and sold by SPACECOOL Inc., is a radiative cooling material with zero-energy cooling capability. By releasing heat into space under direct sunlight, it lowers the temperature\*<sup>1</sup> below the outside temperature without using energy. It has the potential of contributing to carbon-neutral solutions for society as a whole.

A demonstration test conducted by Osaka Gas found that the surface temperature of the material was up to about 6°C\*<sup>2</sup> lower than the outside air temperature under direct sunlight, realizing world-class\*<sup>3</sup> cooling performance.

The material is available in film, magnet sheet, tarpaulin, etc., and is expected to be deployed as products for implementing measures against global warming, achieving energy conservation and ensuring cooling comfort.

The material was selected for the environmental technology exhibition at the Japan Pavilion of the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28), which was held in Dubai from November 30 to December 12, 2023. SPACECOOL demonstrated the material at physical and virtual exhibitions. This material was exhibited at the COP for the second consecutive year following the previous year. At the exhibitions, people from various countries facing heat issues showed a lot of interest in the material.

It is also expected to be adopted in the Gas Pavilion to be exhibited by The Japan Gas Association at the Osaka/Kansai Expo to be held in 2025, reducing the air conditioning burden in the Gas Pavilion and contributing to lower CO<sub>2</sub> emissions. In the future, we would like to promote the spread of this material both domestically and internationally and contribute to the realization of a carbon neutral society.

\*1 This has been achieved by using Osaka Gas's proprietary optical control technology to develop a material design that reduces the solar heat input and increases heat dissipation through thermal radiation.

\*2 The temperature was measured at Osaka Gas Energy Technology Laboratories in Konohana-ku, Osaka (ambient temperature at the time of measurement: approximately 35°C). The temperature on the reverse side of a steel sheet covered with the radiative cooling material was measured.

\*3 The survey was conducted by Osaka Gas, based on published papers.



Radiative cooling material (thin film material)

### Development of technology for predicting solar power generation

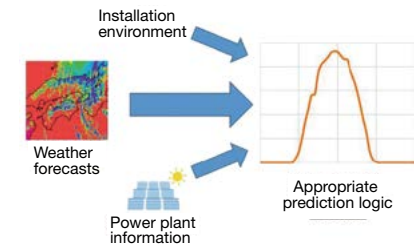
With an eye on the increasing number of solar power plants to realize a carbon neutral society, the Daigas Group is working to develop technology to predict solar power generation and improve the accuracy of the prediction.

Under the previous system, electricity generated in solar power plants was traded at a fixed price, known as FIT. In the future, it is expected that the number of solar power plants operating under schemes other than FIT will increase, as a new purchase method, FIP, has been implemented since FY2023.3. For solar power plants operating under non-FIT schemes, power producers need to predict power generation, and may have risks of paying imbalance costs\*. In addition, unexpected fluctuations in the ever-increasing amount of renewable energy may destabilize the grid, leading to the increased risk of power outages. To prevent such incidents from occurring, it will become increasingly necessary to accurately predict solar power generation in advance.

The Group has developed technology to predict weather at a level comparable to that of weather companies, based on our long-accumulated knowledge of fluid analysis. We are implementing highly accurate solar power generation predictions utilizing this technology.

#### ■ Initiatives to improve accuracy

We conducted a comparative analysis of predicted and actual solar power generation at solar power plants throughout Japan by using solar power generation forecast developed by the Osaka Gas Energy Technology Laboratories. As a result, we confirmed high prediction accuracy. We are also working to further improve the prediction accuracy by analyzing and improving the error factors between predictions and actual results.



■ Examples of utilization Please see P.067 “AI-Based Self-Wheeling Scheme for Renewable Electricity—Starting supply and demand management service for self-wheeling, using a solar power generation system—.”

\* Imbalance costs: Monetary penalties incurred when there is a discrepancy between the planned and actual amount of electricity generated when operating a solar power plant.

### **Initiatives to develop the world's first "ultra-long life" storage batteries that last five times longer than current storage batteries**

The storage battery market is expected to continue to expand worldwide for multiple applications, such as automotive and stationary use. In Japan as well, storage batteries are positioned as one of the most crucial technologies to achieve the electrification of automobiles and the utilization of renewable energy as the main power source, with a view to achieving the greenhouse gas emissions reduction target for FY2031.3 and carbon neutrality by 2050.

KRI, Inc., one of the Group companies, is a comprehensive private contract research company with both advanced research and development capabilities and consulting functions. The company supports customer businesses by engaging in contract research and analysis evaluation, primarily focusing on energy, environmental technology, and material technology. It also pursues the excavation of new technological seeds and the creation of new value through its own research. In particular, storage batteries are emphasized as one of its key fields of focus, and the company is actively expanding its contract research and development business related to such products. We have been discussing and developing "ultra-long life" storage batteries from two aspects of "materials, electrodes, and batteries" and "diagnosis and operation" with manufacturers who agree on KRI's "ultra-long life concept," with the aim of achieving "ultra-long life," which is the direction of the storage batteries needed for a 2030 society.

Having had the prospect of completing the basic technology for "ultra-long life" lithium ion batteries (LIB)\*1 that last five times longer than current storage batteries and reaching its goal, KRI, Inc. plans to start supplying 10Ah (around 400 Wh/L)\*2 samples for user evaluation in FY2026.3. The above assumes the use of prototyping and demonstration technology of SEI CORPORATION, which became a subsidiary of KRI, Inc in February 2024.

Ultimately, the company aims to increase the life of conventional 30 kWh batteries installed in electric vehicles (e.g. 160,000 km guaranteed) by more than five times.

\*1 A type of storage battery that uses an oxide containing lithium for the positive electrode and carbon material for the negative electrode. This battery has high performance and can be miniaturized. It is used in a variety of applications, including batteries for mobile devices and electric vehicles.

\*2 Approximately the capacity installed in an electric motorcycle.

# Social

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# Innovation Management

## Summary

### Basic approach

The Daigas Group views technology as the foundation for its corporate competitiveness and views research and development as one of its most important strategies for differentiating itself from the competition. We also recognize that proactively leveraging digital technology for our business, creating innovative services, evolving data management, and reforming business processes will lead to improved business competitiveness.

While providing a stable supply of city gas in the Kansai region, the Group has expanded its business into peripheral areas and developed together with the region by working on research, development, and practical application of various new technologies that lead to comfortable lives and development of business for our customers.

To attain sustainable development and growth that address the needs of the environment and society, the Group will create new value and provide a wider range of services and new technologies to customers in collaboration with various stakeholders.

| Theme  | Items to be addressed   | Specific initiatives   |
|--|---|--|
| <p>Promoting business transformation with DX</p> <p>→ p.065</p>      | <ul style="list-style-type: none"> <li>• New service development</li> <li>• Operational process innovation</li> <li>• DX promotion structure enhancement</li> </ul>   | <p><b>Policy and promotion system</b></p> <p>We aim to become a “corporate group capable of keeping on changing” to continue providing value amid rapid change in society and the working environment as well as changes in customer values. We will proactively leverage digital technology, which is progressing rapidly, for our business and accelerate both value provision through new service creation and productivity improvement through operational process innovation.</p> <p>In April 2022, we established the DX Strategy Department at the Corporate Planning Headquarters, and the DX Committee, a corporate committee, performs cross-organizational coordination and promotion of DX for the entire Daigas Group.</p> <p>In FY2024.3, we commenced specific initiatives, including Daigas X (Daigas Transformation), which reforms how to execute work, as well as an initiative to innovate both customer experience and operational processes in a joint team of business and digital talent.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Created new customer experience</li> <li>• Transformed employee value through Daigas X (Daigas Transformation)</li> <li>• Worked on operational innovation by adopting SaaS and generative AI</li> <li>• Developed DX core staff (cumulative total of approx. 180 people)</li> </ul> |
| <p>Research and development/intellectual property</p> <p>→ p.068</p> | <ul style="list-style-type: none"> <li>• Research and development of technologies that contribute to achieving carbon neutrality</li> <li>• Technology development to ensure stable energy supply and safety</li> <li>• Research and development for the creation of new businesses</li> <li>• Securing and utilizing intellectual property rights</li> </ul> | <p><b>Policy and promotion system</b></p> <p>In line with the Carbon Neutral Vision, Energy Transition 2030, and the Medium-Term Management Plan 2026, we aim to realize a carbon neutral society and promote research and development of technologies to ensure a stable energy supply and safety as well as to create new businesses. Based on the rules and regulations related to technological development, we make decisions on the implementation of technological development, allocate appropriate budgets according to the importance of the theme, and follow up on progress at the time of implementation.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Promoted research and development, including that of methanation, to achieve carbon neutrality</li> <li>• Continued to promote technological development to ensure and improve safety, and research and development to create new businesses</li> <li>• Secured and utilized intellectual property rights in conjunction with business and technology development strategies</li> <li>• Promoted the commercialization of natural material-derived ketone body OKETOA™ by utilizing it for health foods, etc.</li> <li>• Promoted the commercialization of antimicrobial and antivirus agent TioClean™</li> </ul>   |
| <p>Creating new businesses</p> <p>→ p.069</p>                        | <ul style="list-style-type: none"> <li>• Commercialization of the Daigas Group's proprietary technologies</li> <li>• Development of new businesses through cooperation with diverse partners</li> </ul>   | <p><b>Policy and promotion system</b></p> <p>We will commercialize the Daigas Group's proprietary technologies and seek to create new businesses by combining our strengths with other companies' technologies and services. We thus aim to increase the Group's earnings, and contribute to resolving social issues.</p> <p>From FY2025.3, functions to create new businesses are consolidated under the umbrella of the Next-Generation Business HQ. With this structure, we will seamlessly promote research and technology development, cooperation with diverse partners, and commercialization, and accelerate the creation of new businesses.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Promoted open innovation activities that actively integrate and utilize Osaka Gas's technologies and needs and external parties' technologies and ideas</li> <li>• Promoted the commercialization of radioactive cooling material SPACECOOL®</li> <li>• Created new businesses, such as those related to EVs and circular economy, with partners</li> </ul>   |



# Promoting Business Transformation with DX

## Principle and Outline

We aim to become a “corporate group capable of keeping on changing” to continue providing value amid rapid change in society and the working environment as well as changes in customer values. We will proactively leverage digital technology, which is progressing rapidly, for our business and accelerate innovative service creation, data management evolution, and operational process innovation.

We will change our business operations to enable them to respond rapidly and flexibly to any changes to enhance productivity dramatically to create value sustainably for realizing Medium-Term Management Plan 2026 and Long-Term Management Vision 2030.

In the new age in which both our customers and services rapidly change, we will aim for transformation of the business itself and for innovation as a corporate group that can keep on changing by revising constantly and flexibly our business model, operations, rules, and systems, which used to be taken for granted.

To make a major transformation to realize our vision, we will work on building a promotion system driven by top management, strengthening human resources development, demonstrating the comprehensive strength of the Daigas Group, including OGIS-RI Co.,Ltd., and building alliances with our partner companies.

## DX Promotion System

In April 2022, to realize “what we aim to be” and accelerate business transformation (creation of new businesses/sophistication of existing businesses/operational process innovation) and system transformation, we established the DX Strategy Department under the Corporate Planning Headquarters as an organization consolidating the Information/Communication Systems Department and the DX Promotion Office.

We also established the DX Committee as a company-wide committee to perform cross-organizational coordination and promotion of DX (business transformation utilizing digital technology) for the entire Daigas Group from the perspective of alignment with the business, IT and financial strategies, etc., and we aim to realize the group-wide vision and transform the business.

## DX Strategy

### 1 New Service Development

We will offer various services with higher value by incorporating trends and the diverse needs of customers without delay. Services here do not only refer to the new businesses, but also encompass the enhancement of existing businesses that lead to an increase in the number of customer accounts, business opportunities, sales, etc.

To this end, utilizing valuable assets such as data becomes increasingly important. For example, we will make use of customer data and provide 1-to-1 communication that proposes optimal services at optimal timings for customers. In addition, we will accelerate the trial and error cycle and foster Group-wide customs and mindsets that enable the Group to move forward with new initiatives aggressively and quickly.

### 2 Operational Process Reform

We will also focus on merging and abolishing operations as well as standardizing and aggregating different procedural operations among organizations to broadly redesign the entire operational process.

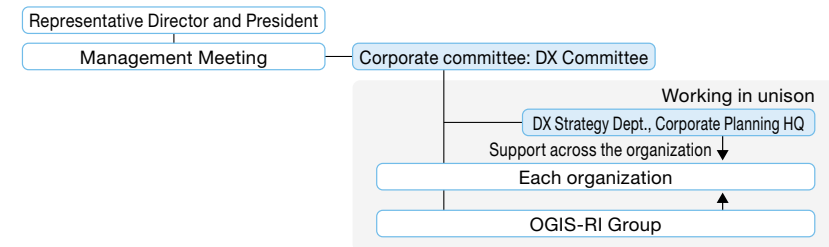
In addition, we will improve operational efficiency by incorporating SaaS\*2, generative AI, and other digital technologies into business operations. Simultaneously, we will reform ways of work and how to proceed with tasks through Daigas X. This will make room for deepening highly specialized operations and lead to better value provision to customers.

\*2 SaaS: A service that allows users to use software via a network, such as the internet

### 3 DX Promotion Structure Enhancement

We established group-wide systems and structures to promote DX, with stronger collaboration with OGIS-RI Co., Ltd. in charge of the IT solution business. In addition, The Group will accelerate DX by demonstrating its collective strength and strengthening its human resources and structures through the development of core personnel who will be responsible for promotion and business transformation.

### DX Promotion System



### What We Aim To Be “A Corporate Group Capable of Keeping on Changing” Daigas Group’s DX Strategy



\*1 Daigas transformation: Reform of ways of work and how to proceed with tasks and creation of a work environment that enhances value for employees and the company

## Key Initiatives

The Daigas Group is driving forward initiatives in line with its DX strategy. In order to promote employee understanding, the progress, results, etc. of specific initiatives are communicated through the internal portal website.

### 1 New Service Development

#### Creation of new customer experience

To keep providing value to customers, we have started to transform our business activities toward what we aim to be in 2030. A project has been launched involving approximately 70 employees from residential business divisions\*<sup>1</sup>, which perform customer-facing activities; the DX Strategy Dept., which promotes DX; and OGIS-RI Co., Ltd. The project is restructuring our business operations and systems that support those operations, taking a customer-oriented approach. We are trying out new ways of working that incorporate Agile "Forms"<sup>2</sup> in proceeding with tasks, which allows us to adapt quickly to changes in the circumstances.

We will continue with these initiatives, and define what we aim to be and promote transformation in businesses other than residential as well.

\*<sup>1</sup> Please see our Integrated report 2024, P.40-P.41 examples of FY2024.3 activities in services for residential customers

\*<sup>2</sup> An agile approach is a method where minimally required output is generated during short cycles and improvements are made based on feedback

### 2 Operational Process Reform

#### Transforming employee experience through Daigas X (Daigas transformation)

Daigas X, in full-scale operation since FY2024.3, rolls out activities that aim to enable diverse human resources to take on challenges, keep learning, and grow, as well as to let us speedily explore and deepen our understanding of unprecedented changes. Discussions were also held in each organization on where they aim to be and what actions to take, in light of the situation of each organization and on the frontline. A total of 4,400 employees participated in the discussions. Information was shared on initiatives that are producing results, such as the utilization of IT tools to accumulate knowledge across organizational boundaries. From FY2025.3 onward, we will continue with the discussions in each organization, identify issues, and advance transformation.



Aims of "Daigas X" are communicated and shared within the Group

#### System reform

In FY2024.3, we introduced SaaS in such operations as sales, accounting, and internal communications, promoting operational reforms. We offered an environment where employees can try using generative AI, with information security guaranteed. More than 700 employees used it, and we confirmed that efficiency improved in such tasks as summarizing documents and drafting answers to inquiries. Going forward, we plan to expand the scope of use while paying attention to the accuracy of information, security, and other issues.

In FY2025.3, we will introduce an environment where all employees can use generative AI, accelerating new value creation and operational reform even further.

### 3 DX Promotion Structure Enhancement

#### Promotion structure that aims to integrate business with digital

In FY2024.3, a new training program for managers was launched to improve their skills and transform their mindset. This adds to the lectures by and dialogues with external experts in place for the management since the previous year. We also enhanced the development of DX core staff, who play a core role in DX promotion. By implementing a development program that includes lectures, OJT, and feedback interviews and taking other measures, we have developed a total of approximately 180 DX core staff members as of April 2024. In addition, we offered a self-learning support program on DX for all employees, and approximately 700 employees took the program.

Furthermore, OGIS-RI Co., Ltd. offers DX Practical Training, which is a service where IT professionals work together with organizations to help resolve issues. More than 100 cases a year were submitted for consultation. There was a case where using IT tools in answering inquiries halved the hours spent on the task. The training also functions as an opportunity to gain experience on DX while implementing the transformation. With these initiatives, we aim to build a system where top-down and bottom-up approaches create synergy.

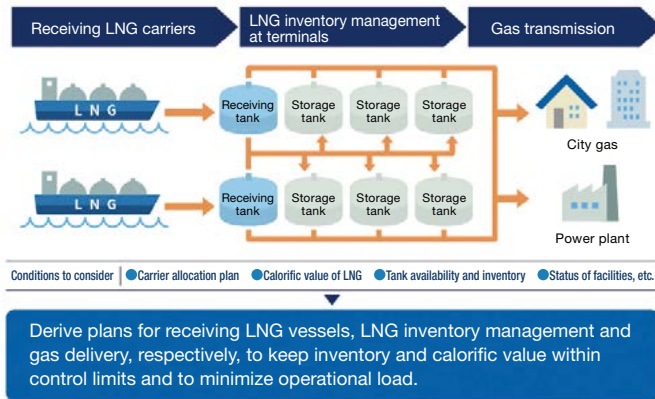
#### Development Program by Job Level

| Job level     | Development program  |
|---------------|--|
| Management    | <ul style="list-style-type: none"> <li>Lectures by and dialogues with external experts held about once a month (approx. 20 participants)</li> </ul>  |
| Managers      | <ul style="list-style-type: none"> <li>Rollout of videos and textbooks to gain basic knowledge, group training for part of managers</li> </ul>   |
| DX core staff | <ul style="list-style-type: none"> <li>Development program including lectures, OJT, and interviews (developed a total of approx. 180 employees)</li> </ul>   |
| All employees | <ul style="list-style-type: none"> <li>E-learning, courses for obtaining qualifications</li> <li>Share lectures for the management</li> <li>Offer a self-learning support program that mainly consists of online learning</li> </ul> |

## Key Initiatives

### DX in Gas Production Process—Optimization of LNG Tank Operation Planning

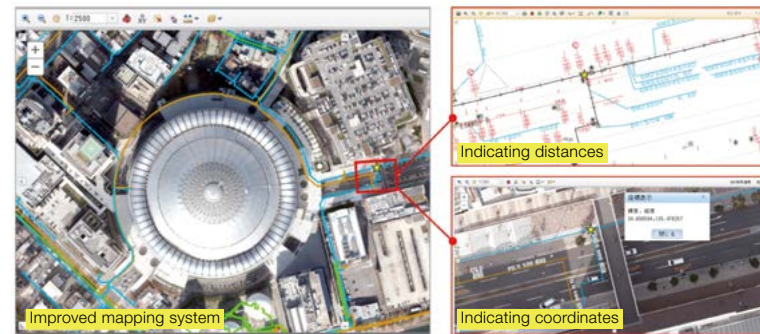
Once LNG is delivered to a manufacturing plant, it is stored in tanks and then delivered according to demand, which requires appropriate heating value management and inventory control. The formulation of the tank operation plan requires expertise of skilled personnel since complex equipment configurations, operational constraints, city gas demand and various other factors need to be considered. We are working to optimize tank operation planning, using this expertise and mathematical programming.



### Digital Utilization in Gas Supply Equipment Management

Since the gas supply business involves a great deal of on-site work, including gas pipe installation, maintenance and management, and safety monitoring, and involves an extremely large number of employees and partner companies, we are promoting the use of digital technology for the purpose of future efficient business operation, improvement of safety quality, and securing of technology and expertise.

We are operating a mapping system that displays and manages information on gas supply equipment on a map, including the location of approximately 60,000 km of gas pipes and the history of past gas works and works accepted from other companies, and using this information as the basis for various operations related to gas supply. By managing absolute coordinates based on latitude and longitude coordinates, we increased the accuracy of information on the location of gas pipes, which was previously handled based on relative distances to buildings and other structures.



### AI-Based Self-Wheeling Scheme for Renewable Electricity –Starting supply and demand management service for self-wheeling, using a solar power generation system–

As one of our carbon neutralization solutions for corporate customers, we have started proposing a new electricity scheme using renewable energy, which is greatly affected by weather conditions, by using the weather forecasting technology and AI developed independently by Osaka Gas for output and demand prediction to improve accuracy.



# Research and Development/Intellectual Property

## Principle and Outline

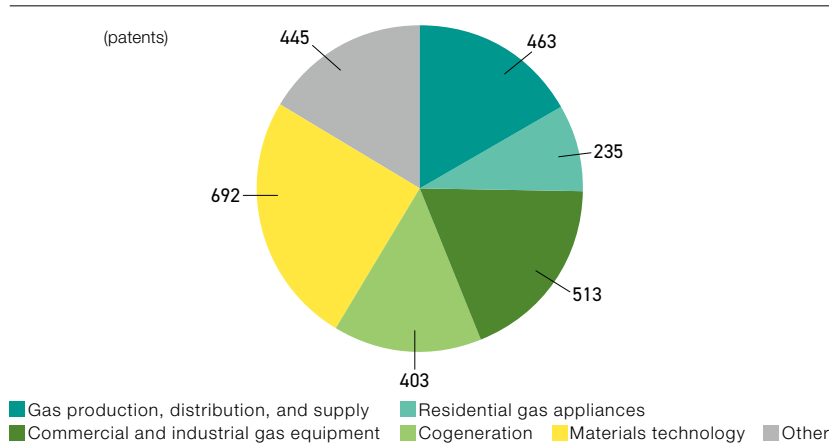
The Daigas Group consider research and development to be one of the most important growth strategies for the Group. In addition to ensuring and improving safety, we are conducting research and development aimed at improving operational efficiency and reducing equipment-related costs through the use of digital technology, improving customer convenience, and enhancing the sophistication of existing services. We are also engaged in research and development for the creation of new businesses and research and development that contributes to the realization of carbon neutrality.

Furthermore, we regard intellectual property rights as an important management resource and are actively working to secure and utilize the rights in conjunction with our business and technology development strategies. We are also actively promoting open innovation activities to accelerate and streamline development and create new technologies and products by actively integrating the Group's proprietary technologies with those of external parties and utilizing them.

### Patent Portfolio by Business Type (Group)

Fiscal year ended March 31, 2024

2,751 patents



## Reward System for Inventors

Osaka Gas has an invention achievement reward system in which inventors who have made significant contributions to its business are rewarded in order to motivate employees to invent and encourage intellectual property activities.

We disclose the results of the review of achievement rewards on the internal portal site, and respond to inquiries and opinions from employees regarding the results of the review, in an effort to operate the system in a fair and transparent manner.

## Initiatives for Commercialization

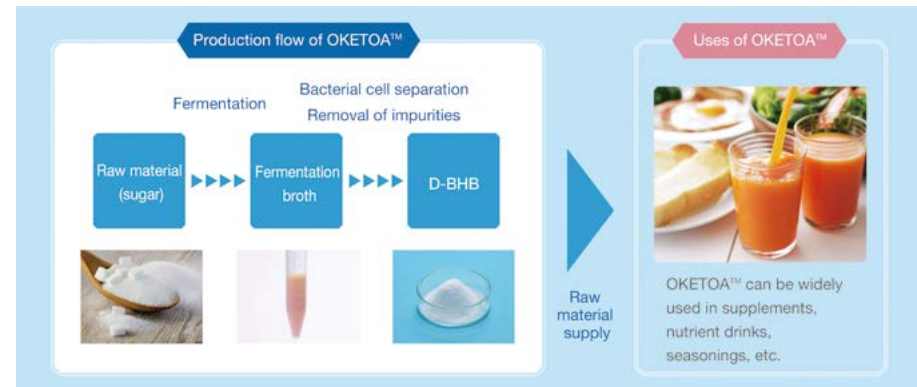
### Promoting the commercialization of natural material-derived ketone body OKETOA™ by utilizing it for health foods, etc.

Taking advantage of its proprietary fermentation technology cultivated through biogas manufacturing and development and other businesses, Osaka Gas succeeded in mass-producing ketone body D-β-hydroxybutyric acid (D-BHB) by fermentation for the first time in the world. We worked on the manufacturing and achieved the commercialization of natural material-derived ketone body OKETOA™.

Ketone bodies are produced in the body as an energy source when sugar, utilized as an energy source in the body, becomes depleted (when carbohydrate intake is restricted).

Recently, D-BHB has been shown to be an energy source that elicits various physiological effects superior to sugar and is attracting attention around the world as a raw material for supplements, etc. We are promoting the use of D-BHB for a wide range of products, including cosmetic raw materials, health foods, and supplements.

### Production flow of natural material-derived ketone body OKETOA™



### Promoting the commercialization of antimicrobial and antivirus agent TioClean™

Osaka Gas started the development of antimicrobial and antivirus agents before the spread of COVID-19. By introducing additives to our proprietary photocatalysts that take advantage of technology developed for solar power generation, we have succeeded in the development of antimicrobial and antivirus agent TioClean™, which demonstrate high antimicrobial, antivirus and antifungal properties and are easy to use.

There is a strong demand for antimicrobial and antivirus agents that are transparent, well adhere to the base material, and demonstrate antimicrobial and antivirus properties in a wide range of environments. TioClean™ offers all of these properties.

We will roll it out to be used for furniture and other home equipment and public, commercial, and other facilities, where there is demand for antimicrobial and antivirus properties, as well as for medical equipment and hygiene products.

# New Businesses Creation

## Principle and Outline

The Daigas Group has expanded its business domains to the Urban Development Business, Materials Solutions Business, and Information Solutions Business by taking advantage of technologies and strengths nurtured in the energy business and creating products and services that help resolve issues customers are facing. We will continue to work on the creation of new businesses, aiming to facilitate the Group’s sustainable growth and contribute to the resolution of social issues.

## Open Innovation Activities



Open innovation refers to an efficient approach used to seek solutions outside the company to the problems that Osaka Gas is unable to solve independently, with the aim of creating new value. Osaka Gas has pioneered this approach since 2009. Our efforts have led to the building and expansion of a network of partnerships (Open Innovation Platform) with universities, public research institutes, small enterprises, large corporations, ventures and overseas companies.

To find outside partners to work with, we have revealed details of our technology to-do list, something we have rarely done in the past, in order to solicit promising technical ideas from outside parties. After we launched full-fledged open innovation activities in FY2010.3, we have achieved many matchmaking opportunities. Some cases have actually led to commercialization and practical applications.

For example, gas pipe patrols using technology that automatically recognizes the part requiring construction with an on-board AI camera, and the use of drone technology in facility inspections are examples of value-added products created by combining our technology with external technologies.

The task ahead is to introduce some of the efficient technologies that we obtained externally, and together with our alliance partners, actively promote the creation of new R&D themes and creation of new businesses through the Open Innovation Platform.

## Developing new EV-related businesses with partners

Expanding the use of EVs along with providing carbon neutral power sources is positioned as an effective means to achieve carbon neutrality by 2050. Against such backdrop, Osaka Gas is driving forward new initiatives, including capital and business alliances in the EV-related field with REXEV Co., Ltd., NEXT-e Solutions Inc., folofly Inc., and Terra Motors Corporation.

Specifically, we are considering business in a variety of fields through the alliance with these companies, such as utilizing EVs for the adjustment of power supply and demand and car sharing, converting mobility-derived reused storage batteries to grid storage batteries\*1, utilizing commercial EVs in the car leasing business, and proposing and developing EV charging infrastructure.

In addition, one of our Group companies, Daigas Energy Co., Ltd., launched in November 2023 the D-Charge service, where the company provides EV charging solutions that combine the installation of EV chargers with energy management\*2 to commercial and industrial customers without any initial investment.

D-Charge offers both fast and regular chargers and meets the needs for base charging\*3 and destination charging\*4. In accordance with customer needs, the service can also incorporate D-Green\*5, which supplies electricity from 100% renewable energy sources.

\*1 Storage batteries directly connected to power grids to stabilize grids by storing electricity when there is excess power in the grid and discharging it when there is a shortage.

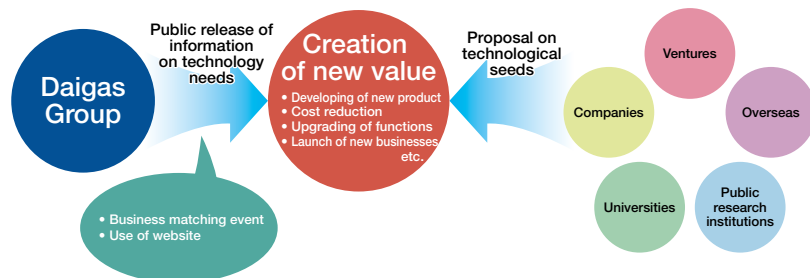
\*2 Cutting peak power use and shifting peak power loads to reduce the impact of EV charger use on power demand.

\*3 Charging at the base for the vehicle, such as home or company parking lots.

\*4 Charging at the destination, such as commercial facilities, while staying there.

\*5 Tariff for the supply of electricity from 100% renewable energy sources.

## How Open Innovation Works





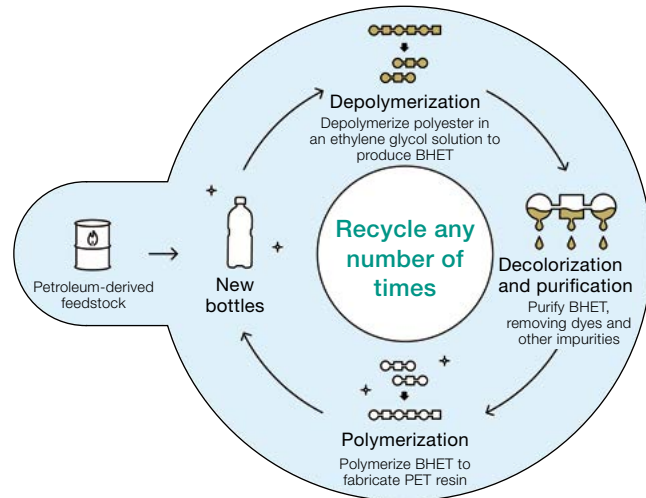
### Developing new circular economy-related businesses with a partner

In December 2023, Osaka Gas entered into a capital and business alliance with JEPLAN, INC., which engages in businesses related to technologies for chemically recycling polyethylene terephthalate, a raw material for plastic bottles and other goods.

JEPLAN, INC. is one of the few companies in the world that has commercialized the horizontal recycling of plastic bottles to plastic bottles and polyester clothing to polyester clothing, using its proprietary PET chemical recycling technologies.

The Daigas Group will take advantage of its strong network and work to promote the recycling of plastic bottles and clothing in the Kansai area. The Group will also work on the reduction of costs and CO<sup>2</sup> emissions in the chemical recycling process with its energy-related solutions. Both companies will take advantage of their respective strengths and aim to contribute to the creation of new value and the promotion of a circular economy.

#### ■ Recycling to make bottles from bottles



Source: "Making bottles from bottles" from JEPLAN, INC.'s website

### Launching "FitDish," a regular delivery service for refrigerated pouched foods

Osaka Gas started in September 2023 the regular home delivery (subscription) service "FitDish," using "Automatic Diagnosis" to deliver refrigerated pouch foods tailored to each customer's needs based on inputs on lifestyle and preferences.

