

A wide, blue-tinted stone staircase leads up a hill, flanked by lush green trees and pink flowers. In the distance, three people (two adults and a child) are walking up the stairs towards a bright, hazy horizon under a blue sky with light clouds.

Sustainability Report 2024

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Editorial Policy

The purpose of this report is to inform stakeholders of the San-ai Obbli Group's sustainability-related initiatives in FY2023 in an easy-to-understand manner.

Scope of Report

This report covers the activities of the San-ai Obbli Group as a whole and Group companies, with a focus on San-ai Obbli Co., Ltd.

Reporting Period

This report covers FY2023 (April 1, 2023-March 31, 2024) but also includes some events in FY2024 before its publication.

Date Issued

November 2024
(Next issue scheduled for November 2025)

Disclaimer

This report includes forward-looking statements. These statements are based on information available at the time of writing; actual results may differ.

Referenced Guidelines

- Environmental Reporting Guidelines (2018 Edition), Ministry of the Environment, Japan
- ISO 26000: 2010 Guidance on Social Responsibility
- The United Nations Sustainable Development Goals (SDGs)



Message from the Chairman

Providing new value to society through human capital management based on the San-Ai spirit of "Love People, Love Your Country, and Love Your Work"

Jun Kaneda Chairman of the Board

As COVID-19, the cause of the global pandemic since 2020, was reclassified as a Category 5 infectious disease in May 2023, restrictions on movement were lifted, leading to a gradual recovery in the Japanese economy. However, the price of various products and services, particularly energy resources, soared due to geopolitical risk, including the conflict in Ukraine and the tense situation in Israel, and there were concerns about a decline in personal consumption and other factors. In addition, temperatures rose on a global scale, creating an urgent need for each country to reduce GHG emissions.

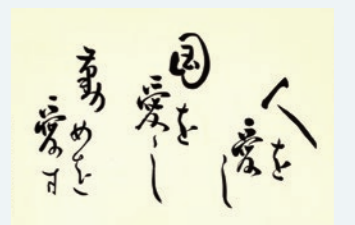
Our Second Medium-term Management Plan, which we announced under these circumstances, is focused on the key sustainability issues of responding to climate change, stable energy supply, diversity and inclusion, and corporate governance. In order to be a corporate group that survives a challenging business environment that requires us to simultaneously solve social issues and create economic value, it is essential to promote human capital management that will maximize the skills and values possessed by our human resources. We will cultivate human resources that provide new value to society by striving to develop individual skills through the enhancement of our training and education system while also fostering a challenge-taking organizational culture that brings about transformation.

We will move forward with our business as a partner that supports people's daily lives and industries based on our corporate philosophy of the San-Ai spirit (The Three Loves) and will ask our stakeholders for their continued support and guidance.

San-Ai Spirit

The San-ai Obbli Group has established a Charter of Ethical Conduct based on its corporate philosophy, the San-Ai spirit of "Love People, Love Your Country, and Love Your Work," aiming to contribute to the development of a better society.

- Respect every individual with whom we interact with, and develop fair relationships with everyone.
- Contribute to building a better society through corporate activities.
- Take pride in our work, and act autonomously and creatively.



The corporate philosophy of founder Kiyoshi Ichimura

Value Created to Date

Since being established in 1952, San-ai Obbli Co., Ltd. has expanded its business domains to cover Aviation Fuel Service, Petroleum Products Sales, which includes gasoline, LP Gas Sales, which includes household LP gas, Manufacture and Sale of Chemical Products, which includes preservative and anti-mold agents, and Natural Gas Sales, which includes the city gas business.

On this page, we look back on our history of providing value since our establishment, based on the San-Ai spirit of Three Loves: "Love People (consumers, business partners, and shareholders), Love Your Country (local communities, and the environment), and Love Your Work (employees)," together with some key events.

Started out in 1952 as San-Ai Oil based on the San-Ai Spirit

Founder Kiyoshi Ichimura was early to recognize the importance of petroleum in Japan, and he established San-Ai Oil Co., Ltd. with the primary business objective of selling petroleum products.

Opened the Haneda Office after being designated as a refueling agent and distributor by airlines that had commenced independent operations at Haneda Airport. Began aircraft refueling business.

*1 System that pumps aviation fuel to the aircraft through an underground pipeline
 *2 Service Stations
 *3 Acronym for Sustainable Aviation Fuel, jet fuel produced from sustainable sources with low CO₂ emissions from production and collection of raw materials to combustion

People

Country

Work



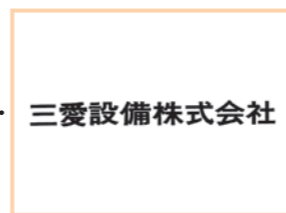
1959 ▶▶

Embarked on SS*2 business and opened first full-scale service station. Supported development of a motorized society.



1960 ▶▶

With rising demand for LP gas, constructed Japan's first refrigerated LP gas storage tank boasting 100-ton storage capacity. Contributed to industrial development as a pioneer of LP gas storage using large-scale refrigerated tanks.



1978 ▶▶

Established San-ai Facilities Co., Ltd. (currently San-Ai Obblitech Co., Ltd.), a general contractor for building construction, to meet construction demand and strengthen sales systems



1983 ▶▶

Completed Kawasaki Gas Terminal. Started operation as a major hub in the Kanto region.



2001 ▶▶

Opened self-service stations in regions around Japan with deregulation of SS industry. Supported infrastructure in daily life of local residents with establishment of on-site vehicle inspection centers and other facilities.



2004 ▶▶

Acquired all the shares of Kygnus Sekiyu K.K. Stabilized procurement and enhanced the sales network.



1955 ▶▶

Realized refueling with the first hydrant system*1 in Japan. Contributed to development of aircraft refueling business.



1969 ▶▶

As a chemical manufacturer, jointly developed "San-ai Super Foam," an odorless, non-toxic foam fire extinguishing agent, with the Chemical Research Institute of Tokyo Fire Department. It accounts for a large share of the Japanese market.



2002 ▶▶

Established Saga-Gas Co., Ltd. Subsequently, built natural gas pipeline and commenced supply of city gas, supporting lifeline infrastructure.



2008 ▶▶

Signed Cooperative Forest Partners Agreement with the Kochi Prefectural Government and Motoyama Town in Kochi Prefecture. Engaged in active community relationships.



2013 ▶▶

Worked to use electricity generated from renewable energy sources using solar power generation systems



2020 ▶▶

Began low CO₂-emissions SAF*3 reception and refueling. Cooperated in fuel receiving, quality control, and aircraft refueling.



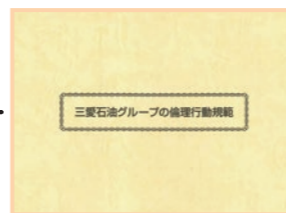
1990 ▶▶

Established Training Center in Atami as project to mark the 35th anniversary of the company's establishment. Created a source of corporate vitality through human resources development.



2000 ▶▶

Held the first "Management Forum" for dialogue between employees and management. It has been held continuously each year up until the present day.



2002 ▶▶

Established the Code of Ethical Conduct (currently the Charter of Ethical Conduct) based on the San-Ai spirit to clearly state the conduct and basic principles that each and every individual who works at the Group must observe



2017 ▶▶

Held a forum for female employees based on the theme "Enabling women to be themselves at work"



2017 ▶▶

Established a Basic Policy on Health. Obtained recognition as "White 500" Organization under Certified Health & Productivity Management Outstanding Organizations Recognition Program for the first time.



2024 ▶▶

Established Basic Approach on Human Capital Management with human capital regarded as the greatest management capital

The Process of Creating Value at San-ai Obbli Group

Social Issues

- Declining birthrate and aging population
- Labor shortage
- Regional depopulation
- Increased number of natural disasters
- Climate change



Materialities

- 01** Response to Climate Change
 Initiatives to realize a carbon-neutral society
 → P.23
- 02** Stable Energy Supply
 Aspiring to be a partner that supports people's daily lives and industries
 → P.27
- 03** Diversity and Inclusion
 Securing and developing human resources
 → P.29
- 04** Corporate Governance
 Gaining stakeholder trust by ensuring management efficiency and transparency
 → P.33

Business Activities



Output

Solving a wide range of customer issues through comprehensive energy services

Responding to diverse customer needs by developing new businesses and expanding business domains through M&A

Outcome

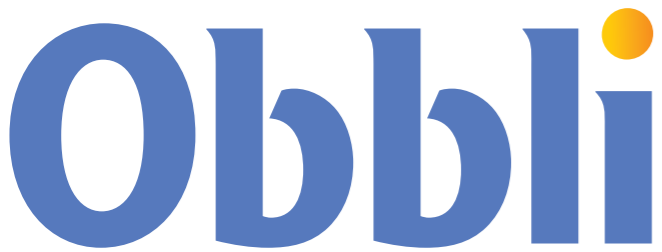
Creating Value for Stakeholders

Sources and Strengths of Value Creation

- Technological Capabilities
- Reliability
- Solution Proposals
- Customer Base

Value Provided to Important Stakeholders

The San-ai Obbli Group engages in dialogue with a wide range of stakeholders and works toward providing new value.



People

Consumers
Business partners
Shareholders

Consumers

In order to be chosen by customers, we will increase our competitiveness while supplying products and services that meet customer needs and provide a high level of satisfaction.

Business partners

We engage in fair transactions, leading to the sustainable development of both parties.

Shareholders

We strive to disclose information to shareholders and investors in addition to publishing our medium-term management plans and conducting online financial results presentations.

Country

Local communities
The environment

Local communities

We support infrastructure for the daily lives of local residents through our own products and services.

Environment

Responding to climate change is an issue we must address, and we will strive to solve issues by incorporating them into our business strategies.

Work

Employees

Employees

To ensure employees can work enthusiastically, we are committed to health and productivity management, providing an even better workplace environment, and implementing measures and training to promote the growth of each and every individual.



Message from the President

Implementing the Second Medium-term Management Plan and Practicing Sustainability Management

Hiroshi Hayata

Representative Director, President and Executive Officer

The Group's Reason for Existing (Purpose)

As issues such as global climate change and resource depletion become more serious, we believe pursuing the efficient use of resources and energy and working to curb environmental impacts are important responsibilities for us as an energy supplier.

Starting with the refueling business at Haneda Airport in 1952, we have so far expanded our business into various domains, including petroleum, LP gas, chemicals, natural gas, and lubricant sales, and maintained a safe and stable supply of energy and products that are needed by society and built relationships of trust with society and customers.

Now that sustainability management is being called for, we have an even greater role to fulfill. To fulfill this role, we will take action in three areas: "meet the challenge of solving new issues through flexible adaptability," "appreciate the connections of the past and leverage these connections for the future," and "take on challenges in new business domains."

Moreover, we will continue to be a true partner that supports people's daily lives and industries with the aim of being a corporate group that is always needed by society based on the San-Ai spirit,^(Note) which is our corporate philosophy, and the spirit of "building and maintaining good relationships with customers, the local community, and society," which is the meaning of our corporate brand "Obbli."

The Role the San-ai Obbli Group Must Fulfill



(Note) The San-Ai spirit is the corporate philosophy of "Love People, Love Your Country, and Love Your Work" advocated by our founder Kiyoshi Ichimura.

Launch of the Second Medium-term Management Plan (FY2024-FY2026)

Under our First Medium-term Management Plan, which we announced in 2021, we addressed the theme of rebuilding the management base to realize growth, and we achieved all the financial targets we established, which were ordinary profit of ¥14.0 billion, ROE of 8.0% or more, and a dividend payout ratio of 30% or more. Meanwhile, although we set a target for a cumulative total of ¥100.0 billion by FY2030 in our investment plan, our actual investment was only ¥23.6 billion (progress rate of 23.6%) over the three years of the First Medium-term Management Plan, and we recognize that we must address this issue going forward.

Under these circumstances, we published our Second Medium-term Management Plan (FY2024-FY2026) in May 2024 with a new theme, which is the implementation of strategies and acceleration of investment. We will actively invest capital and human resources focusing on efforts for businesses with growth potential and enhancing the value of human capital. In addition, the Group has defined its response to climate change, a stable energy supply, diversity and inclusion, and corporate governance as its four materialities (key issues) related to sustainability. We will solve these issues through both business strategies and practicing sustainability management to achieve our vision for FY2030, which is evolving our business portfolio to be adapted to a low-carbon, circular society.

Practicing Sustainability Management

We will practice sustainability management with a focus on the three areas of human capital management, promoting DX, and contributing to a low-carbon, circular society.

First, in the area of human capital management, we published our Basic Approach on Human Capital Management in March 2024. The Group regards human resources as its greatest management capital, and we believe that enhancing human resource capabilities will lead to maximization of corporate value and constant development. We will create an environment in which each and every Group employee can improve their skills and reach their full potential by working to enhance human capital value in the same way that we enhance shareholder value.

Recognizing that promoting DX is an important issue for advancing the implementation of strategies and acceleration of investment, which is the basic policy of our new Medium-term Management Plan, we newly established

the DX Promotion Committee in July 2024. Going forward, we will move forward at speed to streamline operations, expand sales through sales reforms, and accelerate management judgments and decision-making based on data-driven management through digitalization and advanced use of data.

In the area of contributing to a low-carbon, circular society, we have set a target of reducing the Group's CO₂ emissions by 30% by FY2030 compared to FY2019. As an energy company, the Group recognizes that responding to climate change is an urgent issue. Therefore, we will continue to ensure the implementation of reduction measures and to publish the progress of such measures.



Building Relationships of Trust with Stakeholders

In March 2024, we revised the San-ai Obbli Group Charter of Ethical Conduct and reviewed our Code of Conduct in light of changes in the demands of society, such as climate change and human rights issues.

The Charter of Ethical Conduct, which positions the corporate philosophy as the universal value and ethics of the Group, provides an important point of reference when we are unable to decide what is right or wrong. Not only that, the Charter of Ethical Conduct is incorporated into the conduct of each and every employee and put into practice. I believe this in itself is the uniqueness and competitiveness of our company that cannot be copied by other companies. The question is what purpose do we exist for, and what are our commitments as a company? In order to survive in the highly uncertain society of the future, we will reflect on the important values of the San-Ai spirit and continue providing value to our stakeholders in the future.

