

What Are the Initiatives That Support the Daigas Group's Sustainable Growth?

The Daigas Group believes that fulfilling its social responsibilities as a company through sustainability initiatives such as environmental protection, respect for human rights, and strict compliance is the foundation of our sustainable growth.

In this chapter, we will introduce these sustainability initiatives.

Sustainability

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Sustainability Management

Sustainability Promotion System and Governance

The Daigas Group has an Sustainability Committee, chaired by the Head of Sustainability Promotion (Director and Senior Executive Officer), who supervises the Group's sustainability activities. This committee, whose members include the heads of related organizations, coordinates and promotes sustainability activities in a cross-organizational manner. The setting of key issues (materiality), indicators and targets for Sustainability management, the status of achievement, and other matters are submitted to and deliberated at the Sustainability Council. The Board of Directors is then consulted on important matters related to sustainability activities 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.

■ Sustainability Promotion System (As of April 1, 2025)

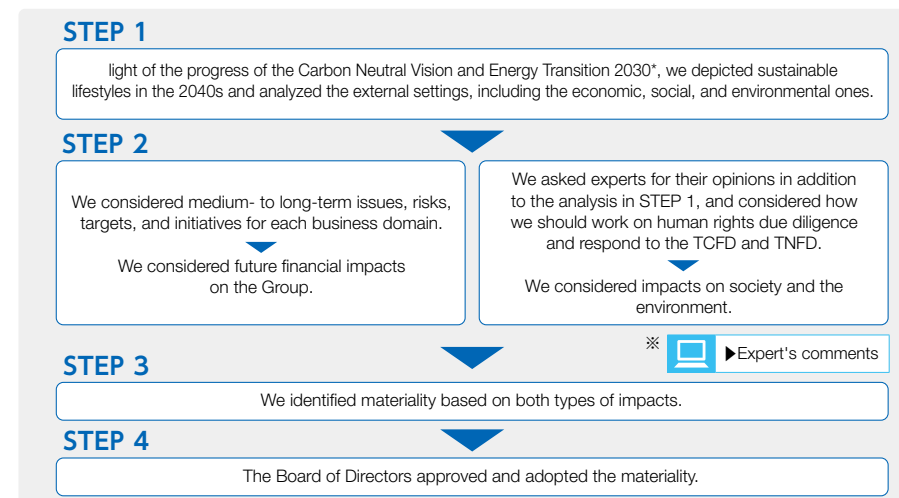


Main Topics for Sustainability at the FY2025.3 Board of Directors Meetings

- May 2024: Performance report for FY2024.3 sustainability indicators and human rights due diligence report
- Nov 2024: First-half performance report for FY2025.3 sustainability indicators
- Mar 2025: Performance forecast report for FY2025.3 sustainability indicators, and sustainability indicator targets and sustainability management plans for FY2026.3, revisions to Group regulations and policies, etc.

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.



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

KPI Performance Evaluation Processes

Outcomes of the initiatives related to sustainability indicators are reported and followed up on three times a year at each meeting within the sustainability promotion system, and are evaluated and supervised by the Board of Directors. At Board of Directors meetings, discussions are held on whether medium- to long-term targets set for initiatives that are progressing smoothly are appropriate. In addition, regarding indicators whose targets are difficult to achieve, discussions are held on causes and solutions. These evaluation processes are used to improve initiatives and review plans for each business related to materiality.



