

# Human Rights Due Diligence

## Principle and Outline

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Daigas Group is committed to establishing systems in order to respect the human rights of all people affected by the group's business activities, and proactively disclose its initiatives in this area. The Group conducts human rights due diligence as part of its efforts to respect human rights and realize business sustainability.

## System for Promotion of Human Rights Due Diligence

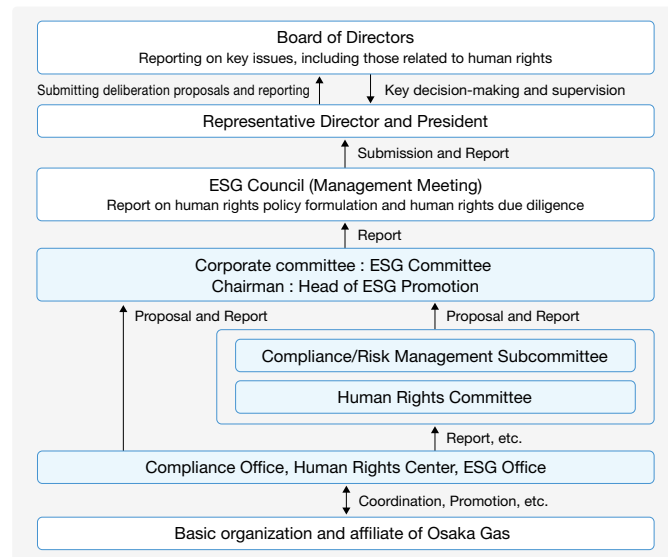
Human rights due diligence is jointly promoted by the Human Rights Center in the Human Resources Department; Compliance Office and the Internal Control Planning Team in the General Affairs Department; and the ESG Office in the Corporate Strategy Department.

The Board of Directors, which makes decisions and supervises other important business activities across the Daigas Group, is responsible for supervising activities aimed at tackling human rights issues and other related issues.

At the ESG Council (Management Meeting), which meets three times a year, officers deliberate on action plans and reports concerning ESG issues, including human rights issues, and report to the Representative Director and President.

The Group also has the ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice President), who supervises the Group's sustainability activities, and consisting of the heads of related organizations and other members. In principle, the ESG Committee meets four times a year for cross-organizational deliberation, coordination, and supervision of the formulation, promotion, etc. of plans for human rights due diligence activities.

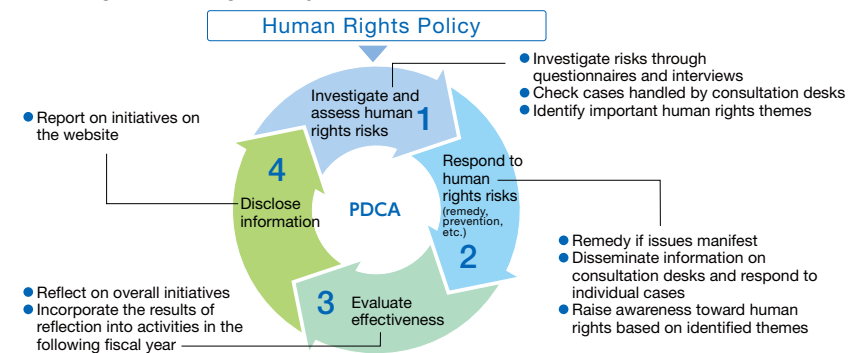
### System for Carrying Out Human Rights Due Diligence



## Human Rights Due Diligence Cycle

We have built a cycle in which human rights risks that may arise from our business activities are investigated and identified, the identified human rights risks are addressed through corrective and remedial measures, education and awareness-raising activities, etc., and the effectiveness of these measures are evaluated and linked to improved initiatives.

### Human Rights Due Diligence Cycle



## Results of Initiatives in FY2023.3

### Investigate and assess human rights risks

We conducted inspections using G-RIMS, a self-assessment system, and a compliance questionnaire survey to check the status of employees' understanding and penetration of compliance. We also conducted a questionnaire survey of Daigas Group's major suppliers and found no significant risks related to human rights.

