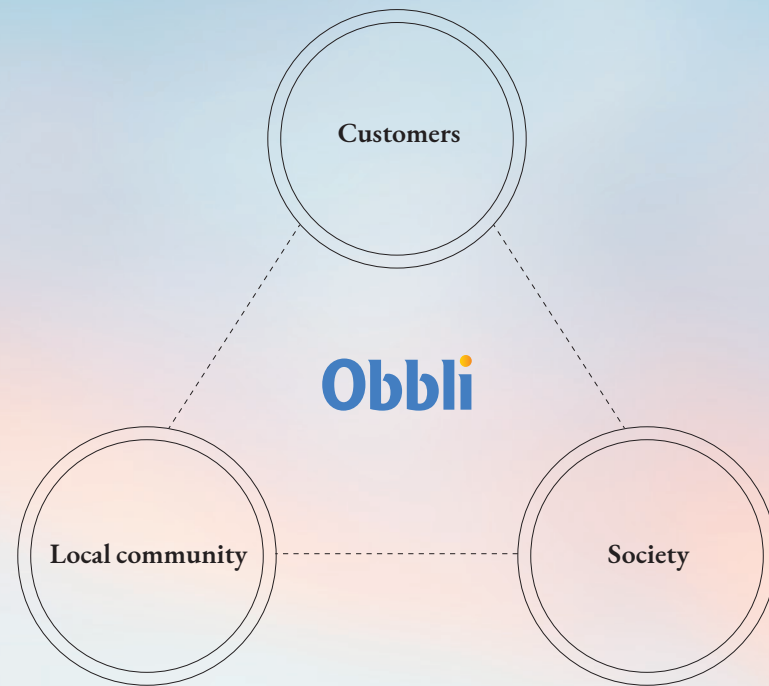


Sustainability Report 2023

For the Changing Future
Challenge 2030



“Building and maintaining good relationships
with customers, the local community, and society”

Obbli is an original name created from the Latin word “obligare,” which means “making a connection.” Our name embodies the idea of valuing and strengthening connections with people and society with gratitude and building a bridge with them to the future.



Sustainability Report 2023

Challenge 2030: For the Changing Future

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Overview of San-ai Obbli Group

Editorial Policy

The purpose of this report is to inform stakeholders of the San-ai Obbli Group's sustainability-related initiatives in FY2022 in an easy-to-understand manner.

Scope of Report

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

Reporting Period

This report covers FY2022 (April 1, 2022–March 31, 2023) but also includes some events in FY2023 before the point of publication.

Date Issued

October 2023
(Next issue scheduled for October 2024)

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)



Cover Story

The cover expresses the thinking behind our medium-term management plan, Challenge 2030: For the Changing Future, and our hopes for future generations while also serving as a statement of our intention of continuing to provide value to our stakeholders.

Message from the Chairman



Providing true value to society based on the San-Ai spirit of “Love People, Love Your Country, and Love Your Work”

Jun Kaneda Chairman of the Board

Although the impacts of COVID-19 eased in 2023, divisions such as the war in Ukraine and the United States–China conflicts continue.

Furthermore, we are faced with many social issues such as global warming and economic disparity, but the only way to solve them is through the power of people.

As can be seen in our disclosure of human capital, human resources are the source of corporate value enhancement and future competitiveness. The Group constantly reviews the knowledge and skills of our human resources and invests funds to ensure that we foster the necessary human resources at the right time, with the right qualities and in the right numbers

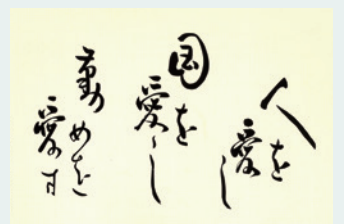
to fully implement our business strategy. We are also enhancing productivity by creating a comfortable work environment and continuing our health management efforts, linking them to our long-term business growth. By maximizing the abilities of various human resources, we are fostering an organizational culture that strengthens our existing business and boldly takes on new challenges for business opportunities.

We will continue to create new value as a partner that supports people's daily lives and industries based on our corporate philosophy of San-Ai spirit (Three Loves) and will ask for the continued support and guidance of our stakeholders.

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 personality 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.



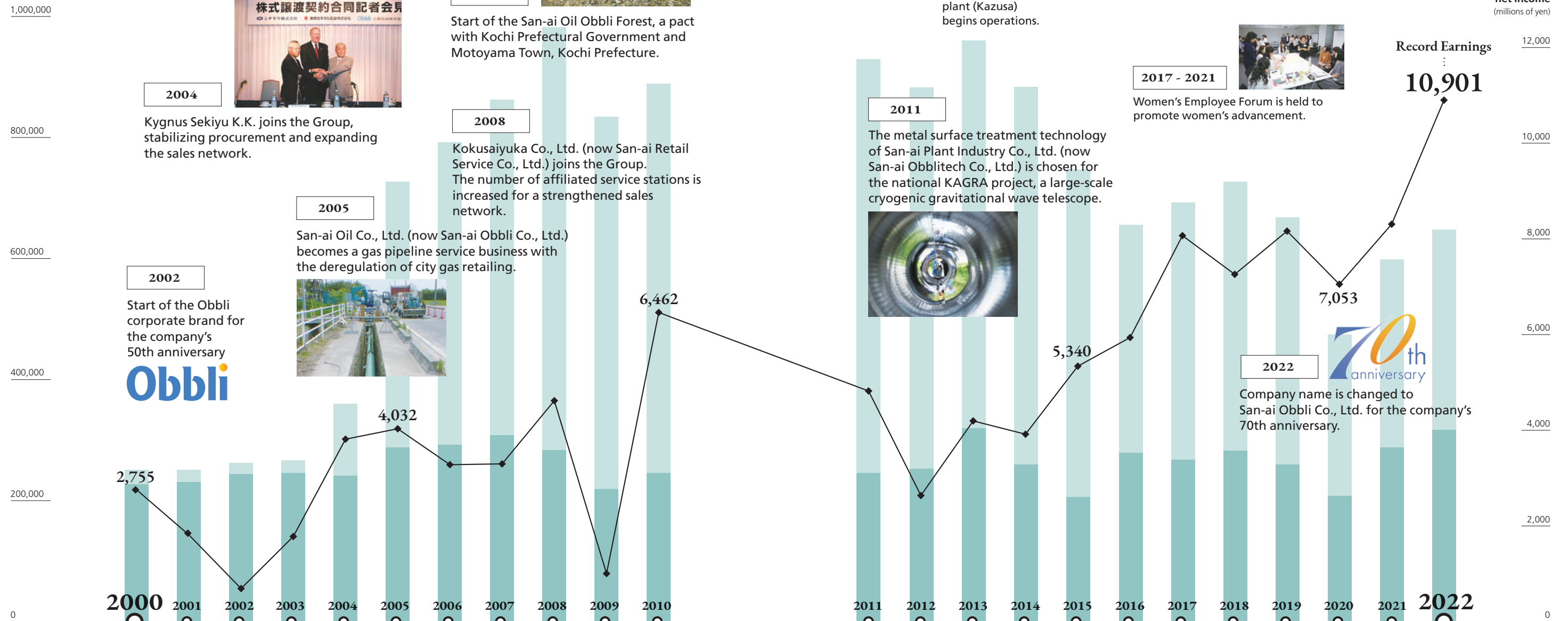
The corporate philosophy of founder Kiyoshi Ichimura

Transition of SAN-AI OBBLI

San-ai Obbli Group until Now

Consolidated net sales (millions of yen)
Non-consolidated net sales (millions of yen)
Consolidated net income (millions of yen)

Consolidated net sales /
Non-consolidated net sales
(millions of yen)



2004
Kygnus Sekiyu K.K. joins the Group, stabilizing procurement and expanding the sales network.



2008
Start of the San-ai Oil Obbli Forest, a pact with Kochi Prefectural Government and Motoyama Town, Kochi Prefecture.



2008
Kokusaiyuka Co., Ltd. (now San-ai Retail Service Co., Ltd.) joins the Group. The number of affiliated service stations is increased for a strengthened sales network.

2005
San-ai Oil Co., Ltd. (now San-ai Obbli Co., Ltd.) becomes a gas pipeline service business with the deregulation of city gas retailing.



2011
The metal surface treatment technology of San-ai Plant Industry Co., Ltd. (now San-ai Obblitech Co., Ltd.) is chosen for the national KAGRA project, a large-scale cryogenic gravitational wave telescope.



2015
Start of sales of our own ARAWZANS® car coating agent.



2014
Fourth solar power plant (Kazusa) begins operations.

2020
Two additional oil storage tanks are installed at Haneda Airport. San-ai is designated as a specified business operator under the Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities.



2017 - 2021
Women's Employee Forum is held to promote women's advancement.



2022
Company name is changed to San-ai Obbli Co., Ltd. for the company's 70th anniversary.



Medium-Term Management Plan

Increase competitiveness to achieve the top ROA!