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
Climate change <ul style="list-style-type: none"> ▶ Acceleration of the decarbonization trend ▶ Stronger position of natural gas as transition energy ▶ CO₂ reduction ▶ Energy system transition ▶ Technological innovation ▶ Response to the TNFD 	<ul style="list-style-type: none"> • Impact on business plans stemming from international rules and regulations related to carbon neutrality • Intensifying competition to secure suitable business sites 	<ul style="list-style-type: none"> • Promotion of widespread use and advanced utilization of natural gas across the globe • Development of e-methane, hydrogen, and other new energy sources • Promotion of business that provides carbon neutral energy seamlessly by utilizing established equipment and infrastructures • Development of carbon neutral technologies and services 	Provide carbon neutral energy
Energy security <ul style="list-style-type: none"> ▶ Preparation for heightened geopolitical risks ▶ Safe and secure management and operation of energy production and supply facilities 	<ul style="list-style-type: none"> • Difficulty in procuring fuels and materials • Increase in spending on facility repair and countermeasures associated with natural disasters • Supply disruption due to disasters and accidents 	<ul style="list-style-type: none"> • Increased demand due to the development of disaster-resistant infrastructures and products • Maintenance of sustainable business foundations through know-how sharing and cooperation with local communities in taking measures against disasters 	Enhance the resilience of customers and society
Diversification of values <ul style="list-style-type: none"> ▶ Transition to a digital society ▶ Creation of customer contact points through diverse methods 	<ul style="list-style-type: none"> • Changes in customer mindset • Delay in the advancement of digital transformation • Obsolescence of existing business models • Intensifying competition due to productivity improvement and new entrants to the market 	<ul style="list-style-type: none"> • Improved operational efficiency and productivity due to the advancement of digital transformation • Enhancement of business creation capabilities through operational reform and behavioral change • Enhancement of organizational culture and structure to create new businesses and services 	Co-create advanced, diverse solutions that meet customer values
Demographic changes <ul style="list-style-type: none"> ▶ Multi-pillared and diversified business ▶ Labor shortages and diversifying ways of work ▶ Human resource development ▶ Improved employee satisfaction and motivation 	<ul style="list-style-type: none"> • Shortage of workers • Increased measures to secure and develop the next generation 	<ul style="list-style-type: none"> • Promotion of innovation by taking advantage of diverse human resources • Maximization of output 	Create a work environment where employees and the company resonate and enhance each other
Growing interest in and calls for ESG management <ul style="list-style-type: none"> ▶ Corporate governance ▶ Thorough compliance ▶ Human rights due diligence ▶ Creation of a recycling-oriented society ▶ Contribution to local communities ▶ Supply chain management 	<ul style="list-style-type: none"> • Tightening, revision, and abolition of laws and regulations • Loss of trust from stakeholders • Litigation, suspension of transactions, and other obstacles to business continuity • Increased difficulty in fund procurement 	<ul style="list-style-type: none"> • Enhancement of corporate governance • Enhancement of compliance • Stabilization of the Group's business revenue through the development of local communities 	Maintain and improve the soundness and flexibility of management foundation



Materiality Indicators, Targets and Results

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)	What we aim to be	Sustainability indicators	Main achievements in FY2025.3	Related pages	FY2027.3 targets	FY2031.3 targets
Provide carbon neutral energy     	We will contribute to the achievement of a carbon neutral society through the advanced use of natural gas, the introduction and popularization of e-methane, the expansion of renewable energy, and other efforts to achieve carbon neutral thermal and electrical energy, as well as negative emission initiatives.	Avoided emissions*1	6.29 million tons/year	P.28	7 million tons/year	10 million tons/year
		Renewable energy development contribution	3.7 GW		4 GW	5 GW
		Percentage of renewables in our power generation portfolio in Japan	30.4%		Approx. 30%	Approx. 50%
		CO ₂ emissions of Daigas Group*2	23.44 million tons -8.58 million tons (compared to FY2018.3)		—	27.02 million tons -5 million tons (compared to FY2018.3)
		CO ₂ emissions reduction in the Group company offices and vehicles	50%	For specific initiatives, please see the Sustainability Report 2025	67%	100%
		Promotion of e-methane practical application	Conducted a detailed FEED study on e-methane supply chain projects	P.31	Final investment decisions in e-methane supply chain projects	1% e-methane in gas grid
		Promotion of methanation technology development	Completed the first phase of SOEC GI funds business and formulated the second phase implementation plan	P.29	Transition to the second phase of SOEC GI funds business	Establishing a pilot-scale (400 Nm ³ /h class) SOEC technology
Enhance the resilience of customers and society    	We will strengthen the safety and stability of the energy supply chain and continue to fulfill our mission of ensuring a stable supply.	Number of serious accidents and serious energy supply disruptions caused by the company	Zero	P.33	Zero	Zero
		Establishment of resilient facilities	<ul style="list-style-type: none"> Ratio of strengthening of earthquake resistance: Approx. 90% Number of supply blocks: 738 blocks Completed countermeasures for gray cast iron pipes 		Implementation of measures for disaster prevention and aging pipes	
Co-create advanced, diverse solutions that meet customer values     	We will provide cutting-edge and diverse options to realize comfortable living and increased corporate value.	Customer accounts	10.71 million accounts	P.35	10.9 million accounts	11.5 million accounts
		Customer satisfaction rate	92%		90%	—
		Creation of innovation	Social implementation of new services that contribute to low/decarbonization and efficient infrastructure maintenance		Creation of new business and services	



