

SECTION
03

Sustainability Initiatives

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 and services 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, contributing to the development of a sustainable society. Based on our Corporate Philosophy, we will continue to expand the provision of businesses and services that contribute to the development of a rich life for people and the creation of a sustainable society in order to sustainably improve our corporate value.

Sustainability Policy

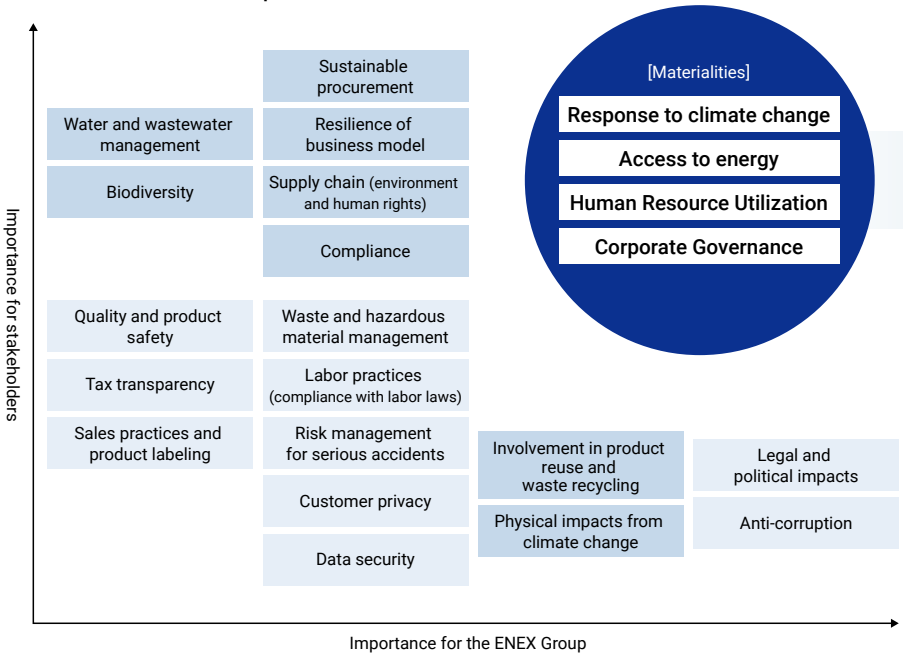
The ITOCHU ENEX Group has a mission of delivering **energy and services** as **"The Best Partner for Life and Society"** and will aim to improve our corporate value while contributing to **the development of a rich life for people and a sustainable society**.

- 1 Contributing to a carbon neutral society through our business
- 2 Contributing to rich communities through a stable energy supply
- 3 Establishing a governance system stakeholders can rely on

Priority sustainability issues (materialities)

Based on our Sustainability Policy, we identify priority sustainability issues (materialities) and, through initiatives to address these issues, we will contribute to the creation of a sustainable society and strive to further enhance our corporate value.

Material Issues for the Group



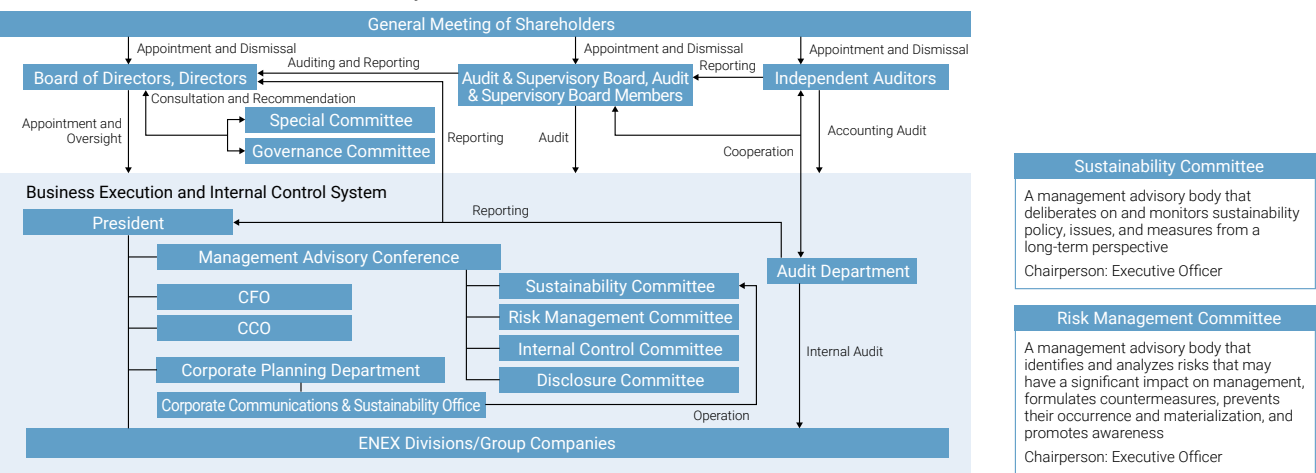
Please refer to our website for more information on sustainability.
<https://www.itocenex.com/en/csr/policy/policy/index.html#anc02>

Sustainability Governance

The Group places responding to sustainability issues as one of its most important management issues, and the Sustainability Committee, a management advisory body within the Group, drives Group-wide sustainability strategies by deliberating and monitoring policies for responding to risks and opportunities related to environmental issues, as well as policies, issues, and measures concerning sustainability. The Committee has a structure to rapidly implement measures while leveraging specialized knowledge, with the Chief Operating Officer,

Corporate Administration Division and general managers of function departments appointed as Committee members, and general managers of sales divisions called to attend as necessary. The Management Advisory Conference discusses Group-wide policies and initiatives, while the Board of Directors receives reports on the status of responses to the materialities, continuously oversees the effectiveness and appropriateness of these initiatives, and approves basic policies and management strategies.

