

(Translation)

Corporate Governance Report

Last Update: October 28, 2015

Osaka Gas Co., Ltd.

Takehiro Honjo, President

Contact: Corporate Communication Dept. (Tel. 06-6205-4515)

Securities code: 9532

<http://www.osakagas.co.jp/en/index.html>

The corporate governance of Osaka Gas (the “Company”) is described as follows.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views (Updated)

Based on the corporate philosophy of the Osaka Gas Group (the “Group”) which foremost seeks to create value for its customers and thereby build social value, shareholder value and value for its employees, the Company believes it is important to achieve sustainable growth and increase medium and long-term corporate value by engaging in fair and transparent business activities. To achieve this, the Company looks to respond appropriately to the exercising of shareholder rights, work toward maintaining and increasing a sense of trust by dialogue and cooperation with its stakeholders, and enhance the level of the entire Group’s corporate social responsibility (CSR). Further, the Group looks to respond swiftly to changes in the Group’s business environment and continuously improve and strengthen its corporate governance so that transparent, fair and decisive decisions can be made and efficient and appropriate actions can thereby be implemented.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] (Updated)

[Supplementary Principle 1.2.2] (Web disclosure prior to sending convocation notice)

While the Company thinks it sends out convocation notice early enough so that shareholders have plenty of time to consider the proposed resolutions, it is considering announcement on its website prior to sending out notices starting next year.

[Supplementary Principle 4.11.3] (Analyzing and evaluating the Board of Directors’ effectiveness)

The Company intends to consider specific ways to analyze and evaluate the Board of Directors’ effectiveness to enhance its productivity and to increase medium and long-term corporate value.

[Disclosure Based on the Principles of the Corporate Governance Code] (Updated)

[Principle 1.4] (Cross-shareholdings)

If and only if sales/procurement transactions and cooperation with other companies through business alliances are necessary for promoting the Group’s business and the purchase can be expected to contribute to the Group’s business, the Group may purchase listed stocks pursuant to the rules on the purchase and management of third-party stocks.

After the stock purchase, the Group establishes a management organization, regularly confirms whether contribution to the Group’s business can be expected by looking at the earnings of the company in which the investment was made, and reports to the Board of Directors before the Group sells the shares ownership of which no longer makes much sense while taking into account its impact on the market.

The Company discusses various agenda by employing diverse methods including conversation with the company in which the Group has invested to determine taking into account whether exercising shareholder

rights will contribute to sustainable growth of the target company and to raising its medium and long-term corporate value, or whether it will hurt the Group's corporate value.

[Principle 1.7] (Related Party Transactions)

The Group complies with the stipulations of the Companies Act, and if Directors engage in competitive transactions or conflict of interest transactions, the Board of Directors' rules stipulate that such transactions require approval of and report to the Board of Directors.

A briefing is given when Directors are appointed concerning competitive transactions or conflict of interest transactions. Subsequently, an opportunity is provided to the Directors every year to confirm whether there have been such transactions.

[Principle 3-1] (Full Disclosure)

(1) The Group has formulated and announced its Osaka Gas Group Corporate Philosophy, and is striving to enhance its medium and long-term corporate value through fair and transparent business practices.

In formulating and announcing its business strategy and business plans, the Company discloses its earnings plans, capital policy, and basic policy as well as its goals on asset and capital efficiency (consolidated ROA and ROE), its target dividend payout ratio, and target indices to maintain financial soundness (D/E ratio) to explain its efforts to continuously improve corporate value to its shareholders and investors.

The Osaka Gas Group Corporate Philosophy and business plans are provided at the following website:

<http://www.osakagas.co.jp/en/ir/index.html>

(2) The basic principles on corporate governance are as provided in "1. Basic Views" of this report.

(3) To realize consistent growth and increase medium and long-term corporate value, the Company has designed a remuneration system for Directors to encourage their efforts in boosting corporate value.

A Director's remuneration is monthly payment consisting of a fixed amount and a performance-based amount and the level of remuneration is determined in reference to other companies' levels and is commensurate to each Director's role and responsibilities.

Outside Directors are paid a fixed amount since they are independent of operations.

To maintain objectivity and achieve transparency in the decision-making process, the remuneration amounts for Directors are deliberated at an advisory committee made up of a majority of outside Officers before decision is made by a resolution of the Board of Directors, such amounts to be within the maximum amount approved at the Annual Meeting of Shareholders (63 million yen per month) (the voluntary advisory committee is comprised of inside and outside members, with outside committee members being the two outside Directors and the three outside Audit & Supervisory Board Members. The inside committee members are the Company president and if necessary, persons appointed by the President (the President may appoint up to two members who are Representative Directors).)

(4) To attain sustainable growth and improve medium and long-term corporate value, candidates for Directors and Audit & Supervisory Board Members are basically selected from a diverse group of people taking their knowledge, experiences, abilities, and personalities etc. into account.

Based on this, when selecting, the Company takes into consideration expertise in managing the Group's energy business and other businesses for internal Director candidates and the individual's independent-mindedness for making objective judgments, and whether they have wide-ranging knowledge, wealth of experience, and expertise in their specialized fields for external Director candidates.

In selecting candidates for Directors and Audit & Supervisory Board Members, the Company makes a decision based on the deliberation of a voluntary advisory committee in which external Officers comprise a majority from the standpoint of securing objectivity and transparency of the decision-making process (the composition of the voluntary advisory committee is the same as the remuneration advisory committee.)

(5) Explanations regarding Director and Audit & Supervisory Board Member candidates are provided in the reference documents of the shareholders meeting convocation notice.

[Supplementary Principle 4.1.1] (Overview of the scope of management delegation)

The Directors make up the Board of Directors and make important business decisions as well as monitor and supervise business operations.

The Board of Directors establishes its meeting rules, agenda standards for items to be discussed at the

meetings, make resolutions and approve important business matters relating to the Group. Important business matters include making decisions on the Group's business plans, establishing important organizations, making important personnel decisions, making decisions on important investments exceeding a certain amount, concluding contracts the like. As for other matters, Executive Directors and organizational heads are delegated authority for operations in accordance with the Company's internal rules stipulating job responsibilities and job authorities. To supervise operations, the Executive Directors reports the status of operations at least once every three months to the Board of Directors.

[Principle 4.9] (Independence Standards and Qualification for Independent Directors)

Standards for judging the independence of the Company's external Directors are as provided in "II. 1. [Independent Officers] Other Matters regarding Independent Officers" of this report.

[Supplementary Principle 4.11.1] (Point of view regarding overall balance of the Board of Directors, diversity and size)

The Company's Board of Directors makes important management decisions and supervises operations. In accordance with the Articles of Incorporation, the maximum number of Directors is 15 and the Board is comprised of internal Directors and multiple external Directors.