Materiality Indicators, Targets and Results

Key issues (materiality)	What we aim to be	Sustainability indicators	Main achievements in FY2025.3	Related pages	FY2027.3 targets	FY2031.3 targets
Create a work environment where employees and the company resonate and enhance each other 	By attracting diverse talents and creating an environment where employees can work hard, we will maximize the potential of our employees and build relationships in which both employees and the company can grow.	Percentage of women in members newly promoted to middle management positions	18.2%	P.36	20% or higher	30% or higher
		Percentage of women in new recruits for career-track positions	39.4%		30% or higher	30% or higher
		Work engagement score*3	52.2		50 or more	50 or more
		Total number of new graduates and mid-career hires	116 people		Cumulative total of 3 years: 330 people	—
		Reserve ratio of next-generation management personnel	260%		250%	—
Maintain and improve the soundness and flexibility of management foundation 	By maintaining and improving the management foundation of the Group, we will steadily address each of our key issues and contribute to the development of the supply chain and the local community as a whole.	Ratio of female directors	26.7%	P.68	25% or higher	30% or higher
		Number of serious violations of laws and regulations	1 case*4	P.55	Zero	Zero
		Recruitment of DX core staff	243 employees	P.37	300 employees	—
		Respect for human rights	Implemented human rights due diligence	P.56	Implementation of human rights initiatives within the Daigas Group and throughout the supply chain	
		Contribution to local communities	<ul style="list-style-type: none"> ● Provided next-generation education on energy and the environment, disaster prevention, etc. ● Provided support for children in need of social care and employment support for people with disabilities ● Supported various government agencies in implementing global warming countermeasures plans, etc. 	For specific initiatives, please see the Sustainability Report 2025	Engagement with local communities	
		Sustainable growth of LBS business	<ul style="list-style-type: none"> ● Materials business: Reduced environmental impact by introducing power generation equipment that uses waste heat from an activated carbon factory in India ● Information Technology business: Supported employment for people with disabilities and contributed to the environment through PC reuse ● Urban Development business: Implemented initiatives at each company, such as obtaining ZEH-M certification for rental and for-sale apartments, etc. 	P.44 For specific initiatives, please see the Sustainability Report 2025	Implementation of unique sustainability initiatives in LBS business	

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

*2 CO₂ emissions in the domestic supply chain (Scope 1, 2 & 3). Please refer to □ P.54 for greenhouse gas emissions from the Daigas Group's value chain (Scope 1, 2 & 3).

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

*4 Included in this figure is inappropriate conduct in the sales of ENE-FARM. We voluntarily reported this matter to the Consumer Affairs Agency on March 27, 2025, in accordance with the Act against Unjustifiable Premiums and Misleading Representations. The Agency is currently investigating this matter, and we will respond in a sincerely manner (as of June 30, 2025).

Disclosure based on the TCFD Recommendations

—Recognition and Response to Risks and Opportunities—

Osaka Gas supported the TCFD recommendations in May 2019, and utilizes them as indicators to validate its climate change response.

We also participate in the TCFD Consortium*¹, where discussions take place on efforts toward information disclosure on responses to climate change based on the TCFD recommendations.

*¹ 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 Sustainability 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 Representative Director and President.

