

# CSR Charter IV



## Complying with Laws and Regulations and Respect for Human Rights

### Fundamental concept

The Daigas Group believes that observing compliance and respecting human rights are the most important factors for the Group in winning trust from customers and society, and constitute the basis of business continuity.

Based on our notion that compliance extends beyond just following laws and regulations to include exhibiting decent behavior as a member of society, the Daigas Group recognizes fulfilling compliance as continuing to live up to the expectations of customers, employees, society and shareholders while winning their trust and sympathy. The Group thus endeavors to maintain fair and honest relations with customers, business partners, and all other parties, and to respect human rights. Ensuring compliance is the most important thing we can do to gain the trust of customers and the society. Recognizing that individual employees are the key to compliance, we are continually conducting training sessions and employee surveys to raise awareness.

### CSR Indicator

### Scores on Compliance Awareness / Percentage of Employees Receiving "Compliance Training"

We have introduced three viewpoints deemed important for compliance promotion as CSR Indicators. These three are: (1) the degree of recognition by each Osaka Gas employee of the "Daigas Group Code of Conduct," (2) the degree of penetration through each Daigas Group organization of employees' awareness of the importance of compliance, and (3) the percentage of Daigas Group employees taking a compliance training course. As for indicators (1) and (2) above, the Daigas Group aims to obtain higher scores than in the previous year in the compliance awareness surveys that it has been conducting since FY2004 to measure the degree of its penetration. Concerning indicator (3), we work to ensure that all employees receive compliance training.

#### ▶ Targets and Results

The targets and results for FY2018 are as follows.

	Targets	Results
Scores on compliance awareness 1: (Individual) Recognition level of Code of Conduct	Higher than the previous year	Up 4.0 points from the previous year (85.6%)
2: (Organization) Degree of compliance penetration in the organization	Higher than the previous year	Up 4.3 points from the previous year (91.9%)
3: Percentage of employees receiving the "Compliance Training"	100%	100% (No. of employees covered by the survey: 22,349)

#### ▶ Actions Taken

#### Actions taken to enhance the awareness and understanding of employees of compliance

Efforts are under way to have all employees understand the content of the "Daigas Group Code of Conduct" and raise their awareness of the importance of compliance to penetrate through each organization of the Group. Specifically, each organization of the Osaka Gas and its affiliated companies hold training sessions for their employees while taking into account the characteristics of business and workplace of each organization and affiliate. Employees who have yet to take a training course, will be advised to do so in order to leave nobody unattended.

In FY2018, an in-house study session conducted continuously at each organization of the Daigas Group newly took up the "Daigas Group Code of Conduct" and ethics enhancement. In the same year, an in-house case-study session focusing on interactive discussion was held for employees in management positions at two Business Units. Similar sessions are planned to be held in FY2019.

## Compliance Promotion Efforts

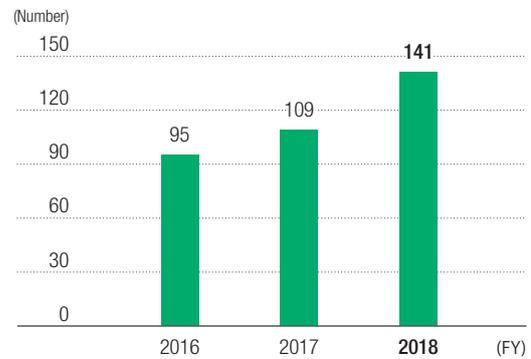
### ► “Compliance Desk”

The Daigas Group has established “Compliance Desks” at the Head Office, core affiliates, and law offices outside the company to provide a channel for persons who need a place to seek advice on, and report matters concerning compliance with laws and in-house rules. Not only management and employees of the Group, and workers dispatched from manpower agencies to work for the Group, but also management and employees of client companies providing goods and labor to Group companies on a long-term basis can seek advice or make reports by phone, e-mail, or in writing anonymously.

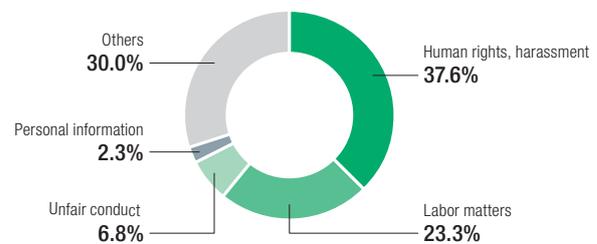
In FY2018, the “Compliance Desks” received a total of 141 consultations and reports. Upon receipt of a report, an initial examination was made, following which a fair investigation of the facts was conducted and any necessary corrective measures were implemented.

Acting on a report concerning compliance, the Group will take remedial measures if the case is found to constitute a violation of law. Even if no violation is detected, the Group will carry out improvement measures as a way of creating a better working environment and maintaining it, if doing so is deemed necessary for the workplace.

### ■ Number of Consultations



### ■ Breakdown of Consultations and Reports



### ■ Organization of “Compliance Desks”



### ► Promotion of global compliance in step with overseas business development

In view of expanding business operations abroad, an English version of the leaflet summarizing the Corporate Principles of the Daigas Group, the “Daigas Group CSR Charter,” the “Daigas Group Code of Conduct” and “Compliance Desks” used for the internal reporting system was posted on the Intranet for dissemination to employees. In FY2018, we grasped how risks have been addressed

at 12 major overseas subsidiaries while modifying risk items listed under G-RIMS, a risk management system developed by Osaka Gas, for use by such overseas subsidiaries. We checked whether preventive measures and early-detection steps on about 50 risk items had been implemented at the subsidiaries as intended. Then, we took response actions against the risks.

