

Compliance

Principle and Outline

The Daigas Group views compliance not only as adherence to laws and regulations but also as the practice of sensible corporate activities based on sound ethics. The Group believes that ensuring compliance is the most important thing that it can do to gain the trust of customers and society, and it is the basis for continuing its business.

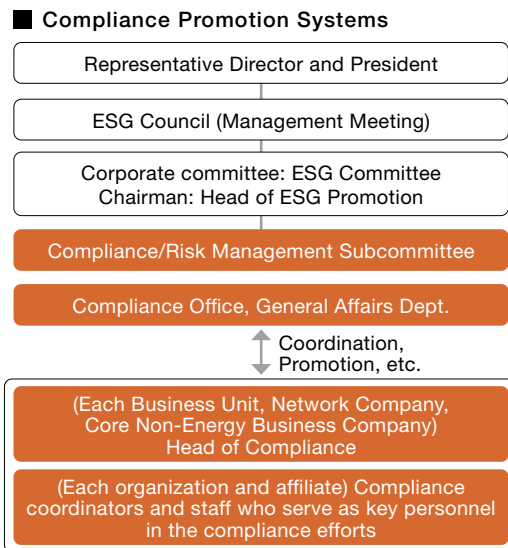
We are providing training and educational activities aimed at raising awareness of the importance of compliance, instilling knowledge, and improving the ability to think ethically to ensure that all officers and employees follow laws/regulations and their consciences, understand the foundations for compliance set forth in the Daigas Group Code of Business Conduct, and act in accordance with in-house regulations and rules.

Furthermore, we have established “Compliance Desks” as a system aimed at quickly identifying cases of violations of laws and regulations, misconduct, etc., and responding quickly and appropriately.

We have also established a “Human Rights Desk” in the Human Resources Department as a contact point for consultations about the human rights of employees, as well as a “Harassment Desk” within respective organizations and affiliated companies as contact points for consultations about harassment for employees.

Compliance Promotion Systems

The Daigas Group has established “Compliance/Risk Management Subcommittees” under the “ESG Committee,” in order to consider cross-organizational measures and share information, etc. The Compliance Office in the General Affairs Department promotes compliance across the Daigas Group as a whole, and we have also selected “Heads of Compliance” at each Business Unit, Company, and Core Affiliate, as well as “Compliance coordinators” and “staff who serve as key personnel in the compliance efforts” at each organization of Osaka Gas and each affiliate, as part of efforts to enhance compliance across the Group as a whole.



Predictive Data Monitoring

The “Predictive Data Monitoring” initiative has been conducted throughout the Daigas Group since FY2012 for the purpose of detecting signs of potential compliance-related problems. This initiative aims to prevent dishonest acts from occurring by detecting unusual changes in the data through regular and continuous monitoring and by taking proactive measures as soon as possible.

In FY2023.3, we monitored 150 items.

Improving Compliance Awareness

Promotion of global compliance in line with overseas business expansion

In view of expanding business operations abroad, an English version of a leaflet summarizing the Daigas Group Corporate Principles, the Daigas Group Charter of Business Conduct and the Daigas Group Code of Business Conduct and information on Compliance Desks used for the internal reporting system are posted on the intranet for dissemination to employees.

In addition, Osaka Gas overseas affiliated companies have made the English version of the Daigas Group Code of Business Conduct known to all of their employees to raise employee awareness with respect to human rights, work standards, the environment and anticorruption measures.

In FY2023.3, we utilized the Osaka Gas proprietary risk management system “G-RIMS,” with revisions to certain items for overseas subsidiaries, as we endeavored to identify the status of implementation of actions on risks at 20 major overseas subsidiaries. For approximately 40 risk items, we promote implementation of actions on risks by inspecting the status of implementation of initiatives for prevention and early detection of risks.

Internal training and other initiatives

We are continually working to improve compliance awareness through such efforts as training sessions and awareness surveys.

For example, we conduct case method training to sharpen the ability to think ethically, and we offer Compliance Coordinator and Staff Seminars for compliance coordinators and staff who serve as key personnel in the compliance efforts of organizations and affiliated companies (including all subsidiaries), training sessions for organizational heads and higher-ranked managerial personnel conducted by invited outside instructors, and education arranged by job level for managers and new employees. In addition to the above, each organization/affiliate takes the initiative in conducting compliance training, such as in-workplace discussions on cases related to the Daigas Group Code of Business Conduct.

