

Building Foundations that Support the Realization of Value for a Sustainable Future

The Daigas Group aims to realize sustainable value creation for stakeholders and society and strives to establish its management foundation by strengthening capital.

We have set materiality and key performance indicators (KPIs) as foundations that support the realization of value for a sustainable future, and advance initiatives based on them.

Materiality Coexistence with Local Community

Indicators and FY2022.3 Results

Number of our participations in local governments' activities (i.e. community development planning) ▶ **26 cases**

Number of joint efforts with local communities ▶ **167 times**

The Daigas Group operates a business that is rooted in and supported by local communities. We believe that our various contributions to local communities will lead to a virtuous cycle leading to the development of both the Group and society.

In FY2022.3, the number of our participations in local governments' activities (i.e. community development planning) stood at 26 cases. This includes proposals aimed at building resilient cities and creating attractive communities with added value.

We made joint efforts with local communities 167 times during FY2022.3. These efforts include joint activities that help solve social issues, tackle declining birthrate and aging population, and revitalize local communities, as well as initiatives in collaboration with NPOs and community organizations.

Major activities

Theme	Major activities
Participation in local governments' activities (i.e. community development planning)	<ul style="list-style-type: none"> Support to local governments' SDGs promotion activities through community development proposals Proposals to and participation in councils, committees, etc. organized by various organizations and local governments
Joint efforts with local communities	<ul style="list-style-type: none"> Research activities with third parties on making cities attractive Support to elderly people's activities in cooperation with local government, NPOs, etc. Collaborative activities with NPOs and social entrepreneurs Communication related to social issues through NPO for social designing Support to NPOs with loyalty program of Osaka Gas Bazaar held as part of the social contribution program Community revitalization activities in cooperation with local governments and third parties

Materiality Supply Chain Management

Indicators and FY2022.3 Results

Ratio of new suppliers met the company's eligibility criteria: ▶ **100 %**

The Daigas Group's broad-based city gas value chain is built on the cooperation of various business partners. Fulfilling our social responsibility 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.

Based on this belief, we have established the Daigas Group Procurement Policy. In starting new business transactions, such as material purchase, we explain the policy and Daigas Group Procurement Policy for Suppliers to business partners and ask for their understanding.

A total of 29 suppliers began new business transactions with us in FY2022.3. 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.

In addition, we conduct questionnaire surveys targeting major business partners, and take other measures to fulfill social responsibility with our business partners and strive for mutual development across the value chain.

Questionnaire surveys, etc. regarding sustainability activities (FY2022.3)

Target	No. of target companies	No. of responses	Other initiatives
Major material suppliers	176	176	Operation of the "Green Partner Initiative"
Gas equipment manufacturers	35	35	
Service chain partners and construction work contractors	208	177	
LNG suppliers	8	6	

Materiality Compliance

Indicators and FY2022.3 Results

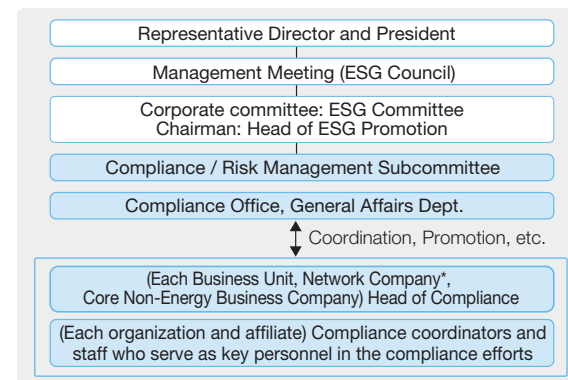
Number of serious violations of laws and regulations ▶ **Zero serious violations of laws and regulations**

The Daigas Group's view on compliance is that it entails sensible corporate activities based on sound ethics with a particular focus on observing laws and regulations. To maintain trust from stakeholders, it is essential that officers and employees put compliance into practice. Recognizing that every management and employee is the key to ensuring compliance, we are continually conducting training sessions and employee surveys to raise awareness.

While FY2022.3 saw no serious violations of laws and regulations, we will continue to promote compliance.

The employee survey conducted in FY2022.3 showed increased levels of employee awareness and understanding toward the Daigas Group Corporate Principles, Charter of Business Conduct, and Code of Business Conduct. We will continue to familiarize employees with compliance and strive to promote the concept.