For the Board of Directors, internal Directors are selected in such a way to maintain a balance in terms of professional knowledge and experience from each Group business segment and corporate department and external Directors are selected from persons that can make objective judgments regarding the business agenda from a diversified and independent viewpoint.

[Supplementary Principle 4.11.2] (Status of Directors and Audit & Supervisory Board Members holding concurrent positions)

There may be a case where the Company's Directors and Audit & Supervisory Board Members at times serve concurrently as an Officer for another listed company, however, the number thereof is within a reasonable range, and important concurrent positions held are disclosed annually in the business report as well as in the reference documents which are attached to the shareholders meeting convocation notice. Concurrent positions held by Directors are reported regularly to the Board of Directors to make sure that there are no problems with the Director fulfilling his/her duties to the Company.

[Supplementary Principle 4.14.2] (Training policy for Directors and Audit & Supervisory Board Members)

When appointed, the Company provides internal Officers an opportunity to acquire knowledge regarding their roles, legal duties to be complied with, and responsibilities expected for a Director or Audit & Supervisory Board Member. Subsequently, the Company regularly provides opportunities internally or externally for Officers to continue to acquire knowledge necessary for comprehension of legal revisions and other latest world trends.

As for external Officers, the Company explains the Group's businesses and offers an opportunity to the Officers upon appointment to deepen their understanding so that they can put to practice their expertise and experience in each of their fields for supervising and auditing the Company's business. Later, the Company also offers opportunities as necessary in which the business environment and business trends are explained accurately in a timely manner so that outside Officers can gain an understanding.

[Principle 5.1] (Policy for Constructive Dialogue with Shareholders)

The Company looks to build long-term relationships with its shareholders and investors based on trust by making timely and fair information disclosures regarding the Group's business and finances and by engaging in constructive dialogue with them.

Dialogue with the Company's shareholders and investors is led by the Business Planning Headquarters Division General Manager, operated mainly by the IR team, and relevant divisions work together organically to communicate effectively.

Specifically, the Company conducts quarterly briefings for the media, analysts, and institutional investors. In addition, the Company holds meetings in response to the needs of analysts and institutional investors.

For individual investors, the Company offers briefings as necessary and provides an explanation on the businesses and management plans on the Company website (*1). The Company also conducts inspection tours of its facilities, mainly for individual investors.

Moreover, the Company prepares and releases publications such as annual reports, fact books, and CSR reports.

The Company provides opportunities for management to communicate with shareholders and investors, and as necessary provides feedback from shareholders and investors to management.

The Company has established a disclosure policy (*2) concerning insider information (material information not yet made public) pursuant to its information disclosure rules and insider trading rules and has rules against transmitting insider information. The two-week period leading up to a results announcement is designated as a “quiet period” and no information is given out regarding the upcoming results announcement during this period.

(*1) URL: <http://www.osakagas.co.jp/company/ir/investor/index.html>

(*2) URL: <http://www.osakagas.co.jp/en/ir/disclosure-policy/index.html>

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders] (Updated)

Name / Company Name	Number of Shares Owned	Percentage (%)
Nippon Life Insurance Company	96,212,921	4.62
The Master Trust Bank of Japan, Ltd. (trust account)	86,237,000	4.14
Japan Trustee Services Bank, Ltd. (trust account)	85,524,000	4.11
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	69,929,401	3.36
Resona Bank, Limited	52,777,081	2.53
STATE STREET BANK WEST CLIENT-TREATY 505234	30,929,909	1.48
Aioi Nissay Dowa Insurance Co., Ltd.	29,865,919	1.43
Meiji Yasuda Life Insurance Company	29,191,305	1.40
THE BANK OF NEW YORK MELLON SA/NV 10	27,945,453	1.34
Toyu-kai (Employees' Stockholding)	26,393,905	1.27

Controlling Shareholder (except for Parent Company)	———
Parent Company	None

Supplementary Explanation (Updated)

Above information on Status of Major Shareholders is based on the list as of September 30, 2015.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section, Nagoya Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Electric Power & Gas
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairman of the Company (except when also serving as President)
Number of Directors	13
Appointment of Outside Directors	Yes
Number of Outside Directors	2
Of the Outside Directors, Number Appointed as Independent Officers	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Shunzo Morishita	From another company								○				
Hideo Miyahara	Academic								○				

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an officer
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shunzo Morishita ¹	○	The Company is in a business relationship with Mr. Morishita for gas supply services, with Nippon Telegraph and Telephone West Corporation (where he was previously employed as the President and Representative Director) for gas supply services and telecommunication services, and with Doshisha University where Mr. Morishita is a special visiting professor at the Graduate School of Business, for gas supply services. The Company also has a relationship with Kansai Institute of Information Systems as a supporting member company where Mr. Morishita serves as the Representative Director. In light of their nature and the size of transaction, however, it is not considered that such relationships would affect the judgment of shareholders/investors and a summary of the transactions is accordingly omitted.	When selecting outside Directors, the Company takes into consideration the experience/knowledge of the relevant person and the relationship between the Company and the company at which he/she used to work as factors when comprehensively evaluating the individual's ability to both fulfill required duties and maintain independence as an outside director. Mr. Morishita has considerable experience and wide-ranging business insight as a former President and Representative Director of Nippon Telegraph and Telephone West Corporation, so the Company considers him qualified and has appointed him as an outside director. Also, because Mr. Morishita's former company, etc. is not a major client of the Group or a major shareholder of the Company, there is no concern that there will be a conflict of interest with general shareholders and the Company judges that he can maintain his independence.