New Foundation 150 Plan for a New Foundation

Taking a Leap Forward

Challenge 2011 Breakthroughs from a Group-wide Effort

Re: Creation Creating New Values

Innovation 2017 For New Growth and Ingenuity

Innovation II 2020 For the Coming Environmental Transition

Challenge 2030 For the Changing Future

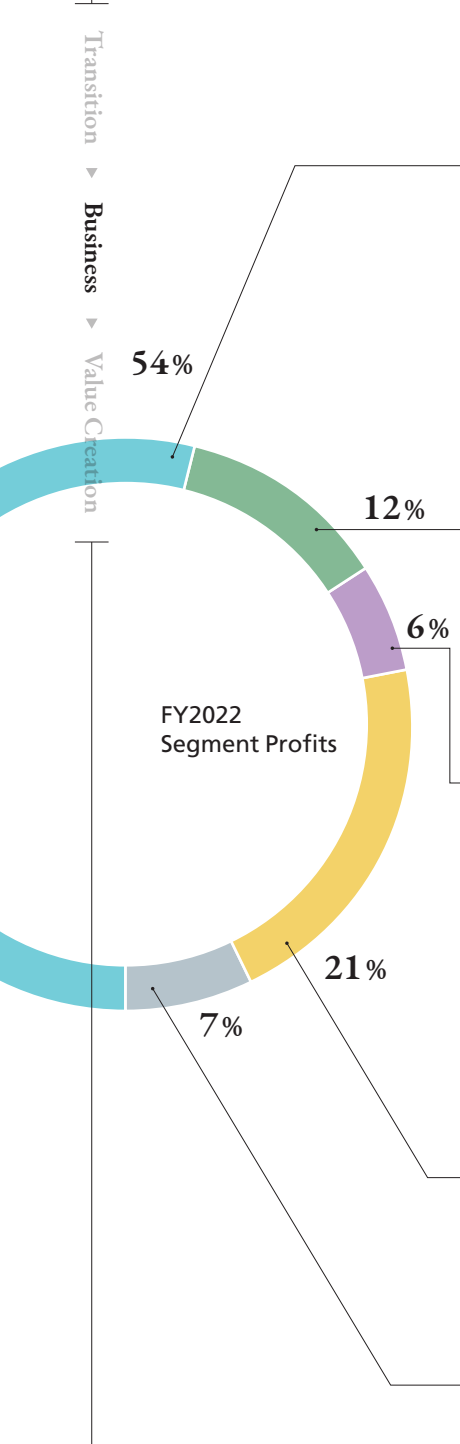
Deterioration in earnings from sluggish market conditions and losses on valuation of securities

Growth in consolidated net sales

Losses on valuation of securities recorded as extraordinary loss

Improved management efficiency from business restructuring, etc. of the Group companies

Business effects from COVID-19



Petroleum Related Business

Petroleum Products Sales

Nationwide supply of petroleum products through the sale of industrial fuels and lubricants to distributors (wholesale) and corporate customers, and also through retail sales at service stations to customers.

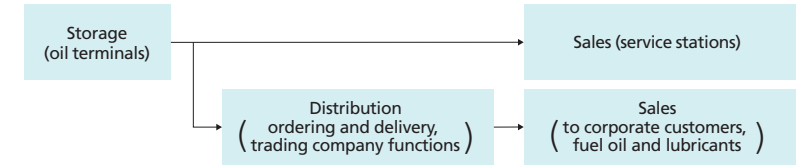


Major Oil Terminals

4 locations

Service Stations

Approx. 1,020 locations nationwide



Gas Related Business

LP Gas Sales

Sale of liquefied petroleum gas (LP) gas for both household and commercial use and sale of general high-pressure gas for industrial purposes, deodorized gas for aerosols and autogas for vehicles.

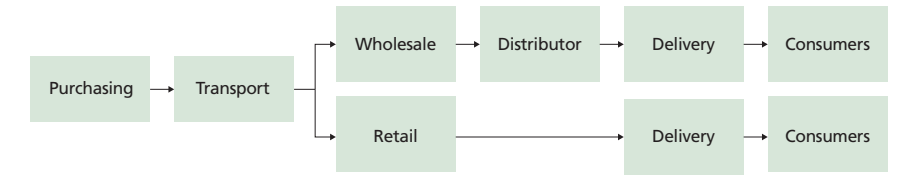


LP Gas Filling Stations (including aerosols)

10 locations

Distributors

319 stores nationwide



Natural Gas Sales

Sale of natural gas to factories and other facilities nationwide as part of proposed comprehensive energy supply systems to save energy and reduce costs. (Saga Gas Co., Ltd. also supplies city gas to households.)



Total length of natural gas pipeline network

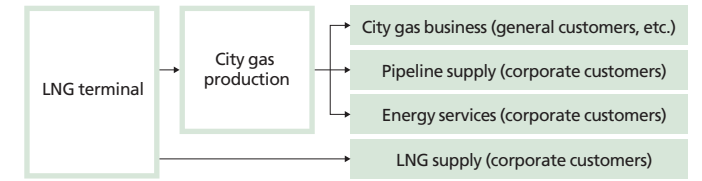
392.7 km
 • San-ai Obbli Co., Ltd.: 46.1 km
 • Saga Gas Co., Ltd.: 346.6 km

Number of large-volume gas supplies by San-ai Obbli Co., Ltd.

26

CO₂ reduction in FY2022 (by switching fuel to natural gas)

Approx. 26,623 t



Chemical Products Related Business

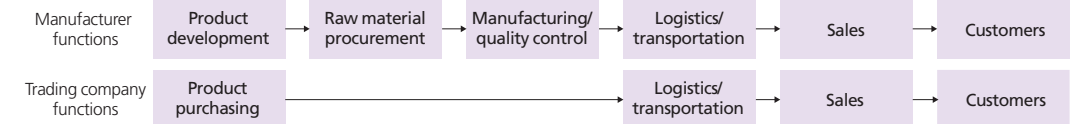
Manufacture and Sale of Chemical Products

Development, manufacture and sale of industrial preservative and anti-mold agents, automotive chemical products, etc. and as a trading company, the sale of chemical products that meet customer needs.



Products Manufactured and Sold

Approx. 700



Aviation Related Business

Aviation Fuel Service

Fuel services through Haneda Airport's hydrant system (underground fuel supply pipeline) and fueling services and fueling facility management at airports around Japan.

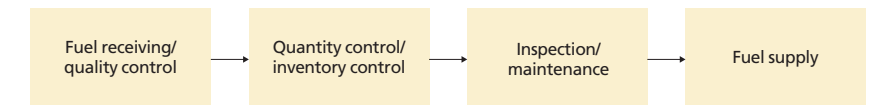


San-ai Obbli Group's Aviation Fuel Service Operations

27 locations nationwide

Number of aircraft fueling flights handled by San-ai Obbli Co., Ltd. at Haneda Airport

Approx. 350 flights/day



Other Businesses

In addition to construction and cleantech businesses, operation of solar power plants on idle land.



San-ai Obbli Co., Ltd. Solar Power Plants

4 locations

Metal Surface Treatment Technology for Cleantech Business

8 patents

Strength 1 | Technical Capabilities

We have expertise in the design and operation of aircraft fueling facilities (hydrant systems) and a research laboratory that develops chemical products. San-ai Obblitech Co., Ltd. also has an established reputation for its metal surface treatment technology.

Strength 3 | Solution Proposals

As an independent trading company unaffected by capital influences, we provide customers with one-stop solutions for optimal products and services. We have retail divisions within the Group companies, and we support our distributors enhancing their sales competencies through sharing the sales know-how we accumulate.

Strength 2 | Reliability

We have a proven track record of safely operating high-pressure gas facilities, oil terminals and other hazardous material facilities, including the management of natural gas pipelines for our city gas business. In the retail sector, we reliably deliver our services to our customers with high standards of safety.

Strength 4 | Customer Base

In addition to building long-term partnerships with petroleum and LP gas distributors, we provide services to large-scale customers in the chemicals, lubricants and natural gas industries.

Business of SAN-AI OBBLI

Today's San-ai Obbli Group

Value Creation

of SAN-AI OBBLI

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
- Rising energy prices

Materialities



01 || Response to Climate Change

Initiatives to realize a carbon-neutral society

→ P17



02 || Stable Supply of Energy

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

→ P21



03 || Diversity and Inclusion

Securing and developing human resources

→ P23



04 || Corporate Governance

Gaining stakeholder trust by ensuring management efficiency and transparency

→ P27

Business Activities

Sale of Petroleum Products

Aviation Fuel Service

Other Types of New Energy

Business strategies

1. Improve the efficiency of Petroleum Related Business and allocate management resources to other businesses
2. Invest in businesses with growth potential, including through M&A
3. Create additional synergies through collaboration with other businesses

Strengthen the organization to support our businesses

4. Evolve the Group management system
5. Foster a challenging organizational culture that can create change

Manufacture and Sale of Chemical Products

LP Gas Sales

Natural Gas Sales

Sources and Strengths of Value Creation

Technology Capabilities

Solution Proposals

Reliability

Customer Base

The San-Ai Spirit of Three Loves:
"Love People, Love Your Country, and Love Your Work"

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



A partner that supports industry



A stable supply of energy



Realization of a low-carbon society



Realization of safe and secure lifestyles



Coexistence with local communities



An approach for sustainable growth



Promoting Sustainability Management and Creating New Value

Hiroshi Hayata
Representative Director, President and Executive Officer

Assuming the Office of President

When I was approached to become the new president, former President Yukio Tsukahara left me with following message: "I want you to make full use of your sales experience and sensibilities to be a leader in this new era that requires speed and change."

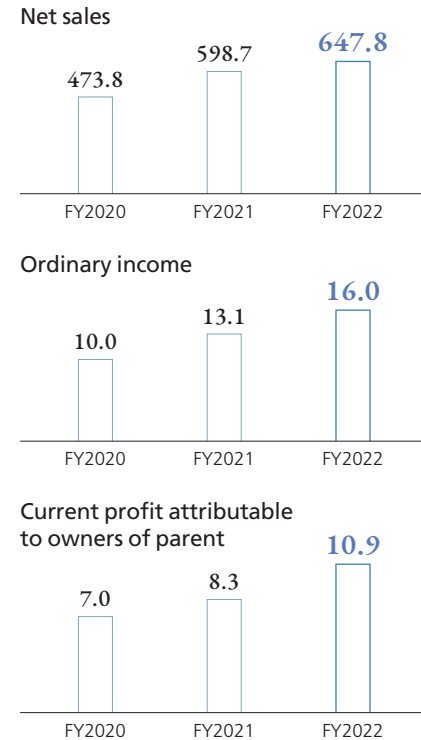
I am essentially a sales person, although I do have experience as the general manager of the Legal & Credit Department and as an auditor. The basis of sales is people. In an organization, human resources are also the source of growth. I know from my experience in sales that San-ai Obbli Group has many people with a wide variety of abilities. I can picture many of those faces. We need to combine the strengths of everyone in the organization and positively overcome the rapidly changing business environment, and to do this, we need to create a strict but

enjoyable organization. Keeping this in mind, I accepted the offer to become the new president.

In the Final Year of Our Medium-term Management Plan

For the current Medium-term Management Plan, Challenge 2030: For the Changing Future, which runs from FY2021 through FY2023, the Group's financial results for the fiscal year ended March 2023 recorded an increase in net sales of 8.2% over the previous year to ¥647.8 billion. Ordinary income increased by 22.2% over the previous year to ¥16 billion while profit attributable to owners of parent increased by 31.2% to ¥10.9 billion. We are showing strong business performance in moving toward our Medium-term Management Plan goal of consolidated ordinary income of ¥14 billion or more, consolidated ROE of 8%

Consolidated Financial Data (billions of yen)



or more, and a consolidated dividend payout ratio of 30% or more. With only half a year remaining in the third and final year of the current plan, we are working to evolve our business portfolio by allocating management resources to growth businesses in order to move as quickly as possible toward achieving our vision of a low-carbon, circular society by 2030.

