



ENEX INTEGRATED



REPORT 2022



ENEX REPORT 2022
ITOCHU ENEX Group Integrated Report

The Best Partner for Life and Society
ITOCHU ENEX CO.,LTD.

<https://www.itcenex.com/en/>

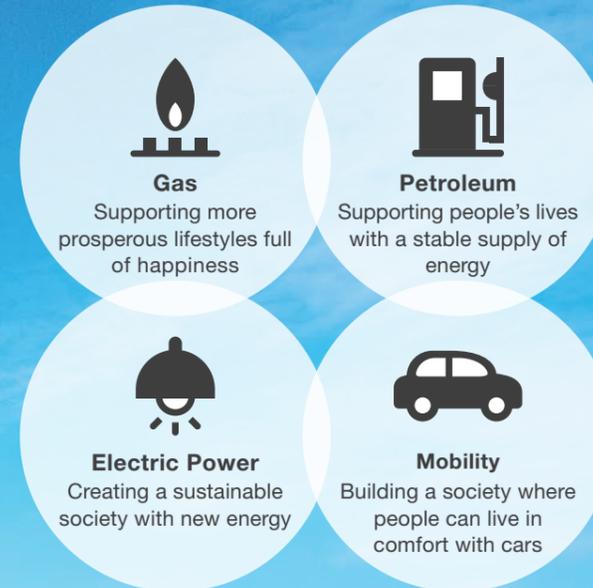


- Our Mission -

The Best Partner for Life and Society

-with Energy, with the Car, with the Home-

For over half a century, the ITOCHU ENEX Group has continuously supplied energy products, centering around petroleum and LP gas, to our customers across Japan. No matter how society and people's lives may change, we, as an unflinching partner to our customers, are committed to delivering the value that they expect. We desire to be chosen by local customers for our contributions toward the realization of an affluent society and lifestyle. This commitment is represented in the Group's Corporate Philosophy.



The Best Partner for LIFE and SOCIETY



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Editorial Policy

Enex Report 2022 is an integrated report covering financial and non-financial information, including corporate social responsibility (CSR) activities, prepared with reference to various guidelines. Its purpose is to communicate the ITOCHU ENEX Group's business activities and strategies implemented in pursuit of sustained growth.

Note on Forward-Looking Statements

Forward-looking statements in this report, including outlooks for future Group business performance, are based on the information available at the time of publication. Actual results may differ considerably from projections for various reasons, including fluctuating exchange rates, market trends, and economic conditions.

Period Covered

April 1, 2021–March 31, 2022
Note: Includes certain activities that fall outside this period.

Organizations Covered

ITOCHU ENEX CO., LTD. and ITOCHU ENEX Group companies

Publication Date

October 2022

Our History of Value Creation

Since its inception, the ITOCHU ENEX Group has overcome diverse challenges by devising effective measures. We established our presence through expansion of our business portfolio, keeping ahead of changes in society and clients' needs, to increase profit. To grow further as an organization, we will continue to respond to the changing business environment promptly and achieve value creation unique to our Group.

The Second Inception: First Step as an Integrated Energy Company

At the time, the petroleum and LP gas industries faced a severe business environment with increased prices and intensified borderless competition between electricity and city gas. In 2004, our Group issued its first Medium-Term Business Plan "Medium-term Vision: Creation 2008," which laid out our basic policy of evolving into an integrated energy company with energy, automotive, and home solutions as its core.

In 2007, we strengthened our business infrastructure in the Kyushu area with the founding of Ecore Co., Ltd. Subsequently, we took steps to further expand our revenue base, including launching new divisions for trading and for advancing solar and EV projects, and establishing Enex Fleet Co., Ltd. to reinforce our diesel fleet sales to transport industries. Our Group advanced into the power retailing sector in 2010, and entered the heat supply business in 2012 with the integration of Tokyo Toshi Service Co., Ltd.



District heat supply facility run by Tokyo Toshi Service Co., Ltd.

2001-
Transition Phase

Itochu Fuel Corporation was Created with Passion to "Deliver Directly to Customers"

Itochu Fuel Corporation (now ITOCHU ENEX CO., LTD.) was founded in January 1961, when Itochu Sekiyu K.K. was split up. In the period of high economic growth after the war, the company's purpose was to sell products produced at a new refinery in Mizushima by Nippon Mining Co. (now ENEOS Corporation). With the passion to sell products directly to customers nationwide, we actively developed new markets and built new service stations, forming the foundation of our Group today. We continued to expand operations to include LP gas and auto gas businesses.

Although our business was badly hit by the two oil crises during the 1970s, we continued to trade honestly and fairly even during emergencies, earning strong trust from our customers. At the same time, we took action to expand sales and entered new territories such as asphalt and high-pressure gas sales.

The company was listed on the First Sections of Tokyo Stock Exchange and Osaka Securities Exchange in 1979. Later, we relocated our headquarters from Osaka to Tokyo, and continued to set up and acquire new enterprises.



A service station around the time that Itochu Fuel Corporation was founded

1961-
Establishment and Stable Growth Phase

Entering a new stage as ITOCHU ENEX at our 40th Anniversary

In 2001, the oil industry was rapidly changing, as seen in the fierce sales competition that was driven by phased on-going deregulation, and in the reorganization of oil wholesale companies. Against this backdrop, the company, with 40 years of business experience, changed its name to ITOCHU ENEX.

In accordance with the new corporate philosophy "we aim to achieve a prosperous society with energy as its core, even if the forms of energy and the delivery methods change in future," we rebranded our company from a fuel trader to an energy trader. We pursued selection and concentration of businesses and reinforced our clean energy projects.

2004-
Transformation Phase

2014-
Business Expansion

Transforming Traditional Approaches under the Slogan of "Moving"

In 2014, we issued a new Medium-term Business Plan under the slogan "Moving," whose message was to "move now for the future." The plan was executed over seven years while evolving its sub-focuses. We explored new markets and radically overhauled our traditional approaches in operations to adapt to rapid changes in the energy environment, such as the falling birthrate and aging population, consumer attitudes, and growing interest in energy saving and efficiency.

We continued to expand the Group's business portfolio while reinforcing our core businesses of petroleum and gas. Our entry into the car dealing market in 2014 drew attention from both inside and outside of the industry. In 2016, we moved into the electricity retail business for households and extended our overseas presence by establishing a LP gas business in the Philippines. In 2019, Enex Infrastructure Investment Corporation became listed in the Infrastructure Fund Market. We realigned our organization and systems to transform the mindset of our employees and shape them into people able to flexibly respond to new businesses and changes in the external environment.



LP gas business in the Philippines (since 2016)

2021-
Progress Accelerated

SHIFT Up! to Accelerate Progress in Management and Businesses

Today, energy structure and composition are quickly changing as the result of various factors, including geopolitical risks. To respond to this changing environment, we launched the new Medium-term Business Plan "SHIFT! 2022" with the aim of shifting up our management and businesses. In FY2021, our Group achieved its seventh consecutive year of profit growth by maintaining and expanding sales of our existing operations, and by increasing sales of environmental products and services, including GTL fuel, AdBlue®, and self-consumption type solar energy products. We will make every effort to achieve the aim of the new Medium-term Business Plan and always aggressively accelerate our growth in order to maintain a steady energy supply under any circumstances.

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Self-consumption solar energy system installed on the roof of a Home Center Kohnan outlet

Message from the President

Becoming a company that can serve society's future needs—We will proactively expand our businesses under our mission of constantly delivering energy.

Kenji Okada

Representative Director,
President and Chief Executive Officer

Evolving From Moving to SHIFT!

Society may change tremendously, but our mission always remains the same

Our business environment changes with each passing day, clouding the path forward with greater uncertainty—meaning greater risk. Today's global landscape is marked by diverse challenges and issues that shape how we do business. These include the lingering pandemic, emerging geopolitical risks and the higher prices they bring, as well as the need to reduce greenhouse gas emissions and make other advances toward realizing a sustainable society.

In particular, the call to lower CO₂ emissions and attain carbon neutrality for the future of our planet is a daunting challenge that strongly impacts us and other energy companies.

However, such dramatic transformations of our environment

are nothing new to us. It is by boldly taking on diverse changes that ITOCHU ENEX has thrived for 61 years. We got here by evolving the way we work, broadening our product portfolio, and taking other actions to adapt. Still, all that time one thing has remained the same—our mission of delivering energy. Times change and employees come and go, but our unwavering commitment to supporting people's everyday lives through the stable supply of energy continues to be the driving force for the ITOCHU ENEX Group.

Let's consider a challenge we face in supplying energy. One of the basics of business is that you need to offer good products and services at affordable prices. That being the case, are consumers going to buy something that is environmentally friendly but comes with greater cost or inconvenience? For most people, the ideal is to have access to products that are high-quality, inexpensive, and

considerate of the environment. Rather than interpreting this as a radical change in principle or a paradigm shift, it makes more sense to see it in terms of adding environmental impact as a new dimension to the traditional basic axes of “good and affordable.”

We are an energy trading company. This means that unlike producers dealing only in their



proprietary goods and services, we have more leeway to act. So, while staying true to our mission of delivering energy, we should strive to become as flexible as we can. Always thinking agilely, we will stay on top of macro trends and adapt to diverse changes. It is vital that we not only continue focusing on the fundamental axes of business, but also add and

define other axes that are in tune with the current times.

Delivering energy means supporting society: **Our Group-wide mission**

Our Group's workforce comprises some 5,600 personnel, or almost 8,000 when including temporary staff. We are an assemblage of



will constantly seek to make improvements that enhance the quality of employee engagement, including by facilitating workstyles that balance freedom with discipline, corporate goals with self-realization, work with family responsibilities, and values with conflicting ones. It is my job to evolve our company into one that will make employees glad that they work here, and one that they can talk about with pride to their families.

Transforming into an organization that produces globally minded talent with a broad perspective, and into a culture that encourages everyone to boldly take on challenges

Our current medium-term business plan, “SHIFT! 2022,” lays out three basic policies. The first is maintaining and expanding bases—namely, the foundations we have built up over many years through our business activities. One thing that I want our internal and external stakeholders to know that we will safeguard and further grow our foundations in terms of the networks with customers (distributors and end users) that we have cultivated over time. To augment our domestic foundations, we will proactively pursue digital transformation (DX) in ways that expand our B-to-C businesses—electric power, LP gas sales, car dealerships, and more. Overseas, we will target Asia as a market where we can leverage our insights to good effect. I believe that the knowledge and experience we have accumulated in Japan can be successfully applied abroad by introducing environmental strategies to growth

sectors such as solar and other electric power, and LP gas sales.

The second basic policy is to deepen our environmental and energy businesses. Here we will continue to develop existing environment-related products such as AdBlue® and GTL fuels, while making forays into hydrogen, ammonia, and other next-generation energy sources, as well as storage batteries and rapid charging services.

While we may not be one of the larger players, we will further capitalize on our strengths in delivering community-supporting solutions by offering a broader lineup that will include local electric vehicle sharing services, and circular businesses such as waste-to-energy and CO₂-enhanced vegetable farming.

Next, let's look at the third policy, cultivating next-generation human resources. Four years ago, we launched an overseas training program that sends a dozen or so employees to Itochu Group or ITOCHU ENEX Group companies in other countries for two years of in-service training.

Also, we are advancing diversity through efforts aimed at empowering women and recruiting foreign nationals. However, more work needs to be done regarding our goal of filling more than 30% of career-track positions with women. Around eight years have passed, but we have only recently raised the number of women in the 600 career-track positions at ITOCHU ENEX CO., LTD. to almost 100. I anticipate that we will have women in nearly half of those jobs within several years, but the challenge of women's empowerment goes beyond just meeting numerical targets.

In order to make women and foreign nationals expected, integral members of our team, we must

transform our company. This means removing barriers to their entry and advancement at the company's expense, and tackling various challenges one step at a time. This year finally marked the first time for a woman to become head of our Human Resources & General Affairs Department, and I see this as the first step on our journey to greater diversity.

Leveraging our real experience to focus on growing our electric power and mobility businesses, while accelerating this expansion through DX

At present, we are focusing our efforts on two business areas: electric power and mobility.

The electric power business is appealing in ways different from petroleum products and LP gas. Compared with other energy businesses, it provides access to a broader range of industries. And, importantly, it goes beyond just selling electricity by providing many opportunities to collaborate with diverse companies. Since we entered this market, our circle of alliance partners has expanded beyond oil and gas industry players to encompass all sorts of companies. Moreover, the scope of this business promises to spread more widely than we had anticipated, growing to include green electricity certification services and agriculture-related offerings such as waste-to-energy and installation of solar generators on idle farmland.

Turning to the mobility business, even if gasoline and other petroleum products become replaced as the main energy source, automobiles—as modes of travel and transport—will not disappear. This segment



diverse people endowed with different personalities and values, but all organically sharing a fellowship in our mission of delivering energy. On March 16, at just past 11:30 p.m., Japan's Tohoku region was rocked by a major earthquake centered off the coast of Fukushima. This was the most powerful one to strike our country so far this year, registering a magnitude of 7.4. Instead of

waiting for our crisis management business continuity plan to be formally activated, our employees showed initiative and immediately started checking in on the safety of customers and distributor staff. At 2:30 a.m., just three hours later, I received an email reporting the completion of this process. For me, this was clear proof of how deeply our mission is embedded in the hearts of our employees, as well as

a reminder that we support society through our delivery of energy to people everywhere. This commitment is a central pillar of our Group, one that I consider extremely important.

So, how can we keep our people motivated to perform this mission? I think that the key is to provide them with qualitatively enriching careers. To do this, we need to focus on individual workstyles. I

has grown through the efforts of our subsidiary Enex Fleet Co., Ltd., which sells used cars and trucks through its automobile fuel supply business, and Nissan Osaka Sales Co., Ltd., which joined our Group eight years ago and is the Kansai area's largest automobile dealer network. As another way to further accelerate this business, we announced in June that our Group would enter the automobile auction market by acquiring a 40% stake in International Auto Auction Co., Ltd. Along with our electric power portfolio, we will focus on this broad-based business going forward.

IT systems are indispensable to the electric power and auction businesses. These systems are used to perform various work

processes for electricity sales. And, in the future it is possible that online sales will become the main method of automobile auctions, in which vehicles are sold off in tens of seconds. DX-powered trade is likely to rapidly expand in the coming years.

Our business began with sales of petroleum products and LP gas, and we built up that foundation over the ensuing years. Gasoline and diesel are supplied and sold from pumps at service stations; LP gas and kerosene are directly delivered to homes in cylinders and tanks. So, we have grown as a company through our experience in directly supplying energy to customers. Leveraging that experience, we have expanded our offerings by through the system of

supplying electricity. However, there is a big difference between this and directly delivering energy in terms of palpable engagement with customers. Putting together an IT-driven system of electricity sales and expanding it through DX is a process distanced from the users. This means that our employees have fewer opportunities to palpably experience and understand our mission of delivering energy. Here, our customer-facing petroleum and gas operations have a big role to play in advancing our mission. One of the reasons why we have a job-rotation system that places new employees in petroleum and gas departments for part of their early career is to help them experience our mission.



“With a headwind, shrinking field, and thorny path ahead, now is the time to hold our torches high!”

Catering to customers' needs as we expand our B-to-C businesses

I also believe that we must be attentive to the “analog” human-centric aspects of doing business. Frontale Denki, provided by our Group's Enex Life Service Co., Ltd., is an interesting service that focuses on connecting people. It was created in collaboration with the professional soccer club Kawasaki Frontale, and fans who sign up for this service not only enjoy an affordable electricity plan, but also have 1% of their electricity payments donated to supporting the Frontale Academy.

Instead of just selling electricity and other products and services to our customers, we also provide them with extra value and experiences that cater to their interests and lifestyles. I believe that initiatives like Frontale Denki emerge from an appreciation for

the value of directly interacting with people. Going forward, we will continue to maintain that approach as we shift our focus from serving our traditional corporate customer base to expanding retail sales to general consumers. As one tool for achieving that shift, we will expand the services we provide under our TERASEL brand, which includes TERASEL Denki and the community electric vehicle sharing service TERASEL Car Share. And, in preparation for the expansion of our B-to-C businesses, we will implement information leakage prevention measures, establish a call center, and take other necessary actions.

Contributing to society through our own value judgment

I announced the following slogan at the end of 2021:

“With a headwind, shrinking field, and thorny path ahead, now is the

time to hold our torches high!”

“With a headwind, shrinking field, and thorny path ahead” describes the external environment in which our Group is placed, while “now is the time to hold our torches high!” conveys our determination.

Those who lead with a torch held high can see where they're going and where they step. Those who merely follow do not notice the pitfalls in their way.

It is important to have the originality epitomized by leading with a torch. I want us to be a company that contributes to society through our own value judgment, without ever compromising ourselves. That is the culture I want us to embrace.

Kenji Okada

Representative Director,
President and Chief Executive Officer



Diorama displayed in our head office's reception area (28th floor of Kasumigaseki Building)

To continue to be the Best Partner for Life and Society

An Unchanging Mission and the Power to Deal with Changes

An Unchanging Mission

Since its inception, the ITOCHU ENEX Group has delivered vital energy to customers nationwide, with a firm commitment to our mission of “continuously delivering energy to society” no matter how the times and environment may change. We have the ability to maintain the infrastructure for **safely and securely** delivering the energy our customers need as much as possible, **to any location in Japan, both in normal times and emergencies.**

Stable Supply of Energy

Our Group continuously strengthens its relationships and networks with sales outlets and business partners. We offer **products and services uniquely and deeply connected to each community** through our sales offices nationwide.

One of our efforts for walking along with the local community is supporting the operation of CS^{*1} in underpopulated areas. For example, we set up Kawakami CS at the Kawakami Life community center in Kawakami, a shrinking village in Nara Prefecture. Kawakami Life performs multiple functions, including operating mobile supermarket and home delivery services, creating jobs, and monitoring the health and safety of aged residents. We deliver energy to the community center via Kawakami CS, the only service station in the village. Regarded as a vital facility for the community, Kawakami CS has continued to foster trust and bonds with local residents by offering not only refueling service, but also kerosene delivery to

elderly customers and convenience store-style sales of bread.

The Group companies that form our Home-Life Division, which sells LP gas nationwide, are seeking to reinforce their infrastructural functions for safely and securely providing a constant supply of energy to 550,000 customers through supply facility inspections and other maintenance work. In addition, they are installing low-power, wide-area (LPWA) network infrastructure for the meters of LP gas customers, and establishing a system that streamlines meter reading through the use of IoT and AI. The LPWA network realizes remote central monitoring as well as monitoring of the remaining amount of LP gas, thus enabling customers to use LP gas **safely and securely anytime**. Also, the network’s streamlining of delivery contributes to the reduction of CO₂ emissions.

*1 Car-Life Stations are service stations set up by the ITOCHU ENEX Group that offer a variety of services.



Disaster Response

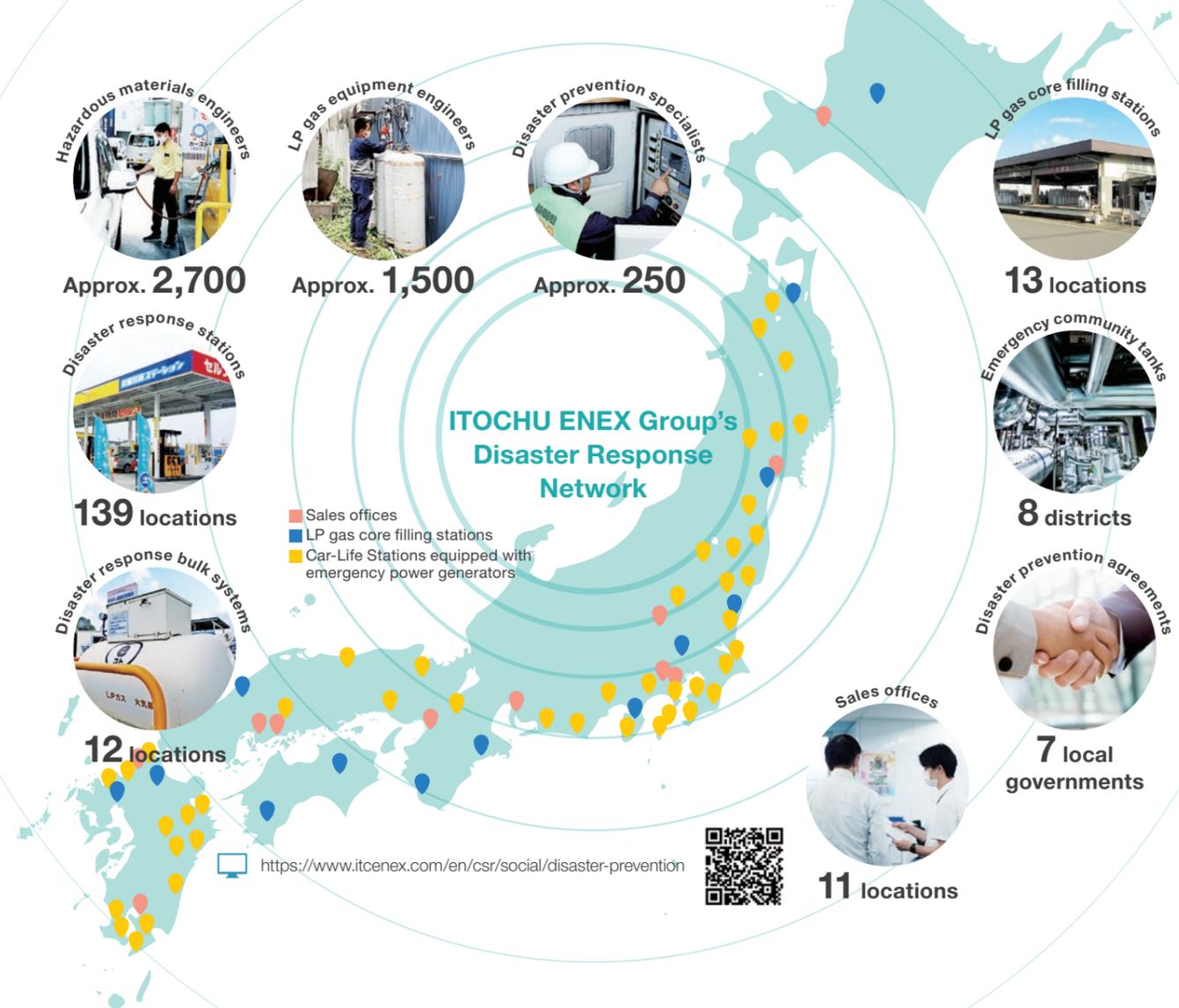
The ITOCHU ENEX Group proactively sets up emergency bases to aid local governments and communities to strengthen their disaster preparedness. The Group has constructed a system using its 11 sales offices nationwide as bases for connecting disaster-affected areas and the rest of Japan so that the entire Group can take actions to support those areas. As shown below, we also have a network for **stable energy provision even during disaster-stricken times**, with LP gas core fueling stations and disaster response stations (local base service stations).

We have certified disaster prevention specialists and other **diverse human resources able to quickly respond to emergencies** so that we as a Group can support society and people’s daily lives across the spectrum from disaster readiness to recovery. To be ready for large-scale disasters, we developed a business continuity plan (BCP) and the systems needed for coordinating disaster responses and liaising with other organizations nationwide.

We have started collaboration in this area with other companies. In March 2021, we launched a project with SoftBank Corporation to develop a disaster-resilient communication network. We are building a system in which we install emergency power generators fueled by our Group’s LP gas at selected SoftBank mobile phone base stations nationwide. Priority in LP gas supply and delivery is given to these stations.



