

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.

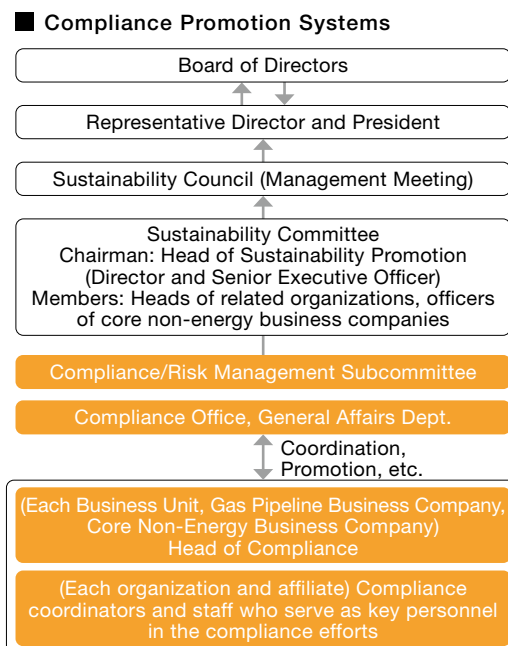
We are providing training and educational activities aimed at raising awareness of the importance of compliance, instilling knowledge, and improving the ability to think ethically to ensure that all officers and employees follow laws/regulations and their consciences, understand the foundations for compliance 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, corruption, 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 “Sustainability Committee,” in order to consider crossorganizational 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, Gas Pipeline Business 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 FY2012.3 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 FY2025.3, we monitored 152 items.

Dealing with Compliance Violations

When the Group recognizes a compliance issue or suspected compliance issue, the Head of Compliance of each organization will conduct an investigation, taking due care to avoid violating the human rights or reputation of those involved, including maintaining confidentiality and prohibiting disadvantageous treatment. When a compliance issue is confirmed, the head of the organization in charge of the relevant business will take necessary measures swiftly to correct the issue and prevent recurrence.

Supervision by the Board of Directors

At Osaka Gas, revisions to the Group Code of Business Conduct, including anti-corruption, are reported to the Board of Directors for supervision.

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 FY2025.3, 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 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 and cases to sharpen the ability to think ethically.

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”) through questionnaires, and that each employee is performing his or her duties in accordance with the Code. 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 (10,452 submissions were received group-wide in FY2025.3).

Setting compliance as a personnel evaluation item

Osaka Gas’s “role expectation evaluation,” which serves as an indicator of employee talent development, includes a perspective on compliance initiatives, such as high ethical standards and awareness of human rights. 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

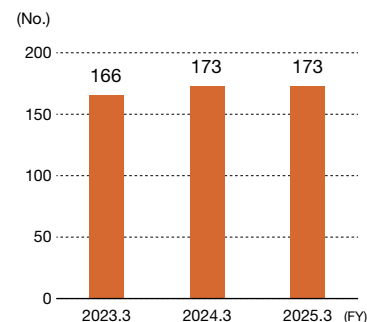
We have established Compliance Desks at Osaka Gas’s headquarters, major affiliated companies and outside law firms representing Osaka Gas as points of contact to receive reports and offer consultation regarding the observance of laws and in-house rules in the Daigas Group. Not only executives, regular employees and temporary employees of the Group but also executives, employees and temporary employees of business partners (including those who have retired within one year) 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 FY2025.3, a total of 173 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.

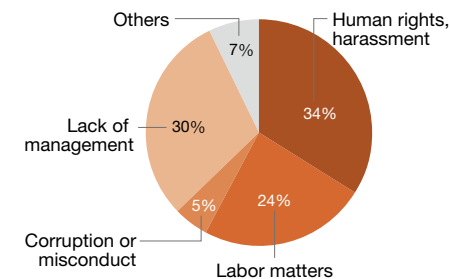
If the Compliance Desk receives a report of a violation of laws and regulations, we will take corrective action if the results of the investigation indicate that there has been a violation. Even in cases where there is no violation of laws and regulations, we will make improvements as necessary to maintain 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 Sustainability Committee and other meetings to prevent recurrence.

■ Number of Requests for Consultation/Reports



■ Breakdown of Reported Cases in FY2025.3



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 Sustainability 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.

Regarding inappropriate conduct in ENE-FARM sales

Osaka Gas has confirmed that an employee of the Group company Osaka Gas Marketing Co., Ltd. presented, to customers who were considering the purchase of a water heater, misleading information in the form of estimated utility cost reduction benefits based on a comparison of estimated utility costs for installing an ENE-FARM system with those for installing a water heater other than an ENE-FARM system ("inappropriate conduct").