Hideo Miyahara	○	<p>The Company is in a business relationship with Mr. Miyahara for gas supply services, and with the National Institute of Information and Communications Technology where he was previously in employment as the Representative Director, and with the Global Environment Center Foundation and to Consortium Kansai for Advanced Medical Engineering and Informatics where Mr. Miyahara serves as Representative Director for gas supply services. The Company also provides gas supply services and has joint research contracts with Osaka University where Mr. Miyahara previously served as the university president and currently works as a specially appointed professor at the Graduate School of Information Science and Technology. Moreover, the Company is a member of the salon operated at Grand Front Osaka by Knowledge Capital where Mr. Miyahara is the Representative Director. In light of their nature and the size of transaction, however, it is not considered that such relationships would affect the judgment of shareholders/investors and a summary of the transactions is accordingly omitted.</p>	<p>When selecting outside Directors, the Company takes into consideration the experience/knowledge of the relevant person and the relationship between the Company and the company at which he/she used to work as factors when comprehensively evaluating the individual's ability to both fulfill required duties and maintain independence as an outside director. Mr. Miyahara has notable achievements in information technology and considerable experience in organizational management as a former president of Osaka University, so the Company considers him qualified as an outside director and has appointed him to serve. Also, because Mr. Miyahara's former company, etc. is not a major client of the Group or a major shareholder of the Company, there is no concern that there will be a conflict of interest with general shareholders and the Company judges that he can maintain his independence.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Advisory Committee on Nominating Directors	Advisory Committee on Remuneration
All Committee Members	6	7
Full-time Members	0	0
Inside Directors	1	2
Outside Directors	2	2
Outside Experts	0	0
Other	3	3
Chairperson	Inside Director	Inside Director

Supplementary Explanation

The Company has voluntarily established advisory committees to discuss matters concerning the appointment of Directors/Audit & Supervisory Board Members as well as Director remuneration. The committees are comprised of inside and outside members, with outside committee members being the two outside Directors and the three outside Audit & Supervisory Board Members. The inside committee members are the Company president or if necessary persons designated by the President (the President may designate up to two members who are Representative Directors). The committee chairperson is appointed by the committee members.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The effectiveness and quality of auditing are raised by sharing information as necessary by holding regular meetings concerning annual audit plans and audit reports.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Atsushi Hayashi	Attorney										○		○	
Yoko Kimura	Other										○			
Eiji Hatta	Academic										○			

* Categories for "Relationship with the Company"

* "○" when the person presently falls or has recently fallen under the category;

"△" when the person fell under the category in the past

* "●" when a close relative of the person presently falls or has recently fallen under the category;

"▲" when a close relative of the person fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an officer

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Atsushi Hayashi	○	The Company is in a business relationship with Mr. Hayashi and with the Osaka Family Court and the Kobe District Court (where he previously served as a justice) for gas supply services. The Company also provides gas supply services and has joint research contracts with Kyoto University, for which Mr. Hayashi served as a Professor at the Graduate School of Law until the end of March 2015. In addition, the Company makes donations and provides research grants to	When selecting outside Audit & Supervisory Board Members, the Company takes into consideration the experience/knowledge of the relevant person and the relationship between the Company and the companies, etc. at which he/she used to work as factors when comprehensively evaluating the individual's ability to both fulfill the required duties and maintain independence as an outside Audit & Supervisory Board Member. Mr. Hayashi has

		<p>Kyoto University. In light of their nature and the size of transaction, however, the Company does not consider that such relationships would affect the judgment of shareholders/investors, so a summary of the transactions is omitted.</p>	<p>considerable experience and professional knowledge as a legal practitioner who served as Chief Justice of the Takamatsu High Court, etc., so the Company considers him qualified as an outside Audit & Supervisory Board Member and has appointed him to serve. Also, because Mr. Hayashi and his former employer, etc. is not a major client of the Group or a major shareholder of the Company, there is no concern that there will be a conflict of interest with general shareholders and the Company judges that he can maintain his independence.</p>
Yoko Kimura	○	<p>The Company is in a business relationship with Nara Prefectural University (where Ms. Kimura serves as a Trustee) for gas supply services. In light of their nature and size of transaction, however, the Company does not consider that such relationships would affect the judgment of shareholders/investors, so a summary of the transactions is omitted.</p>	<p>When selecting outside Audit & Supervisory Board Members, the Company takes into consideration the experience/knowledge of the relevant person and the relationship between the Company and the companies, etc. at which he/she used to work as factors when comprehensively evaluating the individual's ability to both fulfill the required duties and maintain independence as an outside Audit & Supervisory Board Member. Ms. Kimura has considerable experience and professional knowledge, having served as a Professor at Nara Women's University, a council member of the Local Public Finance Council and the Executive Director of CLAIR (Council of Local Authorities for International Relations), so the Company considers her qualified as an outside Audit & Supervisory Board Member and she has been appointed to serve. Also, because Ms. Kimura and her former employer, etc. is not a major client of the Group or a major shareholder of the Company, there is no concern that there will be a conflict of interest with general shareholders and the Company judges that she can maintain her</p>

			independence.
Eiji Hatta	○	The Company is in a business relationship with Doshisha University (where Mr. Hatta served as President and currently serves as Professor at the School of Economics), the Consortium of Universities in Kyoto where he previously served as President, and the Kyoto International Cultural Association where he serves as a member of the Board of Directors, for gas supply services. In light of their nature and size of transaction, however, the Company does not consider that such relationships would affect the judgment of shareholders/investors, so a summary of the transactions is omitted.	When selecting outside Audit & Supervisory Board Members, the Company takes into consideration the experience/knowledge accumulated by the relevant person and the relationship between the Company and the companies, etc. at which he/she used to work as factors when comprehensively evaluating the individual's ability to both fulfill the required duties and maintain independence as an outside Audit & Supervisory Board Member. Mr. Hatta has an outstanding career as a Professor at Doshisha University (industrial organization theory and quantitative economics) and has considerable experience in organizational management as President of Doshisha University, so the Company considers him qualified as an outside Audit & Supervisory Board Member and has appointed him. Also, because Mr. Hatta and his former employer, etc. is not a major client of the Group or a major shareholder of the Company, there is no concern that there will be a conflict of interest with general shareholders and the Company judges that he can maintain his independence.

[Independent Officers]

Number of Independent Officers	5
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Other Matters regarding Independent Officers (Updated)

All outside officers of the Company are appointed as independent officers.

The Company has established standards for determining the independence of its independent officers as follows.

1. The individual may not be an Executive Director, Director, Executive Officer, or employee ("business operator") of the Company or its affiliates ("Company Group") and may not have been a business operator of the Company Group for ten (10) years prior to being appointed.
2. The individual may not be a major vendor of the Company (*1) or an executive thereof, and may not have been a business operator of the same for three (3) years prior.

