

Action Plan for Key Issues (Initiatives) ④

Corporate Governance

Risks	•Risk of business discontinuity accompanied by the dysfunction of corporate governance and internal control, unexpected losses/costs, and other risks
Opportunities	•Increased decision-making transparency through the establishment of a robust governance system, increased corporate value due to appropriate responses to change and the establishment of a foundation for stable growth, and other opportunities

SDGs Target



* The action plan for key issues was revised in fiscal 2023.

Sector	Commodity/business	Initiative	Target	Target Year	Progress and Review
Corporate Governance	—	Strengthening the functionality of Board of Directors	Increase disclosure of the board's supervisory/monitoring functions. Enhance open-minded strategic discussions. Evaluate the effectiveness of the Board of Directors, analyze results, and make improvements. ● Governance Committee: For the purpose of deliberation and examination of the nomination and remuneration of Directors and Executive Officers, material transactions or actions with a related party (excluding a controlling shareholder) and other matters relating to corporate governance ● Special Committee: For the purpose of deliberation and examination of material transactions or actions involving conflicts of interest with a controlling shareholder or a minority shareholder(Newly launched in Oct. 2021) ● Evaluation of the effectiveness of the Board of Directors: Their purpose is to assess if the board of directors of the company effectively performs its roles and duties.	Every year	<ul style="list-style-type: none"> ● Members of the Governance Committee:Five members, consisting of three independent officers and two inside directors(In fiscal 2022, 10 meetings were held with the participation of all members.) ● Members of the Special Committee:Five independent officers(In fiscal 2022, one meeting was held with the participation of all members.) ● Issues in assessing the effectiveness of the board of directors and the results of analysis <ul style="list-style-type: none"> (i) Deepening of discussions on medium- and long-term management strategies and policies (ii) Improvement in operation system for stimulating discussions <Measures> <ul style="list-style-type: none"> (i) Report the state of consideration of the medium-term management plan and exchange opinions (ii) Provide opportunities to discuss issues in assessing the effectiveness of the board of directors
		Increasing stakeholder engagement	Improve transparency and increase stakeholder engagement by reinforcing and enhancing many types of disclosure.	Every year	<ul style="list-style-type: none"> ● Integrated report: Relationships with individual shareholders were clarified, constructive communication was enabled and the methods of enabling such communication were stated. ● Website: Content was enhanced. ● Different research and assessment bodies: Accurate and considerate response and actions for improvement were taken as needed on the basis of assessment results and information acquired.
		Operating committees appropriately	Ensure the appropriate operation and effective functioning of committees.	Every year	<ul style="list-style-type: none"> ● Separate committees strictly implemented the practice of distributing materials in advance. (The Governance Committee also did this for prior briefings for outside officers.) ● The method of reviewing the effectiveness of internal control under the Companies Act was revised. ● The dates of meetings were quickly determined and communicated and minutes of meetings were swiftly produced. ● Meetings held in fiscal 2022 <ul style="list-style-type: none"> Meetings of the Governance Committee and the Special Committee were as mentioned above. The Sustainability Committee had seven meetings, the Risk Management Committee five and the Internal Control Committee six. The Disclosure Committee had five meetings (and 14 meetings in writing).
		Strengthen compliance	Ensure the people responsible for, in charge of, or performing practical group compliance work of group understand their role and increase their ability to respond to events. Continue compliance training for all employees. Investigate potentially illegal situations. Train employees on important laws and regulations. Establish a whistleblowing system and ensure that the contact points for the internal and external whistleblowing systems are widely known under the revised Whistleblower Protection Act. Conduct awareness surveys periodically, analyze results, and make improvements.	Every year	<ul style="list-style-type: none"> ● Findings of the compliance awareness survey were shared with separate departments and 15 group companies. ● Measures to address issues that emerged were drawn up. Their progress will be reviewed half a year after their formulation (around Aug. to Sep. 2023). ● ITOCHU ENEX Group staff received compliance training sessions that ITOCHU Corporation conducts for its group employees. ● The first session in Dec. 2022 involved 1,782 personnel and the second one in Feb. 2023 involved 1,840. ● Anti-misconduct video training for the Group's managers was held in Oct. and Nov. 2022. (The training was taken by 939 trainees) ● Compliance training titled Compliance Decisive to Corporate Value for ITOCHU ENEX officers, compliance managers and personnel and functional departments was conducted (from Nov. 2022 to Feb. 2023). ● Fiscal 2023 training for the Group's compliance managers and personnel <ul style="list-style-type: none"> An invited outside lecturer held a seminar to explain about awareness of duties as managers and personnel, about the response to the occurrence of incidents and about compliance systems including whistleblowing. (The seminar was held physically in Apr. 2023 and was joined by 81 participants in person and 39 on Zoom.) ● From fiscal 2023 onwards, the Group prepare different e-learning materials on compliance and provide e-learning and video training on compliance at individual companies. (As of Jun. 2023, Enex Fleet, Kyushu Energy and OJEX had provided these learning opportunities.) ● Compliance meeting was held for the Tohoku Junior CL Enex Association in Jun. 2023. (It had 16 participants.)