We are deeply sorry for having caused concern and inconvenience through our actions that betrayed the trust of our valued customers to whom we had made our proposals.

We recognized that this inappropriate conduct might be a violation of the Act against Unjustifiable Premiums and Misleading Representations, and have reported it to the Consumer Affairs Agency.

Going forward, we will further strengthen and enhance our compliance system and strive to restore trust, while sincerely cooperating with the Consumer Affairs Agency's investigation.

Please see the press release for details.

Tax Compliance

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 all countries in which we operate and the spirit of those laws, and make tax filing and payment in a lawful and proper manner. Based on these conventional approaches and initiatives, we formulated and published the "Daigas Group Tax Policy" in March 2025. We will follow this policy and strive to enhance corporate value by strengthening tax governance throughout the Group.

Daigas Group Tax Policy

Our policy

1. We comply with tax laws and legislations as well as the spirit of the laws and pay tax without excess or deficiency.
2. We establish a tax governance system and strive to mitigate tax risks.
3. We build good relationships with tax authorities.
4. We improve corporate value based on above policy.

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 all countries in which we operate and the spirit of those laws and make tax filing and payment in a lawful and proper manner.

Tax optimization

From the perspective of enhancing corporate value, we appropriately and effectively utilize tax incentives within the scope that does not deviate from the intent and application of laws and regulations, thereby optimizing tax expenses.

Tax governance

Under the direction and supervision of the Executive Director in charge of the Corporate Planning HQ, who is responsible for tax governance of the Daigas Group, the Finance Dept., which belongs to the Corporate Planning HQ of Osaka Gas, manages tax-related matters in cooperation with the group companies.

The Finance Dept. establishes guidelines and systems for consultation to perform proper accounting practices and make proper tax filing, as well as conduct educational and awareness-raising activities for the company and group companies.

Tax risk management

Under the tax governance system, the Daigas Group strives to appropriately identify tax risks. We manage tax risks by seeking advice from outside tax experts on important transactions and utilizing a system of advance referrals to tax authorities as necessary.

International transactions between group companies are conducted at arm's length prices based on the functions and risks of each group company. We comply with the OECD Transfer Pricing Guidelines in setting transaction prices. We strive to mitigate tax risks by utilizing an advance pricing arrangement (APA) for important transfer pricing taxation risks.

Building relationships of trust with tax authorities

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

Anti-corruption

Fundamental concept

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 laws in each country and region, and respecting international standards including those on human rights” 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.

In FY2024.3, we formulated the Daigas Group Anti-Bribery Guidebook to promote understanding of legal concepts and conduct to be noted regarding bribery control laws* common in many countries. The guidebook prohibits actions and items such as bribes to Japanese and foreign officials, inappropriate entertainment and gifts, and small facilitation payments. Having formulated this guidebook, we made it known to all employees in the Group to promote their understanding. In the section “Points of Caution regarding Contractors and Joint Ventures,” the Anti-Bribery Guidebook stipulates that we shall prioritize measures for business divisions, bases, and business activities that pose a high risk of bribery, including confirming and investigating anti-corruption compliance based on the Daigas Group Code of Business Conduct with agents and intermediaries before entering into contracts, and we are implementing these measures appropriately and working to prevent corruption.

When making new investments, we conduct due diligence on bribery, accounting fraud, and other issues, and comprehensively assess corruption risks, in light of the high risks involved. With our G-RIMS system for managing risks related to daily business activities, we have set as risk items corruption such as inappropriate relationships, scandals involving suppliers, insider trading, and monetary fraud. We conduct periodic inspections and monitoring of suppliers in our supply chain to ensure there are no compliance issues in areas such as human rights, labor, the environment, and anti-corruption. The organizations responsible for each risk assess the risks and implement necessary responses, taking into account the results of G-RIMS. Please see [P.135](#) for more information on G-RIMS.

In areas where risks are relatively high, including Asian business, we take risk management measures, in addition to inspections with G-RIMS, such as regularly checking the latest laws and regulations and local trends, monitoring the compliance activities of companies in which we have minor equity investments, and conducting due diligence on corruption risks, including bribery, among potential business partners and alliance partners.

*Bribery control laws: stated as a general name for laws and regulations related to bribery control set forth in each country

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.