Governance structure related to sustainability



Materialities	Major opportunities	Major risks	Relevant SDGs	Areas of initiatives
Response to climate change Contribution to the realization of a carbon-neutral society	<ul style="list-style-type: none">Expansion of the alternative fuel market and increase of sales opportunities accompanying the rising demand for alternative fuelsCreation of opportunities to construct infrastructure for hydrogen and other new energy sourcesRising demand for renewable energy and creation of new business opportunitiesExpansion of markets where businesses have the potential to solve social issues, etc	<ul style="list-style-type: none">Weakening of the existing energy businessesReduction of demand for fossil fuels due to the regulation of businesses' greenhouse gas emissions, etc		<ul style="list-style-type: none">Alternative fuelRenewable energyElectric Vehicles (EVs)Energy solutions for storage batteries / household products ▶ For details, see P.42-47
Access to energy Offering energy to everyone	<ul style="list-style-type: none">Expansion of business supported by the trust of the local community and the entire supply chainProvision of an environment that enables choices from a variety of energy sources, including alternative energy sourcesEntry into regions where access to energy is underdevelopedRetention and acquisition of customers by strengthening the disaster-resilient supply structureEarning the trust of customers and the creation of new businesses through the stable supply of environmentally-friendly resources and materials	<ul style="list-style-type: none">Loss of customer base due to deteriorated relationships with local communitiesInstability of business due to insufficient energy procurement, etc		<ul style="list-style-type: none">Relationships with local communitiesAccess to energyStable supply of energy-related servicesCar-life stations ▶ For details, see P.48-49
Human Resource Utilization Human resource strategies to generate diverse value	<ul style="list-style-type: none">Increase labor productivity, improve health and motivation, acquire talented human resources, and strengthen our ability to respond to changes and business opportunities by developing a rewarding work environment	<ul style="list-style-type: none">Lower labor productivity, flight of talented human resources, loss of business opportunities, higher health-related costs, and other risks resulting from a failure to appropriately respond		<ul style="list-style-type: none">Diversity, equity and inclusionHealth and safetyHuman resource developmentSocial contribution activities ▶ For details, see P.50-53
Corporate Governance Clear, effective and fair decision-making	<ul style="list-style-type: none">Improve the transparency of decision-making, respond appropriately to changes, and establish a foundation for stable growth by establishing a strong governance structure	<ul style="list-style-type: none">Risks of business discontinuity, unexpected losses, and other risks associated with the dysfunction of Corporate Governance and internal controls		<ul style="list-style-type: none">Corporate GovernanceStrengthening the functionality of the Board of DirectorsIncreasing stakeholder engagementOperating committees appropriatelyEnhancing Group governanceEnhancing risk management ▶ For details, see P.58-67

Please refer to our website for more information on sustainability at the ITOCHU ENEX Group
<https://www.itocenex.com/en/csr/policy/policy/index.html>

Response to Climate Change

— Contribution to the realization of a carbon-neutral society —

Our Approach

The Group recognizes responding to climate change as one of its priority management issues. As a corporate group responsible for ensuring stable energy supply, we are committed to realizing a decarbonized society by expanding our low-carbon product categories and services. We are driving the expansion of our renewable energy, solar power generation for private consumption, and EV-related businesses in response to changes in the business environment and diversifying customer needs. In addition to meeting the demand for fuels such as GTL, LNG, and LP gas, we are strengthening our operations in next-generation energy fields, including hydrogen, renewable diesel, and biomass fuels. We aim to achieve a low-carbon society and sustainable growth for society as a whole by contributing to the reduction of CO2 emissions through new environmentally friendly businesses and related operations, and by creating added value that goes beyond conventional energy supply.

The Group is also working to assess and reduce the GHG emissions associated with its business activities, and disclose its actual emissions, reduction measures, and progress. The Group aims to reduce its GHG

emissions by 50% by 2030 (compared to FY2018 levels) and achieve carbon neutrality by 2050. Going forward, we will continue to enhance the effectiveness of our decarbonization initiatives while taking into consideration the characteristics of our businesses, and promote emission reductions through continuous progress management.

In addition, we have expressed our support for the TCFD*1 recommendations to address climate change as stated in our Environmental Policy. Based on the approach of the TCFD recommendations, we identify risks and opportunities that climate change may have on our business activities, analyze scenarios and disclose the results. In addition, we will review our disclosures based on the TCFD recommendations as appropriate (most recent revision in June 2026) and will continue to make appropriate disclosures in the future.



*1 TCFD refers to the "Task Force on Climate-related Financial Disclosures," which was established by the Financial Stability Board (FSB) in response to a request from the G20 to study how to disclose climate-related information and how financial institutions should respond.

Governance and Risk Management

The Group discusses climate change issues, including policies for responding to climate change-related risks and opportunities and greenhouse gas reduction targets and initiatives, at the Sustainability Committee, which deliberates on all aspects of sustainability, including issues related to climate change.

▶ For details, see P. 41, Sustainability Governance

In order to respond to the various risks surrounding the Group, the Group manages risks comprehensively and individually by developing management systems and methods. In addition, the Risk Management Committee has been established as an advisory body to management and aims to reduce risks by conducting risk management in the form of identifying and analyzing risks that could have a material impact on management, implementing countermeasures, preventing the occurrence and materialization of risks and promoting risk awareness, while continuing strengthening management.

Strategy

The Group considers the various risks and opportunities associated with climate change as one of the important perspectives in formulating its business strategy. Regarding the impact of climate change, we will reflect our consideration of the medium-long-term perspective when formulating our business plans.

In conducting our scenario analysis, we referred to publications by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) and

extracted and analyzed items that would have a significant impact on the Company from multiple scenarios, including the 1.5°C/ below 2°C. The risks and opportunities in the scenario analysis results take into account the "transition" aspect caused by social changes due to policies and technologies, as well as the "physical" aspect caused by natural disasters and rising temperatures.

Company's Vision of Society Under the 1.5°C/Less Than 2°C Scenario

Transition	Physical
<div><ul style="list-style-type: none">• The business portfolio will change as demand for petroleum products declines and the coal-fired power generation business converts to other fuels.• CO2 reduction requirements will be strengthened and the burden related to carbon taxes will increase.• Investment and business maintenance costs for equipment that is high-efficiency, energy-saving, etc. will increase.• The Company will be required to actively engage in the business of environmental products such as heating supply, hydrogen, EVs, self-consumption photovoltaic power (PV), ammonia, and other next-generation fuels that have an effect on reducing CO2 emissions.• During the transition period when fuels such as petroleum products are replaced by next-generation fuels with net-zero CO2 emissions, demand will temporarily increase for fuels which have relatively low CO2 emissions when burned, such as GTL, LNG, and LP gas.</div>	<div><ul style="list-style-type: none">• The frequency of power outages will increase as severe weather events become more extreme, and supply instability will occur due to damage to supply facilities and other equipment.• Volatility in the demand for fuels that are used for heating equipment in winter, such as kerosene, will change due to the constant rise in temperature.• Opportunities to utilize LP gas core filling stations and disaster response stations, which can provide a stable supply of LP gas even in times of disaster, will increase.• The demand for storage batteries and power sources for adjustment will increase due to the tightening of electricity demand.</div>