Advancing Sustainability Management

The Sustainability Committee and subordinate committees were reorganized in FY2022 under our Basic Policy For Sustainability, which was formulated in December 2021. In November 2022, we made disclosures to the Task Force on Climate-related Financial Disclosure (TCFD), and analyzed both the risks and opportunities that climate change poses to the Group's businesses. Under TCFD, we set a goal of reducing the Group's CO₂ emissions by 30% from the FY2019 level by FY2030, and we will announce progress toward this goal. In 2022, we also identified materiality issues related to sustainability and organized them in relation to the SDGs. Addressing climate change is a challenge that we must of course take on, and we will integrate sustainability into our management by renewing our awareness of creating shared value (CSV) to help solve social issues through

our businesses and technologies, and we will include this perspective in our business strategies.

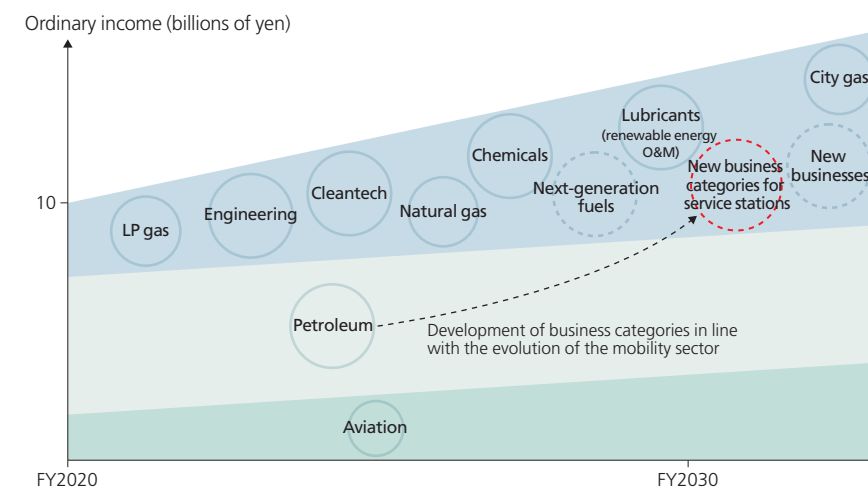
To the Next Stage of Growth with Futo Fukutsu (Tenacious) Spirit

History does not move forward in a single bound. To avoid becoming preoccupied with change and losing sight of the essence of our business, we will efficiently pursue profits in our existing businesses and establish a financial foundation that will allow a flexible response to business environment changes.

Although San-ai Obbli Group is a sales company, we are also skilled in the safe operation of energy facilities, and we own chemical research facilities. By refining these advantages, we hope to achieve further growth for the Group as a whole. Our basic management stance is not one of "select and concentrate"; rather, we believe that focusing on the "concentrate" part will inevitably lead us to what we should select.

At the same time, the Business Development Department is actively pursuing new businesses that are not necessarily restricted to the energy field. Each and every employee embodies the San-Ai spirit and the Charter of Ethical Conduct, so by working autonomously and creatively toward the new era, we will be able to provide better value to society. We will continue to move forward at full speed with value creation.

Business Portfolio Evolution



Basic Policy for Sustainability

Under the banner of our corporate philosophy of the San-Ai spirit, "Love People, Love Your Country, and Love Your Work," and the meaning of the Obbli brand, we aim to be a partner that supports people's lives and industry, fulfilling our responsibility to supply energy as a business that supports social infrastructure and by evolving our business portfolio to meet the needs of a low-carbon, recycling-oriented society.

The executive officers and employees of the Group are committed to the following five basic principles and will work to solve environmental and social issues through sound and transparent management, thereby contributing to the realization of a sustainable society.

Our Fundamental Stance

- We act with integrity and honesty.
- We comply with laws and rules.
- We value our relationship with the natural environment and the local communities.
- We pursue customer satisfaction.
- We learn, think and act ourselves.

For a New Obbli

Promoting Sustainability Management

Hosting a Sustainability Forum



(The titles for each speaker reflect their positions at the time of the forum)

The Sustainability Promotion Department held its first sustainability forum on December 16, 2022. Around 100 managers and employees from the head office and Kanto-area offices attended.

To strengthen the San-ai Obbli Group's sustainability management, we created a Basic Policy for Sustainability in December 2021 and established the Sustainability Committee in April 2022. With regard to the sustainability of humanity and society, as a business, this first forum reaffirmed the significance and necessity of our CSR and sustainability efforts by each employee and shared the direction we should take as an organization. With a keynote speech and panel discussions by experts, the forum was a place to exchange opinions about future issues and outlooks.



Yukio Tsukahara
Representative Director,
President and Executive Officer

Contributing to sustainable society by advancing sustainability management throughout the company in line with the SAN-Ai spirit

To evolve our business portfolio toward our vision of a low-carbon, circular society, our Group formulated and promotes the Medium-term Management Plan that looks ahead to 2030, and for which we are aggressively making the necessary investments. Each of our businesses are handling an increasing number of decarbonized products—for example, the Aviation Division's receiving and refueling of sustainable aviation fuel (SAF), but we believe it is essential to take on the challenge of entering new business areas while never forgetting our responsibility to provide stable supplies even during the transition from fossil fuels to new energy sources. We aim to increase both economic and social value through "trade-on," which means to gain something without compromise—not "this or that" but "both this and that." The concept of sustainability management is in line with the San-Ai spirit, and we will continue to contribute to the development of a better society through business by calmly assessing the business environment.



Naoto Ohnuma
Director,
Senior Managing Executive Officer

Reveal the technologies built up in each division Become a company that continually creates value by maximizing technology and human resources

Our Group was founded in 1952 as a refueling business at Haneda Airport. The hazardous material facility management techniques we cultivated there led to our expansion into chemical products, cleantech, and city gas supply—a true history of taking on challenges. The starting point for all this growth was the Group's core competency of technical capabilities, but as we celebrate our 70th anniversary we have found that our divisional system has resulted in our technologies being scattered throughout the Group. We therefore hold technical meetings to take stock of technical capabilities across the Group and create synergies based on mutual understanding. If our essential technical capabilities are weak, neither people nor business opportunities will come to us. We are therefore strongly committed to never letting our core technologies decline and will continue to build a foundation that allows us to take on new challenges with flexible thinking by investing in human resources and implementing personnel policies.



Hiroshi Hayata
Director,
Managing Executive Officer

Deconstructing preconceptions is necessary for major social change Developing new approaches such as collaborations in different industries

Through this forum, we reaffirmed the importance of understanding our company's fundamental strengths before addressing social issues. As interest in ESG has increased in recent years, I sense a major shift in customer awareness and needs. Because of concerns about climate change, people are switching from fossil fuels to natural gas and using detergents that have less environmental impact when discharged, and there is growing interest in human rights throughout the supply chain.

In order to accurately and speedily respond to these changes, we should adopt a new style of operating, such as collaborating with companies in other industries. There is a lot to be learned, such as different ways to acquire customers, by working with partners in other fields. The directions set out in our business strategies in the Medium-term Management Plan are on point, so I hope we can move forward without being bound by preconceived notions and challenge to create new value.



Masahiko Kawamura
Fellow,
Business Ethics Research Center

Various challenges are a sign of a healthy sense of crisis Sharing the San-ai Obbli worldview for further progress

It is said that global sustainability, including climate change and resource issues, must be addressed by 2030. The San-ai Obbli Group has grasped the basic issues and is looking ahead to social and environmental changes on a 2030 timetable, setting out its ideal future image and business direction. This effort is highly commendable.

As a business that handles energy, how will the Group respond to challenges and expectations as the world continues to move toward a decarbonized society in the future? The key is for all employees to share the worldview that the San-ai Obbli Group aspires to and enhances the best strategies and value creation capabilities with a sound sense of urgency. The San-ai Obbli Group is both a trading company and a company with technical capabilities. I would like to see this strength evolve to the next level, creating products and new business models that help solve social issues.

Creating Group synergies

Technical meetings to strengthen inter-business collaborations

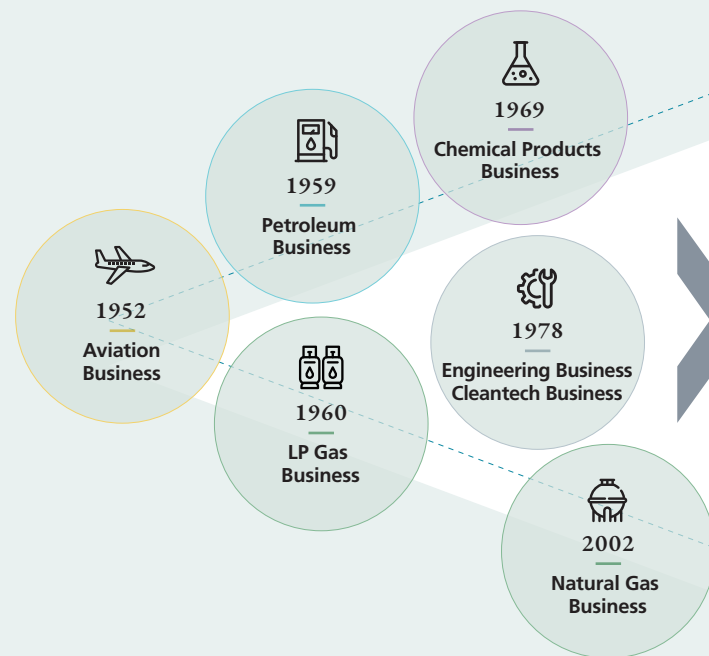
The San-ai Obbli Group has expanded by applying its technological capabilities in businesses such as the aviation fuel service, petroleum, chemical products and cleantech. Our technological capabilities have always been cultivated and utilized under the banner of "safety, quality and reliability."