Vision

Under our First Medium-term Management Plan, we addressed the theme of “rebuilding the management base to realize growth” in order to achieve our Vision for FY2030, which is evolving our business portfolio to be adapted to a low-carbon, circular society. We will work toward realizing the Vision through the expansion of growth businesses and new business domains by pushing forward with the implementation of strategies and the acceleration of investment, which is the basic policy of our Second Medium-term Management Plan.

Vision for 2030

Evolving our business portfolio to be adapted to a low-carbon, circular society

Second Medium-term Management Plan
Implementation of strategies and acceleration of investment

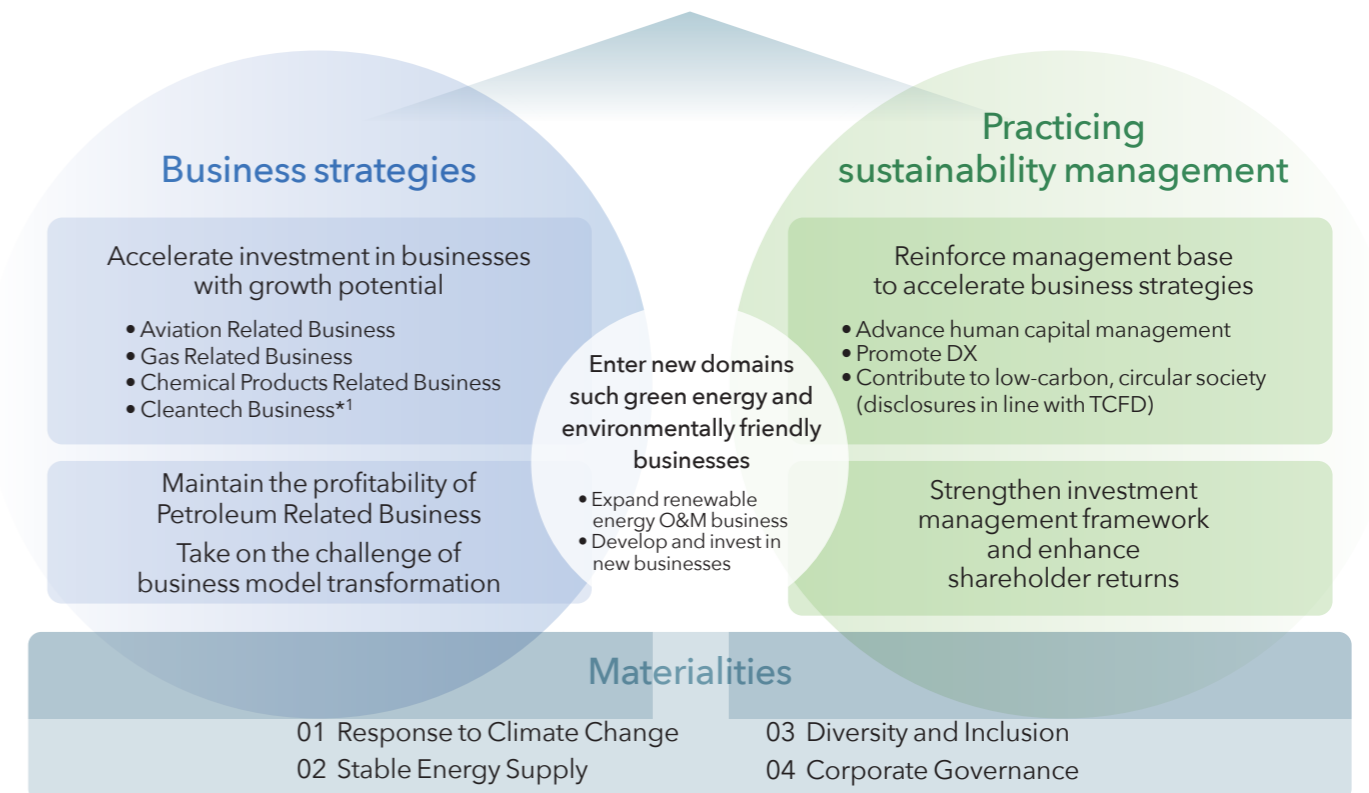
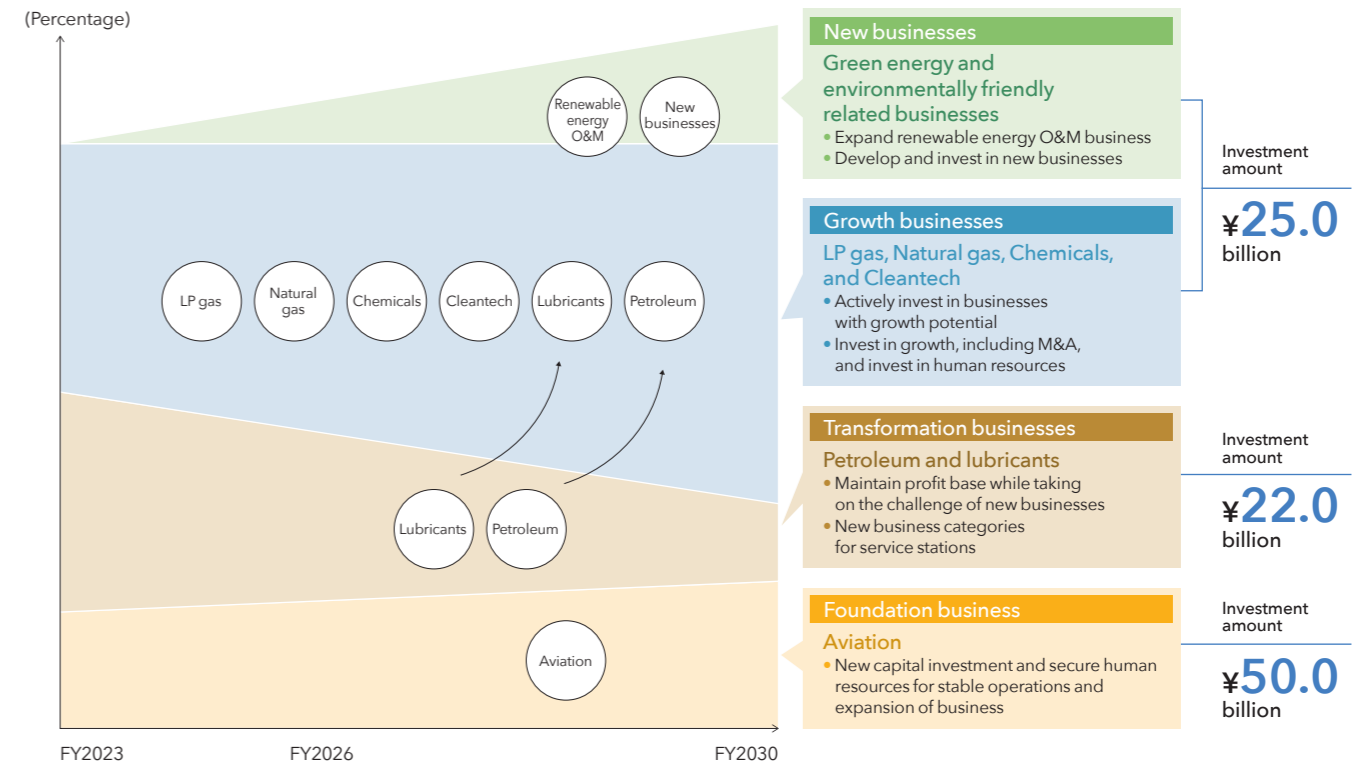
2024-2026

2021-2023

First Medium-term Management Plan
Rebuilding the management base to realize growth

Target Business Portfolio

We will aim to solve the four sustainability-related materialities (important issues) we have identified by implementing our business strategies and practicing sustainability management to achieve the vision of evolving our business portfolio to be adapted to a low-carbon, circular society by FY2030.

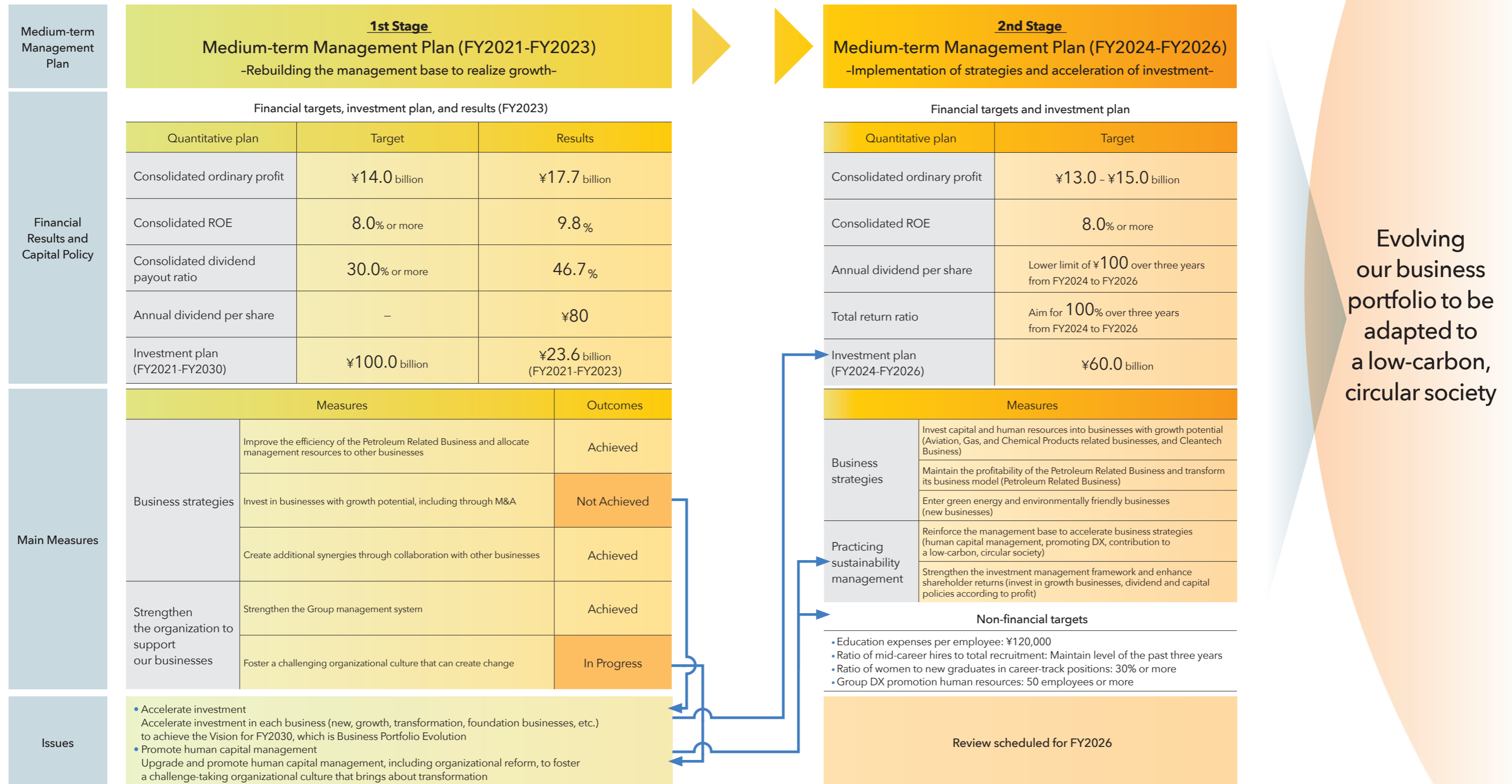


*1 Collective name for chemical/electrolytic polishing and precision cleaning businesses of San-ai Obblitech Co., Ltd.

Medium-term Management Plan

Under the First Medium-term Management Plan, we worked to strengthen our business strategies and the organizations that support those strategies to realize our Vision for FY2030, which is evolving our business portfolio to be adapted to a low-carbon, circular society. In the financial results for FY2023, the final fiscal year of the plan, consolidated ordinary profit reached an all-time high of ¥17.7 billion due to special factors in the Aviation Business, and we also achieved our capital policy targets (ROE and dividend payout ratio).

On the other hand, cumulative investment was only ¥23.6 billion with a progress rate of 23.6% against the investment plan of ¥100.0 billion by FY2030. We achieved our financial targets, but the investment plan fell short. This means that accelerating investment will be an issue under the Second Medium-term Management Plan.



Evolving our business portfolio to be adapted to a low-carbon, circular society



Aviation Related Business

We will meet the rising demand for aviation fuel with safety and reliability as our priority

Akira Sudoh
Executive Officer
In charge of Aviation Division



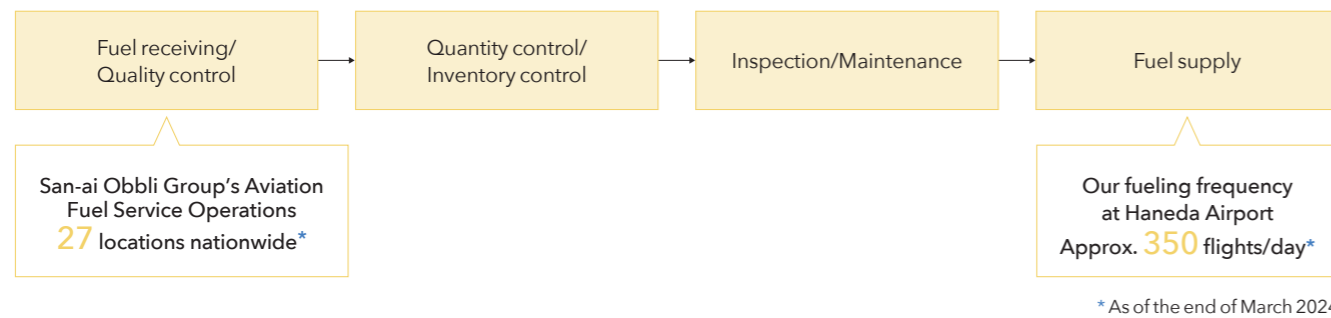
Business Overview

- Ownership, management, and operation of aircraft fueling facilities
- Design and construction of aircraft fueling facilities and consulting services
- Aircraft fueling services
- Sale of aviation fuel

Group Companies

SAN-AI AVIATION SERVICE CO., LTD.
KOBE AIRPORT FUEL FACILITIES Inc.
KAFCO CO., LTD.