As a means of checking the degree of compliance penetration among Group employees, we also check the degree of understanding of the Daigas Group Charter of Business Conduct and the Daigas Group Code of Business Conduct (“Code”), as well as the degree to which each employee is aware of the Code when performing his or her daily duties. Furthermore, based on the results of the checking and social trends, we are periodically reviewing the Code.

Furthermore, we provide employees with a variety of compliance-related information through the intranet and other means and undertake educational activities such as soliciting “Compliance Slogans” from employees every year (10,215 submissions were received group-wide in FY2023.3).

Setting compliance as a personnel evaluation item

Osaka Gas has set compliance initiatives as one of the evaluation items in the role expectation evaluation to evaluate the level of conduct demonstrated by employees in their daily activities. This promotes compliance with laws and regulations and ethical standards.

Internal Reporting Systems and Compliance Desks

Established at Osaka Gas’s headquarters, major affiliated companies, outside law firms, etc. as points of contact receiving reports and offering consultation from inside and outside the Group

We have established “Compliance Desks” at Osaka Gas’s headquarters, major affiliated companies and outside law firms representing Osaka Gas as points of contact to receive reports and offer consultation regarding the observance of laws and in-house rules in the Daigas Group. Not only executives, regular employees and temporary employees of the Group but also executives and employees of business partners that continually provide products and services to group companies can seek advice or give reports by phone or email, or through other means. The Compliance Desks can also be used anonymously.

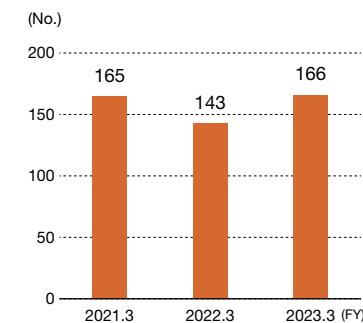
In FY2023.3, a total of 166 requests for consultation and reports were received. For these cases, after considering the necessity of fact-finding investigations, we conducted interviews, verified the evidence, and took corrective and recurrence-prevention measures as necessary. As a result, no serious violations of laws and regulations were found.

If the Compliance Desk receives a report of a violation of laws and regulations, we will take corrective action if the results of the investigation indicate that there has been a violation.

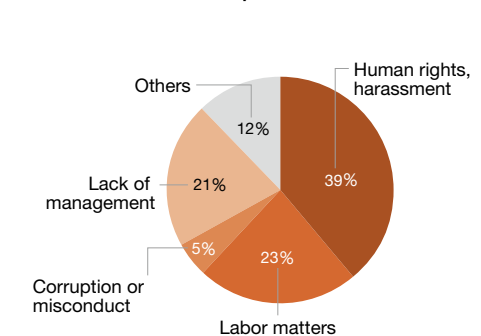
Even in cases where there is no violation of laws and regulations, we will make improvements as necessary to maintain and improve a healthy work environment.

We report on and share the description of the reports received, investigation results, corrective measures, etc. at the Compliance/Risk Management Subcommittee, the ESG Committee and other meetings to prevent recurrence.

■ Number of Requests for Consultation/Reports



■ Breakdown of Reported Cases

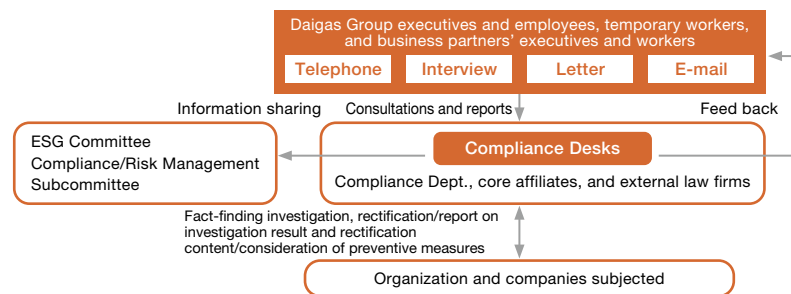


Protection of informants

We handle requests for consultation/reports received by the Compliance Desks and conduct investigation, etc. regarding them in accordance with the Rules for the systems of consultation and reporting on legal compliance, which clearly specify the confidentiality of the names of informants and persons being reported and other information and the prohibition of prejudicial treatment of informants.

