

CSR Management

Promote CSR as Daigas Group

To live up to the expectations of its stakeholders, fulfill its corporate social responsibilities and achieve sustainable development, the Daigas Group adopted the CSR Charter in 2006, guiding principles based on which executives and employees execute their business duties.

Furthermore, in 2007, Osaka Gas became the first Japanese utility to express its intention to join the United Nations Global Compact in a show of its support of principles to be respected by companies worldwide.

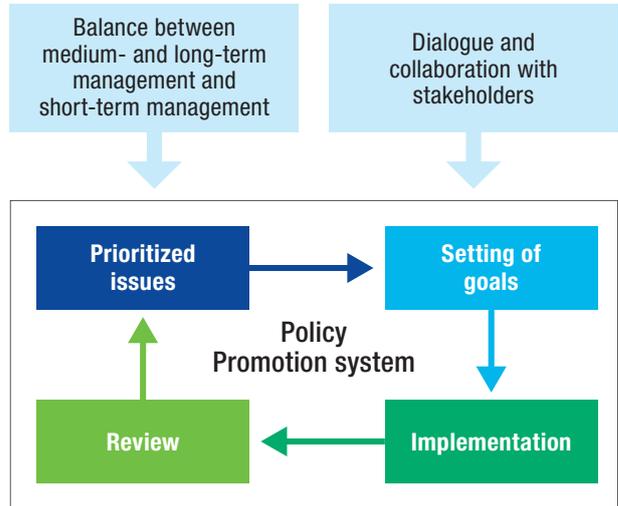
The Daigas Group Code of Conduct, adopted in 2000, spells out guiding principles the Group's employees and executives must abide by. In 2008, the code was revised to make it harmonious with the United Nations Global Compact. In 2011, it was also modified to reflect core elements of ISO 26000. In March 2018, the Code was also revised to promote its diffusion within the Daigas Group and smooth the execution of business duties in reflection of the Code. Meanwhile, as our business field has expanded, the scope of stakeholders—parties influenced by our operations—has further expanded, including customers, local communities, shareholders and employees.

In order to recognize the impact our business activities may have on society and the environment, and conduct business while controlling such impact, the Daigas Group has been promoting CSR activities. Specifically, in 2009, the Group introduced CSR Indicators under each chapter of the CSR Charter to promote CSR activities and visualize the process.

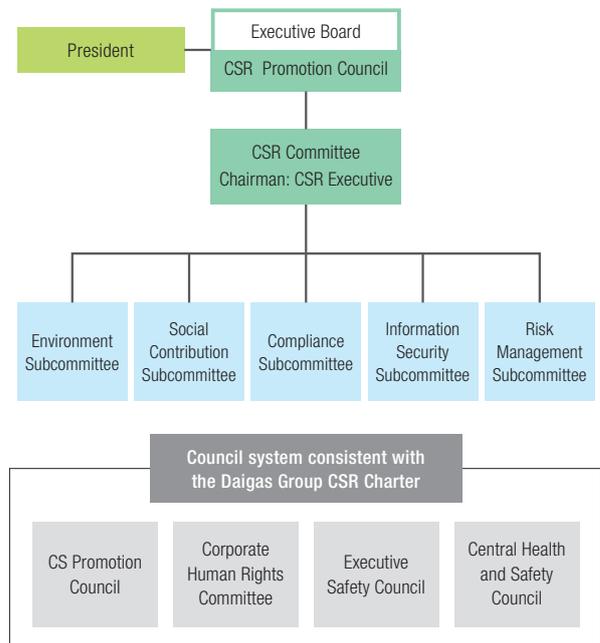
In FY2018, we identified new important aspects for the Group's CSR, which we call "materiality," by referring to the GRI Sustainability Reporting Standards (GRI Standards), while taking into account opinions from knowledgeable people outside the Group as well as the current social situation.

Under the "CSR Promotion System" as a basis of CSR activities, we implement CSR management system to promote and assess activities and indicators aiming for implementing effective PDCA management.