With "Automatic Diagnosis," customers enter information on the Web about their family structure, allergies, and other preferences that match their lifestyle, and receive monthly menus which our proprietary algorithm estimates to be highly satisfying according to their needs. Personalization accuracy is further improved by evaluating the food afterwards. It eliminates the "menu-planning fatigue" of having to think about the menu, such as thinking "What should I cook today?" or "What should I cook for one more dish?"

The dishes we deliver are supervised by Osaka Gas Cooking School Co., Ltd. In order for our customers to eat with peace of mind, we use as few preservatives and coloring agents as possible and focus on a gentle, home-cooked taste that they will never get tired of. In addition, we also provide arranged recipes so that customers can enjoy the dishes they receive even more. Moreover, by delivering refrigerated pouch foods that do not need to be thawed, not only does it take less time to cook compared to freezing, but it also eliminates "freezer congestion" where the freezer is full and no more space is available, allowing space-saving storage in the refrigerator. Customers can also store the dishes in the refrigerator for about a month, so they can use them whenever they like.



Delivered once a month in a refrigerated pouch



Can be stored in the refrigerator to save space

# Human Resources Strategy

## Summary

### Basic approach

In the Daigas Group Corporate Principles, the Group declares its aim to create value primarily for customers, as well as for society, shareholders, and employees. Based on the belief that human capital is a source of value creation, the Group aims to be a company where employees can achieve personal growth through their work.

Based on the notion that creating a comfortable work environment that takes into consideration the health and safety of our employees is the foundation of all our operations, we are working to prevent occupational accidents and promote health and wellness of our employees.

We respect the individuality and self-reliance of all employees and actively promote diversity, equal opportunity, and inclusion so that they can take on challenging and rewarding work.

Employee engagement, development of employee skills, and diversity & inclusion were positioned as material issues in the Medium-Term Management Plan 2023. In the Medium-Term Management Plan 2026, the creation of a work environment where employees and the company resonate and enhance each other has been positioned as one of our material issues to accelerate initiatives.

### Theme

### Items to be addressed

### Specific initiatives

#### Human resources management

→ P.073

#### Human resources strategy targets

→ P.074

- Retention of necessary personnel to respond to the evolution of our business portfolio
- Maximization of the entire Group's performance by assigning the right people to the right jobs
- Revitalization of individuals by increasing job satisfaction

**Materiality** Employee engagement

#### Policy and promotion system

We are engaged in various initiatives to improve employee satisfaction and the Group's entire performance in a rapidly changing business environment with increasingly diversified employees' work perspectives.

The personnel system of the Osaka Gas helps all employees understand their roles and expectations through meetings with their supervisors, who serve as personnel development advisors, and allows employees to choose their own career course to pursue.

Moreover, we have established the Daigas Group Safety and Health Council to discuss measures for and share information on occupational accident prevention and health maintenance and enhancement.

Each year, we measure employee engagement through the Attitude Survey of Daigas Group employees, reflecting the results in each policy.

#### KPIs based on the materiality

#### FY2024.3 results

Employee engagement

Conducted the Employee Attitude Survey. Maintained four overall indicators at appropriate levels

#### Initiatives undertaken in FY2024.3

- Strengthened recruitment of highly specialized human resources and established a multi-track career path system by offering new career paths
- Introduced a talent management system
- Continued to implement improvements to the workplace environment to make it more comfortable to work in

#### Human resources development

→ P.075

- Revision of the specifics of the training contents in light of the employees' desired level of growth and the personnel profile
- Implementation of DX human resources education

**Materiality** Development of employee skills

#### Policy and promotion system

The Daigas Group's Long-Term Management Vision 2030 lists the promotion of work style reform and development of human resources as important goals. We consider it vital to develop personnel who are capable of working actively in a rapidly changing business environment, and to that end, we offer a range of training and educational programs aimed at developing individual capabilities.

Osaka Gas offers a wide range of training programs for all positions and job descriptions, in addition to the training system for each career course. These include training programs by level along with self-directed training.

#### Human Resources Department

Leading the development of common elements across the company

#### Respective organizations

Leading the development of organization-specific elements (operational expertise, acquisition of qualifications, etc.)

#### Supervisor

Person responsible for development

#### Instructor for new employees

Person promoting the development of new employees' skills during their first three years of employment

#### General affairs of the each organization

Confirmation of the development status and support

#### KPIs based on the materiality

#### FY2024.3 results

Annual average hours of training per employee

Practical training: 25.1 hours/person; e-learning: 6.2 hours/person

#### Initiatives undertaken in FY2024.3

- Periodically conducted follow-ups and assessments through meetings between employees and their supervisors based on Management by Objectives (MBO) approach
- Developed each individual's spontaneous desire and motivation for growth and formulated a future career plan

| Theme  | Items to be addressed   | Specific initiatives  |                               |                  |  |  |
|--|---|---|-------------------------------|------------------|--|--|
| <p><b>DE&amp;I (Diversity, Equity, and Inclusion)</b></p> <p>→ P.078</p>   | <p>For empowerment of female employees:</p> <ul style="list-style-type: none"> <li>• Implementation of career education (including balancing of work and childcare)</li> <li>• Creation of an environment where life events do not disrupt a career</li> <li>• Enhancement of recruitment activities for female students</li> </ul> <p><b>Materiality</b> DE&amp;I (Diversity, Equity, and Inclusion)</p> | <p><b>Policy and promotion system</b></p> <p>We take action across the organization in line with the UN Global Compact, related laws, and the Daigas Group Diversity Promotion Policy to make improvements in recruitment, human resources development and the workplace environment, led by the dedicated division for diversity promotion.</p> <table border="1"> <thead> <tr> <th data-bbox="965 316 1323 347">KPIs based on the materiality</th> <th data-bbox="1323 316 2058 347">FY2024.3 results</th> </tr> </thead> <tbody> <tr> <td data-bbox="965 347 1323 448"> <p>Percentage of women among:</p> <ul style="list-style-type: none"> <li>• Executives/Directors</li> <li>• Newly promoted to middle management positions</li> <li>• New recruits for career-track positions</li> </ul> </td> <td data-bbox="1323 347 2058 448"> <ul style="list-style-type: none"> <li>• Percentage of women among Executives/Directors: 26.7%/20.0% (Results after the Annual Meeting of Shareholders held in June 2024: 26.7%)</li> <li>• Percentage of women among all career-track employees promoted to middle management positions: 15.9%</li> <li>• Percentage of women among new recruits for career-track positions: 32.8%</li> </ul> </td> </tr> </tbody> </table> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Implemented self-motivated career development through the mentoring program</li> <li>• Strengthened cooperation between those engaged in employee development (supervisor, HR departments in the organization and head office), using meeting sheets from pregnancy to return to work</li> <li>• Held information sessions that introduce a range of actual career paths to clarify how employees can play active roles after joining the company</li> </ul>                                  | KPIs based on the materiality | FY2024.3 results | <p>Percentage of women among:</p> <ul style="list-style-type: none"> <li>• Executives/Directors</li> <li>• Newly promoted to middle management positions</li> <li>• New recruits for career-track positions</li> </ul> | <ul style="list-style-type: none"> <li>• Percentage of women among Executives/Directors: 26.7%/20.0% (Results after the Annual Meeting of Shareholders held in June 2024: 26.7%)</li> <li>• Percentage of women among all career-track employees promoted to middle management positions: 15.9%</li> <li>• Percentage of women among new recruits for career-track positions: 32.8%</li> </ul> |
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| <p><b>Work-life balance</b></p> <p>→ P.081</p>   | <ul style="list-style-type: none"> <li>• Implementation of measures for supporting employees balancing work and life</li> <li>• Efforts to improve productivity and reduce working hours</li> <li>• Support for community activities involvement</li> </ul>   | <p><b>Policy and promotion system</b></p> <p>We aim to create a corporate culture in which employees can maximize their abilities by striking a balance between rewarding work and fulfilling personal lives and involvement with society. Furthermore, labor and management are working together to realize a work-life balance by systemizing support measures needed by employees at each life stage and creating a workplace environment that facilitates the use of such measures.</p> <p>We are working on work-style reform while considering measures to promote highly productive and creative work styles through corporate committees including the DX Committee.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Expanded systems to promote work styles that are not restricted by location or time (telework, flexible work hours and paid leave by the hour)</li> <li>• Implemented mindset-building programs to promote the penetration of systems that support balancing work with childcare, nursing care, and medical treatment</li> </ul>   |                               |                  |  |  |
| <p><b>Labor safety and health</b></p> <p>→ P.083</p>   | <ul style="list-style-type: none"> <li>• Continued implementation of measures to prevent occupational accidents</li> <li>• Practical implementation of Kenko Keiei*</li> <li>• Continued support for labor health and safety management at group companies</li> </ul> <p>*The term "Kenko Keiei®" is a registered trademark of Non-profit Organization Kenkokeiei.</p>                                    | <p><b>Policy and promotion system</b></p> <p>In March 2021, we established the Daigas Group Declaration of Health and Productivity Management by summarizing our attitude toward Kenko Keiei (health and productivity management), which was indicated in the Daigas Group Corporate Principles, the Daigas Group Charter of Business Conduct, and the Daigas Group Code of Business Conduct. We also established the Daigas Group Action Guidelines "7 Rules for Being Healthy" to encourage employees to live healthy lifestyles.</p> <p>In addition, in order to create a workplace where employees can work safely, based on the idea that ensuring safety and maintaining and improving physical and mental well-being are key to all operations, we declared in the Daigas Group Code of Business Conduct that we will prevent occupational accidents and promote fitness.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Continued implementation of measures to prevent occupational accidents: Continued implementation of safe driving education and heat stroke countermeasures</li> <li>• Practical implementation of Kenko Keiei: Health promotion activities based on the Daigas Group Action Guidelines "7 Rules for Being Healthy"</li> <li>• Implementation of health-related training: 19.2% of employees participated</li> <li>• Continued support for labor health and safety management at group companies: Once a year each group company prepares a safety and health action plan. Conducted a survey on the status of labor health and safety management in conjunction with the submission of the action plan. 13,767 employees from 34 companies (total of Osaka Gas and affiliated companies) received regular health checkups at the Osaka Gas Health Development Center.</li> </ul> |                               |                  |  |  |
| <p><b>Communication between employees and company</b></p> <p>→ P.088</p>   | <ul style="list-style-type: none"> <li>• Continuing to set up opportunities for direct dialog between Osaka Gas President and group employees</li> <li>• Maintaining and strengthening sound and good labor-management relations to resolve issues</li> <li>• Continued implementation of the in-house award system</li> </ul>  | <p><b>Policy and promotion system</b></p> <p>The Daigas Group believes that it is important for employees and the company to work together to realize the healthy growth of each group company with a sense of mutual trust and tension.</p> <p>To this end, we promote communication between employees and the company by opinion exchanges at informal meetings between the labor union and management and various study committee meetings, as well as workplace visits by the President of Osaka Gas to group companies and organizations.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Continued to set up opportunities for direct dialogue between Osaka Gas President and group employees (workplace visits and meetings with young employees): 12 times provided</li> <li>• Maintaining and strengthening sound and good labor-management relations to resolve issues: 12 work councils held</li> <li>• Continued implementation of the in-house annual award system: President's Award granted once</li> </ul>   |                               |                  |  |  |

# Human Resources Management

## Principle and Outline

To achieve its sustainable growth, the Daigas Group is working to maximize the value of each and every employee by hiring and fostering human resources who will continue to create value, creating an organizational culture that accepts diverse values and encourages challenges, and ensuring safety and maintaining and improving the health of its employees. We will continue to contribute to solving social issues, promote diverse and creative work styles, and work even more actively to create a rewarding and comfortable work environment.

Furthermore, based on the idea that it is important to create disruptive innovation in order to enhance our corporate value over the medium to long term and the driving force for such innovation is a combination of diverse individuals, we promote diversity, equal opportunity and inclusion and actively incorporate diversity in terms of experience, sensitivity and values into our organization. We have traditionally been helping female, elderly, disabled and non-Japanese workers play an active role and making considerations to ensure that they are not disadvantaged because of their minority status. We will develop an environment for them to further demonstrate their abilities.

## Efforts to Assign the Right People to the Right Jobs

The Daigas Group aims to implement business portfolio management based on the three pillars of “Domestic Energy Business,” “International Energy Business,” and “Life & Business Solutions Business.” To maximize performance by ensuring the quality and quantity of personnel to that end and by empowerment of diverse human resources based on the principle of assigning the right people to the right jobs, we work to hire and foster human resources who can flexibly respond to changes in the business environment and highly specialized human resources. In particular, we secure human resources while expanding mid-career recruitment to meet the growing need for highly specialized human resources to realize our management strategies, which include initiatives to achieve carbon neutrality, accelerate international energy business expansion, and transform through DX. Recognizing the importance of sustainable organizational management in achieving our management strategies for the future, we will work to secure personnel in a planned manner and appoint personnel with an awareness of human resource development.

## Introduction of Talent Management System

Osaka Gas considered the introduction of a talent management system and has begun using the system on a trial basis since FY2022.3.

The job fields are classified into a total of 18 areas, including international business, electricity business, and financial operations. We reorganized the duties experienced by the target employees by linking them to their respective job fields, and we consolidated the experience of each member within the company.

By organizing these job requirements and consolidating human resource information to form foundations, and by matching the organized job requirements with human resource information, such as personal characteristics and transfer experience, we aim to maximize performance through the appointment of the right persons in the right positions and the empowerment of diverse human resources.

Furthermore, we will formulate a succession plan mainly for management posts, aiming to achieve sustainable performance as an organization.

## Efforts to Maintain and Improve Employee Engagement

In FY2022.3, we reviewed the content of the attitude survey, which was conventionally conducted at Osaka Gas, and designed and conducted the new Employee Attitude Survey so as to grasp employee engagement across the group. In a survey conducted in FY2024.3, 5,763 employees at Osaka Gas responded, and the response rate was 92.4%. At affiliated companies, 7,372 employees responded, and the response rate was 87.7%. Four indicators were used as evaluation indicators: “overall satisfaction,” which indicates the current level of satisfaction with the company, “loyalty,” which indicates the level of dedication to the company, “intention to continue working,” which indicates the intention to continue working for the company, and “recommendation intention,” which indicates the degree to which employees recommend the company to their friends and acquaintances. It was confirmed that the levels at Osaka Gas and its affiliated companies were higher than the society average. We analyze the results of the Employee Attitude Survey by age bracket, organization, etc., and implement measures to address identified issues.

## Data on Osaka Gas Workforce

The number of employees at Osaka Gas (Non-consolidated) as of the end of March 2024 was 1,137 (male: 869/female: 268). For recruitment, a joint recruitment seminar is held by Daigas Group companies. In FY2024.3, 13 companies participated in the seminar, where approximately 250 students were provided explanations on the businesses of each group company and the type of personnel that they are looking for. Furthermore, in FY2024.3, we provided approximately 180 students with internship opportunities to gain work experience. The number of employees who joined the company through mid-career recruitment was 43. (The ratio of those hired through mid-career recruitment to full-time workers was 22.4%.) We are also actively hiring locally at our overseas affiliates.

# Human Resources Strategy Targets



The Daigas Group strongly recognizes the need to further strengthen human capital initiatives to achieve sustainable growth. We position “support employees to shine in their roles” as a human resource strategy, which is a key pillar in the management strategy in the Medium-Term Management Plan 2026 announced in March 2024. We will drive forward (1) talent acquisition and development, (2) strategic deployment of talent to align with job requirements, and (3) revitalization of individuals, with KPIs set in addition to materiality indicators.

We will acquire and develop enough talent to allow them to operate appropriately with sound room on their plates, and both secure the quantity and improve the quality.

We will promote the strategic deployment of talent to align with job requirements, such as expanding talent management to all employees, so that we are more likely to both deploy employees to serve the purpose of business operations and achieve higher levels of employee satisfaction.

We will work on the revitalization of individuals, where we achieve both the creation of an environment that makes employees feel more rewarded and motivated and the maximization of the overall output.

Materiality indicators (key performance indicators)

| Strategy to enhance employee success in their roles   |   | Specific initiatives and KPI   | Current status*1  | FY2027.3 target  |
|---|---|--|---|--|
|  <b>Talent acquisition and development</b> | <b>Expansion of recruitment</b>                                 | Total number of new graduates and mid-career recruitments (career-track hires) | Previous medium-term plan: 266 people   | Cumulative total of 3 years: 330 people (approx. 1.25 fold increase) |
|   |   | Mid-career hire ratio  | 22.4%   | Approx. 30%  |
|   |   | Recruitment of recent graduates  | —   | In practice  |
|   |   | Ratio of female career-track employees   | 32.8%   | 30% or higher  |
|   | <b>Enhancement of talent development</b>                        | Development of an alumni network   | —   | More than 50 people  |
|   |   | Recruitment of DX core staff   | 180 employees   | 300 employees  |
|   |   | Common training hours to strengthen the management foundation (/person)        | —   | 15 hours   |
|   |   | Management training participation rate   | 48%   | 100%   |
| <b>Strategic deployment of talent to align with job requirements</b>  | Extension of retirement age                                     | Age 60   | Phased extension planned to start in the current mid-term period                      |  |
|   | Expanded to all employees                                       | In testing in limited fields   | Applied to all employees  |  |
|  <b>Revitalization of individuals</b>    | <b>Talent management</b>  | Reserve ratio of next-generation management personnel                          | —   | 250% or higher   |
|   |   | <b>Autonomous career development</b>   | Information disclosure and exchange at Career Portal (number of registered employees) | 150 employees  |
|   | Assignment of employees in light of their preferences           |  | In practice   | Continued implementation   |
|   | Ratio of female directors                                       |  | 20.0%   | 25% or higher  |
|   | Percentage of female employees promoted to managerial positions |  | 15.9%   | 20% or higher  |
|   | Percentage of male employees who have taken childcare leave     |  | 109%  | 90% or higher  |
|   | Group company programs applied to LGBT partners                 |  | —   | Put into practice  |
|   | <b>Provision of support for diverse ways of work</b>            | Employment of people with disabilities and continuous support                  | In practice   | Continued implementation   |
| Work engagement score*2   |   | —  | 50 or more  |  |

\*1 Number of employees registered at Career Portal as of October 2023. Other figures not specifically stated are FY2024.3 results.

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



# Human Resources Development

## Principle and Outline

The Daigas Group aims to become a group of companies at which all employees can find personal growth through their work. We have introduced a career-course-specific human resources systems designed to respect and put to full use the individuality and autonomy of employees, and we have been conducting a wide range of training. Overseas business training is also provided to develop personnel who can play an active role globally. Furthermore, we have introduced an employee evaluation system that is highly objective based on the Management by Objectives (MBO) method, as well as a system that allows employees to take on the challenge of voluntary career development.

## Personnel System

### Personnel system to develop human resources according to their roles

For the steady growth and development of the company, Osaka Gas has introduced a career-course-specific personnel system in which roles and expectations are clearly defined for all employees and employees are appropriately employed, fostered, evaluated and assigned according to each role. Under this personnel system, employees themselves conduct course registration.

#### Outline of the Personnel System



## Training System

### Career-course-specific training

To enable employees to play an active role in their respective courses, Osaka Gas systematizes training and conducts training sessions in a planned manner to have participants acquire abilities required for each career course.

#### Meister Course

This course is designed to foster business professionals who achieve high performance through their extensive business experience and outstanding skills and who contribute to business performance by passing on their skills and know-how. Employees systematically acquire required skills and know-how according to the nature of their work at the human resource development center established at each business unit.

#### Management Course

This course is designed to develop future managers and supervisors who will manage operations based on their wealth of work experience and leadership skills and to promote organizational vitality and the development of subordinates. Selective training sessions and other programs are provided to enhance management and leadership skills.

#### General Course

This course is designed to develop human resources who will lead an organization based on a wide range of work experience, including management, while taking on staff duties, such as strategic planning for the business unit and the Daigas Group as a whole. We have an in-house business school for learning the knowledge and skills that form the basis of strategic planning, such as logical thinking, marketing, accounting and finance.

#### Specialist Course

This course is designed to foster specialists who will draft strategies for the business unit and the Daigas Group with a high level of expertise to help with decision-making and realization of such strategies. In addition to the in-house business school for the General Course, we provide in-house study sessions, etc. to learn advanced expertise in each business field.

### Training for all job levels

#### Training for young employees

Osaka Gas positions the first three years after employees join the company as a period for nurturing young employees and encourages them to form their foundations as members of society.

After acquiring basic conduct and attitudes as a member of society through introductory training at the time of employment, each employee receives follow-up training every year to enhance the abilities required at each stage of growth. For the same period, an instructor assigned to each newly hired employee provides guidance on work to promote further growth.



Training for young employees

### Training system for the Daigas Group

To enhance the Daigas Group's human resource development support measures, we offer systematized training programs that are highly requested by group companies. In addition to programs for all job levels, the system is designed to encourage self-directed career development and personal growth by providing self-development support programs.

#### Outline of the Training System for Daigas Group

|                      |  |                      |   |   |
|----------------------|--|----------------------|---|---|
| Executives           | Newly appointed director training  | Online study courses | Challenge seminars (self-directed training) | Accounting and financial affairs seminars |
|                      | Management seminars<br>Purpose: To improve managerial skills and build sympathetic qualities   |                      |   |   |
| Managers             | Enlightenment program for manager candidates<br>Purpose: To raise self-awareness regarding the skills and qualities needed for organizational management and to foster the desire to develop one's own abilities |                      |   |   |
|                      | Mid-level leadership program<br>Purpose: To develop the core leaders of the organization   |                      |   |   |
|                      | Training for managers  |                      |   |   |
| Mid-level employees  | Self-discovery training<br>Purpose: To raise self-awareness regarding the skills and qualities needed for workplace management and to foster the desire to develop one's own abilities                           |                      |   |   |
|                      | Managerial skills booster program<br>Purpose: To develop in managerial candidates an understanding of managerial skills and aid in their acquisition   |                      |   |   |
| Junior/new employees | Mid-career training  |                      |   |   |
|                      | Newly appointed instructor training  |                      |   |   |
|                      | Newly hired employee training  |                      |   |   |

### Training to develop human resources leading overseas operation

In order to develop a large number of human resources who can play an active role in overseas business, Osaka Gas sends personnel appointed by each organization to carry out overseas business to a short-term intensive overseas business training curriculum conducted overseas or in an environment in Japan close to an overseas environment.

We also send employees to study at overseas universities in order to have them foster a sense of globalization and acquire management literacy, as well as support language learning to develop personnel who can play an active role in Japan and overseas.

#### [Specific curriculum examples]

Overseas Trainee System (a system under which employees are assigned to affiliated companies under the Energy Resources & International Business Unit or overseas research institutes as trainees for a certain period of time), short-term overseas language training, etc.



Our employee who experiences working overseas under the Trainee System (second from right)

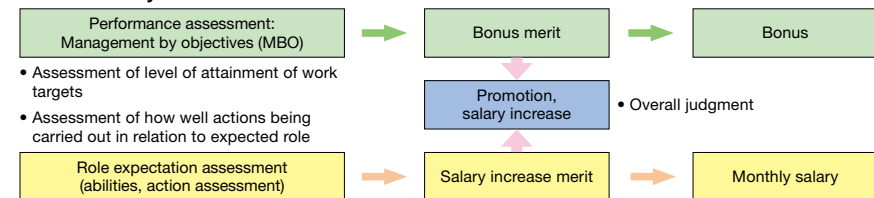
## Employee Performance Evaluation and Interviews

### Aiming for evaluations that lead to growth

Osaka Gas is using two evaluation indicators, performance evaluation, which measures the degree of performance based on the Management by Objectives (MBO) method, and role expectation evaluation, which evaluates the level of performance of daily activities. While enhancing opportunities for meetings between supervisors and subordinates, we clarify each employee's strengths and areas for improvement, and supervisors give appropriate advice, leading to each employee's skill development.

In performance evaluation, in which employees set their own goals, we encourage them to take on even more aggressive challenges by appropriately evaluating not only results but also processes in the course of work.

#### Evaluation System



### Compliance set as a personnel evaluation item

Osaka Gas has set attitudes toward compliance effort as one of the evaluation items in the role expectation evaluation. This promotes compliance with laws and regulations and ethical standards.

## Furthering Employees' Careers at Osaka Gas

### **Creating a system that encourages employees to take on challenges on their own initiative**

Osaka Gas provides an opportunity for all employees to have a self-observation interview once a year, in which each employee reflects on the satisfaction and performance of his or her current job, proactively draws up desired mid- to long-term career plans, and expresses his or her desired career path, etc. By taking into consideration the opinions and wishes of each employee obtained through these interviews, we are able to make decisions on assignments and other matters, thereby raising awareness of the need for employees to shape their careers on their own.

We have a Challenge System in place that allows employees to choose the work that they are interested in or want to do from among internally advertised jobs, encouraging employees to seek career development on their own accord. A total of more than 280 employees have been reassigned through this system since FY1989.3, when it was launched.

### **Support for self-development**

We offer Challenge Seminar Training Courses (approximately 100 courses per year) for all Daigas Group employees, allowing them to acquire advanced business skills at their discretion. In addition, to improve the skills of employees, we encourage them to take various correspondence training and education courses by subsidizing a portion of the fees for these courses.

### **Supporting the improvement of field operations skills**

In order to provide safe and reliable products and services to our customers, the Daigas Group provides technical training for employees in the management of LNG terminal facilities, gas supply pipe installation and safety inspections, and equipment installation and repair.

# DE&I (Diversity, Equity, and Inclusion)

## Principle and Outline Daigas Group Diversity Promotion Policy

To sustainably enhance corporate value amid the acceleration of working population decline and industrial structure changes in Japan, the Daigas Group believes that it is essential to promote diversity, equity, and inclusion (DE&I), where companies and organizations consist of members with diverse attributes who demonstrate their full potential. The Group established the Daigas Group Diversity Promotion Policy in 2014 and has been advancing various initiatives to materialize the policy.

To leverage each individual in a diverse workforce, including women, people with disabilities, senior employees, and LGBTQ employees, we are working on the creation of a flexible and comfortable workplace environment, support for career development, and creation of a workplace culture that takes advantage of diversity.

## Supporting a More Active Role for Female Employees

Osaka Gas actively promotes initiatives that help female employees play a more active role. We believe that this is an important issue not only for us but in a wider society, and in promoting diversity, leads to the promotion of diverse ways of work and career support for employees with diverse backgrounds other than gender. Under the Daigas Group Diversity Promotion Policy, we have set numerical targets of increasing the percentage of women on the board and the percentage of women among career-track employees promoted to middle management positions\*1 to 30% or higher, respectively, and of maintaining the percentage of women among career-track hires at 30% or higher by FY2031.3. We are advancing initiatives to create a more comfortable and rewarding workplace by enhancing various systems to improve work-life balance and taking measures to encourage career development in an environment where few role models exist. As a result of these endeavors, the percentage of women in managerial positions increased steadily. External awards Osaka Gas has won include the “Eruboshi” (highest level) certification from the Minister of Health, Labour and Welfare as an excellent company in terms of the status of women’s participation and advancement in accordance with the Act on the Promotion of Women’s Participation and Advancement in the Workplace. Osaka Gas was also selected for the Nadeshiko Brand by the Tokyo Stock Exchange (TSE) and the Ministry of Economy, Trade and Industry as one of the TSE-listed companies which actively promote the utilization of female human resources.

Osaka Gas has also been selected as a constituent of the MSCI Japan Empowering Women Index (WIN), an ESG investment index for Japanese stocks adopted by the Government Pension Investment Fund (GPIF).



MSCI Japan Empowering Women Index (WIN)      Osaka Gas acquires Eruboshi certification (third stage, which is the highest)

### Change in the percentage of women in managerial positions (Osaka Gas)\*

The target of 5% or higher for the percentage of women in managerial positions was attained by FY2021.3.

\*Percentage of women in manager positions or higher (non-consolidated)

|  | FY2005.3 | FY2016.3 | FY2017.3 | FY2018.3 | FY2019.3 | FY2020.3 | FY2021.3 |
|--|----------|----------|----------|----------|----------|----------|----------|
| Percentage of female employees in managerial positions | 0.3      | 2.3      | 2.7      | 3.8      | 3.4      | 3.5      | 5.0      |

In FY2022.3, a new indicator was set to attain “30% or higher for the percentage of women among employees promoted to managerial positions by FY2031.3 (managerial positions changed to “managerial positions or equivalent,” including Osaka Gas’s loan employees).”

|  | FY2022.3 | FY2023.3 | FY2024.3 |
|--|----------|----------|----------|
| Percentage of women among all employees promoted to managerial positions*1 | 6.3      | 14.3     | 15.9     |
| Percentage of female employees in managerial positions*2                   | 4.2      | 4.5      | 4.9      |

\*1 The percentage of women promoted to managerial positions among career-track employees promoted to managerial positions in that fiscal year (including loan employees)

\*2 For the percentage of female employees in managerial positions, the target was changed from female employees on a non-consolidated basis to all employees, including loan employees.

### ■ Main Actions Taken in FY2024.3

|   | Specific initiatives in FY2024.3   |  |
|---|--|--|
| Recruitment   | Holding of diversity seminars to introduce female employees' career paths and workplace environments where they are playing an active role; Holding seminars for science-major female students |  |
|   | Website  | Posting of articles about career plans pursued by female workers, introduction of diversity initiatives  |
| Development of human resources                                      | Transfer and appointment   | Transfer and appointment based on individual development plans suited to each employee   |
|   | Career education   | Mentor system (mentoring program)*   |
|   |  | Roundtable talks between female workers on careers (strengthen connections with internal role models)  |
|   |  | Interviews with young workers during their training period (young workers when they are employed/after assignment/after three years)   |
|   | Training for supervisor  | Dispatch of employees to the Japan Institute for Women's Empowerment & Diversity Management, which is an organization that supports the empowerment of women; Women's Initiative for Leadership (WIL) organized by the Ministry of Economy, Trade and Industry; and other programs |
|   |  | Diversity lectures in training for newly appointed and existing managers/supervisors   |
| Holding forums for employees raising children and their supervisors |  |  |
| Work environment  | Childcare<br>(Male employees are also eligible.)   | Attendance of supervisors in various training programs for women   |
|   |  | Holding child-rearing luncheon meetings (job networking event)   |
|   |  | Offering intranet networking opportunities for workers on leave and returners  |
|   |  | Holding roundtable talks for people taking childcare leave   |
|   | Corporate culture  | Holding seminars and roundtable talks on balancing work and childcare for men  |
|   |  | Holding of a Diversity Promotion Forum (lecture by knowledgeable person and workshop)  |
|   |  | Provision of information through continued distribution of e-mail news and in-house web magazines  |
|   | Continued implementation of measures to promote efficient working  |  |

\* Mentor system (mentoring program): A program that provides female employees before and after life events and before management with the opportunity to receive direct guidance from experienced mentors to foster networking and career awareness.

### Holding of Diversity Training for Newly Appointed Managers/Supervisors

Osaka Gas conducts diversity training as part of training for newly appointed managers/supervisors.

