

Corporate Governance Guidelines

June 25, 2024

Nippon Gas Co., Ltd.

Chapter 1 General Provisions

Article 1 Purpose

The purpose of the Corporate Governance Guidelines (the “Guidelines”) is to specify the framework for and management policies regarding corporate governance of Nippon Gas Co., Ltd. (the “Company”) and the Nippon Gas Group (the “Group”) for the purpose of maintaining sustainable growth and realizing the improvement of corporate value over the medium- to long-term in accordance with the management philosophy of the Group.

Article 2 Management philosophy

The Group’s management philosophy is as described below.

(1) Contributing to Local Communities

Support lives that are more comfortable for our customers by guaranteeing safe, reliable and appropriately priced energy with a small environmental footprint through supply methods optimized for local communities, and contribute to environmental protection and disaster preparedness efforts in those communities. Furthermore, as a member of local communities, we take an active role in improving their value, and we believe that by fulfilling our tax obligations, we are also contributing to society.

(2) Aiming for Sustainable Corporate Growth

We believe that contributing to local communities and growing our customer base reinforce our business foundation, and we are working hard to improve long-term corporate value by ensuring reasonable profits and making efficient investments. Furthermore, we are striving to improve shareholder value through continual and stable dividends, accompanied by a strong internal control system.

(3) Holding Human Resources in High Regard

We believe that human resources, including our own employees, are crucial assets supporting our corporation. Operating in a manner that enables us to maximize the potential of our employees, so that we can offer services that are tailor-made for our customers, is essential to sustainable corporate growth. The happiness of our employees, business partners, and their families is the essential underpinning therein, and we aim to further improve it through our business efforts.

Article 3 Fundamental concept regarding corporate governance

The Group believes that seeking to improve sustainable corporate value based on the management philosophy described in the preceding article will build relationships of trust with and meet the expectations of shareholders, and investors, customers, business partners, employees, local communities and others (“Stakeholders”). Based on its management philosophy, the Company seeks to interactively communicate with the Stakeholders and to build a corporate governance system that is effective as the basis for ensuring transparency of its management. The Company believes that constructive dialogue with shareholders and investors is particularly important for enhancing corporate value over the medium- to long-term. Therefore, the Company strives to understand the perspectives of shareholders and investors and respond appropriately.

Chapter 2 Securing Rights and Equal Treatment of Shareholders

Article 4 General meeting of shareholders

The Company regards the general meeting of shareholders as the highest decision-making body and shall ensure an adequate period for shareholders to exercise their rights and establish an environment in which shareholders can appropriately exercise their voting rights. Moreover, considering that meeting of shareholders is an opportunity for constructive dialogue with shareholders, the Company shall hold general meetings of shareholders at a location with good access, by avoiding as much as possible the days when general meetings of shareholders of other listed companies are concentrated. In the event that the Board of Directors determines that it is not appropriate, in light of the interests of shareholders, to hold a general meeting of shareholders at a designated venue due to the spread of an infectious disease or the occurrence of a natural disaster, the Board of Directors may hold a general meeting of shareholders without a designated venue. The Company shall disclose reference documents and other materials on its web pages. For shareholders who are unable to attend a general meeting of shareholders, it shall adopt the method of sending voting instructions forms to such shareholders and the method of using the Internet.

2. If a shareholder indicates in advance his/her intention to exercise voting rights of shares held under the name of a trust and banking company, etc., the Company shall discuss the treatment of the matter with the trust and banking company, etc. Diverse exercise of voting rights based on instructions from substantial shareholders is made available by the Company.
3. Taking into consideration the ratio of institutional investors and overseas investors in its shareholders, the Company shall introduce a platform for electronic exercise of voting rights and disclose the English version of notice of convocation of general meeting of shareholders (reference materials) on its web pages.
4. In the event that a substantial number of negative votes has been cast at a general meeting of shareholders against a proposal by the Company, it shall analyze the reasons for the opposing votes from the substantial number of shareholders at a meeting of the Board of Directors held after the close of the general meeting of shareholders and take measures for response, including referring to policies of voting advisory companies, etc.

Article 5 Securing equal treatment of shareholders

The Company shall hold financial results briefings no less than four times a year and business strategy meetings no less than twice a year, in principle, and with regards to business strategy meetings, post the video of the briefings on its web pages for viewing by all shareholders equally. Moreover, regarding rights of minority shareholders prescribed by the Companies Act, the Company shall give due consideration in facilitating exercise of minority shareholder rights by stipulating the method of exercising their rights in its Share Handling Regulations.

