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, and is the basis for continuing our business. Recognizing that every manager and employee is the key to compliance, we are continually conducting training sessions and employee surveys to raise awareness.

We have introduced three viewpoints deemed important for compliance promotion as CSR Indicators. These three are: ① the degree of recognition by each 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 FY2019 are as follows.

<table>
<thead>
<tr>
<th>Targets</th>
<th>Results</th>
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</thead>
<tbody>
<tr>
<td>Scores on compliance awareness</td>
<td></td>
</tr>
<tr>
<td>Individual: Recognition level of Code of Conduct</td>
<td>Higher than the previous year</td>
</tr>
<tr>
<td>Organization: Degree of compliance penetration in the organization</td>
<td>Higher than the previous year</td>
</tr>
<tr>
<td>Percentage of employees receiving the Compliance Training</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Actions Taken**

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

The results of a compliance awareness survey were collated into a report presented to the CSR Committee and Compliance Subcommittee. Feedback was then provided to Group organizations and affiliates, and work was begun to create a plan for action in the next fiscal year based on the results and the aim of improving awareness and understanding of the Group Code of Conduct.

In FY2019, an in-house study session conducted regularly 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 and one affiliated company (including all subsidiaries).
Actions on Materiality

Materiality | Customer Privacy
---|---

**Why materiality is important**
As an energy business operator which supports a core infrastructure of society, the Daigas Group recognizes the vital importance of protecting customers’ information and managing that information appropriately.

**Management systems and performance**

**Indicator: GRI Standards 418-1** Total number of substantiated complaints regarding breaches of customer privacy

**Commitment**
In accordance with the Daigas Group Code of Conduct which incorporated code of conduct and guidelines concerning the handling of private information set by the Ministry of Economy, Trade and Industry and the Japan Gas Association, we strive to ensure safety regarding the privacy of customers abiding by in-house rules, such as our Rules for Personal Information Protection, Privacy Policy, and Manual for Handling Personal Information.

**Responsibilities**
The Vice President in charge of the General Affairs Department is appointed as the Chief Privacy Officer (CPO). Placed under the Vice President to ensure the protection of private information involving the Daigas Group are Personal Information Managers, who supervise Business Units, the Human Resources Department, Osaka Gas affiliated companies and contractors working for Osaka Gas.

**Performance**

**FY2019 result** Responded to Leak of Personal Information

In FY2019 there was an incident of attacks on server vulnerabilities and unauthorized access at one company in the Daigas Group that led to customer information being leaked. Based on the results of a third-party security audit, measures were taken to prevent a recurrence.

Specific actions taken regarding CSR indicators and materiality

**Information Security**

**Strengthening information security measures**
Under the leadership of the Information Security Subcommittee, the Daigas Group has established a system to enhance its overall information security.

In FY2019, we conducted surveys and checkups on information security at Group companies, formulated improvement plans for each company, and had them implement suitable measures. Education on information security was also provided to all Daigas Group employees to improve information security awareness and the skill level of each and every employee. Also, drills simulating targeted email attacks based on actual cases were conducted, reaching a total of about 20,000 employees.

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.

**Responding to customer information leaks due to unauthorized access**
The vulnerability was attacked and unauthorized access was made on some servers used for the file transfer service operated by OGIS-RI Co., Ltd., a Daigas Group company. As a result, 4,815,399 customer information leaked to the outside.

Based on this incident, OGIS-RI has established the Security Enhancement Countermeasures Section to strengthen countermeasures and monitoring against cyber attacks. In addition, the Group as a whole is further strengthening information management, such as checking for the risk of similar events.
Compliance Promotion Efforts

Compliance Desks set up to receive consultations and reports from parties both inside and outside the Group

Observing compliance is vital to winning the trust of customers and society, and constitutes the basis of business continuity. To facilitate compliance, we are building frameworks for quickly recognizing when a legal violation or wrongdoing has taken place and to facilitate an appropriate response. The Daigas Group thus 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 suppliers providing goods and labor to Group companies on a long-term basis can seek advice or make reports anonymously by phone, e-mail, or in writing.

In FY2019, the Compliance Desks received a total of 112 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, as necessary.

<table>
<thead>
<tr>
<th>Number of Consultations</th>
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<tbody>
<tr>
<td>(No.)</td>
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<tr>
<td></td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>2019</td>
</tr>
</tbody>
</table>

### Breakdown of Report Content

- Human rights, harassment: 43.6%
- Labor matters: 19.6%
- Unfair conduct: 11.1%
- Personal information: 3.4%
- Others: 22.3%

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 FY2019, we grasped how risks have been addressed at 16 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 40 risk items had been implemented at the subsidiaries as intended. Then, we took response actions against the risks. We also conducted on-site surveys at our overseas subsidiaries to determine the status of their environmental compliance and CSR efforts.

About warning from the Japan Fair Trade Commission

Osaka Gas received a warning from the Japan Fair Trade Commission on January 24, 2019 about a pre-order system in use for selling our brand of fan heaters to service shops. We will continue to thoroughly review our systems in working with service shops and take action to ensure compliance with the Anti-Monopoly Law and related laws and regulations.

Response to improper work performed by group companies to whom regular inspection of gas heat pump air conditioners was outsourced

In August 2018, Osaka Gas learned that in the periodic inspections of its gas heat pump air conditioning systems outsourced to Enetec Kyoto Co., Ltd., a Daigas Group company, improper work was done that departed from established procedures, whereby certain worn parts had not been replaced.

After this incident, we started carrying out follow-up surveys on periodic inspection work to prevent a recurrence. In May 2019, Osaka Gas surveyed customers of another group company, Enetec Osaka Co., Ltd., who had had a periodic inspection performed prior to measures being devised to prevent a recurrence and found that fuel hoses that should have been replaced had not been replaced. These parts were subsequently replaced and all maintenance firms were instructed to conduct follow-up surveys and to confirm that work had been performed properly as part of efforts to prevent a recurrence.

For details of this matter, please refer to our press release dated May 17, 2019 (Japanese only).