

## **Basic Policy on the Development of Internal Controls Systems**

Tokyo Gas Co., Ltd. (hereinafter “the Company”) is committed to achieving sustainable growth and increasing corporate value over the medium to long term by clarifying management and execution responsibilities, strengthening supervision and auditing functions, and promoting accurate and prompt decision-making and efficient business execution, while ensuring legality, soundness, and transparency based on its Management Philosophy.

The group of companies consisting of the Company and its subsidiaries (hereinafter collectively referred to as “the Group”) shall aim for its perpetual development by respecting each company’s independency and setting the pursuit of overall optimization as its philosophy.

In light of the above, the Board of Directors shall establish a basic policy for the development of the internal controls system in order to ensure the appropriateness of the Group's business operations. Based on this Policy, the Corporate Executive Officers shall assume the role and responsibility of effectively establishing and operating the internal controls system of the Group.

### **1. System to Ensure that the Execution of Duties by Officers and Employees of the Group Complies with Laws and Regulations and the Articles of Incorporation**

- (1) Establish and comply with the “Our Code of Conduct” as the basis of the compliance system.
- (2) Establish the philosophy and system of the compliance activities and work for the growth of compliance awareness by continuous education and training, etc.
- (3) Establish internal reporting and consultation service counters both within and outside the Group, and report the status of their operation to the Audit Committee. No person who uses the aforementioned service counters shall be subject to any disadvantageous treatment on the basis of having used the service counters.
- (4) Establish an organization to manage the rules and regulations related to the internal controls of the Group to ensure legal compliance, cyber security, and similar matters.
- (5) Establish a department in charge of the internal audit of the Group (hereinafter the “Internal Audit Department”) to efficiently and effectively audit the status of business operations. The Internal Audit Department shall report the results of its audits to the Audit Committee and the directors, etc., of the audited subsidiaries.
- (6) Establish policies and systems for the development and operation of internal controls over financial reports and the evaluation of their effectiveness, and ensure the reliability of financial reporting.
- (7) Establish policies and systems for the prevention of insider trading and information disclosure, and ensure the legality, appropriateness, and promptness of the handling of relevant information.
- (8) Set forth matters such as resolutely rejecting illegal or unreasonable demands from anti-social forces, etc., in “Our Code of Conduct,” and take appropriate measures.

### **2. System for Storage and Management of Information Related to the Execution of Duties by**

### **Corporate Executive Officers**

- (1) Set forth the handling of documents and electronic or magnetic records with respect to information, etc., related to the execution of duties by Corporate Executive Officers, and store and manage such information in an appropriate and reliable manner, making it available for inspection as necessary.

### **3. Rules and Other Systems for Management of the Risk of Loss of the Group**

- (1) Establish and operate the risk management system in accordance with the "Risk Management Policy" with the Representative Corporate Executive Officer, President and CEO as the General Manager. The system shall be structured to immediately report to the Corporate Executive Officers and Audit Committee members when matters that may cause serious damage to management are found.
- (2) Set forth a system and business continuity plan in the event of a disaster, manufacturing and supply disruption, or other unexpected emergency, and take prompt and appropriate action.

### **4. Systems to Ensure Efficient Execution of Duties by Corporate Executive Officers**

- (1) Regularly report to the Board of Directors on the formulation and progress of the medium- and long-term management plans and single-year management plans of the Company and its important subsidiaries, as well as other matters prescribed in the "Regulations of the Board of Directors."
- (2) Establish a meeting body to support the rational decision-making of Corporate Executive Officers on important management matters, and consider multiple aspects as necessary. Establish an advisory body to the said meeting body to make recommendations from a professional perspective on matters related to investment, capital contribution, financing, and other important matters.
- (3) Set forth the decision-making authority and division of duties regarding the execution of business operations, and clarify the responsibilities and authority thereof.

### **5. System to Ensure Appropriateness of Operations at the Group's Subsidiaries**

- (1) Set forth policies and systems for the management of subsidiaries, require the directors, etc., of subsidiaries to determine the basic policies for the development of internal controls systems and establish and operate such systems, and manage subsidiaries through the approval of matters to be submitted to the shareholders meetings of subsidiaries and the reporting of other important matters, etc.

### **6. Matters Concerning Employees, etc., Assisting the Audit Committee in Performing its Duties**

- (1) Establish a dedicated organization to assist the Audit Committee in its duties and assign necessary employees, etc. Prepare an environment in which such employees, etc., can smoothly perform such supporting duties under the direction and orders of the Audit Committee.
- (2) Decisions on personnel-related matters concerning such employees, etc., shall be made with the consent of the Audit Committee.

## **7. System for Reporting to the Audit Committee and System for Ensuring Effective Auditing by the Audit Committee**

- (1) The officers, employees, etc., of the Group shall report to the Audit Committee or the Audit Committee members without delay on matters prescribed by laws and regulations, or on matters for which the Audit Committee requests a report. No person who has made the aforementioned report shall be subject to any disadvantageous treatment on the basis of having made such report.
- (2) Guarantee that the Audit Committee members selected by the Audit Committee may attend important meetings and state their opinions from the viewpoint of legality, etc., when deemed necessary, and may obtain important information.
- (3) Bear expenses, etc., when the Audit Committee members request such expenses, etc., in accordance with laws and regulations.
- (4) Take measures to ensure that the Audit Committee is able to conduct its auditing activities effectively, including coordination with the Internal Audit Department, financial auditors, and directors of subsidiaries.
- (5) Upon request of the Audit Committee, the Representative Corporate Executive Officer, President and CEO shall conduct an investigation and report the results thereof to the Audit Committee. If the Audit Committee deems it necessary in cases where the execution of duties by Corporate Executive Officers is likely to violate laws and regulations or the articles of incorporation, etc., it may directly give instructions to the Internal Audit Department and such instructions shall have precedence over those of the Representative Corporate Executive Officer, President and CEO.