

# 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%  |                       |                               |                  |   |  |   |   |  |       |  |  |         |  |  |                |
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| 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>  |