Kizuna Net Center is designed to be an energy sharing base when disasters occur (Miyagi Prefecture)



the Power to Deal with Changes

The ITOCHU ENEX Group has extended its business portfolio, **keeping ahead of changes of society and clients' needs**, by dealing in clean energy and entering into the electric power business. To continue to grow, we make efforts in a variety of areas to **quickly react to changing business environment** and **reform ourselves in flexible ways**.

High-Grade Urea Solution AdBlue®

High-grade urea solution AdBlue® is an environmental product sprayed into diesel engine exhaust gas to detoxify nitrogen oxide (NOx). It is widely used for a variety of diesel vehicles, particularly trucks and buses. The Group started sales of the product in 2004, and now offers stable supply to customers nationwide from 24 distribution centers, holding a **30% share of sales in Japan**.

The Group **entered into the manufacturing business** in July 2021. There was problematic urea shortage in 2021, but we were able to maintain a constant supply, earning the commendation of the Ministry of Land, Infrastructure, Transport and Tourism. We also supplied the product for snowplow vehicles.

The Group also sells urea solution for marine SCR systems to serve vessels in areas with NOx emission restrictions, utilizing our expertise gained through AdBlue® sales.



GTL Fuel

GTL fuel is a **replacement for diesel fuel**. Derived from natural gas, it is a cleaner fuel alternative with reduced environmental impact. It is used for non-road running vehicles such as construction and heavy machinery. With properties equivalent to diesel fuel, it emits approximately 8.5% less CO₂ than diesel fuel does. Colorless and odorless, it remains serviceable at low temperature. It was registered with NETIS² in October 2019. With the expansion of its, it is now employed at various organizations, such as the new city hall in Yokohama and major construction companies. In November 2021, the Group started supplying the Group's Sodegaura Asphalt Base with Japan's first carbon-neutral GTL fuel.

² NETIS (New Technology Information System) is a system operated by Ministry of Land, Infrastructure, Transport and Tourism. The advantage to adopt a new technology registered with NETIS includes merit points added in the construction performance review for public works.



Renewable Diesel

Renewable diesel (RD) is mainly used for trucks and buses. As a "drop-in" fuel, it can be used directly in existing vehicles and refueling facilities without any special modification. It is anticipated that RD will extend its usage as a next-generation bio-fuel, minimizing decarbonization costs and greatly contributing to reduction of GHG emission. The Group is now working with other companies toward **adoption of RD for convenience store delivery vehicles and operation of RD bases for commercial trucks**, marking a first for Japan.

We also intend to adopt RD for racing generators used by TEAM IMPUL, which we support, and for tanker trucks and long-distance buses. We are also making efforts to materialize the first 100% use of RD as marine fuel.



Self-consumption Type Solar Power Generation Service

Self-consumption type solar power generation service involves installation of solar power generation facilities in factories and storage buildings. In this business model, the customer **consumes power generated in-house by sunlight** to reduce CO₂ emissions and energy costs. It has already been introduced at Car-Life Centers operated by our Group, companies in Thailand affiliated with SENKO Group Holdings Co., Ltd., home improvement centers of KOHNAN SHOJI Co., Ltd., asphalt mixture plants of WATANABE SATO CO., LTD., and business offices of Kinugasa Transport Corporation, among others.



Marine Ammonia Fuel

In shipping, urgent development of zero-emission vessels³ is awaited and ammonia is supposed to be a good **alternative fuel**. Similar to hydrogen, ammonia does not produce CO₂ when combusted. The Group is a member of a council to review the safety of vessels and supply, specifications for marine ammonia fuel, and environmental impact assessment throughout the life cycle in order to materialize real-world deployment of marine ammonia fuel at an early stage.

³ Zero-emission vessels are next-generation vessels that do not release GHG emission during travel.



LNG Bunkering Vessel

Our Group is planning an LPG supply business for marine vessels in the Kyushu and Setouchi regions with Kyushu Electric Power Co., Inc., Nippon Yusen Kabushiki Kaisha, and Saibu Gas Co., Ltd. The operation is due to start in March 2024 when our own LNG bunkering vessel is completed to supply marine vessels with LNG fuel. LNG fuel has a lower environmental impact compared with heavy oil. **Our bunkering vessel will be the first of the kind to operate in western Japan.**



Hydrogen Energy

Hydrogen is the focus of attention as one of the next-generation energy types as it emits no CO₂ when combusted. The Group started **collaboration on development of a hydrogen value chain** with Air Liquide Japan G.K. and ITOCHU Corporation. We also discuss hydrogen station models of 24/7 high-speed charging operation for commercial vehicles with car manufacturers and freight companies. We are in talks with equipment manufacturers and industrial customers regarding combustion device development and demonstration tests.



TOPICS More Activities in Verification Stage

Visualization of GHG

The Group concluded a business partnership agreement with The Bank of Yokohama, Ltd. regarding a service for supporting visualization of GHG emissions. In the bank's "Specialist-utilized SDGs Project Evaluation" for its customers, we provide services to introduce solutions to visualization and reduction of GHG emissions.



Example of GHG visualization

Research for Soybean Production Utilizing CO₂

In May 2022, the Group started a research project on using CO₂ in soybean production with Saga City, Saga University, and FUJI OIL HOLDINGS INC. We study effective soybean production utilizing the plant's characteristic of quicker growth when CO₂ is absorbed. In the first step, we will perform demonstration testing in a laboratory at Saga University.



The plan envisions use of CO₂ collected at an incineration plant in Saga in the future

Woody Biomass Co-combustion Test at Power Plant

The Group is planning a woody biomass co-combustion test in October 2022 at a coal-fired power plant in Yamaguchi Prefecture operated by our Group company Hofu Energy Service Co., Ltd. By co-firing black pellets—crushed, dried, and half-carbonized wood—with coal, we aim to reduce CO₂ emissions.



Black pellets to be used in the co-combustion test

Growth Strategies Leveraging Our Strengths

Since its inception, the ITOCHU ENEX Group has evolved around the petroleum and LP gas businesses, which are infrastructure essential to society and everyday life. Reacting to the changing times and external environment, we flexibly and aptly expand and shift the unique foundations we have built up through our history—customer base, networks, trust, and more. By doing so, we aim to create new bases in order to grow further.

Expansion of Base

By leveraging the unique base built up through our petroleum and gas businesses, we are expanding into related services and other peripheral businesses, and seeking to create synergy with our newer businesses of electric power (power retail business since 2010), and mobility (car dealing business since 2014).

Electric Power

- + Electric power sales contracts with households and corporate customers: 274,810
- + Heat supply districts in Kanto Area: 19 locations

Mobility

- + Car rental outlets: 452

Unique Base

It is our unique base that made it possible for us to safely and stably supply energy for over 60 years. Our base is formed with customers, infrastructure, and networks with business partners all organically

combined. Even as the petroleum and gas markets are on a contracting trend, we are pursuing M&A and proactive business development in LP gas businesses in order to further strengthen and maintain our base.

Creating New Bases

We take maximum advantage of our unique base to promote environment-related businesses and intend to create new businesses. Based on our sales expertise developed at home, we extend our activities to overseas. Adapting ourselves flexibly, we explore the creation of new bases by observing the changes in the times and external environment and by extending peripheral businesses in various areas.

Electrically Connected

- Further business expansion through connecting petroleum, gas, and mobility businesses through electric power
- Planning alliances with various companies by making the most of our ability to access many industries (e.g., combining electricity and mobility in power sales collaboration with Nissan Motor Co., Ltd.)

Digitally Connected

- Seeking greater efficiency and new services by connecting existing businesses digitally (e.g., 1) Digitalization and gas for automated meter reading and streamlining of delivery; 2) Digitalization and mobility for smartphone refueling where car refueling payment is settled through mobile phone)
- Reorganizing the customer base of each business to provide services tailored to the customers' needs

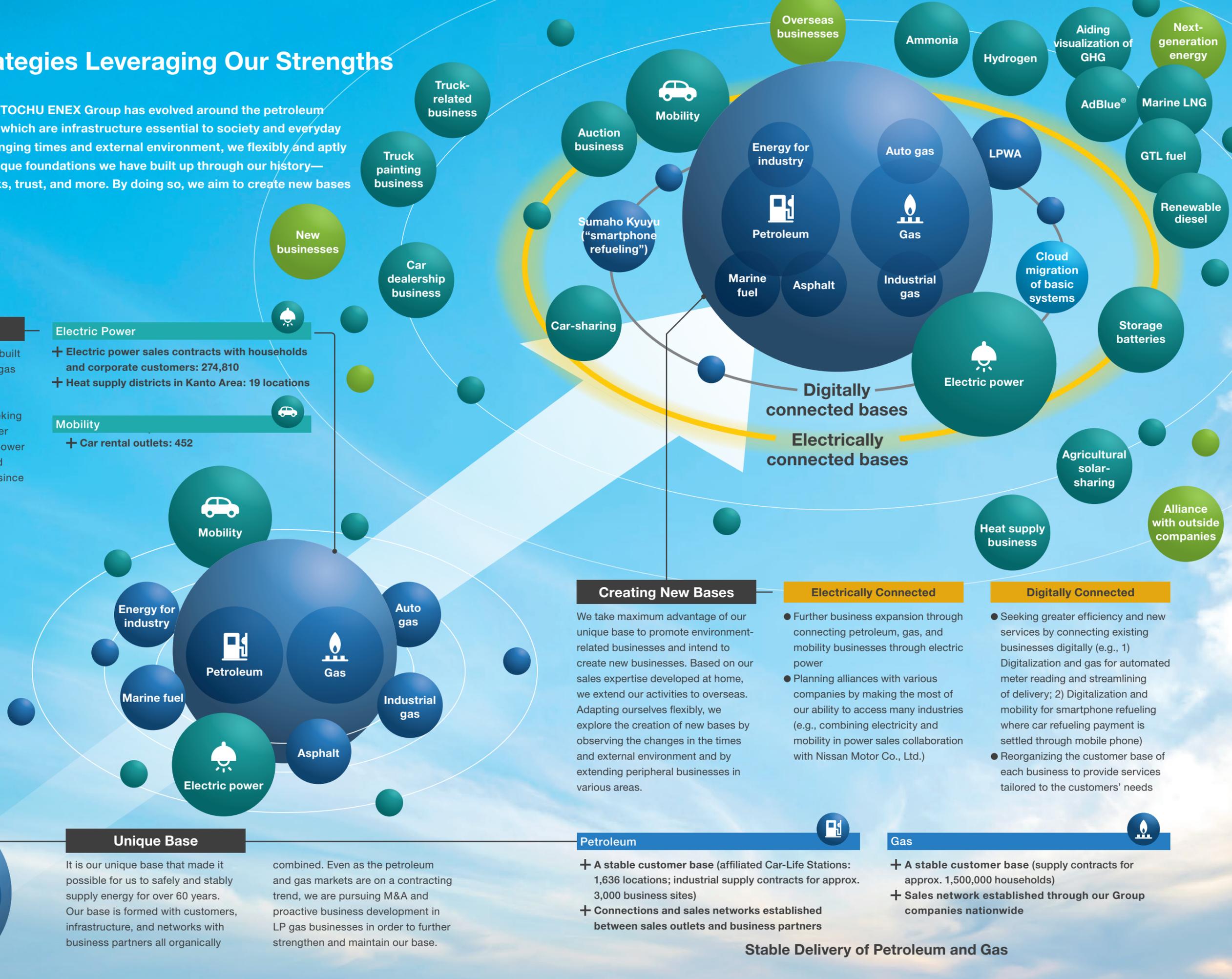
Petroleum

- + A stable customer base (affiliated Car-Life Stations: 1,636 locations; industrial supply contracts for approx. 3,000 business sites)
- + Connections and sales networks established between sales outlets and business partners

Gas

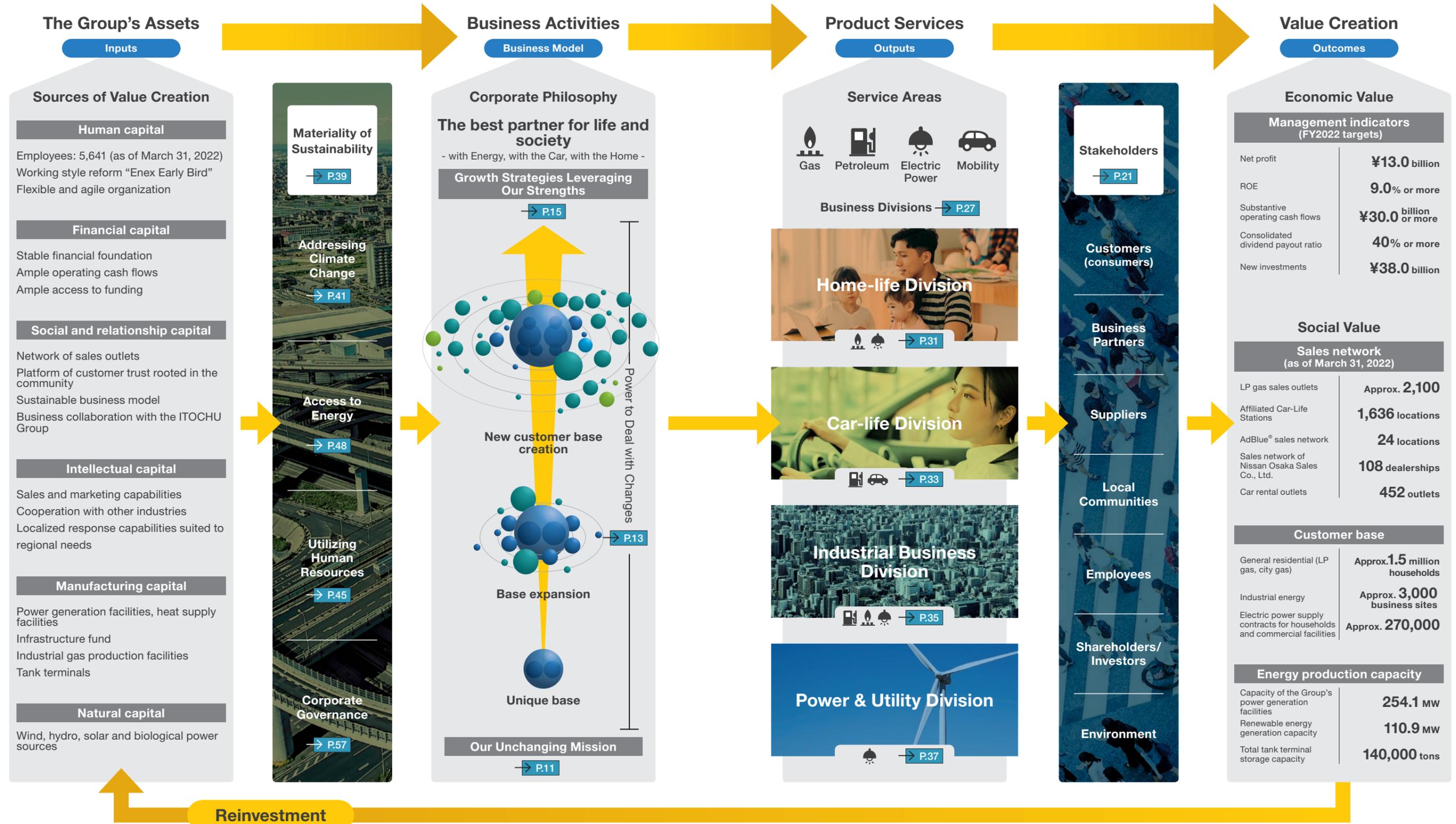
- + A stable customer base (supply contracts for approx. 1,500,000 households)
- + Sales network established through our Group companies nationwide

Stable Delivery of Petroleum and Gas



Value Creation Process

The ITOCHU ENEX Group has continued to grow through its long history by serving customers as a one-stop provider of diverse energy products that meet the rapidly changing energy needs of society, and by addressing related challenges. Going forward, we will carefully consider what the ITOCHU ENEX Group can do for society and further enhance our strengths, with the goal of continuing to be “the best partner for life and society.”



Medium-term Business Plan “SHIFT! 2022”



Our Group formulated the new Medium-term Business Plan “SHIFT! 2022” in April 2021. We had kept the slogan “Moving” as the main theme of the Medium-term Plan since 2014 in order to develop new areas of business and to overhaul our traditional methods thoroughly. Building on the spirit of “Moving,” we are moving forward with “SHIFT” as a keyword to further shift up gears to deal with the rapidly increasing importance of environmental issues and the changing social situation surrounding the Group.

“SHIFT! 2022” Basic Policy



Quantitative plan/progress

In FY2021, the first year of the Plan, as the result of our efforts based on the Basic Policy, the targets for the first year of the Medium-term Business Plan were achieved in net profit, ROE, consolidated dividend payout ratio, and substantive operating cash flows. Net profit achieved a record high for the past consecutive seven years. Investment is also moving forward to achieve the cumulative total over two fiscal years in the Plan.

	FY2021 Targets	FY2021 Results		FY2022 Targets
Net profit	¥12.5 billion	¥13.2 billion	Target achieved (record high for the past consecutive 7 years)	¥13.0 billion
ROE	9.0% or more	9.4%	Target achieved	9.0% or more
Consolidated dividend payout ratio	40% or more	41.1%	Target achieved (annual ordinary dividend: an increase of ¥4)	40% or more
Substantive operating CF*	¥30.0 billion or more	¥33.8 billion	Target achieved	¥30.0 billion or more
Investment	Cumulative total over two fiscal years ¥60.0 billion	First-year result ¥22.2 billion	Acquisition of mega solar businesses, etc. as subsidiaries (to achieve the planned amount of the cumulative total)	Second-year target ¥38.0 billion

* Substantive operating cash flows = [operating CF] – [fluctuation of working capital, etc.]

Quantitative plan/progress

Basic Policy

Bases	Environment & Energy	Human Resources
Maintaining and Expanding Bases <ul style="list-style-type: none"> Further enhancement of domestic sale network and customer base Active promotion of B-to-C business utilizing digital transformation Strengthening of overseas business development with a focus on Asia 	Deepening the Environment and Energy Businesses <ul style="list-style-type: none"> Forays into untapped areas with environmental products, electricity, and various other forms of energy Further expansion of the electric power business from generation to selling, especially with renewable energy Enhancing environmental technical capabilities and expand offerings of low-carbon and decarbonized products 	Cultivating Next-Generation Human Resources <ul style="list-style-type: none"> Cultivating multi-talented human resources who will flourish in Japan and overseas Promoting diversity and fostering a diverse range of values

Activities in 2021

<p>1</p> <p>TERASELでんき</p> <p>2</p> <p>TERASEL Brand Development</p> <p>We enhanced our customer base through TERASEL brand development in areas of household electric power, solar power for companies, and EV car sharing (Photo 1).</p>	<p>3</p> <p>4</p> <p>Promotion of Environmental Products Sales and New Activities</p> <p>We promoted sales of environmental products and new activities, including: entry into AdBlue® production business (July), introduction of carbon neutral GTL fuel (November), and opening of renewable diesel fueling station (November).</p> <p>Next-generation Fuels in Marine Fuel Area</p> <p>We discussed LNG marine fuel supply with Kyushu Electric Power Co., Inc., Nippon Yusen Kabushiki Kaisha, and Saibu Gas Co., Ltd., leading to decision to launch supply operations around spring 2024, and participated in discussion on practical application of marine ammonia fuel (Photo 3).</p> <p>Development of Self-consumption Type Solar Power Generation Service</p> <p>We introduced our self-consumption type solar power generation systems at Home Center Kohnan outlets, the Group's fueling stations, and SENKO Group companies in Thailand (Photo 4).</p> <p>Acquisition of Mega Solar Businesses (Large-scale Solar Power Generation)</p> <p>In September, the Group acquired a 100% share of a mega solar business, the largest in our history, in Takasaki City, Gunma Prefecture, and commenced operation (large contribution to profit on appraisal gain basis).</p>	<p>5</p> <p>6</p> <p>Promotion of Diversity</p> <p>We issued the Diversity Statement and implemented various actions, including active appointment of young people (Challenge Appointment System), lowering the age for promotion to managerial positions, and raising the ratio of female managers. Ms. Masako Iwamoto was appointed as Outside Audit & Supervisory Board Member in June as a step for promoting the diversity of board members.</p> <p>Developing Global Human Resources</p> <p>The Group continued to dispatch employees to group companies abroad under the overseas in-service training program launched in FY2018, posting six employees to Guam, Thailand, Dubai, and Singapore (to date, a total of 16 employees have been dispatched; Photo 5).</p> <p>Creation and Promotion of Innovation</p> <p>We promoted innovation in chemical reactions, new business creation, and other areas through a new cross-functional team that engages in borderless information sharing and networking among members (Photo 6).</p>
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Stakeholder Engagement

Linked with Each Stakeholder

In accordance with “Declaration of the Group Code of Conduct” and “IR Basic Policy,” the ITOCHU ENEX Group is committed to holding constructive dialogue with various stakeholders in all aspects of its business activities. We will further increase our enterprise value and offer various forms of other value while continuing to develop mutual trust with each stakeholder.