The technical meetings we have held

in phases since June 2022 are an attempt to take stock of the technical capabilities and know-how cultivated by each division, to deepen mutual understanding across fields and to take aim at new areas by reconsidering them from the viewpoints of others, such as the Sales Division. In order to achieve our current medium-term management plan, Challenge 2030: For

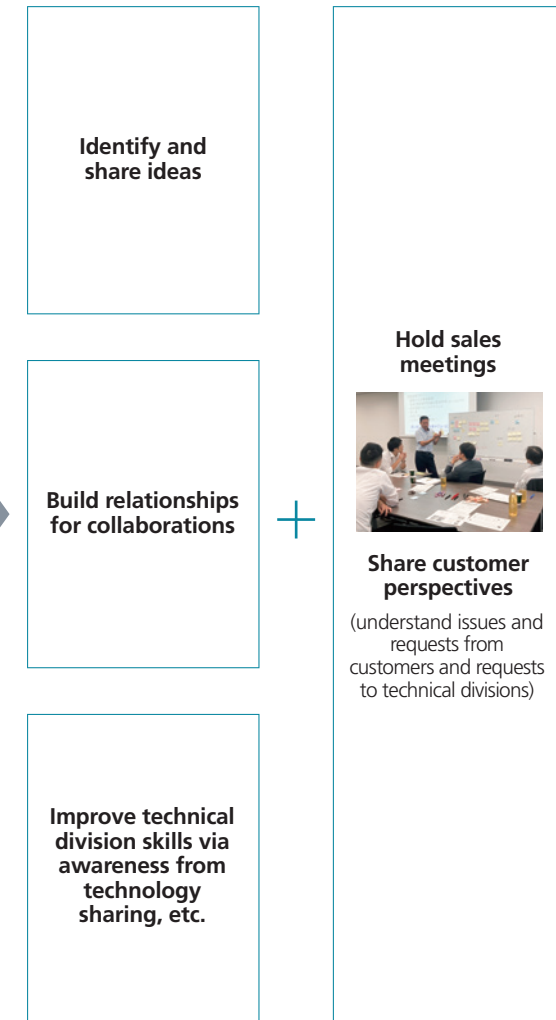
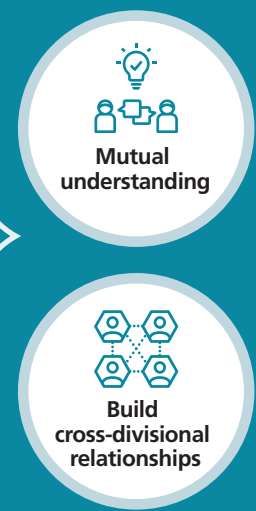
the Changing Future, what is required from our technical divisions? We work to see things from a high perspective in order to further develop the technical capabilities we have fostered since our founding and contribute to the betterment of society.

Main Areas of Contribution



	<p>For underground hydrant system operations at airports</p> <ul style="list-style-type: none"> Consulting for the construction of fueling facilities Operation of large-scale oil storage terminals Jet fuel quality control
	<p>For the analysis chamber and precision cleaning of the semiconductors on the Hayabusa asteroid explorer</p> <ul style="list-style-type: none"> Metal surface treatment technology (chemical/electrolytic polishing) Precision cleaning technology Ultra-fine analysis techniques such as ion chromatography
	<p>For maintenance and management of the underground city gas pipes that support our lives</p> <ul style="list-style-type: none"> Detection technology for identifying gas leaks Probe technology for buried gas pipes Pressure analysis technology using conduit analysis software
	<p>One-stop preventive maintenance for wind turbine main shafts and gearboxes</p> <ul style="list-style-type: none"> Oil trend analysis Internal checks using borescopes and industrial endoscopes
	<p>Contributions through preventive technologies in wide-ranging fields such as industrial products, food products, housing and automobiles</p> <ul style="list-style-type: none"> Industrial preservative and anti-mold agents to prevent microbial deterioration Contract testing for microorganisms and culturing and control technologies Coatings and anti-contamination technologies

Technical Meetings

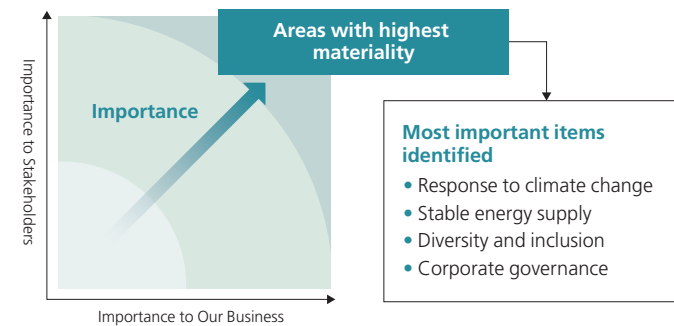


Sustainability Management

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 crises facing society by utilizing its management resources and business characteristics.

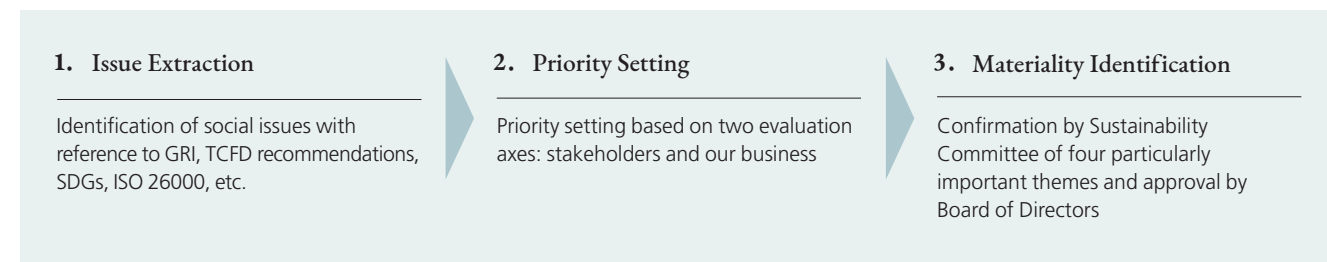
Materiality Map of San-ai Obbli Group



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 right page shows which targets of the SDGs the identified issues fall under, along with examples of major initiatives.

Process of Identifying Key Issues

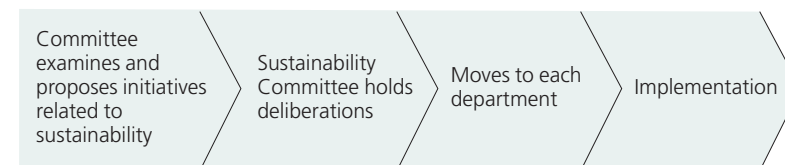


Sustainability Governance

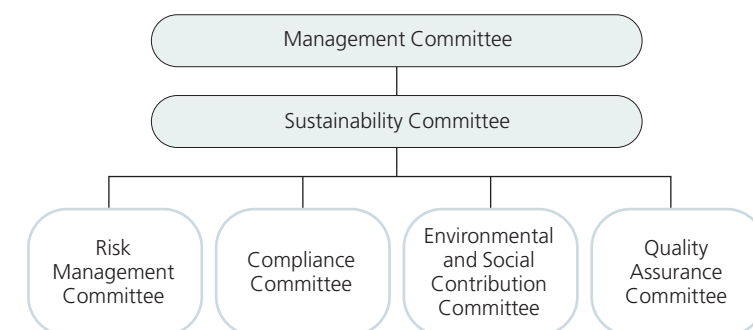
The Group is working to resolve sustainability issues through its business activities. In the Sustainability Promotion System, which consists of the Sustainability Committee and four subcommittees, we have established a framework in which initiatives related to materiality and environmental issues are 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

	SDG Targets	Main Initiatives
01 Response to Climate Change Initiatives to realize a carbon-neutral society 	 Increasing substantially the share of renewable energy in the global energy mix  Integrating climate change measures into strategies and planning  Preventing all kinds of marine pollution	<ul style="list-style-type: none"> Shifting to a new service station business model Support for electric vehicles, etc. Developing hydrogen fuel infrastructure Sale of carbon offset products such as green LPG 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
02 Stable Supply of Energy Aspiring to be a partner that supports people's daily lives and industries 	 Ensuring universal access to affordable and reliable modern energy services  Holistic disaster risk management  Encouraging and promoting effective partnerships based on diverse experiences and resource strategies	<ul style="list-style-type: none"> Strengthening of procurement channels Enhancing service station emergency facilities Safe operation of hazardous material facilities, and inheritance of technology Promotion of digital transformation Dialogs with local communities (social studies field trips for local elementary school students, etc.) Business succession from distributors (securing energy access in relevant areas) Alternative use of oil terminals Emergency response at hazardous material facilities
03 Diversity and Inclusion Securing and developing human resources 	 Ensuring women's effective participation at all levels of decision-making  Assurance of equal opportunities for leadership  Human resource development to support innovation  Ensuring healthy lives and promoting well-being for all at all ages	<ul style="list-style-type: none"> 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
04 Corporate Governance Gaining stakeholder trust by ensuring management efficiency and transparency 	 Reporting on corporate sustainability initiatives  Strengthening of partnerships with stakeholders possessing expertise and knowledge	<ul style="list-style-type: none"> Strengthening of governance through outside directors Securing decision making and transparency Promoting compliance-oriented management Regular reporting of sustainability initiatives

01 | Response to Climate Change

Initiatives to realize a carbon-neutral society



001 Information disclosure based on the TCFD recommendations

We analyzed the impact of climate change on the Group's finances and disclosed information in line with the TCFD recommendations in November 2022. The main items are as follows.

Governance

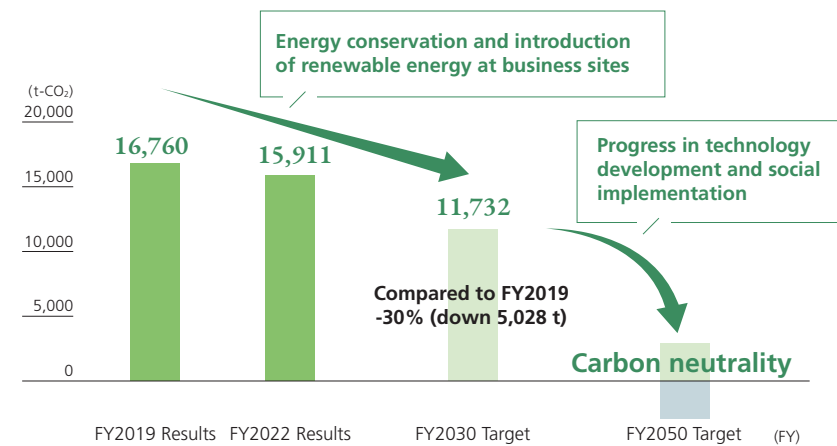
The San-ai Obbli Group Sustainability Committee deliberates on the extraction and evaluation of risks and opportunities related to climate change, and reports the results of the deliberations to the Board of Directors. The Board of Directors manages and supervises the report based on its content.