2. In order to substantially secure equal treatment of all shareholders and contribute to appropriate exercise of their rights, the Company shall implement necessary information disclosure as appropriate by providing documents whose disclosure is legally required and by posting information, including English translation, on its web pages and integrated reports.

Article 6 Capital policies

Regarding capital policies, which are targeted at raising the optimum amount of capital that will maximize the performance of shareholders' equity, the Company shall raise capital based on the stage of its business. The Company shall also increase the performance of shareholders' equity by allocating cash generated from its business to investments to enhance its corporate value in the medium- to long-term and by returning it to shareholders to strengthen shareholder returns without holding unnecessary shareholders' equity.

The Company shall provide explanations of its capital policies through individual investor relations interviews, financial results briefings held twice a year in principle, business strategy meetings, integrated reports and other means.

Article 7 Cross shareholding

The Company has a policy of not holding its cross shareholdings, in principle, and cross-holds shares for strategic holding purposes only if doing so is deemed to be consistent with the Group's medium- to long-term strategies.

Article 8 Protection of shareholders' rights

When the Company implements capital policies that involve changes in control or significant dilution, it shall fully consider the interests of existing shareholders, and the Board of Directors shall discuss and decide upon the necessity of such policies from the perspective of shareholders. The Company shall provide sufficient explanations to shareholders to demonstrate that these capital policies contribute to the enhancement of the Company's corporate value.

Chapter 3 Relationships with Stakeholders

Article 9 Code of conduct

The Company established the Code of Conduct for the Nippon Gas Group Officers and Employees for stakeholders to realize the Company's management philosophy. To foster a corporate culture and climate in which the rights of stakeholders are respected, each of the Officers and employees shall recognize the importance of conducting sound business activities in compliance with laws, regulations and social norms. The Company believes that this business attitude will build sound trade relations with stakeholders as well as contribute to the development of society and lead to the earning of a high degree of trust and recognition from society through the Group's business activities.

Article 10 Related party transactions

In planning a transaction with Officers, major shareholders or other related parties, the Company shall observe the Company Act, other relevant laws and regulations, the Regulations of the Board of Directors and other internal rules, and obtain the approval of the Board of Directors, as necessary. The approval of the Board of Directors shall be subject to confirmation of the appropriateness and economic rationality of the contemplated transaction, including whether the content thereof is based on general trading conditions.

2. When a transaction approved by the Board of Directors is executed, the content thereof shall be reported at a meeting of the Board of Directors in accordance with relevant laws and regulations, and internal rules. The Company established a monitoring system for preventing the exacerbation of concerns that the interests of the Company and common interests of shareholders would be impaired.

Article 11 Performance of functions as asset owner of corporate pensions

The Company is not considered an asset owner of corporate pensions because the Company has not introduced a corporate pension system.

Article 12 Relationships with Stakeholders

The Group considers that amicable relationships with shareholders are important for sustained growth of a corporation and this concept is stipulated in the Group's management philosophy.

2. The Group believes that the active roles of diverse human resources can be a significant engine for a corporation's growth.
3. The Group shall establish the Group Help Line (internal contact: Audit Office, external contact: a law firm, corporate auditor's contact: a Full-time Corporate Auditors), an internal whistle-blowing system, by establishing the Group Helpline Regulations. Further, the Company shall establish a system for early detection, prevention of recurrence, and minimization of risks, and conduct compliance-focused management, giving utmost consideration to the privacy of whistleblowers, including officers and employees of the Group, and explicitly stipulating in its internal rules that the content of whistleblower reports shall be kept confidential and that dismissal or any other disadvantageous treatment of whistleblowers shall be prohibited.

Chapter 4 Information Disclosure

Article 13 Information disclosure

Considering that disclosure of important financial and non-financial information is necessary for obtaining the appropriate understanding of Stakeholders, the Company shall implement appropriate information disclosure pursuant to the Companies Act, the Financial Instruments and Exchange Act, other relevant laws and regulations and the rules prescribed by the Tokyo Stock Exchange, positively disclose in information provision, other than disclosure required under laws and regulations, and ensure that information provided by the Company is clear and highly useful for all the stakeholders.

Chapter 5 Corporate Governance System

Article 14 Institutional design

The Company regards the enhancement of transparent management, the realization of Stakeholder satisfaction through the fulfillment of its management philosophy and the permanent improvement of corporate value as important management tasks.