	Why we engage	Stakeholders' interest	How we respond
Customers (consumers)	As “the best partner for life and society” envisioned in our Corporate Philosophy, we have made it our mission to not only stably supply energy, but also promptly and attentively provide our customers with the diverse services they need. We strive to build an environment that enables our customers to rationally and confidently choose better products and services.	<ul style="list-style-type: none"> Stable supply systems for energy and related services Disaster prevention ability (readiness) and maintenance of infrastructure in disasters Supply of safe, reliable products and services Environment enabling selection of products and services that serve the customer's needs Commitment as a partner able to contribute to local governments and communities 	<ul style="list-style-type: none"> Offering products and services through branches and group companies nationwide Maintaining supply via LP gas core filling stations, disaster-response Car-Life Stations (CS), etc. Disaster response network to connect disaster-stricken areas and other areas nationwide (offering company-wide support for affected areas) Solutions tailored to society's needs, including eco-friendly products and services Activities such as comprehensive partnership agreements with communities and CS operation in underpopulated areas
Business partners	We endeavor to offer better services by promoting robust dialogue with business partners, in addition to appropriately managing any information related to them and securely protecting their confidential information. We believe that such dialogue will become even more important in our Group's rapidly changing environment.	<ul style="list-style-type: none"> Strengthening trust and partnership as a business partner Synergy through our Group's networks and expertise Offering products and services that meet partners' needs and sharing information Creating opportunities for business partners to provide feedback Situations and directions of business activities by the Group 	<ul style="list-style-type: none"> Strategic alliances and sustained collaboration, including through comprehensive partnership agreements Holding and operating Enex Meetings to exchange views with business partners Holding exchange meetings, informal conferences, and product seminars in each region Publication of informational magazines for LP gas retailers and CS business-related stores
Suppliers	We promise to ensure that our business is always carried out in a fair manner: we do business under fair and free competition; we procure fairly; we observe trading regulations and rules; and we refrain from unfair conduct, including price fixing and cartel agreements. We seek to grow together with our suppliers by maintaining and reinforcing our mutual trust.	<ul style="list-style-type: none"> Building trust as business partners for lasting partnership Pursuit of mutual profit through business Partnering to foster innovation Promotion of eco-friendly procurement practices 	<ul style="list-style-type: none"> Holding and participating in exchange meetings, informal conferences, and various events in each region Sales promotion through our own campaigns and events Regular face-to-face meetings, and discussions to explore new opportunities Promoting use of eco-friendly products among consumers and business partners
Local Communities	Guided by our Corporate Philosophy of being “the best partner for life and society,” we strive to contribute to society as a good corporate citizen while we carry out our business. With our vision to develop the environment, people, and communities in ways that foster the next generation, we enhance communication and mutual understanding with local communities and act to pass a sustainable society on to the future.	<ul style="list-style-type: none"> Contributing to the development of prosperous communities; create new communities Acting to conserve environment and protect biodiversity Acting to foster the next generation; support people with disability Supporting each employee's activities that contribute to society 	<ul style="list-style-type: none"> Holding business-related events such as food education, fire education, and hands-on job experiences Actively participating in and supporting community events; holding cleanups Activities for fostering the next generation through co-sponsored sport events (Japan Flying Disc Association, soccer and basketball teams, etc.) Running a volunteer activity support system to develop reliable human resources who contribute to society
Shareholders/Investors	We seek to receive appropriate appraisal from shareholders and investors by continuously providing and explaining the information necessary for investment decisions in a timely, fair, accurate, and clear manner. We value two-way communication and shareholders' and investors' requests and views are transmitted to the Management to improve the Group's operation.	<ul style="list-style-type: none"> Stable shareholder return and appropriate share valuation in stock market Healthy financial foundation and capital efficiency Appropriate management and corporate governance system Corporate vision, management strategy, and medium-to-long-term enhancement of corporate value 	<ul style="list-style-type: none"> Opportunities to actively communicate with shareholders and investors (general meeting of shareholders, financial result briefing, and individual dialogue with institutional investors, etc.) Business management emphasizing maintenance of healthy financial structure and capital efficiency Enhanced content for investors through appropriate disclosure of information and website information, etc. Sustainable growth based on Corporate Philosophy, such as Medium-term Business Plan, etc.
Employees	Since its founding in 1961, the ITOCHU ENEX Group has always considered its people to be its greatest asset. Human resources are at the center of the Group's value creation and are the driving force of sustainable growth and medium- to long-term enhancement of corporate value. Accordingly, the Group seeks to provide a pleasant and satisfying work environment for all employees.	<ul style="list-style-type: none"> Work environment where employees can work at ease with job satisfaction Opportunities for self-development, skill improvement, and career formation Maintenance and improvement of the health of employees and their families Improving work-life balance and enabling diverse working styles Fostering corporate culture where employees can fulfill their potentials 	<ul style="list-style-type: none"> Promotion of Enex Early Bird (working style reforms) Systematic training schemes, overseas training program, and graduate school admission program for working professionals Action to improve health literacy, respond to mental health issues, and prevent harassment Utilization of human resources and improvement of systems and in-house environment based on the Diversity Statement Job-satisfaction surveys to gauge employees' perceptions and satisfaction views, and to solicit their opinions on programs/systems
Environment	As a company dealing in various forms of energy, we believe one of our most important challenges is to achieve sustainable growth through careful consideration of how to harmonize a better global environment and our lifestyles. Throughout our ongoing business activities, we consciously strive to be considerate and protective of the global environment, and actively engage ourselves in environmental businesses.	<ul style="list-style-type: none"> Action to contribute to the realization of a decarbonized society Reduction of our own environmental impact as a Group Protection of the global environment; environmental management 	<ul style="list-style-type: none"> Identification of “addressing climate change” as an important issue and disclosure of our Action Plan Providing various environment-related products and services, planning new areas such as alternative fuels, renewable energies, storage batteries, EV, and heat supply systems Eco-office activities: saving energy and greener use of energy at business units Compliance with environmental regulations and ISO standards, promoting activities on environmental protection and biodiversity conservation

Declaration of the Group Code of Conduct
<https://www.itcenex.com/en/corporate/mission>



IR Basic Policy
<https://www.itcenex.com/en/ir/policy/basicpolicy>



Message from the CFO



Guided by “SHIFT! 2022,” we will embrace change and strive to increase our enterprise value

Yasuhiro Imazawa
 Director and Executive Officer
 Chief Financial Officer
 Chief Information Officer
 Chief Operating Officer,
 Corporate Administration Division I

The role of the CFO

I believe that the key responsibility of a CFO is to contribute to the enhancement of the company’s enterprise value by supporting the financial and capital aspects in ways that facilitate the safe and smooth management of the company’s entire spectrum of operations. In particular, for a corporate group like ours that is made up of numerous companies, the CFO plays the role of a flagbearer who leads efforts to increase the enterprise value of the group as a whole.

In recent years, the call to take action on climate change has rapidly spread in the form of commitments to ESG and the SDGs. As an energy trader, the ITOCHU ENEX Group takes this call very seriously. Our Sustainability

Committee, established in April 2021, led an analysis of the climate change risks and opportunities for our business activities, based on the concepts underpinning the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The findings were then used to formulate the ITOCHU ENEX Group Sustainability Policy and define the material issues for our Group in November 2021.

Going forward, we will continue taking action through the Sustainability Committee to assess and monitor environmental and social issues, and to implement our Group-wide sustainability management strategies. At the same time, we will proactively disclose non-financial information as part of our IR activities. And, we will proactively highlight our Group’s ideals and business activities to

society, and engage in dialogue with our stakeholders to have them appraise our Group’s enterprise value, all with the aim of achieving a price-to-book ratio exceeding 1.0 over the medium to long term.

Impact of geopolitical risks

I believe that our Group’s results for FY2021 were not strongly impacted by the Russian invasion of Ukraine launched in February 2022. However, given the impact that the unprecedented surge in energy prices had on both the Japanese and global economies, we cannot overlook the potential for our FY2022 performance to be affected, and thus we are closely monitoring the situation. In addition, as an energy trading company, we must remain vigilant regarding possible energy security

impacts that could hamper our ability to ensure a stable supply of energy. The fact that Russia is a neighbor of Japan means that we face a high level of geopolitical risk in various senses, and accordingly we must work hard to maintain stable energy supply. To accomplish this, we will leverage our Group’s solid financial foundation to create new businesses, and, instead of just going with the flow of mega trends, we will reinforce and build up our business foundation to firmly increase our profits.

Looking back on FY2021; the outlook for FY2022

We achieved a net profit of ¥13.2 billion in FY2021, marking our seventh consecutive year of record-breaking profits. This was attributable to factors such as the diminished impact of COVID-19 versus FY2020, inventory effects tied to the higher price of LP gas imports, and unrealized gains associated with the conversion of two mega solar companies into consolidated subsidiaries.

Nevertheless, the prices of natural gas and petroleum have remained high, geopolitical risks continue to rise, and exchange rates are being rocked by the weak yen. Because of Japan’s heavy dependence on

imports for its energy needs, these circumstances will likely lead to medium- and long-term impacts, making for an unprecedentedly uncertain future. For this reason, we believe that FY2022 will remain a very challenging year for our Group, and accordingly we have set a target net profit of ¥13 billion, on par with FY2021. Meanwhile, we will retain last fiscal year’s targets of ROE of 9% or more, and consolidated dividend payout ratio of 40% or more. Since boosting our asset efficiency will be key to the achievement of those targets, we will continue to revamp inefficient businesses, and firmly pursue growth investments in new businesses.

Our Group’s signature business model

Our Group’s signature business model is designed to generate growth by maintaining stable revenues from our core businesses in LP gas and petroleum, and by building up our business portfolio through bold forays in the new domains of electric power and mobility, while also taking action to diversify our risk exposure.

Over the years, we have earned a steady stream of profits from our core segments, LP gas and petroleum. However, changes in

society—a shrinking population, the need to take action toward decarbonizing society, and more—compel us to pursue further transformation and new challenges. In our electric power business, our strengths and profitability rest in our system for supplying electricity that we generate at our own power plants, and in our network of diverse channels, including those for procuring electricity from major power companies.

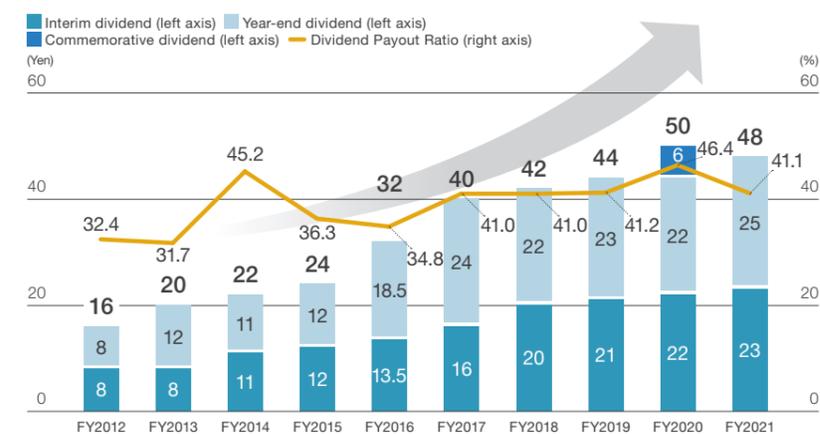
As this illustrates, we are actively engaging in a wide range of businesses in an environment made very challenging by skyrocketing energy prices, and this diversification of our business portfolio is paying off with positive results in our performance.

Progress of the medium-term business plan

We have defined three basic policies under our current medium-term business plan, “SHIFT! 2022.”

As part of our efforts for implementing the first policy, “maintaining and expanding bases,” we have expanded our customer base through the TERASEL brand, which adds new services to foundation we have built up over the years. Currently we are working to acquire new customers with three sub-brands: TERASEL Denki, an electric power service for general consumers; TERASEL Solar, a solar power generation service for corporate clients; and TERASEL Car Share, an electric vehicle sharing service. Also, in May 2021 we signed a memorandum of understanding on forming a business alliance with WP Energy, a major LP gas firm in Thailand, and are now advancing joint efforts with them in the LP gas business in Thailand. In November 2021, we took a step toward broadening our truck-related segment by entering the truck

Dividends Per Share & Consolidated Dividend Payout Ratios for Past 10 Years



Message from the CFO

bodywork business (painting and specialized retrofitting).

As for the second policy, “deepening the environmental and energy businesses,” we worked to expand our lineup of environmental products and services, including GTL fuel, renewable diesel, AdBlue®, and installation of solar power generation systems for self-consumption. In addition, we co-established an LNG bunkering company in February 2022 with three major players and plan to commence bunkering in 2024, as part of our wider exploration of opportunities in the next-generation marine fuel market. Going forward, however, I think the most attractive role for us will be as a provider of environmentally friendly electricity. Due to the technical difficulty of storing large quantities of electricity, the challenge here will be developing commercial solutions that combine the use of storage batteries.

The third policy is “cultivating next-generation human resources.” Ever since our founding, we have considered people to be critical to our success. Accordingly, we have developed an organization that enables employees to advance their careers, and have worked to secure and nurture talent capable of responding agilely and rapidly to changes in our business environment. During 2021 we formulated our Diversity Statement and implemented various initiatives, such as proactive recruitment of young talent, lowering the age for promotion to managerial positions, and actions for raising the ratio of women in management. Also, we continued running the overseas in-service training program that we launched in FY2018.

Guided by these three basic policies, we plan to invest ¥60 billion over the two years of the

medium-term business plan. Of that, approximately ¥20 billion is earmarked for our ongoing investment in capex, and ¥10 billion will go toward strengthening functions. The remainder will be used to finance new businesses. Investments carried out in FY2021 totaled roughly ¥22 billion. Investor appetite has risen for new businesses such as renewable energy, buoyed in part by the large capital influx driven by the easy money policy of key central banks. Against this backdrop, most investments being made have overestimated the worth of their targets in terms of the actual enterprise value. Also, investments in overseas projects have stagnated due to COVID-19 restrictions on international travel. For FY2022, we will invest around ¥38 billion, including in projects suspended in FY2021. We will focus on mainly growth investments as we seek to expand our businesses.

While the pandemic has had many negative effects, it has also brought some positive outcomes, including diverse changes powered by IT. Our Group is aggressively pursuing DX while working to transform its business focus from B-to-B to the more profitable B-to-C market. As one example of our DX initiatives, we have adopted Salesforce for our electric power sales. This cloud-based platform for sales management and CRM systematizes processes such as sales opportunity management, providing quotes, signing contracts, invoicing, and collection, and thus has enabled us to set up a system that reduces workload and human error. As another example, our efforts to solicit customers via our website have enabled us to sign up many new customers at an opportune time when many new electric power companies are

exiting the market. This goes to show that DX has become a new source of strength for us.

Our financial soundness and investment criteria

We have firmly stayed on course regarding our medium-term business plan’s substantive operating cash flow target of ¥30 billion or more. Also, our net debt-to-equity ratio, an indicator of the soundness and security of a company’s finances, has remained healthy in recent years, measuring either zero or a negative value. Strong prospects for the continuation of our solid business foundation and financial soundness earned us higher scores from the Japan Credit Rating Agency, Ltd., with our long-term issuer rating rising from A+ (stable) to AA- (stable), and our domestic commercial paper rating moving up from J-1 to J-1+ (July 2022). This marked the first improvement in our long-term issuer standing in four years, as well as the first time for our domestic commercial paper grade to rise in the 24 years since we received our inaugural rating in 1998. Going forward, whenever we enter new businesses, we will strive to maintain our robust financial health, and actively explore our options for utilizing green finance and other sustainable funding.

As for our investments, we make our decisions based on our own set of criteria, which includes net present value as an indicator. We will continue to also put strong emphasis on criteria such as profitability and recoverability. Moreover, as we need to constantly make bold forays into new business domains, we will proactively invest in projects that provide value added to our Group’s businesses, and ones that are in areas where our Group possesses solid insights. The question of

whether or not a project has the potential to enhance or expand our Group’s businesses will be a touchstone for our investment decisions.

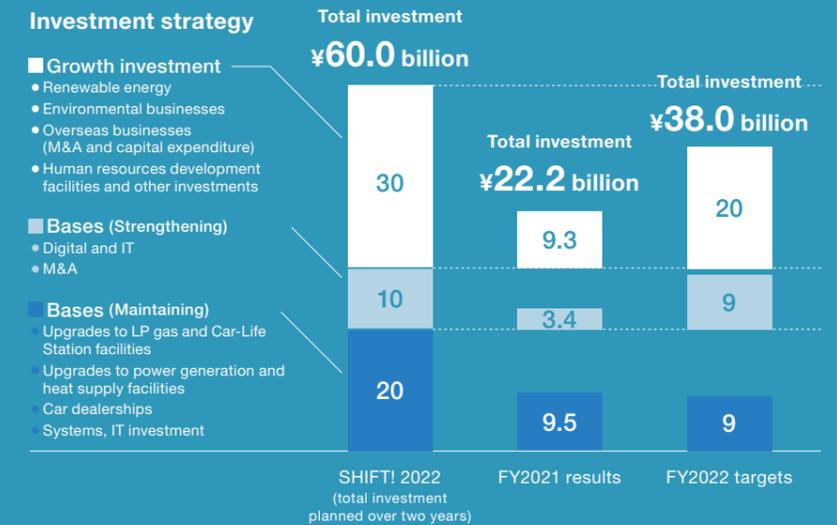
To our stakeholders

Today, we are witnessing rapid changes in the outlook for global energy demand and in the structure of businesses. However, these will not stop the march toward a decarbonized society. We have, as already announced, set quantitative targets for our Group’s Scope 1 and 2 CO₂ emissions, and will continue to steadily work toward achieving them. As for Scope 3 emissions, progress hinges upon transformation of supply chains and society as a whole, so it is vital that we receive the understanding and support of our stakeholders for the initiatives carried out by our Group.

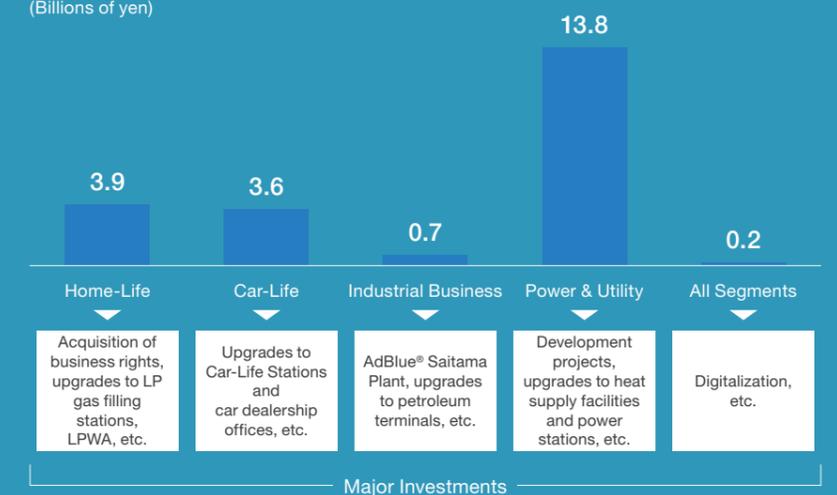
At the same time, we must make energy security a key priority, giving due consideration to recent geopolitical risks. In cases where the direction of Japan’s energy policy diverges from that of global trends, the potential impacts and outcomes will need to be seriously discussed. At the ITOCHU ENEX Group, we constantly engage in such discussions and examine how we should respond to change. We are very grateful to our stakeholders for recognizing this commitment, seen in our business activities and communicated through our annual report and website.



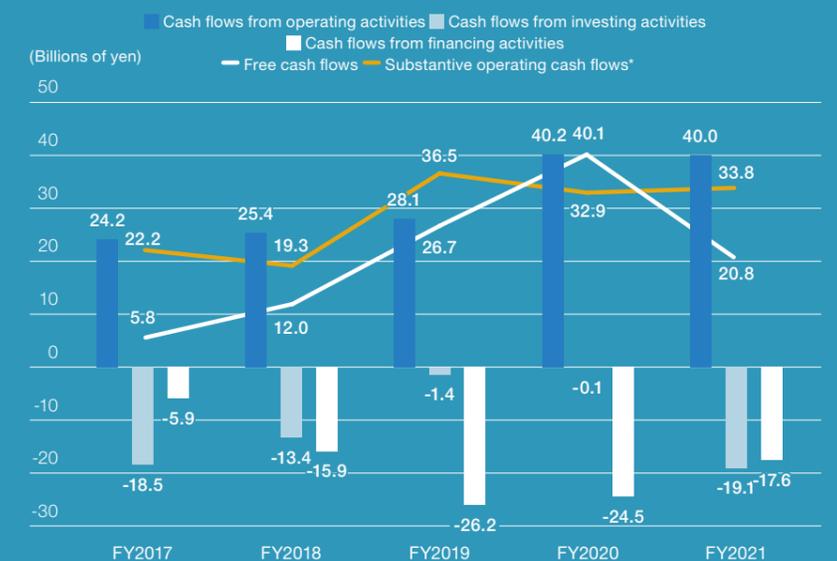
“SHIFT! 2022” Investment Plan



Investments Made in FY2021 by Segment



Cash Flows



* [Cash flows from operating activities] - [Fluctuation in working capital, etc.]

Strategy by Business



HOME-LIFE Division



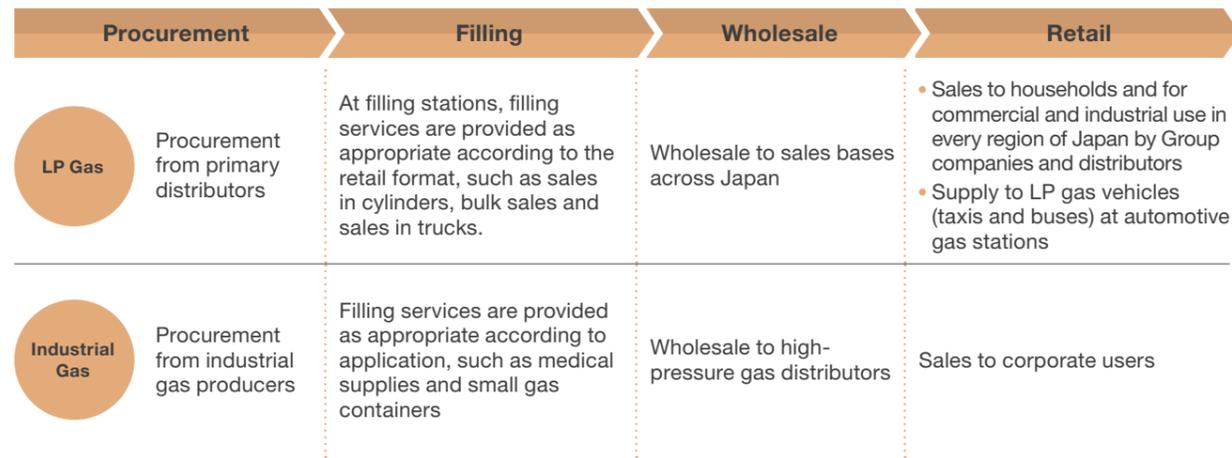
We support secure, comfortable, and affluent lifestyles by delivering LP gas, electric power, and a variety of smart energy solutions.

Main Products and Services

LP gas, city gas, electric power, industrial gas, smart energy devices for homes, and solutions for comfortable living



Business Flow



LP gas sales

Sales of LP gas to customers all over Japan. As well as delivering to 1,500,000 households, we have wholesale ability through our subsidiary JAPAN GAS ENERGY CORPORATION.



Industrial gas sales

Sales of industrial gases (including oxygen, nitrogen, argon, sterilization gasses) used in all sectors. We also provide a gas container pressure inspection service and related supplies.



Life-related services

Offering comfortable and safe lifestyles through sales of various equipment essential to everyday life (including household appliances and equipment for combustion, kitchens, air-conditioning, etc.).



Gas container pressure inspection service

Using a state-of-the-art facility, we offer safe and reliable container inspection and related tests using automated lines.



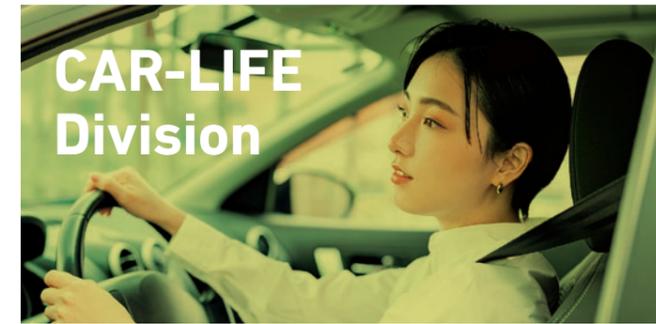
Electric power retail business

Group companies deliver electricity to customers nationwide under the Group's "e-koto denki" service system.



Overseas business

We operate LP gas sales businesses mainly in Southeast Asian countries, including the Philippines and Thailand where further development is expected.



