Commitment

We are committed to efforts that reduce greenhouse gas (GHG) emissions based on the Daigas Group Environmental Activities Policy, and will take measures to disclose information concerning risks and opportunities related to climate change.

Responsibilities

The Environment Subcommittee, CSR Committee and CSR Promotion Council (Executive Board) take responsibility for reporting, following up on, and managing climate change risks in our business plan using indicators and targets pertaining to GHG emissions.

Performance

We publish on our website the page *“Risks and Opportunities Related to Climate Change”* which reports details associated with climate change in the areas of governance, strategy, risk management, and indicators and targets—the core elements recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

### Actions on Materiality

#### Why materiality is important

The Daigas Group recognizes that climate change has the potential to impact business revenue and expenditures. We understand the business risks and opportunities presented by climate change, and believe that implementing countermeasures, and making our responsibility to do so clear to our stakeholders, will lead to the sustainable development of both our business and local communities.

#### Management systems and performance

**Indicator: GRI Standards [201-2]** Financial implications and other risks and opportunities due to climate change

#### Commitment

We are committed to efforts that reduce greenhouse gas (GHG) emissions based on the Daigas Group Environmental Activities Policy, and will take measures to disclose information concerning risks and opportunities related to climate change.

#### Responsibilities

The Environment Subcommittee, CSR Committee and CSR Promotion Council (Executive Board) take responsibility for reporting, following up on, and managing climate change risks in our business plan using indicators and targets pertaining to GHG emissions.

### Response to Risks and Opportunities Associated with Climate Change

<table>
<thead>
<tr>
<th>Phenomena deriving from climate change</th>
<th>Risks</th>
<th>Opportunities</th>
<th>Our response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irregular weather conditions, disaster</td>
<td>Temperature rise</td>
<td>Change of competitiveness of products and facilities developed by Osaka Gas</td>
<td></td>
</tr>
<tr>
<td>Temperature rise</td>
<td>Decline of competitiveness</td>
<td>Falling in gas sales and electricity sales (air conditioning)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Falling in gas sales and electricity sales (hot water supply, heating)</td>
<td>Increase in gas and electricity sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fall in capital procurement cost</td>
<td>Increase in demand for Osaka Gas products and facilities, and subsequent rise in their utilization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Difficulty of recollecting capital investment cost</td>
<td>Increase in gas and electricity sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Difficulty of recollecting capital investment cost</td>
<td>Expansion of renewable energy sources and energy-saving services</td>
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<td></td>
</tr>
</tbody>
</table>

**Concern over fossil-based fuels**

- Falling in gas and electricity sales
- Difficulty of recollecting capital investment cost
- Decline in stock prices

**Focus on an energy system emitting less GHGs**

- Falling in capital procurement cost
- Falling in gas and electricity sales

**Our response**

- Make important facilities water-tight, raise the level of important facilities, divide service areas into blocks, launch upstream business
- Develop and introduce highly energy efficient products and facilities, and facilities using renewable energy sources
- Develop and introduce highly energy efficient products and facilities, and facilities using renewable energy sources
- Secure stable LNG supply by launching upstream business
- Step up publicity regarding GHG reduction effects, promote proposal-oriented marketing
- Make policy proposals regarding GHG reduction effects
- Participate in and implement the Nippon Keidanren’s Commitment to a Low Carbon Society
- Promote dialogue with investors concerning the Daigas Group’s contribution to GHG reduction and business vision

**CO2 isolation, recovery, use and storage**

**Booming of ESG investment**

- Expansion of capital procurement power
- Focus on an energy system emitting less GHGs
- Increase in gas and electricity sales

**Rise of LNG prices**

- Expansion of capital procurement power
- Increase in stock prices
- Expansion of renewable energy sources and energy-saving services
- Increase in gas and electricity sales
- Expansion of capital procurement power
- Increase in stock prices
- Expansion of capital procurement power
- Increase in stock prices
Our broad-based city gas value chain is built on the cooperation of various business partners. Fulfilling our social responsibilities 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.

### Materiality: Supplier Assessment

#### Why materiality is important

Fulfilling its social responsibility in close cooperation with business partners in line with the Daigas Group Code of Conduct, revised in accordance with the United Nations Global Compact.

In material-procurement activities, which often involve business transactions with new suppliers, Osaka Gas requires such suppliers to observe procurement-related standards and guidelines set by the company, including our Purchasing Policy and CSR-based Purchasing Guidelines.

### Management systems and performance

**Indicator: GRI Standards**

| 308-1 | 414-1 |

Percentage of new suppliers that have been selected using criteria regarding environment, social impact, human rights and labor practices fulfill its responsibility in accordance with the procurement-related policies and guidelines set by Osaka Gas.

### Commitment

Osaka Gas is committed to fulfilling its social responsibility in close cooperation with business partners in line with the Daigas Group Code of Conduct, revised in accordance with the United Nations Global Compact.

In material-procurement activities, which often involve business transactions with new suppliers, Osaka Gas requires such suppliers to observe procurement-related standards and guidelines set by the company, including our Purchasing Policy and CSR-based Purchasing Guidelines.

### Performance

A total of 49 suppliers began new business transactions with Osaka Gas in FY2019. In the year, 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.

<table>
<thead>
<tr>
<th>FY2019 target</th>
<th>FY2019 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Third-Party Verification

The environmental performance data of the Daigas Group included in this report underwent third-party verification by Bureau Veritas Japan Co., Ltd. The verification was conducted to check whether the data were reliable and accurate, and consistent with the purpose of the CSR report.

**Independent Verification Report (Excerpt)**

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Osaka Gas Co., Ltd. (Osaka Gas) to provide limited assurance and to conduct an external review over sustainability information selected by Osaka Gas. This Assurance Statement applies to the related information included within the scope of work described below.

**Selected information**

The scope of our assurance work was limited to assurance over the following information included within the Daigas Group CSR Report 2019 (the ‘Report’) or the Osaka Gas corporate website (the ‘Website’) for the period of April 1, 2018 through March 31, 2019 (the ‘Selected Information’):

- Environmental data selected by Osaka Gas which are related to the following items:
  - Energy consumption
  - Atmospheric emissions
  - Water withdrawal and discharge
  - Chemical substances
  - Waste
  - Gas sales by volume
  - Amount of LNG handled
  - FY2019 results to Environmental Action Targets

The scope of our review work was limited to assurance over the following information included within the Daigas Group CSR Report 2019 (the ‘Report’ or the Osaka Gas’ corporate website (the ‘Website’) for the period of April 1, 2018 through March 31, 2019 (the ‘Selected Information’):

- The amount of contribution to CO₂ emission reduction by Daigas Group (including contribution to reductions at customer sites and overseas)

**Assessment Standard**

We performed our assurance work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board and ISO14064-3 (2008): Greenhouse gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions. We performed our review work by using Bureau Veritas’ standard procedures for external review of sustainability information.

**Conclusion**

On the basis of our methodology and activities described above:

- Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria;
- It is our opinion that Osaka Gas has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.