

Environment / Social / Governance

ESG

Contents

- P. 28 Climate Change Response
- P. 30 Biodiversity Initiatives
- P. 31 Human Resource Strategy
- P. 33 Technology Strategy
- P. 35 Safety and Security Initiatives
- P. 36 Corporate Governance
- P. 39 Messages from Outside Members of the Board
- P. 41 Executive Officers

Climate Change Response

Related Key Issues
(Materiality)



Create businesses that
will lead to the realization
of a sustainable society

▶ Environmental Management



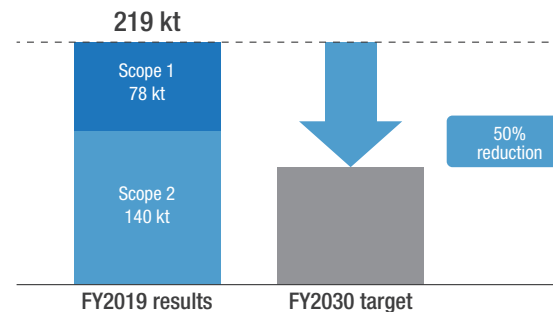
▶ TCFD Disclosure



Recognizing climate change and other global environmental issues as one of the most important management issues, we are striving to reduce the environmental impact of Group business activities. In addition, we analyze the risks and opportunities presented by climate change, reflect them in our management strategies and risk management, and appropriately disclose relevant information, aiming for our sustained growth while contributing to decarbonization of society as a whole.

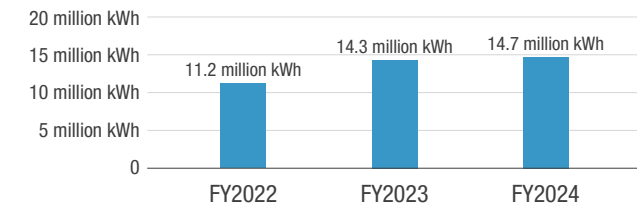
CO₂ emissions reduction targets

The Iwatani Group has announced its goal of achieving carbon neutrality by 2050, targeting as a milestone to be reached by FY2030 a 50% reduction in CO₂ emissions from domestic Group companies compared to FY2019. We aim to achieve our reduction targets for FY2030 through various measures, including the utilization of cold energy and the installation of solar panels at industrial gas plants; switching to renewable energy, including corporate PPA; and utilizing J-Credits that we ourselves generate. In FY2024, we are pursuing additional measures to promote investments in decarbonization, including adopting a system of internal carbon pricing to visualize the monetary value of CO₂ emissions reductions for proposed internal investments and use as reference in investment decision-making.



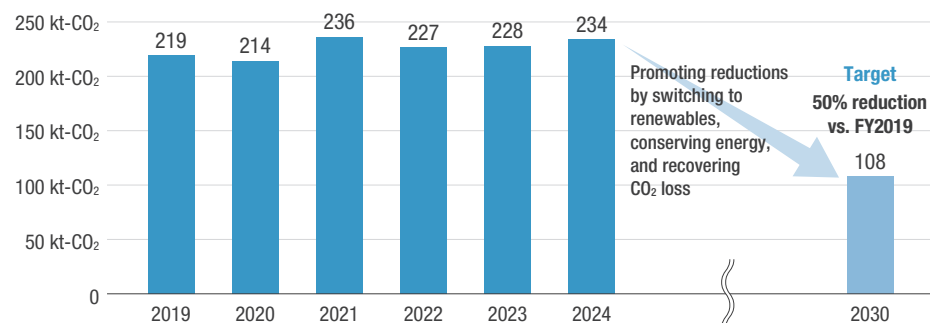
* Totaled for Iwatani Corporation business sites in Japan, Japanese consolidated subsidiaries, and two equity-method affiliates with high volumes of energy use
 * CO₂ emissions are calculated based on GHG protocols.
 * FY2019 results retroactively include CO₂ emissions of major companies acquired since FY2020.
 * This target assumes the electricity emission coefficient for FY2030 of the Japanese government's Plan for Global Warming Countermeasures.

Adoption of green power and solar power (Japan)



While working toward our reduction target for FY2030, we are installing solar panels at industrial gas manufacturing facilities and LPG centers and migrating facilities to green power. Amounts of green power and solar power adopted are growing steadily, and we aim to continually increase both in the future.

Scopes 1 and 2 emissions (Japan)



The Iwatani Group's domestic GHG emissions in FY2024 totaled 234 kt, up 6 kt from the previous fiscal year. To date we have advanced various initiatives to reduce emissions, including installing solar panels at industrial gas manufacturing facilities and LPG centers and switching business sites to green power. While these initiatives have generated some results, emissions increased due to higher plant utilization rates accompanying business growth.

To achieve our GHG emissions reduction target for FY2030, in addition to the efforts currently underway to make industrial gas plants more efficient, we will steadily reduce emissions by further promoting green power.

Climate Change Response

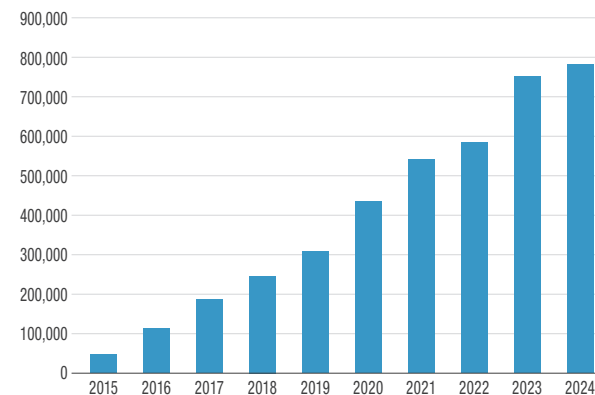
Related Key Issues
(Materiality)



