

CSR Initiatives of the Osaka Gas Group

The Osaka Gas Group CSR Charter was enacted in April 2006 as the guiding principle for the management and the employees of the Osaka Gas Group to observe in their business conduct, and to ensure that the Company fulfills its corporate social responsibility (CSR). As part of efforts to implement the Charter, Osaka Gas has set up a CSR Promotion Council under the president to plan, report and discuss activities of directors and other management related to CSR. The Company has also established the CSR Committee under the directors, CSR Executives, who oversee the CSR activities of the Osaka Gas Group, comprising the leaders of organizational units to coordinate and promote CSR in a cross-organizational manner. In order to fulfill its social responsibilities, in June 2007, the Company joined the United Nations Global Compact—the first Japanese public utility to do so. In April 2010, we were selected as one of the “Leaders” by investors who support the UN Principles for Responsible Investment (PRI).

The Osaka Gas Group CSR Charter

The Osaka Gas Group, with its highest managerial priority placed on maximizing value for its customers, seeks to create value for all its stakeholders including shareholders, society and employees through fair and transparent business practices. We believe that the pursuit of Value Creation Management results in fulfilling the corporate social responsibilities of the Group.

In order for the Osaka Gas Group to fulfill its CSR and to achieve sustainable development, we set the Charter as the guiding principle for the management and the employees of the Group to observe in their business conduct.

The management of the Osaka Gas Group, its subsidiaries and affiliates, and managers of respective divisions, are determined to implement the spirit of the charter in their business initiatives. Should any infringement of the charter occur, the management will act immediately to identify and resolve problems, and to take strict corrective actions.

Compliance

The Osaka Gas Group recognizes the importance of rigorous compliance as the foundation to its execution of CSR. In accordance with this way of thinking, we compiled the Code of Conduct of the Osaka Gas Group in 2000. The purpose of the Code is to provide training and education to all Group employees—directors and regular staff at the Company as well as those at affiliates—to ensure they have a thorough awareness and understanding of the need to observe laws and regulations. As a framework for promoting compliance, we have established a CSR Committee and a compliance subcommittee under it, as well as the Compliance Department as a unit devoted to promoting compliance and a Compliance Desk to oversee the internal reporting system. Based on this framework, the Group is focusing on three priority initiatives: “Gaining Awareness of Legislation and Company Rules and Regulations,” “Creating a Culture of Compliance and Mechanisms to Avoid Violations” and “Strengthening and Expanding Auditing and Monitoring throughout the Group.” The goal of these initiatives is to further entrench and institutionalize compliance throughout the Group.

I.
Creating value for customers

II.
Contributing to harmonizing with the environment
and to realizing a sustainable society

III.
Being a good corporate citizen contributing
to society

IV.
Complying with laws and regulations and respect
for human rights

V.
Management policy of human growth

The Osaka Gas Group Code of Conduct

Primarily

1. Respect for human rights
2. Establishment of a comfortable and secure working environment
3. Compliance with laws, regulations, and other rules
4. Professional and private life
5. Respect for various international rules, including laws and regulations of various countries and regions, and rules on human rights, etc.
6. Consideration for the environment
7. Comply with the antimonopoly law and conduct fair transactions
8. Provision of products and services
9. Assurance of product and service safety
10. Response to customers
11. Contribution to communities
12. Socialization with business associates
13. Promoting understanding and requesting the cooperation of business associates
14. Use of information systems
15. Information disclosure
16. Management of intellectual property
17. Prohibiting dealings and sharing of profits with antisocial forces
18. Proper payment of taxes and accounting treatment

(Revised July 2011)

Environmental Initiatives

The Group is working hard to reduce the environmental impact of its business activities. This work entails efforts to use LNG cryogenics and other means at the Group's gas processing plants to reduce CO₂ emissions, as well as the Green Gas Building Project to save energy in the Company's office buildings. Moreover, seven separately certified environmental management systems of the Company's business segments have been integrated. And in December 2007, Osaka Gas obtained Company-wide ISO 14001 certification. As of March 31, 2011, there were 86 domestic affiliates in the Group following this unified environmental management system.