<p>3. The Director/Audit & Supervisory Board Member may not be a major client of the Company (*2) or an executive thereof, and may not have been a business operator of the same for three (3) years prior.</p> <p>4. The individual may not be a major shareholder (an individual or entity which owns 10% or more of the total voting rights of the Company, hereafter the same) or an executive thereof.</p> <p>5. The individual may not be an executive of an entity for which the Company is a major shareholder.</p> <p>6. The individual may not be receiving substantial donations (*3) from the Company or be an executive for an entity receiving such donations.</p> <p>7. In addition to remuneration as an Officer, the individual may not receive substantial remuneration (*4) from the Company as a consultant, an accounting specialist such as a Certified Public Accountant, etc. or as a legal specialist such as an attorney, etc. (if the entity receiving the fees concerned is a corporation or a limited liability company, etc., any individual belonging to such an organization). The individual also may not be the Accounting Auditor of the Company Group.</p> <p>8. If a business operator of the Company is an outside Officer of another company, the individual may not be an executive at the company concerned, the parent company or subsidiary of the company concerned.</p> <p>9. The individual may not be a close relative (spouse or a relation in the second degree) of persons listed below:</p> <p>(1) Persons who are currently or have been a Director, Audit & Supervisory Board Member, Executive Officer or a key employee with an equivalent position ("Important Executive") for the Company Group within the past three years.</p> <p>(2) Of the persons in 2-6 above, those who are Important Executives.</p> <p>(3) Of the persons listed in 7 above, those who have professional licenses such as CPAs, attorneys, etc.</p> <p>10. In addition to 1-9 above, individuals must not have issues that could cause constant and real conflicts of interest against the Company's general shareholders.</p> <p>*1. Payment amount to vendor accounts for 2% of consolidated sales or more</p> <p>*2. Received amount from client accounts for 2% of the Company Group's consolidated sales or more, or the loan balance outstanding is 2% of the Company Group's consolidated gross assets or more</p> <p>*3. More than 10 million yen on average over the past three years</p> <p>*4. The larger of more than 10 million yen on average over the past three years or an amount equivalent to 2% of total sales (total revenues) of the organization to which payment is made (three-year average)</p> <p>Even if a person does not satisfy one of the criteria listed above in 1-10, if the individual otherwise qualifies as an independent Officer he/she may still become a Director/Audit & Supervisory Board Member by providing an explanation or disclosing the reasons why he/she does not fulfill a criterion.</p>

[Incentives]

Incentive Policies for Directors	Performance-linked remuneration system established
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Supplementary Explanation

To maintain objectivity and achieve transparency in the decision-making process, the remuneration amounts for Directors are deliberated at an advisory committee made up of a majority of outside Officers before decision is made by a resolution of the Board of Directors, such amounts to be within the maximum amount approved at the Annual Shareholders Meeting (63 million yen per month) based on each Director's position and responsibilities while reflecting the Company's earnings results (the voluntary advisory committee is comprised of inside and outside members, with outside committee members being the two outside Directors and the three outside Audit & Supervisory Board Members. The inside committee members are the Company President and if necessary, persons appointed by the President (the President may appoint up to two members who are Representative Directors). The committee chairperson is chosen by the committee members.) Outside Directors are paid a fixed amount since they are independent of operations.

Recipients of Stock Options	
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

Remuneration paid to Directors in FY2014 reached 521 million yen (however, this includes remuneration for the two Directors who resigned as of the end of the 196th regularly scheduled Shareholders Meeting held on June 27, 2014).
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Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods (Updated)

<p>To realize consistent growth and increase medium and long-term corporate value, the Company has designed a remuneration system for Directors to encourage their efforts in boosting corporate value.</p> <p>A Director's remuneration is monthly payment consisting of a fixed amount and a performance-based amount and the level of remuneration is determined in reference to other companies' levels and is commensurate to each Director's role and responsibilities. Outside Directors are paid a fixed amount since they are independent of operations.</p> <p>To maintain objectivity and achieve transparency in the decision-making process, the remuneration amounts for Directors are deliberated at an advisory committee made up of a majority of outside Officers before decision is made by a resolution of the Board of Directors within the maximum amount approved at the Annual Meeting of Shareholders (63 million yen per month) (the voluntary advisory committee is comprised of inside and outside members, with outside committee members being the two outside Directors and the three outside Audit & Supervisory Board Members. The inside committee members are the Company president and if necessary, persons appointed by the President (the President may appoint up to two members who are Representative Directors).)</p> <p>The system of paying retirement benefits has been abolished.</p>
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[Support System for Outside Directors and/or Audit & Supervisory Board Members]

Outside Directors are assisted by the Secretariat Department and outside Audit & Supervisory Board Members by the Audit & Supervisory Board Members' Office. To deepen their overall knowledge of the Company, opportunities are provided so that information can be provided in a timely and appropriate manner to outside Directors and Audit & Supervisory Board Members.
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2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **(Updated)**

<p>(1) Corporate Governance System of the Company</p> <p>The Company has selected to be a company with Audit & Supervisory Board and adopted an executive officer system. The Corporate governance system of the Company is as follows.</p> <p>a. Board of Directors, Directors of the Company</p> <p>The Board of Directors consists of 13 directors (including two outside directors). Its mission is to make swift</p>

and appropriate decisions about important matters that affect the whole Group including subsidiaries and to enhance supervisory capabilities. The Articles of Incorporation stipulate that there shall be no more than 15 Directors. They also direct that appointment of Directors is to take place with a quorum of shareholders possessing at least one-third of shareholder voting rights and by a majority of voting rights held by shareholders present, and that no cumulative voting may be used for appointing Directors.

b. Executive Officers

The Company has adopted an executive officer system, which enables the Directors of the Company to focus on making business decision and monitoring and supervisory functions, and worked toward strengthening the business efficiency and the supervisory functions by vitalizing the Board of Directors. Executive officers perform duties determined by the Board of Directors, and some Representative Directors and Directors concurrently serve as executive officers to make management decision-making more accurate and efficient.

c. Management Meeting

The Company examines basic management policies and important management issues at the management meeting and fully deliberates the foregoing before decision-making. In accordance with internal regulations, the management meeting consists of the President, Executive Vice President, Senior Executive Officer, Head of Corporate Headquarters, and Head of Business Division.

d. Audit & Supervisory Board, Audit & Supervisory Board Members

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members, of whom three are outside auditors (an additional slot was created for outside Audit & Supervisory Board Members at the regularly scheduled Shareholders Meeting held on June 26, 2015) and each Audit & Supervisory Board Member monitors the execution of work duties by the Directors.

e. Advisory Committee

To maintain objectivity and achieve transparency, the matters relating to the nomination of Directors/Audit & Supervisory Board Members and the remuneration amounts for Directors are deliberated at a voluntary advisory committee made up of a majority of outside Officers before decision is made. (The committee is comprised of inside and outside members, with outside committee members being the two outside Directors and the three outside Audit & Supervisory Board Members. The inside committee members are the President and if necessary, persons appointed by the President (the President may appoint up to two members who are Representative Directors). The committee chairperson is appointed by the committee members.)

f. CSR Committee

From the viewpoint of integrating the promotion of overall CSR activities, the Company has established the CSR Committee, which is led by the “CSR Executive” (Executive Vice President) and composed of the General Managers of relevant divisions. The committee coordinates and advances group-wide CSR activities.

g. Investment Evaluation Committee

The Company has established the Investment Evaluation Committee, which is led by the Head of the Corporate Planning Headquarters and composed of the General Managers of relevant divisions. The committee examines risk and return and makes an evaluation on investments exceeding a certain amount, and it reports findings to the management meeting and assists appropriate investment decisions.