Classification of response policies
●...Reducing the environmental impact on society through business activities
●...Reducing our own GHG emissions

Transition Risk and Analysis of its Opportunities (1.5°C / Below 2°C Scenario)

		Risk	Opportunities	Term	Impact*2	Response Policy
Policy	Regulation of CO2 emissions	<div><ul style="list-style-type: none">• Decrease in demand for petroleum products• Levying of carbon tax• Decrease in retail network• Increase in fuel procurement costs• Regulatory changes, resource constraints, etc.• Cost increases due to fuel conversion and equipment upgrades</div>	<div><ul style="list-style-type: none">• Increase in demand for environmental products such as next-generation and alternative fuels and renewable energy• Increase in revenue due to capturing dealers in the aftermarket• Increase in opportunities to invest in decarbonization technologies</div>	Medium-long	High	<div>Mitigation measures<ul style="list-style-type: none">● Expand sales of next-generation and alternative fuels● Improvement of supply and logistics networks for diversification of products handled● Strengthening our renewable energy business● Strengthening of storage battery-related business● Fuel conversion, etc. at coal-fired power plants● Expansion of the energy service business</div>
	Changes to the energy mix	<div><ul style="list-style-type: none">• Insufficient procured power supply• Increase in procurement costs• Increase in PV output suppression</div>	<div><ul style="list-style-type: none">• Temporary increase in demand for industrial LP gas and LNG• Expansion of the adjustment power source-related business• Expansion of the renewable energy business• Increase in business opportunities due to regional decentralization of power sources</div>	Medium-long	Medium	
Market	Changes to energy demand	<div><ul style="list-style-type: none">• Increase in electricity procurement prices• Increase in market procurement prices</div>	<div><ul style="list-style-type: none">• Increase in the number of customer homes due to industry restructuring• Increase in electricity demand• Expansion of EV-related business</div>	Medium-long	Medium	<div>Mitigation measures<ul style="list-style-type: none">● Maintaining and expanding the customer base● Capital investment for fuel conversion of existing infrastructure● Strengthening of infrastructure consolidation and electric power sales business● Businesses that use reusable batteries● Strengthening of EV-related and dealer business</div>
	Changes in customer behavior	<div><ul style="list-style-type: none">• Increase in stockpiling facility maintenance costs• Increase in development costs, etc. for new electric power options• Brand image deterioration</div>	<div><ul style="list-style-type: none">• Increase in demand for facilities with high environmental performance and high-efficiency equipment• Increased opportunities for the energy service business to make proposals• Increase in demand for PV for private consumption</div>	Medium-long	Medium	
	Advances in next-generation technologies	<div><ul style="list-style-type: none">• Decrease in demand in the petroleum product-related maintenance domain• Decrease in retail network• Responding to a diverse energy supply• Increase in regulatory risks</div>	<div><ul style="list-style-type: none">• Expansion of the hydrogen-related business• Expansion of sales of ammonia fuel for ships• Increase in environmental value of biomass power plants• Decrease in cost of biomass power generation</div>	Medium-long	Medium	<div>Adaptation measures<ul style="list-style-type: none">● Capital investment for fuel conversion of existing infrastructure● Infrastructure consolidation● Dialogue and coexistence with local communities</div>

*2 Impact
Minor: Less than ¥100 million Small: ¥100 million ~ less than ¥1 billion
Medium: ¥1 billion ~ less than ¥10 billion Large: ¥10 billion ~ less than ¥20 billion
Severe: ¥20 billion or more