2. The Company has elected to operate as a company with a board of corporate auditors. It shall establish an optimized governance system that is highly transparent to Stakeholders by ensuring that the Board of Directors, which includes no less than two Outside Directors, makes final decisions regarding important issues through effective use of Corporate Auditors' functions based on close collaboration with the Board of Corporate Auditors, which includes no less than two Outside Corporate Auditors, and enhancing the function to supervise management.
3. In addition to the Board of Directors, the Company shall also establish Management Meeting to which the authority for the execution of business realizing the content of its resolutions is to be delegated. Further, as a complementary mechanism to the Board of Directors, the Company shall establish the NR&E Committee as a voluntary advisory committee. Based on these systems, the Company shall realize the sustained corporate value improvement through the evolution of its offensive and defensive management and by quickly and

flexibly responding to changes in the business environment, with the Group working together as one.

Article 15 Roles and responsibilities of the Board of Directors

The Board of Directors comprises Internal and Outside Directors, and it shall be an appropriate size that enables prompt decision making and supervision.

2. Matters to be referred for discussion in meetings of the Board of Directors shall be stipulated in the Regulations of the Board of Directors. Moreover, the Company advances the transfer of authority to Management Meeting and departments responsible in accordance with the Regulations of Management Meeting and the Regulations of Administrative Authority in order to expedite decision making in the execution of business. The Board of Directors oversees the effectiveness of overall business operations in order to promote efficient business execution.
3. The Board of Directors shall communicate major directions in corporate strategies and management plans, etc. based on the management philosophy and provide an environment that supports the management team to assume appropriate levels of risk.
4. The Board of Directors shall formulate a management plan according to changes in the business environment and shall confirm the degree of attainment of the said plan. If there is a shortfall, its causes and corrective measures shall be disclosed in reports, etc. and reflected in the management plan for the next and following year.
5. In terms of internal control, the Company has established the Internal Control System Committee and its subordinate organs, which include the Group Compliance Committee, the Group Risk Management Committee, the Information Disclosure Committee, and the Internal Control Working Group, putting in place a structure for the execution of business in an efficient manner. The Internal Control Working Group oversees internal control over financial reporting and appoints its members to assess the development and operation of Group-wide control and of each business process. Internal control reports based on the Financial Instruments and Exchange Act are referred to the Board of Directors, which uses them to confirm the effectiveness of internal control. The Board of Directors evaluates the operation of the internal control system and reviews the system.
6. The Board of Directors shall formulate the Company's final policy on sustainability initiatives as discussed by the NR&E Committee and supervise the execution of operations in accordance with such policy.
7. To implement the matters described in the preceding paragraphs, the Board of Directors shall have a structure with an optimal scale that consists of members who have extensive capabilities in a balanced way.

Article 16 Operation of the Board of Directors

A meeting of the Board of Directors shall be conducted by a chair in such a manner that promotes and ensures free, vigorous and constructive discussion about issues and questions presented by the Outside Directors or Outside Corporate Auditors.

2. The secretariat of the Board of Directors shall deliver meeting materials to the Board members in advance, and provide other information as necessary, upon request from Outside Directors or Outside Corporate Auditors.
3. Schedules for meetings of the Board of Directors shall be determined in an annual plan.

Article 17 Roles of Corporate Auditors and the Board of Corporate Auditors

Based on the recognition of their fiduciary responsibility to shareholders and with the aim for continuous improvement of corporate value of the Company, Corporate Auditors shall audit, as an independent organ, the Directors' performance of their duties.

2. To ensure fair decision making, Corporate Auditors shall participate in meetings of the Board of Directors, examine contents of agenda and provide advice for facilitating discussions. Moreover, Corporate Auditors shall provide information to and exchange opinions with Outside Directors at meetings of the Board of Directors and through other opportunities for the purpose of contributing to Outside Directors' efforts to collect information.
3. Corporate Auditors shall implement the following measures for improving audit functions:
 - (1) Exchange of information, etc. in collaboration with the Audit Office and the accounting auditor and by holding Three-Way Auditing; and
 - (2) Full-time Corporate Auditors shall conduct audits of lawfulness of the Company's business operations by means of participation and declaration of opinions in the Management Meeting, Internal Control System Committee and other important meetings, on-site audits of the Company's business offices,

exchange of opinions with Representative Directors, interviews with Executive Officers and division managers and inspection of important management documents and through the use of various other methods, according to audit policies and plans determined by the Board of Corporate Auditors.