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.

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.



In FY2020, San Ai Obbli Gas Bansyu Co., Ltd. and Kafco Co., Ltd. joined the Group, and Chuosangyohanbai Co., Ltd. left the Group in FY2021.

Strategy

We analyze the specific risks and opportunities that climate change poses to our business, divide the temperature rise into 4°C and 2°C scenarios, and reflect them in our strategy.

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

Main Risks and Opportunities

Category	Risks/Opportunities	Main response strategy
Physical risk	Damage caused by flooding of facilities due to torrential rains and river flooding	• Preparation of business continuity plan (BCP)
	Oil terminal malfunctions due to rising sea and groundwater levels	• Alternative uses of oil terminals • Measures against storm surges (elevated) • Enhanced drainage functions
Migration risk	Stricter regulations on gasoline-powered vehicles	• Low-cost operation • Reallocation of management resources • Transition to new service station business model • Support for electric vehicles (EVs)
	Widespread use of renewable energy Spread of sustainable aviation fuel (SAF) and hydrogen fuel	• Changes to existing facilities • Construction orders for hydrogen stations • Expansion of wind turbine business • Increased demand for on-site energy services

002



Reduction of Group Greenhouse Gas Emissions

The Group is promoting initiatives at each site to achieve the CO₂ reduction target by 2030, disclosed in line with the TCFD. In addition, in order to reduce CO₂ emissions from our company cars, we will gradually switch to hybrid vehicles (HVs) from FY2023.

Main Initiatives

- Corporate Planning Department
Operation of four solar power plants (Narita, Kazusa, Utsunomiya and Kumamoto)
- Human Resources & General Affairs Department
Oimachi Office: Renewable electricity
- Aviation Division
Installation of solar panels on sites and use of electric vehicles
- San-ai Retail Service Co., Ltd.
27 service stations: Renewable electricity

003 Aviation Division

Cooperation in SAF reception and refueling

The Aviation Division cooperates with sustainable aviation fuel (SAF) reception and refueling. SAF is jet fuel produced from a source with low CO₂ emissions during the process from production to consumption, and it can reduce CO₂ emissions by up to 80% compared to fossil fuels. In FY2022, tankers transported three loads (approx. 5,400 kl in total) and approx. 10 kl were supplied directly by fuelers (tank trucks).



Transporting fuel by ship

004 Aviation Division

Reduction of CO₂ through use of renewable diesel

The Aviation Division uses non-fossil fuel (renewable diesel*) for five vehicles such as refueling vehicles. In fiscal 2022, 13,521 liters were used, and CO₂ was reduced by 35 tons compared to normal diesel fuel use.

* Renewable diesel: A fuel made from waste cooking oil that does not compete with food products. Unlike conventional biodiesel, it can be used on its own without mixing it with diesel oil. It provides a high level of environmental friendliness.

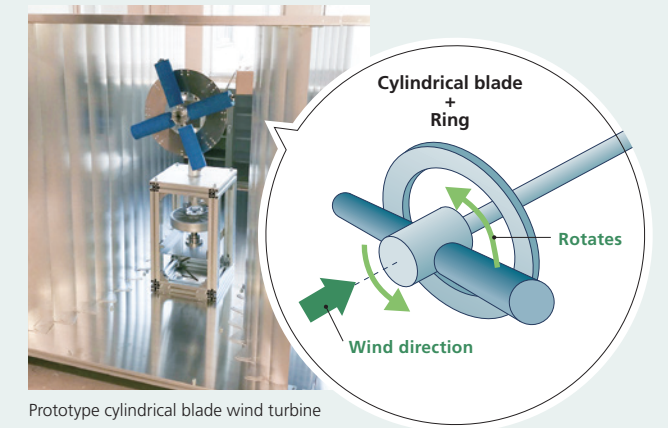


Pick Up

Development Department

Small wind power generators using cylindrical blade wind turbines

San-ai Obbli Co., Ltd. has entered into a joint research agreement with Panta Rhei Co., Ltd., a startup company established by the Nagaoka University of Technology and professors at the university. Research focuses on small wind power generators using cylindrical blade wind turbines, and we are working to solve problems for demonstration experiments and commercialization.



Prototype cylindrical blade wind turbine



Kyushu Branch, Ajinomoto Co., Inc. © Ajinomoto Co., Inc.

005 Natural Gas Department, Energy Solution Division

Reduction of CO₂ through natural gas (Kyushu Branch, Ajinomoto Co., Inc.)

Our Kyusyu District Office Natural Gas Department proposed to Kyushu Branch of Ajinomoto Co., Inc., which produces amino acids and seasonings used as raw materials for pharmaceuticals and foods, to convert fuel used at the plant from heavy oil to natural gas. After May 2023, when the plant began full-scale operation, the branch's annual CO₂ emissions are expected to be reduced by approximately 30% compared to FY2018.

006 Lubricants Sales Department, Energy Solution Division

Contribution to wind power generation systems

The Lubricants Sales Department conducts endoscopic surveys and various lubricating management to prevent failures in the main bearings and gearboxes of wind power generators. With a track record of doing business with approximately 40% of the wind power producers in Japan, engineers who are familiar with the equipment of each wind turbine manufacturer propose preventive maintenance that eliminates the causes of issues and contributes to wind power generation.



Using an endoscope to examine the inside of equipment

007 LPG Division

Signing of sales agreement for carbon-neutral LP gas

The LPG Division has entered into a sales agreement with ENEOS GLOBE Corporation to sell carbon-neutral LP gas that offsets CO₂ emissions throughout the entire life cycle (from mining to combustion). We will contribute to the realization of a decarbonized society through proposals to customers.

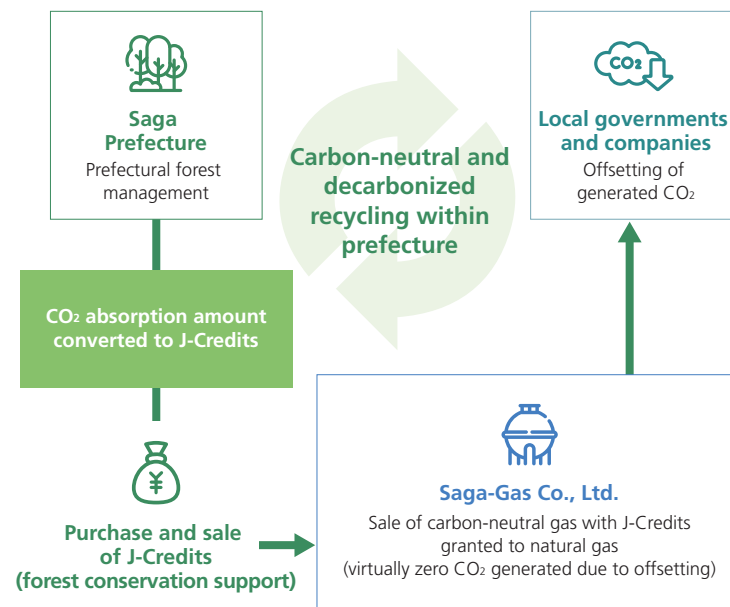


008 Saga-Gas Co., Ltd.

Sale of carbon-neutral gas using J-Credit scheme

Saga-Gas Co., Ltd., which supplies natural gas in Saga City, has started selling carbon-neutral gas that adds value to gas by purchasing the CO₂ absorption amount generated by properly managing prefectural forests from Saga Prefecture as J-Credits. The credit costs purchased by the company are allocated to forest maintenance in the prefecture, contributing to the cycle of environmental conservation.

Structure of carbon-neutral gas



009 Sustainability Promotion Department

Efficient calculation of CO₂ emissions

The Sustainability Promotion Department introduced Sustana, a cloud service that supports calculations, and started operations in FY2022 in order to visualize CO₂ emissions (Scope 1 and 2) across the Group in a timely manner. The staff at each branch and Group company are able to grasp the status of activities in real time, and use it to consider necessary measures.



010 Human Resources & General Affairs Department

Promoting Sustainability across the Group



When evaluating corporate value from a long-term perspective, environmental, social, and governance (ESG) initiatives are emphasized, and in recent years, non-financial information has been disclosed to stakeholders.

In response to this trend, on June 16, 2023, the department gathered the presidents of affiliated companies to hold training sessions on sustainability issues such as the TCFD recommendations and human capital. We will reaffirm the demands of society and promote specific initiatives throughout the Group.



Kochi Hydrogen Station © Tosa Sanso Company

011 San-ai Obblitech Co., Ltd.

Construction of hydrogen station

San-ai Obblitech Co., Ltd. has constructed a hydrogen station (Kochi City, Kochi Prefecture) managed by Tosa Sanso Company. The station, the first of its kind in the prefecture, is the first step toward the spread of fuel cell vehicles (FCV) and the realization of a hydrogen society in the region. So far, San-ai Obblitech Co., Ltd. has built eight hydrogen stations in Japan.

Pick Up

San-ai Obbli Forest Hands-on Environmental Training

The San-ai Obbli Group is committed to protecting the natural environment as the corporate responsibility of a company that handles fossil fuels, and is cooperating with reforestation projects. On April 27, 2023, a partnership agreement was concluded with the Kochi Prefectural Government, Motoyama Town in Kochi Prefecture, and the Motoyama Town Forest Union for the next three years, marking the start of the sixth term since the inception of the pact in 2008.



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

Since 2008 16th year	People with forest thinning experience 418 people	Partner forests 232.08 ha	CO ₂ absorbed by forests regenerated through thinning 4,728 t
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02 Stable Energy Supply

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



001 Business Continuity Plan (BCP)

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



Emergency response training for oil leak incidents



Emergency response training for fire extinguishing



002 San-ai Retail Service Co., Ltd.

Installation of EV charging spot

San-ai Retail Service Co., Ltd. installed and started the operation of a high-speed charger for EVs at Obbli Station Sayama-chuo. The charger has a display with a universal design for easy operation, and the maximum charge time is 30 minutes a charge. We will continue to build energy infrastructure in an effort to enable diverse energy access in the region.