Reducing the environmental impact on society through business activities

Direction of Main Action Plans and Progress

Area	Theme	Direction of Initiatives	Progress
Alternative fuel	Promote the advanced utilization and widespread adoption of next-generation fuels (Renewable Diesel (RD), GTL)	<ul style="list-style-type: none">Promote the widespread adoption of RD and GTL, which contribute to reducing GHG emissions.Establish continuous and stable commercial flows.	RD <ul style="list-style-type: none">Enhanced the delivery network, leading to expanded demand and increased sales volume in the Tokyo, Nagoya, and Osaka areas (160% year on year).Implemented the RD40 brand strategy. Launched the new "FINE DIESEL" brand in March 2026.Conducted demonstration tests on commercial trains in cold regions. GTL <ul style="list-style-type: none">Achieved a delivery volume of 120% year on year, primarily at construction and civil engineering sites.Established a new supply hub in the Tohoku area, in addition to existing delivery areas.
	Build a hydrogen value chain	<ul style="list-style-type: none">February 2021: Signed a Memorandum of Understanding on Strategic Collaboration for Building a Hydrogen Value Chain with Air Liquide Japan G.K. and ITOCHU Corporation.From FY2025 onwards: Operation and maintenance of hydrogen refueling stations for commercial trucks.	<ul style="list-style-type: none">Participated in Japan's first "Strategic Collaboration for Building a Hydrogen Value Chain" for FC trucks in Motomiya City, Fukushima Prefecture. Opened in May 2024 and is currently operated 24 hours a day, 365 days a year by Enexfleet Co., Ltd.The cumulative number of vehicles filled exceeded 7,800 (approx. 38,000 kg) by the end of March 2026.
Renewable energy	Promote renewable energy businesses, including solar power generation	<ul style="list-style-type: none">Realize a stable supply of sustainable energy through the development and operation of diverse renewable energy power generation facilities.Expand the use of renewable energy through support for the introduction of solar power systems for private consumption.Promote the adoption of renewable energy through proposals for agrivoltaic power generation projects (solar sharing).	<ul style="list-style-type: none">Developed capacity of renewable energy power plants: 278.0 MW*1 (as of March 31, 2026) *1 Includes 2.1 MW at agrivoltaic power plantsInstallation of solar power for private consumption: 25 sites / 11.8 MW
	Stable operation of biomass power generation business	<ul style="list-style-type: none">Ensure a stable supply of electricity while promoting the development of a power source that contributes to the realization of a low-carbon society.	<ul style="list-style-type: none">Oji Green Energy Tokushima Co., Ltd. operates a biomass power plant fueled by forest resources and agricultural residues in Anan City, Tokushima Prefecture.
Electric vehicles	Expand sales of environmentally friendly vehicles	<ul style="list-style-type: none">Realize an environmentally friendly mobility society by expanding the lineup of low-environmental-impact vehicles, such as electric vehicles, and promoting related businesses.	<ul style="list-style-type: none">Achieved cumulative sales of 15,434 EVs at Nissan Osaka Sales Co., Ltd.Number of EV chargers installed at directly managed CS (Car-life Stations) and dealerships: Over 80 (as of March 31, 2026)
Other environmental businesses	Contribute to energy conservation through the expansion of the district heating supply business	<ul style="list-style-type: none">Collaborate with customers and local communities to contribute to the efficient use of energy integrated with urban development, from the initial stages of development through to subsequent management, toward the realization of a decarbonized society.	<ul style="list-style-type: none">Tokyo Toshi Service Co., Ltd. continues to provide district heating supply and energy management services.District heating supply areas in the Kanto region: 19 areas
Reduce our own environmental impact	Promote green energy adoption in offices and business premises, and reduce electricity, fuel, copy paper, and water usage, as well as waste volume	<ul style="list-style-type: none">Promote energy conservation at offices and business premises, with a target of energy consumption equivalent to 99% of the previous year's results. Target: General electricity, business fuels (LP gas, kerosene), vehicle fuels (reduce gasoline, diesel, and auto-gas usage; conversion to GTL, HVO, electricity, e-Fuels, switching to EVs), copy paper, water, and waste	Results of FY2025 energy conservation activities <ul style="list-style-type: none">General electricity: 97% (target achieved); reduced through power-saving efforts and the conversion of office lighting to LEDs.Business fuels: 97% (target achieved), vehicle fuels: 94% (target achieved); achieved through the efficient use of office air conditioning and the implementation of eco-driving.Copy paper: 86% (target achieved); achieved by promoting paperless operations.
	Reduce CO2 emissions during transportation and improve operational efficiency through digital transformation (DX)	<ul style="list-style-type: none">Contribute to CO2 emission reductions through automated meter reading, enabled by the promotion of LPWA implementation, and through improved delivery efficiency.Achieve paperless inspection sheets and improve efficiency through the use of mobile devices.	<ul style="list-style-type: none">Cumulative number of LPWA installations: Over 557,000 units (as of the end of March 2026)Promoted the transition to mobile safety inspections nationwide, and advanced paperless operations by digitizing statutory inspection forms for LP gas sales, gas retail, bulk gas, etc., and by utilizing digital pressure measuring equipment.
Environmental management	Forest and marine environment, and biodiversity conservation activities	<ul style="list-style-type: none">Promote environmental and biodiversity conservation activities.	<ul style="list-style-type: none">Donated to the "Creating a Town Where Red-Crowned Cranes Can Also Live" project in Naganuma Town, Hokkaido.Activities of the Biodiversity Minato Network in Minato City, Tokyo Implemented Group-wide initiatives to raise awareness, such as encouraging employee participation in local biodiversity conservation activities and conducting outreach efforts. Since FY2021, we have also continuously exhibited at the Biodiversity Minato Panel Exhibition to raise awareness of biodiversity conservation in the local community.

Initiatives to Reduce Environmental Impact

Aiming for a circular economy and a decarbonized society through FINE DIESEL



Environmental Products Sales
Section, Industrial Business
Development Department,
Industrial Business Division

Hayato Kida

We supply "FINE DIESEL", which contains 40% renewable diesel (RD), as one proposal to our customers to save CO2 and energy, as part of our development and sale of next-generation energy. RD is an alternative fuel that offers CO2 emission reduction benefits compared to diesel fuel under the Act on Promotion of Global Warming Countermeasures, and is primarily used as a fuel for trucks and buses. While using RD in vehicles driven on public roads previously required an application in advance and the carrying of a transfer certificate, FINE DIESEL is classified as "diesel fuel" under the Local Tax Act, enabling its use on public roads without any special procedures. This eliminates restrictions on movement between construction sites and limitations on refueling locations, which is expected to significantly expand its scope of use. By enhancing the distribution network for RD and FINE DIESEL, demand has grown in the Tokyo, Nagoya, and Osaka areas, with sales volume for FY2025

increasing to 160% year on year.

We will aim to realize a circular economy and a decarbonized society by expanding the distribution of FINE DIESEL under the policy of "contributing to a carbon neutral society through our business," which is one of our sustainability policies.



RD is manufactured by Neste, which boasts one of the world's leading RD production capacities, imported and procured by ITOCHU Corporation, and supplied and sold by ITOCHU ENEX.

Promoting renewable energy and pursuing economic benefit through agrivoltaic power generation



Power Project Financial Section,
Green Transformation Department,
Power & Utility Division

Yuka Sakamoto

We promote the coexistence of agriculture and renewable energy through proposals for agrivoltaic power generation projects (solar sharing). This initiative involves erecting support structures on farmland and installing solar panels on top, enabling agricultural and power generation activities to be performed simultaneously. We own multiple agrivoltaic power plants across Japan, with a total panel capacity of approximately 2.1 MW, and cumulative power generation to date has reached 6,858 MWh, achieving a reduction of approximately 2,940 tons in CO2 emissions.

A farmer in Saitama Prefecture who adopted this system in FY2024 commented, "In recent years, the sunlight has often been too strong, so the moderate shading provided by installing solar panels has helped prevent sunburn and heat damage to crops. It also has the effect of partially mitigating damage from sudden heavy rains and intense direct sunlight, contributing to a more stable environment for farmlands.*2

It is significant not only in enabling farming alongside power generation, but also in adapting to climate change. "

We will continue to contribute to improving agricultural sustainability and achieving carbon neutrality through agrivoltaic power generation.

*2 Refers to farmland in general, including rice paddies and other fields (regular fields, orchards, pastures, etc.).