The Group also has the Sustainability Committee, chaired by the Head of Sustainability Promotion (Director and Senior Executive Officer), an executive who supervises the Group's sustainability activities, and consisting of the heads of related organizations. The Sustainability Committee meets three times a year for 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 and countermeasures. 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 Sustainability 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 the coefficient of Sustainability indicators achievement is used as one of the performance indicators. Sustainability indicators include CO₂ emissions and other climate change-related indicators toward achieving carbon neutrality.

Strategy

Scenario analysis

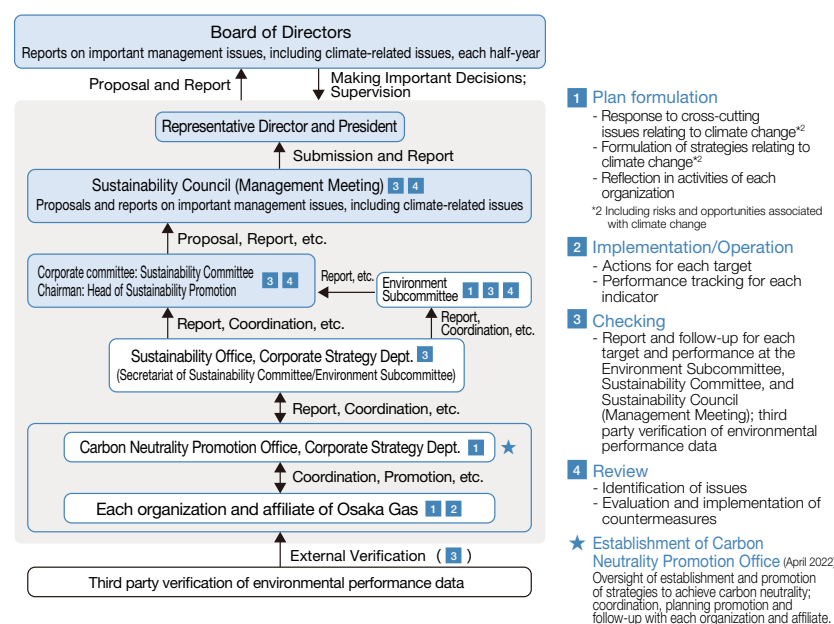
The Group has been working on climate change scenario analysis using scenarios published by an external organization (International Energy Agency, IEA) with the aim of understanding the impact of climate change on the Group's business on a medium- and long-term basis and using its results as reference material for evaluating and preparing countermeasures.

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 the scenarios that take into account the progress of energy conservation and changes in the composition of power sources, etc. (1.5°C Scenario (NZE2050) and 2.6°C Scenario (STEPS)*²).

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.

*² Authority: IEA "World Energy Outlook 2021"

Governance/Risk Management System for Climate Change












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

Evaluation of Risks and Opportunities				Impact on Business				
				Scenario	Impact	Short- and Medium-Term	Long-Term	
Risks	Physical	 Physical risks	<div>2.6°C</div>	Damage to facilities arising from meteorological disasters	Increase in capital investment costs and insurance premiums	Increase in facilities countermeasure costs		
	Transition	 Market	<div>2.6°C</div>	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		
			<div>1.5°C</div>	Switch to non-fossil fuel energy	Fall in sales of gas and thermal power	Fall in sales of gas and thermal power		
		 Reputation	<div>1.5°C</div>	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	<div>1.5°C</div> <div>2.6°C</div>	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	<div>2.6°C</div>	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	<div>2.6°C</div>	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	<div>1.5°C</div>	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	<div>1.5°C</div> <div>2.6°C</div>	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	<div>1.5°C</div> <div>2.6°C</div>	Development of AI/IoT	Participation in decentralized power sources aggregation business	Expansion of decentralized power sources aggregation business		
				Financial impact : Small		<div></div> <div></div>	Financial impact : Large	<div></div> <div></div>

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	● Diversify procurement sources ● Develop and expand sales of renewable energy power sources in Japan and abroad ● Engage in dialogue with investors Please see the following material for our major initiatives*	
Opportunities	Physical	● Development and sale of equipment with disaster response functions	
	Transition	● Develop and expand sales of renewable energy power sources in Japan and abroad ● Develop and sell high efficiency, compact decentralized power sources (CHP, fuel cells) ● Expand fuel switching, sales of high efficiency equipment in Japan and abroad ● Verify and participate in the decentralized power sources aggregation business 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

ET2030

ET2050

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 CO₂ 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 CO₂ 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 CO₂ emissions.