(2) Matters relating to outside Directors (roles and functions of outside directors)

Based on their own experience and insights in their respective fields, each outside Director plays a role in decision-making as a member of the Board of Directors and monitors and supervises the execution of work duties of the executive Directors from an independent viewpoint.

(3) Initiatives for bolstering the functions of the Audit & Supervisory Board Members

The Company selects three outside Audit & Supervisory Board Members, who monitor the execution of work duties of the Directors from an independent viewpoint and strive to raise the effectiveness and quality of auditing by sharing information as necessary by holding regular meetings concerning annual audit plans and audit reports. The Audit & Supervisory Board Member’s Office with a dedicated full-time staff which is not under the direct control of the executive Directors has been established to support the Audit & Supervisory Board Members’ auditing work and thus improve the auditing system.

(4) Policies on Deciding Remuneration for Officers

To maintain objectivity and achieve transparency in the decision process, the remuneration amounts for each Directors are deliberated at an advisory committee made up of a majority of outside Officers before decision is made by a resolution of the Board of Directors, such amounts to be within the maximum amount approved at the Annual Shareholders Meeting (63 million yen per month) based on each Director's position and responsibilities (the voluntary advisory committee is comprised of inside and outside members, with outside committee members being the two outside Directors and the three outside Audit & Supervisory Board Members. The inside committee members are the Company President and if necessary, persons appointed by the President (the President may appoint up to two members who are Representative Directors). The committee chairperson is chosen by the committee members.) However, the amounts of remuneration for outside Directors are fixed because their positions are independent from executing the Company's business. Also, remunerations for Audit & Supervisory Board Members are determined based on discussions taking into account each Audit & Supervisory Board Member's position and within the amount approved at the Annual Shareholders Meeting of up to 14 million yen per month.

The system of paying retirement benefits to Company Directors and Audit & Supervisory Board Members has been abolished.

(5) Policies on deciding candidates for Directors and Audit & Supervisory Board Members

To attain sustainable growth and improve medium and long-term corporate value, candidates for Directors and Audit & Supervisory Board Members are basically selected from a diverse group of people taking their knowledge, experiences, abilities, and personalities etc. into account.

Based on this, when selecting, the Company takes into consideration expertise in managing the Group's energy business and other businesses for internal Director candidates and the individual's independent-mindedness for making objective judgments, and whether they have wide-ranging knowledge, wealth of experience, and expertise in their specialized fields for external Director candidates.

In selecting candidates for Directors and Audit & Supervisory Board Members, the Company makes a decision based on the deliberation of a voluntary advisory committee in which external Officers comprise a majority from the standpoint of securing objectivity and transparency of the decision-making process (the composition of the voluntary advisory committee is the same as the remuneration advisory committee.)

3. Reasons for Adoption of Current Corporate Governance System(Updated)

The Company considers its current governance system best suited in order to respond swiftly to changes in the Group's business environment, make transparent, fair and decisive decisions, and implement efficient and appropriate actions. The reasons are as follows:

- The Company has adopted an executive officer system, which enables the Directors of the Company to focus on making business decision and monitoring and supervisory functions, and worked toward strengthening the business efficiency and the supervisory functions by vitalizing the Board of Directors.
- The Company has appointed several outside directors, who monitor and supervise the execution of work duties of the executive Directors from an independent viewpoint, and outside Audit & Supervisory Board Members, who monitor the execution of work duties of the Directors from an independent viewpoint.
- To maintain objectivity and achieve transparency, the matters relating to the nomination of Directors/Audit & Supervisory Board Members and the remuneration amounts for Directors are deliberated at a voluntary advisory committee made up of a majority of outside Officers before decision is made.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	To allow shareholders time to carefully consider proposed resolutions, the Company sends out its shareholder meeting notifications early (about four weeks in advance of the meeting).
Allowing Electronic Exercise of Voting Rights	The Company has adopted an electronic voting system in which voting rights can be exercised electronically over the Internet, etc.
Participation in Electronic Voting Platform	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The Company prepares English translations of its convocation notices (entire text), lists the translations on its website and submits them to the Tokyo Stock Exchange for public viewing.
Other	Convocation notices, resolution notices and extraordinary reports related to the exercise of voting rights (both in Japanese and English) are listed on the Company's website.

2. IR Activities

	Supplementary Explanations	Briefing given by President
Preparation and Publication of Disclosure Policy	The Company's Disclosure Policy has been prepared and can be accessed on the Company's website (http://www.osakagas.co.jp/en/ir/disclosure-policy/index.html).	
Regular Investor Briefings for Individual Investors	Briefings for individual investors are held as a part of the events sponsored by securities companies, such as equities investment seminars.	No
Regular Investor Briefings for Analysts and Institutional Investors	Briefings for analysts and institutional investors are held twice per year when announcing financial results for the second and fourth quarters, respectively.	Yes
Posting of IR Materials on Website	Earnings results, financial information, business reports, securities reports, annual reports, fact books, and other corporate data are accessible via the Internet (http://www.osakagas.co.jp/en/ir/index.html).	
Establishment of Department and/or Manager in Charge of IR	<ul style="list-style-type: none"> ● Responsibility for IR: Planning Department, Corporate Planning HQ ● IR director: Hidetaka Matsuzaka (Representative Director, Executive Vice-President, President of Corporate Planning Headquarters) ● IR liaison officer: Megumu Tsuda (IR General Manager, Corporate Planning HQ) 	
Other	Regular briefing sessions are not held for overseas investors, but Representative Directors occasionally visit overseas investors to explain corporate strategies, etc.	

3. Measures to Ensure Due Respect for Stakeholders

Supplementary Explanation

Stipulation of Internal Rules for Respecting the Position of Stakeholders

In order to contribute to the sustainable growth of our society with its domestic and overseas supply chain, the Osaka Gas Group has formulated its management philosophy, the “Osaka Gas Group CSR Charter” and “Osaka Gas Group Code of Conduct” to improve the level of CSR of the entire group through communication with stakeholders.

(1) Osaka Gas Group’s Management Philosophy

The Group gives top priority to create value for customers by placing the Company’s motto “Service comes first” as its core belief and by striving to become a useful in enhancing the lives and businesses of its customers. The Osaka Gas Group pursues its management philosophy of “Creating Four Values” in which it endeavors to create value for its customers and thereby build social value, shareholder value and value for its employees. (Please refer to the Company’s home page for details:<http://www.osakagas.co.jp/en/ir/manage/brand/index.html>).