Transitional initiatives

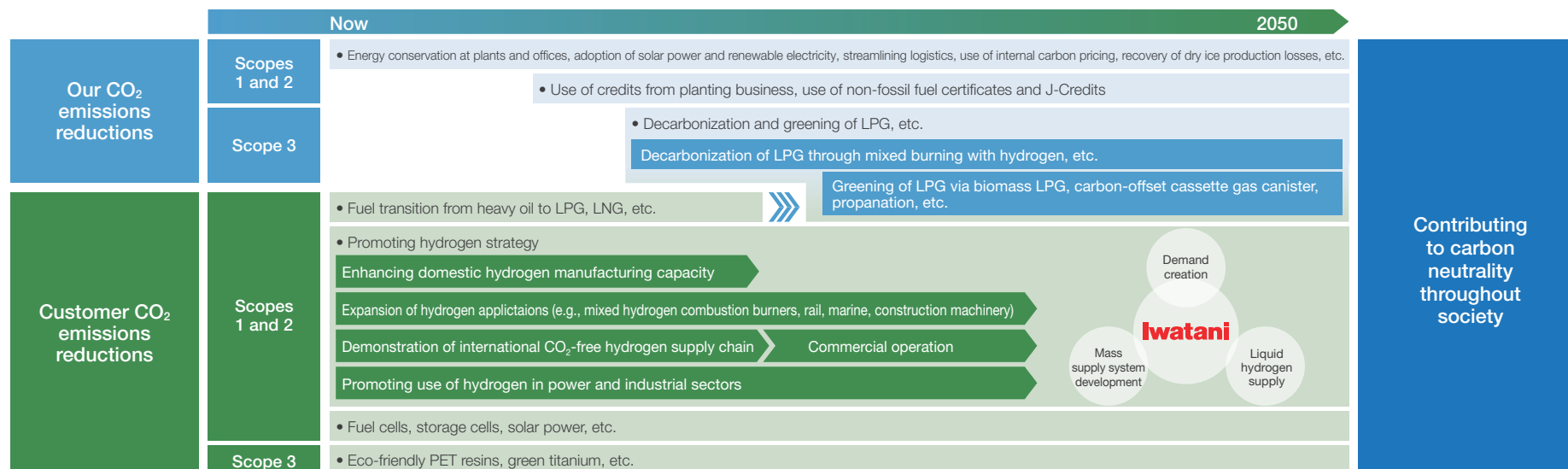
We are promoting the provision of low-/zero-carbon solutions to reduce customer CO₂ emissions and to help cut CO₂ emissions across society. Through fuel conversion to LPG and LNG, supplying hydrogen for fuel cell vehicles and fuel cell buses, and expanding sales of biomass fuel (PKS), biomass PET resin, Hydrogen-based premixed cutting gas (Hydrocut®), and biomass PP resin, we contributed to a CO₂ emissions reduction of approximately 780,000 tons in FY2024. We will continue contributing to global warming prevention through proactive efforts to develop and expand sales of clean energy and other solutions.

■ Contributions to CO₂ reductions (t)



Product, service	Reduction concept
Fuel conversion to LPG and LNG	Contributing to reduced CO ₂ emissions (in the usage stage) through fuel conversion from heavy oil and other fuels to LPG and LNG
Supplying hydrogen for FCVs and FC buses	Contributing to reduced CO ₂ emissions (in the usage stage) by supplying hydrogen as fuel for FCVs and FC buses
Biomass fuel (PKS)	Contributing to reduced CO ₂ emissions (in the usage stage) by supplying PKS for use in power generation
Biomass PET resin	Contributing to reduced CO ₂ emissions (in the raw material production and disposal stages) during production, disposal, and incineration by replacing traditional PET resin with plant-based materials
Hydrogen-based premixed cutting gas (Hydrocut®)	Contributing to reduced CO ₂ emissions (LCA) by replacing use of acetylene and other cutting gases with Hydrogen-based premixed cutting gas (Hydrocut®)
Biomass PP resin	Contributing to reduced CO ₂ emissions (in the raw material production and disposal stages) during production, disposal, and incineration by replacing traditional PP resin with plant-based materials

■ Roadmap toward carbon neutrality



Biodiversity Initiatives (TNFD*¹ compliance)

Related Key Issues
(Materiality)



Create businesses that
will lead to the realization
of a sustainable society

The Iwatani Group's business activities are highly dependent on the fruits of biodiversity—resulting from the diversity of creatures on the planet and their interactions. For this reason, we recognize consideration for protecting ecosystems and other environmental conservation efforts and maintenance and preservation of biodiversity to be important topics for the Group. For business activities that may significantly impact biodiversity, we first ascertain what kinds of biodiversity they depend on and what the impacts are, and then strive to minimize and contribute to recovery from such impacts on ecosystems.

*1: The Taskforce on Nature-related Financial Disclosures, an international initiative that provides a framework for businesses and financial institutions to identify, assess, and disclose risks and opportunities related to natural capital. It aims to visualize relations with nature from a financial perspective and to encourage sustainable decision-making.

Locating points of contact with nature (identifying dependencies and impacts)

Based on the TNFD's required LEAP approach*², we started with the Locate process to analyze nature-related risks and opportunities in Iwatani Group businesses. We used the ENCORE*³ nature-related risk assessment tool to verify how our businesses depend on natural capital and how they might impact it.

Identifying points of contact with nature in the Iwatani Group's main businesses (high-impact businesses)

Key: Impact

M	H	VH
Middle	High	Very High

Iwatani Group businesses	Dependency on natural capital								Environmental impact										
	Groundwater	Surface water	Water cycle	Water quality	Natural materials such as fibers	Climate regulation functions	Natural defenses against floods and storms	Ground stabilization and erosion prevention	Nature disturbance	Use of freshwater ecosystems	GHG emissions	Use of marine ecosystems	Air pollution	Soil pollution	Wastes	Use of land ecosystems	Water pollution	Water use	Biological interference/change
Energy Business						M	M	H	M	H	VH	H	M	H	H	H	H	H	
Industrial Gases Business	H	H					M		H		VH		H	H	H	H	H	H	
Mineral Sands Business	H	H	H			H		M	H	H	VH		H	H	H	VH	H	VH	M
Biomass Business (e.g., PKS)	M	M	M		VH		M				VH		H		H		H	H	

Results of ENCORE analysis showed that among our dependencies on natural capital (dependencies on ecosystem services), a tendency was observed that the biomass business, such as PKS, depends on nature-derived materials, while the mineral sands business relies on water supply services. In terms of our impacts on the environment, the Energy Business, Industrial Gases Business, Mineral Sands Business, and Biomass Business were all quite likely to generate major environmental impacts through GHG emissions and water use. Going forward, we will conduct detailed analyses based on the specific conditions of the regions in which we do business, and use this information to develop initiatives aimed at preserving biodiversity.

*2: Integrated approach to assessments of nature-related issues, including points of contact with nature in business activities and their dependency relationship with nature, impact, risks, and opportunities, developed by the TNFD. Its process consists of the following steps: Locate; Evaluate; Assess; and Prepare.

*3: Tool for identifying nature-related risks, developed chiefly by the United Nations Environment Programme World Conservation Monitoring Centre

Human Resource Strategy

Basic Policy

Generating a virtuous circle of organizational growth through acquisition, development, and success of human resources

The source of sustained value creation is human resources. Our goal is to be an organization in which each and every employee can thrive and grow. To do so, we will hire diverse human resources, including international human resources, those with IT skills, and those with external experience, regardless of gender, and build an environment that accepts and accommodates their values and allows them to demonstrate their individual abilities to the fullest. We support the autonomous career development of our employees to maximize their abilities, while strengthening employee satisfaction and motivation by realizing flexible workstyles. Through this cycle of overall organizational growth through acquisition, development, and success of human resources, we will continue to deliver value to the world by growing our businesses and putting our strategies into practice.