CAR-LIFE Division



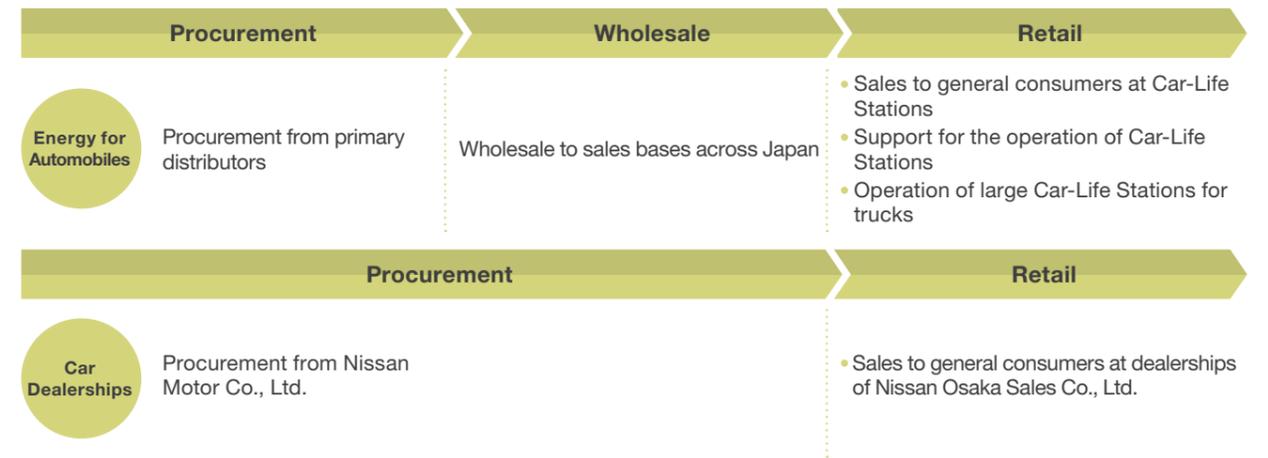
We cater to every need related to "car life," aiming to build a society where people can live in comfort with cars.

Main Products and Services

Gasoline, kerosene, diesel oil, electricity, vehicles, and living and automotive products/ services



Business Flow



Energy sales for automobile

We sell various types of energy (including gasoline, kerosene, diesel oil, and automotive lubricating oils) at 1,600 affiliated Car-Life Stations nationwide.

* Car-Life Stations are a full-service service station solution offered by the ITOCHU ENEX Group.



Car dealership business

Group company NISSAN OSAKA SALES CO., LTD. is one of the largest Nissan Motor-affiliated dealers in Japan and is the only Nissan Motor-affiliated dealer in Osaka Prefecture, selling new and second-hand cars and offering service and maintenance works.



Truck business

ENEX FLEET CO., LTD., a Group company, operates Fleet Car-Life Stations, mainly for trucks and buses. It recently started truck body painting and alteration services to develop into peripheral areas of the truck business.



Consulting support for Car-Life Stations

We support sales outlets through our consulting service with our experience and expertise in operation of Car-Life Stations.



Electric power retail business

We offer a household electricity service called "Nissan car + Nissan Osaka e-denki," developed jointly by NISSAN OSAKA SALES CO., LTD. and ENEX LIFE SERVICE CO., LTD.



Overseas businesses

Through acquisition of 25% share of IP&E Palau, Inc., we entered into the petroleum product import, wholesale, and sales business in the Pacific area. ENEXFLEET VIETNAM Co., Ltd. operates a car-wash and car-care business in Vietnam.

Strategy by Business

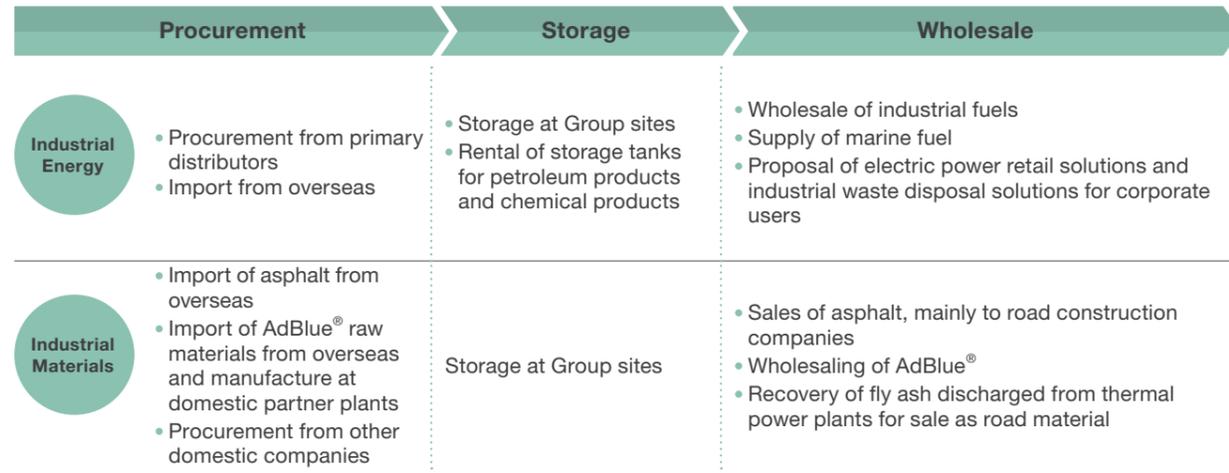


We deliver various forms of energy that support industry and logistics, as well as asphalt, marine fuel, and eco-friendly products.
Main Products and Services

Gasoline, kerosene, diesel oil, fuel oil, LP gas, AdBlue®, asphalt, marine fuel, import/export of petroleum products, terminal tank rental, GTL fuel, renewable fuel, and recycling of fly ash



Business Flow



Energy sales for corporate customers

We sell various types of industrial energy including gasoline, kerosene, diesel oil, and fuel oil, for corporate customers contributing to domestic industries.



Sales and service businesses of environmental products

We develop and sell next-generation energy, including AdBlue® that decomposes and detoxifies exhaust gas from diesel cars, GTL (gas to liquids) derived from natural gas, renewable fuels from waste edible oils, and liquefied natural gas.



Sales of marine fuel

We sell marine fuel and marine lubrication oils at main ports in Japan and overseas. We also operate supply business of marine LNG fuel in cooperation with Kyushu Electric Power Co., Inc., Nippon Yusen Kabushiki Kaisha, and Saibu Gas Co., Ltd.



Asphalt sales

We provide asphalt as industrial material for our customers, using the nationwide sales network and our own supply network.



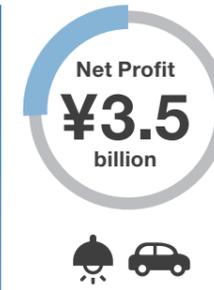
Trade business of petroleum products

We import and export petroleum products, and operate sales business in Japan, acting as the ITOCHU Group's domestic trade center of petroleum products.



Terminal business

There are two tank facilities capable to store petroleum and chemical products, with which we can efficiently and promptly respond to customers' demands.

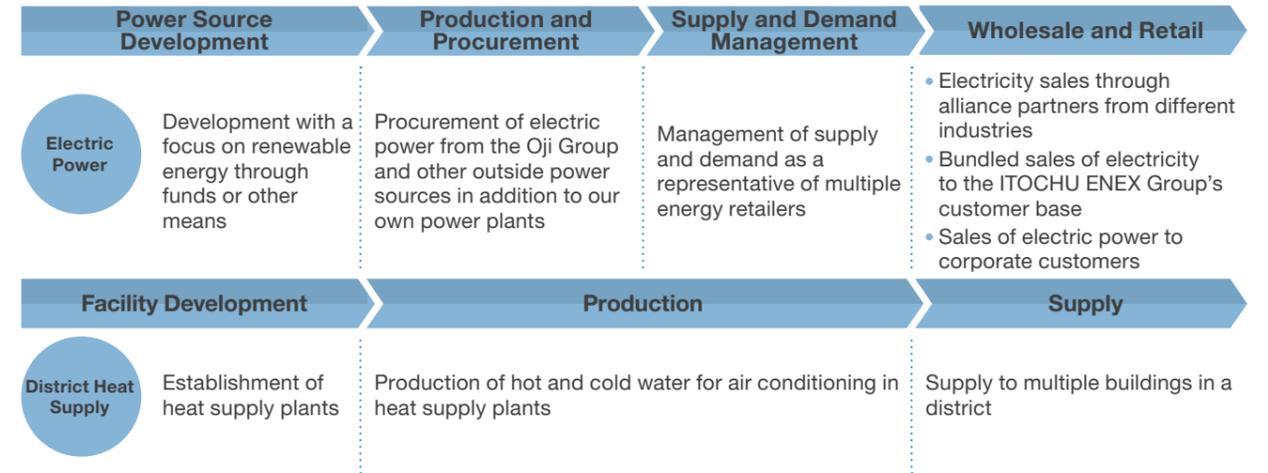


We operate electric power-related and heat supply businesses in pursuit of energy conservation, comfort, and economic efficiency.
Main Products and Services

Electricity (wind, hydro, solar, coal-fired, and natural gas-fired generation), steam, district heat supply, comprehensive energy services, electricity supply and demand management, and car rental



Business Flow



Power generation

Leveraging our good mix of power generation facilities (wind, hydro, solar, coal-fired, and natural gas-fired), we operate a power generation business that seeks to achieve both economic efficiency and environmental friendliness.

TERASELでんき

Electric power retail business

Together with Group companies ENEX LIFE SERVICE CO., LTD. and Oji-Itochu Enex power retailing Co., Ltd., we operate electric power sales networks in various areas to serve diverse customers.



District heat supply services

Group company Tokyo Toshi Service CO., LTD. produces hot and cold water for air conditioning in its heat supply plants and supplies the water to local buildings via pipelines.

TERASEL SOLAR
テラセルソーラー

TERASEL Solar (solar power generation business for self-consumption)

A fixed-fee service enabling customers to use electric power generated by a solar power generation system installed on their premises. It achieves reductions in CO₂ emissions and energy cost.



Biomass power generation

In cooperation with Oji Green Resources Co., Ltd., we are building a biomass power station in Tokushima Prefecture.



Overseas business

We established two companies, ITC ENEX Southeast Asia Co., Ltd. and ITC ENEX (Thailand) Co., Ltd., in Bangkok with the aim of establishing businesses related to solar power generation and energy efficiency.

HOME-LIFE Division



We will build a high-profit structure by digitally transforming our business foundation and increasing the value of customer experience as part of our organizational capability.

Tatsuro Utsumi
 Director and Managing Officer
 Chief Operating Officer, Home-Life Division

An unchanging mission

- Instead of just delivering energy to customers, enable them to use it safely and securely

The power to deal with various changes

- Identify changes in customer needs and keep our organization informed on those changes

Home-Life Division

As of March 31, 2022

LP gas and city gas supply contracts for households*

Approx. **1.5** million

LP gas sales outlets

Approx. **2,100** companies

Industrial gas supply contracts for businesses

1,300 companies

Gas containers inspected for pressure

1,325/day

*Includes wholesale through sales outlets

Net Profit (Billions of yen)



FY2021 Management Policy
Business development under the theme of “RENEWING”

Digital transformation of our business foundation
 Our first priority was digital transformation of our business foundation. We started with adjustment of business flows, set up a contact center, established B-to-C and B-to-B digital touchpoints, prepared a human resource training program and learning management system, and established systems for sales force automation and CRM. Leveraging these resources, we transformed our business foundation so that our Division’s real-world customer contact points can be translated into digital data.

Preparation for reorganizing our industrial gas business
 The second was preparation for reorganizing our industrial gas business, which consists of several portfolios. We consolidated functions related to industrial gas business, including container inspection, and design/installation engineering, to keep track of changes in demand trends amid the COVID-19 pandemic. The new structure is designed to support our strategy for achieving growth by providing new forms of value that can thrive in the forthcoming decarbonized society.

We also steadily increased our LP gas customer base through M&As and proactive sales promotion. We also explored opportunities for business development in Southeast Asia that would enable us to leverage the sales expertise we have built up in Japan. Having entered into business in the Philippines in 2016, we are examining possibilities for further expanding our business overseas, including a basic agreement on forming a business alliance with a partner in Thailand.

FY2022 Management Policy
“Base value—Changing our own base into new value”

“Customer base rooted in the community” is our strength
 Our management policy for FY2022 is “Base value—Changing our own base into new value.” In the Division, we have strengthened our business model by aligning it with current and emerging trends, and have increased the scale and sophistication of our businesses by forging alliances with the best local partners.

Currently, our community-rooted Group companies and their 3,000 employees communicate face-to-face with 550,000 customers each day in the course of their work. This is our Division’s defining feature—and our strength. We sense the changes in customers’ needs via our interactions with them and use those insights as feedback for guiding our organization’s activities. I believe that this approach has sharpened our organization’s sensitivity to change.

Using digital transformation to create customer contact points and provide new services

In this way, our business has been underpinned by harmonious relationships with local communities. Now, digital transformation of our business base is a must to grow further.

As a result of our business strategy so far, we have put ourselves in position to secure information from a certain number of customers and their contact points. We will establish a system for collecting/accumulating the data, analyzing it, and using the insights gained to inform our strategy planning and decision-making. The aim is to incorporate the expanded economies of scale merit as an organizational capability.

As steps toward that goal, our Group companies have introduced sales force automation for their field sales teams, and have reorganized customer-facing office staff into contact centers that carry out CRM. In our new system, the daily real-world contacts with customers are digitalized for use as KPIs.

Also, as a way of securing digital contacts with customers, we invite them to friend our official Line social media account. We use the account to provide timely localized information on disasters that have occurred, lifestyle tips such as recipes for regional specialty foods, and other useful information. These interactions provide us with new routes for growing our fan base and promoting buying behaviors.

We are continuing to integrate IoT into customer LP gas meters by equipping them with LPWA communication terminals. We plan to complete installation at more than 70% of customer sites by the end of this fiscal year. This enables us to provide the customers with new advantages, including a service that collects and analyzes detailed data on daily LP gas usage so that customers can look after the safety of family members living away from them.

Delivering safe and secure energy in consumption

We are the only division to maintain close face-to-face B-to-C contact points. Our mission is not only to deliver energy to customers but also to enable them to use it safely and securely, including through maintenance activities and responses to emergencies. Going forward, we will utilize the integrated data collected across the whole Group via such operations to develop business operation systems and transform our business model, with the aim of building up a higher profit structure.



An LP gas filling station, which serves as a storage and supply center

CAR-LIFE Division



We will pursue the ideal form of “future Car-Life Stations” as comprehensive energy centers rooted in the local community, while maintaining their role as disaster-response stations.

Tsukasa Motegi
Executive Officer
Chief Operating Officer, Car-Life Division

An unchanging mission

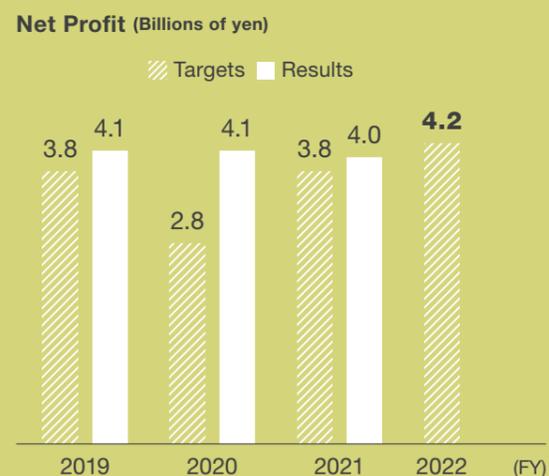
- Further enhancing the relationships we have built up with customers for more than 60 years and maintaining the energy supply network

The power to deal with various changes

- Developing bases able to deal with various changes in community needs
- Developing bases able to supply EV and FCV and offer other services in addition to providing petroleum products

Car-Life Division As of March 31, 2022

Affiliated Car-Life Stations nationwide	Automobile dealership offices
1,636 locations	108 locations
Car rental outlets	Valid fuel membership cards (for individuals)
452 locations	Approx. 80,000 cards



FY2021 Management Policy **Expansion of customer base under the theme of “Expanding Customer Bases—Be Aggressive II”**

TERASEL Denki for Car-Life Station customer base
In addition to mobility-related services, we promoted the TERASEL Denki service to reinforce our link with households, resulting in approximately 4,000 new contracts. Both our Group companies and sales outlets carried out these expansion activities amid the heavy impact of the pandemic. We also focused on increasing the number of retailers for further expansion and registered over 100 affiliated electric power dealers in FY2021.

Attracting new customers from young generations

In December 2021, Car Enex Yugawara Shop was renovated to test a new model of service center where customers can use and obtain Rakuten Points in a variety of ways. This initiative seeks to link customers visiting the outlet for “real-world” services with the virtual world of various online services such as enrolling in electric power plans or insurance. We also plan to answer customers’ diverse payment needs by establishing a system supporting many brands of loyalty point programs in addition to Rakuten Points, such as d-Point, T-Point, and Ponta Point. Meanwhile, the number of Car-Life Stations supporting the Sumaho Kyuyu (“smartphone refueling”) service launched in December 2020 grew to 119 locations, due in part to the popularity of contactless fueling. We also started new functions, including offering coupons online and a car-wash subscription integrated with Sumaho Kyuyu that allows unlimited service at a fixed rate. In addition, we use the Line social media platform to promote sales. In these and other ways, we are working to expand our customer base by appealing to younger generations as well as existing customers.

Maintaining disaster-response functions

Japan’s Agency for Natural Resources and Energy has been leading the development of “local base service stations” that have their own power generation facilities. The Group’s 139 disaster-response stations are equipped with emergency power generators to maintain refueling service, and with portable toilets, sleeping bags, and other supplies to serve local communities in emergencies.

FY2022 Management Policy **“Forming Car-Life Stations That Anticipate Future Needs—Boldly Embracing Changes”**

Enhancing the customer relationships we have built up for more than 60 years and maintaining the energy supply network

Obviously, the most important action we want to focus on further enhancing our relationships with customers. We aim to strengthen our relationships with sales outlets, our partners in the petroleum business for over 60 years. We will offer a wider range of solutions to keep our customer base from shrinking at a time when the decarbonization movement will likely lead to decreased gasoline consumption. Moreover, we will evolve Car-Life Stations as comprehensive energy centers through diverse approaches such as leveraging the loyalty program economy and digital tools, and further developing the TERASEK Denki service. Over the medium and long run, we will increase our offerings for next-generation automobiles, namely electric and fuel-cell vehicles.

Expansion of base through “truck value chain”

We will also pursue new avenues of business with the potential to strengthen our base. The main focus will likely be electric power services, but we will also develop a future model for Car-Life Stations through alliances with partners in diverse sectors providing services rooted in the community, including disaster response.

As the starting point for this plan, we entered into the truck bodywork (painting) business via consolidated subsidiary Enex Fleet Co., Ltd. We expect this will become one of the differentiators in our truck value chain. In June 2022, we made our full-scale entry into the automobile auction business through a joint investment with Enex Fleet, which had already been trading used trucks on limited scale. Under the new venture, we will seek to expand those sales and the base of our truck value chain.

Spreading and reinforcing use of alternative fuels

We intend to spread and reinforce the use of alternative fuels such as renewable diesel and GTL fuel in collaboration with the Industrial Business Division. In April 2022, renewable diesel was adopted for racing generators used by ITOCHU ENEX-sponsored TEAM IMPUL, marking the first such usage at a racing event in Japan. In June, we entered into a partnership with Japan Race Promotion Inc. regarding the introduction of renewable diesel. We will continue striving to spread and reinforce the use of alternative fuels through diverse efforts aimed at achieving carbon neutrality for racing events.



Cars waiting to be auctioned

INDUSTRIAL BUSINESS Division



We respond to all sorts of industrial needs with a wide range of offerings that anticipate future requirements for decarbonization.

Hirofumi Chimura
Executive Officer
Chief Operating Officer, Industrial Business Division

An unchanging mission

- Stable supply of what customers need and want

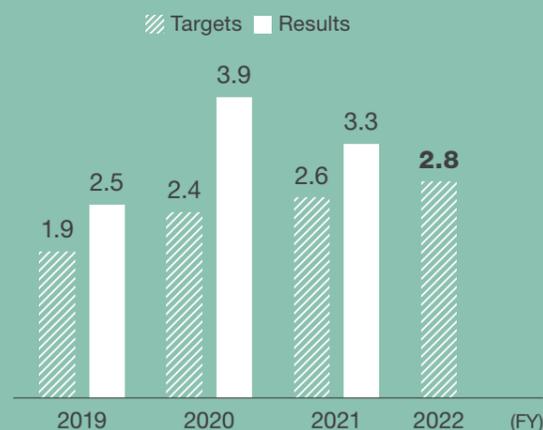
The power to deal with various changes

- Diversification of fuel choices, including in regard to economy
- Proposing solutions tailored to each customer's needs

Industrial Business Division As of March 31, 2022

Industrial energy contracts for business sites	Domestic market share of asphalt
Approx. 3,000 locations	20%
Domestic market share of AdBlue®	Total tank terminal storage capacity
30%	140,000 tons

Net Profit (Billions of yen)



FY2021 Management Policy “Combining Professional Expertise and Environmental Technology for a Carbon-free Society”

Advancing demonstration testing of next-generation fuels

To support the needs of customers that are mapping out their path to the future, we have carried out demonstration testing of various types of next-generation fuels, including renewable diesel. We are pursuing specific projects especially in the marine fuel sector. For example, we participate in a conference on domestic supply and joint development of supply centers for marine ammonia fuel, which is considered a promising next-generation fuel. We have decided to establish an LNG fuel supply business for marine vessels in the Kyushu and Setonaikai area. We are teaming up with Kyushu Electric Power Co., Inc., Nippon Yusen Kabushiki Kaisha, and Saibu Gas Co., Ltd. to build an LNG bunkering vessel, planned to be completed in March 2024.

Identifying customers' needs and expanding sales through stable supply

We have been working to spread the use of AdBlue®*1 and GTL fuel**2 for some time. Sales have steadily increased, thanks in part to rising customer demand for environmental solutions. In 2021, there was a global shortage of urea, which is used to manufacture AdBlue®, but we were able to maintain a constant supply to our existing customers through the new AdBlue® production plant we established in Saitama Prefecture in July 2021. Our efforts to maintain supply earned the commendation of the Ministry of Land, Infrastructure, Transport and Tourism. We also received orders to supply the product for snowplow vehicles, which play a vital role in keeping essential services running in regions of heavy snowfall. Meanwhile, there are increased opportunities for GTL fuel to be actively adopted by major construction companies.

FY2022 Management Policy “Link to the Next Generation by Responding to Decarbonization Needs”

Flexibly providing services to customers anytime
As Japan moves toward carbon neutrality in 2050, the outlook has become very uncertain since various factors have compelled revision of the original scenarios. Given this situation, we have defined this fiscal year's management policy to be “Link to the next generation by responding to decarbonization needs.” In line with this, we will strive to flexibly offer services to our customers anytime. It will be very important to offer fuels and services appropriately tailored to the customer's circumstances and sense of scale.

Expansion of three businesses

We intend to expand our three “universal” businesses— asphalt sales, marine fuel sales, and terminal operation. It is not well known that asphalt is a recyclable material that can be used repeatedly. As a certain level of asphalt demand is expected to continue for the foreseeable future, we will endeavor to maintain a stable supply. As for marine fuel sales, Japan is a maritime nation, so the demand for shipping will never cease here. Our Division has sold the fuels essential for marine transport for years, but now that the shipping industry is partly shifting from conventional petroleum fuels to gas, we will provide a broader selection of products so that customers can access the fuel best suited for vessel size, route, and other considerations. In the tank terminal business, we are increasing tank capacity in tune with customer demand, because the need to have fuel storage sites enabling us to supply fuel on demand will continue on into the future, even if the decarbonization movement leads to the replacement of petroleum with other fuels.

Expansion of options in services and products

Leveraging our accumulated expertise in energy businesses, we have started a service for supporting visualization of GHG emissions in collaboration with The Bank of Yokohama, Ltd. and Zeroboard Inc.

In the transition from a society with mass consumption of energy to a society emphasizing environment with energy saving and decarbonization, our greatest challenge is to find ways to respond to this trend. We will contribute to both improvement of economy and CO₂ reduction over the long term. For that purpose, it is important to expand the range of options in services and products and maintain a constant supply. For our longer-term strategy, we will seek to create new businesses by reinforcing our sales network and making alliances with various partners.