#### ■ Number of Participants in Training for Newly Appointed Managers/Supervisors

|           | FY2020.3 | FY2021.3 | FY2022.3 | FY2023.3 | FY2024.3 |
|-----------|----------|----------|----------|----------|----------|
| Group     | 156      | 176      | 163      | 149      | 153      |
| Osaka Gas | 77       | 46       | 36       | 10       | 9        |

#### ■ Number of Participants in Mentoring Program

|           | FY2020.3 | FY2021.3 | FY2022.3 | FY2023.3 | FY2024.3 |
|-----------|----------|----------|----------|----------|----------|
| Osaka Gas | 12       | 17       | 19       | 16       | 21       |

\*Osaka Gas and consolidated companies



## Promoting an Understanding of LGBTQ

As an LGBTQ-friendly company, Osaka Gas has created a positive workplace environment and promoted understanding among employees so that employees can be themselves and play a vibrant and active role regardless of gender identity or sexual orientation. From an early stage, we installed consultation desks, held lectures by experts and movie viewings, created manuals for allies\*, distributed stickers, and took other measures. As a result, our efforts have been recognized by external entities. In FY2019.3, Osaka Gas became the first gas provider to receive gold in the PRIDE Index introduced by work with Pride. We continued to promote understanding after receiving the award, and rules have been amended to make de facto marriage and same sex partners eligible for internal systems in the same way as spouses from FY2025.3. This is intended to accept diverse family structures regardless of gender so that employees can continue working without undue worries.

\*Allies are people who understand and support LGBTQs and other sexual minorities.  
Osaka Gas's character "Enemaru" supporting LGBTQs



Osaka Gas mascot "Enemaru" supporting LGBTQ

## Creating a Work Environment for the Disabled

### Hiring the disabled

Osaka Gas 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, well above the legal minimum of 2.5%. Of the 39 Group companies subjected to the law, 18 companies including Osaka Gas have the legal minimum numbers of employees with disabilities.

| ■ Percentage Rate of Disabled Employees at Osaka Gas (as of June each year) |       |       |       |       |
|---|-------|-------|-------|-------|
| 2020  | 2021  | 2022  | 2023  | 2024  |
| 2.40%   | 2.34% | 2.45% | 2.59% | 2.71% |

## Supporting Seniors to Play an Active Role

Osaka Gas supports employees' career development and growth regardless of age, with the mandatory retirement age being set to be raised from age 60 and seniors being expected to play an active role.

### Creating a work environment for seniors

Osaka Gas 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 Daigas Group companies have similar reemployment programs.

### Career development support

In order to meet the diversifying needs of career development, at Osaka Gas, the Career Development Project Team conducts career guidance (training) and career development interviews for employees at the ages of 30, 40, and 50.

This training offers the employees briefings on circumstances inside and outside the company as well as various support systems, and through closer examinations of their work histories and group discussions, the employees are encouraged to seek out career paths that are consistent with their values and motivation and to develop their own career plans. After the training, each employee will fill out a career design sheet and then attend a one-on-one interview with an in-house career counselor to discuss their career aspirations and growth plans. About 252 employees received career development interviews in FY2024.3.

When employees reach the age of 54, they are invited to attend a "Nice Life Seminar" with their spouse. They are briefed about various systems that may affect their post-retirement life plans.

# Work-Life Balance

## Principle and Outline

Osaka Gas aims to create a corporate culture in which employees can maximize their abilities by striking a balance between rewarding work and fulfilling personal lives and involvement with society. Furthermore, labor and management are working together to realize a work-life balance by systemizing support measures needed by employees at each life stage and creating a workplace environment that facilitates the use of such measures.

By researching strategies to encourage an innovative and productive work style inside the cross-company Efficient Work Styles Committee and the DX Committee, the Company is aiming to change the way people work.

We are working on work-style reform while considering measures to promote highly productive and creative work styles through corporate committees including the DX Committee.

## Support for Male Employees to Participate in Childcare

Osaka Gas encourages male employees to take one month of childcare leave. In addition to solving social issues such as the declining birthrate and creating a society in which both men and women can play an active role, taking childcare leave is expected to improve the work-life balance of employees raising children, thereby increasing their job satisfaction and productivity, and creating innovation from a new perspective through the experience of childcare, which is different from their work duties. Based on this concept, in addition to childcare leave, we have introduced a system that allows employees to flexibly take leave and according to their work and family needs, including “Hagukumi Leave”\*, and the utilization rate of such leave system was 109% in FY2024.3. In addition, we are striving to create an environment that facilitates the use of the system by sending out messages from management, preparing guidebooks, and sharing examples of cases where employees have used the system.

\*Hagukumi leave: A unique paid leave for childcare purposes that can be taken for five days within six months of the birth of a child.

## Support for Balancing Work and Nursing Care by Improving the Systems and the Workplace Environment

Osaka Gas offers various systems to support a balance between work and nursing care. For employees who need to take leave to care for family members, we have established systems that allow employees to take more leave than legally required, including a nursing care leave system that allows employees to take a total of 366 days of leave per family member who needs care and a system of shorter working hours for nursing care that allows employees to work up to 3 hours less per day for a total of 1,096 days in addition to the leave period.

## Helping Employees Balance Work and Medical Treatment

In April 2021, Osaka Gas introduced a system of shorter working hours to support employees in balancing work and medical treatment, mainly for employees requiring cancer and dialysis treatment. Normally, employees use paid leave, half-day paid leave, flextime, etc. when going to the hospital for treatment of illnesses, etc. However, in some cases where long-term continuous treatment is required, paid leave, etc. may not be sufficient. In response to such a situation, we introduced a system of shorter working hours for the purpose of outpatient treatment that allows employees to apply to shorten their working day.

## Efforts to Improve Productivity and Reduce Working Hours

Osaka Gas promotes efficient work styles to improve productivity with the objectives of increasing employee value by realizing work-life balance, creating a culture to promote diversity, and preventing health problems caused by overwork. Aiming to reduce total annual working hours, we have been implementing various initiatives one by one.

As part of our efforts to promote telecommuting, which leads to flexible work styles, we have established satellite offices where employees can work in an office other than their own regular office to improve productivity by reducing commuting and travel time and concentrating work in a remote office. Furthermore, we offer our employees diverse and flexible work options that are not limited to working in our offices by all employees eligible for telecommuting and introducing a web conferencing system that allows employees to participate using smartphones and other devices.



Satellite office set up in Grand Front Osaka, located near Osaka Station

In addition, we have formulated the Code of Conduct for Efficient Work Styles, a set of specific action standards that supervisors, subordinates, and related personnel should be aware of and implement from the perspective of increasing work efficiency and saving labor and of promoting further productivity improvement by practicing actions in line with the standards.

### Main initiatives

|  |  |
|--|--|
| <b>Promotion of flexible work styles</b>                                   | <ul style="list-style-type: none"> <li>• Expansion of telecommuting (give flexibility in where to work by allowing employees to work from home or satellite offices)</li> <li>• Introduction of hourly paid leave system</li> </ul>                            |
| <b>Promotion of operational process innovation by promoting DX</b>         | <ul style="list-style-type: none"> <li>• Company-wide rollout of groupware</li> <li>• Streamlining of operations using IT (e.g., information sharing via internal portal site, work support via smartphone, and automation of operations using RPA)</li> </ul> |
| <b>Promotion of initiatives to prevent long working hours and overwork</b> | <ul style="list-style-type: none"> <li>• Visualization of data, such as actual overtime work hours, and implementation of monthly follow-up</li> <li>• Setting and promotion of weekly “no overtime days”</li> </ul>   |

## Supporting Employees' Participation in Society through a Juror Leave System, etc.

Prior to the implementation of the juror system in Japan in May 2009, Osaka Gas established a juror leave system that allows employees to take paid leave for the required number of days when they are selected as a juror or prosecution councilor in FY2009.3 to support employees' participation in society.

## Volunteer Leave System/Community Leave System

Osaka Gas has introduced various systems for employees to participate in company-approved volunteer and social contribution activities. Under the volunteer leave system, each employee is treated as being on leave during the period of an activity and is provided with special treatment regarding their work period and salary. The community leave system is a system to support employees' involvement in the community, under which they can take special leave.

# Occupational Health and Safety

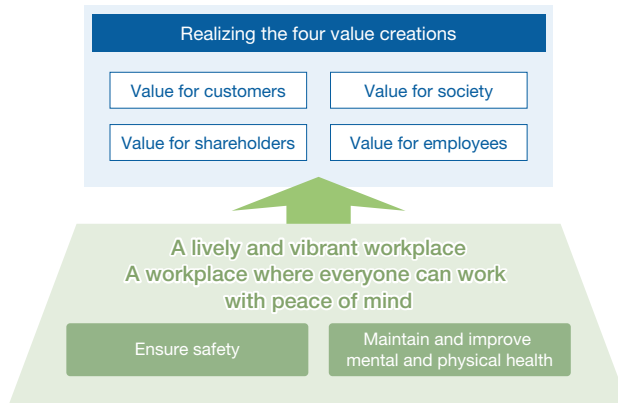
## Principle and Outline

Convinced that ensuring employees' safety and maintaining/improving their physical and mental well-being are keys to all its operations, the Daigas Group has been undertaking efforts to prevent employees from developing health problems and support their medical treatment. Positioning health promotion as a priority management policy, we established the Osaka Gas Health Development Center in 1975. Since then, we have been implementing various measures to promote the health of employees, including providing regular health checkups and individual health guidance by medical professionals to all employees, including those of Group companies.

Today, in the era of the 100-year life, being healthy throughout a lifetime is of great importance not only to employees but also to society. Based on this idea, in March 2021 we established the "Daigas Group Declaration of Health and Productivity Management" by summarizing our attitude toward Kenko Keiei\* (health and productivity management), which was indicated in the Daigas Group Corporate Principles, Daigas Group Charter of Business Conduct, and Daigas

Group Code of Business Conduct. We also established the Daigas Group Action Guidelines "7 Rules for Being Healthy" to encourage employees to live healthy life styles.

\*The term "Kenko Keiei®" is a registered trademark of Non-profit Organization Kenkokeiei.



### Daigas Group Declaration of Health and Productivity Management

The Daigas Group believes that we can create value that meets the expectations of customers, society, shareholders and employees by ensuring that our employees stay healthy both mentally and physically, and fully exercise their abilities, individuality and initiative, thereby remaining motivated and satisfied with their jobs.

The Daigas group will work as one to maintain and improve the health of employees and create a vibrant workplace filled with people who are mentally and physically energetic, with the aim of becoming a corporate group that powers continuous advancement in customer and business life.

March 10, 2021  
President, Osaka Gas Co., Ltd.

## Safety and Health Management Promotion System

In accordance with the Daigas Group Code of Business Conduct, Osaka Gas not only complies with relevant laws and ordinances but also has established its original rules, including the Daigas Group Safety & Health Promotion Regulations and the Osaka Gas Safety & Health Management Regulations. The regulations stipulate that by managing occupational safety and health based on the Industrial Safety and Health Act, the Labor Standards Act, and other safety and health laws, we prevent occupational accidents and maintain and enhance the health of our employees, temporary employees, employees of partners, and others, as well as promote the creation of a comfortable workplace environment. In addition, we have established the Safety & Health Management Regulations and other regulations that cover the safety and health management structure, safety and health education, and the planning and promotion of safety and health measures, as well as work manuals to implement smooth safety and health management. In this way, we work with our Group companies, as well as partners and other partner companies, to improve the levels of workers' safety and health.

The Daigas Group Safety and Health Council, chaired by an officer in charge of the Human Resources Department at Osaka Gas (Director and Senior Executive Officer), deliberates the Daigas Group's safety and health basic policy and submits deliberation proposals to the Management Meeting. After deliberation by the Management Meeting, the decision is made by the Representative Director and President of Osaka Gas.

The Daigas Group Safety and Health Council also discusses measures for and shares information about occupational accident prevention and health maintenance and enhancement of employees.

### Daigas Group Safety and Health Promotion System



## Preventing Injury in the Workplace

### Promoting safety and health management activities based on OSHMS

Osaka Gas has been systematically and meticulously undertaking activities aimed at preventing workplace accidents, based on the Guidelines for the Occupational Safety and Health Management System (OSHMS Guidelines)\* established by the Ministry of Health, Labour and Welfare. Based on the Osaka Gas Health and Safety Action Plan, each organization of Osaka Gas is working on reducing the number of incidents leading to absence from work due to workplace accidents to zero. The Plan, consisting of three priority themes—prevention of transportation-related accidents, prevention of general work accidents, and prevention of accidents through collaboration with business partners—is designed to enhance the level of workplace safety by implementing improvement measures under the PDCA (plan-do-check-action) cycle.

Each Daigas Group company is working on establishing the PDCA cycle to improve safety and health-enhancement activities in accordance with each company's safety and health situation while maintaining the current safety and sanitary management system and in line with the Daigas Group's Basic Safety and Health Improvement Plan.

\*The Ministry of Health, Labour and Welfare's guidelines conform to the OSHMS guidelines established by the International Labour Organization (ILO) (ILO-2001).

#### Goals for FY2024.3

| Items   |             | Goals for FY2024.3 |
|---|-------------|--------------------|
| Accident causing absence (Osaka Gas, other party) |             | 0                  |
| Accident causing no absence                       | Osaka Gas   | Negligence 0       |
|   | Other party | 0                  |

#### Occurrence of Injury in the Workplace

| Items                     |           | FY2024.3 Results |
|---------------------------|-----------|------------------|
| Number of fatal accidents | Employees | 0                |
|                           | Partners  | 0                |

### Efforts of the health and safety committee to improve health and safety

The Health and Safety Committee holds a meeting once a month at the head office and each district office (workplace), attended by representatives of the company and labor union, industrial physicians. The Health and Safety Committee investigates and deliberates on measures that should serve as the basis for preventing employee hazards and health problems (measures to eliminate the causes of occupational accidents and prevent their reoccurrence, etc.), thereby striving to ensure that the opinions of employees are well reflected when implementing measures and policies related to employee health and safety.

## “Accident Indices” for Evaluating Safety Activities

If an industrial accident occurs at Osaka Gas, the Company division concerned investigates and identifies the cause and takes measures to prevent a reoccurrence. The case is shared company-wide through a portal or other means, to ensure that similar accidents will not occur.

To assess safety activities at each workplace, we also use the “Accident Indices,” which uses a unique formula to calculate the degree of the accident in terms of seriousness and impact. The “Accident Indices” was created to establish a common, company-wide standard for labor accidents in all business segments, from gas processing and supply to sales.

Also, we honor organizations that meet their prescribed accident index targets to recognize their efforts as well as to raise awareness.

## Daigas Group’s Safety Education Efforts “Safe Driving Education”

The Daigas Group and its partners use a large fleet of vehicles in their work. We implement unique measures to ensure that all our vehicle operators master reliable driving skills and improve their driving manners so that everyone in the community can trust the Daigas Group’s commitment to safe driving.

The Safe Driving Training Center run by Osaka Gas offers safe driving education with a focus on practical training, and we are seeking to extend safe driving practices throughout the Daigas Group to improve safety across the Group as a whole. In FY2024.3, a total of 3,643 employees from 42 companies, including Osaka Gas, took part in this safe driving program. The intranet and email are used to share and disseminate information across the Group as a whole to reduce accidents.



Class at an on-site driver training center

### Education for foremen and health and safety managers

In accordance with Article 60 of the Industrial Safety and Health Act, we conduct safety and health education for those who are newly charged as foremen (first line supervisors) or others to directly guide or supervise workers in operations, by inviting a lecturer from the Japan Industrial Safety & Health Association. The Daigas Group holds training sessions five times a year for newly appointed managers who need foreman education. Approximately 160 people take the training.



Class at an on-site safety and health education



## Competency improvement education for foremen and health and safety managers

According to the Guidelines for Promotion of Safety and Health Education issued by the Ministry of Health, Labour and Welfare, employers are required to provide education according to the competency improvement education for foremen and other workers approximately every five years, or when there is a major change in machinery and equipment.

Based on this, the Daigas Group has been providing the competency improvement education twice a year since FY2024.3 for those who have completed the education for foremen or the education for health and safety managers and are still leading their subordinates as foremen, with approximately 50 employees having taken the education.

## Joint Safety Activities with Partners

Osaka Gas works closely with affiliates and others at the sites of gas business activities. In particular, we strive to boost the level of safety by working closely with our partners through the Health and Safety Promotion Council to exchange safety-related information and hold a range of training and safety activities.

The Council has 74 member companies, primarily in the manufacturing sector. In accordance with the policy for ensuring the safety of workers including those from partners set forth in the Daigas Group Safety & Health Promotion Regulations, it promotes voluntary safety and health activities, with the goal of zero lost-time injury. Its main activities include the formulation and notification of safety management guidelines, as well as prior screening of partners based on their safety performance and risks.

In addition, the Council has designated a disaster prevention month in both the first half and second half of the year, during which we conduct safety patrols jointly with them. It also issues a Safety & Health Monthly Report that provides useful information on company efforts in preventing workplace accidents and promoting employee health.

At piping works, we work with partner companies in organizing exercise sessions to enhance physical performance and prevent accidents involving older workers falling from, or tipping over, stepladders.



Safety patrol with partner companies



Safety & Health Monthly Report

## Prevention of General Work Accidents

### Heat stroke prevention measures

Osaka Gas has introduced work clothes with built-in fans as part of measures to improve the working environment and prevent heat stroke in the summer with extreme heat (except for workers handling raw gas because fans are not explosion proof). In FY2019.3 we started considering the introduction of fan-equipped work clothes and conducted research using monitors to assess the required quantity and needs. The fan-equipped work clothes are made using a fabric suitable for fitting fans while following the design of the current ones. Also, the fan-equipped work clothes allow the use of a full harness safety belt, which has been mandatory from January 2022 due to a revision of the Industrial Safety and Health Act.



Fan-equipped work clothes

### Prevention of fall accidents

Fall accidents occur frequently nationwide, accounting for one-quarter of industrial accidents.

Osaka Gas strives to prevent fall accidents by introducing health-enhancement physical training to workplaces and giving laptop tote bags to employees.

Older workers have come to constitute a larger portion of the entire working population at the Daigas Group, resulting in an increase in the number of accidents involving workers on duty, including stumbling. In FY2018.3, we introduced health-enhancement physical training company-wide. We have changed the conventional exercise program centered on stretching to health-enhancement physical training that strengthens muscles and the body trunk, including squats and standing on one leg.

In 2019, an employee slipped down the stairs with a laptop in his hands. A similar accident occurred in FY2018.3, too. To address this matter, we have been promoting company-wide measures to prevent similar accidents.

To avoid a similar accident, you should not walk around the office (especially up and down the stairs) while holding an open laptop in your hands. So, we encourage employees to carry laptops and documents in bags to keep both hands open while walking.

Moreover, to promote the habit above, we have provided laptop-carrying bags to organizations upon request.

We have also created a poster encouraging employees to keep both hands open while walking and sent it to each and every organization.



Scene of squat exercises, part of a health-enhancement physical training program being conducted before the start of the day



Introduction of laptop tote bags



Enlightenment poster

## Maintaining and Improving Health

### Regular health checkups and health guidance

Osaka Gas holds regular health checkups as required by law, and all employees expected to take them had planned checkups at the Daigas Group Health Development Center within the Human Resources Department.

In FY2024.3, 13,767 employees of 34 companies (the total number from Osaka Gas and its affiliates) received health checkups at the Center.



Health checkup at the Daigas Group Health Development Center

|  | Daigas Group Health Development Center   | In general            |
|--|--|-----------------------|
| Health checkups  | Half a day   | About half a day      |
| Explanation of health checkup results                      | On the day   | Later date            |
| Judgement of work classification                           | On the day   | Later date            |
| Health promotion class                                     | On the day<br>Advice on health promotion<br>Special health guidance (in the first session)   | Later date            |
| Interviews with people experiencing a high level of stress | On the day<br>To be conducted after evaluating the stress level through a prior medical questionnaire (Stress checks specified by law are conducted separately.) | No                    |
| Reservation for thorough examination                       | On the day<br>Medical staff make reservations on the spot (legally mandated item).   | To be made by oneself |

### Prevention and control related to global health issues

The Daigas Group has set forth “Providing safe and secure workplace” and “Ensuring safety of products and services” in the Daigas Group Code of Business Conduct, and it has established a system to provide health care against infectious diseases beyond the legal requirements.

In accordance with legal requirements, we provide employees with an opportunity for regular health checkups (once a year), including chest x-ray examinations for early detection of pneumonia, pulmonary tuberculosis, lung cancer, and other diseases.

Furthermore, based on advice and warnings on COVID-19 and other risks issued by the Ministry of Foreign Affairs and the World Health Organization (WHO), the Group takes measures such as alerting employees and setting up a task force.

## Efforts related to the Action Guidelines “7 Rules for Being Healthy”

### Promotion of measures to prevent lifestyle-related diseases

We will increase the number of employees working to improve their lifestyle habits by carrying out specific activities in line with the Action Guidelines “7 Rules for Being Healthy.” “7 Rules for Being Healthy (Healthy 7).”

In FY2024.3, we held the Healthy 7 Olympics (no smoking category), which has taken place since 2021, and seminars and events on sleep and breakfast, which are included in the monitoring indicators of Healthy 7. These encouraged employees to actively engage in Healthy 7 activities. In addition, a walking event was held jointly with the Health Insurance Association. Approximately 5,000 employees from the Group participated in the event.

### Healthy 7 Lifestyle Habit Monitoring Indicator: Total of Osaka Gas, Osaka Gas Network, and Three Core Energy Business Companies

| Unit: %        | Obesity rate (men) | Breakfast skipping | Exercise at least twice a week | Drinking 360 ml or more | Smoking rate (men) | Smoking rate (women) | Rest from sleep |
|----------------|--------------------|--------------------|--------------------------------|-------------------------|--------------------|----------------------|-----------------|
| FY2024.3       | 33.1               | 22.3               | 27.4                           | 26.8                    | 24.1               | 2.0                  | 68.2            |
| FY2023.3       | 33.5               | 22.5               | 26.6                           | 23.6                    | 23.9               | 2.2                  | 69.2            |
| FY2022.3       | 34.2               | 21.5               | 25.7                           | 19.8                    | 24.7               | 2.1                  | 70.7            |
| National data* | 33.0               | 3.1 (Reference)    | 28.7                           | 27.9                    | 27.1               | 7.6                  | 78.3            |

- \* The figures shown for indicators other than obesity rate and smoking rate are the total of men and women.
- \* Breakfast skipping: Percentage of respondents who answered they skip breakfast three or more times a week (Nationwide: Percentage of respondents who answered they do not eat breakfast [reference])
- \* Exercise at least twice a week: Percentage of respondents who answered they exercise at least 30 minutes a day at least two days a week
- \* Drinking 360 ml or more: Percentage of respondents who answered that the amount of alcohol consumed on a drinking day is 360 ml or more
- \* Rest from sleep: Percentage of respondents who answered they get enough or moderate rest from sleep

\* From the National Health and Nutrition Survey (Ministry of Health, Labour and Welfare, 2019 [data on sleep from the 2018 Survey])

## Promotion of Measures to Enhance Mental Health

The Daigas Group implements various measures to enhance mental health in order to promote early detection and prevention of mental disorders.

- We conduct a group analysis of stress checks and provide feedback to the general affairs department of the organization to promote improvement of the working environment in the organization. Depending on the issues, the medical staff will conduct detailed group analysis of stress checks and provide feedback to the head of the organization and exchange views on how to create a better workplace. In this way, the general affairs department of each organization and the Health Development Center are working together to improve the working environment.
- For mental health measures for younger employees, we conduct a health questionnaire for new employees. For employees in their second year of work, we conduct a stress questionnaire and individual interviews at the time of a health checkup. Based on the results, we take appropriate measures in cooperation with their supervisors.
- For managers/supervisors, we provide mental health training centered on case studies.



Interview with employees in their second year of work regarding stress



Mental health training for managers and supervisors

## Helping employees manage and maintain their health

Medical staff hired by the Daigas Group visit its business offices to provide health education to employees. This measure is designed to create a working environment that ensures workers' health and comfort, and encourages them to work on enhancing their health on their own.

We are providing employees with health management information via the Health Development Center website.

To address lack of exercise among young employees and prevent senior employees from tipping over, we also provide physical fitness tests that allow employees to check their physical strength and prompt them to exercise.

### ■ Trainings by Occupational Safety and Health Staff (FY2024.3)

| No. of such events held | No. of participants | Description                    |
|-------------------------|---------------------|--------------------------------|
| 16                      | 1,714               | Mental health, self-care, etc. |



Easy and quick exercise

## Promoting the Creation of a Healthy Workplace

We comply with the Labor Standards Act, the Industrial Safety and Health Act, and other laws and work on the creation of a comfortable work environment, so that employees can work safely and in good health. If there is a violation, improvements will be made promptly.

### ■ Serious violations of the Labor Standards Act

There were no such violations in FY2024.3.

## Osaka Gas was Selected as a Health & Productivity Stock Selection Brand for Two Consecutive Years

In March 2024, Osaka Gas was selected for two consecutive years as one of the brands in the 2024 Health & Productivity Stock Selection Brand program, jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

The Health & Productivity Stock Selection is a program to promote enterprises' initiatives for Kenko Keiei,\* or health and productivity management, by selecting outstanding listed enterprises engaging in a health and productivity management program, in which enterprises focus on and strategically carry out efforts with regard to their employees' and other workers' health from a management perspective, and introducing them as attractive enterprises to investors who are focused on improving corporate value from a long-term perspective.

As well as the Daigas Group Declaration of Health and Productivity Management, we established the Daigas Group Action Guidelines "7 Rules for Being Healthy" to encourage employees to have healthy lifestyles, aiming to improve their lifestyles through health promotion activities based on the rules. In recognition of these initiatives, we have been selected two years in a row.

\*The term "Kenko Keiei®" is a registered trademark of Non-profit Organization KenkoKeiei.



# Communication Between Employees and Company

## Policy and Principle

The Daigas Group believes that it is important for employees and the company to work together to realize the healthy growth of each group company with a sense of mutual trust and tension. To this end, we promote communication between employees and the company by opinion exchanges at informal meetings between the labor union and management and various study committee meetings, as well as workplace visits by the President of Osaka Gas to group companies and its organizations.

## Labor-Management Relations

### Cooperation between labor and management to resolve issues

Osaka Gas has adopted a union shop system, in which all employees, except those in management positions, are members of a labor union, pursuing sound and good labor-management relations. The Osaka Gas Workers Union consists of approximately 4,000 members, including those temporarily transferred to affiliated companies, etc. The workers union and management exchange opinions at informal meetings and various study committees on overall corporate activities, including actions regarding various management issues, as well as changes in working conditions. We strive to build, maintain and strengthen sound and good labor-management relations based on mutual understanding and trust.

## Company Award System

### President's Award to boost employee morale

Osaka Gas presents the President's Award every year to honor employees who have made significant contributions to the company's activities to boost employee morale. Awards are presented to regular and contract employees at Osaka Gas and employees of affiliated companies for their outstanding achievements in business operations and contributions to the environment, the community, and other aspects of society, passing on skills, the safety field, etc.

# Human Rights

## Summary

### Basic approach

The Daigas Group respects human rights as basic rights inherent to all. The Group supports the international standards on human rights and promotes activities and programs to protect the human rights of its stakeholders. We comply with the applicable laws and regulations of the countries and regions where we operate. In the Medium-Term Management Plan 2026, we have positioned maintaining and improving the soundness and flexibility of management foundation as one of our material issues and set respect for human rights as an indicator to accelerate initiatives.

| Theme   | Items to be addressed  | Specific initiatives   |
|---|--|--|
| <p>Respect for human rights throughout the value chain<br/>                     ↳ P.090</p> <p>Human rights due diligence<br/>                     ↳ P.091</p> <p>Human rights awareness promotion<br/>                     ↳ P.094</p> | <ul style="list-style-type: none"> <li>• Management regarding respect for human rights</li> <li>• Human rights due diligence</li> <li>• Encouragement of suppliers</li> <li>• Promoting human rights awareness activities for Daigas Group officers and employees</li> </ul> | <p><b>Policy and promotion system</b></p> <p>Based on the Daigas Group Human Rights Policy, we support international human rights-related norms and comply with laws and regulations of the countries and regions where we operate, promoting activities and programs to protect the human rights of its stakeholders.</p> <hr/> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>• Implemented human rights due diligence</li> <li>• Informed our suppliers of our procurement policy and conducted a sustainability questionnaire</li> <li>• Provided human rights awareness training to Daigas Group officers and employees</li> </ul> |



# Respect for Human Rights throughout the Value Chain

## Policy and Principle

The Daigas Group supports and respects international standards for human rights, including the International Bill of Human Rights (Universal Declaration of Human Rights and the International Covenants on Human Rights) and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We also promote human rights initiatives in accordance with the UN Guiding Principles on Business and Human Rights, the UN Children's Rights and Business Principles, and other relevant principles.

### Establishment of policies and regulations

The Daigas Group has stated that human rights are to be respected in the Daigas Group Charter of Business Conduct, which expresses the Daigas Group's corporate stance, and the Daigas Group Code of Business Conduct, which serves as a code of conduct for officers and employees, and it established the Daigas Group Human Rights Policy in April 2021. In addition to the Daigas Group Procurement Policy, which is aimed at respecting human rights throughout the supply chain, we have also established various regulations related to occupational health and safety, etc.

We identify and assess the negative impact of our business activities on human rights and take steps to prevent or mitigate such risks under the Daigas Group Human Rights Policy. The Daigas Group Code of Business Conduct, which incorporates the 10 principles of the UN Global Compact, contains "respecting human rights" and "providing safe and secure workplace" as the first and second items respectively. The Code eliminates discrimination and bans harassment against all stakeholders in all countries and regions.

We will also demand that our suppliers and other parties concerned respect human rights and not infringe on them.

#### Daigas Group Human Rights Policy



[▶ Daigas Group Human Rights Policy](#)

The Daigas Group established the Daigas Group Human Rights Policy in April 2021. This Policy is based on the Daigas Group Corporate Principles and the Daigas Group Charter of Business Conduct and has been approved by the Board of Directors of Osaka Gas.

### Consideration for occupational safety and health

The Daigas Group not only complies with all applicable laws and regulations related to safety and health but also has established its original rules, including the Daigas Group Safety & Health Promotion Regulations. The Group has also established the Daigas Group Safety and Health Council to discuss and share information on measures to prevent occupational accidents and promote health maintenance, thereby working to improve the levels of workers' safety and health throughout the Group.

In March 2021, we issued the Daigas Group Declaration of Health and Productivity Management to summarize our stance toward health and productivity management, based on

the idea that ensuring safety and maintaining and improving physical and mental well-being are key to all operations.

Based on the Declaration of Health and Productivity Management, we also established the Daigas Group Action Guidelines "7 Rules for Being Healthy" to encourage employees to live healthy lifestyles, and we provide guidance to organizations and individuals at the Health Development Center, as well as lifestyle advice to employees at health checkups.

### Encouraging suppliers to comply with laws and regulations regarding human rights

To ensure respect for human rights throughout the supply chain, the Daigas Group strives to encourage its suppliers to understand the concept of human rights and follow international human rights standards through the Daigas Group Procurement Policy and the Daigas Group Procurement Policy for Suppliers.

In our sustainability questionnaire for suppliers, we set up a section on human rights to ascertain the actual status of forced labor and child labor, confirm that there are no problems, and provide an opportunity to mutually confirm the importance of our efforts to respect human rights.

#### Major requests

##### Respect for Human Rights

Respect the human rights of all those involved in corporate activities according to international human rights standards, and prevent direct or indirect infringement of human rights, including discrimination, harassment, and other inhumane treatment, due to corporate activities throughout the supply chain.

##### Fair Working Conditions

Comply with international labor standards and related laws and ordinances to appropriately pay employees, manage their working hours, and give them days off; to prevent any kind of discrimination at the workplace, forced labor, or child labor; and to respect the rights of workers (including technical intern trainees, other workers from abroad and immigrant workers), such as the freedom of association and the right of collective bargaining.

