Environmental

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, achieve more efficient use of energy, raw materials, and other resources, and avoid and reduce any impact on biodiversity.

As for our climate change countermeasures, we announced our commitment to achieving carbon neutrality by 2050 through the publication of our "Carbon Neutral Vision" in January 2021 and "Energy Transition 2030" in March 2023, and based on knowledge we have gained from our new initiatives, we outlined our approaches and specific strategies for the energy transition by 2030.

Since then, we have actively pursued future-focused initiatives by developing various renewable energy power sources, launching and promoting multiple e-methane* production projects, and advancing innovative technologies to facilitate decarbonization efforts.

At the same time, due to rising international geopolitical risks, we are facing a growing demand for achieving both energy supply stability and carbon neutrality. In light of the acceleration of our future-oriented activities and the evolving landscape of the energy business, we have formulated Energy Transition 2050 in February 2025, which presents more detailed energy transition roadmap for achieving carbon neutrality by 2050 and outlines solutions for co-creating value for a sustainable future with stakeholders.

Furthermore, in our Medium-Term Management Plan 2026, we have positioned providing carbon neutral energy as one of our material issues, and we will accelerate our efforts to achieve carbon neutrality.

*Synthetic methane produced from hydrogen and CO_2

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 Sustainability Committee, reported to and deliberated by the Sustainability Council (Management Meeting), and submitted to the Board of Directors.

Theme	Items to be addressed	Specific initiatives
Environmental management P.35 Environmental targets P.41	• Strengthening environmental governance • Maintenance and continuation of the environmental management system • Follow-up and raising awareness toward achievement of environmental targets • Enhancing environmental compliance	**Initiatives undertaken in FY2026** • Continued operation of the environmental management system • Monitored the environmental impacts in the value chain • Developed environmental human resources through e-learning (6,023 people)
Climate change measures P.42 Disclosure based on the TCFD Recommendations P.56 Contribution by development of technologies P.72	• Contribution to carbon neutrality • Reduction of CO_2 emissions from the Group's own business activities • Reduction of CO_2 emissions from customers' activities and their value chains • Contribution to CO_2 emissions reduction in society as a whole • Utilization of unused energy	**Initiatives undertaken in FY2026** • Operating LNG carriers efficiently, reducing the carbon footprint of marine fuel through LNG bunkering business, and increasing the use of low-emission vehicles • Accelerating low-carbon/carbon-neutral solutions by facilitating more widespread use of natural gas, highly energy-efficient and high-value-added equipment, and renewable energy sources • Providing environmental value by disseminating high-quality solutions in the fields of information, real estate, and materials • Response to CDP's climate change
	Materiality Provide carbon neutral energy	**Environmental targets** KPIs based on the materiality / FY2026 materiality results

KPIs based on the materiality	FY2026 materiality results
CO_2 emissions of the Daigas Group	23.32 million t (8.70 million t less than FY2018)[1]
Avoided emissions[2]	7.38 million t
Renewable energy development contribution	4.54 GW
Percentage of renewables in our power generation portfolio in Japan	38.0%
CO_2 emissions reduction in the Group company offices and vehicles	57%
Promotion of e-methane, etc. practical application	Decided to conduct FEED study in the e-methane supply chain projects
Promotion of methanation technology development	Completed manufacture of SOEC methanation bench-scale equipment and conducted trial operation

1 CO_2 emissions in the domestic supply chain (Scope 1, 2 and 3).
2 Calculate the estimated effect of CO_2 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.

Theme	Items to be addressed	Specific initiatives
Contributing to creating a resource recycling society P.59	• Promoting 3R efforts in business activities • Promoting 3R efforts in the value chain • Plastic resource recycling activities • Chemical substance management in business activities	**Environmental targets** • Osaka Gas (including Network Company and core energy business companies) (1) Recycling rate of industrial and general waste: 98% or higher, (2) PE pipe recycling rate: 100%, (3) Gas meter recycling rate: 100% • Affiliates (1) Recycling rate of industrial and general waste: 92% or higher • Promoting 3R efforts concerning used equipment collected from customers or business activities **Initiatives undertaken in FY2026** • Osaka Gas (including Network Company and core energy business companies) (1) 98.6%, (2) 100%, (3)100% • Affiliates (1) 96.9%
Biodiversity P.63	• Promoting ecosystem conservation efforts • Efforts to minimize impact on natural capital • TNFD response	**Environmental targets** • Identifying risks and promoting conservation initiatives through biodiversity impact assessments • Conserving the environment by promoting reuse of soil excavated during gas piping works: Recycling rate of soil excavated during piping works 99% or higher **Initiatives undertaken in FY2026** Continued efforts to avoid or reduce impacts on biodiversity in the value chain • Management of ballast water • Conservation of native seeds, seedlings, and rare species • Utilization of native seeds and seedlings in urban development business • Recycling rate of soil excavated during piping works: 99.9% • Education and training on biodiversity provided for local communities and customers
Water resources P.71	• Efforts to minimize impact on natural capital • Response to water risks	**Environmental targets** • Identifying water risks through water stress impact assessments and promoting water resources conservation • Preventing water pollution: Violation of environmental regulations related to water pollution: 0 **Initiatives undertaken in FY2026** • Water usage reduced through water saving in operations • Violation of environmental regulations related to water pollution: 0
Green procurement and purchase P.114	• Promotion of green procurement and purchase	**Initiatives undertaken in FY2026** • 162 suppliers registered with the Green Partner Initiative