Under the Daigas Group Carbon Neutral Vision, we have established the goal of contributing 10 million tons per year of CO₂ 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.

In February 2025, we formulated "Energy Transition 2050 (ET2050)." Taking into account uncertainties beyond 2030, we have formulated multiple scenarios based on the energy supply and demand outlook presented in Japan's Seventh Strategic Energy Plan and will respond to them flexibly.

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 CO₂ 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.28-P.32,P.40-P.41,P.43 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, Sustainability Committee, and Sustainability 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, 2025, included those listed below.

- Resolutions for collaboration and participation in projects for a carbon neutral society, based on the Carbon Neutral Vision
- Formulation and disclosure of Energy Transition 2050
- Monitoring of the results for indicators used to manage climate change response, etc.

Please see □□ P.51 for the risk management system for climate change

Introduction of ICP

The Daigas Group 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.

■ Example: ICP Applied to Domestic Investment Projects (as of June 2025)

2030	US\$ 60/t-CO ₂
2040	US\$ 70/t-CO ₂
2050	US\$ 90/t-CO ₂

Indicators and Targets

The Daigas Group will proceed to contribute to radically reducing CO₂ 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 ₂ emissions of Daigas Group	Net-zero CO ₂ emissions	2051.3
		27.02 million tons*1 Domestic: 5 million tons less than FY18.3	2031.3
	Contribution to CO ₂ emissions reductions across society	Avoided emissions*2	2031.3
		10 million tons 7 million tons	2027.3
	CO ₂ emissions reductions from our own business activities	Renewable energy development contribution	2031.3
		5 GW 4 GW	2027.3
		Percentage of renewables in our power generation portfolio in Japan	2031.3
		Approx. 50% Approx. 30%	2027.3
		CO ₂ emissions reduction in the Group company offices and vehicles	2031.3
		100% 67%	2027.3
	Contribution by development of technologies	Promotion of e-methane practical application	2031.3
		1% e-methane in gas grid Final investment decisions in e-methane supply chain PJ	2027.3
		Promotion of methanation technology development	2031.3
		Establishing a pilot-scale (400 Nm ³ /h class) SOEC technology Transition to the second phase of SOEC GI funds business	2027.3

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

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

Environmental Impact throughout the Daigas Group Value Chain in FY2025.3

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. Described below are GHG emissions in FY2025.3.

Combined GHG emissions by the Daigas Group and value chain companies **24.42** million t-CO₂e

- Scopes 1 and 2 **4.77** million t-CO₂e (Approx. 20% of the total emissions)
- Scope 3 **19.65** million t-CO₂e (Approx. 80% of the total emissions)