##### Contribution to Environmental Conservation

Reduce the environmental burden of business operation and products and services. [Examples: Reduce greenhouse gas emissions by saving energy and using low-carbon and/or decarbonized energy; promote green purchasing; use resources (water resources, raw materials, etc.) in a sustainable way; promote resource recycling; prevent air, water and soil pollution; and conserve biodiversity]

##### Ethical Corporate Management

Respect free and fair competition and prevent misconduct.

Protect intellectual property rights; disclose information appropriately; maintain confidentiality; safeguard privacy, including that of personal information; procure minerals responsibly; conduct responsible marketing activities; and never have any relationships with antisocial groups.

# Human Rights Due Diligence

## Principle and Outline

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Daigas Group is committed to establishing systems in order to respect the human rights of all people affected by the Group's business activities, and proactively disclose its initiatives in this area. Based on the Daigas Group Human Rights Policy, the Group conducts human rights due diligence as part of its efforts to respect human rights and realize business sustainability.

## System for Promotion of Human Rights Due Diligence

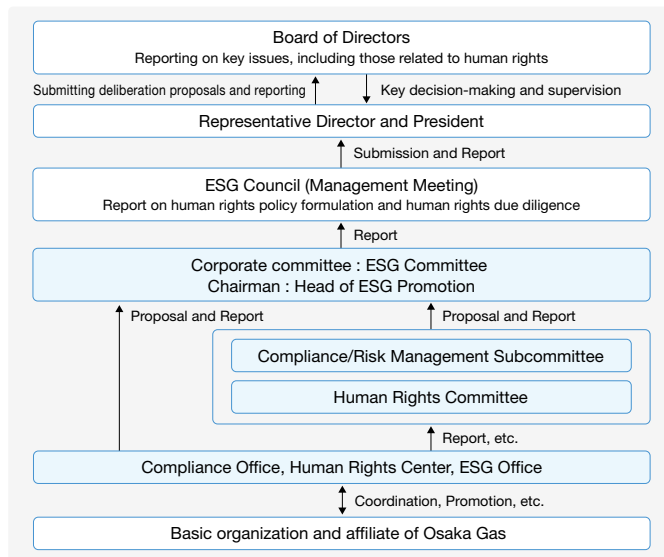
Human rights due diligence is jointly promoted by the Human Rights Center in the Human Resources Department; Compliance Office and the Internal Control Planning Team in the General Affairs Department; and the ESG Office in the Corporate Strategy Department.

The Board of Directors, which makes decisions and supervises other important business activities across the Daigas Group, is responsible for supervising activities aimed at tackling human rights issues and other related issues.

At the ESG Council (Management Meeting), which meets three times a year, officers deliberate on action plans and reports concerning ESG issues, including human rights issues, and report to the Representative Director and President.

The Group also has the ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice President), who supervises the Group's sustainability activities, and consisting of the heads of related organizations and other members. In principle, the ESG Committee meets three times a year for cross-organizational deliberation, coordination, and supervision of the formulation, promotion, etc. of plans for human rights due diligence activities.

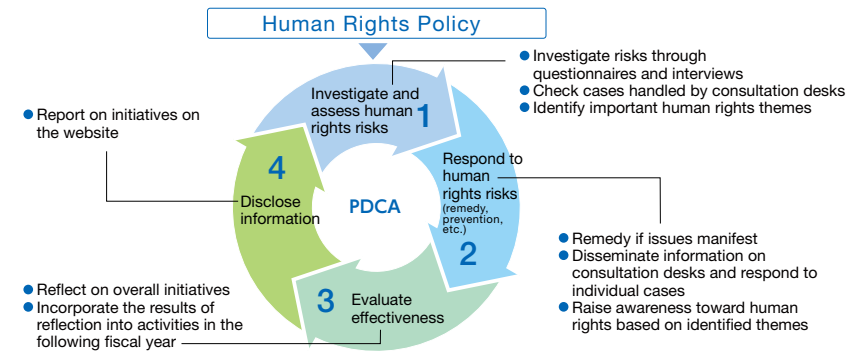
### System for Carrying Out Human Rights Due Diligence



## Human Rights Due Diligence Cycle

We have built a cycle in which human rights risks that may arise from our business activities are investigated and identified, the identified human rights risks are addressed through corrective and remedial measures, education and awareness-raising activities, etc., and the effectiveness of these measures are evaluated and linked to improved initiatives.

### Human Rights Due Diligence Cycle



### Results of Initiatives in FY2024.3

#### Identification of key human rights risks (process)

By reference to the dual axes of the seriousness of each potential human rights infringement and the likelihood of it occurring, we identify key human rights risks that the Daigas Group needs to consider in the course of its business activities and establish a priority order for addressing them.

In FY2024.3, we continued to conduct checks through the “G-RIMS,” a self-inspection tool, a compliance survey of employees to see how well they understood compliance, and questionnaire surveys targeting major business partners of the Daigas Group. In addition, upon receiving opinions from external experts in the previous fiscal year that highly serious human rights issues may occur overseas, we have worked to identify and address human rights risks at our overseas subsidiaries. We undertook efforts to gradually expand the scope of our investigation, including starting to conduct questionnaire surveys targeting major suppliers and conducting on-site audits by adding the confirmation of human rights risks to the existing quality audit framework.

The investigation results showed no serious risks related to human rights.

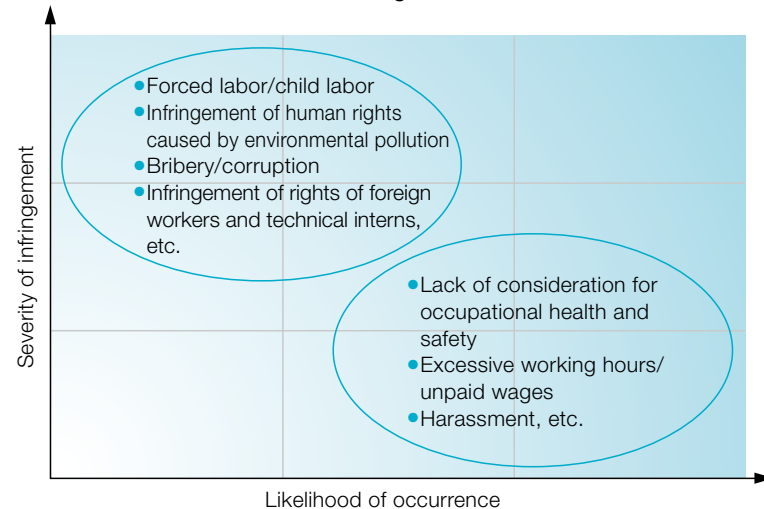
#### ■ Identification Process

1. Confirm the likelihood of occurrence and seriousness of human rights infringements based on the results of the human rights risk investigation and human rights consultations.

2. Conduct a discussion among internal stakeholders and evaluate each item of human rights risks using the matrix shown in the figure below.

3. Consult with experts to identify the Group's significant human rights risks.

#### ■ Matrix Assessment of Human Rights Risks



#### Identify important human rights themes (assessment)

Based on the FY2024.3 investigation results and cases handled by consultation desks, as well as discussions with experts, we identified important human rights themes that the Daigas Group should consider in the course of its business activities. As a result, no significant changes from FY2023.3 were identified.

Among the human rights risks that may occur in the course of the Group's business activities, 14 items were identified as significant human rights risks. Such risks include forced labor, child labor, and bribery/corruption in the international business, and infringement of the rights of foreign workers or technical interns in the domestic business, in addition to lack of consideration for occupational health and safety, infringement of human rights caused by excessive working hours or unpaid wages, and harassment. We take various measures to prevent and mitigate these risks, under relevant policies and other systems.

In addition, during discussions with experts, recommendations were made regarding the importance of assessing human rights risks by business in the value chain, and continuing to conduct surveys, investigation, and audits in areas identified as those with priority human rights risks. We will continue to consider and respond to such issues.

We also assess human rights risks in new businesses. For example, we investigate the status of legal compliance concerning labor standards and health and safety as part of due diligence for M&A deals. We thus confirm that serious human rights risks do not exist in companies joining the Group.

#### ■ Identified Human Rights Themes and Classification of Entities of Rights

|   |   | Entity of rights |           |                            |           | Relevant policy                             |
|---|---|------------------|-----------|----------------------------|-----------|---|
|   |   | Group employees  | Customers | Local residents and others | Suppliers |   |
| Daigas Group's important human rights risks | Forced labor  | ●*1              |           |                            | ●         | Daigas Group Human Rights Policy            |
|   | Child labor   | ●*1              |           |                            | ●         | Daigas Group Human Rights Policy            |
|   | Lack of consideration for occupational health and safety                              | ●                |           |                            | ●         | Occupational health and safety              |
|   | Infringement of human rights caused by excessive working hours or unpaid wages        | ●                |           |                            | ●         | Occupational health and safety              |
|   | Discrimination on the basis of disability, race, nationality, gender, etc.            | ●                |           | ●                          |           | Daigas Group Diversity Promotion Policy     |
|   | Discrimination based on one's origin  | ●                |           | ●                          |           | Daigas Group Human Rights Policy            |
|   | Harassment  | ●                |           | ●                          |           | Daigas Group Code of Business Conduct       |
|   | Infringement of the rights of foreign workers or technical interns                    | ●*2              |           |                            | ●         | Daigas Group Human Rights Policy            |
|   | Infringement of rights to privacy   | ●                | ●         | ●                          |           | Initiatives to protect personal information |
|   | Infringement of the rights of indigenous peoples or local residents                   |                  |           | ●                          |           | Daigas Group Code of Business Conduct       |
|   | Human rights problems caused by environmental pollution                               |                  |           | ●                          |           | Daigas Group Environmental Policy           |
|   | Defective quality of products or services, and inappropriate provision of information |                  | ●         |                            |           | Daigas Group Code of Business Conduct       |
|   | Bribery/corruption  | ●*1              |           | ●                          | ●         | Daigas Group Code of Business Conduct       |
|   | Procurement of conflict minerals  |                  |           | ●                          | ●         | Daigas Group Procurement Policy             |

\*1 Overseas subsidiaries, \*2 Domestic subsidiaries

## Consultation Desks for Human Rights

The Daigas Group accepts consultation regarding human rights from not only employees but also customers, the local community, suppliers, and all other stakeholders.

Information on consultation desks is provided to employees through channels such as the intranet and posters and to external stakeholders via our website.

### ■ Consultation Desks

|   |   |
|---|---|
| <b>Employees</b>                          | <ul style="list-style-type: none"> <li>• Human rights promoters are assigned to each organization, including key affiliated companies, as an initial point of contact.</li> <li>• The Human Rights Center provides consultation services (for officers, employees, and temporary employees of all Group companies).</li> <li>• The Compliance Desks accept requests for consultation and reports concerning compliance with laws, regulations, and internal rules (for officers, employees, and temporary employees of all Group companies).</li> </ul> |
| <b>Customers, local communities, etc.</b> | <ul style="list-style-type: none"> <li>• Customer Centers accept inquiries.</li> </ul>  |
| <b>Suppliers</b>                          | <ul style="list-style-type: none"> <li>• Consultation and reports are accepted at the consultation/reporting desk on the website.</li> </ul>  |



# Human Rights Awareness Promotion

## Principle and Outline

The Daigas Group holds that human rights ought to be accorded the maximum respect in all circumstances. All officers and employees must be keenly aware of this, and acquire and act on correct knowledge pertaining to human rights. In expanding its business globally, the Group pays careful attention to compliance with local and national laws and regulations, respect for human rights and other international norms, local culture and customs, and the interests of stakeholders. Accordingly, it offers human rights training and conducts educational activities aimed at improving awareness and instilling knowledge of human rights issues.

## System for Promoting Human Rights Awareness

To promote human rights awareness throughout the Daigas Group, Osaka Gas has established a “Daigas Group Human Rights Committee” headed by the director (Director and Senior Executive Officer) responsible for the Human Resources Department. This committee decides the activity policy with regard to human rights.

Based on this policy, the Human Resources Department’s “Human Rights Center” plans, formulates and administers numerous efforts and events such as human rights training for all job levels, human rights lectures, and human rights slogan contests, and offers cooperation and support to individual organizations. In FY2023.3, we have started training programs based on human rights themes identified as those which we should give consideration to in human rights due diligence. The top award-winning slogans are made into posters that are put up in offices to constantly remind employees of the importance of human rights.

As well, business units and major affiliates have their own “Human Rights Committee,” which relays company policies and human rights information to employees, encourages participation in outside lectures and the human rights slogan contest. The “Daigas Group Human Rights Committee” also exchanges information and opinions with divisions in the Group, all in an effort to understand what must be done across the entire Group. Further, each business unit and major affiliate appoints a “Human Rights Awareness Promoter,” who is in charge of dealing with daily issues related to human rights.

The Daigas Group’s “Compliance Desks” and “Human Rights Center” also accept consultation and reports on all matters related to human rights.

### System for Promoting Human Rights Awareness

#### Daigas Group Human Rights Committee

Members: General Manager of the department in charge of general affairs in each organization, and Managers of the ESG Office and the Compliance Office

#### Daigas Group Human Rights Executive Board

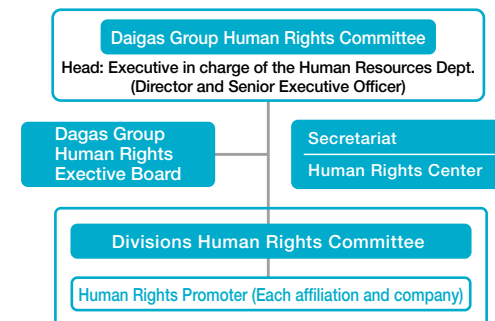
Members: Manager of the team in charge of general affairs at each organization, the ESG Office, and the Compliance Office

#### Human Rights Committees at each organization

Members: Persons in charge of general affairs, etc., including affiliated core energy business companies and related companies

#### Human Rights Promoters (at each organization)

Members: Persons in charge at each organization



## Initiatives to Respect Human Rights for Suppliers

The Daigas Group sets up a section on human rights in its annual sustainability questionnaire for major suppliers. In FY2024.3, our overseas subsidiaries also conducted a questionnaire survey on addressing human rights targeting major suppliers and conducted on-site audits by adding the confirmation of human rights risks to the existing quality audit framework. The results confirmed that there were no problems with forced labor or child labor.

In addition, at the human rights lecture for organization heads and managers, which is held every year, in FY2024.3, we invited the participation of construction companies, service chain companies, and other partner companies, and approximately 50 people attended the lecture.

Please see [P.098](#) for more information on the details of the conducted sustainability questionnaire survey.

### Survey on Human Rights Risks

|  | No. of companies surveyed | No. of companies which replied            |
|--|---------------------------|---|
| Sustainability questionnaire                                   | 388                       | 364                                       |
| Questionnaire survey on addressing human rights, on-site audit | 51                        | 47 (of which 12 underwent on-site audits) |



## Implementation of Human Rights Training

### Human rights training for all levels

The Daigas Group has human rights training for all job levels: officers, managers, and new recruits.

In the human rights training for new managers, participants learn about human rights issues that companies should consider. We have human rights lectures for division heads and managers led by outside experts.

Human rights training for all employees have been conducted mainly through video distribution since FY2023.3. In FY2024.3, human rights issues at workplace, including unconscious bias and men's childcare leave, were featured under the slogan of "Apply What You Realized to the Workplace." Approximately 16,700 employees across the Group participated in the training.

### ■ Group-wide Human Rights Training - Participants

| Participants   | Implementation period         | No. of participants |
|--|-------------------------------|---------------------|
| Executives   | December                      | 34                  |
| Managers and leaders                                   | May, June, November, December | 201                 |
| New employees  | April                         | 219                 |
| All employees  | From October to March         | About 16,700        |
| Organization heads and managers (Human rights lecture) | July                          | 513                 |
| All employees (Human rights lecture)                   | November                      | 603                 |
| Mid-career hires                                       | June, October, February       | 248                 |
| Others (HR Committee etc.)                             | Year around                   | 174                 |
| <b>Total</b>   |                               | <b>About 18,700</b> |

### Training for human rights awareness leaders

In training for each division's human rights awareness leaders, participants take a variety of courses outside the company. In FY2024.3, a total of 154 took these courses.

### ■ Results of Participation in Courses outside the Company

| Course name  | No. of participants |
|--|---------------------|
| Anti-discrimination and Human Rights Issues Awareness Raising (for Managers) | 154                 |
| Human Rights and Anti-discrimination Awareness Raising                       |                     |
| Buraku Liberation/Human Rights Summer Course                                 |                     |
| Buraku Liberation/University Human Rights Course                             |                     |
| Other  |                     |

# Supply Chain Management

## Summary

### Basic approach

The Daigas Group could not conduct business without the cooperation not only of companies within the Group but also of its various stakeholders. We believe that it is necessary for the Group to control the social and environmental effects that are generated in the business processes in the most responsible manner and in close cooperation with our stakeholders. Based on the Group's corporate motto, "Service First," we strive to procure responsibly in cooperation with our suppliers. Supply chain management was positioned as one of our material issues in the Medium-Term Management Plan 2023.

### Theme

### Items to be addressed

### Specific initiatives

### Supply chain management

→ p.097

- Promoting understanding of the Daigas Group Procurement Policy among suppliers
- Confirmation of the status of major suppliers' sustainable activities, etc.
- Promotion of green purchasing

**Materiality** Supply chain management

#### Policy and promotion system

The Daigas Group is committed to fulfilling its social responsibility in close cooperation with suppliers in line with the Daigas Group Code of Business Conduct, revised in accordance with the United Nations Global Compact. The Daigas Group has formulated the Daigas Group Procurement Policy and has made it known to the Group's suppliers, together with the Daigas Group Procurement Policy for Suppliers. Each organization in charge of procuring particular materials is to fulfill its responsibility.

#### KPIs based on the materiality

#### FY2024.3 results

Appropriate new supplier ratio

100%  
A total of 18 suppliers began new business transactions with Osaka Gas. No business deals were barred from being started due to violations of standards set in the fields of environmental and social impacts, human rights, and labor practices.

#### Initiatives undertaken in FY2024.3

- Implementing and promoting a system for disseminating the Daigas Group Procurement Policy and the Daigas Group Procurement Policy for Suppliers to our suppliers and confirming the status of their sustainable activities before proceeding with a business transaction
- Conducting questionnaires for major suppliers to understand, evaluate, and analyze the status of their sustainable activities, etc.
- Implementing and promoting the Green Partner Initiative, a system for evaluating the environmental initiatives of suppliers who are proactive in such efforts as building an environmental management system (EMS) and obtaining certification

# Supply Chain Management

## Policy and Principle

Our broad-based city gas value chain is built on the cooperation of various suppliers. Fulfilling our social responsibility by working with our suppliers in the value chain builds relationships of trust with our stakeholders and furthers the development of the entire value chain.

The Daigas Group is committed to fulfilling its social responsibility in close cooperation with suppliers in line with the Daigas Group Code of Business Conduct, revised in accordance with the United Nations Global Compact. The Daigas Group has formulated the Daigas Group Procurement Policy and has made it known to the Group's suppliers, together with the Daigas Group Procurement Policy for Suppliers.

### Daigas Group Procurement Policy



The Daigas Group aims to contribute to the development of a sustainable society and believes that environmental and social consideration is important in procurement. Based on this idea, the Group formulates its policy on the procurement of works, services, goods, products, parts, materials, etc. as follows:

#### 1. Compliance

We will ensure that our procurement will be in compliance with laws and ordinances, based on common sense corporate practices following sound ethical views, and in full consideration of occupational health and safety, respect for human rights, including prohibition of discrimination, forced labor, and child labor, and the elimination of misconduct.

#### 2. Open Trading

To procure high-quality, safe and economical materials, equipment and the like at appropriate timing, we will deal with not only domestic companies but also overseas companies.

#### 3. Fair Dealing

We will fairly and justly select suppliers, vendors, contractors and others with whom we conduct business (collectively referred to as "Suppliers"), taking into comprehensive account such factors as their corporate soundness, financial condition, commitment to corporate social responsibility, safety management system, technical capabilities, the quality, prices,

and reliability of their products and services, the compatibility of their products and services with existing equipment, reliability in delivery, after-sales service, and economic rationality.

#### 4. Contribution to Environmental Conservation

Based on the Daigas Group Environmental Policy, we aim to operate our business in harmony with the environment, including consideration of biodiversity. We will promote green purchasing\* in consideration of the balance between economic conditions and the reduction of environmental burdens.

#### 5. Trusting Relationship

We will build a solid relationship of trust with Suppliers and strive for mutual development through close communication and fair and just purchasing transactions with them. For more details, refer to the Daigas Group Procurement Policy for Suppliers, which the Group has formulated.

\*\*Green purchasing\* is purchasing in full consideration of the necessity of the purchase, taking into account not only quality and price but also the environment.

### Daigas Group Procurement Policy for Suppliers (Excerpt)



#### Respect for Human Rights

Respect the human rights of all those involved in corporate activities according to international human rights standards, and prevent the direct or indirect infringement of human rights, including discrimination, harassment, and other inhumane treatment, due to corporate activities throughout the supply chain.

#### Fair Working Conditions

Comply with international labor standards and related laws and ordinances to appropriately pay employees, manage their working hours, and give them days off; to prevent any kind of discrimination at the workplace, forced labor, or child labor; and to respect the rights of workers (including technical intern trainees and other workers from abroad, and immigrant workers), such as the freedom of association and the right of collective bargaining.

#### Contribution to Environmental Conservation

Reduce the environmental burden of business operation, and products and services. [Examples: Reduce greenhouse gas emissions by saving energy and using low- and/or zero-carbon energy; promote green purchasing; use resources (water resources, raw materials, etc.) in a sustainable way; promote resource recycling; prevent air, water and soil pollution; and conserve biodiversity]

#### Ethical Corporate Management

Respect free and fair competition and prevent misconduct. Protect intellectual property rights; disclose information appropriately; maintain confidentiality; safeguard privacy, including that of personal information; procure minerals responsibly; conduct responsible marketing activities; and never have any relationships with antisocial groups.

## Responsible Procurement

### Measures in material procurement

We have a system for explaining the Daigas Group Procurement Policy and the Daigas Group Procurement Policy for Suppliers to our suppliers and confirming the status of their sustainable activities before proceeding with a new business transaction in materials purchasing.

In addition, we conduct a questionnaire survey of major suppliers in materials purchasing to check their sustainability efforts. Furthermore, when the suppliers conduct business transactions with the Daigas Group, they are asked to observe the Green Purchasing Guidelines set by the Group, which are attached to the specifications for the transactions.

### Sustainability activity survey of gas appliance makers and other suppliers conducted to promote information sharing on social and environmental issues to be tackled by companies

The Daigas Group conducts a questionnaire survey of major suppliers\* on sustainable activities to provide a sense of security to customers when they choose the Daigas Group, as well as to take into account social and environment aspects in doing business. The survey is based on the Daigas Group Procurement Policy and the Daigas Group Procurement Policy for Suppliers. The survey was conducted of gas appliance makers and other suppliers to assess the status of their efforts for a total of 56 items on the eight themes of compliance, human rights, labor, occupational health and safety, product safety and quality, environmental conservation, ethics and prevention of corruption, and keeping track of the state of affairs at major suppliers. In addition, we conducted a survey of service chain partners and construction work contractors, to which the Group has entrusted gas business-related duties, and of LNG suppliers.

\*Selected based on the degree of impact on our business, such as the transaction amount and whether or not Daigas Group brand products are handled

#### ■ Survey on Sustainability Activities Conducted in FY2024.3

| Companies covered by the survey      | No. of companies surveyed | No. of companies which replied | Other efforts            |
|--------------------------------------|---------------------------|--------------------------------|--------------------------|
| Main suppliers                       | 143                       | 143                            | Green Partner Initiative |
| Gas appliance manufacturers          | 34                        | 34                             |                          |
| Service companies, engineering firms | 202                       | 179                            |                          |
| LNG suppliers                        | 9                         | 8                              |                          |

### Results of the questionnaire surveys of suppliers

Questionnaire surveys of suppliers regarding sustainability activities for FY2024.3 found no violations in the environmental and social fields. For responses that raised concerns, we followed up individually from each responsible line to confirm that there were no problems with the actual state of activities.

We provided suppliers with feedback on good practices among respondent companies and comparisons between overall average values and the results of their own responses to encourage them to continue and improve their efforts.

### Efforts to encourage the reduction of environmental burdens and results

We encourage major suppliers, etc. to reduce environmental burdens as part of our efforts to reduce environmental burdens in our supply chain. In addition to complying with environmental laws and regulations, we request them to monitor their CO<sub>2</sub> emissions and water usage, report the status of setting reduction targets, and take measures to reduce environmental burdens.

### Promoting green purchasing in collaboration with suppliers and affiliates

Based on its Green Purchasing Guidelines (formulated in 2000, revised in 2022), Osaka Gas works with suppliers to promote Green Purchasing: prioritized procurement of biodiversity-friendly goods and construction work that have less impact on the environment. We actively use eco-friendly products, including Forest Stewardship Council-certified paper, recycled paper, LED lighting, and carbon offset products.

In 2005, we launched the “Green Partner Initiative” to evaluate environmental efforts by our main suppliers, including establishing an environmental management system (EMS) and obtaining an EMS certificate. Suppliers recognized as supporting the initiative have been registered as Green Partners.

The Green Partner Initiative was revised in FY2016.3, resulting in suppliers other than those previously covered now being covered by the initiative. As of March 31, 2024, 80 suppliers were registered. Affiliated companies are working to expand green purchasing under the Daigas Group Environmental Management System (OGEMS), our unique environmental management system.



### Participation in an initiative related to supply chains

Since FY2018.3, Osaka Gas has been participating in Sedex, which promotes the establishment of ethical supply chains, to respond to requests from suppliers.

We regularly undergo SMETA audits (an audit scheme provided by Sedex) at our LNG terminal in an effort to respect the human rights of our employees and improve the working environment.

### Training for personnel in charge of purchasing

The Daigas Group conducts training for personnel in charge of purchasing once a year. During training, we disseminate the Daigas Group Procurement Policy, which shows consideration for compliance, human rights, and the environment.

We also have e-learning courses for personnel in charge of purchasing available at all times.

# Customer Health and Safety

## Summary

### Basic approach

The Daigas Group is committed to making a positive contribution to realizing a higher level of comfort of its customers and the development of their business activities by ensuring a stable supply of city gas, electricity, LPG, and other energy sources and the safety of city gas supply and equipment with an improved level of services for its customers. To realize this, we believe that it is important to improve energy resilience so that customers can use energy without worry.

We positioned customer health and safety and stable supply of services as material issues in the Medium-Term Management Plan 2023. In the Medium-Term Management Plan 2026, we have positioned enhancing the resilience of customers and society as one of our material issues to continue working on the topic.

| Theme   | Items to be addressed   | Specific initiatives  |                               |                  |                             |  |                               |   |
|---|---|---|-------------------------------|------------------|-----------------------------|--|-------------------------------|---|
| <p><b>Customer health and safety</b></p> <p>→ p.100</p> | <ul style="list-style-type: none"> <li>Ensuring continued stable procurement and safe supply of energy</li> <li>Building resilient facilities</li> <li>Emergency response system and anti-disaster measures</li> <li>Passing on advanced knowledge and skills in safety and disaster prevention</li> <li>Disseminating information about safe use</li> </ul> <p><b>Materiality</b> Customer health and safety</p> <p><b>Materiality</b> Stable supply of services</p> | <p><b>Policy and promotion system</b></p> <p>The Daigas Group is committed to ensuring the quality of city gas, our primary product, its stable supply, and the safety of our gas and power generation facilities—all by adhering to our “Security Rules.” From FY2023.3, based on legal separation, we established the “Safety and Disaster Prevention Committee” as a company-wide committee to centrally manage and promote measures for events related to safety, disaster prevention, and gas supply stability, with the aim of building a system that exercises governance across the company during normal times.</p> <table border="1"> <thead> <tr> <th data-bbox="969 882 1317 911">KPIs based on the materiality</th> <th data-bbox="1317 882 2067 911">FY2024.3 results</th> </tr> </thead> <tbody> <tr> <td data-bbox="969 911 1317 1062">Number of serious accidents</td> <td data-bbox="1317 911 2067 1062">We continued to achieve zero serious accidents by implementing quality control of city gas in the production business and construction works, maintenance, and management of gas facilities in the supply business in accordance with laws, regulations, and internal rules.<br/>The percentage of earthquake-resistant facilities is approximately 89%, and the number of earthquake blocks increased to 727 due to the subdivision.</td> </tr> <tr> <td data-bbox="969 1062 1317 1118">Building resilient facilities</td> <td data-bbox="1317 1062 2067 1118">The percentage of earthquake-resistant facilities is approximately 89%, and the number of earthquake blocks* increased to 727 due to the subdivision.</td> </tr> </tbody> </table> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Ensuring the safety of city gas, gas and power generation facilities, and continuing to maintain quality levels</li> <li>Striving to systematically maintain a pipeline network to establish resilient facilities</li> <li>Building and implementing a system that allows for quick response to accidents and disasters, developing a Business Continuity Plan (BCP) to Take Effect During a Large-scale Disaster or Accident, and conducting drills</li> <li>Continuing to develop human resources with advanced knowledge and skills related to safety and disaster prevention</li> </ul> | KPIs based on the materiality | FY2024.3 results | Number of serious accidents | We continued to achieve zero serious accidents by implementing quality control of city gas in the production business and construction works, maintenance, and management of gas facilities in the supply business in accordance with laws, regulations, and internal rules.<br>The percentage of earthquake-resistant facilities is approximately 89%, and the number of earthquake blocks increased to 727 due to the subdivision. | Building resilient facilities | The percentage of earthquake-resistant facilities is approximately 89%, and the number of earthquake blocks* increased to 727 due to the subdivision. |
| KPIs based on the materiality                           | FY2024.3 results  |   |                               |                  |                             |  |                               |   |
| Number of serious accidents                             | We continued to achieve zero serious accidents by implementing quality control of city gas in the production business and construction works, maintenance, and management of gas facilities in the supply business in accordance with laws, regulations, and internal rules.<br>The percentage of earthquake-resistant facilities is approximately 89%, and the number of earthquake blocks increased to 727 due to the subdivision.                                  |   |                               |                  |                             |  |                               |   |
| Building resilient facilities                           | The percentage of earthquake-resistant facilities is approximately 89%, and the number of earthquake blocks* increased to 727 due to the subdivision.   |   |                               |                  |                             |  |                               |   |

\*Blocks are divided parts of the supply network aimed at early restoration in the event of supply disruptions due to earthquakes, etc.



# Customer Health and Safety

## Policy and Principle

The Daigas Group announced Long-Term Management Vision 2030 in March 2017 and Medium-Term Management Plan 2026 in March 2024. Ensuring the safety of city gas as well as gas and power generation facilities is of the utmost priority for the Daigas Group, which sets targets of continued zero serious accidents and serious energy supply disruptions caused by the company as well as 10.90 million and 11.50 million customer accounts in FY2027.3 and FY2031.3 respectively and aims to enhance the resilience of customers and society. To that end, we consider it important to work towards enhancing safety and improving preparedness for accidents and disasters.

The Daigas Group Code of Business Conduct, which sets forth the standards of conduct that our officers and employees must follow without fail, specifies “ensuring safety of products and services.” In order to ensure safety, we are committed to not only meeting legal standards but also pursuing safety from the perspective of customers in each of our operations.

## Safety and Disaster Prevention Promotion Structure

We established the Safety and Disaster Prevention Committee as a corporate committee, which is a system built for ensuring governance across the company during normal times so as to centrally manage and promote measures for incidents related to safety, disaster prevention, and gas supply stability.

### ■ Safety and Disaster Prevention Promotion Structure



## Developing a Business Continuity Plan to Take Effect During a Large-scale Disaster or Accident

In July 2013, the Daigas Group formulated a Business Continuity Plan (BCP) to be implemented in the event of a large-scale disaster or accident. This BCP, which we have disseminated throughout our Group, outlines responses to identified risks.

