

*This document is an English translation of a news release on April 30, 2015, made initially in Japanese. The Japanese original should be considered as the primary version.*

FOR IMMEDIATE RELEASE

**Itochu Enex Co., Ltd.**

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**Revision of the “Basic Policy for Developing an Internal Control System”**

Itochu Enex Co., Ltd. (the “Company”) announced today that it resolved to revise the “Basic policy for developing internal control system” at a meeting of the Board of Directors held on April 30, 2015. The Company hereby informs you of the revised basic policy as follows.

Revised parts are underlined.

*Reason for revision*

Revision based on the revised Companies Act and the revised Ordinance for Enforcement of the Companies Act, which came into effect on May 1, 2015.

A system for ensuring that execution of duties by the Company’s Directors complies with laws and regulations and the Articles of Incorporation and a system necessary to ensure that other operations of the Company and operations of the corporate group that consists of the Company and its subsidiaries are conducted in an appropriate manner shall be as follows.

The Company shall continue to improve the internal control system through ongoing reviews to build a more appropriate and efficient system.

This basic policy is based on the premise of the Company’s existing regulations, organizations, systems, etc. as well as additions or modifications to be made thereto according to the needs for internal control purposes described in this basic policy (including its provisions that will be modified or changed in the future).

1. System for ensuring that execution of duties by Directors, Executive Officers and employees of the Company as well as Directors, executives, company members who execute operations, persons who are to perform the duties stipulated in Article 598, paragraph 1 of the Companies Act and any other person who is equivalent to those persons (referred to as “Directors, etc.” in 4. and 5. below) and employees of the Company’s subsidiaries complies with laws and regulations and the Articles of Incorporation (first part of Article 362, paragraph 4, item 6 of the Companies Act, and Article 100, paragraph 1, items 4 and 5(d) of the Ordinance for Enforcement of the Companies Act)

(1) Corporate governance

- (i) The Board of Directors shall decide important matters related to the management and supervise Directors’ execution of their duties in accordance with laws and regulations, the Articles of Incorporation, resolutions of a general shareholders meeting, the Regulations on Decision-Making Authority, the CSR and Compliance Program, the Group’s Declaration of Conduct, the Employee Code of Conduct and the Regulations on the Board of Directors.
- (ii) Directors and Executive Officers shall execute the Company’s operations in accordance with laws and regulations, the Article of Incorporation, resolutions of the Board of Directors, and internal regulations such as the Regulations on Division of Duties and the Regulations on Decision-Making Authority.
- (iii) Executive Officers shall be appointed by resolution of the Board of Directors. In accordance with decision of the Board of Directors, Executive Officers shall execute their duties within the range stipulated in the Regulations on Division of Duties under the command and supervision of Representative Director and the Director in charge of their division of duties.
- (iv) Representative Directors and Directors who are appointed by resolution of the Board of Directors as Directors who are to execute operations must report situations of execution of their own duties to the Board of Directors at least once every three months and whenever necessary.
- (v) Corporate Auditors shall exercise the authority stipulated by laws and regulations and work with the Audit Department and accounting auditors to conduct an audit of execution of duties by Directors and Executive Officers in accordance with the Regulations on the Board of Corporate Auditors and the audit standards of Corporate Auditors.

(2) Compliance

- (i) Directors, Executive Officers and employees shall take actions in accordance with laws and regulations and the Articles of Incorporation as well as the CSR and Compliance Program, the Group's Declaration of Conduct, the Employee Code of Conduct and other relevant regulations.
- (ii) The Company shall appoint Chief Compliance Officer (CCO), set up a committee relating to CSR and compliance and a department that supervises matters concerning compliance, and work to reinforce the compliance system, including establishing the CSR and Compliance Program, appointment of a person responsible for CSR and compliance in each department and section, implementation of education and training on compliance, preparation of a legal compliance manual, and establishment of coping process in a case where a compliance-related problem arises, a whistle-blowing system and a system for obtaining written documents from all Directors and employees on company members' compliance with the code of conduct.
- (iii) When an employee learned that violation of laws and regulations, the Articles of Incorporation or any internal rules, or any act that defies conventional wisdom has been conducted, the employee shall report that violation or act to the designated internal contact based on the CSR and Compliance Program. For the whistle-blowing system, the Company shall protect whistle-blowers and establish a system that maintains transparency and enables appropriate responses.
- (iv) In accordance with the CSR and Compliance Program, the Company shall audit and guide subject subsidiaries (meaning subsidiaries to which the Company directly contributes funds, and companies that are key companies to which the Company indirectly contributes funds and need to be managed and guided directly by the Company) regarding development of a compliance system including establishment of a compliance program, appointment of a person responsible for CSR and compliance, upgrading of a legal compliance manual, and development of coping process in a case where a compliance-related problem arises and the Group's whistle-blowing system in which the Company's department and section in charge and external attorneys-at-law act as the contact for subject subsidiaries, and shall provide education and training on compliance to subject subsidiaries in an effort to raise awareness of compliance in the Company and its subsidiaries (hereinafter collectively referred to as the "Group") as a whole.