Compliance Promotion Systems



*Spun off into Osaka Gas Network Co., Ltd. in April 2022.

Efforts to Build Strong Management Foundation

Human Rights Due Diligence

In April 2021, the Daigas Group formulated the “Daigas Group Human Rights Policy.”

We consider it important to create a system to respect human rights of people affected by our business activities, as well as to actively disclose relevant initiatives, in line with the United Nations Guiding Principles on Business and Human Rights. We work to respect human rights and achieve a sustainable business by carrying out human rights due diligence.

System for Human Rights Due Diligence

Under the system shown on the right, Compliance Office, General Affairs Department; Human Rights Center, Human Resources Department; and ESG Office, Corporate Strategy Department work together to investigate and assess human rights risks that may arise from our business activities. We thereby aim to establish a cycle for prevention, remedy, and other responses.

System for Carrying Out Human Rights Due Diligence



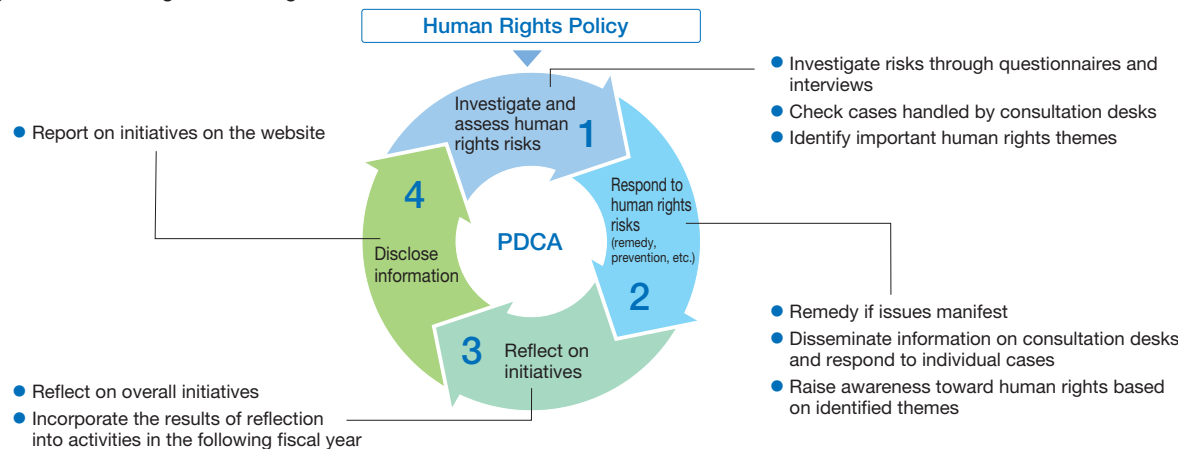
Compliance Desks (Internal Reporting System)

“Compliance Desks” have been established within Osaka Gas, key affiliates, an external attorney’s office. The desks accept consultations and reports about compliance with laws and regulations, internal regulations, and other rules in the Daigas Group. Not only the Group’s officers, employees, and temporary employees but also officers and employees of business partners who constantly supply goods and services to Daigas Group companies can consult and report by phone, in writing, by email, or by other appropriate means. Consultations and reports can be made anonymously.

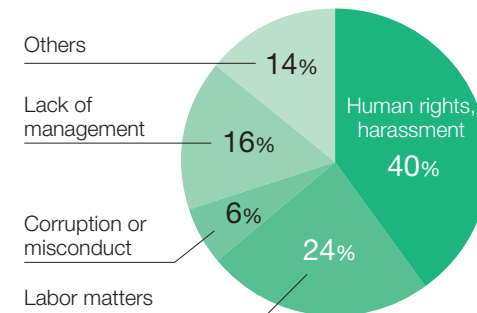
The desks accepted a total of 143 consultations and reports in FY2022.3. We examined the necessity of factual investigations on these cases and conducted interviews, evidence checks, etc. Measures to remedy the situation and prevent recurrence were taken as necessary.

When cases are brought to “Compliance Desks,” violations of laws and regulations, etc. are remedied. Improvements are made as necessary even if no violations are found, in order to maintain and improve a sound work environment.

Cycle of Human Rights Due Diligence



Breakdown of report content



Environmental Conservation Initiatives

Initiatives on Water and Biodiversity

The Daigas Group believes that companies have a responsibility to ascertain the environmental impact of their business activities, to take appropriate steps in compliance with international norms, laws and ordinances, and to implement voluntary risk countermeasures.

