

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.



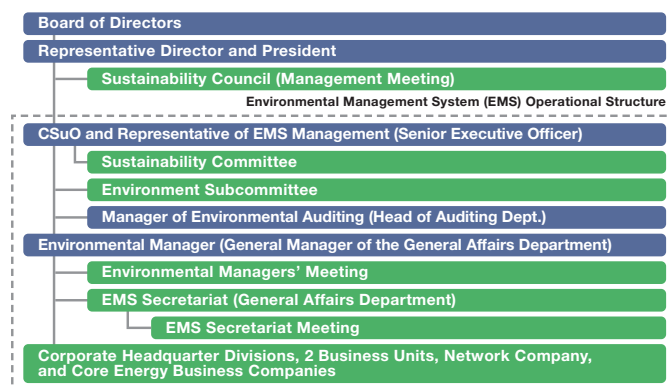
Environmental Governance Promotion Structure

To carry out appropriate and robust activities toward sustainability under the leadership of the Representative Director and President, the Daigas Group has established the Sustainability Council, which comprises executives and deliberates sustainability action plans and reports, and the Sustainability Committee chaired by Chief Sustainability Officer (CSuO) (Senior Executive Officer), who supervises the Group's sustainability activities. The Sustainability Committee meets three times a year to discuss and report to the Board of Directors on important matters, including the status of performance against sustainability management targets 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 Sustainability Committee. Under the supervision of the Head of Sustainability 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 "OGEMS" and others.

■ Environmental Management Promotion Structure

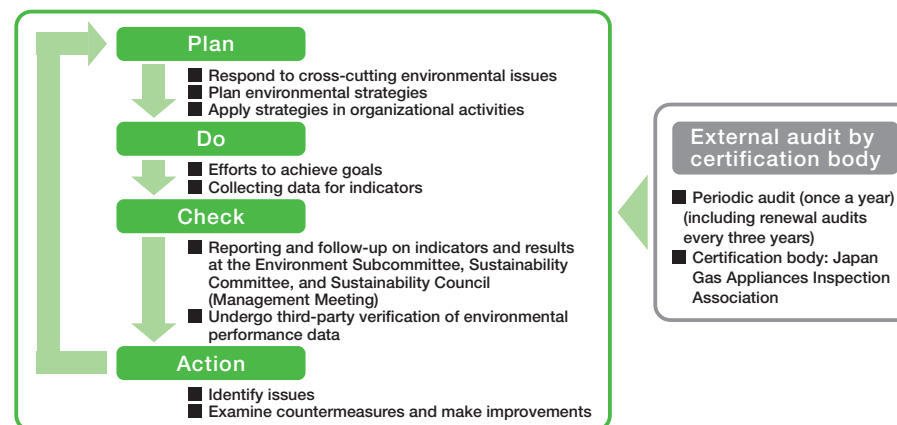


How the Daigas Group's Environmental Management System Works

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 CO₂ emissions reduction, more widespread use of renewable energy, waste reduction and recycling, and promotion of the recycling of excavated soil. 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.56](#) 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 sustainability 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.

From FY2025 onward, the sustainability 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.141-P.142](#) for officer remuneration system.

* ESG indicators was renamed to the sustainability indicators in FY2026.

ISO 14001 Certification Acquisition Status

In FY1998, 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. In FY2007, 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 ISO 14001



External audit meeting for renewal of ISO 14001 certification

All affiliates in Japan completed EMS building and certification

As a general rule, 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

Osaka Gas was not subject to any administrative sanctions during FY2026 for violations of environmental laws and regulations.

Environmental Communication

Environmental education

Various events during the Environment Month

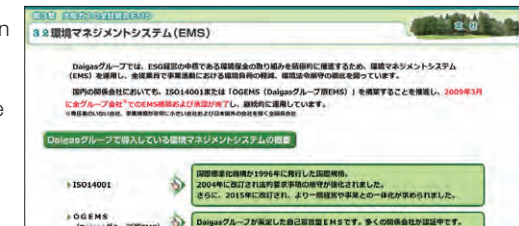
Every year in June, designated as Environment Month, employees of the Daigas Group engage in various environmental activities. Among them are energy-saving efforts at offices, environmental preservation activities, environmental education both inside and outside the Company, and participation in regional 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.

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.



E-learning

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. We are promoting customer-driven energy management by communicating information on energy conservation and offering a demand-response (DR) option service for Osaka Gas electricity through the "My Osaka Gas" membership site. Specifically, by awarding points to customers who cooperate to reduce electricity and who shift their electricity usage to hours of surplus renewable energy generation, we are encouraging customers' energy conservation activities and aiming both to stabilize power supply and demand and to utilize renewable energy effectively. Moreover, we are also working to foster the next generation through "energy and environmental education" and other programs by utilizing the expertise the Group has cultivated through its business activities.

Environmental Impact throughout the Daigas Group Value Chain

Main materials and fuels

Amount of LNG procured	6,259 thousand tons
	The figure above includes the amounts of the items listed below: <ul style="list-style-type: none"> ● Materials of city gas ● Fuels at LNG terminals ● Fuels for power generation by Group companies
LPG used for calorific adjustment of city gas	251 thousand tons

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

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

Amount of energy used

City gas	50,916 TJ (including gas whose calorific value has yet to be adjusted)
Purchased electricity	482 million kWh
Other energy sources	21,052 TJ

Amount of vehicle fuel used

Gasoline	1,215 kl
City gas	25 thousand m³
Diesel	761 kl
LPG	1 t

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 transportation	Leasing of assets
Outlets providing sales support to Osaka Gas	

Sales volume of main products

Gas	6,560 million m³
Electricity	17,238 million kWh

Use at customer site

City gas	Gas appliances
Electricity	Chemical products
LNG, LPG	Services

GHG (scope 3¹)

