



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 FY2023.3 Results

Number of our participations in local governments' activities (i.e. community development planning) ▶ **38 cases**

Number of joint efforts with local communities ▶ **326 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 create a virtuous cycle leading to the development of both the Group and society.

In FY2023.3, we participated in local governments' activities for community development including building proposals aimed at building resilient cities and creating attractive communities with added value, as well as measures against global warming.

Joint efforts with local communities included joint activities that help solve social issues, tackle the declining birthrate and aging population, and revitalize local communities, as well as initiatives in collaboration with NPOs and community organizations. Major activities are shown in the table below.

Major activities

Theme	Major activities
Participation in local governments' activities for community development	<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 Compliance

Indicators and FY2023.3 Results

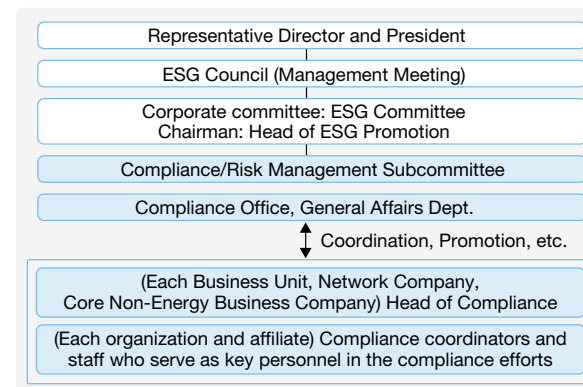
Number of serious violations of laws and regulations ▶ **Zero serious violations of laws and regulations**

The 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 the trust of 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.

FY2023.3 saw no serious violations of laws and regulations.

The employee survey conducted in FY2023.3 showed year-on-year increases in the 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



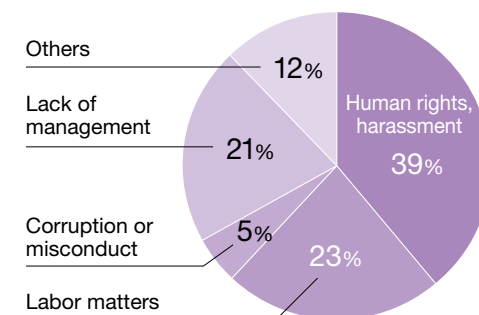
Compliance Desks (Internal Reporting System)

"Compliance Desks" have been established within Osaka Gas, key affiliates, and an external attorney's office. The desks accept consultations and reports about compliance with laws and regulations, internal regulations, and other rules in the 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 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 166 consultations and reports in FY2023.3. 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.

Breakdown of report content





Please refer to P.82-84 of the Sustainability Report for more information.

Materiality | Supply Chain Management

Indicators and FY2023.3 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 purchases, we explain the policy and Daigas Group Procurement Policy for Suppliers to business partners and ask for their understanding.

A total of 27 suppliers began new business transactions with us in FY2023.3. 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 (FY2023.3)

Target	No. of target companies	No. of responses	Other initiatives
Major material suppliers	146	146	Operation of the "Green Partner Initiative"
Gas equipment manufacturers	36	36	
Service chain partners and construction work contractors	205	165	
LNG suppliers	8	6	

Human Rights Due Diligence

System for Carrying Out Human Rights Due Diligence

The Board of Directors oversees human rights issues throughout the Group. At the "ESG Council (Management Meeting)," officers deliberate on human rights DD activity plans and activity reports, and submit reports to the Representative Director and President. In addition, the ESG Committee, chaired by Head of ESG Promotion (Representative Director and Vice President), oversees the promotion of human rights DD across the organization.

The Human Rights Center in the Human Resources Department, Compliance Office and Internal Control Planning Team in the General Affairs Department, and the ESG Office in the Corporate Strategy Department work together to promote human rights DD activities. The Human Rights Committee, chaired by the director in charge of the Human Resources Department (Director and Managing Executive Officer), promotes human rights activities.