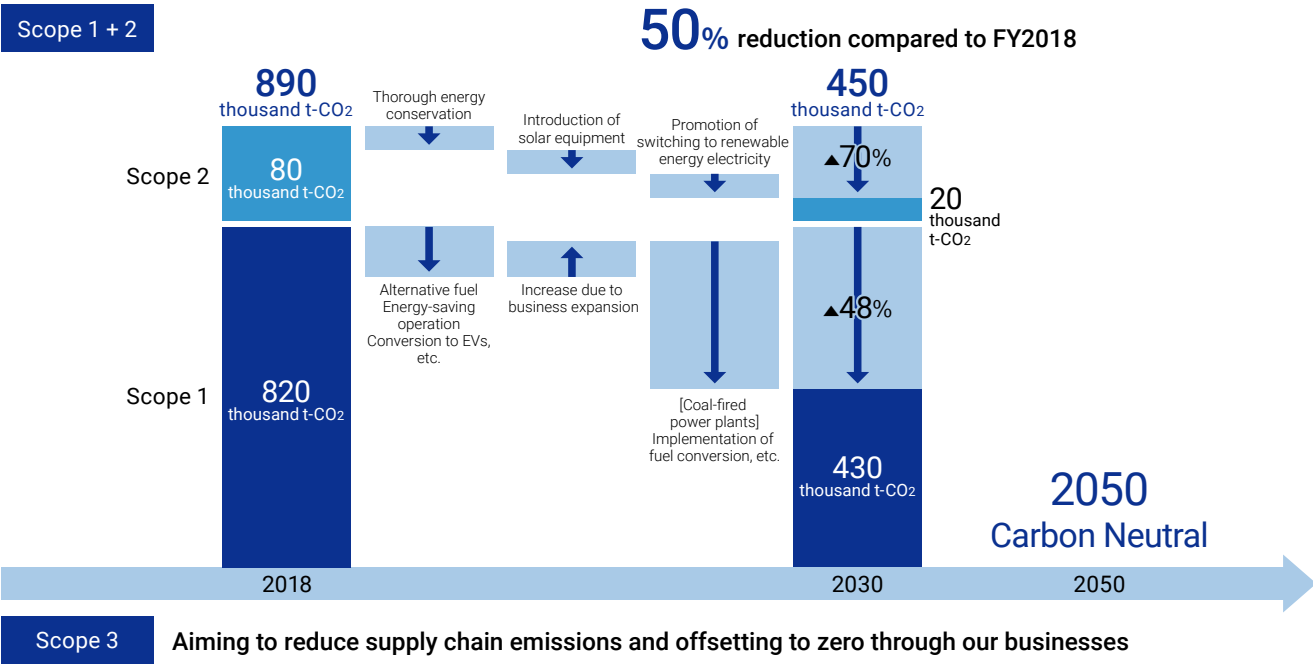
Wheat growing under solar panels

Reducing our own GHG emissions

The Group has positioned addressing climate change as a priority issue and is promoting information disclosure based on the TCFD recommendations. Our medium- to long-term GHG emissions target is to reduce Scope 1 and 2 emissions by 50% by 2030 compared to FY2018 levels, and to achieve carbon neutrality by 2050. As part of our energy conservation

initiatives, we are working to reduce our environmental impact by switching the boiler fuel used at the Sodegaura Asphalt Terminal from heavy oil to GTL, a lower-impact alternative, and by installing solar power generation equipment at Car-life Stations directly managed by Group companies.

Indicators and Targets



Changes and progress in GHG emissions

Changes and progress in Scope 1 and 2 emissions by energy type (Unit: thousand t-CO₂e)

	Energy Type	FY 2018 (Reference year)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Scope 1	Kerosene	1	1	1	0	1	1	1	1
	Diesel oil	2	2	2	2	2	2	2	4
	Gasoline	3	3	4	4	4	4	4	4
	Heavy oil	30	31	26	24	28	32	32	29
	Coal	760	716	742	664	432	411	435	446
	GTL	—	—	0	1	1	—	—	—
	LP Gas	2	2	2	2	2	6	5	5
	City gas	20	17	57	29	35	18	21	22
Scope 1 Total		818	771	833	728	505	474	499	510
Scope 2	Heat	0	—	0	0	0	0	0	0
	Electricity	78	77	65	67	63	60	65	67
	Non-fossil certificate	—	—	—	△ 0	△ 0	△ 0	△ 0	△ 0
Scope 2 Total		76	75	63	65	62	59	64	66
Scope 1 and 2 Total		894	846	896	793	566	533	563	576
FY2030 Emissions Target									447
Achievement Rate for FY2030Target									71%

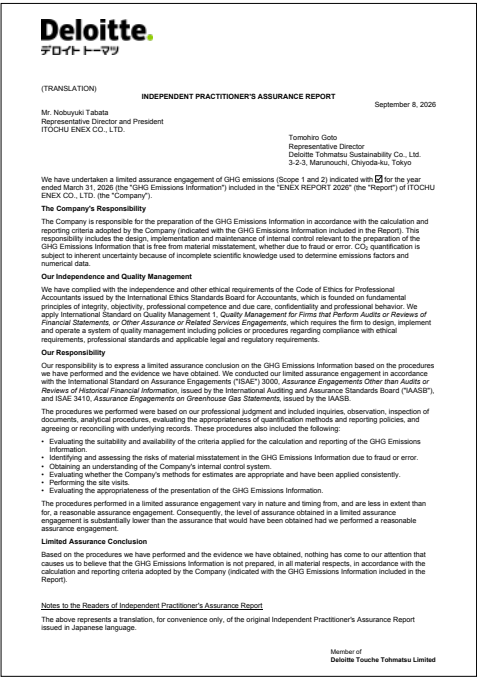
(Notes) 1 In calculating GHG emissions, our Group refers to ITOCHU ENEX CO., LTD. and consolidated subsidiaries (for Scope 1 and 2, companies with 10 or fewer employees are excluded).
2 GHG emissions are calculated using the GHG Protocol developed by WRI (World Resources Institute) and WBCSD (World Business Council for Sustainable Development).
3 The emission factors used are based on the Act on Promotion of Global Warming Countermeasures. CO₂ emissions from electricity are calculated using the adjusted emission factors of electricity providers based on the aforementioned Act.
4 GHG emissions are calculated using only energy-related CO₂ emissions.
5 Fractions less than 1,000 t-CO₂e are rounded.
6 Deloitte Tohmatsu Sustainability Co., Ltd., an independent third party, undertook an assurance engagement for data indicated with in the Japanese-language version of ENEX REPORT 2026.
7 Deloitte Tohmatsu Sustainability Co., Ltd., an independent third party, undertook an assurance engagement for the data in previous years' Japanese-language version of the Integrated Reports etc. concerning FY2018 (the reference year), FY2022 ~ FY2024.

