

DELTA NATURAL GAS COMPANY, INC.

CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE CHARTER

Approved by the Board of Directors
August 18, 2016

Purpose

The Corporate Governance and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Delta Natural Gas Company, Inc. (the “Company”) is responsible for identifying individuals qualified to become Board members and recommending to the Board the Director nominees for the next annual meeting of shareholders.

The Committee is also responsible for recommending to the Board the compensation for the Board of Directors and the Officers of the Company and reviewing the compensation structure for the Company, in accordance with guidelines established by the Committee from time to time. The Committee, however, has final authority to grant all awards under the Company’s Incentive Compensation Plan, which was approved by the shareholders on November 19, 2009.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, independent legal counsel or any other advisor retained by the Committee. In addition, the Committee in its discretion is authorized to use reasonable amounts of time of the Company’s internal auditor and independent registered public accounting firm, internal and outside legal counsel and other internal staff.

Membership

The Committee shall consist of at least three members, all of whom shall meet the independence requirements of the listing standards of any exchange or market where the Company’s stock is traded, and any other applicable laws, rules and regulations governing independence. Members of the Committee and the Committee Chair shall be appointed by the Board.

Responsibilities

The Committee shall have the following responsibilities:

- Review the appropriateness of the size of the Board relative to its various responsibilities. Review the overall composition of the Board, taking into consideration such factors as independence, business experience and specific

areas of expertise of each Board member, and make recommendations to the Board.

- Recommend to the Board the slate of nominees for election to the Board at the Company's annual shareholders' meeting.
- Recommend to the Board persons to fill vacancies that occur on the Board as the need arises.
- Recommend to the Board those persons to be elected annually to each officer position.
- Recommend to the Board persons to fill vacancies that occur in officer positions as the need arises.
- In the event that any Director changes his or her employment or otherwise has a significant change in job responsibilities and as a result is required under the Company's Corporate Governance Guidelines (or any other properly adopted Board or Company rule) to submit a letter resigning from the Board, the Committee will review the letter and the entire situation and make a recommendation to the full Board with respect to whether such resignation should be accepted and whether such director should be eligible for re-election, under the circumstances, taking into account all relevant factors.
- Review and, if appropriate, approve of a Board member's service on the board of directors of any other public, for-profit company. No Board member is allowed to serve on the board of directors of any other public for-profit company without the prior approval of the Committee. Any Board member is expected to advise the chair of the Committee prior to accepting membership on or standing for election to the board of directors of any other for-profit company. The Committee shall make its determination of whether or not to approve the Board member's service on the other board of the other company based on its determination of whether or not such service might impair the Director's ability to serve the Company effectively or otherwise present a conflict of interest. If the Director proposing to serve simultaneously as the director of another such company is the chair of the Committee, he or she shall advise the Chairman prior to accepting membership on or standing for election to the board of directors of any other for-profit company.
- Receive on behalf of the Board any notice offered by a Company officer that the officer seeks Board approval for her or him to serve on the board of directors of any other for-profit company. No officer of the Company is allowed to serve on the board of directors of any other for-profit company without the prior approval of the Board. Any officer of the Company is expected to advise the Board through the Committee prior to accepting membership on or standing for election to the board of directors of any other for-profit company. The Committee will forward to the Board any such notice received from any officer and will, as appropriate, advise the Board regarding

any such officer's request. All Board approvals of such requests shall be reported to the Committee at the next scheduled meeting of the Committee.

The Committee members, through their own business and personal contacts, shall identify suitable candidates for nominations to the Board. The Committee will consider recommendations for new Board members by current Board members, Company officers, employees and shareholders. In selecting its Board nominees, the Committee will obtain input from the Chairman of the Board and the Company's principal executive officer. The Committee shall coordinate closely with the Board in screening any new Board candidates and in evaluating whether to re-nominate any existing director for a new term as Director.

Shareholder recommendations for Board membership must be made in writing and addressed to the Company at its principal office. For the recommendation to be considered at the Company's annual meeting, it must be received at the Company's principal office not less than 120 calendar days before the date of the Company's proxy statement released to shareholders in connection with the previous year's annual meeting. Shareholders are encouraged to include biographical information for each of their recommendations.

In considering candidates for the Board, including those recommended by shareholders, the Committee shall give due consideration to the intelligence, integrity, diversity, education and business experience of each candidate and the amount of time each candidate can reasonably be expected to devote to Board responsibilities. The Committee's recommendations to the Board shall be consistent with maintaining a high quality, diverse and actively engaged Board of Directors.

