

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.

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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.

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