Related Key Issues (Materiality)



Develop an environment and systems in which diverse human resources can thrive

Occupational Health and Safety, Health and Productivity Management [Web](#)

Human Rights [Web](#)

Supply Chain Management [Web](#)

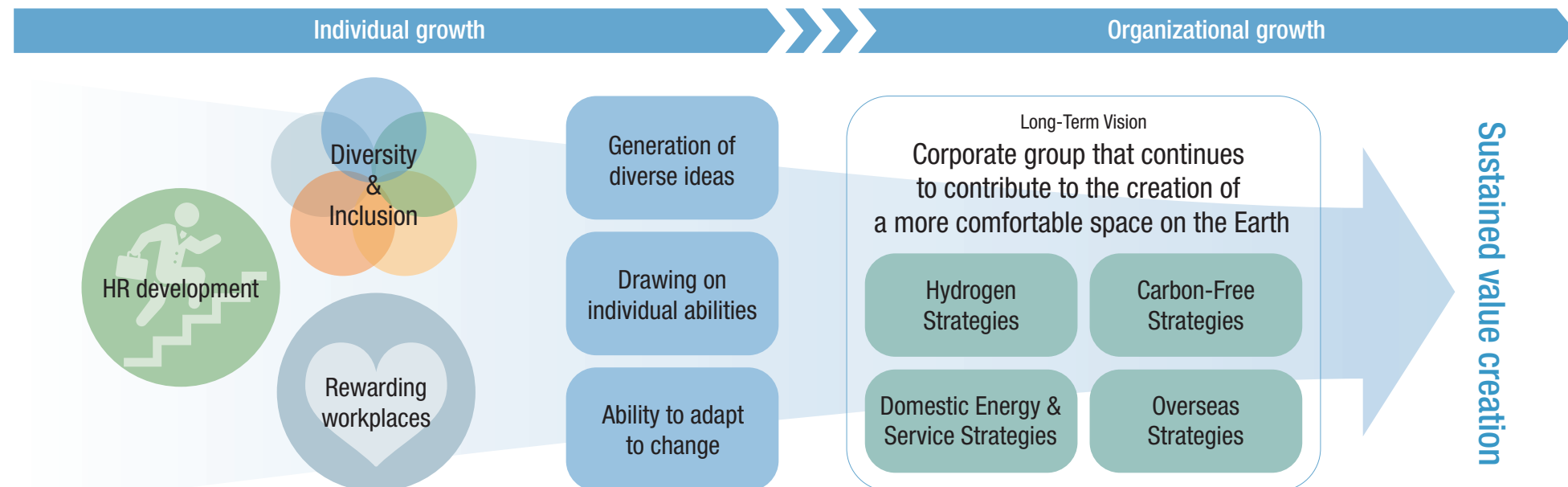
Targets and Progress

Targets of the Non-financial Strategies (Human Resource Strategy)

Indicators	FY2022 results	FY2023 results	FY2024 results	FY2027 targets
Ratio of female managers	6.0%	6.9%	7.8%	10% or higher
Annual training costs per employee	¥86,000	¥118,000	¥138,000	¥150,000
Rate of childcare leave taken by male employees	30.6%	55.9%	73.5%	100%

* Figures shown are for Iwatani Corporation on a nonconsolidated basis.

From individual growth to the growth of the entire organization



Human Resource Strategy

Related Key Issues
(Materiality)



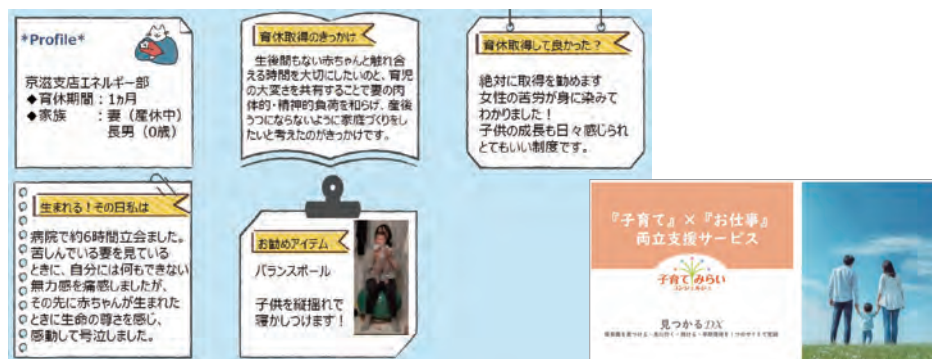
Initiatives

Promoting diversity and inclusion, and establishing comfortable workplaces

Under the slogan “Toward an organization of acceptance of and mutual respect for diverse values,” we are striving to develop an environment in which our diverse pool of employees can demonstrate their individual abilities and help them enjoy flexible workstyles suited to individual life stages, with a focus on diversity and inclusion (D&I).

To help employees balance work with childrearing, we have contracted with Life Care Partners Co., Ltd., which provides the Childcare Future Concierge service that enables employees to apply for company-operated nursery schools, and provide employees with the necessary information. We also actively encourage men to take childcare leave. As a result of rising Companywide awareness of the importance of this initiative, the rate of men taking childcare leave in FY2024 reached 73.5%. Another focus point is support for balancing work with long-term care. Examples include publication of a Long-term Care Handbook, setting up a consultation contact point, and the long-term care leave program which exceeds legal requirements.

We've also initiated semiannual engagement surveys in order to obtain visibility on employee motivation and organizational issues. We formulate a cycle of feedback and action plan formulation and execution repeated at each department level, share positive case outcomes, and support sections facing issues. We plan to continue providing ongoing support through various measures to establish workplaces in which all employees can perform at their best with peace of mind.



Childcare report by an employee who took childcare leave

Adoption of the Childcare Future Concierge service

Developing the human resources needed by society and enhancing training environments

To maintain our status as people needed by society as called for in our Corporate Philosophy, Iwatani supports the autonomous career development of employees and develops human resources to make the organization one that can thrive amid external change. In FY2024, we introduced the new Lead the People training program for mid-carrier personnel to enhance the development of leaders for the next generation. To accelerate the promotion of digital transformation (DX), in April 2025 we established the new Group company Iwatani Digital Force Co., Ltd., and are also focusing on developing DX human resources. We have introduced a foundational Digital Literacy and Application Training Program and a DX Strategy and Promotion Training Program aimed at creating new business models, with the goal of developing 1,200 and 130 personnel respectively by FY2027. In FY2024, we held practical training sessions in which employees used efficiency tools to learn how to improve work efficiency. In FY2025, we began expanding these DX HR development programs to also include Group companies.

A new training center was completed in November 2024 on Port Island, in the city of Kobe, Hyogo Prefecture. This is the carbon-neutral environmental learning facilities which uses hydrogen fuel cells, solar power, and carbon-offset gas and serves as a base for communicating hydrogen energy information. We are also considering introducing green hydrogen and green LPG at the facility in the future. We will continue to enhance our systems and environments for training and developing the human resources needed by society.



