Third-Party Review

The Daigas Group CSR Report underwent a third-party review by the Institute for Environmental Management Accounting (IEMA), including recommendations as well as simple audits. The IEMA interviewed Tadashi Miyagawa, Executive Vice President and CSR Executive, regarding the planning and implementation of CSR-related activities at the Daigas Group.

Questions and answers were actively exchanged between the interviewer and the CSR Executive, with a focus on the environment, society and governance (ESG) management listed under the Long-Term Management Vision 2030 and the Medium-Term Management Plan 2020. Other subjects taken up in the interview were efforts that reflect the United Nations Sustainable Development Goals (SDGs), the concept of the revised materiality indicators, and challenges to be addressed for the creation of new value. Based on the interview, the IEMA prepared and presented a report that summarized its overall evaluation and advice regarding the Daigas Group’s CSR efforts.

Evaluation and Opinion of CSR Management

Purpose and outline of work that has been undertaken

As a third-party that has no business relationships with Osaka Gas, we are expressing our opinion to help enhance the reliability of the Daigas Group CSR Report 2018 by evaluating all the CSR initiatives mentioned in the report, excluding numerical information on the environment. We interviewed Tadashi Miyagawa, Executive Vice President and CSR Executive, to clarify the planning and implementation of CSR management of the Daigas Group, and the evaluation and utilization of the performance data that indicates the results of these activities and serves as the basis for the disclosed information. Questions and answers were also exchanged with officials in charge at the head office.

Evaluation and Opinion

As an energy service provider, the Daigas Group, in order to address climate change, facing the global community as a social issue, vowed to reduce CO2 emissions by a cumulative 70 million tons by FY2031, a pledge the Group clarified under the Long-Term Management Vision 2030. In particular, the Group specified numerical targets to be attained under Goal 13 (climate change) of the 17 Sustainable Development Goals (SDGs), recognizing the attainment of that goal as the responsibility it has to fulfill as an energy service provider. The Daigas Group should be highly evaluated for specifying its target, presenting a model case of a leading company. As for Japan’s energy policy, however, it is important for the Group to respond to it as an energy company, while taking into consideration possible effects from the global energy trend, the situation of Japan, and ideas fostered in the country. Challenges facing the Daigas Group on this front in the future include sorting out its thinking regarding what it should do, and disclosing information on risks and opportunities in an appropriate manner. The Daigas Group has identified risks and opportunities related to climate change under the new materiality, to be mentioned below, and started its efforts, an action which should win high acclaim.

In FY2018, the Daigas Group reviewed the 16 materiality items it analyzed and extracted in FY2015, and revised them into a new set of materiality items, based on which the Group started CSR activities in FY2019. In the second phase of materiality, its items were reviewed from a strategic viewpoint. The new materiality added items related to people—“training and education” and “diversity.” The Daigas Group should be commended for reviewing the materiality under the appropriate process.

Work style reform is an extremely important social issue in Japan. It is desirable for each corporate employee to think, propose and act to create new value in line with social demand and to promote CSR activities. For each employee to behave in that way, however, it is important to establish an appropriate system. Therefore, it is advisable for Daigas Group employees to think what the Group should do to create new value that surpasses the value of existing businesses and have the mindset that they are the ones who are to serve as an antenna for connecting the Daigas Group to new technologies or future business partners. I believe that by doing so, the Daigas Group can realize CSR management that reflects the SDGs. As for the SDGs, pursuing the linkage between the Group’s CSR activities and the SDGs alone is insufficient. What is equally important is exploring new activities for the SDGs by introducing the “outside in” concept. For that to happen, each employee is asked to seek ingenuity in doing business.

The Daigas Group should be highly evaluated for its management attitude strongly oriented toward building a new business model and exploring the creation of new social value despite being a company that plays an important role for local communities and takes charge of building regional infrastructure. It is hoped that other companies will refer to the Group’s business model as one they should follow.

July 18, 2018

Katsuhiko Kokubu,
Professor, Graduate School of Business Administration,
Kobe University; Director of IEMA

Eriko Nashioka,
Representative Director of IEMA, CPA
Third-Party Verification

The environmental performance data of the Daigas Group included in this report underwent third-party verification by Bureau Veritas Japan Co., Ltd. The verification was conducted to check whether the data were reliable and accurate, and consistent with the purpose of the report.