■ Concept of CSR Management



■ CSR Promotion System (As of April 1, 2018)



► Daigas Group CSR Charter

| | | |
|------------|---|--|
| I | Creating Value for Customers | The Daigas Group is committed to making a positive contribution to realizing a higher level of comfort and development in the business activities of its customers. The group intends to achieve this objective through the provision of a reliable and safe supply of natural gas and other energy services with an improved level of services for its customers. We also pursue the development of new products and services furthering value for customers, and that create opportunities for growth for our business and customers and society at large. |
| II | Harmonizing with the Environment and Contributing to Realizing a Sustainable Society | Addressing the issues of the environment both at regional and global levels is of paramount importance for the Daigas Group which is engaged in wide-ranging energy services. Being seriously aware of the impacts of its business activities on the environment, the Daigas Group seeks to harmonize its businesses with the environment and to realize efficient utilization of energy resources, thereby contributing to realizing a sustainable society. |
| III | Being a Good Corporate Citizen Contributing to Society | As a good corporate citizen, the Daigas Group strives to maintain communication with society and the communities it serves. Through proactive disclosure of information and improved managerial transparency, we intend to establish favorable relationships with citizens and to make our positive contribution to the development of a healthy society. |
| IV | Complying with Laws and Regulations and Respect for Human Rights | The management's and the employees' compliance with laws and regulations forms the basis for gaining society's trust. Our perspectives on compliance go beyond legal and regulatory boundaries to include decent conduct expected of all citizens. Based on our respect for human rights, we intend to maintain equitable relationships with our customers, business partners, and other parties. |
| V | Management Policy for Human Growth | The Daigas Group strives to become a group of enterprises to realize the growth of its employees through work by ensuring employment opportunities and respecting employees' individuality and initiative. We will charge ourselves with the task of creating new value for customers, shareholders and society. |

► How the U.N. Global Compact and ISO 26000 are Related to the Daigas Gas Group Code of Conduct

| Daigas Group Code of Conduct | United Nations Global Compact | ISO 26000: Core subjects* |
|--|---|--|
| 1 Respect for human rights | Human Rights | Organizational governance (See P19-20) |
| 2 Creating a pleasant work environment | | Human rights Daigas Group Code of Conduct 1 3 4 5 13 |
| 3 Compliance with laws and regulations | Labor | Labor practices Daigas Group Code of Conduct 2 3 4 5 13 |
| 4 Personal and professional lives | | |
| 5 Respect for international rules and regulations as well as international norms including those on human rights | | |
| 6 Consideration to the environment | | |
| 7 Compliance with anti-monopoly laws and practice of fair transaction | Environment | The environment Daigas Group Code of Conduct 3 4 5 6 13 |
| 8 Provision of products and services | | |
| 9 Ensuring safety of products and services | | |
| 10 Interacting with customers | Anti-Corruption | Fair operating practices Daigas Group Code of Conduct 3 4 5 7 12 ~ 18 |
| 11 Contributing to society | | |
| 12 Associating with business partners | | Consumer issues Daigas Group Code of Conduct 3 4 5 8 9 10 13 |
| 13 Developing our partners' understanding of our Code of Conduct | | |
| 14 Use of information and information systems | | |
| 15 Disclosure of information | | |
| 16 Management of intellectual property | | |
| 17 Prohibiting association with anti-social forces, favors and benefits | | |
| 18 Appropriate payment of taxes and accounting practices | Community involvement and development Daigas Group Code of Conduct 3 4 5 11 13 | |

* Numbers in the right column show the items of the Daigas Group Code of Conduct relating to each core subject of ISO 26000.

Dialogue and Cooperation with Stakeholders

The Daigas Group is focusing on active engagement with stakeholders through dialogue to recognize various possible issues involved in its CSR and to come up with mutually acceptable solutions to such issues, based on the Daigas Group CSR Charter and Daigas Group Code of Conduct. For example, the Daigas Group has been promoting dialogue with the Kansai Consumers' Association, the Osaka Voluntary Action Center, and the Osaka Gas Labor Union. Furthermore, the Group is sharing information and cooperating as a member of the Global Compact Network Japan, and actively taking part in the formulation of various policy measures by the government and municipalities. The Group is also active as a member of the International Gas Union (IGU) putting forward proposals, aimed at promotion of the global gas industry.

One of the results of such engagement is that five business associations formed by partner companies undertaking gas-related services established the Code of Ethics respectively in response to the Group's policy. The Group is also actively engaging with various stakeholders, such as businesses, universities and NPOs.