A training session

Technology Strategy

Related Key Issues
(Materiality)



Promote innovation with
the use of technologies
and expertise



Hiroshi Fukushima

Senior Managing Officer
Member of the Board
General Manager,
Technology & Engineering Division

Leading to a more comfortable space on the Earth through technological and safety capabilities

Global environmental issues, declining birthrate, aging population, and other social issues are increasingly apparent around the world. Technology is the key to their solutions. In FY2024, looking ahead of a hydrogen energy-based society, more customers conducted demonstration testing of hydrogen and ammonia as fuels. Engineering projects increased in numbers as well as in scale and complexity. We worked to implement efficient engineering with limited personnel, improve productivity, utilize digital transformation (DX) to consolidate knowledge, such as design documents, and thoroughly investigate the causes of problems to prevent their recurrence. As a result, we have shortened the time it takes to resolve customer issues and made progress in passing on knowledge among employees. Meanwhile, we are facing challenges in digitizing past records and experiences and working to improve these conditions.

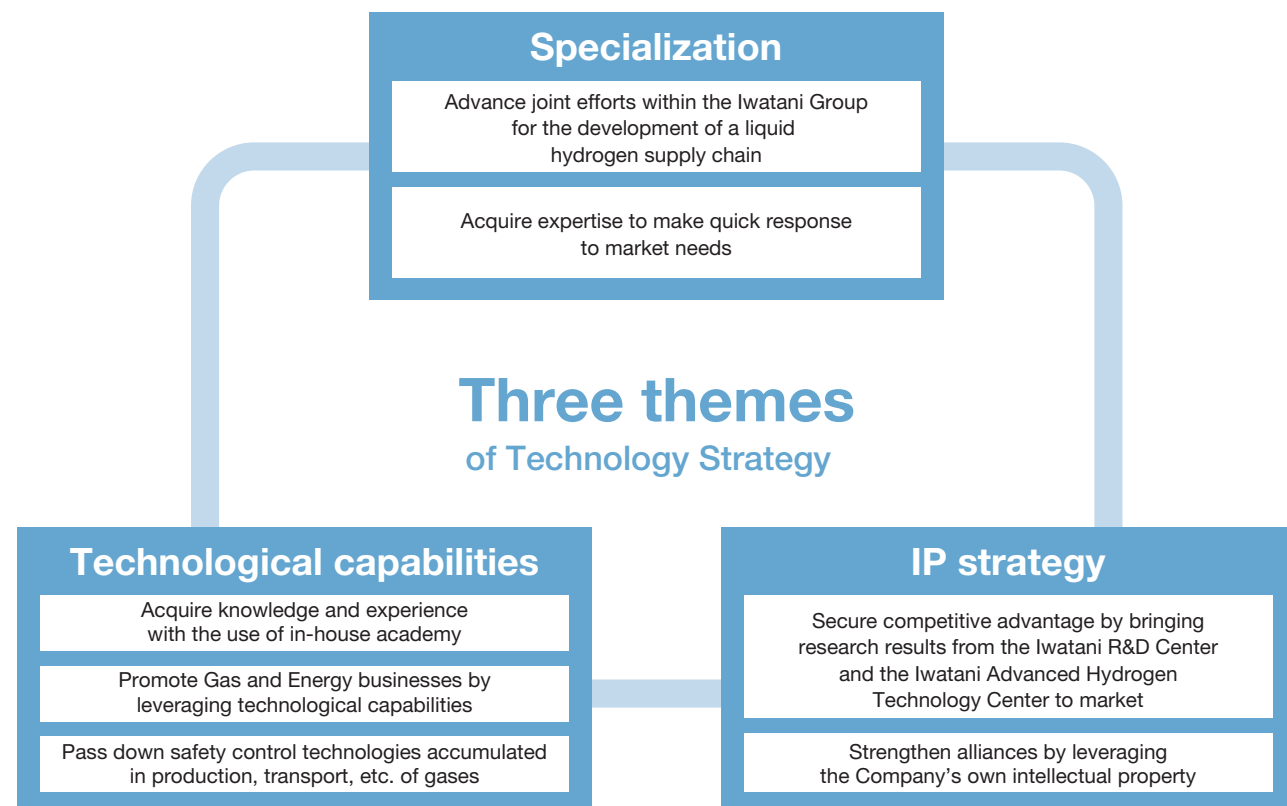
Regarding safety, there were no major disasters or accidents during FY2024. We continue to promote smart safety and deploy visualization of our plants and filling stations using cameras and sensors both domestically and overseas. During the Noto Peninsula Earthquake in January 2024, we were able to grasp the situation at filling stations in real time and respond quickly. We are establishing an efficient and safe security system, including paperless inspection records.

In FY2025, we will continue to strengthen our engineering functions. Our R&D Center will continue to focus on hydrogen research, refining green LPG synthesis, liquid hydrogen utilization technology, and hydrogen combustion technology.

Basic Policy

Enhancing the technological and safety capabilities needed to grow the Gas & Energy businesses

Key to growing our core Gas and Energy businesses and leveraging the strengths in hydrogen business is enhancing our technological and safety capabilities. Toward this end, we have set out a technology strategy as one of our non-financial strategies. We are striving to demonstrate technical capabilities and engineering functions as our expertise; to enhance and pass down technical capabilities; and to improve our earnings abilities by leveraging intellectual property. By demonstrating our technological and safety capabilities, we will fulfill our everyday business operations more safely and efficiently and propose solutions well-suited to customer needs, thereby promoting the creation of new businesses and new value.



Technology Strategy

Related Key Issues
(Materiality)



Initiatives

Enhancing human resource development and education structures through the internal university, Iwatani Technology and Safety University

Iwatani Technology and Safety University opened in October 2023 as part of efforts to develop human resources to underpin Iwatani's strengths in technology and safety. Its doors are open not just to engineering personnel, but to sales and administrative employees. Enrollment in FY2024 totaled 417 employees, and was expanded in FY2025 to also accept students from Group companies.

The University's curriculum consists of the three parts: classroom sessions, lectures, and practical training. Instruction covers the general technologies in the field of gas over a wide range of topics, including safety laws and regulations, equipment design, and practical learning in the field. It also enables employees to acquire official qualifications. Going forward, in addition to reflecting the results of training in the personnel system, we will build a systematic and dynamic education structure while considering improvements to online courses and cooperation with outside experts. Through this internal university, we will continue to empower employees with the capabilities needed to propose solutions and to adapt to circumstances on site, as well as to pass along expertise to future generations. We aim to grow our businesses with a view to transitioning to a carbon-free society while enhancing our ability to provide new technologies and services.