(2) Osaka Gas Group CSR Charter

The Osaka Gas Group’s business policy is to seek foremost to create value for its customers and thereby build social value, shareholder value and value for its employees. The Group believes that creating these Four Values by engaging in fair and transparent business activities results in fulfilling its CSR (corporate social responsibilities).

In order to fulfill its stakeholders’ expectations, to fulfill its corporate social responsibility, and for Osaka Gas Group to seek sustainable growth, the Group has established the “Osaka Gas Group CSR Charter” as the action guideline for its Officers and employees.

Top management and each section’s managers set an example and endeavor to implement the Charter. If any violation of laws and regulations or other problems occur, top management and section managers shall directly resolve such problems and take strict corrective actions.

The Charter consists of the following chapters.

I. Creating Value for Customers

The Osaka Gas Group is to contribute to realization of higher levels of comfort and development of business activities for its customers through reliable and safe supply of natural gas and other energy services, securement of safety, and improvement of services. By providing socially useful products, we also challenge to create new value and seek to become a corporate group keep growing together with our customers.

II. Harmonizing with the Environment and Contributing to a Sustainable Society

Environmental preservation both at the regional and global levels is of paramount importance for the Osaka Gas Group which is primarily engaged in energy services. The Osaka Gas Group is aware that its activities are deeply involved in the environment and seeks contribute to the sustainable growth of our society by harmonizing its business activities with the environment and realizing efficient utilization of energy resources.

III. Communicating with Society and Contributing to Society

The Osaka Gas Group proactively discloses information so that its business activities are correctly understood by society, and promotes communication as well as improved managerial transparency. In addition, the Group will strive to contribute to the communities it serves as a good corporate citizen.

IV. Promoting Compliance and Respect for Human Rights

The Osaka Gas Group looks to be a trustworthy, upstanding industry group by having every Officer and employee carry out compliance without fail. The Group’s perspective is that compliance goes beyond legal compliance, however, and includes decent conduct expected of all citizens. Accordingly, the Group intends to respect human rights and work to maintain equitable relationships with our customers, business partners, and other persons.

V. Corporate Management with the Goal of Human Growth

The Osaka Gas Group strives to become an enterprise that can realize the personal growth of its employees through work by ensuring employment opportunities and by respecting employees' individuality and initiatives. In order to create new value for customers, shareholders and society, the Group intends to support its employees as they take on the challenge to carry out their work with a sense of purpose.

(Please refer to the Group's home page at http://www.osakagas.co.jp/csr_e/beginning/csr_charter.html#1).

(3) Osaka Gas Group Code of Conduct

The Osaka Gas Group believes that implementing thorough compliance is the most important element of fulfilling its CSR and has thus formulated the Osaka Gas Group Code of Conduct as a standard for all Group companies on the conduct that the Group's officers and employees must exhibit. The Code of Conduct is to be used as a basic template when Group companies create rules. As necessary, the main Code of Conduct is incorporated into the in-house rules and manuals so that the spirit of the Code becomes integrated with daily operations. The Code has also been revised to reflect the principles of global guidelines such as the UN Global Compact and ISO 26000.

(Please refer the Company website: http://www.osakagas.co.jp/csr_e/beginning/principles.html#0)

Reference: The Essence of the Osaka Gas Group Code of Conduct

1. The Group will create a workplace where human rights are respected and employees can work in comfort and with peace of mind.
2. The Group will comply with the laws and regulations and exhibit decency while engaging in business activities.
3. In conducting global business activities, the Group will comply with all local laws and regulations, and will respect international norms including those concerning human rights.
4. The Group will consider the global environment in all of its actions.
5. The Group will engage in fair business transactions and fair competition.
6. The Group will provide safe and high-quality products/services at reasonable prices, with the aim of enhancing customer satisfaction.
7. The Group will act modestly and sensibly in its relationships with vendors and business partners with which it engages in business.
8. The Group will appropriately handle and disclose information with proper recognition of its value and importance.
9. The Group will refuse any relationship with anti-social forces.
10. The Group will make appropriate tax payments and properly handle its financial accounts.

The ethos of the above-mentioned Management Philosophy, CSR Charter, Code of Conduct is incorporated into the policies and rules of every aspect of the Group's business procedures and strictly enforced.

Implementation of Environmental Preservation Activities, CSR Activities, etc.

The Group aims to become a corporate group supporting further improvement in lives and businesses and reflect awareness of social impact throughout Osaka Gas Group's value chain into its corporate activities. The Group has established the CSR Promotion Council, consisting of Officers, which deliberates CSR plans and CSR activity reports under the supervision of the President of Osaka Gas and the CSR Committee, consisting of the heads of business units, coordinates and advances Group-wide CSR activities under the supervision of the CSR Officer governing Osaka Gas Group's CSR activities to perform appropriate and active activities and also has created an opportunity for dialogue with internal and external stakeholders from time to time depending on the topic to enable flexible and appropriate responses to the demands of society.

(CSR Organization: http://www.osakagas.co.jp/csr_e/beginning/system.html)

The Osaka Gas Group is promoting its CSR activities based on the CSR Charter, establishing policies, structures, and indicators. Comprehensive information on those efforts is disclosed on our website.

(Osaka Gas Group's CSR site: http://www.osakagas.co.jp/csr_e/index.html)

Major activities in FY2014 were as follows.

<CSR overall>

- Disclosure of CSR information referencing international guidelines; CSR efforts throughout the value chain

<CSR Charter I>

- Efforts to diversify procurement of LNG sources, stable supply and increasing security of energy/measures to prevent disasters, promoting safety/improving customer satisfaction based on analysis of customer feedback.

<CSR Charter II>

- Promoting of gas cogeneration systems, etc., realization of a low-carbon society, and contribution to increase of energy security/services of LNG tankers with better fuel economy and introduction of advanced technologies.

<CSR Charter III>

- Collaborative activities with entrepreneurs and NPOs aiming to solve social issues/contribution to local communities by presenting classes for the wellbeing of children, and promoting events to appreciate local culture/providing support to educators, the next generation and to parents through nutrition and disaster preparedness education.

