

## Issuance of Transition-Linked Bonds, the First by a City Gas Company

May 8, 2024  
Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. (President: Masataka Fujiwara) hereby announces its decision to issue transition-linked bonds\*<sup>1</sup> (hereinafter referred to as the "Bonds"), the first by a city gas company, as detailed below. The company has today submitted an amended shelf registration statement regarding the issuance of the Bonds to the Director-General of the Kanto Local Finance Bureau.

### 1. Purpose of Issuance of the Bonds

Based on the "Daigas Group Carbon Neutral Vision" announced in January 2021 and the "Daigas Group Energy Transition 2030" announced in March 2023, the Daigas Group is working towards ensuring a stable and secure energy supply, as well as promoting carbon-neutral energy practices, with the aim of achieving carbon neutrality by 2050. In addition, in the "Daigas Group Medium-term Management Plan 2026" announced in March 2024, the group has positioned the three years from FY2024 to FY2026 as a period to pursue its mission of ensuring a stable supply and contribute to the transition period, as well as to build the foundation for 2030, when the movement toward realizing a carbon-neutral society will accelerate.

Osaka Gas has been strategically using transition finance as part of the fundraising required for these activities. With a view to diversifying its fundraising methods and strengthening its transition strategy communication, the company has recently revised its Green/Transition Finance Framework (hereinafter referred to as the "Framework")\*<sup>2</sup> to issue transition-linked bonds. Through fundraising based on the Framework, the company will continue to promote efforts towards ensuring a stable energy supply and achieving carbon neutrality.

The company has obtained a Second Party Opinion\*<sup>3</sup> from DNV Business Assurance Japan K.K., a third-party reviewer, regarding the Framework's compliance with various principles and guidelines.

### 2. Characteristics of the Bonds

The Bonds adopt the CO<sub>2</sub> emissions reduction target set out in the "Daigas Group Energy Transition 2030," which is to reduce the Daigas Group's domestic supply chain CO<sub>2</sub> emissions (Scope 1, 2, and 3) by 5 million tons by FY2031.3 (compared to FY2018.3), as a KPI and SPT.\*<sup>4</sup> If the SPT is not achieved, the company will donate an amount equivalent to 0.1% of the bond issuance amount to organizations engaged in environmental conservation activities.

### 3. Future Schedule

Osaka Gas has appointed Mizuho Securities Co., Ltd. as a structuring agent\*<sup>5</sup> for the issuance of the Bonds. In comprehensively taking into account the demand conditions, interest rate trends, and other factors, the company will make the final decision on the terms of the bonds by late May 2024 at the earliest, and will make an announcement as soon as the decision is made.

\*1: Transition-linked bond

A bond where companies that have formulated long-term strategies to achieve a decarbonized society set targets for greenhouse gas emission reductions aligned with their strategies, with the economic conditions of the bond varying depending on the achievement of those targets.

\*2: For more information on the Green/Transition Finance Framework, click here:

[Green/Transition Finance Framework](#)

\*3: For more information on the Second Party Opinion, click here:

[SECOND PARTY OPINION](#)

\*4: SPT is an abbreviation for Sustainability Performance Target,

which is set as a goal related to each key performance indicator (KPI).

\*5: Structuring agent

An entity that provides support for the issuance of transition-linked bonds and the like by providing advice on various matters, such as establishment of a framework for transition-linked bonds and acquisition of third-party evaluations (Second Party Opinions)