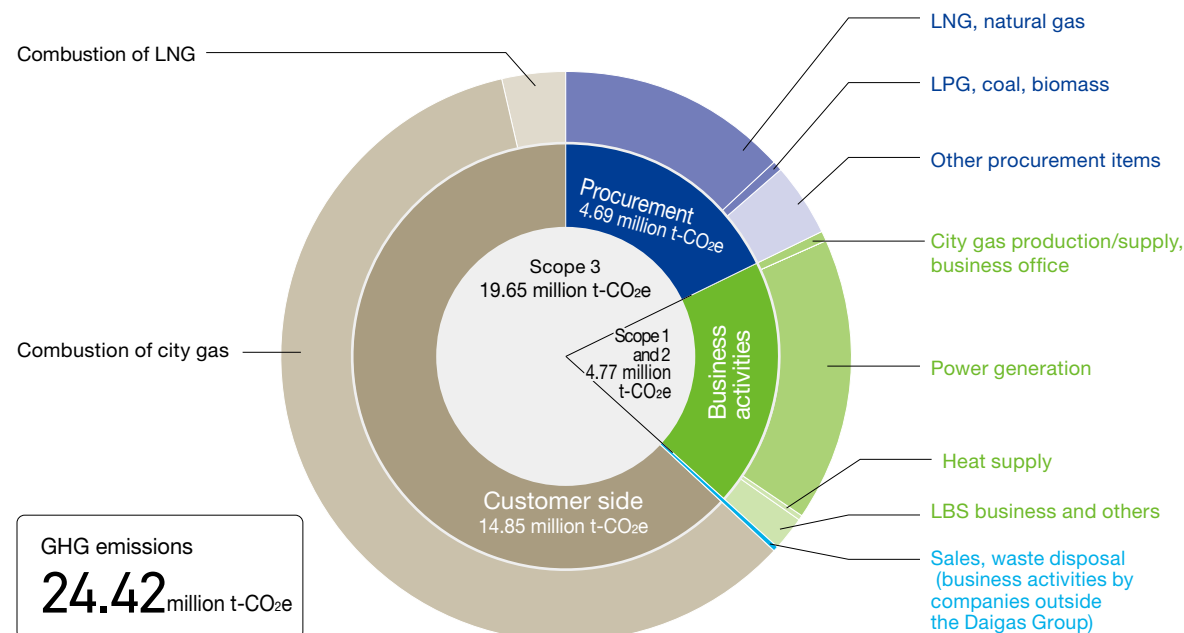
Major causes of emissions

- GHG emissions from city gas and LNG combustion on the customer side amounted to 14.85 million t-CO₂e tons in the reporting year in terms of CO₂, accounting for about 61% of the total.
- GHG emissions through electricity generation, as measured in terms of CO₂ in the year, amounted to 4.08 million t-CO₂e, accounting for about 17% of the total emissions, which represented the majority of GHG emissions from the Group's own business activities.
- GHG emissions associated with material and fuel procurement totaled 4.69 million t-CO₂e, as measured in terms of CO₂ in the year, accounting for about 19% of the total emissions. The procurement of energy sources, especially LNG, accounted for over 80% of that amount.

Environmental impact reduction initiatives

- As a way of reducing GHG emissions, we will continue to actively introduce highly advanced energy-efficient power generation facilities and renewable energy sources to customers.
- We will continue our efforts to improve fuel efficiency regarding the operation of LNG tankers in collaboration with resource suppliers in material procurement.

GHG emissions throughout the Daigas Group value chain in FY2025.3 (actual results)



Companies subject to the calculation of GHG emissions : 70 companies in total, including Osaka Gas Co., Ltd., 2 overseas subsidiaries and 67 companies among 163 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.

CO₂ emission factors used (GHG scopes 1 and 2)

- Electricity: 0.65 kg-CO₂/kWh (Average emission factor of thermal power plants in FY2014.3, stipulated in the Plan for Global Warming Countermeasures issued by the government in 2025.)
- City gas: 2.09 kg-CO₂/m³ (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 CO₂ 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. 3.5) published in March 2025 by the Ministry of Environment



Initiatives to Comply with the TNFD

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 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.

Progress of Analysis and Assessment in Accordance with the LEAP Approach

Based on “Locate” (interface with nature) and “Evaluate” (dependencies & impacts) obtained from the LEAP approach, as well as the business processes specific to the Group's businesses and the status of our initiatives, we are gradually proceeding with analysis and assessment that correspond to “Assess” (risks & opportunities) and “Prepare” (respond & report) of the LEAP approach.

For our initiatives in FY2025.3, please see [the Sustainability Report 2025](#).

Initiatives for Compliance

The Group's view on compliance is that it is not only about observing laws and regulations but also entails sensible corporate activities based on sound ethics. Recognizing that to maintain trust of stakeholders, it is essential to ensure that officers and employees put compliance into practice, we are continually conducting training sessions and employee surveys to raise awareness.