It assumes a situation in which the company and society at large are affected by an earthquake or tsunami resulting in a paralysis of various functions, or a functional failure due to problems with raw materials suppliers and our equipment. According to the terms of the “Act on Special Measures for Pandemic Influenza and New Infectious Diseases,” the company shall respond promptly and accurately to the outbreak of a new strain of influenza or the like to prevent infection of employees and to protect public health. We have established company regulations under the name of the “Pandemic Influenza and New Infectious Diseases Preparedness Action Plan” in order to ensure the stable supply of gas in such a situation.

In principle, we review our BCP annually and promote employee awareness by implementing BCP training, earthquake drills, and education and training incorporating e-learning.

In the event of an earthquake, we must respond by upholding business continuity in parallel with implementation of disaster response operations, so clearly advanced disaster response capabilities are required as well. By simultaneously implementing earthquake drills and BCP training in FY2024.3, we were able to examine the issues of maintaining business continuity concurrently with disaster response operations, thus strengthening our overall disaster-response capabilities.

## Safety and Security Efforts in the Energy Business

### Ensure stable procurement by diversifying sources of LNG imported by Osaka Gas

Natural gas resources—the source of city gas and fuels for power generation—are spread worldwide. Osaka Gas started importing LNG from Brunei in 1972 and has since diversified its procurement sources.

In December 2019, a natural gas liquefaction project was launched in Texas, U.S. LNG from the United States is procured with a new method, whereby the price is determined in connection with Henry Hub prices, the index upon which the market price for natural gas futures is based in the United States. This procurement method has been added to Osaka Gas's existing procurement method, whereby the price is determined by indexing to crude oil prices.

The use of more diverse price indicators will enable us to procure LNG at stable prices even if crude oil prices fluctuate. Moreover, investment in the natural gas liquefaction project will enable us to procure a kind of price-competitive LNG, whose price is closer to prime cost, among the kinds of LNG whose prices are linked to Henry Hub prices.

We will continue our efforts to procure more affordable LNG in a more stable manner.

### ■ LNG Handled by Osaka Gas (Including Fuel Used for Power Generation and Wholesale) (thousand ton)

| Fiscal Year      | 22.3          | 23.3          | 24.3          |
|------------------|---------------|---------------|---------------|
| Brunei           | 641           | 160           | 450           |
| Indonesia        | 127           | 0             | 0             |
| Malaysia         | 942           | 1,153         | 1,008         |
| Australia        | 4,011         | 4,756         | 4,026         |
| Russia           | 449           | 321           | 192           |
| Qatar            | 179           | 0             | 0             |
| Oman             | 1,335         | 1,460         | 1,529         |
| Papua New Guinea | 1,663         | 1,939         | 1,940         |
| USA              | 2,823         | 679           | 2,151         |
| Others           | 274           | 141           | 189           |
| <b>Total</b>     | <b>12,443</b> | <b>10,608</b> | <b>11,484</b> |

### Safety measures at LNG terminals

#### Our system docks LNG tankers safely

At the Osaka Gas LNG terminals at Senboku and Himeji, we strive for complete safety on site and in the surrounding areas. This safety begins as soon as the tankers carrying LNG dock at dedicated piers at the LNG terminals.

The tankers bringing LNG from around the world are docked with the utmost concern for safety. Osaka Gas developed its own system specifically for safely docking tankers through a series of processes.

This system uses a GPS to monitor in real time the position of the tankers to an accuracy of 10 cm as they enter and leave the port, and dock and undock.

#### LNG tank safety measures

The LNG transported by tanker is fed into LNG tanks from the dock. To ensure a stable supply of city gas, our two LNG terminals have a total of 25 LNG tanks, including one of the world's largest land-based tanks.

Tanks are equipped with advanced earthquake-proof technology. Should there be a gas leak, the tanks have dikes to stop the LNG from flowing to the outside. And there are high-expansion foam discharge systems and water curtain facilities to contain any spilt LNG.



High-expansion foam discharge and water curtain facilities along the dike around an LNG tank

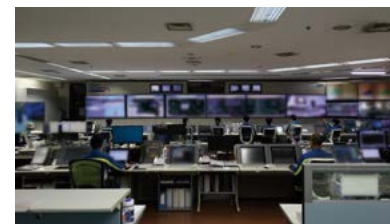
#### Odorization aids gas leak detection

At Osaka Gas's two LNG terminals, the LNG brought in by tankers at a temperature of -160°C is vaporized using the heat of sea water, then the heating value of the gas is adjusted before it is delivered to customers. Because natural gas is odorless, it is given a specific odor so that it can be detected in case of a gas leak.

#### Monitored 24 hours a day, 365 days a year

Central control rooms at LNG terminals carry out around-the-clock monitoring and operation of all processes from receipt of LNG, vaporizing of the gas, to delivery of the product.

These central control rooms also carry out monitoring and operation of all of the incident detectors and surveillance cameras so that problems are detected promptly and prevented from spreading. If an incident detector picks up a problem, an alarm is sounded in the central control room and staffs are on the scene immediately.



Central control room at an LNG terminal

## Osaka Gas Network Co., Ltd. initiatives: Safety measures during supply

### Monitoring and replacing gas pipes

City gas is delivered to customers via the gas pipeline network. Therefore, Osaka Gas Network Co., Ltd. recognizes that keeping the gas pipes safe and properly maintained is one of the most important matters and is constantly replacing old metal pipes with pipes made of polyethylene, which is highly durable and earthquake resistant.



Pipes made of polyethylene exhibit high flexibility

### Building resilient facilities

To ensure stable city gas supply, we believe that it is important to renovate the processing facilities, build a gas pipeline network, and take disaster prevention measures in accordance with meticulously devised plans to strengthen our foundation to secure a higher level of stability in the gas supply.

Osaka Gas Network Co., Ltd. is working to improve the earthquake resistance of gas facilities as a preventive measure (promotion of the spread of earthquake-resistant facilities), including the introduction of highly earthquake-resistant gas pipes. We are refurbishing aged gas pipes and introducing such highly durable pipes according to the plan. We are actively proposing the repair of old buried gas pipes at customers' sites that pose a risk of corrosion. We completed measures for cast iron pipes (pipes requiring measures) ahead of schedule from FY2021.3 to FY2016.3. We continue to implement measures for cast iron pipes (to be maintained and managed) and pipes for preventing corrosion and deterioration.

As part of emergency measures to prevent secondary disasters, we have established a gas shutoff system to prevent secondary disasters caused by gas leakage in the event of an earthquake or other disasters.

In accordance with the Ministry of Economy, Trade and Industry's "Gas Safety Upgrading Plan," we are working to increase the percentage of earthquake-resistant pipes, which indicates the ratio of earthquake-resistant pipes to the total, and to subdivide gas supply blocks to minimize the interruption of the gas in the emergency measure by the earthquake.

We believe that energy resilience can be improved by taking both measures: increasing earthquake resistance as a preventive measure against earthquakes and minimizing damage and achieving early restoration in the event of an earthquake.

### Security measures to prevent accidents

Osaka Gas Network Co., Ltd. ensures that the following security measures are taken to prevent the occurrence of accidents including gas leaks.

1. Regular inspection of gas pipes along the pipelines to ensure there are no gas leaks
2. Inspection and repair of facilities including regulators, valves, and gas pipes on bridges
3. Meetings with contractors who are doing excavation work for water and sewage pipes, and electrical and phone lines near gas pipelines, as well as inspection of the work sites, before, during, and after the work



Regular inspection of gas pipes on bridges

### Integrated system for monitoring and controlling the gas supply

The Central Control Room of Osaka Gas Network Co., Ltd. ensures a stable and safe supply of gas 24 hours a day, 365 days a year.

We have a gas supply monitoring and control system that keeps a constant watch on gas, from the LNG terminals to every corner of the pipeline network. The system constantly gathers data on gas pressure, flow volume, and irregularities from points around the gas pipeline network, providing integrated control through remote operation that controls production and supply and detects any problems.



Central Control Room

## Osaka Gas Network Co., Ltd. initiatives: Emergency response system and anti-disaster measures

### Taking calls and responding all day, every day

It is particularly important to establish an initial response system in the event of accidents and natural disasters and act appropriately in response to such events.

Osaka Gas Network Co., Ltd. has established a unified security system covering the entire supply area. Under the system, if gas leakage occurs, the Central Control Room will take charge of all relevant duties, including receiving an accident report and dispatching security staff to the accident site. Specifically, the Central Control Room will order the dispatch of the emergency vehicle that can reach the accident site the fastest by taking various factors into consideration, such as availability of vehicles and their locations.

The Central Control Room accepts emergency reports, such as a gas leakage, around the clock via dedicated telephone lines set up in the Room. After an accident is reported, emergency staff will be sent to the site immediately and work in close collaboration with local police and fire departments.



Central Control Room (emergency call reception)

### Initiatives for coordination with local governments in the event of a disaster

Osaka Gas Network Co., Ltd. has concluded agreements with local governments on coordination in the event of a major disaster or in other similar situations. The purpose of the agreements is to quickly stabilize people's lives by working together with local governments to restore gas supplies safely in the event of any major disaster. As of March 2023, the company has concluded agreements with approximately 70 local governments within the supply area, including Osaka City.

With this agreement, the company will deepen its cooperation with the government in normal times even more than before, and build a system for cooperation and collaboration in the event of a disaster.

## Emergency response system and anti-disaster measures

### Measures against possible large-scale earthquakes

Daigas Group has taken a range of measures for dealing with large earthquakes, including installing earthquake-resistant polyethylene pipes and intelligent meters that detect vibrations from the earthquake and shut off the gas supply and securing an emergency communications network. In addition, the Great Hanshin-Awaji Earthquake of 1995 has prompted us to step up these measures.

We have installed seismometers in the Group's service area, which allow us to quickly determine the seismic intensity and other information. The service area is divided into blocks. In the event of the detection of ground shaking that may cause damage to gas pipelines, to prevent secondary damage, gas supplies are shut off block by block. This is possible thanks to a system of automatic gas shutoff devices equipped with a seismoscope as well as remote gas shutoff devices that are activated by command from the Central Control Room. If the Central Control Room is physically damaged, the Central Control Subcenter set up with a similar function will take over its task.

We also make constant efforts to improve employees' ability to respond to emergencies, including conducting company-wide disaster drills and providing disaster prevention education through e-learning, in addition to taking physical countermeasures against earthquakes as described above.

In FY2024.3, as a disaster drill, we conducted a group-wide earthquake drill and business continuity plan (BCP) training simultaneously, continuing from the previous year, to identify issues arising and to verify countermeasures upon conducting disaster response and business continuity operations at the same time.

In the drill based on the scenario of an earthquake of magnitude 8.7 with an epicenter in the Nankai Trough, a task force, headed by the President of Osaka Gas, was formed at the Head Office. Approximately 2,000 employees from the Group participated in the drill to check how they should respond when disasters occur. For the drill, the reality of damage estimates was enhanced to further strengthen practical skills. The drill also included response to unexpected events, with no scenarios prepared in advance.

### ■ Progress of Earthquake Countermeasures after the Great Hanshin-Awaji Earthquake

| Focus                                     | Main earthquake countermeasures                   | At the time of Great Hanshin-Awaji Earthquake (January 1995)                        | Present (March 2024)   |
|---|---|---|--|
| Strengthen information gathering function | Install additional seismometers                   | Installed at 34 locations   | <ul style="list-style-type: none"> <li>• Installed at approx. 3,300 locations</li> </ul>   |
|   | Introduce earthquake damage prediction system     | —   | <ul style="list-style-type: none"> <li>• Introduced at the Central Control Room (Osaka Gas Head Office, back-up center) and 5 areas</li> </ul>   |
| Establish supply suspension system        | Subdivide supply blocks into smaller segments     | 55 middle blocks  | <ul style="list-style-type: none"> <li>• 89 middle blocks</li> <li>• 727 little blocks</li> </ul>  |
|   | Introduce supply suspension equipment             | Remote suspension equipment only for super blocks (dividing the supply area into 8) | <ul style="list-style-type: none"> <li>• Remote suspension equipment at approx. 3,600 locations</li> <li>• Earthquake-sensitive automatic suspension equipment at approx. 3,000 locations</li> </ul> |
| Strengthen emergency communications       | Strengthen wireless systems                       | —   | <ul style="list-style-type: none"> <li>• Osaka Gas Head Office and back-up center serve as two hubs</li> <li>• 6 portable satellite communications facilities</li> </ul>                             |
| Other                                     | Ratio of strengthening of earthquake resistance   | Percentage of earthquake resistant pipes: 68%                                       | <ul style="list-style-type: none"> <li>• Percentage of earthquake resistant pipes: Approx. 89%</li> </ul>  |
|   | Promote widespread use of polyethylene (PE) pipes | PE pipeline length: Approx. 1,200 km  | <ul style="list-style-type: none"> <li>• PE pipes used for basically all low-pressure pipelines</li> <li>• PE pipeline length: Approx. 18,300 km</li> </ul>  |
|   | Promote widespread use of microcomputer meters    | Overall adoption rate: Approx. 75%  | <ul style="list-style-type: none"> <li>• Installation completed for residential sector</li> <li>• Overall adoption rate including non-residential sector: Approx. 99%</li> </ul>                     |
|   | Back up important online information              | —   | <ul style="list-style-type: none"> <li>• Back-up center opened</li> </ul>  |

\*Since April 2022, the city gas supply business has been conducted by Osaka Gas Network Co., Ltd.

### Status of technology development and operation for disaster preparedness and recovery support

Various in-house organizations must work in close cooperation to restore gas supply suspended because of a disaster or accident. This requires that information on conditions at trouble spots be shared immediately.

Osaka Gas developed the "BRIDGE" disaster recovery support system to centrally manage real-time information from the onset of a disaster/accident through recovery, and put this system into operation in April 2012. The system links up map information with customer information, making it possible to "visualize" recovery actions by centrally managing on-site progress and reducing the time needed to complete recovery work.

In addition, the "OG-DRESS" mobile-based reporting system aimed at supporting disaster recovery has been established, enabling reporting on completion of recovery work via mobile phone. Based on such a system, we will make our response actions in the event of a disaster expeditious.

We developed the "Typhoon and Torrential Rainfall Information System," which provides centralized information on accumulated rainfall and landslide disasters during typhoons and torrential rainfall, and have been operating the system since 2015. We also built a system to grasp the risk of river flooding at an early stage and have operated it since 2021. If we identify a risk of inundation of gas supply facilities due to river flooding, we will establish an emergency system and take preventive measures for the facilities to ensure the safe supply of gas for our customers. We have developed a "recovery visualization system" that provides easy-to-understand information on the restoration of gas service to customers living in areas where gas supply is cut off due to a major earthquake. In the event of a major earthquake, the top page of our website switches to an emergency-use page that provides status updates on gas supply stoppage and restoration using this system.

The recovery visualization system has two types of browsing functions: a map on which the gas recovery status is shown color-coded by stage and a list that shows the gas recovery progress by area.

We will continue to work to improve our disaster prevention and mitigation measures against earthquakes and other natural disasters and to deliver city gas to our customers with greater safety and stability.

\*Since April 2022, the city gas supply business has been conducted by Osaka Gas Network Co., Ltd.

### Passing on advanced knowledge and skills in safety and disaster prevention

Based on the belief that our greatest mission is to deliver gas safely and securely, the Daigas Group strives to nurture human resources with a high level of knowledge and skills in the areas of safety and disaster prevention.

At LNG terminals, we introduced a system with 3D animation to improve the quality of training, leading to skill transfer. The system replicates fires and other serious accidents that are not easy to experience realistically. The Technical Skill Development Center of Osaka Gas Network Co., Ltd. strives to develop human resources with advanced knowledge and skills through high-quality lectures, abundant DX materials (video content and VR), etc., with the aim of preventing gas accidents and accidents resulting in injury or death. To convey the lessons learned from various past failures, we have also set up experiential-type training facilities that reproduce the circumstances at the time of these failures. Also in the Energy Solutions Business Unit, the Human Resource Development Centre provides various training programs to improve the quality of work related to security, such as starting service of gas supply, regular safety checks of gas appliances, and installation and repair of equipment.

In order to further solidify "safety," we have established the Four Safety Principles as a universal code of conduct common to those involved in safety as part of their work. We aim to eliminate accidents and problems by adhering to these four principles, which are: adherence to rules, reliable communication, reconfirmation, and interruption at unexpected times. We will follow these provisions to help make ourselves continuously aware of our responsibility to customer safety.



**Products and services ensure safe use by customers**

Informing customers about safe use of gas appliance

To ensure that customers can use their gas appliances with peace of mind, we take every opportunity to talk to them about the safety of their appliances: during regular safety inspections, when providing a new gas service, and when conducting repairs.

The Osaka Gas website has a section with important announcements on gas appliances, where we talk about the proper use of gas appliances, and post prompt notices about product modifications or defects.

Developing and promoting the use of safer gas appliances

The Daigas Group strives to bring customers products and services that ensure the safe use of gas. In 1992 we developed an automatic shut-off device for gas stoves and in 1999 a small gas water boiler with interlock mechanism\*1. To eradicate fires originating from gas stoves, since April 2008 all products have been equipped with an auto shut-off function to automatically turn off the gas when the user forgets to. We have been working to spread the use of this product, called the “Si” Sensor-Equipped Cooking Stove.

In 2019, we developed and launched a new safer and securer gas stove in cooperation with Paloma Co., Ltd. to reduce the risk of clothing catching fire\*2 during cooking. The new gas stove is equipped with area sensors\*3, an industry-first technology. When a sleeve or other object comes close to the flame, the sensors detect it, lower the flame automatically, and sound a voice alert. The product obtained recommendation certification as a product with effective fire and disaster prevention functions from the Fire Equipment and Safety Center of Japan, the first time for a cooking device. Meanwhile, we would like to eradicate all old gas appliances that lack safety mechanisms. In particular, we visit customers who are still using old appliances that are not equipped with incomplete combustion prevention devices, such as small tankless gas water heaters and wire-mesh gas stoves, and recommend that customers upgrade to safer gas appliances.

The Group also provides gas alarm systems that warn residents of a gas leak or carbon monoxide and offers a range of safety-related services, including the dispatch of staff to a home when trouble is detected.

\*1 Interlock mechanism: A device that stops the ignition process after the incomplete combustion prevention mechanism is triggered three times.

\*2 Clothing catching fire: A sleeve, for example.

\*3 Area sensors: It is a registered trademark of our company.

**Rate of Use of Water Heaters with an Incomplete Combustion Prevention Device and Gas Stoves with a Function of Automatically Turning off the Flame**

|  | FY2020.3 | FY2021.3 | FY2022.3 | FY2023.3 | FY2024.3 |
|--|----------|----------|----------|----------|----------|
| Rate of use of water heaters with an incomplete combustion prevention device (%)     | 99.9%    | 99.9%    | 99.9%    | 99.9%    | 99.9%    |
| Rate of use of gas stoves with a function of automatically turning off the flame (%) | 96.1%    | 96.2%    | 96.3%    | 96.3%    | 96.6%    |

Announcement of joint development of a smart meter system

Osaka Gas Network Co., Ltd., Tokyo Gas Network Co., Ltd., and Toho Gas Network Co., Ltd., which are city gas pipeline companies, have been working to jointly develop a smart meter system for the city gas business with the aim of increasing the efficiency of gas meter reading and gas line closing operations in normal times and improving disaster resilience.

The introduction of communication-enabled smart meters will increase the efficiency of on-site work through remote gas meter reading and gas line closing. The smart meters will also enable remote gas shutoff operations (gas line closing) in the event of gas leakage as well as remote safety measures (gas line closing) and gas restoration operations (gas line opening) in the event of a disaster. This will further help enhance safety and improve resilience in supplying city gas.

We believe that joint development of the system responsible for signal exchange between smart meters and various business systems will not only reduce development costs, but also contribute to improving social benefits.

Product Safety Voluntary Action Plan for residential gas appliances

The Daigas Group, as a distributor of residential gas appliances and a repair and installation business, strives to ensure the safety of residential gas appliances, acting according to the Product Safety Voluntary Action Plan, being based on a strong determination to continue to ensure that our customers enjoy safe, secure, and comfortable lives.



When problems occur

When there is a product accident or other problem with a gas appliance that it sold, installed, or repaired, the Daigas Group immediately informs the media and places notices in newspapers and on its website. At the same time, the Group proceeds with the inspection of the product in question and if necessary repairs it or replaces parts.

No such incident occurred in FY2024.3.



# Customer Satisfaction

## Summary

### Basic approach

With "Service First" as its corporate motto, the Daigas Group believes it is important to strive to improve our security and service quality as well as appropriately provide customers with information regarding the safety aspects of our products and services so that they can use them in a safer and more convenient manner. To provide services in excess of customer expectations, we are listening to their voices through various contacts with them, with the aim of improving our products and services.

We positioned the improvement of customer satisfaction and quality of services as one of our material issues in the Medium-Term Management Plan 2023. In the Medium-Term Management Plan 2026, we have positioned co-creating advanced, diverse solutions that meet customer values as one of our materiality. We continue working on the improvement of the customer satisfaction level.

| Theme                                       | Items to be addressed  | Specific initiatives   |                               |                  |                            |     |
|---|--|--|-------------------------------|------------------|----------------------------|-----|
| <p>Customer satisfaction</p> <p>→ p.106</p> | <ul style="list-style-type: none"> <li>Maintenance and improvement of service levels by collecting and analyzing customer feedback and reflecting it in operations</li> <li>Creation and sharing of manuals for each duty, aiming for higher level of service</li> <li>Promotion of awareness-raising activities through training for managers and persons in charge</li> </ul> <p><b>Materiality</b> Improvement of customer satisfaction and quality of services</p> | <p><b>Policy and promotion system</b></p> <p>The General Manager of the Energy Solution Business Unit plans the basic policy for customer satisfaction improvement activities in accordance with the "Customer Service Rules," and the head of each organization in charge formulates and implements specific measures.</p> <table border="1"> <thead> <tr> <th data-bbox="967 831 1317 863">KPIs based on the materiality</th> <th data-bbox="1317 831 2065 863">FY2024.3 results</th> </tr> </thead> <tbody> <tr> <td data-bbox="967 863 1317 903">Customer satisfaction rate</td> <td data-bbox="1317 863 2065 903">92%</td> </tr> </tbody> </table> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Conducting a questionnaire after completing a duty, analyzing and sharing it within the company, and reflecting it in the improvements in duties</li> <li>Continuing efforts to improve the skills of managers and persons in charge through the creation of manuals and training for each duty</li> </ul> | KPIs based on the materiality | FY2024.3 results | Customer satisfaction rate | 92% |
| KPIs based on the materiality               | FY2024.3 results   |  |                               |                  |                            |     |
| Customer satisfaction rate                  | 92%  |  |                               |                  |                            |     |

# Customer Satisfaction

## Principle and Outline

Since FY1989.3, Osaka Gas has conducted the Customer Satisfaction Survey with the aim of improving customer satisfaction. The survey covers five duties that directly deal with customers: opening of gas lines, repair of gas appliances, sales and installation of appliances, regular security patrols (gas facilities inspection), and response to telephone inquiries (at the customer centers). After completing each duty, we ask customers to provide their feedback in a questionnaire, and in FY2024.3, we received 31,300 responses to the questionnaire.

The results of this survey are reflected in our efforts to improve daily operations and enhance CS awareness among the Group employees and Osaka Gas service chain employees.

The results of this survey are also reflected in KPIs based on material issues. We manage our progress toward achievement of our goals and redouble our efforts to achieve higher levels of customer satisfaction.

## Improving Customer Satisfaction

### Prompt, precise phone service connects customers to the relevant company division

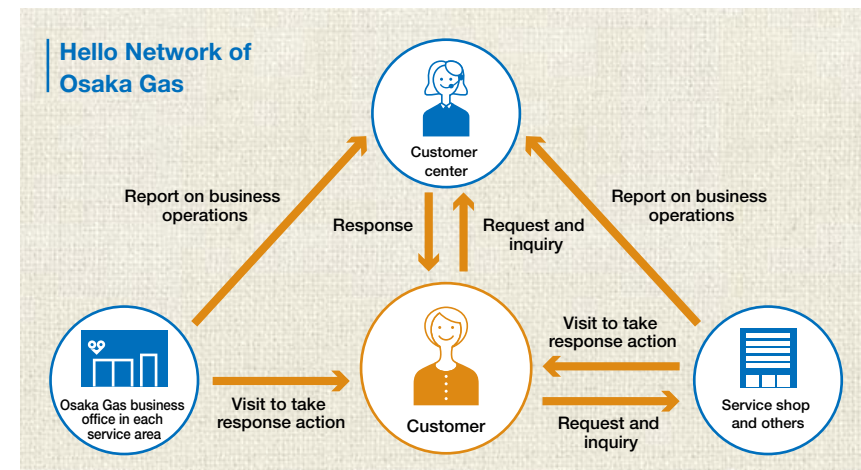
In 1985, Osaka Gas opened its “Customer Centers” as a one-stop service portal for customers with inquiries and applications for service. The center takes telephone inquiries on all matters relating to gas and electricity, such as starting and stopping a gas and electricity service, inquiries about gas and power bills, requests to change payment methods, and repair of gas appliances. On the Osaka Gas “Internet Reception” page, customers can easily apply for services related to moving to a new home, inquiries on gas bills, and changes in the day of equipment surveys. And for the hard of hearing, we have a facsimile service for handling inquiries. With our company-wide “Hello System,” applications and inquiries are relayed from the “Customer Centers” to the relevant Osaka Gas division to ensure that customers always get a prompt and appropriate response.

For the sake of greater customer convenience, we have been offering toll-free numbers and a phone service even on Sundays and holidays to take gas appliance repair requests 24 hours a day. In April 2020, we launched a new service whereby artificial intelligence (AI) automatically responds by voice to phone calls made by customers to arrange a schedule change for gas equipment inspection, using the Voice Digital Transformation (DX) Consulting Model\* provided by NTT Communications Corporation.

Aiming to further improve service in additional ways, we will optimize the assignment of Customer Center operators and introduce an automated attendant system. We will also continue our efforts to further enhance our system for accepting requests, applications, etc. online.

\*The Voice Digital Transformation (DX) Consulting Model is a solution that automates the entire process, from response at the contact center to clerical processing, by combining an interactive AI engine and application programming interface (API; a system for sharing the functions of software)

### ■ Hello Network of Osaka Gas



## Efforts to Improve Customer Satisfaction in Each Duty that Directly Deals with Customers

### Opening of gas lines

For the opening of gas lines, we first receive an application from a customer when starting a new gas service and then visit the customer on the desired date and time. In the presence of the customer, we perform work such as checking for gas leaks and the safety of gas appliances so that gas services can be used without worry. We accept applications by phone at Osaka Gas's customer center or on our website. In response to feedback from customers who have moved into new homes where they do not know how to use the installed gas appliances, we provide explanations on how to use gas water heaters and stoves. We have received positive feedback from many customers through questionnaires.

### Repair of gas appliances

For the repair of gas appliances, we accept requests for repairs 24 hours a day, 365 days a year, and visit our customers' homes to repair their appliances. In addition to accepting requests by phone at Osaka Gas's customer center, we also accept them on our website, where customers can inquire about the details of their problems and receive advice on issues that can be resolved without our visit. Osaka Gas's service chain partners hold a large inventory of parts of hot water appliances, for which there are particularly many requests for repair, so that we can repair them on the day of our visit. As a result, the completion rate of repairs on the first visit reached 90% and the satisfaction rate for the number of days from acceptance to completion of repairs 98%, indicating that our repair speed is highly evaluated by our customers.

### Sales and installation of appliances

For the sales and installation of appliances, Osaka Gas's service chain partners, which operate in approximately 200 locations in the Kansai region, provide community-based services that can respond quickly and meticulously to customer requests. In order to help our customers live safe and comfortable lives through a wide range of operations, our experienced staff members provide various services, including proposals for appliances, quotations, contracts, installation, and after-sales service. We created a video explaining the details of installation work, based on the comments from customers who have signed a contract for purchasing a gas stove regarding advance explanations of the installation work, including "I would feel more secure if I knew the details of the work in advance." We use this video at the time of sale or installation so that customers can see in advance what will be performed on the day of the work, and thus the appliance can be delivered with a greater sense of security.

### Regular security patrols

In regular security patrols, inspections of gas facilities for gas leaks and ventilation equipment (gas water heater/gas water boiler) are conducted at least once every four years\* in accordance with the Gas Business Act to ensure safe and secure use of gas. The work on the day of the inspection is carried out by workers who have received appropriate technical training. In addition to the inspection items stipulated by law, we have set items for voluntary work, such as checking the ignition of some gas appliances and measuring the carbon monoxide concentration in the exhaust gas, in an effort to call attention to the safe use of gas. Additionally, as we require the customer's cooperation during the inspection, we mail a notice of the visit date in advance, and if the date is not convenient for the customer, we accept requests to change the visit date. In addition to applying by phone, we also make it possible to apply online in an effort to reduce the burden on our customers.

\*Patrols are conducted at least once a year for specific underground malls and specific underground rooms.

## Proposing New Value

### “Sumikata Services”: A range of home repair and other services to support comfortable, safe living

Osaka Gas provides a wide range of services under the umbrella of “Sumikata Services” for residential customers, which extend beyond gas and electricity, to support the comfort and safety of people’s home living environments.

Sumikata Services include plumbing repair, air conditioning repair, home repair, house cleaning, and other services as part of “Kaketsuke Service,” which involves the dispatch of personnel to the customer’s home. Other services include disaster-management and crime-prevention services covering gas alarms, fire alarms, home security, and more. For example, personnel from the Osaka Gas service chain, with expertise gained through the repair of gas equipment, quickly accept and respond to service requests to repair water-related problems in the kitchen, bath, sink area, or toilet.

In June 2020, we started providing services, such as housekeeping and garden tree care, in collaboration with Duskin Co., Ltd., and from October the same year, we began the provision of services to respond to trouble with PCs and IoT devices in partnership with Japan PC Service Co., Ltd.

Through Sumikata Services, we respond to a wide range of problems faced by our customers in collaboration with the Osaka Gas service chain and diverse alliance partners. The membership of the services currently exceeds 500,000.

## Accuracy in Advertising

### Ensuring complete accuracy and honesty in advertising based on the code of conduct

Advertising activities and product labeling are important means for many customers to accurately understand the products and services of Osaka Gas, and they are important factors for customers to make decisions when selecting products and services. Therefore, we strive to provide and display appropriate information about products and services based on “9. Ensuring safety of products and services” in the Daigas Group Code of Business Conduct.

Responding to rising popularity and demand among our customers for environmentally friendly products, whenever the degree of energy-saving effects of a product is printed in our catalog, as a rule we ensure the accuracy by double-checking the manufacturer’s claims of the product’s performance data and confirming those numbers internally. In FY2024.3, we worked with suppliers who engage in advertisement production to incorporate correction and remedy in contracts for the purpose of strengthening human rights protection, as well as engaged in dialogue to prevent human rights infringements.