Daigas Group CSR Report 2018 Independent Verification Report (Excerpt)

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Osaka Gas Co., Ltd. (Osaka Gas) to conduct and independent verification and review of its environmental data selected by Osaka Gas for inclusion in the Daigas Group CSR Report 2018 (the Report), issued under the responsibility of Osaka Gas.

1. Verification and Review Outline

1) Environmental data through business operations

Bureau Veritas conducted a verification of the following data. This verification was conducted using Bureau Veritas’ standard procedures and guidelines for external verification of nonfinancial reporting, based on current best practice. Bureau Veritas refers to the International Standard on Assurance Engagements (ISAE) 3000 in providing a limited assurance for the scope of work stated herein.

Scope of verification

Environmental data selected by Osaka Gas for FY2018, which are related to the following items:
- Energy consumption; atmospheric emissions; water withdrawal and discharge; chemical substances; waste; environmental impact reduction; Environmental Management Indicators; gas sales by volume; FY2018 results to Environmental Action Targets.

Note: The scope of areas to be reported for each item of data is decided by Osaka Gas.

2) Amount of contribution to CO₂ emission reduction

Bureau Veritas conducted the review of the following data. The review was conducted using Bureau Veritas’ standard procedures for external review of sustainability reporting.

Data reviewed
- The amount of contribution to CO₂ emission reduction through business operations of Osaka Gas in FY2018
- The amount of contribution to CO₂ emission reduction at customer sites in FY2018

Note: The reporting boundaries and calculation methodologies for each data are defined by Osaka Gas.

2. Findings

On the bases of our methodology and the activities described above:
- Nothing has come to our attention to indicate that the reviewed information within the scope of our verification and review is inaccurate and does not provide a fair representation of the performance for the defined period.
- It is our opinion that Osaka Gas has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our verification and review.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintain high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas activities for Osaka Gas are for sustainability reporting verification only and we believe our verification assignment did not raise any conflicts of interest.

Greenhouse Gas Emissions Verification Statement (Excerpt)

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Osaka Gas Co., Ltd. (Osaka Gas) to conduct independent verification of the greenhouse gas (GHG) emissions reported in the Daigas Group CSR Report 2018 for the period of April 1, 2017 through March 31, 2018.

1. Scope of Verification

Osaka Gas requested Bureau Veritas to verify, to a limited level of assurance, the accuracy of the following GHG information:
1) Scope 1 and Scope 2 GHG emissions: GHG emissions through business operations of Osaka Gas and its 57 consolidated subsidiaries
2) Categories 1, 2, 3, 4, 5, 6, 7, 9, 11, 12, 13 and 14 of Scope 3 GHG emissions accounted and reported in line with the GHG Protocol’s “Corporate Value Chain (Scope 3) Accounting and Reporting Standard” within the boundaries defined by Osaka Gas for each category.

2. Methodology

Bureau Veritas conducted the verification in accordance with the requirements of the international standard ‘ISO 14064-3:2006: Greenhouse gases - Part 3’.

3. Conclusion

Based on the verification work and its processes followed, there was no evidence to suggest that the GHG emissions assertion shown below:
- The assertions are not materially correct and are not a fair representation of the GHG emissions, as per the scope of work;
- The assertions are not prepared in accordance with the methodology for calculating GHG emission established and implemented by Osaka Gas.

Comments on “Evaluation and Opinion of CSR Management”

As an energy service provider, we strongly recognized the importance of implementing measures to address climate change. Concerning how we can contribute to global efforts to reduce CO₂ emissions, the Daigas Group explicitly showed the numerical targets to be attained under the Long-Term Management Vision 2030, which the Group has cherished. We will continue to advance our efforts steadily based on the progress being made in each area of action. In addition, we will analyze the risks and opportunities related to climate change under various envisaged situations, and incorporate the analyzed results into our future business operations.

In conducting the latest materiality review, we focused on what we should do in the field of human resources. For the current business year, we will accelerate our work style reform based on the results of the awareness surveys conducted on our employees and while managing the progress of each index. Furthermore, we will work on enhancing awareness among our employees of the importance of attaining the SDGs. By doing so, I want each employee to exercise his or her ingenuity and demonstrate a pioneering spirit in doing business, while paying attention to social issues we should tackle, with the eventual aim of creating innovation.

We are committed to effectively creating four values—“value for customers,” “value for society,” “value for shareholders” and “value for employees”—based on the Daigas Group CSR Charter. The Daigas Group aims to become a corporate group that helps the further evolution of customers’ livelihood and businesses.