Stable supply of what customers need and want

The Industrial Business Division embraces a mission of “Stable supply of what customers need and want.” In order to achieve this, we will strive to respond to changes by offering more fuel choices, including in regard to economy, and by being able to propose the right solutions for the customer.

*1 AdBlue® is a high-grade urea solution used for SCR systems, which detoxify nitrogen oxides (NOx) contained in exhaust gas from diesel vehicles.

*2 GTL (gas to liquids) fuel is a product derived from natural gas. It is a cleaner alternative to diesel, offering reduced environmental impact.



A tank terminal, the supply base for petroleum products

POWER & UTILITY Division



Linking customer bases with electricity, we will aim to constantly supply electricity in order to achieve both decarbonization and economy.

Fumiya Tanaka
Executive Officer
Chief Operating Officer, Power & Utility Division

An unchanging mission

- Energy delivery to every corner using a system integrating the processes from power generation and supply/demand balancing to retail

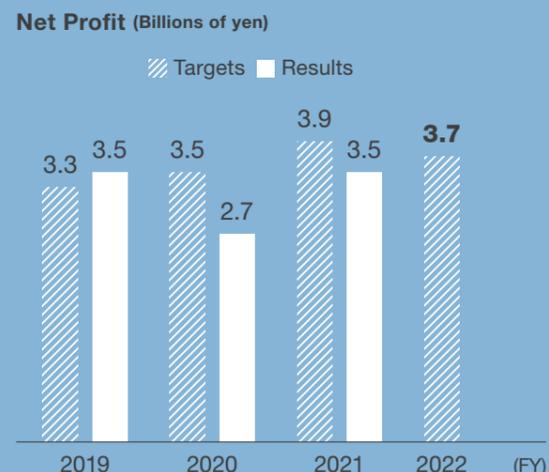
The power to deal with various changes

- Linking the customer bases of each Division with electricity
- Constant supply of low-carbon electricity at stable costs

Power & Utility Division As of March 31, 2022

Electricity retailing sales volume Approx. 2,470,000 MWh	Power generation capacity 254 MW
Heat supply districts in the Kanto region 19 districts	Group's power supply contracts for households and corporations 274,810 confracks

*Intermediary volume is included in the electricity retailing sales volume



FY2021 Management Policy **“Power to Connect Customers, Environmental Business for the Future.”**

Connecting customer bases of each Division
For the theme of “power to connect customers,” we successfully linked the household customer bases of the Home-Life, Car-Life, and Power & Utility Divisions with a single tool, electricity. And, we did the same for the corporate customer bases of Industrial Business, Power & Utility, and parts of Home-Life and Car-Life. Another significant accomplishment was that we grew our customer base by developing the TERASEL Denki segment through digital transformation.

Development of environmental businesses
For “environmental business for the future,” we have made progress in developing the best solutions for empowering customers to balance their decarbonization commitments with economically rational approaches. We introduced “Super TERASEL Renewable Energy Plan” as a new plan in the TERASEL Denki lineup,” and started accepting subscriptions in September 2021. We also made preparations for the full-scale development of TERASEL Solar, a solar power generation facility for self-consumption. This business installs solar panels on the roof of factories, shopping centers, and other commercial establishments to help reduce their electricity costs and CO₂ emissions. We are also creating solutions that combine storage batteries with solar power generation. A solar sharing project combining solar power generation and agriculture has been started in Tokushima Prefecture.

FY2022 Management Policy **“Power to Connect Customers, Environmental Business for the Future.”**

Add 500,000 contracts through the power of people and DX
We are maintaining the same management policy for FY2022. For “power to connect customers,” we are mainly aiming to gain more electric power customers. Under the motto of “Add 500,000 contracts through the power of people and DX,” we will strive to increase TERASEL Denki subscriptions by leveraging digital transformation and by connecting the bases built up by each Division. At the same time, we will work to enlarge the scale of solar power generation in our power generation segment.

Balance decarbonization and economy
For “environmental business for the future,” we have established the theme of “Balance decarbonization and economy.” Here, we will focus on developing schemes that combine solar power and industrial large-size storage batteries. Having established two

companies Bangkok, Thailand, in April 2020—ITC Enex (Thailand) Co., Ltd. and ITC Enex Southeast Asia Co., Ltd.—we will consolidate our domestic and overseas businesses under the TERASEL Solar brand as we endeavor to further expand overseas. We established the TERASEL Solar/EV Section within our Division in order to reinforce our business in solar power generation facilities for self-consumption. For individual customers, we are working on “TERASEL Car-share,” an electric vehicle sharing service for communities.

Amid concerns about the large amount of CO₂ emissions from coal-fired power stations, we plan to launch in October 2022 a demonstration test of co-combustion with carbon-neutral woody biomass as a means of reducing CO₂ emissions and improving efficiency.

Research for soybean production utilizing CO₂
In May 2022, we started a new research project on using CO₂ in soybean production with Saga City, Saga University, and Fuji Oil Holdings Inc. We are studying effective soybean production utilizing the plant's characteristic of quicker growth when CO₂ is absorbed. The plan envisions adding highly concentrated CO₂ to the soybean cultivation process using CO₂ separated and collected at a waste incineration plant in Saga City. It is an epoch-making trial with the potential to achieve both efficient soybean cultivation and a carbon-negative effect (where CO₂ absorption volume exceeds emission volume). Currently, we are still at the demonstration stage and real-world implementation might still be far in the future. Nevertheless, we will continue taking on this challenge with an eye on discovering the seeds for new businesses five to ten years ahead.

Delivering energy to every corner using a system integrating power generation, supply & demand balancing, and retail
Many new entrants in the electric power business have been driven out of the market by the recent soaring of energy prices. For over 60 years, our Group has successfully fulfilled the mission of delivering energy to every corner of society. Electric power, relatively new to us, is essential in everyday life and will continue to be used in the future. We will use electricity to link the customer bases we have built up through our gasoline, gas, and other fuel businesses, and support the everyday life of our customers by balancing decarbonization and economy, and by constantly providing low-carbon electricity at stable prices.



Self-consumption solar power generation facility provided by our Group

Sustainability at The ITOCHU ENEX Group

Under the Corporate Philosophy, “The best partner for life and society—with Energy, with the Car, with the Home,” the ITOCHU ENEX Group has delivered a stable supply of energy to the benefit of all for more than half a century. To address the rapid transition toward a decarbonized society, the Group swiftly began taking action in environmental, next-generation energy, and other businesses. In 2021, we formulated our Sustainability Policy and identified the material issues to be given priority (shown on the right). Our entire Group is accelerating its actions for solving those sustainability issues.

Sustainability Policy

The ITOCHU ENEX Group has a mission of delivering energy and services as a "The Best Partner for Life and Society" and will aim to improve our corporate value while contributing to the development of a rich life for people and a sustainable society.

- 01 Contributing to a carbon neutral society through our business
- 02 Contributing to rich communities through a stable energy supply
- 03 Establishing a governance system stakeholders can rely on



Process for Determining Materialities



Sustainability issues (Materiality)

Based on the Sustainability Policy, we have identified sustainability issues (Materiality). Through the activities for addressing those issues, we will contribute to development of a sustainable society and work for further improvement of our corporate value. In addition, for our activities related to the important issues, the Sustainability Committee will manage their progresses.

Materiality	Major risks	Major opportunities	Related SDGs	Related areas
Correspondance to climate change Contribution to the realization of a carbon-neutral society	<ul style="list-style-type: none"> ● Weakening of the existing energy businesses ● Reduction of demand for fossil fuels due to the regulation of businesses' greenhouse gas emissions, etc. 	<ul style="list-style-type: none"> ● Expansion of the alternative fuel market and increase of sales opportunities accompanying the rising demand for alternative fuels ● Creation of opportunities to construct infrastructure for hydrogen and other new energies ● Rising demand for renewable energy and creation of new business opportunities ● Expansion of the market that expects that social issues will be solved through business processes 		<ul style="list-style-type: none"> ● Alternative fuel ● Renewable energy ● Electric vehicles ● Energy solutions for storage batteries / household products ● Other environmental businesses ● Reduction of environmental impact within the organization ● Environmental Management
Access to Energy Offering energy to everyone	<ul style="list-style-type: none"> ● Loss of customer base due to worsened relationships with the local community ● Instability of business due to insufficient energy procurement and other issues 	<ul style="list-style-type: none"> ● Expansion of business supported by the trust of the local community and the entire supply chain ● Creation of an environment that enables customers to choose from a diverse range of energy options, including alternative energy ● Entry into regions where access to energy is yet to be established ● Retainment and acquisition of customers by strengthening a disaster-resilient supply structure, and other initiatives ● Earning the trust of customers and the creation of new business through the stable supply of environmentally friendly resources and materials, and other initiatives 		<ul style="list-style-type: none"> ● Relationships with local communities ● Access to energy <ul style="list-style-type: none"> ● Stable supply of energy and services ● Car life station ● Development of overseas sales of LPG
Utilization of human resources Strategy to create multivalues	<ul style="list-style-type: none"> ● Lower labor productivity, human capital flight, loss of business opportunities, higher wellness costs, impaired corporate image, and other risks resulting from a failure to appropriately respond 	<ul style="list-style-type: none"> ● Increased labor productivity, better health, higher motivation, bettered communications, retention of talent, creation of a platform for corporate growth and innovation due to the increase ability to respond to change and business opportunities and other factors resulting from the establishment of working environments where workers can have job satisfaction 		<ul style="list-style-type: none"> ● Diversity and inclusion ● Health and safety ● Human resources development ● Social Contribution Activities
Corporate Governance Clear, effective and fair decision making	<ul style="list-style-type: none"> ● Risk of business discontinuity accompanied by the dysfunction of corporate governance and internal control, unexpected losses/costs, and other risks 	<ul style="list-style-type: none"> ● 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 		<ul style="list-style-type: none"> ● Corporate Governance <ul style="list-style-type: none"> ● Strengthening the functionality of Board of Directors ● Increasing stakeholder engagement ● Operating committees appropriately ● Enhanced Group Governance ● Enhancing risk management



Environmental Initiatives

Responding to Climate Change Contributing to the realization of a carbon-neutral society

The ITOCHU ENEX Group has set medium- to long-term targets for CO₂ emissions reductions toward 2030 and 2050. By taking action to reduce CO₂ emissions across society through our business activities, we will contribute to the realization of a decarbonized society.

The ITOCHU ENEX Group's Medium/long-term Targets for Reducing CO₂ Emissions

	2030	2050
Scope 1 + Scope 2 (our direct/indirect GHG emissions)*	50% reduction	Carbon Neutral
Scope 3 & contributions to society as a whole	We will contribute to the reduction of GHG emissions across society through our business activities and efforts for lowering emissions in our supply chain, with the aim of achieving net-zero emissions.	

*ITOCHU ENEX, Co., Ltd. + consolidated subsidiaries (baseline: FY2018)

Disclosures Based on the TCFD* Recommendations

We recognize the importance of disclosing climate-related financial information. Guided by the concepts behind the TCFD recommendations, we identify the risks and opportunities that climate change poses to our business activities, and disclose the following core elements of climate-related financial information: governance, strategy (2°C/4°C scenario analysis & financial impact assessment),

risk management, indexes, and targets. Positioning climate change response as a new business opportunity within our management strategy, we will continue to strengthen our efforts in this area. We will also periodically review our process of disclosure based on the TCFD recommendations and make and changes needed to ensure that our disclosures are appropriate.

Information disclosure based on the TCFD recommendations
<https://www.itcenex.com/en/csr/environment/climatechange>



*Task Force on Climate-related Financial Disclosures; established by the Financial Stability Board in response to a request by the G20 for a task force to study climate-related disclosure practices and financial institutions' implementation of them.

Annual GHG Emission Levels & Progress Made

Energy Type	FY2018 (baseline)	FY2019	FY2020	FY2021
Scope1				
Kerosene	485	660	512	480
Diesel	2,171	2,135	2,273	2,278
Gasoline	3,390	3,185	4,234	4,289
Heavy oil	5,544	4,945	3,896	3,891
Coal	785,535	714,961	741,733	664,281
GTL	0	0	479	940
LP gas	1,198	1,434	1,178	1,476
Auto gas	797	951	641	532
City gas	19,775	16,929	56,656	29,341
Scope 1 Total	818,895	745,201	811,603	707,509
Scope2				
Heat	0	0	63	100
Electricity	78,976	75,230	62,645	64,808
Renewable energy certificates, etc.	0	0	0	(298)
Scope 2 Total	78,976	75,230	62,708	64,610
Total of Scope 1 & 2	897,871	820,431	874,311	772,119
FY2030 Emissions Target				448,936
Reduction Rate vs. FY2030 Target				14%

Category	FY2018 (baseline)	FY2019	FY2020	FY2021
Scope 3*				
Category 1: Fuel mining, import, etc. leading up to product procurement	4,252	3,975	3,399	3,293
Category 3: Fuel procurement processes of our power plants	134	118	93	70
Category 4: Operation of tanker trucks we charter	108	103	64	98
Category 6/7: Means of business travel & employee commuting	1	1	1	1
Category 11: Use of gasoline/etc. sold	18,834	18,033	17,383	17,184
Scope 3 Total	23,329	22,231	20,941	20,646

*Scope 3 figures are limited to only categories with a large impact on our business.

Alternative fuels

GTL / renewable diesel / hydrogen / ammonia / LNG / synthetic propane / sustainable aviation fuel / e-fuel

Energy saving

Heat supply / LPG / high-efficiency devices / smart devices / EV sales / development of EV infrastructure / EV sharing / utilization of used batteries

Group business initiatives for achieving targets

Environmental Business & Management

Future society & living by

Renewable energy

Wind power / hydro power / solar power / biomass power / PPA (self-consumption solar) / agrovoltatics / storage battery-related

Recycling and Other

Recycled slop oil / fly ash recycling / support for visualization of CO₂ emissions / urea solution AdBlue® / research on soybean production utilizing CO₂ / environmental management / reduction of our environmental impact / infrastructure for disaster prevention & mitigation



Action Plan Topics

Tokyo Toshi Service: An energy-saving technology leader in heat supply

Group company Tokyo Toshi Service Co., Ltd. operates a heat supply business that supplies hot and cold water to buildings in each service district for their heating and cooling needs, offering efficient energy solutions integrated into urban development. The heat supply system utilizes not only high-efficiency air conditioning equipment, but also untapped energy sources such as temperature differences in river water and treated sewage. The increased energy efficiency helps to reduce society's CO₂ emissions. For six years in a row, the company has earned an S-class designation, the highest in the Business Operator

Classification Evaluation System for categorizing operators under the Act on Rationalizing Energy Use. It also received a civil sector award at Cogeneration Symposium 2022 (run by the Advanced Cogeneration and Energy Utilization Center Japan) for realizing an outstanding community-based service by introducing a cogeneration system as part of the heat supply system that it operates at Yokohama Kitanakadori South District Heat Supply Center. The company has been taking action to further expand its energy supply business, including by installing high-efficiency heat pumps at industrial factories.

Expanding Solar Power Generation with Smart Solar

Smart Solar Corporation, which develops and installs systems for our solar power generation business, is planning to develop commercial solar farms. In July 2022, we signed a basic agreement with them indicating that we would give priority consideration to this project, with the aim of owning the solar farms that will be built. The project envisions the construction of 19 solar

farms nationwide that will produce a total output of 400 MW and will not utilize the feed-in tariff system for renewable energy. By owning the farms, we will be able to actively increase our portfolio of environmentally friendly energy sources and thus enhance the stability and economic efficiency of our supply of electricity.

Environmental Management

Group Environmental Policy

Under the Corporate Philosophy “The best partner for life and society,” the ITOCHU ENEX Group will provide “energy for all applications, whether as a key component of social infrastructure or as a means of enriching people’s lives,” and will continue with the following activities toward the goal of preserving and improving the environment and achieving harmonious coexistence with the global environment and society.

Kenji Okada Representative Director, President and Chief Executive Officer

- | | | |
|----------|---|--|
| 1 | Helping to Realize a Low-Carbon Society | Promoting the advanced use of fossil fuels; expanding the energy solutions business; implementing environmental and social contribution activities |
| 2 | Reducing the Environmental Impact of Our Business Activities | Routine energy and resource conservation in office work; energy efficiency in facilities use; CO ₂ reductions at the transportation stage |
| 3 | Preserving Local Environments | Compliance with laws and regulations, environmental protocols, and independent standards; safety enhancements and upgrades |

ISO 14001 Environmental Management

Our company has continually acquired ISO 14001 certification since 2000. Utilizing our Group-wide environmental management organization, we have constructed a functional environmental management system and engage in a PDCA cycle-driven set of highly effective activities for reducing our environmental impact.



Surveillance meeting with external ISO review team in FY2022

Collaboration for Reducing Supply Chain CO₂ Emissions

We work together with our partners and other companies in our industries to advance the development of delivery networks, with the aim of building efficient transportation networks across the entire supply chain. As a Known Shipper under the revised Act on Rationalizing Energy Use, we are also taking action to lower CO₂ emissions from product shipping. This includes offering eco-driving courses to contracted transportation service representatives, dispatchers, and drivers. In addition to promoting safe driving practices aimed at reducing accidents during shipping, these courses help to reduce CO₂ emissions throughout the supply chain by teaching eco-friendly habits such as turning off the engine when stopped, fuel-saving driving techniques, and anger management. Similar training is also provided to our employees who operate company vehicles.

Reducing Our Environmental Impact: Introduction of Solar Power and GTL at Worksites

We are implementing diverse initiatives for reducing our environmental impact. For example, we installed rooftop solar power systems at our Sodegaura Asphalt Terminal and the Car-Life Stations directly operated by Group company Enex Fleet Co., Ltd., and switched the fuel used for asphalt terminal boilers from heavy oil to a more environmentally friendly GTL fuel.



Self-consumption solar power systems installed at Sodegaura Asphalt Terminal. These are expected to realize a CO₂ emissions reduction of approx. 15% compared with conventional power.

Protection of Biodiversity

Protection of biodiversity is a key part of our commitment to conserving the global environment as stated in our Environmental Policy, and to carrying out the environmental activities outlined in our Declaration of the Group Code of Conduct. We recognize the benefits afforded to us by biodiversity in the form of ecosystem services, and therefore strive to minimize any negative impact on biodiversity and to actively conserve it. In addition, we have joined the Biodiversity Minato Network to participate in and disseminate information on local biodiversity conservation activities, and are working to internally raise awareness of the importance of biodiversity throughout the Group. As one initiative, we are continuing to support a community project in Naganuma-cho, Hokkaido Prefecture for protecting the endangered red-crowned crane.



Water Resource Conservation

Recognizing water as an important resource, we have made it a policy to strive to reduce our consumption and ensure appropriate treatment of water in accordance with the Group’s Environmental Policy and soil contamination management regulations. In addition to monitoring water use through our environmental management system, we aim to reduce the volume of water used year on year. At our local office in Thailand, a water-stressed region, we are working to conserve water through the same eco-office activities we implement in Japan. Also, we are installing eco-friendly water-saving car wash systems at the Car-Life Stations we operate.



Recycling

Our efforts to promote the sustainable use of materials within the supply chain include recovering fly ash emitted from biomass- and coal-fired power plants and turning it into a material that we sell for use in various applications. We further contribute to the realization of a circular economy by recovering marine fuel waste and reprocessing it for sale as recycled slop oil. In 2022, we launched a project with Tokushima Seikyo Cooperative Society, Heartful Co-op Tokushima Co., Ltd., and Kawase Industry Co., Ltd. to recycle renewable resources and turn plastic waste into reusable material. Since the products recycled after use are converted into material for making new products, the project contributes to the achievement of a sustainable society. We also began researching methods for using CO₂ in soybean cultivation as another step toward carbon recycling.

Environmental Pollution Prevention

Based on guidelines such as the Declaration of the Group Code of Conduct and the Group’s soil contamination prevention regulations, we are working to prevent or reduce our impact in terms of soil and environmental pollution, reduce emissions of air pollutants, and reduce and properly dispose of hazardous substances, various types of waste, and wastewater. In addition, we properly carry out purification tank maintenance, inspection, and testing, and inspections/processing required by the Fluorocarbon Emissions Control Act in compliance with the relevant laws and ordinances.

FY2021 Environmental Data

Water Use	Water Discharge	General Waste (portion recycled)
5,123,000 m ³	2,561,000 m ³	1,196 tons (277 tons)
Industrial waste (portion recycled/hazardous portion)		
40,514 tons (35,383 tons/113 tons)		
NOx Emissions		SOx Emissions
968 tons		182 tons

Note: ITOCHU ENEX CO., LTD. + consolidated subsidiaries

PRTR (Chemical Substances, etc.)
54 tons

Note: ITOCHU ENEX CO., LTD. only

Social Initiatives

Leveraging Talent: HR Strategy for Creating Diverse Value

We seek to create new value as needed in life and society while addressing customer needs and improving access to energy so that all people can enjoy its benefits. To achieve this, we must energize our human resource strategy and strengthen our organizational base, both of which are essential parts of our management strategy.

Human Resource Strategy

Basic Policy

Since its founding in 1961, the ITOCHU ENEX Group has always considered its people to be its greatest asset. Human resources are at the center of the Group's value creation, and are the driving force of sustainable growth and medium- to long-term enhancement of corporate value. Therefore, the Group believes it is essential to provide an inclusive and rewarding place to work, where every employee can feel strong and close ties. In our medium-term business plan, "SHIFT! 2022," we are aiming to achieve sustainable growth and further enhance our corporate value by cultivating multi-talented human resources who will actively work in Japan and overseas, further promoting diversity and fostering diverse values, and developing and enhancing our internal training systems.

Promoting Diversity

In line with the basic policy of our human resource strategy, we strive to further advance diversity to enable our diverse talent to play active roles and drive change.

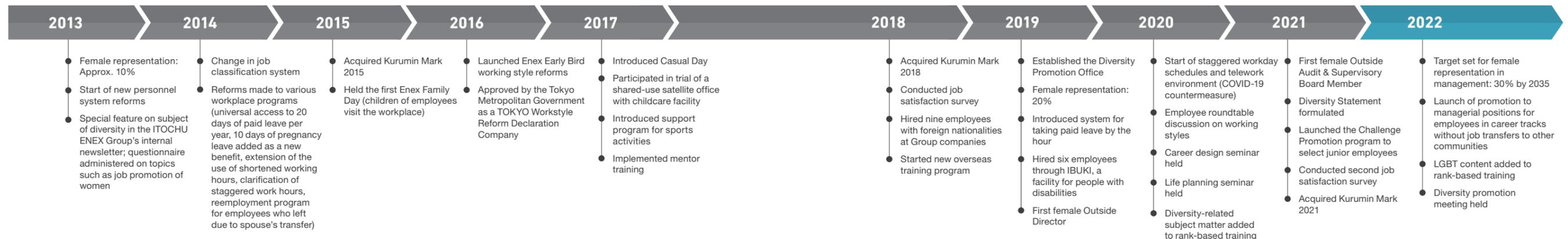
Declaration of Diversity & Inclusion

We respect the diverse ages, nationalities, genders, disabilities, values, workstyles, and other attributes of our employees, accept the differences among them, and acknowledge their individual characteristics, to ensure that all of our employees are able to fully demonstrate their capabilities and personal qualities and remain The Best Partner for Life and Society. We promote many initiatives to continue to make innovative change happen, relying on the strength of our employees' diversity.