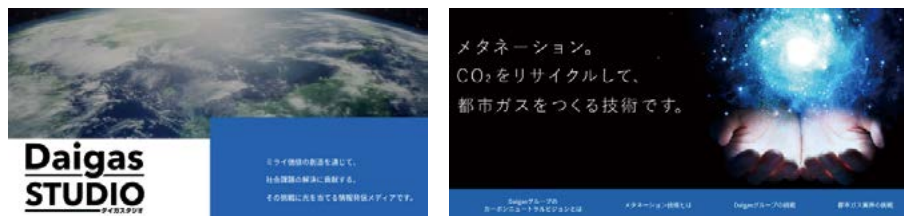
As for the safety of products and services offered by the Daigas Group, we are managing the development and quality control as well as labeling and information disclosure for all Osaka Gas brand products in line with the technological standards stipulated under the Gas Business Act and the Law Concerning the Securing of Safety and the Optimization of Transactions of Liquefied Petroleum Gas and guidelines set by the Japan Industrial Standards (JIS) and the Japan Gas Appliances Inspection Association (JIA), as well as in-house rules.

### Introducing energy saving information and a safety guide on our website

The Daigas Group uses various media to provide customers with a wide variety of useful information for daily life regarding energy saving so that they can use energy efficiently. “Kurashi no Hinto Zukan” on the Osaka Gas Website contains a collection of hints regarding measures aimed at promoting energy saving at households and their expected benefits. Users of the website can access the content of a guidebook called “Anshin Guide,” detailing how to use gas safely, which they are to receive from Osaka Gas staffers visiting their homes for gas equipment surveys.

We have set up an online site called “Daigas STUDIO” to deepen people’s knowledge of Osaka Gas and increase their favorability of our company. Users of the service can access the most updated information about the Daigas Group and relevant topics through the website, Facebook and X (formerly known as Twitter).

In addition, we share information about our initiatives toward carbon neutralization, which are of great importance to society, on our website “The Daigas Group’s Challenge to Carbon Neutrality”.



# Community

## Summary

### Basic approach

The Daigas Group operates a business that is rooted in and supported by local communities. We believe that our various contributions to local communities will lead to a virtuous cycle, leading to the development of both the Group and society.

The Group recognizes that it is important to proactively disclose information, enhance management transparency, and promote co-creation through constructive dialogue with a wide range of stakeholders for the public's better understanding of its corporate activities. We have positioned coexistence with the local community as one of our material issues in the Medium-Term Management Plan 2023.

In the Medium-Term Management Plan 2026, we have positioned maintaining and improving the soundness and flexibility of management foundation as one of our materiality. We set contribution to local communities as an indicator, and accelerate initiatives.

| Theme  | Items to be addressed  | Specific initiatives  |                               |                  |  |          |  |           |
|--|--|---|-------------------------------|------------------|--|----------|--|-----------|
| <p><b>Co-creation activities with local communities</b></p> <p>→ p.110</p>           | <ul style="list-style-type: none"> <li>Community building</li> <li>Recommendations to society through research activities</li> <li>Partnerships with social service organizations</li> <li>Contribution to next-generation education</li> <li>Contribution to local communities through sports</li> <li>Corporate volunteering activities under the Small Light Campaign</li> </ul> <p><b>Materiality</b> Coexistence with local community</p> | <p><b>Policy and promotion system</b></p> <ul style="list-style-type: none"> <li>Leveraging networks with a wide range of stakeholders, including local governments, schools, and NPOs, to provide knowledge and programs aimed at resolving social issues</li> <li>Promoting sound development of the next generation through the Group's energy and environmental education, disaster prevention, food education, sports menus, etc.</li> </ul> <table border="1"> <thead> <tr> <th data-bbox="965 847 1317 879">KPIs based on the materiality</th> <th data-bbox="1317 847 2045 879">FY2024.3 results</th> </tr> </thead> <tbody> <tr> <td data-bbox="965 879 1317 954">Participation in local governments' activities (i.e. community development planning)</td> <td data-bbox="1317 879 2045 954">51 cases</td> </tr> <tr> <td data-bbox="965 954 1317 1007">Number of joint efforts with local communities</td> <td data-bbox="1317 954 2045 1007">248 times</td> </tr> </tbody> </table> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Local contribution activities under the Small Light Campaign and collaboration with neighboring companies and local organizations by employees</li> </ul>   | KPIs based on the materiality | FY2024.3 results | Participation in local governments' activities (i.e. community development planning) | 51 cases | Number of joint efforts with local communities | 248 times |
| KPIs based on the materiality  | FY2024.3 results   |   |                               |                  |  |          |  |           |
| Participation in local governments' activities (i.e. community development planning) | 51 cases   |   |                               |                  |  |          |  |           |
| Number of joint efforts with local communities                                       | 248 times  |   |                               |                  |  |          |  |           |
| <p><b>Activities by public interest incorporated foundations</b></p> <p>→ p.114</p>  | <ul style="list-style-type: none"> <li>Assisting the elderly                             <ul style="list-style-type: none"> <li>The Osakagasgroup Welfare Foundation</li> </ul> </li> <li>Doing our part on the international scene                             <ul style="list-style-type: none"> <li>The Osaka Gas Foundation of International Cultural Exchange</li> </ul> </li> </ul>  | <p><b>Policy and promotion system</b></p> <ul style="list-style-type: none"> <li>The Foundation engages in activities to improve and enhance the welfare of the elderly by subsidizing local welfare activities for the elderly and surveys/research conducted by universities and medical institutions and by promoting health to help senior citizens maintain and improve their health.</li> <li>The Foundation continues its activities to grant subsidies in the fields of education, academics, and science and technology in natural gas-producing countries in Southeast Asia and Oceania, with the aim of deepening international mutual understanding between Japan and these countries and contributing to international goodwill.</li> </ul> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Subsidy projects for welfare activities for the elderly and surveys/research: 61 subsidies for welfare of the elderly (6.90 million yen); 13 subsidies for surveys/research (8.88 million yen)</li> <li>Health promotion projects aimed at helping senior citizens maintain and improve their health: 108 times, 4,742 participants</li> <li>Subsidy projects for universities, students, etc. in Indonesia, Malaysia, and East Timor: Scholarships, grants for experimental research, etc. (25.51 million yen)</li> </ul> |                               |                  |  |          |  |           |



# Co-creation Activities with Local Communities

## Principle and Outline

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. To help local residents better understand our business, we are proactively disclosing information and increasing the transparency of our company operations, as well as communicating with the general public. In addition, we will promote activities that are highly compatible with the Group’s management strategy and that can contribute to coexistence with local communities. We have been making proposals for and cooperating in local governments’ activities and working on joint efforts and activities with communities to create value in communities by taking full advantage of knowledge and resources which the Group has acquired through its business operations.

The details of the Daigas Group’s initiatives are found on our social contribution website.

### Examples of activities

| Theme   | Examples of activities   |  |
|---|--|--|
| <b>Participation in local governments’ activities (i.e. community development planning)</b> | <ul style="list-style-type: none"> <li>● Support for SDGs promotion activities by local governments through proposals for community building</li> </ul>  | <ul style="list-style-type: none"> <li>● Proposals for/participation in councils, committees, etc. organized by various organizations and local governments</li> </ul>   |
| <b>Co-creation with local communities</b>   | <ul style="list-style-type: none"> <li>● Research activities with third parties to create attractive cities                             <ul style="list-style-type: none"> <li>• Holding the Uemachi-Daichi past and present forum event</li> <li>• Production of Storytellers’ Theater</li> </ul> </li> </ul>                   | <ul style="list-style-type: none"> <li>● Support for activities by elderly people in collaboration with local governments, NPOs, etc.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>● Collaborative activities with NPOs and social entrepreneurs                             <ul style="list-style-type: none"> <li>• Communication related social issues through NPO for social designing</li> <li>• Supporting NPOs through Osaka Gas member’s club</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>● Holding social design forums and workshops</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>● Holding “Fureai Bazaar,” etc. under the “Small Light Campaign”</li> </ul>   | <ul style="list-style-type: none"> <li>● Activities to revitalize communities in collaboration with local governments and third parties                             <ul style="list-style-type: none"> <li>• Talkin’About and Walkin’About activities</li> <li>• Histoire project</li> </ul> </li> </ul> |
| <b>Other activities (next-generation education, consumer support, etc.)</b>                 | <ul style="list-style-type: none"> <li>● Environmental communication activities</li> </ul>   | <ul style="list-style-type: none"> <li>● NOBY T&amp;F activities</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>● Disaster response education and fire education</li> </ul>   | <ul style="list-style-type: none"> <li>● Research on disaster response and network activities</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>● Food education</li> </ul>   | <ul style="list-style-type: none"> <li>● Lectures and presentations at universities</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>● Response to consumer groups and consumer centers</li> </ul>   | <ul style="list-style-type: none"> <li>● Community clean-up by sports clubs</li> <li>● Holding coaching sessions for baseball and track and field, etc.</li> </ul>   |

### Social contribution activity costs

FY2024.3: 236 million yen

## Community Building

As an energy service provider focusing on businesses closely related to people's day-to-day lives as well as addressing environmental preservation with a great sense of mission, the Daigas Group is working on giving the public greater safety and security by cooperating and making proposals in fields related to daily lives, such as cooperation and proposals for community development that takes into account the local environment and disaster prevention, as well as the health of local residents and other areas of life.

## Recommendations to Society through Research Activities

The Research Institute for Culture, Energy and Life (CEL), the in-house research institute of the Daigas Group, was established in 1986 as one of the projects commemorating the 80th anniversary of the founding of Osaka Gas.

We work on research, practice, and recommendations to analyze the social structure and solve problems in society with the aim of creating value in

communities ((i) responding to an environment-oriented and recyclable society, (ii) responding to security and mutual assistance in a mature society, and (iii) responding to utilization of the vitality of communities and creation of attractive cities). It also makes good use of them in outside activities undertaken in cooperation with government agencies, business committees and NPOs.

In recent years, we have also been conducting research and surveys on employment for the elderly from the perspective of social welfare.

We advocate that active participation of senior citizens in society will be beneficial to not only themselves but also local communities, business operators, and local governments. We have been taking action with NPOs and other business partners while cooperating with administrative authorities, business operators, and other organizations.

In March 2024, we entered into an agreement with Osaka Prefecture to promote senior citizen's health, their employment to give them purpose in life, and other initiatives in the prefecture.

## Partnerships with Social Service Organizations

Local communities face many social issues, and these issues are becoming more advanced and complex. The Daigas Group regards the practitioners of "My Project = Starting to Solve Social Issues by Considering Them as if They Were My Own" as future partners in livening up communities in the Kansai region. The Group disseminates their activities to society and aims to collaborate with various stakeholders.



Holding a Storytellers' Theater performance at Open House Osaka

## Collaborative activities with NPOs, etc.

Osaka Gas Network Co., Ltd., which is one of the Daigas Group companies, has been operating the online magazine "My Pro Showcase Kansai" jointly with the NPO Greenz since 2013 to introduce regional projects undertaken by Kansai-based "social designers" and nonprofit organizations. Outside Japan, Osaka Gas USA Corporation (OGUSA), which develops and invests in natural gas and power generation projects, etc. in the U.S., works on social contribution activities, including reforestation projects in public parks.



## Efforts to realize an inclusive society

The Daigas Group member OGIS-RI Co., Ltd is running the Hajimaru-kun Personal Computer Donation Program.

This program is a social contribution activity that aims to contribute to the environment through the reuse of PCs, support the employment of people with disabilities through the outsourcing of PC refurbishment work and provide IT support to the recipients of the PCs. Since this program started in 2009, it has donated 4,942 PCs (as of March 31, 2024) to social welfare organizations. In FY2024.3, the 14th Daigas Group Hajimaru-kun Personal Computer Donation Program donated 190 "Hajimaru-kun PCs" to 130 welfare facilities in six prefectures in the Kansai region, Japan.



PC recycling work at a welfare workshop

## Community contribution activities in collaboration with customers

Osaka Gas and Osaka Gas Marketing Co., Ltd. have been working with our customers to consider and support social issues in local communities through the implementation of "Social Design+," a project that supports social design leaders who are striving to solve social issues on the membership-based website "My Osaka Gas," and of the "Let's Do Something Good for Our Society—Connecting Project."



## Contribution to Next-generation Education

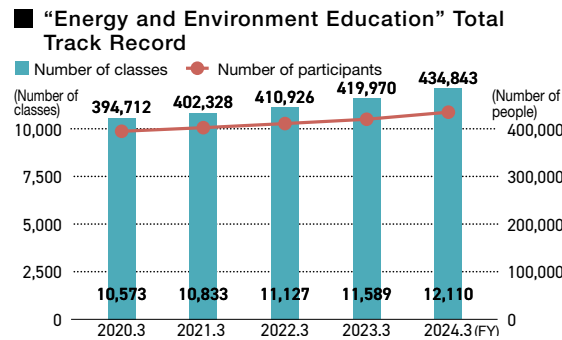
### Energy and environment education

Since FY2007.3, the Daigas Group employees and alumni traveled to elementary, junior and senior high schools to teach lessons on energy and the environment in order to help children think about and understand increasingly important environmental issues. The Group's instructors offer two programs, including Eco-Cooking.\*

In addition, Osaka Gas runs the Gas Science Museum (located on the premises of the Senboku LNG Terminal) where visitors can learn about energy and the environment. In December 2022, its content was completely renewed to provide the latest information. The museum is also used by the general public for experimental learning programs at nearby elementary and junior high schools or local events.

In FY2024.3, the number of participants in energy and environment education was 14,873, and the number of times it was held was 521.

\*Eco-Cooking is a registered trademark of Tokyo Gas Co., Ltd.



### Disaster response education

In response to the increased need for disaster response education following the Tohoku earthquake and tsunami of 2011, we created an original textbook for an upper elementary school on the theme of disaster response Lessons in Disaster Response that we distribute to local elementary schools. The textbook teaches children about natural disasters in Japan. While studying it, children take a workshop designed to impart useful knowledge about the changes that take place in people's lives when a disaster strikes. The textbook also contains a checklist of items to prepare and things to do at home to prepare for emergencies. Over a period of ten years, the textbook has been used widely at junior high schools, high schools, and universities, as well as by local governments and local residents' associations. Over 260,000 textbooks in total have been distributed.



Left: Learning material for upper grades of elementary school (A4, 40 pages, full color)  
 Right: Teacher handbook (with worksheets and supplementary teaching materials for the class, A4, 40 pages, full color)



"Lessons in Disaster Response," in which children learn in a workshop format how their lives can change during a disaster and useful knowledge for disaster preparedness

## Contribution to Local Communities through Sports

NOBY T&F CLUB, a track club led by Nobuharu Asahara, a Daigas Group employee and Beijing Olympics medalist, aims for the sound development of the next generation and creation of a new community through athletics and track and field.

In addition to focusing on fostering top athletes by leveraging the experience and leadership of former Olympians and Japanese national team members for world championships, the club also offers courses aimed at improving the health of seniors.

The training programs that have been held for more than 10 years and the instructional know-how are also used at municipal events or in school classes.

Furthermore, we disseminate information on tips for rich eating habits and body building that lead to good health through seminars, websites, and SNS.



NOBY T&F CLUB training program

## Corporate Volunteering Activities under the Small Light Campaign

As a corporate group that works together with local communities, the Daigas Group has always actively participated in local activities. The Small Light Campaign was launched in 1981, the UN International Year of Disabled Persons, as the Daigas Group's company volunteer effort. Based on donations made by group employees, we provide support for children in need of social care, employment support for people with disabilities, support for disaster-stricken areas, and support for employees' volunteering activities.

The Midosuji Fureai bazaar, an initiative to support the employment of people with disabilities, was held in cooperation with many partners, under the themes of health and disaster prevention and mitigation.



The Midosuji Fureai bazaar held for the first time in two years

**Fund management**

The Small Light Campaign gathers funds through various activities, including charity calendar donations and proceeds from the Midosuji Fureai bazaar, a used book bazaar, as well as donations from workplace groups, individuals, and the Suzurankai (Osaka Gas alumni) — all managed as the Small Light Fund. The money is used to support the activities of the Small Light Campaign, to support recovery in disaster-hit areas, and to donate items for social welfare or educational purposes, such as wheelchairs and picture books, to all municipalities served by Osaka Gas.



A charity calendar for raising donations from Daigas Group employees, alumni, other relevant parties and customers

To support areas affected by the 2024 Noto Peninsula Earthquake, we donated one million yen to the Japanese Red Cross Society and one million yen to the Central Community Chest of Japan.

The Fund's operating balance for FY2024.3 was 6,656 thousand yen in income and 9,654 thousand yen.

**Social contribution activities by employees with the mindset of the Small Light Campaign**

Business activities of the Daigas Group are closely tied to the daily lives of everyone in the community. Our employees contribute to local communities as members of the community, or “good corporate citizens.”

In addition to donating blood, collecting unused postcards and used stamps, and donating proceeds from sales of used books, we continue to participate in volunteer activities to support a citizen marathon race aimed at supporting regional revitalization.

The Daigas Group Social Contribution Club, which donates welfare points granted to employees by the company to social service organizations, donated a total of 2,326 million yen to six organizations in FY2024.3, along with the best wishes of the employees.

In FY2023.3, we launched the “Social Contribution Portal Website” to encourage participation in community contribution activities.



The Social Contribution Portal Website: an in-house bulletin board that provides employees with information on volunteer activities, etc.



To support the Osaka Marathon 2024, 79 employees participated in the event as volunteers.



# Activities by Public Interest Incorporated Foundations

## Principle and Outline

In order to further the welfare work that the Daigas Group has conducted as a company volunteer through the “Small Light Campaign,” which was started in 1981 (the UN International Year of Disabled Persons) in a more planned and ongoing manner, 362 companies including Osaka Gas and affiliate companies, the associations comprised of contracted companies providing sales of gas appliances and other services, pipe working joined together in October 1985 to establish and fund the Osaka Gas Group Welfare Foundation in honor of Osaka Gas’ 80th anniversary. The Foundation is involved in subsidizing local welfare activities for the elderly and surveys/research conducted by universities and medical institutions, and in promoting fitness efforts aimed at helping senior citizens maintain and improve their health.

In September 1992, the Osaka Gas International Exchange Foundation was founded and fully funded by Osaka Gas, and in October 2010 the Foundation was granted authorization by the Cabinet Office to transition into a public interest incorporated foundation. The Foundation now works to deepen mutual understanding with natural gas producing countries and to contribute international goodwill through the foundation’s activities.

## Assisting the Elderly - The Osaka Gas Group Welfare Foundation

Set up in 1985 through the contribution of Daigas Group companies, the Osaka Gas Group Welfare Foundation operates in six prefectures of the Kansai region, mainly engaging in (1) funding welfare projects, (2) researching and surveying the elderly population and (3) supporting health-promotion projects to help maintain and improve the health of the elderly.

In FY2024.3, the Foundation provided 6.90 million yen in subsidies to 61 welfare projects for the elderly, and 8.88 million yen in subsidies to 13 investigation and research projects, and carried out 108 health-promotion projects involving 4,742 participants.



Health-promotion project: Gathering for health promotion



Subsidy for the welfare of the elderly: Subsidy for farm tools for agricultural workshop courses

### Results of each activity (cumulative total from FY1986.3-FY2024.3)

|   |             |                      |
|---|-------------|----------------------|
| (1) Funding to Enhance the Welfare of the Elderly | 3,106 cases | 697.90 million yen   |
| (2) Funding for Research and Surveys              | 671 cases   | 448.88 million yen   |
| (3) Health-promotion project                      | 6,210 times | 448,532 participants |

## Distribution of “Health Seminar for the Elderly” on YouTube

In conjunction with the renewal of our website in FY2022.3, we have created the video content “Health Seminar for the Elderly” and have started distributing it on YouTube.

We will continue to annually distribute content that can be used for health promotion in the elderly.



Video content “Health Seminar for the Elderly”

## Stakeholder Comment

### Appreciation for the Cooperation with Health Promotion Activities

**Mr. Yoshitaka Kanda,**  
Secretary General,  
Nara City Federation of Perennial Youth Clubs



In Nara City, senior citizens’ clubs are called perennial youth clubs.

Perennial youth clubs are membership-based organizations that engage in liberal arts enhancement, health enhancement, voluntary social services, and other activities to make senior citizens’ lives healthy and fulfilling. Anyone roughly 60 years of age or older can join a club nearby.

The clubs form the Nara City Federation of Perennial Youth Clubs to engage in a variety of activities.

In fiscal 2020, we held cooking seminars for health promotion with the cooperation of the Osakagasgroup Welfare Foundation (the Foundation). This deepened interactions between members and drove forward health promotion activities. In fiscal 2023, we held gatherings for health promotion, which are free, on-site seminars, featuring laughing and physical exercise. The well-received seminars were held at four different venues in Nara City to prevent infection of COVID-19. In fiscal 2023, gatherings for health promotion were held again at four venues, featuring popular song aerobics. Many members actively participated in the gatherings.

Gatherings for health promotion and other health promotion programs by the Foundation which take place at local communities where senior citizens actually live, have been greatly helpful in facilitating our clubs’ health promotion activities. They were also well received by a total of more than 2,500 members who participated in years up to fiscal 2024. I would like to express my heartfelt gratitude to the cooperation of the Foundation.

I understand that the Foundation will mark the 40th anniversary next year. I would appreciate the continued support and cooperation from the Foundation, and wish for the further development of the Daigas Group.



## Doing Our Part on the International Scene - The Osaka Gas Foundation of International Cultural Exchange

### Deepening friendship and mutual understanding with natural gas-producing countries

The Osaka Gas Foundation of International Cultural Exchange the Foundation provides aid services to promote mutual understanding with natural gas-producing countries in Southeast Asia and Oceania as well as contribute to international goodwill. In FY2024.3, the Foundation provided a total of approximately 13.72 million yen in aid to Indonesia, including grants for educational equipment to elementary and junior high schools, scholarships for 285 students, research grants in the energy and environment fields for three universities, and a short-term training program in Japan for two graduate students. For Malaysia, the Foundation provided a total of approximately 7.55 million yen in subsidies, such as English education assistance, experimental research grants, and scholarships to 12 university students. For East Timor, the Foundation provided a total of approximately 4.24 million yen in scholarships to 60 university students.

In the 31 years since the establishment, the Foundation has provided subsidies totaling 615.49 million yen, scholarships to 10,851 students, and grants for 453 research themes.

In FY2024.3, an online exchange between students in Indonesia and the Kansai area took place as a new initiative.

We will continue to launch new activities and expand the scope of support.



Commemorative photo with scholarship recipients and their families at the presentation ceremony at National University of East Timor



Courtesy call to Universiti Malaysia Sarawak

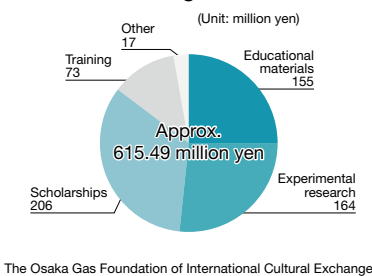


Online exchange between Syiah Kuala University in Indonesia and Kwansai Gakuin University

### Scope of Funding



### Total Assistance Provided from FY1993.3 through FY2024.3



### Grant Disbursement (single-year base)

(unit: thousand yen)

|                              | FY2019.3      | FY2020.3      | FY2021.3      | FY2022.3      | FY2023.3      | FY2024.3      |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Educational materials</b> | 1,878         | 1,873         | 1,760         | 1,973         | 2,115         | 2,410         |
| <b>Experimental research</b> | 5,401         | 5,172         | 5,049         | 5,332         | 6,935         | 7,176         |
| <b>Scholarships</b>          | 6,558         | 8,092         | 7,737         | 8,512         | 9,564         | 12,589        |
| <b>Training</b>              | 3,212         | 3,175         | 371           | 313           | 3,281         | 3,331         |
| <b>Total</b>                 | <b>17,049</b> | <b>18,311</b> | <b>14,917</b> | <b>16,129</b> | <b>21,895</b> | <b>25,506</b> |

# Governance

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# Corporate Governance

## Summary

### Basic approach

For its business activities, the commitment of the Daigas Group is to place the highest priority on creating value for customers, and the Group aims to expand it to creating value for society, for shareholders, and for employees. We believe that our social responsibility is fulfilled by creating the four types of value for all these stakeholders through fair and transparent business activities. To appropriately respond to the exercise of shareholder rights and improve our own value, we believe that it is important to have a system for appropriately operating and developing the business based on relationships of trust between its stakeholders and the Group through dialogue and collaboration.

The Daigas Group Code of Business Conduct was established as a specific code of conduct to be followed by our officers and employees. We follow the code, viewing it as widely governing common sense corporate behavior based on sound ethics as well as laws and regulations. The Group's officers and employees act appropriately in accordance with the code when performing their duties.

We positioned compliance as one of our material issues in the Medium-Term Management Plan 2023. In the Medium-Term Management Plan 2026, we have positioned maintaining and improving the soundness and flexibility of management foundation as one of our material issues to accelerate initiatives.

| Theme   | Items to be addressed  | Specific initiatives  |                               |                  |  |  |
|---|--|---|-------------------------------|------------------|--|--|
| <p><b>Corporate governance</b></p> <p>→ P.118</p>   | <ul style="list-style-type: none"> <li>Separation of business execution from supervision</li> <li>Ensuring diversity<br/>(The percentage of women among executives/directors has been adopted as KPIs based on materiality.<br/>For detailed information, please see <a href="#">P.019</a>.)</li> <li>Remuneration linked with sustainable growth</li> <li>Internal control</li> </ul> | <p><b>Policy and promotion system</b></p> <p>Based on corporate principles, we will respond appropriately to the exercise of shareholder rights and strive to maintain and improve trust of stakeholders through dialogue and collaboration with them. We are continually working to enhance and strengthen our corporate governance to respond quickly and accurately to changes in the business environment, make transparent, fair, and decisive decisions, and execute business operations efficiently and appropriately.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Percentage of women among executives/directors: 26.7%/20.0% (Results after the Annual Meeting of Shareholders held in June 2024: Percentage of women among executives/directors: 26.7%/26.7%)</li> </ul>  |                               |                  |  |  |
| <p><b>Compliance</b></p> <p>→ P.130</p>   | <ul style="list-style-type: none"> <li>Predictive data monitoring</li> <li>Improving compliance awareness</li> <li>Proper operation of the whistleblowing system</li> <li>Promoting anti-corruption initiatives</li> </ul> <p><b>Materiality Compliance</b></p>  | <p><b>Policy and promotion system</b></p> <p>With a good understanding of the Code of Business Conduct, we act in accordance with the internal rules and regulations. We have established the Compliance/Risk Management Subcommittees under the ESG Committee to improve compliance through efforts such as development of measures and information sharing in a cross-organizational manner.</p> <table border="1"> <tr> <th data-bbox="965 1043 1429 1070">KPIs based on the materiality</th> <th data-bbox="1429 1043 2067 1070">FY2024.3 results</th> </tr> <tr> <td data-bbox="965 1070 1429 1098">Number of serious violations of laws and regulations</td> <td data-bbox="1429 1070 2067 1098">There were no serious violations of laws and regulations in our group.</td> </tr> </table> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Implementation of monitoring</li> <li>Provision of compliance training</li> <li>Proper operation of the whistleblowing system</li> <li>Promoting anti-corruption initiatives</li> </ul> | KPIs based on the materiality | FY2024.3 results | Number of serious violations of laws and regulations | There were no serious violations of laws and regulations in our group. |
| KPIs based on the materiality   | FY2024.3 results   |   |                               |                  |  |  |
| Number of serious violations of laws and regulations  | There were no serious violations of laws and regulations in our group.   |   |                               |                  |  |  |
| <p><b>Information security</b></p> <p>→ P.133</p> <p><b>Protection of personal information</b></p> <p>→ P.134</p> | <ul style="list-style-type: none"> <li>Establishment and revision of the Information Security Guidelines</li> <li>Investigations of and measures for information security at group companies</li> <li>Strengthening risk management related to information security</li> </ul>   | <p><b>Policy and promotion system</b></p> <p>As a business operator responsible for social infrastructure, we recognize the importance of managing customer information and other data. In line with a relevant set of guidelines, we implement information security measures.</p> <p>As an information security promotion system, we have established an Information Security Subcommittee under the Cyber Security Committee, a corporate committee, to implement group-wide measures.</p> <p>We are striving to properly manage and prevent leakage of personal information by establishing a personal information protection system, which comprises managers appointed at each organization and affiliate under the direction of the Chief Privacy Officer.</p> <p><b>Initiatives undertaken in FY2024.3</b></p> <ul style="list-style-type: none"> <li>Maintained and operated the Information Security Guidelines</li> <li>Investigations of and measures for information security at group companies</li> <li>Provision of training on information security</li> </ul>    |                               |                  |  |  |

# Corporate Governance

## Basic Views on Corporate Governance

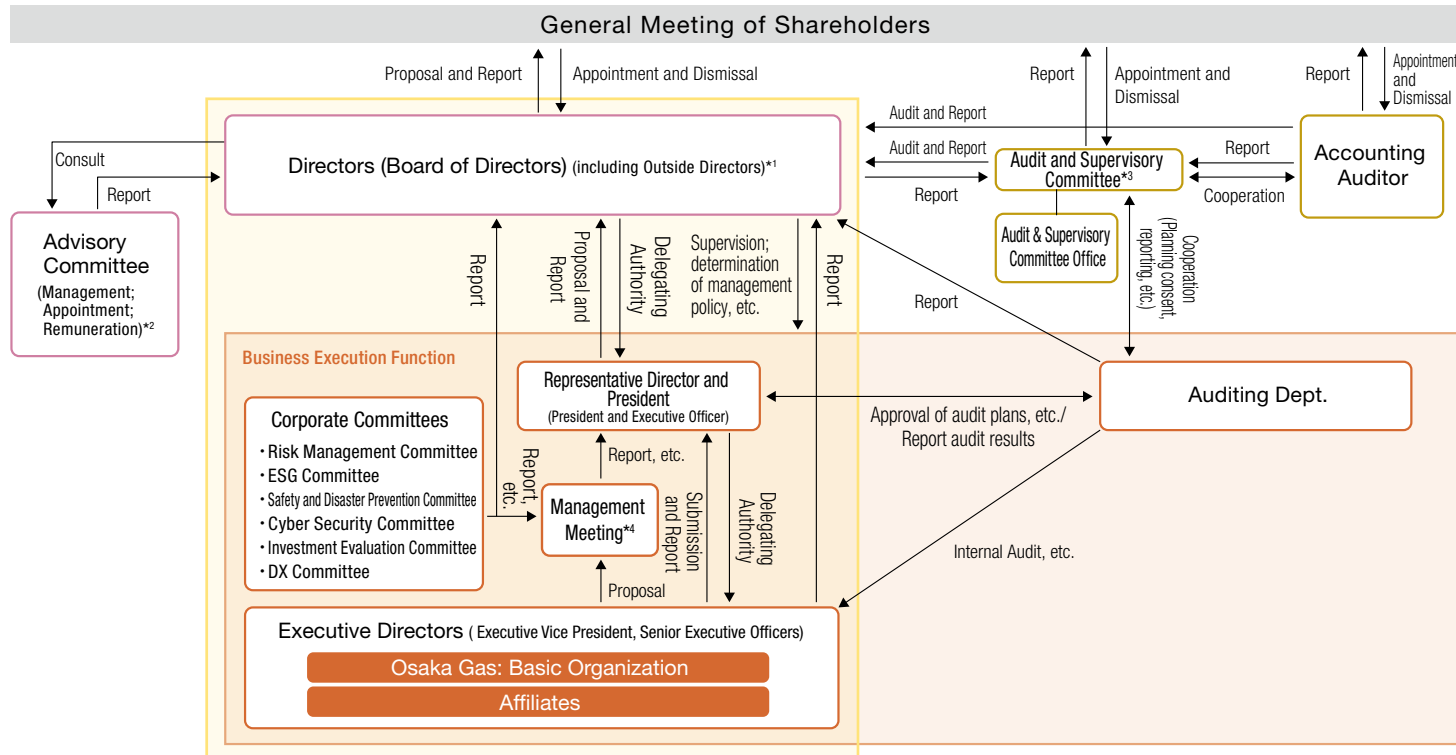
As a corporate group that powers continuous advancement in customers' lives and businesses, our Corporate Principles aim to create four types of value: "Value for Customers," "Value for Society," "Value for Shareholders" and "Value for Employees" by providing various products and services relating to 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 these Corporate Principles, the Company and its affiliates (the "Group") will work toward maintaining and increasing a sense of trust by dialogue and cooperation with its various stakeholders including shareholders and customers. 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.