Commercial Distribution



Main Measures under Second Medium-term Management Plan

Perception of Issues in the Environment

- Meeting rapidly rising demand for aviation fuel
- Operating environmentally friendly aircraft fueling facilities and sites

Strategy

- Build up aircraft fueling facilities - construction of second oil storage base at Haneda Airport
- Use solar power generation and renewable diesel at aircraft fueling facilities
- Actively cooperate with supply of SAF*
- Promote DX at fueling sites through introduction of new fuel supply systems

Planned investment of
¥28.0 billion
over three years
from 2024 through 2026

* Sustainable aviation fuel



Gas Related Business (LP Gas)

We will expand the number of our retail outlets through the establishment of a customer base expansion cycle and acceleration of M&A investment

Kohichiroh Ishii
Director, Executive Officer
In charge of LPG Division



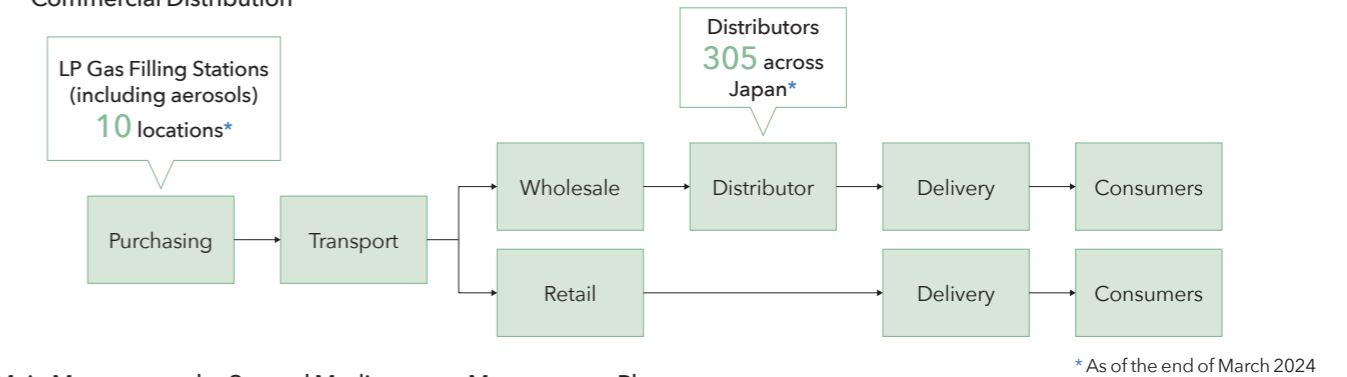
Business Overview

- LP Gas Sales
Sales of liquefied petroleum (LP) gas for household and commercial use and general high-pressure gas for industrial purposes, LP gas-related renovations, and sales of gas equipment, etc.
- LP Gas Services
LP gas delivery and filling

Group Companies

SAN-AI OBBLI GAS EAST JAPAN CO., LTD. SAN-AI OBBLI GAS SANSHIN CO., LTD.
SAN-AI OBBLI GAS BANSHU CO., LTD. SAN-AI OBBLI GAS SERVICE CHUGOKU CO., LTD.
SAN-AI OBBLI GAS CHUGOKU CO., LTD. SAN-AI OBBLI GAS SERVICE KYUSHU CO., LTD.
SAN-AI OBBLI GAS KYUSHU CO., LTD. SAN-AI OBBLI LPG TRANSPORT CO., LTD.

Commercial Distribution



Main Measures under Second Medium-term Management Plan

Perception of Issues in the Environment

- Declining demand for LP gas due to a decrease in the number of households against the background of the falling birthrate and aging population
- Further strengthening of the business structure through expansion of the customer base

Strategy

- Establish a management system to strengthen sales capabilities of LP gas sales subsidiaries
- Expand sales and operational support to grow the market share of existing business partners
- Strengthen the system for implementing M&A to increase the number of retail outlets

Planned investment of
¥6.0 - ¥10.0 billion
over three years
from 2024 through 2026



Gas Related Business (Natural Gas)

We will expand our business base and develop into a higher growth business through investment in strengthening and enhancing supply facilities and promotion of sales activities that meet customer needs

Shinichi Nagamatsu
Executive Officer
In charge of Energy Solution
Division and Chemical
Products Division



Business Overview

- Sales of natural gas to large-scale customers, safe operation of natural gas pipelines, supply of energy using natural gas, sales of natural gas to Saga-Gas Co., Ltd.
- Proposal and construction of OES*
- Supply of city gas to general consumers and large-scale customers (Saga-Gas Co., Ltd., Imarigas Co., Ltd.)

* An acronym of on-site energy services

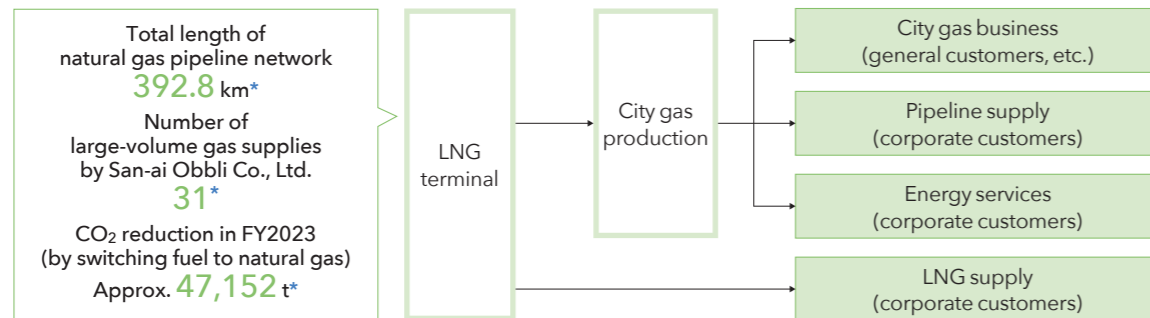
Group Companies

SAGA-GAS CO., LTD.

IMARIGAS, Inc.*

* The Company acquired the shares of Imarigas, Inc. and made it into a consolidated subsidiary on May 31, 2024.

Commercial Distribution



* As of the end of March 2024

Main Measures under Second Medium-term Management Plan

Perception of Issues in the Environment

- Switching to and providing a stable supply of natural gas, which plays an important role during the period of transition to a decarbonized society
- Implementing new alternative energy proposals to meet customer needs in a decarbonized society

Strategy

- Extend pipelines and establish new transfer stations in the Kyushu area
- Expand supply of renewable energy OES through proposal-type sales
- Expand supply of LNG in areas around pipelines and areas where LNG satellite stations are being developed

Planned investment of
¥3.0 billion
over three years
from 2024 through 2026



Chemical Products Related Business

We will aim to increase profits and further expand the functional chemicals area by strengthening the supply chain

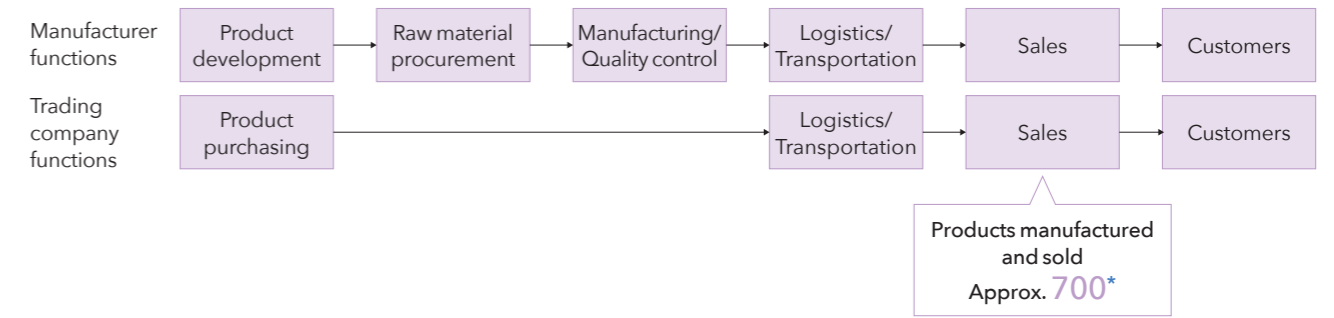
Business Overview

- Sales of automobile-related products, such as car wash wax and water-repellent coating, and chemicals, such as preservative and anti-mold agents
- Purchasing and sales of solvents, petroleum resins, and functional chemicals
- Manufacture and sales of chemicals (San-ai Riken Co., Ltd.)

Group Companies

SAN-AI RIKEN CO., LTD.

Commercial Distribution



* As of the end of March 2024

Main Measures under Second Medium-term Management Plan

Perception of Issues in the Environment

- Strengthening research and development of new products, expanding and updating manufacturing facilities, expanding sales of functional chemicals
- Stabilizing purchases of chemical raw materials through the Supply Chain Management Section

Strategy

- Launch new products by strengthening research and development
- Increase in-house products and contract manufacturing through facility expansion
- Expand sales of functional chemicals
- Expand business domains, including M&A and joint research and development

Planned investment of
¥5.0 billion
over three years
from 2024 through 2026



Petroleum Related Business

We will maintain and expand our sites by leveraging our supply chain, which includes primary distribution, wholesale, and retail functions

Katsunori Sugiura
Executive Officer
In charge of
Petroleum Division



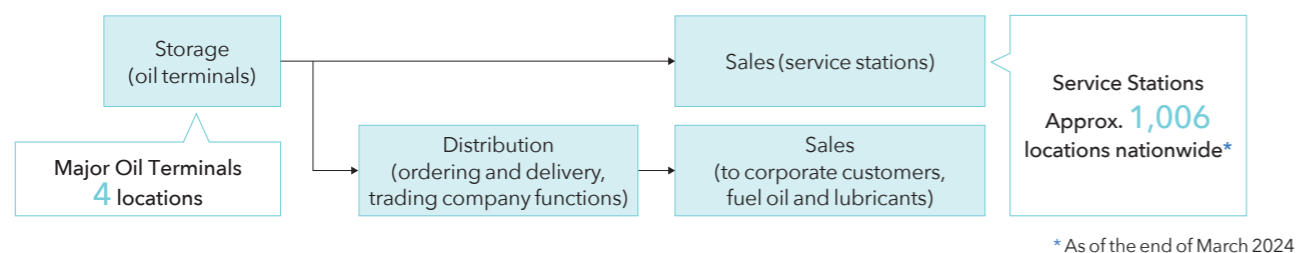
Business Overview

- Sales of petroleum products such as gasoline, kerosene, diesel, and heavy oil to distributors and large-scale customers
- Storage and shipping of petroleum products under contract from petroleum distributors and other companies
- Retail sales of petroleum products and automobile-related products at service stations

Group Companies

- Kygnus Sekiyu K.K.
- SAN-AI RETAIL SERVICE CO., LTD.
- SAN-AI OBBLI EAST JAPAN CO., LTD.
- SAN-AI OBBLI HOKURIKU CO., LTD.

Commercial Distribution



Main Measures under Second Medium-term Management Plan

Perception of Issues in the Environment

- Expanding our business by maintaining our service station sites and acquiring new ones amid shrinking domestic demand for petroleum
- Taking on new challenges to launch new business categories

Strategy

- Acquire new service station sites
- Strengthen competitiveness in service station operations and optimize organizations (shift to low cost operations)
- Explore and launch new business categories utilizing service station sites

Planned investment of
¥6.0-¥10.0 billion
over three years
from 2024 through 2026

Other Businesses



©avatarin Inc.

Cleantech Business - San-ai Obblitech Co., Ltd.

Business Overview

- Precision cleaning and polishing of products, etc. for use in a vacuum (semiconductor-related equipment)
 - High-quality precision cleaning (SMC®), high-quality chemical polishing (CP), and high-quality electrolytic polishing (EP)
- Various other types of cleaning (acid cleaning, regeneration cleaning, on-site cleaning)
- Research and development of surface processing technology

Policy under Second Medium-term Management Plan

- Expand semiconductor manufacturing equipment cleaning and promote development of new technologies and chemicals
- Strengthen readiness to accept orders ahead of semiconductor manufacturing equipment demand recovery and expansion phases



Clean pipes for gas supply lines (interior electrolytic polishing)

Lubricants Business - Energy Solution Division

Business Overview

- Sales of high added-value lubricants (Mobil, AMSOIL, WCI, etc.)
- Servicing for wind power plants (lubricant replacement, borescope inspection, etc.)
- Servicing for gas engine power plants (lubricant and coolant replacement, etc.)
- Servicing for the food and general manufacturing industries (sales and replacement of various oils, etc.)

Policy under Second Medium-term Management Plan

- Expand the engineering business
 - Expand servicing for gas engine power plants
 - Expand servicing business for wind O&M*

* Operation & maintenance



Wind power plant/borescope inspection

Development Department

Initiative Details

- Consider investment in startups and strengthen collaboration with local governments
- Provide support for domain expansion in existing businesses

Main Achievements to Date

- Invested in WOTA Corp. (small-scale, decentralized water recycling systems)
- Concluded comprehensive cooperation agreement with MOIL Holdings Co., Ltd. and Misato in Saitama Prefecture on realizing Misato Decarbonization Vision
- Invested in avatarin Inc. (development of avatar platforms), etc.



©WOTA Corp.

Sustainability Management

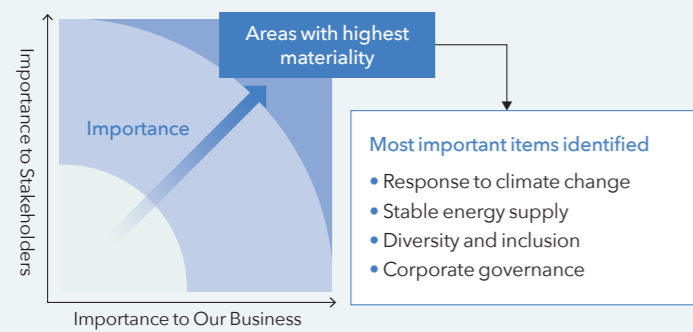
As environmental and social issues have become more serious on a global scale, the San-ai Obbli Group formulated its Basic Policy for Sustainability in December 2021, stating that it will further deepen and develop sustainability initiatives.