Lecture by visiting instructor

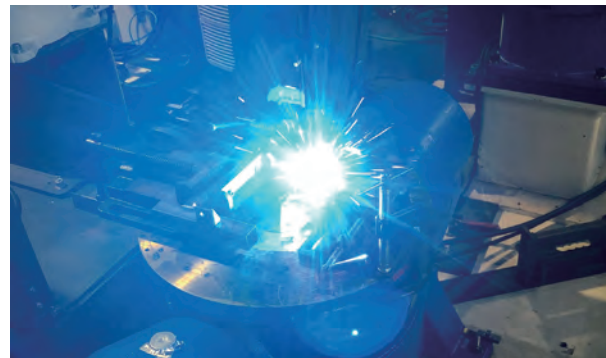


Practical training on handling liquefied gas at the Iwatani R&D Center

Establishing aluminum diecast joining technology using advanced gas and welding technologies

Research and development at the Iwatani R&D Center has solved the challenging technological issue of joining together aluminum diecast materials—for which demand has been growing for use in vehicle bodies and other applications. Normally, aluminum diecast materials form strong oxide films that lead to cracking or pore formation after welding, which makes joining them together highly difficult. Based on our advanced gas mixing and welding technologies, we have realized stable joining by optimizing sealed gas purity and composition and welding conditions.

This new technology is expected to see use in fields where light weight and high strength are required, including transport vehicles, logistics machinery, and energy-related equipment. It will also reduce environmental impact by shortening manufacturing processes and reducing weight for improved fuel efficiency. Iwatani will continue contributing to solving challenges at manufacturing sites and a carbon-free society by drawing on the strengths of its superior gas and welding technologies and the Iwatani R&D Center's materials research.



Aluminum diecast welding

Achieving carbon neutrality and use of cold energy generated from liquid hydrogen at the Iwatani R&D Center

The Iwatani R&D Center is deploying a wide range of measures to achieve the goal of effectively eliminating CO₂ emissions. As part of these efforts, it is seeking to use cold energy generated during the gasification of liquid hydrogen. In FY2022, it began demonstration testing of recovery of cold energy generated from liquid hydrogen using heat exchangers, seeking to use it in applications such as the cooling water for the R&D Center air conditioning and experiments. The focus is on accumulating data for use in equipment design.

Other efforts underway at the Center include the adoption of fuel-cell equipment and the study of an energy management system linked to solar power generation, as well as technologies for green LPG. Through these efforts, the use of grid power in FY2024 was reduced by approximately 26% from FY2019. We will continue to develop carbon-neutral technologies, verify and demonstrate them in the R&D Center, and provide the resulting technologies for use in society.



Liquid hydrogen experimental equipment



Pure hydrogen fuel-cell power generation equipment

Safety and Security Initiatives

As an enterprise engaged in business along the axes of Gas and Energy, Iwatani recognizes the importance of safe supply of LPG and industrial gases to customers, ensuring that they can use them with peace of mind. We consider safety itself to be the core of our business operations, and we focus on safety initiatives accordingly.

Initiatives

Evolving security systems and enhancing adaptability through digitalization

The gas center security system enables the integrated management of operations at Iwatani Group gas centers by linking them online. In FY2024, the system had been adopted at 140 facilities, including at our LPG centers and industrial gas centers nationwide. We plan to deploy the system to overseas plants as well in the future. During the January 2024 Noto Peninsula Earthquake, we were able to use cameras and sensors installed at the LPG center in Wajima to check in real time for any damage to tanks and buildings and for gas leaks, which meant we were able to begin recovery activities within 20 minutes after the quake. Each center is enhancing its preparedness for increasingly severe natural disasters such as torrential downpours, heavy snowfall, and high waves, using seismometers and access to weather data from the Japan Meteorological Agency. In June 2023, we adopted as standard practice the tablet entry of results of the three daily inspections of LPG centers. This improves safety and operational efficiency by allowing the automatic detection of abnormal values and instant display of response methods, which helps control input errors, accelerate on-site response, and facilitate information-sharing. We will continue to enhance safety and response capabilities by evolving the security system.



Centralized plant management using cameras



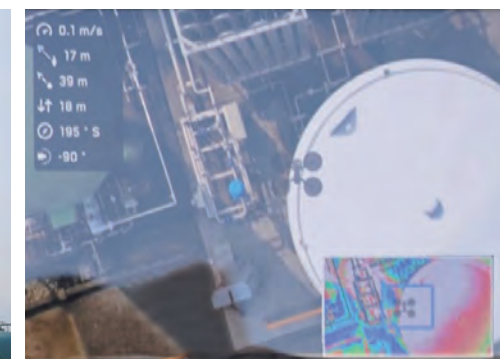
Plant equipment management using the system

Predictive maintenance initiatives to build a comprehensive security system by 2030

Iwatani plans to build a Groupwide comprehensive security system by 2030. As part of this effort, we are developing a predictive maintenance system to quickly identify any signs of abnormalities, which is enabled through constant monitoring at LPG centers and industrial gas centers. This will replace the existing system that is based on regular inspections. Specifically, it involves promoting digital transformation (DX) and standardization in safety operations to prevent accidents while enhancing security capabilities and addressing labor shortages through automated and more efficient inspection and operations. In addition, we are proceeding with demonstration testing using drones to check the safety of large-scale facilities in preparation for disasters and other situations where human access is difficult. We expect to use drones to check safety remotely in the event of risk of aftershocks or secondary disasters, and are exploring broadened applications for drones in the future. In addition to database-building and systematizing the advanced security management techniques amassed to date, we will continue to promote the use of new technologies for even safer and more reliable delivery of gas to customers, while promoting the succession of these technologies to future generations.



Plant inspection patrol using a drone



Inspection footage from a drone

Corporate Governance

Related Key Issues
(Materiality)



Based on its corporate philosophy, “Become a person needed by society, as those needed by society can prosper,” Iwatani strives to reinforce corporate governance by enhancing management soundness, transparency, and efficiency.

Basic Policies

1. We will create an environment that allows shareholders to exercise their rights properly and will endeavor to ensure equality among shareholders.
2. We will respect the rights and positions of employees, customers, business partners, creditors, local communities and other stakeholders and endeavor to collaborate with them properly.
3. We will make appropriate disclosure in accordance with legislation. For the purpose of ensuring transparency, we will endeavor to offer information other than the information to be disclosed pursuant to the legislation.
4. We will make impartial, transparent and swift decisions in an effort to ensure that the Board of Directors will properly fulfill its functions and duties.
5. We will endeavor to hold constructive dialogs with shareholders for continuous growth and increase in corporate value.

Business Execution and Oversight System

[Board of Directors]

Responsible for Iwatani's business decision-making and oversight, the Board of Directors consists of 12 members (including four Outside Members of the Board). Together with swift, appropriate decision-making and oversight based on comprehensive and active deliberation in the Board of Directors, the Outside Members of the Board strengthen the functions of the Board by enhancing and improving the transparency of decision-making and the effectiveness of oversight from standpoints independent of company management and based on extensive experience and knowledge of corporate governance.