Identification of Priority Human Rights Risks (Assessment Results for FY2023.3)

Based on the FY2023.3 investigation results and cases handled by consultation desks, as well as discussions with experts, we identified important human rights themes that the Daigas Group should consider in the course of its business activities. The themes were classified by stakeholder group whose human rights could be violated.

Among the human rights risks that may occur in the course of the Group's business activities, 14 items were identified as significant human rights risks. Such risks include lack of consideration for occupational health and safety, infringement of human rights caused by excessive working hours or unpaid wages, and harassment, as well as forced labor, child labor, and bribery/corruption in the international business, and infringement of the rights of foreign workers or technical interns in the domestic business. We take various measures to prevent and mitigate these risks, under relevant policies and other systems.

In addition, experts we discussed with pointed out that the nature of the chemical and developer industries makes it especially necessary to take precautions for human rights risks in those industries. We understand that the chemical industry needs to pay attention to such human rights risks as forced labor and child labor by raw material suppliers in the supply chain, and that the developer industry, which is facing labor shortages, needs to pay attention to human rights risks in employing foreign workers and accepting technical interns.

We also assess human rights risks in new businesses. For example, we investigate the status of legal compliance concerning labor standards and health and safety as part of due diligence for M&A deals. We thus confirm that serious human rights risks do not exist in companies joining the Group.

Identified Human Rights Themes and Classification of Entities of Rights

	Entity of rights				Relevant policy	
	Group employees	Customers	Local residents and others	Suppliers		
Daigas Group's important human rights risks	Forced labor	●*1			●	Daigas Group Human Rights Policy
	Child labor	●*1			●	Daigas Group Human Rights Policy
	Lack of consideration for occupational health and safety	●			●	Occupational health and safety
	Infringement of human rights caused by excessive working hours or unpaid wages	●			●	Occupational health and safety
	Discrimination on the basis of disability, race, nationality, gender, etc.	●		●		Daigas Group Diversity Promotion Policy
	Discrimination based on one's origin	●		●		Daigas Group Human Rights Policy
	Harassment	●		●		Daigas Group Code of Business Conduct
	Infringement of the rights of foreign workers or technical interns	●*2			●	Daigas Group Human Rights Policy
	Infringement of rights to privacy	●	●	●		Initiatives to protect personal information
	Infringement of the rights of indigenous peoples or local residents			●		Daigas Group Code of Business Conduct
	Human rights problems caused by environmental pollution			●		Daigas Group Environmental Policy
	Defective quality of products or services, and inappropriate provision of information		●			Daigas Group Code of Business Conduct
	Bribery/corruption	●*1		●	●	Daigas Group Code of Business Conduct
	Procurement of conflict minerals			●	●	Daigas Group Procurement Policy

*1 Overseas subsidiaries, *2 Domestic subsidiaries



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 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 FY2023.3

General water, industrial water	10,800 thousand m ³
Underground water	3,463 thousand m ³
Seawater	534,660 thousand m ³

Amount of water discharge in FY2023.3

Sewer	581 thousand m ³
River	3,089 thousand m ³
Sea	536,070 thousand m ³

Consideration to biodiversity

The Group will undertake efforts that promote the conservation of biodiversity and sustainable use, based on the “Daigas Group Biodiversity Promotion Policy.” Specific initiatives in FY2023.3 are described below.

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
Business offices Customers 	Activities to raise awareness toward biodiversity <ul style="list-style-type: none"> Implementation and dissemination of initiatives at showrooms and LNG terminals Use of native seeds and seedlings in the urban development business

Certification as Eco-First Company

On April 5, 2023, Osaka Gas was certified as an Eco-First company by the Minister of the Environment.

Under this certification program, companies declare Eco-First Commitments, which are commitments to advanced and unique environmental conservation activities that have ripple effects, and the Minister of the Environment certifies environmentally advanced companies in each industry.

We are the first Eco-First company in the energy industry.



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.