## Corporate Governance System

Osaka Gas has transitioned from a Company with an Audit & 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 conducted the introduction of an executive officer system, appointment of multiple Outside Directors, and establishment of voluntary advisory committees on management, appointment of Directors and Director remuneration.

### ■ Corporate Governance System (as of June 27, 2024)



- \*1 Board of Directors:  
15 Directors (8 Internal Directors and 7 Outside Directors)
- \*2 Advisory Committee on Management:  
7 Outside Directors, Representative Director and President, and 1 person appointed by the President  
The Advisory Committee on Appointment and Remuneration:  
all 4 Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Representative Director and President, and 1 person appointed by the President
- \*3 Audit and Supervisory Committee:  
5 Audit and Supervisory Committee Members (2 full-time Directors and 3 Outside Directors)
- \*4 Management Meeting:  
1 President,  
3 Executive Vice President,  
8 Senior Executive Officers,  
and 2 Executive Officers

## Overview of Corporate Governance System

### Board of Directors, Directors of the Company

The Board of Directors consists of at least one-third of the 15 Directors, 7 of whom are Outside Directors and discusses management policies and strategies to ensure prompt and accurate decision-making and enhance supervisory functions.

The Company's Articles of Incorporation stipulate that there shall be 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. They also direct that the appointment of Directors is to take place with a quorum of shareholders possessing at least one-third of shareholder voting rights and by a majority of voting rights held by shareholders present, distinguishing between Directors who are Audit and Supervisory Committee Members and those who are not. In addition, they stipulate that no cumulative voting may be used for appointing Directors.

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.

### Executive Officers

The Company has adopted an executive officer system (Executive Officers consist of President, Executive Vice President, Senior Executive Officer, and Executive Officers), which enables the Directors of the Company to focus on making business decisions and monitoring and supervisory functions, and worked toward strengthening the business efficiency and the 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.

### 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 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 the "ESG Council," which deliberates on activity plans and reports on activities related to the promotion of ESG management.

### Audit and Supervisory Committee

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

### Auditing Department

The Company has established the Auditing Department as an internal audit division. Based on a yearly auditing plan, it audits, from independent and neutral viewpoints, the status of execution of business activities. 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, it is reported to the Board of Directors (dual reporting). The Auditing Department evaluates internal control over financial reporting based on the Financial Instruments and Exchange Act. The Head of the Auditing Department regularly exchanges opinions with the Audit and Supervisory Committee and the accounting auditor.

### 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 management strategy, sustainability, risk management, and DX.

The Advisory Committee on Appointment and the Advisory Committee on Remuneration consist 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 election of candidates for Directors, the selection and dismissal of Representative Directors and other Executive Directors, and matters related to the remuneration of Directors. In addition, one Director who is the Audit and Supervisory Committee Member participates in each Advisory Committee meeting as an observer.

All committees\* are chaired by outside directors.

\* Advisory committees on management, appointment and remuneration

### 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.

(Chairman: Head of ESG Promotion/Representative Director and Executive Vice President)

### Safety and Disaster Prevention Committee

In order to take all possible measures to ensure safety, disaster prevention, and gas supply stability after the legal spin-off of the gas pipeline service business, 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.

(Chairman: Head of Safety/Senior Executive Officer)

### Cyber Security Committee

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

(Chairman: Head of Technology/Representative Director and Executive Vice President)

### Investment Evaluation Committee

The Company has established the Investment Evaluation Committee to examine risk and return and assess investments in excess of a certain amount, and report findings to the Management Meeting to help make appropriate investment decisions.

(Chairman: President of the Corporate Planning HQ/Representative Director and Executive Vice President)

### DX Committee

The Company has established the DX Committee to promote DX for the entire group while coordinating the alignment with business, IT, and financial strategies across the organization.

(Chairman: President of the Corporate Planning HQ/Representative Director and Executive Vice President)

### Risk Management Committee

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

(Chairman: Head of Risk Management/Representative Director and Executive Vice President)



## Views on the Composition of Directors

From the perspective of contributing to its sustainable growth and improvement of the medium- to long-term corporate value of the Daigas Group, Osaka Gas has adopted a basic policy of appointing diverse talent as Directors in full consideration of their knowledge and experiences in “corporate management,” “marketing,” and other fields, ability, personality, etc. regardless of gender, nationality, career, or age, etc. We have set a target of increasing the Ratio of female directors to 30% or higher by FY2031.3, and the Ratio of female directors has been 26.7% since the close of the Annual Meeting of Shareholders for FY2024.3. Moreover, in light of the medium- and long-term management plans, we have defined corporate management, marketing, technology/R&D, DX, global management, ESG, finance/accounting, legal/risk management, and human resources development as area of expertise that the Board of Directors should possess.

In addition, we have long since defined the term of Director as one year in order to respond flexibly to changes in our business environment and clarify management responsibility.

Based on the above-mentioned policy, decisions on the selection of candidates for Directors and the appointment and dismissal of Representative Directors and other Executive Directors are made based on deliberations by a voluntarily appointed Advisory Committee made up of a majority of Outside Directors in order to ensure objectivity and transparency in decision-making.

The following is a list of the skills that the Board of Directors should possess as identified in light of the medium- to long-term management plan as well as the particularly significant skills of each Director.

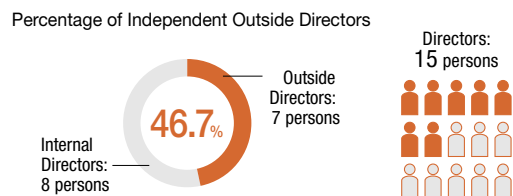
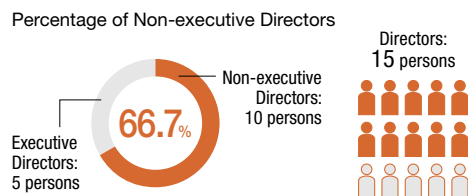
### Skills Matrix (as of June 27, 2024)

| Name                | Position                        | Age | Years in office | Internal/Outside | Independence | Attendance at Board of Directors Meetings in FY2024.3 | Fields of Significant Expertise and Experience |           |                |    |                   |     |                    |                       |                             |
|---------------------|---------------------------------|-----|-----------------|------------------|--------------|---|--|-----------|----------------|----|-------------------|-----|--------------------|-----------------------|-----------------------------|
|                     |                                 |     |                 |                  |              |   | Corporate Management                           | Marketing | Technology/R&D | DX | Global Management | ESG | Finance/Accounting | Legal/Risk Management | Human Resources Development |
| Takehiro Honjo      | Director, Chairman of the Board | 70  | 15              | Internal         | —            | 100%  | ●  | ●         |                |    |                   | ●   | ●                  | ●                     | ●                           |
| Masataka Fujiwara   | Representative Director         | 66  | 8               | Internal         | —            | 100%  | ●  | ●         | ●              | ●  | ●                 | ●   |                    |                       |                             |
| Takayuki Tasaka     | Representative Director         | 61  | 6               | Internal         | —            | 100%  | ●  | ●         |                |    |                   | ●   | ●                  |                       |                             |
| Keiji Takemori      | Representative Director         | 60  | —               | Internal         | —            | —   | ●  |           |                |    | ●                 | ●   |                    |                       | ●                           |
| Ko Sakanashi        | Representative Director         | 57  | —               | Internal         | —            | —   | ●  |           | ●              | ●  | ●                 | ●   | ●                  |                       |                             |
| Toshiyuki Imai      | Director                        | 58  | —               | Internal         | —            | —   |  | ●         |                |    |                   | ●   |                    | ●                     | ●                           |
| Kazutoshi Murao     | Director                        | 71  | 5               | Outside          | ○            | 100%  | ●  |           |                |    | ●                 |     | ●                  | ●                     | ●                           |
| Tatsuo Kijima       | Director                        | 69  | 4               | Outside          | ○            | 100%  | ●  |           |                |    |                   | ●   |                    | ●                     | ●                           |
| Yumiko Sato         | Director                        | 72  | 3               | Outside          | ○            | 100%  |  |           |                |    |                   | ●   |                    | ●                     | ●                           |
| Mikiyo Niizeki      | Director                        | 56  | 1               | Outside          | ○            | 100%  | ●  | ●         |                |    |                   |     | ●                  |                       | ●                           |
| Fumitoshi Takeguchi | Director                        | 62  | (3)*1           | Internal         | —            | 100%*1  |  |           |                |    |                   | ●   | ●                  | ●                     | ●                           |
| Ichiro Hazama       | Director                        | 58  | (1)*2           | Internal         | —            | 100%*2  |  | ●         |                |    |                   |     |                    | ●                     | ●                           |
| Eriko Nashioka      | Director                        | 57  | (2)*2           | Outside          | ○            | 100%*2  | ●  |           |                |    |                   | ●   | ●                  |                       | ●                           |
| Chieko Minami       | Director                        | 63  | (1)*2           | Outside          | ○            | 100%*2  | ●  | ●         |                | ●  |                   |     |                    |                       | ●                           |
| Eimei Kozai         | Director                        | 66  | —               | Outside          | ○            | —   | ●  |           |                |    |                   |     |                    | ●                     | ●                           |

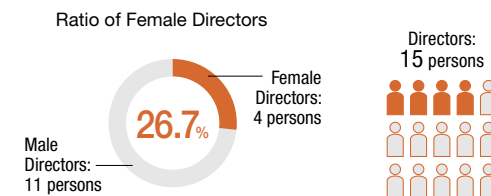
\*1 Status in previous position (Director and Senior Executive Officer)

\*2 Status in previous position (Audit & Supervisory Board Member)

■ Independence of Directors (as of June 27, 2024)



■ Diversity of Directors (as of June 27, 2024)



■ Corporate Governance Initiatives

|  |   | 2019   | 2020                     | 2021   | 2022  | 2023   | 2024   |   |
|--|---|--|--------------------------|--|---|--|--|---|
| Separation of business execution and supervision                   | Medium-Term Management Plan   | Going Forward Beyond Borders   |                          | Creating Value for a Sustainable Future                                      |   |  | Connecting Ambitious Dreams  |   |
|  | Organization design   | From 1897 (establishment): a company with an Audit & Supervisory Board (Members) |                          |  |   |  | From 2024: a company with an Audit and Supervisory Committee                                   |   |
|  | Chairperson of the Board  | From 2015: Representative Director and Chairman of the Board                     |                          |  | From 2021: Director, Chairman of the Board                    |  |  |   |
|  | Execution system  | From 2009: adoption of an executive officer system                               |                          |  |   |  |  |   |
|  | Outside Directors/Outside Audit & Supervisory Board Members   | From 2016: Outside Directors: 3 persons  |                          |  | From 2021: Outside Directors: 4 persons                       |  |  | From 2024: Outside Directors: 7 persons                       |
|  |   | From 2020: percentage of Outside Directors: 1/3 or more                          |                          |  |   |  |  |   |
| Voluntary advisory committee                                       | In 2013: established (appointment and remuneration)   |  |                          |  | In 2022: expanded (management, appointment, and remuneration) |  |  |   |
| Diversity  | Female officers   | From 2014: one person (one Audit & Supervisory Board Member)                     |                          | From 2021: 2 persons (one Director and one Audit & Supervisory Board Member) |   | From 2023: 4 persons (2 Directors and 2 Audit & Supervisory Board Members) | From 2024: 4 persons (4 Directors)   |   |
|  | Skills matrix   | Since 2021: disclosed  |                          |  |   |  |  |   |
| Linkage between sustainable growth and remuneration                | Composition of remuneration   | Since 2013: basic : performance-linked = 6:4                                     |                          | Since 2021: basic : performance-linked : stock-based = 5:4:1                 |   |  | Since 2024: basic : performance-linked : stock-based = 4:4:2                                   |   |
|  | Remuneration system   | In 2013: established performance-linked remuneration system                      |                          |  |   |  | In 2021: established stock-based remuneration system (equivalent to 10% of total remuneration) |   |
|  | Indicators for performance-linked remuneration  | Since 2013: indicators: profit attributable to owners of parent                  |                          |  |   | Since 2022: linked remuneration to ESG indicators achievement              |  | Since 2024: indicators: consolidated EBITDA, consolidated ROE |
| Internal control   | Corporate committee <sup>1)</sup>   | From 2003: Investment Evaluation Committee                                       |                          |  |   |  |  |   |
|  |   | From 2006: CSR Committee <sup>3)</sup>   | From 2020: ESG Committee |  |   |  |  |   |
|  |   | From 2019: Cyber Security Committee  |                          |  |   |  |  |   |
|  |   | From 2021: DX Committee  |                          |  |   |  |  |   |
|  | From 1996: Executive Safety Council   |  |                          | From 2022: Safety and Disaster Prevention Committee                          |   |  |  |   |
| Strengthening risk management (operation of G-RIMS <sup>2)</sup> ) | From 2006: targeting Osaka Gas and domestic affiliates (in 2017: expanded to include overseas affiliates) |  |                          |  |   |  |  |   |
| Cross-shareholdings  | In 2013: established policies regarding cross-shareholdings <sup>4)</sup>                                 |  |                          |  |   |  |  |   |

<sup>1)</sup> Established for the purpose of coordinating and promoting matters (important issues for the entire Group) across multiple basic organization

<sup>2)</sup> Systematized self-assessment of risk management practices (Gas Group Risk Management System)

<sup>3)</sup> The new "CSR Committee" was established to coordinate and promote the activities of the committees (Compliance Committee and Energy & Global Environment Committee), which had been operating separately by field, as well as community and social contribution, human rights, employment, and other activities promoted by the organizations in charge, on a cross-organizational basis.




<sup>4)</sup> Rules on the purchase and management of third-party stocks were established. The Board of Directors examines the significance of each individual stock holding. If the significance of holding an issue has waned, we sell it sequentially. With respect to the exercise of voting rights, a standard for exercising voting rights was established (in 2016). We examine the content of proposals through various methods, including dialogue with investees, and decide whether to approve or disapprove.

## Advisory Committee Activities

In FY2024.3, the Advisory Committee on Management held four times, the Advisory Committee on Appointment held three times, and the Advisory Committee on Remuneration held twice. The attendance of chair and committee members and main agenda are shown in the table below.

All committees are chaired by Outside Directors.

### FY2024.3 Results

| Name                              | Composition of each advisory committee and percentage of Outside Directors                                | Agenda   | Issues discussed  | Name                               | Position   | Attendance  | Attendance rate  | Number of the meetings held in FY2024.3 |            |
|-----------------------------------|---|--|---|------------------------------------|--|---|--|---|------------|
| Advisory Committee on Management  | (Management)<br>67%<br>  | Key issues such as medium- to long-term corporate strategy and sustainability  | Next Medium-term Management Plan, overseas M&A strategy, transition to a company with an Audit and Supervisory Committee, etc.  | Tatsuo Kijima                      | Chairperson  | Outside Director  | 4 out of 4 meetings  | 100%                                    | 4 meetings |
|                                   |   |  |   | Kazutoshi Murao                    |  | Outside Director  | 4 out of 4 meetings  | 100%                                    |            |
|                                   |   |  |   | Yumiko Sato                        |  | Outside Director  | 4 out of 4 meetings  | 100%                                    |            |
|                                   |   |  |   | Mikiyo Niizeki                     |  | Outside Director  | 4 out of 4 meetings  | 100%                                    |            |
|                                   |   |  |   | Masataka Fujiwara                  |  | Representative Director and President   | 4 out of 4 meetings  | 100%                                    |            |
|                                   |   |  |   | Takeshi Matsui*1                   |  | Representative Director and Executive Vice President  | 4 out of 4 meetings  | 100%                                    |            |
| Advisory Committee on Appointment | (Appointment)<br>80%<br> | Matters related to the election of candidates for Directors and Audit & Supervisory Board Members, the selection and dismissal of Representative Directors and other Executive Directors, skills matrix, and succession plan, etc. | Matters to be considered in the selection of candidates for Directors, the election of candidates for Directors, selection and dismissal of Representative Directors and other Executive Directors, skills matrix, etc. | Kazutoshi Murao                    | Chairperson  | Outside Director  | 3 out of 3 meetings  | 100%                                    | 3 meetings |
|                                   |   |  |   | Tatsuo Kijima                      |  | Outside Director  | 3 out of 3 meetings  | 100%                                    |            |
|                                   |   |  |   | Yumiko Sato                        |  | Outside Director  | 3 out of 3 meetings  | 100%                                    |            |
|                                   |   |  |   | Mikiyo Niizeki                     |  | Outside Director  | 3 out of 3 meetings  | 100%                                    |            |
|                                   |   |  |   | Masataka Fujiwara                  |  | Representative Director and President   | 3 out of 3 meetings  | 100%                                    |            |
|                                   |   |  |   | Advisory Committee on Remuneration | (Remuneration)<br>67%<br> | Policy on determining remuneration of Directors, calculation method for the portion linked to business performance of the remuneration, payment coefficient, appropriateness of the remuneration levels, etc. | Policy on determining remuneration of Directors, appropriateness of the remuneration levels, calculation method for the portion linked to business performance, payment coefficient for the portion linked to business performance, etc. | Yumiko Sato                             |            |
| Kazutoshi Murao                   |   | Outside Director   | 2 out of 2 meetings   |                                    |  |   |  | 100%                                    |            |
| Tatsuo Kijima                     |   | Outside Director   | 2 out of 2 meetings   |                                    |  |   |  | 100%                                    |            |
| Mikiyo Niizeki                    |   | Outside Director   | 1 out of 1 meeting*2  |                                    |  |   |  | 100%                                    |            |
| Masataka Fujiwara                 |   | Representative Director and President  | 1 out of 1 meeting*3  |                                    |  |   |  | 100%                                    |            |
| Takayuki Tasaka                   |   | Representative Director and Executive Vice President   | 1 out of 1 meeting*3  |                                    |  |   |  | 100%                                    |            |

\*1 Retired as of the close of the Company's Annual Meeting of Shareholders held in June 2024.

\*2 Appointed on June 23, 2023

\*3 Deliberations on Directors' remuneration levels, etc. are not subject to attendance.

 Outside Directors  Internal Directors

## Training Policy for Directors and Succession Plan

When appointed, the Company provides Internal Directors an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected of a Director. Subsequently, the Company regularly provides opportunities internally or externally for Directors to receive training regarding legal affairs, risk management, compliance, and other matters to continue to acquire the knowledge necessary for the comprehension of legal revisions and other latest world trends. Further, the Company formulates a succession plan for top management, and fosters human resources to oversee the Company's management through such means as the systematic rotation of the areas of responsibility of Internal Directors and Executive Officers.

As for Outside Directors, the Company provides opportunities for them to deepen their understanding upon appointment, such as by explaining the nature of the Group's businesses, 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 Directors can gain an understanding.

## Directors Remuneration

Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members. The same shall apply hereinafter) shall be provided in a remuneration system designed to raise motivation for Directors to achieve sustainable growth and mid- to long-term increase in corporate value. Remuneration for Executive Directors shall consist of basic remuneration as fixed remuneration, performance-linked remuneration and stock-based remuneration, and remuneration for Director, Chairman of the Board shall consist of basic remuneration as fixed remuneration and stock-based remuneration in order to clarify the separation of business execution and supervision. Remuneration for Outside Directors shall only consist of basic remuneration as fixed remuneration, as they have a standpoint independent of business execution.

Remuneration for Directors shall be determined within the total amount of remuneration\*<sup>1</sup> 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.\*<sup>2</sup>

The Company has established a policy on determining the remuneration of Directors as prescribed by the resolution of the Board of Directors after deliberation at a voluntarily appointed Advisory Committee made up of a majority of Outside Directors. This policy is summarized as follows. The system of paying retirement benefits to Directors was abolished in June 2004.

Remuneration for 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 total amount of remuneration approved at the Annual Meeting of Shareholders.

\*1 At the 206th Annual Meeting of Shareholders held on June 27, 2024, it was resolved that the monetary remuneration quota would be up to 57 million yen per month, the stock remuneration quota would be within 144 million yen per year, and the maximum number of shares would be within 96,000 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, with monetary remuneration quota of up to 5 million yen).

\*2 The content of monetary remuneration may be determined by the Representative Director and President based on delegation of authority by the resolution of the Board of Directors.

### Outline of Remuneration

| Remuneration items              | Fixed/variable                         | Standard composition* <sup>3</sup> |                                 |                   | Type of remuneration  | Outline   |
|---------------------------------|--|------------------------------------|---------------------------------|-------------------|-----------------------|---|
|                                 |  | Executive Directors                | Director, Chairman of the Board | Outside Directors |                       |   |
| Basic remuneration              | Fixed                                  | 40%                                | 80%                             | 100%              | Monetary remuneration | <ul style="list-style-type: none"> <li>Monetary remuneration paid on a monthly basis</li> <li>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.</li> </ul>  |
| Performance-linked remuneration | Variable (short-term incentive)        | 40%                                | —                               | —                 | Monetary remuneration | <ul style="list-style-type: none"> <li>Monetary remuneration paid on a monthly basis</li> <li>The amount shall be determined using ESG indicators in the Medium-Term Management Plan (indicators: main non-financial (materiality) indicators achievement) as the main indicators</li> </ul>  |
| Stock-based remuneration        | Variable (mid- to long-term incentive) | 20%                                | 20%                             | —                 | Stocks                | <ul style="list-style-type: none"> <li>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.</li> <li>The number of shares to be granted shall be determined with consideration for the positions and responsibilities of each Director and stock prices, etc.</li> <li>A Director shall not transfer, establish a security interest on, or otherwise dispose of the allotted shares during the period from the date of the allotment of shares to the date of his/her retirement from office.</li> <li>Transfer restrictions shall be lifted on the condition that the resignation of a Director is due to reasons deemed justifiable by the Company or due to the death of the Director.</li> <li>In the event that a Director commits an act of misconduct 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 remuneration (malus and clawback provisions).</li> </ul> |

\*3 Standard applied when performance-linked remuneration targets are fully achieved.

### Officer Remuneration System Taking into Account ESG Indicators Achievement

At the Board of Directors meeting held on December 23, 2021, Osaka Gas resolved to reflect the coefficient of ESG indicators achievement in the previous year in officer remuneration to contribute to short-term and mid- to long-term increases in corporate value.

The coefficient of ESG indicators achievement includes the achievement of the ESG indicators stated on P.018-P.019, and this system has been applied from July 2023 onward, when remuneration is paid based on FY2023.3 results.

#### Profit Attributable to Owners of Parent (Consolidated Profit) for the Last Three Years

| Term                                    |             |        | 203rd          | 204th          | 205th          |
|---|-------------|--------|----------------|----------------|----------------|
| Fiscal year ended                       |             |        | March 31, 2021 | March 31, 2022 | March 31, 2023 |
| Profit attributable to owners of parent | million yen | Plan   | 73,000         | 70,500         | 82,000         |
|   |             | Result | 80,857         | 130,421        | 57,110         |

#### Total Amount of Remuneration by Officer Classification and by Type of Remuneration, and Number of Eligible Officers (Fiscal year ended March 31, 2024)

| Classification  | Total amount of remuneration (million yen) | Total amount of remuneration by type of remuneration (million yen) |                                 |                                 | Number of payees |
|---|--|--|---------------------------------|---------------------------------|------------------|
|   |  | Fixed  | Performance-linked remuneration | Non-monetary remuneration, etc. |                  |
| Directors (excluding Outside Directors)                       | 421  | 203  | 173                             | 45                              | 6                |
| Audit & Supervisory Board Members (excluding Outside Members) | 67   | 67   | —                               | —                               | 3                |
| Outside Directors   | 48   | 48   | —                               | —                               | 5                |
| Outside Audit & Supervisory Board Members                     | 36   | 36   | —                               | —                               | 4                |

Note: The number of persons and amounts include one Outside Director and two Audit & Supervisory Board Members (of whom one is Outside Audit & Supervisory Board Member) who retired as of the close of the Company's 205th Annual Meeting of Shareholders held on June 23, 2023.

\* The total amount of remuneration for each officer is not stated as there is no officer with a total amount of consolidated remuneration of 100 million yen or more.

\* There are no employees concurrently serving as officers.

From FY2025.3 onward, the coefficient of ESG indicators achievement includes the achievement of the following main non-financial (materiality) indicators achievement stated in the Medium-Term Management Plan 2026.

#### Main ESG Indicators

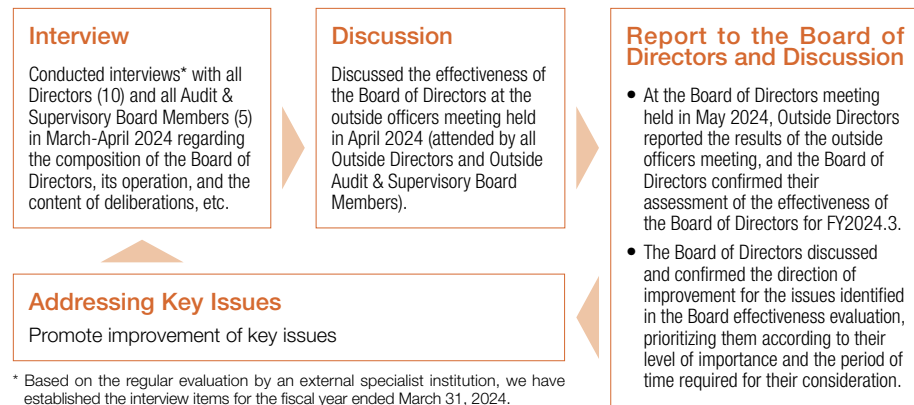
| Materiality   | ESG indicators  | FY2027.3 targets    |
|---|---|---------------------|
| Provide carbon neutral energy   | • Avoided emissions   | 7 million tons/year |
|   | • Renewable energy development contribution                                     | 4 GW                |
|   | • CO <sub>2</sub> emissions reduction in the Group company offices and vehicles | 67%                 |
| Enhance the resilience of customers and society   | • Serious accidents and serious energy supply disruptions caused by the company | Zero                |
| Co-create advanced, diverse solutions that meet customer values                           | • Customer accounts   | 10.9 million        |
|   | • Customer satisfaction rate  | 90%                 |
| Create a work environment where employees and the company resonate and enhance each other | • Work engagement score   | 50 or more          |
| Maintain and improve the soundness and flexibility of management foundation               | • Ratio of female directors   | 25% or higher       |
|   | • Number of serious violations of laws and regulations                          | Zero                |



## Evaluation and Analysis of Effectiveness of the Board of Directors as a Whole

The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors and the Advisory Committee each fiscal year based on the results of interviews conducted by the Board of Directors Secretariat 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. Method



\* Based on the regular evaluation by an external specialist institution, we have established the interview items for the fiscal year ended March 31, 2024.

### 2. Interview Items

- ① Initiatives in response to issues
  - 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
  - Cultivate internal officer 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
  - Ensuring diversity (gender, expertise, experience, ability, etc.), etc.
- ③ Operation of the Board of Directors meetings
  - Frequency and time, proceedings, materials
  - Development of appropriate management strategies and plans, the 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 officers' meetings and others
  - Exchanging opinions for the purpose of developing management, etc.
- ⑥ Free opinion

### 3. Evaluation Results

It was confirmed that improvements have been made on the issues recognized in FY2023.3. The Board of Director discussed the direction of improvement for the following issues identified in FY2024.3.

<Major issues>

- Enhancement of discussions on medium- to long-term management issues
- Expanding opportunities for contact with board candidates
- Concretize measures to cultivate internal officer candidates from a medium- to long-term perspective (especially women and highly specialized personnel)

## Audit

The Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the 206th 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 Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors.

The following items describe the audit status in FY2024.3, prior to the Company's transition to a company with an Audit and Supervisory Committee.

### ■ Main Activities of Audit & Supervisory Board Members

|                      |  |
|----------------------|--|
| (a) Business audit   | <ul style="list-style-type: none"> <li>• Attend important meetings such as Management Meeting and read important documents</li> <li>• Conduct visiting audits at Head Office, major offices, and affiliates</li> <li>• Listen to reports from each organization and affiliate</li> <li>• Exchange opinions with Directors (including Outside Directors)</li> <li>• Cooperate with the internal audit division and Audit &amp; Supervisory Board Members of affiliates</li> </ul> |
| (b) Accounting audit | <ul style="list-style-type: none"> <li>• Confirm the independence of the accounting auditor and proper conduct of audits</li> <li>• Confirm accounting audit plans and audit results, etc.</li> </ul>  |

At the Audit & Supervisory Board meeting, reports and information on the implementation of the audit are shared, and necessary deliberations and resolutions are made.

14 Audit & Supervisory Board meetings were held in FY2024.3. The main resolutions of the Audit & Supervisory Board meetings are as follows.

### ■ Main Resolutions at the Audit & Supervisory Board Meetings

- Audit plans by Audit & Supervisory Board Members
- Report on audits by the Audit & Supervisory Board
- Approval of proposal for election of Audit & Supervisory Board Members
- Selection of full-time Audit & Supervisory Board Members
- Assignment of duties of each Audit & Supervisory Board Member
- Evaluation and reappointment/non-reappointment of the accounting auditor
- Approval of remuneration for the accounting auditor

## Risk Management

### Basic Approach and Policy

As social and economic changes intensify due to instability in international affairs, exchange rate fluctuations, and inflation, the uncertainty of the business environment surrounding companies is rapidly increasing. In this environment, as the Daigas Group develops and expands its various businesses in various regions, risk management is becoming increasingly important.

Recognizing the importance of risk management, the Group has established in its regulations basic guidelines for risk-related actions and is promoting efforts in this area.

### Risk Management System

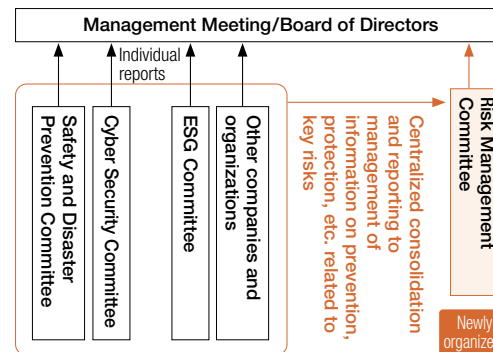
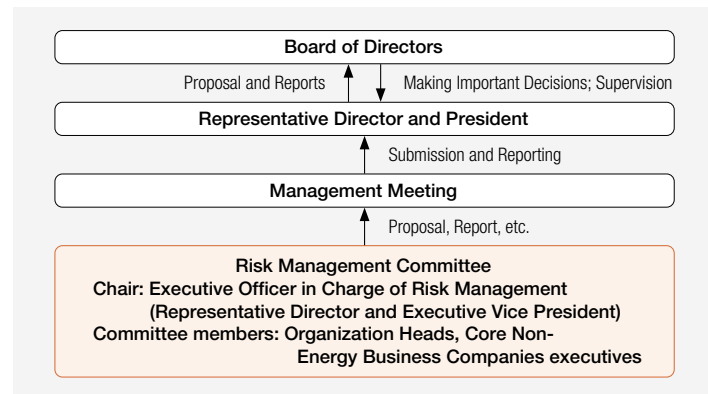
The Company has been implementing risk preventive maintenance planning and progress follow-up through corporate committees such as the ESG Committee, the Safety and Disaster Prevention Committee, and the Cyber Security Committee. As the Group's business domain expands, the Risk Management Committee, a corporate committee independent from the Audit & Supervisory Committee has been established in April 2024 in addition to the above framework to comprehensively manage key risks across the entire company.