003 Earthquake Response Service Stations

The Group has 112 emergency power generators installed throughout Japan to supply oil even under power outages and other conditions. We have established a system that enables the stable supply of petroleum products even in the event of a large-scale disaster and are working to help with early recovery.

* In the event of a disaster, they may be closed due to restricted refueling or equipment failure, depending on the situation.

004 Comprehensive Collaboration with Local Communities

In the event that a large amount of fuel is used during a large-scale disaster, the Group has concluded an agreement to secure and supply the necessary amount of fuel in response to requests from local governments and public institutions, thereby contributing to regional disaster prevention.

Business sites with concluded local comprehensive partnerships

- Tokyo Oil Terminal, San-ai Obbli Co., Ltd.
- Ibaraki Airport Office, Kansai Airport Office, and Saga Airport Office: San-ai Aviation Service Co., Ltd.
- Kitakyushu Airport Office: Kafco Co., Ltd.
- San-ai Obbli Gas Sanshin Co., Ltd.
- Kygnus Sekiyu K.K.
- * Comprehensive agreement through Petroleum Association of Japan

005 Petroleum Division

Resolution of service station management instability due to labor shortages

In 2020, the Petroleum Division developed an app called "Mantan" to streamline sales promotions, customer management, and reservation reception at service stations amid a growing labor shortage in the employment market. As of June 2023, the number of downloads exceeded 200,000. We will solve the labor shortage at service stations with digital technology.



006 Aviation Division

Received Excellence Award in Skills Contest of Self-Defense Disaster Management Organization

The aircraft refueling facility at Haneda Airport is the only business site in Tokyo that is subject to the Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities. Under this Act, it is mandatory to set up self-defense disaster management organizations such as disaster prevention personnel and fire fighting vehicles. The self-defense disaster management organization received the Excellence Award in the Skills Contest for the 2022 Self-Defense Disaster Management Organizations at Petroleum Industrial Complexes, etc., and the award ceremony was held at the Central Joint Government Building of the Ministry of Internal Affairs and Communications.



Received Excellence Award



Firefighting vehicles operating in contest

007 Kygnus Sekiyu K.K.

Implementation of SDG training

Kygnus Sekiyu K.K. held three sessions of the SDGs Basic Training and the SDGs Promotion Training to promote company-wide understanding of the SDGs. In the group work, specific initiatives were discussed under the themes of "SDGs to be implemented as a wholesale petroleum company," "supporting the lives of local communities and people," and "co-creating new value with special distributors."



Training session

03 Diversity and Inclusion

Securing and developing human resources



In order to respond to structural changes in the business environment and continue to create value sustainably, it is essential that each and every employee has a desire for growth and takes on challenges. In addition to developing human resources so that employees, who are the main actors of action, can play an active role on the front line, we are implementing various measures to foster a challenging corporate culture that generates change.

Overall Human Resources Strategy

We will create a working environment in which each and every employee can demonstrate their full potential and lead to a virtuous cycle of growth.

Achievement of Medium-term Management Plan
Realization of Sustainable Value Creation

Employee motivation
and willingness to contribute

Engagement survey
implementation

Improvement in Corporate Participation Awareness

- Dialogs with management Management Forum
- Recognition of shareholder value Employee Stockholding Association

Assurance of Competent Human Resources

- Active mid-career recruitment
- Fair compensation according to outcomes
- Base pay increases through revision of compensation rules and bonuses

Human Resource Cultivation and Career Development

- Job rotations without restrictions on job types or occupation
- Growth support such as stratified training and the corporate-supported educational program

Creating a Comfortable Work Environment

- Childcare and nursing care Enhancement of support for work-life balance
- New work styles (telecommuting system and staggered work hours)

Promotion of Health Management

- Improvement of employee disease prevention and health literacy
- Improvement of convenience of medical leave

001

San-ai Obbli Group Management Forum

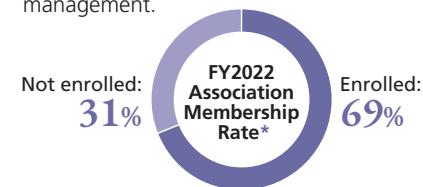
The 22nd Management Forum was held on July 21, 2022. This forum is positioned as a general meeting of shareholders for employees and is held recurrently as an important opportunity for dialog between employees and management.



002

Enrollment in Employee Shareholding Association

The San-ai Obbli Group encourages employees to enroll in the Employee Shareholding Association and is working to raise their awareness of participating in management.



* San-ai Obbli Co., Ltd. (non-consolidated)

D&I in San-ai Obbli Group

003 Ratio of Women in Managerial Positions

Based on the recognition that it is extremely important to ensure gender and other forms of diversity and for core human resources to be appointed based on experience, the Group as a whole has set a target for the ratio of women in managerial positions.

Ratio of Women in Managerial Positions (Group-wide)

Results (FY2022)	Target (FY2023)
4.9%	At least 6%

004 Diversity Management Training

In order to promote diversity by acquiring perspectives and skills to strategically utilize diverse human resources, San-ai Obbli Co., Ltd. conducted diversity management training for all employees 11 times at five venues in Tokyo (Otemachi, Oimachi, and Haneda), Osaka, and Fukuoka.



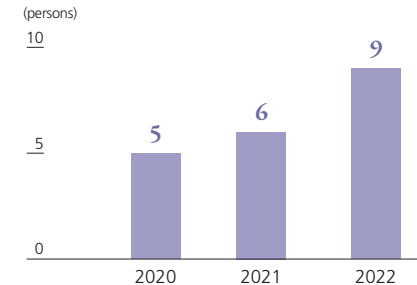
005

Career Advancement Support System

San-ai Obbli Co., Ltd. has established a system to support the development of skills such as the fostering of long-term and strategic work perspectives and the management skills of female employees.

- "Risshijuku" cram school-style seminar for women
- Meiji University's Smart Career Program for Women

Employees Using Career Advancement Support System*



* Total number of employees each fiscal year

Ratio of Mid-career Hires to Total Recruitment (Group-wide)

Results (FY2022)	Target (FY2023)
63.2%	Maintain same level in future

006

Active Mid-career Recruitment

By recruiting human resources with specialized skills for mid-career hires, we create diversity in the organization and lead to the creation of innovation.

007

Action Plan based on the Women's Participation Promotion Act*¹ and the Next Generation Act*²

San-ai Obbli Co., Ltd. has implemented the following action plan during the period from April 1, 2022 to March 31, 2023.

Target ratio of women to new graduates in career-track positions: 30% or more

FY2020	FY2021	FY2022
26.3%	31.3%	16.7%

Target rate of spouses taking leave for childbirth*: 80% or more

FY2020	FY2021	FY2022
69.2%	90.9%	84.6%

*¹ The Act on Promotion of Women's Participation and Advancement in the Workplace

*² The Act on Advancement of Measures to Support Raising Next-Generation Children

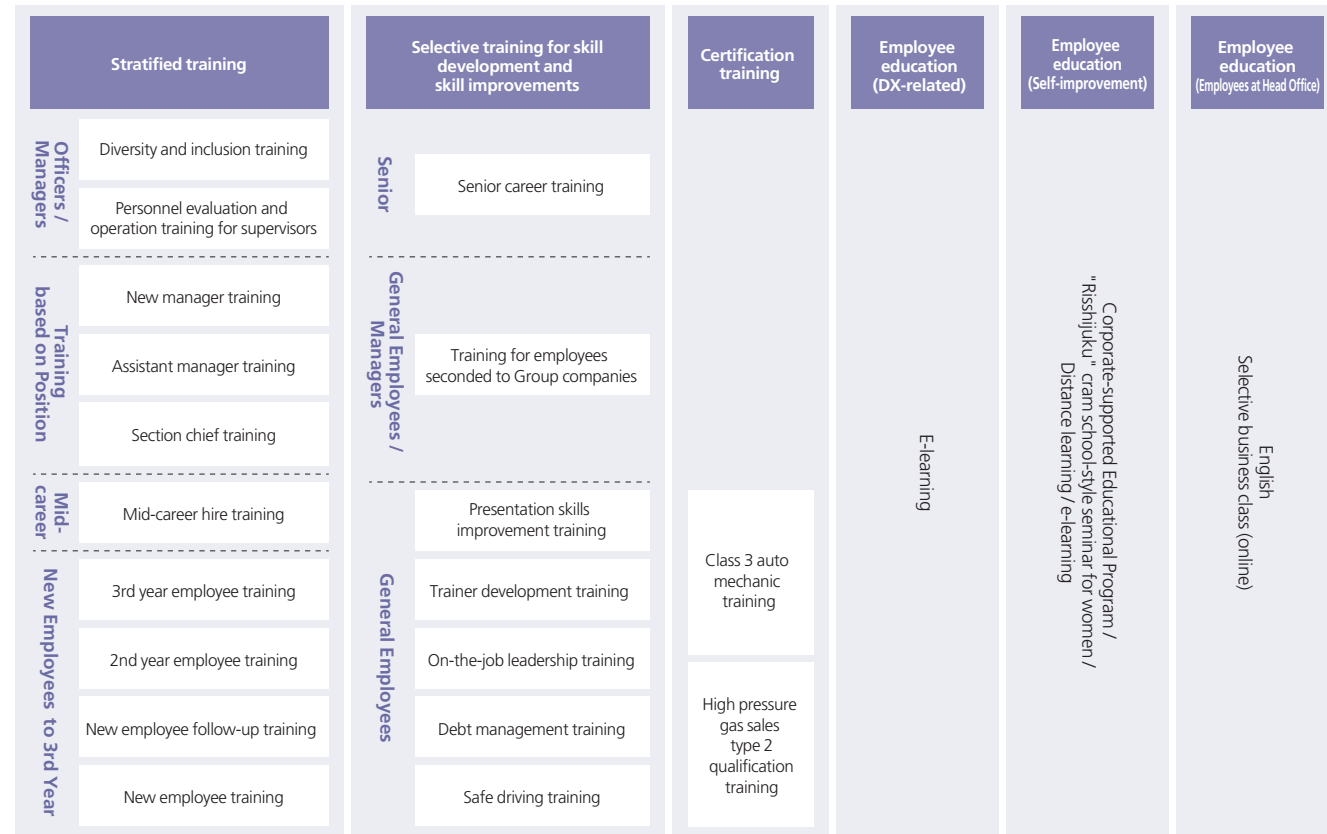
* Including leave taken within 10 days before and after spouse's due date

Human Resource Cultivation and Challenge-taking Organizational Culture

008 Training System to Realize Long-term Vision

Based on its management philosophy of San-Ai spirit, San-ai Obbli Co., Ltd. has established a wide range of training systems to foster independent and autonomous human resource cultivation to support the growth of its employees.

