

Announcement Concerning Introduction of Restricted Stock Remuneration Plan

Osaka Gas Co., Ltd. (hereinafter “Osaka Gas”) hereby announces that it has resolved, at the meeting of the Board of Directors held on March 10, 2021, to introduce a restricted stock remuneration plan (hereinafter the “Plan”), and will submit a proposal associated with the granting of stock remuneration to its directors (hereinafter the “Proposal”) to the 203rd Annual Meeting of Shareholders to be held in June, 2021 (hereinafter the “Annual Meeting of Shareholders”), as described below.

1. Purpose, etc. of introducing the Plan

(1) Purpose of introducing the Plan

The Plan will be introduced as a remuneration plan for the allotment of restricted stock to the directors of Osaka Gas (excluding the outside directors; hereinafter the “Eligible Directors”), for the purposes of strengthening the linkage between remuneration and mid- to long-term increase in corporate value and promoting sharing of the values with the shareholders.

(2) Conditions for the introduction of the Plan

The introduction of the Plan is conditional upon the approval of the Proposal by the shareholders at the Annual Meeting of Shareholders. The amount of remuneration for the directors of Osaka Gas was approved at the Annual Meeting of Shareholders held on June 28, 1990 as not to exceed 63 million yen per month (not including the portion of wages for employees who are also Directors). Under the Proposal, part of the current remuneration limit is allocated to a stock-based remuneration limit and the remainder is allocated to a monetary remuneration limit for remuneration other than stock-based remuneration, without changing the limit for total amount of the remuneration. The approval of the shareholders will be sought at the Annual Meeting of Shareholders for the establishment of a stock-based remuneration limit, etc, and a corresponding amendment to the monetary remuneration limit.

2. Overview of the Plan

Under the Plan, in principle in each fiscal year, the rights to receive monetary remuneration will be granted to the Eligible Directors for an allotment of restricted stock based on a resolution of the meeting of the Board of Directors of Osaka Gas. The Eligible Directors will receive common shares of Osaka Gas through issuance

or disposal, in return for contribution in kind of all of the said rights to receive monetary remuneration.

The total amount of the rights to receive monetary remuneration to be paid to the Eligible Directors for an allotment of restricted stock under the Plan will not exceed 72 million yen per year. The total number of common shares of Osaka Gas to be issued or disposed of under the Plan will not exceed 48 thousand shares per year. (However, if a stock split (including a gratis allotment of common shares of Osaka Gas) or stock consolidation of common shares of Osaka Gas is executed on or after the day when the Proposal is approved at the Annual Meeting of Shareholders, this limit will be adjusted in accordance with the applicable split ratio, allotment ratio, or consolidation ratio.) The amount to be paid per share will be the closing price of common shares of Osaka Gas on the Tokyo Stock Exchange, on the business day immediately preceding the resolution of the meeting of the Board of Directors (or, in case where no transactions are concluded on that day, the closing price on the trading day immediately preceding that day).

The specific timing and allocation of remuneration for each Eligible Director under the Plan will be determined at the meeting of the Board of Directors.

When its common shares are issued or disposed of under the Plan, Osaka Gas will conclude a restricted stock allotment agreement with each Eligible Director (hereinafter the "Allotment Agreement") that includes the content described in the following items,.

- 1) The Eligible Director shall not transfer, pledge or otherwise dispose of the common shares of Osaka Gas delivered under the Allotment Agreement during the period from the day when the shares are delivered to the day when the Eligible Director retires from the positions of both director and executive officer.
- 2) Osaka Gas may acquire these common shares for no consideration where a certain cause arises.

For the duration of the transfer restrictions, the shares allotted to the Eligible Directors under the Plan will be managed in a dedicated account at Nomura Securities Co., Ltd. established by each Eligible Director, in order to prevent disposal of the shares by transfer, pledge or other means during the duration of the transfer restrictions.

(Reference)

Osaka Gas plans to introduce a similar restricted stock remuneration plan for its executive officers, subject to the approval by the Annual Meeting of Shareholders of the Proposal as submitted.