Changes in Scope 3 emissions by category

	Category	FY 2018 (Reference year)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Scope 3	Category 1 CO ₂ emitted during the mining, importing, and refining stages of fuels sold by the Group	4,252	3,976	3,400	3,282	3,487	3,273	3,237	3,161
	Category 3 CO ₂ emitted during the fuel procurement process for our power plants	128	113	95	76	53	27	32	59
	Category 4 CO ₂ emitted when driving our chartered trucks	107	103	99	98	103	100	97	88
	Category 6 and 7 CO ₂ emitted during business trips and commuting by employees	2	2	2	2	2	2	2	2
	Category 11 CO ₂ emitted during the use stage of sold gasoline, etc.	18,834	18,033	17,383	17,195	17,961	17,616	17,074	15,458
Scope 3 Total		23,324	22,227	20,979	20,653	21,607	21,018	20,442	18,768

(Note) The scope of Scope 3 calculations is limited to categories that have a large impact on our businesses.

Independent Practitioner's Assurance Report



Note: The Independent Practitioner's Assurance Report is also posted on our website.

Independent Practitioner's Assurance Report
<https://www.itonenex.com/en/csr/environment/activities/index.html#anc02>

Environmental Management (ISO 14001)

We have been certified under the international standard ISO 14001 since 2000, and have established a functional environmental management system under a group-wide, cross-sectional environmental management framework, and are engaged in highly effective business activities to reduce our environmental impact through appropriate use of the PDCA cycle. In addition to external audits for ISO 14001 certification, we conduct internal audits and environmental activity self-audits on an annual basis to verify the effectiveness of the environmental improvement activities at each of our business premises. Through these activities, we continuously monitor energy consumption and other metrics at our business premises and Group companies, promoting energy conservation and the reduction of GHG emissions.



Access to Energy

— Offering energy to everyone —

Our Approach

The Group has established a sustainable energy supply system, both in normal times and in emergencies, through the strong relationships of trust with customers that we have built up by our efforts to provide a stable supply of energy nationwide.

We have a network in place to ensure a stable supply of energy even in times of disaster, including LP gas core

filling stations and disaster response stations, and we also have personnel who can respond quickly as a group, from "disaster prevention" to "restoration."

As "The Best Partner for Life and Society," we aim to realize a society in which all people have stable access to energy.

Building our disaster response network

Based on our Corporate Philosophy of "The Best Partner for Life and Society," we have made the stable supply of energy our top mission. We maintain infrastructure capabilities nationwide to safely and securely deliver the energy our customers need without interruption to the greatest extent possible. We are also promoting the development of hubs that can contribute to local governments and communities in order to strengthen regional disaster prevention.

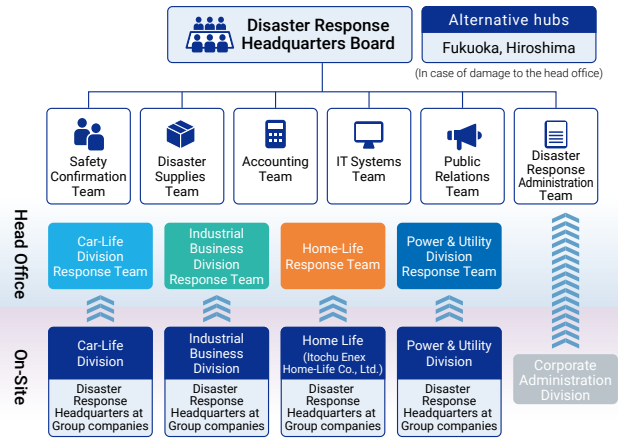


Safety operations during normal times and BCP during an emergency

The Group operates under the principle that "safety takes precedence over all operations; there is no business without safety," and is committed to thorough safety activities during normal times to ensure the stable and safe supply of energy to our customers. Each of our business divisions and Group companies has designated a safety officer and systematically implements measures such as ensuring strict compliance with laws and regulations, managing equipment, preventing accidents, and conducting independent safety audits. In addition to statutory standards, we have established our own safety standards and strive to maintain and improve safety levels through regular audits and inspections. In the Home-Life Division, we utilize an LPWA-based centralized LP gas monitoring system to prevent accidents by monitoring customers' gas facilities 24 hours a day. Furthermore, we utilize this system for automated meter reading and predicting cylinder replacement timing, thereby achieving both safety and operational efficiency. In the Car-Life Division, we continuously conduct safety audits and facility inspections, while promoting safety awareness and accident prevention activities through manuals, newsletters, and training sessions for dealers.

Also, the Group has established a Business Continuity Plan (BCP) in preparation for crisis events such as large-scale earthquakes, power outages, fires, and infectious diseases. Under our BCP, our basic policy is to prioritize human life and ensure the safety of our employees and their families, while continuing to supply energy and provide services to the greatest extent possible as a company that supports social infrastructure. We will also engage in recovery and reconstruction support in collaboration with local communities,

and strive for continuous improvement. In the event of a disaster, we establish a disaster response headquarters to promptly confirm the safety of personnel, gather damage information, assess the status of equipment and systems, procure supplies, and handle public relations. We have also established a structure that allows us to transfer functions to alternative hubs as circumstances require. Furthermore, for high-priority products and services, we have pre-determined recovery and alternative strategies to ensure the early resumption of supply. To ensure the effectiveness of these initiatives, we have not merely formulated a BCP, but continuously review it through regular education, training, inspections, and evaluations. By strengthening both our safety activities during normal times and our business continuity structure during emergencies, we will continue to support the security and safety of our customers and society.



Column Insights and lessons learned for the future from the Noto Peninsula Earthquake

The 2024 Noto Peninsula Earthquake served as a powerful reminder of our mission as an energy supplier that supports the daily lives of local communities. The communication disruptions, severed roads, power outages, and water shortages that simultaneously occurred immediately after the earthquake made it extremely difficult to assess the status of our employees and retailers and to establish a fuel supply system. However, our regular disaster response training and emergency stockpiles supported our initial response, reaffirming the critical importance of preparedness during normal times. Furthermore, we were acutely reminded that ensuring a stable energy supply to disaster-stricken areas cannot be achieved by our company alone. Through collaboration with numerous stakeholders, including oil wholesalers, logistics operators, industry peers, and government agencies, we successfully refueled emergency vehicles and delivered fuel via tanker trucks. This experience reaffirmed that the relationships of trust cultivated during normal times demonstrate immense strength in times of emergency.