<CSR Charter IV>

- Compliance promotion efforts by holding Case-method Training Programs/promotion of global compliance associated with overseas business development/promotion of training to increase human rights awareness

<CSR Charter V>

- Formulating a “Diversity Policy” and creating a structure to promote diversity/improving Smart Work Initiatives/conducting Group-wide human resource development efforts

Details on stakeholders engagement efforts through volunteer activities, educational activities on nutrition and activities supporting youth via sports, progress on efforts to improve business efficiency, efforts to improve customer satisfaction, environmental efforts, safety and disaster prevention, and information on technical development are disclosed on the Group’s various websites. (Osaka Gas Group’s involvement: http://www.osakagas.co.jp/csr_e/index.html)

Formulation of Policies on Providing Information to Stakeholders

The Osaka Gas Group Code of Conduct includes a provision concerning information disclosure, stating that the Group must work toward disclosing information in an appropriate and timely manner and that the Group must promote communication with society at large. “Rules for Information Disclosure” was formulated based on this article in the Code of Conduct and specify the organizations responsible for information disclosure, and requires improved transparency as well as active disclosure of information that must be disclosed.

Information that must be announced in a timely manner is accordingly disclosed via press release, while quarterly and annual reports are disclosed as booklets or on the Group’s website.

The Osaka Gas Group’s CSR reports – created by referring to the Sustainability Reporting Guidelines (issued by the Global Reporting Initiative) and the Environmental Reporting Guidelines (Ministry of the Environment) – are disclosed on the website as well. The brochure version is accessible via an external distribution service so they can easily be obtained.

Other

<Policy and efforts supporting female employees to play active roles>

Since implementing its childcare leave and eldercare leave system in 1992, Osaka Gas has been making efforts to create a better working environment which promotes a work-life balance for its employees even before the Act on Advancement of Measures to Support Raising Next-Generation Children was implemented. The levels at the Company exceed the legal requirements, and in recognition of its efforts the Company was recognized by the Minister of Labour as a “Family Friendly Company.” The Company has submitted an action plan four times since 2007 in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and the Minister of Health, Labour and Welfare has certified Osaka Gas as a company with

“Kurumin Mark”. With few female employees resigning due to childbirth or childrearing because of the Company’s merit-based system and its initiatives to expand the work field for female employees, the average length of service for male and female employees in FY2014 are almost the same at 19.7 years and 21.4 years, respectively.

In 2010, Osaka Gas, with its six affiliated companies, endorsed and expressed their support for the objectives of the Women’s Empowerment Principles (WEPs) and established the Diversity Promotion Team in the Human Resources Department in 2013. In March 2014, the Group has announced the Osaka Gas Group Diversity Promotion Policy with its goal to aid female employees to achieve successful careers, the Team has been working to diversify the workforce, raising awareness and promoting its “Smart Work” initiatives to create a work environment in which a diverse workforce can achieve success. The Company’s involvement in diversity issues have been recognized, as Osaka Gas was selected in 2014 as a “Nadeshiko stock” (two consecutive years) and as one of the “one hundred diversity promotion companies” (in which the Minister of Economy, Trade and Industry recognizes companies that promoted diversity while increasing corporate value).

The Company is aiming to maintain the ratio of career-path employees at above 30% for female employees, make female employees account for 5% of the managerial staff by 2020, and to appoint female Officers at an early date. While 15% of female employees were career-track employees in FY2004, this figure reached 31.5% in FY2015, and whereas women accounted for only 0.3% of management in FY2004, the figure reached 2.3% (including two division general managers) in FY2015. One female Officer has been appointed as an outside Audit & Supervisory Board Member.

(See the Company’s website for details: http://www.osakagas.co.jp/csr_e/beginning/diversity_policy.html)

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company establishes systems to ensure that its Directors perform their duties in compliance with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the proper functioning of the Group’s operations at meetings of the Board of Directors. A summary of such systems is as follows:

(1) Systems to ensure that performance of duties complies with laws and regulations and the Articles of Incorporation

a. Directors and employees of the Group shall fully acquire information and investigate its accuracy as the basis for performing their duties, and through an accurate understanding of the facts make reasonable decisions in accordance with internal regulations on job responsibilities and authorities.

b. Executive Directors shall retain independent outside Directors and outside Audit & Supervisory Board Members so that the Board of Directors can make appropriate decisions and improve its oversight function. In addition, the Company shall adopt the executive officer system to improve the Board of Directors’ oversight function and to make business execution more efficient and.

c. Executive Directors shall hold management meetings to assist the President and the Board of Directors in the decision making process by discussing basic business policies and important matters concerning management.

d. Based on the “Osaka Gas Group CSR Charter,” Executive Directors shall establish the “Osaka Gas Group Code of Conduct”, by familiarizing and strictly enforcing such code with the Group’s Directors and employees, executive Directors shall not only ensure that duties are performed in compliance with laws and regulations and the Articles of Incorporation at the Group, but also promote fair and appropriate business activities (including contributing to environmental preservation, promoting social contribution and refusing any relationship with anti-social forces).

e. Executive directors shall make efforts to ascertain the compliance status within the Group and promote compliance practices by establishing an internal consulting and reporting system as a whistle-blower system as well as a CSR committee.

f. If any problems are discovered regarding compliance within the Group, Directors and employees of the Group shall consult with or report to an executive Director or other superior, or report the matter via the

consulting and reporting system depending on the level of seriousness or urgency. Executive Directors or heads of compliance or other superiors shall investigate the details of such matters and take necessary remedial measures.

(2) System for maintaining and managing information related to the performance of duties

a. Based on internal regulations concerning job responsibilities and authorities, Executive Directors and employees of the Group shall prepare minutes of the Board of Directors meetings, approval documents or other documents specifying factors that led to their decisions and the process by which decisions were reached.

b. Executive Directors and employees of the Group shall properly store and manage the minutes of the Board of Directors meetings, approval documents and other information related to the execution of job duties in accordance with their nature.

(3) Regulations and other systems to management of the risk of losses

a. Executive Directors shall take all possible steps to ensure the safety and stable supplies in the gas businesses by establishing safety regulations on matters concerning the construction, maintenance and operation of production and supply facilities, and by promoting improvements in the production and supply systems.

b. Executive Directors of the Group and basic organizational heads of the Company (managers of the basic organizations of the Company) shall take measures to prevent the occurrence of risks and minimize losses in the case of their occurrence, and manage the risk of losses for each category of risk (risks due to external factors, internal factors, transactions with outside parties or other factors).

c. The risk of losses shall be managed at the level of each basic organization and each affiliated company.

d. Responses to urgent emergencies which would have a material effect on the Group's management shall be in accordance with regulations on disaster recovery and business continuity plans.

(4) Systems to ensure the efficient performance of duties

a. The Group's Executive Directors and the Company's basic organizational heads shall determine matters concerning the division of job duties and decision-making within the Company and Group in accordance with regulations on job responsibilities and authorities. They shall also establish regulations regarding details of organizational system and general matters to be observed during the performance of duties, and by familiarizing employees with such regulations and strictly enforcing them, the Group and Company shall ensure the smooth organizational management and improve operational quality and efficiency.

b. To maximize corporate value, the Group's executive Directors and the Company's basic organizational heads shall establish medium-term business plans and annual plans for the Company/Group. The above Directors and heads shall also monitor progress by following performance indicators and focus on achieving the targets established.