The Group will proactively respond to the issues facing society by utilizing its management resources and business characteristics.

Materiality Identification

There are many social issues in modern society, but it is impossible to tackle them all. Therefore, we have sorted out the relationship between the Group's business activities and social issues and identified priority issues (materiality). In addition, the page on the right shows which targets of the SDGs the identified issues fall under, along with examples of major initiatives.

Materiality Map of San-ai Obbli Group



Materiality Identification Process



Sustainability Governance

The Group is working to resolve sustainability issues through its business activities. In the Sustainability Promotion System, which consists of the Sustainability Committee and four subcommittees, we have established a framework in which initiatives related to materiality and environmental issues are discussed, and the content of these discussions is subject to decision-making by management to improve its effectiveness.

In addition, we will disclose activity reports related to materiality in this report and on our website to promote stakeholder communication.

Initiatives to Incorporate Sustainability into Our Business



Sustainability Promotion System



List of Materiality Initiatives

01 Response to Climate Change



Initiatives to realize a carbon-neutral society

As the duty of a company responsible for supplying energy, we will pursue the efficient use of resources and energy and work to curb our environmental burden in order to leave the global environment in a healthy state for future generations.

SDG Targets

- 7 AFFORDABLE AND CLEAN ENERGY** Increasing substantially the share of renewable energy in the global energy mix
- 13 CLIMATE ACTION** Integrating climate change measures into strategies and planning
- 14 LIFE BELOW WATER** Preventing all kinds of marine pollution

Main Initiatives

- Shifting to a new service station business model
- Support for electric vehicles, etc.
- Developing hydrogen fuel infrastructure
- Developing on-site energy services (OES) using natural gas
- Sale of carbon offset products such as green LPG
- Information disclosure based on TCFD recommendations
- Reducing Group greenhouse gas emissions
- Expanding sale of biodegradable plastic
- Purifying wastewater from car wash machines
- Concluding the agreement for the Misato Decarbonization Vision
- Installing solar power generation systems

02 Stable Energy Supply



Aspiring to be a partner that supports people's daily lives and industries

We contribute to the development of society as a partner that supports people's daily lives and industries by supplying energy safely and stably. As a company that handles hazardous materials, we will strive to strengthen our crisis management and business continuity plans.

SDG Targets

- 7 AFFORDABLE AND CLEAN ENERGY** Ensuring universal access to affordable and reliable modern energy services
- 11 SUSTAINABLE CITIES AND COMMUNITIES** Holistic disaster risk management
- 17 PARTNERSHIPS FOR THE GOALS** Encouraging and promoting effective partnerships based on diverse experiences and resource strategies

Main Initiatives

- Strengthening procurement channels
- Enhancing service station emergency facilities
- Safe operation of hazardous material facilities and inheritance of technology
- Promoting DX (establishing DX Promotion Committee)
- Business succession from distributors (securing energy access in relevant areas)
- Alternative use of oil terminals
- Emergency response at hazardous material facilities
- Implementing environmental safety audits
- Constructing second oil storage base at Haneda Airport and securing aviation human resources

03 Diversity and Inclusion



Securing and developing human resources

We will work on human resource development, promotion of diversity, and health management in order to harmonize the development of the Group with the happiness of individual employees. We will create new value for society by creating innovation based on diverse values.

SDG Targets

- 5 GENDER EQUALITY** Ensuring women's effective participation at all levels of decision-making
- 8 DECENT WORK AND ECONOMIC GROWTH** Human resource development to support innovation
- 3 GOOD HEALTH AND WELL-BEING** Ensuring healthy lives and promoting well-being for all at all ages

Main Initiatives

- Promotion of diversity
- Responding to Women's Participation Promotion Act
- Employment of people with disabilities
- Improvement of the work-life balance support system
- Encouragement of flexible work styles
- Enhancement of human resource development and training
- Initiatives to improve engagement
- Mutual praise and visualization through Share Obbli
- Promotion of health management
- Promotion of human capital management

04 Corporate Governance



Gaining stakeholder trust by ensuring management efficiency and transparency

We will strive to improve the efficiency and transparency of management and be committed to compliance-oriented management. Also, we will establish a highly effective corporate governance system and ensure the appropriateness of business operations by operating the system with multiple layers.

SDG Targets

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION** Reporting on corporate sustainability initiatives
- 17 PARTNERSHIPS FOR THE GOALS** Strengthening of partnerships with stakeholders possessing expertise and knowledge

Main Initiatives

- Strengthening of governance through outside directors
- Securing decision-making and transparency
- Promoting compliance-oriented management
- Regular reporting of sustainability initiatives
- Disclosing "analysis of current situation to enhance corporate value" and the Medium-term Management Plan
- Information disclosure based on TCFD recommendations



01 Response to Climate Change

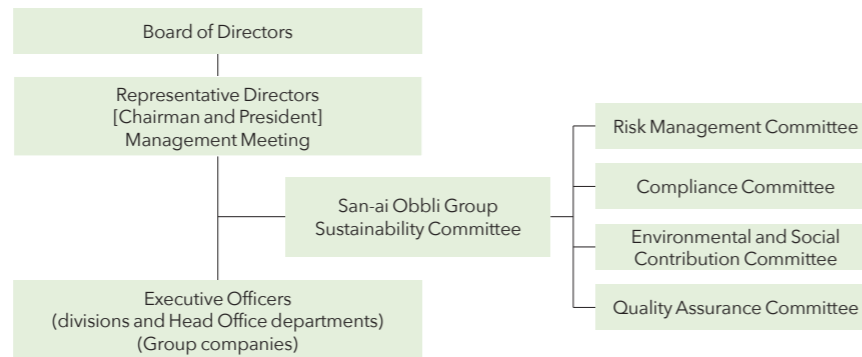
Initiatives to realize a carbon-neutral society

Information Disclosure Based on the TCFD Recommendations

We have analyzed the impact of climate change on the Group's finances and disclosed information in line with the TCFD recommendations. The main items are as follows.

Governance

The San-ai Obbli Group Sustainability Committee deliberates on the extraction and evaluation of risks and opportunities related to climate change and reports the results of the deliberations to the Board of Directors. The Board of Directors manages and supervises the report based on its contents.



Strategy

Assumed scenario

The Group conducted a scenario analysis for the period from 2030 to 2040 based on the scenarios in Working Group I Contribution to the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC). (See P. 24)

Prerequisites

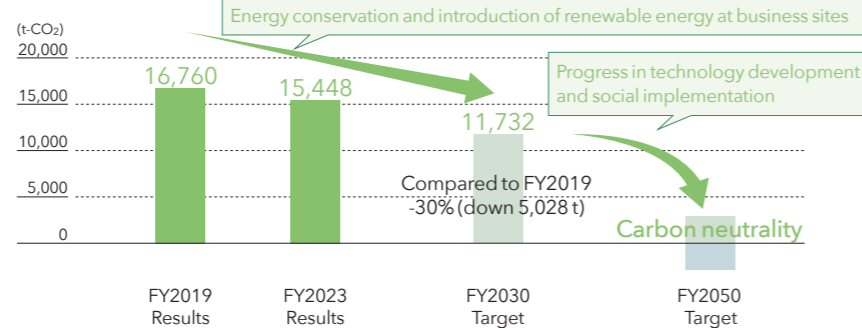
- Estimated period: 2030-2040
- Scope: Entire San-ai Obbli Group
- Adoption scenario: Intergovernmental Panel on Climate Change (IPCC) Working Group I Contribution to the Sixth Assessment Report

Risk Management

The Sustainability Promotion Department and the Corporate Planning Department serve as the secretariat for the Group's risks and opportunities related to climate change. The Sustainability Committee evaluates these risks and opportunities and reviews their impact and countermeasures in the PDCA cycle at least once a year.

Indicators and Goals

Based on FY2019, the San-ai Obbli Group aims to reduce CO₂ emissions by 30% by FY2030 and achieve carbon neutrality by FY2050. CO₂ emissions are the total of Scope 1 and Scope 2.



Scenario Analysis

Risks

4°C scenario

Type	Impact	Risks	Impact level	Period of occurrence	Response strategy
Physical	Chronic	Rising temperatures due to changing weather patterns	Major	Long term	<ul style="list-style-type: none"> • Alternative uses of oil terminals • Measures against storm surges (raised) • Enhanced drainage functions
Transition	Legal regulations	Stricter regulations on gasoline-powered vehicles	Major	Short term	<ul style="list-style-type: none"> • Shift of transformation businesses (petroleum) to low cost structures • Reallocation of management resources
	Market	Rising penetration rate of electric vehicles (EVs)	Major	Short to medium term	<ul style="list-style-type: none"> • Continuing support for gasoline vehicles and support for EVs, etc.

2°C scenario

Type	Impact	Risks	Impact level	Period of occurrence	Response strategy
Transition	Legal regulations	Prohibition on sale of new gasoline vehicles	Major	Medium term	<ul style="list-style-type: none"> • Transition to new business categories for service stations
	Market	Rising penetration rate of EVs and hydrogen vehicles	Major	Short to medium term	<ul style="list-style-type: none"> • Expanding investment in growth businesses • Transitioning to new business categories for service stations, including support for EVs

Opportunities

4°C scenario

Type	Impact	Opportunities	Impact level	Period of occurrence	Response strategy
Increasing resource efficiency	Penetration of renewable energy	Increasing business opportunities with expansion in the operation & maintenance sector for renewable energy	Medium	Medium term	<ul style="list-style-type: none"> • Investment in companies engaged in operation & maintenance for wind power, etc.
Products and services	Rising demand at chemical manufacturers in the sanitation sector due to spread of infectious diseases	Acquisition of chemical manufacturers in the sanitation sector	Medium	Short to medium term	<ul style="list-style-type: none"> • Acquisition of chemical manufacturers

2°C scenario

Type	Impact	Opportunities	Impact level	Period of occurrence	Response strategy
Products and services	Construction of hydrogen stations	Increasing construction of hydrogen stations in the engineering sector	Major	Medium term	<ul style="list-style-type: none"> • Construction of hydrogen station
	Spread of hydrogen vehicles	Shift to operation of hydrogen stations	Major	Medium term	<ul style="list-style-type: none"> • Operation of hydrogen stations

Common to 4°C and 2°C scenarios

Type	Impact	Opportunities	Impact level	Period of occurrence	Response strategy
Energy sources	Establishment of methanation technology*1	Switch from natural gas to synthetic methane and proceeding with establishment of technology for manufacturing synthetic methane	Medium	Long term	<ul style="list-style-type: none"> • Securing new suppliers and buyers
	Establishment of propanation technology*2	Switch to synthetic propane gas and proceeding with establishment of manufacturing technology	Medium	Long term	<ul style="list-style-type: none"> • Switchover to sale of green LP gas
	Establishment of e-fuel technology	Switch from fossil fuels and proceeding with establishment of manufacturing technology for synthetic fuels	Major	Long term	<ul style="list-style-type: none"> • Securing new suppliers and buyers

*1 It is a technology that causes a reaction between hydrogen (H₂) and carbon dioxide (CO₂) to synthesize methane (CH₄). It is receiving attention as a technology for decarbonization of gas.
 *2 It is a technology that causes a reaction between hydrogen and carbon dioxide in a similar way to methanation to synthesize propane (C₃H₈). The technology has yet to be established.

San-ai Obbli Forest Hands-on Environmental Training

Sustainability Promotion Department

The San-ai Obbli Group strives to protect the natural environment and supports reforestation projects as the responsibility of a company that handles fossil fuels. We concluded the following agreement in 2008 and have been holding San-ai Obbli Forest Hands-on Environmental Training since then. In addition to gaining real-life forest thinning experience, our employees have deepened their interaction with local people. In FY2023, 32 employees from Group companies took part in the training.

The Signing of Cooperative Forest Partners Agreement with the Kochi Prefectural Government, Motoyama Town in Kochi Prefecture, and Motoyama Town Forest Union

- Since 2008 (17th year)
- People with forest thinning experience: 450 people
- Partner forests: 232.08 ha
- CO₂ absorbed by forests regenerated through thinning: 5,098 tons



Installing Solar Power Generation Systems

Kygnus Sekiyu K.K.

In April 2024, Kygnus Sekiyu K.K. installed 44 solar panels on the canopy of Obbli Station Kakogawa and began operating a solar power generation system. The planned annual power generation capacity of the system is 17,535 kWh, which is approximately 25% of the total power consumption of this service station.

Kygnus Sekiyu K.K. has now installed solar panels at three of its service stations and is working to reduce CO₂ emissions.

The company also plans to switch to green power for all the electricity used at Obbli Station Kakogawa other than that generated by the solar power system in order to realize net zero CO₂ emissions in its operations.



Obbli Station Kakogawa

Supplying Biofuel for Delivery Tanker Trucks

Kygnus Sekiyu K.K.

Kygnus Sekiyu K.K. began using SUSTEO Diesel 20,* a next-generation biodiesel fuel produced by Euglena Co., Ltd., for its delivery tanker trucks in the Nagoya region in November 2023. This product reduces CO₂ by approximately 20% compared to regular diesel. The company used 6,577 liters from November 2023 to March 2024, resulting in an approximately 3-ton reduction in CO₂.

* SUSTEO is a next-generation biofuel manufactured and sold by Euglena Co., Ltd. It is made from used cooking oil and oils and fats derived from Euglena, a type of microalgae. The next-generation biodiesel fuel currently being used is SUSTEO Diesel 20, which is a mixture of 20% biofuel made from used cooking oil produced at a partner plant overseas and regular diesel. It is expected to have an effect on reducing CO₂ emissions when compared to fuels derived from fossil fuels.



Zero Carbon City Sagashi

Saga-Gas Co., Ltd.

On July 6, 2023, Saga-Gas Co., Ltd. concluded a partnership agreement with Saga City aimed at realizing a decarbonized society. Saga City declared "Zero Carbon City Sagashi" in October 2020 to realize net zero CO₂ emissions by 2050.

In October 2022, Saga-Gas Co., Ltd. began selling carbon offset city gas using J Credit, carbon credits that are certified by the Japanese government. The carbon offset city gas can reduce CO₂ emissions during combustion to virtually zero. Under the partnership agreement, Saga City and Saga-Gas Co., Ltd. will work together to promote local decarbonization initiatives.