The Risk Management Committee is chaired by the Executive Officer in Charge of Risk Management (Representative Director and Executive Vice President), who oversees the Group's risk management, and includes the heads of related organizations as members.

The Risk Management Committee meets in principle twice a year to review and select key risks on a regular basis, deliberate on preventive maintenance plans and results for key risks that may affect business performance and financial position, and implement efficient and effective risk management.

In addition, risk preventive maintenance activities are reported and discussed at the Management Meeting, which is chaired by the Representative Director and President, regarding plans, results, and other matters related to risk preventive maintenance activities. Matters that have a significant impact on management are submitted to the Board of Directors for decision-making and oversight.

### Group-wide Risk Management System



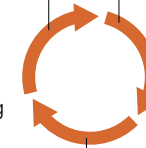
### Group-wide Risk Management Cycle

#### Plan

- Development and sharing of preventive maintenance plans for key risks
- Reporting and evaluation of activity plans to the Management Meeting and Board of Directors

#### Execution

- Implementation and progress report of activities based on the key plan
- Reporting and sharing of key risk predictions and occurrences



### Confirmation, improvement and countermeasures

- Reporting and evaluation of activity results to the Management Meeting and Board of Directors
- Reconfirmation and re-selection of key risks
- Risk preventive maintenance plan study based on activity results

## Internal Control

### Operating Status of the Internal Control Systems

Osaka Gas established 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 Daigas Group's operations at the Board of Directors. The Company confirms the operating status of the internal control systems periodically 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.

#### Overview of Operating Status of the Internal Control Systems (FY2024.3)

##### ① Matters concerning compliance, etc.

The ESG Committee promotes initiatives in each domain, 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 officers 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. received an order from the Consumer Affairs Agency to suspend its door-to-door sales operations (for six months) based on the Act on Specified Commercial Transactions, for some inappropriate business practices in door-to-door sales by a subcontractor. In order to prevent recurrence, the company is reviewing its compliance system and strengthening the supervision and education of its contractors. In addition, legal training sessions on the Act on Specified Commercial Transactions were held within the Group.

##### ② Matters concerning risk management, etc.

Organizational heads of the Company and presidents of the affiliates promote the management of the risk of losses and periodically conduct risk management assessments. Each basic organization or affiliate 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 LNG plant 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 affiliate 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 retailer, 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 countermeasures and business continuity plans (BCP) are prepared. We also carry out Group-wide disaster-prevention drills, which consist of earthquake drills and BCP exercises.

The Cyber Security Committee has been established to further strengthen measures against cyberattacks from outside the Group's network such as by carrying out periodic inspections and following up on the Group's security.

In April 2024, we established the 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 periodic reports and 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 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 of the Board, 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 the 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.

## Periodic Reviews and Monitoring

### Operating our own self-assessment system G-RIMS

The Group introduced the “G-RIMS,” a system for risk management in routine business operations, in 2006. The manager of each organization and affiliated company checks if preventive measures have been implemented or if an early-detection system is in place as required, using a checklist comprising about 50 risk items. After assessing the magnitude of the risks and identifying the risks that need to be addressed, the PDCA cycle is operated, including planning, implementation and follow-up of response measures.

### ■ Areas and items of G-RIMS (Gas Group Risk Management System)

|   |   |  |   |   |
|---|---|--|---|---|
| <p><b>1. Management environment</b></p> <ul style="list-style-type: none"> <li>Dissemination of corporate principles</li> <li>Decision-making and follow-up process</li> <li>Poor maintenance of regulations</li> <li>Failure to report business information that should be reported</li> <li>Effectiveness of self-audits</li> </ul> <p><b>2. Human rights, harassment</b></p> <ul style="list-style-type: none"> <li>Violation of human rights (workers, local residents, consumers, etc.)</li> <li>Harassment (sexual harassment, maternity harassment, power harassment)</li> </ul> <p><b>3. Personnel affairs, labor affairs</b></p> <ul style="list-style-type: none"> <li>Inappropriate labor management and incompliance with labor-related laws and regulations</li> <li>Inappropriate employment contracts with non-regular employees</li> <li>Securing human resources</li> <li>Developing human resources</li> </ul> <p><b>4. Accident prevention, workplace safety</b></p> <ul style="list-style-type: none"> <li>Slack conduct regarding accident prevention and workplace safety</li> <li>Vehicles for business use</li> </ul> | <p><b>5. Response to relevant laws</b></p> <ul style="list-style-type: none"> <li>Violation of applicable laws and regulations</li> </ul> <p><b>6. Illegal transactions</b></p> <ul style="list-style-type: none"> <li>Violation of the antitrust act</li> <li>Violation of the subcontract act</li> <li>Violation of the labeling act</li> </ul> <p><b>7. Inappropriate relationships</b></p> <ul style="list-style-type: none"> <li>Cozy relationships, bribery, etc. with public servants; cozy relationships with clients and suppliers</li> </ul> <p><b>8. Anti-social forces</b></p> <ul style="list-style-type: none"> <li>Refusal to have a relationship with anti-social forces</li> </ul> <p><b>9. Insider trading</b></p> <ul style="list-style-type: none"> <li>Practice of insider trading, provision of insider information</li> </ul> <p><b>10. Subsidies</b></p> <ul style="list-style-type: none"> <li>Illegal receipt of public funds (subsidies, etc.)</li> </ul> <p><b>11. Management of seals</b></p> <ul style="list-style-type: none"> <li>Illegal use of seals</li> </ul> <p><b>12. Purchase, expense-related spending</b></p> <ul style="list-style-type: none"> <li>Inappropriate procedures and illegal practices concerning purchase and expense-related spending (accounting spending)</li> </ul> <p><b>13. Illegal practices concerning money transfer</b></p> <ul style="list-style-type: none"> <li>Illegal use of bank accounts</li> <li>Embezzlement of cash</li> </ul> | <ul style="list-style-type: none"> <li>Embezzlement of sales proceeds</li> <li>Illegal spending</li> <li>The same person taking a spending-related post for a long time</li> </ul> <p><b>14. Accounting, tax-related procedures</b></p> <ul style="list-style-type: none"> <li>Errors, illegal practices, and delays concerning accounting and tax-related procedures</li> </ul> <p><b>15. Credit control, loan control</b></p> <ul style="list-style-type: none"> <li>Irrecoverable loans, delays in loan collection</li> <li>Acceptance and execution of guaranteed debts</li> </ul> <p><b>16. Scandals involving suppliers</b></p> <ul style="list-style-type: none"> <li>Compliance problems emerged at corporate clients concerning human rights, labor practices, environment, and corruption</li> </ul> <p><b>17. Whistle-blowing system (Compliance Desks)</b></p> <ul style="list-style-type: none"> <li>Insufficient dissemination of a whistleblowing system</li> <li>Operational defects of a whistleblowing system</li> </ul> <p><b>18. Environment-related</b></p> <ul style="list-style-type: none"> <li>Violation of environment-related laws</li> </ul> <p><b>19. Products, services</b></p> <ul style="list-style-type: none"> <li>Quality of products and services (complaints, defects, recall,</li> </ul> | <ul style="list-style-type: none"> <li>product liability, consumer protection, etc.)</li> </ul> <p><b>20. Business continuity in emergency</b></p> <ul style="list-style-type: none"> <li>Suspension or delay of business activities/operations in an emergency, such as a disaster</li> </ul> <p><b>21. Intellectual property</b></p> <ul style="list-style-type: none"> <li>Insufficient protection of intellectual property rights owned by the Group</li> <li>Infringement of intellectual property rights owned by third companies</li> </ul> <p><b>22. Lawsuits</b></p> <ul style="list-style-type: none"> <li>Legal disputes such as lawsuits</li> </ul> <p><b>23. Information disclosure</b></p> <ul style="list-style-type: none"> <li>Inappropriate information disclosure procedures and the subsequent erosion of public trust in the Group</li> </ul> <p><b>24. Information control in general</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of information</li> </ul> <p><b>25. Computer network related (computer networks, business apps related to computer networks, information used via such networks and apps)</b></p> <ul style="list-style-type: none"> <li>Illegal use of information, illegal alteration of information, and information leakage, all arising</li> </ul> | <ul style="list-style-type: none"> <li>from the lack of security measures</li> </ul> <p><b>26. Personal information concerning customers and corporate clients (including customer information)</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of personal information concerning customers</li> </ul> <p><b>27. Personal information concerning employees</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of personal information concerning employees</li> </ul> <p><b>28. “My Number” system (individual identification number and specified personal information)</b></p> <ul style="list-style-type: none"> <li>Leakage, loss, and illegal use of “My Number” identification numbers</li> </ul> <p><b>29. Funds, derivatives</b></p> <ul style="list-style-type: none"> <li>Problematic fund management and fund procurement</li> <li>Problematic fund control</li> <li>Speculative derivative transactions</li> </ul> <p><b>30. Electronic banking</b></p> <ul style="list-style-type: none"> <li>Illegal and erroneous money transfers using the electronic banking system</li> </ul> |
|---|---|--|---|---|

## Recognition of and Countermeasures Against Business Risks

In addition to the measures preparing for the following risks, the Daigas Group aims to mitigate the impact on its business in cases where such risks emerge by appropriately understanding and supervising the situations of business operations, while considering the degree and time period of the potential for risks to materialize.

### Risks Related to All Businesses within the Group

### Countermeasures against Risks

|   |   |
|---|---|
| Changes in economic, financial, and social conditions as well as market contraction                         | The Group is practicing portfolio management that responds to changes in the business environment by growing each of three segments "Domestic Energy Business," "International Energy Business," and "Life & Business Solutions (LBS) Business."  |
| Occurrence of catastrophic disasters, accidents, or infectious diseases                                     | In preparation for the occurrence of natural disasters, terrorism, accidents, and infectious diseases, we are promoting initiatives including centralized management, intensive inspections, and continuous improvements of facilities, taking out various types of insurance such as disaster insurance, and formulation and review of a "Business Continuity Plan (BCP)" in the event of a catastrophic disaster or accident and an operational plan for responses to outbreaks of infectious diseases, etc. In addition, we are striving to build cooperative relationships in projects in which we participate for safe and stable business operations. |
| Changes in international rules, politics, laws and regulations, and institutional systems                   | We are executing our respective businesses in accordance with international rules on environmental, social and governance issues, as well as other domestic and international rules, politics, laws and regulations, and institutional systems.   |
| Changes in foreign exchange rates and borrowing rates, and rising prices                                    | We are working to minimize the impact of changes in foreign exchange rates and borrowing rates through hedging and foreign currency procurement, and reducing costs against rising raw material prices and logistics costs.   |
| Securing human resources  | We are striving to secure human resources in the face of a declining working population.  |
| Uncollected investments   | The Board of Directors makes decisions on various types of investments for growth based on comprehensive management decisions by the Investment Evaluation Committee including projects' economic and risk evaluation.  |
| Climate change and trend toward carbon-neutrality   | In order to respond to changes in regulations due to climate change issues, changes in social trends toward the realization of a carbon-neutral society in the future, and fluctuations in energy demand, etc., we are promoting initiatives for fuel conversion from coal and heavy oil to natural gas, the introduction of renewable energy and highly efficient products and facilities, and development of technologies and building supply chains related to carbon-neutral transition.  |
| Intensifying competition  | In order to increase our market competitiveness in all business segments, we are promoting initiatives to increase added value, reduce raw material costs, develop technologies, promote digital transformation, etc.   |
| Breakdown or malfunction of critical IT systems, development delays or cancellations, and information leaks | We are promoting and monitoring security measures, ensuring dissemination and education of information management, building and upgrading information systems, etc.   |
| Quality issues with products or services  | In order to ensure that the products and services we offer are used securely and safely, we are working on thorough quality management and other measures.  |
| Non-compliance with laws and regulations  | To raise awareness of compliance, we are promoting initiatives to prevent problems from occurring through ongoing internal training, periodic risk identification, and review, follow-up and improvement of response status, etc.   |

### Individual Risks of Each Business Segment

#### • Domestic Energy Business

|   |  |
|---|--|
| Impact of fluctuations in temperature/water temperature on energy demand                              | In order to respond to the impact of fluctuations in energy demand, we are expanding sales in peripheral energy fields such as gas appliances and energy services.   |
| Changes in raw fuel costs   | We are working to minimize the impact of cash flows through diversifying contract price indices and hedging in the procurement of LNG, and to adjust unit gas prices under the fuel cost adjustment system.  |
| Difficulty in procuring raw fuels   | As most of the raw fuels for gas and electricity, such as LNG, are imported from overseas, we are promoting diversified procurement from numerous producers as well as adjusting supply and demand through LNG trading, aiming to ensure stable and flexible raw fuel procurement.   |
| Changes in electricity procurement costs  | We are working to ensure a stable electricity supply by responding to power demand through procurement from procurement contracts with other companies, and from the Japan Electric Power Exchange and other markets, in addition to procurement from our own power source.  |
| Difficulties in gas production/power generation and gas/power supply                                  | In order to maintain safe and stable city gas production/supply and electricity generation/supply, we are carrying out various drills to prepare for emergencies, periodic inspections and upgrading of facilities, and measures to prevent accidents and supply disruptions including earthquake and tsunami countermeasures. |
| Products such as gas equipment and facility issues  | We are striving to ensure a stable supply of products, and promoting the use of safe equipment and related inspection and dissemination.   |
| Intensifying competition in the industry and the resulting increase in choices available to consumers | We are working to provide various added values, aiming to be a company that continues to be the first choice of customers.   |

#### • International Energy Business

|   |  |
|---|--|
| Changes in the operating environment, such as decreased profitability or project delay or cancellation, resulting from the public policies, implementation of or changes in regulations, deterioration of economic or social conditions, market fluctuation in areas including crude oil prices and gas prices, technical issues, or damage by natural disasters in the countries in which the Group operates | We are promoting risk countermeasures such as proactive business operations and strict evaluation of target projects in the decision-making of investment for growth. In addition, for stable procurement, we are striving to build cooperative relationships that contribute to safe and stable operations in the participating projects. |
|---|--|

#### • Life & Business Solutions Business

|  |  |
|--|--|
| Changes in the operating environment, such as soaring material costs, suspension of material supplies, and worsening economic conditions | We are working on internal growth, investment for growth, and other initiatives based on technologies and knowledge we have cultivated in our energy business. |
|--|--|



# Compliance

## Principle and Outline

The Daigas Group views compliance not only as adherence to laws and regulations but also as the practice of sensible corporate activities based on sound ethics. The Group believes that ensuring compliance is the most important thing that it can do to gain the trust of customers and society, and it is the basis for continuing its business.

We are providing training and educational activities aimed at raising awareness of the importance of compliance, instilling knowledge, and improving the ability to think ethically to ensure that all officers and employees follow laws/regulations and their consciences, understand the foundations for compliance set forth in the Daigas Group Code of Business Conduct, and act in accordance with in-house regulations and rules.

Furthermore, we have established “Compliance Desks” as a system aimed at quickly identifying cases of violations of laws and regulations, misconduct, etc., and responding quickly and appropriately.

We have also established a “Human Rights Desk” in the Human Resources Department as a contact point for consultations about the human rights of employees, as well as a “Harassment Desk” within respective organizations and affiliated companies as contact points for consultations about harassment for employees.

## Compliance Promotion Systems

The Daigas Group has established “Compliance/Risk Management Subcommittees” under the “ESG Committee,” in order to consider crossorganizational measures and share information, etc. The Compliance Office in the General Affairs Department promotes compliance across the Daigas Group as a whole, and we have also selected “Heads of Compliance” at each Business Unit, Gas Pipeline Business Company, and Core Affiliate, as well as “Compliance coordinators” and “staff who serve as key personnel in the compliance efforts” at each organization of Osaka Gas and each affiliate, as part of efforts to enhance compliance across the Group as a whole.



## Predictive Data Monitoring

The “Predictive Data Monitoring” initiative has been conducted throughout the Daigas Group since FY2012.3 for the purpose of detecting signs of potential compliance-related problems. This initiative aims to prevent dishonest acts from occurring by detecting unusual changes in the data through regular and continuous monitoring and by taking proactive measures as soon as possible. In FY2024.3, we monitored 148 items.

## Improving Compliance Awareness

### Promotion of global compliance in line with overseas business expansion

In view of expanding business operations abroad, an English version of a leaflet summarizing the Daigas Group Corporate Principles, the Daigas Group Charter of Business Conduct and the Daigas Group Code of Business Conduct and information on Compliance Desks used for the internal reporting system are posted on the intranet for dissemination to employees.

In addition, Osaka Gas overseas affiliated companies have made the English version of the Daigas Group Code of Business Conduct known to all of their employees to raise employee awareness with respect to human rights, work standards, the environment and anticorruption measures.

In FY2024.3, we utilized the Osaka Gas proprietary risk management system “G-RIMS,” with revisions to certain items for overseas subsidiaries, as we endeavored to identify the status of implementation of actions on risks at 20 major overseas subsidiaries. For approximately 40 risk items, we promote implementation of actions on risks by inspecting the status of implementation of initiatives for prevention and early detection of risks.

### Internal training and other initiatives

We are continually working to improve compliance awareness through such efforts as training sessions and awareness surveys.

For example, we offer Compliance Coordinator and Staff Seminars for compliance coordinators and staff who serve as key personnel in the compliance efforts of organizations and affiliated companies (including all subsidiaries), training sessions for organizational heads and higher-ranked managerial personnel conducted by invited outside instructors, and education arranged by job level for managers and new employees. In addition to the above, each organization/affiliate takes the initiative in conducting compliance training, such as in-workplace discussions on cases related to the Daigas Group Code of Business Conduct and cases to sharpen the ability to think ethically.

As a means of checking the degree of compliance penetration among Group employees, we also check the degree of understanding of the Daigas Group Charter of Business Conduct and the Daigas Group Code of Business Conduct (“Code”) through questionnaires, and that each employee is performing his or her duties in accordance with the Code. Furthermore, based on the results of the checking and social trends, we are periodically reviewing the Code.

Furthermore, we provide employees with a variety of compliance-related information through the intranet and other means and undertake educational activities such as soliciting “Compliance Slogans” from employees every year (10,480 submissions were received group-wide in FY2024.3).

### Setting compliance as a personnel evaluation item

Osaka Gas has set compliance initiatives as one of the evaluation items in the role expectation evaluation to evaluate the level of conduct demonstrated by employees in their daily activities. This promotes compliance with laws and regulations and ethical standards.

## Internal Reporting Systems and Compliance Desks

### Established at Osaka Gas’s headquarters, major affiliated companies, outside law firms, etc. as points of contact receiving reports and offering consultation from inside and outside the Group

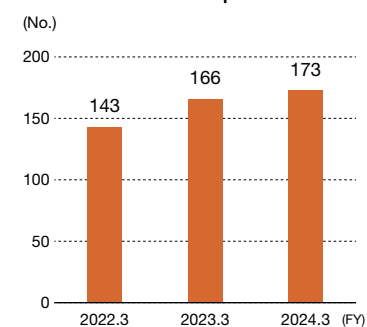
We have established Compliance Desks at Osaka Gas’s headquarters, major affiliated companies and outside law firms representing Osaka Gas as points of contact to receive reports and offer consultation regarding the observance of laws and in-house rules in the Daigas Group. Not only executives, regular employees and temporary employees of the Group but also executives, employees and temporary employees of business partners (including those who have retired within one year) that continually provide products and services to group companies can seek advice or give reports by phone or email, or through other means. The Compliance Desks can also be used anonymously.

In FY2024.3, a total of 173 requests for consultation and reports were received. For these cases, after considering the necessity of fact-finding investigations, we conducted interviews, verified the evidence, and took corrective and recurrence-prevention measures as necessary. As a result, no serious violations of laws and regulations were found.

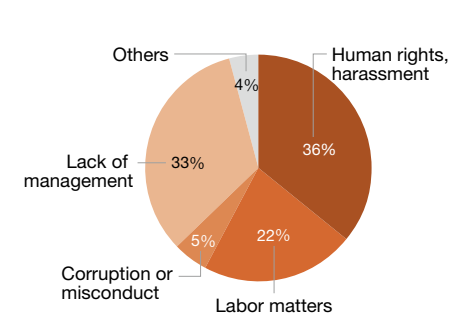
If the Compliance Desk receives a report of a violation of laws and regulations, we will take corrective action if the results of the investigation indicate that there has been a violation. Even in cases where there is no violation of laws and regulations, we will make improvements as necessary to maintain and improve a healthy work environment.

We report on and share the description of the reports received, investigation results, corrective measures, etc. at the Compliance/Risk Management Subcommittee, the ESG Committee and other meetings to prevent recurrence.

■ Number of Requests for Consultation/Reports



■ Breakdown of Reported Cases in FY2024.3



### Protection of informants

We handle requests for consultation/reports received by the Compliance Desks and conduct investigation, etc. regarding them in accordance with the Rules for the systems of consultation and reporting on legal compliance, which clearly specify the confidentiality of the names of informants and persons being reported and other information and the prohibition of prejudicial treatment of informants.

We report on and share the description of the reports received, investigation results, corrective measures, etc. at the Compliance/Risk Management Subcommittee, the ESG Committee and other meetings to prevent recurrence.

### System of Compliance Desks



### Initiatives for proper operation of the internal reporting system

Requests for consultation regarding compliance violations, including harassment, may be received not only by the Compliance Desks but also by the department in charge of general affairs in each organization. In order for each organization to be able to properly respond to such requests, training sessions are held for newly appointed compliance coordinators and staff, etc. to learn how to respond when receiving requests for consultation.

## Tax Compliance

### Fundamental concept

In the Daigas Group's business operations, we follow the Daigas Group Code of Business Conduct, comply with laws and regulations, and act sensibly based on sound ethical standards.

We understand that appropriate tax payments are part of our corporate social responsibility, and we comply with the tax laws and regulations of all countries in which we operate and the spirit of those laws, and make tax filing and payment in a lawful and proper manner.

### Tax governance

Under the direction and supervision of the Executive Director in charge of the Corporate Planning HQ, who is ultimately responsible for tax governance of the Daigas Group, the Finance Dept., which belongs to the Corporate Planning HQ of Osaka Gas, manages tax-related matters in cooperation with the group companies.

The Finance Dept. establishes guidelines and systems for consultation to perform proper accounting practices and make proper tax filing, as well as conduct educational and awareness-raising activities for the company and group companies.

### Tax risk management

Under the aforementioned tax governance system, the Daigas Group strives to appropriately identify tax risks. We reasonably manage tax risks by seeking advice from outside tax experts on important transactions and utilizing a system of advance referrals to tax authorities as necessary.

International transactions between group companies are conducted at arm's length prices based on the functions and risks of each group company. We comply with the OECD Transfer Pricing Guidelines in setting transaction prices. We strive to mitigate tax risks by utilizing an advance pricing arrangement (APA) for important transfer pricing taxation risks.

### Building relationships of trust with tax authorities

We strive to build and maintain a relationship of trust with tax authorities through tax filing and payment in a lawful and proper manner, and appropriate information disclosure.

## Anti-corruption

### Fundamental concept

In the Daigas Group Code of Business Conduct, which sets forth the standards of conduct that all officers and employees of the Daigas Group must follow to ensure compliance management, the prevention of bribery and corruption is described in "Complying with laws in each country and region, and respecting international standards including those on human rights" and "Building and maintaining sound relationships with business partners," which stipulate compliance with laws and ordinances concerning corruption prevention, including the National Public Service Ethics Act and the Unfair Competition Prevention Act, and prohibition of bribes to foreign public servants.

In FY2024.3, we formulated the Daigas Group Anti-Bribery Guidebook to help understand legal concepts and conduct to be noted regarding bribery control laws\* common in many countries, and made it known to all employees in the Group to promote their understanding.

Furthermore, we have taken priority measures for business segments, bases and business activities that pose a high risk of bribery, and we are working to ensure that these measures are properly implemented.

In our G-RIMS system for managing risks related to daily business activities, we conduct periodic inspections and monitoring of suppliers in our supply chain to ensure that there are no compliance issues in human rights, labor, environment, anti-corruption and other areas.

Please see [P.128](#) for more information on G-RIMS.

\* Bribery control laws: stated as a general name for laws and regulations related to bribery control set forth in each country

### Employee training on anti-corruption

The Daigas Group has compiled the Daigas Group Code of Business Conduct ("Code") into a booklet and portable card, which are distributed and posted on the intranet to make the Code known to all employees. We strive to promote understanding of the Code by posting the Explanation of the Code of Business Conduct on the intranet and through training and other programs. We also provide training on the topic of anti-corruption, in which participants have group discussions on specific cases to examine what measures should have been taken by the organization and individuals and how to respond to cases of corruption when they occur, in an effort to prevent corruption.

# Information Security

## Principle and Outline

The evolution of the Internet has led to sharp rises in leaks of confidential information, infections by computer viruses and other serious social issues, and the harm suffered by companies from such incidents increasingly extends beyond direct damage, even resulting in the loss of public trust.

As a business operator responsible for social infrastructure, the Daigas Group recognizes the importance of managing customer information and other data and has established the Cyber Security Committee in August 2019 as a corporate committee. The Cyber Security Committee is chaired by the Head of Technology (Representative Director and Executive Vice-President), who oversees the Group's information security and other technology-related activities, and consists of the heads of related organizations and other members. The Cyber Security Committee meets twice a year to formulate medium- to long-term security strategies, coordinate and promote cross-organizational measures to address security risks across the Group, and gives instructions on improvements as necessary. The Committee submits to the Management Meeting deliberation proposals and reports on important agenda items. Under the leadership of its subcommittee called the Information Security Subcommittee, the Committee strives to step up information security measures.

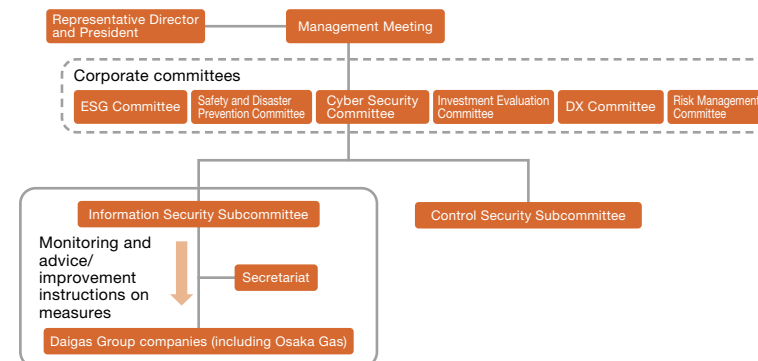
## Efforts to Strengthen Information Security

Under the leadership of the Information Security Subcommittee, the Daigas Group has established a system to enhance its overall information security by deploying managers in charge of promoting information security at core companies of the Daigas Group and organizations in charge of supporting the management of Osaka Gas and by deploying staff in charge of promoting information security at other organizations and affiliated companies.

In FY2022.3, we worked to strengthen information security measures through the establishment or revision of the internal rules for the Daigas Group, including the Information Security Guidelines. In addition to the existing content, we added and revised the Information Security Measures Standards based on recent security incidents that occurred inside and outside the company. We have been operating the telework guidelines, guidelines related to smart devices to respond to the expansion of the use of smart devices, and guidelines which compile the requirements that must be observed when using the cloud services, all of which were created in FY2021.3 and have been updated in light of the spread of telework.

Also, we conducted on-site surveys and checkups regarding information security at group companies, formulated improvement plans for each of these companies, and had them implement suitable measures. Education on security was also provided to all Daigas Group employees and employees in charge of IT at each affiliate and organization to improve the information security awareness and skills of each and every employee. To enhance employees' information security awareness and enable them to respond appropriately to security

### Information Security Promotion System (April 2024)



incidents, we conducted simulation training on targeted email attacks, based on actual cases (for about 20,000 employees).

In addition to the above measures, we have conducted vulnerability assessments and introduced mechanisms to detect and prevent unauthorized access. We are reviewing various countermeasures from time to time to strengthen information security measures.

### Major information security measures undertaken in FY2024.3

- Maintained and operated the Information Security Guidelines, etc.
- Implemented voluntary information security inspections of affiliated companies
- Implemented training on targeted email attacks (for approx. 20,000 employees)
- Implemented e-learning for employees (for approx. 8,000 employees)

# Protection of Personal Information

## Principle and Outline

The Daigas Group believes that information is an important asset for a company and should be properly managed to prevent leakage or loss, and it has established a system for the proper use and management of personal information received from customers. Furthermore, we are working to enhance risk management regarding personal information by utilizing our risk self-assessment system, G-RIMS, and to raise employee awareness through e-learning and training programs.

### Privacy Policy

In accordance with the Act on the Protection of Personal Information, our Rules for Personal Information Protection, and other related regulations, Osaka Gas has established a privacy policy regarding the handling of information on its customers, shareholders and other parties and posted it on its official website. Based on this policy, we strive to properly protect information on our customers, shareholders, and other parties. In addition, we handle personal information on our employees, etc. in the same manner as customer information. We are making the privacy policy regarding personal information of our employees, etc. known through the internal portal site and striving to properly protect the personal information on our employees, etc.



## Protection of Personal Information

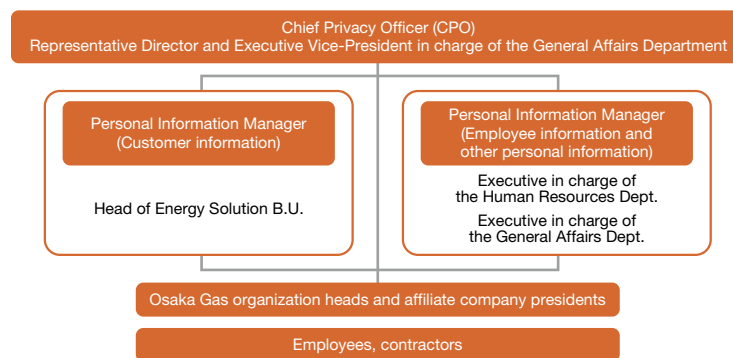
### Establishing a personal information protection system that includes subcontractors in its scope

The Daigas Group, which handles a large amount of personal information, has established rules and implemented various security control measures to protect such information. We are striving to properly manage and prevent leakage of personal information by establishing a personal information protection system that includes subcontractors in its scope, in which the Representative Director and Executive Vice-President responsible for the General Affairs Department serves as the Chief Privacy Officer (CPO) and managers are assigned to the Business Units, the Human Resources Department and affiliated companies.

### Strengthening risk management through training and e-learning programs

Every year, the Daigas Group strengthens risk management regarding personal information by utilizing its risk self-assessment system, G-RIMS, and addresses personal information protection as an important theme in compliance training and other educational programs to raise employee awareness. Furthermore, all employees and temporary employees who have access to computers provided by the Group are required to take e-learning courses on information security, which consists of basics and case studies. We ensure that employees further deepen their understanding of personal information protection by providing e-learning programs to learn about personal information protection on a regular basis.

### Personal Information Protection System





# ESG Data

See the files below for data on initiatives in the ESG categories covered by the Sustainability Report.



## Environmental Performance Data

- Environmental Policies
- Boundery
- ISO 14001 Certification Acquisition Status
- Environmental Action Targets and Indicators
- Environmental Management Efficiency
- Response to Climate Change (Management of Emissions)
- Resource Use/Discharge and Waste



## Social Data

- Policies on Social Issues
- Research and Development/Intellectual Property
- Employees (Employment)
- Employees (Human Resource Development)
- Employees (Promotion of Diversity, Work-Life Balance)
- Employees (Health and Safety)
- Customers
- Pipeline length and Power generation facilities
- Contribution to Society



## Governance Data

- Governance Policies
- Corporate Governance
- Compliance

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