

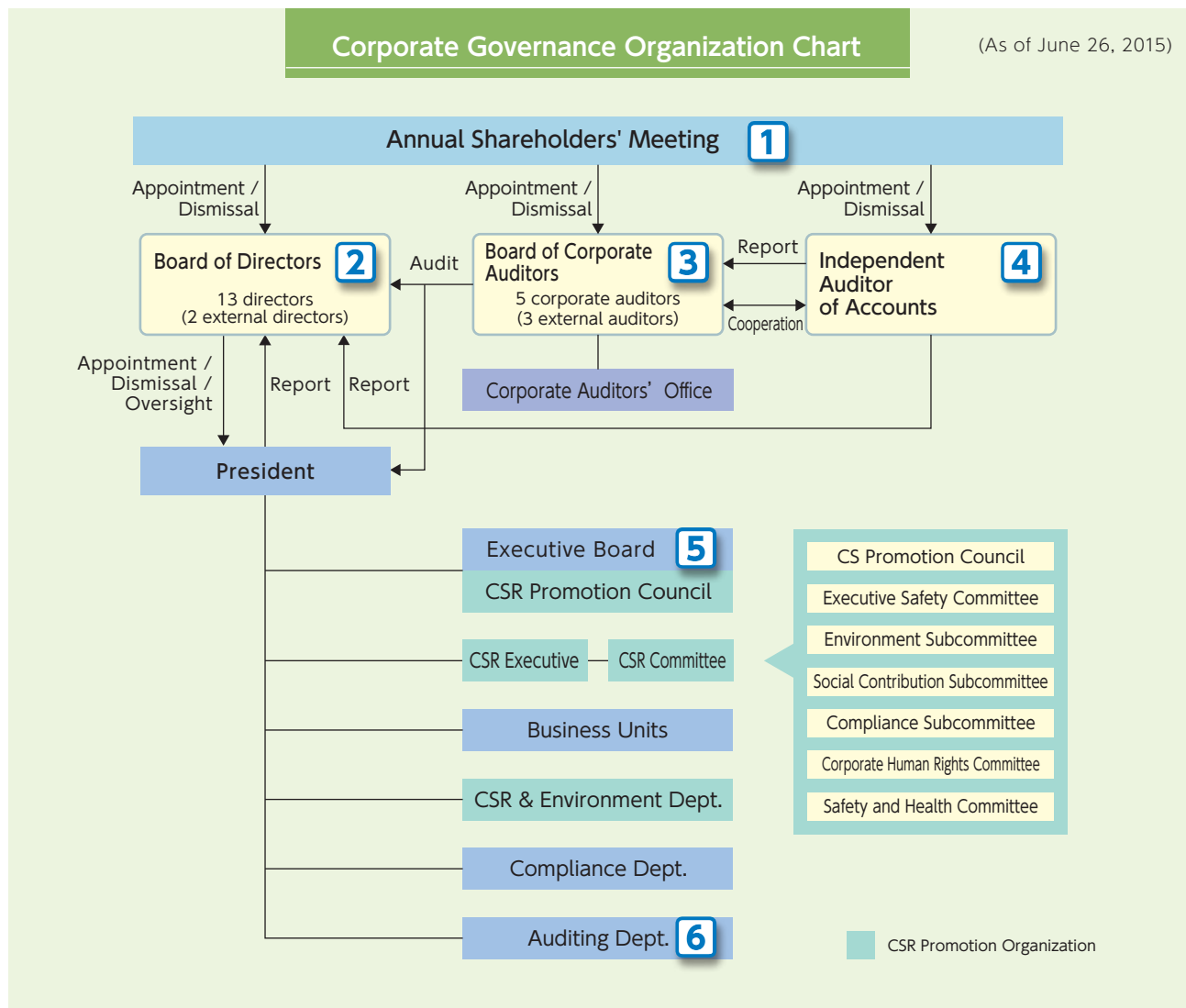
Corporate Governance



Basic Stance toward Corporate Governance

Based on the Osaka Gas Group's corporate principle of placing top priority on creating value for customers that leads to value for society, stakeholders, and employees, we are using the current corporate structure to expand and strengthen corporate governance so that we may further improve the health of management, enable prompt, accurate response to changes in the business environment surrounding the Group, and carry out our business more efficiently and appropriately.

Corporate Governance Organization



Directors

Representative Director and Chairman	Representative Directors	Directors	
Hiroshi Ozaki	Hirofumi Kyutoku	Kenji Ikejima	Kazuhisa Yano
President	Hidetaka Matsuzaka	Masaki Fujita	Eiichi Inamura
Takehiro Honjo	Tetsuo Setoguchi	Yasuo Ryoki	Toshimasa Fujiwara

Outside Director Shunzo Morishita

Mr. Morishita was the president of Nippon Telegraph and Telephone West Corporation and has extensive experience and broad-ranging insights as a business leader, for which he was selected to be an outside corporate auditor.