Construction of Hydrogen Station

San-ai Obblitech Co., Ltd.

San-ai Obblitech Co., Ltd. constructed the Atsuta Hydrogen Station, which is to be operated by Toyota Tsusho Air Liquide Hydrogen Energy Corporation. Due to the recent development of large fuel cell vehicles such as fuel cell buses and trucks, the station is expected to contribute significantly to more widespread use of these next-generation vehicles.



© Toyota Tsusho Air Liquide Hydrogen Energy Corporation

San-ai Obbli Group Training

Human Resources Department and Sustainability Promotion Department

Since FY2023, the San-ai Obbli Group has been holding training related to sustainability issues such as TCFD disclosures and human capital management for presidents and general affairs department heads of Group companies in order to promote sustainability management throughout the Group.

The second round of this training was held in a conference room at the Otemachi Head Office on July 12, 2024, with 40 participants. In the first half of the session, the participants exchanged their opinions on the progress of GHG emissions reductions and measures for further reductions. In the second half, they updated (input) information on personnel, labor, human resource development, and other areas to promote human capital management. Afterwards, there was a valuable opportunity to share the issues being faced by each Group company and the solutions.



Initiative to Reduce VOC Emissions

San-ai Retail Service Co., Ltd.

San-ai Retail Service Co., Ltd. has been promoting the introduction of a vapor recovery system to reduce emissions of volatile organic compounds (VOCs) that occur when unloading gasoline from tanker trucks and when refueling vehicles. As they are chemical substances that can also cause issues such as photochemical smog, we aim to reduce the atmospheric emissions and environmental impact of VOCs.





02 Stable Energy Supply

Aspiring to be a partner that supports people's daily lives and industries

FY2023 Comprehensive Disaster Training

Aviation Division

On March 7, 2024, the Aviation Division held the FY2023 Comprehensive Disaster Training* at its aviation fuel oil storage base. The training is held every year in cooperation with the Kamata Fire Station of the Tokyo Fire Department to confirm operational procedures for our local disaster response office in the event of a disaster and to strengthen coordination with the relevant organizations. Approximately 100 people participated, including employees of the Aviation Division of San-ai Obbli Co., Ltd. and related parties.

* The scenario for the training was that an earthquake had occurred directly beneath Tokyo, with its epicenter in the southern part of the city center, and there was shaking of magnitude upper 6 (on the Japanese scale) at Haneda Airport. The earthquake damaged the piping of a fuel storage tank, causing fuel to leak and leading to a fire in the tank. One worker was injured, and there was one injured or sick person who was unconscious.



Training on rescuing the injured worker

Disaster Prevention Day - Holding Emergency Response Training

Sustainability Promotion Department

On September 1, which is the San-ai Obbli Group's Disaster Prevention Day, we held our Head Office emergency response training at San-ai Obbli Co., Ltd. Head Office based on the scenario of a major earthquake (magnitude 7.3 or intensity upper 6 on the Japanese scale) at dawn in the Kanto region. The purpose of the training is to increase the effectiveness of our emergency response so that managers who are at home can

respond quickly to gather and disseminate information. On the same day, 40 of our business sites all over Japan also held emergency response training in accordance with the disaster scenario of each site.



Emergency response training at Head Office

Business Continuity Plan (BCP)

The Group has formulated a business continuity plan (BCP) to prepare for all risks, including major earthquakes, natural disasters caused by climate change, the expansion of emerging infectious diseases, and business interruptions caused by cyberattacks. Each department has its own system, from the initial response in the event of a crisis to training for receiving and placing orders on behalf of an affected department, in the event of an emergency. To enhance its effectiveness, the plan is reviewed every year, and response training based on the plan is conducted.

Establishment of Supply Chain Management Section

Chemical Products Division

The Chemical Products Division is the Group's only division with manufacturing functions, and it needs to ensure stable procurement of raw materials and secondary materials. Manufacturer production volumes have been declining as a result of the recent strengthening of regulations on chemical substances and the shutdown and aging of petrochemical plants. Therefore, there is an urgent need to consider multiple suppliers and prepare for procurement risks.

In April 2024, the Chemical Products Division established a Supply Chain Management Section to centralize purchasing operations for raw materials previously carried out separately at each branch and San-Ai Riken Co., Ltd. and centrally manage raw material procurement, production plans, and logistics. This has led to proper management of purchase prices and a stable supply of products.

Oil Terminal Emergency Response Training

Kygnus Sekiyu K.K.

Kygnus Sekiyu K.K. held scenario disclosure-based emergency response training at the Nagoya Oil Terminal on October 25, 2023. Safe operations are required at all times as there would be a tremendous amount of damage if there was a fire or a leak at an oil terminal.

During the training, based on the scenario of an explosion and fire at a tanker truck loading dock, members of the joint disaster management team* and oil terminal staff worked together to extinguish the fire by taking measures such as spraying from a large chemical fire truck. In addition, a response headquarters was established at the Head Office of Kygnus Sekiyu K.K., and emergency response capabilities were improved by conducting practical training in which the participants confirmed the situation on the ground at the Nagoya Oil Terminal using video and audio from a remote monitoring system while assessing the accident situation and communicating information.

* Joint disaster management refers to the 9th District Joint Disaster Management Association



Spraying from a large chemical fire truck



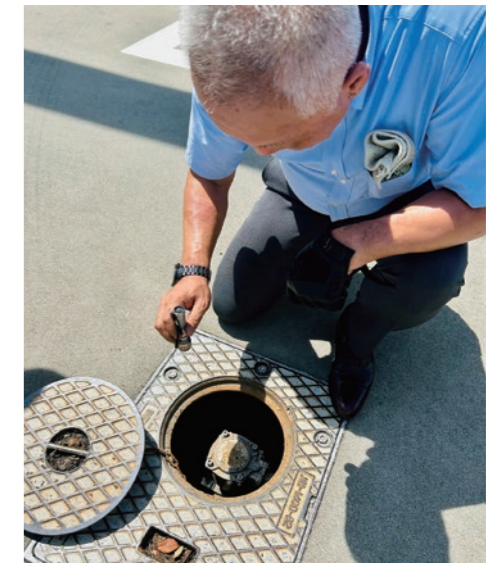
Spraying from the foam-water sprinkler head of the tanker truck loading dock

Environmental Safety Audit

Sustainability Promotion Department

The Group, which owns many hazardous material facilities such as service stations and LP gas filling stations, conducts its own environmental safety audits every year using voluntary standards that are stricter than laws and regulations, and it operates a PDCA cycle.

	FY2021	FY2022	FY2023
No. of offices audited	272	249	242
No. of issues	147	113	183
Corrections completed	147	113	183





03 Diversity and Inclusion

Securing and developing human resources

About the San-ai Obbli Group's Basic Approach on Human Capital Management

I think that the strengths of the San-ai Obbli Group's employees are integrity, honesty, and reliability. I believe that we have to develop these strengths and positives to continue being an organization that is trusted by society while at the same time creating a future-oriented organization where our employees experience job satisfaction. This is because we need human resources who can think for themselves, communicate, and engage in discussion without shying away from change to bring about Business Portfolio Evolution.

The human resources strategy that aligns with business model transformation is human capital management, and we published our Basic Approach on Human Capital Management in March 2024. We need to view the outcomes of human resources strategies over the long term. However, I believe it is also important for me to understand what is going on in workplaces on a day-to-day basis, what our employees feel happy or a sense of achievement about, and what they feel doubtful or dissatisfied about and to use that information to develop subsequent measures. I will take quick and decisive action so that human capital management functions in a positive way for both the company and our employees to create a beneficial cycle of value creation and growth.

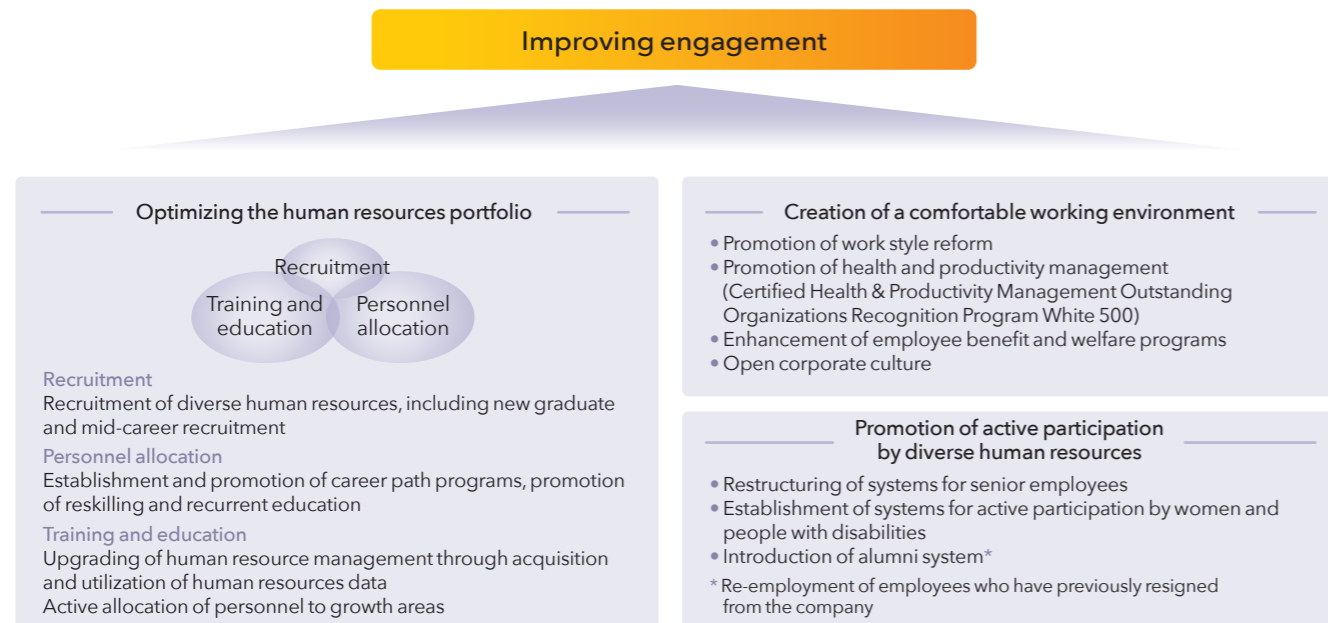


Yuko Nishio
Executive Officer
General Manager,
Human Resources Department

Overall Human Resources Strategy

In order to respond to changes in the business environment, maximize corporate value, and maintain perpetual development, it is essential to increase each and every employee's motivation and willingness to contribute. To this end, we will implement various measures and work to improve employee engagement.

Main measures related to human resources strategy



Training System to Realize Long-term Vision

Human Resources Department

Based on its corporate philosophy of the San-Ai spirit, San-ai Obbli Co., Ltd. aims to foster human resources with the insight to learn, think, and act by themselves, and it has established a wide range of training systems to support the growth of its employees.

FY2023 Training System Diagram

Stratified training		Selective training for skill development and skill improvements		Corporate-supported educational program	Self-development		
Managers	Training to improve engagement	Mid-career hire training	Managers	DX training	Graduate school program for working professionals/MBA	Female executive development training	
	Assessor development training						Training for employees seconded to Group companies
Training based on Position	Basic management training		General Employees				Next-generation executive development training
	Pre-management training						Presentation skills improvement training
	Leadership training						Trainer development training
New Employees to 3rd Year	3rd year employee training						On-the-job leadership training
	2nd year employee training						Financial analysis training
	New employee follow-up training						Debt management training
	New employee training						Safe driving training

Assertive Communication Training

Human Resources Department

In order to foster a challenging organizational culture that can create change as set out in the Medium-term Management Plan, it is important to have a deep understanding of diversity and inclusion and for each and every employee to acquire the skills to communicate with honesty and on equal terms. The Human Resources Development Section of the Human Resources Department held assertive communication training for general employees at five sites around the country (nine times in total) between October 2023 and February 2024.



Managers Meetings

Human Resources Department

With the increasing importance of human capital management bringing out the value of human resources to enhance corporate value over the medium to long term, we began holding Managers Meetings in order to understand the current status and issues within the company and to re-acknowledge the role required of managers in FY2023. In the first fiscal year, we held the meetings in four locations around Japan (Fukuoka, Head Office, Oimachi, and Haneda), and approximately 120 managers exchanged information through workshops and discussions.



Health and Productivity Management

Health and Productivity Management Strategy Map

Human Resources Department

San-ai Obbli Co., Ltd. hopes to solve management issues related to increasing productivity and securing and developing human resources through health and productivity management. We have established a health and productivity management strategy map in order to address the areas of improving the physical wellbeing of employees, reducing presenteeism and absenteeism, and improving engagement.

Management issues	Final target indicator	Health issues	Indicators for the status of health investment measures	2023 target value	2023 results	2022 results	Health investment FY2023 initiatives		
Increase productivity	Improve physical wellbeing	Exercise	(i) Measures to address lifestyle diseases	Reduce obesity rate	29.0%	33.3%	32.2%	<ul style="list-style-type: none"> Active health guidance for employees with BMI 30 or greater Recommendation for participation in specific health guidance (health insurance association and workplace personnel) 	
				Increase the number of employees who do at least 30 minutes of exercise with light sweating on two or more days a week	42.0%	36.7%	41.3%	<ul style="list-style-type: none"> Participation in walking rallies organized by the health insurance association Participation in insurance company walking app trials 	
				Decrease the number of employees who eat a meal within 2 hours of going to bed on three or more days a week	30.0%	33.5%	35.7%	<ul style="list-style-type: none"> Individual health guidance for employees who do shift work Nutrition lectures by public health nurses Introduction of nutritionally balanced catered lunch boxes 	
	Reduce presenteeism	Men's and women's health	(iii) Women's health	Seminars on women's health (participation rate)	100%	100%	94.7% (Men's and women's health), 67.4% (management version)	<ul style="list-style-type: none"> Lectures on men's and women's health at Managers Meetings 	
					Improve engagement	Sleep	(iv) Improve sleep	Reduce the number of employees who do not get enough sleep	20.0%
	Secure and develop human resources	Reduce absenteeism	Measures to address stress	(v) Measures to address stress					Stress checks (implementation rate)
					Improve engagement	Paid leave acquisition rate	(vi) Increase paid leave acquisition rate	Manage using target sheet (acquisition rate)	
Secure and develop human resources	Reduce absenteeism	Measures to address employee turnover	(vii) Understand of mental health	Seminars for supervisors (participation rate)					100%
					Secure and develop human resources	Reduce absenteeism	Measures to address employee turnover	(vii) Understand of mental health	Turnover rate

* Targets and results are figures for San-ai Obbli Co., Ltd. on a non-consolidated basis

Recognition as "White 500" Organization under 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category)

Human Resources Department

San-ai Obbli Co., Ltd. has been recognized as a "White 500" Organization jointly selected by the Ministry of Economy, Trade and Industry, other organizations, and NIPPON KENKO KAIGI under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category). In addition, San-ai Obblitech Co., Ltd. and Kafco Co., Ltd. were also newly recognized in the SME Category, making a total of six Group companies that have received recognition.