(3) Development of a system for ensuring properness of financial reporting

- (i) The Company shall develop the Regulations on Accounting, ENEX Group IFRS uniform accounting principles and other internal regulations, comply with accounting standards and other relevant laws and regulations, and build a company structure for ensuring the legality and properness of financial reporting.
- (ii) The Company shall set up a department exclusively responsible for internal control and build a mechanism to periodically assess and improve the development and operation of the company structure for ensuring the properness of financial reporting.

(4) Internal audit

- (i) The Company shall set up the Audit Department under the direct control of the President. The Audit Department shall periodically perform an internal audit of all aspects of business operations for the status of compliance with laws and regulations, the Articles of Incorporation and internal regulations, adequacy of procedures and contents of execution of duties, and other factors, in accordance with the Regulations on Auditing, and report the results to the President and Corporate Auditors. The Audit Department shall also conduct a follow-up audit of the implementation of improvements in terms of findings and recommendations discovered in the internal audit.
- (ii) The Company shall also cover all aspects of subject subsidiaries' business activities in internal audits performed by the Audit Department. While promoting the building of an internal auditing system for the Group, the Audit Department shall maintain close cooperation with each internal auditing body in the Group to improve the quality of audits for the Group.

(5) Elimination of anti-social forces

The Company shall reject any relationship with anti-social forces in any aspect across the Group.

2. Structure for storage and management of information on exercise of duties by the Company's Directors (Article 100, paragraph 1, item 1 of the Ordinance for Enforcement of the Companies Act)

(1) Storage and management of information

Directors shall appropriately store and manage statutory documents such as minutes of general shareholders' meetings and minutes of Board of Directors' meetings, and documents containing

information on execution of important duties (including electronic or magnetic records; the same applies hereinafter) as well as relevant documents, pursuant to the provisions of the Regulations on Document Management and other internal regulations.

(2) Access to information

Directors and Corporate Auditors may have access to information set forth in the preceding paragraph at any time.

3. Regulations and other system for management of the risks of loss for the Company and its subsidiaries (Article 100, paragraph 1, items 2 and 5(b) of the Ordinance for Enforcement of the Companies Act)

In order to deal with market risk arising from changes in commodity markets, foreign exchange rates, interest rates and share prices, credit risk, investment risk, CSR and compliance risk, information security risk and other various risks, the Company shall set up an internal committee and a department or division exclusively responsible for tracking and management of risks of the Company and subject subsidiaries, develop necessary risk management system and management methods including establishment of management rules, criteria for approaches, investment criteria, setting of the maximum amount of risks and transactions, and reporting and monitoring systems, and manage risks of the Company and subject subsidiaries both comprehensively and individually.

4. System for ensuring efficient execution of duties by Directors of the Company and Directors, etc. of its subsidiaries (Article 100, paragraph 1, items 3 and 5(c) of the Ordinance for Enforcement of the Companies Act)

(1) Various internal committees

For proper and agile decision-making on execution of their duties, the Company shall set up the Management Advisory Conference as an advisory body for the President, where deliberations are held on the Group's general management policies and business plans and other important matters concerning execution of their duties, and formulate management benchmarks and business plans, etc. on a consolidated basis. In addition, for the President or the Board of Directors to make decisions in a lawful, fair and efficient manner, the Company shall set up various internal committees where careful deliberations are held on business challenges in each assigned area and that would contribute to decision-making of the President and the Board of

Directors.

(2) Divisional organization system

- (i) The Company shall adopt the division organization system where each of multiple divisions operates business in its assigned business domain.
- (ii) General Managers shall efficiently operate business in accordance with their authority allocated based on the Regulations on Decision-Making Authority and a predetermined business plan.
- (iii) General Managers shall operate business in the business domain for which they are responsible in accordance with laws and regulations, the Articles of Incorporation, internal regulations and internal criteria. General Managers shall manage operations by setting numerical targets for major items on balance sheet and income statement for each division, verifying achievement of those targets periodically, and reporting the status of execution of operations to the Board of Directors.

(3) Clarification of administrative authority and responsibility

The Company shall develop various internal regulations such as the Regulations on Division of Duties, Regulations on Administrative Authority and the Regulations on Decision-Making Authority, clarify authority and responsibility of each officer or manager, and build a system that enables proper and efficient execution of duties.

5. System for reporting matters on execution of duties by Directors, etc. of the Company's subsidiaries to the Company (Article 100, paragraph 1, item 5(a) of the Ordinance for Enforcement of the Companies Act)

The Company shall require subsidiaries to which it directly contributes funds to report important management matters to the Company in accordance with the Group company management rules. The Company shall send Directors and Corporate Auditors to subsidiaries to which it directly contributes funds, and also periodically call supervisors of administration departments and hold a liaison conference as needed to enhance business management.

6. Other system for ensuring that operations of the corporate group that consists of the Company and its parent company and subsidiaries are conducted in an appropriate manner (main sentence of

Article 100, paragraph 1, item 5 of the Ordinance for Enforcement of the Companies Act)

(1) Transactions with the parent company

The Company shall determine terms and conditions of transactions with its parent company in the same manner as general terms and conditions in light of market prices. For transactions for which market prices are not referred to, the Company shall ensure appropriateness of the transactions by hearing opinions of a third party that is independent of the Company and the parent company or other methods, depending on the importance of the transaction.