		Strengthening information security	Analyze the current status of information risks within the group companies and implement reliable measures.	Every year	<ul style="list-style-type: none"> ● The Group's IT information liaison meeting was held twice. ● It had the purpose of building up the Group's risk management capabilities, including information security activities, constructing next-generation mission-critical systems and ensuring compliance with laws and regulations and responses for cyber security. It was joined by 88 participants from 18 companies in the Group. ● E-learning was provided (Mar. 2022) <ul style="list-style-type: none"> In view of the increasing number and sophistication of cyberattacks, the e-learning was provided to help personnel learn about methods of cyber attacks through specific examples and to raise their awareness of cyber security. Ratio of employees using it: 80.8% (3,717 employees using it out of 4,599 eligible for it in ITOCHU ENEX and 18 group companies) Note: The ratio was far above the level in fiscal 2020, which was 67%. The importance of information security measures is broadly recognized. The Group will continue to provide education and training regularly to build awareness of information security.
		Enhanced Group Governance	Continue to enhance group governance through reviews of the system.	Every year	<ul style="list-style-type: none"> ● Training on the obligations and responsibility of officers, i.e. directors and audit & supervisory board members, was offered to newly appointed officers (directors and audit & supervisory board members) of group companies. ● (It was offered in the form of e-learning from Aug. 17, 2022 to Sep. 23, 2022 to 15 eligible personnel.) ● A meeting of presidents of group companies was held in Sep. 2022 on the subject of consolidated management. * A meeting is also scheduled in 2023. ● In fiscal 2023, the Monitor & Review Section was launched in the Audit Department. ● (Its purposes are to perform auditing on contracts, labor affairs, accounting, internal control and harassment in small-sized group companies and to prevent such incidents.) ● The Group's Audit & Supervisory Board meeting will be held in Aug. to share expectations from the Group's Audit & Supervisory Board members and specific audit items. ● A meeting with working-level personnel for internal control was held to strengthen collaboration (to ensure understanding by internal control departments of group companies).
		Enhancing risk management	Reduce risk by strengthening the risk management structure and steadily implementing risk management processes and controlling risk.	Every year	<ul style="list-style-type: none"> ● The Project Review Committee was reorganized and regulations and other rules for operation were revised in Aug. to toughen the process of creating investment projects and advancing materials to be submitted to meeting bodies. ● In accordance with the Credit Management Regulations, changes in the credit statuses of business partners were checked on a monthly basis (throughout the year). Specified business partners and specified subsidiaries were designated and undesignated. (Oct.) Any specified business partner is undesignated on the condition that it is deemed by a general credit assessment to have its credit capability deteriorated or that it has no sales records in the last three years. ● Risk Management Committee: Subjects discussed in fiscal 2022 <ul style="list-style-type: none"> (i) Risks of accidents and disasters: Maintenance of equipment for preventing major disasters (ii) Sales risks: Product balance management (changes in international situations, market conditions and other external circumstances) (iii) BCM activities: Improvement in BCP and BCN (effective measures against disasters and other situations)
		Enabling the group's values to take root within the group	Share the Corporate Philosophy, the group's action declaration, code of conduct, sustainability policy and other policies. Develop employee awareness of them and ensure they are implemented.	Every year	<ul style="list-style-type: none"> ● Signing of the Corporate Philosophy, the Declaration of the Group Code of Conduct and the Code of Conduct ● This was carried out for all officers and employees in the Group in the form of e-learning. The achievement rate in fiscal 2022 was 96.6%. ● Making the Sustainability Policy known ● The Jun. 2022 issue of the Group's in-house newsletter carried a special feature on it. Cross-functional training, which was conducted in a cross-departmental manner, explained it in addition to efforts on sustainability in a bid to improve understanding within the Group. (Sep. 2022) ● For fiscal 2023, sustainability education and training will be provided for all employees of the Group in the form of e-learning.