4. The Board of Corporate Auditors shall consist of all Corporate Auditors including the Outside Corporate Auditors and it shall prepare audit reports. In addition, the Board shall determine in accordance with laws and regulations and the Articles of Incorporation, etc. various matters, including audit policies and methods of investigating the status of the Company's business operations and financial affairs and other matters concerning the Corporate Auditors' performance of their duties.
5. The Company shall appoint one or more Corporate Auditors who have appropriate knowledge and insight regarding financial affairs and accounting.
6. The Board of Corporate Auditors shall seek to collaborate with the Audit Office and managers of each department in conducting audits and with accounting auditors' firms to hold regular discussions.

Article 18 Responsibilities and obligations of Directors and Corporate Auditors

Recognizing their fiduciary responsibility to shareholders, Directors and Corporate Auditors shall hold dialogues with Stakeholders through various opportunities and conduct themselves based on the perspective that improvements in corporate value will contribute to the interests of shareholders.

Article 19 Roles and responsibilities and obligations of Independent Outside Directors

Based on their professional knowledge, Independent Outside Directors of the Company shall participate in discussions about agenda submitted to the Board of Directors, including those regarding management policies, investment, human resources (appointment and dismissal of top-level executives) and approval of conflict-of-interest transactions, express opinions and engage in voting, thereby conducting supervision over important decision making, etc. of the Board of Directors. Moreover, Independent Outside Directors shall monitor any conflict of interests between the Company and the management team or controlling shareholders, etc. and express their opinions regarding agenda, etc. involving minority shareholders, etc., from their standpoint independent from the management team.

Article 20 Accounting auditor

The Board of Corporate Auditors shall formulate criteria for the selection of accounting auditors in the Regulations of the Board of Corporate Auditors and confirm the independence of the accounting auditor by taking into consideration the opinions of Outside Corporate Auditors.

2. The Board of Corporate Auditors shall endeavor to secure audit schedules and systems and ensure the implementation of appropriate audits by the accounting auditor.
3. The accounting auditor, the Board of Corporate Auditors and Audit Office shall hold Three-Way Auditing regularly (quarterly, in principle). Moreover, at the request of the accounting auditor, interviews shall be held, as appropriate.
4. In the event that the accounting auditor finds fraud, etc., it shall report to the Board of Corporate Auditors. The Company shall establish a system under which opinions of lawyers shall be sought depending on the importance of these issues and such events shall be disclosed promptly as necessary.

Article 21 Policies and procedures for appointment and dismissal of Directors, etc. and nomination of candidates for Directors and Corporate Auditors

Candidates for Directors, man Executive Officers ("Directors, etc.") and Corporate Auditors shall be nominated from among those persons, regardless of gender, age and nationality, who can fully carry out their duties by sufficiently taking into consideration each candidate's personality, insight, etc. All Executive Officers shall be mandate-based Executive Officers.

2. The nomination and dismissal of candidates for Directors and Executive Officers shall be proposed to the Board of Directors by the NR&E Committee, which is an advisory body to the Board of Directors, following discussion, and the Board of Directors shall approve the proposal. The nomination and dismissal of candidates for Corporate Auditors shall be proposed to the Board of Corporate Auditors by the NR&E Committee, after deliberation, and upon obtaining the consent of the Board of Corporate Auditors, the Board of Directors shall approve the proposal. Proposals for the appointment of candidates for Directors and Corporate Auditors and the dismissal of Directors and Corporate Auditors which have been approved by the Board of Directors shall be submitted to a general meeting of shareholders.
3. Criteria for assessing the independence of outside Officers of the Company shall be governed by the

independence standards prescribed by Tokyo Stock Exchange.

4. At least two Independent Outside Directors shall be appointed as part of the members of the Board of Directors.
5. Career backgrounds, etc. of each Director and Corporate Auditor and reasons for the election of candidates for Outside and Internal Directors and Corporate Auditors shall be disclosed in reference materials attached to notices of general meeting of shareholders and integrated reports, etc. Reference materials attached to notices of general meeting of shareholders shall be posted under IR News on the Company's web pages. In addition, career summaries, etc. of mandate-based Executive Officers shall be described in integrated reports.

Article 22 Policies and procedures for determining remuneration for Directors, etc. Performance-linked portions are included in the monthly compensation of Directors, etc. Remuneration for Directors, etc. is determined by the Representative Director, Chief Executive Officer and the Officer in charge of the Human Resource Department, who receive a mandate from the Board of Directors based on the evaluation of independent outside evaluators with deep insights into management, after receiving the approval from the NR&E Committee. Moreover, the Company has introduced a BIP (Board Incentive Plan) trust system under which stock-based compensation comprises a certain ratio of remuneration with the aim that the Directors, etc. share common interest with shareholders over the medium- to long-term.