	Emissions (1,000 t-CO ₂ e)
LNG, natural gas	3,042
LPG, coal, biomass	303
Other procurement items	1,608
Total	4,953

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 transportation, end-of-life treatment of sold products, franchises)
 3 Category 11 (use of sold products)

GHG (scope 1 and 2)

	Emissions (1,000 t-CO ₂ e)	
	Scope 1	Scope 2
City gas production/Business office (including supply)	50	98
Power generation	3,974	25
Heat supply	49	31
LBS and others	287	152
Total	4,361	305

Waste

	Generated	Recycled
General waste	922 t	96%
Industrial waste	102,461 t	97%
Excavated soil	588,000 t	100%
PE pipe	103 t	100%

Amount of water intake and water discharge Stated on □□P.71

GHG (scope 3²)

Emissions (1,000 t-CO ₂ e)
110

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 3³)

	Emissions (1,000 t-CO ₂ e)
Combustion of city gas	13,299
Combustion of LNG, LPG	1,122
Total	14,421

Companies subject to the calculation:

For environmental performance data, 71 companies in total, including Osaka Gas Co., Ltd. and 70 companies among 154 consolidated subsidiaries are subject to calculation. Those housed in office buildings as tenants and whose environmental data are difficult to grasp and whose environmental effects are minimal, as well as overseas companies, are not subject to such calculation. For energy consumption and GHG emissions, 2 overseas subsidiaries are additionally included, bringing the total to 73 companies.

Please refer to □□P.38 for CO₂ emission factors used.

Calculation of environmental impacts in the value chain on P.37

■ CO₂ emission factors used (GHG scopes 1 and 2)

- Electricity: 0.65 kg-CO₂/kWh (Average emission factor of thermal power plants in FY2014, 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

LCA comparison of GHG emissions by fossil fuel (CO₂ equivalents)

The chart below uses life cycle assessment (LCA¹) 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-CO₂/MJ, Total Calorific Value)

	Coal ²	Oil ²	LPG ²	LNG ²	City gas 13A ³
Production	4.58	4.06	4.94	8.62	7.63
Transport	1.71	0.79	1.80	1.83	1.48
Domestic manufacturing	–	–	–	–	0.51
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	60.91
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 FY2026.

Environmental Accounting

FY2026 results of environmental accounting

In FY2001, 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 FY2026, environmental investment decreased from the previous fiscal year mainly due to a decrease in global environment-related investment, and 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 is progressing 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			FY2024	FY2025	FY2026	FY2024	FY2025	FY2026
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.	68	761	300	493	905	341
	Pollution prevention	Capital investment in and management and labor costs incurred by the prevention of air, water, and noise pollution	5	72	2	33	36	43
	Resource recycling	Capital investment in and management and labor costs incurred by the reduction and recycling of excavated soil, waste management, etc.	0	4	0	21	31	15
	Environmental management	Costs of green purchasing, environmental education, the development of environmental management systems, the operation of environmental organizations, etc.	0	0	0	4,265	5,497	3,647
	Other	Plant greening, environmental preservation grants, etc.	7	2	45	18	22	25
Environmental impact reduction at customers' sites	Environmental R&D	Cost of researching and developing technologies for environmental impact reduction, environmentally sustainable products, etc.	174	185	231	136	187	225
Environmental impact reduction by recycling	Recycling of used gas appliances	Cost of collecting and recycling sold gas appliances, their packaging, etc.	0	0	0	16	36	36
Social contribution activities		Costs of voluntary greening, environmental advertising, the disclosure of environmental information, etc.	0	0	0	138	119	136
Total			253	1,025	577	5,119	6,833	4,467

(2) Internal economic benefits

	Economic benefits (million yen)		
	FY2024	FY2025	FY2026
Saving from reducing and recycling excavated soil	2,585	2,563	2,517
Sales of valuable resources (LNG cold heat)	218	564	753
Saving from conserving energy, resources, etc.	-69	254	-201
Total	2,734	3,382	3,069

(3) Environmental conservation results

	Impact per output			Total amount			Reduction		
	Unit	FY2025	FY2026	Unit	FY2025	FY2026	Unit	FY2025	FY2026
NOx emissions from LNG terminals in the city gas business	mg/m ³	1.66	1.92	t	11.02	12.58	t	72.25	89.63
COD at all LNG terminals	mg/m ³	0.39	0.44	t	2.62	2.89	t	9.09	8.76
CO ₂ emissions from LNG terminals	g-CO ₂ /m ³	18.44	17.81	1,000 t-CO ₂	122.63	116.84	1,000 t-CO ₂	0.00	0.00
CO ₂ emissions from other sites	g-CO ₂ /m ³	4.44	4.63	1,000 t-CO ₂	29.55	30.36	1,000 t-CO ₂	31.36	29.73
Excavated soil for final disposal	t/km	0.00	0.00	1,000 t	0.15	0.41	1,000 t	38.42	37.18
General waste for disposal	g/m ³	0.00	0.00	t	13.63	13.98	t	983.87	970.02
Industrial waste for disposal (including used gas appliances)	g/m ³	0.02	0.02	t	134.48	132.05	t	-5,450.24	1,310.63

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

	FY2024 monetary value (million yen)	FY2025 monetary value (million yen)	FY2026 monetary value (million yen)
NOx emissions from LNG terminals in the city gas business	36	26	32
COD at all LNG terminals	13	14	13
CO ₂ emissions from LNG terminals ²	0	0	0
CO ₂ emissions from other sites	105	110	105
Excavated soil for final disposal	883	850	823
General waste for disposal	3	3	3
Industrial waste for disposal (including used gas appliances)	37	-167	40
Total	1,077	836	1,016