 Diversity
<https://www.itcenex.com/en/csr/social/diversity/>



Evolution of ITOCHU ENEX Group's Diversity Initiatives



Diverse Talent Drives Our Growth

We believe that respect for employees' diversity and values, and a commitment to capitalizing on that diversity as a strength are essential to the achievement of sustainable growth for our company. Accordingly, we provide diverse employees with job promotions as opportunities for them to further put their talents to use.

This action helped to increase female representation in our workforce over 20% in 2019, with half of them in career tracks potentially leading to executive positions. We established the Challenge Promotion program in FY2021 as part of our junior talent development initiatives to provide growth opportunities to young employees selected by their supervisors. In FY2022, we began offering managerial promotions to personnel in career tracks that do not involve job transfers away from the community where the employees reside. We are also working to expand employment

opportunities for people with disability. We employ seven individuals with disability through Startline Co., Ltd.'s IBUKI service, which provides indoor agricultural jobs to people with disability. Plants grown at the facility are used to produce herbal teas, some of which are distributed to other ITOCHU ENEX employees. In addition, we support the independence of artists who are ambitiously applying their talents while living with disabilities, by using their works in our original calendars.



 Human resources data
<https://www.itcenex.com/en/csr/social/health-management/okj2b5000001g9a-att/20221017en.pdf>



Benefits of a Cross-functional Approach

In FY2021 we launched cross-functional teams to tap into synergies that transcend divisional and product boundaries and to discover seeds for creating new businesses. We further built upon this foundation in FY2022 by establishing intra-Group cross-functional teams. These teams form connections between ITOCHU ENEX and other Group companies, with the aim of fostering solidarity as members of the same corporate group and creating innovation.

In addition, we provided 280 Company employees with cross-functional training in FY2021. In FY2022, more than

300 employees are participating in this training and interacting with personnel in other functions.



Raising Awareness and Fostering a Positive Workplace Culture to Enhance Employee Engagement

With the objective of implementing improvements and reforms by ascertaining issues at the organizational level, the Company conducts an employee engagement survey once every two to three years to gauge attitudes and satisfaction and collect feedback on Company measures and programs. We also hold monthly meetings with the

employee union, and use the insights gained to craft personnel system reforms and human resource development programs that contribute to sustainable growth for both the Company and its people. This enables us to make the most of each employee's abilities, which will ultimately lead to increased productivity.

Human Resource Development

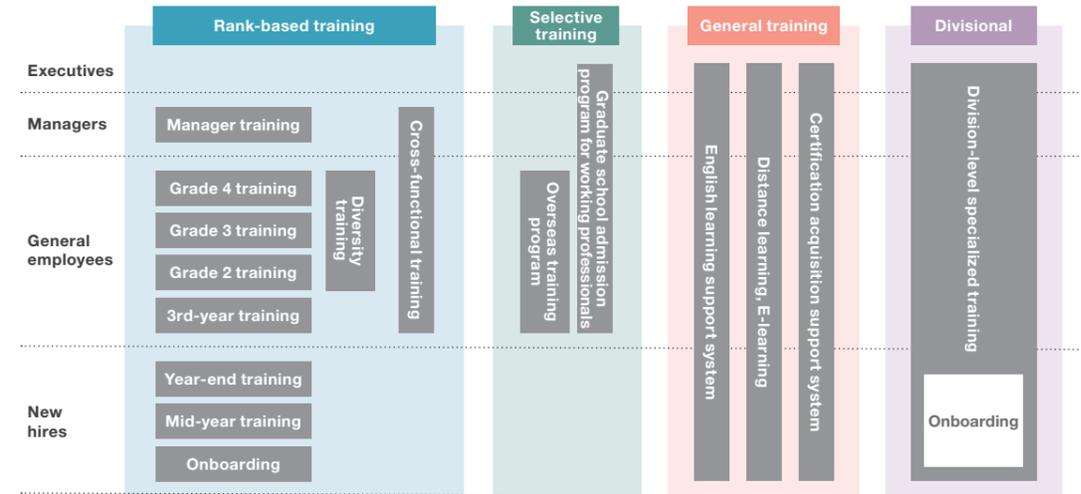
We are implementing a systematic skill development program to cultivate multi-talented human resources who will actively work in Japan and overseas. Since FY2019 we have augmented this program with

diversity-related content to foster better understanding of diversity in people and values, with the aim of advancing individual and organizational growth. In FY2022, we added basic LGBT training to the program.

Qualities we seek in our employees

Individuals who think independently and creatively, act boldly, and achieve as partners to society.

FY2022 ITOCHU ENEX Training System



Note: In addition to the programs listed above, we also offer retirement planning seminars, lump-sum payments to promote the acquisition of certifications, and a challenge support system.

Overseas Training Program

Since FY2018, we have put effort into improving language skills and cross-cultural competency, as well as developing human resources capable of handling overseas business development and operation. To date, 16 employees have participated in the program through assignments to eight countries: the United Kingdom, Indonesia, the Philippines, South Africa, the United States (Guam), Thailand, the United Arab Emirates (Dubai), and Singapore.



Supporting the Health of the Company, Employees, and Their Families

By implementing the Enex Early Bird working style reforms, the ITOCHU ENEX Group is building up a system that promotes employee health, values personal lifestyles, and empowers diverse human resources to utilize their talents.

We carry out health management practices designed to enable each employee to work with vitality, feeling both motivated and fulfilled. By improving employee motivation, we seek to energize our organization and maximize our performance.



[Health management](https://www.itcenex.com/en/csr/social/health-management)
https://www.itcenex.com/en/csr/social/health-management

Health Promotion Measures

- Commitment by the President to health management
- Prevention of lifestyle-related diseases
- Structuring a system for health promotion as a management issue
- Measures to address health issues specific to women
- Cancer and disease prevention measures; support for balancing treatment and work
- Measures to encourage smoking cessation
- Measures to improve health literacy
- Health management for employees posted overseas
- Vitalization of communication
- Presenteeism measures
- Mental health measures
- Medical billing statement analysis and understanding of medical expenses
- Infectious disease prevention measures
- Expansion of welfare programs
- Children's education fund

Human Rights

Respect for Human Rights

We work to promote respect for human rights across all our business activities in line with the Employee Code of Conduct's pledge to "Be Ethical" and with the Declaration of the Group Code of Conduct, and we thoroughly ensure reliability and sincerity in our dealings. In order to achieve zero harassment within our organization, our work regulations specify five categories of harassment as prohibited behavior—sexual harassment, power harassment, maternity/paternity harassment, and caregiver harassment—and require compliance in all work-related duties. We have also issued a set of harassment guidelines and regularly

conduct training for preventing violations.

In addition, we raise awareness among employees by highlighting risks and measures relating to human rights in the Group in-house newsletter. Past topics include discrimination and prejudice toward people with disabilities, foreign nationals, and LGBT people, negative impacts on regions, infringement of privacy, and online defamation. Moreover, when considering taking on major new investment projects, we conduct impact assessments regarding concerns such as environmental risks, human rights, working conditions, and health and safety.

[Declaration of Group Code of Conduct](https://www.itcenex.com/en/corporate/mission)
https://www.itcenex.com/en/corporate/mission



Access to Energy

Enhancing Car-Life Services

Since 2021, our Car-Life Station Yugawara has served as a model testing site for Rakuten One-Stop, a service providing consultation and application handling for Rakuten Group, Inc. services such as mobile communications, automobile inspections, and insurance. Customers can access Rakuten services online via booths installed at the station, and receive coordinated assistance from station staff and Rakuten representatives. The aim is to provide a nexus that connects offline and online offerings, enabling customers to use Rakuten services when visiting the station to buy gasoline or kerosene, or to wash their cars.

In addition, we offer a convenient "smartphone refueling" service at 72 filling stations that allows customers to use their smartphone for the entire process from ordering fuel and paying for it.



For details on access to energy (stable supply), see p. 11.

Shared Kitchen: Unlimited Gas and Electricity for Food Services

In 2021, Group company Ecore Co., Ltd. opened Ecore Tenjin Kitchen, a shared kitchen facility where up to ten tenants can simultaneously operate food delivery and takeout services. As part of our Group's support for the food service industry at a time when many restaurants are struggling from the pandemic's impact, this service enables tenants to launch or expand food businesses with a smaller capital outlay. For a rental fee, the facility provides food service operators with easy access to a high-quality kitchen environment that offers shared state-of-the-art gas equipment and private commercial refrigerators with no startup spending required, as well as unlimited use of gas and electricity.



Social Contribution Activities

Basic Policy

As “The best partner for life and society,” develop an environment, develop human resources and develop communities to be passed on to the future

- Based on the Corporate Philosophy, “The best partner for life and society,” we contribute to society in business activities and as a good corporate citizen.
- Under the theme of developing an environment, developing human resources and developing communities to foster the next generation, we carry out activities to pass down a sustainable society to the future.
- We support social contribution activities conducted by employees as citizens.
- We proactively disclose details and results of our social contribution activities and share them with society.



Environmental Preservation Activities

Nissan Wakuwaku School

This program run by NISSAN OSAKA SALES CO., LTD. hosts electric vehicle experiments and hands-on experiences for elementary school students that are designed to provide deeper understanding of global warming and other environmental issues.



Corporate Furusato Nozei Tax

In FY2021, ITOCHU ENEX used the corporate Furusato Nozei tax scheme to donate funds to three cities that are striving to preserve their forests (Yusuhara, Nichinan, and Shimokawa). The funds are for supporting reforestation projects covering 30 hectares and efforts to achieve a CO₂ reduction of 400 tons over five years.



Car-Life Station Contributions

ENEX FLEET CO., LTD. runs a program that enables customers to have the reward points they receive from our services converted into monetary donations. The donations are given to two public interest foundations: the Osaka Green Trust, which carries out forest conservation activities for reducing atmospheric CO₂, and the Foundation for Orphans from Automobile Accident, which supports children whose parents were lost or severely injured in traffic accidents. The funds are intended to help solve challenges facing our motorized society and realize the sustainable use of automobiles.



Nurturing the Next Generation

Enjoy the Power of Words

This is a collaborative series of recitals and music events launched in 2014 to provide encouragement to Great East Japan Earthquake survivors through the power of words. Today, this activity brings together people of different ages groups to build up the power of oral expression, and in so doing pass on people-to-people bonds and community vitality to the next generation. In 2022, it was selected for certification under the “This is MECENAT” program of the Association for Corporate Support of the Arts for the second year in a row.



Food and Fire Education

Since 2010, we have hosted educational programs on food and fire for children at nurseries across Japan. These seek to foster appreciation for food as an important source of life, and to teach respect for fire as a valuable but dangerous resource for everyday life. In the past couple of years we have donated original educational DVDs and food-related picture books to nurseries so that this mission can continue to be carried out under pandemic restrictions.



Invitations to Pro Basketball Games

As a sponsor of the basketball team Osaka Evessa, ENEX FLEET CO., LTD. invites children from orphanages in Osaka every year to attend the team’s home games. The Osaka Prefectural Government has bestowed the program with a letter of appreciation in recognition of its fostering of the sensibilities of children as tomorrow’s leaders.



Children’s Soccer Class

ENEX LIFE SERVICE CO., LTD. sponsors the J.League soccer team Kawasaki Frontale, and offers team fans the Frontale Denki electricity plan. The company donates 1% of the electricity bill payments to support the youth soccer club Kawasaki Frontale Academy. It also hosted a children’s soccer class in FY2021 as a way of energizing the community and cultivating the next generation.



Osaka Children’s Dreams Support Project

NISSAN OSAKA SALES CO., LTD. sponsors the Osaka Children’s Dreams Support Project “Carbon-zero Guinness Challenge.” This initiative gives children opportunities to contribute to SDGs in areas such as education, environment, and partnership while attempting to set a Guinness World Record. The aim is to provide them with success experiences that cultivate the courage to take on difficult challenges and the fortitude to accomplish goals.



ENEX Family Day

ENEX Family Day is held at our head office in Tokyo for elementary school-age children of employees to enable them to see their fathers and mothers at work, and to foster a sense of the value of work through hands-on experiences and energy-related craft making. Also, videos are streamed and kits are distributed so that employees’ children in other areas of Japan can join in the fun.



Contributing to the Community, Supporting COVID-19 Responses

Donation of Patient Transport Vehicle to Osaka

NISSAN OSAKA SALES CO., LTD. donated a specially outfitted NV350 Caravan to the Osaka Prefectural Government for transporting patients with mild COVID-19 symptoms. This project was carried out under a comprehensive partnership agreement with the prefecture, and contributes to greater safety in the lives of local residents.



Social Flying Disc Project

We carried out this collaborative project with the Japan Flying Disc Association under a sponsorship agreement formed in 2017. Flying discs were delivered to sports facilities across the country as a creative way to encourage people to communicate and be physically active at a time when the pandemic has limited opportunities for outdoor exercise and interactions with others.



Disaster Recovery Support

Since FY2011, our Group has collected voluntary monetary donations from employee salaries to provide medium- and long-term assistance to survivors of the Great East Japan Earthquake. The money is donated to funds established in Iwate, Fukushima, and Miyagi prefectures to cover school costs and other needs of children who lost one or both parents in the disaster. As of FY2021, a total of ¥33,171,800 has been donated by Group employees.



Total contributions by ITOCHU ENEX Group for social contribution activities ¥37.26 million
 Portion donated to NPOs, etc. ¥1.56 million To other activities ¥35.70 million

Diversity at the ITOCHU ENEX Group



YASUE ABE

General Manager of Human Resources & General Affairs Department



MASAKO IWAMOTO

Outside Audit & Supervisory Board Member



MOTOYO YAMANE

Outside Director

Diversity at the ITOCHU ENEX Group: Shifting from “comfortable work” to “satisfying work”

Empowerment of women needed for further business growth

Abe Since its foundation, our Company has regarded people as its most important asset and considered them the driving force of sustainable growth and improvement of our enterprise value. Let us hear your impressions of the Group from the perspective of diversity.

Yamane We have a free culture, very different from some other companies where formality is very important. If we talk about empowerment of women, the percentage of female employees gradually increased from 10% in 2013 to 20% in 2019.

Iwamoto That's right. Our Board of Directors meetings have a welcoming atmosphere and the members are keen to listen to me. Female employees are active at many locations throughout Japan, and at the recent General Meeting of

Shareholders, Abe-san was in charge of running everything in her role as the General Manager of HR. I feel the company empowers all talented people, regardless of gender or age.

Yamane Considerable time has passed since Japanese society started calling for women's active involvement in businesses. Whether women can fulfill their potential or not has become one of the important points for evaluating a company's reliability today.

It is vital to develop a culture and systems that encourage everybody to take on challenges from their younger years

Abe Cooperation from people around me has made my progress possible. For a woman to continue to work through her life events, we need cooperations from the state, from the company, and from family. Today, the national government devises various policies, and since 2013 the Group

has been implementing all sorts of measures, including HR system reforms designed to promote diversity. I hear Yamane-san took some decisive actions on empowering women when she worked for Japan Broadcasting Corporation.

Yamane Up until around the time I was appointed head of the Announcers Bureau, female announcers almost never received job transfers, even though some male announcers were relocated as many as ten times during their career. Though at first glance it seemed like women were being given favorable treatment, we could say they were deprived of the learning opportunities that come with assignments to stations in other regions, such as learning about local life, the way broadcasting is done, how to cover stories, and program production. So, I developed a system where female announcers could be transferred when the timing was right, based on

adequate discussion with them and with consideration to marriage, childbirth, parenting, and other life stages. Many of the women who took transfers showed incredible personal growth, including ones who were initially unhappy about the assignment but ultimately became attached to their new locations.

Abe I feel that our Group, too, has few women in positions where they work all around the country. I suppose that this is because we did not actively recruit women in the past, and because some managers have been reluctant to relocate women out of kindness.

Yamane Kindness, yes, but the wrong kind. But I'd like for them to give women opportunities to challenge themselves. Our Group's new initiative “Challenge Promotion Program for Young People” is a good one. It's great that young employees can take on responsible managerial positions that allow them to gain

experience early in their careers. One valuable point is that the employee can start afresh if he or she should fail in the challenge.

Abe That program is just one of the ways that our Company has really made progress in the past several years with developing a culture that enables employees to challenge themselves from a young age. The other day, when we made a visit to a customer, our team consisted of women only and the customer's team was all men. It was something unthinkable a few years ago, and we want to keep accelerating this trend.

Iwamoto Abe-san, you had various experiences before you took up your current position, didn't you?

Abe My experience has also been quite different from the career plan I had originally in mind. I left the Company once when my husband was transferred overseas. At first, I had no intention of going with him, and instead decided to stay in Japan and continue

working while looking after our two children, who were ages one and three at the time. But, it was really hard to balance work with parenting whenever one of them had temperature or became ill. So, I proposed a plan, something I wished I had had: a reemployment program for employees who left the Company due to their spouse's transfer. Several female employees have already used this program. Depending on your life stage, your priorities change. In my case, now that our children have grown up, I feel motivated to start afresh.

Iwamoto I agree. It is really difficult to work while rearing children without a supporting system, and it's meaningless to have a bunch of wonderful ideals if they don't get materialized. So, corporate environment where both men and women can unabashedly say they're taking childcare leave needs to be paired with functioning systems that support them.

Pursuit of better working style and creation of opportunities for experienced employees

Abe The Group has been working on various reforms of the human resources system, but there are still issues about working from home, a workstyle getting more important as a response to COVID-19.

Yamane The spread of COVID-19 made working from home possible and some companies have decided to make remote work their main working style. But do all employees want to do this? Or, do they think there are things only possible through face-to-face contact with people?

at home while looking after a child? To be honest, you probably have to give your child games to play, and prepare TV and videos programs to watch, just so that you can get work done while the child is occupied. We cannot say remote work is better in all aspects.

Yamane You have to ask yourself what is the best way to work for you now, and how can you contribute to the organization in your current situation? You need to design your work style with consideration to how it serves your current stage of life.

Abe In our Group, more male employees now use childcare leave, and some use a long-term one. But we wonder if it is possible for small

result in them inspiring one another and thus increase everyone's motivation. We are actively exploring how to craft a good system where experienced employees can work longer and continue to find satisfaction in their jobs.

Yamane Not just for the reemployment system, but as a whole, it is very important to think and cooperate cross-functionally to make sure that the support systems and programs created reach every corner our Group. The environment surrounding our Group is changing in a big way, and the whole Group needs to change, including its systems and programs, in order for us to maintain sustainable growth. It is not necessarily good to introduce the same schemes to all Group companies, because each may have its own issues to contend with, so we need to understand the specific issues faced at each company and study ways to solve them.

Further development of global human resources

Iwamoto I was appointed as an auditor following Yamane-san's appointment, which might be a signal of the Group's determination to change. But until female executives are appointed from within the Company, real diversity cannot be achieved. And, of course, fostering global human resources is another challenge.

Abe We have an overseas training program for fostering global human resources. We dispatch six or seven employees every two years to different countries to develop them into global talent through training in an overseas company of the ITOCHU Corporation Group, sometimes in areas outside our existing businesses. In recent years, we are actively entering businesses overseas, offering opportunities to local employees, and there are the Group employees working at overseas subsidiaries. In Japan, we promote recruitment and appointment of non-Japanese employees. For example, we have Filipino and Indonesian employees



Motoyo Yamane

- Announcer at Japan Broadcasting Corporation
- Appointed as the first female head of the Announcers Bureau in 2005
- Reformed the systems to expand the opportunities for women
- Board Member, Characters Culture Promotion Organization (Public Interest Incorporated Foundation)
- **Became the first female Outside Director of ITOCHU ENEX CO., LTD. in 2019**

working at our Group companies. Of course, when we recruit graduate and mid-career candidates, we seek out, regardless of nationality or gender, people who have exceptional talent and show that they can put their skills to use at our Group.

A step up from "comfortable work" to "satisfying work"

Yamane At the ITOCHU ENEX Group Award Ceremony the other day, I felt a strong sense of mission in the awardees, young and old, men and women. I was particularly struck by a speech in which the awardee talked about the satisfaction they felt in working for our Group because they can do something that benefits society and customers.

Iwamoto Work styles are changing in many directions, but still working hours occupy a large percentage of your day as a working person. For most people, as long as you're going to work, you'll want to have a satisfying time of it by contributing to the company and society, and by maximizing your skills.

Abe As a company, we have established an environment conducive to "comfortable working," and now, at last, we can think of stepping up to the next stage of being a company that offers "satisfying work." All evaluation systems and programs, and all working environments are linked to job satisfaction. As the person in charge of HR, it is my endless quest to develop our Company into one where everyone can find satisfaction

in their jobs.

Yamane Nobody can have a sense of mission or satisfaction because he or she is told to have one. When you closely see people's lives through your work, you realize what you can do there and what significance the Company has for society. And then, you seriously feel you want to be of use to people's lives; you want to help make a better society. An organization made up with such individuals becomes stronger. That is why providing various opportunities for gaining experience means developing people.

Look forward to a bright future for us as a Group that cherishes its people

Abe Could you wrap up our talk with a message for our investors and other stakeholders?

Iwamoto As an outside audit & supervisory board member, I am committed to properly monitoring

directors' business execution in order to ensure the Group's sustainable growth. From the viewpoint of my new role, I can see that so many employees, regardless of their gender, age, or experience, are energetically working. To make sure our human resources, so important to our Group's sustainable growth, can work even more actively, I would like to propose solutions that can inspire new ways of thinking for the Group, based on my own perceptions and experiences gained through my career.

Yamane As a leading energy trading company, the Group needs to anticipate how the future will unfold and prepare to flexibly and quickly respond to changes in the times and external environment. I would like to utilize my advisory function as an outside director to lead the Group in a more appropriate direction. I ask all stakeholders to keep supporting us, trusting our Group employees who can discuss freely, take on challenges, and think and act on their own.

Diversity Promotion at ITOCHU ENEX Group

- Target ratio of women in management: 30% by 2035
 - Challenge Promotion to cultivate exceptional young employees
 - Reemployment program for employees who left the Company due to spouse's transfer
 - Employment at IBUKI, a facility for people with disabilities
 - System for taking paid leave by the hour
 - Promotion to managerial posts for employees in career tracks without job transfers to other communities
 - Addition of LGBT content to rank-based training
- Note: For details of our diversity-related progress, see page 45.



Yasue Abe

- Joined the Company as a new graduate (worked in various businesses)
- Left the Company due to spouse's relocation overseas
- Rejoined the Company after returning to Japan, using the **reemployment program**
- Appointed Head of Diversity Promotion Office in 2019
- Appointed Vice President of ENEX LIFE SERVICE CO., LTD. in 2021
- Became the **Group's first female General Manager** of Human Resources & General Affairs Department in 2022

We must keep thinking about new working styles that suit the times.

Iwamoto I have been working flexibly as a self-employed lawyer. I can work relatively freely, but, on the other hand, when something happens, there is nobody to cover for me. When my child was small and got sick when I was in the middle of a big job, I had to ask people like my parents out in the country, my sister, or my sister-in-law to take care of the child. It was like walking a tightrope every day. I think it might have been a lot easier if I could have worked from home then, but is it really easy to work from home now that the remote working style has become widespread? Is it that simple to work

units, like one with only three employees. I think we should review our ways of working company-wide, so that experienced employees can help fill in, for instance.

Iwamoto Also naturally, it should be discussed if it is OK to leave senior employees behind when younger employees are promoted. It is important to develop a good structure where experienced senior employees who have contributed to the Group for a long time can continue to work even longer.