Chapter 6 Preconditions for Ensuring Effectiveness of the Board of Directors and the Board of Corporate Auditors

Article 23 Concurrent holding of positions
The status of concurrent holding of important positions by Directors and Corporate Auditors and by candidates for Directors and Corporate Auditors shall be disclosed in notices of general meeting of shareholders and securities reports.

Article 24 Assessment of effectiveness of the Board of Directors
The Company shall assess the effectiveness of the Board of Directors according to the following process and disclose a summary of the results.
- Each Director of the Company shall assess the performance of his/her own duties, etc. every fiscal year and receive an appraisal upon an interview with an independent third-party expert (member of evaluation committee) based on the self-assessment.
• With the involvement of a third party, a questionnaire shall be administered to members of the Board of Directors regarding items such as (1) the structure and operation of the Board of Directors, (2) strategy and implementation, (3) risk and crisis management, (4) corporate ethics, and (5) dialogue with shareholders.
• Based on each Director's self-assessment of their performance and the results of the above questionnaire, the overall effectiveness of the Board of Directors shall be analyzed and assessed after obtaining analysis results from a third-party financial institution.

Chapter 7 Obtainment of Information and Support System

- Article 25 Access to internal information by Directors and Corporate Auditors
Directors and Corporate Auditors may obtain information regarding the Company as necessary.
2. The contact point for requests for documents from Outside Directors and Outside Corporate Auditors shall be the secretariats of the Board of Directors and the Board of Corporate Auditors.
 3. The Company shall establish a system to ensure that Outside Directors, Corporate Auditors or the Board of Corporate Auditors may seek advice from outside specialists at the expense of the Company when it is deemed necessary for the performance of their duties.

Article 26 Policy for training of Directors and Corporate Auditors
The Company has set the rule that a Director shall acquire information, knowledge and insight required as an Officer of the Company by utilizing external training, etc. The Company shall support the training by bearing the training cost. In addition, compliance training sessions shall be given to Directors and Corporate Auditors by a corporate lawyer at least once a year. Moreover, several Directors shall be dispatched to a higher-level specialized training institution each year with the aim of developing their competencies for becoming members of the management team in the future. Further, in order to help Outside Directors and Outside Corporate

Auditors to fully perform their functions, the Company shall provide, on a continuous basis, information regarding the status of the business, financial affairs, organizations, etc. of the Group to respective Outside Directors and Outside Corporate Auditors according to their job functions. Corporate Auditors of the Company shall become members of Japan Audit & Supervisory Board Members Association and participate in various training sessions held by the Association.

Chapter 8 Policy on Constructive Dialogue with Shareholders

Article 27 Dialogue with shareholders

The Company recognizes the importance of constructive dialogue with shareholders outside of the general meeting of shareholders, and shall create various opportunities for such dialogues. According to the Company's basic policies, Representative Directors and other Officers shall listen to shareholders, provide easy-to-understand, explicit explanations of the management policy and endeavor to appropriately handle dialogue with shareholders.

2. Senior Managing Executive Officer, Corporate Headquarters, General Manager, shall be responsible for receiving requests for interviews from shareholders, investors, etc. and shall make arrangements so that Representative Director, Chief Executive Officer and other Officers positively respond to such requests. In addition, the Company established a section dedicated to investor relations within Corporate Headquarters in order to provide support regarding financial affairs, business, legal affairs, etc., including those of affiliated companies. In addition to individual interviews, the Company shall hold financial results briefings four times a year and business strategy meetings two times a year and post the video of the briefings under IR News on its web pages. Moreover, it shall invite investors to hold IR events at random times. Further, useful opinions and requests from shareholders and investors acquired through its investor relations activities and management issues shall be appropriately reported to the management team, the Board of Directors, etc. to use them for business improvement.
3. In implementing these initiatives, the Company shall not transmit any unpublished important facts to shareholders in dialogues with them from the perspective of complying with insider trading regulations, etc.

Article 28 Formulation and announcement of management strategies and plans

In light of changes in the world such as the deregulation of energy and diversifying needs, the Company shall explicitly disclose its basic strategies based on expected capital costs. Basic strategies and earnings plans for the medium- to long-term based on the basic strategies shall be disclosed in the Company's integrated reports, etc.

Chapter 9 Establishment, revision and abolition

Article 29 The establishment, revision and abolition of these Guidelines shall require a resolution of the Board of Directors.

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