(5) Other systems to ensure proper business

In addition to the foregoing, executive Directors shall take the following measures and make efforts to ensure proper operations.

a. Companies that play a central role in each business domain of the Group (core companies) or basic organizations that supervise affiliated companies (management support organizations) shall be designated and be responsible for the day-to-day management of affiliated companies.

b. Compliance with laws and regulations as well as the Articles of Incorporation, efficiency and other matters of the overall Group shall be audited internally by the head of the Company's Auditing Department. If necessary in light of the audit results, remedial measures shall be taken promptly.

c. Maintenance, operations and evaluations of the internal control procedures shall take place to ensure the credibility of the financial reporting.

(6) Matters concerning employees who assist Audit & Supervisory Board Members in the performance of their duties

a. Executive Directors, if requested by Audit & Supervisory Board Members, shall appoint employees to assist the Audit & Supervisory Board Members in the performance of their duties and establish an Audit & Supervisory Board Members' Office staffed by these Audit & Supervisory Board Members' assistants.

b. Assistants to the Audit & Supervisory Board Members shall engage solely in assisting Audit & Supervisory Board Members in the performance of their duties.

(7) Matters concerning the independence of Audit & Supervisory Board Members' assistants from Directors
a. Executive Directors may not direct or give orders to Audit & Supervisory Board Members' assistants except where such directions or orders apply equally to all employees.

b. If Executive Directors evaluates or transfers the Audit & Supervisory Board Members' assistants, it shall seek the opinions of Audit & Supervisory Board Members in advance and respect the Audit & Supervisory Board Members' opinions.

(8) Systems for reporting to the Audit & Supervisory Board Members

a. If a matter that is significantly detrimental to the Company is discovered, directors shall report immediately to the Audit & Supervisory Board Members.

b. Directors and employees and Audit & Supervisory Board Members of affiliates companies shall without delay report matters that have a material impact on the management of the Group, the results of internal audits, main reports received under the consulting and reporting system and other material matters.

c. When requested by Audit & Supervisory Board Members to report on matters concerning the performance of job duties, the Group's Directors and the Company's employees shall do so without delay.

d. The Group's executive Directors and supervisors shall not unfavorably treat persons who reported to the Audit & Supervisory Board Members in accordance with the preceding paragraphs because of the reports they made.

(9) Other systems to ensure effective auditing by the Audit & Supervisory Board Members

a. Audit & Supervisory Board Members may exchange opinions periodically with Representative Directors and the Accounting auditor.

b. Audit & Supervisory Board Members may attend management meetings and all company committee meetings and investigate as appropriate material information concerning the performance of duties, such as approval documents.

c. Executive Directors shall pay as a company all fees and obligations necessary for Audit & Supervisory Board Members to carry out their job duties.

(10) Confirmation of operational status, etc.

a. Executive Directors shall periodically confirm and evaluate the operational status of the internal control system and report the results to the Board of Directors.

b. Executive Directors shall consider the evaluation results of the internal control system and other issues and take necessary measures as appropriate.

2. Basic Views on Eliminating Anti-Social Forces

The Company sets forth a principle in its Osaka Gas Group Code of Conducts that any business transaction with or supply of profits to anti-social forces, for any reason, is unjustifiable and absolutely forbidden and shall cause officers and employees to comply with such principle by making them thoroughly aware each year on a regular basis. The following is a list of those measures structures implemented.

- The General Affairs Dept. is responsible as the supervisory department, and a person in charge of preventing undue claims is appointed in every relevant organization.
- Preparing for emergencies, the Company cooperates with outside agencies specializing in anti-social forces (including police departments) and engages in information exchange.
- Information regarding anti-social forces are collected and appropriately shared within the Company.
- The Company is appropriately implementing awareness-raising efforts including preparing manuals and conducting in-house training.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
—	

2. Other Matters Concerning Corporate Governance System

Following is an outline of the Company's structure for timely information disclosure.

(1) Basic policy on disclosure of corporate information

The Group's management philosophy calls for the Company to work toward achieving fairness and transparency in its business activities and to improve its system for disclosing corporate information.

(2) Increasing awareness and enforcing rules on handling and disclosing information

The Company has established information handling and disclosure standards which the Group's Directors and employees must follow. Also, internal rules are in place for handling important business information related to insider trading regulations. The Company moreover has internal rules regarding information management and disclosure, and is working to make timely disclosure of information concerning the Company's business, operations, and performance which may have a material effect on equities investment decisions.

(3) Comprehending and managing corporate information

Each head of the organizational unit (the chief executive if an affiliate company) appropriately comprehends and manages corporate information. The status of information management is inspected regularly by each organizational head (chief executive if an affiliate company).

(4) Disclosure of corporate information

The head of each organizational unit (the head of the affiliate's business support organization or the core affiliated company's president if an affiliated company) that manages corporate information shall make decisions on disclosing information by considering the safety and interests of customers, vendors, employees, interests of shareholders, and social demands for disclosure and after consulting with the General Manager of the Corporate Communications Department. Regarding important information of the corporate information, disclosure decisions shall be made by the Director, Headquarters General Manager or Business Division General Manager responsible for the organizations (in case of affiliates, the Director, Headquarters General Manager or Business Division General Manager in charge or the President presidents of the core affiliate). For especially important information including resolutions of the Board of Directors, the President/Representative Director of the Company shall make the decisions on disclosure.

(5) Voluntary audits examining the status of corporate information disclosure

The heads of organizational units who manage corporate information (for affiliates, the head of the business support organization or the core affiliate company's President to which the business support organization belongs) conducts periodic evaluations and inspections on the status of information disclosure. The General Manager of the Public Affairs Department, who is responsible for planning and promoting corporate information disclosure requests the heads concerned to report the results of the voluntary audits and requests that improvements be made based on the results.

(6) Decision-making system for timely information disclosure

Decisions on timely disclosure of corporate information are made by the head of the relevant organizational unit (for affiliates, the head of the business support organization or the core affiliate company's President to which the business support organization belongs) in consultation with the General Manager of the Public Affairs Department as needed. For corporate information required to be disclosed, the General Manager of the Public Affairs Department issues a press release and simultaneously gives directions to the General Manager

of the General Affairs Department to immediately notify the stock exchanges in Tokyo and Nagoya where the Company's shares are listed.

(Updated)

Corporate Governance System

