Management and CSR of the Daigas Group

Corporate Governance

Basic Views on Corporate Governance

To implement measures envisaged under the Long-Term Management Vision 2030 and the Medium-Term Management Plan 2020, both formulated in March 2017 and together called “Going Forward Beyond Borders,” Osaka Gas will ensure transparency, fairness and boldness in decision making, and execute its assigned business duties efficiently and adequately, based on the Daigas Group CSR Charter, a set of guiding principles for management and employees, and specific standards for actions—the Daigas Group Code of Conduct and the Daigas Group Environmental Activities Policy. By doing so, the Company aims to attain sustainable growth and enhance its corporate value on a medium- and long-term basis. We will further raise the CSR level of the Group by responding appropriately to the exercise of shareholder rights and working to maintain and improve trust through dialogue and collaboration with stakeholders. We will continue to enhance and strengthen corporate governance with the aim of global standard management that takes ESG (environment, society, and governance) into consideration.

System and Efforts Aimed at Enhancing Corporate Governance

Osaka Gas has chosen the organizational form as a company with an Audit & Supervisory Board. The Company has also adopted an executive officer system. The Company’s corporate governance system is shown below.

Board of Directors, Directors of the Company

The Board of Directors comprises 13 Directors, including three Outside Directors. It determines the regulations and discussion criteria for the Board of Directors and make swift and appropriate decisions about important matters that affect the whole Group including subsidiaries, and to enhance supervisory capabilities. In FY2019, the Board of Directors met a total of 13 times (posting an average attendance rate of 98.8%). Meetings discussed the Group’s management plans, the establishment of important organizations, important human resources matters, execution of important investments and agreements greater than a certain amount, and operational status reports etc. from Executive Officers.

Executive Officers

Osaka Gas has adopted an executive officer system, which is aimed at revitalizing the activities of the Board of Directors, and enhancing its supervisory function while increasing the Company’s management efficiency, by enabling Directors to focus on decision-making, and supervisory duties. Under the executive officer system, Executive Officers perform duties determined by the Board of Directors, while some Representative Directors and Directors concurrently serve as executive officers to make management decision-making more accurate and efficient.

Executive Board

Osaka Gas makes decisions on important matters concerning basic management policies and other management issues after the Executive Board fully discusses these matters. In line with the in-house rules related to the Executive Board, the Board is composed of the President, Vice Presidents, Managing Directors, Heads of Corporate Headquarter Divisions and Business Units. In principle, three times per year of the Executive Board meetings are held as “CSR Promotion Council”, which deliberate on plans for CSR activities and make report on CSR activities.

Audit & Supervisory Board, Audit & Supervisory Board Members

Audit & Supervisory Board consists of five Audit & Supervisory Board Members, of whom three are outside auditors. These members audit the execution of duties assigned to each Director.

Roles and Functions of Outside Directors

As a member of the Board of Directors, each Outside Director takes part in the Company's decision-making process, and monitors and supervises whether the Executive Officers have executed their business duties appropriately, based on his or her knowledge and experience, and from an independent viewpoint.
Efforts to Strengthen the Functions of Audit & Supervisory Board Members

As part of its efforts to strengthen the functions of Auditors, Osaka Gas appoints three outside Audit & Supervisory Board Members, whose role is to audit if Directors have executed their duties appropriately—from an independent viewpoint. They meet on a regular basis to discuss annual audit plans and audit reports, and exchange information to ensure the effectiveness of auditing activities and enhance their quality. Osaka Gas has established the Office of Audit & Supervisory Board, which is composed of full-time staff operating outside the Executive Officers’ chain of command. The Office is designed to support the Audit & Supervisory Board Members’ auditing work and thus improve the auditing system.

Corporate Governance System (As of the end of a regular general shareholders meeting held on June 20, 2019)

Risk Management

Heads of divisions of the Daigas Group and affiliates are in charge of managing crisis-related losses by conducting risk-management inspections on a regular basis. Utilizing the Gas Group Risk Management System (G-RIMS) and other systems, each division and affiliate checks if there are any risks and if risk control has been conducted properly regarding each risk item, and implements follow-up and other measures if necessary. The Risk Management Subcommittee, the CSR Committee’s subpanel in charge of risk management, meets to clarify and share awareness among all employees regarding how the Daigas Group should respond to possible risks in the future, based on the results of G-RIMS.

Status of Internal Control

The Company’s Board of Directors developed an internal control system which includes systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of the Company’s operations. The Company confirms the operating status of the internal control systems on a periodic basis. At the meeting of the Board of Directors held on April 24, 2019, it was reported that the internal control systems were operating in a proper manner.