We report on and share the description of the reports received, investigation results, corrective measures, etc. at the Compliance/Risk Management Subcommittee, the ESG Committee and other meetings to prevent recurrence.

System of Compliance Desks



Initiatives for proper operation of the internal reporting system

Requests for consultation regarding compliance violations, including harassment, may be received not only by the Compliance Desks but also by the department in charge of general affairs in each organization. In order for each organization to be able to properly respond to such requests, training sessions are held for newly appointed compliance coordinators and staff, etc. to learn how to respond when receiving requests for consultation.

Tax Compliance

Fundamental concept

In the Daigas Group's business operations, we follow the Daigas Group Code of Business Conduct, comply with laws and regulations, and act sensibly based on sound ethical standards. We understand that appropriate tax payments are part of our corporate social responsibility, and we comply with the tax laws and regulations of each country we operate in performing tax procedures.

Tax risk management

We have established processes to promote correct recognition of tax risks and appropriate responses to the risks. We also seek advice from tax experts as necessary to maintain and improve tax compliance.

Building relationships of trust with tax authorities

We strive to build and maintain a relationship of trust with tax authorities through timely tax filing and payment, and appropriate information disclosure.

Anti-Corruption Initiatives

Anti-corruption

In the Daigas Group Code of Business Conduct, which sets forth the standards of conduct that all officers and employees of the Daigas Group must follow to ensure compliance management, the prevention of bribery and corruption is described in "Complying with antimonopoly laws and regulations, and conducting fair transactions" and "Building and maintaining sound relationships with business partners," which stipulate compliance with laws and ordinances concerning corruption prevention, including the National Public Service Ethics Act and the Unfair Competition Prevention Act, and prohibition of bribes to foreign public servants.

Furthermore, we have taken priority measures for business segments, bases and business activities that pose a high risk of bribery, and we are working to ensure that these measures are properly implemented.

In our G-RIMS system for managing risks related to daily business activities, we conduct periodic inspections and monitoring of suppliers in our supply chain to ensure that there are no compliance issues in human rights, labor, environment, anti-corruption and other areas.

Please see [P.117](#) for more information on G-RIMS.

Employee training on anti-corruption

The Daigas Group has compiled the Daigas Group Code of Business Conduct ("Code") into a booklet and portable card, which are distributed and posted on the intranet to make the Code known to all employees. We strive to promote understanding of the Code by posting the Explanation of the Code of Business Conduct on the intranet and through training and other programs. We also provide training on the topic of anti-corruption, in which participants have group discussions on specific cases to examine what measures should have been taken by the organization and individuals and how to respond to cases of corruption when they occur, in an effort to prevent corruption.

Furthermore, we have compiled and posted on the intranet the bribery regulations of countries with which we have a close relationship, as well as commentary on A Resource Guide to the U.S. Foreign Corrupt Practices Act when it was revised in 2020, in an effort to respond to the strengthening of laws and regulations against bribery and corrupt practices worldwide.

Information Security

Principle and Outline

The evolution of the Internet has led to sharp rises in leaks of confidential information, infections by computer viruses and other serious social issues, and the harm suffered by companies from such incidents increasingly extends beyond direct damage, even resulting in the loss of public trust.

As a business operator responsible for social infrastructure, the Daigas Group recognizes the importance of managing customer information and other data. The Cybersecurity Committee is chaired by the Head of Technology (Representative Director and Executive Vice-President), who oversees the Group's information security and other technology-related activities, and consists of the heads of related organizations and other members. The Cybersecurity Committee meets twice a year to formulate medium- to long-term security strategies, coordinate and promote cross-organizational measures to address security risks across the Group, and gives instructions on improvements as necessary. The Committee submits to the Management Meeting deliberation proposals and reports on important agenda items. Under the leadership of its subcommittee called the Information Security Subcommittee, the Committee strives to step up information security measures.