## Information Security

### ► 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.

The entire gas industry has been working on security-enhancement measures in line with an action plan meant to strengthen information security regarding important infrastructure, compiled by the National Center of Incident Readiness and Strategy for Cybersecurity (NICS). In step with this move, our company has endeavored to enhance information security.

In FY2018, we conducted on-site surveys and checkups regarding information security at affiliated companies, formulated improvement plans for each of these companies, and had them implement suitable measures. Education on information 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, a drill simulating targeted-type email attacks based on actual cases was conducted twice in the year. A total of about 37,000 employees were covered by the drill.

### Measures to Prevent Illicit Receipt of Engineering Fees by Engineering Firms Engaging in Gas Engineering Work on Consignment of Osaka Gas

During FY2018, Osaka Gas confirmed two irregularities concerning the receipt of engineering fees at companies that were entrusted by Osaka Gas to estimate design fees regarding gas appliance installation work,<sup>\*1</sup> undertake engineering work, and collect fees for such work. Specifically, it was found that during the year under review the two engineering firms in question received engineering fees that were inconsistent with the amount listed official under the articles<sup>\*2</sup> stipulated by Osaka Gas. We would like to express our sincere apologies to customers and other parties concerned for causing inconvenience and worry.

- Engineering firm I: Izuki Gas Jutaku Setsubi (released in August 2017)
- Engineering firm II: Asahi Juki (released in October 2017)

We take the latest irregularities seriously. To prevent the recurrence of an incident, we will step up the education of our employees and employees at engineering firms. We will also introduce a stricter system to ensure appropriate gas engineering work by entrusted firms.

#### Preventive measures

- 1) Renewed education of employees at our company and engineering firms
- 2) Strengthening of a system aimed at ensuring appropriate gas engineering work

\* Details of the preventive measures were included in a press release announced on Oct. 4, 2017.

<sup>\*1</sup> Gas engineering work undertaken on the premises of customers

<sup>\*2</sup> Engineering contracts concluded on March 31, 2017 or before are covered by the article stipulating general gas supply work, while contracts concluded on April 1, 2017 or after are covered by the article stipulating gas engineering work or general gas supply work.

## Action on Human Rights

### ▶ Group-wide promotion of human rights awareness

To promote human rights awareness throughout the Daigas Group, Osaka Gas has established a “Corporate Human Rights Committee” headed by the director responsible for the Human Resources Department. This committee decides activity policy with regard to human rights.

Based on this policy, the Human Resources Department’s “Human Rights Center” plans, formulates and implements numerous efforts and events such as human rights training for all job levels, human rights lectures, and human rights slogan contests, and offers cooperation and support to individual organizations. The top award-winning slogans are made into posters that are put up in offices to constantly remind employees of the importance of human rights.

As well, business units and major affiliates have their own

### ▶ Human rights training for all levels

As shown in the right-hand table, the Daigas Group has human rights training for all job levels: directors, managers, and new recruits.

Newly appointed managers learn about “business and human rights” through training sessions featuring interactive lectures and video watching. We have human rights lectures for division heads and managers led by outside experts.

Regarding trainings for all employees led by human rights promoters in each division, in FY2018, approximately 18,000 Osaka Gas and Daigas Group employees took part in such training, aimed at disseminating the three laws meant to end discrimination, under the theme “Let’s learn about the human rights laws enforced in the previous fiscal year.”

“Human Rights Committee,” which relays company policies and human rights information to employees, encourages participation in outside lectures and the human rights slogan contest. The “Corporate Human Rights Committee” also exchanges information and opinions with divisions in the Group, all in an effort to understand what must be done across the entire Group. Further, each business unit and major affiliate appoints a “Human Rights Awareness Promotion Leader,” who is in charge of dealing with daily issues related to human rights.

The Daigas Group’s “Compliance Desks,” which accept compliance consultations and reports, also provide a place for employees to seek advice on, and report all matters related to human rights.

#### ■ Group-Wide Human Rights Training - Participants

Participants	Implementation period	Total number of persons
Executives	November	27
Organization heads, managers	May, July, August, November, December	402
New employees	April	127
Training for all employees	From August to March	18,000
Managers at affiliates	May, November	76
New employees at affiliates	April, June, November, February	158
Employees of affiliate	Year around	287
HR Committee members, etc.	Year around	165
<b>Total</b>		<b>About 19,200</b>

#### Voices of Group Employees | Osaka Gas Urban Development Co., Ltd.

### Osaka Gas Urban Development encourages its employees to obtain a certification as a “real estate trade human rights promoter.”

Osaka Gas Urban Development Co., Ltd. has been encouraging its employees to obtain certification as a “real estate trade human rights promoter,” awarded by Osaka Prefecture and the liaison group tasked with handling human rights issues in real estate trade.

A “human rights awareness promoter” chosen from each workplace will take a “real estate trade human rights promoter” seminar during his or her tenure as “a human rights awareness promoter” to receive certification. A certified “real estate trade human rights promoters” has played a key role in enhancing human rights awareness within each workplace.

At each workplace, study sessions for human rights awareness enhancement are held periodically under the leadership of a “human rights awareness promoter,” using educational material designed to enhance human rights awareness, developed by the Osaka Gas Human Rights Awareness Center and human rights groups. Other activities undertaken at each workplace include watching a human rights awareness video and visiting various facilities related to human rights protection. Furthermore, a lecture session on human rights awareness is held once a year for all employees.



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