(2) System for management of subsidiaries

- (i) The Company shall assign personnel for supervising subject subsidiaries to each division and headquarters' administration departments and sections and choose the responsible department or section for each subject subsidiary. Each responsible department or section shall conduct business management and provide business guidance for the relevant subject subsidiary in accordance with the Group company management rules and other internal regulations.
- (ii) For subsidiaries to which the Company indirectly contributes funds, the Company shall make subsidiaries that directly contribute funds to those subsidiaries manage their business, except as otherwise provided in this policy. That is, the Company shall manage business of such subsidiaries through its business guidance and management of the subsidiaries that directly contribute funds to such subsidiaries.

7. Matters concerning employees who are to assist duties of the Company's Corporate Auditors

(Article 100, paragraph 3, items 1 through 3 of the Ordinance for Enforcement of the Companies Act)

(1) Appointment of employees assisting Corporate Auditors

The Company appoints several employees to assist Corporate Auditors and makes the employees serve concurrently with their other posts.

(2) Ensuring of independence of employees assisting Corporate Auditors from Directors and effectiveness of directions from Corporate Auditors

The command authority over employees assisting Corporate Auditors shall belong to Corporate Auditors or the Board of Corporate Auditors to the extent that the auditing services are assisted. Directors, Executive Officers and other employees do not have command authority over employees assisting Corporate Auditors. Prior consent of full-time Corporate Auditors is required for decision on personnel changes, personnel evaluation, disciplinary punishment, etc. of such employees assisting Corporate Auditors.

8. System concerning report to the Company's Corporate Auditors (Article 100, paragraph 3, items 4 and 5 of the Ordinance for Enforcement of the Companies Act)

(1) Attendance at important meetings

Corporate Auditors may attend the Board of Directors meeting as well as the Management Advisory Conference and other important meetings, hear the status of execution of duties by Directors, Executive Officers and employees from them and inspect relevant documents in accordance with auditing plans and assignment of duties determined by the Board of Corporate Auditors.

(2) Duty to report of Directors, Executive Officers and employees

- (i) Directors, Executive Officers, heads of the sales division and heads of administration departments and sections, etc. shall report the status of execution of their own duties to Corporate Auditors upon request of the Board of Corporate Auditors.
- (ii) Other than the matters stipulated by laws and regulations, Directors shall report the following matters to Corporate Auditors immediately in each case:
  - Content of decision, etc. that could affect the finance and business significantly (non-consolidated basis and consolidated basis)
  - Content of announcement of business results and earnings forecasts (non-consolidated basis and consolidated basis)
  - Business plans, financial plans, and status of CSR and compliance
  - Content and results of internal audits

- Status of provision of information based on the whistle-blowing system
- Content of administrative dispositions
- Other cases where an event that greatly affects the Company management occurred or is expected to occur, such as significant losses
- Matters requested by Corporate Auditors, other than those set forth in the preceding items

(3) Report by Executive Officers and employees

Executive Officers and employees may report the following matters directly to Corporate Auditors:

- (i) Fact that could cause significant damage on the Company
- (ii) Fact of any material violation of laws and regulations or the Articles of Incorporation

(4) Report on subsidiaries

The Company shall periodically report the results of internal audit for subject subsidiaries and the operational status of the Group's whistle-blowing system to Corporate Auditors. Corporate Auditors shall periodically hold meetings of the Group's Board of Corporate Auditors and receive reports on the status of compliance, etc. in subject subsidiaries from corporate auditors of the subject subsidiaries.

(5) Prohibition of disadvantageous treatment

The Company shall prohibit any person from treating disadvantageously a person who made a report to Corporate Auditors due to this provision of the report, and communicate and inform all companies in the Group of the prohibition.

9. System for ensuring that audits by the Company's Corporate Auditors are implemented effectively (Article 100, paragraph 3, items 6 and 7 of the Ordinance for Enforcement of the Companies Act)

(1) The Audit Department's cooperation with Corporate Auditors

The Audit Department shall deliberate on an internal auditing plan for each fiscal year with Corporate Auditors and seek close exchanges of information and cooperation, for example by holding periodic meetings to discuss and exchange views on the results of internal audits, findings and recommendations, etc. Corporate Auditors and the Audit Department shall also seek

cooperation with accounting auditors.

(2) Policy on treatment of audit costs

The Company shall secure a certain amount of budget every year to cover audit costs. In addition, Corporate Auditors may use attorneys at law, certified public accountants, consultants and other external professionals in their own right if deemed necessary in implementation of audits.

End

May 2, 2006, Resolution of the Board of Directors  
May 18, 2007, Resolution of the Board of Directors on the revision  
May 19, 2008, Resolution of the Board of Directors on the revision  
May 21, 2009, Resolution of the Board of Directors on the revision  
November 25, 2010, Resolution of the Board of Directors on the revision  
March 21, 2013, Resolution of the Board of Directors on the revision  
April 30, 2015, Resolution of the Board of Directors on the revision