Supply Chain Management

Policy and Principle

Our broad-based city gas value chain is built on the cooperation of various suppliers. 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.

The Daigas Group is committed to fulfilling its social responsibility in close cooperation with suppliers in line with the Daigas Group Code of Business Conduct, revised in accordance with the United Nations Global Compact. The Daigas Group has formulated the Daigas Group Procurement Policy and has made it known to the Group's suppliers, together with the Daigas Group Procurement Policy for Suppliers.

Daigas Group Procurement Policy

▶ Daigas Group Procurement Policy

The Daigas Group aims to contribute to the development of a sustainable society and believes that environmental and social consideration is important in procurement. Based on this idea, the Group formulates its policy on the procurement of works, services, goods, products, parts, materials, etc. as follows:

1. Compliance
We will ensure that our procurement will be in compliance with laws and ordinances, based on common sense corporate practices following sound ethical views, and in full consideration of occupational health and safety, respect for human rights, including prohibition of discrimination, forced labor, and child labor, and the elimination of misconduct.

2. Open Trading
To procure high-quality, safe and economical materials, equipment and the like at appropriate timing, we will deal with not only domestic companies but also overseas companies.

3. Fair Dealing
We will fairly and justly select suppliers, vendors, contractors and others with whom we conduct business (collectively referred to as "Suppliers"), taking into comprehensive account such factors as their corporate soundness, financial condition, commitment to corporate social responsibility, safety management system, technical capabilities, the quality, prices, and reliability of their products and services, the compatibility of their products and services with existing equipment, reliability in delivery, after-sales service, and economic rationality.

4. Contribution to Environmental Conservation
Based on the Daigas Group Environmental Policy, we aim to operate our business in harmony with the environment, including consideration of biodiversity. We will promote green purchasing* in consideration of the balance between economic conditions and the reduction of environmental burdens.

5. Trusting Relationship
We will build a solid relationship of trust with Suppliers and strive for mutual development through close communication and fair and just purchasing transactions with them.
For more details, refer to the Daigas Group Procurement Policy for Suppliers, which the Group has formulated.

*"Green purchasing" is purchasing in full consideration of the necessity of the purchase, taking into account not only quality and price but also the environment.

Daigas Group Procurement Policy for Suppliers (Excerpt)

▶ Daigas Group Procurement Policy for Suppliers

Respect for Human Rights
Respect the human rights of all those involved in corporate activities according to international human rights standards, and prevent the 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 and 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- and/or zero-carbon 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.

Responsible Procurement

Measures in material procurement

We have a system for explaining the Daigas Group Procurement Policy and the Daigas Group Procurement Policy for Suppliers to our suppliers and confirming the status of their sustainable activities before proceeding with a new business transaction in materials purchasing.

In addition, we conduct a questionnaire survey of major suppliers in materials purchasing to check their sustainability efforts. Furthermore, when the suppliers conduct business transactions with the Daigas Group, they are asked to observe the Green Purchasing Guidelines set by the Group, which are attached to the specifications for the transactions.

Sustainability activity survey of gas appliance makers and other suppliers conducted to promote information sharing on social and environmental issues to be tackled by companies

The Daigas Group conducts a questionnaire survey of major suppliers* on sustainable activities to provide a sense of security to customers when they choose the Daigas Group, as well as to take into account social and environment aspects in doing business. The survey is based on the Daigas Group Procurement Policy and the Daigas Group Procurement Policy for Suppliers. The survey was conducted of gas appliance makers and other suppliers to assess the status of their efforts for a total of 56 items on the eight themes of compliance, human rights, labor, occupational health and safety, product safety and quality, environmental conservation, ethics and prevention of corruption, and keeping track of the state of affairs at major suppliers. In addition, we conducted a survey of service chain partners and construction work contractors, to which the Group has entrusted gas business-related duties, and of LNG suppliers.

* Selected based on the degree of impact on our business, such as the transaction amount and whether or not Daigas Group brand products are handled

Survey on Sustainability Activities Conducted in FY2026

Companies covered by the survey	No. of companies surveyed	No. of companies which replied	Other efforts
Main suppliers	131	130	Green Partner Initiative
Pipe material suppliers	31	31	Green Partner Initiative
Gas appliance manufacturers	30	30	
Service companies, engineering firms	194	185	
LNG suppliers	8	7	

Results of the questionnaire surveys of suppliers

Questionnaire surveys of suppliers regarding sustainability activities for FY2026 found no violations in the environmental and social fields. For responses that raised concerns, we followed up individually from each responsible line to confirm that there were no problems with the actual state of activities.

We provided suppliers with feedback on good practices among respondent companies and comparisons between overall average values and the results of their own responses to encourage them to continue and improve their efforts.

Efforts to encourage the reduction of environmental burdens and results

We encourage major suppliers, etc. to reduce environmental burdens as part of our efforts to reduce environmental burdens in our supply chain. In addition to complying with environmental laws and regulations, we request them to monitor their CO_2 emissions and water usage, report the status of setting reduction targets, and take measures to reduce environmental burdens.

▶Green Purchasing Guidelines

Promoting green purchasing in collaboration with suppliers and affiliates

Based on its Green Purchasing Guidelines (formulated in 2000, revised in 2022), Osaka Gas works with suppliers to promote Green Purchasing: prioritized procurement of biodiversity-friendly goods and construction work that have less impact on the environment. We actively use eco-friendly products, including Forest Stewardship Council-certified paper, LED lighting, and carbon offset products.

In 2005, we launched the “Green Partner Initiative” to evaluate environmental efforts by our main suppliers, including establishing an environmental management system (EMS) and obtaining an EMS certificate. Suppliers recognized as supporting the initiative have been registered as Green Partners.

The Green Partner Initiative was revised in FY2026, resulting in suppliers other than those previously covered now being covered by the initiative. As of March 31, 2026, 162 suppliers were registered as Green Partners. Affiliated companies are working to expand green purchasing under the Daigas Group Environmental Management System (OGEMS), our unique environmental management system.

Reducing environmental impact in the supply chain through more efficient delivery

Previously, some printed materials used by the Daigas Group were delivered by courier from printing companies. We reviewed part of this delivery flow and introduced a delivery method that makes effective use of available capacity on existing in-house delivery routes.

Through this initiative, we have optimized logistics costs and realized a reduction in environmental impact (an annual reduction of approximately 69 t of CO_2 emissions).

Participation in an initiative related to supply chains

Since FY2018, Osaka Gas has been participating in Sedex, which promotes the establishment of ethical supply chains, to respond to requests from suppliers. We regularly undergo SMETA audits (an audit scheme provided by Sedex) at our LNG terminals in an effort to respect the human rights of our employees and workers at our contractors and improve their working environments. In addition, we are also addressing impacts on natural environments, such as by protecting biodiversity and reducing atmospheric emissions.

Training for personnel in charge of purchasing

The Daigas Group conducts training for personnel in charge of purchasing once a year to improve awareness of compliance in purchasing and promote fair transactions.

In FY2026, in line with amendments to the Subcontract Act, we communicated basic knowledge to ensure appropriate transactions with small- and medium-sized contractors.

In addition, to build fair business relationships across the supply chain, we also discussed Japan’s guidelines on price negotiation for the appropriate shifting of labor costs, as well as our approach to optimizing mold transactions. In doing so, we worked to promote understanding to build fair and sustainable relationships with our suppliers.

We also have e-learning courses for personnel in charge of purchasing available at all times.