FY2022 Training System Diagram



Feedback from Users of the Corporate-supported Educational Program

I entered the Meiji University Professional Graduate School in April 2023, where I can obtain an MBA using the corporate-supported educational program. My motivation for entering the university was my transfer to the Development Department in April last year. I believe that I need to have new insights in order to create new businesses. Currently, I am systematically studying basic academic theories. The students are diverse in nationality, gender, and age, and even many entrepreneurs are being inspired. I will make every effort to contribute to the future development of the company by utilizing the learning and personal connections that I have gained at graduate school.



Ippei Nakajima
Development Department

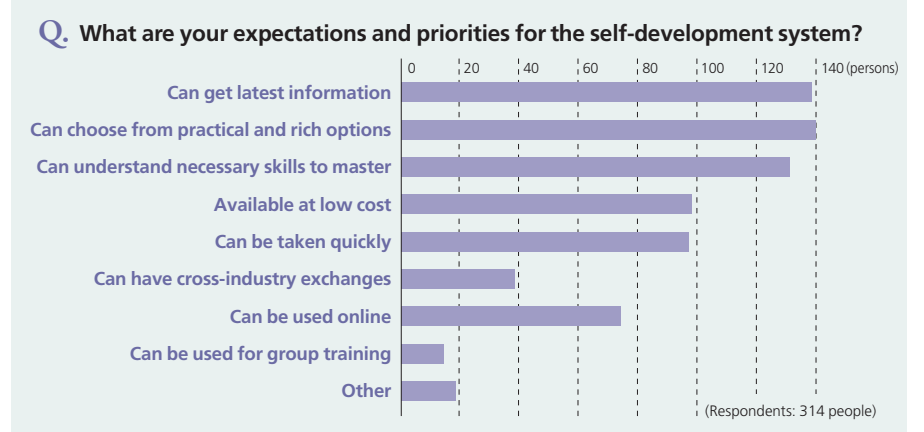
009 Digital Transformation (DX) Education

San-ai Obbli Co., Ltd. provides e-learning about DX to all employees in an effort to improve IT literacy. We are promoting employee learning to develop future DX human resources in preparation for the full-scale launch of business reforms.

010

Awareness Survey on Self-development

In FY2022, San-ai Obbli Co., Ltd. conducted an awareness survey on self-development for all employees. We will provide useful self-development tools as a whole by promoting dialog based on employee requests and issues that need to be resolved.



Creating a Comfortable Work Environment

011 Maternity Leave, Childcare Leave, and Nursing Care System Workshop

The Compensation and Welfare Section of the Human Resources and General Affairs Department held a training session on March 23, 2023 for employees in charge of work at affiliated companies in order to deepen their understanding of the maternity, childcare, and nursing care leave systems, which have become more complicated due to repeated legal revisions. On the day of the event, a lecturer from a specified social insurance labor counsel was invited to give a detailed explanation of the understanding and response to diversifying work styles and the childcare leave system that male employees take, and 34 people participated.



012 Enhanced Support for Balancing Childcare and Nursing Care

San-ai Obbli Co., Ltd. is working to enhance support for balancing work so that employees responsible for childcare and nursing care can continue their careers. Since a childcare leave system that exceeds the statutory requirements has been established, an increasing number of employees continue to be active even after returning from childcare leave.

No. of Balance Support System Users (San-ai Obbli Co., Ltd. on a Stand-alone Basis)

	FY2020	FY2021	FY2022	System overview
No. of childcare balancing support system users (childcare leave, shortened hours for childcare)	9	10	16	Can be used by employees until children turn 3 years old. Allows employees to shorten their work hours by two hours a day until children finish their second year of elementary school.
No. of nursing care leave system users	1	0	0	Allows employees to take up to 93 days of leave per year when family members are in need of constant nursing care. If a family member needs constant nursing care, allows employees to reduce their work hours by two hours a day for three years from the start of use.

013 Recognition as "White 500" Organization under 2023 Certified Health & Productivity Management* Outstanding Organizations Recognition Program (Large Enterprise Category)

San-ai Obbli Co., Ltd. has been recognized as a "White 500" organization with excellent health and productivity management practices by the Ministry of Economy, Trade and Industry and other organizations. In addition, San-ai Obbli Customer Service Co., Ltd., San-ai Obbli Gas Chugoku Co., Ltd., and San-ai Obbli Gas Service Chugoku Co., Ltd. have continued to be recognized in the small- and medium-sized enterprises category.



* Registered trademark of Non-Profit Organization KenkoKeiei

04 Corporate Governance

Gaining stakeholder trust by ensuring management efficiency and transparency

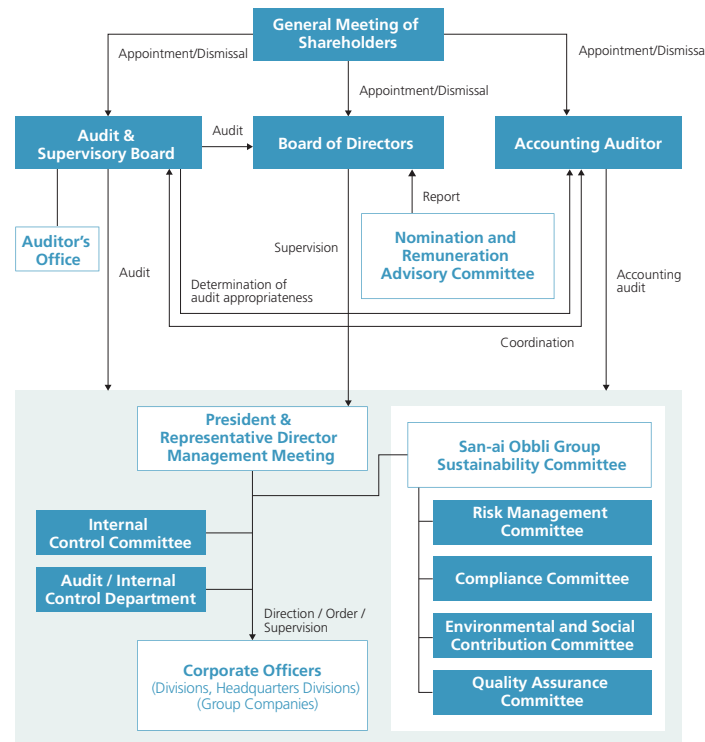


Corporate Governance

001 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, 2023)



Please refer to our website for the Internal Control Basic Policy.
<https://www.san-ai-obbli.com/csr/governance/>

Important Meetings Held in FY2022

Board of Directors	9
Audit & Supervisory Board	9
Management Meeting	42
Nomination and Remuneration Advisory Committee	4
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	6

History of Reform

Feb. 2017	Conducted first evaluation of effectiveness of Board of Directors
Jun. 2019	Invited 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

002 Accounting Auditor

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

003 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.

004 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.

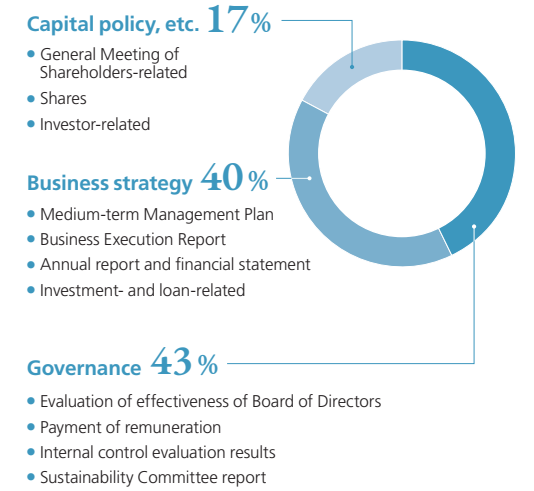
Outside Directors and Outside Auditors

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.

Details of Board of Directors Meeting Deliberation Items



Risk Management/Compliance

005 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 table on the right is an example of the risks determined based on information available to the company as of June 2023.

- | | |
|----------------------------------|---------------------------------------|
| 1. Changes in market environment | 6. Product quality and safety risks |
| 2. Large-scale pandemics | 7. Securities held |
| 3. Disasters, etc. | 8. Geopolitical risks |
| 4. Investments, etc. | 9. Legal and regulatory relationships |
| 5. Information security risks | 10. Personal information risks |

006 Environmental Safety Audit

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.

Environmental Safety Audit Implementation

	FY2020	FY2021	FY2022
No. of offices audited	228	272	249
No. of issues	215	147	113
Corrections completed	215	147	111

007

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.

Company Officers (as of October 1, 2023)

Directors



Jun Kaneda
Representative Director,
Chairman of the Board

Hiroshi Hayata
Representative Director,
President and Executive Officer

Naoto Ohnuma
Director,
Senior Managing Executive Officer
In charge of General Accounting
Department, Corporate Planning
Department, and Information
Technologies Department

Takashi Satoh
Director, Executive Officer
In charge of Human Resources &
General Affairs Department, Legal &
Credit Department, and Sustainability
Promotion 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 Member



Atsushi Ueno
Full-time Audit &
Supervisory Board Member

Junichi Matsumura
Full-time Audit &
Supervisory Board Member

Kantaro Toyozumi
Outside Audit &
Supervisory Board Member

Hidetoshi Watanabe
Outside Audit &
Supervisory Board Member

Fumihiko Kato
Outside Audit &
Supervisory Board Member

Skills Matrix of Directors and Audit & Supervisory Board Members

	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	●	●		●	●		●
Naoto Ohnuma	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	●	●		●			●
Atsushi Ueno	Full-time Audit & Supervisory Board Member		●		●	●		
Junichi Matsumura	Full-time Audit & Supervisory Board Member	●	●		●			
Kantaro Toyozumi	Outside Audit & Supervisory Board Member		●					
Hidetoshi Watanabe	Outside Audit & Supervisory Board Member			●				
Fumihiko Kato	Outside Audit & Supervisory Board Member		●		●			

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

Highlights of FY2022 Activities

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



Donations to Scholarship Foundation for Traffic Accident Orphans

Sustainability Promotion Department

The Group has business characteristics that are closely related to the automobile society, and the people living in the local community are important stakeholders. By donating part of our proceeds to Scholarship Foundation for Traffic Accident Orphans, we contribute to maintaining educational opportunities for children and fostering the next generation.