The San-ai Obbli Group regards the health of employees as an important management issue and will promote health and productivity management to enable employees to work with mental and physical vitality.



Promoting DX

DX Promotion Committee

Information Technologies Department

In July 2024, San-ai Obbli Co., Ltd. newly established the DX Promotion Committee in order to promote management reform through digitalization and advanced use of data as set out in the Second Medium-term Management Plan. Three subcommittees have been established as subordinate organizations of the DX Promotion Committee, and these subcommittees are working on operational reform based on DX for each of their objectives.

Promoting DX Management



Developing human resources to promote DX
Creating an environment for IT technologies

Introduction of Group Long Term Disability (GLTD) Insurance Scheme

Human Resources Department

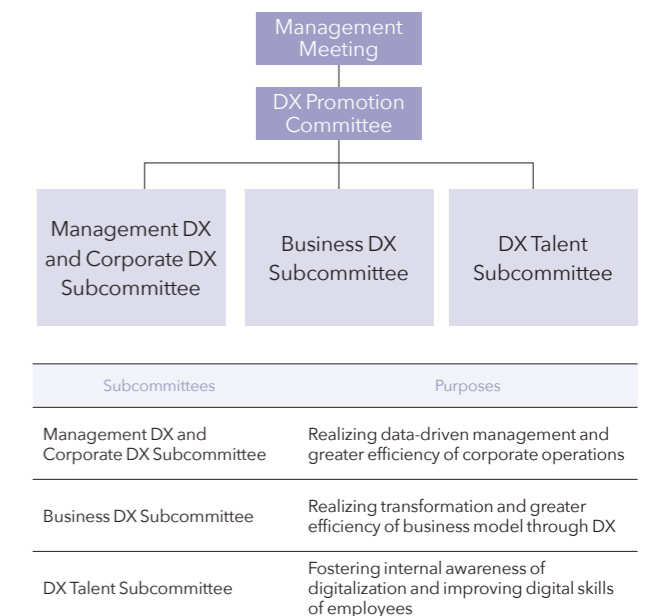
To create a working environment that enables employees to work with a feeling of security, in April 2024, San-ai Obbli Co., Ltd. introduced the Group Long Term Disability (GLTD) insurance scheme, a system that guarantees income if an employee is unable to work due to sickness or injury. We will continue to introduce various systems to ensure stability in the lives of employees based on the San-Ai Spirit of Three Loves: "Love People, Love Your Country, and Love Your Work" advocated by our founder Kiyoshi Ichimura.

Seminars on Child Care and Family Care

Human Resources Department

As part of our efforts to realize a work-life balance, San-ai Obbli Co., Ltd. strives to create a working environment in which it is easy to combine child care or family care with work. On February 27, 2024, we held an online seminar with 42 participants aimed at providing an overview of the childbirth, child care and family care leave systems and an understanding of harassment related to these systems. We have established a consultation helpdesk on child care leave in the Compensation and Welfare Section of the Human Resources Department.

Diagram of DX Promotion Committee Structure





04 Corporate Governance

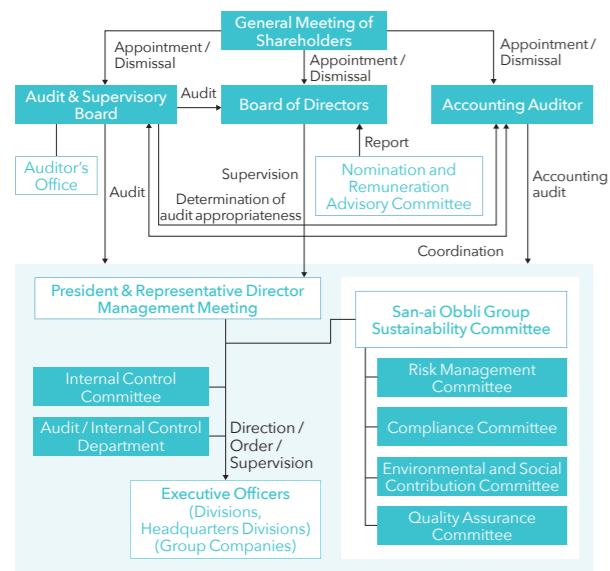
Gaining stakeholder trust by ensuring management efficiency and transparency

Corporate Governance

Corporate Governance System

The Group has established a highly effective corporate governance system and is implementing it in multiple layers to ensure the appropriateness of business operations.

Corporate Governance System (as of April 1, 2024)



Institutional design	Company with an Audit & Supervisory Board
Number of directors (number of outside directors)	8 (3)
Number of Audit & Supervisory Board members (number of outside Audit & Supervisory Board members)	5 (3)
Number of executive officers	9
Term of office of the directors	2 years
Audit corporation	KPMG AZSA LLC

Female Male

History of Reform

Feb. 2017	Conducted first evaluation of effectiveness of Board of Directors
Jun. 2019	Appointed first female (outside) director
Apr. 2020	Established Nomination and Remuneration Advisory Committee
Jun. 2020	More than one-third of directors are independent outside directors Faster business execution with introduction of executive officer system
Aug. 2021	Started external disclosure of Medium-term Management Plan
Dec. 2021	Established Basic Policy for Sustainability and Policy for Ensuring Diversity in conjunction with the revision of Japan's Corporate Governance Code
Nov. 2022	Identified important issues (materialities) related to sustainability, adopted the TCFD recommendations, and disclosed information based on them
Nov. 2023	Disclosed analysis of current situation to enhance corporate value
May 2024	Published the Second Medium-term Management Plan and promoted shareholder dialogue and communication
Jun. 2024	Appointed first female (outside) Audit & Supervisory Board member

Important Meetings Held in FY2023

Board of Directors	9
Audit & Supervisory Board	9
Management Meeting	42
Nomination and Remuneration Advisory Committee	3
Internal Control Committee	5
San-ai Obbli Group Sustainability Committee	5
Risk Management Committee	5
Compliance Committee	12
Environmental and Social Contribution Committee	5
Quality Assurance Committee	7

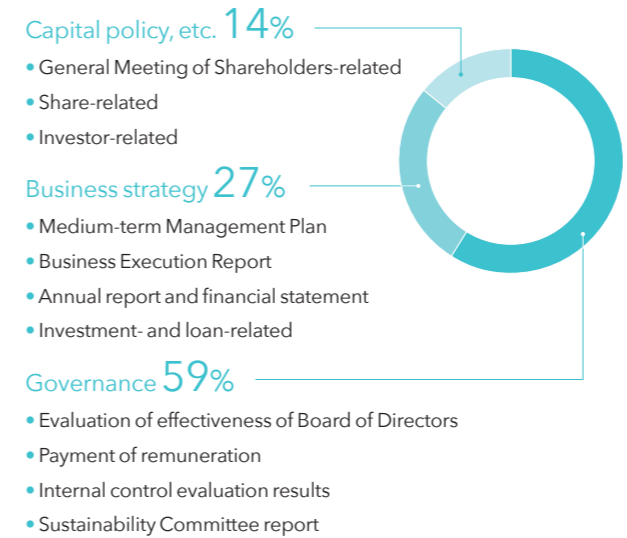
Accounting Auditor

While maintaining an independent position with the Group, the accounting auditor strives to improve the effectiveness of audits in order to ensure the reliability of financial reporting in a cooperative relationship with Audit & Supervisory Board members.

Strengthening of Board of Directors Monitoring Function

In order to facilitate swift management decision-making, the Board of Directors is composed of a small number of members. In order to strengthen the supervisory function of management, at least one-third of the directors are independent outside directors with no conflicts of interest.

Details of Board of Directors Meeting Deliberation Items in FY2023



[Outside Directors and Outside Auditors]

Outside directors utilize their diverse knowledge and experience to express their opinions on the execution of business operations and are involved in important decision-making processes. In addition, outside Audit & Supervisory Board members assess the execution status of the duties of directors and investigate the legality of accounting audits and the status of their assets from a fair standpoint. All outside directors and Audit & Supervisory Board members are designated as independent directors and Audit & Supervisory Board members pursuant to the regulations of the Tokyo Stock Exchange.

[Evaluation of Effectiveness of Board of Directors]

The Group regularly verifies whether the Board of Directors is functioning properly and strives to identify and improve issues. Details are disclosed in the Corporate Governance Report.

Content of Nomination and Remuneration Advisory Committee Deliberations

The Committee deliberates on remuneration for officers, personnel changes for directors and executive officers, etc. and enhances the objectivity and transparency of the decision-making process.

Risk Management / Compliance

The Group engages in rigorous risk management to identify risks and consider countermeasures and implements compliance management in accordance with the San-ai Obbli Group Charter of Ethical Conduct as the basis of stable business activities.

Risk Selection

The San-ai Obbli Group Sustainability Committee selects risks that may have a significant impact on our business and considers countermeasures and preventive measures. The following is an example of the risks determined based on information available to the company as of June 2024.

- Changes in market environment
- Large-scale pandemics
- Disasters, etc.
- Investments, etc.
- Information security risks
- Product quality and safety risks
- Securities held
- Geopolitical risks
- Legal and regulatory relationships
- Personal information risks

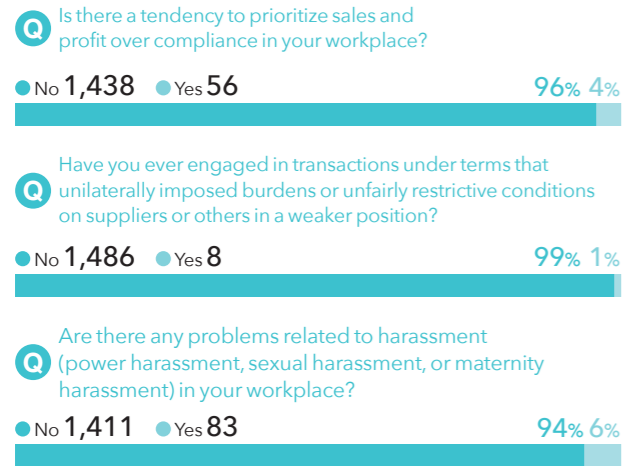
Compliance Committee

The Compliance Committee issues Compliance News every month and conducts in-house education to foster a corporate culture with a high level of awareness about compliance and to prevent incidents.

Issue	No.	Theme
April 2023	No. 213	Revised Act on the Protection of Personal Information
May 2023	No. 214	Observing compliance (Top Message)
June 2023	No. 215	Charter of Ethical Conduct
July 2023	No. 216	Restructuring of internal control following replacement of ERP core system
August 2023	No. 217	Action to take if a company-provided mobile phone is lost
September 2023	No. 218	Whistleblowing and Consultation Helpdesk
October 2023	No. 219	Act on Specified Commercial Transactions and Act on the Protection of Personal Information
November 2023	No. 220	Anti-Monopoly Act
December 2023	No. 221	Introduction of invoice system and compliance
January 2024	No. 222	Internet security
February 2024	No. 223	Upper limit regulations on overtime hours (workstyle reform laws)
March 2024	No. 224	Revised Act for Eliminating Discrimination against Persons with Disabilities

Compliance Awareness and Conduct Survey

The Compliance Awareness and Conduct Survey is conducted annually throughout the Group as an opportunity to compare the Charter of Ethical Conduct with one's own conduct. Compliance officers use the candid opinions about their organizations and work environments in the survey results to address various issues. The main results of the survey conducted in FY2023 are as follows (1,494 respondents).



"Pledge" on Ethics

The San-ai Obbli Group designated June 8 as Ethics Day, and officers and all employees make a pledge to the Representative Director to engage in their day-to-day work with integrity and a sense of ethics in accordance with the Charter of Ethical Conduct.

Whistleblowing and Consultation Helpdesk

To strengthen compliance management, we have established a whistleblowing and consultation helpdesk, and we work to detect and correct misconduct and other irregularities at an early stage.

Usage of the Whistleblowing and Consultation Helpdesk

FY2021	4
FY2022	8
FY2023	4

Skill Matrix of Directors and Audit & Supervisory Board Members

Name	Position	Corporate Management	Legal and Risk Management	Finance, Accounting and Money	Industry Knowledge	Sales and Marketing	Personnel, Labor and Human Resource Development	ESG
Jun Kaneda	Representative Director, Chairman of the Board	●	●		●	●		●
Hiroshi Hayata	Representative Director, President and Executive Officer	●	●		●	●		●
Fuminori Hasegawa	Director, Senior Managing Executive Officer	●	●	●	●		●	●
Takashi Satoh	Director, Executive Officer		●		●	●	●	●
Kohichiroh Ishii	Director, Executive Officer	●			●	●		●
Keiko Unotoro	Outside Director		●		●			
Yoji Ninomiya	Outside Director	●	●	●				●
Hisayasu Suzuki	Outside Director	●	●		●			●
Junichi Matsumura	Full-time Audit & Supervisory Board Member	●	●		●			
Atsushi Ohi	Full-time Audit & Supervisory Board Member		●		●			
Hidetoshi Watanabe	Outside Audit & Supervisory Board Member			●				
Fumihiko Kato	Outside Audit & Supervisory Board Member		●		●			
Sayaka Hieda	Outside Audit & Supervisory Board Member		●					

* The above listed contents do not indicate the full knowledge and experience that each person has.