The Company is also working vigorously to reduce the environmental impact of its customers by providing goods and services that produce less CO₂ emissions. In our gas business, we are promoting the widespread use of environment-friendly natural gas, which is in line with national energy policies, and the adoption of high-efficiency equipment and systems such as cogeneration systems and gas-powered air conditioning systems. We also offer a diverse range of services, including a financing scheme for reducing the cost burden on customers that adopt energy-saving equipment.

In April 2010, the Group publicly announced the "Osaka Gas Group Policy on Biodiversity." Based on this, we have made strides in assessing the impact of our business activities on the ecosystem and managing our resources in a sustainable manner. We have promoted the "greening" of our business sites with the aim of forming a network with the surrounding natural environment, while creating green spaces within our manufacturing facilities in which we cultivate rare plant species. At the same time, we have enlisted the advice of local government entities and research centers to promote a variety of projects, including a project for "greening" our property in the Kansai region based on the theme of plants featured in ancient literary texts.

We have also focused on actively publicizing our environmental performance data. In October 2010, we were rewarded as the most advanced company in disclosing corporate information on climate change among all the Japanese gas and electric utilities, with the highest score given by the Carbon Disclosure Project.

Activities Contributing to the Local and International Community

While operating domestic businesses with strong links with local communities, the Company also forges strong ties with Southeast Asia, Oceania and further afield in the international community, chiefly through the natural gas it procures.

This year is also a monumental year marking the 30th anniversary of the Small Light Campaign, a signature corporate volunteer program we run under the auspices of the Group. When the campaign was launched, its humble intentions were for every employee to develop an interest in their local communities, and to volunteer in resolving community problems. In the founding spirit of this campaign, we are determined to stay involved with activities that contribute to society.

This extends to supporting children, our next generation, in the Energizing Kids project we sponsor and support with our human resource and knowledge base amassed through the Group's business activities. The project educates children about energy, the environment, and good eating habits, and provides them with athletic training at the NOBY TRACK & FIELD CLUB.*

In other areas, Osaka Gas Information System Research Institute Co., Ltd. (OGIS-RI), an Osaka Gas affiliated company, has rallied the entire Group in support of resource conservation, jobs for people with impairments, and bridging the digital divide. OGIS-RI operates Hajimaru-kun, a program for pooling disused PCs from the Group and other donors, deleting the data and performing inspections, and recycling those PCs for the needy.

Elsewhere, the Osaka Gas Group Welfare Foundation seeks to contribute to people's enjoyment of long and active lives. It provides grants for welfare initiatives, and for research and studies that focus on the elderly. It is also engaged in projects to promote the enduring health of senior citizens. Promoting mutual understanding with the gas-producing nations of Southeast Asia and Oceania, we organized the Osaka Gas Foundation of International Cultural Exchange, providing international assistance to those countries. Both were recast as Public Interest Incorporated Foundations upon certification by the Prime Minister of Japan, effective from October 1, 2010.

* "NOBY TRACK & FIELD CLUB" is a sports club headed by Nobuharu Asahara, who is a coach of the Osaka Gas track & field team.

Inclusion in Various Social Responsibility Investment (SRI) Indices

As of March 31, 2011, the Company has been accepted into the following Social Responsibility Investment (SRI) indices:

- Dow Jones Sustainability Asia Pacific Index
- FTSE4Good Index Series
- ECPI Ethical Index Global (E. Capital Partners Indices)
- Ethibel Sustainability Index
- KLD Global Climate 100 INDEX (KLD Research & Analytics)
- Morningstar Socially Responsible Investment Index (MS-SRI)

(Reference) Main Evaluations Related to the Company's CSR Activities

Evaluation Source	Evaluation of the Company
An investment group representing the United Nations' Principles for Responsible Investment (PRI) (April 2010)	Selected as one of the "Leaders" in the report on activities by the United Nations Global Compact (one of 44 companies worldwide)
The Carbon Disclosure Project (October 2010)	Selected as an advanced company in climate change-related information disclosure 1st (Electricity/Gas sector)
The Nikkei Environmental Management Study (December 2010)	1st (Electricity/Gas sector)
Toyo Keizai, Inc.'s CSR Ranking (February 2011)	35th (among 1,132 companies)