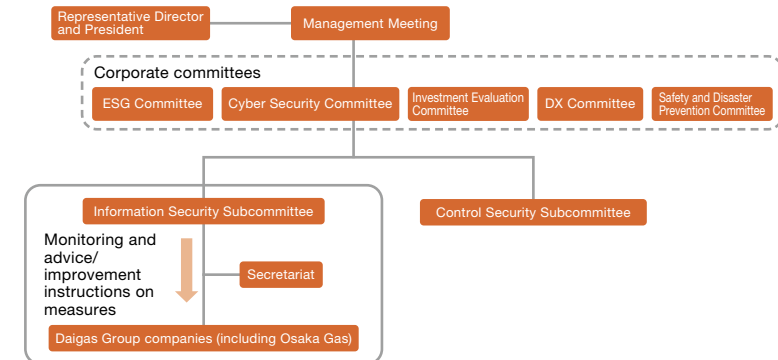
Efforts to Strengthen Information Security

Under the leadership of the Information Security Subcommittee, the Daigas Group has established a system to enhance its overall information security by deploying managers in charge of promoting information security at core companies of the Daigas Group and organizations in charge of supporting the management of Osaka Gas and by deploying staff in charge of promoting information security at other organizations and affiliated companies.

In FY2022.3, we worked to strengthen information security measures through the establishment or revision of the internal rules for the Daigas Group, including the Information Security Guidelines. In addition to the existing content, we added and revised the Information Security Measures Standards based on recent security incidents that occurred inside and outside the company. We have been operating the telework guidelines, guidelines related to smart devices to respond to the expansion of the use of smart devices, and guidelines which compile the requirements that must be observed when using the cloud services, all of which were created in FY2021.3 and have been updated in light of the spread of telework.

Also, we conducted on-site surveys and checkups regarding information security at group companies, formulated improvement plans for each of these companies, and had them implement suitable measures. Education on security was also provided to all Daigas Group employees and employees in charge of IT at each affiliate and organization to improve the information security awareness and skills of each and every employee. To enhance employees' information security awareness and enable them to respond appropriately to security incidents, we conducted simulation training on targeted email attacks, based on actual cases (for about 20,000 employees).

Information Security Promotion System (April 2023)



Moreover, the entire gas industry in Japan is working on security measures in line with the Action Plan on Information Security Measures for Critical Infrastructure, formulated by the National Center of Incident Readiness and Strategy for Cybersecurity (NISC). Osaka Gas, too, is striving to strengthen the measures.

Major information security measures undertaken in FY2023.3

- Maintained and operated the Information Security Guidelines, etc.
- Implemented voluntary information security inspections of affiliated companies
- Implemented training on targeted email attacks (for approx. 20,000 employees)
- Implemented e-learning for employees (for approx. 8,000 employees)

Protection of Personal Information

Principle and Outline

The Daigas Group believes that information is an important asset for a company and should be properly managed to prevent leakage or loss, and it has established a system for the proper use and management of personal information received from customers. Furthermore, we are working to enhance risk management regarding personal information by utilizing our risk self-assessment system, G-RIMS, and to raise employee awareness through e-learning and training programs.

Privacy Policy

In accordance with the Act on the Protection of Personal Information, our Rules for Personal Information Protection, and other related regulations, Osaka Gas has established a privacy policy regarding the handling of information on its customers, shareholders and other parties and posted it on its official website. Based on this policy, we strive to properly protect information on our customers, shareholders, and other parties. In addition, we handle personal information on our employees, etc. in the same manner as customer information. We are making the privacy policy regarding personal information of our employees, etc. known through the internal portal site and striving to properly protect the personal information on our employees, etc.



Protection of Personal Information

Establishing a personal information protection system that includes subcontractors in its scope

The Daigas Group, which handles a large amount of personal information, has established rules and implemented various security control measures to protect such information. We are striving to properly manage and prevent leakage of personal information by establishing a personal information protection system that includes subcontractors in its scope, in which the Representative director and Vice President responsible for the General Affairs Department serves as the Chief Privacy Officer (CPO) and managers are assigned to the Business Units, the Human Resources Department and affiliated companies.

Strengthening risk management through training and e-learning programs

Every year, the Daigas Group strengthens risk management regarding personal information by utilizing its risk self-assessment system, G-RIMS, and addresses personal information protection as an important theme in compliance training and other educational programs to raise employee awareness. Furthermore, all employees and temporary employees who have access to computers provided by the Group are required to take e-learning courses on information security, which consists of basics and case studies. In FY2023.3, in light of the revision of the Act on the Protection of Personal Information, we increased opportunities for employees to deepen their understanding of personal information protection by providing e-learning programs to learn about personal information protection based on the content of the revised act and case studies.

Information security e-learning session participants in FY2023.3: Approx. 6,100 employees

Personal Information Protection System