Company Officers (as of October 1, 2024)

Directors

 Jun Kaneda Representative Director, Chairman of the Board	 Hiroshi Hayata Representative Director, President and Executive Officer	 Fuminori Hasegawa Director, Senior Managing Executive Officer In charge of Corporate Planning Department, Information Technologies Department, and Sustainability Promotion Department	 Takashi Satoh Director, Executive Officer In charge of General Affairs Department and Legal & Credit Department	 Kohichiroh Ishii Director, Executive Officer In charge of LPG Division
 Keiko Unotoro Outside Director	 Yoji Ninomiya Outside Director	 Hisayasu Suzuki Outside Director		

Audit & Supervisory Board Members

 Junichi Matsumura Full-time Audit & Supervisory Board Member	 Atsushi Ohi Full-time Audit & Supervisory Board Member	 Hidetoshi Watanabe Outside Audit & Supervisory Board Member	 Fumihiko Kato Outside Audit & Supervisory Board Member	 Sayaka Hieda Outside Audit & Supervisory Board Member
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Executive Officers

 Akira Sudoh Executive Officer In charge of Aviation Division	 Katsunori Sugiura Executive Officer In charge of Petroleum Division	 Shinichi Nagamatsu Executive Officer In charge of Energy Solutions Division and Chemical Products Division	 Eiichi Nonaka Executive Officer In charge of General Accounting Department	 Yuko Nishio Executive Officer In charge of Human Resources Department
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Highlights of FY2023 Activities

In addition to initiatives for materiality (important issues), the San-ai Obbli Group promotes CSR activities in its relationships with local communities and stakeholders.

Hosting the Second Sustainability Forum Sustainability Promotion Department



Keynote speech by President Yoshinari Koyama

The Sustainability Promotion Department held its second sustainability forum on November 15, 2023. On the day of the forum, presentations were given on examples of initiatives related to the SDGs being undertaken by the Group. In addition, Yoshinari Koyama, president of Kanto Gakuin University, gave the keynote speech entitled "Social Contribution Activities in an Era of Sustainability," and there were also workshops related to this theme.

In his keynote speech, Yoshinari Koyama touched on how there has been an increase in social contribution activities that combine solving social issues with the survival of the company in recent years as existing businesses have matured. He also provided examples from other companies to demonstrate that social contributions are being implemented in a strategic manner based on clear business concepts. In the workshops in the second half of the forum following his speech, participants considered social contribution activities based on the characteristics of the company's business and came up with a number of ideas. The Environmental and Social Contribution Committee shared the contents of each of the presentations with the relevant parties with the aim of implementing them.



Scene at a workshop

Reusing Products by Cleaning Industrial Filters

San-ai Obblitech Co., Ltd.

The Tokyo Office of the CT Business Division is contributing to the reuse of customers' products through the introduction of HYPOX, a product made in Italy that safely removes polymers adhering to used industrial filters and other materials. HYPOX is a safe and easy-to-operate cleaning device that dissolves resins with a high-temperature heat treatment (steam), using the hydrolysis and thermal decomposition reactions of resins. Using very low volumes of chemicals and generating little wastewater, the device can treat carbides, gels and other substances that are difficult to remove using conventional cleaning methods. Going forward, we will continue conducting active sales activities to broaden the scope of HYPOX utilization and contribute to the realization of a circular society through the recycling of used products.



Signing the Yoshino River Basin Collaborative River Development Partnership Agreement

Sustainability Promotion Department

On April 15, 2024, we signed the Yoshino River Basin Collaborative River Development Partnership Agreement with Kochi Prefecture, the Reihoku Regional Community Activity Center Liaison Council, and four towns and villages in the Reihoku region (Motoyama Town, Otoyo Town, Tosa Town, and Okawa Village). The agreement is the first of its kind in the Yoshino River Basin, and we will promote clean river conservation activities that are rooted in local communities through collaboration with the community activity centers and local governments in the river basin that are working to maintain and revitalize the region.

Sponsoring Ichimura Nature School Kanto and Kyushu Activities

Sustainability Promotion Department

Ichimura Nature School is a specified non-profit corporation established to mark the 100th anniversary of the birth of Kiyoshi Ichimura, founder of the Ricoh San-ai Group. Based on the theme of "learning how to live from Mother Nature," students from fourth grade elementary school through to second grade junior high school learn discipline and self-reliance through hands-on programs that range from growing crops to harvesting them and living with their peers. San-ai Obbli supports Ichimura Nature School's programs as a corporate member.

Providing Support Following the 2024 Noto Peninsula Earthquake

San-ai Obbli Co., Ltd. and Kygnus Sekiyu K.K.

San-ai Obbli Co., Ltd. and Kygnus Sekiyu K.K. each donated ¥10 million to support the victims and reconstruction efforts following the 2024 Noto Peninsula Earthquake. We sincerely hope for the recovery and reconstruction of the affected area as soon as possible.

Health Check Event

Human Resources Department

On February 15, 2024, we conducted a health check event to raise employee awareness about health. On the day, 60 employees took part in the event, which consisted of measuring vascular age and a Vegicheck® service (estimating vegetable intake), as well as measuring body composition and grip strength. The good health of our employees is the source of our corporate activities, and we will continue working to promote employee health.



Participating in Sports GOMI in Oimachi

Sustainability Promotion Department

The 15th Sports GOMI in Oimachi was held in Oimachi, Shinagawa-ku, where the Company has its Main Office, and 35 San-ai Obbli Group employees and their family members participated. The Group has participated in the event continuously since the first time it was held, and taking part in the event raises the environmental awareness of employees while they have fun picking up garbage as a sport and competition.

Introducing a Volunteering Leave System

San-ai Obbli Co., Ltd.

There has been rising interest in volunteering for social contribution activities and helping with reconstruction over the past few years. However, time constraints have impeded participation. In FY2023, we introduced a system of three days of paid volunteering leave a year to support volunteering by employees. We will continue supporting participation in society by our employees to empower them through experiences outside of the company.



Receiving the Dark Blue Ribbon Medal Award for Donating to the Scholarship Foundation for Traffic Accident Orphans

Sustainability Promotion Department

The nature of the Group's business is closely connected to the motorized society, and people living in local communities are important stakeholders. San-ai Obbli Co., Ltd. began making donations to the Scholarship Foundation for Traffic Accident Orphans in FY2022, and it received the dark blue ribbon medal award in FY2023.

The Scholarship Foundation for Traffic Accident Orphans provides support for children whose parents or guardians have been killed or suffered severe residual disabilities due to traffic accidents, making it difficult for them to attend school for financial reasons. Going forward, we will continue contributing to maintaining educational opportunities for children and nurturing the next generation.

Helping out at a Volunteer-run Children's Cafeteria Providing Free or Low-cost Meals

Kiyoko Kaneko, Business Support Section, Chemical Products Division

I used the volunteering leave system to help out at a children's cafeteria on a weekday. I realized that being active in the community helps create connections so we can help each other in times of disaster. Helping out enabled me to get to know the faces and names of local children, and I also connected with the parents who came to the children's cafeteria. I would like to keep participating in local community contribution activities as much as I can in the future.



Furugi de Vaccine Magokoro Project (Vaccines with Used Clothes)

Sustainability Promotion Department

We participate in the Furugi de Vaccine Magokoro Project (Vaccines with Used Clothes) as an initiative that makes it easy for employees to contribute to society. The project provides a mechanism for sending the unwanted clothes of participants to Cambodia and other countries to be reused there. Part of the cost of purchasing the kits (collection bags) is donated to the Japan Committee, Vaccines for the World's Children (JCV).

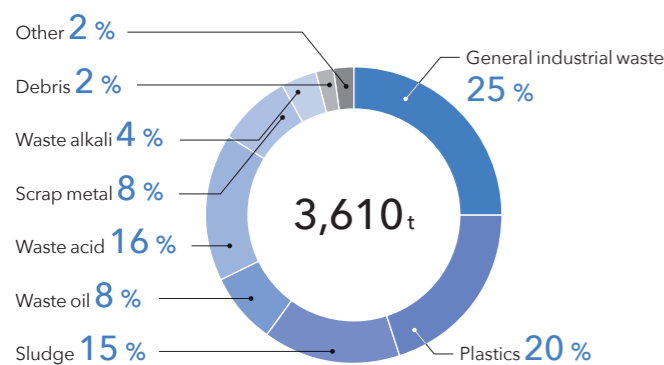
Environmental Impact Data

Greenhouse gas (GHG) emissions

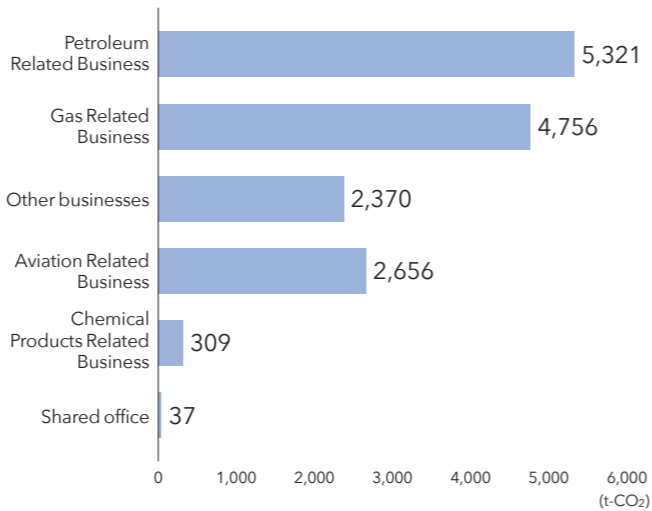
GHG emissions	FY2022		FY2023	
	Activity level	CO ₂ emissions (t-CO ₂)	Activity level	CO ₂ emissions (t-CO ₂)
Scope 1				
Gasoline (kl)	676	1,571	675	1,546
Diesel (kl)	1,396	3,610	1,437	3,726
Kerosene (kl)	180	450	121	303
LPG (t)	239	718	201	599
City gas (1,000 m ³)	206	464	246	569
City gas pipeline supply (1,000 m ²)	–	–	82,422	22
Other (kl)	336	880	338	903
Scope 1 total	–	7,694	–	7,666
Scope 2				
Power (1,000 kWh)	18,735	8,217	17,186	7,782
Green power total (1,000 kWh)	810	0	2,108	0
Green power	262	0	471	0
Non-fossil certified power	515	0	1,549	0
Company-owned solar power generation	33	0	88	0
Heat and steam (GJ)	1,177	0	1,096	0
Scope 2 total	–	8,217	–	7,782
Total CO ₂ emissions (Scope 1 + 2)		15,911		15,448

(Note) 1. Amounts are rounded to the nearest whole number.
 2. "Other" in Scope 1 refers to the Kawasaki Energy Center's in-house use (crude oil equivalent).
 3. CO₂ emissions are calculated using the "List of Calculation Methods and Emission Factors in the Calculation, Reporting, and Publication System," and electricity is calculated using the "Emission Factors by Electric Utility (Ministry of the Environment and Ministry of Economy, Trade and Industry)" for FY2023.
 4. In accordance with the Act on Promotion of Global Warming Countermeasures, emissions (methane) associated with the supply of city gas have been calculated and the results converted into CO₂ and added since FY2023.

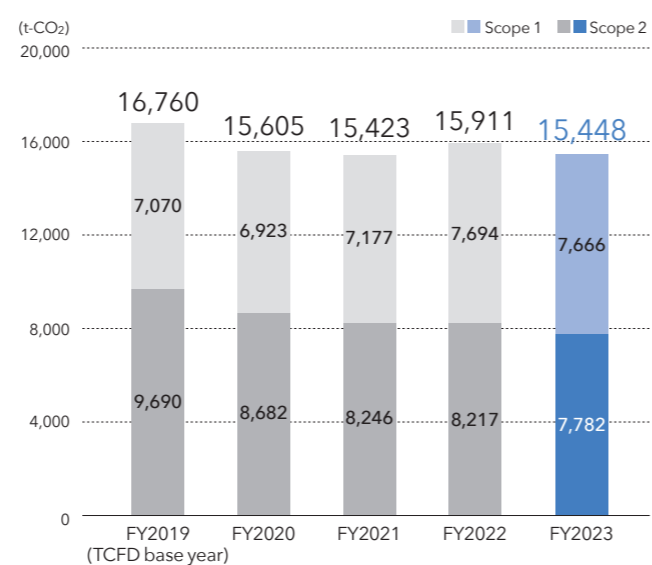
Details of waste (FY2023)



GHG emissions by segment (FY2023)



Trend in GHG emissions



Annual water usage and copy paper usage

	Water usage (1,000 m ³)	Copy paper usage (t)
FY2021	269	51
FY2022	289	46
FY2023	299	48

Human Resources-related Data

Human resources data

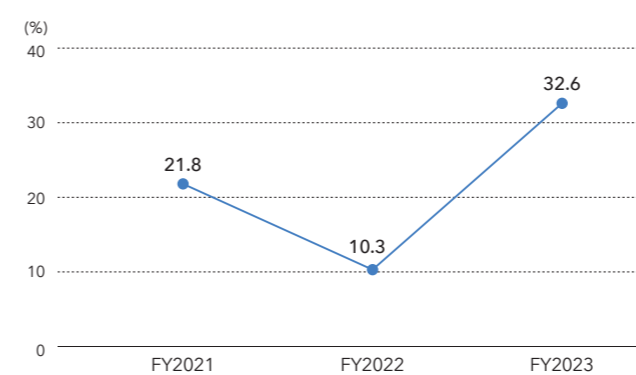
	FY2022			FY2023		
	Male	Female	Total	Male	Female	Total
Employees (people)	1,573	227	1,800	1,577	237	1,814
Average age (years)	40.9	40.5	40.9	43.7	42.7	43.5
Average years of employment (years)	13.9	11.6	13.6	14.7	11.3	14.3
Resignees who requested resignation (people)	101	24	125	83	18	101
Turnover rate (%)	6.0	9.8	6.4	5.0	7.1	5.3
Retirement age retirees (people)	25	5	30	24	6	30
Re-employed retirement age employees (people)	19	4	23	20	3	23
Re-employed non-regular employees (total) (people)	87	12	99	78	12	90
New graduate recruitment (people)	35	4	39	29	14	43
Mid-career recruitment (people)	54	13	67	84	20	104
Total (people)	89	17	106	113	34	147
Ratio of mid-career recruitment out of all recruitment (%)	–	–	63.2	–	–	70.8
Paid leave acquisition rate (%)	–	–	–	–	–	59.9
Ratio of women in managerial positions (%)	–	4.9	–	–	5.1	–
Education expenses per employee (thousands of yen)	–	101	–	–	90	–

Status of Group employees (as of March 31, 2024)

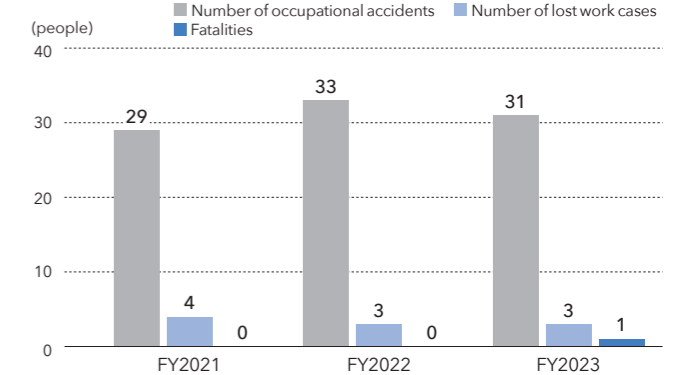
	Petroleum Related Business	Chemical Products Related Business	Gas Related Business	Aviation Related Business	Other businesses	Company-wide (shared)	Total
Employees (people)	553 (1,065)	87 (18)	596 (122)	402 (31)	112 (37)	64 (23)	1,814 (1,296)

(Note) 1. The number of employees is the number of full-time employees, and the number of temporary employees in parentheses is the average number of employees for the fiscal year under review.
 2. The number of employees indicated for company-wide (shared) refers to those who belong to administrative departments that cannot be classified into specific segments.