▶ Corporate Governance Report 

[Executive officer system]

Iwatani strives to stimulate the activities of the Board of Directors by introducing the posts of executive officers to speed up decision-making and delegate authority. In accordance with management policies decided on by the Board of Directors, executive officers are delegated authority by the representative member of the Board to devote themselves to business execution in compliance with relevant instructions and orders. Through adopting this system, we are promoting more efficient management by enhancing decision-making on corporate strategies and oversight functions by the Board of Directors.

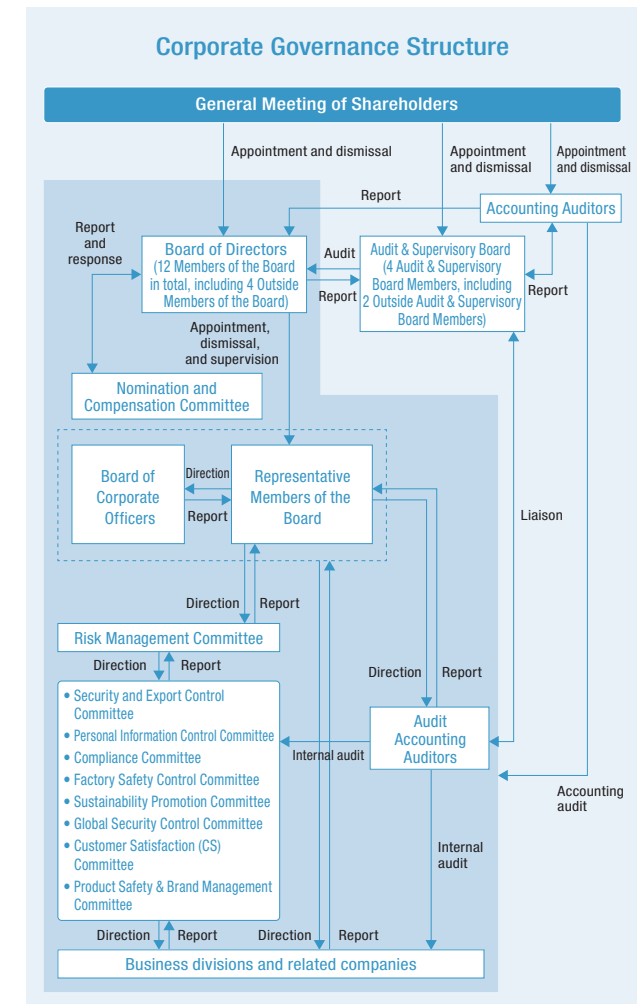
[Board of Corporate Officers]

Once a month, Iwatani's Board of Corporate Officers, whose membership consists of full-time Members of the Board, executive officers, and full-time corporate auditors, meets to share information and facilitate communication in addition to deliberating on important matters related to business execution.

[Nomination and Compensation Committee]

Iwatani has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. This body consists of three or more Members of the Board, a majority of whom, including the chair, are Outside Members of the Board. The goal is to enhance fairness, transparency, and objectivity in procedures related to decision-making on the appointment and dismissal of Members of the Board, the appointment of Audit & Supervisory Board Members, and compensation of Members of the Board and to strengthen corporate governance, based on the report by this Committee.

▶ Corporate Officers 



Corporate Governance

Related Key Issues
(Materiality)



Audit System

Iwatani has adopted a company structure with an Audit & Supervisory Board. The Audit & Supervisory Board consists of four members (including two Outside Audit & Supervisory Board Members). Full-time Audit & Supervisory Board Members attend meetings of the Board of Directors and the Board of Corporate Officers and other important meetings, and Outside Audit & Supervisory Board Members attend Board of Directors meetings to ensure full oversight of the execution of duties by Members of the Board. Audit & Supervisory Board Members are appointed with a focus on matters such as their specialized knowledge of finance, accounting, and law and their knowledge and experience related to our businesses. Outside Audit & Supervisory Board Members in particular are appointed based on the requirements for independent officers identified by financial instruments exchanges. In this way, our audit system is based on multifaceted perspectives.

The Audit Department has been established to conduct internal audits. Its periodic internal audits, implemented in close cooperation and communication with Audit & Supervisory Board Members consider whether the business activities throughout the Company are being performed appropriately and efficiently.

Risk Management System

The Iwatani Group has established a Risk Management Committee to ensure integrated management of risks across all Group companies. Specialized individual committees set up beneath the Risk Management Committee address main anticipated risks such as compliance risks and plant safety risks, to enable comprehensive responses to corporate risks, both apparent and potential. The Risk Management Committee holds regular meetings overseen by the chairperson, reports to management, and strives to manage risks groupwide, including risks related to compliance with applicable laws and regulations. Special individual committees meet regularly to monitor the status of compliance and efforts related to the risks. The individual chairpersons of these committees report on the content of their meetings to the Risk Management Committee.

Executive Remuneration

Iwatani's executive remuneration consists of fixed remuneration, bonuses (performance-linked compensation), and share-based compensation. An annual maximum of ¥1.8 billion (including up to ¥200 million to Outside Member of the Board) in fixed compensation and bonuses for Directors was approved by the Annual General Meeting of Shareholders held June 21, 2023. (This excludes compensation for Directors serving concurrently in employee posts.) An annual maximum of ¥300 million in compensation for Audit & Supervisory Board Members was approved by the general meeting of shareholders held June 26, 2012. Iwatani has established the Nomination and Compensation Committee, a majority of whose membership consists of Outside Member of the Board, to ensure the fairness, transparency, and objectivity of procedures related to Director compensation. Total compensation must conform to the above limits. Of these, decisions on fixed compensation and bonuses for individual Directors are delegated by the Board of Directors to the Representative Director, Chairman and CEO, with the Nomination and Compensation Committee serving in an advisory role.

Decisions concerning compensation for Audit & Supervisory Board Members are made through consultations among Audit & Supervisory Board Members. As share-based compensation, the June 19, 2019 general meeting of shareholders approved the adoption of compensation in the form of transfer-restricted shares. The Board of Directors makes decisions on the specific timing and numbers of shares allocated up to the authorized maximum limit (¥260 million annually); the Nomination and Compensation Committee fulfills an advisory role in this decision-making process.

Compliance

Iwatani acts with uncompromising respect for the letter and the spirit of applicable laws and regulations and fulfills its social responsibilities based on free and fair competition. In 1998, to prevent corporate misconduct, we established the Iwatani Code of Corporate Ethics as a set of norms to be observed in all aspects of our business activities, setting forth the management philosophy, morality, and values to be understood

and accepted by all management team members and employees. We seek to promote awareness and understanding of this code throughout the Company and Group companies and to strengthen awareness of compliance matters groupwide.