In addition, “Compliance Desks” have been established as one of the systems for early identification of incidents of violations of laws and regulations or corruption/misconduct, and for prompt and appropriate response.

Initiatives Undertaken by the Compliance Desks (Internal Reporting System) in FY2025.3

The desks received a total of 173 consultations and reports in FY2025.3. We examined the necessity of factual investigations on these cases and conducted interviews, evidence checks, etc. Measures to remedy the situation and prevent recurrence were taken as necessary.

When cases are brought to the “Compliance Desks,” violations of laws and regulations, etc., are remedied if any violations are found in the investigations. Even if no violations are found, improvements are made as necessary in order to maintain and improve a sound work environment.

The content of report, investigation results, remedies, and other matters are reported to and shared by the Compliance/Risk Management Subcommittee and the Sustainability Committee to prevent recurrence.

As a result of an investigation regarding descriptions for the sale of ENE-FARM products, triggered by an internal reporting, we found that there existed representations that were questionable under the Act against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act), so we took measures to prevent recurrence and reported the matter to the Consumer Affairs Agency in March 2025. Osaka Gas Marketing Co., Ltd. and the rest of the Group will further strengthen training and control systems regarding the Premiums and Representations Act.



Initiatives for Human Rights

The Daigas Group believes it is important to establish a system to respect human rights of those who are affected by business activities of the Group, and to proactively disclose our initiatives in this regard, in accordance with “the UN Guiding Principles on Business and Human Rights.” We integrate the human rights due diligence system, established in accordance with “the Daigas Group Human Rights Policy,” into our business processes and conduct ongoing evaluations.

Human Rights Due Diligence

System for Carrying Out Human Rights Due Diligence

The Human Rights Center in the Human Resources Dept., Compliance Office and Internal Control Planning Team in the General Affairs Dept., and the Sustainability Office in the Corporate Strategy Dept. work together to promote human rights due diligence.

A member of the Human Rights Committee is appointed to each organization to be responsible for formulating plans, monitoring results, and overseeing implementation to prevent human rights violations. In addition, the Board of Directors, which makes decisions on and supervises the important business activities throughout the Daigas Group, supervises matters involving human rights issues. At the Sustainability Council (Management Meeting), which is held three times a year, executives discuss activity plans and activity reports related to sustainability issues, including human rights issues, and submit reports to the Representative Director and President.

In addition, the Group also has the Sustainability Committee, chaired by the Head of Sustainability Promotion (Director and Senior Executive Officer), who supervises the Group’s sustainability activities, and consisting of the heads of related organizations. The Sustainability Committee is held three times a year in principle for cross-organizational deliberation, coordination, and supervision of issues and planning, promotion related to human rights due diligence.

Initiatives Undertaken in FY2025.3 results

By reference to the dual axes of the severity of each potential human rights infringement and the likelihood of its occurring, we identify key human rights risks that the Daigas Group needs to consider in the course of our business activities and establish a priority order for addressing them. Our Compliance Desks (internal reporting system) received one consultation related to human rights, prompting internal training and information dissemination initiatives to promote respect for human rights. In FY2025.3, 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 Group. In addition, in response to compliance with working-hour limits in the construction industry, which was pointed out during last fiscal year’s discussions with external experts to identify key human rights risks, we confirmed the situation at three relevant Group companies. Furthermore, we undertook efforts to identify and address human rights risks at our overseas subsidiaries by conducting on-site inspections at our investee in the city gas business in India. 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 of Key Human Rights Risks (Assessment)

Based on the FY2025.3 investigation results and discussions with experts, we identified important human rights themes that the Daigas Group should consider in the course of our business activities. As a result, no human rights violations in FY2025.3 that violated our ethics code 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 (human rights risks with a relatively high likelihood of occurring). Such risks include forced labor, child labor, and bribery/corruption in the oversea 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 key human rights risks. We will continue to identify significant risks and review human rights issues through human rights risk assessments and dialogue with experts.

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 issues do not exist in companies joining the Group.

For our initiatives for human rights, please see [the Sustainability Report 2025](#).