Contact with Stakeholders

| Stakeholders | Main contact opportunities and contact tools |
|---------------------------------------|---|
| Customers | ● Business opportunities such as safety check and sale ● "Customer Centers" ● Service shops ● Showrooms ● Corporate PR events ● Advertisements via TV and other media ● Website ● Catalogs for products and services |
| Consumers groups | ● Meetings ● Tours ● Seminars, study meetings |
| Regional communities | ● Social contribution activities ● Tours ● Energy and environmental education |
| Students and educational institutions | ● Joint study ● Energy and environmental education, food education, fire education, education on disaster prevention ● Acceptance of interns ● Recruitment meetings ● Website |
| Knowledgeable people | ● Joint study ● Meetings |
| Administrative authorities | ● Submission of various documents ● Meetings ● Cooperation for regional development |
| NPO / NGO | ● Joint research ● Joint work and cooperation for solving regional issues ● Meetings |
| Shareholders / investors | ● Issuance of various reports (financial statement, annual reports) ● Briefings ● Website |
| Employees | ● Labor-management meetings ● Education and training sessions ● Compliance Desks ● Human rights desk ● Harassment desk ● Intranet, in-house publications |
| Business partners, suppliers | ● Business opportunities ● Various regular meetings ● Joint training and joint drills |

CSR Indicators

► Efforts to promote CSR activities and visualize the process

In 2009, the Daigas Group introduced CSR Indicators under each chapter of the CSR Charter to promote CSR activities and visualize the process. Under the Group's policy of promoting CSR, the current

CSR Indicators cover the medium-term period between FY2018 and FY2021. Some of the indicators, however, are reviewed on a single-year basis as a result of dialogue with stakeholders.

► Achievement of Targets for CSR Indicators and Setting of New Targets for FY2021

| CSR Charter | CSR Indicators | FY2021 Targets for CSR Indicators | | Achievement of FY2018 |
|-------------|--|---|---|--|
| I | Customer Satisfaction Survey: Seven customer service duties | Overall satisfaction rate | 91% or more | 92% |
| | | Satisfaction rate for each of the seven customer service duties | 86% or more | 89% or more for all seven duties |
| II | Environmental Management Indicator | Environmental Management Efficiency | 14.2 yen / 1,000 m ³ or less | 11.6 yen / 1,000 m ³ |
| III | Communication events | Number of such events held (environmental education, food education, visit to Gas Science Museum, Himeji Gas Energy Hall) | 1,950 events or more | 3,710 events |
| | Social contribution | Number of events held | 600 events or more | 1,099 events |
| IV | Scores on compliance awareness | (Individual) Recognition level of "Code of Conduct" | Higher than the previous year | Up 4.0 points from the previous year (85.6%) |
| | | (Organization) Degree of compliance penetration in the organization | Higher than the previous year | Up 4.3 points from the previous year (91.9%) |
| | Percentage of employees receiving the "Compliance Training" 100% | Attendance rate | 100% | 100% (No. of employees covered by the survey: 22,349) |
| V | Employee Attitude Survey | Job satisfaction and attachment to the company | Maintain sufficient levels (The next survey is conducted in fiscal 2019.) | Maintain sufficient levels (3.85 for job satisfaction, 4.38 for employees' sense of attachment to the Company / five-scale survey) * FY2015 results |

FY2018 Results

Dialogue with Customers

Phone calls received by customer centers: approx. **3.6 million**
No. of replies to a survey on customer satisfaction: approx. **58,000**

To provide services in excess of customer expectations, we are listening to their voices through various contacts with them, with the aim of improving our products and services.

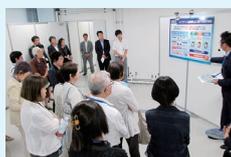


Customer Center

Dialogue with Consumer Groups

A total of **936** meetings were held with consumer organizations to enhance our communications with them.

Consumer groups with which we held meetings included the Kansai Consumers' Association, the Osaka Voluntary Action Center, and the Osaka Gas Labor Union.



Invitation of people from consumer groups to our facilities

Dialogue with Local Communities

No. of events for social contribution enhancement: **1,099**
No. of events for environmental and food education: **1,382**

The Daigas Group cannot attain its intended business goals without building a favorable relationship with local communities. As part of such efforts, we are undertaking a variety of social contribution activities, including providing energy and environmental education, food education, and disaster and fire-prevention education.

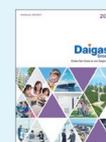


Food education

Dialogue with Shareholders and Investors

No. of meetings with institutional investors and analysts: **137**
(74 meetings held in Japan and 63 meetings held overseas)
No. of briefings on financial results and single-year business plans: **5**

The Daigas Group has been stepping up information disclosure to the general public and dialogue with shareholders and investors, using a variety of media and briefing sessions, with the aim of strengthening our management base, regarded as necessary to generate profit in a stable manner and return part of it to shareholders continuously. By doing so, we aim to create value for shareholders.



Annual Report