Ratio of women in new graduate recruitment



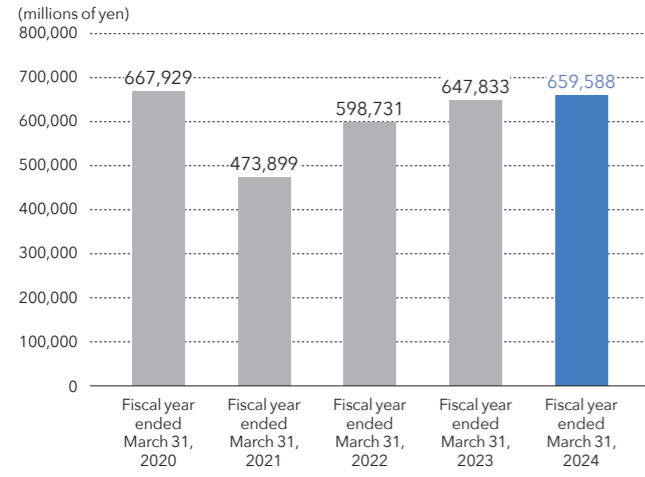
Trend in number of occupational accidents



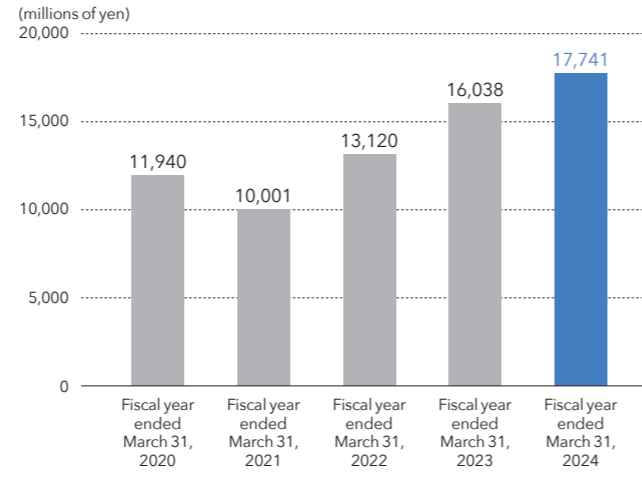
(Note) 1. Definition of occupational accident: A work-related accident that occurs while a worker is performing his or her job and which is caused by work, including work-related injuries, diseases, and deaths.
 2. Definition of number of lost work cases: The number of occupational accidents with four or more days of absence from work.

Financial Reporting

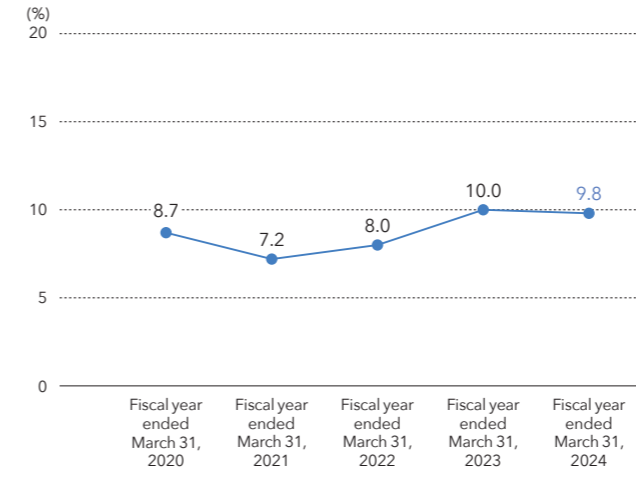
Net sales



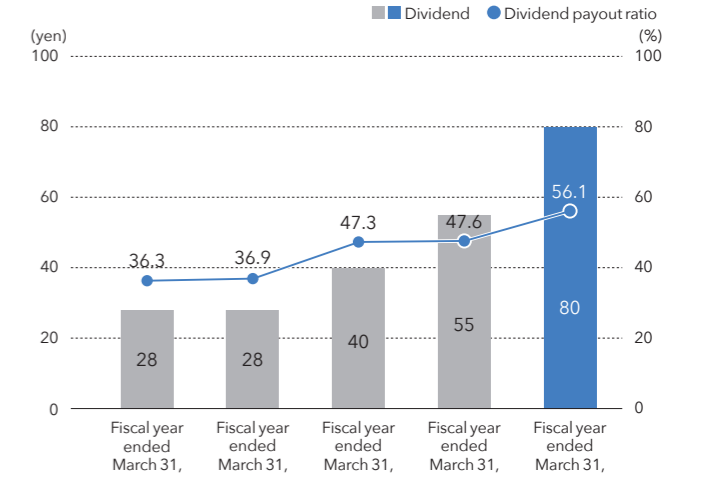
Ordinary profit



Return on equity (ROE)

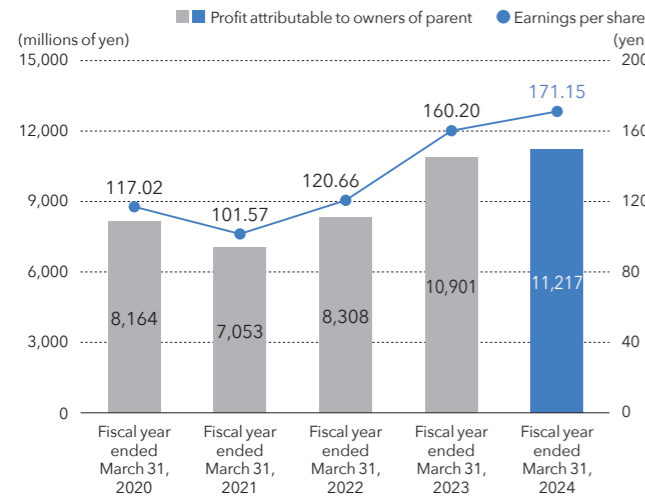


Dividend / Dividend payout ratio

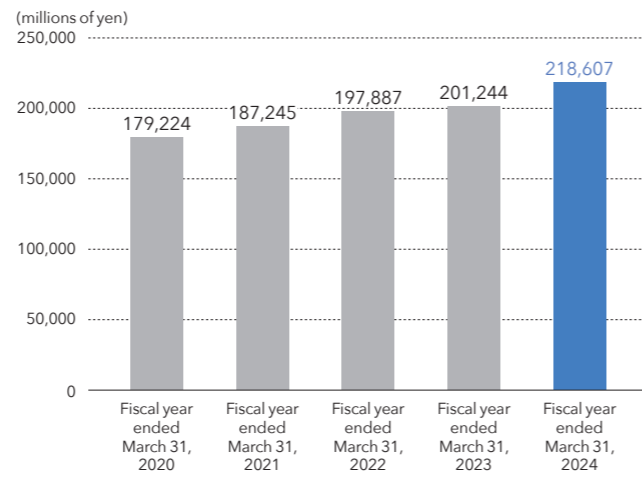


(Note) The dividend for the fiscal year ended March 31, 2022, included a 3-year commemorative dividend for the 70th anniversary of the Company's establishment.

Profit attributable to owners of parent / Earnings per share



Total assets

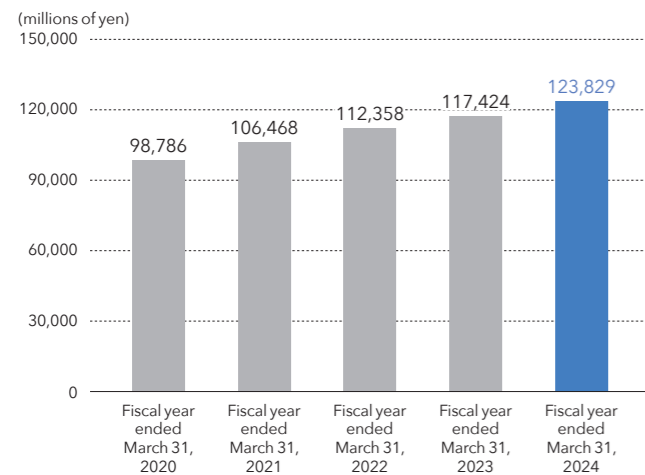


Business results by segment

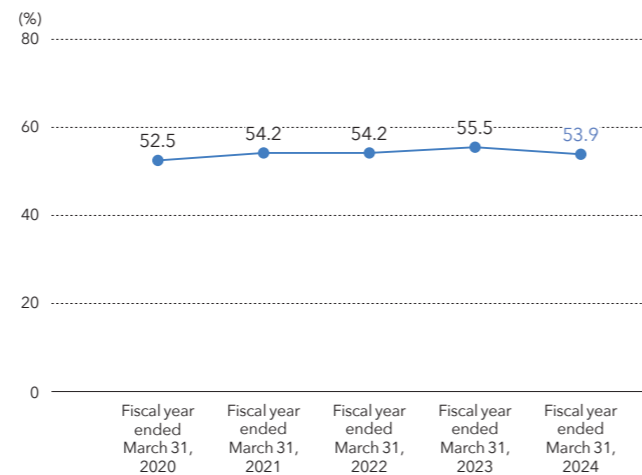
		Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Petroleum Related Business	Net sales	522,317	554,745	566,011
	Segment profit	9,371	9,587	8,348
Chemical Products Related Business	Net sales	10,383	12,210	12,098
	Segment profit	1,217	1,138	964
Gas Related Business	Net sales	51,275	61,015	56,134
	Segment profit	2,609	2,197	1,735
Aviation Related Business	Net sales	8,798	13,491	19,320
	Segment profit	62	3,766	8,756
Other businesses	Net sales	5,956	6,370	6,024
	Segment profit	1,020	1,152	729
Total	Net sales	598,731	647,833	659,588
	Segment profit	14,282	17,841	20,534
Adjusted amount	Net sales	-	-	-
	Segment profit	(1,162)	(1,803)	(2,792)
Amount recorded in consolidated financial statements	Net sales	598,731	647,833	659,588
	Segment profit	13,120	16,038	17,741

(Note) Segment income is adjusted with ordinary profit in consolidated income statements.

Net assets



Equity ratio





Cover Story

We launched our Second Medium-term Management Plan (FY2024–FY2026) this fiscal year. The cover expresses the Group's stance on steadily climbing the stairs toward our vision for FY2030 and continuing to meet challenges for the changing future.

Overview of San-ai Obbli Group (as of March 31, 2024)

Company Name	SAN-AI OBBLI CO., LTD.
Representative Directors	Representative Director, Chairman of the Board: Jun Kaneda Representative Director, President and Executive Officer: Hiroshi Hayata
Established	June 9, 1952
Capital	10,127 million yen
Employees	376
Main Office	5-22-5 Higashioi, Shinagawa-ku, Tokyo 140-8539 Japan
Head Office	2-3-2 Otemachi, Chiyoda-ku, Tokyo 100-8154 Japan
Stock Listing	Tokyo Stock Exchange Prime market

List of San-ai Obbli Group Companies (Consolidated) (as of October 1, 2024)

SAN-AI OBBLI CO., LTD.	Petroleum Product Sales and Ordering Business Kygnus Sekiyu K.K. Kygnus Kosan K.K. SAN-AI RETAIL SERVICE CO., LTD. SAN-AI OBBLI EAST JAPAN CO., LTD. SAN-AI OBBLI HOKURIKU CO., LTD. SAN-AI OBBLI CUSTOMER SERVICE CO., LTD.	Manufacture and Sales of Chemical Products SAN-AI RIKEN CO., LTD.
	LP Gas Sales and Distribution Business SAN-AI OBBLI GAS EAST JAPAN CO., LTD. SAN-AI OBBLI GAS BANSHU CO., LTD. SAN-AI OBBLI GAS CHUGOKU CO., LTD. SAN-AI OBBLI GAS KYUSHU CO., LTD. SAN-AI OBBLI GAS SANSHIN CO., LTD. Kygnus Ekika Gas K.K. SAN-AI OBBLI GAS SERVICE CHUGOKU CO., LTD. SAN-AI OBBLI GAS SERVICE KYUSHU CO., LTD. SAN-AI OBBLI LPG TRANSPORT CO., LTD.	Aviation Fuel Service Business SAN-AI AVIATION SERVICE CO., LTD. KOBE AIRPORT FUEL FACILITIES Inc. KAFCO CO., LTD.
		City Gas Business SAGA-GAS CO., LTD. Imarigas, Inc.
		Construction Business SAN-AI OBBLITECH CO., LTD.
		Insurance Agency T&P CO., LTD.



Inquiry

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<https://www.san-ai-obbli.com/en/>