### Respond to human rights risks (remedy, prevention, etc.)

We offered human rights training and conducted educational activities aimed at improving awareness and instilling knowledge of human rights issues. Please see [P.85-86](#) for more information on each action.

### Establishment of grievance mechanisms

We have established the Human Rights Center and the Compliance Desks as contact points for consultation, and we appropriately respond to cases received by them.

### Identification of key human rights risks (process)

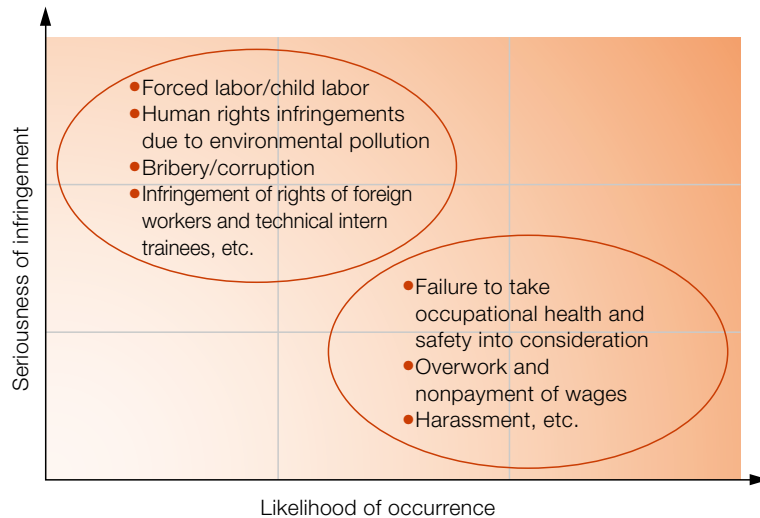
By reference to the dual axes of the seriousness of each potential human rights infringement and the likelihood of it occurring, we identify key human rights risks that the Daigas Group needs to consider in the course of its business activities and establish a priority order for addressing them.

#### ■ Identification Process

1. Confirm the likelihood of occurrence and seriousness of human rights infringements based on the results of the human rights risk investigation and human rights consultations.

2. Conduct a discussion among internal stakeholders and evaluate each item of human rights risks using the matrix shown in the figure below.

3. Consult with experts to identify the Group's significant human rights risks.



### Identify important human rights themes (assessment)

Based on the results of the survey and the cases received by consultation desks in FY2023.3 and in consultation with experts, the Daigas Group identified important human rights issues that it should take into consideration when conducting its business activities and organized the human rights risks by rights holder in the table below.

Among the human rights risks that may occur in the Group's business activities, we identified 14 items as prominent human rights risks, including failure to take occupational health and safety into consideration, human rights infringements due to overwork and nonpayment of wages, and harassment, as well as forced labor, child labor, and bribery and corruption as risks in international business and infringement of rights of foreign workers and technical intern trainees as a risk in domestic business.

For these risks, we have taken various measures to prevent or reduce them under the relevant policies and other relevant guidelines.

In discussions with experts, it was pointed out that the chemical and developer industries require special attention to human rights risks due to the nature of their industries. In the chemical industry, we are aware of human rights risks, such as forced labor and child labor at raw material suppliers in the supply chain, and in the developer industry, where labor shortages are an issue, we recognize the need to pay attention to human rights risks in hiring foreign nationals and accepting technical interns.

We also evaluate human rights risks for new businesses. For example, when carrying out M&A, as part of our due diligence, we investigate whether the new company joining our group complies with labor standards, health and safety laws and regulations to ensure that no serious human rights issues arise in it.

#### ■ 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

## Response to Human Rights Risks

### Establishment of policies and regulations

The Daigas Group has stated that human rights are to be respected in the Daigas Group Charter of Business Conduct, which expresses the Daigas Group’s corporate stance, and the Daigas Group Code of Business Conduct, which serves as a code of conduct for officers and employees, and it established the Daigas Group Human Rights Policy in April 2021.

In addition to the Daigas Group Procurement Policy, which is aimed at respecting human rights throughout the supply chain, we have also established various regulations related to occupational health and safety, etc.