At the same time, challenges remained in areas such as securing personnel, transporting supplies, and supporting the

business continuity of affected retailers. To maintain our supply system when employees themselves are affected by a disaster, it is essential not only to establish a human resources support system but also to build a framework capable of responding flexibly while accurately identifying the needs of the affected area. We will apply the lessons learned from this experience to future disaster responses to strengthen collaboration with stakeholders and enhance our business continuity framework, in order to fulfill our responsibility to supply the energy that supports local communities even during disasters.



Human Resource Utilization

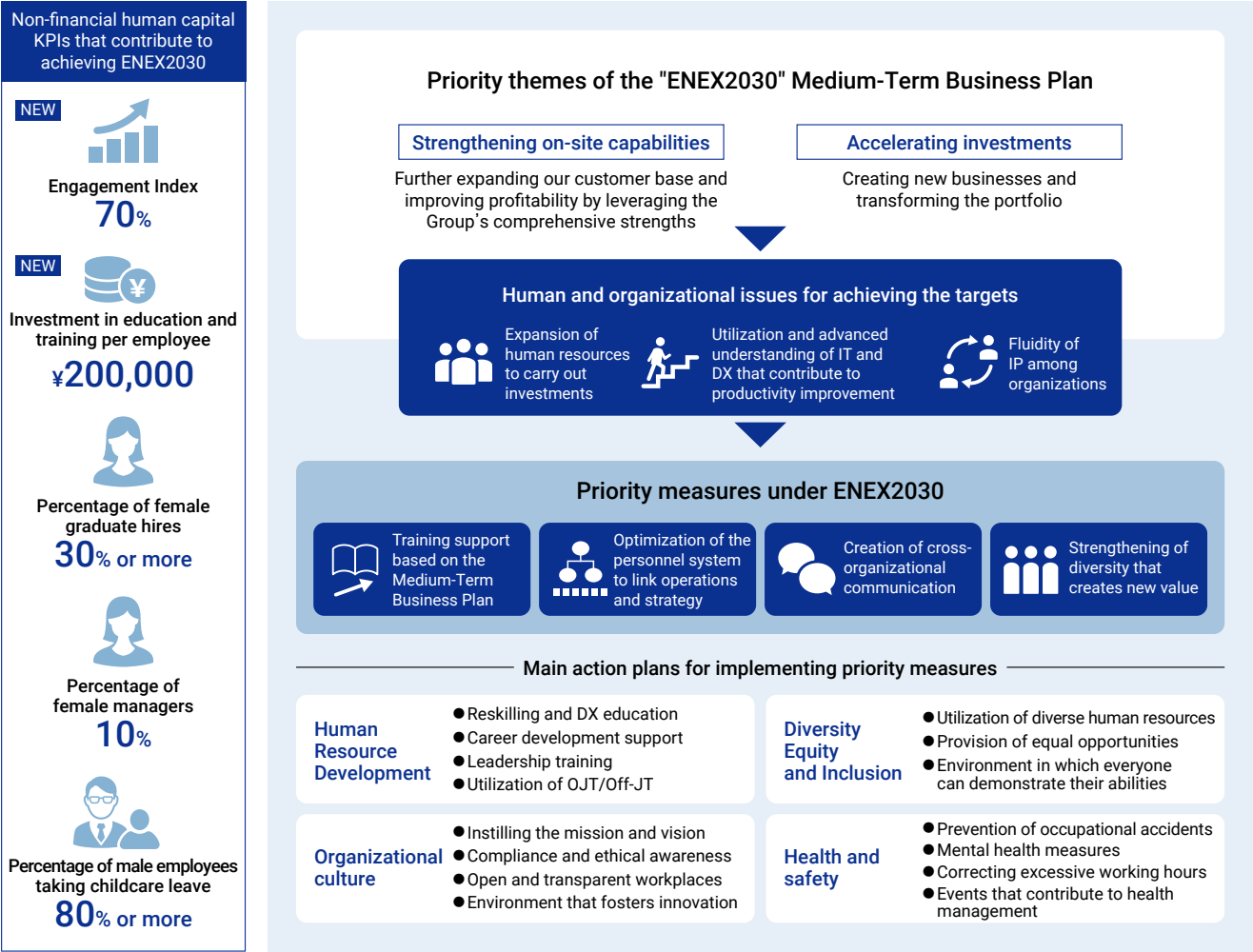
— Human resource strategies to generate diverse value —

Our Approach

Since its founding in 1961, the 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. In line with our Corporate Philosophy of "The Best Partner for Life and Society," since 2009 we have been seeking human resources who think independently and creatively, act boldly, and achieve as partners to society. Against the backdrop of changes in the social environment, such as the accelerated shift to carbon neutrality, and the diversification of customer needs, the Group is promoting initiatives to expand our customer base, improve profitability, and create new businesses under our Medium-Term Business Plan "ENEX2030," with

"strengthening on-site capabilities" and "accelerating investment" as the direction we are aiming for; for this, it is even more important to strengthen our human resources and organizations to adapt to this period of change. As a priority measure under "ENEX2030" in the utilization of human resources, we will activate new value creation by supporting training based on this business plan, optimizing the personnel system that links operations and strategies, and promoting cross-organizational communication. We aim to continuously enhance our corporate value by creating an organization in which all employees can play an active role and feel fulfilled in their work, while respecting the diverse values and autonomous careers of each employee.

Links between human resource utilization action plans and human resource strategies



Human Resource Utilization

(2) Optimization of the Personnel System to Link Operations and Strategy

From FY2026, we have established an "Engagement Index" as a non-financial indicator in "ENEX2030" and are working to enhance the motivation of each employee and strengthen our organizational capabilities.

In our personnel evaluation systems, such as MBO (Management by Objectives), role evaluation, and competency evaluation, which promote employee skill development and career formation, we emphasize goal setting and feedback with superiors, and by clarifying roles and growth challenges, we enhance employees' understanding and acceptance of their duties and deepen their understanding of the Company's direction.

Furthermore, since FY2014, we have operated a company-wide awards program aimed at boosting employee morale and driving the Medium-Term Business Plan, and in FY2023 we revamped the selection process and evaluation criteria. We have established a system that emphasizes contributions to the company-wide initiatives outlined in "ENEX2030 '25-'26" and provides all employees with equal opportunities to take on challenges.

