

# Corporate Governance

## Corporate Governance Measures and Policies

In its decision-making, Osaka Gas follows a clearly defined set of company regulations. Important decisions are only made after being carefully scrutinized by the Executive Board, which is comprised of executive directors and executive officers with a wide range of expertise, and after full discussion by the Board of Directors. The Board of Directors comprises twelve directors, including one outside director. The Board of Directors makes accurate and speedy business decisions and works to improve oversight of operations of the entire Group. Osaka Gas has also introduced an operating officer system in which each executive officer is engaged in business execution determined by the Board of Directors.

The Articles of Incorporation stipulate that the Board of Directors of Osaka Gas shall be comprised of twenty-seven or fewer 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.

Osaka Gas uses a corporate auditor system. Four corporate auditors, of whom two are outside auditors, each monitor the appropriateness of business execution related to the

Osaka Gas Group. In addition, the Corporate Auditors' Office composed of three staff members not under the direct control of the directors has been established to support the auditors and thus to improve the audit system.

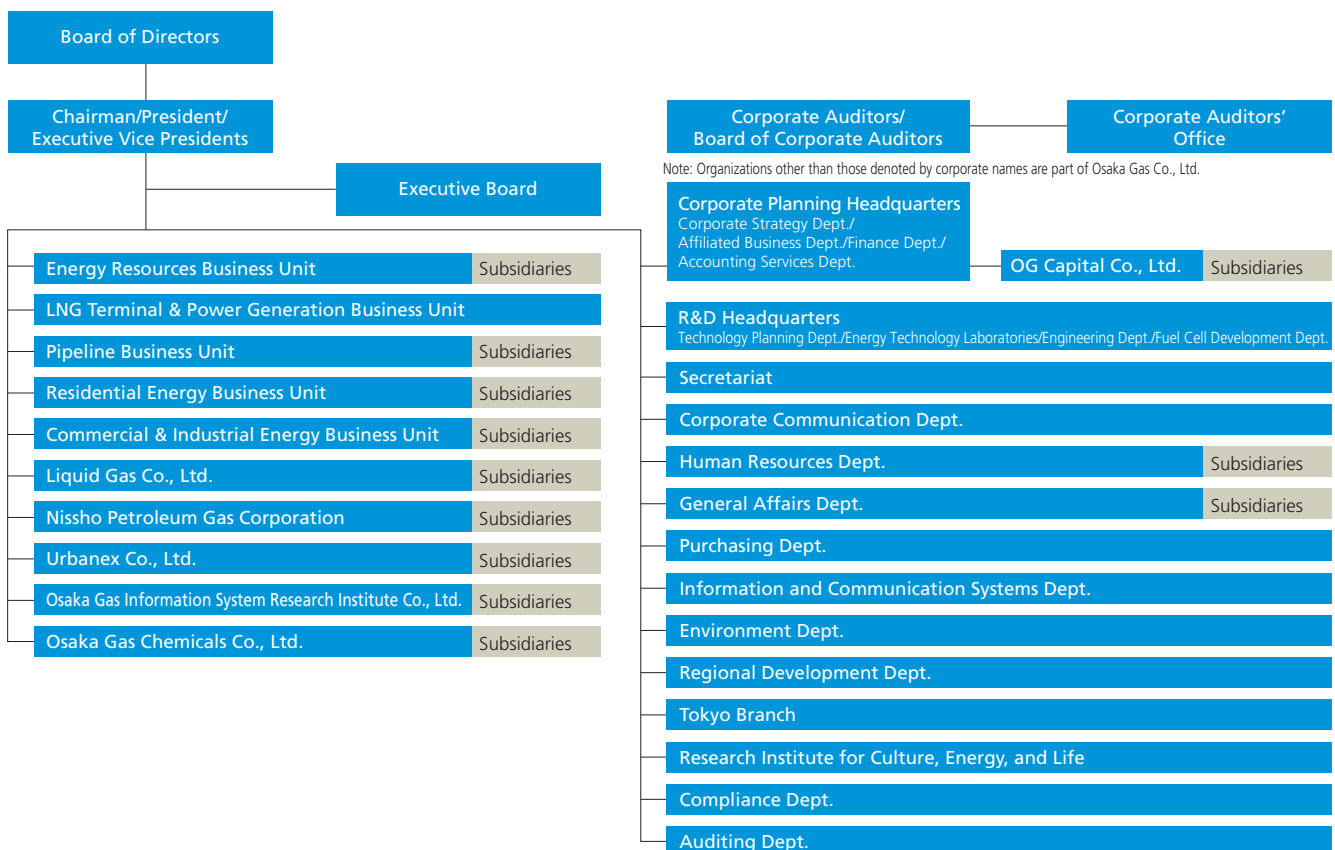
The outside director and two outside auditors appointed at the general meeting of shareholders do not have any special personal, capital, or business relationship with Osaka Gas, nor do they have any other interest in the Company, thus preserving their impartiality.

## Internal Control Systems

Osaka Gas has established the Auditing Department which functions as an internal auditing division and, based on a yearly auditing plan, monitors the appropriateness and efficiency of business activities, and provides each section of our organization with advice and recommendations.

Osaka Gas assigns auditors to the business units within the company, thereby improving and reinforcing its auditing and internal control functions. The auditors' job responsibilities are clearly defined in company regulations, which have enabled us to transfer authority to the departments themselves.

## Organization As of June 27, 2008



Note: Organizations other than those denoted by corporate names are part of Osaka Gas Co., Ltd.