Abe At present, a certain number of Group employees are using the reemployment system after retirement. We hope having experienced and young employees working together will



Masako Iwamoto

- Worked for Tokyo Aoyama Aoki Law Office (currently, Baker & McKenzie)
- Established Iwamoto Law Office (as Representative Lawyer) in 2022
- Outside Director for ACHILLES CORPORATION since 2020
- **Became the first female Outside Audit & Supervisory Board Member for ITOCHU ENEX CO., LTD. in 2021**

Management Team (As of August 31, 2022)

Notes
 Shares of the Company's common stock owned as of March 31, 2022.
Independent indicates a Board Member registered with the Tokyo Stock Exchange as an independent officer.
 Board of Directors meeting attendance for FY2021.

Kenji Okada
 Representative Director, President and Chief Executive Officer



Kenji Okada has worked mainly in Finance, Insurance, Logistics, and Realty areas at ITOCHU Corporation. After serving as a Member of the Board, ITOCHU Corporation, he was appointed as Representative Director, President and Chief Executive Officer of ITOCHU ENEX CO., LTD. in June 2012. He seeking to grow the Company and improve productivity by both leveraging the existing business structure and advancing new initiatives, including renovation of business structures and internal systems, and expansion into new business areas.

Shares of the Company owned: 138,800
 Board of Directors meeting attendance: 14/14
 Significant concurrent positions outside the Company: Outside Director, Cosmos Initia Co., Ltd.

Tomofumi Yoshida



Representative Director and Executive Vice President

Tomofumi Yoshida gained business management expertise and broad insights into global business operation through his diverse experiences at ITOCHU Corporation in areas such as lifestyle materials, construction, logistics, information, finance, and insurance. He was appointed as Representative Director and Executive Vice President of ITOCHU ENEX CO., LTD. in June 2022.

Shares of the Company owned: None
 Board of Directors meeting attendance: N/A
 Significant concurrent positions outside the Company: None

Kyosuke Wakamatsu



Director and Senior Managing Officer Chief Compliance Officer, and Chief Operating Officer, Corporate Administration Division II

Kyosuke Wakamatsu has worked mainly in LP gas business since joining the Group. His past posts include Representative Director at Group company ITOCHU ENEX Home-Life Tohoku Co., Ltd. and Chief Operating Officer for the Home-Life Division of ITOCHU ENEX CO., LTD. Endowed with extensive business experience across the Company and Group companies and wide expertise in business management, he currently holds the post of Chief Operating Officer, Corporate Administration Division II, ITOCHU ENEX CO., LTD.

Shares of the Company owned: 25,200
 Board of Directors meeting attendance: 14/14
 Significant concurrent positions outside the Company: None

Tatsuro Utsumi



Director and Managing Officer Chief Operating Officer, Home-Life Division

Tatsuro Utsumi has worked mainly in the LP gas business since joining the Group. He previously held the post of Representative Director in Group company ITOCHU ENEX Home-Life Tohoku Co., Ltd. He currently serves as Chief Operating Officer of the Home-Life Division at ITOCHU ENEX CO., LTD., utilizing his extensive business experience across the Company and Group companies and wide expertise in business management.

Shares of the Company owned: 33,700
 Board of Directors meeting attendance: N/A
 Significant concurrent positions outside the Company: Director, ECORE CO., LTD.

Yasuhiro Imazawa



Director and Executive Officer Chief Financial Officer, Chief Information Officer, and Chief Operating Officer, Corporate Administration Division I

Yasuhiro Imazawa worked for ITOCHU Corporation for many years, mainly in Finance, Accounting, Risk Management, and Audit areas both in Japan and overseas. Possessing a wealth of business experience and broad expertise in management, he was appointed as a Director of ITOCHU ENEX CO., LTD. in June 2022, and holds the posts of Chief Financial Officer, Chief Information Officer, and Chief Operating Officer for Corporate Administration Division I.

Shares of the Company owned: None
 Board of Directors meeting attendance: N/A
 Significant concurrent positions outside the Company: None

Ichiro Saeki



Director

Outside Independent

Ichiro Saeki has specialized knowledge in his capacity as an attorney and a university professor, and extensive experience with corporate legal affairs. He also acquired broad knowledge of banking and finance during his tenure at the Nippon Fudosan Bank (currently, Aozora Bank, Ltd.). He has been nominated to another term as a candidate for Outside Director because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on his deep knowledge of banking and finance and expert point of view he has developed throughout his career.

Shares of the Company owned: 18,600
 Board of Directors meeting attendance: 14/14
 Significant concurrent positions outside the Company: Representative Attorney, Shi-Go-Roku Law Office Auditor, The Shinkumi Federation Bank Emeritus Professor, Aoyama Gakuin University

Business management	●	●	●	●	●	●
Sales and marketing	●	●	●	●	●	●
ESG SDGs	●	●	●	●	●	●
Finance and accounting	●	●	●	●	●	●
Legal and compliance	●	●	●	●	●	●
Human resources and labor	●	●	●	●	●	●
International mindset	●	●	●	●	●	●
Knowledge of other industries	●	●	●	●	●	●

Motoyo Yamane



Director

Outside Independent

Motoyo Yamane worked in the broadcasting industry for many years, where she was involved in the operation of organizations and the development of human resources. She also has sat on various expert committees related to social contribution and cultural activities and has advanced insight into society and culture in general acquired through these activities. She has been nominated to another term as a candidate for Outside Director because the Company believes that she will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on the knowledge and diverse perspectives she has developed throughout her career.

Shares of the Company owned: 11,100
 Board of Directors meeting attendance: 14/14
 Significant concurrent positions outside the Company: Board Member, Characters Culture Promotion Organization (Public Interest Incorporated Foundation) Director, Junshin Hiroo Gakuen Director, Picture Book Culture Promotion Association (Incorporated Nonprofit Organization)

Takuya Morikawa



Director

Outside Independent

Takuya Morikawa has long engaged in a wide range of business activities in the stationary and office equipment industry, including business strategy, overseas business, and the launch of new businesses, etc. Through these activities, he has gained business experience and a wealth of knowledge on business management. He has been nominated as a candidate for Outside Director because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on the experiences and abundant perspectives he has developed throughout his career.

Shares of the Company owned: None
 Board of Directors meeting attendance: N/A
 Significant concurrent positions outside the Company: Outside Director, Asanuma Corporation Representative Director, President and Chief Executive Officer, Wakiprintpia Co., Ltd. Corporate Adviser, NETSQUARE Co., Ltd.

Isao Kubo



Standing Audit & Supervisory Board Member

Outside

Isao Kubo has many years of experience in management planning and operations related to auditing at ITOCHU Corporation. After working as a Managing Executive Officer and General Manager of Internal Audit Division, he became a Director, Senior Managing Executive Officer, CSO, and General Manager of Corporate Planning Division at FamilyMart Co., Ltd. He has extensive knowledge of business management and has been nominated as a candidate for Outside Audit & Supervisory Board Member because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business.

Shares of the Company owned: 900
 Board of Directors meeting attendance: 11/11
 Significant concurrent positions outside the Company: Outside Director, Pan Pacific International Holdings Corporation Audit & Supervisory Board Member, Tokyo Toshi Service CO., LTD.

Shuji Katsurayama



Standing Audit & Supervisory Board Member

Since joining the Company, Shuji Katsurayama worked mainly on LP gas and heat supply businesses, and held a post of Representative Director of a Group company. Having extensive business experience and expertise in business management, he was appointed as an Audit & Supervisory Board Member in June 2022.

Shares of the Company owned: 16,100
 Board of Directors meeting attendance: N/A
 Significant concurrent positions outside the Company: Auditor, ECORE CO., LTD. Auditor, Enex Asset Management Co., Ltd.

Shozo Tokuda



Audit & Supervisory Board Member

Outside Independent

Shozo Tokuda has specialized knowledge in his capacity as a certified public accountant. He also acquired broad knowledge of corporate accounting. He has been nominated as an Outside Audit & Supervisory Board Member because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business from deep knowledge of corporate accounting and expert point of view he has developed throughout his career.

Shares of the Company owned: None
 Board of Directors meeting attendance: 14/14
 Significant concurrent positions outside the Company: Outside Corporate Auditor, Mitsui Chemicals, Inc.

Masako Iwamoto



Audit & Supervisory Board Member

Outside Independent

Masako Iwamoto has specialized knowledge and extensive experience in corporate legal affairs. She has also acquired deep insight during her tenure as an outside officer of Achilles Corporation. She has been nominated as a candidate for Outside Audit & Supervisory Board Member because the Company believes that she will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business from an objective and expert point of view.

Shares of the Company owned: None
 Board of Directors meeting attendance: 11/11
 Significant concurrent positions outside the Company: Representative Attorney, Iwamoto Law Office Outside Director, ACHILLES CORPORATION

●	●	●	●	●	●	●
●	●	●	●	●	●	●
●	●	●	●	●	●	●
●	●	●	●	●	●	●
●	●	●	●	●	●	●
●	●	●	●	●	●	●
●	●	●	●	●	●	●

Business management	●
Sales and marketing	●
ESG SDGs	●
Finance and accounting	●
Legal and compliance	●
Human resources and labor	●
International mindset	●
Knowledge of other industries	●

Evaluation of the Effectiveness of the Board of Directors

The Company asked all Directors and Audit & Supervisory Board Members to give their opinions based on their own evaluation of the effectiveness of the Board of Directors as a whole in FY2021, including the composition, operation status, and support structure of the Board. The Board of Directors then analyzed and evaluated its effectiveness, referring to those opinions and to assessments and analyses by third-party evaluation organizations, and after deliberation and examination by the Governance Committee.

Major issues discussed in the Board of Directors' meetings in FY2021

- Formulation of the medium-term business plan
- Important investments (such as the acquisition of the mega solar business in Takasaki City, Gunma Prefecture)
- Formulation of the Group's sustainability policy and identification of material issues
- Alliance with other companies
- Corporate governance

Appointment of Outside Officers

The Company seeks to enhance its corporate value by selecting individuals who have knowledge in specialized fields such as management, law, accounting and energy, and who can be expected to contribute to oversight of the Company's management and business execution from various perspectives.

Reasons for Appointment of Outside Officers

Outside Directors		
Name	FY2021 Board of Directors Meeting Attendance	Reasons for Appointment
Ichiro Saeki	14 of 14	Ichiro Saeki has specialized knowledge in his capacity as an attorney and a university professor, and extensive experience with corporate legal affairs. He also acquired broad knowledge of banking and finance during his tenure at the Nippon Fudosan Bank (currently, Aozora Bank, Ltd.). He has been nominated to another term as a candidate for Outside Director because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on his deep knowledge of banking and finance and expert point of view he has developed throughout his career. The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.
Motoyo Yamane	14 of 14	Motoyo Yamane worked in the broadcasting industry for many years, where she was involved in the operation of organizations and the development of human resources. She also has sat on various expert committees related to social contribution and cultural activities and has advanced insight into society and culture in general acquired through these activities. She has been nominated to another term as a candidate for Outside Director because the Company believes that she will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on the knowledge and diverse perspectives she has developed throughout her career. The Company believes that she meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.
Takuya Morikawa	(Appointed June 21, 2022)	Takuya Morikawa has long engaged in a wide range of business activities in the stationery and office equipment industry, including business strategy, overseas business, and the launch of new businesses, etc. Through these activities, he has gained business experience and a wealth of knowledge on business management. He has been nominated as a candidate for Outside Director because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on the experiences and abundant perspectives he has developed throughout his career. The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.

Outside Audit & Supervisory Board Members			
Name	Attendance* Board of Directors Meetings	Audit & Supervisory Board Meetings	Reasons for Appointment
Isao Kubo	11 of 11	12 of 12	Isao Kubo has many years of experience in management planning and operations related to auditing at ITOCHU Corporation. After working as a Managing Executive Officer and General Manager of Internal Audit Division, he became a Director, Senior Managing Executive Officer, CSO, and General Manager of Corporate Planning Division at FamilyMart Co., Ltd. He has extensive knowledge of business management and has been nominated as a candidate for Outside Audit & Supervisory Board Member because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business. Because he does not meet the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company, he is not designated an Independent Audit & Supervisory Board Member.
Shozo Tokuda	14 of 14	14 of 14	Shozo Tokuda has specialized knowledge in his capacity as a certified public accountant. He also acquired broad knowledge of corporate accounting. He has been nominated as an Outside Audit & Supervisory Board Member because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business from deep knowledge of corporate accounting and expert point of view he has developed throughout his career. The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.
Masako Iwamoto	11 of 11	12 of 12	Masako Iwamoto has specialized knowledge and extensive experience in corporate legal affairs. She has also acquired deep insight during her tenure as an outside officer of Achilles Corporation. She has been nominated as a candidate for Outside Audit & Supervisory Board Member because the Company believes that she will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business from an objective and expert point of view. The Company believes that she meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.

*Isao Kubo and Masako Iwamoto were appointed at the 61st Ordinary General Meeting of Shareholders held on June 16, 2021, and were therefore eligible to attend fewer Board of Directors and Audit & Supervisory Board meetings than other officers.

Evaluation Method	Evaluation via questionnaire and individual hearings
Subject of Evaluation	Meetings of the Board of Directors held between April 2021 and March 2022 (a total of 14 meetings)
Evaluators	All members of the Board of Directors and Audit & Supervisory Board as of March 2022
Outline of Implementation	A questionnaire was conducted regarding the composition of the Board of Directors (6 items), the operation of the Board of Directors (14 items), systems supporting the Board of Directors and dialogue with shareholders (7 items), and systems for fulfilling roles and duties (5 items). Free comments were allowed and transparency was ensured by allowing the respondents to remain anonymous. Individual interviews with all evaluators were held based on the aggregate results of the questionnaire.
Evaluation Results	Evaluation of the effectiveness of the Board of Directors is generally positive.
Items to be improved	Enhancement of deliberation on the medium- and long-term strategies



Supporting outside officers to vitalize discussion in the Board of Directors

We run a variety of activities designed to increase outside officers' understanding of the Group, with the aim of boosting the effectiveness of management oversight function, thereby leading to more energetic discussion by the Board of Directors and a transparent and effective governance system.

Visiting operating sites

We started hosting visits to operating sites nationwide in FY2017 in order to help outside officers understand the Group's businesses and interact with employees at the site. Due to COVID-19, we limited the program to virtual visits and on-site visits within the Kanto area for the past few years, but in July 2022, we were able to arrange a long-distance visit to the Kyushu and Yamaguchi area under adequate infection control measures. At each on-site visit, the worksite staff give direct feedback to the various questions asked by the outside officers.

Photo 1 Visiting a showroom of Group company Ecore Co., Ltd.
Photo 2 Inside a power station operated by Group company Hofu Energy Service Co., Ltd.

Briefings for outside officers

Outside officers are briefed on the agenda of each Board of Directors' meeting two business days in advance so that they will be able to take part in the discussions with a better understanding of the issues. During these sessions, the project owner for each agenda item gives a briefing and responds to various questions from the outside officers.

Participation in Group Directors' meetings

Outside officers participate in the Group Directors' meetings, where Directors from the Group's major companies come together to report their business activities and exchange opinions. As with the worksite visits, these meetings were held virtually during the past few years due to COVID-19, but we plan to resume in-person meetings in FY2022 under adequate infection control measures.
Photo 3 Group Directors' Meeting in FY2019.

Participation in financial results presentations

Financial results presentations are a valuable opportunity to directly hear the opinions of investors, the media, and other stakeholders. Outside officers attend these sessions in order to be aware of what is discussed. During the past few years, the presentations have been held virtually.
Photo 4 Financial results presentation held in May 2022.

Participation in management policy presentations

Outside officers also attend the management policy presentations held at the beginning of the first and second half of the fiscal year. These meetings are a forum for announcing and sharing the management policies of the entire Company and each Division. Approximately 120 people, including officers posted overseas, participated in the presentation in April 2022, which was held as a hybrid event.
Photo 5 Executive Vice President Yoshida, with online participants shown on screen.

Independent officers' meetings

These regular meetings bring the independent officers together to discuss their independent views and opinions.

Policies and Procedures on Determination of Remuneration for Directors

Basic Policy

Remuneration for Directors of the Company is designed to attract talented human resources with the ability to implement the Company's Corporate Philosophy and to motivate them to contribute to the sustained improvement of its corporate value. It is the Company's basic policy to determine remuneration paid to each Director at an appropriate level based on his/her position and duties.

Remuneration System for Directors

Remuneration for Executive Directors comprises fixed basic remuneration (monthly remuneration) and performance-linked remuneration that fluctuates according to performance. Remuneration for Non-Executive Directors comprises only fixed basic remuneration (monthly remuneration) from the perspective of their roles and independence.

Composition of Director Remuneration (for Executive Directors)



Types of Remuneration

Details of Remuneration	Details of Remuneration
<p>A Base Remuneration</p> <p>The Company determines the fixed monthly amount according to the position and responsibilities of each Director, taking into account the standards of other companies based on the research of specialized external institutions.</p>	
<p>B Bonuses</p> <ul style="list-style-type: none"> The Company pays performance linked bonuses to Executive Directors at certain times of each year as a short-term performance pay based on a performance indicator and the level of goal achievement in the year. The performance indicator that is the basis for bonuses is the level of achievement of the target profit attributable to the Company's shareholders (consolidated) each year. The Company determines the amounts of bonuses by multiplying the base remuneration by a certain coefficient according to the levels of achievement of company-wide performance, division performance, and section performance and a qualitative assessment. <p>Note: The comprehensive qualitative assessment is performed by the Representative Director and President, taking into account the level of the goal achievement of each Executive Director (progress in addressing issues in the areas of their responsibility, development of management executives, thoroughness of legal compliance, etc.).</p>	
<p>C Stock Remuneration</p> <ul style="list-style-type: none"> As medium- to long term performance-linked remuneration, Executive Directors are provided with points according to net profit under the Medium-Term Business Plan, the titles of the Directors, and the number of months in their term of office. At the time of their retirement, they acquire a number of the Company's common shares commensurate with the total number of points granted. The number of shares provided is the product of multiplying the number of points given by 1.0. 	

Of the above remuneration, the bonuses and stock remuneration are linked to the Company's business performance, and net profit (consolidated) attributable to the Company's shareholders has been adopted as the indicator for evaluating the overall business performance of the Company. It was adopted to ensure the simplicity of the indicator, consistency with the numerical targets related to the Company's business management (or with the quantitative targets set in the medium-term business plan, which apply to the performance linked stock remuneration), and in light of the trends of other companies. The consolidated net profit attributable to the Company's shareholders for FY 2021 is 13,194 million yen.

Policy, Etc. for Determining the Remuneration of Individuals

To flexibly determine the amount of remuneration for individuals, Kenji Okada, the Representative Director President of the Company, is delegated to determine specifics based on standards established in advance. Changes made to the above composition of remuneration, base remuneration, and bonuses require prior reporting to the Board of Directors after consultation with the Governance Committee. Changes in the stock remuneration require approval at a Board of Directors' meeting or a General Meeting of Shareholders. The Company has established a

system in which the Governance Committee receives one or more reports a year on the overall distribution of remuneration for individual Directors, ensures that such activities are conducted appropriately in line with this policy, and guarantees their objectivity, fairness, and transparency. The Board of Directors receives the results of deliberations and examinations, and reports on the appropriate remuneration of individual Directors in line with this policy from the Governance Committee, and the Company believes that the activities of the Board of Directors are also in line with this policy.

Business Execution and Internal Control

Risk Management

Risk Management Committee

Amid an increase in various risks, the Risk Management Committee plays the central role in risk mitigation by continuously enhancing risk management measures. The Committee deliberates on risk management issues,

including identification and analysis of risks that could have a material impact on the Group's operation, as well as countermeasures, prevention, and awareness-raising.

Risks related to businesses (Security Report; in Japanese)
https://www.itcenex.com/ja/ir/doc/security_report/t80pff0000007sze-att/20220621a.pdf



Systems for Handling Emergencies

The Company has established reporting routes that enable it to quickly obtain accurate information and respond appropriately when an accident occurs or a risk arises in the Group. The Company has also developed an emergency contact network that systematically connects Group companies, business divisions, and officers

(including the President), so that when an earthquake, typhoon, heavy rain, or other natural disaster occurs, it will be able to quickly confirm the safety of Group personnel, ascertain the level of damage to the Group's facilities and distributors, and secure essential services.

Risk Management
<https://www.itcenex.com/en/csr/governance/riskmanagement/>



Internal Control

We have constructed, operate, and continuously improve an internal control system to ensure that its operations are conducted properly and in compliance with laws, regulations, and the Articles of Incorporation.

Our Group's internal control system is outlined in the Basic Policy on Internal Control System, which was revised on December 17, 2021.

Internal Control System
<https://www.itcenex.com/en/corporate/governance/control/>



BCP and Disaster Response Headquarters

The Group has formulated a business continuity plan (BCP) as a precaution against possible major natural disasters. The BCP and Disaster Response Headquarters plays the central role in the plan. Headed by the President, with the Vice President as Deputy Head, the Headquarters primarily comprises the General Managers of the Corporate Administration Division. In the event of a large-scale disaster, the Headquarters leads Group-wide activities to respond to the situation through a unified chain of command that enables systematic cooperation. In addition, in preparation for a potential critical disaster in the Tokyo Metropolitan area, the Company has established a backup system for transferring head office functions to the Chugoku, Shikoku, and Kyushu areas. In FY2021, toward the verification training at the headquarters and at alternative emergency headquarters, and toward operating a business continuity management (BCM), the Company worked on improving the effectiveness of BCP, including construction of systems, training employees in charge of related promotion activities, and holding BCP review meetings. The Company acquired Resilience Certification (the certification of organizations contributing to national resilience) in recognition of our proactive efforts in business continuity.

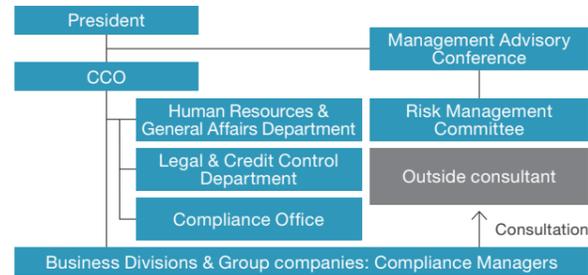


A BCP training at the Company's head office (held as a hybrid event in September 2021)

Compliance

Compliance Structure

The Company has taken steps to improve its compliance system, including appointing a CCO, establishing a department that oversees matters concerning compliance, and developing a compliance program. We have also appointed compliance managers/personnel in each department and Group company, provide compliance education and training, compile a legal and regulatory compliance manual, clarify responses to compliance incidents, and further develop our whistleblowing system. In addition, each Director, Executive Officer, and employee is required to submit a statement of intention to comply with the Group Code of Conduct.



1. Compliance manager: Compliance managers of the Company, one person from each division, are appointed by the CCO. Additionally, at Group companies for which ITOCHU ENEX CO., LTD. has over 50% ownership, in principle, the president of the Group company serves as the compliance manager, also supervising subsidiaries for which that Group company has over 50% ownership.
2. Compliance personnel: Compliance personnel are appointed by the compliance managers, and are responsible for promoting awareness regarding compliance, serving as the point of contact in the event of trouble, accidents, misconduct or complaints, and ensuring environmental preservation and soil contamination prevention.