We use an environmental management system (EMS) to manage environmental aspects, such as water and biodiversity. For example, we have obtained the ISO 14001 certification. In water management, we use an index called "Environmental Management Efficiency," which converts environmental impact, including water withdrawal, into monetary values to quantify the environmental impact.

When launching investment and development projects, whether in Japan or abroad, we gain understanding from local communities by conducting an environmental impact assessment and disclosing information.

Appropriate use and discharge of water resources

In the business activities of the Daigas Group, water is not a significant raw material for the products we handle. We therefore recognize that water does not pose a major business risk for us.

However, the Group controls water discharge after using drinking water, industrial-use water, groundwater and seawater. At power plants, core facilities for its electricity business, the Group uses industrial water as a coolant in a steam turbine condenser, and vaporizes it inside the cooling tower. Drinking water, industrial-use water and groundwater are also used at LNG terminals, power plants and offices, and discharged. Seawater is mainly used for vaporization of LNG in city gas plants and for cooling in steam turbine condensers in some power plants, and is discharged to the sea without being consumed. In discharging water after it is used in our industrial activities, we have controlled its quality in line with relevant laws, ordinances and agreements with local

municipalities to ensure that chemical substances such as COD, pH, phosphorus and nitrogen are not contained in the water being discharged in excess of the relevant standards. Thanks to such efforts, there were no violations regarding the quality of water being discharged.

The Group sees water as a limited natural resource. We will continue to use water adequately, control its discharge strictly, and promote water saving.



Amount of water intake in FY2022.3

General water, industrial water	12,172 thousand m ³
Underground water	3,608 thousand m ³
Seawater	579,005 thousand m ³

Amount of water discharge in FY2022.3

Sewer	1,297 thousand m ³
River	3,200 thousand m ³
Sea	580,861 thousand m ³

Consideration to biodiversity

Recognizing the essential nature of the many blessings of biodiversity, the Daigas Group is committed to helping build a society harmonious with nature that can conserve biodiversity and enjoy the bounties of nature into the future, and will undertake efforts that promote the conservation of biodiversity and sustainable use, based on the "Daigas Group Biodiversity Promotion Policy." Specific initiatives in FY2022.3 are described below.

We manage ballast of LNG tankers we use in accordance with regulations of the country where the port of call is located. In addition, our tankers are equipped with water-processing facilities that meet the conditions set under the International Convention for the Control and Management of Ships' Ballast Water and Sediments stipulated by the International Maritime Organization (enacted in September 2017). We aim to limit the impact of ballast on ecosystems by, for example, replacing ballast taken on at a Japanese port with water from the open ocean before releasing the ballast in a foreign port.

At our LNG terminals (Senboku LNG Terminals I and II, Himeji LNG Terminal), green areas were managed in a

way that contributes to biodiversity. In addition, native seeds and seedlings, etc. were maintained, biotopes were created, and biodiversity education and tree planting took place for employees working at LNG terminals.

Main biodiversity initiatives in the value chain

Procurement 	Consideration to biodiversity in LNG tanker transportation <ul style="list-style-type: none"> Ballast water management
Production 	Green space management at LNG terminals using native seeds and seedlings, etc. <ul style="list-style-type: none"> Conservation of native seeds and seedlings and rare species Network formation with nature in local areas
Supply 	Reduction in excavated soil from underground gas piping works and promotion of recycling to reduce pit sand extraction <ul style="list-style-type: none"> Use of Vermeer method to reduce excavated soil Recycling of excavated soil and road work waste
Customers 	Activities to raise awareness toward biodiversity <ul style="list-style-type: none"> Provision of information on measures taken at our showroom and LNG terminals Use of native seeds and seedlings in the urban development business

Response to the Plastic Resource Circulation Act

To create a recycle-oriented society, the Daigas Group facilitates resource circulation by promoting "3Rs (Reduce, Reuse and Recycle) + Renewable."

We actively recycle plastic resources in the supply chain. For example, waste from PE pipes, materials for gas pipelines, is recycled 100%. Resin used for gas alarm devices is also recycled.

We intend to make effective use of waste from other products that use plastics as well, by processing such waste into refuse paper & plastic fuel (RPF) for use as heat energy. We thus continue to work to minimize the amount of final landfill disposal.