These personnel systems will create the foundation for stronger human resources, a stronger organization, and a more rewarding company, and promote the growth of both employees and the company.

Instilling the personnel system

The revised personnel system is communicated not only through revised regulations but also through various handbooks. We are striving to instill the system by updating and communicating it in a timely manner.



ITOCHU ENEX Group Awards Program

Since FY2014, we have held an annual company-wide awards program to raise the morale of Group employees and promote our Medium-Term Business Plan.



(3) Creation of Cross-organizational Communication

The Group aims to enhance its comprehensive strength by deepening collaboration among Group companies and divisions, and by promoting the sharing of knowledge and mutual understanding. As part of this effort, we are developing human resources equipped with broad perspectives and practical capabilities by enabling them to experience multiple businesses and organizations through inter-divisional rotations and secondments to Group companies and investees.

In addition, the cross-functional training program introduced in FY2021 was expanded to Group companies in FY2024, which promotes dialogue and collaboration across divisions and product categories. In FY2025, we conducted DX and strategic investment training for next-generation management candidates from 12 Group companies in order to develop human resources who will drive the "strengthening on-site capabilities" and "implementation of new and strategic investments" that will contribute to "ENEX2030 '25-'26."

Through these measures, we aim to instill our policies throughout the Group and drive the creation of new synergies by encouraging collaboration among Group companies while sharing a common direction.

FY2025 cross-functional training



(4) Strengthening of Diversity that Creates New Value

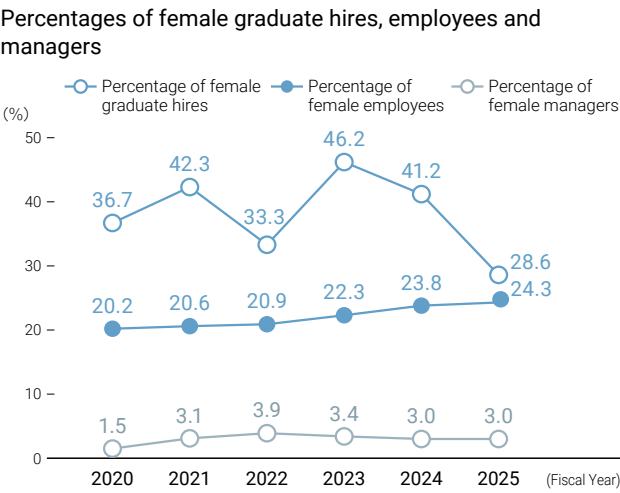
The Group views diversity as a crucial foundation that supports the creation of new value and sustainable growth. We respect differences in age, nationality, gender, disability status, values, and work styles, and are working to create an environment where diverse human resources can respect one another and

demonstrate their abilities and individuality to the maximum extent. We believe that the combination of such diverse perspectives and experiences will lead to the flexibility to respond to the rapidly changing business environment and the creation of new ideas, thereby driving the enhancement of corporate value.

Recruitment, promotion, and diversification of work styles

The Group is working to create workplaces where diverse human resources can feel secure and thrive over the long term, in order to support the strengthening of on-site capabilities and the implementation of new and strategic investments in a rapidly changing business environment. Since 2013, we have consistently worked to expand the recruitment of female employees, and are also developing female management candidates to achieve a 10% ratio of female managers by FY2030. Going forward, we will build an

organization in which personnel with diverse experiences and values can demonstrate their abilities, through initiatives such as mid-career hiring focused on young people, the development of systems for veterans and seniors to continue playing active roles, and the consideration of a re-entry system for retirees. We are also working to develop an environment that supports diverse work styles through the enhancement of systems related to childbirth, childcare, and nursing care, the promotion of childcare leave for male employees, and the provision of information via various handbooks. Through these initiatives, we will encourage each employee to maximize their potential, thereby strengthening our foundation for sustainable growth.



Childcare and Nursing Care Workshops, Creation of Handbooks

Study sessions summarizing the latest legal amendments to the Act on Childcare Leave and Caregiver Leave are held as appropriate. In addition, we have prepared a "Handbook on Support for Balancing Work and Family Life," which is available on our internal portal.

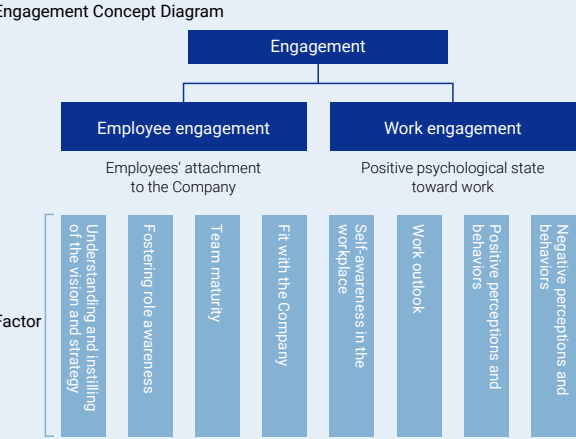


Column

Engagement

To continuously improve our ongoing initiatives for human resource development and the enhancement of job satisfaction, while strengthening employees' alignment with management, the Group has set an "Engagement Index" and "Investment in education and training per employee" as non-financial indicators in "ENEX2030." The "Engagement Index" is calculated based on factors such as understanding of the Company's vision and strategy, cultivation of role awareness, team maturity, and workplace fit. Going forward, we will continuously monitor these indicators and leverage the results to enhance our personnel systems, training programs, and dialogue, thereby strengthening human capital and supporting sustainable growth.

Engagement Concept Diagram



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graph TD
    Engagement[Engagement] --> EmployeeEngagement[Employee engagement]
    Engagement --> WorkEngagement[Work engagement]
    EmployeeEngagement --- Attachment[Employees' attachment to the Company]
    WorkEngagement --- PsychologicalState[Positive psychological state toward work]
    Attachment --- Understanding[Understanding and instilling of the vision and strategy]
    Attachment --- RoleAwareness[Fostering role awareness]
    Attachment --- TeamMaturity[Team maturity]
    Attachment --- WorkplaceFit[Fit with the Company]
    PsychologicalState --- SelfAwareness[Self-awareness in the workplace]
    PsychologicalState --- WorkOutlook[Work outlook]
    PsychologicalState --- PositiveBehaviors[Positive perceptions and behaviors]
    PsychologicalState --- NegativeBehaviors[Negative perceptions and behaviors]
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