Biography

1970 Joined Nippon Telegraph and Telephone Public Corporation
2004 Representative Director and President of Nippon Telegraph and Telephone West Corporation
2008 Director and Executive Advisor of Nippon Telegraph and Telephone West Corporation
2009 Director of the Company (current)
2010 Executive Advisor of Nippon Telegraph and Telephone West Corporation
2012 Chairman of the Board of Directors of Hanshin Expressway Company Limited (current)
2014 Senior Advisor at Nippon Telegraph and Telephone West Corporation (current)
2014 Commissioner of the Osaka Prefectural Public Safety Commission (current)
2015 Management Committee Member, NHK Osaka (current)

Outside Director Hideo Miyahara

A past president of Osaka University and a man with many accomplishments in the field of computer science, Mr. Miyahara has a wealth of experience in organizational management, for which he was selected to be an outside corporate director.

Biography

2002 Dean of the Graduate School of Information Science and Technology, Osaka University
2003 President of Osaka University
2007 President of the National Institute of Information and Communications Technology
2012 Representative Director of Knowledge Capital Association (current)
2013 Specially Appointed Professor, Osaka University Graduate School (current)
Director of West Japan Railway Company (current)
Director of the Company (current)

Corporate Auditors

Corporate Auditors	Outside Corporate Auditor
Shiro Takenaka	Atsushi Hayashi
Akihiko Irie	Biography
	Mr. Hayashi served as the President of the Takamatsu High Court. He has extensive experience and specialized knowledge as a legal professional for which he was selected to be an outside corporate auditor.
	2008 President of the Takamatsu High Court 2010 Professor of the Graduate School of Law, Kyoto University 2012 Corporate Auditor of the Company (current) 2015 Visiting Attorney at Umegae Chuo Legal Profession Corporation (current)

Outside Corporate Auditor Yoko Kimura

With extensive knowledge and a wealth of experience, Ms. Kimura has been a professor at Nara Women's University, member of a local public finance council, and chairperson of the board of directors of the Council of Local Authorities for International Relations, qualifications for which she was selected to be an outside corporate auditor.

Biography

1987 Assistant Professor, Faculty of Home Economics, Nara Women's University
1993 Assistant Professor, Faculty of Human Life and Environment, Nara Women's University
2000 Professor, Faculty of Human Life and Environment, Nara Women's University
Member of Local Public Finance Council
2010 Chairperson of the Board of Directors, Council of Local Authorities for International Relations
2014 Advisor of Japan Center for Cities (current)
Corporate Auditor of the Company (current)

Auditor (Outside Director) Eiji Hatta

Mr. Hatta is a man with many accomplishments in economics (industrial organization and econometrics) and a wealth of experience in organizational management as past president of Doshisha University and chancellor of The Doshisha, qualifications for which he was selected to be an outside corporate auditor.

Biography

1985 Professor, Faculty of Economics, Doshisha University (current)
1996 Dean, Faculty of Economics, Doshisha University
1998 President, Doshisha University
2008 Chairman, Japan Student Baseball Association (current)
2009 Vice Chairman, Japan University Auditors Association (current)
2011 Chancellor, The Doshisha
2015 Vice President, Baseball Federation of Japan (current)
2015 Corporate Auditor of the Company (current)

CSR Promotion Organization

Corporate Governance Organization and Activities

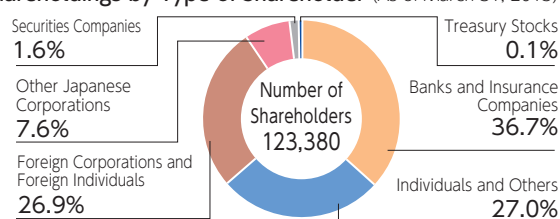
The Osaka Gas Group's system for improving and strengthening corporate governance and its main efforts are explained here.

1 Annual Shareholders' Meeting

Ensuring shareholders' meetings are conducted in an active manner and facilitating the exercise of voting rights

Osaka Gas attends to the early distribution (approximately four weeks in advance) of notices of shareholders' meetings as a part of efforts to secure an appropriate period for the deliberation of proposal items. In addition, the Company has adopted electronic voting to allow shareholders to exercise their voting rights via the Internet.

Shareholdings by Type of Shareholder (As of March 31, 2015)



2 Board of Directors

Fourteen board meetings held this fiscal year

The Board of Directors consists of 13 directors (including two outside directors). Its mission is to make swift and appropriate decisions about important matters that affect the whole Group and to enhance its supervisory capabilities.