In addition, the Committee shall have the following responsibilities:

- Conduct periodic performance evaluations of the CEO, each director and the Board as a whole.
- Provide appropriate assistance to the Board in connection with the Board's responsibility to select, evaluate the performance of and make decisions about the retention of the principal executive officer and other officers.
- Periodically review and recommend to the Board the compensation for directors for Board, committee and lead director service.
- Review the Committee's performance, periodically assess the adequacy of its charter and recommend changes to the Board.
- Regularly report to the Board on the Committee's activities.
- Annually review the base salary and any other compensation for all officers. Recommend to the Board the specific salary compensation for each officer, and in fulfilling its responsibilities under this provision and any other provision of this Charter, no officer of the Company, including the Chief Executive Officer, may be present during the Committee's voting or deliberations on his or her compensation.

- In its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other advisor, and be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel and other advisor retained by the Committee. It is appropriate, in that regard, for the Committee in its discretion to retain an external consulting firm specializing in executive compensation to report periodically to the Committee regarding the status of the Company's executive compensation in relation to other comparable U.S. companies.
- Conduct an independence assessment with respect to any compensation consultant, legal counsel or other advisor (other than in-house legal counsel) that is retained by the Committee to provide advice to the Committee. In order to ensure the independence of a compensation consultant, legal counsel or other advisor, the Committee shall appoint such compensation consultant, legal counsel or other advisor only after taking into consideration the following factors, as well as any other factors that may be required by the listing standards of any national securities exchange where the Company's securities are listed for trading or that may be considered important by the Committee:
 - The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other advisor;
 - The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other advisor;
 - The policies and procedures of the person that employs the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest;
 - Any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee;
 - Any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and
 - Any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an executive officer of the Company.
- In fulfilling its responsibilities under this Charter, exercise its own judgment. Nothing in this section shall be construed to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee. While the Committee is required to conduct an independence assessment with respect to any compensation consultant, legal counsel or other adviser, the

Committee may select or receive advice from any compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined in this section.

- Advise the Board regarding the Committee's requirements for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other advisor to the Committee.
- In consultation with and based upon the advice of outside counsel, monitor the disclosure regarding compensation matters in the Company's proxy statement.
- Annually review and discuss with management the section entitled "Compensation Discussion and Analysis" in the Company's proxy statement and recommend to the Board whether the section entitled "Compensation Discussion and Analysis" should be included in the Form 10-K and proxy statement.
- Annually review any bonuses of cash or common stock for the Company's employees. Recommend to the Board the specific cash bonuses for each officer.
- Administer and interpret the Company's Incentive Compensation Plan, including determining the terms and conditions of awards of equity compensation, determining the participants in such awards and then making the awards.
- Administer, apply and enforce the Company's compensation recovery policy respecting the award of cash bonuses and incentive compensation to executive officers as such compensation recovery policy is stated in the Company's Corporate Governance Guidelines, documents underlying the awarding of bonuses and incentive compensation awards pursuant to the Company's Incentive Compensation Plan, or other properly adopted corporate directives, resolutions or documents.
- Annually review and recommend to the Board the overall percentage increase in compensation to be budgeted for employee salary increases.
- Review any proposed new or materially altered employee benefit plans and make recommendations to the Board regarding changes.

Committee Procedures

The Committee Chair shall:

- In consultation with Committee members, determine the frequency and length of the Committee meetings.
- In consultation with the appropriate members of management, develop the agenda for Committee meetings.
- Himself or herself (or his or her delegate) report the matters considered and acted upon by the Committee at each meeting or by written consent since the preceding Board meeting, except to the extent covered in a previous written report to the full Board, and be available to answer any questions the other directors may have regarding the matters considered and the actions taken by the Committee.

The Committee shall keep written minutes of its meetings. The minutes shall be maintained with the books and records of the Company.

The Company's management is responsible for assuring that, as a general rule, information and data that are important to the Committee's understanding of the matters within the Committee's authority and the matters to be considered and acted upon by the Committee are distributed to each member of the Committee sufficiently in advance of each such meeting or action taken by written consent to provide a reasonable time for review and evaluation of such information and data.

In instances where it is not feasible to provide information relating to certain agenda items reasonably in advance of a Committee meeting or an action to be taken by written consent, reasonable steps shall be taken (which may include extending the length of the Committee meeting to allow more discussion, adjourning the meeting for a brief period to allow Committee members time to review such information, deferring a vote until a follow-up meeting, or other measures as appropriate) to permit Committee members to become fully informed as to the matters before voting on them. In the event the subject matter of the Committee's meeting is too sensitive to distribute in written form, there will be an opportunity for full discussion of the presentation at the meeting.