[Compliance Committee]

The Compliance Committee has been established under the Risk Management Committee to thoroughly enforce and strengthen legal compliance structures in Iwatani Group business activities. It reports on compliance to the Risk Management Committee via the Compliance Committee chairperson and to the management team via the Risk Management Committee chairperson. We have also established a whistleblowing program, which is aimed at enhancing compliance management through a structure whereby reports from employees and others concerning organizational or individual actions in violation of laws or regulations can be appropriately handled. Under this system, the Compliance Committee investigates the facts of the matters reported and, as necessary, takes swift corrective and preventive action. Whistleblower contact points have been set up both inside and outside the Company, and response is based on advice from third-party experts. We have stipulated rules prohibiting disadvantageous treatment to safeguard the rights of whistleblowers.

[Prohibition of bribery]

The conduct guidelines in the Iwatani Code of Corporate Ethics prohibit the provision or acceptance of business-related entertainment or gifts that go beyond the bounds of social and international norms. They also prohibit actions constituting bribery vis-a-vis domestic and foreign public servants and quasi-public servants (such as members of public entities, independent administrative agencies, and extra-governmental organizations). We aim to prevent bribery by establishing these guidelines to ensure that all employees is aware of and act according to them.

[Internal awareness raising activities]

We strive to raise compliance awareness by sharing the corporate philosophy, ethics, and values and implementing compliance training under the Iwatani Code of Corporate Ethics. The training is delivered by lawyers, covering topics such as the Antimonopoly Act, to ensure that participants fully understand the importance of compliance.

Corporate Governance

Related Key Issues
(Materiality)



Evaluating the Efficacy of the Board of Directors

In March 2025, we surveyed all Members of the Board about the Board's efficacy. The findings were analyzed, assessed, and reported to a meeting of the Board in May 2025. The method and results of evaluation of the Board's efficacy in FY2024 are outlined below. We will continue striving to make the Board even more effective through regular analysis and evaluation of its efficacy.

FY2024 initiatives

- Earlier distribution of materials prior to Board meetings and clarification of summary and supplemental materials
- Enhancement of prior explanations of Board agenda items to Outside Members of the Board and Outside Audit & Supervisory Board Members and sharing with Inside Members of the Board questions, answers, and comments asked or offered in the prior explanation sessions
- Providing opportunities for briefings and tours of affiliate companies to increase understanding of Company businesses by Outside Members of the Board and Outside Audit & Supervisory Board Members
- Sharing information on the status of IR activities and questions and comments from investors and shareholders

Evaluation

Date: March 2025

Subjects: All 12 Members of the Board and four Audit & Supervisory Board Members

Method: Survey format prepared by an external agency, on a five-point scale

Evaluation items:

- 1 Board of Directors composition and operation
- 2 Management strategies and business strategies
- 3 Corporate ethics
- 4 Risk and crisis management
- 5 Monitoring of business results, management team evaluation and compensation
- 6 Dialogue with shareholders and others

Evaluation results

As was the case last year, the results this year indicate that the Board remains effective overall, with generally positive evaluations for all items.

They also identified the following individual issues:

- 1 Enhancement in the provision of information on management strategies, business strategies, and other important topics
- 2 Confirming the effective use of management resources through investments conscious of capital costs
- 3 Checking on efforts to achieve the Sustainable Development Goals (SDGs) through addressing issues related to sustainability

Efforts to further improve efficacy

We are implementing the following initiatives to make the Board more effective with regard to the individual issues identified in FY2024:

- 1 Individual information-sharing and discussion regarding businesses with issues
- 2 Ongoing reporting on the state of recovery of investment on capital investment projects and enhancement of efforts through review of investment standards
- 3 Regular reporting and discussion of nonfinancial information

Messages from Outside Members of the Board

Related Key Issues
(Materiality)



Shosuke Mori

Outside Member of the Board,
Chairperson, Nomination and
Compensation Committee

April 1963 Joined The Kansai Electric Power Co., Inc.
June 1997 Member of the Board,
The Kansai Electric Power Co., Inc.
June 2005 President and Representative Director,
The Kansai Electric Power Co., Inc.
June 2010 Chairman and Representative Director,
The Kansai Electric Power Co., Inc.
June 2019 Member of the Board, the Company
(current position)

Iwatani is active across a wide range of fields, and the Board of Directors discusses diverse issues. In particular, I think efforts to achieve greater efficacy have made progress in recent years. One example is the system of prior explanations. This has made it possible to provide more appropriate comments and advice through Board meetings based on a thorough understanding of the background and issues of each agenda item. As an Outside Member of the Board, my contributions to the Board reflect an awareness of whether its readiness for and responses to risks are appropriate and whether proposals would contribute to growth, from the perspectives of sustained corporate growth and enhanced governance. I was appointed Chairperson of the Nomination and Compensation Committee in 2025. Over the four years since its founding, I believe the committee has played an important role in ensuring fairness, transparency, and objectivity. Going forward, we will seek to further strengthen its functions by clarifying the requirements for candidate officers. Additionally, I believe that in order for our Company to grow, it is essential to develop not only highly specialized personnel but also human resources endowed with a companywide perspective. We will contribute to increasing corporate value through constructive discussions on our approaches to personnel management and HR development measures.



Hiroshi Sato

Outside Member of the Board
Member, Nomination and
Compensation Committee

April 1970 Joined Kobe Steel, Ltd.
June 1996 Member of the Board, Kobe Steel, Ltd.
April 2009 President, Kobe Steel, Ltd.
April 2013 Chairman, Kobe Steel, Ltd.
April 2018 Advisor, Kobe Steel, Ltd. (current position)
June 2021 Member of the Board, the Company
(current position)

Mergers and acquisitions (M&As) are one effective way to achieve business growth, and we also actively pursue M&A opportunities. Iwatani's businesses comprise the two functions of trading company and manufacturer. While developing its businesses, it has engaged in a growing number of M&As to strengthen its manufacturer function. As part of this process, I ask questions and offer comments, drawing on my own insights, from the perspective of whether the target company's technological capabilities and other matters are being assessed properly.

In M&A, post-acquisition integration is vital. I see the process of accurately understanding the target company's strengths and incorporating them into Group business foundations as crucial. If post-acquisition integration with the Group appears to lack insights from a manufacturer's point of view, I intend to take steps such as providing advice based on my own experience. In these ways, I seek to contribute to future growth in corporate value.

Messages from Outside Members of the Board

Related Key Issues
(Materiality)



Hiroyuki Suzuki

Outside Member of the Board
Member, Nomination and
Compensation Committee

August 1980 Joined Maruichi Steel Tube Ltd.
June 1983 Member of the Board,
Maruichi Steel Tube Ltd.
April 2003 President, Maruichi Steel Tube Ltd.
June 2013 Chairman and CEO,
Maruichi Steel Tube Ltd. (current position)
June 2022 Member of the Board, the Company
(current position)

Iwatani has identified overseas strategies as a priority measure under PLAN27. However, it is vital to pay attention to the changing international business environment and various risks. Our hydrogen business in the U.S., for example, has recorded extraordinary losses. To advance our overseas strategies, it is important to consider what strategic approaches to take in markets with high growth potential, like the large U.S. market and the rapidly growing Southeast Asian market. Growth overseas is essential to the Company's growth, and I personally have high expectations for the Company's future growth in overseas markets.