### Consideration for occupational safety and health

The Daigas Group not only complies with all applicable laws and regulations related to safety and health but also has established its original rules, including the Daigas Group Safety & Health Promotion Regulations. The Group has also established the Daigas Group Safety and Health Council to discuss and share information on measures to prevent occupational accidents and promote health maintenance, thereby working to improve the levels of workers’ safety and health throughout the Group.

In March 2021, we issued the Daigas Group Declaration of Health and Productivity Management to summarize our stance toward health and productivity management, based on the idea that ensuring safety and maintaining and improving physical and mental well-being are key to all operations.

Based on the Declaration of Health and Productivity Management, we also established the Daigas Group Action Guidelines “7 Rules for Being Healthy” to encourage employees to live healthy lifestyles, and we provide guidance to organizations and individuals at the Health Development Center, as well as lifestyle advice to employees at health checkups.

### Action on human rights

To promote human rights awareness throughout the Daigas Group, we have established the Daigas Group Human Rights Committee, with the Human Rights Center as its secretariat and chaired by the officer responsible for the Human Resources Department.

The Human Rights Committee strives to understand group-wide issues through the sharing of information and the exchange of opinions related to human rights.

Activities for group employees include programs by level and lectures on human rights.


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, and anti-corruption measures.

## Consultation Desks for Human Rights

The Daigas Group accepts requests for consultation regarding human rights from not only employees but also customers, the local community, suppliers, and all other stakeholders.

Information on consultation desks is provided to employees through channels such as the intranet and posters and to external stakeholders via our website.

### ■ Consultation Desks

|   |   |
|---|---|
| <b>Employees</b>                          | <ul style="list-style-type: none"> <li>• Human rights promoters are assigned to each organization, including key affiliated companies, as an initial point of contact.</li> <li>• The Human Rights Center provides consultation services (for officers, employees, and temporary employees of all Group companies).</li> <li>• The Compliance Desks accept requests for consultation and reports concerning compliance with laws, regulations, and internal rules (for officers, employees, and temporary employees of all Group companies).</li> </ul> |
| <b>Customers, local communities, etc.</b> | <ul style="list-style-type: none"> <li>• Customer Centers accept inquiries.</li> </ul>  |
| <b>Suppliers</b>                          | <ul style="list-style-type: none"> <li>• Consultation requests and reports are accepted at the consultation/reporting desk on the website.  <a href="#">▶ Consultation/reporting desk</a></li> </ul>   |

### Encouraging suppliers to comply with laws and regulations regarding human rights

To ensure respect for human rights throughout the supply chain, the Daigas Group strives to encourage its suppliers to understand the concept of human rights and follow international human rights standards through the Daigas Group Procurement Policy and the Daigas Group Procurement Policy for Suppliers.

In our sustainability questionnaire for suppliers, we set up a section on human rights to ascertain the actual status of forced labor and child labor, confirm that there are no problems, and provide an opportunity to mutually confirm the importance of our efforts to respect human rights.

#### Major requests

##### Respect for Human Rights

Respect the human rights of all those involved in corporate activities according to international human rights standards, and prevent direct or indirect infringement of human rights, including discrimination, harassment, and other inhumane treatment, due to corporate activities throughout the supply chain.

##### Fair Working Conditions

Comply with international labor standards and related laws and ordinances to appropriately pay employees, manage their working hours, and give them days off; to prevent any kind of discrimination at the workplace, forced labor, or child labor; and to respect the rights of workers (including technical intern trainees, other workers from abroad and immigrant workers), such as the freedom of association and the right of collective bargaining.

##### Contribution to Environmental Conservation

Reduce the environmental burden of business operation and products and services. [Examples: Reduce greenhouse gas emissions by saving energy and using low-carbon and/or decarbonized energy; promote green purchasing; use resources (water resources, raw materials, etc.) in a sustainable way; promote resource recycling; prevent air, water and soil pollution; and conserve biodiversity]

##### Ethical Corporate Management

Respect free and fair competition and prevent misconduct.

Protect intellectual property rights; disclose information appropriately; maintain confidentiality; safeguard privacy, including that of personal information; procure minerals responsibly; conduct responsible marketing activities; and never have any relationships with antisocial groups.