Education in Compliance

With the objective of maintaining and ensuring the universal recognition of compliance systems, the Company holds education and training in compliance for Group officers and employees on an annual basis. In particular, the Company conducts nationwide compliance rank-based training programs, as appropriate. Furthermore, through education and training for compliance managers and personnel in each department and Group company, the Company is enhancing their practical ability to respond to specific compliance incidents, thereby continuing to strengthen the Group's compliance system.

Promoting Awareness of Compliance

To promote employee awareness of compliance, the Company periodically prepares documents to be distributed within the Group and shared on the intranet.

Compliance Program	This resource provides a straightforward introduction to compliance promotion activities, including objectives, systems, incident/accident response, and whistleblowing and consulting contact points.
Compliance Case Studies	These case studies provide easy-to-understand examples and response approaches for various major and minor compliance violations, including misconduct, harassment, labor issues, complaints, legal and regulatory violations, and information leakage.
Harassment Guidelines	These guidelines set out prohibited workplace behaviors with the aim of ensuring that employees and officers correctly understand the issue of harassment, and creating a harassment-free workplace.

Group Awareness Survey

Incidents relating to accounting misconduct, embezzlement, harassment, and labor issues at various companies, organizations, and bodies are on the rise. The Group conducts a compliance awareness survey of its officers and employees to ascertain the state of compliance awareness and the penetration of the Corporate Philosophy in order to help prevent misconduct and compliance incidents. The results are used as a guide for improving compliance training and creating new initiatives.

Whistleblowing and Consulting Contact Points

The Group has established inside and outside whistleblowing contact points to facilitate prompt reporting of violations of laws and internal rules, other forms of misconduct, and concerns about the potential for misconduct. As part of compliance training, the Group ensures that all employees are aware of the system of internal whistleblowing contact points and the protection given to whistleblowers. It has also a system in place for responding appropriately to whistleblowing reports and maintaining the transparency of those responses.

Additionally, the Group has made available an outside consulting contact point for any employee or family member associated with the Group. This consulting contact point can also respond to issues concerning harassment, mental health, physical health and living circumstances. A system for providing care for mental health and consultation on other issues is maintained through responses provided by specialists such as clinical psychologists, health nurses and consumer affairs advisors.

The Group ensures the effectiveness of the whistleblowing system through regulations that clearly define the responsibilities of the various parties that handle cases. These regulations prohibit unfavorable treatment, including termination of employment, as a consequence of whistleblowing, and mandate confidentiality.

IR Activities

When disclosing information to and engaging in dialogue with stakeholders, the Company complies with relevant laws, regulations, and rules. It also emphasizes two-way communication, while striving to explain its business status, management policy, and other information in a timely, fair, accurate, and clear manner and on an ongoing basis. Feedback from stakeholders, including requests and opinions, is provided to management.

General Meeting of Shareholders

	FY2019 Results	FY2020 Results	FY2021 Results
Dates	June 17, 2020	June 16, 2021	June 21, 2022
Attendance	23	13	13



The June 2022 General Meeting of Shareholders was held in person under adequate infection control measures against COVID-19. A video of the proceedings is available for view by shareholders. We also regularly publish a shareholder newsletter and other IR publications.

Main IR activities

	FY2019 Results	FY2020 Results	FY2021 Results
Meetings with investors & other stakeholders	33	33	38
Financial results presentations for institutional investors, etc.	Twice yearly (105 in total)	Twice yearly (94 in total)	Twice yearly (87 in total)
Presentations for individual investors*	0	0	1 (online, over 1,500 viewers)

*Not held in FY2019 and FY2020 due to the COVID-19 pandemic.

Financial results presentations We hold semiannual financial results presentations for institutional investors, analysts, and the media in May and November. Due to COVID-19, the presentations for FY2020 and FY2021 were held online. In May 2022, we staged the presentation as a hybrid event. The content of questions and answers at the presentations is disclosed on our website.



Financial results presentations for individual investors

We had our first online presentation for individual investors in March 2022. In the meeting, the Assistant to CEO and the CFO explained our businesses and our management strategies, among other topics. The session drew a large audience of more than 1,500 investors.

Ratings

As of July 27, 2022		
Issue	Rating	Outlook
Long-term issuer rating	AA-, upgraded from A+	Stable
Issue	Maximum	Rating
Commercial paper	¥30 billion	J-1+, upgraded from J-1

In July 2022, our JCR long-term issuer rating was upgraded from A+ (stable) to AA- (stable), and our domestic CP rating was upgraded from J-1 to J-1 plus. This marked the first improvement in the long-term issuer rating since 2018, and in the domestic CP rating in the 24 years since we first acquired that rating in 1998.

JPX-Nikkei Mid and Small Cap Index



JPX Nikkei Mid and Small Cap Index, jointly compiled by JPX Market Innovation & Research, Inc. and Nikkei Inc., is mid and small cap index of attractive companies for investment. The Company has been selected as a constituent for all five years since 2018.

Nikko Investor Relations' Corporate Website Rankings



All Japanese Listed Companies' Website Ranking, provided by Nikko Investor Relations Co., Ltd., ranks the websites of all 3,888 listed Japanese companies. Assessment is

based on 162 objective evaluation items that measure how well each website informs stakeholders in terms of understandability, user convenience, and amount of information. Our website has received the highest rating, AAA, for all three years since 2019.

GOMEZ IR Site Ranking 2021



BroadBand Security, Inc. provides GOMEZ Site Ranking for the corporate websites of 3,745 listed Japanese companies, based on 241 evaluation items under

the categories of usability, adequacy of financial/performance information, adequacy of corporate/management information, and proactiveness and foresight in disclosure. We received a Bronze Award in FY2020 and our first Silver Award in FY2021.

IR Basic Policy
<https://www.itcenex.com/en/ir/policy/basicpolicy/>

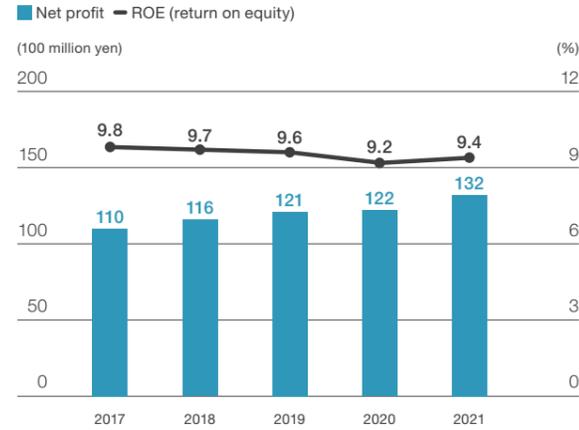


Financial & Non-financial Highlights

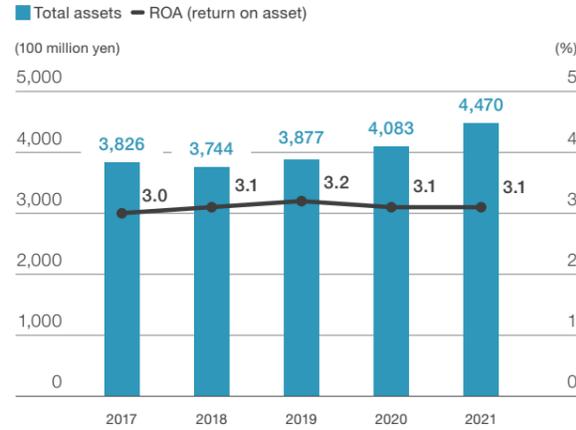
*The values in non-financial data are non-consolidated basis

Financial

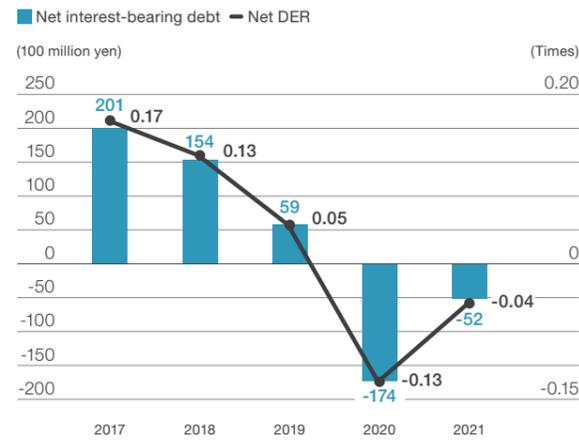
Net profit / ROE (return on equity)



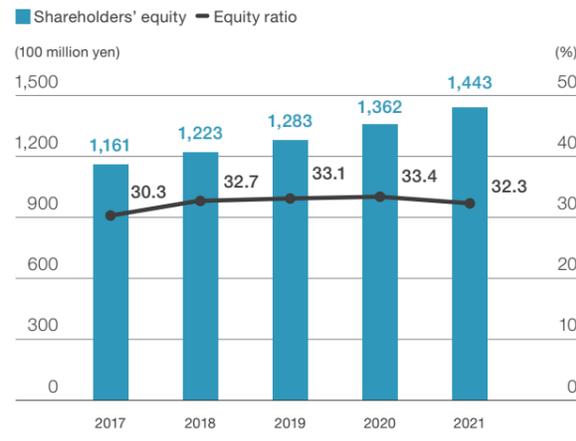
Total assets / ROA (return on asset)



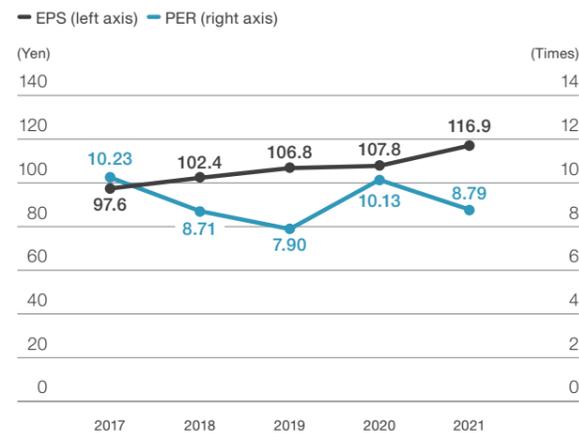
Net interest-bearing debt / Net DER



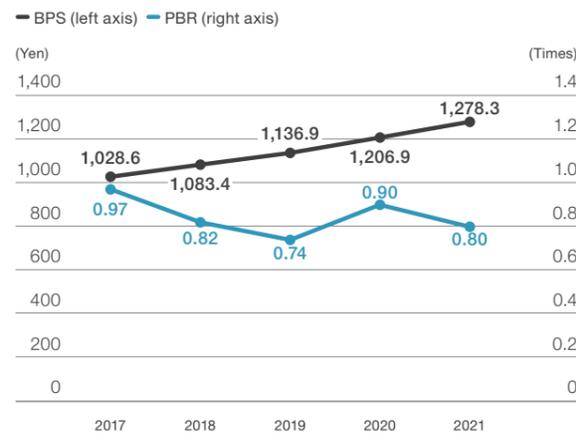
Shareholders' equity / Equity ratio



EPS / PER*



BPS / PBR*

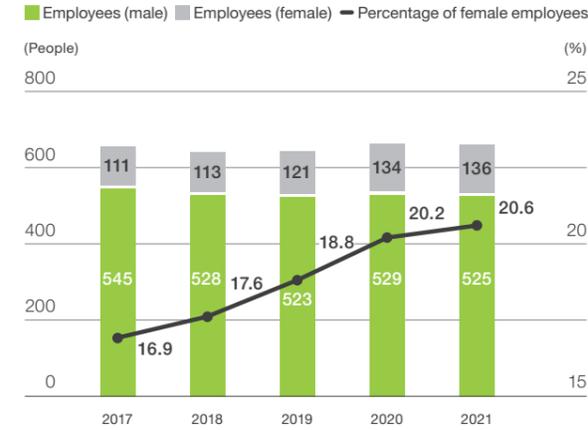


* EPS (earnings per share) = Net profit / Number of shares outstanding
 * PER (price-earnings ratio) = Share price (end of the period) / EPS (earnings per share)

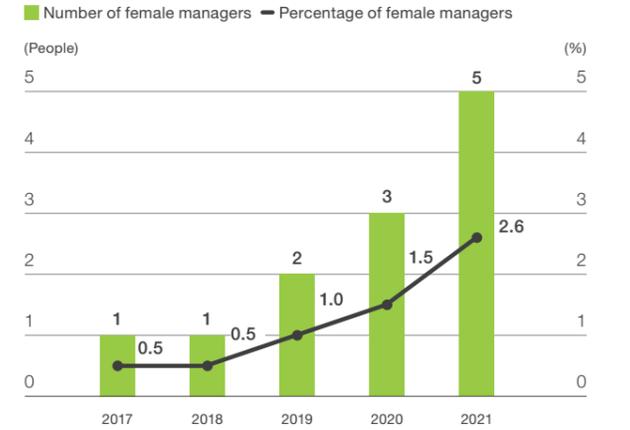
* BPS (book value per share) = Shareholders' equity / Number of shares outstanding
 * PBR (price-book value ratio) = Share price (closing price at the end of the period) / BPS (book value per share)

Non-financial

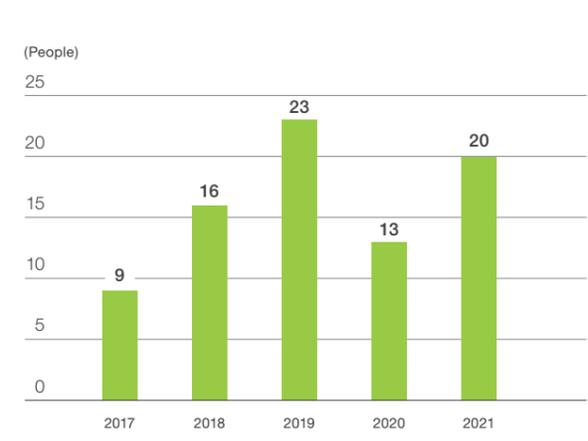
Number of employees (by gender) / Percentage of female employees



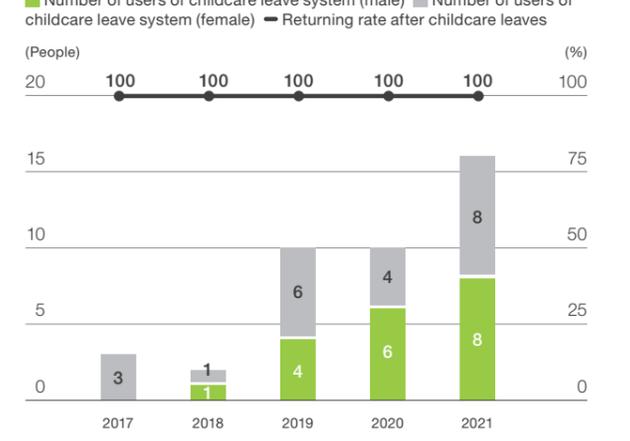
Number of female managers / Percentage of female managers



Number of employees dispatched overseas



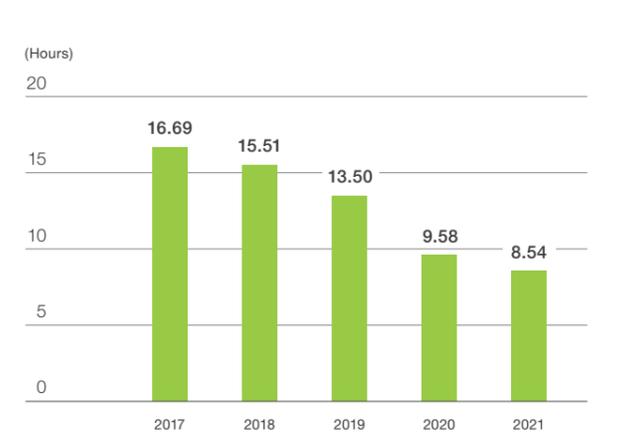
Number of users of childcare leave system (by gender) / Returning rate after childcare leaves



Number of days used as paid leave / Percentage of paid leave utilization



Average overtime hours*



*As a general rule, overtime work after 8 p.m. is not allowed

Financial Summary for 11 Years

	JGAAP	JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3
Operating Results by FY (millions of yen)											
Net sales	1,414,161	1,430,745	–	–	–	–	–	–	–	–	–
Revenue	–	–	966,044	936,841	723,645	695,060	744,767	1,007,086	897,427	739,067	936,306
Gross profit	64,604	70,054	71,599	85,720	89,562	93,604	88,822	84,210	86,418	86,889	83,591
Selling, general and administrative expenses	55,631	56,328	57,862	71,184	73,226	74,697	70,931	67,318	68,858	67,115	68,065
Profit from operating activities	8,973	13,726	11,875	13,100	16,384	19,678	17,153	17,851	19,257	19,346	20,929
Net profit attributable to ITOCHU ENEX's shareholders	3,893	5,576	7,124	5,503	7,469	10,405	11,025	11,559	12,056	12,168	13,194
Per share (yen)											
Net profit attributable to ITOCHU ENEX's shareholders	34.22	49.36	63.05	48.71	66.10	92.09	97.63	102.40	106.81	107.79	116.89
Shareholders' equity	826.68	868.69	833.20	862.30	889.70	960.37	1,028.57	1,083.37	1,136.89	1,206.88	1,278.32
Cash dividends	16	16	20	22	24	32	40	42	44	50	48
Financial position at the end of FY (millions of yen)											
Total assets	305,053	323,747	321,032	329,059	304,053	344,603	382,621	374,373	387,657	408,327	447,017
Interest-bearing debt	30,682	40,903	38,598	40,954	37,665	41,020	42,705	34,110	25,180	17,459	32,929
Net interest-bearing debt	15,370	23,023	24,347	24,770	16,841	18,293	20,132	15,385	5,937	-17,382	-5,216
Shareholders' equity	102,050	105,970	94,144	97,432	100,526	108,511	116,104	122,290	128,333	136,233	144,297
Cash flows at the end of FY (millions of yen)											
Cash flows from operating activities	-271	21,606	17,530	34,336	30,322	17,831	24,239	25,403	28,106	40,214	39,955
Cash flows from investing activities	-6,904	-25,047	-12,556	-20,410	-16,673	-14,712	-18,458	-13,410	-1,411	-125	-19,113
Cash flows from financing activities	-1,392	5,964	-8,859	-12,115	-9,059	-1,195	-5,850	-15,857	-26,196	-24,528	-17,625
Free cash flows	-7,175	-3,441	4,974	13,926	13,649	3,119	5,781	11,993	26,695	40,089	20,842
Cash and cash equivalents at the end of the period	15,312	17,880	14,251	16,184	20,824	22,727	22,573	18,725	19,243	34,841	38,145
Main indicators											
ROA (%)	1.3	1.8	2.2	1.7	2.4	3.2	3.0	3.1	3.2	3.1	3.1
ROE (%)	4.2	5.8	7.8	5.7	7.5	10.0	9.8	9.7	9.6	9.2	9.4
Equity ratio (%)	33.5	32.7	29.3	29.6	33.1	31.5	30.3	32.7	33.1	33.4	32.3
Net interest-bearing debt – shareholder's equity ratio (times)	0.15	0.22	0.26	0.25	0.17	0.17	0.17	0.13	0.05	-0.13	-0.04
Dividend payout ratio (%)	46.8	32.4	31.7	45.2	36.3	34.8	41.0	41.0	41.2	46.4	41.1

(Notes)

- Revenue excludes national and local consumption taxes.
- Based on IFRS since the fiscal year ended March 2014.
- As the Group began applying IFRIC 21 (Levies) in March 2015, the related main management indicators, etc. for the fiscal year ended March 2014 were adjusted retrospectively.
- The amounts are rounded off to the nearest million.
- Intermediary volumes have been included in the electricity sales volumes since the fiscal year ended March 2021.

Yearly sales volumes of main products

	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3
Gasoline (thousand kl)	4,266	4,317	3,993	3,593	3,722	3,587	3,328	3,201	2,767	2,386	2,510
Kerosene (thousand kl)	2,150	2,099	1,874	1,502	1,471	1,448	1,590	1,565	1,229	1,145	1,074
Diesel oil (thousand kl)	3,214	3,387	3,389	3,302	3,321	3,271	3,401	3,499	3,288	3,164	3,282
LP gas (thousand tons)	633	619	625	619	601	597	618	573	543	500	485
Electricity (MWh)	3,425	79,561	230,669	408,798	872,824	2,430,506	2,670,597	2,873,889	2,605,465	2,393,471	2,691,713

(As of March 31, 2022)

Stock Information

Shares and Shareholders

Authorized shares	387,250 thousand
Shares issued and outstanding	116,881 thousand
Shareholders	19,856
Shares per trading unit	100

General Meeting of Shareholders

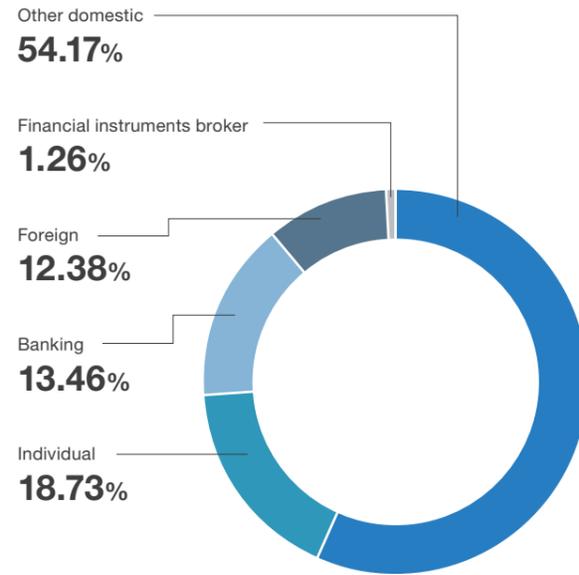
Ordinary General Meeting of Shareholders	Annually in June
Basis dates	For Ordinary General Meeting of Shareholders: March 31 of each year For year-end dividends: March 31 of each year For interim dividends: September 30 of each year
Shareholder registry administrator	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Ltd.

Principal Shareholders

Name	Shares (thousand)	Stake (%)
ITOCHU Corporation	60,978	53.97
The Master Trust Bank of Japan, Ltd. (trust account)	6,934	6.14
Custody Bank of Japan, Ltd. (trust account)	4,698	4.16
Enex Fund	3,268	2.89
Nippon Life Insurance Company	1,542	1.37
ITOCHU ENEX Employee Shareholding Association	1,373	1.22
STATE STREET BANK AND TRUST COMPANY 505001	814	0.72
THE BANK OF NEW YORK MELLON 140042	787	0.70
DFA INTL SMALL CAP VALUE PORTFOLIO	732	0.65
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	666	0.59

Notes: The above figures exclude treasury stock (3,895 thousand shares)

Shareholding Ratio by Owner



Corporate Overview (As of March 31, 2022)

Company name	ITOCHU ENEX CO., LTD.
Head office address	3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo 100-6028, Japan
Established	January 28, 1961
Paid-in capital	¥19,877.67 million
Main sites	Hokkaido, Tohoku, East Japan, Chubu, Kansai, Chugoku & Shikoku, Kyushu (Other sales sites are located across Japan.)

Subsidiaries	46
Affiliates (equity method applied)	20
Number of employees	661 (non-consolidated basis, including 168 seconded to subsidiaries) 5,641 (consolidated basis)
Stock exchange listing	Prime Market, Tokyo Stock Exchange (stock name: ITOCHU ENEX)
Securities code	8133
Main financial institutions	Sumitomo Mitsui Trust Bank, Ltd.; Sumitomo Mitsui Banking Corp.; Resona Bank, Ltd.; Mizuho Bank, Ltd.; MUFG Bank, Ltd.

ITOCHU ENEX CO., LTD. Organization Chart (As of April 1, 2022)