The Company has adopted an executive officer system that serves to further strengthen the supervisory functions of the Board of Directors and enhance performance in the execution of its duties. Under this system, executive officers perform duties determined by the Board of Directors, and some representative directors and directors concurrently serve as executive officers. The system allows sound business decisions to be made with efficiency.

3 Board of Corporate Auditors

Selection of the Board of Corporate Auditors

Five corporate auditors, including three outside auditors (one added at the annual meeting of stockholders held on June 26, 2015) monitor the execution of work duties by the directors. To enhance the supervisory capabilities of the Board of Corporate Auditors, the Corporate Auditors' Office with a full-time staff that is outside the directors' control assists the auditors in performing audits.

4 Independent Auditor of Accounts

For its accounting audit, Osaka Gas has concluded a contract agreement with KPMG AZSA LLC. In addition, 22 certified public accountants and 6 other staff assist with accounting audit operations.

5 Executive Board

In compliance with the internal regulations stipulated by such internal organizations as the Board of Directors, Osaka Gas makes decisions upon important matters related to basic policies and management after careful scrutiny by the Executive Board, which is comprised of the president, executive vice president, senior executive officers, general managers and division managers, and after full discussion by the Board of Directors.

6 Auditing Dept.

Strengthening internal control

Osaka Gas has established the Auditing Department (with a staff of 20) that functions as an internal auditing division and, based on a yearly auditing plan, monitors the appropriateness and efficiency of business activities and provides internal organizations with advice and recommendations. For business units, core Group companies, and other sections, the Group is working to enhance and strengthen the auditing and internal control functions. For example, basic rules for affiliated companies and self-auditing regulations commonly shared by Group companies more clearly define the roles and duties of internal auditors. Moreover, auditors evaluate internal controls over financial reporting based on the Japanese Financial Instruments and Exchange Law and report to management.

Corporate auditors, accounting auditors and the Auditing Department meet on a regular basis to discuss annual audit plans and audit reports, and also convene as required to exchange audit information in order to ensure the effectiveness of auditing activities.

Risk Management Structure and Systems

In FY2006, the Osaka Gas Group introduced G-RIMS (Gas Group Risk Management System), which systematizes the self-assessment of risk management practices. Administrators in each organization or Group company conduct a self-assessment annually using a checklist made up of about 180 items. Based on the self-assessment result, administrators implement a PDCA (plan-do-check-act) cycle

for improvement. Following the annual self-assessment, the G-RIMS Secretariat (Auditing Department, Compliance Department, Corporate Strategy Department and Affiliated Business Department) holds discussions with each division and affiliated company to monitor implementation. The results of G-RIMS and issue identification are also reported in a timely manner to management.

1. Director and Corporate Auditor Remuneration

In order to ensure objectivity and transparency in the decision-making process, the amount of remuneration paid to each director is determined by a resolution of the Board of Directors after deliberations by the Management Advisory Committee, the majority of whose members are outside directors. The amount falls within the scope (up to a maximum of ¥63 million per month) approved at the Annual Shareholders' Meeting and reflects the position and responsibilities of each director, as well as the Company's performance. The Management Advisory Committee consists of outside and internal members. The outside members are two outside directors and three outside auditors, while the internal members are the president and individuals appointed by the president as deemed necessary (up to two other

executive directors can be appointed). The head of the committee is elected by the members of the committee. However, the amount of remuneration paid to outside directors is fixed, taking into consideration their independence from business execution functions.

The amount of remuneration paid to each corporate auditor is determined following deliberations by corporate auditors. The amount falls within the scope (up to a maximum of ¥14

million per month) approved at the Annual Shareholders' Meeting and reflects the position of each corporate auditor.

2. The Functions and Roles of Outside Directors and Outside Corporate Auditors

The outside directors take part in the decision-making process as members of the Board of Directors and use their knowledge

and experience to monitor and supervise the execution of duties by directors from a strictly independent standpoint. Likewise, outside corporate auditors audit the execution of duties by directors from a strictly independent standpoint.

3. Criteria for Determining the Independence of Outside Directors and Outside Corporate Auditors

Osaka Gas has appointed two outside directors and three outside corporate auditors. In determining a particular appointment, to ensure an appropriate level of independence, the Company insists on the absence of any conflict of interest with ordinary shareholders.

Classification	Total amount of remuneration (million yen)	Number of payees
Directors (excluding outside directors)	499	13
Corporate auditors (excluding outside corporate auditors)	64	2
Outside directors and outside corporate auditors	43	5

Note: The number of persons and amount data includes three individuals who retired as of the close of the Company's 196th Annual Shareholders' Meeting held on June 27, 2014. Moreover, the total amount of remuneration is made up of a total amount and basic remuneration.