Further, while Iwatani pursues active investments and acquisitions to grow its businesses, it is important to keep in mind that investment is not itself the ultimate goal. It is essential to verify whether investments made are generating earnings and creating synergies as planned, as well as to check the progress in light of the initial plan. The same is true for acquisitions. The Board has opportunities to receive regular progress reports on these matters, and I intend to contribute to the Company's sustained growth based on careful deliberations on risks and opportunities.



Yuki Saito

Outside Member of the Board
Member, Nomination and
Compensation Committee

October 2006 Registered as an attorney
Joined Sakura Law Office
January 2012 Partner, Sakura Law Office
(current position)
October 2015 Part-time judge
(domestic relations conciliator)
June 2023 Member of the Board, the Company
(current position)

Diversity management has grown increasingly important in recent years. It is vital to build an environment that fosters new ideas through active exchange of opinions among employees with differing values and backgrounds. The Human Resource Strategy of PLAN27 includes targets for items like the ratio of female managers, and we are continuing to work toward the targets, but we still have a way to go. I look forward to seeing these efforts strengthened and deepened. It is important that such strategies permeate not just among management, but to every corner of the organization, and it is essential to put diversity into practice based on an understanding of its meaning across the organization.

I believe actively incorporating new perspectives and different cultures increases a company's flexibility and competitiveness. I also believe that it is useful to deepen discussions on nonfinancial topics and human resource diversity. I aim to build an effective governance structure by exchanging constructive and multifaceted opinions, including with Outside Members of the Board, who have diverse backgrounds.

Executive Officers

As of June 18, 2025

- ① Years in office as a Member of the Board
 ② Shares of Company stock held
 ③ Board of Directors meetings attended

Members of the Board



Akiji Makino

Chairman and CEO

- ① 35
 ② 291,178
 ③ 16/16



Toshio Watanabe

Vice Chairman

- ① 29
 ② 201,958
 ③ 15/16



Hiroshi Majima

President

- ① 13
 ② 97,548
 ③ 16/16



Hirozumi Hirota

Vice President
 Member of the Board

- ① 11
 ② 66,460
 ③ 15/16



Manabu Tsuyoshi

Senior Managing Officer
 Member of the Board

- ① 5
 ② 44,141
 ③ 16/16



Hiroshi Fukushima

Senior Managing Officer
 Member of the Board

- ① 3
 ② 21,396
 ③ 16/16



Kenji Takayama

Senior Managing Officer
 Member of the Board

- ① 1
 ② 25,580
 ③ 13/13



Kazumasa Terada

Managing Officer
 Member of the Board

- ① —
 ② —
 ③ —

Newly appointed



Shosuke Mori

Outside Member of the Board

- ① 6
 ② 14,171
 ③ 16/16

Outside Independent



Hiroshi Sato

Outside Member of the Board

- ① 4
 ② 13,765
 ③ 16/16

Outside Independent



Hiroyuki Suzuki

Outside Member of the Board

- ① 3
 ② 11,081
 ③ 16/16

Outside Independent



Yuki Saito

Outside Member of the Board

- ① 2
 ② 1,039
 ③ 16/16

Outside Independent

* ② Shares of Company stock held are current as of March 31, 2025. * ③ Board of Directors meetings attended are for the fiscal year ended March 31, 2025.

Executive Officers

As of June 18, 2025

- ① Years in office as an Audit & Supervisory Board Member
 ② Shares of Company stock held
 ③ Board of Directors meetings attended

Audit & Supervisory Board Members

 Toyofumi Ohama Audit & Supervisory Board Member (Full-time) ① 17 ② 91,600 ③ 16/16	 Naoki Iwatani Audit & Supervisory Board Member (Full-time) ① 3 ② 84,162 ③ 16/16	 Yoshinori Shinohara Audit & Supervisory Board Member (Outside) ① 10 ② 32,046 ③ 16/16	 Yasushi Yokoi Audit & Supervisory Board Member (Outside) ① 4 ② 8,737 ③ 16/16
---	---	--	--

* ② Shares of Company stock held are current as of March 31, 2025. * ③ Board of Directors meetings attended are for the fiscal year ended March 31, 2025.

Skill Matrix

		Corporate management	Financial accounting	Legal affairs / risk management	HR / talent development	Sales / marketing	Global	R&D	Production engineering	ESG / sustainability	IT / digital	Skill	Grounds for skill selection
Chairman and CEO	Akiji Makino	●		●		●	●			●		Corporate management	Based on the importance of corporate management experience and knowledge to increase corporate value and promote sustained growth, in the course of developing businesses centered on Gas and Energy extensively in Japan and overseas, as a company needed by society
Vice Chairman	Toshio Watanabe	●	●	●	●							Financial accounting	Based on the importance of specialized experience and knowledge in the fields of finance, accounting, and taxation to ensure financial soundness, investment in sustained growth, and rising corporate value
President	Hiroshi Majima	●		●		●	●			●	●	Legal affairs / risk management	Based on the importance of specialized experience and knowledge in law and risk management to enhance compliance management and strengthen the risk management structure
Member of the Board	Hirozumi Hirota	●		●	●	●						HR / talent development	Based on the importance of experience and knowledge concerning matters such as HR development, appropriate placement, diversity, and workstyles to enable human resources—the source of sustained value creation—to demonstrate their individual capabilities to the fullest
Member of the Board	Manabu Tsuyoshi					●	●	●	●	●		Sales / marketing	Based on the importance of professional sales experience and marketing knowledge in each business field to meet the increasingly diverse needs of customers and markets
Member of the Board	Hiroshi Fukushima			●				●	●	●		Global	Based on the importance of overseas business management experience and knowledge of international affairs, economics, and culture in developing businesses in each overseas region based on its distinguishing features
Member of the Board	Kenji Takayama			●	●	●				●	●	R&D	Based on the importance of experience in and knowledge of technology and R&D for business development leveraging technological strategies and R&D centering on Gas and Energy
Member of the Board	Kazumasa Terada		●			●				●		Production engineering	Based on the importance of experience in and knowledge of gas production, filling, and safety management to strengthen Gas and Energy handling technologies, engineering capabilities, and safety systems
Outside Member of the Board	Shosuke Mori	●				●	●			●		ESG / sustainability	Based on the importance of experience in and knowledge of solutions to environmental and social issues to practice sustainable management reflecting environmental, social, and corporate governance perspectives in growth strategies
Outside Member of the Board	Hiroshi Sato	●						●	●	●		IT / digital	Based on the importance of experience in and knowledge of information technologies and digital transformation (DX) to achieve the digitalization, business efficiency improvements, and information security enhancements needed for business transformation
Outside Member of the Board	Hiroyuki Suzuki	●				●	●			●			
Outside Member of the Board	Yuki Saito			●	●					●			