Saving water resources by using rainwater

Aviation Division

The Aviation Division is working to save water by using rainwater for fire drills conducted at oil storage bases. Recognizing that water resources are limited, we are working to reduce our environmental impact by promoting the use of appropriate amounts and the efficient use of water.



Donations of hot air balloons to Saga University

Human Resources & General Affairs Department

Since 1990, the Human Resources & General Affairs Department has donated hot air balloons to the Hot Air Balloon Club of Saga University in order to support its activities. A ceremony was held to present the 12th hot air balloon on January 27, 2023. Students participate in various hot air balloon competitions under the Obbli corporate brand.



Start of vegetable donations to volunteer-run cafeteria providing free or low-cost meals to children

Human Resources & General Affairs Department

In December 2022, we started donating some of the vegetables grown at Work Happiness Farm, which helps people with disabilities with their employment, to Smile Kodomo Shokudo Urayasu in Urayasu City, Chiba Prefecture. The staff of the cafeteria thanked us for the fresh and delicious vegetables, and said that it was very helpful.



Invitation to Voreas Hokkaido home game

Human Resources & General Affairs Department

Since 2022, the Human Resources & General Affairs Department has been co-sponsoring the V-League team Voreas Hokkaido based in Asahikawa City, Hokkaido Prefecture. On February 25, 2023, with the cooperation of 999AC Asahikawa, an athletic club also based in Asahikawa City, we invited young wheelchair users who enjoy para-sports to a Voreas Hokkaido home game. On the day of the event, some of the first floor seats were changed into a wheelchair area, and 21 children and their families watched the game from courtside.



Donation to "more trees"

Kygnus Sekiyu K.K.

Kygnus Sekiyu K.K. conducted a campaign where customers who purchased eligible products during the Autumn Customer Appreciation Fair were eligible to win a special prize. For each application, 10 yen was donated to the forest conservation organization "more trees," resulting in a total donation of 356,480 yen.

Financial Data (Consolidated)

Assets and profit and loss

		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	(millions of yen)	726,918	667,929	473,899	598,731	647,833
Ordinary profit	(millions of yen)	12,000	11,940	10,001	13,120	16,038
Profit attributable to owners of parent	(millions of yen)	7,260	8,164	7,053	8,308	10,901
Earnings per share	(yen)	103.61	117.02	101.57	120.66	160.20
Total assets	(millions of yen)	221,638	179,224	187,245	197,887	201,244
Net assets	(millions of yen)	96,941	98,786	106,468	112,358	117,424

(Note) Earnings per share is calculated based on the average number of shares held during the fiscal year after deducting treasury stock and adopting the Accounting Standard for Earnings per Share (ASBJ Statement No. 2) and the Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4).

Business results by segment (fiscal year ended March 31, 2023)

	Petroleum Related Business	Chemical Products Related Business	Gas Related Business	Aviation Related Business	Other businesses	Total	Adjustment	Amount recorded in consolidated financial statements
Net sales	554,745	12,210	61,015	13,491	6,370	647,833	-	647,833
Segment profit	9,587	1,138	2,197	3,766	1,152	17,841	(1,803)	16,038

(Note) 1. From the fiscal year ended March 31, 2023, "Aviation Related Business, etc." has been reclassified into "Aviation Related Business" and "Other businesses" due to a review of segment classifications.

2. Segment income is adjusted with ordinary profit in consolidated income statements.

Employment Data

Status of Group employees (as of March 31, 2023)

	Petroleum Related Business	Chemical Products Related Business	Gas Related Business	Aviation Related Business	Other businesses	Company-wide (shared)	Total
Number of employees (people)	559 (1,171)	85 (19)	588 (115)	388 (37)	114 (41)	66 (19)	1,800 (1,402)

(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.

SAN-AI OBBLI CO., LTD.

Status of employees (as of March 31, 2023)

Number of employees	366 people
Change compared to the end of the previous fiscal year	13 fewer people
Average age	40.7 years old
Average years of employment	17.0 years

(Note) The number of employees includes one employee transferred to the company but does not include seconded employees, temporary employees, full-time non-regular employees, part-time non-regular employees, full-time advisors, and part-time advisors.

Trend in number of occupational accidents

	Number	Of which, number of absences
FY2020	1	0
FY2021	0	0
FY2022	0	0

Trend in paid leave acquisition rate

	Acquisition rate
FY2020	50.5%
FY2021	55.3%
FY2022	62.4%

Overview of San-ai Obbli Group (as of April 1, 2023)

Company Name	SAN-AI OBBLI CO., LTD.	Employees	366 (as of March 31, 2023)
Representative Directors	Representative Director, Chairman of the Board: Jun Kaneda Representative Director, President and Executive Officer: Hiroshi Hayata	Main Office	5-22-5 Higashioi, Shinagawa-ku, Tokyo 140-8539 Japan
Established	June 9, 1952	Head Office	2-3-2 Otemachi, Chiyoda-ku, Tokyo 100-8154 Japan
Capital	10,127 million yen	Stock Listing	Tokyo Stock Exchange Prime market

Environmental Impact Data

Greenhouse gas (GHG) emissions (FY2022)

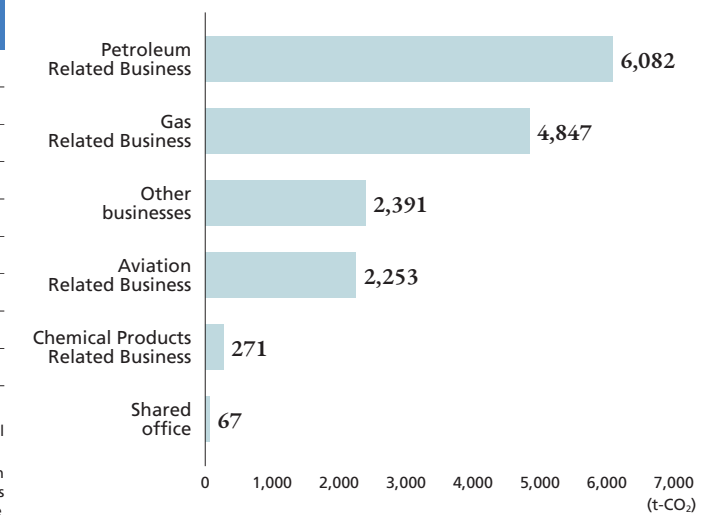
	GHG emissions	Activity level	CO ₂ emissions (t-CO ₂)
Scope 1	Gasoline (kl)	676	1,571
	Diesel (kl)	1,396	3,610
	Kerosene (kl)	180	450
	LPG (t)	239	718
	City gas (1,000m ³)	206	464
	Other (kl)	336	880
Scope 2	Power (1,000kWh)	19,545	8,217
	Heat and steam (GJ)	1,177	0
Total CO ₂ emissions			15,911

(Note) 1. Amounts are rounded to the nearest whole number.

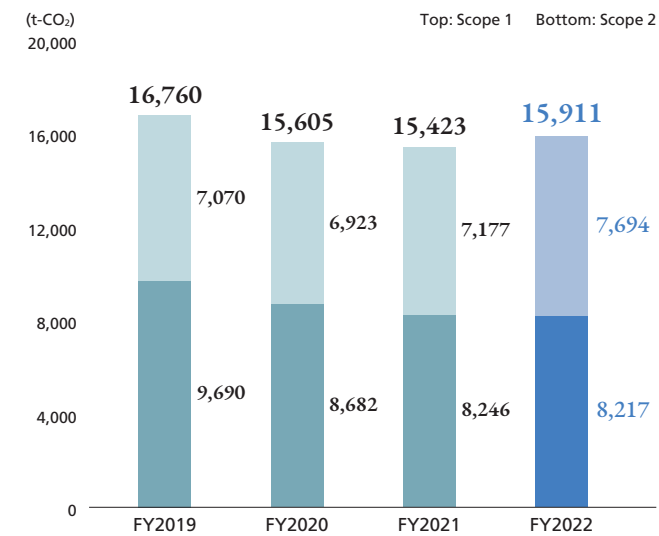
2. "Other" in Scope 1 refers to the Kawasaki Energy Center's in-house use (crude oil equivalent).

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 FY2022.

GHG emissions by segment (FY2022)

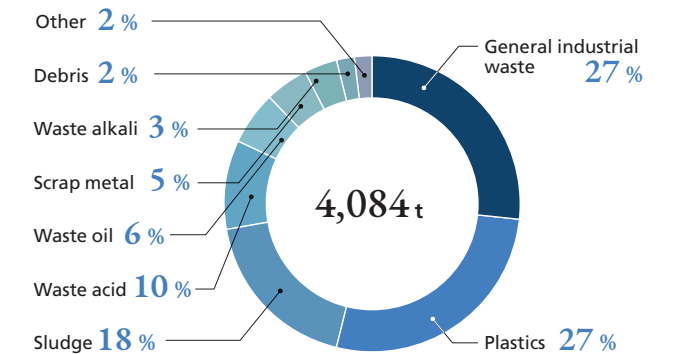


Trend in GHG emissions



Note: In FY2020, San-ai Obbli Gas Banshu Co., Ltd. and KAFCO Co., Ltd. were added to the total, and Chuosangyohanbai Co., Ltd. left the Group in FY2021.

Details of waste (FY2022)



Annual water usage and copy paper usage

	Water usage (1,000m ³)	Copy paper usage (t)
FY2020	227	46
FY2021	269	51
FY2022	289	46

List of San-ai Obbli Group Companies (Consolidated)

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.

Liquefied Petroleum 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.

Chemical Manufacturing Business

SAN-AI RIKEN 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.

Construction Business

SAN-AI OBBLITECH CO., LTD.

Insurance Agency

T&P CO., LTD.